



SAUDI ARABIA

		Key indicators			
		Saudi Arabia	OECD		
Saudi Arabia: pension system in 2008 Employees in the public and private sectors. Voluntary coverage for persons who are self-employed, are working abroad, or no longer satisfy the conditions for compulsory coverage.	Average earnings	SAR USD	32 600 8 700	152 500 40 600	
	Public pension spending	% of GDP		7.0	
	Life expectancy	at birth		73.1	78.9
		at age 65		79.5	83.1
	Population over age 65	% of working-age population		5.3	23.6

Qualifying conditions

Age 60 (men) or age 55 (women) with at least 120 months of paid or credited contributions (credited contributions must not exceed 60 months).

Age 55 (men) with at least 120 months of contributions if engaged in arduous or unhealthy work.

Benefit calculation

Old age pension

The pension is based on 2.5% of the insured's average monthly earnings during the last 2 years for each year of contributions, up to 100%.

The minimum monthly earnings for benefit calculation purposes are SAR 1 500 (SAR 1 200 for self-employed persons). The maximum monthly earnings for benefit calculation purposes are SAR 45 000.

The average monthly earnings for benefit calculation purposes must not exceed 150% of the insured's monthly earnings at the beginning of the last 5-year contribution period.

If the insured's monthly earnings decrease during the last 2 years before retirement, special provisions apply to adjust the average monthly earnings used for benefit calculation purposes.

The minimum pension is SAR 1 725.

Old-age settlement

A lump sum is paid equal to 10% of the insured's average monthly earnings during the last 2 years before retirement for each month of the first 5 years of contributions plus 12% for each additional month.

Variant careers

Early retirement

At any age with at least 300 months of contributions and if no longer covered by the program; at least 120 months of contribution if sentenced to prison for 1 or more years.

Late retirement

It is not possible to defer the pension.

Personal income tax and social security contributions

Taxation of pensioners

There are no special tax allowances or credits for pensioners.

Taxation of pension income

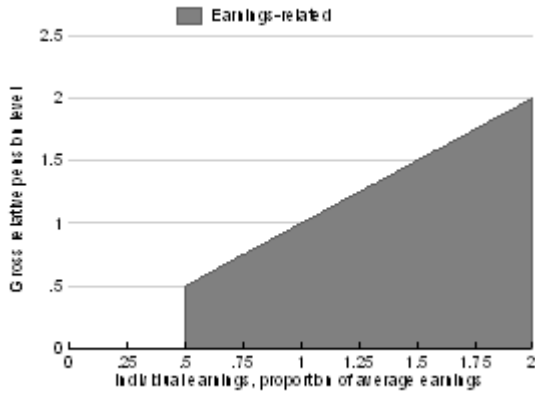
Pensions are not taxed.

Social security contributions paid by pensioners

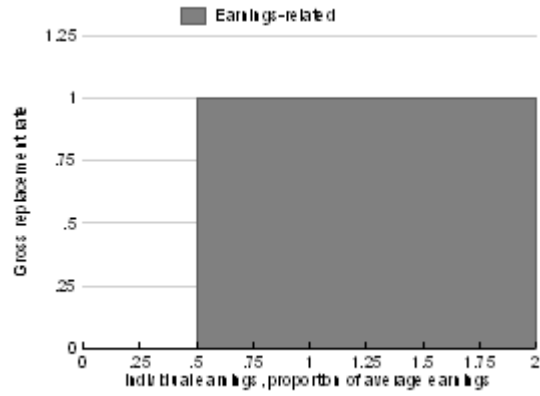
Old-age pension beneficiaries do not pay social security contributions.

Pension modelling results: Saudi Arabia

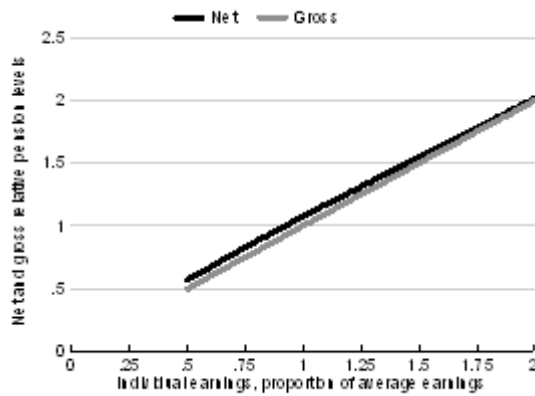
Gross relative pension level



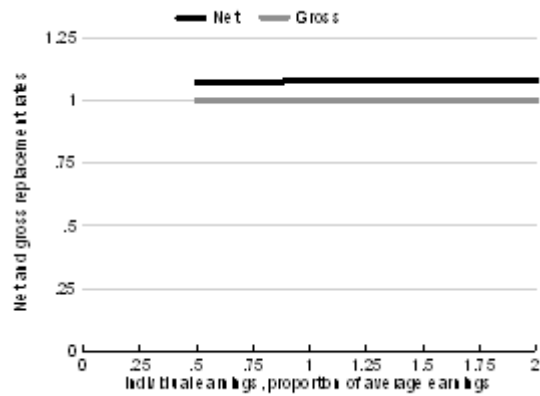
Gross replacement rate



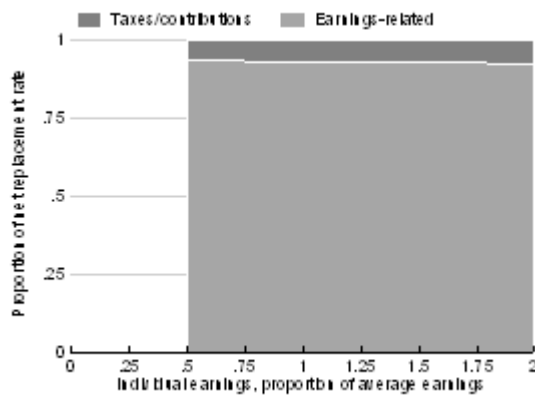
Net and gross relative pension levels



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)	81.0 70.9	50.0 43.8	75.0 65.6	100.0 87.5	150.0 131.3	200.0 175.0
Net relative pension level (% net average earnings)	88.8 78.6	56.7 50.1	82.9 73.1	107.6 95.2	154.7 137.1	201.4 178.1
Gross replacement rate (% individual gross earnings)	100.0 87.5	100.0 87.5	100.0 87.5	100.0 87.5	100.0 87.5	100.0 87.5
Net replacement rate (% individual net earnings)	107.4 95.1	107.2 94.8	107.4 94.7	107.6 95.2	108.0 95.7	108.2 95.7
Gross pension wealth (multiple of average gross earnings)	16.4 18.8	16.4 18.8	16.4 18.8	16.4 18.8	16.4 18.8	16.4 18.8
Net pension wealth (multiple of average net earnings)	14.2 16.5	14.7 17.0	14.3 16.5	13.9 16.2	13.3 15.5	13.0 15.1