



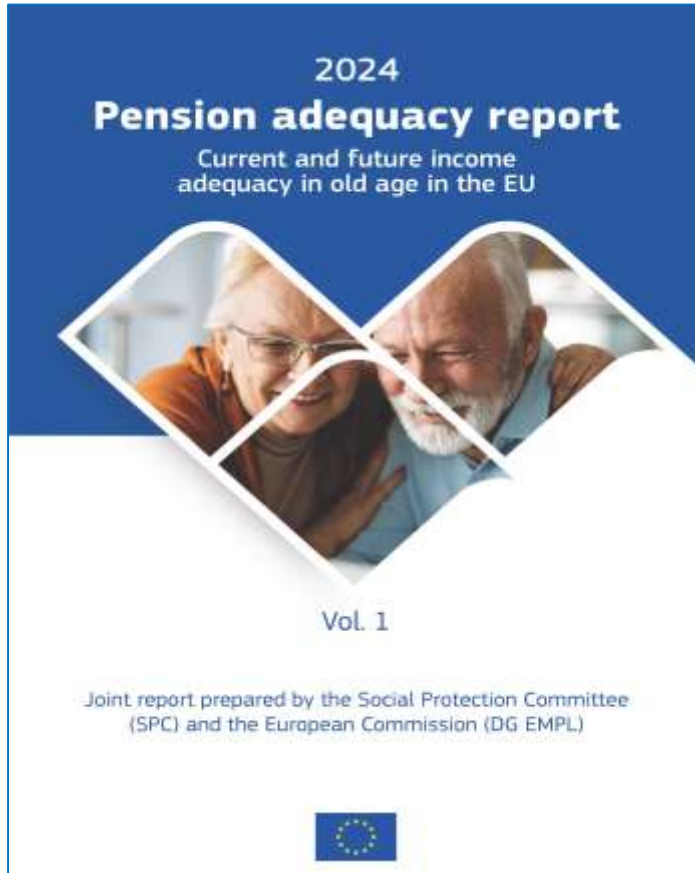
Pension Adequacy Report

Current and future income adequacy in old age in the EU

CEEC Pension Forum
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Pension Adequacy Report



- 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

3 dimensions of pension adequacy



Poverty
protection



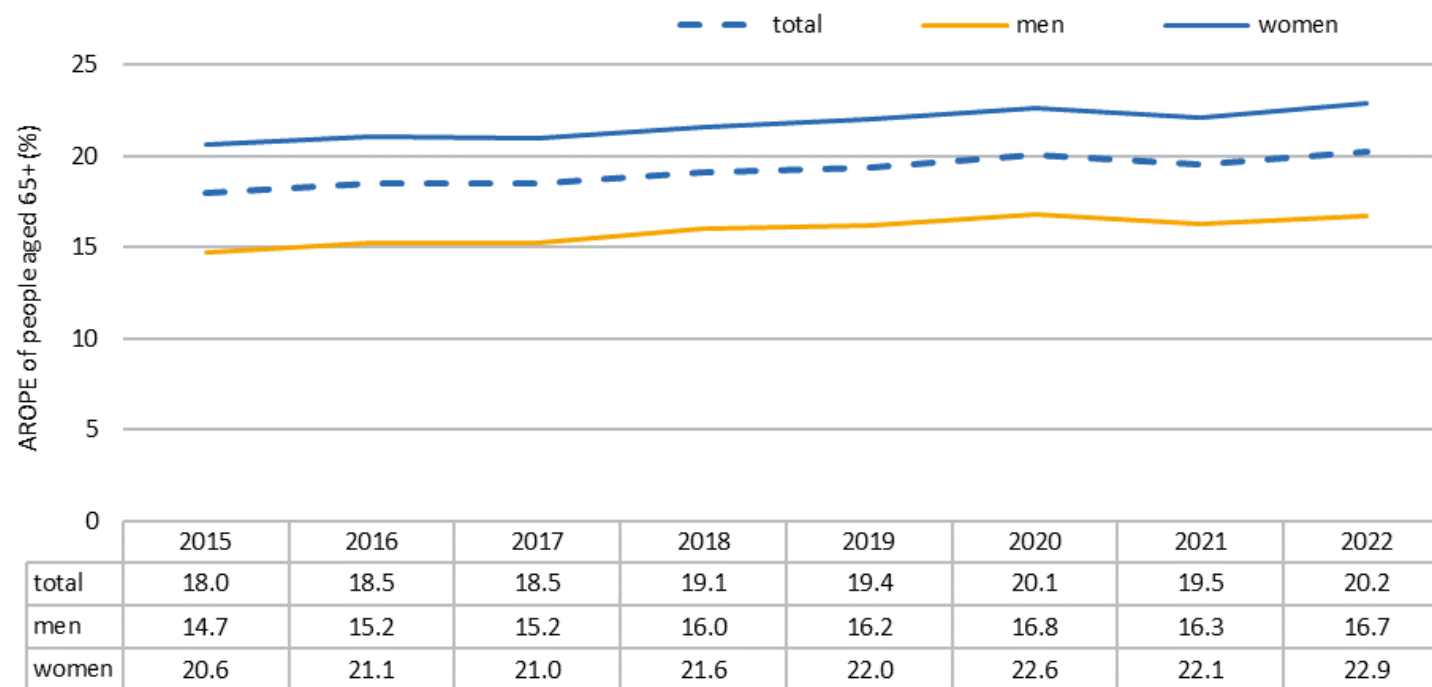
Duration



Income
replacement

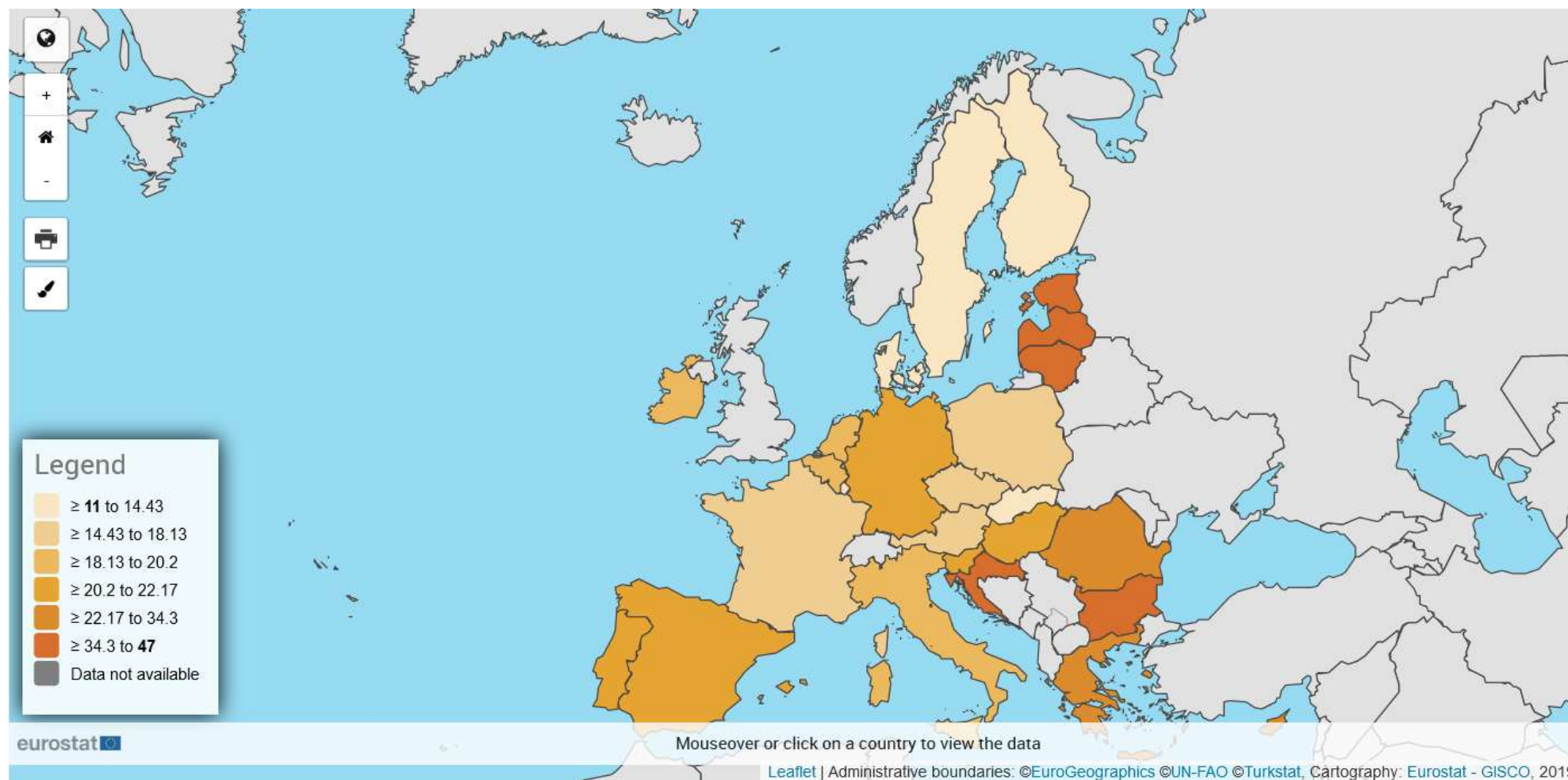
Poverty and social exclusion in old-age growing

- Increase driven by rising relative income poverty
- Older women face higher poverty risks than men



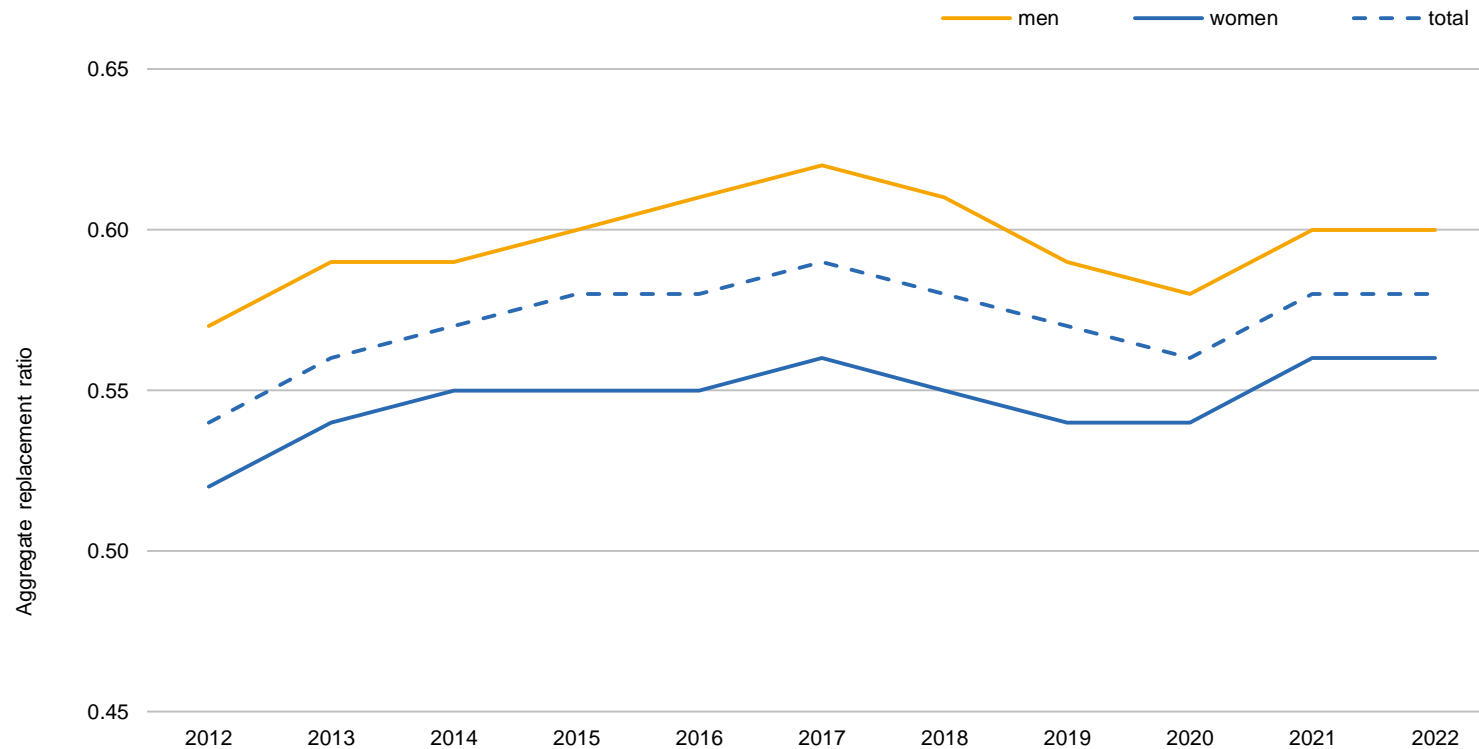
People aged 65+ at risk of poverty or social exclusion (AROPE), women and men, % and million people, EU-27, 2015-2022

Significant differences in old-age poverty risks remain



Share of people aged 65+ at risk of poverty or social exclusion (AROE), %, EU-27, 2023

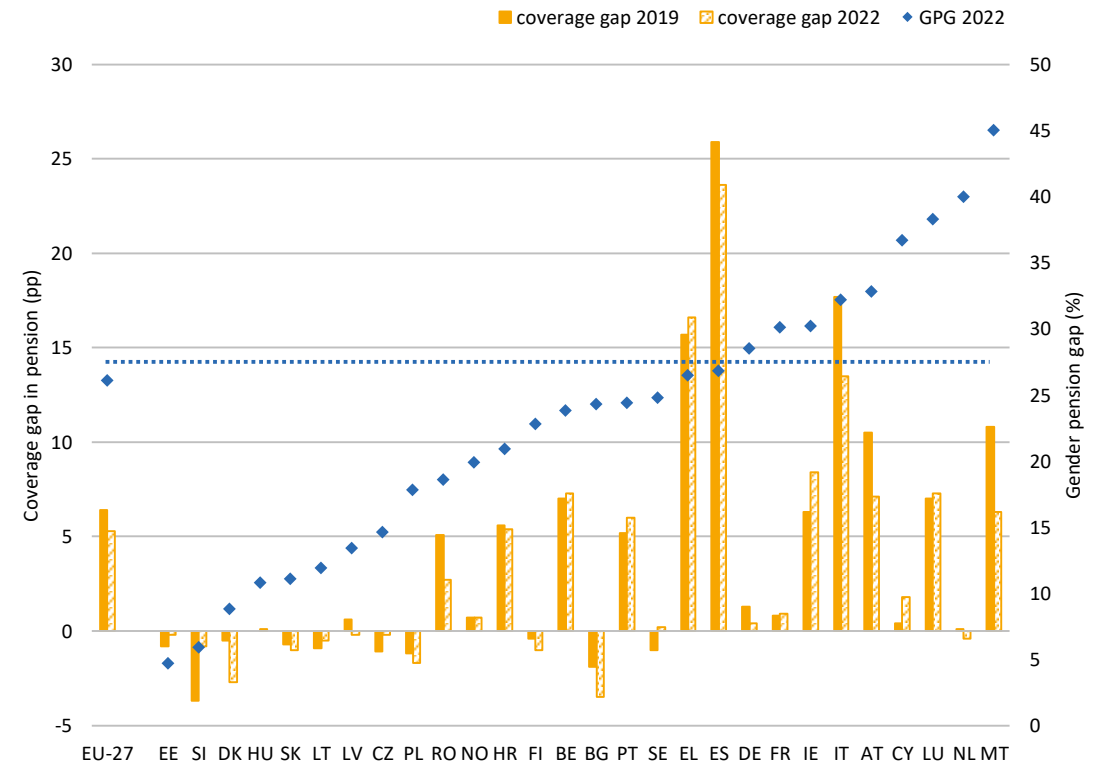
Pensions replace 58% of former work income on average, with large gender and country differences



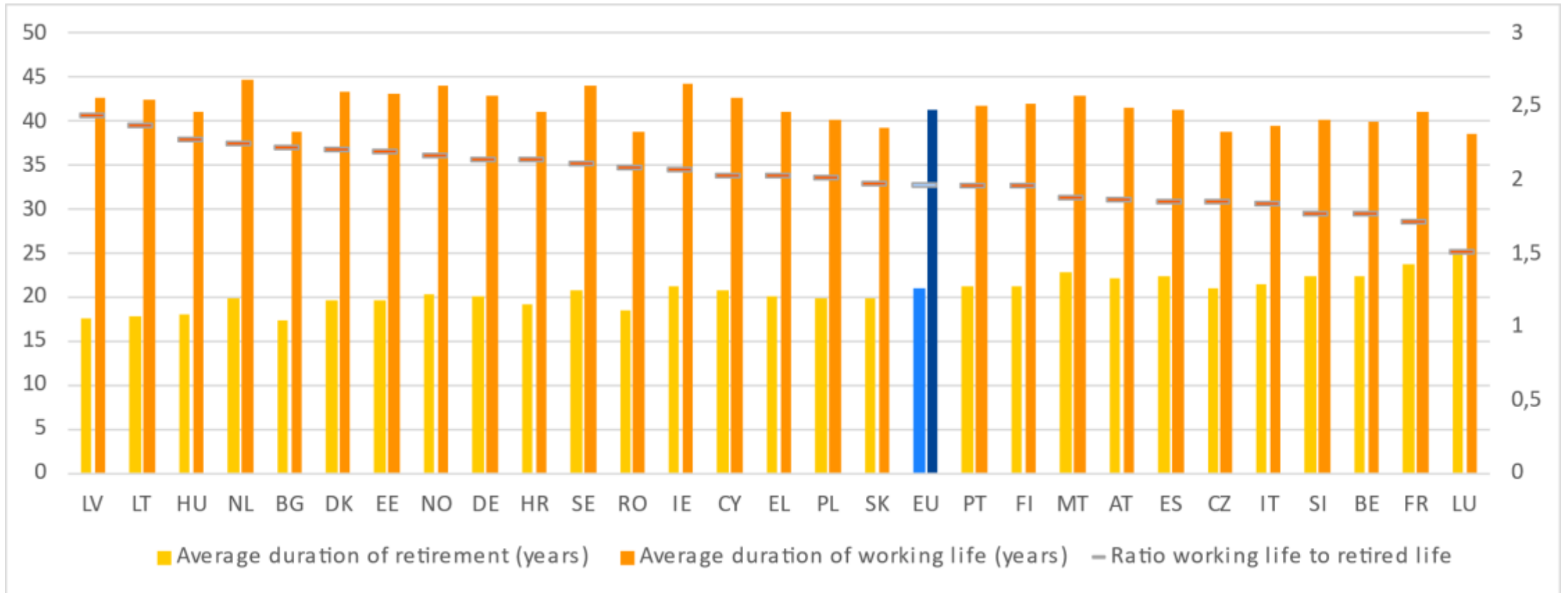
Aggregate replacement ratio for pensions (excluding other social benefits) by sex, 2012-2022, EU-27

Gender inequalities in old age remain

- Gender gaps in old-age poverty, pension amount and pension coverage, although narrowing, testify to persistent inequalities
- The need for health care and long-term care tends to increase with age and is associated with a higher risk of poverty. Women live longer in ill health than men and are more often in need of care, while having lower incomes.
- Lower financial literacy can hamper women's retirement planning, calling for financial education and pension transparency measures.



Europeans work 2 years for 1 year of retirement on average, with stark differences between countries



Crisis response and structural reforms, 2020-2023

European pension systems and anti-crisis measures **cushioned the impact of the COVID-19 and cost-of-living crises** on pensions:

- Purchasing power of pensioners well protected compared with those in working age
- Measures included: regular indexation, extraordinary increases, pension supplements, other cash benefits
- However, **funded pension schemes were subject to strong volatility**

Four main structural reform trends:

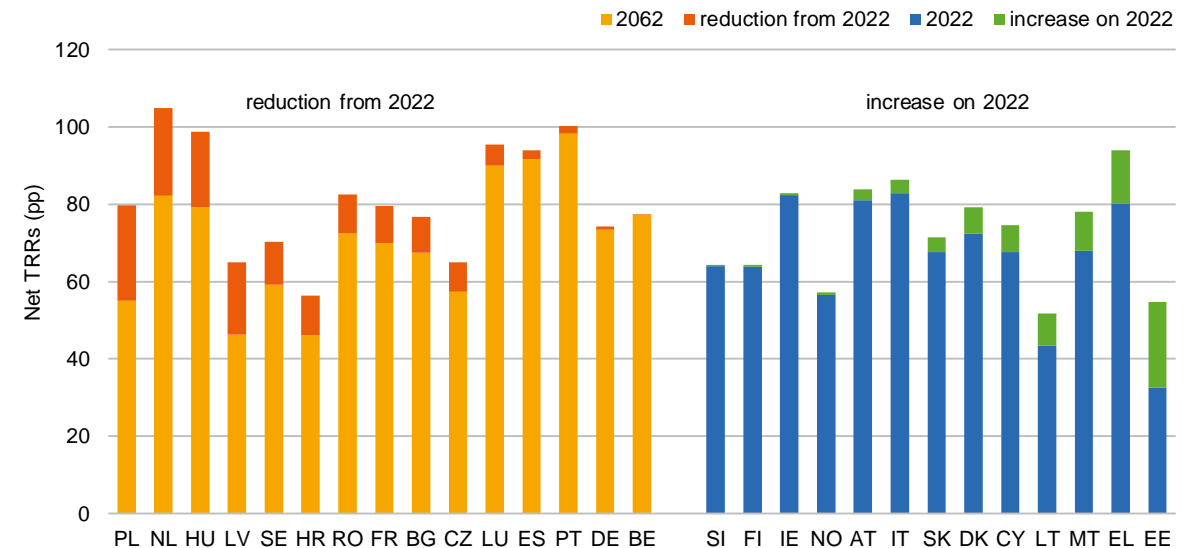
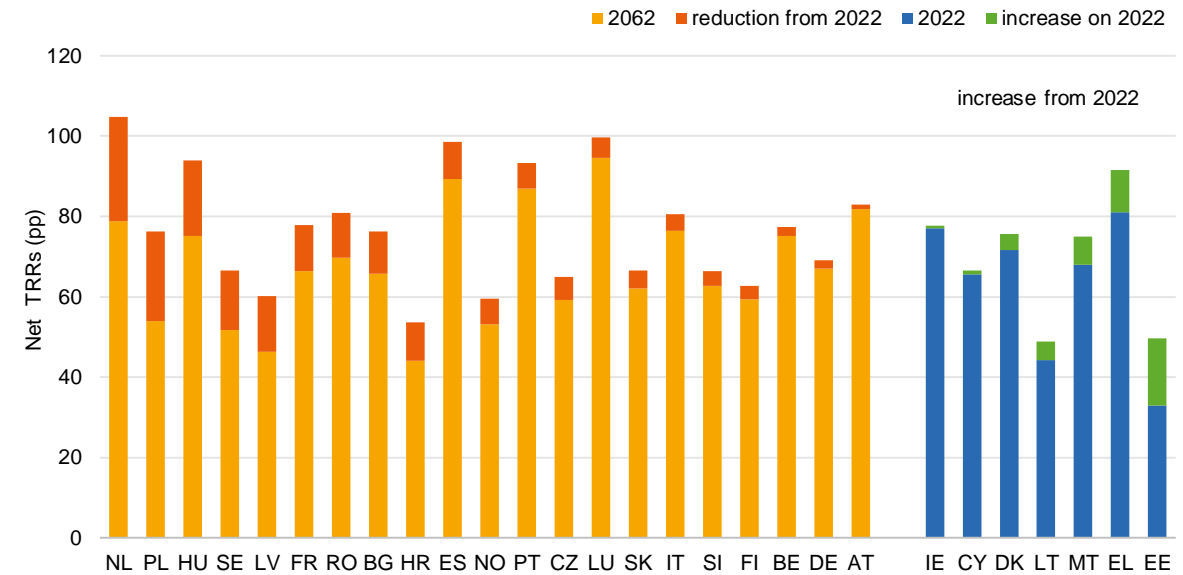
1. Enhancing access to and the accrual of entitlements
2. Encouraging longer working lives through positive incentives
3. Strengthening basic and minimum old-age benefits
4. **Strengthening the funded components of old-age benefits**

Future adequacy

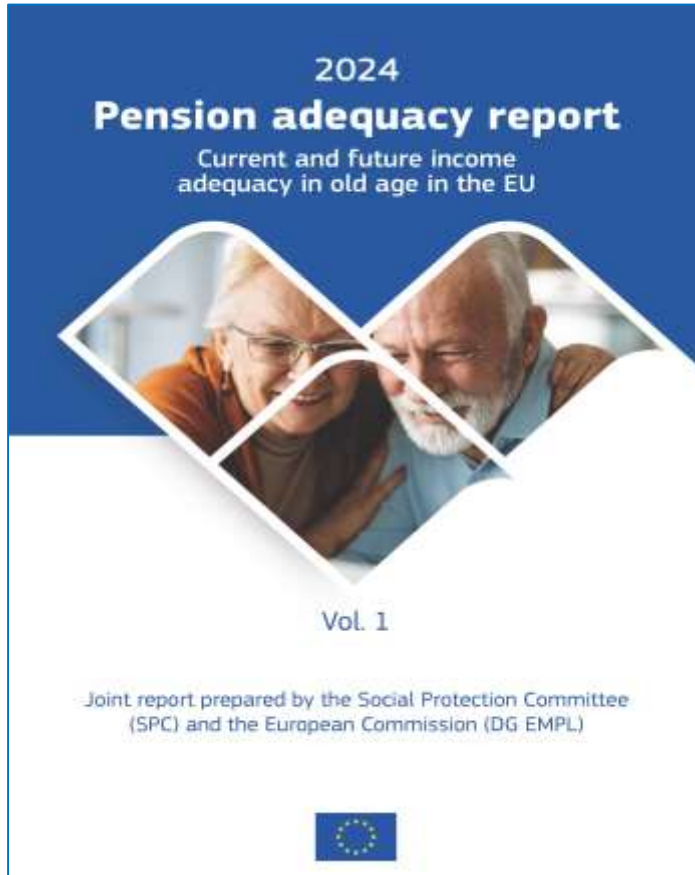
- Over the next four decades (2022-2062), pension replacement rates for a given career are projected to decrease in most countries

BUT

- Accounting for longer careers and legislated increases in pensionable age, the fall in replacement rates affects fewer countries and is generally milder
- The age of retirement is a key factor



Thank you!



2024 Pension Adequacy Report:

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