

Key facts and figures – pensions in Europe

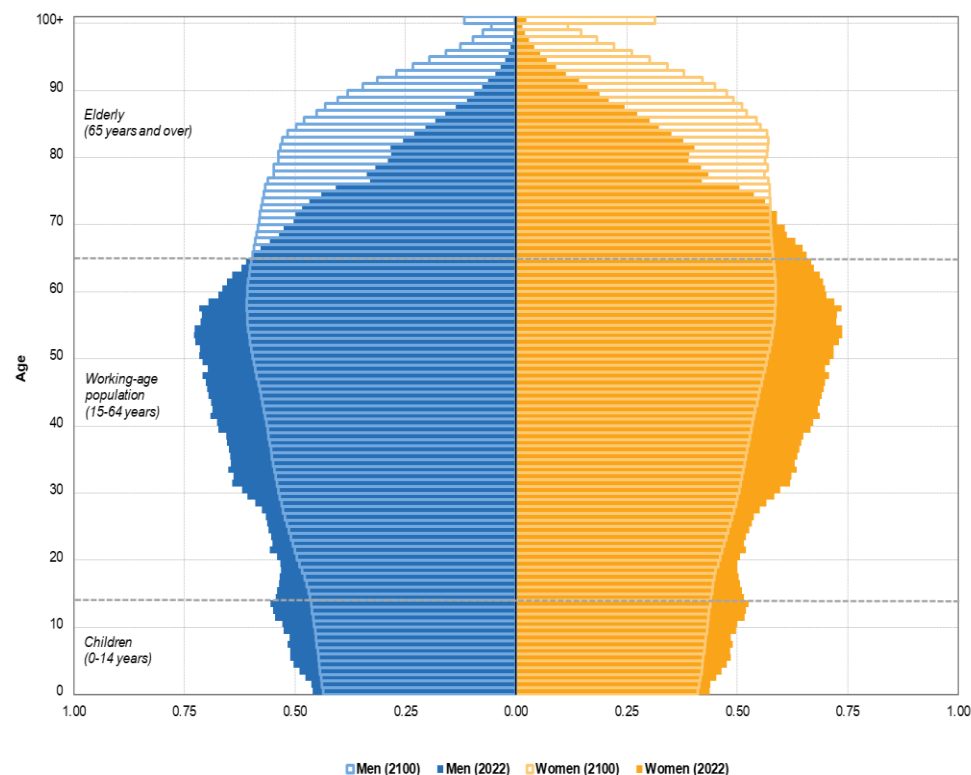
*Dana Carmen Bachmann, Head of Unit DG EMPL, Social protection (D2) ,
European Commission*

Brussels, 28 November 2024



Demographic context

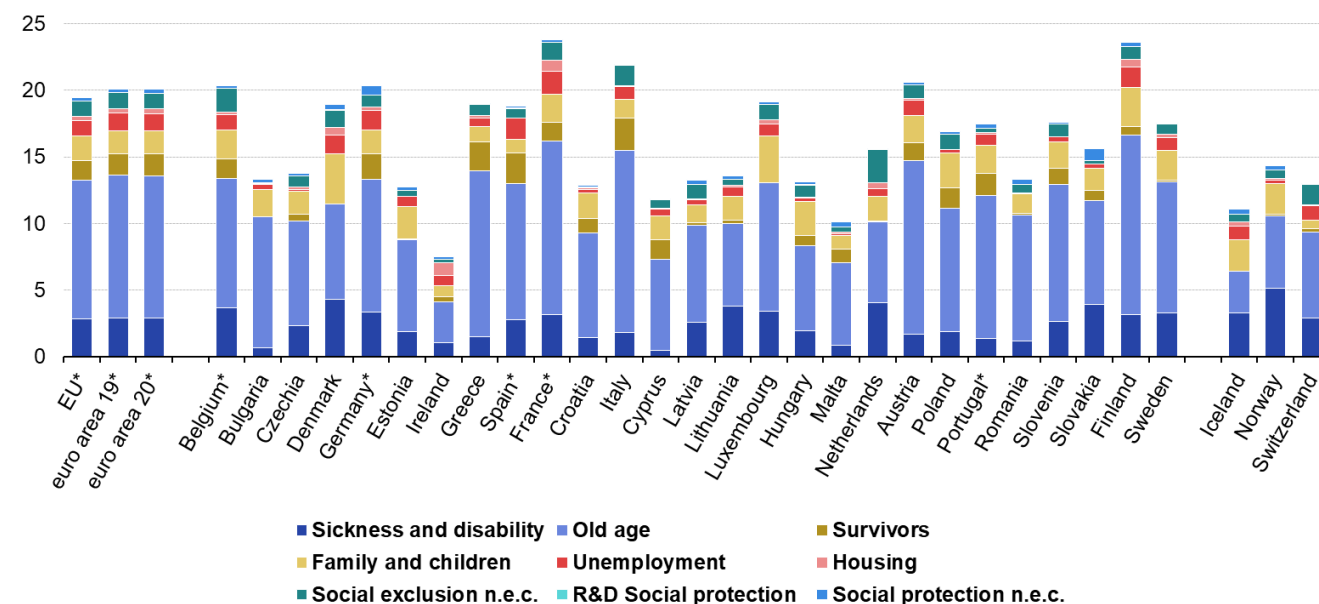
Population pyramids, EU, 2022 and 2100
(% of total population)



Source: Eurostat (online data code: proj_23np)

eurostat

General government total expenditure on social protection, 2022
(% of GDP)



* provisional

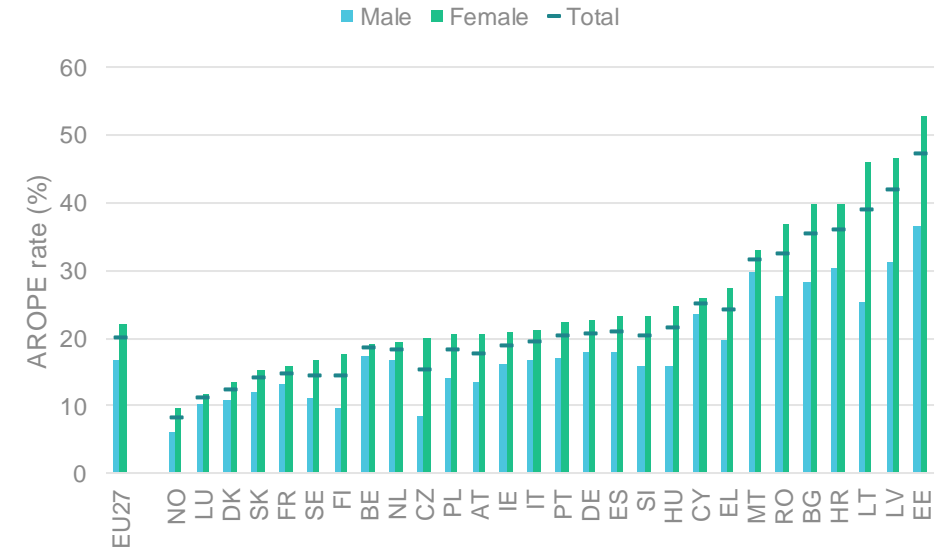


European
Commission

Poverty protection

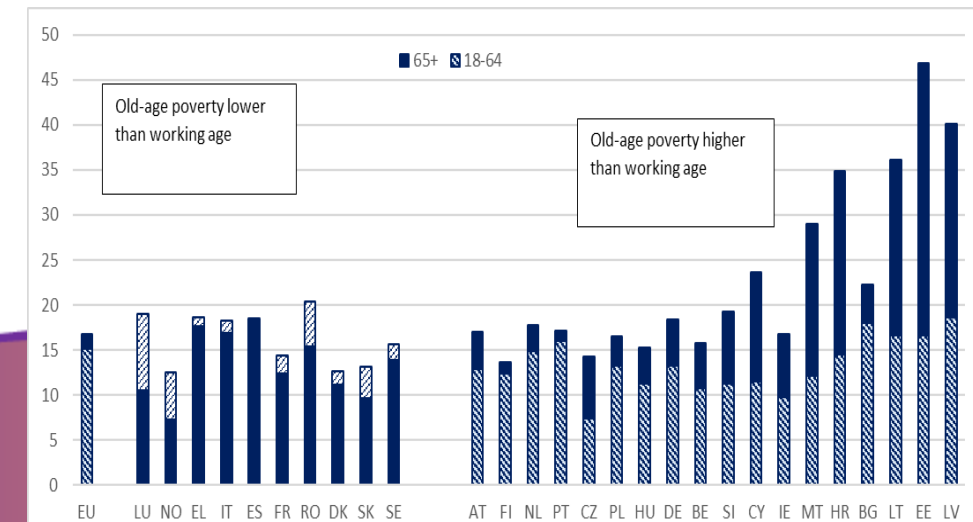
- **Old-age AROPE** slightly increased on average in the EU: 22.2% women and 16.7% men (2023)
- Large differences between MS: 11% in LU; 41.6% in LV and 47% in EE
- AROPE higher among older women than men in all MS
- Slight difference in AROP between those aged 18-64 and the 65+ on average, yet **AROP** much higher than working age population mainly in CEEC

Persons aged 65 and over at AROPE risk, by sex, %, 2023



Source: Eurostat

AROP rate by age group, 2023, EU-27, Norway



Gender gaps in old age

- Maintaining adequate living standards throughout retirement remains a challenge, notably for women
- Gender inequalities more pronounced in old age, with old-age poverty risks for women higher after age 75
- In 2023 women aged 65-79 received a gross pension on average 25.3% lower than men in same age group (gender pension gap). This gap varies considerably between MS, from 4.0 % in SI to 43.9% in MT
- Also, fewer women qualified for a pension than men (**pension coverage gap**). The 2023 PCG was negative or below 1 pp in 15 countries and largest in ES, EL and IT, followed by MT, BE and PT; at 4.6% on average in the EU



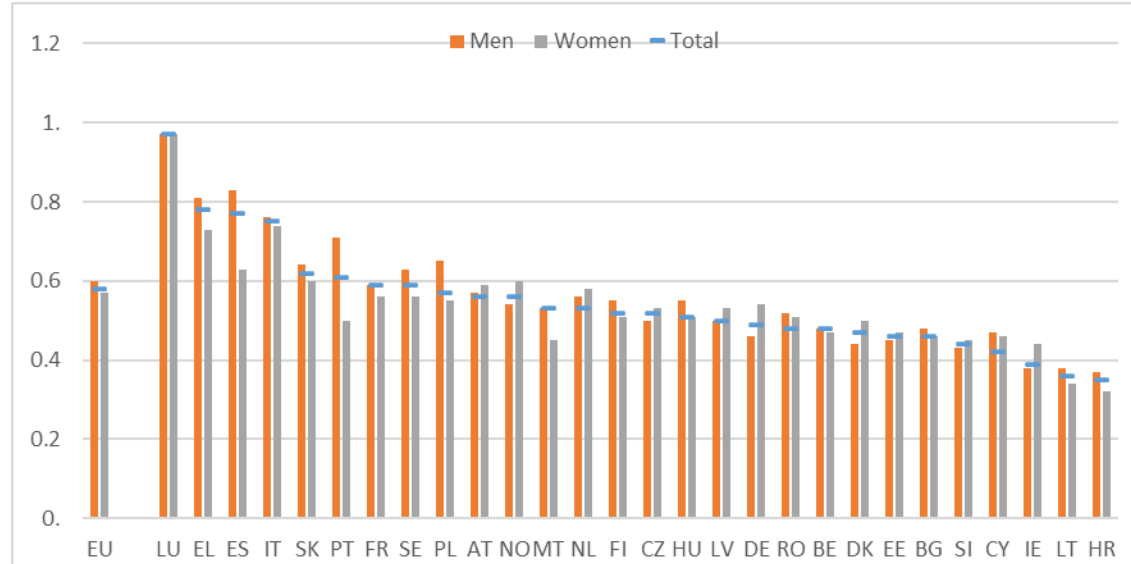
Income replacement (today)

Large differences in Aggregate Replacement Ratio (ARR) between countries

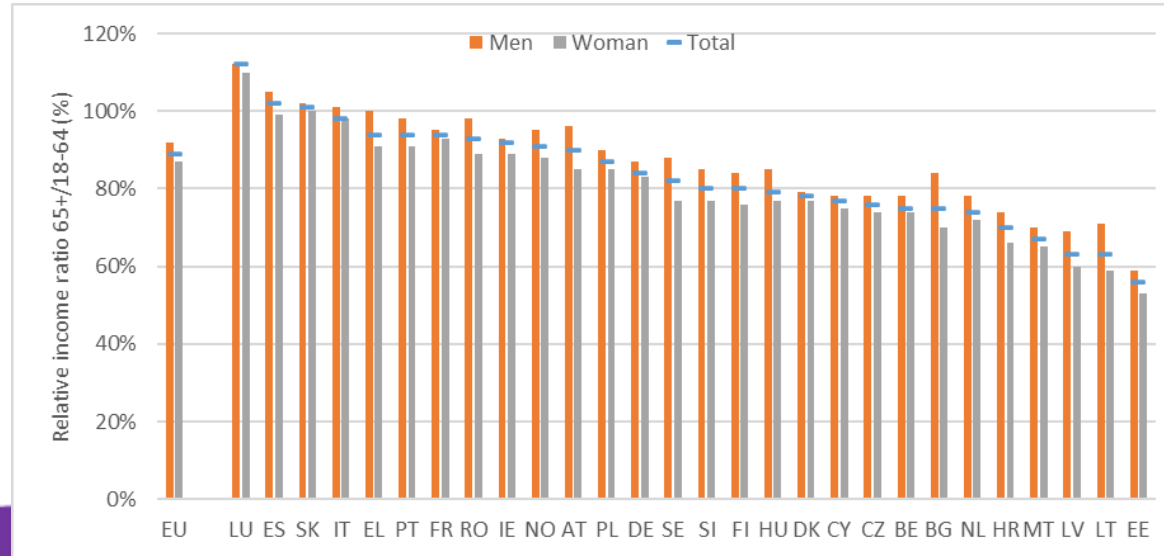
In most MS (ARR) higher for men than for women

Income of older people below 90% of working-age income on average in the EU, with significant differences between women and men and among MS

Pensions aggregate replacement ratio (ARR) by sex, 2023, EU-27 + NO



Relative income ratio 65+/18-64 by sex, 2023, EU-27 + NO



Source: Eurostat



Income replacement (projections)

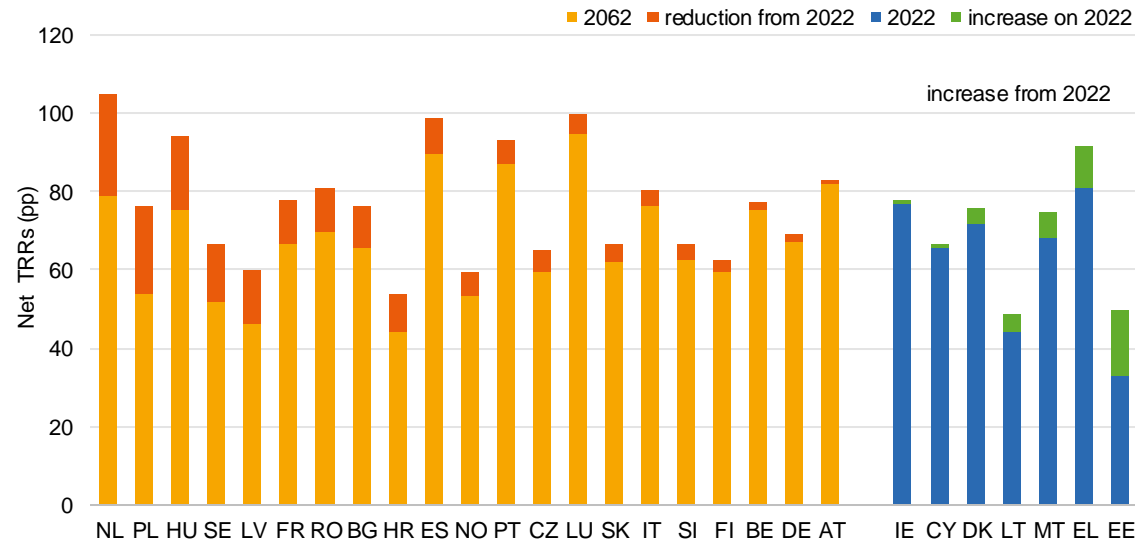
Pension replacement rates set to decrease in most MS in next 40 years

Adequacy of pensions increasingly depending on longer careers

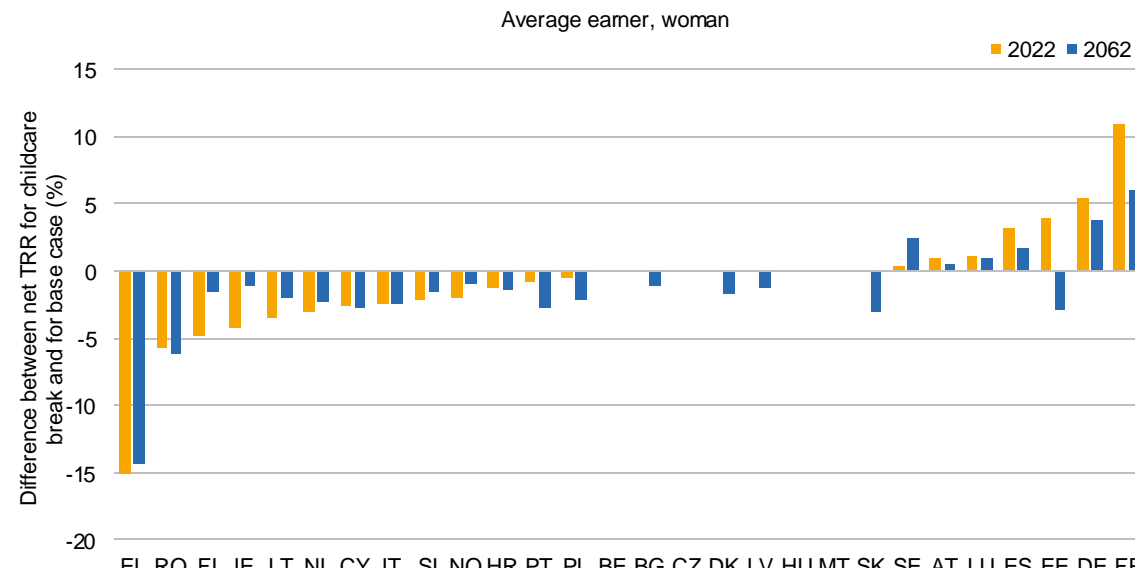
In most countries the age of entering the labour market is less relevant for pension levels than the retirement age

Pension credits for career breaks for family reasons or unemployment are an effective policy lever to protect pension rights

Net TRRs, base case (40 years to SPA), average-earner, 2022 and 2062, men, pp, EU-27 and NO

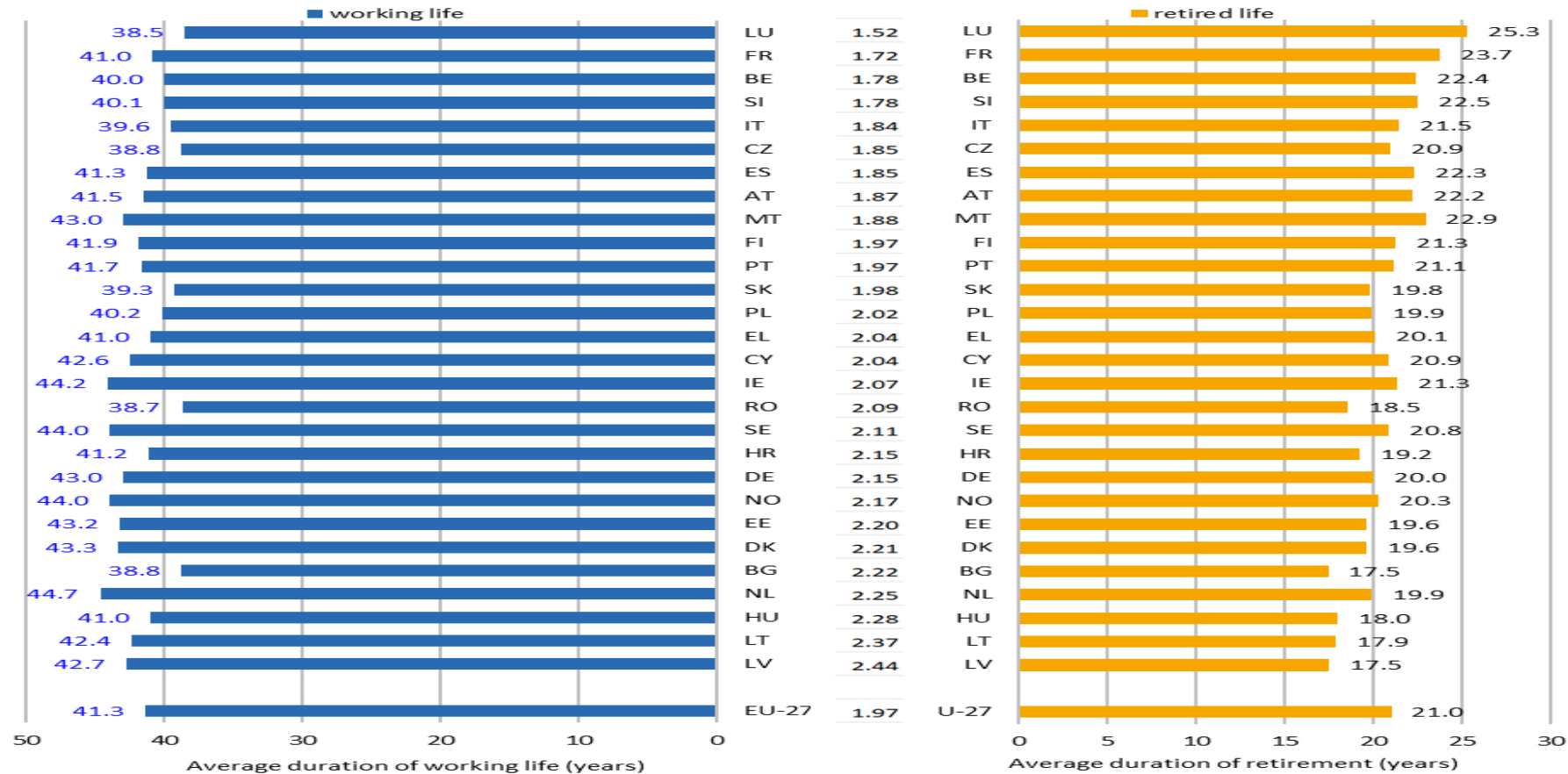


Difference between net TRR, child-care break and base case, average earning woman. 2022 and 2062. %



Duration

Average duration of retirement and of working life, in years, 2022, years, EU27 and NO



Making pensions more equitable and reconciling adequacy & sustainability

Improving income maintenance and the living standards of retirees, especially those on minimum pensions, enhancing access for atypical workers and coverage of career breaks

- Increasing the **minimum pension** (BE, HR, LV, MT, PT) , revising the **pension indexation** (BG, EE, IT, SK) and **accrual rates** (ES, NL and LT) and reducing the **tax burden on pensions**, notably low pensions (DE, EE, IT, MT)
- Increasing the **generosity and easing the conditions to access survivors' pension** (HR, MT) and **improving the situation of those with reduced work capacity** (ES, FR, DE, MT) **Spain**: better coverage of **career breaks**; higher gender pension complement.
- **CZ and MT**: pension increases and contribution credits for **child rearing**
- **ES**: gradually equalising the social security contributions of the **self-employed** to those of workers.

Promoting longer working lives through positive incentives and flexible retirement pathways

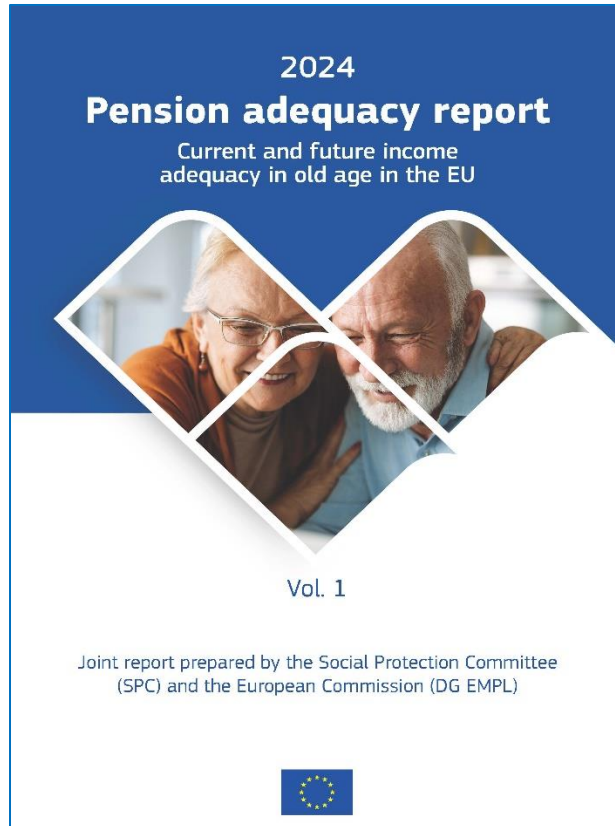
- Promoting **longer working lives** (BE, CZ, FI, IE)
- **Combining work with retirement** through positive incentives and greater flexibility (DK, HR for public sector).
- Raising **pensionable ages** (FR, CZ) and tightening early retirement (CZ, IT, SK)
- **Broad pension reforms** passed (IE, LV, RO) or planned (CZ, MT, SI)
- **IE pension reform started Sept. 2022 (and ongoing)**:

Enhancing the role of funded pension schemes and fostering individual entitlements

- Giving companies that manage mandatory/ voluntary pension funds, the necessary **flexibility to preserve the real value of the insured person's assets** (HR).
- Ensuring the **sustainability of the second pillar** (RO) and of the **first pillar** (DE, through the introduction of a capital stock built on loans from the federal budget)
- Strengthening **collective rights** to occupational pensions (DK)
- Strengthening **individual rights**, namely in statutory funded pension schemes (NL: broad reform of June 2023)



Pension Adequacy Report 2024



[Volume I: current and future income adequacy in old age in the EU](#)

[Volume II: country profiles](#)

- Prepared every three years by the European Commission and the Social Protection Committee
- EU-level analysis + Member State country profiles
- Time scope:
 - ✓ Developments over last 3 years
 - ✓ Longer-term trends
 - ✓ Future projections
- Focus on overall adequacy
 - ✓ Supplementary pensions covered in country profiles and included in selected projections