

Decent work indicator | Social security dimension

Indicator Definition Sheet (Statistical Indicator)

Social security

M – Share of population above the normal retirement age (or possibly above a fixed age limit of 65) in receipt of a pension

Relevant ICLS resolutions, etc.:

Resolution concerning the development of social security statistics: Adopted by the Ninth International Conference of Labour Statisticians (April-May 1957)

Indicator definition

The numerator is the number of recipients (without double counting) of a retirement pension (the inclusion of private pension schemes has to be determined on a country basis). If possible this number of pensioners should be disaggregated by sex and by age (especially if legal retirement age is lower than 65 years old).

- Beneficiaries from supplementary benefits received in complement to another basic old age benefit (i.e. “second-pillar” schemes) are excluded to avoid double counting.
- Benefits covered are periodic cash retirement benefits. They can be means-tested or non means-tested and provided through contributory, universal or targeted schemes.
- As far as possible, it includes survivors and disability benefits once the beneficiary of such benefit reaches the legal retirement age or the common age limit fixed at 65 (according to the option retained in terms of age limit for the indicator).

This total number of old age pensioners is then set into relation to the size of the elderly population of reference. The age limit of 65 years should ideally be chosen to ensure some degree of comparability across countries. However, many of the observed countries only provided figures for the total number of old age pension recipients. The legal retirement age in some Sub-Saharan African countries can be as low as 55, but is mostly at the age of 60. Thus the national statutory retirement age (as far as there is only one) can also be used for the calculation of the indicator. The option retained has to be clearly indicated.

Alternative

Instead of 65 as age threshold one can use prevailing retirement age in the country but this would complicate international comparisons and can present some difficulties notably in countries where there are different legal retirement ages depending on the schemes.

Desegregation by sex: Yes

Preferred primary data source:

- Administrative data from old age pension schemes
- Data from household surveys (labour force surveys, household budget surveys if these allow identifying persons with old-age pensions as a main source of income, etc.)

Existing data repository:***International***

- ILO Social security inquiry
- Eurostat – Circa, pension beneficiaries data¹

National

- Administrative scheme data
- For a limited number of countries, national household survey data.

Interpretation:

- Interpretation will have to take into account the option retained for the reference population (statutory retirement versus 65 and over). If the coverage of old age pensions is evaluated in relation to the size of the population over a certain age limit (e.g. 65+), interpretations should take into account that this definition may not correspond to national pension ages.
- Issue of double counting: even if excluding ‘supplementary’ pension schemes to eliminate the main source of double counting, some double counting may still occur. This is the case, for example, if recipients have moved between different pension schemes during the course of their working lives and receive pensions from several pension schemes when retired. It is also the case (as in Luxembourg) where a significant proportion of old age pensioners living on the other side of the border are not counted in the old age national population. In order to eliminate these sources of double counting, it would be necessary to conduct additional analyses on the national level or to use micro-data in order to complement the data collected at the scheme level.
- As previously the results (levels and changes over time) have to be analysed in relation of contextual information, in particular regarding the type of schemes and combination of schemes existing in the country: contributory schemes, provident funds, universal or targeted schemes; defined benefit versus defined contribution schemes; private versus public; means tested or non means-tested benefits. Depending in data availability it will be interesting to look at disaggregated data for certain or all of these dimensions. For example, because of the ambiguous role of means-tested old age pensions, two variants of coverage indicators can be calculated: one excluding and one including means-tested old age pensions
- This indicator of effective coverage will preferably be analysed in combination additional indicators on actual benefit levels for workers and the population (if not available, at least in relation with statutory information on legal replacement rate).
The interpretation of the indicator should take into consideration the fact that in most countries workers can postpone retirement and continuous working after the statutory retirement age.

Literature: [any further sources that might be of help to data providers and data users]

- ILO Social security inquiry manual
- Eurostat | Guidelines on the treatment of double counting

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¹ http://circa.europa.eu/Public/irc/dsis/esspros/info/data/esspros_public_data/PB/pension_beneficiaries.htm