



**The Social Protection Committee  
The Economic Policy Committee**

# **Preparation of the 2005 National Strategy Reports on Adequate and Sustainable Pensions**

**Guidance Note prepared by the Commission and  
endorsed by the Social Protection and Economic  
Policy Committees**

**January 2005**

## **GENERAL OBSERVATIONS**

The present note seeks to provide guidance to Member States for the preparation of the next round of national strategy reports (NSRs) which are to be submitted by 15 July 2005 and indicates how these reports are to be analysed by the Commission. It builds on a similar note endorsed by the SPC in March 2002 for the first round of NSRs. The present note reflects the experience with the first round and integrates the work of the Indicators Sub-Group (ISG) by pointing out suitable indicators/statistics to be used in the various sections of the national strategy report. A revised structure for the data tables to be presented with country summaries in the Commission staff synthesis report has also been discussed in the ISG – but not yet finally agreed – and is annexed to the present note.

**The main purpose of NSRs is to explain how Member States expect to meet the eleven common objectives** – which have not been changed since the previous exercise – taking into account the current and foreseeable demographic and socio-economic challenges they have to cope with. This requires a long-term perspective with a time horizon of several decades (for the calculation of prospective replacement rates by the ISG the time horizon was 2050; public expenditure projections to be used in forthcoming exercise will be done at least up to the year 2050). As these reports follow on, in the case of the EU15 countries, from the first NSRs, and, as they will form one of the inputs to the formulation of new common objectives for the streamlined process from 2006, the reports should also briefly reflect on the impact which the first NSRs have had on national pensions policies.

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NSRs should, as far as possible, be presented according to a common format so as to facilitate cooperation among the Member States in the framework of the Open Method of Coordination. However, it should not be forgotten that they should not just be an information for other Member States and the European Union. They should be seen as **instruments for furthering the national policy debate**, notably by analysing one's own country's situation with reference to that in other Member States. A wide dissemination within the Member State concerned is therefore desirable. To reach audiences both within the country and in other Member States and at EU-level, **NSRs should be published in the national language(s) as well as one other language** which makes them as accessible as possible to readers in other Member States (in most cases, this would be English).

The length suggested for the first national strategy reports (25 pages) may have been too much of a constraint. While maintaining 25 pages as a target length, it is suggested that Member States should have some flexibility in deciding what length would be appropriate, in particular taking into account the place of the NSR in the national reform debate. While for the EU15 Member States, which had taken part in the first round of NSRs, it would be conceivable to present an update or amendment to the previous report, it seems preferable for **each Member State to submit a complete new or revised report which should also briefly present the progress made since the first NSR**.

With a view to strengthening the NSR's role in the national policy debate, it will be necessary to allow for more flexibility not only regarding the length, but also the structure of the reports. There should be **three main chapters in each report, focusing on adequacy, financial sustainability and modernisation** (the latter covering all other major reform issues as well as the process of reform). Within these chapters, Member States should provide sufficient information to allow an appreciation of how each of the eleven objectives is met, but they should also have more freedom than during the first round of NSRs to develop those topics that are most relevant in the national context. This will allow Member States to **highlight also any issues that may not have been adequately covered by the common objectives endorsed by the Laeken European Council in December 2001 and that should be taken into account in the evaluation** of the Open Method of Coordination and the drafting of new set of objectives for social protection that is to take place during the second half of 2005. However, the analysis of the NSRs should still take place objective by objective and the authors of the **NSRs should make sure that any strengths and weaknesses with regard to a particular of the eleven common objectives are clearly addressed**. The analysis in the Commission services document will follow the eleven objectives.

In order to help national policy makers in the preparation of their NSR, the Commission proposes to **compile the latest available data and indicators from EU sources** to be used in the NSRs and the joint report.<sup>1</sup> This will allow national policy makers to get a

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<sup>1</sup> For the calculation of indicators/statistics based on empirical data on individual and household incomes, there will be no common EU data sources for all countries. A majority of countries will have to rely on national data sources, whereas six countries will already be able to use results from the first round of EU-SILC launched on the basis of a 'gentlemen's agreement' in 2003. The reference year for incomes should be 2002. It remains to be seen whether the calculation and delivery of these indicators/statistics can be centralised by EUROSTAT or needs to be carried out at the national level. Regarding developments over time, they will have to be calculated at the national level and will not be centralised by EUROSTAT. For countries using EU-SILC data, it should be possible to present also income data according to a definition that takes account of imputed rent and negative capital income.

better understanding of the strengths and weaknesses of their own country in a European perspective, to explain national specificities<sup>2</sup> and, where required, present appropriate policy responses. Any reliability issues of data from EU sources could also be identified at an early stage.

### **INDICATIVE TIMETABLE**

December 2004	Endorsement of this guidance note by the SPC and the EPC (and the Council?)
January – July 2005	Drafting of National Strategy Reports
15 July 2005	Submission of NSRs
September 2005	Peer review (September SPC meeting; EPC to be associated).
November 2005	Discussion of a first draft of the Commission services document on adequate and sustainable pensions in the SPC and EPC.
December 2005	Finalisation of the Commission services document.

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<sup>2</sup> Thus data that might present a misleading picture when used in international comparisons can be explained in the National Strategy Report. An example for this might be prospective theoretical replacement rates. Countries with automatic adjustment mechanisms to rising life expectancy will have less favourable replacement rates than countries where adjustments will take place on a discretionary basis. As simulations are based on legislation currently in force, pensions will appear to be less generous in countries with automatic adjustment mechanisms. By contrast, these same countries will be in a better position with regard to financial sustainability projections.

## STRUCTURE AND SCOPE OF NATIONAL STRATEGY REPORTS

### 1. PRELIMINARY OBSERVATIONS (E.G. IN THE FORM OF A POLITICAL PREFACE)

Provide a short explanation of the context in which the report is presented (OMC; link to national policy debate; in the case of the EU15, reflection on the impact of the first round of NSRs).

Recall the gestation of the report: parties involved in the drafting; various steps and levels of endorsement.

### 2. INTRODUCTION: MAIN FEATURES OF THE NATIONAL PENSIONS SYSTEM AND POLICY AND THE MAJOR DEMOGRAPHIC AND SOCIO-ECONOMIC CHALLENGES

Give a short presentation of the overall approach and policy goals in relation to pensions. Highlight the main issues, referring in particular to the broad goals of adequacy, financial sustainability and modernisation and assess the main challenges

- at present or in the near future (e.g. economic/labour market situation; societal change)
- in the longer run (in particular demographics).

#### Data/indicators to be used

*From EU sources (statistics also contained in the data table for country summaries in bold):*

##### Demographic information

- Population breakdown by age groups 0-14, 15-24, 25-44, 45-59, 60-64, 65-74, 75+ (current and projected)
- Life expectancy at birth and at ages 60 and 65, by gender (current and projected for 2010, 2030, 2050)
- Demographic old-age dependency ratio (current and projected for 2010, 2030, 2050): number of persons aged 65+ (60+) in relation to number of working age population (aged 15-64 and 15-59)

##### Information on household structures

- Housing tenure status: percentage of people aged 65+ (60+) and for complementary age groups (below 65 and below 60) by the housing tenure status of the household they live in (owner-occupied with and without mortgage obligations on the property they live in, rent-free and rented accommodation) (men/women/total).
- Percentage of people aged 65+ (60+) living with their children (men/women/total).
- Percentage of people aged 65+ (60+) living with another adult aged 65+ (60+), men/women/total.
- Percentage of people aged 65+ (60+, 75+) living alone, men/women/total. (Source: LFS)

## General socio-economic information

- GDP per capita, recent growth and growth prospects
- Employment and unemployment rates
- Social protection expenditure and **pension expenditure as a % of GDP (ESPROSS)**
- **Public finance situation: debt and deficits**

### *From national sources:*

- Percentage of people aged 65+ (60+, 75+) living in institutions, men/women/total. (Source: administrative data from the Member States)

## 3. MAIN BODY OF THE NSR: MEETING THE COMMON OBJECTIVES

### 3.1. Adequacy of pensions

The purpose of this chapter is to spell out how the three objectives (prevention of social exclusion, maintenance of living standards, solidarity) are currently met and will be met in the future.

#### **Common Objectives**

**Member States should safeguard the capacity of pension systems to meet their social objectives. To this end against the background of their specific national circumstances they should:**

1. Ensure that older people are not placed at risk of poverty and can enjoy a decent standard of living; that they share in the economic well-being of their country and can accordingly participate actively in public, social and cultural life;
2. Provide access for all individuals to appropriate pension arrangements, public and/or private, which allow them to earn pension entitlements enabling them to maintain, to a reasonable degree, their living standard after retirement; and
3. Promote solidarity within and between generations.

#### *3.1.1. Policy objectives*

Define what is regarded as adequate income provision for older people: what is an acceptable minimum income, referring to social assistance minima (**objective 1**), and what relative income level do pension policies try to promote (**objective 2**)?

#### *3.1.2. Current situation: policy tools and achievement of goals*

Explain how current policies achieve these goals; describe your country's mix of flat rate/minimum pensions, compulsory membership in earnings-related pension schemes, incentives for voluntary occupational or private pensions, notably through tax rules, means-tested benefits and tax allowances, benefits-in-kind, pension credits for various types of career interruptions (notably child and elderly care, unemployment, sickness and invalidity) and how these various instruments interact.

Assess to what degree, according to the national criteria and the common objectives, the current situation can be regarded as satisfactory in relation to **objectives 1, 2 and 3**.

Discuss the intra and inter-generational redistributive impact of the current pension system and whether this is in accordance with the common objective on solidarity (**objective 3**).

### *3.1.3. Future prospects and policy challenges*

Discuss the likely evolution of incomes for older people, taking account of employment histories of future pensioners (e.g. increased labour force participation of women, incidence of long-term unemployment), of demographic developments, of envisaged or on-going reforms in pension systems (particularly in respect of the method of indexation of pensions and other benefits).

### *3.1.4. Strategies for securing future adequacy*

Present measures that will minimise the risk of social exclusion of older people (minimum income guarantees and their adjustment in line with prices/earnings) (**objective 1**).

Present measures that will allow older people to maintain an adequate relative living standard (e.g. pension increments for deferred retirement, access to private pension schemes) (**objective 2**).

## **Data/indicators to be used**

*From EU sources (statistics also contained in the data table for country summaries in bold):*

- **Risk of poverty for people aged 60+, 65+ and 75+ and below 60, 65, 75 (men/women/total, by household type) (objective 1)**
- Incidence and distribution of risk of poverty for people belonging to the above age groups by the housing tenure status of their households (owner-occupied with and without mortgage obligations on the property they live in, rent-free and rented accommodation). (objective 1)
- Proportion of people below different income thresholds around the at-risk-of-poverty threshold (40%-50-70% of median national equivalised income) for people aged 60+, 65+ and 75+. <sup>3</sup> (objective 1)
- Relative risk of poverty: risk of poverty for age groups 60+ and 65+ relative to the risk of poverty for complementary age groups (men/women/total). (objective 1)
- Risk of poverty for people whose main activity status is 'retired' (men/women/total). (objective 1)
- **Relative income, i.e. the ratio of median equivalised income of people aged 60+, 65+ and 75+ relative to median equivalised income of people aged <60, <65 and <75 respectively and of people aged 45-54. (objective 2)**
- Composition of income by source, for people aged 60+, 65+, 75+, below 60, below 65, below 75. For each age group: income composition for the group as a whole and for each income quintile. Sources of income: pensions; other social benefits; earnings from work; other sources. (objective 2)
- **Median individual pension income of retirees aged 65-74 in relation to median earnings of employed persons aged 50-59 including and excluding social benefits other than pensions. (objective 2)**

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<sup>3</sup> The purpose of these calculations is to give an indication on how many people are just or far below the 60% threshold and how many are just above.

- **Inequality of income distribution (S80/S20)**, 60+, 65+ and 75+, men/women/total. (objective 3)
- Relative income inequality: income share ratio S80/S20 for age groups 60+, 65+ and 75+ relative to the income share ratio for complementary age groups, men/women/total. (objective 3)

*From national sources:*

- Any relevant survey data on income and living conditions.
- **Income simulations based on the ISG methodology for theoretical replacement rates<sup>4</sup>** (simulations could include interrupted careers due to unemployment, family responsibilities and invalidity; where appropriate, they should be carried out for current scheme rules and for post-reform rules). (objective 2)
- Current and prospective coverage rates as a percentage of the population aged 15-64 of statutory schemes, occupational schemes and individual schemes; appropriate breakdowns notably by sex, age groups, profession, company size, sector. (objective 2)
- Current and prospective level and share of the income of pensioners provided by statutory schemes, occupational schemes and individual schemes; appropriate breakdowns as above. (objective 2)

### 3.2. Financial sustainability of pension systems

The purpose of this chapter is to present a credible policy mix that allows to achieve a balance between the economic and social objectives presented in the previous chapter while at same time preserving the financial sustainability of the pension systems and ensuring sound public finances. Member States are likely to rely to varying degrees and in different combinations on the objectives presented under this heading: raising employment, prolonging working lives, consolidating public finances, adjusting pension scheme parameters and developing funded provision.

#### **Common objectives**

**Member States should follow a multi-faceted strategy to place pension systems on a sound financial footing, including a suitable combination of policies to :**

4. Achieve a high level of employment through, where necessary, comprehensive labour market reforms, as provided by the European Employment Strategy and in a way consistent with the BEPG;.
5. Ensure that, alongside labour market and economic policies, all relevant branches of social protection, in particular pension systems, offer effective incentives for the participation of older workers; that workers are not encouraged to take up early retirement and are not penalised for staying in the labour market beyond the standard retirement age; and that pension systems facilitate the option of gradual retirement;
6. Reform pension systems in appropriate ways taking into account the overall objective of maintaining the sustainability of public finances. At the same time sustainability of pension systems needs to be accompanied by sound fiscal policies, including, where necessary, a reduction of debt. Strategies adopted to meet this objective may also include setting up dedicated pension reserve funds;

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<sup>4</sup> These will have to be calculated for the first time in the new Member States and up-dated in a number of old Member States.

7. Ensure that pension provisions and reforms maintain a fair balance between the active and the retired by not overburdening the former and by maintaining adequate pensions for the latter; and

8. Ensure, through appropriate regulatory frameworks and through sound management, that private and public funded pension schemes can provide pensions with the required efficiency, affordability, portability and security.

### *3.2.1. Policy objectives*

Define the objectives as regards the financial sustainability of pension systems in line with the Laeken objectives.

### *3.2.2. Current situation*

Review the level of resources currently devoted to providing pensions (including through special schemes, e.g. public sector) and how these resources raised (social insurance contributions, taxes, role of public/private schemes).

Discuss any weaknesses of the current financing arrangements.

### *3.2.3. Future prospects and policy challenges*

Provide an estimation of total (public and private) resources needed over the coming decades (suggested time horizon: 2050) to provide adequate pensions<sup>5</sup>.

What percentage of GDP will need to be devoted to pensions in order to secure adequate benefits according to national definitions and the common objectives?

Compare projected financing needs for adequate pensions and the resources that will be available from different sources: taxation and general government budgets, social insurance contributions, contributions to private schemes, investment income from funded schemes, running down of reserves of public or private schemes.

Assess the financing gap in public pension schemes using the projections of public pensions expenditure under preparation in the EPC<sup>6</sup> and discuss how this gap is to be filled, taking into account the broader context of policies to achieve overall sustainability of public finances; discuss whether there will be rising deficits (**objective 6**).

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<sup>5</sup> In the context of the EPC projections exercise, projections for private resources, if relevant, will be provided by Member States on a voluntary basis.

<sup>6</sup> The projections will not be finalised in time for agreed results to be included in the National Strategy Reports. However, national calculations for the EPC projections exercise should already be available and the baseline projection should be presented in the National Strategy Reports; validated EPC projections will be used in the synthesis report.



Describe the sensitivity of expenditures and revenues of public pension schemes to certain key variables, e.g. changes in employment rates or productivity growth, increased life expectancy or migration flows etc.

What level of resources will have to be available from private sources in addition to a realistic estimation of public resources? Are coverage and contribution levels to such schemes developing sufficiently well to prevent an adequacy gap? **(objective 8)**

Describe the risks facing different types of private pension schemes. For **defined benefit schemes**, risk occurs due to the possibility that contributions may be insufficient to cover future entitlements. What accounting requirements are in place to ensure that companies and/or pension providers have accurate actuarial estimates as regards potential future liabilities, and what are the reporting requirements thereon? What arrangements are in place for taking corrective in the even of shortfalls being identified and is there transparency as regards who should bear the risk? For **defined contribution schemes**, risks arise that contributions, and the return thereon, may be insufficient to provide an adequate income in line with the expectations of contributors and the Laeken objectives. What arrangements are in place for monitoring the real rate of return of defined contribution schemes, and is there adequate transparency on this? Do contributors to pension schemes have adequate information and financial expertise to gauge future income prospects, and what steps are being taken to improve this.

Assess risks to the financial sustainability of funded pension schemes by discussing in particular what rates of return are being expected and whether these are realistic and by considering the volatility of the value of assets held by public and private pension reserve funds and the sensitivity of such assets to demographic and macroeconomic developments. Describe the prudential and supervisory structures in place to ensure that investments in pension funds are managed in a prudent manner, and also the arrangements in place to deal with the risk of fraud. **(objective 8)**

#### *3.2.4. Strategies for tackling the financing gaps*

Recall main measures recently taken and their impact (EU15: in particular since the last NSR).

Examine the scope for improving employment levels in general and of older workers in particular and assess the contribution of increased employment to reducing the financing gap. Present in particular measures in pension systems to encourage increased employment (e.g. closer link between contributions and benefits to weaken incentives to take up undeclared employment). **(objective 4)**

In particular, review pathways for early labour market exit (see the SPC's special study and checklist on this issue) and discuss/present measures for restricting access to early retirement (without actuarial pension reductions) to people who genuinely need to leave the labour market before the standard retirement. **(objective 5)**

Examine, taking into account the overall sustainability of public finances (**objective 6**), what further reforms of pension systems are necessary to reduce the financing gap, including reductions in benefits and adjustments in contribution rates. Discuss what mix of measures, including automatic adjustment mechanisms (e.g. defined contribution schemes or demographic factors in benefit formulae) would strike a fair balance between the active and the retired. (**objective 7**)

Examine the need for an increased role of private and funded provision in filling the gap between available public resources and the resources required for adequate pensions and discuss how this contribution can be achieved. Discuss scope for achieving greater efficiency (lower administrative costs, better investment strategies) in private pension provision. (**objective 8**)

### Data/indicators to be used

*From EU sources (statistics also contained in the data table for country summaries in bold):*

- **Total employment rate: Percentage of people aged 15-64 and 30-54 in employment (total/males/females).** (**objective 4**)
- Current economic or effective old-age dependency ratio: non-active population 65+ (60+) in relation to employed population (aged 15-64; 15-59) (**objective 4**)
- **Employment rates of older workers: Percentage of people aged 55-59, 60-64, 55-64, and 65-69 in employment (men/women/total). Current and projected scenario (Stockholm target)** (**objective 5**)
- **Effective age of withdrawal from the labour market (men/women/total)** (**objective 5**)

*From national sources:*

- **Projections of public expenditure on pensions (the results validated by the EPC will be used in the synthesis report and the tables "Background statistics for country summaries").** (**objective 6**)
- **Breakdown of expenditure growth by main factors of change (demography, employment, coverage, benefit level)**
- Projected public pensions expenditure per person aged 65+.
- Projected situation of public finances including debt, primary deficits and interest payments. (**objective 6**)
- Projected evolution of public pension reserve funds. (**objective 6**)
- Projected budgetary transfers to pension schemes. (**objective 6**)
- Projected economic or effective old-age dependency ratio: non-active population 65+ (60+) in relation to employed population (aged 15-64; 15-59). (**objective 4**)
- Stock and flow data (number of beneficiaries) on benefits allowing an early withdrawal from the labour market (see SPC special study on promoting longer working lives for types of benefits to be considered). (**objective 5**)
- Current and future contribution rates to pension schemes (as far as possible, distinguishing between old age, invalidity and survivors benefits and between contributions to the main public and typical private schemes). (**objective 8**)
- Current and projected level of reserves of public and private pension schemes in % of GDP. (**objective 8**)
- Current and projected real rates of return on assets held by pension reserve funds (public and private). (**objective 8**)
- Current and projected composition of assets held by pension reserve funds (public and private). (**objective 8**)

### 3.3. Modernisation of pension systems in response to changing needs of the economy, society and individuals

The purpose of this chapter is to identify needs for other changes to pension systems in response to social and economic change and to examine the process of pension reform.

#### Common objectives

9. Ensure that pension systems are compatible with the requirements of flexibility and security on the labour market; that, without prejudice to the coherence of Member States' tax systems, labour market mobility within Member States and across borders and non-standard employment forms do not penalise people's pension entitlements and that self-employment is not discouraged by pension systems;

10. Review pension provisions with a view to ensuring the principle of equal treatment between women and men, taking into account obligations under EU law; and

11. Make pension systems more transparent and adaptable to changing circumstances, so that citizens can continue to have confidence in them. Develop reliable and easy-to-understand information on the long-term perspectives of pension systems, notably with regard to the likely evolution of benefit levels and contribution rates. Promote the broadest possible consensus regarding pension policies and reforms. Improve the methodological basis for efficient monitoring of pension reforms and policies.

#### 3.3.1. Adequacy gaps caused by insufficient adaptation of pension systems to labour markets and employment patterns (*objective 9*)

Review pension accrual of people in non-standard employment and in particular part-time, temporary and self-employed workers. Do all groups on the labour market have sufficient opportunities to build up adequate pension rights?

Examine whether pension schemes are neutral with regard to atypical career patterns or whether they result in better pensions for people in standard careers (full career, working full time with little mobility) than for people who had similar life-time earnings, but with interrupted careers, several job changes, spells of part-time working (notably at the end of the career) etc.

Discuss whether professional or geographic mobility is hampered by pension schemes.

If required, present measures to improve the situation.

#### 3.3.2. Gender equality and the gender impact of pension systems (*objective 10*)

Compare poverty risks and pension levels for men and women above retirement, separating individual from derived rights and distinguishing different age groups.

Discuss trends in pension incomes of men and women and the main determining factors.

Describe any forms of unequal treatment between men and women that subsist in the pension system (notably with regard to the pension age, survivors' benefits, special advantages for raising children, mortality tables used for calculating the level of benefits); discuss whether they are justified and, if not, how they can be abolished.

Examine whether divorce and widowhood can cause major income losses and increased risks of poverty. Explain how pension entitlements (from public and private, collective or individual pension provision) are shared between spouses in the event of divorce. Present measures for improvement, if required.

### *3.3.3. Other reform issues*

Present any other important reform issues in your country (e.g. complexity of the system, inefficiencies, unfair treatment of certain groups etc.) and measures to address them.

### *3.3.4. Transparency, adaptability and the politics of pension reforms (objective 11)*

Assess the quality and comprehensiveness of aggregate monitoring of pension systems, notably with regard to the current and future adequacy of benefits and financial sustainability. In particular, describe the main indicators/statistics used at the national level and the institutional arrangements to monitor the adequacy and financial sustainability of pension systems (e.g. are regular reports presented to policy makers?). Is this information appropriate for supporting the reform debate and process?

Describe the steps taken to ensure the broadest consensus on the need and content of the reforms undertaken, including mechanisms for disseminating information, promoting a public debate and consensus building.

Assess the quality of information on the entitlements available to individuals, both current and future pensioners; does this information allow individual retirement planning?

Present any measures to improve the aggregate and individual information on pensions and to strengthen the adaptability of the pension system.

## **Data/indicators to be used**

### ***From EU sources:***

- Gender differences in the risk of poverty by age group (60+, 65+ and 75+ and below 60, 65, 75); calculated for all household types and for women/men living alone. (objective 10)
- Percentage point difference between men and women in the relative income, i.e. the ratio of median equivalised income of people aged 60+, 65+ and 75+ relative to median equivalised income of people aged <60, <65 and <75 respectively and of people aged 45-54; calculated for all household types and for women/men living alone. (objective 10)

### ***From national sources:***

- Typical length of vesting/waiting periods. (objective 9)
- Average pension entitlements by sex, individual and derived rights, pensioners aged 65-74 and 75+. (objective 10)

## **4. CONCLUSIONS**

The conclusions should present an overall assessment of the country's progress. Comparisons between EU Member States, including the position relative to the EU average and the best-performing Member States, will be presented/ carried out in the Synthesis Report.

As far as possible, the envisaged follow-up to the report (e.g. reform debates and proposals) should be presented with a clear timetable.

## **5. ANNEXES**

In order to keep the NSRs as reader-friendly as possible, annexes should be limited to what is strictly necessary. The decision on what information should be presented in annexes is left to each Member State. Annexes could contain detailed statistical information and accompanying methodological notes or more detailed information on certain pension system features and reforms.

## BACKGROUND STATISTICS FOR COUNTRY SUMMARIES\*

	MS			EU25		
<b>Adequacy</b>						
<b>Current situation (XXXX ECHP/EU-SILC data)</b>						
	Total	Men	Women	Total	Men	Women
At-risk-of-poverty rate <sup>1</sup>						
0-64						
65+						
75+						
Income inequality <sup>1</sup>						
0-64						
65+						
Income of people aged 65+ as a ratio of income of people aged 0-64 <sup>1</sup>						
Median pensions relative to median earnings <sup>2</sup> <i>excluding other social benefits including other social benefits</i>						
<b>Long-term projections</b>						
Pension replacement rates <sup>3</sup>	200X	2030	2050			
Total net replacement rate						
Total gross replacement rate						
Gross repl. rate <sup>1st</sup> pillar						
Gross repl. rate <sup>2<sup>nd</sup>/3<sup>rd</sup></sup> pillar						
<b>Financial sustainability</b>						
<b>Current situation</b>						
ESSPROS Pension expenditure <sup>4</sup> , % of GDP	<b>1995</b>	2000	<b>2002</b>	<b>1995</b>	2000	<b>2002</b>
Employment (2003) <sup>5</sup>	Total	Men	Women	Total	Men	Women
Employment rate (30-54)						
Employment rate (55-64)						
Effective labour market exit age <sup>6</sup>						
Public finances (2003) <sup>7</sup>						
Public debt, % of GDP						
Budget balance, % of GDP						
<b>Long-term projections (EPC 200X)</b>						
	Level		increase	Level		increase
	200X	2030	200X-50	200X	2030	200X-50
Old-age dependency ratio <sup>8</sup>						
Public pensions expenditure, % of GDP <sup>9</sup>						
Factors determining the evolution of public pensions expenditure (2000-2050) <sup>9</sup>	Contribution to change in percentage points of GDP			Contribution to change in percentage points of GDP		
<i>Demographic dependency</i>						
<i>Employment</i>						
<i>Eligibility</i>						
<i>Level of benefits</i>						
<i>Total (including residual)</i>						
<b>Notes:</b>						
1. Source: ECHP/EU-SILC, Eurostat, version XXXX. Based on equivalised incomes. Poverty line: 60% of median equivalised income; inequality measure: income share ratio S80/S20.						
2. Source: Eurostat. Median individual pension income of retirees aged 65-74 in relation to median earnings of employed persons aged 50-59 including / excluding social benefits other than pensions. See methodological note.						
3. Source: national calculations according to the method determined by the Indicators Sub-Group of the Social Protection Committee. Theoretical replacement rate of a male worker with a career length of 40 years full-time work at average earnings with contributions to first and second pillar pension schemes, retiring at the age of 65 years. See methodol. note.						
4. Source: ESSPROS, EUROSTAT. Includes expenditure by certain private social protection schemes; see methodol. note.						
5. Source: European Labour Force Survey, XXXX.						
6. Calculation method still under discussion.						
7. Source: European Commission, DG ECFIN.						
8. Source: EUROSTAT, demographic projections. Number of people aged 65 and over as a percentage of people aged 15-64.						
9. Source: Economic Policy Committee XXXX. Public pension expenditure (including most public replacement incomes to people aged 55 or over), before taxes. See methodological note.						

\* This table has not yet been fully endorsed by the Indicators Sub-Group.