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**APPENDICES TO THE
SECOND REPORT**

**PENSION POLICY AND
ITS POSSIBLE IMPACT ON ELDERLY POVERTY**

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Table of Contents

ANNEX A: TABLES OF SECTION 2	56
Table A.1: Projections of Public Pension Expenditure, as a % of GDP	56
Table A.2: Theoretical replacement ratios	57
ANNEX B: PENSION REFORMS IN EU25	60
Table B.1: Pension Reforms in Austria.....	61
Table B.2: Pension Reforms in Czech Republic	63
Table B.3: Pension Reforms in Germany.....	65
Table B.4: Pension Reforms in Malta.....	67
Table B.5: Pension Reforms in Poland	69
Table B.6: Pension Reforms in Slovakia	71
Table B.7: Pension Reforms in Slovenia	73
Table B.8: Pension Reforms in Belgium.....	75
Table B.9: Pension Reforms in France	77
Table B.10: Pension Reforms in Luxembourg	79
Table B.11: Pension Reforms in Cyprus.....	81
Table B.12: Pension Reforms in Estonia	83
Table B.13: Pension Reforms in Hungary.....	85
Table B.14: Pension Reforms in Latvia	87
Table B.15: Pension Reforms in Lithuania	89
Table B.16: Pension Reforms in Denmark.....	91
Table B.17: Pension Reforms in Finland	93
Table B.18: Pension Reforms in Ireland	95
Table B.19: Pension Reforms in Italy	97
Table B.20: Pension Reforms in the Netherlands.....	99
Table B.21: Pension Reforms in Spain	101
Table B.22: Pension Reforms in Sweden.....	103
Table B.23: Pension Reforms in the United Kingdom	105
Table B.24: Pension Reforms in Portugal.....	107
Table B.25: Pension Reforms in Greece	109

ANNEX A: TABLES OF SECTION 2

Table A.1: Projections of Public Pension Expenditure, as a % of GDP

	2006 projection			2001 projection	
	2004	2050		2004	2050
Belgium	10.4	15.5	Belgium	9.5	13.3
Czech Rep	8.5	14.0	Czech Rep		
Denmark	9.5	12.8	Denmark	11.3	13.3
Germany	11.4	13.1	Germany	11.4	16.9
Estonia	8.6	15.7	Estonia		
Greece			Greece	12.2	24.8
Spain	8.6	15.7	Spain	8.8	17.3
France	12.8	14.8	France	12.2	15.8
Ireland	4.7	11.1	Ireland	4.5	9.0
Italy	14.2	14.7	Italy	13.8	14.1
Cyprus	6.9	19.8	Cyprus		
Latvia	6.8	5.6	Latvia		
Lithuania	6.7	8.6	Lithuania		
Luxembourg	10.0	17.4	Luxembourg	7.4	9.3
Hungary	10.4	17.1	Hungary		
Malta	7.4	7.0	Malta		
Netherlands	7.7	11.2	Netherlands	8.3	13.6
Austria	13.4	12.2	Austria	14.5	17.0
Poland	13.9	8.0	Poland		
Portugal	11.1	20.8	Portugal	10.9	13.2
Slovenia	11.0	18.3	Slovenia		
Slovakia	7.2	9.0	Slovakia		
Finland	10.7	13.7	Finland	10.9	15.9
Sweden	10.6	11.2	Sweden	9.2	10.7
UK	6.6	8.6	UK	5.3	4.4
EU15	10.6	12.9	EU15	10.4	13.3

Source: Economic Policy Council, EU, 2006.

http://europa.eu.int/comm/employment_social/soc-prot/missoc98/english/07/index.htm

http://europa.eu.int/comm/employment_social/missoc/db/public/compareTables.do

Table A.2: Theoretical replacement ratios

	2004	2030	2050
Belgium			
Net replacement rate	67	76	74
Gross replacement rate 1 st pillar	39	38	37
Gross replacement rate 2 nd /3 rd pillar	4	10	10
Czech Republic			
Net replacement rate	79	70	70
Gross replacement rate 1 st pillar	61	54	53
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Denmark			
Net replacement rate	71	77	76
Gross replacement rate 1 st pillar	45	42	39
Gross replacement rate 2 nd /3 rd pillar	4	20	25
Germany			
Net replacement rate	63	65	67
Gross replacement rate 1 st pillar	43	37	34
Gross replacement rate 2 nd /3 rd pillar	0	9	15
Estonia			
Net replacement rate	41	42	43
Gross replacement rate 1 st pillar	33	21	15
Gross replacement rate 2 nd /3 rd pillar	0	13	21
Greece			
Net replacement rate	115	121	106
Gross replacement rate 1 st pillar	105	112	94
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Spain			
Net replacement rate	97	92	92
Gross replacement rate 1 st pillar	91	85	85
Gross replacement rate 2 nd /3 rd pillar	-	-	-
France			
Net replacement rate	80	66	63
Gross replacement rate 1 st pillar	66	53	49
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Ireland			
Net replacement rate	78	78	78
Gross replacement rate 1 st pillar	31	34	34
Gross replacement rate 2 nd /3 rd pillar	36	33	33
Italy			
Net replacement rate	88	90	92
Gross replacement rate 1 st pillar	79	71	64
Gross replacement rate 2 nd /3 rd pillar	0	9	16
Cyprus			
Net replacement rate	52	66	70
Gross replacement rate 1 st pillar	46	57	57
Gross replacement rate 2 nd /3 rd pillar	-	-	-

Latvia			
Net replacement rate	78	67	72
Gross replacement rate 1 st pillar	61	46	36
Gross replacement rate 2 nd /3 rd pillar	0	6	19
Lithuania			
Net replacement rate	41	50	50
Gross replacement rate 1 st pillar	31	42	42
Gross replacement rate 2 nd /3 rd pillar			
Luxembourg			
Net replacement rate	98	98	99
Gross replacement rate 1 st pillar	91	90	91
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Hungary			
Net replacement rate	102	96	98
Gross replacement rate 1 st pillar	66	59	59
Gross replacement rate 2 nd /3 rd pillar	0	14	19
Malta			
Net replacement rate	88	61	34
Gross replacement rate 1 st pillar	72	53	31
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Netherlands			
Net replacement rate	92	90	90
Gross replacement rate 1 st pillar	30	30	30
Gross replacement rate 2 nd /3 rd pillar	41	39	39
Austria			
Net replacement rate	80	92	94
Gross replacement rate 1 st pillar	64	66	69
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Poland			
Net replacement rate	78	64	44
Gross replacement rate 1 st pillar	63	52	36
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Portugal			
Net replacement rate	91	92	92
Gross replacement rate 1 st pillar	75	71	70
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Slovak Republic			
Net replacement rate	63	62	64
Gross replacement rate 1 st pillar	49	49	50
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Finland			
Net replacement rate	63	66	62
Gross replacement rate 1 st pillar	57	57	52
Gross replacement rate 2 nd /3 rd pillar	-	-	-
Sweden			
Net replacement rate	71	60	57
Gross replacement rate 1 st pillar	53	43	40

Gross replacement rate 2 nd /3 rd pillar	15	15	15
UK			
Net replacement rate	82	84	85
Gross replacement rate 1 st pillar	17	18	19
Gross replacement rate 2 nd /3 rd pillar	50	50	50

Source: Synthesis report on adequate and sustainable pensions, EU Commission Staff Working Document, February 2006

ANNEX B: PENSION REFORMS IN EU25

Explanatory Notes:

1. The year before the colon sign refers to the year when a reform was decided (not implemented);
2. + *inc.* /- *inc* refers to impact of the specific reform on the incomes of pensioners (an improvement in incomes is signalled with + *inc*, and a reduction in income is given by – *inc*);
3. + *pov.* /- *pov.* refers to an impact of the specific reform on the poverty of pensioners (+ve implies an improvement, and thus lower incidence of elderly poverty)
4. + *distr.* /- *distr.* refers to an impact in terms of changes in the income distribution (+ve implies that the reform leads to a more egalitarian position)

Table B.1: Pension Reforms in Austria

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1997, 2000, 2003, 2004	<p>2003: parametric reform: benefits more closely linked to contributions, cap on losses of 10% (phase off in particular after 2033)</p> <p>2004: Harmonisation of pension systems (employees, civil servants, self employed, farmers) with introduction of guaranteed pension accounts; parallel calculation (weighted with times in old and new system)</p>	1992: Increase legal retirement age women (currently 60) to those for men (65) from 2024 to 2033	<p>2003: Decrease from 2% to 1,78% per year till 2009, 45 years required for full pension (80%) at the age of 65</p> <p>- <i>inc.</i></p>	<p>2003: Increase from best 15 to 40 years till 2028;</p> <p>- <i>inc.</i></p> <p>2004: whole active career taken into account</p> <p>- <i>inc.</i></p>	<p>2003: Early retirement with at least 37.5 insurance years with 56,5 (women)/ 61,5 (men) to be phased out till 2017 (then only legal retirement age);</p> <p>2004: introduction of new early retirement scheme between 62 and 65 if 37.5 insurance years and pension above minimum pension-top-up</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>from 2004 on reduction for each year before 60 (women)/ 65 (men) increased from 3% to 4.2%;</p> <p>- <i>inc.</i></p> <p>from 2004 on bonus for deferral for each year after 60 (women)/ 65 (men) increased to 4.2% even if 80% of assessment base exceeded</p> <p>+ <i>inc.</i></p>	<p>2004: For times after 2004 only 15 insurance years, thereof 7 from employment; before 15 contribution years, or 15 insurance years in last 30 years, or 25 insurance years during lifetime</p> <p>+ <i>pov., + distr.</i></p>	<p>(In past top-up amounts [no real minimum pension] often increased more significantly than normal pensions and above CPI; however still below poverty line)</p> <p>+ <i>pov., + distr.</i></p>	<p>2004: revaluation accurately reflects all increases of basis of contribution calculation as of 2005; before: complex valorisation, in practice closer to price inflation than earnings growth</p> <p>+ <i>inc.</i></p>	<p>2004: changeover to adjustment of pensions based on CPI as of 2006; before: in last years ad hoc adjustment with as a rule price indexation till certain level, above flat amount</p> <p>+ <i>inc., - distr. ; long-term: - inc.</i></p>	<p>2003, 2004: Taking into account child-rearing periods to greater extent and increasing pension credits for child-care as of 2004, 2005</p> <p>+ <i>inc., + pov., + distr.</i></p> <p>as of 2005 sustainability factor introduced to cope with unforeseen developments, such as adverse demographic deviations, permanent monitoring as of 2007</p> <p>- <i>inc.</i></p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche for Austria).

Marek H., ASVG-Pensionen im Jahr 2004, Vienna 2004.

Marek H., Die Pensionsharmonisierung in der Praxis, Vienna 2005.

Marek H., ASVG-Pensionen ab dem Jahr 2005, Vienna 2005.

OECD, Ageing and Employment Policies Austria, Paris 2005 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

OECD, Pensions at a glance, Paris 2005.

Republic of Austria, Report on the Austrian Pension Strategy 2005, Vienna 2005.

Table B.2: Pension Reforms in Czech Republic

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1990-1999; 2001-2003	1994: Introduction voluntary, capital-funded, state-subsidized supplementary pension scheme	1995, 2003: From 2004 on gradual raising of retirement age for old-age pension (by 2 months per year for men and 4 months per year for women) to 63 for men and childless women in 2013, for other women according to number of children (1 year less per child) to 59-62 years (before 2003: men 60, women 52-57); Planned: additional raising and equalisation men and women		1995: Gradual extension of period from which earnings for calculation of pensions are derived from 5 to 30 years by 2016. - <i>inc.</i> Planned: further extension - <i>inc.</i>	2003: possibilities of early retirement limited 2003: system early retirement on “temporarily” reduced pensions for labour market reasons phased out

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2001: reduction if old-age pensioner retires before reaching statutory retirement age;</p> <p>2003: “permanently reduced pension scheme” allowing early retirement up to 3 years before normal retirement age) with stronger reduction (0.9% for each 90 calendar days before statutory retirement age) but with minimum threshold of resulting pension</p> <p>- <i>inc.</i></p> <p>preferential treatment of deferral of retirement (1.5% for each add. 90 calendar days)</p> <p>+ <i>inc.</i></p>		<p>2003: contributions self-employed: gradual increase in minimum assessment base in 2004-2006</p> <p>+ <i>pov.</i>, + <i>distr.</i></p>	<p>2002: valorisation of income earned subject to general increase wages</p> <p>+ <i>inc.</i></p> <p>Planned: change in manner of valorisation that would consist in reflecting revenue of basic pension insurance</p> <p>- <i>inc.</i></p>	<p>After 1995 indexation became regular (on average it accounts for at least 100% of increase in prices and also at least 1/3 of increase in real wage);</p> <p>Indexation used to be more generous before 2003 (on average more than CPI and ½ of real wage growth), in 2003 government committed to index pensions to legal minimum only</p> <p>- <i>inc</i></p> <p>Allowed to make exceptional indexation in case of substantial price increase</p>	<p>2003: inclusion of study years into calculation of pension entitlements reduced</p> <p>+ <i>distr.</i></p> <p>Planned: further limitation on non-contributory periods</p> <p>- <i>inc.</i>, - <i>pov.</i></p> <p>Planned: limitation of payment of pension benefits by level of income abolished</p> <p>- <i>distr.</i></p>

Sources:

Czech Republic, National Strategy Report on Adequate and Sustainable Pensions, Prague 2005.

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Czech Republic).

OECD, Ageing and Employment Policies Czech Republic, Paris 2004 (country-specific executive summary published after the recent OECD forum "Ageing and employment policies").

OECD, Pensions at a glance, Paris 2005.

Table B.3: Pension Reforms in Germany

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1997, 1999, 2001, 2004	<p>2001: reform favours development of 2nd pillar contributory schemes</p> <p>2001: introduction additional voluntary private old-age pension (“Riester pension”) with state support</p>	<p>In several pension reforms, beginning in 1992 and lately in 2004, increase of statutory retirement age legislated, transition period of this increase to 65 years will be completed by 2012 for those born after 1951</p> <p>Old-age pensions for women: From 2000-2004 age limit for deduction-free drawing increased from 60 to 65 (birth year 1945 by 2011); from birth year 1952 on old-age pension for women no longer possible</p> <p>2006: increase retirement age from 65 to 67 (from 2012 plus 1 month, from 2024 plus 2 months a year)</p>	<p>2001: Changes in pension-calculating formula to reach lower limit of provision-level; however, clause to safeguard pension levels; reduction replacement rate 1st pillar should be compensated by subsidised 2nd and 3rd pillar</p> <p>- <i>inc.</i></p>		<p>1999: Born after 1946: age limit old-age pension because of unemployment or part-time working increased gradually from 60 to 63 in 2006-2008; born after 1951: this possibility together with deduction-free early old-age pension for women (from 60 on) eliminated</p> <p>For those born 1952 or later, early retirement possible with 62 if at least 35 contribution years</p> <p>Possibility of leaving labour market with 58 while receiving unemployment benefits until retirement will be abolished in 2008</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2000: Before 65 (63 with disabilities) actuarially-calculated reductions applying (3,6% per year)</p> <p>- <i>inc.</i></p> <p>Bonus of 6% per year granted for deferred retirement</p> <p>+ <i>inc.</i></p>		<p>2001: Introduction basic insurance for persons 65+ as well as 18+ with earning capacity fully reduced: at subsistence level and means-tested, but no recourse to children nor income household members other than spouse taken into account any longer</p> <p>+ <i>pov.</i></p>	<p>(Pension-point value uprated annually in line with gross wages subject to adjustment for increases in total contribution rate to public scheme, in long-term, pension-point value will fall relative to earnings)</p> <p>- <i>inc.</i></p> <p>2004 introduced sustainability factor will link uprating of pension-point value to changes in system dependency ratio</p> <p>-<i>inc.</i></p>	<p>2001: Relinquishing inflation adjustment of pensions, relevance now attaches to trends in gross wages, contribution rate and proportion of old-age provision</p> <p>- <i>inc. ?</i></p> <p>2004: sustainability factor introduced: annual adjustment of pensions takes into account change of number of contributors in relation to number of pensioners</p> <p>- <i>inc.</i></p> <p>2004-2009: no adjustment of pensions</p> <p>- <i>inc., -pov.</i></p>	<p>1997: Higher evaluation and additive allowance of childcare periods</p> <p>2001: Upgrading childcare (higher evaluation of low wages and interruption of earnings when caring for several children)</p> <p>+ <i>inc., + pov., + distr.</i></p> <p>2004: Periods of school and professional training will no longer be counted as years worked</p> <p>+ <i>distr.</i></p> <p>2005: Change of taxation regime that contributions are exempted from taxation (by 2025) and pensions are completely liable to taxes (by 2040)</p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Germany).

Federal Republic of Germany, National Strategy Report on Old-Age Pension Provision 2005, Berlin 2005.

OECD, Ageing and Employment Policies Germany, Paris 2005 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

OECD, Pensions at a glance, Paris 2005.

Table B.4: Pension Reforms in Malta

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
system to be reviewed in 2006	planned: as of 2007 mandatory 2 nd pillar scheme funded pension, with further option for voluntary 3rd pillar private scheme	In 2007 retirement age women (currently 60) equal to men (61) Planned: staggered increase statutory retirement age to 65 for those aged below 46 in 2007	Planned: decrease of accrual rate: 40 instead of 30 years for full pension (2/3) - <i>inc.</i>	Planned: staggered increase contribution period to best 10 from the last 20 years (now best 3 consecutive years from last 10 years) - <i>inc.</i>	

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
(In case of employment between 61 and 65 no contributions subject to earning ceiling pegged to minimum wage, after 65 no contributions at all)		Planned: benefit-top-up also if contribution base is not sufficient to meet Minimum Pension Guarantee + <i>pov.</i> Planned: minimum pension guarantee should be established at approx. 50% of average wage + <i>pov.</i>	Planned: contributions to future mandatory 2 nd pillar are to increase in line with developments in economy	Planned: Minimum Pension Guarantee and post-retirement pensions should be automatically indexed to a mechanism of 70% wage and 30% inflation + <i>inc.</i> , + <i>pov.</i>	Planned: Implementation credits for child-care times + <i>inc.</i> , + <i>pov.</i>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Malta).

National Strategy Report on Pensions, Valletta 2005

Table B.5: Pension Reforms in Poland

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1999, 2004	<p>1999: Transformation DB system into NDC for those born after 1948;</p> <p>two mandatory parts (for those born after 1968): PAYG and funded scheme</p> <p>state-supported voluntary saving in form of employee pension plans and individual retirement accounts</p>	(New system: Minimum pension age remains 65 for men, 60 for women)	<p>New system: contribution of 12.2% of earnings credited to individuals' notional accounts, at retirement accumulated notional capital divided by "g-value" (average life expectancy at retirement age) to arrive at pension benefit</p> <p>- <i>inc.</i></p>	<p>Earnings level over whole working career decisive for amount of old-age pension (before 10 consecutive years out of 20)</p> <p>- <i>inc.</i></p>	<p>Apart from disability no longer option for early retirement (before 60 [women]/ 65 [men]) for those born after 1948 and retiring after 2006</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
	(For minimum pension 25 contribution years for men, 20 for women)	Guarantee of minimum pension (applies to persons that meet contribution period required by law) in old system financed directly in framework of insurance, in new system from state budget	from 2004 onwards increase rate of return on individual account up to full change in real growth of contributions due (before: price inflation plus 75% of growth of real covered wage bill), indexation cannot be lower than CPI + <i>inc.</i> ?	from 2004 onwards indexation of pensions with at least CPI: relationship between average old-age pension and wage will change (before: 80% prices, 20% average earnings) - <i>inc.</i>	new system: amount of contributions, capped at 250% of average annual wage + <i>distr.</i>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Poland).

National Strategy Report on Adequate and Sustainable Pensions, Warsaw 2005

OECD, Pensions at a glance, Paris 2005.

Table B.6: Pension Reforms in Slovakia

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2003, 2005	<p>As of 2004 earnings-related public scheme transformed from standard DB formula to point system (closer link between contributions and benefits);</p> <p>Introduction new saving scheme as 2nd component in mandatory system in 2005 (optional for insured before 2005)</p> <p>Since 1996 strengthening of 3rd pillar in form of DC voluntary component</p>	2003: Increase retirement age from 60 for men and 53 to 57 for women (depending on number of reared children, reduced by 1 year per child) up to 62 (men: 2007, women 2016)	<p>New pension formula from 2004 onwards: pension points calculated as ratio of individual earnings to average earnings, dividing point value by national average earnings gives equivalent to accrual rate in PAYG DB scheme of 1.16%</p> <p>- <i>inc.</i></p>	<p>2003: Gradual extension of relevant period for computation of pension (from 5 best years over 10 years prior retirement) to whole period of contributions</p> <p>- <i>inc.</i></p>	2003: Only possible if employment in labour cannot be found; not possible if pension below prescribed minimum amount

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
2003: 0.5% for every 30 days of early retirement - <i>inc.</i> advantage in pension entitlements if retirement deferred: 0.5% for every 30 days + <i>inc.</i>	2003: at least 10-years of pension insurance (before 25) + <i>pov.</i>	2003: minimum pension not guaranteed in social insurance system directly anymore; indirect from minimum assessment basis for contributions and social assistance (about 2/3 of minimum wage) - <i>pov.</i>		2003: 50% inflation, 50% nominal wage growth (before: decided by Parliament and expected to be around same as wage growth, but often were not) - <i>inc.?</i>	Credited non-contributory times for unemployed ended in 2000, for high school students in 2001, for university students in 2004 - <i>inc.</i> Till 2002 monthly income exceeding SKK 10,000 (below average wage) not considered at all in calculation of pensions, income exceeding SKK 2,500 only partly considered (contributions collected up to SKK 32,000); from 2003 onwards ceiling to pensionable earnings at 3 times average earnings - <i>distr.</i>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Slovak Republic).

Slovak Republic, National Strategy Report on Adequate and Sustainable Pensions, Bratislava 2005.

OECD, Pensions at a glance, Paris 2005.

Table B.7: Pension Reforms in Slovenia

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2000	<p>2000: introduction state pension</p> <p>2000: Introduction compulsory (for heavy and unhealthy work) and voluntary supplementary pension insurance (funded schemes)</p>	<p>2000: Gradual increase retirement age to 61/63 for women and 63/65 for men depending on number of pension qualifying years</p> <p>Possibility to retire at lower age as result of care for birth or adopted children</p>	<p>2000: Lowering annual accrual rate: after 40 years 72,5% (2024), before reform: 85%. For 15 years pensionable service men at 65 are granted pension of 35% of pensionable earnings, women aged 63 are granted 38%. Each additional year 1.5% for men and women equally (before 2%)</p> <p>- <i>inc.</i></p>	<p>2000: Increasing period of best years counted for pension calculation from 10 to 18 (2008).</p> <p>- <i>inc.</i></p>	<p>2000: possible to retire with 58 and at least 38 (women)/ 40 (men) pension qualifying years without any reductions (before 53 for women)</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2000: Deferral of retirement after becoming eligible for old-age pension stimulated by different assessment of pensionable service longer than 38 (women)/ 40 (men) years when achieved before 61/63 (3.6% 1st add. year, 2.4% 2nd, 1.2% 3rd); pension amount no longer limited by maximum total accrual rate.</p> <p>+ <i>inc.</i></p> <p>2000: If old-age pension claimed before full statutory retirement age without having acquired full pensionable service of 38 (women) /40 (men) years, old-age pensions permanently reduced depending on age (for women reduction applying after 2015)</p> <p>- <i>inc.</i></p>		<p>2000: Introduction means-tested state pension applying to persons aged 65 (before 2006: 68) with residence-status for at least 30 years failing to qualify for any rights under compulsory insurance. Paid at 1/3 of minimum pension guarantee as results after 15 years of pensionable service</p> <p>+ <i>pov.</i></p>	<p>2000: insurance bases adjusted to level of wages and pensions of calendar year preceding year of retirement: ensures equal conditions for pension calculation regardless of date</p> <p>+ <i>inc.</i></p>	<p>2000: as of 2006, pensions will be fully indexed to wages (before varied from year to year: 2000-2004 50% wages, in 2005 80% to wages; prices were taken into account only when result of indexation was below price increase)</p> <p>+ <i>inc.</i></p>	<p>2000: Improvement of opportunity to voluntarily join mandatory pension insurance scheme if e.g. engaged in non-standard forms of employment, care for children up to 7, unemployed while seeking employment</p> <p>+ <i>inc.</i>, + <i>pov.</i></p>

Sources: EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Slovenia). Republic of Slovenia, National Strategy Report on Adequate and Sustainable Pensions, Ljubljana 2005

Table B.8: Pension Reforms in Belgium

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1997, 2003	1997: parametric reform 2003: extending 2 nd pillar complementary pensions	2003: Pensionable age of women (2002: 62) will gradually increase from 63 in 2003, 64 in 2006 to same level as men (65 in 2009)	1997: Required career length for full pension of women increased from 40 to 44 years in 2006, 45 years in 2009 (as already for men); (full replacement rate single: 60%) - <i>inc.</i>		1997: Reinforce conditions for access to early retirement Age limit early retirement is brought from 58 years to 60 as from 2008. Current 25-year condition is raised to 30 years in 2008 and to 35 years in 2012 for men, for women to 26 years in 2008 and afterwards increased with 2 years every 4 years up to condition for men

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
As from 2007, bonus granted for retirement at age of 62 or with full career of 44 years + <i>inc.</i>		1997: With at least 15 years employment, "minimum right per career year": if at least equivalent to 1/3 full-time exercised during that year, pension calculated proportionally at least on basis of guaranteed minimum monthly wage of 21 year old applicable at moment of retirement (resulting in ca. 37% of average earnings); in 2003 minimum old age pension raised + <i>pov.</i> till 2009 minimum age to benefit from social assistance scheme for elderly will be gradually raised from 63 to 65 (before June 2001 women: 62, men 65; thereafter 63 for women and men) - <i>pov.</i> Since 2003 amount significantly increased + <i>pov.</i>		Pensions adapted to health index (as a rule similar to price index), but not to evolution of prosperity, therefore government can decide to reevaluate pensions by increasing them by percentage or fixed amount (mostly for lowest or longest-running pensions) from 2007, every two years, benefits incl. minima will be adapted to level of prosperity (can again change in future) + <i>inc.</i> from 2010 on welfare adjustment likely to be disconnected from wage growth by 1.25%, for lump-sum benefits by 0.75% - <i>inc.</i>	1997: During 1982-1998, ceiling for calculation of pensions only adapted to price evolution (no wage evolution), now ceiling adapted every two years according to wage norm (reevaluation of wages during career only on basis of inflation) - <i>distr.</i> from 2010 on adjustment of wage ceiling likely to be disconnected from wage growth by 0.5% + <i>distr.</i>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche for Belgium).

Strategy Report on Pensions, Brussels 2005.

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Belgium, Paris 2003 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.9: Pension Reforms in France

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1993, 2003	2003: law lays foundations of genuine 3 rd pillar of pension funding	2003: retirement made more flexible	<p>2003: from 2004 on raising contribution threshold for entitlement to full state pension (replacement rate 50%) to 40 years (before: 37.5), further increase to 41 years between 2009 and 2012 and to 41.75 years in 2020</p> <p>- <i>inc.</i></p> <p>thereafter gains in life expectancy (at 60) will prolong contribution period by 2/3 of this increase</p> <p>- <i>inc.</i></p>	<p>From 2008 onwards, pay will be averaged over 25 years (for cohorts born before 1934 10 years, rising thereafter by 1 year for each cohort to 25 years for those born after 1947)</p> <p>- <i>inc.</i></p>	<p>2003: age at which employer can oblige employee to retire raised to 65. However still possible to oblige employee under 65 (but over 60) who is eligible to retire on full pension if: employee receives early retirement compensation; or extended sector-level collective agreement providing for trade-offs for such retirement in terms of employment or vocational training reached prior 2008</p> <p>2003: Retirement before 60 if begin of working between 14 and 16 and 40-42 years' contributions from 2004 on</p> <p>since mid-1990s government restricted access to public-funded early retirement; early 2000s: early retirement scheme job replacement ended; age of access to unemployment benefit until entitlement to full pension raised from 55 to 57 for jobless people with 25 years in employment</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2003: Introduction bonus scheme for deferral (3% per year)</p> <p>+ <i>inc.</i></p> <p>2003: Introduction penalty scheme for each year before 65 (applied if retired before 40 years of contributions); deduction will be progressively reduced to reach 5% per year of shortfall (before reform: 10%)</p> <p>+ <i>inc.</i></p> <p>as of 2006 amount of penalty per year will decrease gradually from 10% to 5% in 2015</p> <p>+ <i>inc.</i></p> <p>compulsory retirement age raised from 60 to 65</p>		<p>2003 reform introduced new objective that from 2008 people with full career earning minimum wage (ca. 60% of average earnings) would receive pension equivalent to at least 85% on net minimum wage</p> <p>+ <i>pov.</i></p>	<p>Mandatory occupational schemes: uprating of cost and value of pension points by agreement between social partners: until 2008 increase cost of pension points in line with earnings, value of pension points in line with prices (each year number of points earned is value of contributions divided by cost of pension point)</p>	<p>2003: pensions indexed to prices only</p> <p>- <i>inc.</i></p>	<p>2003: support of gradual retirement</p> <p>2003: only missing annual pension contributions in respect of years spent studying for degree, diploma or certificate-conferring course, up to 3-year ceiling, can be purchased any longer</p> <p>- <i>inc.</i></p>

Sources

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche France).

OECD, Ageing and Employment Policies France, Paris 2005 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

OECD, Pensions at a glance, Paris 2005.

Table B.10: Pension Reforms in Luxembourg

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2002			<p>2002: level of pensions in general scheme increased by about 10% to bridge gap to public sector (increase accrual rate from 1.78% to 1.85%)</p> <p>+ <i>inc.</i></p> <p>2002: for each working year after 55 and for each year of contribution in excess of 38 years, pro rata enhancement is increased from 1.85% by 0.01% up to ceiling of 2.05%</p> <p>+ <i>inc.</i></p> <p>necessary in medium term: adjustment of guaranteed replacement rate</p> <p>- <i>inc.</i></p>		<p>Necessary in medium term: higher retirement age (currently early retirement age 57 with 40 years' contributions, 60 with 40 insurance years, otherwise 65)</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
		<p>2002: Flat-rate related benefits increased by 11.9% (e.g. flat-rate bonus calculated on number of qualifying years which include also credited non-contributory periods)</p> <p>+ <i>pov.</i></p> <p>2002: Minimum pensions for widows increased to same level as personal minimum pensions</p> <p>+ <i>pov.</i></p>		<p>necessary in medium term: changes to pension-adjustment mechanism (currently: automatically indexed to changes in cost of living if cumulative inflation at least 2.5%, in addition adjustment to increases in real wages must be considered every 2 years, recent practice: increases close to earnings)</p> <p>- <i>inc.</i></p>	

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Luxembourg).

National strategy reports on adequate and sustainable pensions, Luxembourg 2005.

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Luxembourg, Paris 2004 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.11: Pension Reforms in Cyprus

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1980, 2002	1980: Introduction earnings-related insurance in place of previous scheme of flat-rate contributions and benefits	Under consideration: increase “normal” pension age from 63 to 65 (currently pensionable age 65, but possible to retire with 63 if contribution conditions fulfilled and average insurable earnings of 70% of basic insurable earnings)			Under consideration: change in right to pension between 63 and 65 (now: if completed 28,5 insurance years – which will be raised to 33,25 – with 63 without actuarial reduction) - <i>inc.</i>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
	Under consideration: Increasing minimum qualifying period for pensions (currently 10 years of which 3 of actual contributions only) - <i>pov.</i>	2002: Introduction of special allowance for every pensioner with annual pension income not exceeding certain amount, without test of income from employment or other sources and without taking into account household total pension income + <i>pov.</i>		Under consideration: change in method of indexation of basic part of pensions (CPI instead of current wage indexation) - <i>inc.</i> , - <i>pov.</i>	

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Cyprus).

Republic of Cyprus, National Strategy Report on Adequate and Sustainable Pensions, Nicosia 2005

Table B.12: Pension Reforms in Estonia

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1999, 2002	<p>1999: Introduction insurance component (depending only on social tax paid) (before only flat-rate basic pension depending on years of service)</p> <p>2002: introduction DC individual accounting funded 2nd pillar (mandatory for new labour market entrants and people born after 1983), part of statutory social security pension switched into private pension funds</p>	<p>Retirement age for women increased to 63 till 2016 (for men 63 since 2001)</p> <p>Retirement age in 2nd pillar as in 1st pillar</p>	<p>2002: revised benefit formula in PAYG: length of service component applies to periods of pensionable service through the end of 1998, insurance component applies to pensionable service from 1999</p> <p>Introduction coefficient on personal contributions</p> <p>- <i>inc</i></p>		

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
From 2002 on pension calculated according to pension formula increased by 11% per year of deferring old age pension + <i>inc.</i>	2 nd pillar: qualification period of 5 years	Recent increase in level of flat-rate pension relative to earnings + <i>inc.</i> , + <i>pov.</i>			1999: with determination of pension rights based only on social tax payments, state pays social tax (small amount) for child-raising parents receiving parental benefit, child care allowance or benefit for family with 7 or more children; caregivers of disabled persons, receiving caregiver's allowance

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Estonia).
National Strategy Report on Adequate and Sustainable Pensions, Tallinn 2005

Table B.13: Pension Reforms in Hungary

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1997	<p>1993: Introduction voluntary fully funded retirement scheme</p> <p>1997: in June 1998 introduction mandatory, privately-run fully-funded DC pension funds (for new labour market entrants and people below 42 at time of reform, significant effect in 2030s);</p> <p>people who switched voluntarily to new mixed system were allowed to return to pure PAYG until end 2002, obligation for new entrants to join private pension fund suspended in 2002</p>	1997: increasing retirement age from 57 (women) and 60 (men) to uniform 62 years (women 2009, men 2000)	<p>Alteration of pension formula as of 2013 (changing present degressive scale into linear) to conform to performance conditions (length of employment period, differences in income); reform targeted pension level of 60% of net average earnings (roughly level prior reform), but in future only with periods of employment close to 40 years (1.22% per year in mixed system, 1.65% in pure PAYG)</p> <p>- <i>inc.</i></p>	<p>Instead of best 3 of last 5 years before retirement as basis for pensions, now earnings for every single years following 1987 included (moving towards full lifetime)</p> <p>- <i>inc.</i></p>	From 2009 earliest retirement age will be 59 years if at least 37 years of employment (before women 57, men 60 if at least 33 years of employment)

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
From 2009 early retirement without reductions only possible with 40 years of service (before: 38 years) - <i>inc.</i>	From 2009 on 20 contributions years for both earnings-related and minimum pension instead of 10 (before 2009 entitlement to partial pension, for which no set minimum, for at least 15 years of service) - <i>inc.</i> , - <i>pov.</i>	From 2009 on guaranteed minimum pension requires 20 contributions years instead of 10; - <i>pov.</i> 1997 reform ended pre-set minimum pension and shifted minimum pension function to social minimum as benchmark for determining eligibility for social benefits as of 2009: If person at retirement age has not acquired pension in own right, or if amount of pension below certain level, entitled to old age allowance, which was introduced together with pension reform - <i>pov.?</i>	Linear gauge adjusted to gross earnings as basis for contribution payments will be introduced in 2013, degressive calculation of (higher) income will be terminated + <i>inc.</i> , - <i>distr.</i> From 2013 on, pension base will be calculated from gross earnings	Introduction indexing system of guaranteed pension in 1993, and shifting to Swiss indexation system (50% based on price increases, 50% on earnings increases) as of 2001 (will result in relative decline in pension level, but will offer better conditions than retaining purchasing power) - <i>inc.</i>	13th month pension being introduced gradually, from 2003 to 2006 + <i>inc.</i> Fair recognition to time spent raising children + <i>inc.</i> , + <i>pov.</i> 1992 ceiling to pensionable earnings introduced + <i>distr.</i> (in 2002: 225% of average earnings. in 2004: 300%) - <i>distr.</i> Taxation of pensions will begin in 2013

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Hungary).

National Strategy Report on Adequate and Sustainable Pensions, Budapest 2005.

OECD, Pensions at a glance, Paris 2005.

Table B.14: Pension Reforms in Latvia

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1995, 1998, 2000	<p>Introduction NDC-PAYG (from 1996);</p> <p>introduction funded tier: part of pension contributions (to be raised) to fully funded, privately managed funds (from 2001, first pensioners 2014)</p> <p>3rd pillar private pension insurance (from 1998)</p>	<p>Retirement ages raised to 62 (men: 2003, women: 2008 [60.5 years till July 2006])</p> <p>new pension system flexible in relation to retirement age (person can retire at any age, which is not earlier than prescribed in law regulating corresponding scheme's operation)</p>	<p>Introduction NDC-PAYG (from 1996)</p> <p>- <i>inc.</i></p>	<p>Introduction NDC-PAYG (from 1996)</p> <p>- <i>inc.</i></p>	<p>Early retirement allowed 5 years before retirement age; early retirement pension provided by law during first years of reform, foreseen in legislation until mid 2005 but prolonged for another 3 years until July 2008 (2 years before standard retirement age)</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
Early retirement: lower pension amount calculated - <i>inc.</i>		<p>During transition period: in case of low wages state guarantees minimum pension equal to social security benefit to which – depending on length of insurance record – coefficients are applied;</p> <p>+ <i>pov.</i></p> <p>(with no or insufficient qualification period [minimum insurance period 10 years] 5 years above statutory retirement age, social security benefit guaranteed)</p> <p>envisaged: increase low pensions for pensioners in retirement age with at least 30 insurance years by additional monthly payment prescribed for each insurance record before 1996</p> <p>+ <i>pov.</i></p>	<p>NDC-PAYG (from 1997): valorisation depending on increase in wage amount and increase in number of contributions payers</p> <p>- <i>inc.</i></p>	<p>As from 2002, in addition to indexation of low pensions according to CPI, also adjusted in accordance with increase in social insurance contribution wage;</p> <p>+ <i>pov.</i></p> <p>currently low pensions indexed twice a year</p> <p>+ <i>pov.</i></p>	

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Latvia).

Latvian National Report on Adequate and Sustainable Pensions, Riga 2005

Table B.15: Pension Reforms in Lithuania

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1995, 2003	<p>1995: Main social insurance system based on PAYG restructured: in supplementary part strict adherence to social insurance principles, pension entitlements more closely linked to insurance period and amount of contributions</p> <p>2003: As of 2004 introduction voluntary DC 2nd tier of 1st pillar for participants who could transfer part of mandatory contributions (increasing till 2007) into pension funds with individual accounts managed by private companies</p> <p>3rd pillar of private pensions still being established</p>	<p>1995: retirement age (before: 55 women, 60 men) started to increase to 60 for women (2006) and 62.5 for men (2003)</p> <p>Planned: increasing retirement age women equal to men</p>	<p>1995: supplementary pension part calculated by adding 0.5% of salary for every working year, amount of social insurance pension depends on economic growth, situation on labour market and life expectancy</p> <p>+ <i>inc.</i></p> <p>2003: in 2nd tier of 1st pillar annuities calculated using different mortality tables for men and women</p>		<p>1995: privileged early retirement of some professional and social groups abolished</p> <p>Since mid 2004 early retirement pension introduced for long-term unemployed: registered as unemployed for at least 1 year with qualifying period of at least 30 years and no more than 5 years left to retirement age (before 2005 unemployed having left no more than 2 years to retirement age with qualifying period of at least 15 years were granted pre-retirement unemployment allowances)</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>Early retirement pension for long-term unemployed since mid 2004: reduced by 0.4% for every full month remaining until retirement age</p> <p>- <i>inc.</i></p> <p>If pension payment postponed, for every month pension increase by 0.67%</p> <p>+ <i>inc.</i></p>	<p>(Minimum social insurance period for basic part of old-age pension 15 years, obligatory social insurance period for basic pension part [base pension] 30 years. With 15 years only basic pension part received, which amounts to 0.5 of base pension)</p> <p>Required qualifying period for young people with disabilities to receive lost capacity social insurance pension (former disability pension) softened</p> <p>+ <i>pov.</i></p>	<p>Minimum pension will be introduced from 2006 for all people reaching entitlement age for old age pension and from mid 2005 for people with average and grave disabilities (having lost 60% and more of working capacity) if not entitled to social insurance or state pensions; social assistance pension also if social insurance or state pensions smaller. Amount will be related to base pension.</p> <p>+ <i>pov.</i></p> <p>Planned: analyse possibilities of adding supplementary amounts to old-age pension and lost capacity (disability) pension for persons not receiving survivors' pensions</p> <p>+ <i>pov.</i></p>		<p>In 1998-2001 amounts of social insurance pensions were practically "frozen".</p> <p>- <i>inc.</i></p> <p>Since middle of 2002 pension indexation renewed with more emphasis on indexation of basic pension and increasing small pensions</p> <p>+ <i>pov.</i>, + <i>distr.</i></p>	<p>(2003): During maternity leave insured by state only for main (basic) part of social insurance pension,</p> <p>planned: insure persons on maternity leave with state funds not only for main part of social insurance pension but for total amount thereof by paying contributions accounting on basis of minimum monthly salary</p> <p>+ <i>inc.</i></p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Lithuania).

Lithuania's National Strategy Report on Adequate and Sustainable Pensions, Vilnius 2005

Table B.16: Pension Reforms in Denmark

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1999; 2003, 2004	<p>1999: reform of voluntary early-retirement scheme</p> <p>Since 1999, all employees, self-employed and some transfer payment recipients pay contributions to Special Pension Savings Scheme (statutory supplementary pension scheme); contributions suspended 2004-7</p> <p>2002: Reform Labour Market Supplementary Pension Fund (ATP)</p> <p>Welfare Commission to submit specific proposals for reforming welfare system incl. social pensions aimed at ensuring socially balanced and targeted efforts before end-2005</p>	1999: official retirement age reduced from 67 (born before 1.7.1939) to 65 from 1.7.2004 till 2007	(ATP is “with-profit”-scheme: if actual returns exceed 1.5%, pensions may be increased)		<p>1999: contributions to voluntary early-retirement scheme will have to be paid for at least 25 of 30 years prior receiving benefits</p> <p>In 2003 for disability pensions instead of defining disability degree, work ability degree is defined. Persons with some work ability are directed to subsidised jobs (if unemployed, to special unemployment benefit) instead of granting disability pension</p> <p>In 2004 voluntary early retirement scheme made less attractive</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2004: public old-age pension after 65: for 1 year 7% (only if at least 1,500 working hours a year)</p> <p>+ <i>inc.</i></p> <p>2002: ATP scheme: pensions calculated on an age-differentiated basis</p> <p>- <i>inc./ + inc.</i></p> <p>1999: Person entering voluntary early retirement scheme before 62 face more stringent reduction than persons with 62</p> <p>- <i>inc.</i></p> <p>1999: Voluntary early retirement scheme: persons who continue working after having obtained right to early retirement receive tax-free bonuses</p> <p>+ <i>inc.</i></p>		<p>2003: introduction supplementary pension benefit to public old-age pension (full supplement ca. 17% of average earnings) targeted at financially most disadvantaged pensioners, calculated according to fixed rules, taking into account pensioner's other income and liquid assets, raised in 2004</p> <p>+ <i>pov.</i></p> <p>2003: introduction SAP- (Supplementary Labour Market Pension Scheme for Recipients of Anticipatory Pension) scheme, which gives anticipatory pensioners (persons permanently outside labour market) possibility to qualify for public old-age pension supplement resembling labour market pension (besides ATP pension, by which they continue to be covered)</p> <p>+ <i>pov.</i></p>	<p>(ATP-scheme: value of contributions adjusted sporadically based on negotiations between social partners, e.g. in 2006: 9%, broad pattern since 1964 increase in line with average earnings)</p> <p>ATP scheme: until 2002 each DKK 396 of contributions earned DKK 100 of pension benefits from age 67, currently assumed nominal interest rate of 1.5% for contributions paid)</p>		<p>In 1993, ATP scheme expanded to include groups of transfer payment recipients.</p> <p>+ <i>inc., + pov.</i></p> <p>From 1997, double contributions paid for recipients of unemployment, sickness and maternity benefits.</p> <p>+ <i>inc., + pov.</i></p> <p>With effect from 1997, ATP scheme further expanded to include recipients of cash assistance and rehabilitation benefits, and recipients of anticipatory pension and early retirement benefits also became able to make voluntary payment contributions.</p> <p>+ <i>inc., + pov.</i></p> <p>ATP scheme mandatorily covers persons awarded anticipatory pension after 2002</p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Denmark).

National Strategy Report on the Danish Pension System, Copenhagen 2005

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Denmark, Paris 2005 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.17: Pension Reforms in Finland

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2005	<p>2005: Reform of earnings-related scheme within 1st pillar</p> <p>2005: Changes in life expectancy taken into account when calculating new pensions as of 2009</p> <p>- <i>inc.</i></p>	<p>From 2005 flexible retirement age 62-68 instead of 65 (national pension: retirement age old-age retained at 65)</p>	<p>2005: Old-age pension starts to accrue from 18 instead of 23;</p> <p>60% of previous earnings after 40-year career as target and maximum level for total amount of pensions accrued removed from 2005</p> <p>From 2005 implementation of accelerated accrual rates towards end of career: per year 1.5% aged 18-52, 1.9% aged 53-62, 4.5% aged 63-67 (before 1.5% per year until 60, 2.5% per year between 60-65)</p> <p>+ <i>inc.</i></p> <p>earnings-related pension accrued from work after 63 will not reduce amount of national pension</p> <p>+ <i>inc.</i></p> <p>accrual of pension from reduced earnings during part-time retirement will drop from 1.5% to 0.75%</p> <p>- <i>inc.</i></p>	<p>From 2005 onwards, pension entitlements calculated based on lifetime earnings (before reform: determined separately for each employment on basis of wages of last 10 years)</p> <p>- <i>inc.</i></p>	<p>Gradually abolish unemployment pension scheme 2009-2014 (people born after 1949 not entitled; however can receive unemployment allowance until 65;</p> <p>Removing individual disability (early retirement) scheme</p> <p>Minimum age for unemployment path to retirement raised from 55 to 57 and will rise to 59); abolish individual early retirement pension (born 1944 or later) accompanied by relaxation of assessments for disability pension aged 60+</p> <p>Raising eligibility age in subsidised part-time pension scheme from 56 to 58 (2005, born 1947 or later)</p> <p>From 2005 possible early retirement with 62</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>Earnings related scheme from 2005: early retirement with 62: 0.6% reduction per month until 63</p> <p>- <i>inc.</i></p> <p>Accrual rate increased to 4.5% for continuing work beyond 63 (before: 2.5% beyond 60); ceiling on maximum pension abolished</p> <p>+/- <i>inc.</i></p> <p>Voluntary 3rd pillar: Minimum retirement age for tax deductibility of premiums raised from 60 to 62</p> <p>- <i>inc.</i></p>		<p>As of 2005 eligibility for residence-based national pension of persons from EU, EEA or Switzerland determined on basis of duration of employment; eligibility begins as of commencement of employment in Finland, if this last at least 4 months; when person falls within scope of coverage, pension will accrue from entire duration of employment; before pension reform: such requirement did not exist</p> <p>- <i>pov.</i></p>	<p>From 2005 onwards in case of earnings-related pensions, wage coefficient is applied to earnings made during career, with weight of earnings index at 80% and weight of CPI 20% (before: 50:50)</p> <p>+ <i>inc.</i></p>	<p>From 2005 onwards in case of all earnings-related pensions under payment, index is used where weight of earnings index is 20% and weight of CPI 80% (before: pensions drawn before 65 50:50)</p> <p>- <i>inc.</i></p> <p>In addition to normal index increases (by CPI) level of national pension has also discretionarily raised (last in 2005)</p> <p>+ <i>pov.</i></p>	<p>2005: earnings-related pension also accrues (1.5% per year) during certain unpaid periods, (not from minimum-level benefits except parental allowance)</p> <p>For unemployment-, parental-, training-, sickness- and rehabilitation allowance, compensation accident insurance, job alternation compensation and adult education subsidy pension accrues from earnings used as basis of calculating benefits or from specific % of earnings</p> <p>Pension also accrues during 3-5 years of studies and from child home care allowance paid for first 3 years to parent looking after child: based on flat-rate</p> <p>+ <i>inc.</i>, + <i>pov.</i></p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Finland).

Finland's national Pension Strategy Report 2005, Helsinki 2005.

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Finland, Paris 2004 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.18: Pension Reforms in Ireland

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2003 Comprehensive review of pensions strategy in February 2005	Introduction of Personal Retirement Savings Accounts (PRSAs) with favourable tax treatment in early 2003 to facilitate increased supplementary coverage, participation in a scheme is voluntary for employees, though employers who do not already operate pension scheme are required to provide employees with access to a PRSA.	None of reviews of pensions arrangements to date have recommended increase in statutory pension age (currently 66 contributory pension, 65 retirement pension, 66 means-tested pension), but rather that issue should be considered regularly in future Considered: providing for flexibility in retirement age	Considered: increasing contributions required for full pensions - <i>inc.</i>	Since 1994: Homemaker's Scheme allows up to 12 years per child or a maximum of 20 years spent on caring duties to be disregarded when person's insurance record is being averaged for pension purposes + <i>inc.</i> , + <i>pov.</i>	Considered: tightening conditions for early retirement Social welfare system should not facilitate early retirement process by giving entitlement to pensions before age 65

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
Intended review by government: how older people can extend working lives without being financially penalised, remove financial disincentives and requirement to retire with 65 in order to qualify for pensions	Qualifying conditions for old age contributory pension eased considerably in recent years: qualification based on average number of contributions accumulated each year from time first entering insurance until qualifying age. Until 1997, minimum yearly average required for basic payment was 20 contributions, reduced to 10 + <i>inc.</i>	On social welfare side (1 st pillar), pension rates have increased substantially (since 2000); + <i>pov.</i> Government is committed to increase social welfare pensions (1 st pillar) to €200 per week by 2007 + <i>pov.</i>		No formal system of indexing pensions Social welfare pensions increased each year in line with targets set periodically by Government and taking account of budgetary considerations: currently pensions are increasing faster than both CPI and gross earnings + <i>inc.</i> To be chosen for future: payment up-rating by prices or earnings	

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Ireland).

Ireland's National Strategy Report to the European Commission on Adequate and Sustainable Pensions, Dublin 2005

Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Ireland, Paris 2006 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.19: Pension Reforms in Italy

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1992, 1995, 1997, 2004	<p>1992: pension cost control and harmonisation measures but maintained DB formula</p> <p>1995: new system (fully for labour market entrants from 1996 onwards, transition period till 2036) based on notional accounts; remaining PAYG but entitlements depend on contributions paid during working life, close to actuarially neutral and retirement arrangements periodically brought in line with life expectancy</p> <p>1995: Introduction private DC component to provide additional coverage via development of occupational and private pension funds</p>	New system: normal pension age 65, flexible retirement age between 57 and 65	<p>New system: Notional accounts credited with 33% of earnings (slightly above actual contribution rates); benefit calculated into annuity by dividing value on account at chosen time of retirement with factor based on unisex life expectancy and real rate of return of 1.5%; reviewed every 10 years based on mortality rates at different ages</p> <p>- <i>inc.</i></p>	<p>For employees with at least 18 years of contributions at end of 1995 gradual increase from last 5 to last 10 years, for others mixed regime with gradual extension in 2nd component to entire career</p> <p>- <i>inc.</i></p>	<p>For new entrants after 1995 elimination of peculiar early retirement pension scheme</p> <p>Up to 2007 for new entrants after 1995 possible to draw pension with 57 subject to 5 years contributions paid and pension value worth at least 1.2 times social assistance pension;</p> <p>As of 2008, for males take-up of pension before 65 only allowed with 40 contribution years or with 35 contribution years at the age of 60. Age limits will be raised by 1 year in 2010 and 2014 thus reaching 62. For females, allowed at 60 with 5 contribution years or with 40 contribution years regardless of age. Pension value must be worth at least 1.2 times social assistance pension</p> <p>Further postponement of pension is envisaged.</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>New system: Transformation coefficient at retirement varies with age</p> <p>- <i>inc.</i></p> <p>During 2008-2015 take-up of pension for those having met requirements of legislation before 2004 (aged 57, 35 contribution years) limited to women and less favourable pension calculation applied</p> <p>- <i>inc</i></p>	<p>New entrants after 1995: reduction of minimum contributory years to 5 (before 20 years)</p> <p>+ <i>pov.</i></p>	<p>Means tested minimum pension for pensioners with pension below ca. 22% of average earnings abolished for new labour market entrants after 1996</p> <p>People with incomes below social-assistance level can claim means-tested benefit with 65 (old age allowance)</p> <p>- <i>pov?</i></p>	<p>New system: contributions uprated in line with 5-year moving average of GDP growth until year of retirement</p>	<p>New system: For benefits up to 3 times minimum pension (ca. 2/3 of average earnings) full CPI, between 3 and 5 times minimum pension uprated by 90% of price inflation, above 75% of prices (before: discretionary wage indexation)</p> <p>- <i>inc., - pov., + distr.</i></p>	<p>New system: Introduction endogenous adjustment parameter to reflect demographic changes</p> <p>- <i>inc.</i></p> <p>Minimum pay for contribution purposes in new system is 37% of average earnings, maximum 360% of average earnings</p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Italy).

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Italy, Paris 2004 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Artoni R., Casarico A., The Italian pension system in the European context, Bocconi Working Paper n. 75, April 2001.

Table B.20: Pension Reforms in the Netherlands

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
<p>1997, 2004 pension agreements between employers' organizations, trade unions and government, 2006</p>	<p>2nd pillar: in reform of pension schemes, franchise is being lowered (franchising: private benefits from occupational schemes are reduced by value of public pension entitlement), with lower franchise, people can accrue supplementary pension with lower income</p> <p>+ <i>pov.</i></p> <p>2000: Act on mandatory participation in branch pension fund, which applies to employees, in 2005 also to self-employed;</p> <p>In 2002 legal right was introduced for people accruing survivor's benefit to make one-off choice to exchange survivor's benefit for extra pension or pension that takes effect earlier</p> <p>Applied legal rules to equalize pension rights built up during marriage or registered partnership, after divorce</p>			<p>In past few years, many 2nd pillar pension funds made transition from (mitigated) final pay arrangement to conditionally indexed average pay arrangement</p> <p>- <i>inc.</i></p>	<p>Limiting access to early retirement via unemployment (follow-up benefit for unemployed abolished for those who entered scheme on or after 11 August 2003) and disability benefits (re-assessment of disabled in 2004, new benefit rates in 2006), and limiting preferential tax treatment of early retirement contributions (non-deductible as from 2006-2011);</p> <p>Pension schemes can include minimum age63 with 40 years contributions</p> <p>Employers' organizations and trade unions determine possibility of part-time pension as part of supplementary pension scheme, in this case pension payments can be received while employment is partly continued and pension can still be accrued over that part</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>Entitlement to pensions from PAYG funded schemes will not be cancelled if individual continues to work past early retirement age; beneficiary therefore receives higher payment for each continuing year, eventually, through system of added interest on actuarial basis, even more than 100% of last wages can be paid out</p> <p>+ <i>inc.</i></p> <p>2006: Decisions taken to reduce incentives for early retirement mainly vial reduction of favourable tax treatment of such pensions</p> <p>- <i>inc.</i></p>		<p>1st pillar: as from 2015 income-tested supplementary allowance (max. 50% of net minimum wage) for AOW pension recipients who are married to or sharing household with partner under 65, will no longer be available for new beneficiaries (younger partners expected to support themselves until reaching pensionable age under AOW scheme)</p> <p>- <i>inc.</i>, - <i>pov.</i></p>	<p>Since 2001 in funded schemes not only indexation of pension payments but also of pension entitlements can be limited (before: typically earnings-related valorisation)</p> <p>- <i>inc.</i></p> <p>In addition incentives for some employers to convert their scheme from DB to collective DC scheme: as far as pension scheme member is concerned, it remains DB scheme with regard to nominal entitlements, but indexation is determined by surplus interest on contribution</p> <p>- <i>inc.</i></p>	<p>Most pension funds involve conditional indexation, since 2001 in many funded schemes indexing was limited (before typically earnings-related)</p> <p>- <i>inc.</i></p>	<p>In 2006 life course arrangement will be introduced: 12% of wages can be saved tax-free each year for wage replacement during period of unpaid leave (can both be used for parental or study leave and for early retirement)</p> <p>+ <i>inc.</i>, + <i>pov.</i>?</p> <p>2004?: If employee changes to part-time or job with lower pay in last 10 years before reaching pensionable age, allowed to still include wages that are forgone in pension accrual (on basis of old higher salary)</p> <p>+ <i>inc.</i></p> <p>Since 2002 by law no pension disadvantages in case of contract for specific period of time</p> <p>Since 2003 mandatory branch pension fund for long-term temporary workers (if at least 26 weeks at one employment agency)</p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Netherlands).
2005 National Strategy Report on Adequate and Sustainable Pensions, The Hague 2005.
OECD, Pensions at a glance, Paris 2005.
OECD, Ageing and Employment Policies Austria, Netherlands 2005 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.21: Pension Reforms in Spain

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1995 (Pacto de Toledo), 2002	<p>Measures to promote private schemes were introduced within framework of 1994 Toledo Pact and its 2003 revision</p> <p>Planned: introduction of measures extending scope of present system of employment pension plans</p> <p>Planned: moving towards contributions-based system, establish closer link between level of contributions and level of benefits</p> <p>- <i>inc.</i></p>	Introduction gradual and flexible retirement from 61 on (replaces variety of pre-retirement measures) in 2002 (legal retirement age 65)	As from 1997 replacement rate of 50% with 15 contribution years, increases by 3 p.p. for any add. year of contribution between 15 and 25, and by 2 p.p. for any add. year between 26 and 36 years	<p>Till 2002 gradual increase of reference period to 15 years (before: 10)</p> <p>- <i>inc.</i></p>	<p>Gradual and flexible retirement from 2002: between 61-65 possible to receive early retirement pension if 6 months unemployed, actively looking for job and minimum contribution period of 30 years</p> <p>Specific measures introduced to combine part-time work with partial retirement pension after 60 (correcting measures planned)</p> <p>Planned: calculate amount of permanent incapacity pension according to number of contribution years (incl. years left to ordinary retirement age) in cases of non-work related accident or illness (to prevent being “back door” for people with insufficient contributions)</p> <p>- <i>inc.</i>, - <i>pov.</i>?</p> <p>Planned: limiting availability of early retirement schemes</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>(Pension reduced by 6-8% for each year before 65 [not in case of partial retirement pension]);</p> <p>- <i>inc.</i></p> <p>(Regulatory base increased by 2% for each year after 65 if minimum 35 years contribution)</p> <p>+ <i>inc.</i></p> <p>Legal limits in scope for employers to terminate contract when worker reaches legal retirement age</p>		<p>1999: non-contributory pension scheme for older or disabled people in need replaced special social assistance scheme</p> <p>Minimum pensions increased significantly in last years; 3% increase non-contributory pensions in 2005</p> <p>Top-ups applied to total permanent invalidity pensions for first time for people aged 60-64</p> <p>2005 budget includes provisions maintaining link between minimum contribution bases and minimum wage: policy to increase minimum wage effects pension top-ups, as it increases minimum bases</p> <p>2005 up to certain amount abolition of incompatibility receipt of old-age/disability and widow's pension</p> <p>Proposed: increase widow's benefits for people esp. 65+ without any other income</p> <p>+ <i>pov.</i></p>		<p>Planned: continued guaranteeing purchasing power of pensions</p>	<p>Planned: overhaul widow's pensions system and reduce payment in cases where recipient has high level of personal income</p> <p>+ <i>distr.</i></p> <p>Maximum contribution bases are being phased out</p> <p>- <i>distr.</i></p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Spain).

Report on the Spanish Strategy for the Future of the Pension System, Madrid 2005.

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Spain, Paris 2003 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.22: Pension Reforms in Sweden

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1999	<p>1999 (implemented 2003, mixed system born 1938-1953, complete new system born after 1954): new national income based PAYG system with contributions registered in fictitious individual accounts (before DB), close link between pensions and contributions</p> <p>System financially stable to changes in demographic trends, life expectancy and economic growth, flexible retirement age;</p> <p>(Small) part of contributions goes to DC individual premium pension account, in funds of beneficiary's choice</p> <p>Occupational schemes: DB solutions previously dominated but now clear trend towards DC occupational pensions</p>	<p>1999: Income-based and premium pensions can be drawn with 61 at the earliest, pension rights may be earned for unlimited time, no definite retirement age exists (under Employment Protection Act, employee is entitled to stay on in employment until 67 [could previously be renegotiated in collective agreements, in fact as a result in principle all employees were obliged to retire with 65])</p> <p>Forms of basic security disbursed with 65 at the earliest</p>	<p>1999: Pension rights equivalent to 18.5% of pensionable income credited throughout lifetime (before reform: 30 years of service required to receive full ATP pension of 60%), on retirement, annual value of pension calculated by dividing individual's accrued capital in PAYG system by annuitisation divisor based on remaining life expectancy at retirement age of cohort and norm for future annual growth of average wages of 1.6%</p> <p>- <i>inc.</i></p>	<p>1999: life-income principle: every contribution paid results in equivalent pension entitlement (before: best 15 income years)</p> <p>- <i>inc.</i></p>	<p>1999: with 61 at the earliest 25, 50, 75 (partial) or 100% of pension may be drawn. If individual continues to work after beginning to draw pension, new pension rights are earned irrespective of age;</p> <p>Currently applicable tax rules for occupational and private pension saving contribute to early retirement, commission of inquiry appointed to examine tax handling of occupational and tax deductible private pension</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
1999: the later person retires, the higher annual pension since pension capital increases and remaining life expectancy decreases (before: early retirement reduces pension by 0.5% for every month before 65, postponed retirement increases pension by 0.7% for every month postponed up to 70)		2003: previous basic security adjusted upwards and replaced by fully taxed guarantee pension (for those born before 1938 pensions recalculated and interim guarantee pension with somewhat deviating rules): if no adequate pension from national pension system, state provides guarantee pension (slightly more than 50% of median income, means-tested only against pensions) or new introduced maintenance support (around 30% of median income, for those with not enough residence years for adequate guarantee pension), supplemented by means-tested housing supplement (in total in most cases >60% median income); all benefits can be claimed with 65 + <i>pov.</i>	1999: Pension rights earned in PAYG system adjusted upwards according to changes in average income in society, in previous system value of pension benefits earned linked to CPI + <i>inc.</i>	1999: flexible indexing for pension disbursements: pension adjusted upwards in relation to average income development in society, deducting growth norm of 1.6 %-points which already calculated for on retirement (exception: basic security guarantee pension and other basic securities price-indexed, therefore poverty rates likely to increase) + <i>inc.</i> , - <i>pov.</i> 1999: automatic balancing mechanism of PAYG-system in case of unfavourable demographic or economic development: indexing of pensions and pension balances annually recalculated using lower index number - <i>inc.</i>	1999: Pensionable amounts (credits) given to parents of children <4, national military service, students and persons with sickness compensation and activity compensation + <i>inc.</i> , + <i>pov.</i> 1960-2001 in national pension system price indexed ceiling for income from which contributions are paid (above tax which does not count for pension), after 2002 ceiling indexed according to change in average income - <i>distr.</i> 1990: Widow's pensions replaced by adjustment pension (also for men), only paid until 65 (before: life annuity) - <i>inc.</i>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Sweden).

The Swedish National Strategy Report on Adequate and Sustainable Pensions, Stockholm 2005.

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies Sweden, Paris 2003 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.23: Pension Reforms in the United Kingdom

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2002, 2004	<p>Increasing coverage of state 2nd-tier pensions</p> <p>Occupational schemes: coverage of DC schemes growing, most new schemes in this form</p> <p>Private pensions: from April 2006 providing individuals with greater flexibility and choice, tax simplification;</p> <p>2001: stakeholder pension introduced: private pension account to provide pension option for people with moderate incomes who do not have access to company pension scheme</p>	<p>From 2010 to 2020 minimum age for pension credit and State Pension age for women will be gradually increased from 60 to 65 (equal to men)</p> <p>More flexible retirement will be encouraged through changes to tax and pension rules planned for April 2006: enable people in occupational pension schemes to draw retirement benefits while continuing to work for same employer</p>	<p>Number of qualifying years for full basic pension will be raised for women from 39 to 44 between 2010 and 2020</p> <p>- <i>inc.</i></p>		<p>Government is raising earliest age from which private or occupational pension can be taken from 50 to 55 by 2010</p> <p>Legislation 2006: employers will only be able to set compulsory retirement age below 65 if they can objectively justify it</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2004: from April 2005 accrual rate for increments increases from 7.5% to 10.4% for each year deferral</p> <p>+ <i>inc.</i></p>		<p>State 2nd Pension replaced State Earnings-Related Pension Scheme (SERPS) in 2002: focused on people with low/ moderate earnings unable to make significant private provision: employees earning more than Insurance Lower Earnings Limit but less than new statutory Low Earnings Threshold, as well as qualifying carers, long-term ill and disabled, treated as if had earnings of Low Earnings Threshold, effect after full working life: low-paid get at least twice amount than from SERPS, Individuals can opt out of State 2nd Pension and join occ. or personal pension scheme;</p> <p>+ <i>pov.</i></p> <p>2003: Pension Credit (income related benefit) replaced minimum income guarantee (increased in 2001-2003): ensures certain income level per week for 60+, rewards also pensioners 65+ with modest savings/ incomes</p> <p>+ <i>pov.</i></p>	<p>(2002 introduced State 2nd Pension: uprated in line with average economy-wide earnings)</p>	<p>Above-inflation increases in basic State Pension in 2001/02. Announced policy for future years CPI indexation</p> <p>- <i>pov. (relative to earnings)</i></p>	<p>Changes to phased in over next 10 years to reduce maximum percentage of widow's State Pension from 100% to 50%</p> <p>- <i>inc.</i></p>

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche United Kingdom).

United Kingdom National Strategy Report on Adequate and Sustainable Pensions, London 2005.

OECD, Pensions at a glance, Paris 2005.

OECD, Ageing and Employment Policies United Kingdom, Paris 2004 (country-specific executive summary published after the recent OECD phorum "Ageing and employment policies").

Table B.24: Pension Reforms in Portugal

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
2002, 2005	<p>2005 reform aligned public sector employees' pensions with general pension scheme (previously aligned only those who had entered labour market after 1993)</p> <p>Planned: Government Programme aims to encourage development of complementary private schemes</p>		<p>2002: annual accrual rates are set according to level of wages declared. However, only applied for pensioners with more than 20 contribution years. For other flat former accrual rate of 2% is still applied (full pension: 80%)</p> <p>- <i>inc.</i>, + <i>distr.</i></p>	<p>In 2002 new rules adopted: for pension calculation lifetime contributions period, up to maximum of 40 years from 2017 is taken into account (currently best 10 of final 15);</p> <p>Transitional period established during which most favourable amount applied, whether this resulted from application of previous scheme, rules under new scheme, or pro rata application, research will be carried out into method that would permit faster transition to new pensions calculation formula</p> <p><i>after transitional period: - inc.</i></p> <p>Planned: faster transition</p>	<p>2002?: Government repealed transitional arrangements enabling unemployed persons to draw old-age pension with 58</p> <p>2002?: Government suspended application of rules making retirement age more flexible by enabling pensions to be drawn (subject to depreciation factor) as early as 55</p>

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2002?: provision made for bonus to be added to pensions of persons who choose to take retirement after 65 with age limit of 70: 10% per year if accumulated 40 years of registered earnings</p> <p>+ <i>inc.</i></p> <p>malus adjustments for early retirement</p> <p>- <i>inc.</i></p>		<p>Since 1998 guaranteed minimum amounts for invalidity and old-age pensions in social insurance system, view to bringing minimum pension amount into line by 2006 with net value of national minimum wage (in accordance with contributions paid throughout working life)</p> <p>+ <i>pov.</i></p> <p>Sustained minimum increase also extended to non-contributory social pensions: value cannot fall below 50% of national minimum wage</p> <p>+ <i>pov.</i></p> <p>New scheme being developed guaranteeing elderly on a case-by-case basis certain means-tested income, from 2006 onwards, measure will apply to persons over 80 and will gradually be extended to include all persons 65+</p> <p>+ <i>pov.</i></p>	<p>Valorisation of earnings from beginning of 2002 is mix of earnings and prices (weights 75% price inflation and 25% earnings growth, subject to maximum real increase of 0.5%)</p>		

Sources:

EPC, The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050). Annex, Brussels 2006 (incl. country fiche Portugal).
National Strategy Report on Adequate and Sustainable pensions, Lisbon 2005.
OECD, Pensions at a glance, Paris 2005.

Table B.25: Pension Reforms in Greece

Reform	General change	Parameter age	Parameter accrual rate	Parameter Calculation period	Early retirement
1992, 1999, 2002, 2005	2003-2005: Tax incentives for participating in occupational pension schemes of voluntary participation	1992: age limit for retirement pension at 65 for all persons insured after 1992 (women insured before 1993: 60)	For labour market entrants from 1993 provision made for increase in rate of replacement of pensionable earnings for 35 years of insurance at 70% (instead of 60%) + <i>inc.</i>	Since 2005 pension calculated on basis of best 5 years of last decade (persons insured after 1992: last 5 years) - <i>inc.</i>	For persons insured after 1992 right to reduced pension with 60 years (women insured before 55 years) 2002-05: Stricter preconditions for early retirement combining certain retirement age limit (at least 61) with completion of certain years of insurance (at least 30 years and unemployed for at least 6 months)

Parameter reductions early retirement/ increase deferral	Minimum years for pension entitlement	Minimum (pension)	Valorisation contributions	Indexation pensions	Other
<p>2002-05: reduction for early retirement of 6-8% per year depending on number of contribution years (after 37 years pension rights granted regardless of age)</p> <p>- <i>inc.</i></p> <p>2002-05: early retirement discouraged by reduction of contribution rates (50% with 60, increasing by 10 p.p. by each add. year)</p> <p>2002-05: mandatory retirement age 65 abolished, with 35 insurance years from 65-67 increase in old age pension by 3% per year; for those with right to old age pension, having been insured for at least 15 insurance years, a 1% increase per year for each additional year</p> <p>+ <i>inc.</i></p>	<p>2003-2005: transitory possibility for 3 years if 60 (women)/ 65 (men) and at least 4,350 working days to purchase up to 1.500 qualifying days to be entitled to old age pension (minimum required period 15 years)</p> <p>+ <i>pov.</i></p>	<p>General Collective Bargaining Agreement 2002 set minimum rate of monthly pensions for old age, disability and accident at work at 70% of minimum salary of married, fully-employed person, starting from 2003 readjusted according to rate of increase of pensions specified by each income policy;</p> <p>+ <i>pov.</i></p> <p>1996: Introduction non-contributory means-tested social solidarity benefit payable from age 60 to low-income pensioners eligible under most schemes, increased by about 8% on average in years 2003-2005 (people not entitled to pension from social security organisations receive non-contributory benefit from age 65)</p> <p>+ <i>pov.</i></p>	<p>Earlier years' pay valorised in line with annual increases defined in national incomes policy</p>	<p>Lack of consistence in recent benefit adjustments: In last 5 years different increase rates applied on different pension levels with lower pensions getting higher increase</p> <p>+ <i>distr.</i></p> <p>in 1999-2001 increases of low pension significantly larger than price inflation, in 2002 lagged behind</p>	<p>When reaching retirement age, women (alternative men) can complete required insurance years for entitlement to pension with recognition of fictitious years of insurance for each child from 2003 onwards: 1 year for 1st child, 1,5 for 2nd, 2 for 3rd</p> <p>+ <i>inc.</i>, + <i>pov.</i></p> <p>2000: long-term unemployed persons with a least 55 (women)/ 60 years (men) and 3.000-4.499 days of insurance, have right to get insured in old-age pension sector</p> <p>+ <i>pov.</i></p> <p>For newly insured persons contributions for disability and old age calculated only from monthly income up to ceiling of 8 times average monthly GDP per capita in 1991, adjusted to relevant rate of increase of pensions of civil servants</p> <p>+ <i>distr.</i></p>

Sources:

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