



## MODELLING A POSSIBLE CHANGE IN THE ITALIAN PAY-AS-YOU-GO PENSION SYSTEM

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### ABSTRACT

*The aim of our paper is to compare the adequacy of the pension system in force (Fornero's law) with the proposal presented by Giuliano Cazzola e Tiziano Treu. To assess the adequacy we compare the population averaged replacement rates (i.e. the ratio between the monthly pension and the last wage perceived by the worker) emerging under the two systems.*

*We make use of a mathematical model which, under the hypothesis of demographic equilibrium, formalizes the legislative changes of the pay-as-you-go pension system.*

**Classification JEL:** H55, J11.

**Keywords:** Pay-as-you-go pension systems, Replacement rate, Adequacy, Demographic equilibrium.

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