

2015 Pension Table. Explanatory note

INE disseminates for the first time the results of the supplementary **table for accrued-to-date pension entitlements in social insurance** or, simply, **Pension Table**. This table is mandatory for all countries according to the Regulation (EU) No 549/2013 of 21 May, relative to European system of National and Regional Accounts of EU (ESA 2010) since reference year 2015¹.

The development of the project has been carried out in close collaboration with the General Directorate of Insurance and Pension Funds of the Ministry of Economy and Business, the Ministry of Labor, Migrations and Social Security and the Bank of Spain, which have provided their expert advice on the operation of the different pension systems and actuarial calculation, besides of having facilitated access to the necessary base information.

Pension systems in the National Accounts

The current systems of national accounts, System of National Accounts 2008 (SCN 2008) and System of National and Regional Accounts of EU (ESA 2010), define the rules for the registration in the National Accounts of all pension obligations / entitlements in the institutional sectors' financial balance of the National Economy, regardless of whether they are systems with or without constitution of reserves. However, **the systems that are in the scope of General Government are excluded from the registration.**

In social security schemes under the scope of General Government, they do not have a defined obligation (neither households a consolidated right) on such pensions to be paid, to the extent that the system can undergo legislative reforms that modify such obligations. The fact that it is a **contingent** right / obligation justifies that these rights are not registered in the households' and General Government's financial balance of the national accounts system, since they do not in fact constitute a financial liability of General Government or an asset of households.

However, both the 2008 SNA and ESA 2010 do provide for the registration of such rights in a new instrument, annexed to the account system: the Supplementary table for accrued-to-date pension entitlements in social insurance in (ESA 2010, 17.121 -17,183)², known as the Pension Table.

¹ The results published in other EU Member States can be consulted in <http://ec.europa.eu/eurostat/web/pensions/other-information>. Attached to this note is a summary of the results disseminated so far by each country in terms of the percentage of accrued rights over GDP and their structure according to the type of scheme in which they were generated.

² In the SNA 2008 (Chapter 17.k), Supplementary table that shows the pension schemes included and excluded from the account system.

The **Pension Table** shows a complete perspective of pension rights in social insurance, including those generated in the scope of public pensions systems. In terms of national accounting, **social insurances** are understood as that in which participants are obliged or encouraged to participate by third parties in order to be assured against specific social risks or circumstances that can harm their own welfare or that of person in their charge, and where the employees or others, or employers on behalf of the employees, pay social contributions to guarantee the right for them, the dependents and the surviving relatives to receive benefits in the current or future exercise.

There are two major types of social insurance:

-**Social security schemes**, imposed, controlled and financed by the General Government (in the Spanish case, we would talk about the **Social Security System**, in its various regimes, and the "**Clases Pasivas**" **system for General Government employees**).

-**Other employment related schemes**, derived from the contractual relationship between employer and employee, but where the responsibility for the payment of the pension does not fall on the General Government.

The table registers the **pension entitlements for retirement, permanent disability, widowhood, in favor of family members and orphanhood** accrued at the beginning and the end of the reference year, and the flows that explain the variation of such rights throughout of the year (payment of contributions and social benefits, revaluations, other changes in volume, transfers between schemes, approved regulatory reforms, etc.).

Therefore, the abovementioned table **excludes**:

- Social assistance, as it is not a social insurance³.
- Individual pension plans and funds are not included either in this concept of social insurance.
- Health and dependency insurance, as well as sick leaves benefits, as these are not pensions.

In summary, the Pension Table has the objective of offering a complete and comparable picture of the total pension rights in social insurance accrued at a specific date (beginning and end of the reference year) and valued in actuarial terms. The table **is not, therefore, a valid instrument to assess the viability of the system**, since it does not show the future evolution of those rights and obligations, even though it is a tool for monitoring them as well as understanding and assessing its operation. In consequent, it is a first attempt for an harmonized registration attempt that allows a comparative vision on an international level.

³ Social assistance and, therefore, the so-called non-contributory pensions in the Spanish case, are not social insurance, since social assistance benefits are paid without having paid the necessary contributions for this purpose in a social insurance system.

Accrued rights for pensions at December 31, 2015

The actuarial estimate of the total accrued rights in the social security systems at a date has been carried out under the hypothesis of a nominal discount rate of 5% for the **base scenario**, and of 4% and 6% in **alternative scenarios 1 and 2**, respectively ⁴, all in accordance with the recommendations of Eurostat⁵ and the own sensitivity analysis required by ESA 2010.

Pension entitlements accrued in social insurance system at 31st December

Unit: Eur million

Guarantor and type of system	2014	2015
General Government	2.957.480	3.102.318
- Social Security	2.661.993	2.792.227
- General Government employees scheme "Clases Pasivas"	295.487	310.091
Out of General Government	62.868	62.886
- Defined contribution	34.818	35.245
- Defined benefit	28.050	27.641

Source: Annual Spanish National Accounts

The estimated total of social insurance's pension entitlements accrued in Spain at 31st December 2015 is 3.165.204 million euros (2,9 times GDP) in the baseline scenario⁶.

From the abovementioned amount for the baseline scenario, 3.102.318 million euros (2,9 times GDP) correspond to **social security schemes** (understood as all imposed, controlled and financed by the General Government). The rest, 62.886 million euros (0,1 times GDP), are accrued in **other employment related schemes**.

From the pension rights accrued in the social security systems, 2.792.227 million euros correspond to the **Social Security System**, in its different schemes (88,2% of total rights accrued in social insurance) and 310.091 million euros (9,8%) to the **General Government employees scheme "Clases Pasivas"**.

With regard to those entitlements accrued in other employment related schemes, 56,1% corresponds to **defined contribution** systems⁷ (they represent 1,1% of the total rights accrued in social insurances) and 44,0% to systems of **defined benefit**⁸ (0,9% of the total rights accrued in social insurances).

⁴ The results related to such alternative scenarios can be consulted among the set of results disseminated for this operation in IneBase.

⁵ *Nominal discount rates recommended in the Technical Guide for the Compilation of Pensions Data in the National Accounts (Eurostat, 2011) and agreed within the Eurostat Group of Experts on Pensions for all Member States, in order to guarantee the comparability of the national results obtained.*

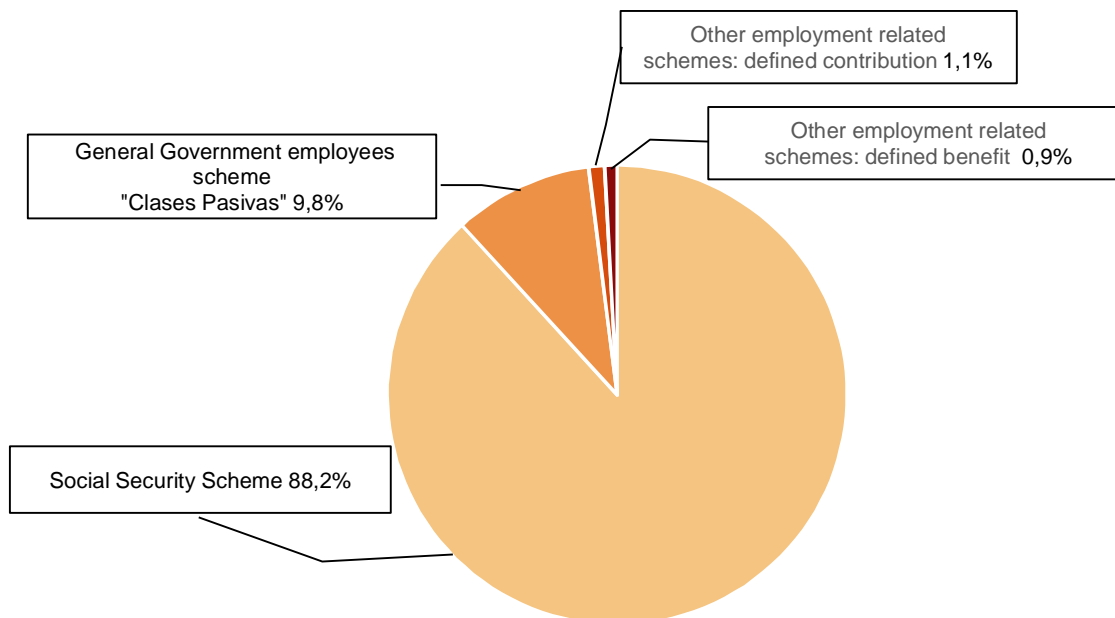
⁶ This estimate amounts to 3.741.362 million euros (3.5 times GDP) in alternative scenario 1 and is 2.728.114 million euros (2.5 times GDP) in alternative scenario 2.

⁷ *The amount of the pension to be received by the employee corresponds exclusively to the accumulated funds derived from the contributions made throughout the employee's working life and the increase in value resulting from the investment of the funds.*

⁸ The amount of the pension to be received by the employee when he retires is determined by a formula, sometimes combined with a guaranteed minimum amount.

Social insurances' pension entitlements by type of guarantor

Percentage. 31st December 2015



Evolution of pension entitlements at 2015

Throughout 2015, **the total of pension entitlements accrued in social insurance** increased by 144.856 million euros (4,8%) in the baseline scenario.

Accrued entitlements in the **Social Security System** increased by 130.234 million euros (4,9%). This increase is explained, in part, by:

- Income accrued by the system during the year as effective social contributions of employers and employees of 94.746 million euros.
- The estimated amount of supplementary contributions of households to the system; 133.100 million euros in 2015 (theoretical return on accumulated entitlements).

On the other hand, the reduction of entitlements arising from pension benefits to be paid during 2015 by the system, amounted to 116.006 million euros.

With all this, it is necessary to register as **other variations (actuarial)** of such entitlements, an amount of 18.394 million euros throughout the year to be able to explain the total variation in them.

Variation in the pension entitlements accrued in the Social Security System

Unit: Eur million

	2015
Accrued entitlements at 31st December 2014 (A)	2.661.993
Social contributions (B)	227.846
- Employers' actual social contributions	67.592
- Households' actual social contributions	27.154
- Households' social contribution supplements ²	133.100
Benefits (C)	116.006
Other actuarial variations (D)	18.394
Accrued entitlements at 31st December 2015 (E= A+B-C+D)	2.792.227

Source: Annual Spanish National Accounts

²They represent the theoretical profitability of the accumulated entitlements in the system at the applied discount rate

Accrued rights in the **General Government employees scheme "Clases Pasivas"** is increased by 14.604 million euros (4,9%). In this case:

- The income accrued by the system as actual social contributions (of employees) during the year, which is 1.120 million euros.
- The amount estimated for 2015 of households' social contribution supplements to the system (theoretical return on accumulated rights), which is 14.774 million euros.

On the other hand, the reduction of rights that is produced by pension benefits, to be paid during 2015 by the General Government employees scheme "Clases Pasivas", amounted to 12.825 million euros.

With this, it would be necessary to impute 11.535 million euros of contributions to the system (**employers' imputed social contributions**) to cover the total increase in accrued entitlements throughout 2015.

Variation in the pension entitlements accrued in the General Government employees scheme "Clases Pasivas"

Unit: Eur million

	2015
Accrued entitlements at 31st December 2014 (A)	295.487
Social contributions (B)	27.429
- Employers' actual social contributions	0
- Employer's imputed social contributions ¹	11.535
- Households' actual social contributions	1.120
- Households' social contribution supplements ²	14.774
Benefits (C)	12.825
Accrued entitlements at 31st December 2015 (E= A+B-C)	310.091

Source: Annual Spanish National Accounts

¹Accounting counterpart to the increase accrued in the exercise of the right to receive a future pension of the system

²They represent the theoretical profitability of the accumulated entitlements in the system at the applied discount rate

Out of the scope of General Government, pension entitlements accumulated in **other employment related schemes**, increased by 18 million euros during 2015. From this increase, 427 million euros correspond to defined contribution schemes and the rest (-409) to defined benefit systems.

Accrued entitlements in defined contribution schemes increased by 427 million euros (1,2%). Such increase is explained by:

- An amount of 1.319 million euros to be received during the year by such schemes as **social contributions**, either by the employer or employee, or **social contribution supplements** (return on accumulated funds), and once the managing costs of such funds have been deducted.
- An amount of 1.597 million euros that detracts from the accumulated entitlements at the beginning of the year for **pension benefits** to be paid during the mentioned year.
- 126 million euros added to the accumulated stock of pension entitlements in these systems due to **transfers of rights** from defined benefit schemes.
- 493 million euros of the **revaluation** of the investments in which the accumulated entitlements are materialized.
- 86 million euros for **other changes in volume**.

Variation in the pension entitlements accrued in other employment related schemes of defined contribution

Unit: Eur million

	2015
Accrued entitlements at 31st December 2014 (A)	34.818
Social contributions (B)	1.319
- Employers' actual social contributions	915
- Households' actual social contributions	207
- Households' social contribution supplements ¹	364
Benefits (C)	1.597
Transferencias de derechos procedentes de sistemas de prestación definida (D)	126
Revaluations (E)	493
Other changes in volume (F)	86
Accrued entitlements at 31st December 2015 (G= A+B-C+D+E+F)	35.245

Source: Annual Spanish National Accounts

¹They represent the profitability of the accumulated entitlements in the system

Accrued entitlements in defined **benefit schemes** have suffered a variation of -409 million euros (-1,5%). Such variation is explained by:

- An amount of 2.323 million euros to be received by such schemes in 2015 as **social contributions**, either by the employer or employee, or **social contribution supplements** (theoretical return on accumulated entitlements), and once the management costs of such schemes have been deducted.
- An amount of 2.811 million euros that detracts from the accumulated entitlements at the beginning of the year, for **pension benefits** to be paid during the mentioned year.
- 126 million euros that are deducted from the accumulated stock of pension entitlements in these systems, by **transfer of entitlements** to defined contribution schemes.
- 205 million euros due to variations in entitlements due to **revaluations and other volume variations**.

Variation in the pension entitlements accrued in other employment related schemes of defined benefit

Unit: Eur million

	2015
Accrued entitlements at 31st December 2014 (A)	28.050
Social contributions (B)	2.323
- Employers' actual social contributions	1.830
- Employer's imputed social contributions ¹	-26
- Households' actual social contributions	144
- Households' social contribution supplements ²	536
Benefits (C)	2.811
Transfers of entitlements coming from contribution systems schemes (D)	-126
Revaluations and other changes in volume (E)	205
Accrued entitlements at 31st December 2015 (F= A+B-C+D+E)	27.641

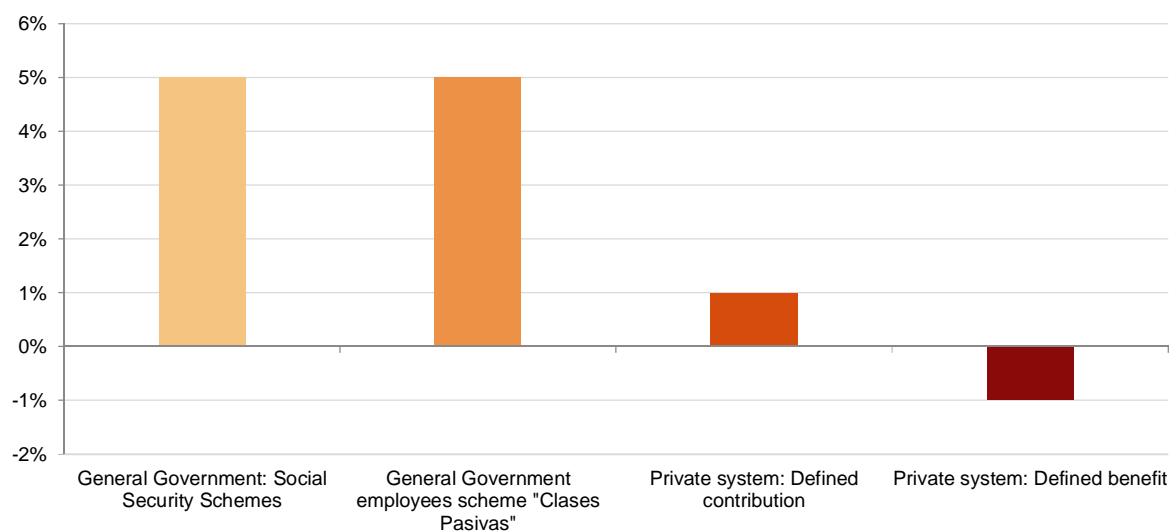
Source: Annual Spanish National Accounts

¹Accounting counterpart to the increase accrued in the exercise of the entitlement to receive a future pension of the system

²They represent the theoretical profitability of the accumulated entitlements in the system at the applied discount rate (maximum type of interest is published by the Directorate of Insurance and Pension Funds for the calculation of the mathematical provision in defined benefit systems).

Pension entitlements of social insurances

Variation rate 2014-2015. Percentage



Additional information in **INEbase** – www.ine.es

Contact information: Telephone number: 91 583 91 00 – www.ine.es/infoine

Annex: Pension entitlements accrued in social security schemes at 31st December 2015 in the EU

Pension entitlements accrued in social security schemes at 31st December 2015

Units: expressed as a decimal

	Total of accrued entitlements on GDP	
	Total	Social security schemes
Germany	2,9	..
Austria	3,8	3,6
Belgium ¹	3,8	3,8
Bulgaria	1,7	1,6
Denmark	1,0	0,3
Slovakia	3,2	3,1
Slovenia	3,2	3,1
Spain	2,9	2,9
Estonia	2,7	2,5
France ¹	3,7	3,7
Ireland	1,7	1,3
Italy	3,5	3,4
Latvia	1,9	1,8
Lithuania	2,2	2,1
Malta	2,6	2,4
Poland	2,8	2,7
UK	4,0	2,6
Czech Republic	2,4	2,3
Romania	1,9	1,8
Sweden	2,9	2,1

Source: own elaboration based on results published by each Member State (see <http://ec.europa.eu/eurostat/web/pensions/other-inform>)

¹ It is only published the Social Security Schemes data

Pension entitlements accrued in social security schemes at 31st December 2015

Unit: percentage

	Social security schemes	Other employment related schemes
Germany	77,0	23,0
Austria	96,9	3,1
Belgium ¹	100,0	0,0
Bulgaria	93,8	6,2
Denmark	33,8	66,2
Slovakia	97,5	2,5
Slovenia	100,0	0,0
Spain	98,0	2,0
Estonia		7,5
France ¹	100,0	0,0
Ireland	79,2	20,8
Italy	98,0	2,0
Latvia	94,6	5,4
Lithuania	97,4	2,6
Malta	91,7	8,3
Poland	97,0	3,0
UK	64,9	35,1
Czech Republic	96,8	3,2
Romania	98,1	1,9
Sweden	73,0	27,0

Source: own elaboration based on results published by each Member State (see <http://ec.europa.eu/eurostat/web/pensions/other>)

¹ It is only published the Social Security Schemes data