



## GREECE

		Key indicators		
		Greece	OECD	
<b>Greece: pension system in 2006</b>  Pensions are provided through an earnings-related public scheme with two components plus a series of minimum pensions/social safety nets.	Average earnings	EUR	23 000	28 600
		USD	28 900	35 800
	Public pension spending	% of GDP	11.5	7.2
	Life expectancy	at birth	79.6	78.9
		at age 65	83.5	83.4
Population over age 65	% of working-age population	30.0	23.8	

### Qualifying conditions

The normal pension age is 65 for both men and women. A pension from this age requires a minimum of 4 500 days of contributions (equivalent to 15 years). Workers with a contribution record of 11 100 working days (37 years) can retire on a full benefit regardless of age. There are concessions for people who work in arduous or unhygienic occupations and for women with dependant or disabled children.

The minimum social pension requires 15 years' contributions.

### Benefit calculation

#### *Earnings-related scheme: main component*

For labour-market entrants from 1993, the pension is 2% of earnings for each year of contributions up to 35 years. There is therefore a maximum replacement rate of 70% for people retiring at the normal age or earlier. However, for working after the age of 65 and a contribution period of 35 years, there is a higher accrual of 3.3% per year, for a maximum of three years, while there is no accrual rate for those working after this period (maximum replacement rate of 80%).

The earnings measure is the average over the last five years before retirement. Earlier years' pay is adjusted in the pension value ("valorised") in line with increases defined in national incomes policy.

There is a maximum pension, calculated as four times the 1991 GNP per capita (this is a fixed amount of 105.000 drachmas, equal at that time to the amount of the average GNP per capita), linked to the increases on pensions each year according to the income policy. For 2006, this cap on pension benefits was EUR 2 538.28 per month. The calculations indicate that, for a full-career worker, this is equivalent to a ceiling on pensionable earnings of 325% of average earnings.

Adjustment of pensions in payment is discretionary. Pension increases have been progressive in the years 1999-2004. Since 2005, all pensions are increased by the same proportion (see below). In 1999-2001, increases of low pensions were substantially larger than price inflation. However, in 2002, they lagged behind. Given the lack of consistent practice in recent benefit adjustments, pension wealth calculations are based on price indexation.

Year	1999	2000	2001	2002	2003	2004	2005	2006
Inflation	2.60%	3.20%	3.40%	3.60%	3.00%	2.90%	3.50%	2.90%
Increases	3.9%	4.00%	5.5%	3.5%	4.0%	5.0%	4.0%	4.0%
	(< EUR 733)		(< EUR 352)	(< EUR 400)	(< EUR 500)	(< EUR 500)		
	3.4%		2.75%	1.5%	2.0%	3.0%		
	(> EUR 733)		(< EUR 587)	(< EUR 620)	(< EUR 1 000)	(< EUR 1 000)		
			1.4%	0.75%	0%	0%		
		(< EUR 880)	(< EUR 910)	(> EUR 1 000)	(EUR 1000)			
		0%	0%					
		(> EUR 880)	(> EUR 910)					

### *Earnings-related scheme: supplementary component*

The full supplementary pension is 20% of the earnings measure under the main component of the earnings-related scheme for workers with 35 years of contributions. The pension is proportionally reduced for shorter contribution periods, implying a linear accrual rate of 0.57%. The value is increased by 1/35<sup>th</sup> for each year of contributions (300 days) beyond 35 years.

### *Minimum pension*

For 2006, the value was €445.37 per month, equivalent to 27.1% of average earnings. This value is adjusted annually as part of the incomes policy. The minimum supplementary pension was EUR 111.25.

### *Income-tested scheme: social solidarity benefit*

This scheme, introduced in 1996, is a non-contributory, means-tested benefit payable to low-income pensioners eligible under most schemes (apart from the farmers' pension programme).

Eligibility for benefits under this scheme, known as EKAS, requires that total net income from all sources is less than EUR 7 165.71 (2006). Total taxable income must not exceed EUR 8 360.00 and the total taxable family income, EUR 13 009.20.

Income level, lower limit	0	EUR 6.525.91	EUR 6 781.87	EUR 6 952.44	EUR 7 165.71
Benefit per month	EUR 160.15	EUR 120.11	EUR 80.08	EUR 40.04	0

## **Variant careers**

### *Early retirement*

Early retirement is possible subject to reductions, as shown in the table below. The adjustment is 1/200 per month of early retirement, which is equivalent to 6% per year.

Number of years	Eligibility	Conditions
15	65	No reduction
15	60	With reduction (1/200)
35	55	With reduction (1/200)
37	Any	No reduction

### *Late retirement*

It is possible to retire after the normal pension age of 65 and a contribution period of 35 years. An increased accrual rate of 3.3% is applied in the main component up to 68 years of age and for a maximum of 3 extra years; there is no accrual rate for those working after this period (maximum replacement rate of 80%). The supplementary component also continues to accrue.

It is possible to combine work and pension receipt as long as the people are no younger than 55 years of age. In that case the part of their monthly pension income that exceeds EUR 733 is reduced by 70%; there is an increment for dependent children.

### ***Childcare***

As of 2003, there is a credit towards the pension qualifying conditions of one year for the first child, and two years for each subsequent child to a maximum of three children (at a rate of 300 days insurance per year). This credit can be claimed by either parent and cannot count towards the minimum required insurance period, or for the cases of 37 years, 4 500 days or 3 500 days of insurance.

### ***Unemployment***

Periods of unemployment can be credited up to 200 days during the lifetime. If the unemployment period overlaps with the final five years used as a base for the calculation of pensionable earnings, it is omitted and the period used for computing pensionable earnings is extended backwards.

Long term unemployed (*i.e.* unemployed for at least 12 consecutive months) aged at least 60 (men) or 55 (women) (or 55 and 50, respectively, when employed in arduous and unhealthy jobs) who lack up to a maximum of 1 500 days for qualifying for an old age and/or supplementary pension by IKA-ETAM, may optionally continue their insurance until they fulfil the minimum pension requirements. The corresponding social contributions are paid by a special account of the Labour Employment Office (LAEK).

## **Personal income tax and social security contributions**

### ***Taxation of pensioners***

There are no special tax allowances or credits for older people.

### ***Taxation of pension income***

No special relief is available.

### ***Social security contributions paid by pensioners***

Pensioners pay contributions for health and the contribution rate is 4% of the main component of the earnings-related pension.

Pensioners also pay contributions, that correspond to old-age pension contributions, if they are employed (independently of whether they count, or not, their extra employment towards a new pension or a re-calculation of their pension).

## Pension modelling results: Greece

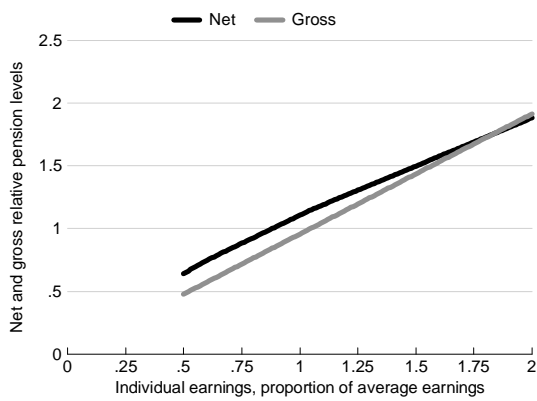
### Gross relative pension level



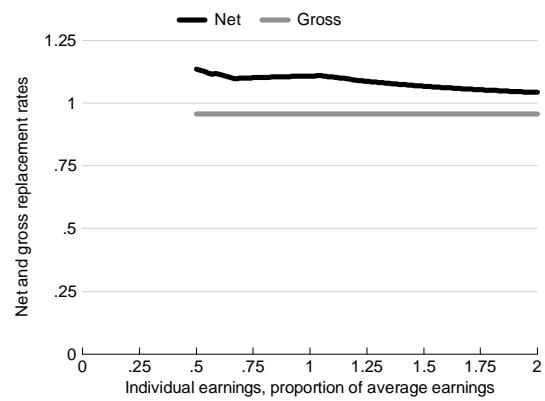
### Gross replacement rate



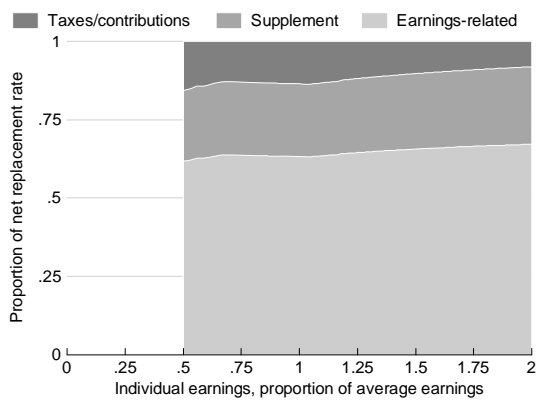
### Net and gross relative pension levels



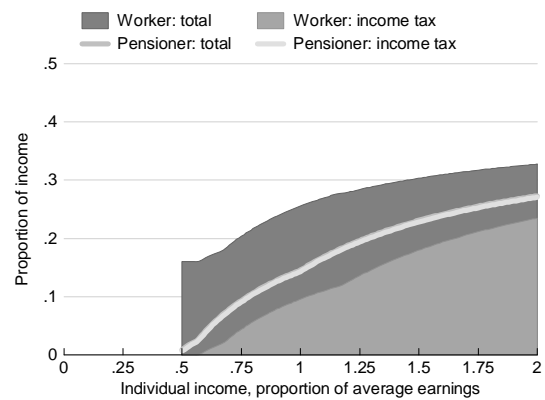
### Net and gross replacement rates



### Sources of net replacement rate



### Taxes paid by pensioners and workers



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level (% average gross earnings)	81.4	47.9	71.8	95.7	143.6	191.4
Net relative pension level (% net average earnings)	97.3	64.1	88.3	110.8	149.8	188.3
Gross replacement rate (% individual gross earnings)	95.7	95.7	95.7	95.7	95.7	95.7
Net replacement rate (% individual net earnings)	110.4	113.6	110.1	110.8	106.7	104.2
Gross pension wealth (multiple of average gross earnings)	14.3 16.6	14.3 16.6	14.3 16.6	14.3 16.6	14.3 16.6	14.3 16.6
Net pension wealth (multiple of average net earnings)	12.8 14.7	14.3 16.5	13.1 15.2	12.3 14.3	11.1 12.9	10.5 12.1