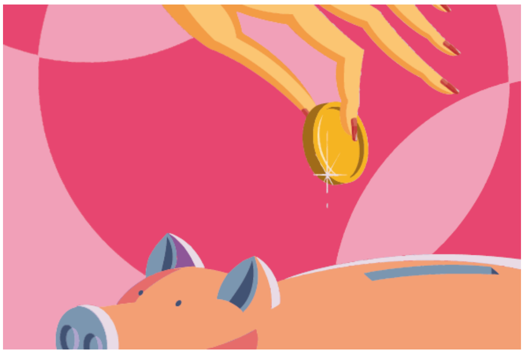


Pensions at a Glance 2013
OECD and G20 Indicators

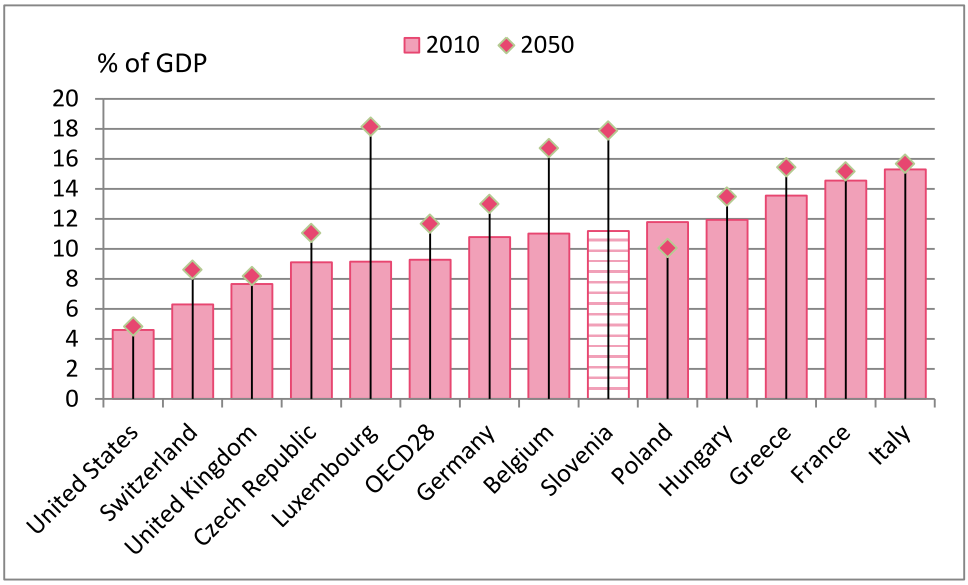
# Slovenia

- **Financial sustainability of the pension system is a serious concern in Slovenia.**
- **Effectively longer working lives may help to improve both financial sustainability and retirement-income adequacy.**

**Financial sustainability has driven the reforms enacted recently in Slovenia**. Relatively generous pension benefits and rapid population ageing explain the relatively high level of pension expenditures. According to the EU ageing report 2012, Slovenia spent 11.2% of its GDP on public pensions, the eighth highest level in the OECD. The same EU projections suggest that pension expenditures would dramatically increase by around 7 percentage points by 2050 against less than 2 percentage points for the EU27 average, thus reaching the highest level across European OECD countries (with Luxembourg).

A reform of the first pillar was adopted by the government in December 2012. The reform increased the statutory and minimum retirement ages and equalised them between men and women, tightened the conditions to get a pension with 40 years of contribution, moved to a less generous indexation of benefits giving more weight to inflation and reduced slightly the accrual rates.

**Public pension spending, % of GDP**

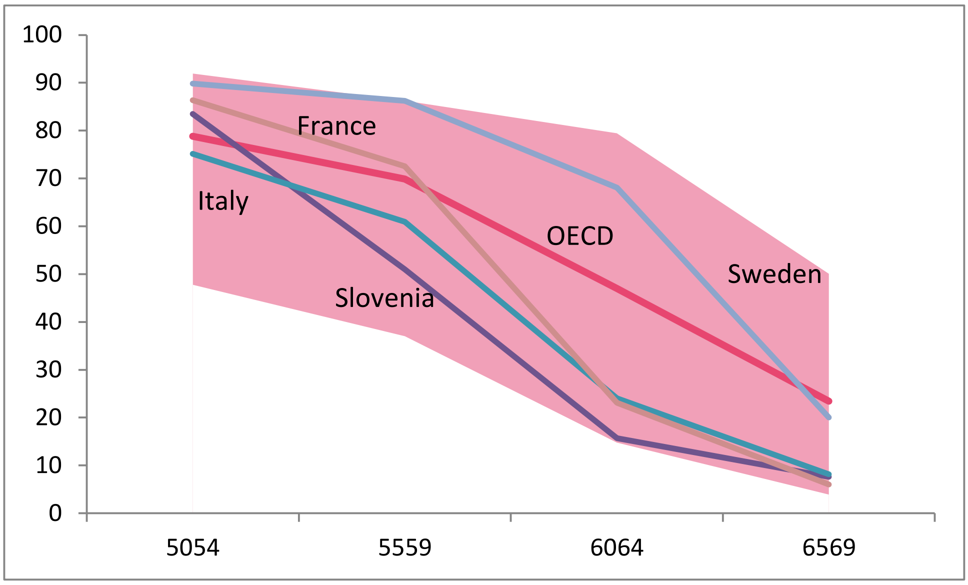



Source: OECD (2013), Pensions at a Glance 2013

**Effectively longer working lives may help to improve both financial sustainability and retirement-income adequacy.** Labour market participation of older workers is very low in Slovenia which records the second lowest rates among the 55-59 and the 60-64 year olds in the OECD: around 50% of those aged 55-59 and 16% of those aged 60-64 participate in the labour market against close to 70% and 49% respectively in the OECD. The effective age at which workers exit the labour market in Slovenia is also relatively low and below the OECD average (62.9 for men and 60.6 for women against 64.2 for men and 63.1 on average in the OECD). There is thus room for improvement.

Increasing further pension eligibility age and linking it to life expectancy would help to increase the effective age of labour market exit. However, labour demand policies are also important in this context.

**Participation rates at different ages, 2012**




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

## Key indicators

| | | Slovenia | OECD |
|---|---|---|---|
| Gross replacement rate | Average earner (%) | 62.0 | 54.4 |
| | Low earner (%) | 39.2 | 71.0 |
| Public pension spending | % of GDP | 10.9 | 7.8 |
| Life expectancy | at birth | 79.5 | 79.9 |
| | at age 65 | 18.7 | 19.1 |
| Population over age 65 | % of working-age population | 27.9 | 25.5 |
| Average worker earnings (AW) | EUR | 17 200 | 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.

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