

Greece

An earnings-related public scheme with two components plus a series of minimum pensions/social safety nets. The system described applies to labour-market entrants from 1993.

Qualifying conditions

The normal pensionable age is 65 for men and women entering the labour force from 1993. A pension from this age requires a minimum of 4 500 days of contributions (equivalent to 15 years). Workers with a contribution record of 11 100 working days (37 years) can retire on a full benefit regardless of age. There are concessions for people who work in arduous or hazardous occupations and for women with dependant or disabled children.

The minimum pension requires 15 years' contributions.

Benefit formula

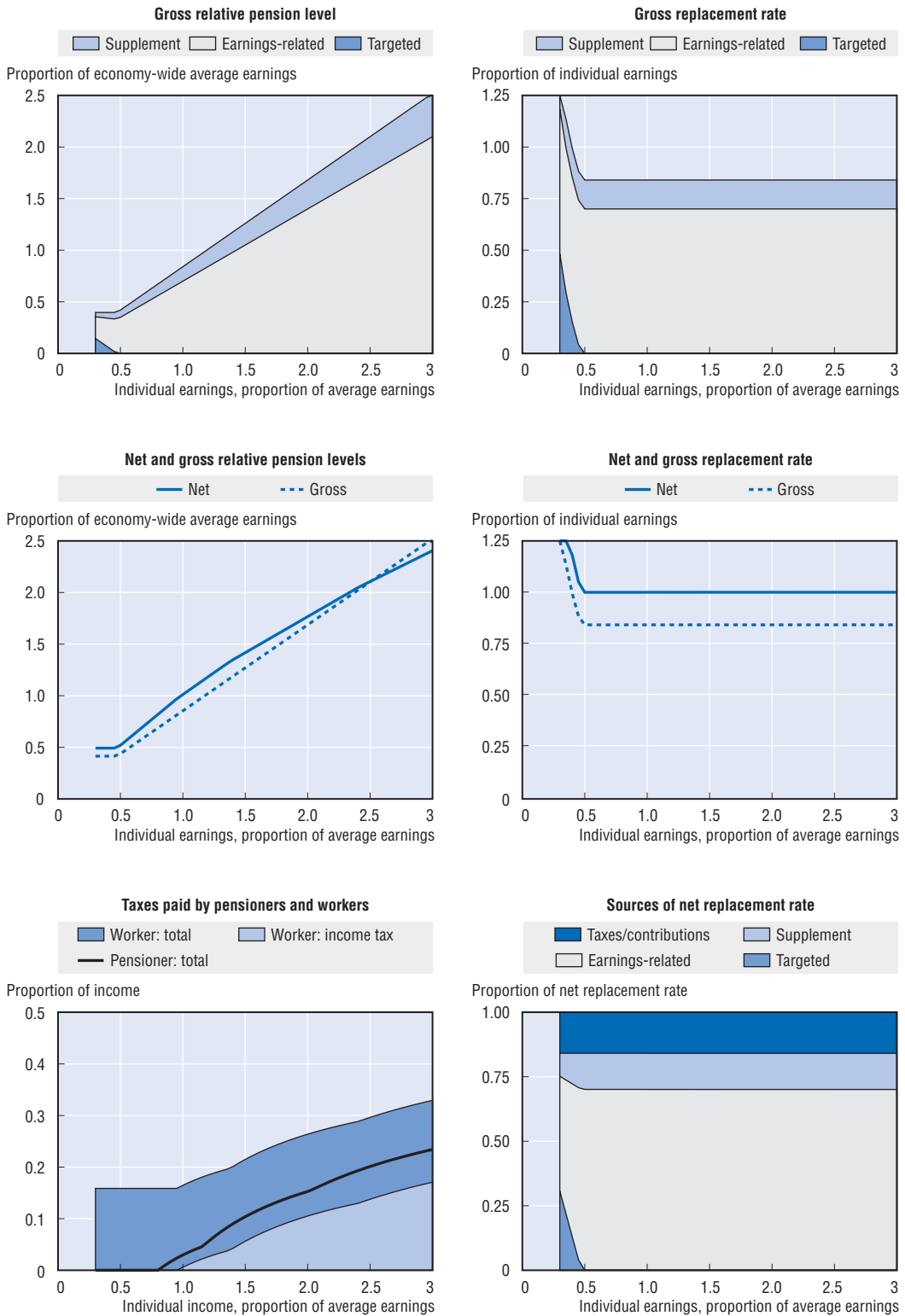
Earnings-related scheme: main component

For labour-market entrants from 1993, the pension is 2% of earnings for each year of contributions up to 35 years. The earnings measure is the average over the last five years before retirement. Earlier years' pay is adjusted ("valorised") in line with annual increases defined in national incomes policy.

There is a maximum pension, calculated as four times the 1991 GNP per capita, linked to the evolution of civil servants' pensions. For 2002, this cap on pension benefits was EUR 2 149 per month. The calculations indicate that, for a full-career worker, this is equivalent to a ceiling on pensionable earnings of 325% of average earnings.

Adjustment of pensions in payment is discretionary. In the last five years, pension increases have been progressive with one exception, when all pensions were increased by the same proportion (see below). In 1999-2001, increases of low pensions were substantially larger than price inflation. However, in 2002, they lagged behind. Given the lack of consistent practice in recent benefit adjustments, pension wealth calculations are based on prices indexation.

Pension modelling results: Greece



Source: OECD, based on information provided by the countries.

	1999	2000	2001	2002	2003
Inflation	2.6%	3.2%	3.4%	3.6%	3.0%
Increases	3.9%		5.5%	3.5%	4.0%
	(< EUR 733)	4.0%	(< EUR 352)	(< EUR 400)	(< EUR 500)
	3.4%		2.75%	1.5%	2.0%
	(> EUR 733)		(< EUR 587)	(< EUR 620)	(< EUR 1 000)
			1.4%	0.75%	0%
			(< EUR 880)	(< EUR 910)	(> EUR 1 000)
			0%	0%	
			(> EUR 880)	(> EUR 910)	

All pensions have 14 monthly payments.

Earnings-related scheme: supplementary component

The full supplementary pension is 20% of the earnings measure under the main component of the earnings-related scheme for workers with 35 years of contributions. The pension is proportionally reduced for shorter contribution periods, implying a linear accrual rate of 0.57%. The value is increased by $1/35$ th for each year of contributions (300 days) beyond 35 years.

Minimum pension

The minimum pension is set as 70% of the minimum wage for a married, full-time employee. For 2002, the value was EUR 384 per month, equivalent to around 40% of average earnings. This value is adjusted annually as part of the incomes policy.

Income-tested scheme: social solidarity benefit

This scheme, introduced in 1996, is a non-contributory, means-tested benefit payable from age 60 to low-income pensioners eligible under most schemes (apart from the farmers' pension programme).

Eligibility for benefits under this scheme, known as EKAS, requires that total net income from all sources is less than EUR 6 341 (2003). Total taxable income must not exceed EUR 7 398 and the total taxable family income, EUR 11 312.

Income level, lower limit	0	EUR 5 775	EUR 6 001	EUR 6 152	EUR 6 341
Benefit per month	EUR 111.18	EUR 83.39	EUR 55.59	EUR 27.80	0

Income-tested scheme: uninsured individuals

People who are not entitled to a pension from the social security organisations receive a non-contributory benefit of EUR 170.80 per month from age 65.

Pension modelling results: Greece

Men	Individual earnings, multiple of average					
Women (where different)	0.5	0.75	1	1.5	2	2.5
Gross pension level (% of average earnings)	42.0	63.0	84.0	126.0	168.0	210.0
Net pension level (% of average net earnings)	50.3	75.4	99.9	140.8	176.0	210.3
Gross replacement rate (% of individual earnings)	84.0	84.0	84.0	84.0	84.0	84.0
Net replacement rate (% of individual net earnings)	99.9	99.9	99.9	99.9	99.9	99.9
Gross pension wealth (multiple of average earnings)	6.3	9.4	12.6	18.9	25.2	31.5
Net pension wealth (multiple of average net earnings)	7.5	11.3	15.0	21.1	26.4	31.5
	8.7	13.0	17.3	24.4	30.4	36.4

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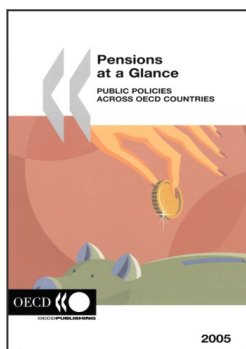
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