


Turkey

Turkey: Pension system in 2012

An earnings-related public scheme with an income-tested safety net and a flat-rate supplementary pension.

Key indicators

		Turkey	OECD
Average worker earnings (AW)	TRY	27 500	76 200
	USD	15 400	42 700
Public pension spending	% of GDP	6.8	7.8
Life expectancy	At birth	75.1	79.9
	At age 65	16.7	19.1
Population over age 65	% of working-age population	12.5	25.5

StatLink  <http://dx.doi.org/10.1787/888932909770>

Qualifying conditions

Entrants into the system between September 1999-October 2008 can draw a pension from age 60 (men) or 58 (women) with 7 000 days of contributions. An alternative eligibility condition is 25 years of insurance coverage with 4 500 days of contributions. Entrants into the system after October 2008 can draw a pension from age 60-65 for men (retirement age will gradually increase) and 58-65 for women (retirement age will gradually increase) with 7 200 days of contributions. After October 2008 an alternative eligibility condition is 65 years of age with 5 400 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

Between September 1999-October 2008

The pension under the scheme is based on average lifetime earnings revalued in line with real GDP growth and the change of CPI $[(1 + \text{GDP}) \times (1 + \text{CPI})]$. 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.

After October 2008

The pension under the new scheme is based on average lifetime earnings revalued in line with real GDP growth and the change of CPI $[(1 + \text{CPI} + 30\% \text{ GDP})]$. The accrual rate is 2% for one year of coverage and it cannot exceed 90% of pension.

There is a floor above which contributions are required. This was TRY 886.5 for the first half of 2012 and TRY 940.5 for the second half of 2012.

There is a ceiling to pensionable earnings; its value was TRY 5 762.3 for the first half of 2012 and TRY 6 113.3 for the second half of 2012.

According to the law acted in 1999 pensions are indexed monthly and follow the 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. With the reform the pensions are indexed with CPI of the preceding six months and twice a year, in

January and July. For 2012 pensions are increased 6.79% in January. (This rule is not implemented for 2012.) For the second half of 2012, pensions are increased 1.95 for employed and self-employed and 4% for civil servants.

Minimum

The minimum pension for workers was TRY 835.5 for first half of 2012 and TRY 851.8 for second half of 2012.

Targeted

The means-tested pension is paid quarterly. For the first half of 2012 the pension was TRY 117.09 per month, for the second, pension is TRY 121.77 per month.

Variant careers**Early retirement**

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

Late retirement

It is possible to defer the pension beyond the normal pension age. For civil servants the statutory retirement age is 65 with some exceptions for specific groups.

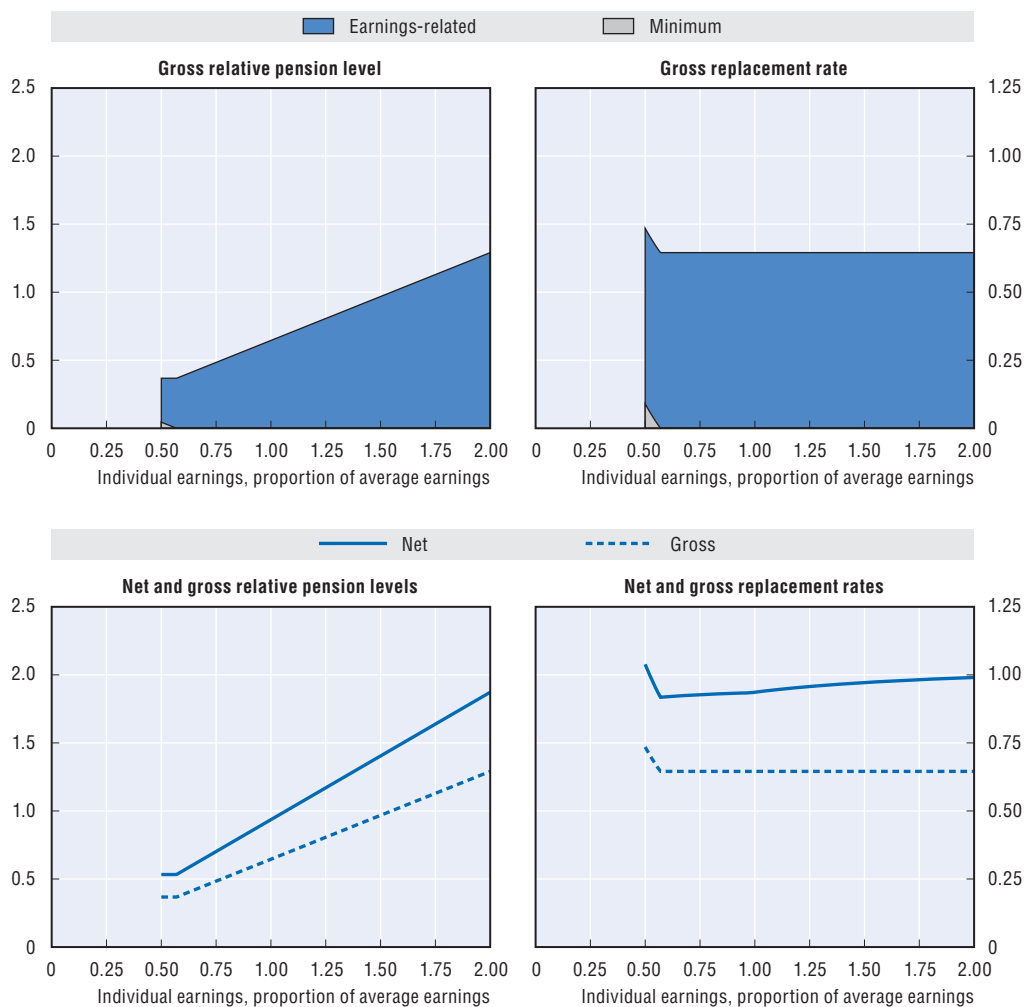
Childcare

Childcare periods up to two years per child and for a maximum of two children are taken into account provided that the insured pays the contributions.


Unemployment

There are no credits for periods of unemployment.

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)	36.8	36.8	48.4	64.5	96.8	129.1
Net relative pension level (% net average earnings)	53.3	53.3	70.2	93.6	140.4	187.2
Gross replacement rate (% individual gross earnings)	66.8	73.5	64.5	64.5	64.5	64.5
Net replacement rate (% individual net earnings)	94.9	103.9	92.7	93.6	97.2	99.0
Gross pension wealth (multiple of individual gross earnings)	10.5	11.6	10.2	10.2	10.2	10.2
Net pension wealth (multiple of individual gross earnings)	10.5	13.4	11.8	11.8	11.8	11.8
Net pension wealth (multiple of individual net earnings)	10.5	11.6	10.2	10.2	10.2	10.2
Net pension wealth (multiple of individual gross earnings)	12.2	13.4	11.8	11.8	11.8	11.8

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