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Austrian Statutory Pension System Facts and Figures

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Key facts – Austrian Pension System (1)

- Dominant 1st pillar, Pay-as-you-go (PAYG)
 - 22,8% of gross wage for pensions
 - Defined Benefit System: Formula 65/45/80
 - 1,78% for the Pension Account System
 - revaluation with wages growth, Pension indexation with CPI
- Benefits: **old-age** pension, **survivors** pension, as well as **invalidity** pension
- No minimum pension but an **income tested top-up and bonus**

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Key facts – Austrian Pension System (2)

- compulsory pension insurance - all gainful work is insured (thresholds!)
- benefits granted on fulfilment of the conditions for entitlement
- mainly financed by contributions; Co-payment from the federal budget

- Old age pension
 - 65 years for men
 - 60 years for women – between 2024 – 2033 the retirement age will be raised stepwise to 65 years
 - Minimum: 15 years of insurance with at least 7 years of gainful employment

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Pension policy - last decade

- Harmonisation – Introduction of a pension account system
- Ensuring sustainability of the pension system
 - Increase of the effective retirement age
 - Tightening early retirement schemes
 - Incentives to prolonging working life
 - Reform of the Invalidity pension scheme
- Safeguarding adequate pension income

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Since 2005: Account credit model

- **Formula 45/65/80:**
After 45 years of insurance and at age 65 years, the pension will amount 80% of the average revalued life-time earnings.
- Deduction for early retirement/ Bonification for deferring the pension
- **2014: „New Pension Account“**
 - A „starting-entry“ was calculated for those who are affected for the old and the new pension calculation system
 - It is easy to understand and therefore offers a transparent and clear overview of the future pension
 - It shows the impact of working career-interruptions (maternity leaves, unemployment periods,...) as well as the financial benefit of a prolonged career.

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Means-tested top up (equalisation-supplement)

- Means-tested top-up for small pensions in Austria
- Open for everyone with a pension-benefit
- The pension will be raised to a defined level
- Singles: EUR 933,06 (x 14)
- Couples: EUR 1.398,97 (x 14)

<i>means-tested top-up</i>	2017		
	men	women	m+w
Receptient of benefit	68.467	143.910	212.377
Share of all pensioners	8,7%	11,3%	10,3%

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2017/2020: Means-tested top-up „Bonus“

- Tax financed „pension top-up for life time performance“ - for long-time insured pensioners
- „Real“ years of contribution are required – i.e. exclusively gainful employment qualifies
2020: 5 years of child caring periods or max. 1 year of military service/ civilian service are also counted for the entitlement
- 2017: With **30 years of contribution** a single pensioner receives a minimum of € 1.000, €1.022 (2018). € 1.048,57 (2019) – 14 payments/year, about 25.000 recipients.
- 2020: With **40 years of contribution** a single pensioner will receive - before tax - € 1.315 and a married couple will receive € 1.782,-.
- About 8.000 single recipients and 7.500 couples estimated.

Pension Insurance: Child caring Periods

- The parent who is mainly responsible receives credit on the pension account
- 4 years (48 months), 5 years (60 months) when a multiple birth occurs
- Siblings: The first period ends with the birth of another child
- Contribution base of monthly EUR 1.864,78 in 2019, yearly elevated,
- Additive to employment (compulsory insurance)
- One year is equivalent to approx. 28 Euro pension ($4 * 28 = 112$ /child)

Voluntary splitting of pension credits due to child caring periods

- Transfer of pension credits between two pension accounts
- Aim: Balancing for parents (no wedlock necessary) on a voluntary basis
- Possible since 2005 (pension account) for periods since 2005
- Only credits due to gainful work (not due to e.g. unemployment-(insurance))
- Up to 50% per year for 7 years/child, max. per person 14 years (=7 complete pension credit years)
- Since 2015: Application possible up to the 10. birthday of the youngest child

Insurance within the public pension system (Höherversicherung §248 ASVG)

- Voluntary contribution lead to higher pension from the 1. pillar (no fees, high security, high contribution-flexibility)
- The yearly contribution is fixed with 2 times the maximum contribution treshold (2019: EUR 10.440,00)
- The benefit is set by gender neutral factors and the age when contributing and the start of the benefit
- Additionally the contribution is yearly raised with the evaluation of overall contribution to the system (=Aufwertungszahl)
- The benefit is considered an income. Therefore it is used to determine if a **means-tested top-up** or a **bonus** due to long insurance periods is granted.

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Statistics

Effective Retirement age (old age+invalidity pension)

- Official retirement age is 65 for men and 60 years for women (until 2023)

	2012	2013	2014	2015	2016	2017	2018
Men	59,4	59,6	60,8	61,3	60,9	61,1	61,5
Women	57,4	57,5	58,6	59,2	59,1	59,2	59,4
M+W	58,4	58,5	59,6	60,2	59,9	60,1	60,4

- Positive trend towards a higher retirement age (+ 2 years since 2012)
- Driven mostly by legal changes of early retirement and invalidity pension laws

Duration of working life and duration of Pension

- Duration of working life 2018 (Eurostat - lfsi_dwl_a)

- Difference of more than 4 years

GEO/SEX	Total	Males	Females
EU 28	36,2	38,6	33,7
Germany	38,7	40,7	36,5
Italy	31,8	36,4	27,0
Austria	37,5	39,7	35,2
Sweden	41,9	42,9	41,0

- Years in Pension Austria 2017 (BMASGK)

- Difference of more than 5 years

	Invalidity	Old age	IP+OAP
Men	19,2	19,8	19,6
Women	25,2	24,9	25,0
M + F	21,3	22,3	22,0

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Pension Insurance: Gender calculation aspects

- Since 2006 the statement of operations (Erfolgsrechnung) is additionally expressed in terms of gender
- In 2018 contributions by men outweigh c. of women
- Expenditure is almost equal

Contributions	Men	Women
compulsory contribution (Pflichtbeiträge)	62,30%	37,70%
substitute contribution (Teilversicherungszeiten)	36,60%	63,40%
federal contribution (Bundesbeitrag)	13,80%	86,20%
Expenditure		
pensions expenditure (Pensionsaufwand)	50,80%	49,20%
Survivors expenditure (Hinterbliebenenleistungen)	7,00%	93,00%
Means-tested top-up (Ausgleichszulagen+Bonus)	36,10%	63,20%

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Average Pension 2018

- gross values; 14 payments/year

	Average Pension (in Euro)			Women in Percent of Men
	December 2018			
	Men	Women	Men + Women	
All pensions	1.506	918	1.146	60,9%
Directpension (IP+OAP)	1.602	1.000	1.274	62,4%
Old Age Pension (OAP)	1.657	1.008	1.289	60,8%
Old Age Pension (60/65)	1.620	997	1.258	61,5%
Long Insurance Periods	2.386	1.703	2.223	71,4%
Invalidity Pension (IP)	1.217	835	1.101	68,6%
Widow/Widower	347	747	707	215,4%
Orphans	284	284	284	100,0%

Pensionstatement/Pensionforecast

- Since 2015 for those who have the possibility to claim an early pension at 62 (men) or even 58 (women), ~120.000 forecasts.
- **Aim: Information and incentive to remain in the labour market**
- **Problem:** With the aligning of the statutory retirement for women to men (62 years) for an early pension, 65 years for old age pension, women get lost.
- **Solution:** In 2018 expansion for all pensioners who fulfill the criteria even if there is no early pension possibility (~300.000 forecasts).

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Pensionforecast

- Received once a year by cohorts near the statutory retirement age (2018: 1955 - 1963)
- Display of different pension options with different dates and the projected pension amount
- 2019: Evaluation of the Forecast-Statement 2018

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TRAPEZ. VORSCHAU

Evaluierung Wellen 1-4 Aussendung Welle 5

Adaptierung Erweiterung

Versicherungsnummer
November 2015

Ihre voraussichtliche Pensionshöhe

Sehr geehrter

Sie haben vor einiger Zeit eine Mitteilung über Ihre Kontoerstgutschrift erhalten.

Wir informieren Sie nun über Ihre möglichen Zeitpunkte des Pensionsantritts. Sie ersehen daraus, wie viel es Ihnen bringt, wenn Sie die Alterspension anstelle einer vorzeitigen Pension in Anspruch nehmen. Dafür haben wir angenommen, dass Sie bis zur Pension weiterarbeiten.*

Die angegebenen Werte sind monatliche Bruttowerte. Krankenversicherungsbeitrag sowie Lohn- und Einkommensteuer sind davon noch nicht abgezogen.

Vor dem Regelpensionsalter (65 Jahre für Männer, 60 Jahre für Frauen) bestehen folgende Möglichkeiten eines Pensionsantritts. Vorzeitige Pensionen erfordern besondere Voraussetzungen. Bei diesen kommt es zu einer dauerhaften Verminderung der Pension durch Abschläge:

Pensionstyp	Alter	Monatliche Bruttopension (€)
Early pensions 1	62 years	€ 1.550,75
Early pensions 2		€ 1.648,41
Old age pension	65 years	€ 1.961,62

gross pension

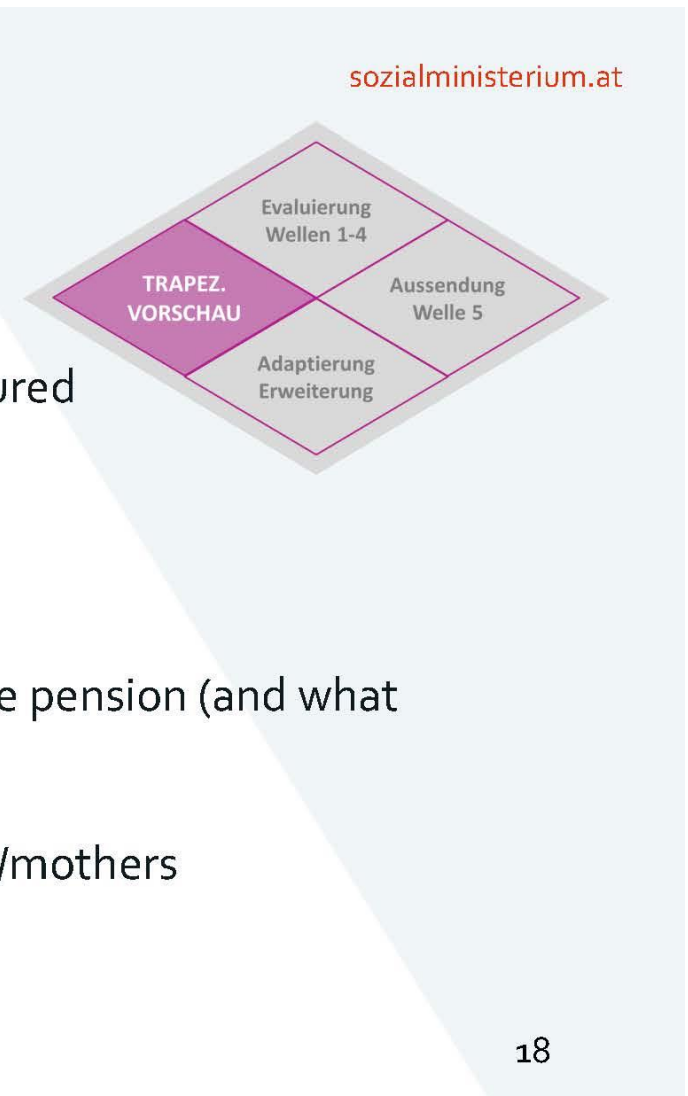
Bei einer krankheitsbedingten Pension gelten andere Bestimmungen.

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TRAPEZ-Vorschau - Evaluation

- Finding the right information for the right group of insured
- Pension literacy
- Finding the best point in time
 - When decide people about their ideal start of old age pension (and what incentives are able to prolong the working career)
 - Reaching out for younger cohorts especially women/mothers
 - Reaching out for those who work part time



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Thank you!

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