



## PENSION ADEQUACY BENCHMARKING FRAMEWORK

The pension adequacy benchmarking framework was adopted by the Social Protection Committee in February 2022. This note presents a draft implementation with the latest available data as of 29 September 2022.

This note represents the first implementation of the pension adequacy benchmarking framework. The framework consists of indicators that are based on:

1. Eurostat data (EU-SILC, 4 indicators; ESSPROS, 1 indicator; demography/health, 2 indicators).
2. One indicator (Theoretical Replacement Rates) and two policy levers (pensions and tax; minimum income benefits) are based on the 2021 Pension Adequacy Report; these will only be updated in 2024.
3. The outstanding policy levers (pensionable age; early and deferred retirement; combining pensions and work; credits for career breaks; pension indexation) were reviewed by the ISG in the summer 2022.

**Table 1: Indicators and levers summary table**

Group	Indicator	source / data codes	update
Outcome indicators	a. At-risk-of-poverty AROP 65+	il_peps01n	Yearly
	b. Material and social deprivation MSD 65+	ilc_mdsc07	Yearly
	c. Median relative income of older people (65+/0-64)	ilc_pnp2	Yearly
Performance indicators	d. Aggregate Replacement ratio ARR	ilc_pnp3	Yearly
	e. TRR change 2019-2059	OECD/MS	3 years
Policy	a. Pensionable age	MISSOC/ISG	Yearly

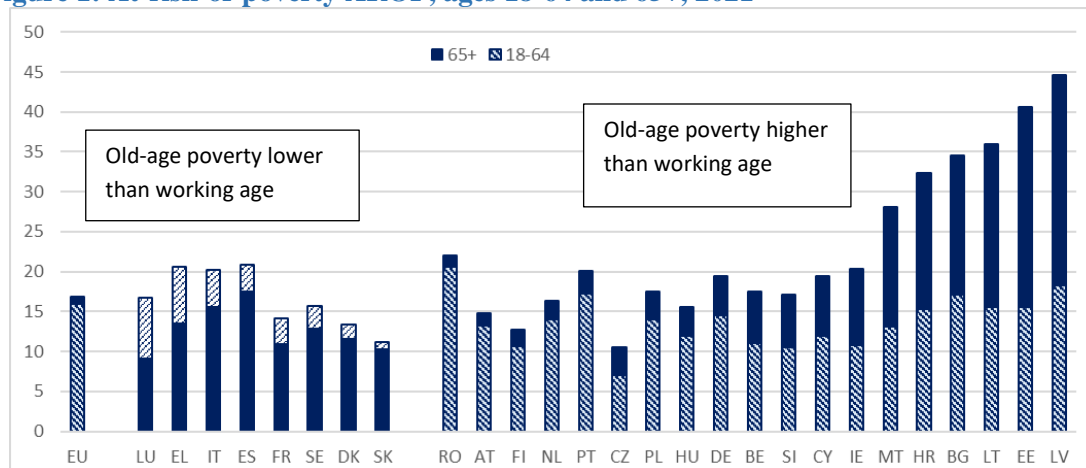
levers	b. Early and deferred retirements	MISSOC/ISG	Yearly
	c. Combining pension and work	MISSOC/ISG	Yearly
	d. Credits for career breaks: child care and unemployment	MISSOC/ISG	Yearly
	e. Indexation rules (% price and % wages)	MISSOC/ISG/WGPA	Yearly/3 years
	f. Minimum pension – minimum income: Benefit amounts	WGPA	3 years
	g. Tax treatment of contributions and benefits	MISSOC/ISG/WGPA	TBC
	Context	o. Pension expenditure or per pensioner as a share of GDP per capita <sup>1</sup>	spr_exp_pens, spr_pns_ben, nama_10_gdp, demo_pjan, /AR
p. Life expectancy at age 65		demo_mlexpec	Yearly
q. Healthy life years, age 65		TEPSR_SP320	Yearly

Note: data codes refer to the Eurostat database at <https://ec.europa.eu/eurostat/web/main/data/database>

### 3. The indicators and policy levers

#### 3.1 Outcome indicators

Figure 1: At-risk-of-poverty AROP, ages 18-64 and 65+, 2021

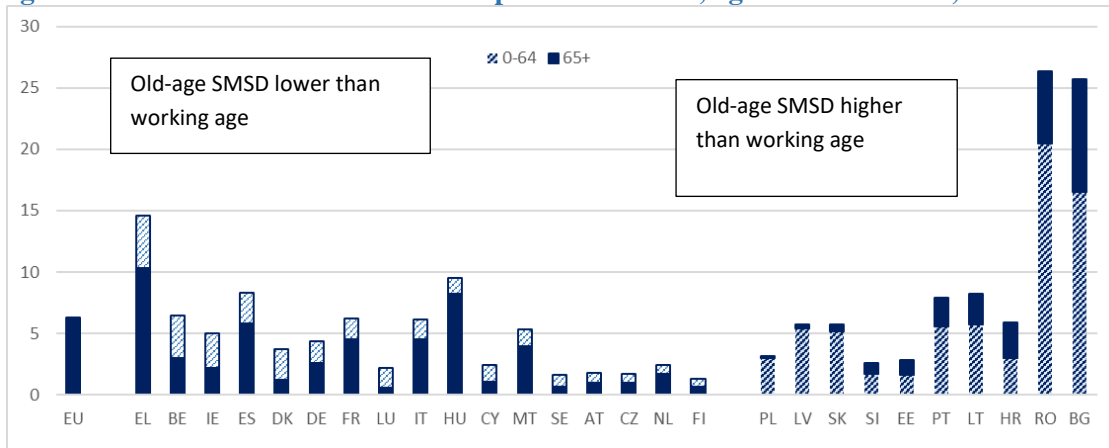


Source: Eurostat [ilc\_li02].

<sup>1</sup> In addition, and in particular, in addition to the context indicator on pension expenditure, the framework should be seen in the global context of pension sustainability and consider the indicators S1 and S2 that are included in the pension sustainability benchmarking framework of the Economic Policy Committee.

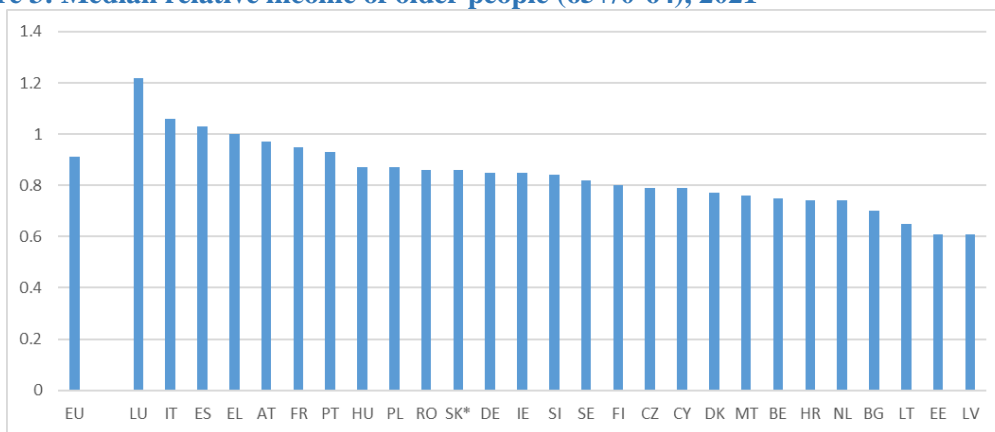
<sup>2</sup> Current values, from the ESSPROS collection, are collected once a year; projections are published every 3 years in the Ageing Report.

**Figure 2: Severe Material and Social Deprivation SMSD, ages 18-64 and 65+, 2021**



Source: Eurostat [ilc\_mdsd11].

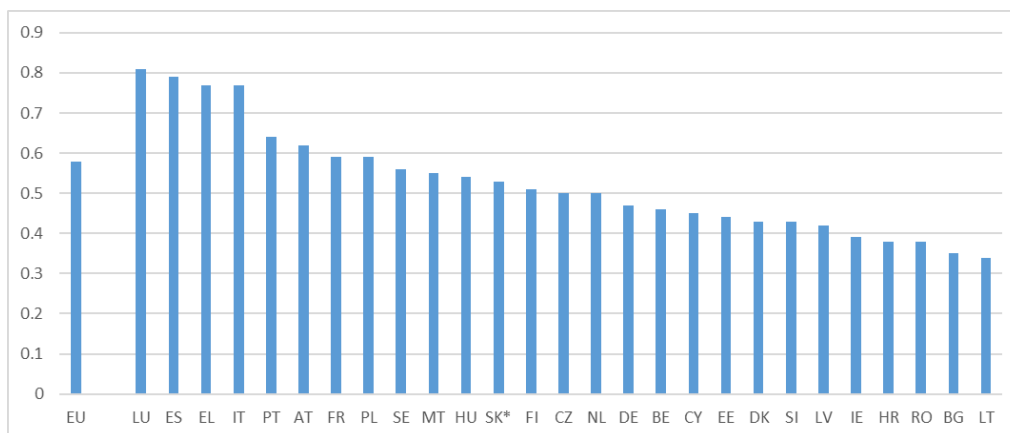
**Figure 3: Median relative income of older people (65+/0-64), 2021**



Source: Eurostat [ilc\_pnp2]. Slovakia: 2020 data.

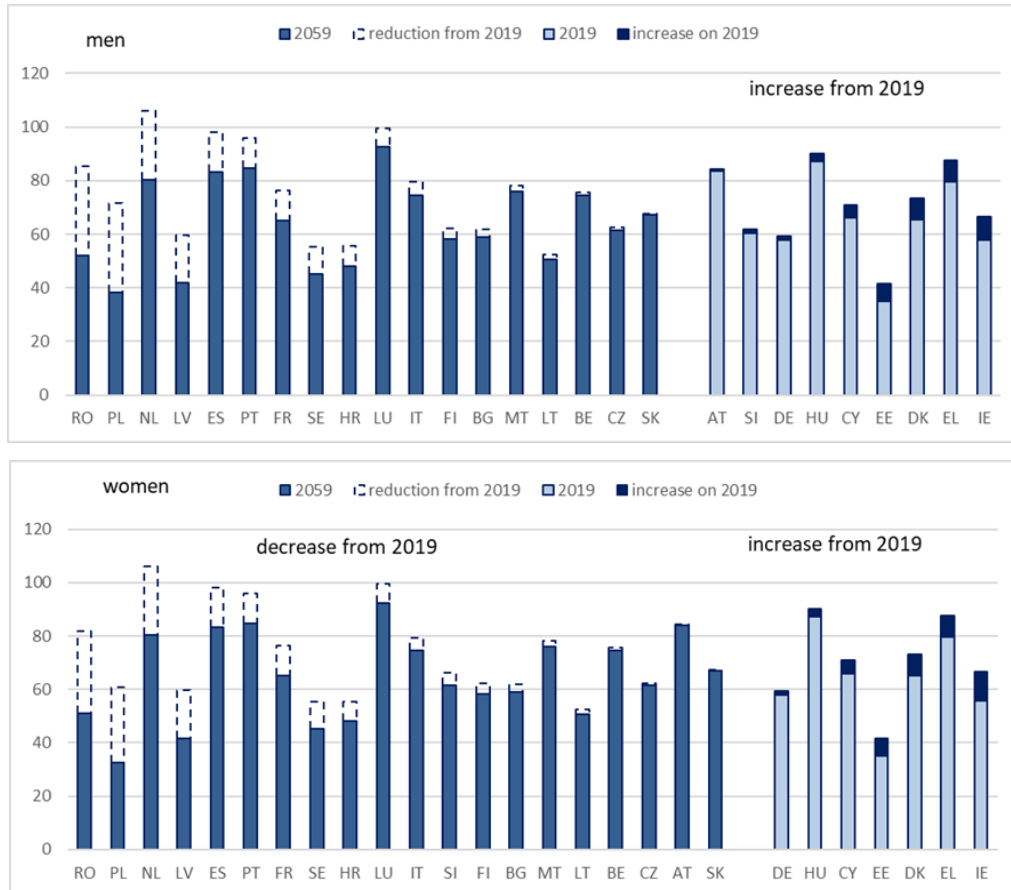
### 3.1 Performance indicators

**Figure 4: Aggregate Replacement ratio ARR, 2021**



Source: Eurostat [ilc\_pnp3]. Slovakia: 2020 data.

**Figure 5: Net TRRs, base case (40 years to SPA), average earner, 2019 and 2059, men and women, %**



Source: Pension Adequacy Report 2021.

### 3.3 Policy levers

#### 1. Policy Lever area: Retirement conditions

##### **Lever: The pensionable age<sup>3</sup>**

**Table 2: Pensionable ages (1 January 2020)**

	Current (01/07/2021)		future	
	men	women	men	women
<b>BE</b>	65		67 (in 2030)	
<b>BG</b>	<b>64y4m</b>	<b>61y8m</b>	65 (in 2037) +LE	
<b>CZ</b>	<b>63y10m</b>	<b>59y8m-63y10m<sup>1</sup></b>	65 (in 2037)	
<b>DK</b>	<b>66.5</b>		<b>69(2035) +LE</b>	
<b>DE</b>	<b>65y10m</b>		<b>67 (2031)</b>	
<b>EE</b>	<b>64</b>		65 (in 2026) +LE	
<b>IE</b>	66		66	
<b>EL</b>	62-67		+LE	
<b>ES</b>	65-66 <sup>2</sup>		65-67 <sup>2</sup> (in 2027)	
<b>FR</b>	<b>62-67<sup>2</sup></b>		62-67 <sup>2</sup> (in 2022)	
<b>HR</b>	60 <sup>2</sup> -65	<b>60<sup>2</sup>-62y9m</b>	60-65 (in 2030)	
<b>IT</b>	67		+LE	
<b>CY</b>	65		+LE	
<b>LV</b>	<b>64</b>		65 (in 2025)	

<sup>3</sup> Missoc table entry: VI Old Age – Conditions – Legal Retirement Age – Standard Pension

<b>LT</b>	<b>64y2m</b>	<b>63y4m</b>	65 (in 2026)	
<b>LU</b>	65		65	
<b>HU</b>	<b>64y6m</b>		65 (in 2022)	
<b>MT</b>	<b>64</b>		65 (in 2027)	
<b>NL</b>	<b>66y7m</b>		67 (in 2024) +LE	
<b>AT</b>	65	60	65	65 (in 2033)
<b>PL</b>	65	60	65	60
<b>PT</b>	<b>66y6m</b>		+LE	
<b>RO</b>	65	<b>61y7m</b>	65	63 (2030)
<b>SI</b>	<b>65</b>		<b>65<sup>2</sup></b>	
<b>SK</b>	<b>60y6m-62y8m1<sup>1</sup></b>		<b>62y8m-64<sup>1</sup></b> (in 2030)	
<b>FI</b>	<b>64<sup>4</sup></b>		65-70 <sup>4</sup> (in 2027) +LE	
<b>SE</b>	<b>62-65<sup>4</sup></b>		<b>+LE (from 2026)<sup>4</sup></b>	

Notes: 'pensionable age' denotes the age of eligibility for a full old-age pension from the main statutory pension scheme; '+LE' – adjusted to life expectancy gains; (1) depending on the number of children raised; (2) depending on the length of the contribution period; (3) the increase of pensionable age in IE was repealed in late 2020, pending a review planned for 2021; (4) flexible pensionable age linked to benefit level.

Source: 2021 Pension Adequacy Report

### **Contextualisation**

Pensionable age should be seen in conjunction with life expectancy at age 65 (Figure 7), healthy life years (Figure 8) at age 65 and the effective exit age from the labour market (See Pension Adequacy Report 2021, Table 5 on page 74).

Furthermore, the interaction between pensionable age and pension adequacy is shaped by the overall labour market context, duration of working life and employment of older workers, the situation of different groups of workers, such as high- and low-income workers, manual and white-collar workers, working conditions etc. For more analysis on pensionable age and pension adequacy, please refer to the Pension Adequacy Report.

## **2. Policy Lever area: Conditions for early retirement and deferred retirement**

**Levers: “2.a Conditions for early/deferred retirement” and “2.b Combining work and pensions”**

### **2.a Lever: Conditions for early/deferred retirement<sup>4</sup>**

	<b>conditions</b>	<b>Benefit change</b>	<b>Countries</b>
<b>Early</b>	Long contribution record	reduced	CZ, DE, EE, EL, ES, FR, HR, IT, LT, LU, MT(61+), AT, PL, PT, SI
		not reduced	ES <sup>2</sup> , LV <sup>1</sup> , MT, PT <sup>2</sup> , BE
	Work in Arduous/Hazardous Jobs	reduced	CZ, EE, FR, HR, CY, AT, PL, RO, SI
		not reduced	BG, IT, LV <sup>1</sup> , PT,
	Other conditions	reduced	DK, DE, EE, EL, HU, AT <sup>3</sup> , RO, SK, FI
		not reduced	

<sup>4</sup> Missoc table entries:

- VI Old Age – Conditions – Legal Retirement Age – Early Retirement
- VI Old Age – Conditions – Legal Retirement Age – Arduous Job
- VI Old Age – Benefit – Early Retirement
- VI Old Age – Conditions – Legal Retirement Age – Deferred Retirement
- VI Old Age – Benefit – Deferment

	Never allowed	IE, NL, SE	
<b>Deferred</b>	allowed	bonus	BG, CZ, DK, DE, EE, EL, ES, FI, FR, HR, IT, CY, LV, LT, HU, MT, AT, PL, PT, RO, SI, SK, SE
		no bonus	BE
	not allowed	IE, LU, NL	

1. Sources: MISSOC; SPC ISG (ES, MT, SK): delegates from countries in blue had sent input in December 2021.
2. Notes : (1) But reduced pension until the legal retirement age.(2) no reduction for particularly long contribution periods; (3) AT: 40 years insurance.

### **Contextualisation**

Conditions for early/deferred retirement should be seen in conjunction with pensionable age (**Table 2**), and older people (50-64, 55-64 or 55-69) unemployment, disability rates, and % of people inactive because of family commitments (see Eurostat lfsa\_igar).

This lever is linked to the Pension Adequacy Report analysis of theoretical replacement rate cases “SPA-2” and “SPA+2”.

**Table 3 : Theoretical replacement rate, case “SPA-2” and “SPA+2” - base case, 2059 (men, net), in % difference**

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	HR	FR	IT	CY	LV
SPA-2	-	-	-15	-59	-9	-12	-60	-	-8	-8	-11	-11	-17	-52
SPA+2	4	16	16	11	12	13	3	2	5	12	10	10	4	10
	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	
SPA-2	-12	-	-	-3.7	-63	-	-	-	-12	-	-17	-	-11	
SPA+2	18	0	18	-0.8	1	11	4	19	14	8	18	11	21	

Note: countries with a “-“: no pension possible before the SPA; however, generally a pension is paid once the person reaches the SPA.

The report observes, inter alia, that working two years beyond the pensionable age would result in substantially higher replacement rates in most Member States (much higher than gains from early labour market entry, which may be the case for many low-skilled workers). This lever is also closely linked to the “duration” dimension of adequacy. For further information, please refer to the Pension Adequacy Report.

### **2.b Lever: Combination between work and pension<sup>5</sup>**

Cut in benefits?	Formula	Countries
Yes	allowed regardless of age	BE, CZ, DK, DE, EL, FI, FR, IT, LU, AT, PL <sup>2</sup> , SI, SK
	allowed, only from a certain age	ES
No	allowed regardless of age	BG, CZ, IE, HR, CY, NL, PT, SE
	allowed, only from a certain age <sup>1</sup>	BE <sup>6</sup> , CZ, DE, EE, IT, LV, LT, LU, HU, MT, AT, PL <sup>2</sup> , RO, SK, FI <sup>2</sup>
Allowed under special schemes		-

<sup>5</sup> Missoc table entry: VI Old Age – Cumulation with Earnings from Work or Other Benefit

Not allowed	-
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Sources: MISSOC; SPC ISG (LU, MT, SK): delegates from countries in blue had sent input in December 2021.  
 Notes: (1) generally, this age is the SPA. (2) require discontinuing the work contract on retirement, then starting a new one. (3) This can also be allowed earlier, meaning before the SPA, when one has a career of 45 years.

### **Contextualisation**

The 2018 Pension Adequacy report dedicated section 3.6 to an overview of the national rules about combining work and pensions, pointing to very diverse situations.

Further contextual evidence could refer to the share of people actually combining income from work and pensions. This could come from the SILC if the data is sufficiently reliable<sup>7</sup>.

## **4. Policy Lever area: Credits for career breaks**

### **Lever: Career break credits**

<b>Reason for break</b>	<b>Formula</b>	<b>Countries</b>
<b>Child care</b>	credited if allowance granted	BE, EE, IE, EL, FR, IT, LV, LT, LU, <sup>8</sup> HU, MT, PT, RO, SE, FI
	credited	DK, <sup>9</sup> NL <sup>10</sup>
	credited up to maximum age	(6 mo) HR; (1 yr) SI; (1.5 yrs) LV; (3 yrs) BG, DE, ES, CY; (4yrs) CZ (4 yrs), AT; (6 yrs) SK <sup>11</sup>
	credited up to maximum time	PL (12 months)
	not credited	none
<b>Unemployment</b>	credited	BG, CZ, DK <sup>12</sup> , EL, FR, CY, NL, <sup>13</sup> AT, PT
	credited if allowance granted	BE, DE, EE, ES, <sup>14</sup> IE, IT, LV, LT, LU, HU, MT, PL, RO, SI, SE, FI
	credited up to maximum time	(5yrs) HR
	not credited	SK <sup>15</sup>

Sources: ISG/WGPA (2021 Pension Adequacy Report)

### **Contextualisation**

The tables should be read together with the comparison of the TRR cases “3-year childcare”

<sup>7</sup> Standard tables do not cover this. We would need to request the data from Eurostat.

<sup>8</sup> Maximum 2 years while child is aged 6 years or under. During a childcare break in Luxembourg: 1) replacement income (maternity leave, paid parental leave, ..) are subject to pension contribution; 2) pension contributions for up to 2 years may be granted without paid allowance (baby years); 3) credited non—contributory periods up to the age of 6 may be granted

<sup>9</sup> Residence-based pensions; career breaks treated the same as other residence periods

<sup>10</sup> Residence-based pensions.

<sup>11</sup> Extended to 18 years in the case of child disability.

<sup>12</sup> Residence-based pensions.

<sup>13</sup> Residence-based pensions.

<sup>14</sup> For persons aged over 52 years.

<sup>15</sup> Unemployment periods occurred until 31 December 2003 were/are credited.

(Table 4) and “3-year unemployment” (Table 5) with the base case.

**Table 4 : Theoretical replacement rate difference, case “three years childcare” - base case, 2019 and 2059**

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	HR	FR	IT	CY	LV
2019	0.0	0.0	0.0	0.5	4.7	1.0	0.0	-12.3	4.0	8.2	0.0	-1.8	-1.0	0.0
2059	-0.8	-0.6	0.0	-0.9	2.6	-1.9	-0.9	-13.0	2.6	7.0	-0.1	-1.4	-3.0	-0.3
	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	
2019	0.0	1.0	0.0	0.0	-4.0	0.2	0.0	-1.3	-3.0	-1.0	0.0	-3.0	0.1	
2059	-1.0	0.8	0.0	0.0	-1.7	0.6	-0.6	-2.6	-3.1	-1.2	-1.6	-0.7	-0.4	

Source: Pension Adequacy Report 2021..

**Table 5 : Theoretical replacement rate difference, case “three years unemployment” - base case, 2019 and 2059**

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	HR	FR	IT	CY	LV
2019	0.0	-3.1	-3.4	0.5	-2.8	-2.0	-1.4	-12.3	0.0	-4.2	-0.4	-3.6	-2.0	-2.6
2059	-0.9	-47.0	-3.2	-1.1	-2.1	-2.6	-1.1	-13.1	0.0	-3.6	-0.3	-1.8	-4.0	-2.2
	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	
2019	-1.3	-4.4	-1.4	0.0	-4.0	-0.7	0.0	-0.8	-3.3	-3.2	0.0	-1.4	-0.2	
2059	-3.0	-4.7	-5.1	0.0	-1.9	-1.6	-2.4	-1.3	-3.7	0.0	-5.0	-1.6	-1.3	

Source: Pension Adequacy Report 2021..

## 6. Policy Lever area: Pension Indexation

### Lever: Indexation rules

Indexation to prices (%) and wages (%) <sup>16</sup>	Countries
<b>Pension benefits indexed to prices</b>	
100/0	AT, FR, HU, IT, SK, FI (basic)
<b>Pension benefits indexed to wages</b>	
0/100	DK, DE, LT, LU, NL
<b>Mixed indexation rule with greater weight given to prices than wages</b>	
80/20	FI (earnings-related), PL
70/30	HR
<b>Mixed indexation rule with greater weight given to wages than prices</b>	
40/60	SI
30/70	MT
<b>Mixed indexation rule with equal weight given to prices and wages</b>	
50/50	BG, CZ, CY, LV
<b>Other</b>	
50 prices/50 GDP growth (frozen until end 2022)	EL
20 CPI/80 pension contribution revenues	EE

<sup>16</sup> In some countries the indexation is on forecast changes; if so, delegates are requested to let the secretariat know and we will add a footnote.



CPI, GDP and pension level	PT
100 % prices + ad hoc indexation to general living standards	BE
Ad hoc	IE, RO, ES, SE

Notes: BE: may apply ad hoc corrections to the rise in the general standards of living; CZ: 50/50 rule applies to average pension, indexation formula which favours lower pensions; EL: Indexation has been frozen since 2010 and is expected to remain frozen until the end of 2022; from 2023 onwards, benefits will be indexed based on a mechanism, which will be calculated on the basis of 50 % of GDP growth and of 50 % of the change in the consumer price index (CPI) of the previous year; pension benefits will only be indexed positively, while the increase cannot exceed the annual change in the CPI; IT: reduced indexation on higher pensions; LV: the ratio for old-age pensions depends on contribution years; small pensions are indexed in full, large pensions are indexed only partially; LU: Annual indexation to real wage evolution, dependent of the financial situation of the pension scheme. In addition, a non-periodic but general indexation to price evolution (inflation) applies to all wages, pensions and most of the social benefits; HU: applies corrections; MT: 30/70 for people born 1962+; AT the legislator can pass a “Pension Adjustment Act” and decide on other adjustment mechanisms. (In the past years, smaller pensions were increased by more than the consumer price index.) SI: there is also an ‘extraordinary indexation’ if GDP growth in the previous year is positive or if the growth in the minimum pension base is lower than the CPI for two consecutive years; SK: pensions are indexed according to changes in a so-called consumption basket of pensioner households and guarantee of minimum indexation by fixed amount was applied from 2018 to 2021.

Source: ISG/WGPA (2021 Pension Adequacy Report).

### **Contextualisation**

This lever is associated with the TRR case “ten years after”.

**Table 6: Difference between the TRR case “ten years after retirement” in 2069 and the base case**

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV
2069	-2.6	-6.5	-4.9	-3.3	-2.8	-1.3	-2.3	-11.7	-11.5	-7.7	-2.6	-11.1	4.0	-4.3
	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	
2069	-5.7	0.1	-14.4	5.6	-4.2	-9.0	-3.1	-19.0	-5.6	-3.2	-8.8	-4.4	1.1	

Source: Pension Adequacy Report 2021.

## **7. Policy Lever area: Minimum income provisions**

### **Lever: Benefit amount**

The table below reports the same values as in the approved December 2021 framework. These will be updated in 2024 when the next Pension Adequacy Report will be completed.

	Benefit name	Benefit amount, 1 January 2019	
		EUR per month	Notes
<b>BE</b>	Guaranteed minimum pension	1245	EUR 14,943 per year for a 45-year career
	Guaranteed income for older people	1118	
<b>BG</b>	Minimum pension (full career)	106	Excludes statutory funded pensions
	Minimum pension (15-year career)	90	85 % of the full career benefit. Excludes statutory funded pensions.

	Benefit name	Benefit amount, 1 January 2019	
		EUR per month	Notes
	<i>Social old-age pension</i>		
<b>CZ</b>	<i>Allowance for living</i>	132	Excludes housing supplement
<b>DK</b>	<i>Public old-age pension</i>	847	+ means-tested supplement EUR 927 or EUR 462 per person (for singles/couples) + means-tested supplementary amount linked to length of residence + minimum statutory funded pension EUR 33
<b>DE</b>	<i>Means-tested basic social assistance in old age</i>	424	Excludes housing, heating and allowance for disability
<b>EE</b>	<i>National pension</i>	189.31	Excludes statutory funded pensions, housing and other allowances. + supplement of EUR 115 per year for pensioners living alone
<b>IE</b>	<i>State pension (contributory)</i>	1042.86 <sup>2</sup>	Maximum amount. Benefit varies from EUR 92.70 to EUR 243.30 per week, depending on contribution record. Excludes the qualified adult/child allowance.
	<i>State pension (non-contributory)</i>	968	242 EUR / week as of 2022
<b>EL</b>	<i>National pension</i>	..	
	<i>Social solidarity allowance for uninsured older people</i>	360	+ rent allowance EUR 362
<b>ES</b>	<i>Minimum contributory pension</i>	790 <sup>2</sup>	Paid in 14 monthly instalments; means tested
	<i>Non-contributory old-age pension</i>	457 <sup>2</sup>	Paid in 14 monthly instalments of EUR 392 + housing max. EUR 525/year
<b>FR</b>	<i>Minimum contributory pension</i>	636	Complex calculation
	<i>Solidarity allowance for older people</i>	868	
<b>HR</b>	<i>Minimum pension</i>	..	Depends on the national average wage, indexation and qualifying periods
<b>IT</b>	<i>Minimum pension supplement</i>	556 <sup>2</sup>	Paid in 13 monthly instalments
	<i>Social increase</i>	649	
	<i>Social allowance</i>	496	
<b>CY</b>	<i>Minimum pension</i>	357.22 <sup>2</sup>	Paid in 13 monthly instalments
	<i>Social pension</i>	340.41 <sup>2</sup>	Paid in 13 monthly instalments
<b>LV</b>	<i>Minimum old-age pension</i>	70-109	Depending on career length (from <20 to >40 years)
	<i>State social security benefit</i>	64.03	
<b>LT</b>	<i>Pension supplement</i>	238.45	Depending on career length (from 15 to 31+ years); maximum amount set at 95 % of minimum consumption needs
	<i>Social assistance pension</i>	132	+ possibly housing costs
<b>LU</b>	<i>Minimum pension</i>	1842	Requires 40 years of insurance career (including credited non-contributory periods), otherwise reduced proportionally
	<i>Guaranteed minimum income</i>	1453	
<b>HU</b>	<i>Minimum old-age pension</i>	88	Maximum, conditional on 20 years of contributions
	<i>Old-age allowance</i>	94-126	Higher benefits if age 75+
<b>MT</b>	<i>National minimum pension</i>	639.84	Maximum amount, conditional on 50 contribution weeks per year. Reduced for less intense contributions

	Benefit name	Benefit amount, 1 January 2019	
		EUR per month	Notes
	<i>Non-contributory old age pension</i>	611.16	Maximum amount
<b>NL</b>	<i>General old-age pension (AOW)</i>	1215.81	Full pension payable after 50 years of insurance; proportional deduction for shorter insurance period
<b>AT</b>	<i>Equalisation supplement to pension</i>	1089	Conditional on 15 years of insurance; higher amounts for >30 and >40 years
<b>PL</b>	<i>Minimum old-age pension</i>	253	Requires 25/20 qualifying years (for men/women), incl. non-contributory
<b>PT</b>	<i>Minimum pension (contributory)</i>	273-396 <sup>2</sup>	Paid in 14 monthly instalments. Depends on contribution years, from <15 to >30
	<i>Social old-age pension (non-contributory)</i>	245 <sup>2</sup>	Paid in 14 monthly instalments of EUR 210 plus EUR 18-36 if aged 70 or over. Can be supplemented by LTC allowance
	<i>Solidarity supplement for older people</i>	..	
<b>RO</b>	<i>Social indemnity for pensioners</i>	137	
<b>SI</b>	<i>Guarantee pension</i>	626.2	Conditional on 40 years of contributions and 60 years of age or less due to the lowering of the age limit. New rule from May 2021: it is indexed as other pensions; e.g., 653.75 EUR in April 2022.
<b>SK</b>	<i>Minimum pension</i>	278.90	Increases after 30 years of pension contributions
	<i>Assistance in material need</i>	64.70	Plus EUR 55.80 housing allowance and EUR 66.20 protection allowance
<b>FI</b>	<i>National pension</i>	557.79 - 628.85	Amount depends on marital status. Reduced for shorter residence periods
	<i>Guarantee pension</i>	784.52	Other pension income deducted from the full amount
	<i>Housing allowance for pensioners</i>	..	
<b>SE</b>	<i>Guarantee pension</i>	849	
	<i>Maintenance support for older people</i>	399	
	<i>Housing supplement</i>	..	

Notes: (1) as share of population above statutory retirement age; (2) if the benefit is paid in more than 12 instalments per year, 1/12 of the total annual amount is given; .. – no data; n/a – not applicable. General note: the amounts above should be coupled with information on in-kind benefits.

Source: 2021 Pension Adequacy Report<sup>17</sup> and MISSOC

### Contextualisation

Minimum benefits amounts should be seen in conjunction with coverage rates (included in **Error! Reference source not found.**).

Furthermore, this lever should be assessed in reference to AROP thresholds (**Table 7**) and AROP rates (an indicator in the outcome group). Moreover, it would be useful to show data on

<sup>17</sup> The table in the report also included the beneficiary number, proportion and change. This is not a policy lever because the number of beneficiaries will depend on how many people qualify, and this depends on the economic conditions, and how many of these will apply for benefits. The benefit amount, on the other hand, is set by rule.

the number (or proportion of people aged 65+) of recipients (see **Error! Reference source not found.** above).

**Table 7 : At-Risk-Of-Poverty thresholds, 2020, in 000**

	<b>BE</b>	<b>BG</b>	<b>CZ</b>	<b>DK</b>	<b>DE</b>	<b>EE</b>	<b>IE</b>	<b>EL</b>	<b>ES</b>	<b>FR</b>	<b>HR</b>	<b>IT</b>	<b>CY</b>	<b>LV</b>
2020	15.4	2.8	6.4	18.4	14.1	7.3	15.3	5.3	9.6	13.0	4.7	10.3	10.0	5.3
	<b>LT</b>	<b>LU</b>	<b>HU</b>	<b>MT</b>	<b>NL</b>	<b>AT</b>	<b>PL</b>	<b>PT</b>	<b>RO</b>	<b>SI</b>	<b>SK</b>	<b>FI</b>	<b>SE</b>	
2020	5.2	22.7	3.9	9.7	15.5	15.9	4.8	6.5	2.6	8.9	5.2	15.3	14.8	

Source: Eurostat (ilc\_li01).

## 8. Policy Lever area: Pensions and tax

This policy lever will be updated together with the 2024 Pension Adequacy Report. Delegates who would like to report a change in the tax regime in the meantime are welcome to do so.

**Table 8: Tax treatment of mandatory and occupational old-age pension benefits and worker contributions in the EU Member States, 2019**

<b>Tax regime</b>	<b>Country</b>
EE	BG, SK
Et	AT, BE, CY, FI,* IT, LV, LU, MT, PT, RO, SI, ES, SE
ET	HR, DK, EE, EL,* PL
TE	HU, LT
Tt	CZ <sup>18</sup>
tt	FR, DE, IE, NL

Notes: The first letter of each tax regime refers to the tax treatment of pension contributions, while the second letter indicates the tax treatment of the main old-age pension benefits (E = fully exempt, T = fully taxed). t refers to a partial exemption of pension contributions (e.g. via a cap) or to a reduced effective tax rate (e.g. because of the existence of specific pension or age-related tax allowances/credits) on pension benefits.

\* Greece and Finland<sup>19</sup> impose additional taxes on pension income on top of personal income tax (PIT).

Source: 2021 Pension Adequacy Report

### Contextualisation

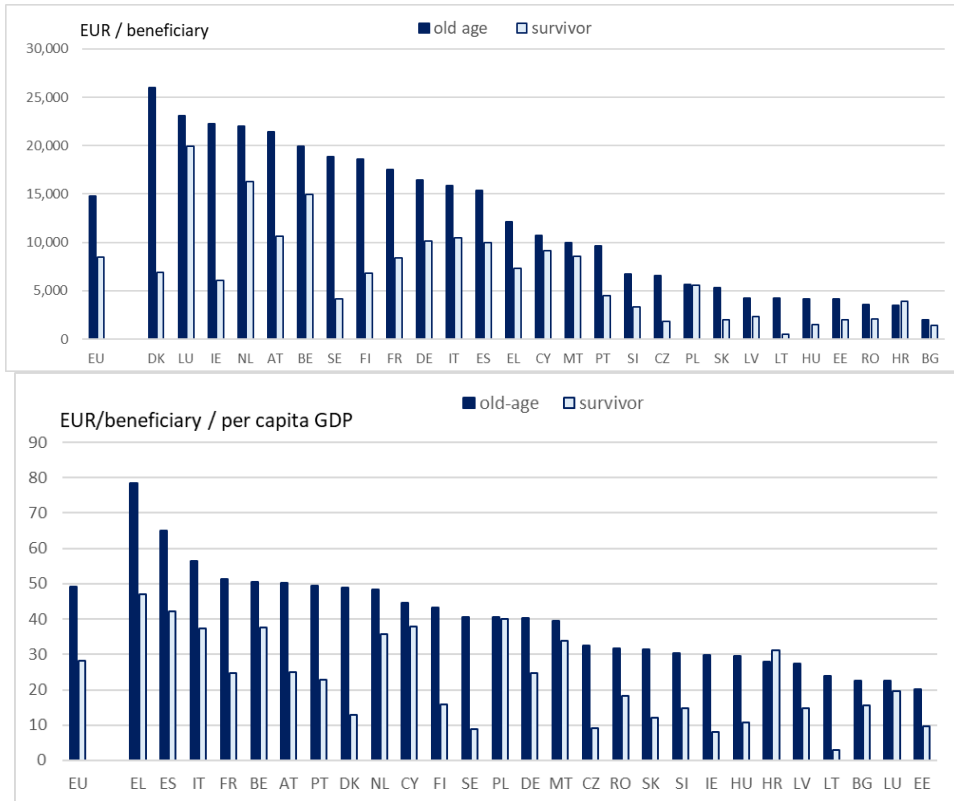
This lever should be assessed in view of the analysis in the 2021 PAR on the impact of taxation or tax exemptions on poverty and inequality. An ongoing study, extending the results of the 2021 PAR for four countries in a projection perspective can lead to further insights into the impact of tax; this can be assessed in 2024.

## 3.4 Context indicators

**Figure 6: Pension expenditure, by country, EUR per beneficiary (2020) and as % of per capita GDP**

<sup>18</sup> In CZ, contribution are now not taxed

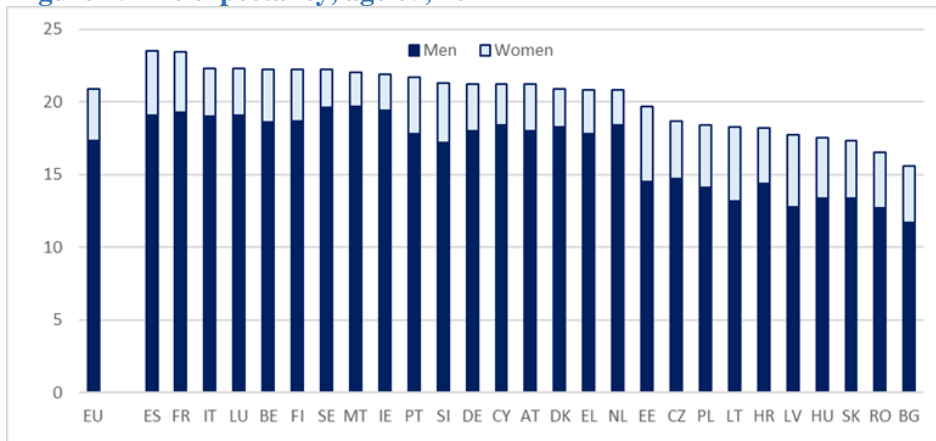
<sup>19</sup> In Finland, an additional pension income tax of 5.85 % is paid only on high pensions (pension income exceeding EUR 47,000 per year). In Greece, main old-age pension benefits are treated as salary. Certain income general tax exemptions are foreseen, though, in legislation.



Source: Eurostat (*spr\_exp\_pens, spr\_pns\_ben, nama\_10\_gdp and demo\_pjan*). Note: EU27, Belgium, Bulgaria, Estonia, Spain, France, Cyprus, Luxembourg, Netherlands, Austria, Poland, Romania, Slovenia, Slovakia, Finland: 2019 data.

**Context indicator: Life expectancy, age 65.**

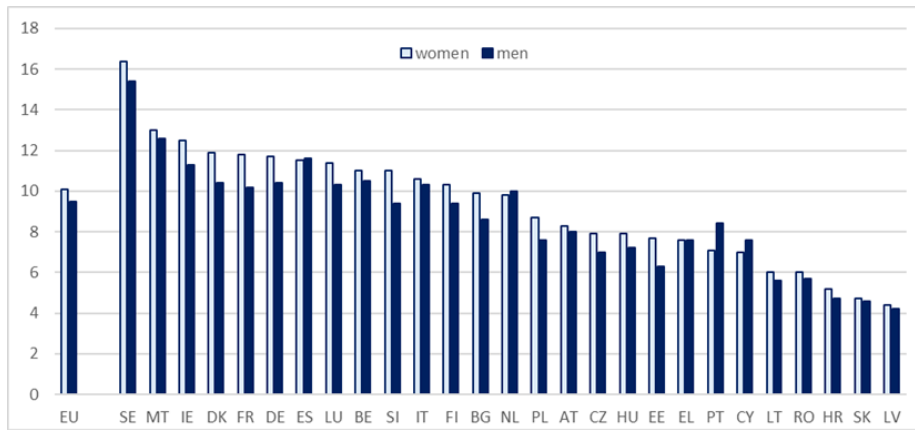
**Figure 7: Life expectancy, age 65, 2021**



Source: Eurostat (*demo\_mlexpec*); EU, Germany and Ireland, 2020 data. Women levels are additional to men's.

**Context indicator: Healthy life years, age 65.**

**Figure 8: Healthy life years, age 65, 2020**



Source: Eurostat (TESPM120 and TЕСPM130).