


## Greece

### Greece: Pension system in 2014

Pensions are provided through an earnings-related public scheme and a basic pension.

### Key indicators: Greece

		Greece	OECD
Average worker earnings (AW)	EUR	20 168	33 036
	USD	24 424	40 007
Public pension spending	% of GDP	14.5	7.9
Life expectancy	At birth	80.7	80.0
	At age 65	19.3	19.3
Population over age 65	% of population	20.2	16.2

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### 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

#### Earnings-related scheme: Main component

The earnings-related pension accrual rate (from 1 January 2015) increases from 0.80% per year (for 300 days of insurance to 4 500 days of insurance) up to 1.5% per year (for wages from 11 701 days of insurance to 15 000 days of insurance).

There is a maximum old-age pension for all insured persons from 1 January 1993 and onwards. The maximum gross pension was equal to EUR 2 773.40 in 2011.

From 1 January 2014, pensions are indexed by half the annual change of GDP growth and half the changes in Consumer's Price Index (CPI), with the annual change of CPI being the ceiling for adjustment.

#### Basic pension

From 1 January 2015 the basic pension will be granted by all Social Security Organisations provided that the beneficiaries are at least 67 years old and have had a permanent residency in Greece for at least 15 years and can fulfil some previous income criteria.

The basic pension is equal to EUR 486.84 per month for an unmarried person and a married person whose spouse is working or EUR 523.37 per month for a person with a non-working spouse is equal to EUR 486.84 per month or EUR 523.37 for a married person. For married individuals with non-working spouses and with one to three children the benefit is higher (EUR 547.76, EUR 571.99, or EUR 596.31). For unmarried individuals the benefit equals to EUR 511.23, EUR 535.46, or EUR 559.78 with one to three children, respectively.

There are 12 payments a year and all benefits are indexed with consumer prices.

## Variant careers

### Early retirement

Early retirement is possible. This usually entails a penalty (1/200 per month) with the exemption of certain cases including, long careers (40 years – age 62) and employment at arduous and unhealthy occupations, where a full old-age pension is paid under favourable prerequisites.

Number of years	Eligibility age	Conditions
15	67	No reduction
15	62	With reduction (1/200)
40	62	No reduction

### Late retirement

Late retirement is possible and no compulsory retirement exists with the exception of employees in public sector.

### Childcare

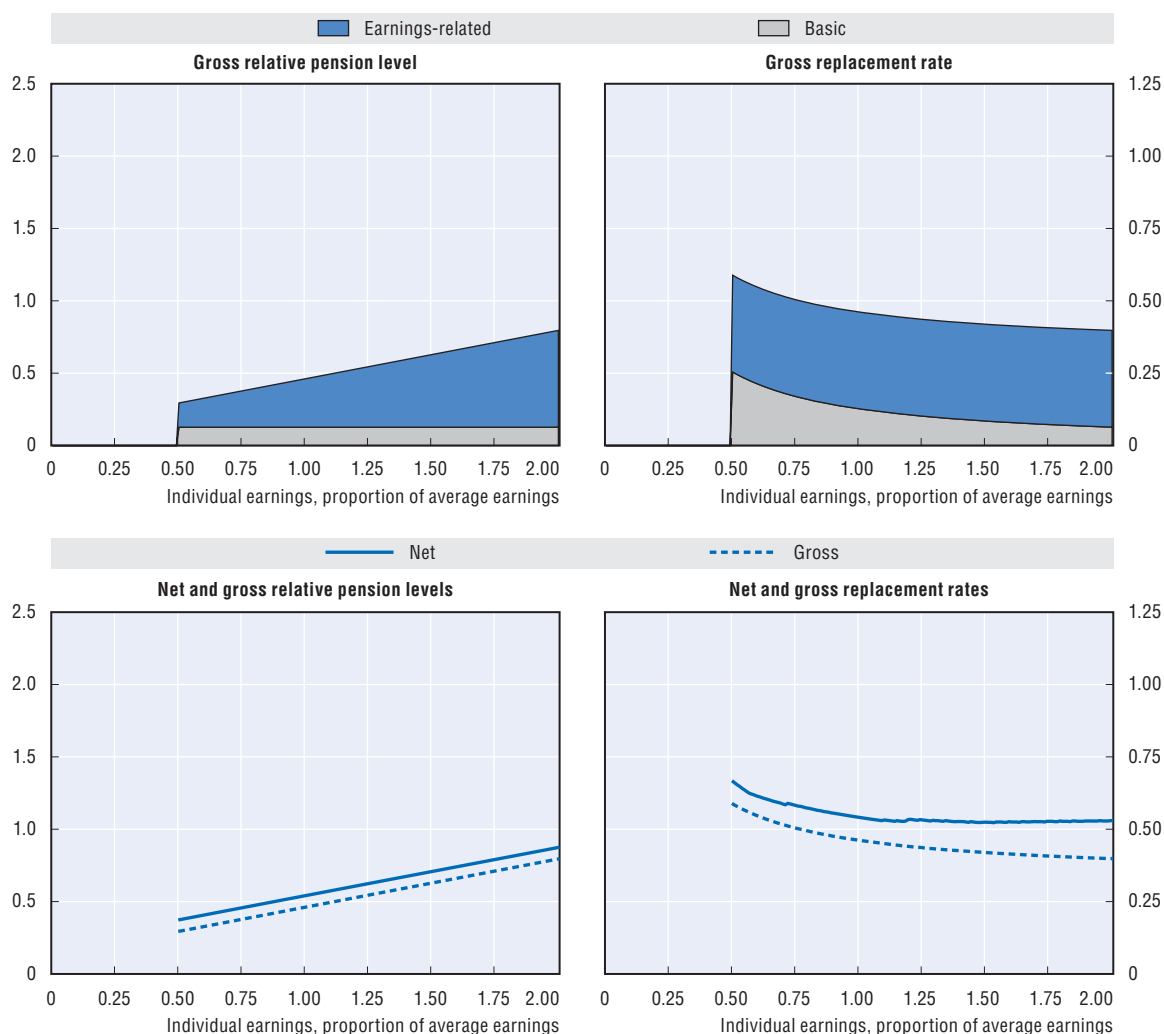
For mothers entitled to an old-age pension with the retirement conditions that applied until 31 December 2010, there is a credit towards the pension qualifying conditions of one year for the first child (300 days of insurance) and two years (600 days of insurance) for each subsequent child up to a maximum of three children, for children born after 1 January 2000.

For insured persons entitled to an old-age pension with the new retirement conditions that apply from 1 January 2011 and onwards, either parent may use credited insurance period due to the fact that they raised children (one year or 300 days for the first child, two years for the second and each subsequent child with a maximum of five years all together) in order to fulfil the required conditions for entitlement to a pension. From 2014, the maximum on any credited insurance period is seven years. All the credited periods taken into account in order to qualify for pension cannot exceed seven years, from 2014 onwards.

### 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 any period of (voluntary or involuntary) unemployment can be used as credited insurance period, towards the fulfilment of the minimum prerequisites for retirement. Note that subsidised unemployment cannot exceed one year or 300 days during the lifetime and that the maximum credited period of six years applies in 2013. All the credited periods taken into account in order to qualify for pension cannot exceed seven years, from 2014 onwards.

### Pension modelling results: Greece in 2056, retirement at age 62



#### Baseline scenario: Legislation scenario (price indexation of safety-nets schemes)


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)	29.4	37.8	46.2	62.9	79.6	112.1
Net relative pension level (% net average earnings)	37.3	45.7	54.1	70.9	87.6	120.1
Gross replacement rate (% individual gross earnings)	58.9	50.4	46.2	41.9	39.8	37.4
Net replacement rate (% individual net earnings)	66.8	58.3	54.1	52.4	53.0	52.5
Gross pension wealth (multiple of individual gross earnings)	11.2	9.6	8.8	8.0	7.6	7.1
Net pension wealth (multiple of individual gross earnings)	12.5	10.7	9.8	8.9	8.4	7.9
Net pension wealth (multiple of individual net earnings)	10.6	8.7	7.7	6.7	6.2	5.7
Net pension wealth (multiple of individual gross earnings)	11.8	9.6	8.6	7.5	6.9	6.3

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 85%. Labour market entry occurs at age 20 in 2014. Tax system latest available: 2013.

**Pension modelling results: Greece in 2056, retirement at age 62 (cont.)**

Alternative scenario: Full-wage indexation of targeted schemes						
Men	Individual earnings, multiple of average					
Women (where different)	0.5	0.75	1	1.5	2	3
Gross relative pension level (% average gross earnings)	38.1	46.5	54.9	71.6	88.2	120.4
Net relative pension level (% net average earnings)	46.4	54.8	63.2	80.0	96.6	128.8
Gross replacement rate (% individual gross earnings)	76.3	62.0	54.9	47.7	44.1	40.1
Net replacement rate (% individual net earnings)	83.1	69.8	63.2	59.1	58.4	56.3
Gross pension wealth (multiple of individual gross earnings)	14.5	11.8	10.5	9.1	8.4	7.6
Net pension wealth (multiple of individual gross earnings)	16.2	13.1	11.6	10.1	9.3	8.5
Net pension wealth (multiple of individual gross earnings)	13.2	10.4	9.0	7.6	6.9	6.1
	14.7	11.6	10.0	8.4	7.6	6.8

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 except for the safety-nets which follow real-wages. Transitional rules apply where relevant. DC conversion rate equal 85%. Labour market entry occurs at age 20 in 2014. Tax system latest available: 2013.

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