

Greece

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

Qualifying conditions

The normal pension age is 65 for men and 60 for women, equalised at 65 for people 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 unhygienic occupations and for women with dependant or disabled children.

The minimum social 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. There is therefore a maximum replacement rate of 70% for people retiring at the normal age or earlier. However, for working after age 65 and up to 67, there is a higher accrual of 3% per year and there is no accrual rate for those working after 67 (giving a maximum replacement rate of 76%).

The maximum pension (see below) also does not apply for additional work after 65.

The earnings measure is the average over the last five years before retirement. Earlier years' pay is adjusted in the pension value ("valorised") in line with 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 2004, this cap on pension benefits was EUR 2 346.76 per month. The calculations indicate that, for a full-career worker, this is equivalent to a ceiling on pensionable earnings of 275% 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 price indexation.

	1999	2000	2001	2002	2003	2004
Inflation	2.6%	3.2%	3.4%	3.6%	3%	2.9%
Increases	3.9% (< EUR 733)	4.0%	5.5% (< EUR 352)	3.5% (< EUR 400)	4% (< EUR 500)	5% (< EUR 500)
	3.4% (> EUR 733)		2.75% (< EUR 587)	1.5% (< EUR 620)	2% (< EUR 1 000)	3% (< EUR 1 000)
			1.4% (< EUR 880)	0.75% (< EUR 910)	0% (> EUR 1 000)	0% (> EUR 1 000)
			0% (> EUR 880)	0% (> 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 5th 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 2004, the value was EUR 419.48 per month, equivalent to 34% 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 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 6 562.02 (2004). Total taxable income must not exceed EUR 7 655.71 and the total taxable family income, EUR 11 913.22.

Income level, lower limit	0	EUR 5976.14	EUR 6 210.52	EUR 6 366.73	EUR 6 562.02
Benefit per month	EUR 141.2	EUR 105.9	EUR 70.6	EUR 35.3	0

Early retirement

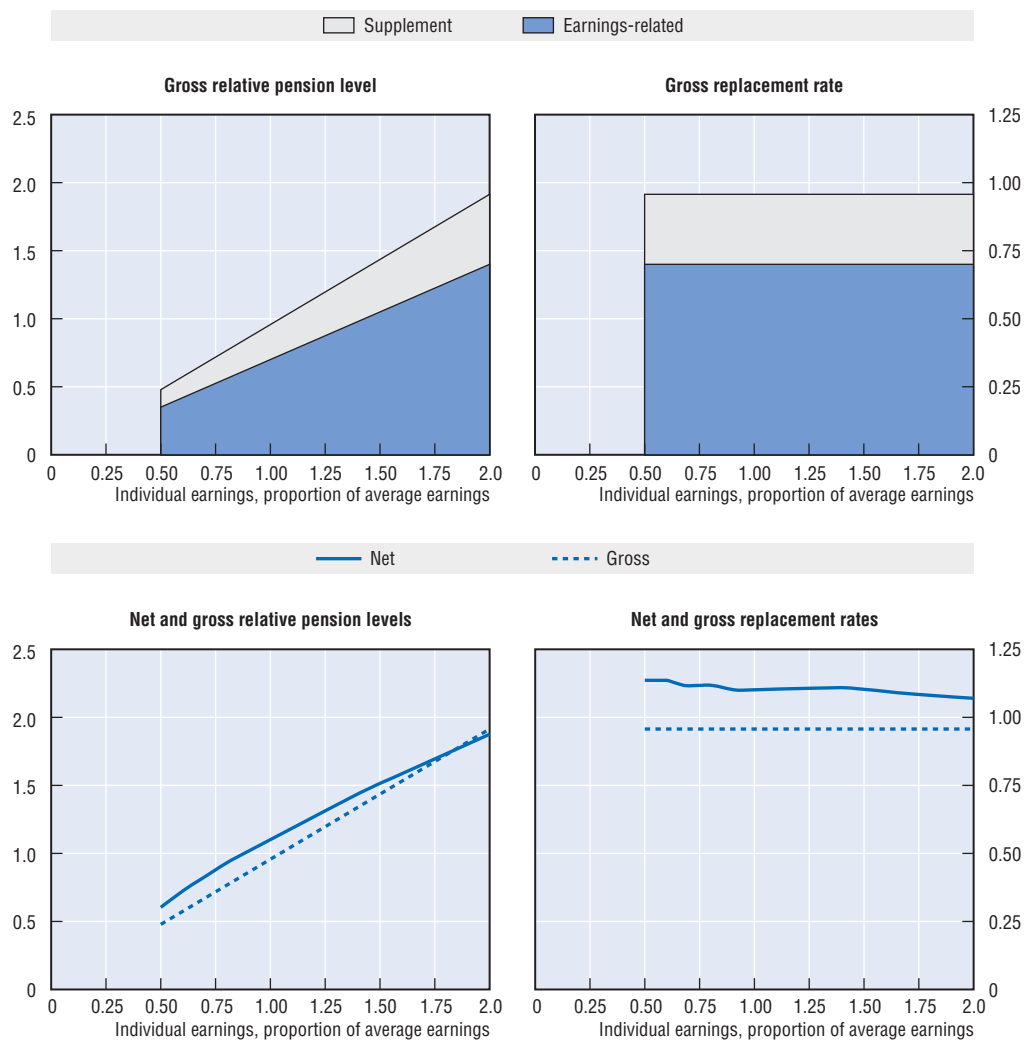
Early retirement is possible subject to reductions, as shown in the table below. The adjustment is 1/267 per month of early retirement, which is equivalent to 4.5% per year.

Number of years	Eligibility age	Conditions
15	65	No reduction
15	60	With reduction (1/267)
35	55	With reduction (1/267)
37	Any	No reduction

Late retirement

It is possible to retire after the normal pension age of 65. An increased accrual rate of 3% is applied in the main component up to 67 and there is no accrual rate for those working after 67 (maximum replacement rate of 76%). After 65, maximum pension is not applied. The supplementary component also continues to accrue. It is possible to combine work and pension receipt as long as the people earn below EUR 700.

Pension modelling results: Greece



Men	Median earner	Individual earnings, multiple of economy-wide average				
		0.5	0.75	1	1.5	2
Women (where different)						
Gross relative pension level (% average gross earnings)	81.4	47.9	71.8	95.7	143.6	191.4
Net relative pension level (% net average earnings)	97.4	60.4	87.9	110.1	151.3	187.6
Gross replacement rate (% individual gross earnings)	95.7	95.7	95.7	95.7	95.7	95.7
Net replacement rate (% individual net earnings)	111.1	113.6	111.7	110.1	110.3	107.0
Gross pension wealth (multiple of individual gross earnings)	14.3	14.3	14.3	14.3	14.3	14.3
Net pension wealth (multiple of individual gross earnings)	13.6	14.3	13.9	13.0	11.9	11.1
	15.7	16.5	16.0	15.1	13.8	12.8