Minimum income in old age

- comparative remarks and some questions

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European Pillar of Social Rights, Principle 15

- Right of workers and self-employed in retirement to a pension “to a pension commensurate to their contributions and ensuring an adequate income”

- “Everyone in old age has the right to resources that ensure living in dignity.”

European Commission, Pension adequacy report, 2021

- Commission supports national efforts to ensure adequate pensions and minimum income by analyzing the ***adequacy*** of pensions (= i.e. how a) they help maintain the income of EU citizens for the duration of their retirement and b) how they *prevent old-age poverty*)

- COM concludes: „Efforts aimed at strengthening anti-poverty safeguards in national pension systems (…) focus on improving minimum income guarantees for low-income pensioners (p. 63)

One goal, different ways:
Ways of guaranteeing minimum income in old age (I)

Minimum income in old age in a „universalistic“ approach

- **NL**: *AOW pension* guarantees minimum income at the rate of the minimum wage; pro-rata-calculation; social security benefit. (Social) assistance is used to supplement incomplete AOW pensions to a minimum)

- **SE**: „*guarantee* pension“: tax-financed, intended to secure a minimum pension level for persons who have no or insufficient „*income*“ and „*premium*“ pension; depends on periods of residence („insurance“ period)

- **PL:** Statutory minimum old-age pension (plus new non-contributory benefits)

Different ways of guaranteeing minimum income in old age (II)

- (Minimum) **Supplements** to pensions: **ES** („minimum supplement“), **AT** („compensatory supplement“), **DE** („basic pension supplement“ for persons with at least 33 years of contributions and low earnings)

  – but <u>different approaches</u>: in ES: social security benefit; in AU: SNCB; in Germany: income test (not means test)

  - In AT: New „premium on compensatory supplement“ for pensioners with a long history of insurance periods, not SNCB

- ***Different*** **minimum pensions** (for *different categories of persons/careers*) (*<u>and</u>* social assistance pension scheme): **B**

Different ways of guaranteeing minimum income in old age (III)

Special social allowance systems for the elderly

- **„Basic pension“: IT**: „citizenship pension“ for every person aged 67 or above who has lived in the country for at least 10 years and has income below a certain threshold
- **Social allowance especially for elderly**: „allowance of social solidarity for uninsured elderly“: **GR** (for persons aged 67 and above, whose income does not exceed a certain limit)

  - Also **DE** (Grundsicherung im Alter) and **ES**: other non-contributory (minimum) pensions

Questions for discussion:

- Impact of„minimum pensions“ or „minimum income benefits in old age“ on the „free movement of pensioners“
  - Does Art. 58 Reg. 883/04 have the (unintended?) effect of hindering the export of benefits?
  - Do „minimum pensions“ in fact hinder pensioners to move and live in another country if their (pension) income falls below certain thresholds? Role of Dir. 2004/38/EC? Pensioners have been (in most cases) *economically active*!
  - Easier to tighten the eligibility criteria in minimum pensions(?): eg. by foreseeing longer periods of residence in the country or by introducing stricter controls
  - European pensioners with minimum pensions: „adequately“ protected but in fact „immobile“?

The link between „minimum pensions“ and „residence“ seems to have been growing stronger

- „As residence status is used as a gate-keeper for accessing social benefits (some) countries (…) have ventured into the act of specifying, in law, the quality of immobility that is required before any mobile migrant, or mobile national counts as someone who belongs“

  (Sara Stendahl: To Reside, Be Present, Belong), in EJSS, Vol. 18, N. 2, June 2016, Special Issue ed. by Thomas Erhag, p. 236)