QUAL O FUTURO DAS PENSÕES DE REFORMA EM PORTUGAL? ONDE ESTAMOS? PARA ONDE QUEREMOS IR?

29 NOVEMBRO | CENTRO CULTURAL DE BELÉM

APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS

COM O APOIO DE:

Allianz Global Investors

Schroders

EURONEXT

SILVIP BUILDING ON TRUST

2021 Ageing Report

gep Gabinete de Estratégia e Planeamento
MINISTÉRIO DO TRABALHO, SOLIDARIEDADE E SEGURANÇA SOCIAL

ASF
Autoridade de Supervisão de Seguros e Fundos de Pensões

GPEARI
MINISTÉRIO DAS FINANÇAS • MINISTRY OF FINANCE

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Overview

1. Environment
2. Demographic and Macroeconomic Assumptions
3. Results

1. Environment

Economic and Financial Committee (EFC)
(to keep under review the economic and financial situation of MS – country recommendations and EDP decisions)

Economic Policy Committee (EPC)
(formulation of the broad economic policy guidelines and contributes to the multilateral surveillance procedure)

Council

Ageing Working Group (AWG)
(contribute to improving the quantitative assessment of the long-term sustainability of public finances and economic consequences of ageing populations of the MS and to assist policy formation)

ECB
Social Protection Committee
EUROSTAT and National Statistics Institutions
IMF
WB
OECD
research institutions

1. Environment

Ageing Working Group (AWG)

Main tasks:

- **carry out the common age-related budgetary projections,** according to EPC guidance (coverage, methodology, quality, cross-country comparability and consistency)
- **contribute to the development of the assessment of long-term sustainability of public finances**
- **discussion on other important issues in analysing long-term fiscal sustainability** and the macroeconomic aggregates most likely to be affected by ageing

1. Environment

Ageing Report

Long-term budgetary projections (50 years) – based on same demographic and macroeconomic assumptions:

- Elaborated by Commission – Health, Long-term care, Education and Unemployment
- Elaborated by Countries – Pensions
  (subject to a peer-review: reviewer country – Sweden for Portugal, Commission and other MS)

1. Environment

Ageing Report

Updated each 3 years (until now 8 Reports – 2001/2021)

Assumptions – no policy change:

- Demographic: produced by Eurostat
- Macroeconomic:
  - t+2 - EC forescast,
  - t+10 - Output Gap Working Group,
  - t+50 - AWG

1. Environment

The results of the Ageing Report are inputs used on the Stability and Growth Pact:

- Countries Medium-term Objective (MTO)

$$MTO = max\{MTO^{ILD}, MTO^{MB}, MTO^{Euro/ERM2}\}$$

$$MTO^{ILD} = Balance_{debt-stabilizing\ (60\%\ of\ GDP)} + \alpha * AgeingCosts_{infinite\ horizon} + \\ + Effort_{debt-reduction\ if\ debt>60\%\ of\ GDP}$$

$$MTO^{MB} = -3 + 1{,}2\frac{[stdev_i(\varepsilon_i * OG_i) + stdev_{EU}(\varepsilon * OG)]}{2},$$

$$\text{subject to } -0{,}7 \geq MTO^{MB} \geq -1{,}5$$

1. Environment

MTO for 2020-2022: 0%

debt (2020) (a) %of GDP	Average nominal GDP growth (2021-2070) (b) %	Minimum Benchmark (c)	Euro area and ERM2 (d)	Debt stabilizing balance at 60% (e)=-60*(b) %of GDP	Supplementary debt-reduction effort (f) %of GDP	Cost of ageing (infinite horizon) (g) %of GDP	MTO^{ILD} = (e)+(f)+0.33*(g)	MAX{(c), (d), (e)+(f)+alpha*(g)}	**min MTO for 2020-2022 (rounded)**	current MTO (2019)	**Binding factor**
116,8	2,9	**-1,3**	**-1,0**	-1,7	1,6	0,9	**0,1**	**0,1**	**0,00**	0,25	ILD

MTO for 2023-2025: -0,5%

debt (2022) (a) %of GDP	Average nominal GDP growth (2024-2070) (b) %	Minimum Benchmark (c)	Euro area and ERM2 (d)	Debt stabilizing balance at 60% (e)=-60*(b) %of GDP	Supplementary debt-reduction effort (f) %of GDP	Cost of ageing (infinite horizon) (g) %of GDP	MTO^{ILD} = (e)+(f)+0.33*(g)	MAX{(c), (d), (e)+(f)+alpha*(g)}	**min MTO for 2023-2025 (rounded)**	current MTO (2020-2022)	**Binding factor**
127,2	**3,2**	**-1,1**	**-1,0**	**-1,9**	**1,8**	**-0,7**	**-0,4**	**-0,4**	**-0,50**	**0,00**	**ILD**

1. Environment

- and also Country Specific Recommendations

  2015 CSR - “Improve the medium-term sustainability of the pension system. “

  2017 CSR – “(…) ensure the sustainability of the pension system.”

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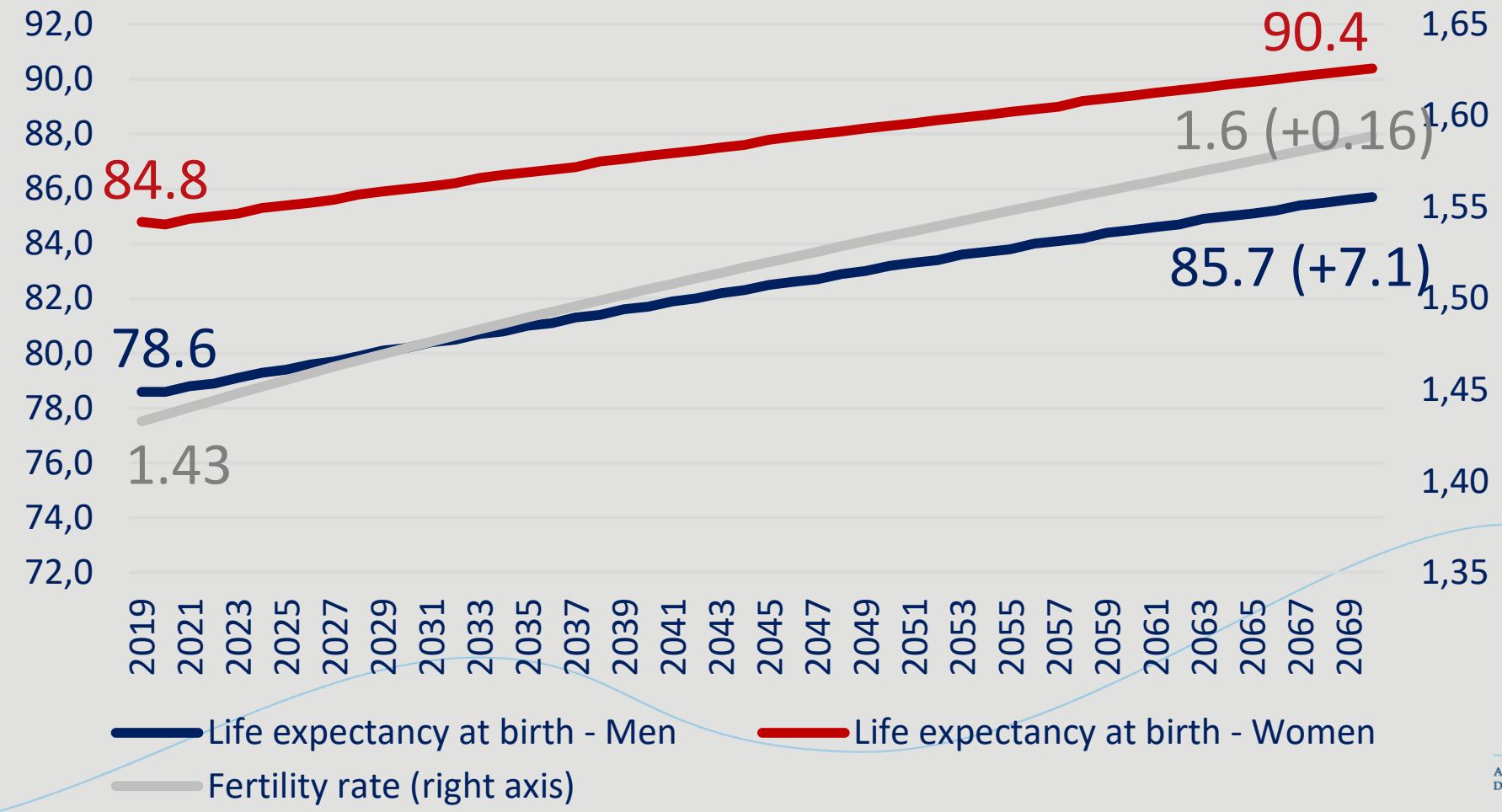
2021 Ageing Report

2. Demographic and Macroeconomic Assumptions



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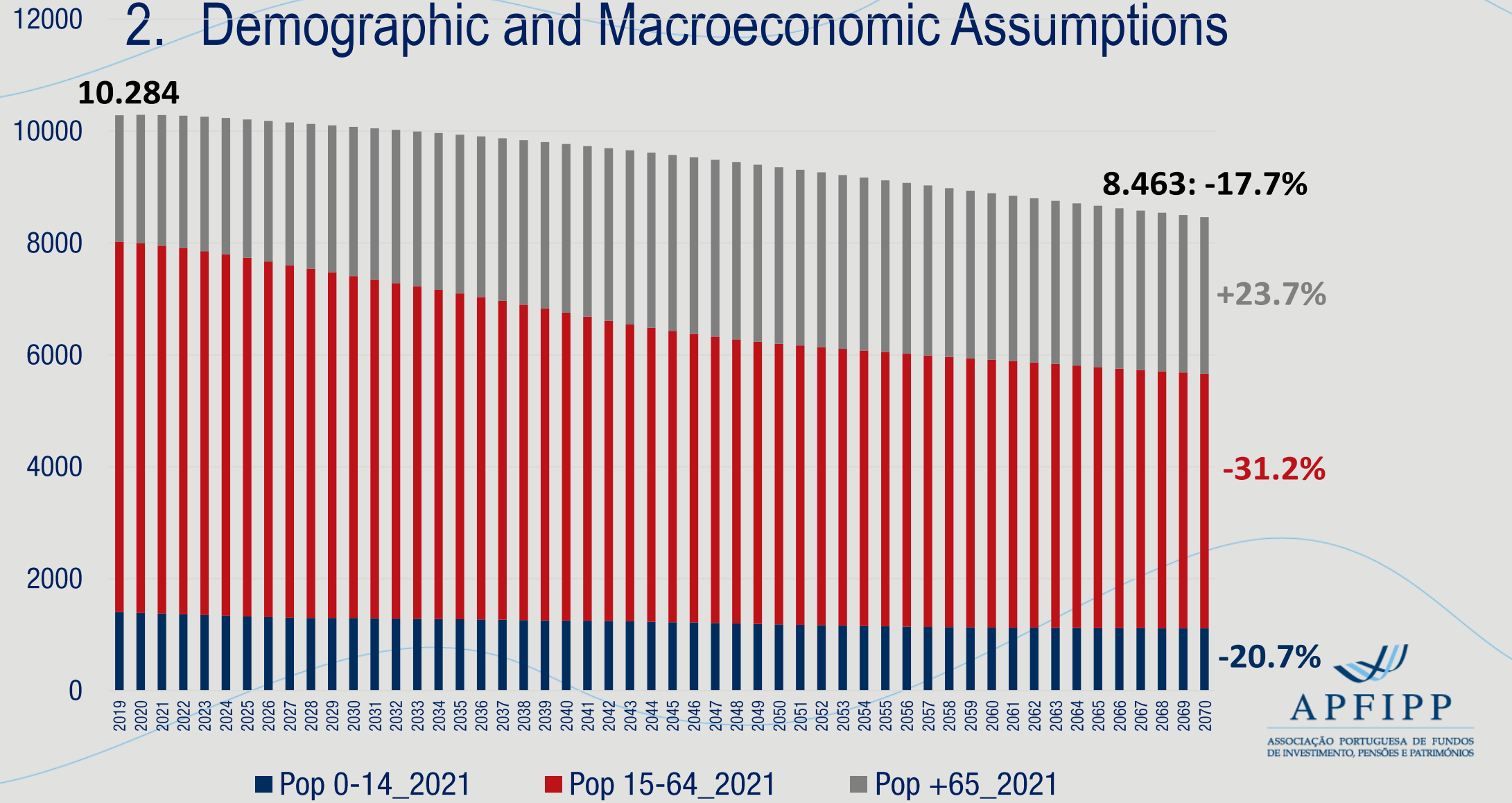

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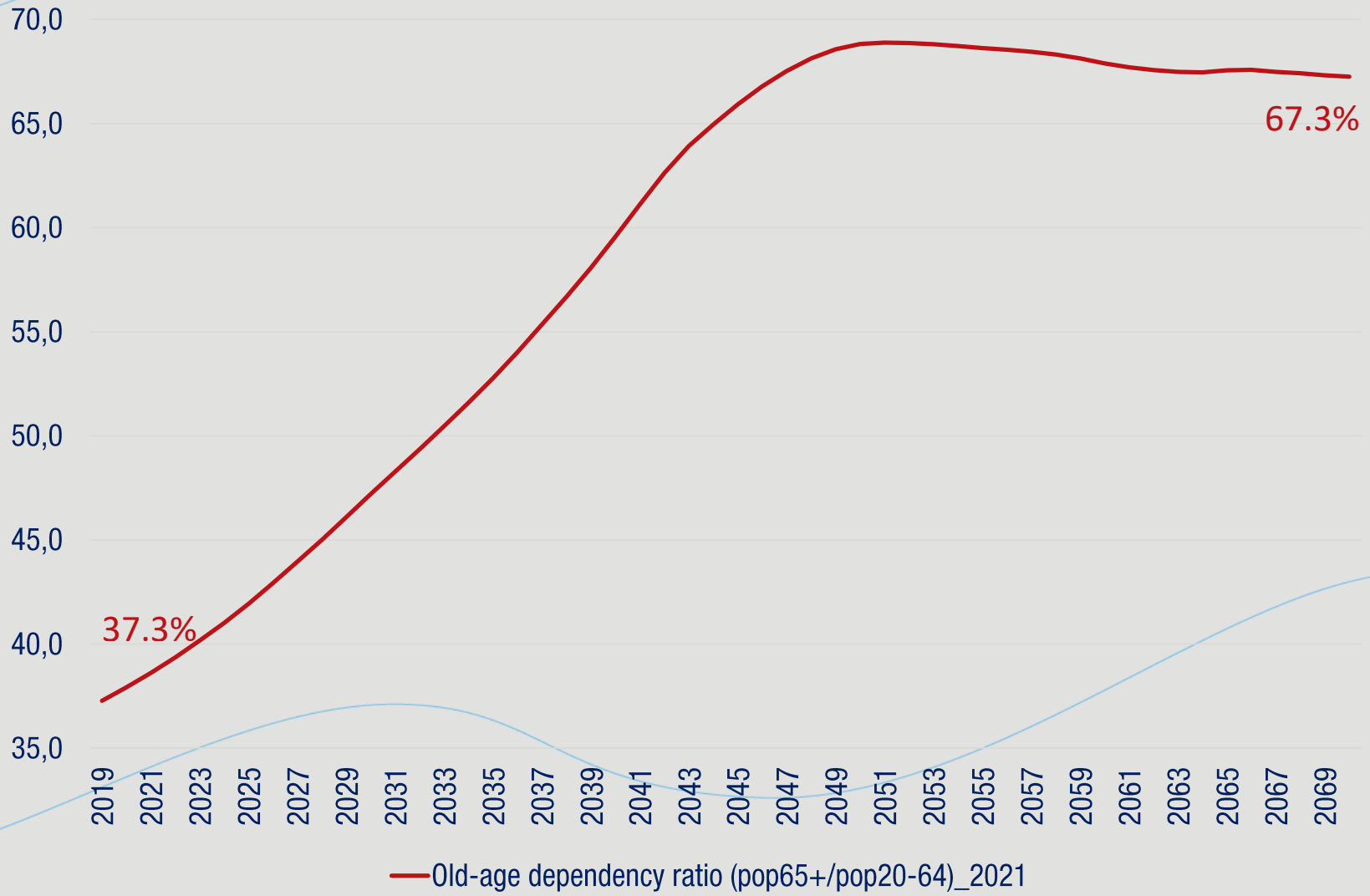

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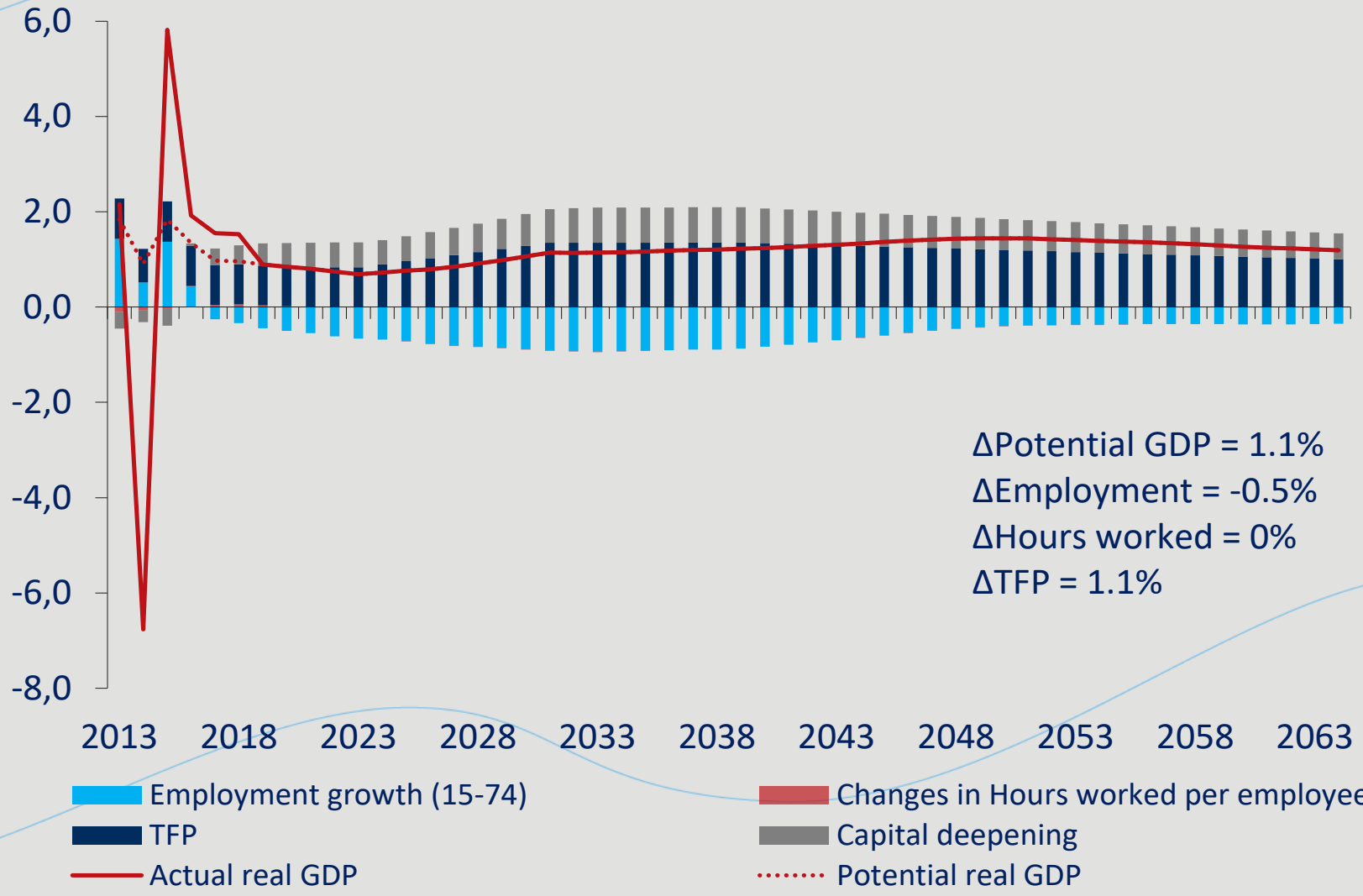

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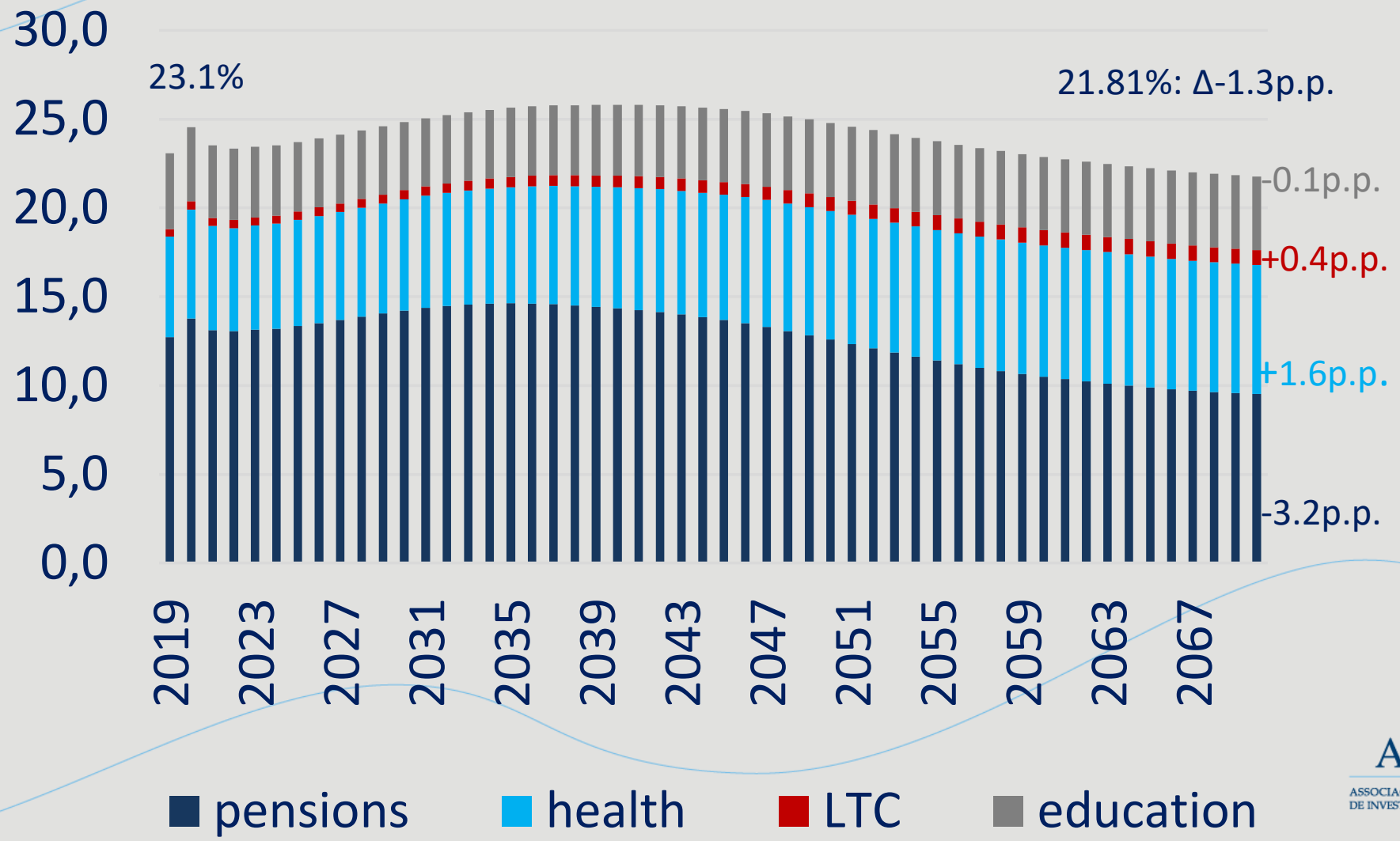

3. Results - PENSIONS

Pensions system in Portugal

Public pension scheme

Social Security

. private sector workers

. public sector workers since 1 Jan 06

. welfare subsystem

CGA

. public sector workers until 31 Dec 05

Private pensions

Occupational pensions

. 1st pillar DB Pension, other DB pensions and DC Pension

Private (mandatory and non-mandatory) pensions

. (3rd pillar)

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3. Results - PENSIONS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Eurostat total pension expenditure	**13,6**	**13,7**	**14,4**	**14,5**	**15,7**	**15,6**	**14,9**	**14,6**	**14,2**	**13,8**
Eurostat public pension expenditure (A)	12,3	12,5	13,1	13,6	14,7	14,7	14,1	13,7	13,3	13,0
Public pension expenditure (AWG outcome) (B)	12,8	12,6	13,3	13,4	14,3	14,3	13,7	13,5	13,0	12,8
Difference EUROSTAT/AWG: (A) - (B)	-0,6	-0,1	-0,1	0,2	0,4	0,4	0,3	0,3	0,3	0,2

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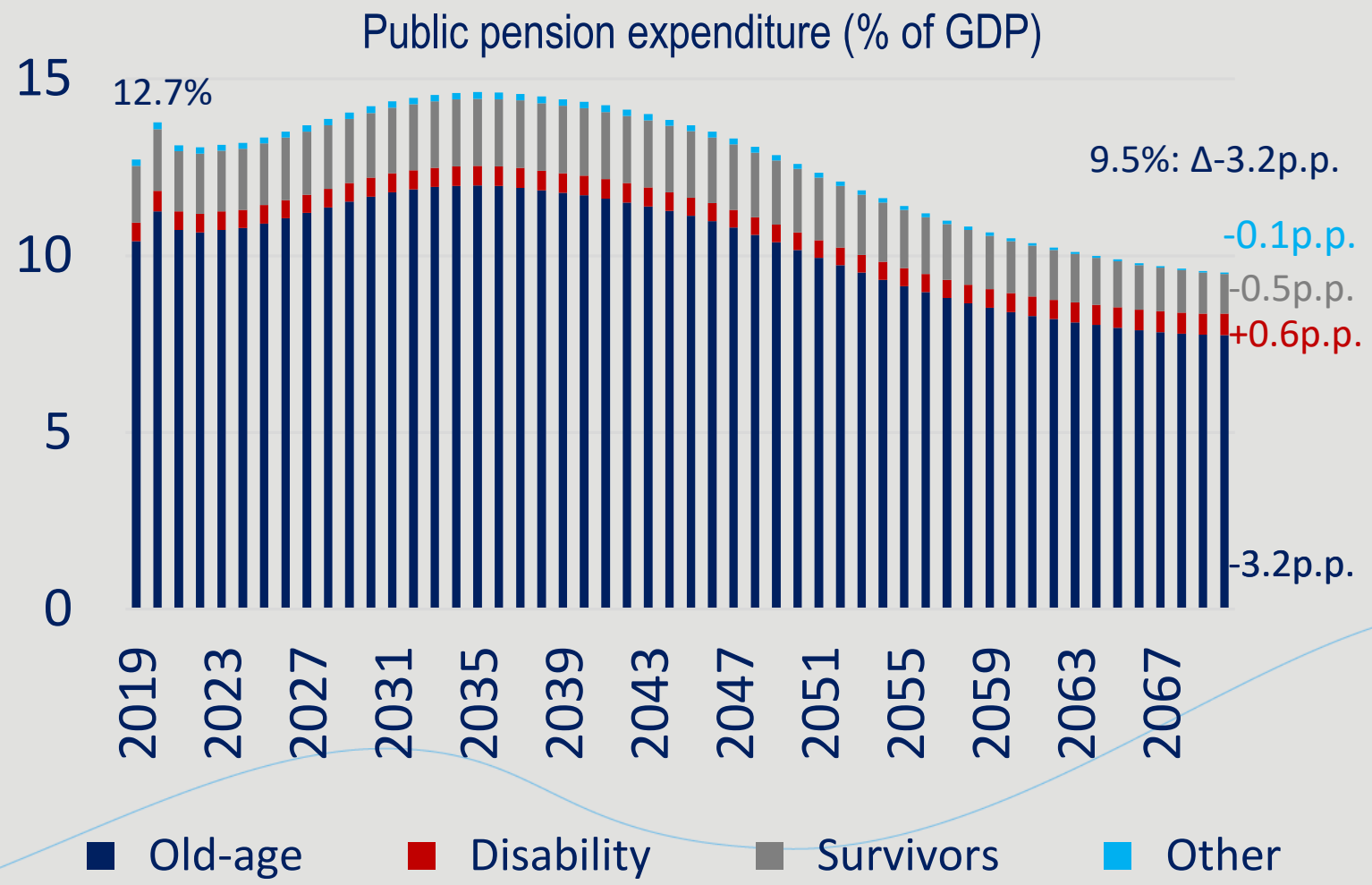

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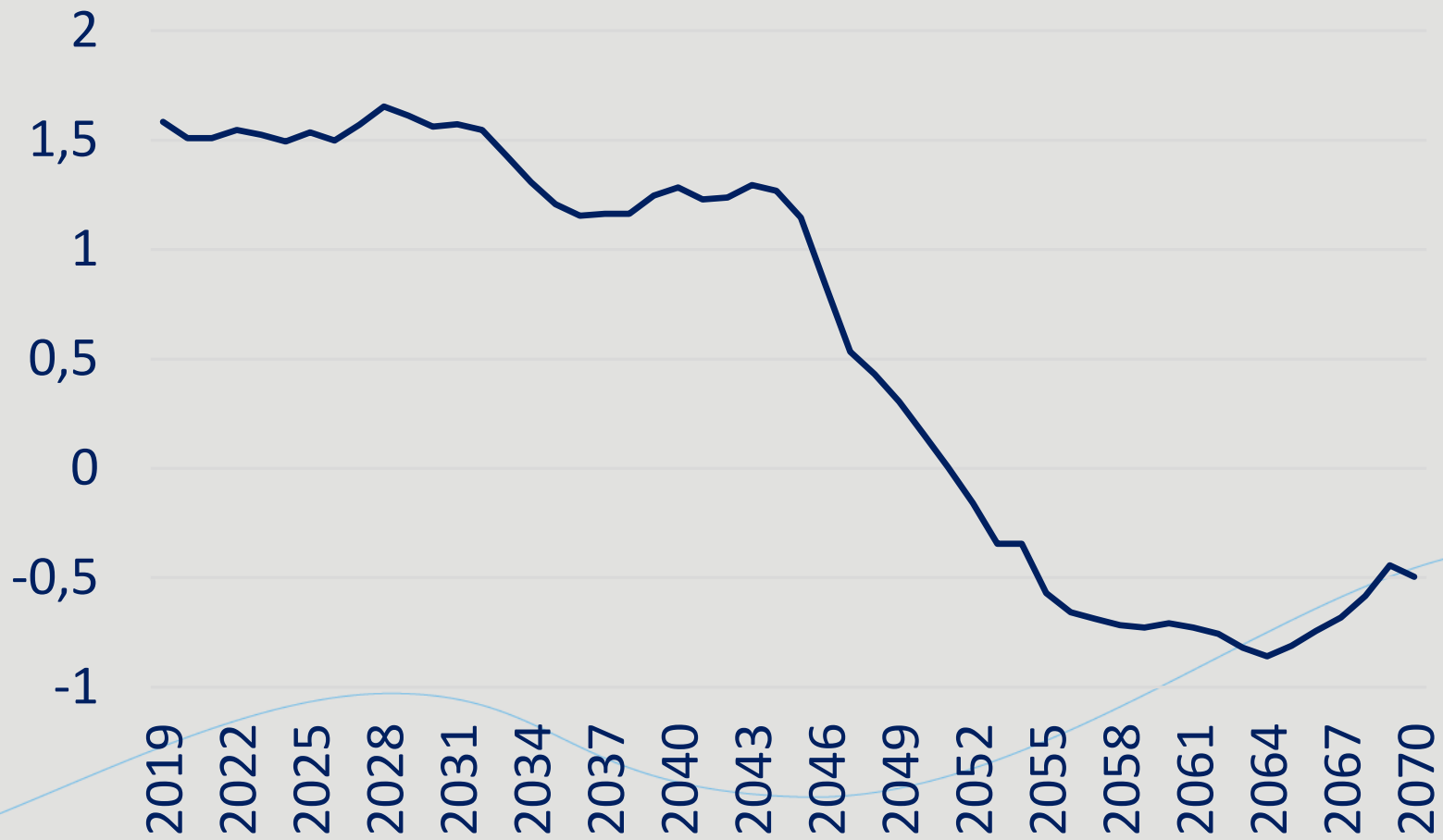
3. Results - PENSIONS

Population with Statutory retirement age (change in %)



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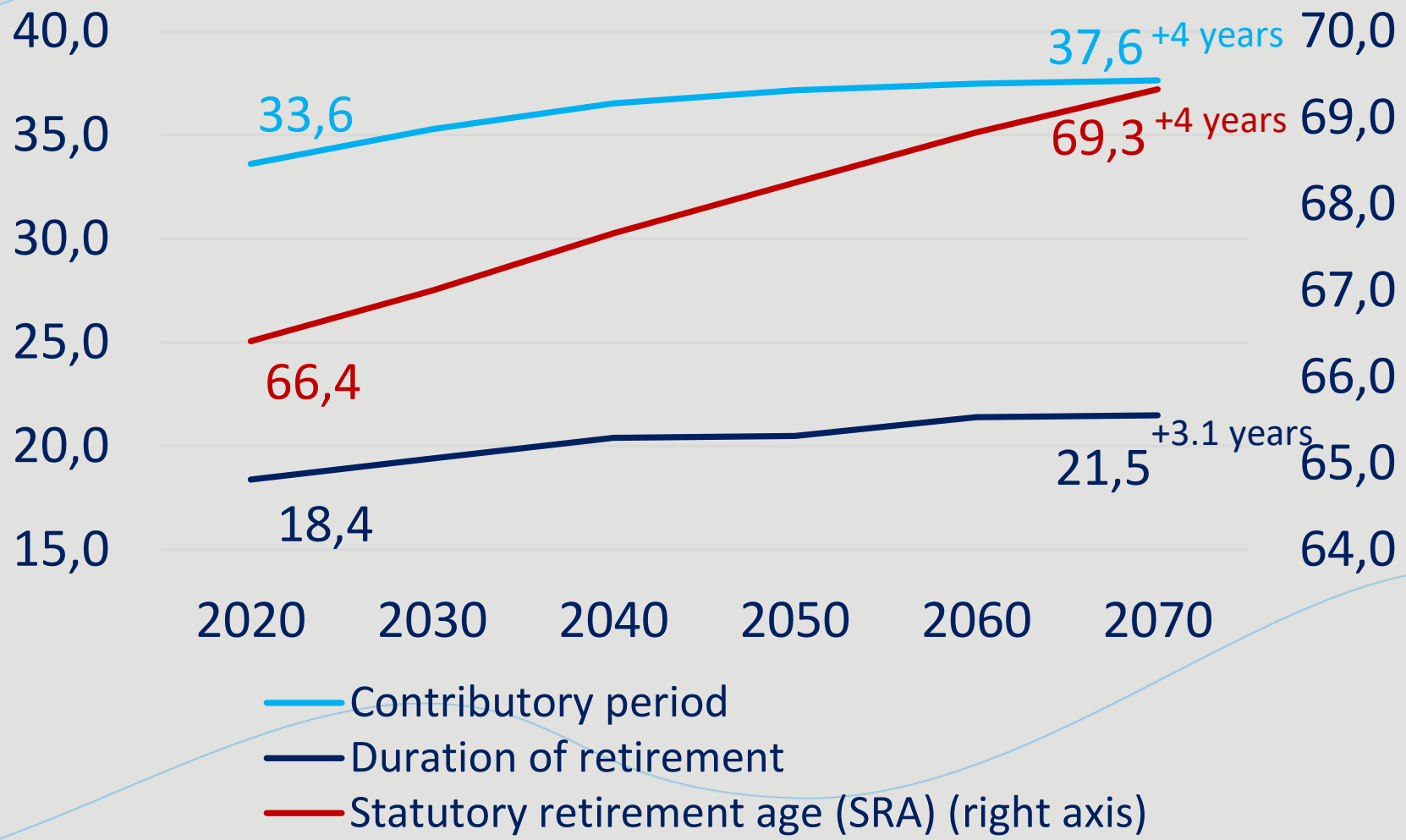

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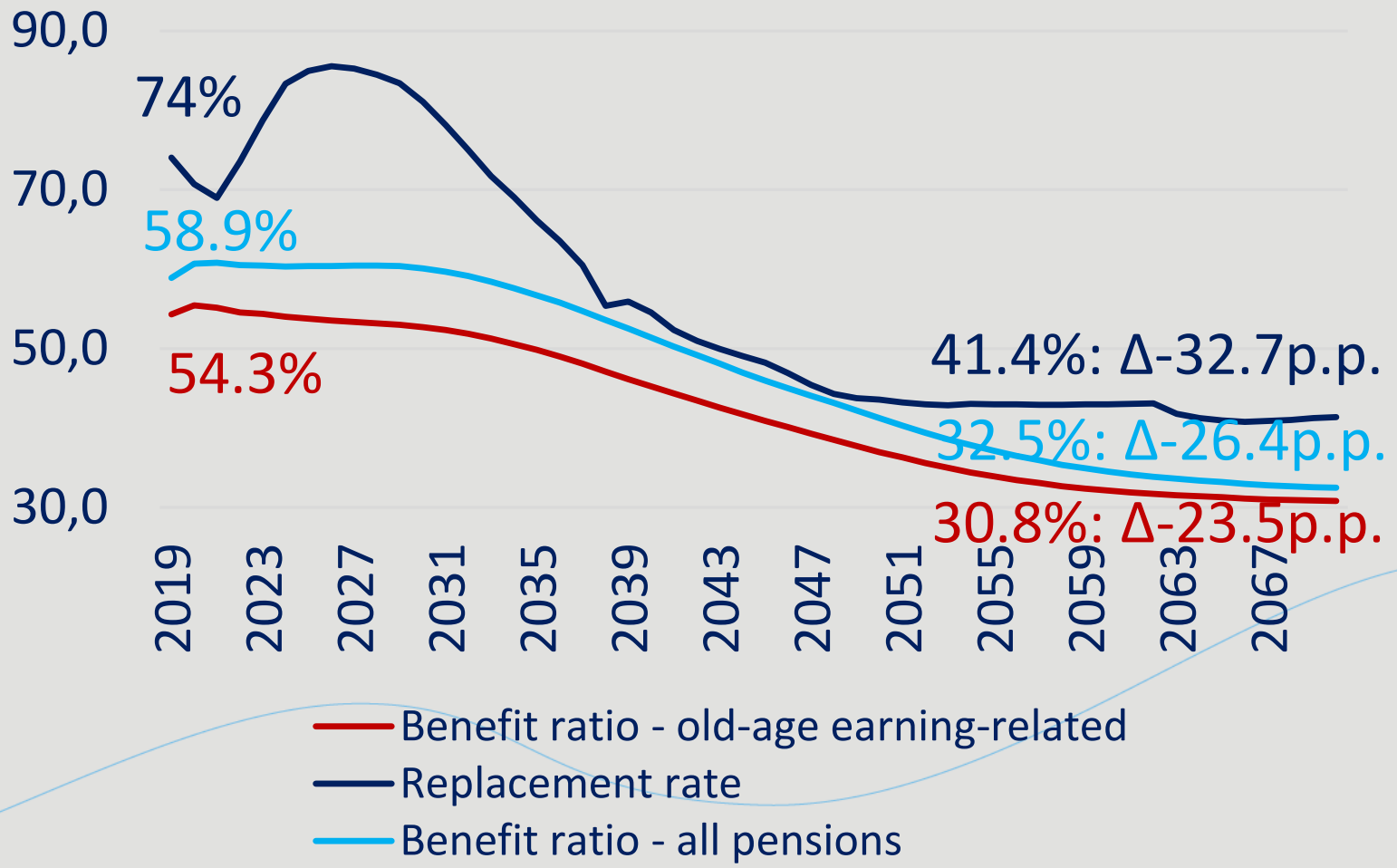

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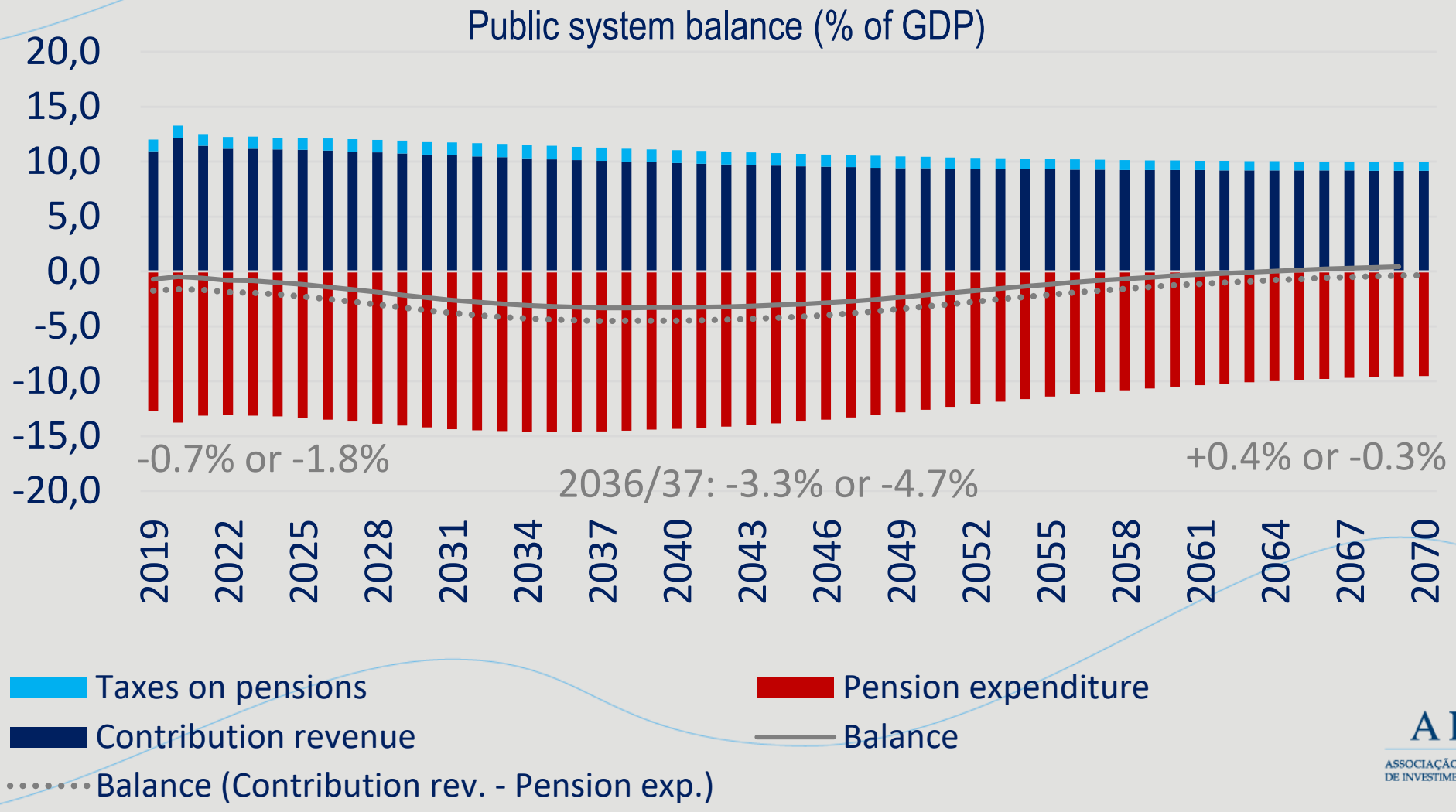

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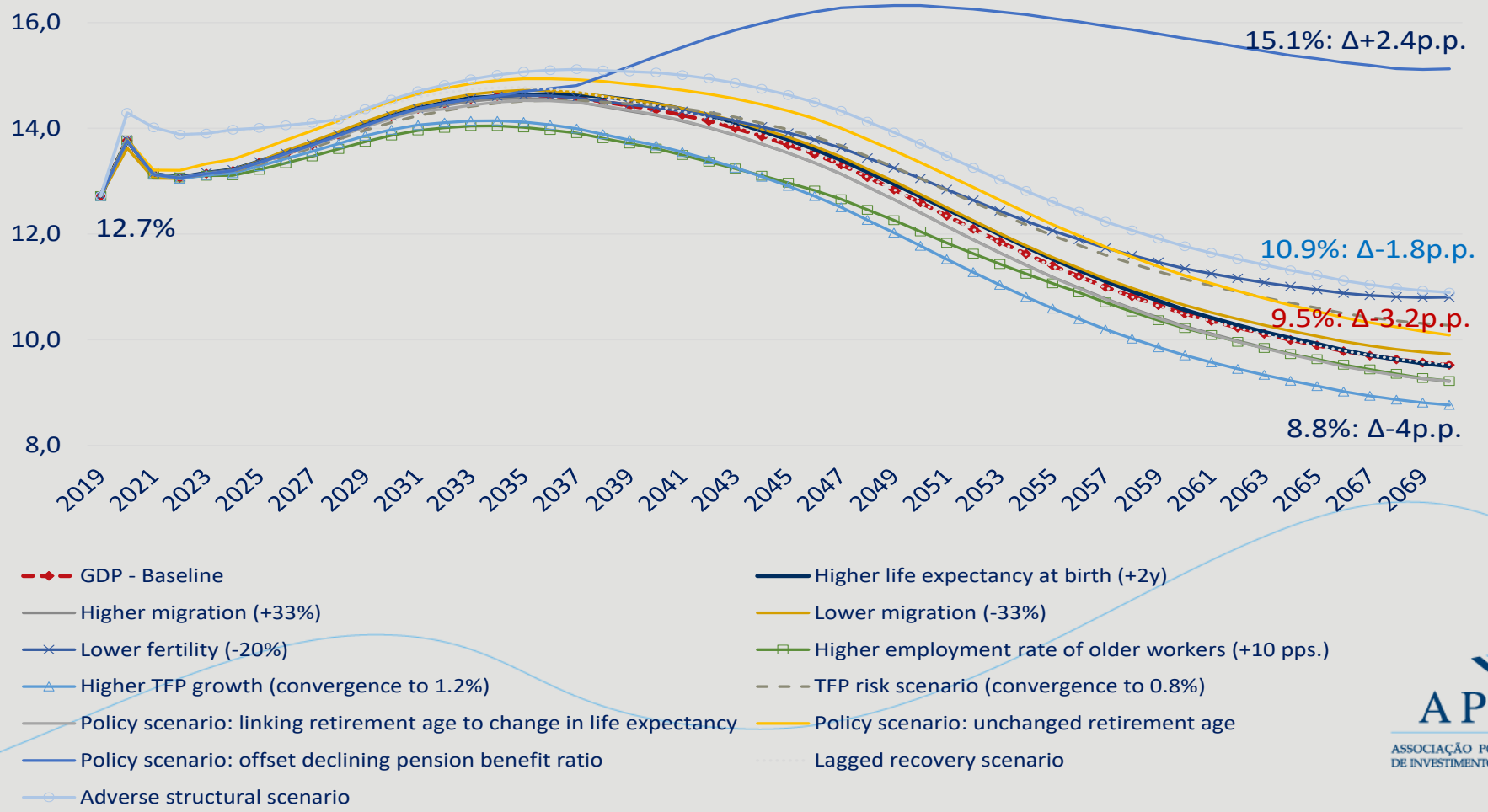
3. Results - PENSIONS

Sensitivity scenarios (% of GDP)



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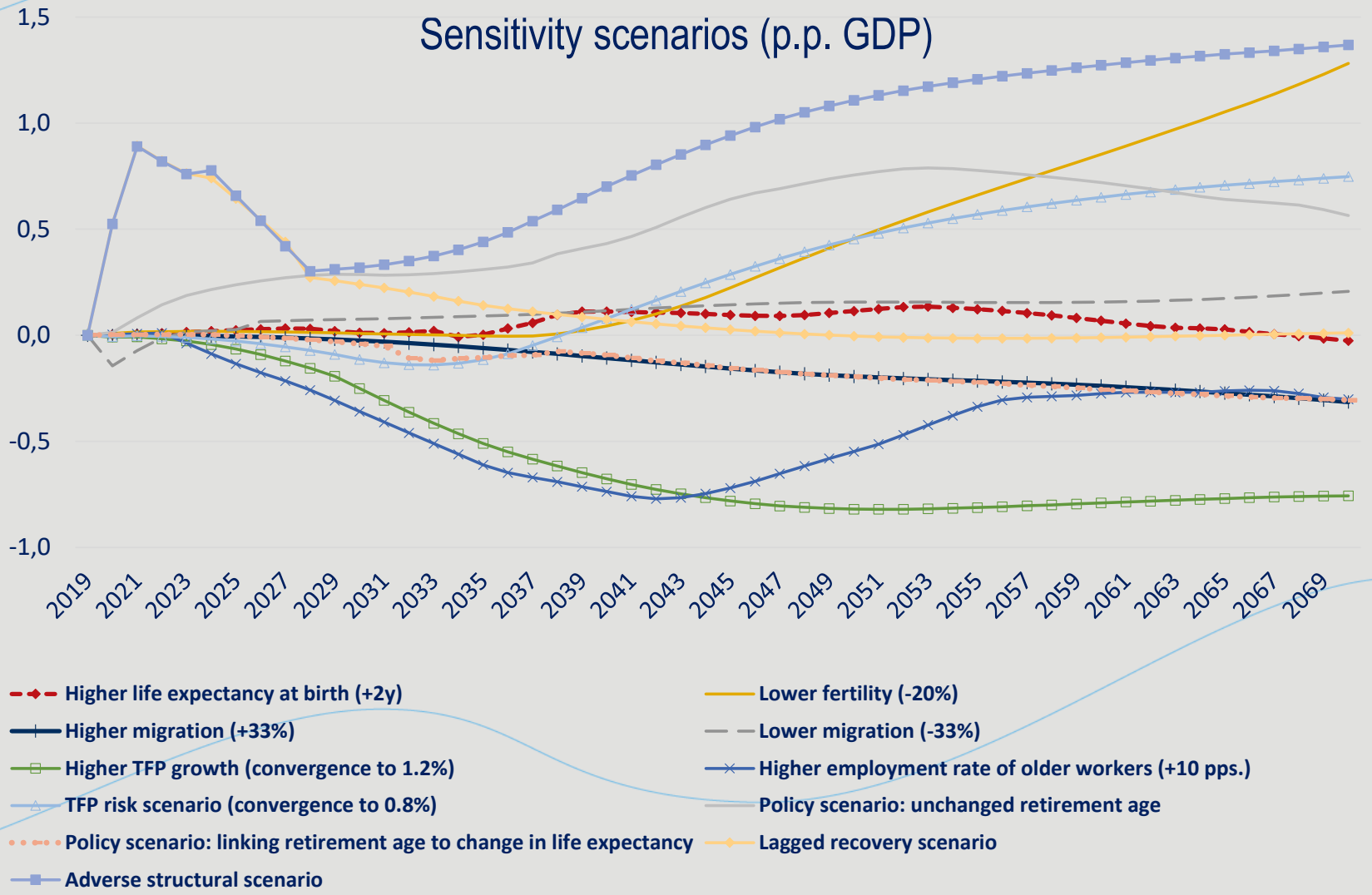

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Thank you.