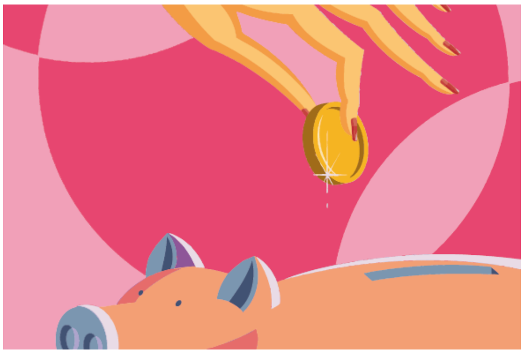


Pensions at a Glance 2013
OECD and G20 Indicators

SPAIN

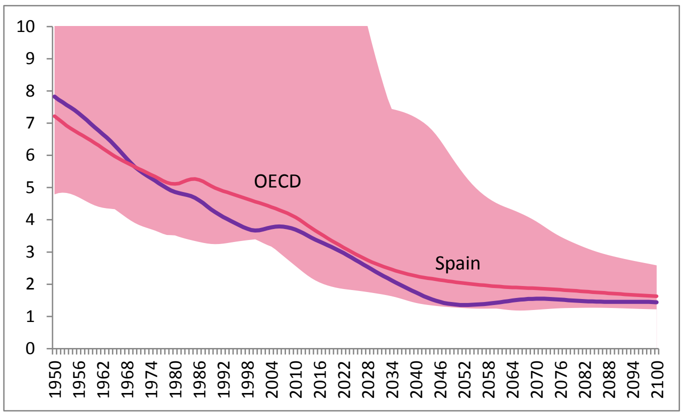
- **Concerns about the financial sustainability of the pension system, stemming from rapid population ageing and the economic crisis, have driven pension reforms in recent years**
- **Average monetary living standards of the elderly are relatively high today and even more so when the role of housing is considered.**

Concerns about the financial sustainability of the pension system have driven the reforms enacted in recent years. Currently Spain spends around 10% of its GDP on public pensions, less than France and Italy, but slightly more than the OECD average. However, high life expectancy and low fertility are resulting in a rapid population ageing. This will increase the pressure on pension financing in the future. In 2060, there will be less than two people of active-age per retiree compared to more than three currently.

The 2011 pension reform tightened the link between earnings and pension benefits, increased the retirement age to 67 and introduced the general principle of automatic adjustment to life expectancy. According to the EU 2012 Ageing Report, which takes into account these measures, pension spending will increase to 14% in Spain by 2050 —a level above the OECD average but lower than the levels projected for Italy and France.

A reform currently under examination has proposed to link pension entitlements to life expectancy. While such a reform might deliver a fairer allocation of risks across generations and provide a rationale for savings that voters find both credible and reasonable, it also increases the uncertainty for future retirees regarding their pension entitlements. This issue may be particularly relevant for low-income workers. Careful monitoring of pensioner poverty will thus be important.

Old-age support ratio are declining

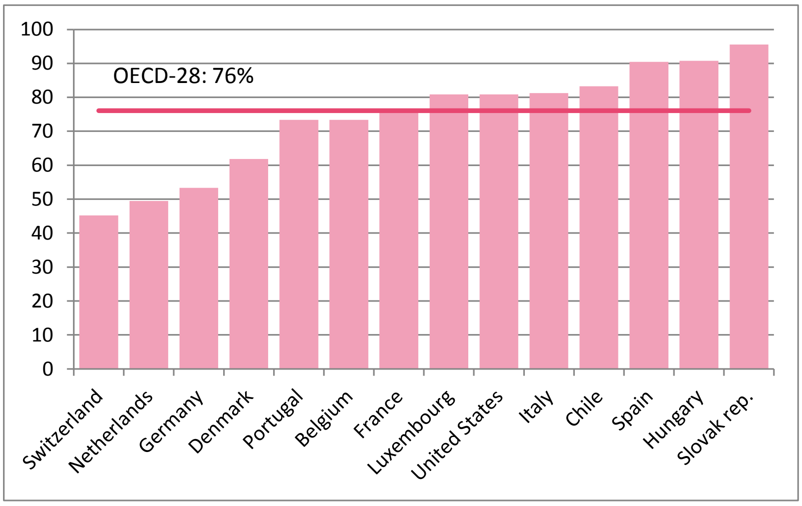


Today the average monetary living standards of Spanish people aged 65 and over are relatively high at 86% of the total population’s level of disposable income; this corresponds to the OECD average. In Spain public transfers account for 72% of older people’s income; this is well above the OECD average of 59%.

Spain has achieved a substantial reduction of old-age poverty between 2007 and 2010: from 21% to 12%. On average in the OECD the poverty rate among the elderly fell from 15.1% to 12.8% over the same period.

However living standards in old-age are also influenced by other resources. The elderly often own their houses. Older owner occupiers have generally paid off their mortgages, and so face much lower housing costs than people paying rent. Including the monetary benefit that people have from living in their own homes (the so called “imputed rent”) increases disposable income of the elderly and contributes to the reduction of old-age poverty. In Spain, adding imputed rent reduces old-age poverty rates by more than half and increases disposable income by around 30%. This is the highest value observed in OECD countries.

House tenure among the over-65s



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

Key indicators

		Spain	OECD
Gross replacement rate	Average earner (%)	73.9	54.4
	Low earner (%)	73.9	71.0
Public pension spending	% of GDP	9.3	7.8
Life expectancy	at birth	82.0	79.9
	at age 65	20.4	19.1
Population aged 65 and over	% of working-age population	27.9	25.5
Average worker earnings (AW)	EUR	25 600	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: Retirement-Income Systems in OECD and G20 Countries.*

Notes to editors:

Pensions at a Glance 2013:
OECD and G20 Indicators

Published 11.00am Paris time on 26 November 2013

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.

363pp. ISBN 978-92-64-20392-1

OECD
2 rue André Pascal
Paris 75775 Cedex 16
France

For further information, please contact

OECD media relations	Spencer Wilson	spencer.wilson@oecd.org	+ 33 1 45 24 81 18
OECD Social Policy Division	Anna Cristina D'Addio	anna.daddio@oecd.org	+ 33 1 45 24 87 09

www.oecd.org/pensions/pensionsataglance.htm