Icelandic pensions in European context

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Core principles of good pensions systems

Mercer CFA Institute Global Pension Index 2025

Adequacy

Sustainability

Integrity

Core principles of good pensions systems

Mercer CFA Institute Global Pension Index 2025

Adequacy

Provide individuals with the confidence that their retirement income will be sufficient for them to live a dignified retirement.

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Sustainability

Ensure systems can withstand demographic and economic pressures over time to keep delivering benefits.

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Integrity

Uphold the long-term stability and reliability of regulatory frameworks that safeguard these promises.

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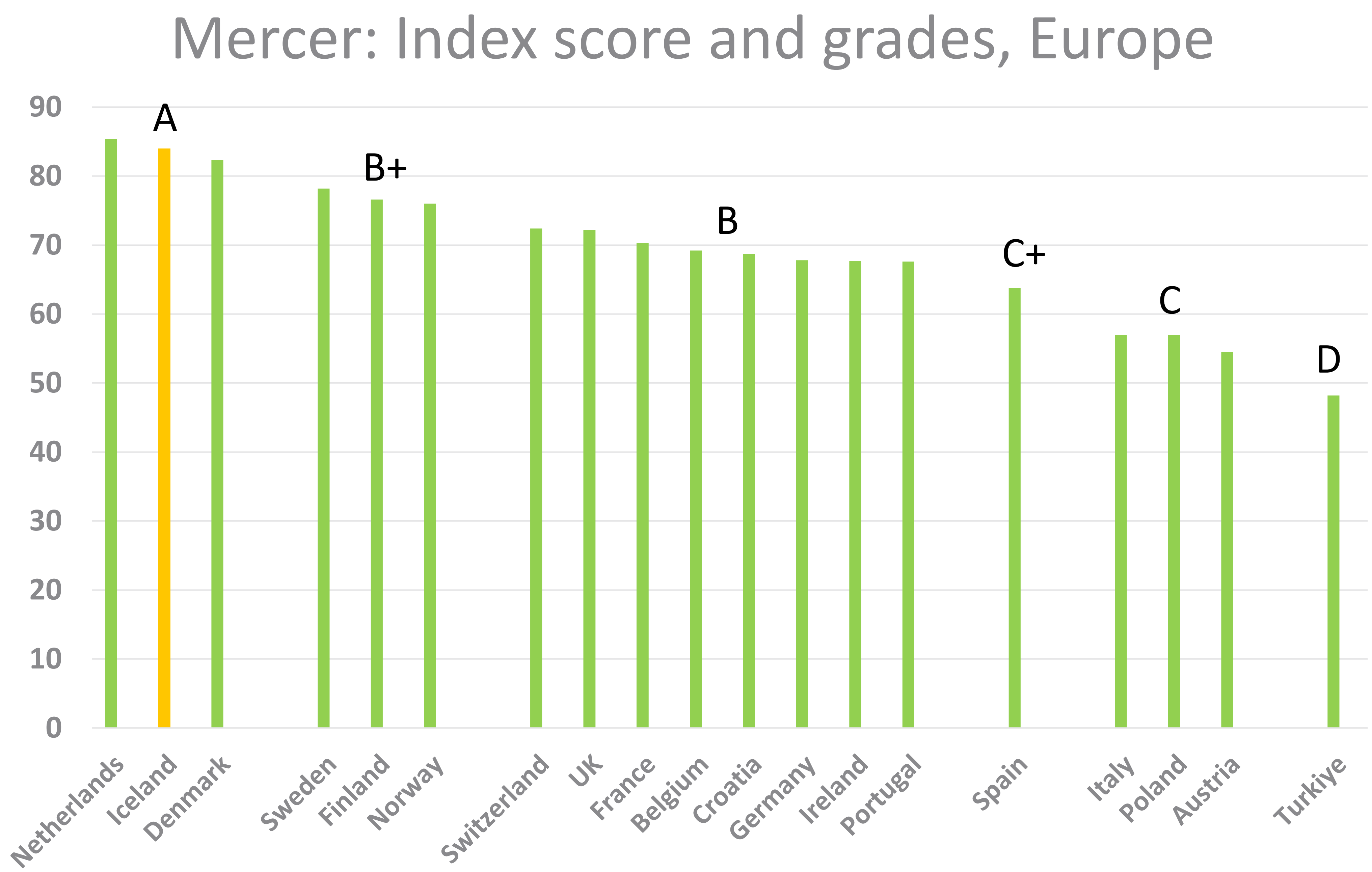

Mercer: Index score and grades, Europe
90
80
70
60
50
40
30
20
10
0
A
B+
B
C+
C
D
Netherlands
Iceland
Denmark
Sweden
Finland
Norway
Switzerland
UK
France
Belgium
Croatia
Germany
Ireland
Portugal
Spain
Italy
Poland
Austria
Turkiye

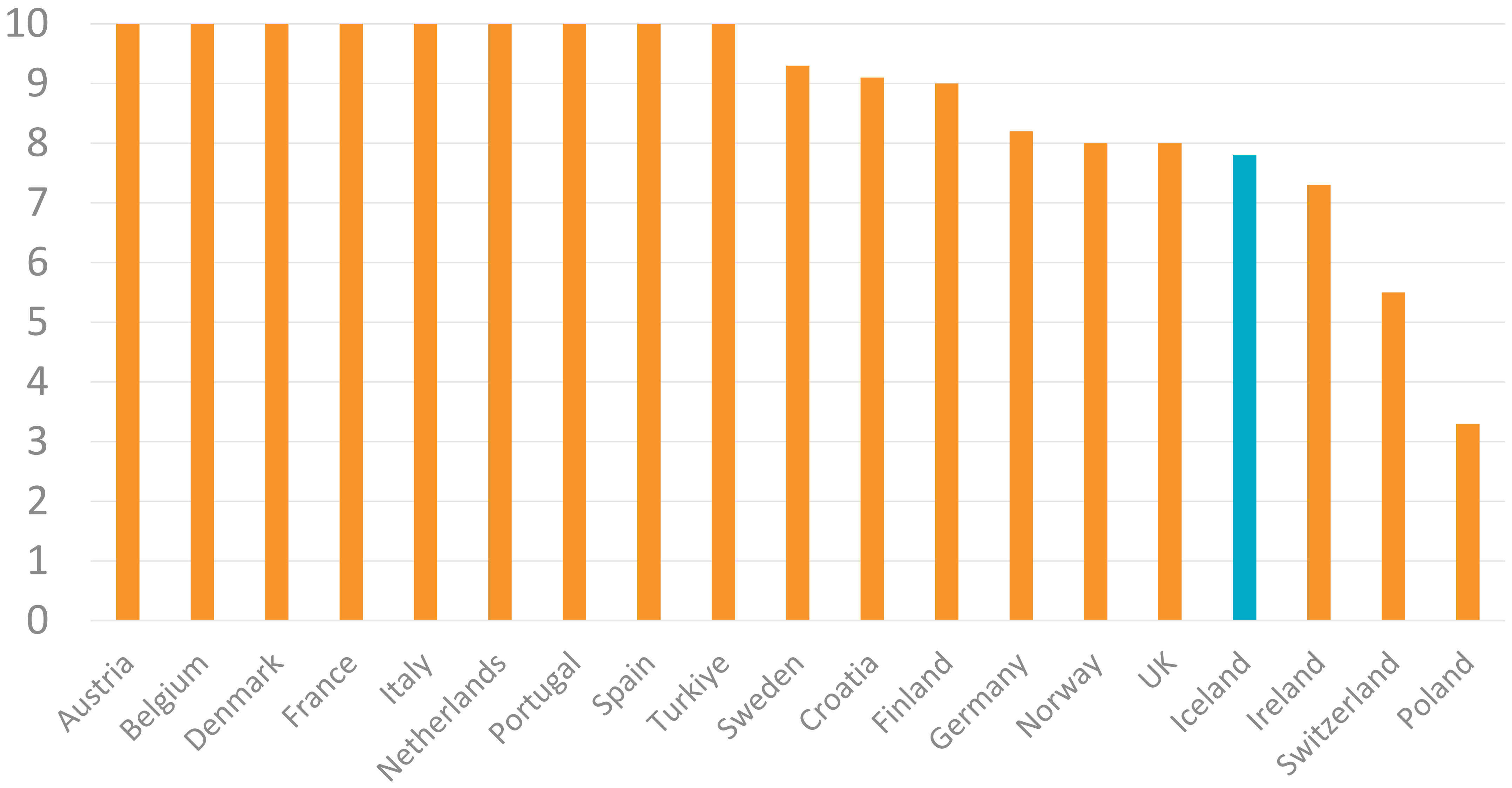
Mercer: Best pension systems in Europe

A-grade: A robust retirement income system that delivers good benefits, is sustainable and has a high level of integrity

System	Overall index grade	Adequacy	Sustainability	Integrity
Netherlands	A	A	A	A
Iceland	A	A	A	A
Denmark	A	A	A	B+

	Adequacy (40%)		Sustainability (35%)		Integrity (25%)	
	How much do you get?		Can the system keep delivering?		Can the system be trusted?	
1	86,1	Netherlands	85,7	Iceland	90,6	Finland
2	85,2	France	85	Denmark	88,4	Norway
3	83,7	Portugal	83,5	Netherlands	86,8	Netherlands
4	83	Iceland	76,3	Sweden	86,8	Belgium
5	83	Spain	72,9	Switzerland	85,4	Portugal
6	82,9	Denmark	65,6	Finland	83,3	Iceland
7	81,5	Belgium	65,2	Norway	83,2	Croatia
8	81	Germany	63,2	UK	83	Sweden
9	77,8	Norway	60,5	Croatia	81,8	Ireland
10	77,4	Finland	51,6	Ireland	81,6	Switzerland
11	76,8	Sweden	48,6	France	79	UK
12	75,9	UK	47,5	Germany	77,8	Italy
13	72,9	Ireland	45,9	Poland	77,6	Denmark
14	69,4	Italy	42,7	Belgium	76,8	France
15	67,5	Austria	36,4	Portugal	76,4	Austria
16	66,8	Croatia	34,2	Spain	75	Germany
17	66,3	Switzerland	31,1	Turkiye	74,4	Spain
18	59,5	Poland	27,9	Italy	71,1	Turkiye
19	49	Turkiye	24	Austria	68,6	Poland

Iceland gets „weak“ score for net pension replacement rate



Link to download report and supplement

https://rpc.cfainstitute.org/research/reports/2025/mercer-cfa-institute-global-pension-index-2025

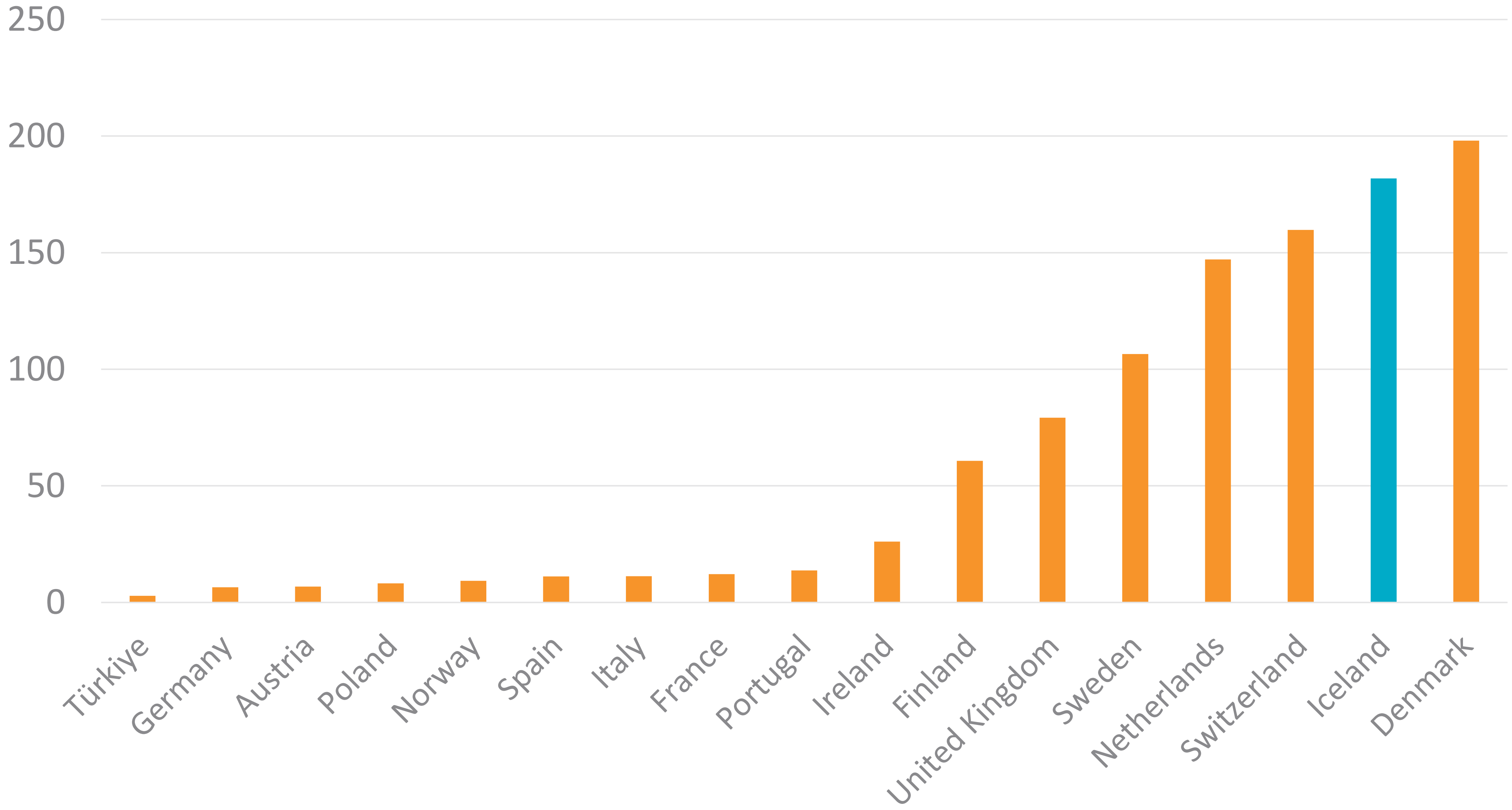
Other comparisons

Unique feature of Icelandic system

Pension fund membership MANDATORY by law for all wage-earners AND self-employed (16-70 years old)

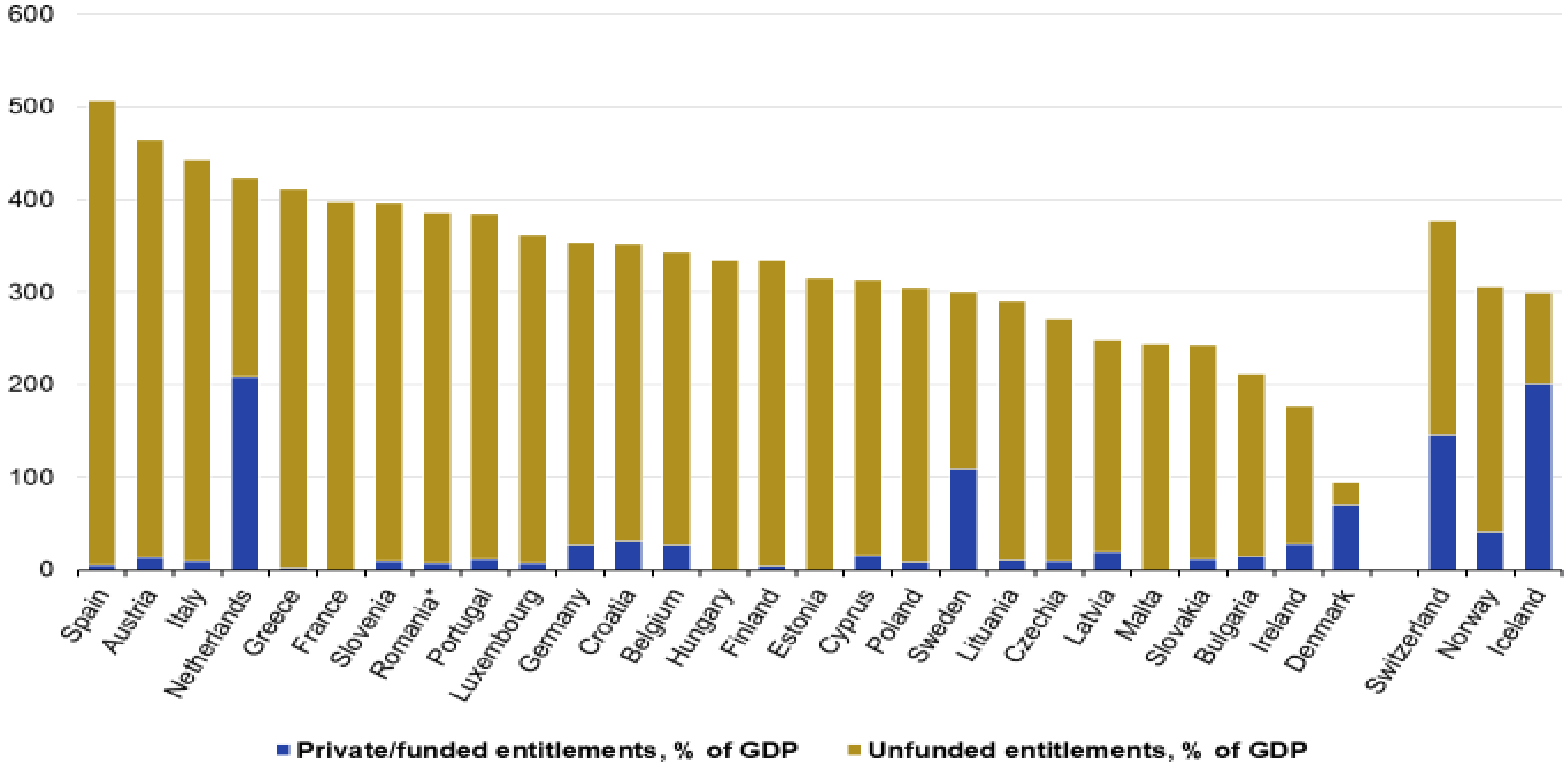
Compliance monitored by tax authorities

Pension assets in % of GDP in 2023



Source: OECD Pension Markets in Focus 2024

Household pension entitlements in social insurance in EU and EFTA countries by end 2021 in % of GDP

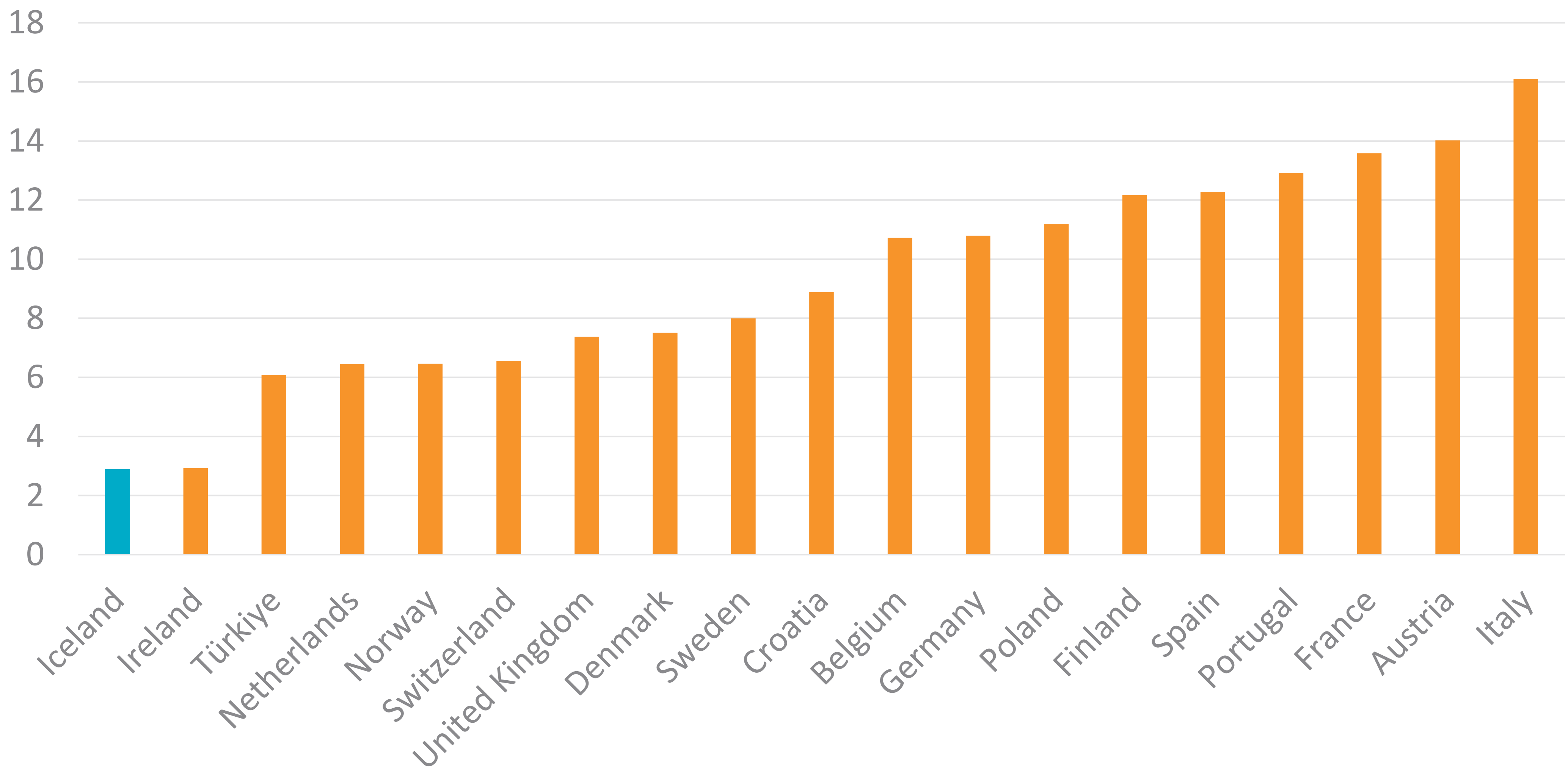


Note: For Romania private total pensions entitlements in social insurance do not include defined benefit schemes for general government employees classified in general government (not in core accounts)

Source: Eurostat (online data code: nasa_10_pens1)

eurostat

Public expenditure on old-age and survivors cash benefits in % of GDP (2020)



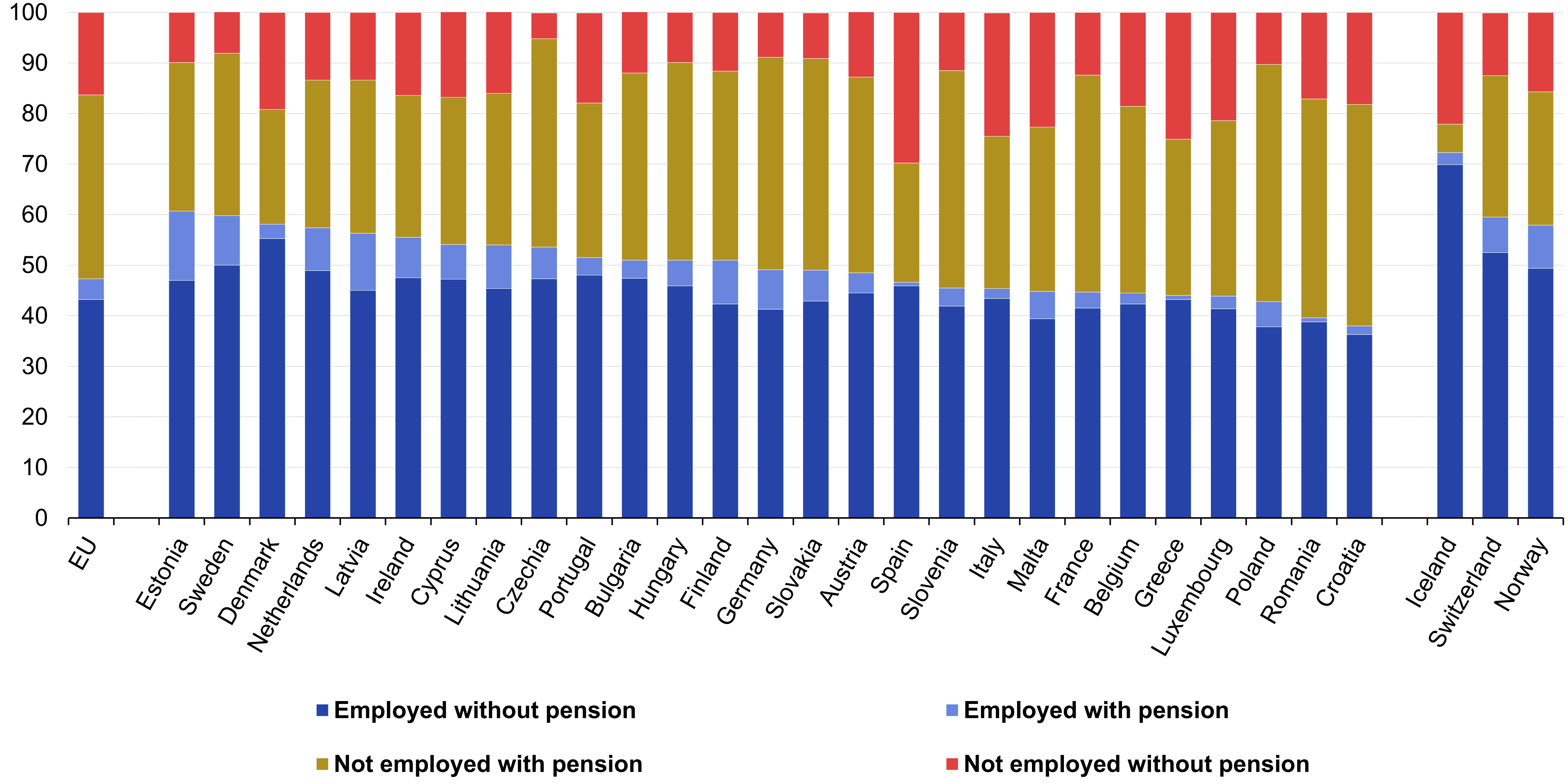
Source: OECD Social Expenditure Database (SOCX)

Source: Eurostat At-risk-of-poverty rate for pensioners - EU-SILC survey

People aged 50-74 by receiving an old-age pension and employment status, 2023

(% of people 50-74)

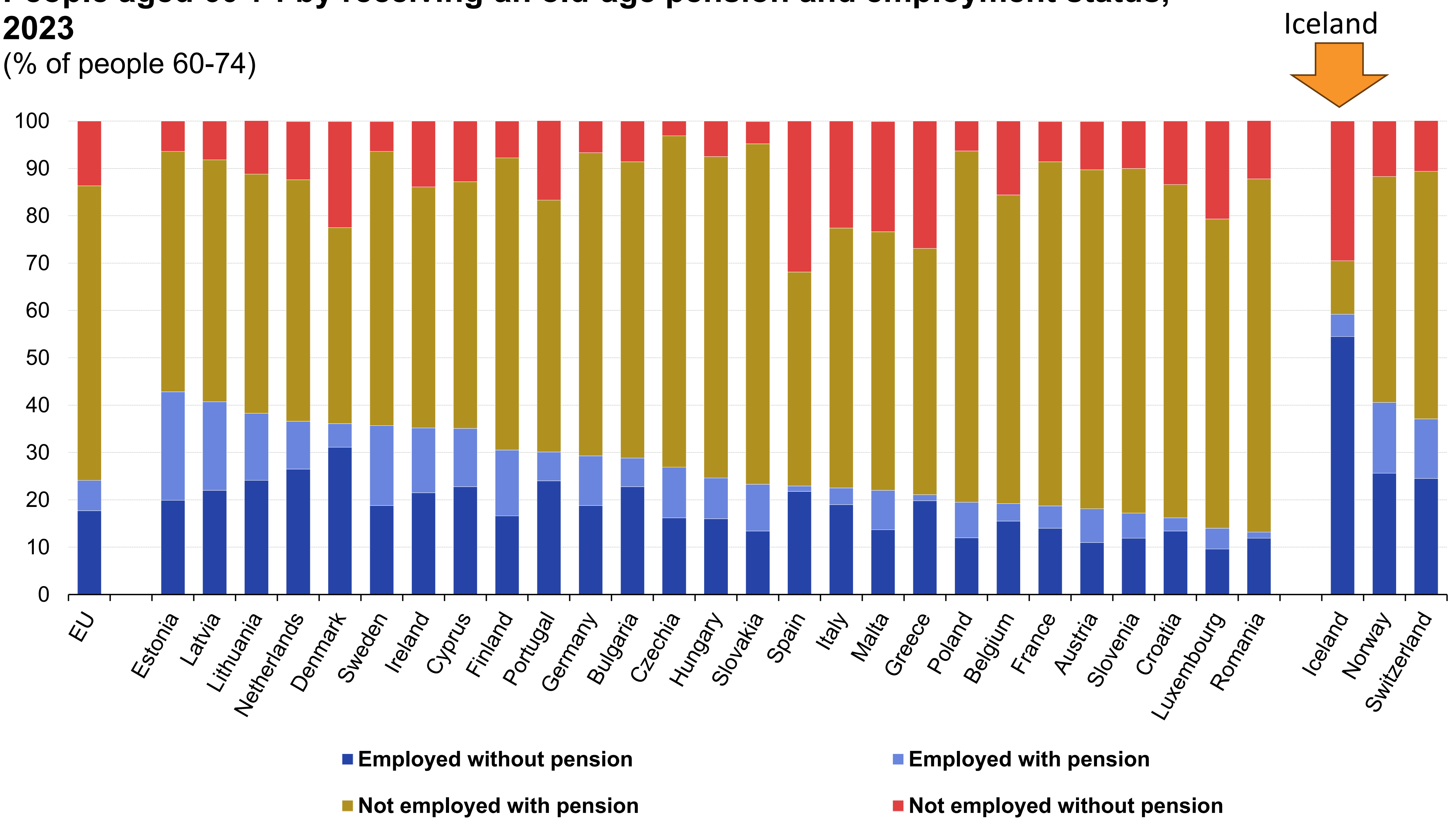
Iceland



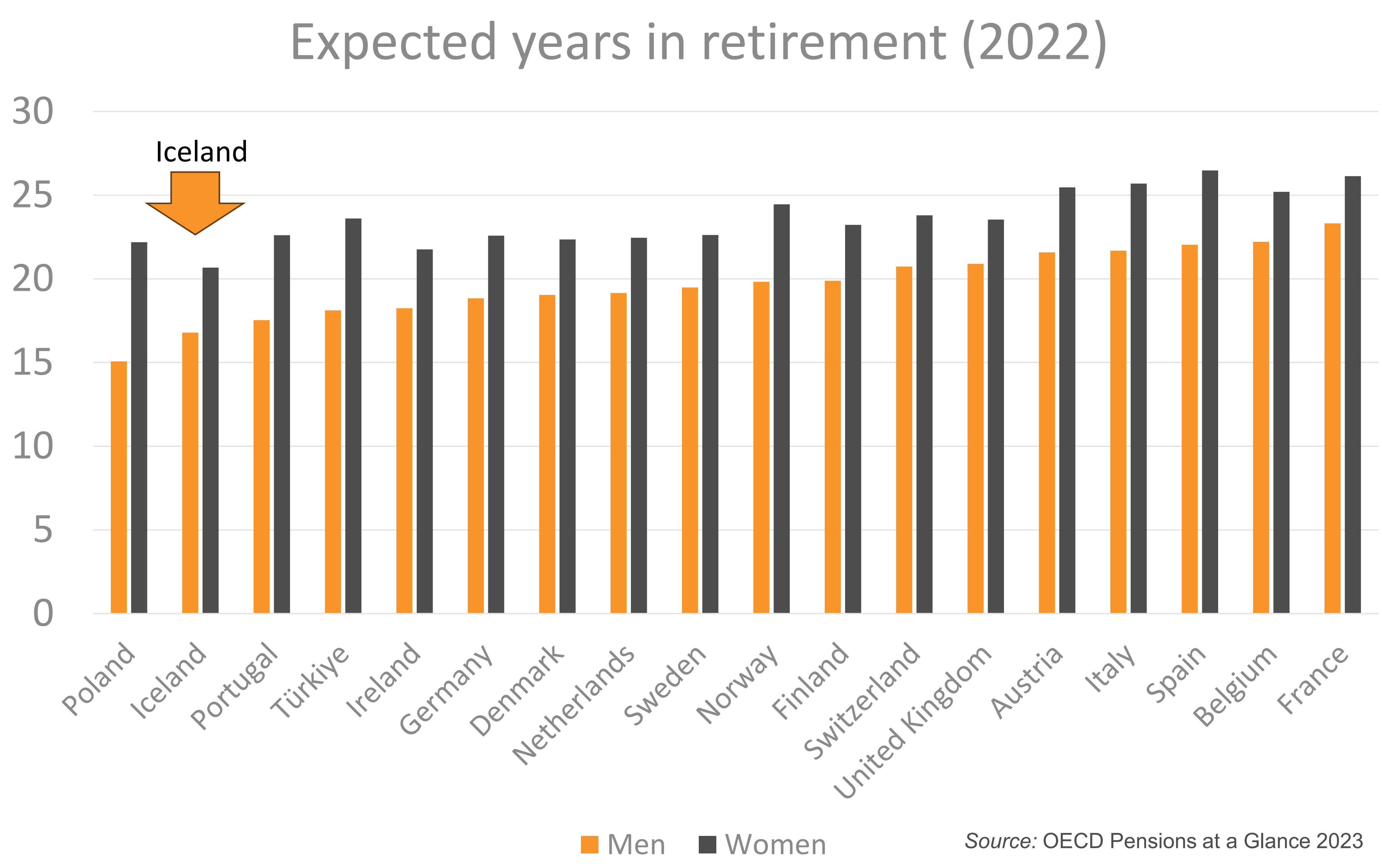
Source: Eurostat (ad-hoc extraction from EU-LFS)

People aged 60-74 by receiving an old-age pension and employment status, 2023

(% of people 60-74)



Source: Eurostat (ad-hoc extraction from EU-LFS)


Expected years in retirement (2022)
30
25
20
15
10
5
0
Iceland
Poland
Iceland
Portugal
Türkiye
Ireland
Germany
Denmark
Netherlands
Sweden
Norway
Finland
Switzerland
United Kingdom
Austria
Italy
Spain
Belgium
France
Men
Women
Source: OECD Pensions at a Glance 2023

Conclusion:

Iceland‘s A-grade is well deserved!

Thank you.