Abstract

Pension funds are an important part of private savings flows, the main supplier of capital to industry and play a large and growing role in providing retirement incomes in countries with mature funded pension systems. Reforms which increase the emphasis on privately managed, funded pensions must get the tax treatment right. This paper sets out the options for taxing pensions, and the arguments between them. The tax treatment in 35 different countries is described and summarized in an empirical measure: the marginal effective tax rate. Other data assess the importance of pension funds and tax incentives in aggregate, drawing on national and international sources.