Report on **Bachelor / Master Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Adéla Králová
Advisor:	Mgr. Roman Kalabiška
Title of the thesis:	Effects of Population Ageing on the Pension Systems in EU

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

Short summary

This thesis deals with old-age pensions in the EU, with three main parts of the analysis. In the first part, the author develops projections of demographic characteristics of the population, which is a necessary input to any analysis of the future of pension systems. In the second part, the thesis focuses on the pensions system's projected financial balance in the future. The third part of the analysis aims to describe the relationship between old-age dependency ratio and the individual factors that contribute to its projected increase over time.

Contribution

The contribution of the thesis is my main concern. Specifically, in the second of the three parts of the analysis, this thesis has fallen far short of my expectations built up as I was reading chapters 1-5. It would have been great to see the projections of the annual balance of the pension system, which the author says she doesn't do because it would „limit the accuracy of any results" too much. But similarly wild assumptions that would be needed here (like constant GDP growth) are routinely made about other variables throughout the thesis (like wage growth rate, which is based on the average wage growth rate from 2000 to 2021).

Indeed, I was expecting this to be one of the main results of the thesis – that if we keep constant the current features of the pension system (like retirement age), the future will not be financially sustainable (and the analysis could tell us how much). And the model that the author developed in this thesis would be a great tool to derive which features need to be changed and how much – for example, what would the retirement age need to be over time in order to keep the financial balance of the whole system in black numbers? It even seems in the Conclusion chapter that the author was heading in that direction (p. 32: "…it is inevitable that the pension system deficit will rise over time.") but then stopped short of finalizing this part of the analysis.

I found the charts presented in the Appendix to be of limited usefulness and I didn't fully understand the description of what they are telling us.

Methods

Overall, I find the used methods appropriate for the research question at hand, although some of the explanations of methodological choices could have been clearer.

One minor point on terminology - I found it a bit confusing that the author talks in some parts of the thesis about a „generation" when referencing people born in a particular year, while in some parts of the thesis these are called age cohorts (which seems more precise) and in some other parts, „generation" references inter-generational solidarity (where it means people in pension vs. people of working age).

Another minor point is that I do not see the logic behind this argument from Section 6.1: „A possible explanation for the accelerated growth of the ageing rate in these countries is that a significant portion of these countries' territories is remote, rural, or mountainous. The younger generations might tend to leave these areas to study or work elsewhere, which results in a higher concentration of elderly individuals in these regions." – How does the concentration of elderly individiuals in certain regions affect the overall ageing rate of a country? If this is meant to talk about younger people moving to

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other countries, which I think might be the case, there could be a nice data-driven answer to whether this possible explanation is a plausible one.

Literature

I believe that the most relevant literature is cited in the thesis. The classification of pension schemes could have been a bit clearer. The definition in the first sentence of the second paragraph in Chapter 2 seems to be about funded pension schemes, while the distinction between funded and unfunded is only made later in the chapter. It would be good to explain better the four-way classification created by the funded/unfunded and DB/DC distinctions (and how different pension schemes can fall onto the 2-dimensional plane created by these distinctions).

The thesis could be better tied to the existing literature to make it clear what its contribution is, whether some of the results in this thesis are surprising, given existing knowledge, and why there might be differences.

Manuscript form

I find the manuscript to be well written and structured, and the manuscript polished. Some figures would benefit from being more self-explanatory.

Overall evaluation and suggested questions for the discussion during the defense

Suggested questions for the defense:
- What are your thoughts about how best to reform the Czech pension system, in light of your analysis, to make it sustainable?

In my view, the thesis fulfills the requirements for a Bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade C.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Contribution (max. 30 points)	20
Methods (max. 30 points)	25
Literature (max. 20 points)	15
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	**79**
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: PhDr. Miroslav Palanský, M.A., Ph.D.

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DATE OF EVALUATION: 1.6.2023

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Referee Signature