

# Greece

## Greece: Pension system in 2016

Pensions are provided through a public scheme, where the pension is comprised of the national pension and a contributory pension.

## Key indicators: Greece

		Greece	OECD
Average worker earnings (AW)	EUR	20 074	34 803
	USD	21 123	36 622
Public pension spending	% of GDP	17.4	8.2
Life expectancy	at birth	81.5	80.9
	at age 65	19.8	19.7
Population over age 65	% of working- age population	33.0	27.9

StatLink  <http://dx.doi.org/10.1787/888933635370>

## Qualifying conditions

From 1 January 2013 the pension age is 67 for both men and women with less than 4 500 days of contributions (equivalent to 15 years). Workers with a contribution record of 12 000 working days (40 years) can retire with a full pension benefit at the age of 62. There are concessions for people who work in arduous or unhygienic occupations and for women with dependant or disabled children. The minimum old-age pension requires 15 years' contributions.

## Benefit calculation

The main pension is comprised of

- The national pension which is financed directly from the State budget. It is based on years of residency in Greece (EUR 384 if the pensioner has 40 years of residency from the age of 15 until the age limit required for receiving the pension and at least 20 years of insurance). The above amount is reduced by 2% for every year which falls short from 20 to 15 years of insurance. Thus the amount of national pension for 15 years is set to EUR 345.60.
- The contributory pension, which is calculated depending on the years of insurance. There is a varying accrual rate from 0.77% for each year up to 15 years and gradually increasing to 2% for 39 years or more of insurance. Past earnings are valorised with wages as determined by the Greek Statistical Authority.

The ceiling to pensionable earnings is EUR 5 860.80 per month.

There is no statutory minimum pension but de facto maximum resulting from the calculation method for pensions calculated under the provisions of law 4387/2016

Specifically, there is a maximum level of pensionable earnings on which contributions are paid which is ten times the basic wage of a single employee over 25 years of age (10\* EUR 586.08 = EUR 5 860.80). Since the amount of pension is calculated taking into account the pensionable earnings, thus, there is a de facto – maximum pension payable.

From 1 January 2016 the maximum monthly pension is EUR 2 000 and it is EUR 3 000 if receiving more than one pension, for pensions which are calculated under provisions applied before law 4387/2016.

## Variant careers

### *Early retirement*

Early retirement is possible from 62 years for men and women with a reduction of 1/200 for each missing month until the age of 67. For those who are entitled to the reduced amount of old age pension is established after 19 August 2015, there is an extra 10% reduction, until they reach the legal retirement age. After the pensioner reaches the new standard retirement age, the pension is subject only to the 1/200 reduction according to the law.

### *Late retirement*

It is not possible to defer the pension.

### *Childcare*

The non-contributory periods that can be regularised are periods for number of children (300 days which can be purchased for the first child, 600 days for every next child up to 1 500 days for maximum of 3 children). The above periods can be back purchased for the purposes of entitlement to a pension as well as for its calculation.

The conditions to be met in order to buy back the above periods are: eligibility for old age pension under conditions valid from 1 January 2011 onwards and completion of at least 3 600 working days or 12 years of insurance.

A minimum of 48 months and a maximum of 84 months of insurance can be bought. Any other period of time that has already been bought is taken into account.

### *Unemployment*

For insured persons entitled to an old-age pension based on the stricter requirements that came into force from 1 January 2011 and onwards and period of involuntary unemployment can be used as a fictitious insurance period, towards the fulfilment of the minimum prerequisites for retirement. The conditions to be met in order to buy back the above periods are: eligibility for old age pension under conditions valid from 1 January 2011 onwards and completion of at least 3 600 working days or 12 years of insurance. At least 125 days of work during the 14 months that preceded the job loss or, at least, 200 days of work during the 2 years preceding the job loss for first time claimants. From the reference periods the two last months are excluded.

For first time claimants, an additional requirement of at least 80 days of work per year during the 2 previous years applies.

Since 01/01/2014 there is a limit of 400 days in the previous 4 calendar years before the beginning of the unemployment benefit. Claimants are not entitled to unemployment benefit if they have already received 400 days of benefit in the past four years. If they have received less than 400 days they can claim for the remaining days of benefit.

All the fictitious periods taken into account in order to qualify for pension cannot exceed seven years, from 2014 onwards.

## Personal income tax and social security contributions

### *Taxation of pensioners*

There are no special tax allowances or credits for older people.

### *Taxation of pension income*

Pension benefits are taxable for annual pension income according to general taxation rules. Certain exemptions exist for persons crippled in war, war victims and their families, blind persons and persons suffering from paraplegia.

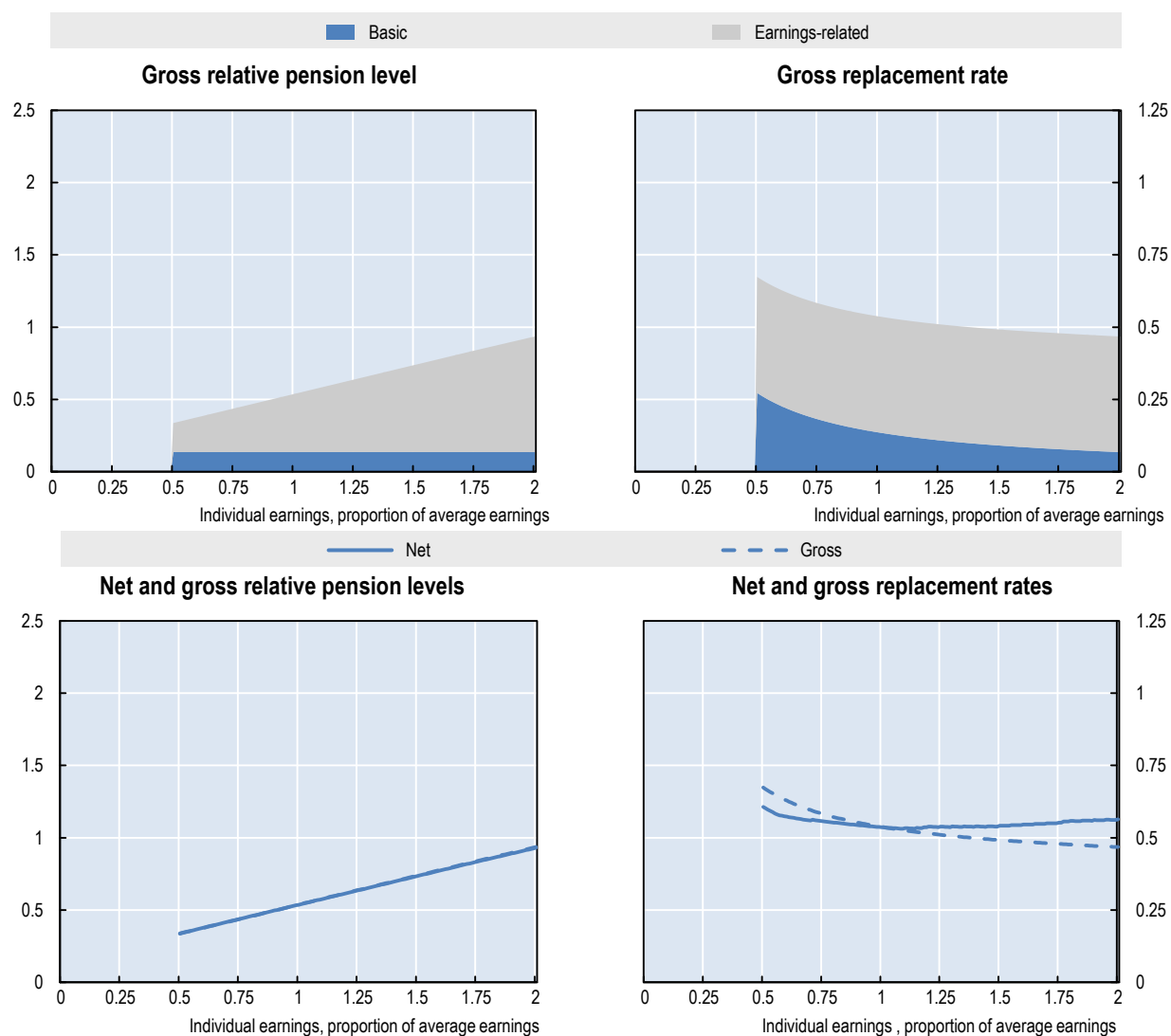
### *Social security contributions paid by pensioners*

From 1 August 2010 pensioners pay a Pensioner's Solidarity Contribution on a monthly basis. This is deducted from the pension benefit and depending on the size of the pension and range from 3% (for pension benefits from EUR 1 400.01 to EUR 1 700) to 14% for pension benefits above EUR 3 500.01).

Pensioners pay 7.10% contributions for health care on the earnings-related pension (in kind: 2.15% employee's contribution, 4.30% employer's contribution, in cash: 0.4 employee, 0.25 employer). Pensioners also pay old-age pension contributions, if they are working (independently of whether their extra employment counts towards a new pensions or a re-calculation of their pension).

Following the Memorandums of Understanding agreed between the Greek government and EC/IMF/ECB, certain fees and levies are imposed on (gross) old age pension amounts.

## Pension modelling results: Greece in 2058 retirement at age 62



Men Women (where different)	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	3
Gross relative pension level (% average gross earnings)	33.7	43.7	53.7	73.8	93.5	132.0
Net relative pension level (% net average earnings)	33.8	43.8	53.7	73.5	93.0	130.6
Gross replacement rate (% individual gross earnings)	67.4	58.3	53.7	49.2	46.8	44.0
Net replacement rate (% individual net earnings)	60.7	55.8	53.7	54.1	56.4	58.1
Gross pension wealth (multiple of individual gross earnings)	13.5	11.7	10.8	9.9	9.4	8.8
Net pension wealth (multiple of individual net earnings)	12.2	11.2	10.8	10.9	11.3	11.7

Assumptions: Real rate of return 3%, real earnings growth 1.25%, inflation 2%, and real discount rate 2%. All systems are modelled and indexed according to what is legislated. Transitional rules apply where relevant. DC conversion rate equal 90%. Labour market entry occurs at age 20 in 2016. Tax system latest available: 2015.

StatLink  <http://dx.doi.org/10.1787/888933635389>