


South Africa

South Africa: Pension system in 2012

The public pension is flat rate based on a residency test. There is also a large number of occupational schemes, though coverage is not high at lower-income levels.

Key indicators

		South Africa	OECD
Average worker earnings (AW)	ZAR	135 600	362 400
	USD	16 000	42 700
Public pension spending	% of GDP		7.8
Life expectancy	At birth	57.0	79.9
	At age 65	12.9	19.1
Population over age 65	% of working-age population	9.8	25.5

StatLink  <http://dx.doi.org/10.1787/888932909618>

Qualifying conditions

The pension age was equalised at age 60 for men and women in 2010.

Benefit calculation

Old-age pension (social assistance)

The pension is means-tested with individuals having an income of under ZAR 31 296 for singles and ZAR 62 592 for couples and no more than ZAR 518 400 in assets for a single person and ZAR 1 036 800 for a couple. The benefit amount is up to ZAR 1 080 per month for singles and ZAR 2 160 for couples. The average wage used for 2012 was ZAR 135 600.

Voluntary private pension

The average contribution rate for occupational schemes is around 15% of earnings, divided between employers and employees.

Variant careers

Early retirement

It is not possible to claim the public pension before the normal eligibility age of 60.

Late retirement

Receipt of the old-age pension is not dependent on retirement. It is therefore possible to combine pension and employment as long as the recipient's income does not exceed the means test threshold.

While people are not obliged to claim the public pension on reaching the qualifying age, there is no advantage in deferring a claim.

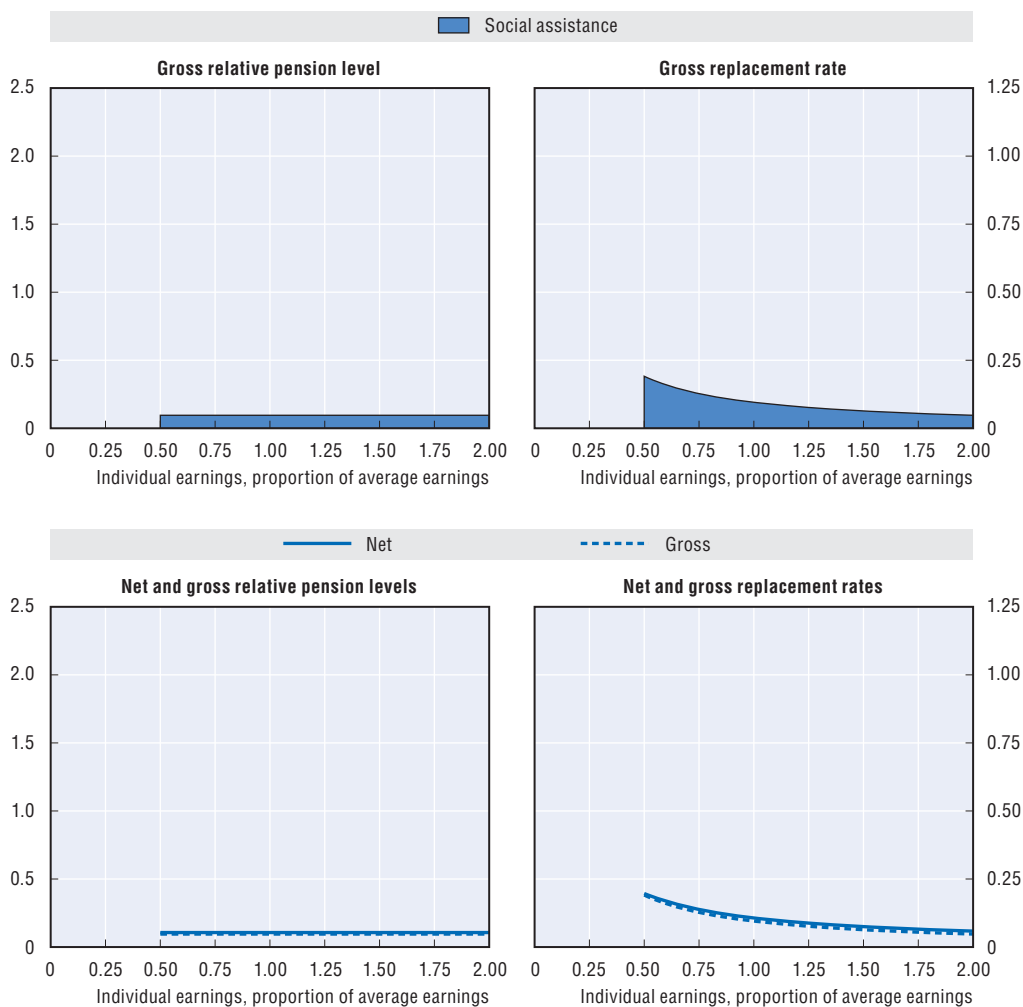
Childcare

Eventual public pension entitlement is not affected by periods out of paid work for caring purposes.


Unemployment

Eventual public pension entitlement is not affected by periods of unemployment.

Pension modelling results: South Africa



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level (% average gross earnings)	9.6	9.6	9.6	9.6	9.6	9.6
Net relative pension level (% net average earnings)	10.7	10.7	10.7	10.7	10.7	10.7
Gross replacement rate (% individual gross earnings)	11.8	19.1	12.7	9.6	6.4	4.8
Net replacement rate (% individual net earnings)	12.9	19.7	13.8	10.7	7.5	5.9
Gross pension wealth (multiple of individual gross earnings)	1.6	2.6	1.7	1.3	0.9	0.7
Net pension wealth (multiple of individual gross earnings)	1.6	2.6	1.7	1.3	0.9	0.7
	2.0	3.3	2.2	1.6	1.1	0.8
	2.0	3.3	2.2	1.6	1.1	0.8

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