

23 December 2020

Pension Table Year 2018. Final results

Main results

- The total estimated social security pension rights accrued in Spain as of December 31, 2018 amounted to 4,355,626 million euros (3.6 times GDP), with an increase of 6.2% during the year.
- A total of 4,295,517 million euros corresponded to the systems guaranteed by the Public Administrations. Of these, 3,917,197 million (91.2%) corresponded to the Social Security system and 378,320 million euros (8.8%) to the Special Civil Service System.
- Rights accrued in the Social Security system increased by 6.6% during 2018 and those accrued in the Special Civil Service System, by 3.7%.
- A total of 60,109 million euros corresponded to rights accrued in other employment-linked systems (not guaranteed by the Public Administrations), 4.9% less than at the end of 2017.
- A total of 56.3% of the rights accrued in other employment-linked systems corresponded to defined contribution systems, and 43.7% to defined benefit systems.
- Both the rights accrued in defined contribution systems and those accrued in defined benefit systems decreased by 4.9% compared to a year earlier.

The INE is today publishing the results of the Pension Table for 2018. This table is mandatory for all countries according to *Regulation (EU) 549/2013, of May 21, relative to the European System of National and Regional Accounts of the EU (ESA 2010)* from the reference year 2015, with triennial periodicity.

Introduction. Pension systems in the National Accounts

Current national accounts systems include guidelines for the recording in the National Accounts of all pension obligations/rights related to employment, regardless of whether they are systems with the constitution of reserves. However, rights generated in systems that fall within the scope of the Public Administrations are excluded from the account system.

In social security systems dependent on Public Administrations, the Public Administrations do have a defined obligation (and households do not have a consolidated right) on such pensions, insofar as the system may undergo legislative reforms that allow for the volume of said obligations to be modified. The fact that it is a contingent right/obligation justifies its lack of registration in the central framework of the national accounts system, since it constitutes neither a de facto liability of the Public Administrations nor an asset of households.

The *Pension Table* is a system instrument that provides a complete perspective on pension rights in *social insurance*. National accounting is understood as that in which participants are obliged to register or are encouraged to do so by a third party, in order to insure against certain social risks or circumstances that may harm their well-being or that of persons of whom they are in charge, and where employees or others, or employers on behalf of employees, pay social contributions to guarantee their right, and that of their dependents or survivors, to receive benefits in the current or future fiscal year.

The table thus records the pension rights for retirement, permanent disability, widowhood, and in favour of relatives and orphans that are accrued at the beginning and end of the reference year, and the flows that explain the variations in these rights throughout the year (payments of contributions and social benefits, revaluations, other changes in volume, transfers between schemes, regulatory reforms approved in that year, etc.).

The *Pension Table* thus aims to offer a complete and comparable image of the total pension rights in *social insurance* accrued on a specific date (beginning and end of the reference year) and valued in actuarial terms. The table is therefore not a valid instrument for evaluating system viability, since it does not reflect the future evolution of these rights and obligations. It does, however, constitute both a tool for monitoring them and for understanding and evaluating their operation.

It is therefore a first attempt at a harmonized registry that provides a comparative vision at an international level. To this end, the calculations relating to pension rights guaranteed by the Public Administrations are prepared according to a common hypothesis for all countries with a nominal discount rate and in coherence with the projection of expenditure on pensions made for Spain by the Working Group on Ageing Populations and Sustainability of the Economic Policy Committee (AWG) for the 2019-2070 period. The results of the set of EU Member States will be published by Eurostat on February 11.

In the table, two main types of social insurance are distinguished:

- The *social security systems*, taxes, controlled and financed by the Public Administrations (in the Spanish case, we would speak of the Social Security system, in its various regimes, and the State Special Civil Service System).
- *Other employment-linked systems*, resulting from the contractual relationship between employer and employee, but where the responsibility for payment of the pension does not fall on the Public Administrations.

It should be noted that social assistance (and, therefore, the so-called non-contributory pensions in the Spanish case) are not part of *social insurance*; social assistance benefits are paid without having paid the necessary contributions in a social insurance system. An individual pension plan is also not considered *social insurance*, in terms of national accounting.

The table therefore excludes:

- Social assistance, since it is not *social security*.
- Health and dependency insurance, and insurance other than *social security* pensions, such as sick leave benefits.
- The pension plans and funds of the individual system, since they are not *social security* either.

Rights accrued in social insurance systems

The *total estimated social security pension rights* accrued in Spain as of December 31, 2018 amounts to 4,355,626 million euros (3.6 times GDP).

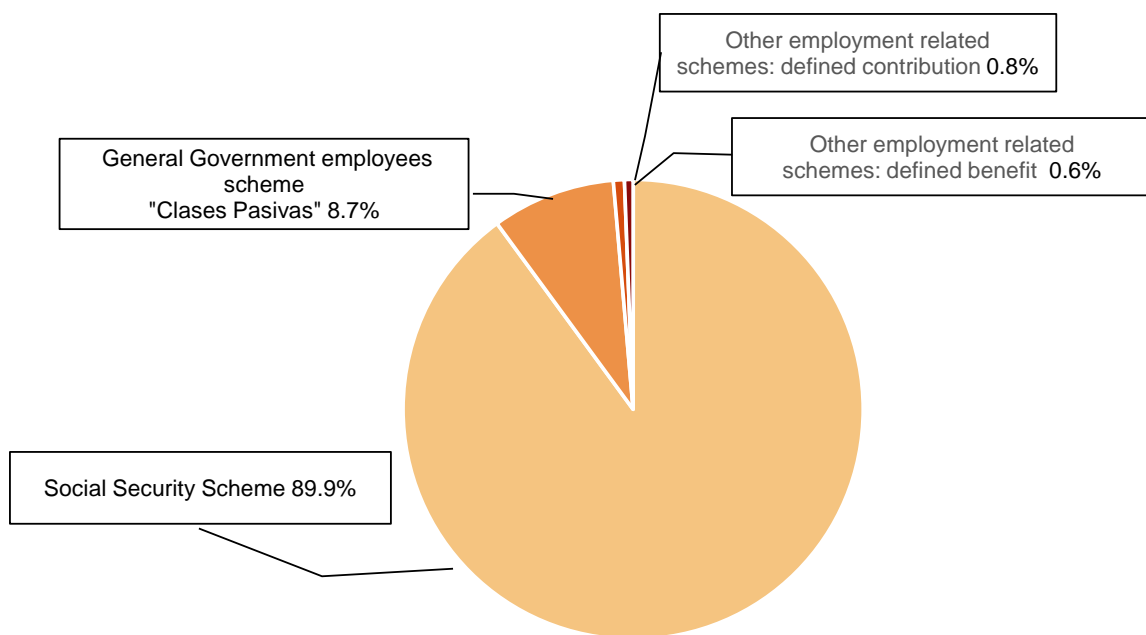
Of this, 4,295,517 million euros correspond to the social security systems guaranteed by the Public Administrations. The rest, 60,109 million euros, are accrued in *other employment-linked systems*.

Of the pension rights accrued in the systems guaranteed by the Public Administrations, 3,917,197 million euros correspond to the *Social Security* system (91.2% of the same and 89.9% of the total pension rights accrued in the economy) and 378,320 million euros (8.8% of the same and 8.7% of the total economy) to the *Passive Classes* system.

Regarding those rights accrued in other employment-linked systems, 33,848 million (56.3% of the same and 0.8% of the total pension rights accrued in the economy) correspond to *defined contribution* systems¹ and 26,261 million (43.7% of the same and 0.6% of the total economy) to *defined benefit* systems².

Social insurances' pension entitlements by type of guarantor

Percentage. 31st December 2018



¹ The amount of the pension to be collected by the employee corresponds exclusively to the accumulated funds derived from the contributions made throughout the employee's working life, and the increase or decrease in value resulting from the investment of said funds.

² The amount of the pension to be collected by the employee upon retirement is determined by a formula, sometimes combined with the minimum guaranteed amount.

The actuarial estimate of the total rights accrued in the *social security systems* at a given date has been carried out under the hypothesis of a nominal discount rate of 4% (base scenario). Alternative scenarios 1 and 2 have also been developed, with a nominal discount rate of 3% and 5%, respectively (sensitivity analysis recommended by Eurostat for all Member States).

This estimate amounts to 5,195,755 million euros (4.3 times GDP) in alternative scenario 1 and a total of 3,625,908 million euros (3.0 times GDP) in alternative scenario 2.

Pension entitlements accrued in social insurance system at 31st December

Guarantor and type of system	2018		
	Base scenario	Alternative scenario 1	Alternative scenario 2
General Government	4,295,517	5,195,755	3,625,908
- Social Security	3,917,197	4,750,160	3,299,351
- General Government employees scheme "Clases Pasivas"	378,320	445,595	326,557
Out of General Government	60,109	60,109	60,109
- Defined contribution	33,848	33,848	33,848
- Defined benefit	26,261	26,261	26,261

Unit: Million euros

Evolution of pension rights in 2018

Throughout 2018 the total *pension rights accrued in social security* increased by 253,671 million euros (6.2%).

The rights accrued in the *Social Security* system increased by 243,153 million euros (6.6%). This increase is explained, in part, by:

- The amount to be received by the system as *effective social contributions* from employers and employees, of 107,310 million euros.
- The estimated amount of *supplementary contributions* from households to the system, of 146,962 million euros (theoretical profitability of accumulated rights).

On the other hand, the reduction of rights produced by the *pension benefits* to be paid during 2018 by the system amounted to 129,098 million euros.

The rest of the variation (117,979 million euros) is recorded as *other (actuarial) variations* throughout 2018 of the total rights accrued.

On the other hand, pension rights accrued in the Special Civil Service System increased by 13,622 million euros (3.7%). In this case:

- The amount to be received by the system as *effective social contributions* (from employers and employees), of 986 million euros.
- The estimated amount of *supplementary contributions* from households to the system is 14,588.

On the other hand, the reduction in rights produced by pension benefits to be paid during 2018 by the Special Civil Service System amounted to 17,664 million euros.

With this, it is necessary to allocate 15,712 million euros (*social contributions charged to the employer*) as an accounting counterpart for the rest of the increase in rights accrued in the system.

Outside the scope of Public Administrations, pension rights accumulated in other *employment-linked systems* presented a variation of -3,104 million euros during 2018. Of this variation, -1,742 million euros correspond to *defined contribution* systems, while the rest (-1,362 million) were *defined benefit systems*.

The rights accrued in *defined contribution* systems varied by -1,742 million euros (-4.9%). This variation is explained by:

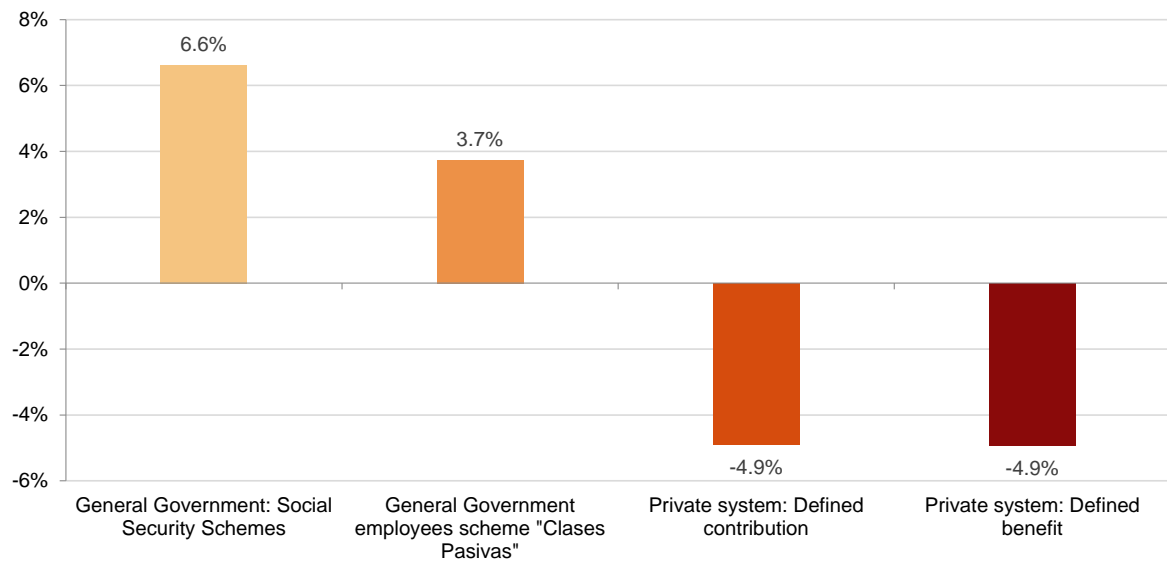
- An amount of 1,352 million euros to be received by these systems as *social contributions*, either paid by the employer or employee, or *supplementary* (profitability of accumulated funds), and after deducting the costs of managing such systems.
- An amount of 1,966 million euros that is deducted from the rights accumulated at the beginning of the year for the *pension benefits* to be paid during that year.
- One million euros added to the accumulated *stock* of pension rights in these systems due to *transfers of rights* from defined benefit systems.
- An amount of -1,156 million euros for *revaluation* of the investments in which the accumulated rights are materialized.
- The amount of 27 million euros for *other changes in volume*.

The rights accrued in *defined benefit* systems have suffered a variation of -1,362 million euros (-4.9%). This variation is explained by:

- An amount of 1,953 million euros to be received by these systems as *social contributions*, either paid by the employer or employee, or *supplementary* (theoretical profitability of accumulated rights), and after deducting the costs of managing such systems.
- An amount of 2,522 million euros that is deducted from the rights accumulated at the beginning of the year for the *pension benefits* to be paid during that year.
- A figure of one million euros that is deducted from the accumulated *stock* of pension rights in these systems for *transfers of rights* to *defined contribution* systems.
- An amount of -792 million euros due to changes in revaluation rights and other changes in volume.

Pension entitlements of social insurances

Variation rate 2018. Percentage



Data Review and Update

The data published today are final. All results are available on INEBase.

Methodological note

The Table of Pensions is prepared in accordance with the European System of National and Regional Accounts (ESA 2010) and following the principles and recommendations of the Technical Compilation Guide for Pension Data in National Accounts (Eurostat, 2020). The project has been carried out in close collaboration with the General Directorate of Insurance and Pension Funds of the Ministry of Economic Affairs and Digital Transformation, the Bank of Spain and the Ministry of Inclusion, Social Security and Migrations, who have provided their expert advice in terms of the operation of the different pension systems and actuarial calculation and facilitate access to the necessary basic information.

The operation thus aims to offer a complete and comparable image of the total pension rights in social insurance accrued on a specific date (beginning and end of the reference year) and valued in actuarial terms. It covers all of the current social security pension systems (of a collective nature), including the so-called social security systems: retirement, widowhood and orphan pensions, those for family members and permanent disability pensions. Social assistance, health and dependency insurance, and insurance other than social security pensions, such as sick leave benefits. Individual pension plans are not included, either.

In any case, such rights and obligations are registered as accrued on a specific date (beginning and end of the reference year), in accordance with current legislation and valued in actuarial terms.

The different flows and *stocks* originated by the operation of the different pension systems considered are offered according to:

1. Type of fund guarantor: systems are classified into pension systems whose guarantor is units that do not belong to the institutional sector of *Public Administrations (other employment-linked systems)* and in systems, including social security, that have *Public Administration* units as guarantor.
2. Type of pension system: a distinction is made between *defined contribution* systems and *defined benefit* systems.

Type of operation: triennial.

Geographical scope: the entire national territory.

Reference period for the results: the calendar year.

Collection method: summary statistics.

For more detailed information, you can consult the INE website (www.ine.es), as well as access the [Standardised Methodological Report of the operation](#).

INE statistics are produced in accordance with the Code of Good Practice for European Statistics, which is the basis for the institution's quality policy and strategy. For more information see the section on Quality at INE and the Code of Best Practices on the INE website.

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