


Slovenia

Slovenia: Pension system in 2012

The system combines an earnings-related public pension with minimum and targeted schemes.

Key indicators

		Slovenia	OECD
Average worker earnings (AW)	EUR	17 200	32 400
	USD	22 700	42 700
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	26.6	25.5

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Qualifying conditions

The main qualifying conditions are shown in the table. For women, the number of years' contributions needed to retire at the minimum age is increasing at three months per year to reach 38 years from 2013. At the same time, the minimum pension age for women is increasing by four months per year to reach 58 from 2014.

Men	Contribution years	15	20	40
	Pension age	65 years	63 years	58 years
Women (2012)	Contribution years	15	20	37 years and 9 months
	Pension age	63 years	61 years	57 years and 4 months
Women (2014)	Contribution years	15	20	38
	Pension age	63 years	61 years	58 years

A full pension age was introduced in 1999, and is now 63 for men and will reach 61 for women from 2023. The long-term pension ages were further increased to 65 for both men and women following a reform in 2013. However this latest reform is not included in the modelling results.

Benefit calculation

Earnings-related

The earnings-related scheme pays 35% of the pension rating base for men and 38% for women once the minimum qualifying condition (15 years' contributions) has been met (the pension rating base is calculated using the best 18 year average of (net) wages, using valorisation coefficients which represents 73.2% of the growth of nominal (net) wages for retirement in 2012). Thereafter, the accrual rate is 1.5% per year after 2000; per year before 2000 the accrual rate is determined according Pension and Disability Act from 1992. This means that the net replacement rate with the full contribution condition (40 years for men, 38 for women) is 57.7% for men and 61.9% for women in 2012.

The earnings measure is based on a period of best consecutive years since 1970. The period of assessment has been extended since 2000 and reached 18 years from 2008. The pension is calculated on the basis of individual net earnings.

The adjustment of earlier years' earnings to reflect changes in costs and standards of living is currently very complex. First, earlier years' earnings are valorised in line with the growth in economy-wide average earnings. Then, to equalise the value of pensions between retirees in different years, benefits of new retirees are reduced by a factor relating to earnings growth in the last few years. For example, valorised earnings for an individual retiring in 2011 were cut to 73.2% of their full value. For an individual retiring in 2010, the reduction factor was 74.0%.

There is a minimum pension rating base that applies to pensionable earnings. The minimum base had remained on the same level as in 2011, due to failed adjustment of pensions in 2012. The minimum base during calendar 2012 averaged EUR 551.16 per month.

There is also a maximum to pensionable earnings, set at four times the minimum pension rating base. This averaged EUR 2 204.64 per month in 2012.

Pensions in payment are increased broadly in line with the growth in average gross earnings two times per year (February and November). The measure of pension increase is the growth of the minimum pension rating base, which as mentioned earlier, was not increased in 2012 due to special acts which prevented the adjustment of pensions as one of the austerity measures in 2012. Failure of adjustment of pensions in 2012 as well as cessation of payment and transfer of supplementary allowance for low income retirees into social welfare act from 1 January 2012, impacted on the average pension in comparison to year 2011.

The increase of average pension is lower according to the stated adjustment measures than to changes in the value of each qualifying year since 2000.

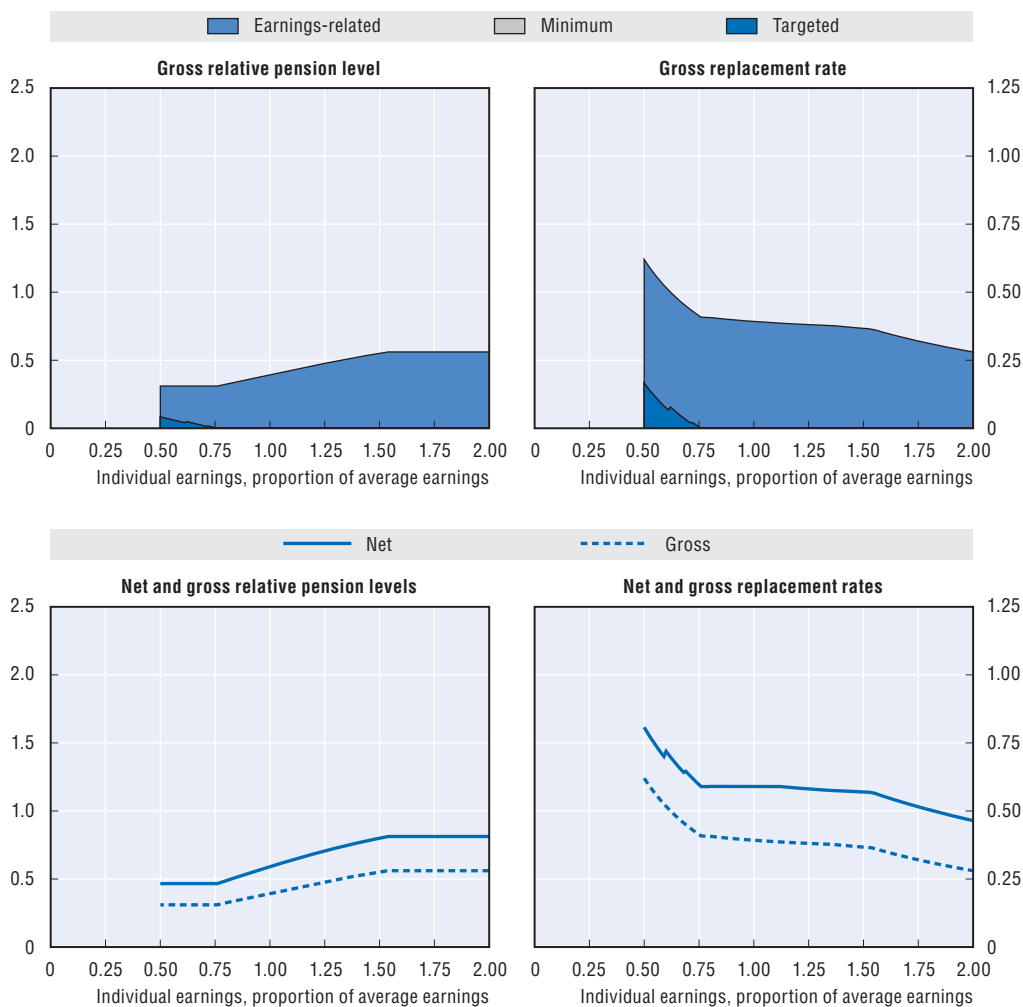
Minimum

The minimum pension is defined as 35% of the minimum pension rating base.


Targeted

There was (until 31 December 2011) a means-tested social-security allowance for low-income pensioners. From 1 January 2012 the means tested allowance was transferred into social protection legislation.

Pension modelling results: Slovenia



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)	32.9	31.0	31.0	39.2	55.1	56.1	
Net relative pension level (% net average earnings)	49.4	46.6	46.6	59.0	80.0	81.2	
Gross replacement rate (% individual gross earnings)	40.6	62.0	41.4	39.2	36.7	28.0	
Net replacement rate (% individual net earnings)	59.0	80.8	59.7	59.0	57.0	46.5	
Gross pension wealth (multiple of individual gross earnings)	8.8	13.5	9.0	8.5	8.0	6.1	
Net pension wealth (multiple of individual gross earnings)	8.8	13.5	9.0	8.5	7.7	5.9	
		11.3	17.3	11.5	10.9	10.2	7.8
		11.3	17.3	11.5	10.9	9.9	7.5

StatLink  <http://dx.doi.org/10.1787/888932909599>