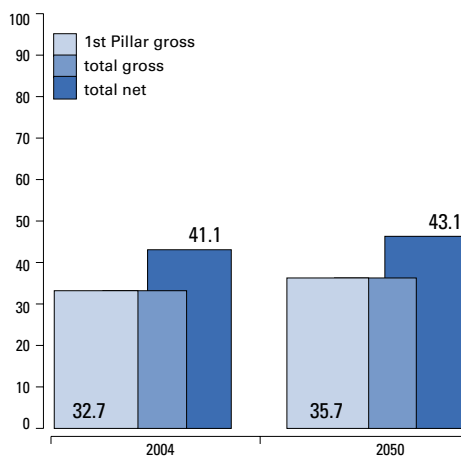




Social Protection and  
Financial Sustainability

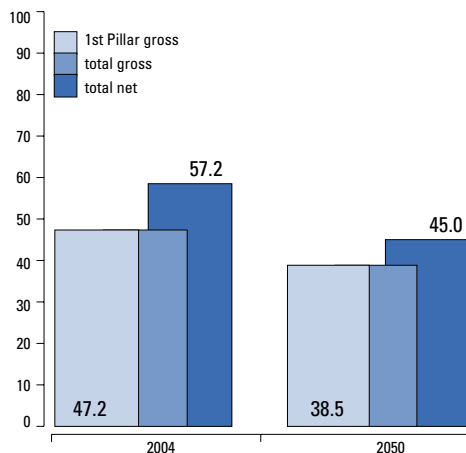
## Individual Replacement Rates at Median Income, 2004-2050



©European Centre, Vienna

Sources:  
Individual RRs, RRs for diff. Earnings Level:  
SPC 2004, NSR 2005;  
Pension Wealth: OECD, 2005

## Replacement Rates at 2/3<sup>rd</sup> of Average Earnings Level, 2004-2050



## Pension Wealth at different Earning Level and by Gender\*, 2040

n.a

\*Gross pension wealth by earnings level,  
mandatory pension programmes

## Indicators



Demographic Indicators



Income and Wealth



Labour Market and  
Labour Market Participation



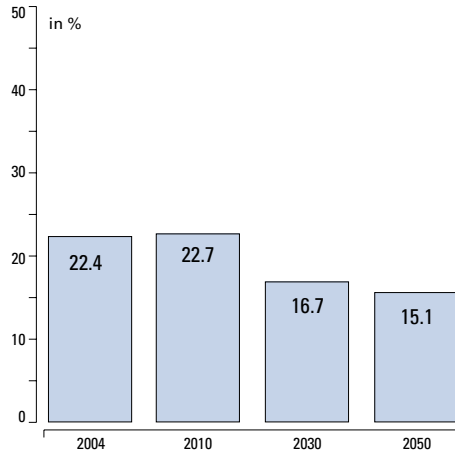
Social Protection and Financial  
Sustainability

## Median Pensions relative to Median Earnings, 1995 - 2004

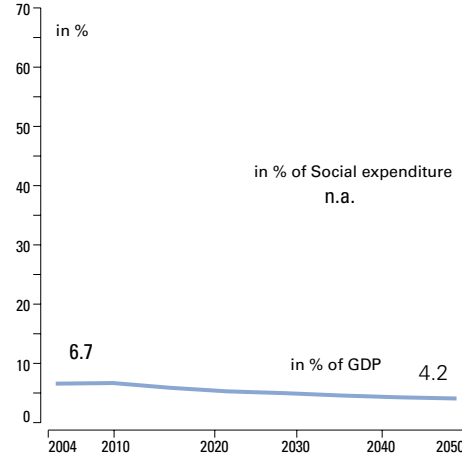
n.a



## Implicit Contribution Rate, 2004-2050

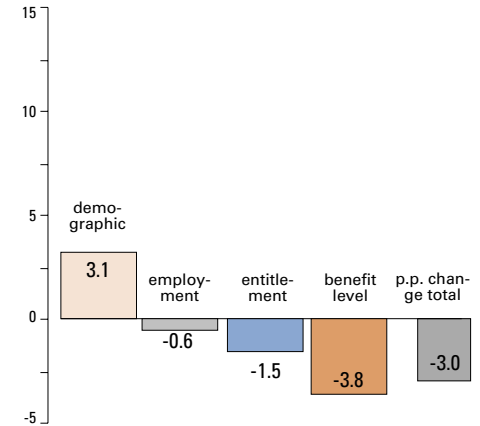


## Total Pension Spending in % of GDP and in % of Social Exp.\*



\*Pensions, health, long-term care, education, unemployment benefits

## Decomposition of Projected Public Pension Spending, 2004-2050



Sources:

Total Pension Spending: NSR; EPC 2003; Casey et al.

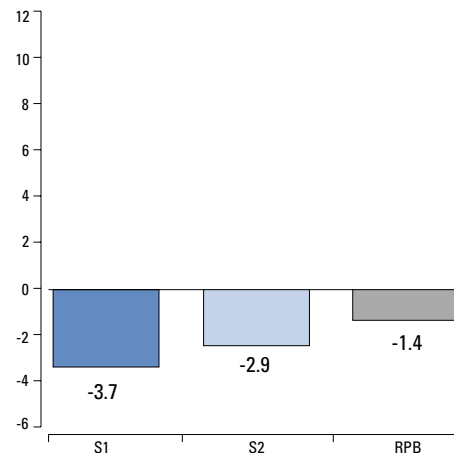
Decomposition, Contributions: Eurostat; NSR 2005; EPC 2003; Casey et al. 2003

Tax Gap Indicators: EPC 2003; Public Finances in EMU 2005

System Accrual Rates: OECD, Pensions at a glance 2005; NSR 2005; MISSOC 2005

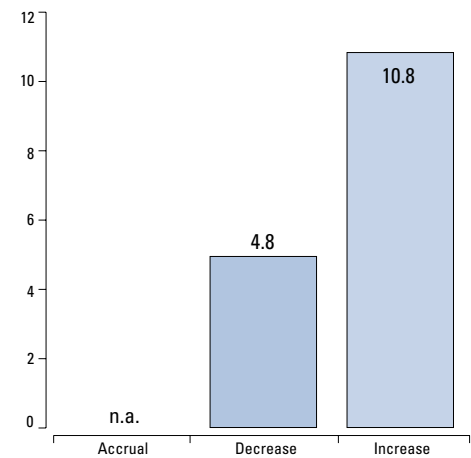
System Dependency Ratios: The impact of ageing on public expenditure, EPC and EC

## Sustainability Gap Indicators\*, 2004



\*RPB = Required Primary Balance. see technical appendix

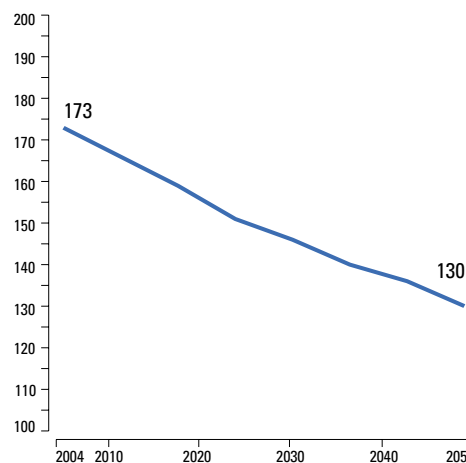
## System Accrual Rates



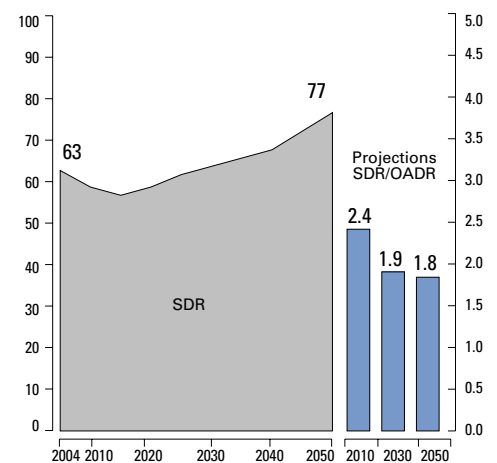
## Lifetime Allocation\*

n.a.

## Take-up Ratio



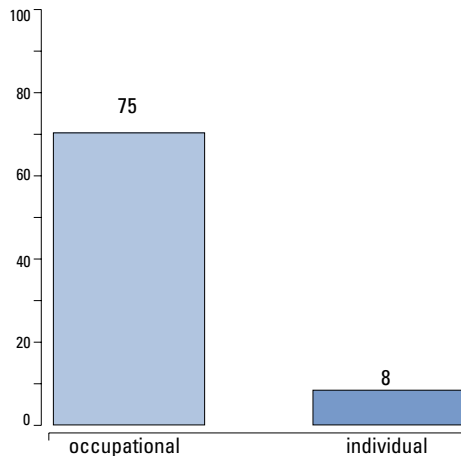
## Old Age and System Dependency Ratios



\* Based on average ages of entry and exit to/from the labour market calculated for 2000



## Participation in Private Pension Schemes



## Age Differential in Statutory Retirement Age, 2005

Retirement age for women increased to 63 till 2016 (for men: 63 since 2001).

Sources:

*Participation in Private Pension Schemes:*  
Adequate and sustainable pension,  
European Commission, 2006  
*Age Differential, Pension Credit:*  
MISSOC 2005

## Pension Credit for non-contributory Periods, 2005

„Non-contributory periods credited or taken into consideration  
Credited periods for time spent up to 31.12.1998:

- serving in the armed forces;
- full-time study;
- receiving unemployment benefit or participating in labour market training.
- working on a farm;
- raising a child for at least 8 years;
- temporarily incapacitated for work.

Until 1999 one of the parents was granted an additional 2 years of service per each child. These credited periods are mainly used by women as they still reach retirement age before men.

From 1999 on, pension rights are acquired only on the basis on social tax payments by the state, with which the state has wished to ensure pension rights to some economically non-active people, among them child-raising parents receiving parental benefit, child care allowance or benefit for the family with seven or more children. However, amount of social tax paid by the state is small (in 1999-2005, EEK 700 per month), which in annual calculation ensures the pension insurance coefficient of only 10% compared to a person earning an average wage. Starting 2006, the government plans to increase the amount of social tax payable by the state on behalf of non-active persons in order to increase pension rights acquired for the periods of raising children, etc. and to decrease the negative impact of periods away from work due to raising a child to the size of future pension.

The holes in the accumulation period of the II pillar pension for women due to the raising of children are somewhat compensated by supplementary contributions by the state (launched from 2004) in the amount of 1% on the parental benefit. These supplementary contributions by the state are made during the period of receiving the parental benefit, which is up to 11 months. Such contributions still comprise only 1/6 of the former contributions of the parent on the former work income. Furthermore, additional contributions are not made in the period of maternity benefit paid on the basis of the Health Insurance Act (for about 4,5 months).

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