

Turkey

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

Qualifying conditions

Recent entrants (from September 1999) can draw a pension from age 60 (men) or 58 (women) with 7 000 days of contributions. This is equivalent to around 28 years of contributions for continuous employment. An alternative eligibility condition is 25 years of insurance coverage with 4 500 days of contributions.

The means-tested pension is payable from age 65 only to those who are disabled or have no other social security rights.

Benefit calculation

Earnings-related

The pension under the new scheme is based on average lifetime earnings revalued in line with nominal GDP growth. The pension has a non-linear formula with years of coverage. The first 10 years earn a pension of 35% of pay, with 2% per year extra for the next 15 years and 1% per year thereafter.

There is a floor above which contributions are required. This had three different values during calendar 2002, varying between TRL 210 million at the beginning of the year and TRL 328 million at the end.

There is a ceiling to pensionable earnings; its value was TRL 1 050 million at the start of the year and TRL 1 638 million at the end of 2002.

The modelling uses the average of the variables above for the calendar year 2002.

Indexation of pensions in payment is to the consumer price index. Pensions are adjusted monthly.

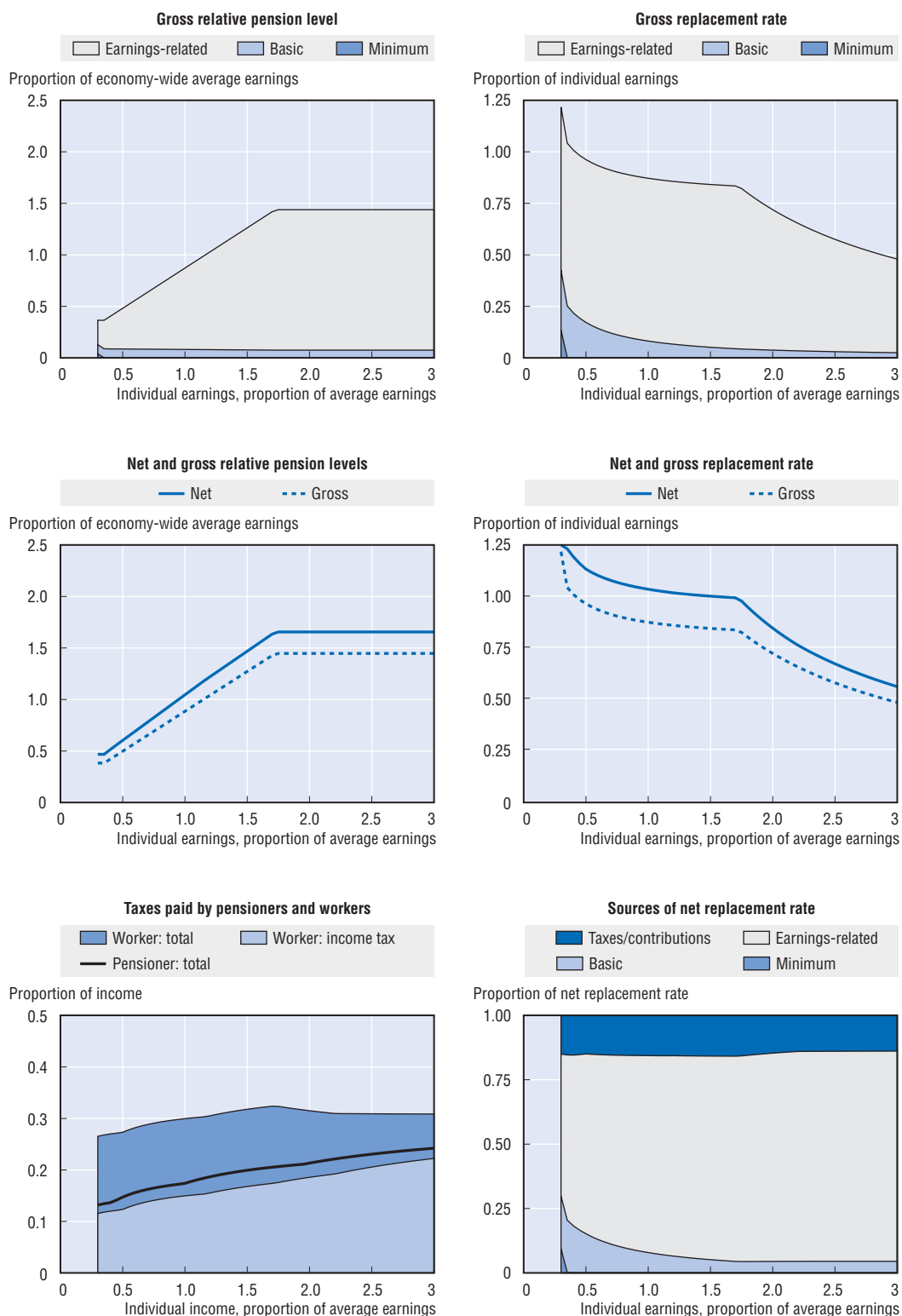
Minimum

There is a minimum pension, which in 2002 varied between TRL 202 million and TRL 257 million.

Targeted

The means-tested pension is paid quarterly. For the first half of 2002 the pension was TRL 45 million per month, for the second, pension was TRL 49 million per month.

Pension modelling results: Turkey



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

A monthly supplement is paid to all retirees. Its value started the year 2002 at TRL 75 million. As the monthly increases are awarded to individuals' earnings-related pensions this supplement is reduced by the amount of those increases.

Personal income tax and social security contributions

Taxation of pensioners

There are no special allowances or credits for 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: Turkey

Men	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	2.5
Women (where different)						
Gross pension level	48.1	67.6	87.2	126.2	143.8	143.8
<i>(% of average earnings)</i>	47.1	66.2	85.2	123.2	140.4	140.4
Net pension level	58.7	81.0	103.3	146.0	164.8	164.8
<i>(% of average net earnings)</i>	57.6	79.3	101.1	142.8	161.2	161.2
Gross replacement rate	96.2	90.2	87.2	84.1	71.9	57.5
<i>(% of individual earnings)</i>	94.2	88.2	85.2	82.2	70.2	56.2
Net replacement rate	113.2	106.7	103.3	99.9	84.3	66.8
<i>(% of individual net earnings)</i>	111.0	104.5	101.1	97.8	82.4	65.4
Gross pension wealth	6.1	8.5	11.0	15.9	18.2	18.2
<i>(multiple of average earnings)</i>	7.2	10.2	13.1	18.9	21.6	21.6
Net pension wealth	7.4	10.2	13.0	18.4	20.8	20.8
<i>(multiple of average net earnings)</i>	8.8	12.2	15.5	21.9	24.8	24.8

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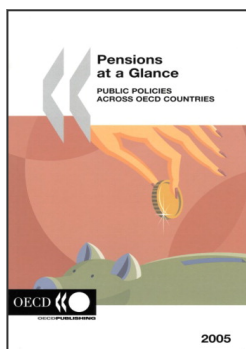
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