

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

29 NOVEMBRO | CENTRO CULTURAL DE BELÉM



APPFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS

COM O APOIO DE:

Allianz 
Global Investors



EURONEXT

Schroders

SIIMIP BUILDING ON TRUST



2021 Ageing Report



APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



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

2021 Ageing Report

Overview

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



APFIPP

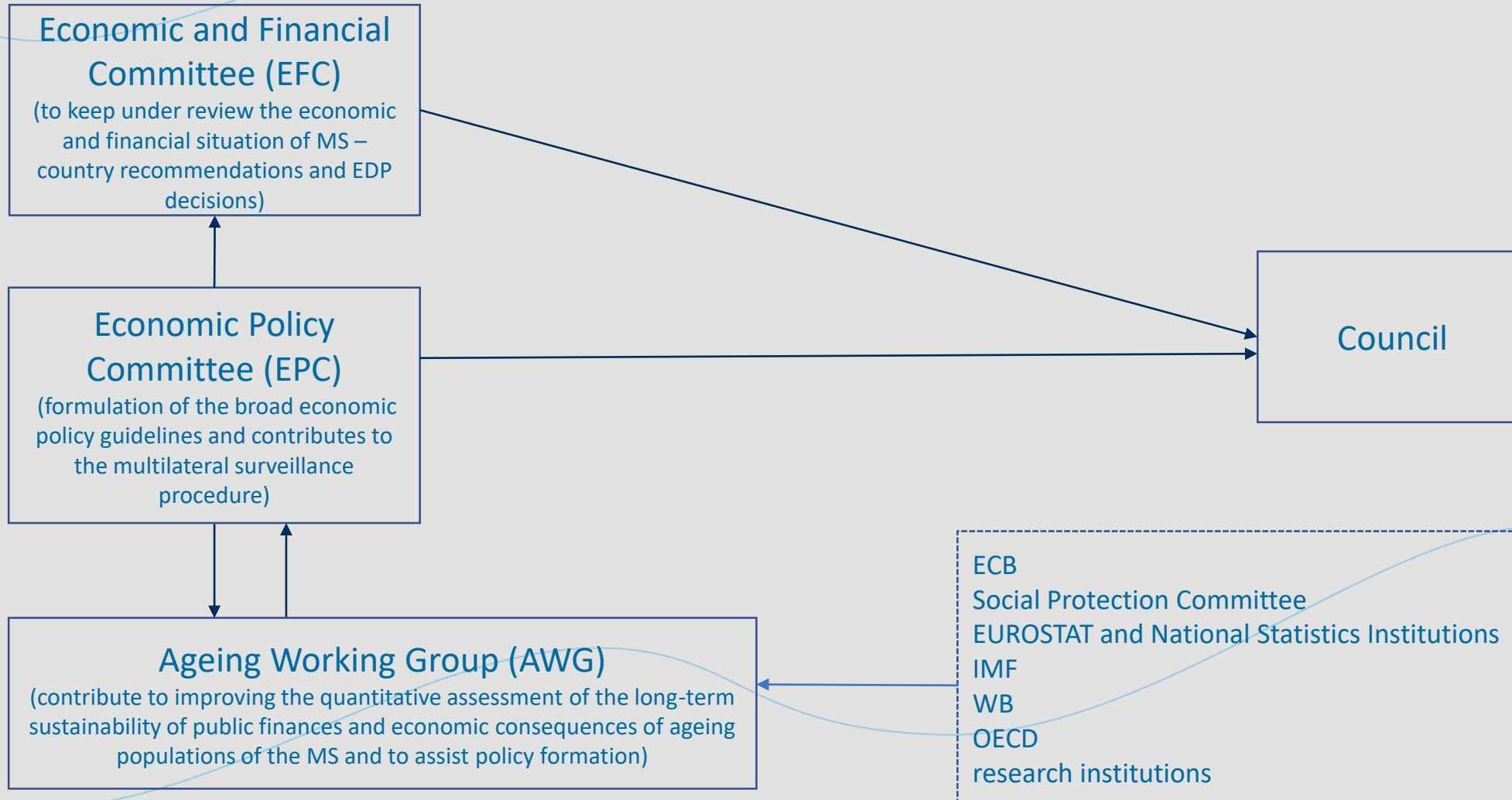
ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



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

2021 Ageing Report

1. Environment





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





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

2021 Ageing Report

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)



APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



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

2021 Ageing Report

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 forecast,
 - t+10 - Output Gap Working Group,
 - t+50 - AWG



APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



1. Environment

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

- Countries Medium-term Objective (MTO)

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

$$MTO^{ILD} = \text{Balance}_{debt-stabilizing (60\% \text{ of } GDP)} + \alpha * \text{AgeingCosts}_{infinite \text{ horizon}} + \\ + \text{Effort}_{debt-reduction \text{ if } debt > 60\% \text{ of } GDP}$$

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

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





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

2021 Ageing Report

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



APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



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

2021 Ageing Report

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.”



APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



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

2021 Ageing Report

Overview

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

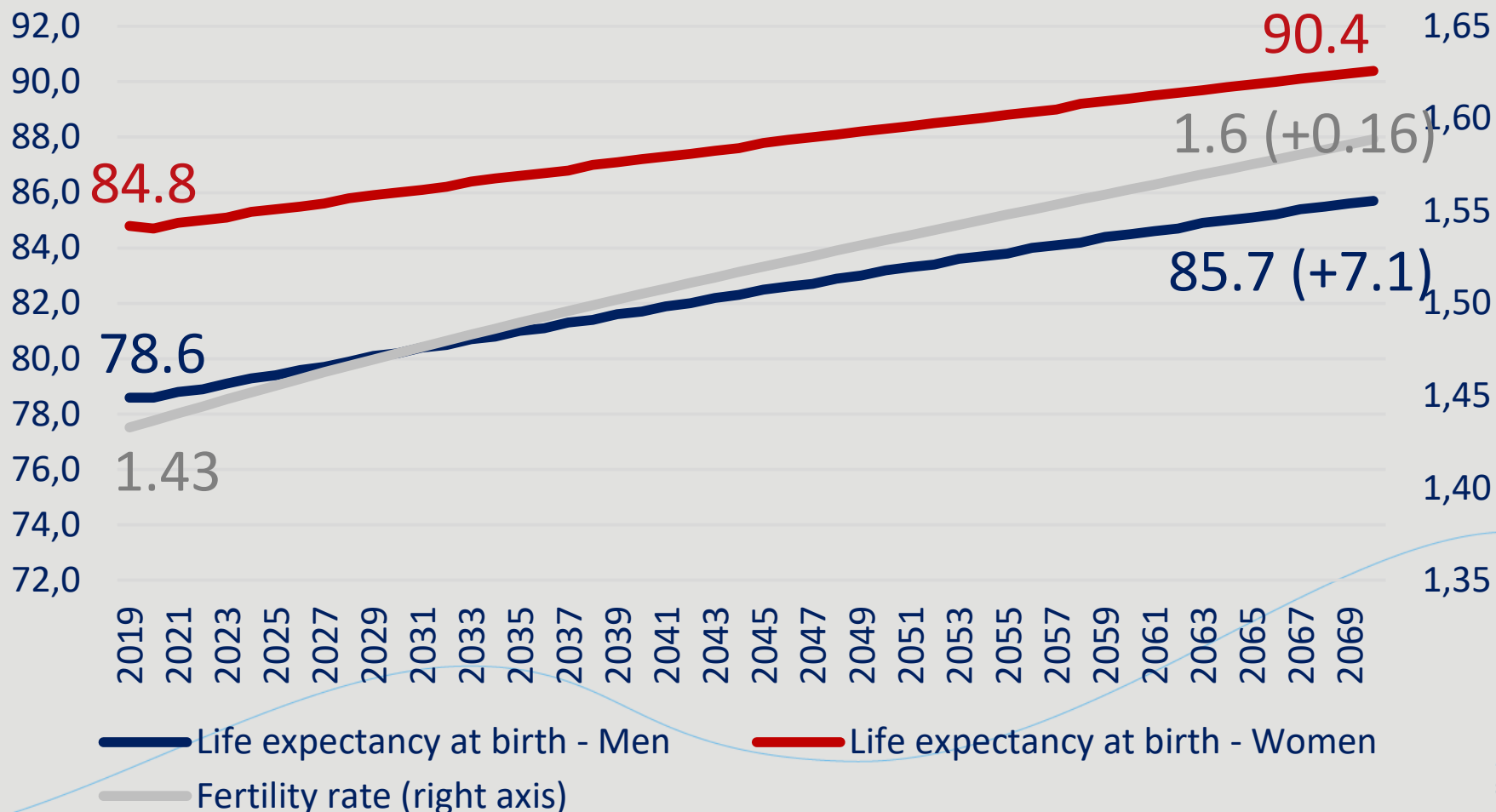


APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



2. Demographic and Macroeconomic Assumptions

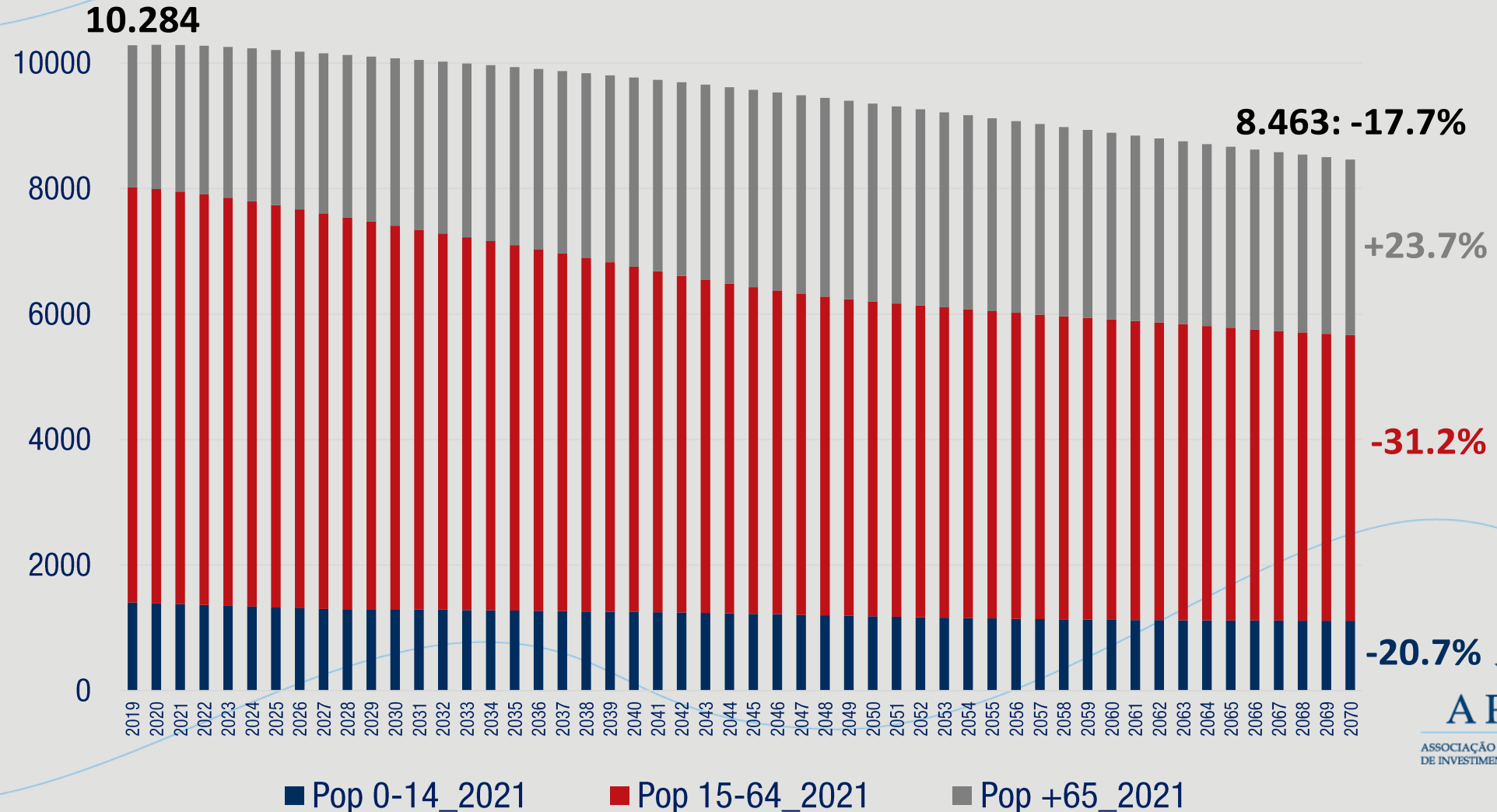




QUAL O FUTURO DAS PENSÕES DE REFORMA EM PORTUGAL? ONDE ESTAMOS? PARA ONDE QUEREMOS IR?

2021 Ageing Report

2. Demographic and Macroeconomic Assumptions

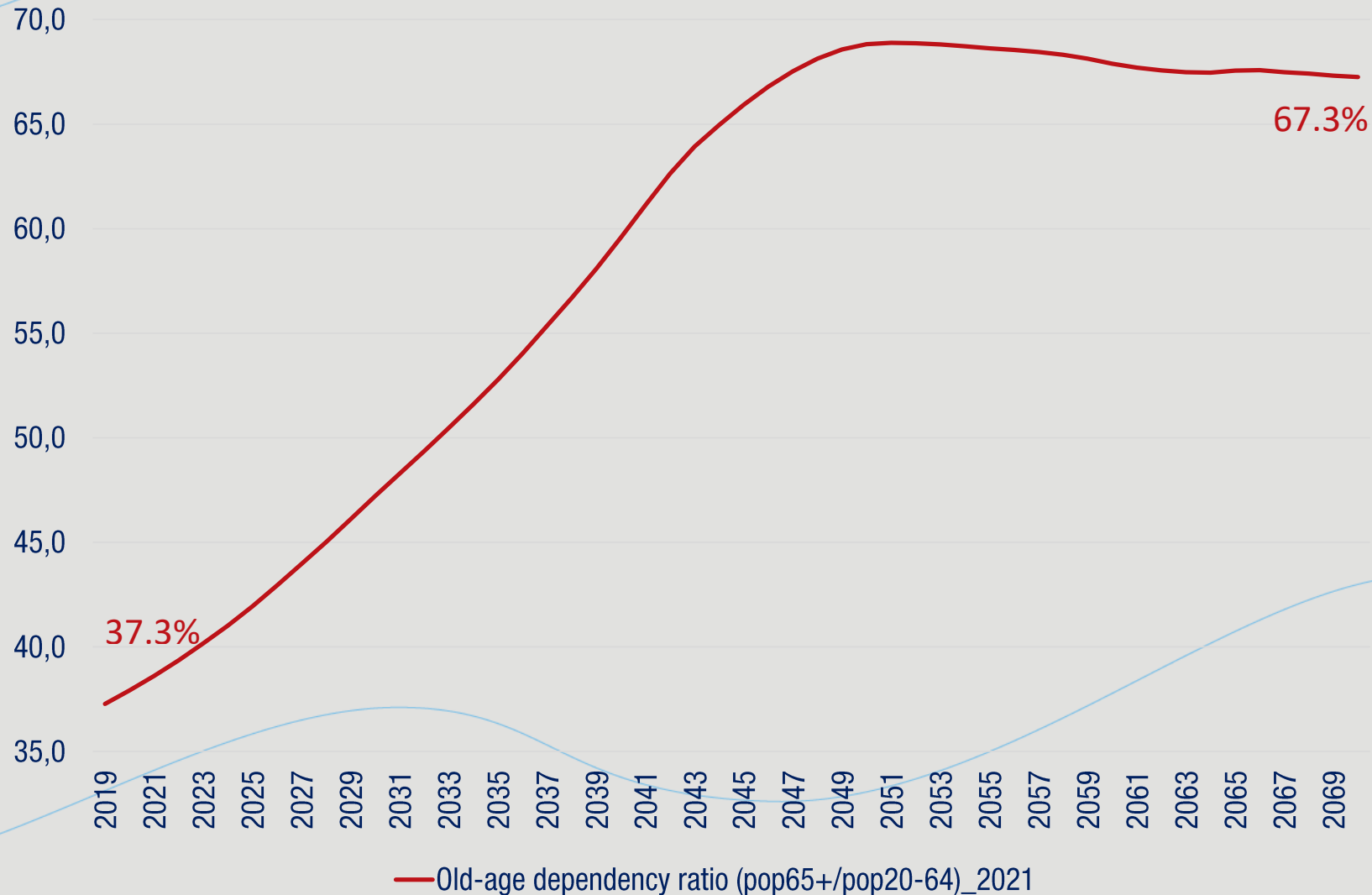




QUAL O FUTURO DAS PENSÕES DE REFORMA EM PORTUGAL? ONDE ESTAMOS? PARA ONDE QUEREMOS IR?

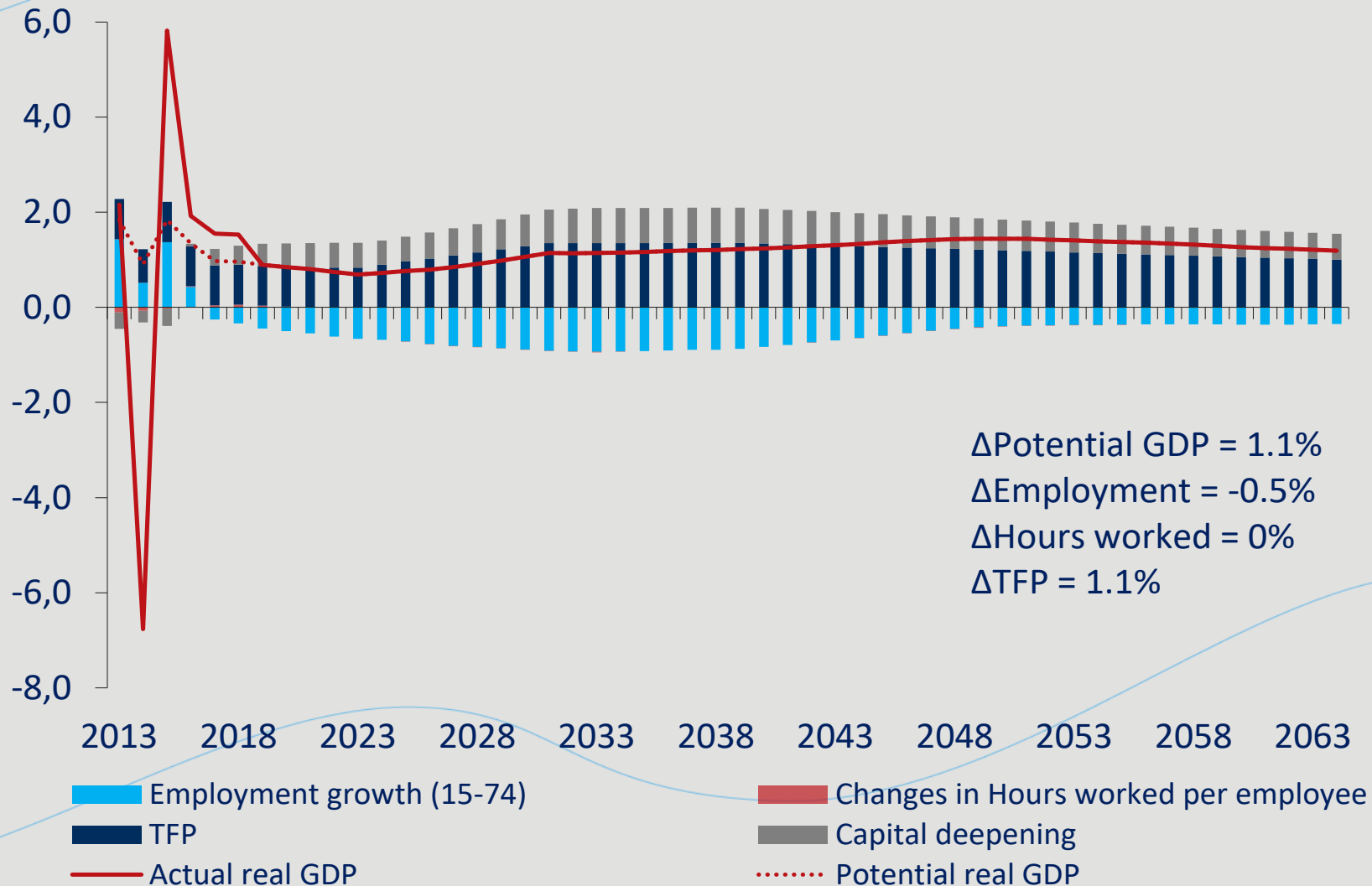
2021 Ageing Report

2. Demographic and Macroeconomic Assumptions





2. Demographic and Macroeconomic Assumptions





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

2021 Ageing Report

Overview

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



APFIPP

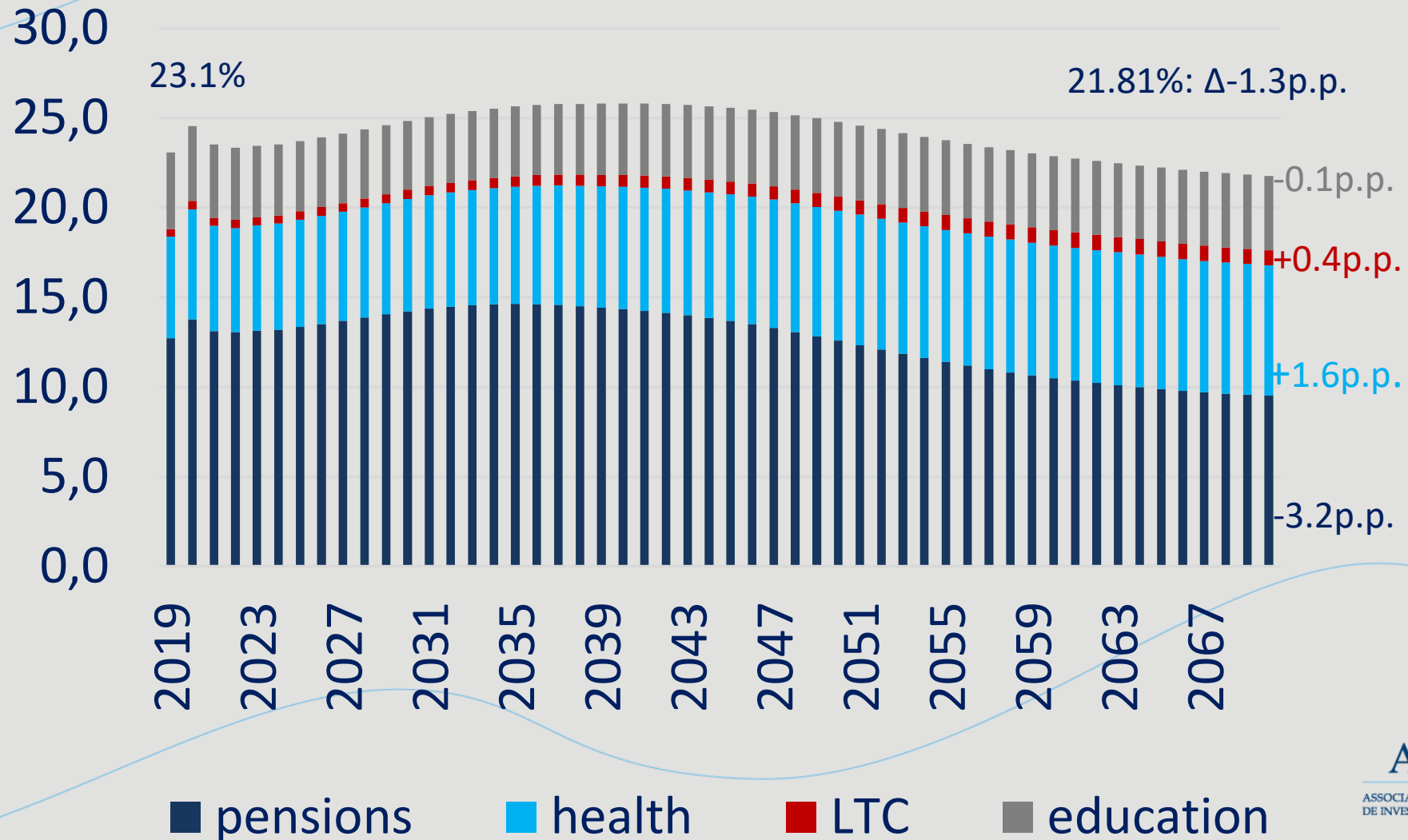
ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS



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

2021 Ageing Report

3. Results





3. Results - PENSIONS

Pensions system in Portugal

Public pension scheme

Private pensions

Social Security

- . private sector workers
- . public sector workers since 1 Jan 06
- . welfare subsystem

CGA

- . public sector workers until 31 Dec 05

Occupational pensions

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

- #### Private (mandatory and non-mandatory) pensions
- . (3rd pillar)



3. Results - PENSIONS

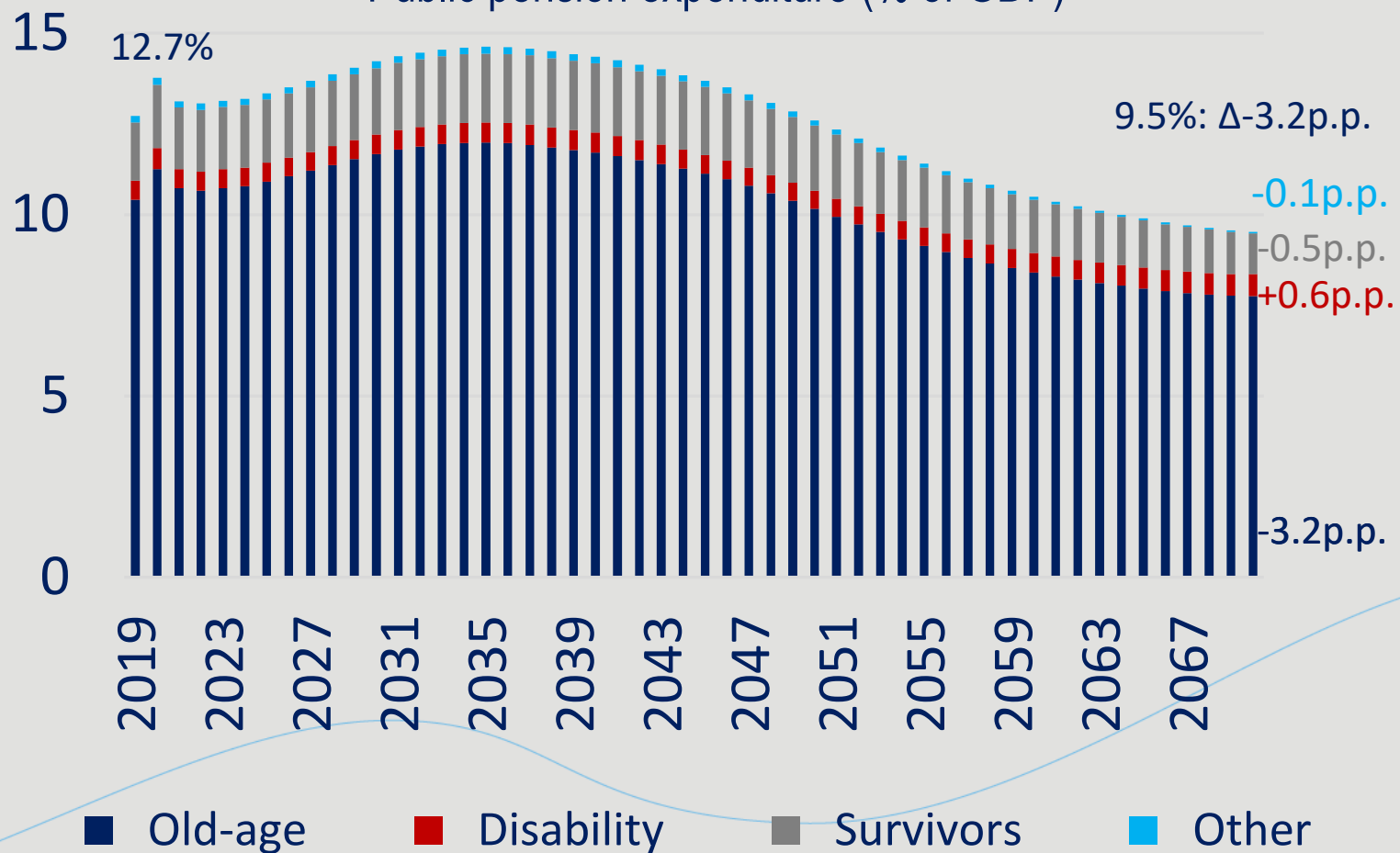
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Eurostat total pension expenditure	13,6	13,7	14,4	14,5	15,7	15,6	14,9	14,6	14,2	13,8
Eurostat public pension expenditure (A)	12,3	12,5	13,1	13,6	14,7	14,7	14,1	13,7	13,3	13,0
Public pension expenditure (AWG outcome) (B)	12,8	12,6	13,3	13,4	14,3	14,3	13,7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





3. Results - PENSIONS

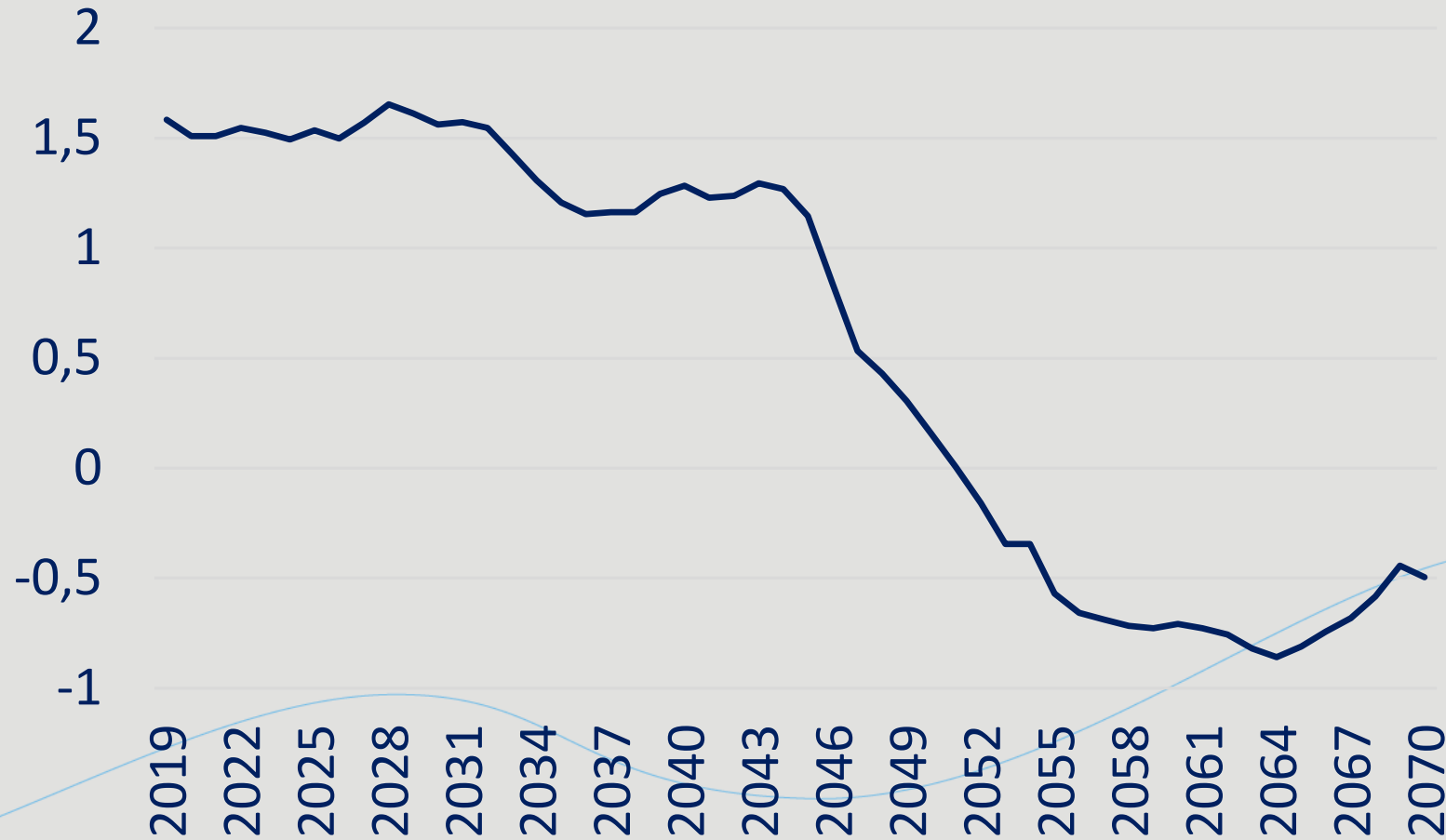
Public pension expenditure (% of GDP)





3. Results - PENSIONS

Population with Statutory retirement age (change in %)

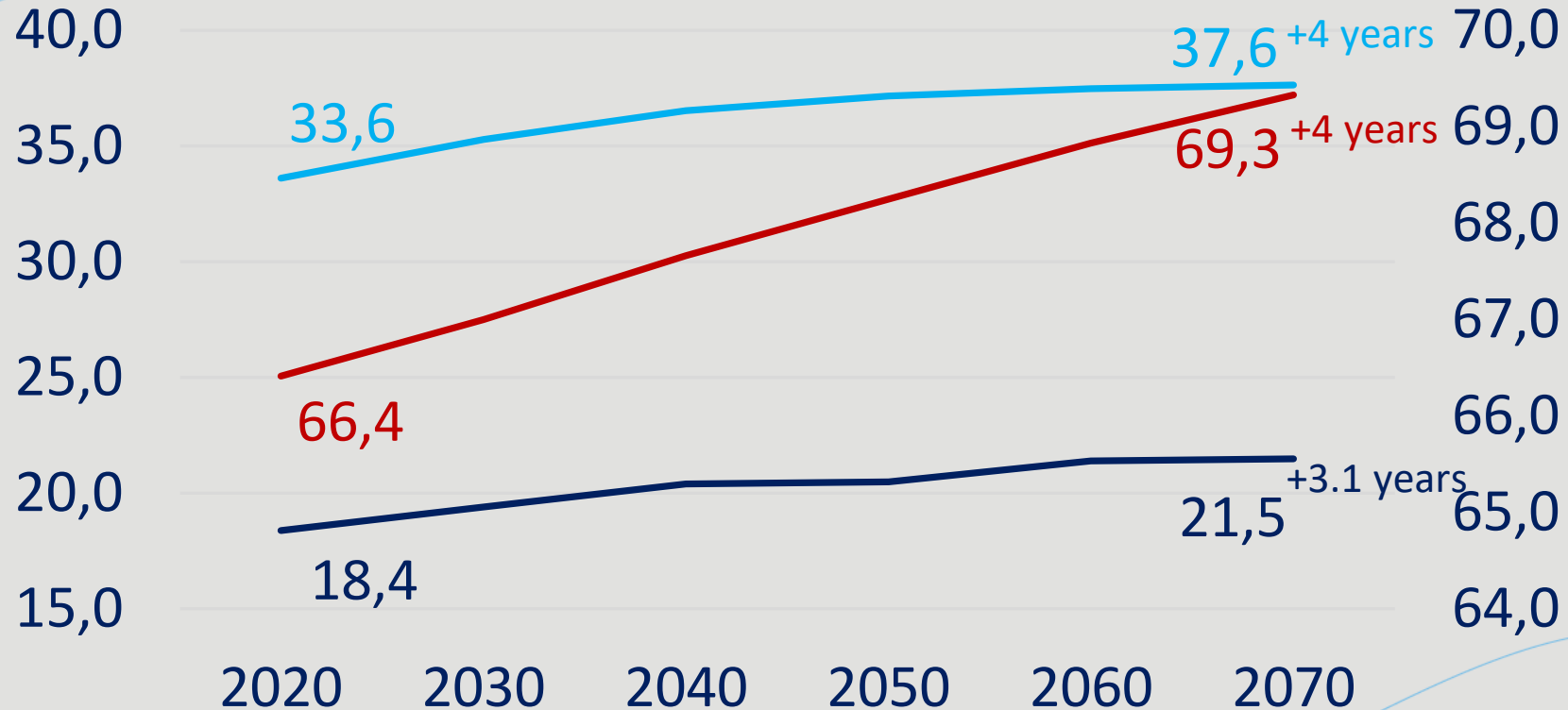




QUAL O FUTURO DAS PENSÕES DE REFORMA EM PORTUGAL? ONDE ESTAMOS? PARA ONDE QUEREMOS IR?

2021 Ageing Report

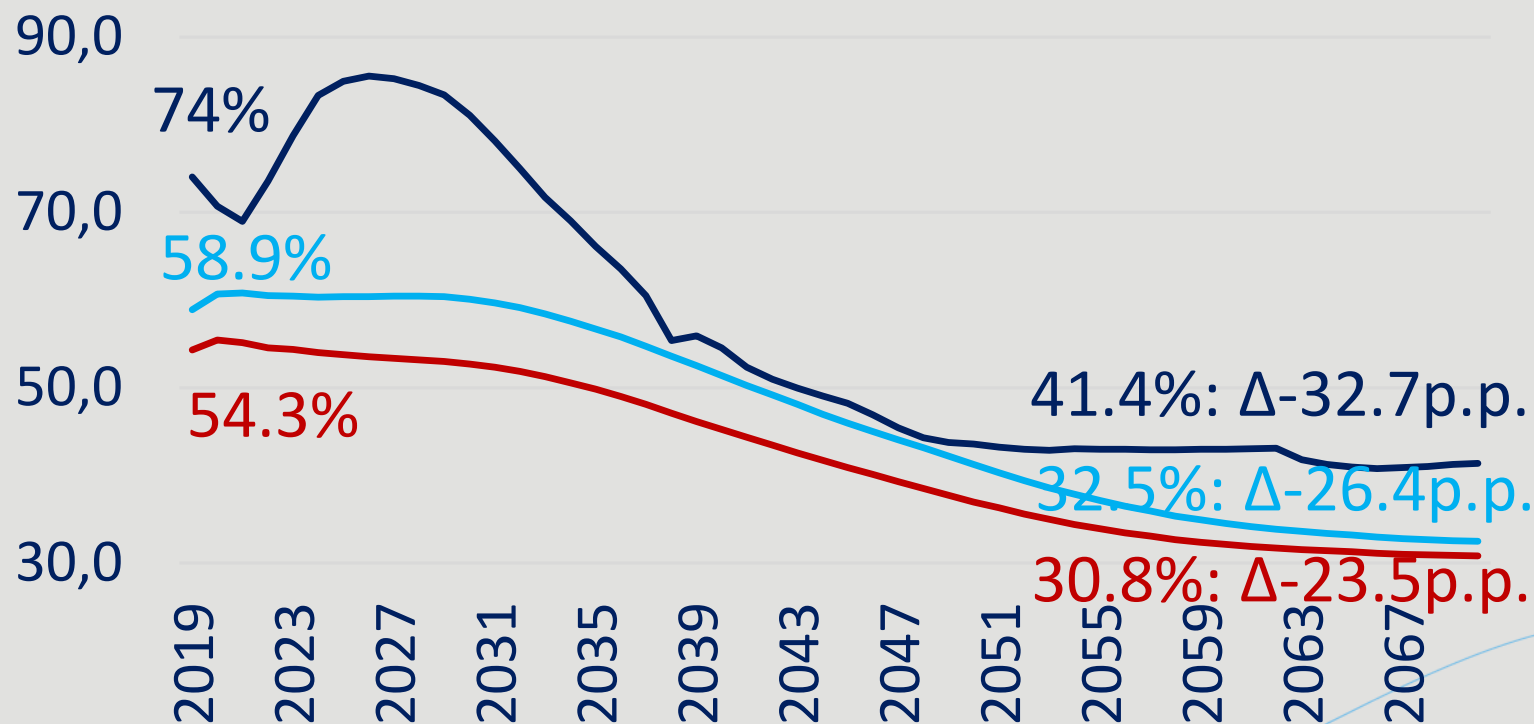
3. Results - PENSIONS



- Contributory period
- Duration of retirement
- Statutory retirement age (SRA) (right axis)



3. Results - PENSIONS



- Benefit ratio - old-age earning-related
- Replacement rate
- Benefit ratio - all pensions

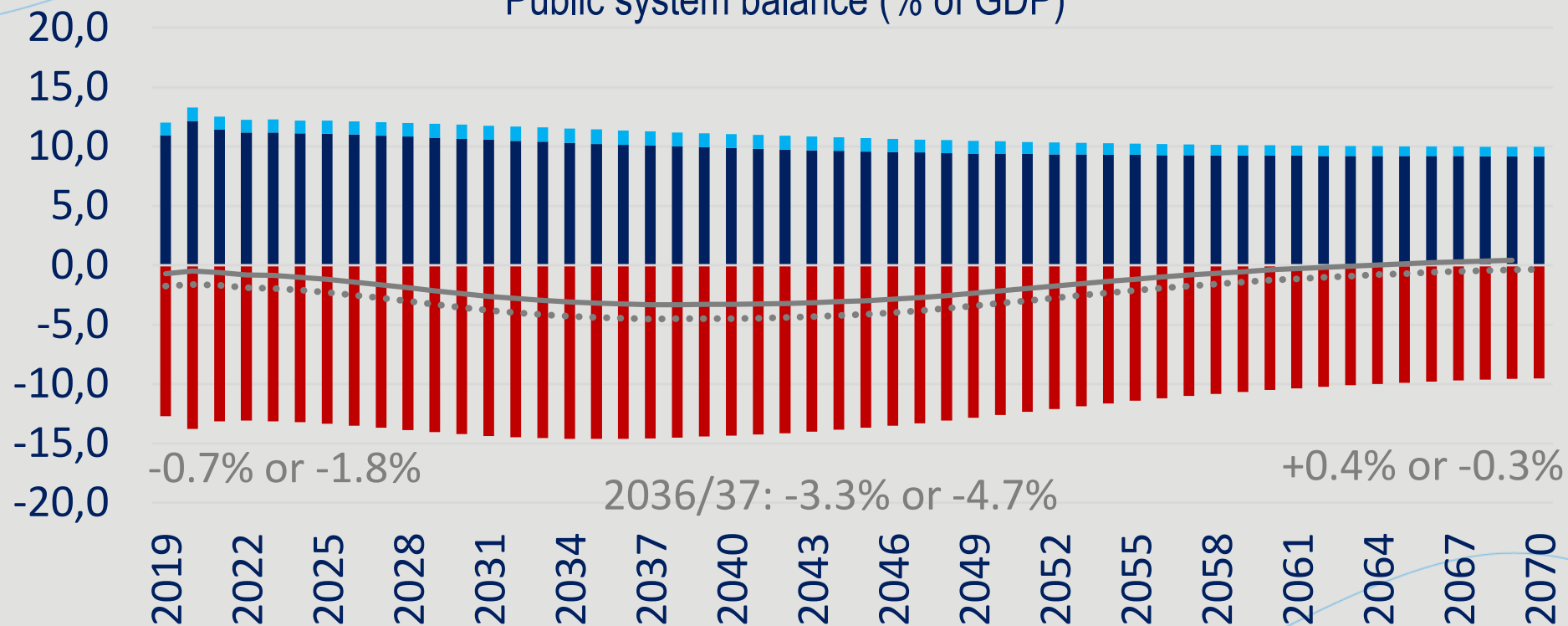


QUAL O FUTURO DAS PENSÕES DE REFORMA EM PORTUGAL? ONDE ESTAMOS? PARA ONDE QUEREMOS IR?

2021 Ageing Report

3. Results - PENSIONS

Public system balance (% of GDP)

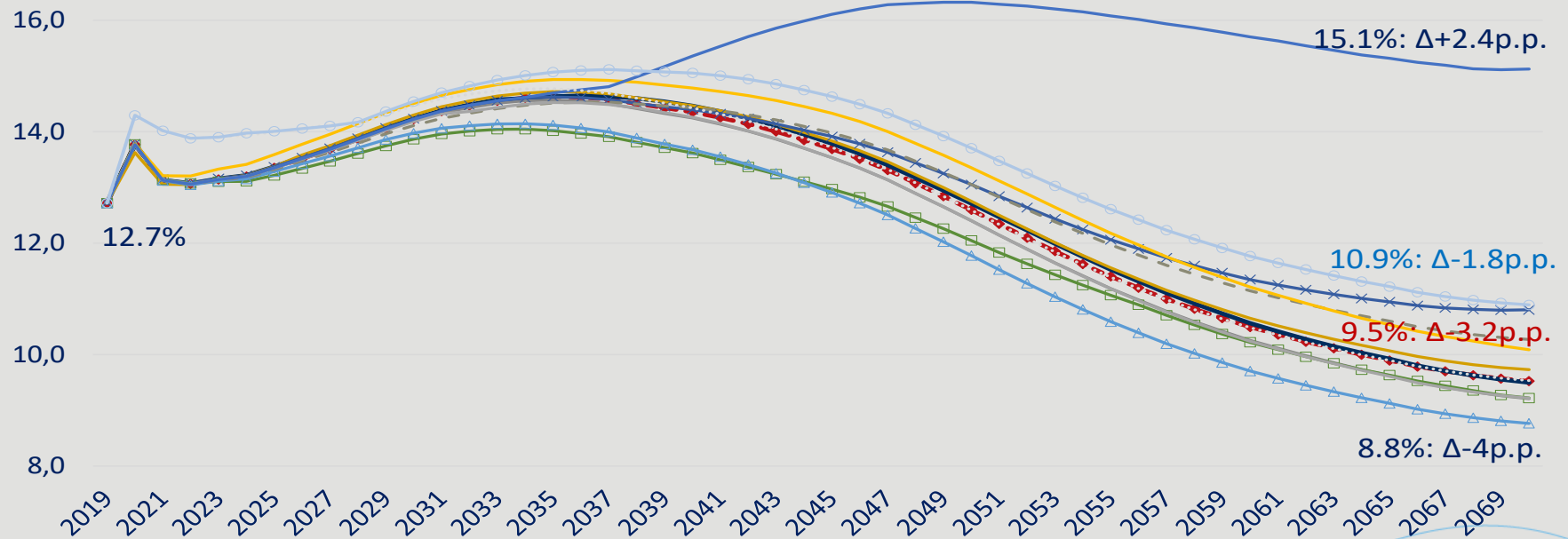


- Taxes on pensions
- Contribution revenue
- Pension expenditure
- Balance
- Balance (Contribution rev. - Pension exp.)



3. Results - PENSIONS

Sensitivity scenarios (% of GDP)



- ♦— GDP - Baseline
- Higher migration (+33%)
- ×— Lower fertility (-20%)
- △— Higher TFP growth (convergence to 1.2%)
- Higher life expectancy at birth (+2y)
- Lower migration (-33%)
- Higher employment rate of older workers (+10 pps.)
- TFP risk scenario (convergence to 0.8%)
- Policy scenario: linking retirement age to change in life expectancy
- Policy scenario: unchanged retirement age
- Policy scenario: offset declining pension benefit ratio
- Lagged recovery scenario
- Adverse structural scenario

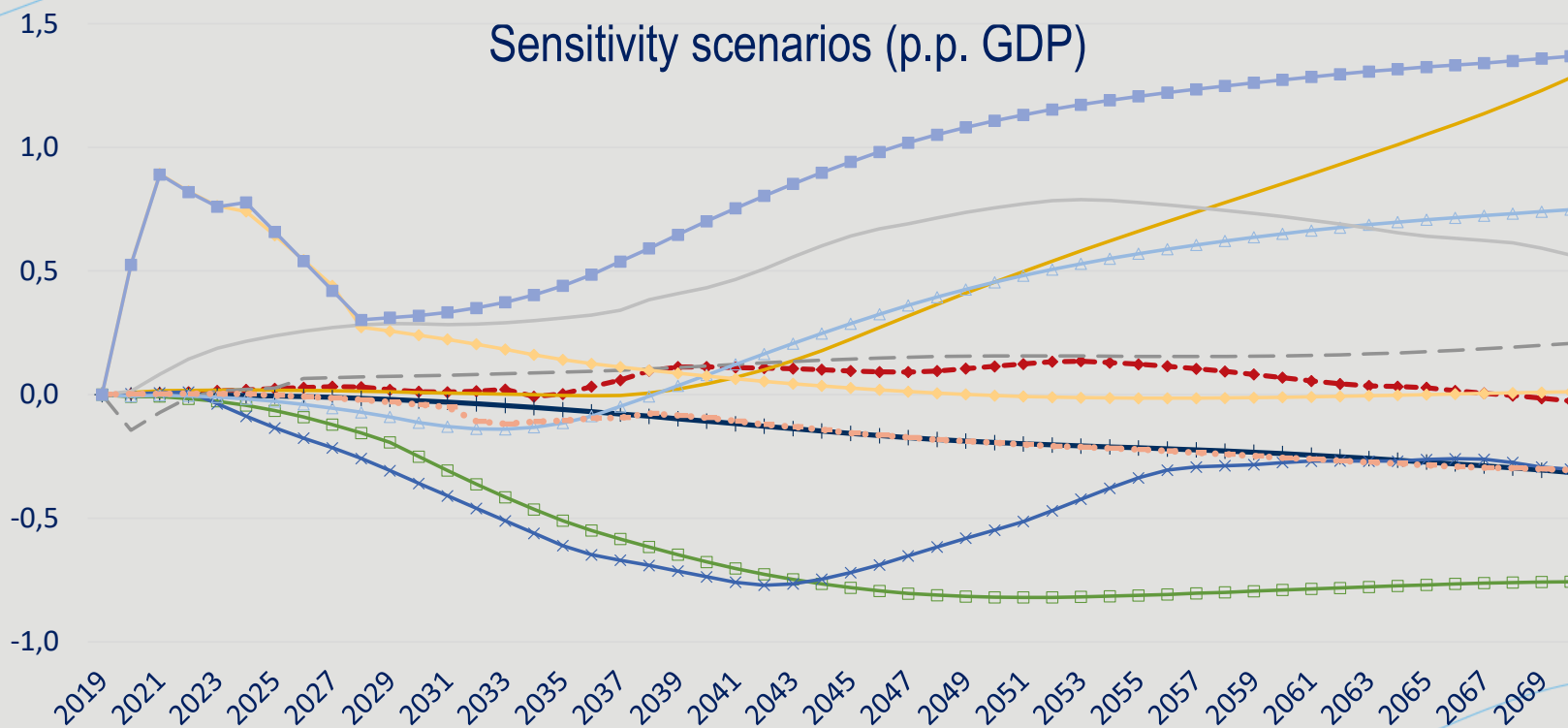


QUAL O FUTURO DAS PENSÕES DE REFORMA EM PORTUGAL? ONDE ESTAMOS? PARA ONDE QUEREMOS IR?

2021 Ageing Report

3. Results - PENSIONS

Sensitivity scenarios (p.p. GDP)



- ◆ Higher life expectancy at birth (+2y)
- ◆ Higher migration (+33%)
- ◆ Higher TFP growth (convergence to 1.2%)
- ◆ TFP risk scenario (convergence to 0.8%)
- ◆ Policy scenario: linking retirement age to change in life expectancy
- ◆ Adverse structural scenario
- ◆ Lower fertility (-20%)
- ◆ Lower migration (-33%)
- ◆ Higher employment rate of older workers (+10 pps.)
- ◆ Policy scenario: unchanged retirement age
- ◆ Lagged recovery scenario



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

2021 Ageing Report

Thank you.



APFIPP

ASSOCIAÇÃO PORTUGUESA DE FUNDOS
DE INVESTIMENTO, PENSÕES E PATRIMÓNIOS