

Pensions at a Glance 2023



Slovenia

Slovenia: Pension system in 2023

The system combines an earnings-related public pension with a minimum pension.

Key Indicators: Slovenia

		Slovenia	OECD
Average worker earnings (AW)	EUR	23 332	39 182
	USD	24 569	41 261
Public pension spending	% of GDP	10.0	7.7
Life expectancy	at birth	82.1	80.7
	at age 65	84.8	84.6
Population over age 65	% of working-age population	35.3	31.3

Qualifying conditions

Individuals need 15 years of contributions for receiving a pension benefit from age 65. With 40 years of contributions (without buying-up the pension period), the qualifying age for an unreduced pension is 60 years.

Benefit calculation

Earnings-related

The old-age pension benefits are calculated net of taxes. The earnings-related scheme gives 29.5% of the pension rating base for men (from 1 January 2023 onwards) and women once the minimum qualifying condition (15 years' contributions) has been met. Thereafter, the accrual rate is 1.36% per year for men and women. The total accrual rate after 40 years of contributions equals 63.5%. The pension rating base is calculated using the best 24 consecutive years of net wages (after 1970). Past net earnings are uprated with the growth of nominal net wages and the period of assessment has been extended since 2013 reaching 24 years in 2018.

There is a minimum pension rating base that applies to all pensionable earnings. The Minimum Pension Rating Base is established every calendar year with effect from 1 January and is equal to 76.5% of the average monthly salary from the previous calendar year, increased by the percentage of pension adjustment from 1 January of the current year. In 2022 the Minimum Pension Rating Base equalled EUR 1 024.75 net. There is also a Maximum Pension Rating Base set at four times the minimum pension rating base equal to EUR 4 099.00 per month in 2022. Pension benefits in payment are indexed with 60% of gross average wage growth and 40% of consumer prices growth. Pensions were indexed in January 2022 by 1% (additional indexation) and 4.4% (regular indexation).

Supplement

The annual supplement for 2022 will be paid to all pensioners in accordance with the Act on the Implementation of the Budgets of the Republic of Slovenia for 2022 and 2023. Pensioners with a pension of up to EUR 570.00 will be paid an annual allowance of EUR 450.00; For a pension amount of EUR 570.01 to EUR 680.00 the annual supplement is EUR 310.00; Between EUR 680.01 and EUR 805.00 it is EUR 250.00; From EUR 805.01 to EUR 970.00 gives EUR 200.00; Pensions above EUR 970.01 gives an annual supplement EUR 140.00.

Minimum

The minimum pension was defined (in 2021, May 1) as 29.5% of the minimum pension rating base. From then on, the minimum pension is only adjusted in the same way as pensions (and is the same for all beneficiaries regardless of the year in which the right to a pension becomes effective).

As of 2017 a guaranteed pension has been introduced in the amount of EUR 500 (EUR 653.75 in 2022) in case the old-age or disability pension for legally prescribed full pensionable service fails to reach the relevant amount.

Variant careers

Early retirement

An insured person may acquire the right to early pension at the age of 60 if they attain at least 40 years of the pension qualifying period. Due to the renewed system of permanent deductions, early retirement will affect the amount of pension received. The pension is lowered by 0.3% for each month of the difference to the age of 65 (max 18% which equals five years of missing age).

Late retirement

When working full time after having met the eligibility conditions to pensions, 40% of pension can be claimed for the first 3 years and 20% thereafter.

After late retirement pension benefits are adjusted for pension deferral.

Since 2020 the pension benefit bonus to postpone retirement has been changed. For each six months of work after an individual met the age and pension qualifying period conditions for pension benefit withdrawal accrual rate amounts 1.5%. Currently that includes the insured with 60 years of age and 40 years of pension qualifying period (without any purchased periods). The maximum bonus for pension benefit deferral is 9% (three years), after that period regular accrual rates apply.

Childcare

Maternity periods of up to a year are covered by the pension system. The benefits for this period are calculated based on the earnings when the mother was working. From 2020 there is a possibility of an additional accrual rate due to childcare (1.36% for one child, max up to 4.08% for three children). It is possible to choose lowering the retirement age or an additional accrual rate.

In addition, one of the parents who switch to part-time work when the child is three or under is treated as if he or she worked full time. The base for the payment of the contributions is the amount of the compensation or benefit to which they are entitled pursuant to. There is also the possibility of paying voluntary contributions for periods out of the labour market (also for periods of caring for children).

Unemployment

Recipients of unemployment insurance benefits are covered by the pension system, with the Employment Agency paying the contributions. Persons over age 53 with 25 years' insurance can receive unemployment benefits for 19 months, workers over age 58 with 28 years' insurance can receive unemployment benefits for 25 months.

For persons who have exhausted their entitlement to unemployment insurance, the state pays the contribution (Unemployment Extension Contribution) and credits up to one year required until the fulfilment of the conditions for retirement. The value of unemployment benefits (the insurance period for the time of receiving the compensation and the amount of compensation) is taken into account when calculating pension benefits.

Self-employed

Mandatory contribution rates are aligned between dependent workers and the self-employed: the self-employed pay a contribution rate that corresponds to the total contribution rate of employees, i.e. the sum of employee and employer contributions, which is equal to 24.35%. Benefits are calculated in the same way. The contribution base (and thereby the reference wage) is equal to previous year's profit before taxes increased with social security contributions and multiplied by 75%.

Personal income tax and social security contributions

Taxation of pensioners

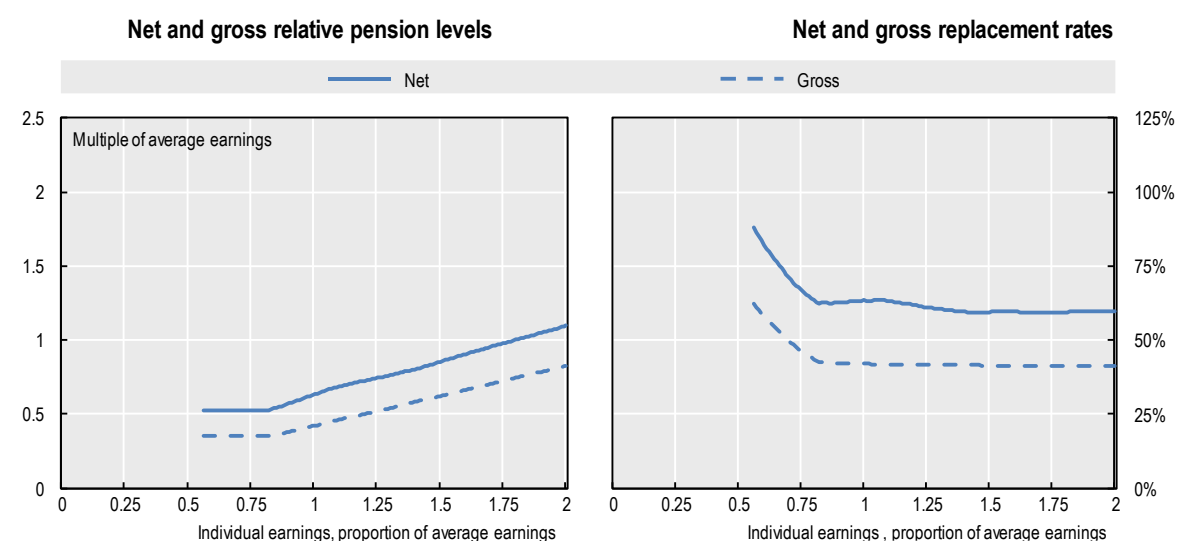
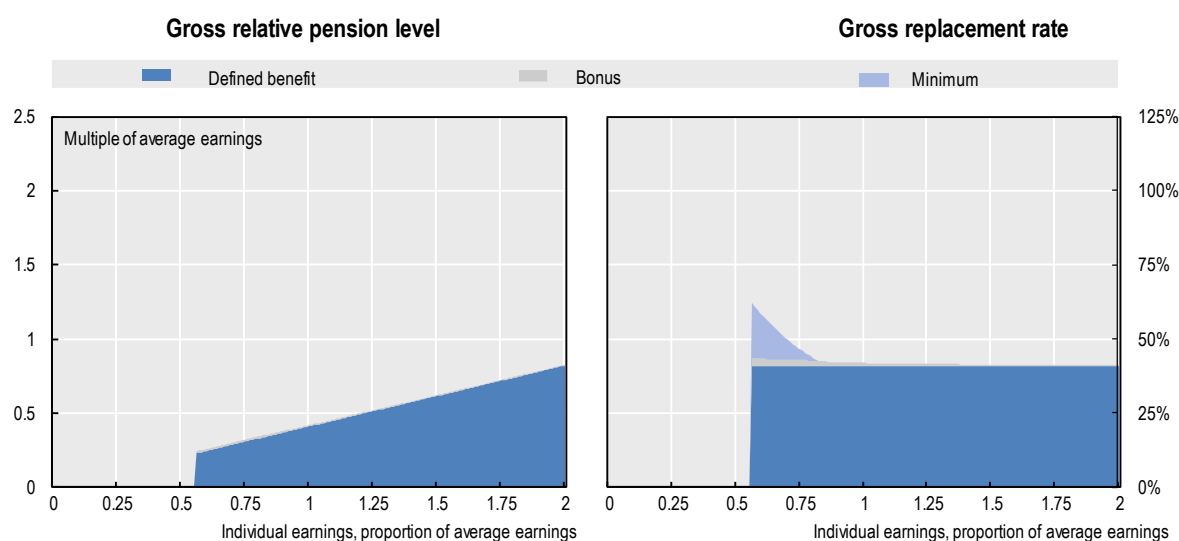
Individual residents are taxed on their world-wide income. The taxable income includes all income in the form of the pension received (from the compulsory social insurance, pensions from the supplementary voluntary insurance for age, pensions from abroad). Residents are granted a general tax relief - as a deduction from the tax base - which is in 2023 equal to EUR 5 000.00. For lower income groups general allowance of EUR 6 519.82 was granted when taxable income was lower than EUR 11 166.37 and of EUR 3 302.70 when taxable income was between EUR 11 166.37 and EUR 13 316.83. Residents are entitled to the family allowances as well.

Resident pensioners are additionally granted a credit equal to 13.5% of the pension received out of the compulsory pension and disability insurance; the same credit is granted to residents who receive compensation for occupational disability from the same insurance and to residents who receive occupational pension from compulsory supplemental retirement insurance.

Social security contributions paid by pensioners

Pensioners are covered by the compulsory health insurance. The pensioners of the compulsory pension and disability insurance scheme do not pay the contributions to social insurance schemes. The Pension and Disability Insurance Institute of Slovenia pays contribution to the Health Insurance Institute of Slovenia (5.96% of gross pensions).

Pension modelling results: Slovenia in 2062 retirement at age 62 (men)



Men Women (where different)	Individual earnings, multiple of average					
	0.56	0.75	1	1.5	2	3
Gross relative pension level	34.8	34.8	42.1	62.2	82.7	123.7
(% average gross earnings)						
Net relative pension level	52.4	52.4	63.4	85.3	109.7	157.6
(% net average earnings)						
Gross replacement rate	62.1	46.4	42.1	41.4	41.3	41.2
(% individual gross earnings)						
Net replacement rate	87.8	66.9	63.4	59.5	59.6	60.0
(% individual net earnings)						
Gross pension wealth	15.5	11.6	10.5	10.4	10.3	10.3
(multiple of individual gross earnings)	17.5	13.1	11.9	11.7	11.7	11.6
Net pension wealth	22.0	16.7	15.8	14.9	14.9	15.0
(multiple of individual net earnings)	24.8	18.9	17.9	16.8	16.8	16.9

Assumptions: Real rate of return 2.5%, real earnings growth 1.25%, inflation 2%, and real discount rate 1.5%. All systems are modelled and indexed according to what is legislated. Transitional rules apply where relevant. DC conversion rate equals 90%. Labour market entry occurs at age 22 in 2022. Tax system latest available: 2022.