Progress of the Pension Systems

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No.1

This document compiles the major changes that occurred in the pension systems in the January-February 2022 period, with emphasis on the development of the individually funded systems. Due to the importance of events, this edition includes information on changes in regulatory proposals up to the first week of March 2022.
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FIAP
FEDERACION INTERNACIONAL DE ADMINISTRADORAS DE FONDOS DE PENSIONES

Executive Summary by area of interest

New pension programs and social security reforms (approved)

- ***Chile***: *"Universal Guaranteed Pension" (PGU) is introduced. It will be paid to all long-term residents aged 65 or more, except the wealthiest 10%. This almost universal government-funded pension replaces a solidarity top-up benefit and social pension.*
- ***Spain:*** *A new law is implemented that makes numerous reforms to the pension system: (i) Increased penalties for early retirement; (ii) Expansion of pension deferral bonus options; (iii) Elimination of social security contributions for certain older workers; (iv) Establishment of a new sustainability mechanism; (v) Adoption of a new benefit adjustment method; and (vi) Creation of a new social security agency.*
- ***Malaysia:*** *The government extended a temporary reduction in the employee contribution rate under the Employees' Provident Fund (from 11% of monthly income to 9%, until June 2022) and extended eligibility for State contributions to a voluntary savings program (i-Saraan).*
- ***Mexico***: *The Afores create the position of Social Security Advisor, whose task will be to provide comprehensive support, including assistance in the management of procedures and services, advice, registration, transfer, and promotion of voluntary savings.*

Relevant studies

- ***According to an International Monetary Fund study although the Chilean pension system is delivering low replacement rates compared to its OECD peers, a substantial improvement in pension amounts is possible.*** *These improvements would be possible if reforms were carried out that increase the contribution rate and the retirement age, along with policies that increase workers' contribution densities.*
- *A* ***report by the Chilean Association of Pension Fund Managers (AAFP) reviews significant data on the status of women in the realm of work and social security.*** *The study concludes that very significant progress has been made in mitigation and the eradication of discrimination, such as the ongoing reduction of the wage gap between men and women.*

Crisis in public PAYGO systems

- ***United States:*** *According to Transamerica's annual retirement survey, 73% of American workers are concerned that Social Security will not be available to them when they retire.*
- ***Spain:*** *Pension expenditure set a record, rising by 6.5% in January 2022, to 10,745 million euros.*
- ***Panama:*** *The PAYGO system (IVM) reserves fall by 20% in one year. These savings, which are used to cover the lack of income in the face of rising expenses, had experienced an absolute drop of 20% at the end of 2020.*
- ***Puerto Rico:*** *Fiscal Control Board calls for more resources for the pension reserve. It warned that the fund will barely achieve 12.4% of funding in 10 years, instead of 50%.*

Reforms proposed or to be discussed

- ***Germany:*** *Government raises "voluntary" retirement age. This would allow those who wish to do so to continue working and contributing to pension insurance, to improve the levels of their subsidies, while meeting the demands of the labor market.*
- ***Argentina:*** *In the next few months, the government will study how to "incentivize" workers approaching retirement age to extend their active lives. These mechanisms will be explained in the agreement with the International Monetary Fund.*
- ***Chile:*** *Bill of law regulating digital platform workers is submitted. When the new regulations come into effect, these workers will be entitled to social security, training, and collective bargaining, among other benefits.*
- ***Colombia:*** *The Colombian Association of Pension and Unemployment Fund Managers (Asofondos) submitted a proposal to reform the pension system. One of the proposals is to unify the individually funded and PAYGO pension systems.*
- ***Ecuador:*** *In April 2022, a reform bill of law for restructuring the Ecuadorian Social Security Institute (IESS), which manages the PAYGO system, will be submitted to the Executive, with the aim of addressing its sustainability issues.*

Relevant reports or presentations

According to an International Monetary Fund (IMF) study, although the Chilean pension system is providing low replacement rates compared to its OECD peers, a substantial improvement in pension amounts is possible. Such improvements would be possible with reforms to increase contribution rates and the retirement age, along with policies to increase the density of workers' contributions.

The study shows that prior to the fund withdrawals during the health crisis, Chile's pension system provided replacement rates which were low compared to those of its OECD peers. Nonetheless there is a high level of heterogeneity across the different cohorts and income groups. Furthermore, the replacement rates paid appear to be higher than those that a PAYGO systems would have paid.

The report's conclusions are as follows:

- Chile's pension system has served as a model for pension reforms worldwide, because of its virtues, but it needs to adapt to changing circumstances.
- Replacement rates are low by international standards and are expected to fall further, especially after the three withdrawals during the pandemic.
- It shows that a reform agenda that increases contribution rates and the retirement age, while also improving contribution density, would strengthen the system by improving the adequacy of pensions.
- Strengthening individual savings would also provide fiscal leeway for improving the solidarity component.
- The analysis also highlights the importance of establishing a periodic review process whereby the parameters of the system are adapted to changes in life expectancy, global interest rates, and the labor market.

(Source: https://www.imf.org/ ; Date: 15.02.2022)

Report by the Chilean Association of Pension Fund Managers (AAFP) reviews significant data on the status of women in the realm of work and social security. The document lists the following conclusions:

1. Women's employment in Chile is very positive, not only because it represents an important achievement in women's autonomy and quality of life, but also because it entails making the fruits of progress accessible to half of the population.
2. In recent years, there has been a positive citizen and political consensus that unjustified prejudices and discrimination against women should be challenged.
3. Social security and pensions alone are not capable of solving gender employment issues, but very significant progress has been made in mitigation and the eradication of discrimination, such as the ongoing reduction of the wage gap between men and women.
4. The public policies of recent years have recognized the role of women in building a better society. Hence, along the lines of the 2008 reform, the PGU will fundamentally benefit women in the most deprived and middle-class sectors.
5. What has been achieved is only part of what we need to do as a country, and the scope for improvement is very wide, especially in terms of support for preschools and kindergartens, and the

recognition that care for the elderly, a particularly female occupation, must be remunerated, including pension benefits.

(Source: https://www.aafp.cl/; Date: March 2022)

Relevant news of the period

World

According to the latest figures presented in the Global Pension Assets Study 2021, published by Willis Towers Watson's Thinking Ahead Institute, pension fund assets in the 22 most important countries (P22) broke all wealth records. The value of assets amounted to USD 56.5 trillion in 2021.

Continual growth in 2021 means that the assets of the world's largest pension funds have doubled in the last decade.

Geographically, this 2021 growth was mainly driven by the Anglo-Saxon countries: 11.6% growth in Australia; 8.5% in the United States, and 7.7% in the United Kingdom. The UK also displaced Japan from second place, after the latter suffered a reduction of 1.1% in the volume of assets in its pension plans.

It is worth mentioning that defined contribution pension funds (DC) are experiencing strong growth, exceeding 50% of the assets of the seven largest pension fund markets (P7) in 2020, and continuing their steady rise throughout 2021, to 54%.

(Source : https://fundspeople.com/; Date: 22.02.2022)

Africa

Uganda

Early withdrawal from provident funds is allowed

On 4 January, the President of Uganda passed a law allowing participants in the country's pension fund program (the National Social Security Fund, or NSSF) aged 45 years or more, with at least 10 years of contributions, to withdraw up to 20 per cent (50 per cent if disabled) of their account balances before the official retirement age of 55. Previously, early withdrawals were only permitted if the participant: (1) was between 50 and 54 years of age and stopped working at least one year prior to the withdrawal request; (2) switched to an approved private pension plan, or (3) permanently emigrated from Uganda. The new early retirement option is intended to provide financial relief to workers who have been negatively impacted by the COVID-19 pandemic. According to the World Bank, the pandemic has led to widespread business closures, permanent layoffs, a rapid slowdown in economic activity (particularly in the informal sector), as well as a shift in the workforce from services to agriculture. As a result, household incomes have declined and the country's gross domestic product grew by only 2.95% in 2020, compared to a 6.44% in 2019. ***(Source: International Update SSA Ene. 2022; Date: January 2022)***

Latin America, the Caribbean and North America

Argentina

In the next few months, the government will study how to "incentivize" workers approaching retirement age to extend their active lives. These mechanisms will be stipulated in the agreement with the International Monetary Fund.

As clarified by the Ministry of Labor, there is currently an “optional” retirement scheme that was approved by Congress during the Mauricio Macri administration. This law, which was passed at the end of 2017, established a voluntary retirement system at the age of 70, for both men and women. In other words, employers are no longer required to give notice at the age of 65 and 60, respectively, for their employees to commence the retirement process.

Retirees who choose to continue working once they have retired, may continue to do so in a dependency relationship, but they will lose their seniority and will stop contributing, thus increasing their assets.

The Government now intends to encourage people to enter that scheme, although the way in which it will do so is still a matter of discussion. The Argentine pension system was even on the agenda with the International Monetary Fund at the time.

(Source:** https://jujuyonlinenoticias.com.ar**; Date: January 2022)

Colombia

The Colombian Association of Pension and Unemployment Fund Managers (Asofondos) submitted a proposal for reforming the pension system. In the agency’s 2021 report, Santiago Montenegro, the Chairman of the Association, suggested unifying the pension systems.

The executive said that the existence of multiple pension modalities in Colombia, such as the Average Premium Plan, the Individual Solidarity Savings Regime, the Capital and Minimum Pension Guarantee (GPM), BEPS, and Colombia Mayor, are not viable without significant changes.

Hence, a unification would enable favorable improvements for the country. "Instead of having two regimes, one of them an Average Premium Plan, with all the problems we have seen, plus individual savings, we could switch to an individually funded system with private and public AFPs subject to the same rules of the game," he said.

He also stressed that Colombians must continue with voluntary savings. “We also propose continuing with the minimum pension guarantee fund, which we believe to be important, because it is giving very good results,” he said.

He said that there should be improved versions of programs such as Colombia Mayor, Periodic Economic Benefits (BEPS) and Voluntary Savings.

In his opinion, the Colombia Mayor program should be prioritized. “The Colombia Mayor program must be left as it is, with universal access for senior citizens to an improved Colombia

Mayor, covering the poverty line, with a little more than 300,000 pesos, and provide all of this to the 1 and 2 senior citizens of Sisben[1] and those with disabilities," he said.

It should also aim to improve the Periodic Economic Benefits (BEPS), in which balances of up to 300,000 pesos are reimbursed.

(Source: https://www.portafolio.co/***; Date: 14.02.2022)***

Chile

Bill of law regulating digital platform workers is submitted.

The Undersecretary of Labor, Fernando Arab, valued the approval of the additive veto of the bill of law that modifies the Labor Code, regulating the contracting of workers of digital service platform companies, an initiative resulting from an agreement between the Government and Congress.

"When this new law comes into effect, digital platform workers will be entitled, among other things, to social security, training, provision of personal protection gear, insurance against injury, the right to severance payments, remuneration or payment per day actually worked, unionization and collective bargaining, to mention just a few," said Arab.

(Source: www.subtrab.gob.cl***; Date: 03.03.2022)***

"Universal Guaranteed Pension" (PGU) is introduced

On January 29, the Chilean government enacted a law creating a new old-age pension (Universal Guaranteed Pension, or PGU) payable to all long-term residents aged 65 or more, except the wealthiest 10 percent. This nearly universal government-funded pension replaces the solidarity supplementary benefit (Solidarity Old-Age Pension, or APSV) and the solidarity social pension (Solidarity Basic Old-Age Pension, or PBSV), paid to pensioners of the poorest 60 percent of the population. While the government began paying some PGU benefits on February 18, the program will not be fully implemented for all eligible individuals until August 1. With the creation of the PGU program, the government seeks to ensure that all retired Chileans have incomes above the national poverty line. Other key details of the PGU program (as of February 1, unless otherwise stated) include:

- Qualification conditions: to receive the PGU once the program is fully implemented, a person must be 65 years old; have been resident in Chile for at least 20 years, from the age of 20, including at least 4 of the last 5 years, before claiming the pension; be a member of a family unit that is not in the wealthiest 10 percent of the population; and have a monthly pension base income of less than 1 million pesos (USD 1,248.81). The PGU will be paid to individuals who meet the eligibility conditions for APSV or PBSV, before August 1.

- Pension Amount: The total monthly pension amount of 185,000 pesos (USD

[1] This is a form of means-testing for accessing social and economic benefits. Categories one and two are the most vulnerable.

231.03) will be paid to qualified individuals with a monthly base pension income of up to 630,000 pesos (USD 786.75). For individuals with a monthly pension base income greater than 630,000 pesos, but less than 1 million pesos, the total amount of the pension is reduced proportionally by multiplying it by the ratio of the difference between 1 million pesos and the person's pension base income and 370,000 pesos (USD 462.06). Special pension calculation rules apply to individuals who receive APSV benefits above 185,000 pesos.

- Pension Adjustment: The pension amount will be adjusted on July 1 and every February 1 thereafter, based on changes in Chile's consumer price index.

- Death Allowance: Up to 15 Unidades de Fomento (UF) will be paid for funeral expenses of a PGU beneficiary who is not entitled to any other death benefit, or entitled to other death benefits amounting to less than 15 UF. (The UF is an index that is adjusted daily, based on monthly changes in the consumer price index. As of February 1, 1 UF is equivalent to 31,220.68 pesos [USD 38.99]).

- Program management: The Social Security Institute of Chile will manage the PGU program.

(Source: International Update SSA feb. 2022; Date: February 2022)

Ecuador

In April 2022, a legal reform bill of law for restructuring the Ecuadorian Institute of Social Security (IESS) will be submitted to the Executive. The project aims to address the pension system's sustainability issues.

The Chairman of the Board of Directors of the IESS, Francisco Cepeda, undertook to initiate talks with members, retirees and employers, to reach an agreement on regulatory changes before submitting the reform to the IESS. The Chairman also said that the guidelines on which the discussion of this legal reform is based are:

- Raising the retirement age
- Adjusting the formula for calculating pensions
- That members should also have a personal account, so that they contribute more, and thus be able to access a higher pension.
- The State contribution to the pension fund would be calculated as a percentage of the Gross Domestic Product (GDP).

An increase in the contribution rate of members will also be discussed, but Cepeda clarified that it may not be feasible due to the economic situation of the country, which is still complicated.

(Source: https://www.primicias.ec/; Date: February 2022)

United States

According to Transamerica's annual retirement survey, 73% of American workers are concerned that Social Security will not be available to them when they retire. 21% expect to depend on Social Security in retirement.

24% of those consulted, on the other hand, feel "very confident" about their ability to retire comfortably. They have saved an average of $93,000 on all household retirement accounts, which is well below the amount experts recommend consumers should have saved.

Transamerica's annual retirement survey showed that Americans want to pay off their debts. 40% want to pay off their credit card debt, 31% want to pay off their mortgage, and 16% want to pay off student loans.

(Source: https://laopinion.com/***; Date: 18.01.2022)***

Mexico

Thanks to the reform of the pension system that came into effect in the country, a greater number of first-generation members of the Afores were able to retire. According to the National Commission for the Retirement Savings System (Consar), 27,396 people were able to access a Guaranteed Minimum Pension (PMG) ranging from 2,622 (USD 125) to 8,241 (393) pesos.

Jorge Sánchez Tello, director of Applied Research at the Foundation for Financial Studies (Fundef), pointed out that thanks to the Reform that came into effect in 2021, more workers who did not meet the 1,250-week contribution requirement, could now retire with the reduction to 750 weeks (in 2021).

The specialist pointed out that in this first generation of retirees, those who benefited most from the changes in the system were the ones with the lowest salaries, since their replacement rate was higher.

According to a study by the Bank of Mexico (Banxico), the PMG was 3,289.34 (USD 157) pesos per month in 2020, whereas with the 2021 reform, the guaranteed pension was an increasing function of retirement age, weeks of contribution, and the worker’s average taxable base salary while enrolled in the IMSS.

Thus, the guaranteed pension ranged from 2,622 (125) to 8,241 (393) pesos per month. In general, the new PMG is higher than the one repealed, for the same level of salary and age of the worker. “For example, a worker with a taxable base salary of 4 to 4.99 UMA, at least 1,250 weeks of contributions, and 65 years of age, is expected to be entitled to a guaranteed minimum pension under both the old and the new system. Nonetheless, under the previous system, the PMG would have been 3,289.34 (USD 157) pesos. With the 2021 reform, the PMG for this worker would be 7,117 pesos (USD 339), which is 116% higher than in the previous system.

(Source: ***https://www.eleconomista.com.mx***; Date: 27.02.2022)***

Afores create the position of Social Security Advisor. The Social security Advisor’s task will be to provide comprehensive support, ranging from assistance in the management of procedures and services, advice, registration, transfer and promotion of voluntary savings.

The measure, which was announced in the *Official Journal of the Federation*, seeks to reduce the commercial expenses incurred by the Retirement Fund Managers (Afores) for registering accounts.

"The creation of the position of Social Security Advisor will provide better service to workers, while simplifying the regulations applicable to the Afores in this matter and reducing the commercial regulatory cost," said the institution.

The Social Security Advisor must also promote deeper financial and social security education, so that workers can develop their financial capacities to be able to understand how the system works and make correct decisions regarding their individual accounts.

Consar pointed out that the idea is for the Afores to direct the economic prizes awarded to the promoters or Pension Advisors, in order to encourage voluntary savings and the opening of new accounts.

(Source: https://marcomares.com.mx/; Date: 23.02.2022)

Panama

The reserves of the Disability, Old Age and Death (IVM) Defined Benefit Subsystem diminish by 20% in one year. These savings, which are used to cover the lack of income in the face of rising expenses, experienced an absolute drop of 20% at the end of 2020.

According to the information provided by the management of the Social Security Fund (CSS) to the agency's Board of Directors, the program's institutional reserves increased from USD 1,467.7 million to USD 1,170.2 million between 2019 and 2020.
At this rate, the reserves used for paying part of the pensions received annually by the country's retirees, will be exhausted by 2024, because the revenue from employers' contributions is insufficient.

(Source: https://www.prensa.com/; Date: 21.01.2022)

Puerto Rico

Fiscal Control Board calls for more pension reserve funds. It warned that the fund will barely achieve 12.4% funding in 10 years, instead of 50%.

Involved in the process of certifying a new tax plan that reflects the reality of a Puerto Rico that will start paying a restructured debt, the Fiscal Control Board warned the government that it needs to increase the projected annual deposits for the Pension Reserve Fund Trust to meet its funding goals.

The Board's statement is based on the government's proposed annual deposit to the Pension Reserve Fund. According to the letter, the government's proposal for the next Fiscal Plan is to deposit a total of USD 2.4 billion for a 10-year period ending in 2031. The Board pointed out that this would amount to only 12.4% of the funding required for the reserve, based on estimates of outstanding pension obligations.

(Source: https://www.elvocero.com/; Date: 04.01.2022)

Asia and the Pacific

Malaysia

Measures that affect the Employees' Provident Fund (EPF) are implemented

On January 1, the Malaysian government extended a temporary reduction in the employee contribution rate to the Employees' Provident Fund (EPF), from 11 percent to 9 percent of monthly income, until June 2022, and extended eligibility for the government's "matching contributions" under i-Saraan (a voluntary EPF retirement program for the self-employed who do not earn a regular income) to members between 55 to 59 years of age. (Under i-Saraan, the government matches 15 percent of members' voluntary contributions, up to a maximum of 250 ringgits [USD 59.73] per year. Previously, the government only matched the contributions of members under the age of 55.) The reduction in the employee contribution rate affects members under the age of 60 (there is no employee contribution for Malaysian citizens aged 60 or more) and aims to provide financial relief to members negatively impacted by the COVID-19 pandemic. The government had previously reduced the employee contribution rate to 7 percent between April and December 2020, and to 9 percent throughout 2021. (EPF members can choose to keep their contribution rates at 11 percent by submitting a form on the EPF website.)

(Source: [International Update SSA feb. 2022](#); Date : February 2022)

Europe

Germany

Government is considering a "voluntary" increase in the retirement age. This would allow those who wish to do so to continue working and contributing to pension insurance, to improve the levels of their subsidies, while meeting the demands of the labor market.

"We must make it possible for workers to remain active," said the country's Minister of Economy, stressing that this option would be "flexible and voluntary."

"Those who wish to do so can continue to contribute their experience, which would be in the interests of their employers and society as a whole. This would also alleviate skilled labor shortages," according to the minister.

The existing model, consisting in a gradual increase in the retirement age from 65 to 67 by 2029, was approved in Angela Merkel's Administration.

(Source: https://es.investing.com/; Date: 21.02.2022)

Spain

Pension system reform implemented

On January 1, the Spanish government passed a new law that makes numerous reforms to the country's old-age pension system. The law codifies many of the changes agreed to between the government, unions and employers' associations in the 2020 Toledo Pact. The main objectives of the law are to improve the financial sustainability of Spain's pension system, while bolstering the retirement safety of current and future pensioners. The European Commission also requires Spain and other members of the European Union to enact significant economic reforms, including pension reforms, as a condition for receiving assistance from the block’s pandemic recovery fund of €724 billion (US $820 billion) established in February 2021. The reforms implemented are as follows:

- Increased penalties for early retirement: Under the new law, penalties for voluntary and involuntary retirement are now applied to the pension amount (instead of the statutory base income used for calculating the pension) on a monthly, instead of quarterly, basis. Voluntary retirement penalty rates have also been redesigned to vary not only with the pensioner's number of years of contribution, but also with the number of months of early retirement (progressively increasing the penalty rates for each month of early retirement to a maximum of 24 months). As of January 1, 2024, the new penalty rates will also be phased in over a 10-year period for individuals who are currently subject to special early retirement penalty rules because they have higher lifetime income.

- Extension of pension deferral bonus options: Individuals deferring their contributory old-age pension application until after the official retirement age, may now choose to receive a 4 percent pension increase for each year of deferral, a lump sum payment of up to €12,000 (USD 13,591.20) (depending on their base pension amounts) for each year of deferral, or a combination of these two bonuses.

- Elimination of social security contributions for certain older workers: workers and their employers are now exempt from paying most social security contributions if workers have reached the official retirement age and remain employed.

- Establishment of a new sustainability mechanism: The law has established an Intergenerational Equity Mechanism (IEM) to replace the Sustainability Factor, to keep the pension system in financial balance. Under the MEI, a social security reserve fund will be used to increase the income of the pension system (up to 0.2% of GDP per year) as of 2033, if the projected expenditure of the system in 2050 exceeds that presented to the European Commission in 2024. If the reserve fund is unnecessary, its assets will be used to increase pensions or reduce contribution rates. To fund the reserve fund, employers and employees will pay additional contributions from 2023 to 2032; employers will contribute 0.5 percent of payroll and employees will contribute 0.1 percent of income. If the reserve fund is insufficient to cover projected deficits, the government, trade unions and employers will negotiate additional measures to increase revenue or reduce expenditure.

- Adopt a new profit adjustment method: Contributory old-age pensions will now be adjusted in January of each year, based on the annual difference in Spain's consumer price index (CPI), recorded in November of the previous year. However, if the adjustment of the previous year's CPI was negative, no pension adjustment will be made. This approach replaces one based on a revaluation index, which linked pension adjustments to several factors, including the pension system’s revenue and expenditure.

- Creation of a new social security agency: by 1 July 2022, the government must adopt additional legislation creating a State Social Security Management Agency that will centralize and modernize Social Security management in Spain.

(Source: International Update SSA Ene. 2022; Date: January 2022)

Pension expenditure marks an all-time record, rising by 6.5% in January 2022, to 10,745 million euros.

The Ministry estimates that pension expenditure stood at 12% of GDP in 2021, which was maintained in the first month of 2022. This percentage is lower than in 2020 (12.4% of GDP), a year conditioned by the impact of the pandemic on GDP, but higher than in 2019 (10.9% of GDP). Almost three quarters of the EUR 10,745.4 million spent on the payment of contributory pensions in

January went to the payment of retirement pensions, which totaled EUR 7,758.14 million, 7% more than in January last year.

Widow's pensions accounted for almost €1.825 billion, 5.4% more than a year ago, while permanent disability benefits accounted for €985.2 million (+4.4%). The payment of orphan's benefits, in turn, amounted to 149 million (+5.9%), and the payment of family benefits totaled about 28 million euros (+8.2%).

(Source: https://okdiario.com/; Date: 25.01.2022)

Italy

A new pension adjustment formula is implemented

On January 1, the Italian government implemented a more generous pension adjustment formula for old-age pensions and other social security benefits. Under this new formula, annual benefit increases are still applied progressively rather than uniformly, with the lowest pensions indexed by a higher percentage than the highest pensions, but the increases are now higher for all but the lowest pensions. Hence, pension increases as of January 1 are 100 percent of the inflation rate for monthly pensions up to four times the minimum monthly pension; 90 percent of the inflation rate for monthly pensions over four times the minimum monthly pension, but not exceeding five times the minimum monthly pension; and 75 percent of the inflation rate for monthly pensions over five times the minimum monthly pension. For this year's adjustment, the inflation rate is 1.7 percent, and the minimum monthly pension is €515.58 (USD 580.54). According to this formula, people with monthly pensions greater than four times the minimum monthly pension, received pension increases ranging from 40% to 77% of the inflation rate, depending on their pension amounts. The government adopted the new formula to ensure that all pensioners receive pension increases more in line with inflation, by 2022.

(Source: International Update SSA feb. 2022; Date: February 2022)