



TURKEY

		Key indicators		
		Turkey	OECD	
Turkey: pension system in 2006 An earnings-related public scheme with an income-tested safety net and a flat-rate supplementary pension.	Average earnings	TRY USD	15 600 35 800	
	Public pension spending	% of GDP	7.8 7.2	
	Life expectancy	at birth	71.6	78.9
		at age 65	79.1	83.4
	Population over age 65	% of working-age population	10.4	23.8

Qualifying conditions

Entrants into the system since September 1999 can draw a pension from age 60 (men) or 58 (women) with 7 000 days of contributions. This is equivalent to around 28 years of contributions for continuous employment. An alternative eligibility condition is 25 years of insurance coverage with 4 500 days of contributions.

The means-tested pension is payable only to those with no other social security rights who are disabled or those aged 65 or over.

Benefit calculation

Earnings-related

The pension under the new scheme is based on average lifetime earnings revalued in line with nominal GDP growth. The pension has a non-linear formula with years of coverage. The first ten years earn a pension of 35% of pay, with 2% per year extra for the next 15 years and 1.5 % per year thereafter.

There is a floor above which contributions are required. This had only one value during calendar 2006, TRY 531.

There is a ceiling to pensionable earnings; its value was TRY 3 451.50.

According to the law acted in 1999 pensions are monthly indexed by consumer price index. But since 2003 indexation of pensions in payment is determined once or twice a year, either by budget laws, other laws or by Board of Cabinet. For 2006 pensions are increased by 3% in January and 4.33% in July.

Minimum

There is a minimum pension, which in 2006 varied between TRY 463.1 and TRY 483.1.

Targeted

The means-tested pension is paid quarterly. For the first half of 2006 the pension was TRY 68 per month, for the second, pension was TRY 71 per month.

Variant careers

Early retirement

Workers in specific industries (*e.g.* mining) and people with disability can retire earlier but other workers cannot claim pensions before the eligibility ages.

Late retirement

It is possible to defer the pension beyond the normal pension age, but until 2006 the amount of pension benefit is not adjusted to the longer period of contributions. However from 2006, the extended contribution will be reflected.

Childcare

There is no credit for periods spent out of paid work caring for children.

Unemployment

There is no credit for periods of unemployment.

Personal income tax and social security contributions

Taxation of pensioners

There are no special rules for the taxation of pensioners.

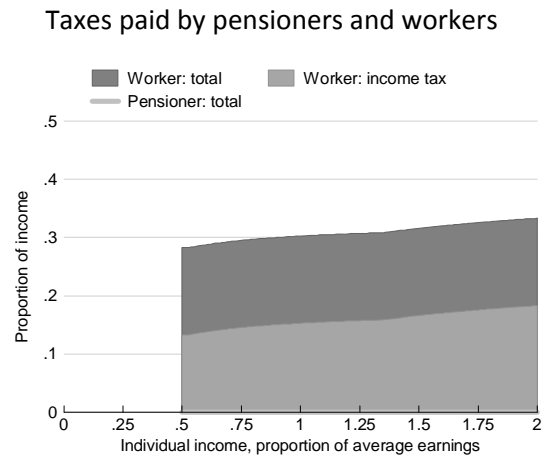
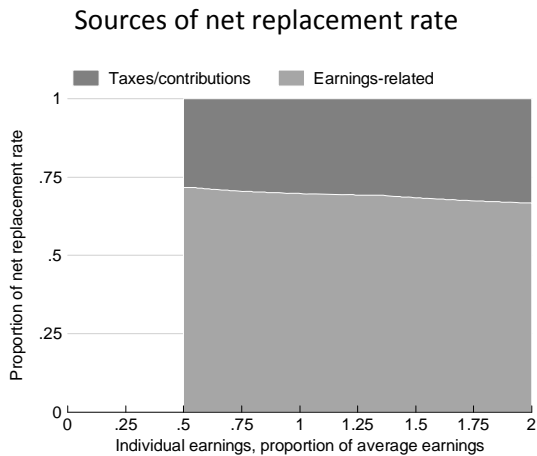
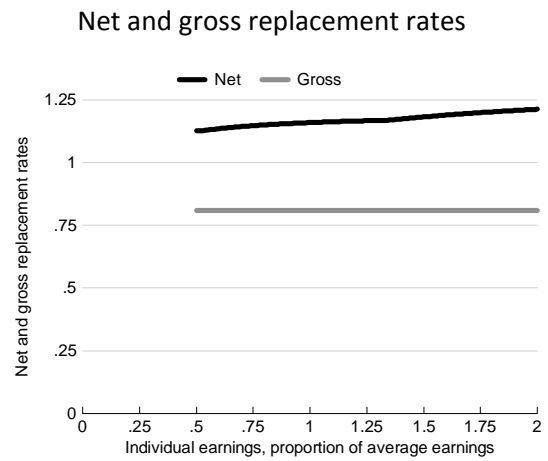
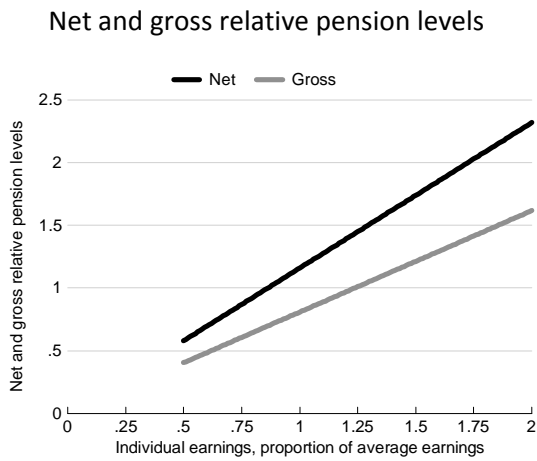
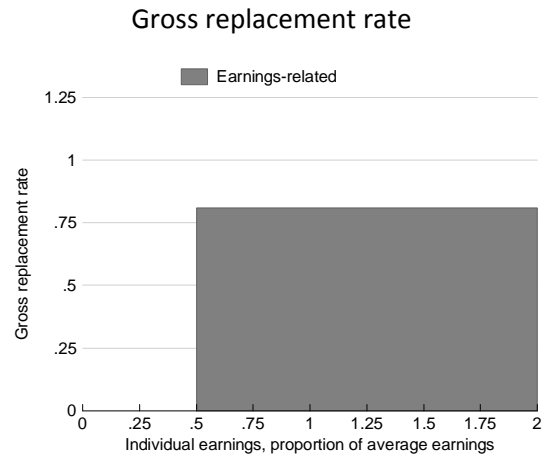
Taxation of pension income

Pension income is not taxed.

Social security contributions paid by pensioners

Pension income is not subject to social security contributions.

Pension modelling results: Turkey



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)	73.9	43.5	65.2	86.9	130.4	173.9
Net relative pension level (% net average earnings)	106.0	62.3	93.5	124.7	187.0	249.4
Gross replacement rate (% individual gross earnings)	86.9	86.9	86.9	86.9	86.9	86.9
Net replacement rate (% individual net earnings)	124.0	121.2	123.4	124.7	127.1	130.4
Gross pension wealth (multiple of average gross earnings)	11.0 12.9	11.0 12.9	11.0 12.9	11.0 12.9	11.0 12.9	11.0 12.9
Net pension wealth (multiple of average net earnings)	11.0 12.9	11.0 12.9	11.0 12.9	11.0 12.9	11.0 12.9	11.0 12.9