

# Pensions at a Glance 2023



# Türkiye

## Türkiye: Pension system in 2022

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

### Key Indicators: Türkiye

		Türkiye	OECD
Average worker earnings (AW)	TRY	137 340	682 822
	USD	8 299	41 261
Public pension spending	% of GDP	7.5	7.7
Life expectancy	at birth	78.4	80.7
	at age 65	82.6	84.6
Population over age 65	% of working-age population	14.2	31.3

## Qualifying conditions

The retirement age depends on date of birth, date of labour market entry and contribution period. For a person who had a full career from age 22, it currently equals 48 years for women and 51 for men with at least 5 500 days of contributions. New entrants to the pension system between September 1999 and October 2008 can retire at age 60 for men and 58 for women with a minimum of 7 000 days of contributions or 25 years of coverage with 4 500 days of contributions. For new entrants after October 2008 old-age pension shall be granted provided that the entrant is over 58 if the entrant is female or over 60 if the entrant is male and that a minimum of 9 000 days of invalidity, old-age and survivors insurance premiums are notified. However, the number of premium days condition shall be applied as 7 200 premium days for the insurance holders under item workers (4/a). According to the Law, there is no change in the retirement age until the year 2036. After 2036, there will be a gradual increase in the retirement age, and it will be 65 for men in 2046 and for women in 2048. The means-tested pension benefit is payable only to those with no other social security rights, the disabled or those aged 65 years or over. For workers starting at age 22 in 2022 the retirement age is 63 for women and 65 for men.

## Benefit calculation

### *Earnings-related*

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

There is a floor to contributions of TRY 2 943 in 2020, TRY 3 577.50 in 2021, TRY 6 471.00 in 2022 and TRY 10 008 in 2023 with a ceiling to pensionable earnings of TRY 22 072.50 in 2020 and TRY 26 831.40 in 2021, TRY 48 532.50 in 2022, TRY 75 060 in 2023.

Pensions are indexed with CPI of the preceding six months and twice a year, in January and July. For the first half of 2020, pensions were increased by 6.50% for workers and the self-employed and by 5.49% for

civil servants and for the second half by 5.75% for everyone. For the first half of 2021, pensions were increased by 8.37% for workers and self-employed and by 7.33% for civil servants. For the second half pensions were increased by 8.45% for everyone. For the first half of 2022, pensions were increased by 25.47% for workers and self-employed and by 30.95% for civil servants. For the second half pensions were increased by 42.35% for workers and self-employed and by 41.69% for civil servants.

### ***Minimum***

The minimum pension for private-sector workers was TRY 2 326.7 for the first half of 2021, TRY 2 523.4 from July 2021, TRY 3 166.1 for the first half of 2022 and TRY 4 506.9 from July 2022. Self-employed workers have lower rates of TRY 2 083.5 and 2 259.5 for 2021; 2 835 and 4 035.6 for 2022. The minimum pension for civil servants was TRY 2 904.2 for the first half of 2021 and TRY 3 149.6 from July 2021; TRY 4 124.40 for the first half of 2022 and TRY 5 843.9 from July 2022.

### ***Targeted***

The means-tested pension is paid quarterly and was TRY 672.8 per month for the first half of 2020 and TRY 711.5 from July. 2021 and onwards' amounts listed in the table below.

<b>Year</b>	<b>Period</b>	<b>Amount (TL)</b>
2021	January	763.67
2021	July	828.21
2022	January	1 084.55
2022	July	1 536.70

### ***Early retirement***

Workers in specific industries (e.g. mining) or people with disabilities 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 but the pension just accrues at the normal rate.

### ***Childcare***

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

### ***Unemployment***

According to the number of insurance premium days in the last three years prior to the termination of the service contract, minimum 180 days maximum 300 days unemployment benefit is paid. Unemployment benefits are calculated based on the last gross salary received and the premium days in the last 3 years: the more salary and the premium days, the higher the unemployment benefit. Daily unemployment benefit is 40% of the insured's average daily gross earnings calculated by prior earnings for the last 4 months. The unemployment benefit has an upper limit of 80% of the minimum wage of the current year.

### ***Self-employed***

The self-employed are mandated to contribute (at least) minimum contribution base set at the monthly minimum wage. Lower limit of the daily earning subject to premium in calculation of premiums to be

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collected and benefits to be granted by is one thirtieth of the minimum wage and the upper limit is 7.5 times the lower limit of daily earning. (for 2020: lower limit: TRL 2 943, upper limit: TRL 22 072.50, for 2021: lower limit: TRY 3 577.50 upper limit: TRL 26 831.40; for 2022 lower limit TRY 6 471.00 upper limit: TRY 48 532.50, for 2023 lower limit: 10 008 upper limit: TRY 75 060) The contribution rate is the same as for employees, but they pay short-term insurance contribution by themselves.

### Personal income tax and social security contributions

#### ***Taxation of pensioners***

There are no special rules for the taxation of pensioners.

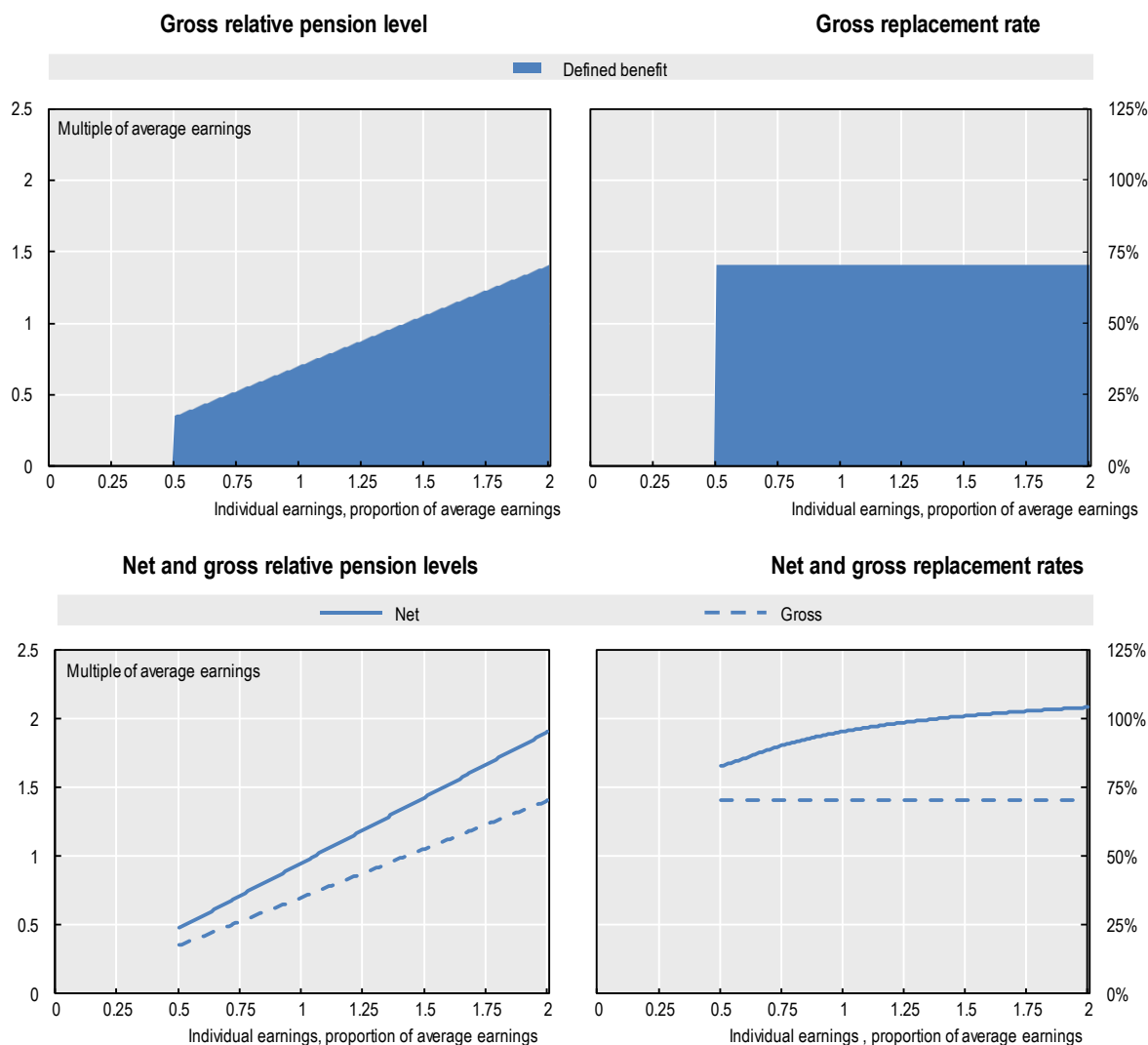
#### ***Taxation of pension income***

Pension income is not taxed.

#### ***Social security contributions paid by pensioners***

Pension income is not subject to social security contributions.

## Pension modelling results: Türkiye in 2065 retirement at age 65 (men)



Men Women (where different)	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	3
Gross relative pension level	35.2	52.8	70.3	105.5	140.7	211.0
(% average gross earnings)	33.8	50.7	67.6	101.4	135.2	202.8
Net relative pension level	47.7	71.5	95.4	143.0	190.7	286.1
(% net average earnings)	45.8	68.7	91.6	137.5	183.3	274.9
Gross replacement rate	70.3	70.3	70.3	70.3	70.3	70.3
(% individual gross earnings)	67.6	67.6	67.6	67.6	67.6	67.6
Net replacement rate	82.8	90.3	95.4	101.1	104.2	110.8
(% individual net earnings)	79.5	86.8	91.6	97.1	100.1	106.4
Gross pension wealth	13.2	13.2	13.2	13.2	13.2	13.2
(multiple of individual gross earnings)	15.0	15.0	15.0	15.0	15.0	15.0
Net pension wealth	15.5	16.9	17.9	18.9	19.5	20.7
(multiple of individual net earnings)	17.7	19.3	20.4	21.6	22.3	23.7

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.