

1. Record Nr.	UNINA9910959047503321
Autore	Hoffmaister Willy
Titolo	Global Aging and Declining World Interest Rates : : Macroeconomic Insurance Through Pension Reform in Cyprus / / Willy Hoffmaister, Jaime Guajardo, Mario Catalan
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2008
ISBN	9786612840531 9781462354795 1462354793 9781452786421 1452786429 9781282840539 1282840533 9781451869590 1451869592
Edizione	[1st ed.]
Descrizione fisica	1 online resource (42 p.)
Collana	IMF Working Papers
Altri autori (Persone)	CatalanMario GuajardoJaime
Disciplina	338.23580
Soggetti	Interest rates - Cyprus - Econometric models Population aging - Cyprus - Econometric models Pensions - Cyprus - Econometric models Aging Demography Economics of the Elderly Economics of the Handicapped Income economics Labor Labour Non-labor Market Discrimination Nonwage Labor Costs and Benefits Pension reform Pension spending Pensions Population & demography Population aging Private Pensions Public Finance Social Security and Public Pensions

Wages
Wages, Compensation, and Labor Costs: General
Cyprus

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"April 2008."
Nota di bibliografia	Includes bibliographical references (p. 39-40).
Nota di contenuto	Contents; I. Introduction; II. The Model; A. Model Overview; B. Households; C. Firms; D. The Government; E. Equilibrium; F. Balanced Growth Equilibrium and Calibration; G. Demographic Transition; III. Baseline Simulations; A. Scenario 1: Constant World Interest Rates; B. Scenarios 2 and 3: Declining World Interest Rates; IV. Pension Reform Simulations; A. Description of Pension Reforms; B. Simulation Results for Constant Interest Rates; C. Pension Reform as Macroeconomic Insurance; V. Conclusions; Tables; 1. Variable Definition and Notation; 2. Household's Optimization Problems 3. First Order Conditions-Private Household's Optimization Problem 4. First Order Conditions-Public Household's Optimization Problem; 5. Calibration of the Model; 6. Pension Expenditure Reductions from Reforms; Figures; 1. Labor Skills Profile by Age; 2. Health Care Expenditure by Age Group; 3. Dependency Ratio in Model: Retired over Working Population; 4. Macroeconomic Results-Baseline Scenarios under Constant and Variable Interest Rates.; 5. Macroeconomic Results-Reform Scenarios under Constant and Variable Interest Rates .. 6. Decomposition of Pension Expenditure-to-GNI-Ratios-Pension Reform and Interest Rate ScenariosReferences
Sommario/riassunto	How will the world-wide decline in real interest rates associated with global aging affect small open economies (SOEs) with aging populations? Lower interest rates will result in higher capital-labor ratios and increased wages; higher wages, in turn, will be passed on to pension benefits, exacerbating aging-related fiscal pressures. The pass-through effect will be stronger if pensions are indexed to nominal wages rather than prices. Using an overlapping generations model, the paper illustrates the interest rates transmission mechanism and its interaction with pension indexation for the case of Cyprus. In addition, the paper evaluates the capacity of pension reforms to insure the economy against long-run movements in world interest rates. It concludes that pension reforms, particularly those that change the indexation of pensions from wages to prices, provide substantial macro-insurance and shock absorption benefits.