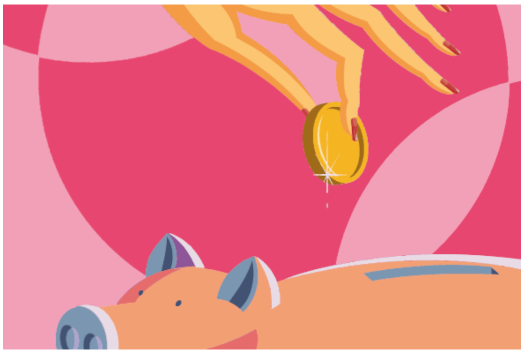


Pensions at a Glance 2013
OECD and G20 Indicators

Greece

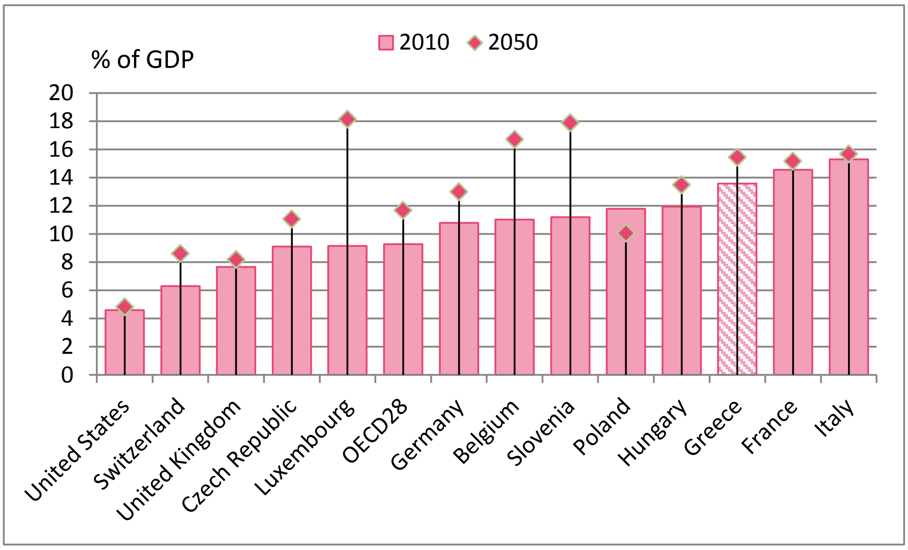
- **Financial sustainability has been the main concern behind the pension reforms enacted in Greece in the last three years**
- **Retirement-income adequacy may be an important concern for future retirees but working longer may help to make income more adequate.**

Financial sustainability concerns have led to an acceleration of pension reform in Greece. The previous round of European projections (in the EU ageing report 2009) suggested that pension expenditures would have increased from about 13% of GDP to about 24% by 2050. Rapid population ageing in conjunction with the effect of the economic crisis and the rules and conditions of the pension system were putting pension financing under severe stress.

Over the past three years Greece has substantially reformed its pension system. Actions taken aim to create a closer link between contributions and benefits, improve administrative efficiency, reduce the generosity of pension benefits, extend working lives and link the system to demographic and economic developments. While current pension expenditures are still relatively high, the increase expected in the future has been reduced drastically to 15% of GDP by 2050.

Old-age income poverty was around 16% in Greece in the late 2000s. Even though low earners were less affected by the pension reforms than workers with average earnings living standards of pensioners overall have been affected as public transfers represent around 70% of old age incomes. For example the pension bonus (targeted at low-income pensioners) introduced in 2009 to temper hardship stemming from the economic crisis was cut in in 2010. Moreover, in January 2013, monthly pensions worth more than EUR 1 000 were cut between 5% and 15% depending on pension income.

Public pension Expenditures % of GDP

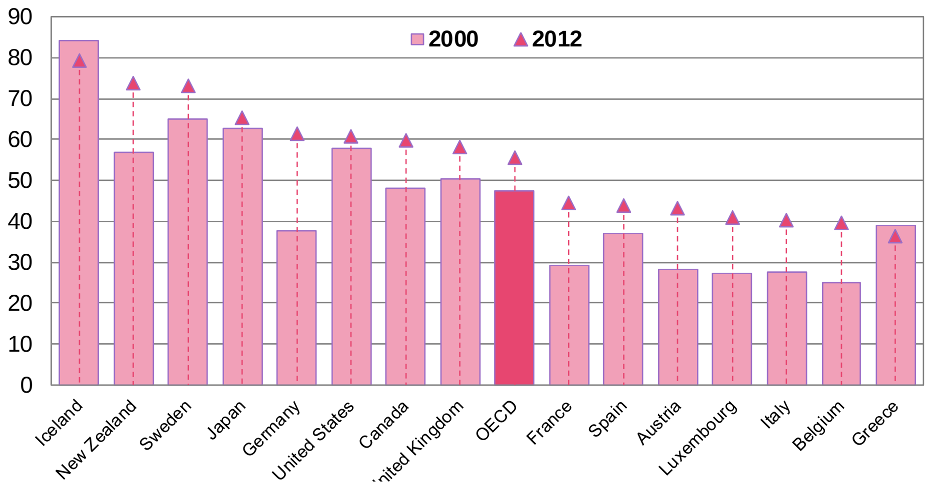


Source: OECD (2013), Pensions at a Glance 2013

Longer working lives will help to make retirees' income more adequate in the future. The consideration of lifetime earnings instead of a limited number of best/final years as a reference for the calculation of the pension is also an incentive to reduce informality and to declare the wages actually received when working.

The effective age at which Greek workers exit the labour market is the fifth lowest in the OECD (61.9 for men and 60.3 for women against the OECD average of 64.2 for men and 63.1) Labour market participation of older workers is also relatively low in Greece: less than 40% of those aged between 55 and 64 participate in the labour market.

Changes in participation rates of workers aged between 55 and 64



Source: OECD (2013), Pensions at a Glance 2013

Key indicators

		Greece	OECD
Gross replacement rate	Average earner (%)	53.9	54.4
	Low earner (%)	75.4	71.0
Public pension spending	% of GDP	13.0	7.8
Life expectancy	at birth	80.7	79.9
	at age 65	19.2	19.1
Population over age 65 and over	% of working-age population	31.7	25.5
Average worker earnings (AW)	EUR	20 100	32 400

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations are for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average.

Source: OECD (2013), *Pensions at a Glance: OECD and G20 Indicators*

Notes to editors:

Pensions at a Glance 2013:
OECD and G20 Indicators

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The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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