

**ETUC SociAll**

**CONTRIBUTION RATES: FAIRNESS AND  
SOCIAL SUSTAINABILITY OF EUROPEAN  
PENSIONS**

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Tiziana Tafaro

Actuary – expert in welfare  
and social security

Fabio Porcelli

Expert in social security  
and trade union policy

- ❖ Contribution Rate in the main public found:
  - Comparison of the European Contribution Rate
  - Distribution of the Contribution Rate between Employer and Employee
  - Comparison of the Contribution Rate between Employee and SelfEmployed
  
- ❖ Adequacy of Pension
  - Aggregate replacement ratio for pensions and Gender Comparison
  - Over 65 at poverty Risk European Comparative table
  - TRR Theoretical Gross Replacement Rate Projections
  
- ❖ Retirement Age and Life Expectancy
  - Effective Retirement Age, Legal Retirement Age and Life Expectancy European Compartive table
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# What we will talk about

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- ❖ Define Benefit & Define Contribution Theoretical Exercise
  - Define Contribution Technical Balance
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  - Brief Comments

## Contribution rate in the main public found in 2018 (Percentage Value)

	Employee, public	Employer, public	Employee, private	Employer, private	Total	SelfEmployed
Italy	9,19	23,81			33,00	24,00
Spain	4,70	23,60			28,30	28,30
Czech Republic	6,50	21,50			28,00	28,00
Romania	21,25	0/ 4 / 8	3,75		25,00	25,00
Slovenia	15,50	8,85			24,35	24,35
Finland	7,15	16,95			24,10	24,10
Austria	10,25	12,55			22,80	22,80
Portugal	7,18	15,47			22,65	21,41
Estonia	0,00	16,00	2,00	4,00	22,00	22,00
Sweden	7,00	10,21	0,00	4,50	21,60	17,20
Hungary	10,00	11,50			21,50	21,50
Croatia	20,00	0,00			20,00	20,00
Greece	6,67	13,33			20,00	Fixed amount
Latvia	7,00	7,00	3,00	3,00	20,00	20,00
Malta	10,00	10,00			20,00	15,00
Bulgaria	6,58	8,22	2,20	2,80	19,80	19,80
Poland	9,76	9,76			19,52	9,76
Germany	9,30	9,30			18,60	Inhomogeneous
Slovak Republic	4,00	14,00			18,00	18,00
Netherlands	17,9	0,00			17,90	12,10
France	7,30	10,45			17,75	17,75
Cyprus	8,30	8,30			16,60	15,60
Belgium	7,54	8,86			16,40	20,50
Luxembourg	8,00	8,00			16,00	16,00
Ireland	0,40	8,8			12,80	4,00
Denmark	Tax-financed		4,00	8,00	12,00	Inhomogeneous
Lithuania	8,72	0			8,72	8,72

### Distribution of Contribution

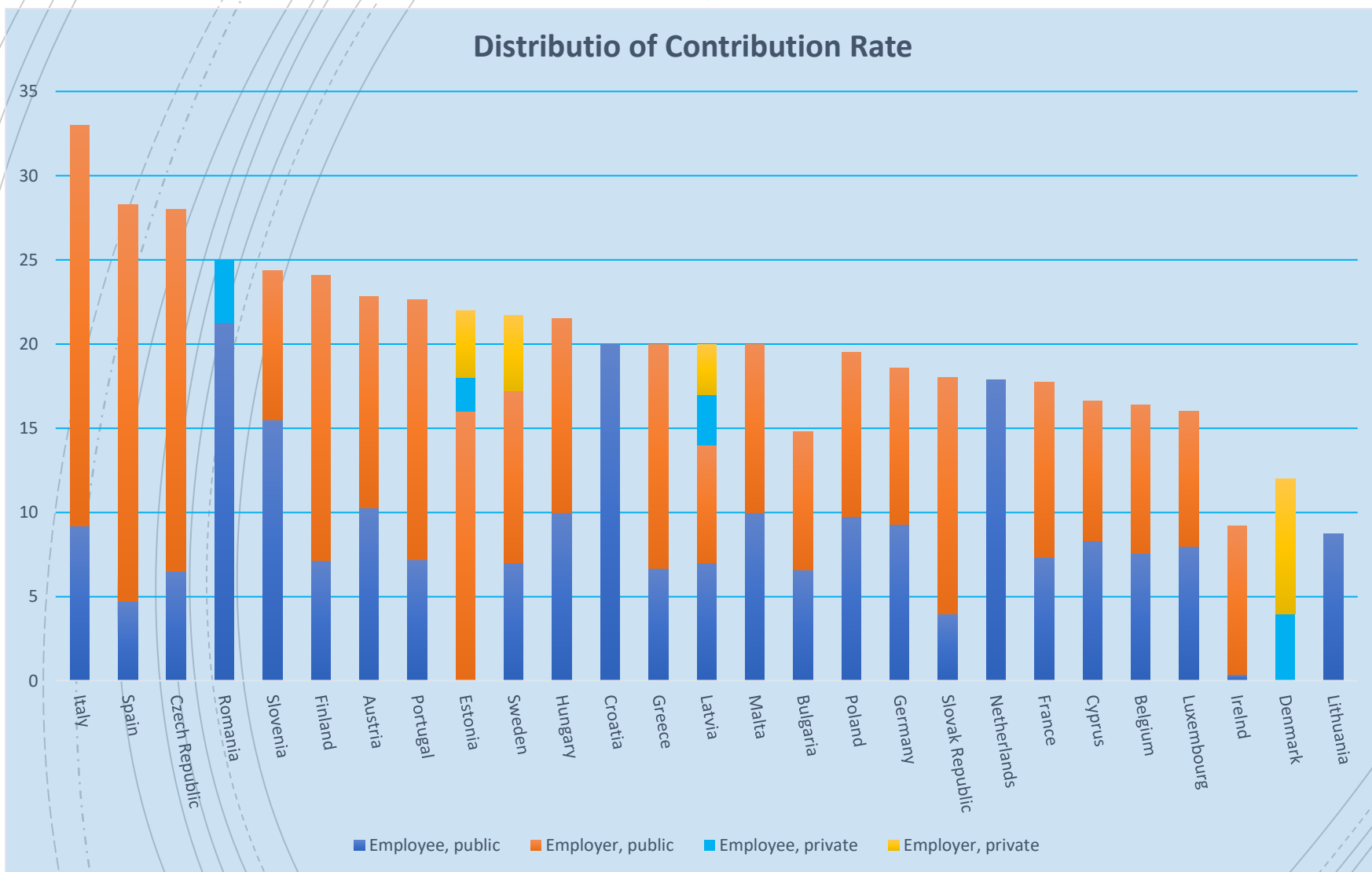
Balance between Employee &  
Employer

Prevalence of Employee

Prevalence of Employer

# Contribution rate in the main public found in 2018 (Percentage Value)

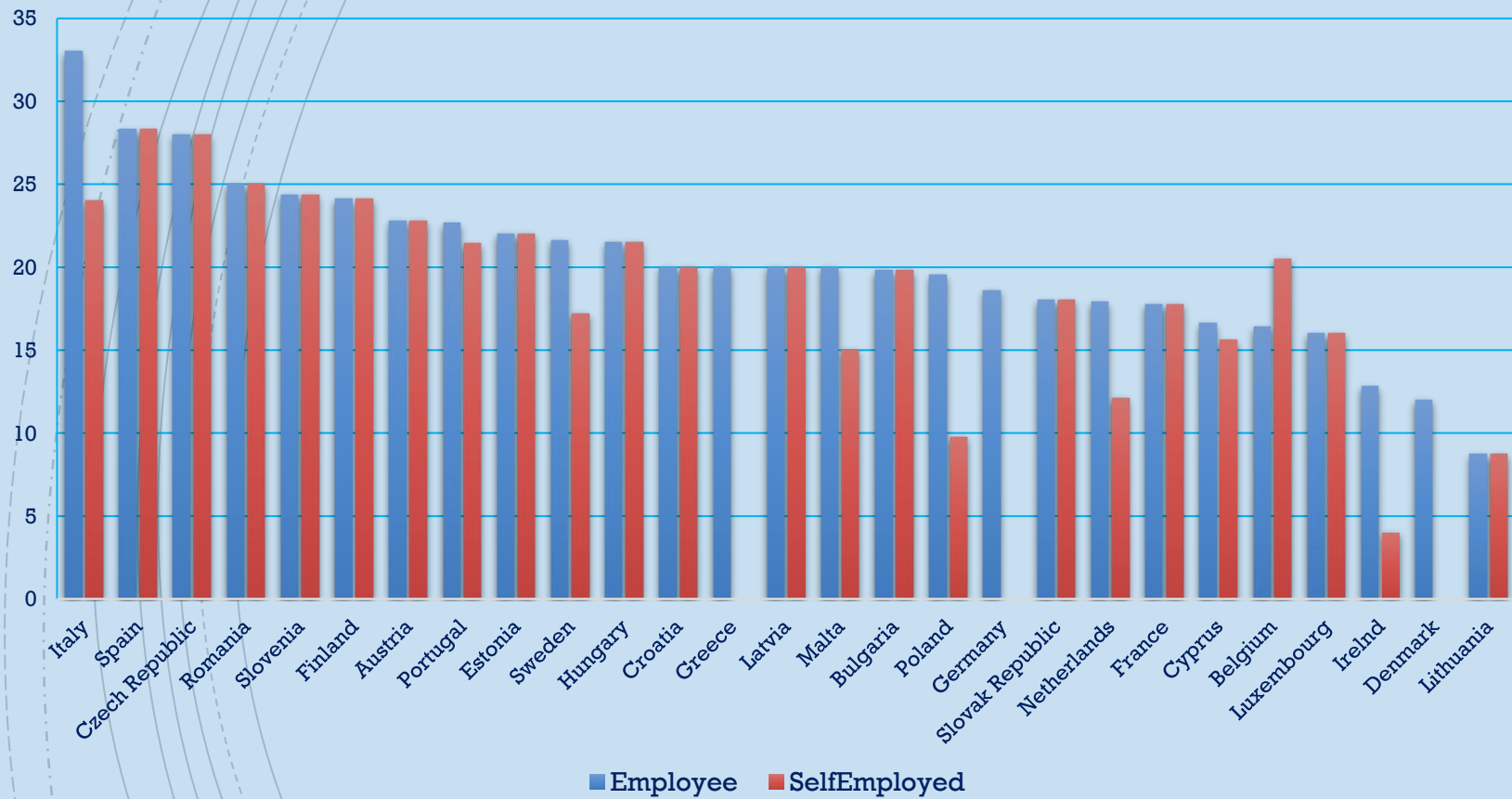
## Distributio of Contribution Rate



Source of data: OECD, MISSOC, European Commission

# Contribution rate in the main public found in 2018 (Percentage Value)

## Contribution Rate Employee - SelfEmployed



## Aggregate replacement ratio for pensions (excluding other social benefits) by sex - 2018

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	MALE	FEMALE	Difference
<b>Austria</b>	0,64	0,58	-0,06
<b>Belgium</b>	0,50	0,50	0,00
<b>Bulgaria</b>	0,49	0,36	-0,13
<b>Croatia</b>	0,43	0,43	0,00
<b>Cyprus</b>	0,48	0,36	-0,12
<b>Czechia</b>	0,48	0,52	0,04
<b>Denmark</b>	0,44	0,53	0,09
<b>Estonia</b>	0,35	0,46	0,11
<b>EU - 27</b>	0,61	0,55	-0,06
<b>Finland</b>	0,53	0,53	0,00
<b>France</b>	0,66	0,67	0,01
<b>Germany</b>	0,45	0,48	0,03
<b>Greece</b>	0,69	0,57	-0,12
<b>Hungary</b>	0,58	0,60	0,02
<b>Ireland</b>	0,37	0,40	0,03
<b>Italy</b>	0,75	0,61	-0,14
<b>Latvia</b>	0,39	0,43	0,04
<b>Lithuania</b>	0,41	0,43	0,02
<b>Luxembourg</b>	0,89	0,71	-0,18
<b>Malta</b>	0,60	0,51	-0,09
<b>Netherlands</b>	0,56	0,56	0,00
<b>Poland</b>	0,67	0,59	-0,08
<b>Portugal</b>	0,73	0,59	-0,14
<b>Romania</b>	0,65	0,50	-0,15
<b>Slovakia</b>	0,56	0,61	0,05
<b>Slovenia</b>	0,48	0,44	-0,04
<b>Spain</b>	0,75	0,50	-0,25
<b>Sweden</b>	0,60	0,54	-0,06
<i>Percentage Value</i>			
Source of data: Eurostat EU-SILC survey			

## People at risk of poverty or social exclusion by age and sex Over 65 – 2018

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	MALE	FEMALE
<b>Austria</b>	9,5	18,4
<b>Belgium</b>	16,2	18,4
<b>Bulgaria</b>	35,7	51,5
<b>Croatia</b>	27,3	35,2
<b>Cyprus</b>	20,8	25,9
<b>Czechia</b>	7,9	21,5
<b>Denmark</b>	9,9	9,4
<b>Estonia</b>	36,1	53,3
<b>EU - 27</b>	15,5	20,7
<b>Finland</b>	9,3	17,7
<b>France</b>	9,0	10,6
<b>Germany</b>	17,1	20,8
<b>Greece</b>	18,7	23,4
<b>Hungary</b>	9,6	15,6
<b>Ireland</b>	15,8	25,3
<b>Italy</b>	17,5	22,3
<b>Latvia</b>	40,1	53,4
<b>Lithuania</b>	29,8	49,2
<b>Luxembourg</b>	7,2	12,6
<b>Malta</b>	23,6	29,4
<b>Netherlands</b>	11,7	12,0
<b>Poland</b>	13,6	21,0
<b>Portugal</b>	18	23,6
<b>Romania</b>	25,8	37,4
<b>Slovakia</b>	10,0	13,1
<b>Slovenia</b>	14,4	24,4
<b>Spain</b>	16,3	18,7
<b>Sweden</b>	9,5	19,2
Percentage Value		
Source of data: Eurostat 2018		



## Effective Retirement Age – Normal Retirement Age & Life Expectancy In 2018

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	MALE			FEMALE		
	Effective	Normal	Life expectancy at 65	Effective	Normal	Life expectancy at 65
<b>Austria</b>	63,5	65,0	18,5	60,8	60,0	21,6
<b>Belgium</b>	61,6	65,0	18,6	60,5	65,0	21,9
<b>Bulgaria</b>	63,8	63,2	14,2	62,3	61,5	18,0
<b>Croatia</b>	62,4	65,0	15,7	60,7	62,5	19,3
<b>Cyprus</b>	63,0	65,0	19,1	63,0	65,0	21,8
<b>Czech Republic</b>	63,2	63,2	16,2	61,3	62,7	19,8
<b>Denmark</b>	65,1	65,0	18,0	62,5	65	20,7
<b>Estonia</b>	65,5	63,3	15,7	65,7	63,3	20,6
<b>EU-27</b>	64,0	64,3	18,3	62,3	63,3	21,6
<b>Finland</b>	64,3	65,0	18,6	63,4	65,0	22,0
<b>France</b>	60,8	63,3	19,7	60,8	63,3	23,8
<b>Germany</b>	64,0	65,5	18,0	63,6	65,5	21,1
<b>Greece</b>	61,7	62,0	19,1	60,0	62,0	21,9
<b>Hungary</b>	63,4	63,5	14,6	60,0	62,0	18,5
<b>Ireland</b>	65,6	66,0	19,0	64,1	66,0	21,6
<b>Italy</b>	63,3	67,0	19,6	61,5	66,6	22,8
<b>Latvia</b>	65,7	62,8	14,1	64,7	62,8	19,0
<b>Lithuania</b>	64,3	63,6	14,5	63,0	61,9	19,7
<b>Luxembourg</b>	60,5	62,0	18,8	61,3	62,0	22,1
<b>Malta</b>	62,5	63,0	19,2	61,5	63,0	22,3
<b>Netherlands</b>	65,2	65,8	18,7	62,5	65,8	21,1
<b>Poland</b>	62,8	65,0	15,8	60,6	60,8	20,1
<b>Portugal</b>	68,5	65,2	18,2	65,4	65,2	22,0
<b>Romania</b>	64,0	65,0	14,7	64,4	61,0	18,4
<b>Slovak Republic</b>	61,1	62,2	15,4	59,9	62,2	19,3
<b>Slovenia</b>	63,1	62,0	17,8	60,1	61,7	21,8
<b>Spain</b>	62,1	65,0	19,5	61,3	65,0	23,5
<b>Sweden</b>	66,4	65,0	19,2	65,4	65,0	21,6

## Life Expectancy – Legal Retirement Age – Benefit Calculation

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	Increasing legal Retirement age	Benefit calculation
Austria	Only for Women	
Belgium	Set by law	
Bulgaria	After 31/12/2037	
Croatia	Only for Women	
Cyprus	From 2024	
Czech Republic	Not mandatory	
Denmark	Every 5 years	
Estonia	From 2027	
Finland	From 2027	
France		
Germany	Set by law	
Greece		
Hungary	Set by law	
Ireland		
Italy	Every 2 years	Yes
Latvia	Set by law	Yes
Lithuania	Set by law	
Luxembourg		
Malta	Set by law	
Netherlands	From 2025	
Poland		Yes
Portugal	Yes	Only early retirement
Romania	Only for Women	
Slovak Republic	Untill 2030	
Slovenia		
Spain	Set by law + Finance linked	
Sweden	Yes	Yes

# Theoretical Exercise

## Define Contribution Technical Balance

Calculation of DC Replacement Rate:  
Effective Employee Contribution Rate in 2018  
Constant Income  
Revaluation Coefficient Equal To Zero  
35 Years Of Insurance Period  
Retirement Age At 65 Years Old  
Retirement Duration Equal To Life Expectancy At 65

## Define Benefit Technical Balance

Calculation of DB Theoretical Contribution Rate for Technical Balance:  
Fixed Replacement Rate Equal To 60%  
Constant Income  
35 Years Of Insurance Period  
Retirement Age At 65 Years Old

**Theoretical DC Replacement Rate  
For Technical Balance  
(Percentage Value)**

	Contribution Rate	Life Expectancy	Effective Replacement Rate 2018	Theoretical Replacement Rate
<b>Austria</b>	22,80	20,1	<b>0,62</b>	<b>39,70</b>
<b>Belgium</b>	16,40	20,3	<b>0,50</b>	<b>28,30</b>
<b>Bulgaria</b>	19,80	16,1	<b>0,41</b>	<b>43,00</b>
<b>Croatia</b>	20,00	17,5	<b>0,40</b>	<b>40,00</b>
<b>Cyprus</b>	16,60	20,5	<b>0,43</b>	<b>28,30</b>
<b>Czech Republic</b>	28,00	18,0	<b>0,50</b>	<b>54,40</b>
<b>Denmark</b>	12,00	19,4	<b>0,49</b>	<b>21,60</b>
<b>Estonia</b>	22,00	18,2	<b>0,41</b>	<b>42,30</b>
<b>Finland</b>	24,10	20,3	<b>0,54</b>	<b>41,60</b>
<b>France</b>	17,75	21,8	<b>0,67</b>	<b>28,50</b>
<b>Germany</b>	18,60	19,6	<b>0,46</b>	<b>33,20</b>
<b>Greece</b>	20,00	20,5	<b>0,64</b>	<b>34,10</b>
<b>Hungary</b>	21,50	16,6	<b>0,59</b>	<b>45,30</b>
<b>Ireland</b>	12,80	20,3	<b>0,35</b>	<b>22,10</b>
<b>Italy</b>	33,00	21,2	<b>0,73</b>	<b>54,50</b>
<b>Latvia</b>	20,00	16,6	<b>0,40</b>	<b>42,20</b>
<b>Lithuania</b>	8,72	17,1	<b>0,40</b>	<b>17,80</b>
<b>Luxembourg</b>	16,00	20,5	<b>0,87</b>	<b>27,30</b>
<b>Malta</b>	20,00	20,8	<b>0,60</b>	<b>33,70</b>
<b>Netherlands</b>	17,90	19,9	<b>0,53</b>	<b>31,50</b>
<b>Poland</b>	19,52	18,0	<b>0,60</b>	<b>38,00</b>
<b>Portugal</b>	22,65	20,1	<b>0,67</b>	<b>39,40</b>
<b>Romania</b>	25,00	16,6	<b>0,51</b>	<b>52,70</b>
<b>Slovak Republic</b>	18,00	17,4	<b>0,61</b>	<b>36,20</b>
<b>Slovenia</b>	24,35	19,8	<b>0,45</b>	<b>43,00</b>
<b>Spain</b>	28,30	21,5	<b>0,70</b>	<b>46,10</b>
<b>Sweden</b>	21,60	20,4	<b>0,56</b>	<b>37,10</b>

## Theoretical DB Contribution Rate For Technical Balance (Percentage Value)

	Theoretical DB Replacement Rate	Life Expectancy	Contribution Rate	Technical Balance Contribution Rate
<b>Austria</b>	60,00%	20,1	<b>22,80</b>	<b>34,47</b>
<b>Belgium</b>	60,00%	20,3	<b>16,40</b>	<b>34,81</b>
<b>Bulgaria</b>	60,00%	16,1	<b>19,80</b>	<b>27,61</b>
<b>Croatia</b>	60,00%	17,5	<b>20,00</b>	<b>30,01</b>
<b>Cyprus</b>	60,00%	20,5	<b>16,60</b>	<b>35,16</b>
<b>Czech Republic</b>	60,00%	18,0	<b>28,00</b>	<b>30,87</b>
<b>Denmark</b>	60,00%	19,4	<b>12,00</b>	<b>33,27</b>
<b>Estonia</b>	60,00%	18,2	<b>22,00</b>	<b>31,21</b>
<b>Finland</b>	60,00%	20,3	<b>24,10</b>	<b>34,81</b>
<b>France</b>	60,00%	21,8	<b>17,75</b>	<b>37,39</b>
<b>Germany</b>	60,00%	19,6	<b>18,60</b>	<b>33,61</b>
<b>Greece</b>	60,00%	20,5	<b>20,00</b>	<b>35,16</b>
<b>Hungary</b>	60,00%	16,6	<b>21,50</b>	<b>28,47</b>
<b>Ireland</b>	60,00%	20,3	<b>12,80</b>	<b>34,81</b>
<b>Italy</b>	60,00%	21,2	<b>33,00</b>	<b>36,36</b>
<b>Latvia</b>	60,00%	16,6	<b>20,00</b>	<b>28,47</b>
<b>Lithuania</b>	60,00%	17,1	<b>8,72</b>	<b>29,33</b>
<b>Luxembourg</b>	60,00%	20,5	<b>16,00</b>	<b>35,16</b>
<b>Malta</b>	60,00%	20,8	<b>20,00</b>	<b>35,67</b>
<b>Netherlands</b>	60,00%	19,9	<b>17,90</b>	<b>34,13</b>
<b>Poland</b>	60,00%	18,0	<b>19,52</b>	<b>30,87</b>
<b>Portugal</b>	60,00%	20,1	<b>22,65</b>	<b>34,47</b>
<b>Romania</b>	60,00%	16,6	<b>25,00</b>	<b>28,47</b>
<b>Slovak Republic</b>	60,00%	17,4	<b>18,00</b>	<b>29,84</b>
<b>Slovenia</b>	60,00%	19,8	<b>24,35</b>	<b>33,96</b>
<b>Spain</b>	60,00%	21,5	<b>28,30</b>	<b>36,87</b>
<b>Sweden</b>	60,00%	20,4	<b>21,60</b>	<b>34,99</b>

# Define Benefit & Define Contribution

## Brief Comments

Define Benefit	Define Contribution
<ul style="list-style-type: none"><li>• Future pension benefits CAN BE easily estimate by workers during their careers</li><li>• Demographic dynamics are more difficult to predict as they concerned long-term projections (Work life + Retirement life)<ul style="list-style-type: none"><li>• Can be easily integrated with Social Solidarity Benefits (eg. Minimum Schemes , Gender Rebalance Schemes)</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Future pension benefits CAN'T BE easily estimate by workers during their careers</li><li>• Balance between Contribution Rate and pension benefits is always verifiable</li><li>• Determines differences between generation in with different economic period</li><li>• Economic crisis had negative impact on penion savings<ul style="list-style-type: none"><li>• Reflect Wage differences</li><li>• Demographic dynamics are easier to predict</li><li>• Social Solidarity Benefits (eg. Minimum Schemes , Gender Rebalance Schemes)</li><li>• Can't be easy integrated without specific contributions</li></ul></li></ul>