

EXPLANATORY NOTES FOR THE 'PENSION AND LABOUR MARKET PARTICIPATION'

MODULE (TO BE IMPLEMENTED IN 2023)

Due to the complexity of the topic and the national particularities of the old age pension systems, it is highly recommended to provide the interviewers with the appropriate information and/or training on pensions.

In addition, caution is advised regarding the use of CAWI and PAPI survey techniques for this module. There might be a need to include extensive supporting information that should be carefully read by the respondents (who are people aged 50-74) e.g. pension mapping.

PENSTYP1

Variable name

Old age pension

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	327
Flow number	001

Filter

50 <= AGE <= 74

Filter labels

Everybody in the target population aged 50 to 74 years

Codes or value

1	Statutory pension only
2	Combination of statutory and occupational pension
3	Combination of statutory and personal pensions
4	Combination of statutory, occupational and personal pensions
5	Combination of occupational and personal pensions
6	Occupational pension only
7	Personal pension only
8	No pension
Blank	Not stated
9	Not applicable

Purpose

This variable provides the key information regarding the topic of pensions and identifies the population that receives an old age pension. Valuable knowledge can be gained regarding the age distribution, other demographic characteristics and the labour market participation of that group.

Definition

A pension is a periodic, mostly monthly, payment. A lump-sum payment cannot be considered as a pension. Indeed, cash benefits encompasses periodic cash payments as well as lump-sum cash benefits, but only periodic cash payments received can be considered as a pension; a one-shot payment received in the past cannot be considered as a pension.

Once the age of the recipient of a disability pension or of a survivors' pension reaches (or is above) the legal/standard retirement age, he/she is considered as receiving an old age pension (in the context of this variable).

If the respondent receives a survivor pension, this is out of scope until the time the respondent is entitled to his/her own old age pension. At that time, in case the respondent has opted for keeping on receiving his/her survivor pension instead of his/her statutory old age pension, this should be considered as old age pension. If the survivor pension is supplementary to his/her old age pension or if the respondent renounced to the survivor pension, only his/her own old age pension should be taken into account.

The **legal retirement age** is defined as the age at which old age benefits are paid out, laid down by legislation or by contract. This age can vary both between countries and within Member States, depending on the sector of activity, occupation, gender, length of contribution period and so on. When no legal retirement age exists, a **standard retirement age** has to be used, which means the retirement age offered by the scheme that paid the pension to the beneficiary.

The definition of old age pension that is used in this variable encompasses the following types of pensions which should be defined by national mappings in line with ESSPROS:

1. Statutory pensions –;
2. Occupational pensions – these are often outside the scope of ESSPROS;
3. Personal pensions – these are most of the time outside the scope of ESSPROS.

1. Statutory pensions

Statutory pensions are included in the old age function that covers the provision of social protection against the risks linked to old age: loss of income, inadequate income, and lack of independence in carrying out daily tasks, reduced participation in social life, and so on. Medical care of the elderly is not taken into account, as all health care expenditure is reported under the sickness/health care function.

Statutory pensions are related to a so-called ‘statutory pension scheme’ which is a government provided social security program, related to a person’s employment. It draws its financing to a large extent from social security contributions.

According to the national mapping (see Annex II) ‘*statutory pensions*’ for PENSTYP1 include:

- **Old age pension**, which are periodic payments intended to maintain the income of the beneficiary after retirement from gainful employment at the legal/standard age.
- **Anticipated old age pension**, which are periodic payments intended to maintain the income of beneficiaries who retire before the legal/standard age as established in the relevant scheme. This may occur with or without a reduction of the normal pension.
- **Partial pension**, which are periodic payments of a portion of the full retirement pension to older workers who continue to work but either reduce their working hours or whose income from a professional activity falls below a set ceiling. The partial pension is converted into a full pension and recorded under the item old age pension when the beneficiary retires completely or when he or she ceases to earn professional income above the defined level.

On the other hand, PENSTYP1 namely excludes:

- **Early retirement benefits for labour market reasons**, which are periodic payments to older workers who retire before reaching the legal/standard retirement age due to unemployment or to job reduction caused by economic measures such as the restructuring of an industrial sector or of a business. These payments normally cease when the beneficiary becomes entitled to an old age pension.
- **Early retirement benefits due to reduced capacity to work**, which are periodic payments to older workers who retire before reaching the legal/standard retirement age as established in the reference scheme as a result of reduced ability to work. These payments normally cease when the beneficiary becomes entitled to an old age pension. These payments should be recorded in PENSTYP2.

Additional qualitative information to national mapping (ESSPROSS):

<https://ec.europa.eu/eurostat/web/social-protection/data/qualitative-information>

2. Occupational pensions

Occupational pensions are private supplementary plans linked to an employment relationship or professional activity. Contributions are made by employers or employees, or both, based on earnings, or by the self-employed. These plans may be mandated by national legislation but more commonly are established either in employment contracts or in sector- or profession-based collective agreements negotiated by social partners. Pension liabilities may be assumed directly by the sponsoring company (as book reserves), or contributions may be invested in private funds or insurance contracts. Funding may be based on defined benefit or defined contribution principles (the latter are increasingly common). Particularly in countries where public pensions only provide a minimal level of support, occupational pensions allow many employees to even out consumption over a lifetime and to enjoy in retirement a standard of living close to that which they had during working life.

3. Personal pensions

Personal pensions are private voluntary plans in which contributions are invested in an individual account managed by a pension fund or financial institution. They are usually defined contribution plans, where the level of assets determines the level of complementary pension benefits provided. To encourage this specific kind of savings, countries often provide tax incentives or additional contributions.

A personal pension plan may have the following characteristics:

- is based on a contract between an individual saver and an entity on a voluntary basis;
- has an explicit retirement objective;
- provides for capital accumulation until retirement with only limited possibilities for early withdrawal before retirement;
- provides an income on retirement ⁽¹⁾.

Implementation guidelines

The respondent should first be asked if he/she receives a statutory old age pension and then if he/she receives another kind of old age pension.

People who have stopped working, had apply for a pension but do not receive yet their pension due to a pending administrative process, while they are already entitled to receive it (they should have already received it if the administrative process did not last more than expected), are to be considered as currently receiving a pension. However, being on holidays or in sick leave just before the pension should not be considered as already receiving the pension.

Pension entitlements abroad: when a respondent is entitled to a pension abroad, the following should be taken into account:

- (a) if the respondent receives a pension from a country which is not his/her country of residence, he/she is to be considered as receiving a pension;
- (b) when the respondent is entitled to a statutory old age pension in one country (for instance country of birth) but not in another country (current place of residence), if he/she receives the pension, he/she should report on the received pension;
- (c) if the respondent receives a pension from one country earlier than from the other, he/she has to refer to the first pension received.

⁽¹⁾ See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017PC0343>

If applicable and helpful, an additional answer category can be added to the national questionnaire for this purpose.

Model question

Do you receive a statutory old age pension [present list from national mapping]?

1. *Yes*
 2. *No*
- Don't know / No answer

Do you currently receive an occupational old age pension?

1. *Yes*
 2. *No*
- Don't know / No answer

Do you currently receive a personal old age pension?

1. *Yes*
 2. *No*
- Don't know / No answer

If one or two questions corresponds to "Don't know / No answer" but the respondent answers "Yes" to at least one other question, please code the respondent according to the positive answer(s) that he/she gave.

On the other hand, if one or two questions corresponds to "Don't know / No answer" but the respondent answers "No" to all other question(s), please code the respondent as "Not stated".

AGEPENSO

Variable name

Age at which the person started receiving an old age pension

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	328-330
Flow number	002

Filter

PENSTYP1 = 1-7

Filter labels

Persons receiving an old age pension

Codes or value

0-120	Age in completed years (3 digits)
Blank	Not stated
999	Not applicable

Purpose

This variable provides an overview over the distribution and usual age from which old age pensions in a country of specific group are received. It shows the age span from when people start receiving an old age pension and up to which age they last enter the pension system. It also shows at what age most of the population gets their first pension receipt.

Definition

The variable records the age (in completed years) of the respondent when he/she received a statutory old age pension for the first time. If the respondent has no entitlement to a statutory pension and receives an occupation and/or personal old age pension, the variable records the age of first receipt referring to either of these.

Implementation guidelines

Ask for the age from when the respondent started to receive an old age pension depending on the answer to PENSTYP1:

- If the respondent indicated in PENSTYP1 to receive a statutory pension only (code 1) or both a statutory and non-statutory pension (codes 2, 3, 4), ask for the age from when the statutory pension is received.
- If the respondent indicated in PENSTYP1 to receive only one type of non-statutory pension (codes 6, 7), ask for the age from when this non-statutory pension is received.
- If the respondent indicated in PENSTYP1 to receive the two types of non-statutory pensions (code 5, occupational and personal old age pension), ask for the age of the earlier receipt.

As the variable AGEPENSO refers to the pensions mentioned in PENSTYP1, it can also refer to anticipated old age pension or partial pension, but not to early retirement benefits for labour market reasons and due to reduced capacity to work.

Countries are free to ask for the year and month (given the high concentration of the retirement age) and construct age on this basis for the data to be transmitted to Eurostat ⁽²⁾.

People that received their first pension payment with more than one month delay because of a quite lengthy administrative process, should report the age (or year/month) which the first pension payment refers to (i.e. the age (or year/month) from which they were entitled to receive that pension, when they should have received their first pension payment if the administrative process did not last more than expected). Also, people that are currently in the administrative process and do not receive yet their pension while they are already entitled to receive it (they should have already received it if the administrative process did not last more than expected), should report the age (or year/month) from which they were entitled to receive it (i.e. when they should have received their first pension payment).

Remaining holidays or sick leave taken just before the first receipt of the pension should not be taken into account; they should not be considered as pension when computing the age of first pension receipt.

Model question

If the person receives only a statutory old age pension (PENSTYP=1)

At what age did you start receiving your (statutory) old age pension?

_____ years old

Don't know / No answer

OR

Which year did you start receiving your (statutory) old age pension?

_____ Year

No answer

And may I ask you, which month?

_____ Month

Don't know / No answer

If the person receives a statutory old age pension in combination with another old age pension (PENSTYP=2,3,4)

At what age did you start receiving your statutory old age pension?

_____ years old

Don't know / No answer

OR

Which year did you start receiving your statutory old age pension?

_____ Year

No answer

And may I ask you, which month?

_____ Month

Don't know / No answer

⁽²⁾ If a country collects, at national level, the exact date of birth (year/month/day), it will have no problem to compute correctly the age of the respondent at the time that he/she started receiving the pension – except in cases that the month of birth is the same as the month when the person started receiving the pension. If the country does not collect the exact date of birth, and especially if the country collects only the information about the date of birth being before the end of reference week, then in several cases the exact computation of age when starting to receive the pension will not be possible. In such cases, it is recommended to ask directly the respondent about his/her age at that time.

If the person receives only an occupational old age pension (PENSTYP=6)

At what age did you start receiving your (occupational) old age pension?

____ years old

Don't know / No answer

OR

Which year did you start receiving your (occupational) old age pension?

____ Year

Don't know / No answer

And may I ask you, which month?

____ Month

Don't know / No answer

If the person receives only a personal old age pension (PENSTYP=7)

At what age did you start receiving your (personal) old age pension?

____ years old

Don't know / No answer

OR

Which year did you start receiving your (personal) old age pension?

____ Year

Don't know / No answer

And may I ask you, which month?

____ Month

Don't know / No answer

If the person receives both an occupational and a personal old age pension (PENSTYP=5)

At what age did you start receiving for the first time one of these two pensions?

____ years old

Don't know / No answer

OR

Which year did you start receiving for the first time one of these two pensions?

____ Year

Don't know / No answer

And may I ask you, which month?

____ Month

Don't know / No answer

STATRECE

Variable name

First statutory old age pension receipt with reduction or bonus

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	331
Flow number	003

Filter

PENSTYP1 = 1-4

Filter labels

Persons receiving a statutory old age pension

Codes or value

- | | |
|-------|---|
| 1 | With reduction in case of anticipated pension benefit |
| 2 | With bonus due to retirement deferment |
| 3 | Without reduction or bonus |
| Blank | Not stated |
| 9 | Not applicable |

Purpose

The variable helps to assess to what extent people tend to opt for a reduced-rate pension “on a voluntary basis” in the context of an anticipated old age pension, or to what extent people wait for an increased receipt deferring his/her retirement and opt for a higher rate, or if they opt for their pension benefit without reduction or bonus. Depending on the national statutory pension system and his/her individual situation, the respondent can take the decision to leave the labour market before the time he/she is entitled to his/her “full” pension benefit (i.e. expected pension without any kind of cut or, in other words, the maximum amount he/she can claim without bonus) and to receive a decreased pension. Also, the respondent can sometimes decide to get an increased rate that is obtainable if he/she retires after he/she meets the requirements to receive a “full” pension benefit.

This variable has a high analytical value together with the variable recording the pension age (AGEPENSO) and the variables describing the situation and motives for staying or leaving employment (WSTPREAS / WCONREAS).

Definition

The variable records whether the statutory old age pension was received with a reduced rate in case of anticipated pension, or with a higher rate due to retirement deferment.

Depending on the national system of pensions, people might have the possibility to opt (in addition to the

full-rate pension) for retiring with a reduced or a higher rate pension if they fulfil the required conditions (e.g. minimum number contribution units, age). In some countries, if a prescribed number of contribution units has been paid or if a defined period of insurance has been completed and taking into account the age and the gender, people have the possibility to retire with a reduced rate of pension compared to the full rate pension. Moreover, according to the pension system, some people could choose to wait for meeting the requirements for retiring with a bonus, that would correspond to a higher rate compared to the full-rate pension. These possibilities can vary from a country to another. For more information, see Annex V.

A “full-rate pension” should be understood as the expected pension without any kind of cut or, in other words, the maximum amount the respondent can claim without bonus.

This variable should encompass “voluntary” decisions taken by the respondent as regards his/her pension amount.

Implementation guidelines

The respondent should relate the amount of his/her pension payment. In case, the respondent opted for another rate than the “full rate”, the chosen rate should be compared to the potential full rate for which the respondent was entitled in order to say if it was a reduced or a higher rate. The situation in which people have a reduced-rate because they do not have the necessary contribution units (incomplete career period) but meet the age requirements to retire are not targeted under the reduced-rate defined in this context.

People who choose code 1 (“With reduction in case of anticipated pension benefit”) have to fulfil the requirements for an anticipated pension benefit. Those having partial pension are not fulfilling the requirements for code 1 (so, they can only choose between codes 2 and 3).

Model question

The adopted approach focuses on the receipt of a pension with reduction (lower rate) or bonus (higher rate).

Was your first statutory old age pension received with a reduction or bonus?

- 1. With a reduction due to an anticipated pension*
 - 2. With a bonus due to retirement deferment*
 - 3. Without reduction or bonus*
- Don't know / No answer*

PENSTYP2

Variable name

Disability pension and other disability periodic cash benefit

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	332
Flow number	004

Filter

50 <= AGE <= 74

Filter labels

Everybody in the target population aged 50 to 74 years

Codes or value

1	Yes
2	No
Blank	Not stated
9	Not applicable

Purpose

This variable identifies persons who currently receive a disability pension or other disability periodic cash benefits. It complements the information on receiving other pensions because of old age, a survivor's pension or other kinds of pension as specified by ESSPROS. It helps to analyse the labour market participation of persons receiving a disability pension (or benefits) and the situation of people who are not working because of a longstanding illness.

Definition

The variable records whether the person currently receives a disability pension or other disability periodic cash benefits or not. What counts as disability pension or other disability periodic cash benefits is defined by national mappings and should be in line with ESSPROS (see Annex II).

A pension is a periodic, mostly monthly, payment. A lump-sum payment cannot be considered as a pension. Indeed, cash benefits encompasses periodic cash payments as well as lump-sum cash benefits, but only periodic cash payments received can be considered in this context.

In line with the ESSPROS manual, the disability function covers benefits that provide an income to persons below legal retirement age as established in the reference scheme whose ability to work and earn is impaired beyond a minimum level laid down by legislation by a physical or mental disability; provide rehabilitation services specifically required by disabilities; provide goods and services other than medical care to disabled people. It covers also early retirement benefits due to reduced capacity to work.

Once the age of the recipient of a disability pension reaches (or is above) the legal retirement age, he/she is considered as receiving an old age pension, and should be recorded in PENSTYP1 ⁽³⁾.

Implementation guidelines

People that are in the administrative process but do not receive yet their disability pension or disability benefits are to be considered as currently receiving their disability pension or disability benefits. If applicable and helpful, an additional answer category can be added to the national questionnaire for this purpose.

Model question

Do you currently receive a disability pension or other disability periodic cash benefits [present list/examples from national mapping]?

1. *Yes*

2. *No*

Don't know / No answer

⁽³⁾ Countries are invited to insert warning in their national questionnaire to detect persons in this situation during the interview.

AGEPENS

Variable name

Age at which the person started receiving the disability pension or other disability periodic cash benefits

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	333-335
Flow number	005

Filter

PENSTYP2 = 1

Filter labels

Persons receiving a disability pension or other disability periodic cash benefits

Codes or value

0-120	Age in completed years (3 digits)
Blank	Not stated
999	Not applicable

Purpose

The variable gives an overview over the age distribution when people start receiving the disability pension or other disability periodic cash benefits. It helps to analyse the personal and labour market situation of the respondent, how long the pension (or benefits) has been received at the time of the interview and in how far there is an overlap with the old age pension.

Definition

The variable records the age (in completed years) of the respondent when he/she received the disability pension or benefits according to the national ESSPROS mapping. It refers to the age at which the respondent most recently began receiving the disability pension or benefit, if the respondent had an interrupted receipt of disability pension or benefit.

Implementation guidelines

If the respondent states that he/she received such a pension or benefits with interruptions, he/she should refer to the age at which the respondent most recently began receiving the disability pension or benefit.

Countries are free to ask for the year and month and construct age on this basis for the data to be transmitted to Eurostat ⁽⁴⁾.

⁽⁴⁾ If a country collects, at national level, the exact date of birth (year/month/day), it will have no problem to compute correctly the age of the respondent at the time that he/she started receiving the pension – except in cases that the month of birth is the same as the month when the person started receiving the pension. If the

Model question

At what age did you start receiving your disability pension or other disability periodic cash benefits? If you have received this pension or these benefits with interruption, please indicate the age at which the respondent most recently began receiving the disability pension or benefit.

____ years old

Don't know / No answer

OR

Which year did you start receiving your disability pension or other disability periodic cash benefits? If you have received this pension or these benefits with interruption, please indicate the age at which the respondent most recently began receiving the disability pension or benefit.

____ Year

Don't know / No answer

And may I ask you, which month?

____ Month

Don't know / No answer

country does not collect the exact date of birth, and especially if the country collects only the information about the date of birth being before the end of reference week, then in several cases the exact computation of age when starting to receive the pension will not be possible. In such cases, it is recommended to ask directly the respondent about his/her age at that time.

PROVTYPE

Variable name

Financial old age provisions

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	336
Flow number	006

Filter

PENSTYP1 = 7, 8

Filter labels

Persons (aged 50 to 74 years) not receiving a statutory nor an occupational pension

Codes or value

1	Statutory provision only
2	Combination of statutory and occupational provisions
3	Combination of statutory and personal provisions
4	Combination of statutory, occupational and personal provisions
5	Combination of occupational and personal provisions
6	Occupational provision only
7	Personal provision only
8	No provision
Blank	Not stated
9	Not applicable

Purpose

This variable informs on how persons normally make provisions for old age, i.e. for the time when they are retired, are not employed anymore or not with the main target of generating income. It shows how many and which persons only rely on the statutory system.

Definition

Covered are financial provisions with the purpose that a person can pay the living costs at old age. Relevant provisions are entitlements that stem from contributions either by the person or a third party (e.g. employer, state) to a statutory or occupational old age pension scheme, to a personal old age pension insurance or savings. Contributions can be automatically deducted from the salary. Entitlements for tax-based old age pension schemes are included also. All statutory payments that count as old age pension according to the ESSPROS mapping are counted. Non-financial provisions or indirect protection like expected payments by family members or survivor's pensions are not covered.

For more detailed information on the various pension schemes: see PENSTYP1 and Annex II.

Implementation guidelines

The national mappings for ESSPROS delineate the borderline between old age pensions, that are counted as provision social protection that is not counted.

The ownership of a private firm does not count. Personal investments, for example in stock market or real estate, do not count either, though countries that wish to investigate the use of such methods may include it as a separate answer category.

Countries should ask for the forms of provisions in independent questions with "yes/no" answers and aggregate them into the variable with the combinations.

There is no minimum threshold for any kind of these provisions to be counted.

The payment made in the context of life insurance should be an annuity, paid to the holder of the private life insurance policy, based on a periodic rate at old age, aiming to provide a guaranteed income after a certain period of years. Life insurance scheme that provides a lump sum in the event of a death should not be taken into account.

Model question

Two options are proposed for the model question. Each country can choose the option which best fits national circumstances and eases the translation.

Option 1

There are different forms how financial provisions can be made for your old age.

Do you have entitlements for an old age pension paid by a statutory scheme?

1. Yes
 2. No
- Don't know / No answer

Do you have entitlements for an old age pension paid by your current or former employer or by an occupational pension scheme?

1. Yes
 2. No
- Don't know / No answer

Have you set up a personal pension scheme (including life insurance) that can be paid out in periodic rates at old age?

1. Yes
 2. No
- Don't know / No answer

Option 2

There are different forms for how financial provisions can be made for your old age.

Are you entitled to an old age pension paid by a statutory scheme?

1. Yes
 2. No
- Don't know / No answer

Are you entitled to an old age pension paid by your current or former employer or by an occupational pension scheme?

1. *Yes*

2. *No*

Don't know / No answer

Have you set up a personal pension scheme (including life insurance) that can be paid out in periodic rates at old age?

1. *Yes*

2. *No*

Don't know / No answer

PENSSITU

Variable name

Situation at beginning of old age pension receipt

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	337
Flow number	007

Filter

PENSTYP1 = 1-7

Filter labels

Persons receiving an old age pension

Codes or value

1	Stopped working
2	Continued working without changes
3	Continued working with changes
4	Was not working (for any reason)
Blank	Not stated
9	Not applicable

Purpose

This variable helps to better understand the labour market transition connected with the receipt of an old age pension. These transitions can be different. Starting to receive an old age pension and leaving the labour force can be concurrent but people may also be out of employment before receiving a pension, they may also retire early or stop working later or might change other things about their employment with the receipt.

Definition

The variable records the respondent's own assessment of his/her labour market situation and its possible change at the moment when he/she started to receive an old age pension. If a statutory pension exists, it refers to the beginning of payments from that system. If only personal or occupation old age provisions exist, it refers to the first payment from these.

Only paid work is to be considered, which means that people who only work as volunteers cannot be considered as continuing working / remaining on the labour market because of their volunteer work.

Implementation guidelines

The answer categories should be presented to the respondent before answering.

The variable refers to a time period starting when the old age pension receipt began and ending 6 months later. For example, a person who stopped working when he/she received his first payment and took up another job within a 3-month period should be coded 3 (“Continued working with changes”). However, a person who stopped working at the first pension receipt but went back to the same job or took another job 7 months later (i.e. more than 6 months later) should be included in code 1 (“Stopped working”).

Code 1 (“Stopped working”) applies to people that worked and stopped working to retire, while code 4 (“Was not working”) applies to those that were not working just before retiring.

Model question

Which of the following statements describes best your situation within the 6 months after you started receiving for the first time your statutory/occupational/personal/first ⁽⁵⁾ old age pension?

- 1. Stopped working*
 - 2. Continued working without changes*
 - 3. Continued working but with changes, e.g. changed job, worked fewer hours or continued working in second job while stopping the first job*
 - 4. Was not working at that time*
- Don't know / No answer

⁽⁵⁾ Different formulations depending on the type of first old age pension, i.e. depending on the answer given for PENSTYP1. For illustration, see the model question for the variable AGEPENSO.

WSTPREAS

Variable name

Main reason to stop working with the beginning of the old age pension receipt

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	338
Flow number	008

Filter

PENSSITU = 1

Filter labels

Persons having stopped working with old age pension receipt

Codes or value

1	Had reached eligibility for the pension
2	Had reached the maximum retirement age
3	Favourable financial arrangements to leave
4	Other job-related reasons
5	Own illness or disability
6	Care responsibilities or other family reasons
7	Other reasons
Blank	Not stated
9	Not applicable

Purpose

This variable identifies why people choose to stop working at a certain age, which they indicated at AGEPENSO. The reason can be job-related (favourable financial arrangements, person has reached eligibility for the pension or the maximum retirement age, lost job/could not find a job or other job-related reason) or not job-related (own illness or disability, care responsibilities or other family reasons).

Definition

The variable records the main reason for the respondent to leave employment concurrently with the beginning of the old age pension payment. The variable relates to the decision at that point in time and not to later changes.

Implementation guidelines

The answer categories should be presented to the respondent before answering.

Concrete reasons are specified in a list including a category for other unspecified reasons.

There might be more than one motive for the respondent to stop working. In that case, the most important reason for the respondent should be chosen. If it is really not possible for the respondent to choose a “main reason”, the first code that applies in the order of the list should be used.

Early retirement is not per se a reason for not staying longer at work. If somebody provides such answer, the interviewer should request why the person retired before the legal/standard retirement age: had reached eligibility for the pension (code 2), good financial arrangements (code 3), own health problems (code 5), etc.

Code 1: “Had reached eligibility for the pension” covers answers like “I retired because I reached the age at which I could start receiving my pension”. This code also covers the case of people who answer that they have worked enough. The eligibility refers to the type of pension for which the respondent has opted. The word “eligibility” should consequently refer to the type of pension received by the respondent. If the respondent had been eligible for anticipated pension or partial pension but did not apply for them, he/she should not refer to these types of pension regarding eligibility and should consider the type of pension he/she is receiving.

Code 2: This code applies only in the case where the person had reached the maximum legal/standard retirement age. The maximum legal retirement age means the age at which the employee is forced by law to leave his current job. When no legal retirement age exists, a maximum standard retirement age is to be used which means the age at which the retirement has to take place according to a contract or other agreement. This can for instance be defined by collective agreements between trade unions and employers. In either case, the relevant age can vary both between and within countries, depending on the sector of activity, occupation, gender and so on.

Code 3: “Favourable financial arrangements to leave” includes all cases where financial considerations led the respondent to stop working / to retire, as well as cases where the decision was based on the fear that if retirement was postponed it would result in a lower pension due to pension reforms. The code covers in particular bonuses from employers and golden handshakes.

Code 4: “Other job-related reasons” refers to reasons not included above; it includes for example inconvenient working hours, tasks, health and safety at the job place, job stress, job too demanding, skills not adequate or not valued, employer’s attitude, not enough clients, slow business, dismissed, etc.

Code 5: This code corresponds to the situation where the person retired because of own health problems or disability.

Code 6: This code covers the cases where the person had to care for children or dependant persons, the passing away of a close relative, etc.

Code 7: “Other reasons” is a residual code which should be used only when none of the previous codes fits.

When asking the question, the interviewer will replace “AGEPENSO” in the model question with the age recorded in the variable AGEPENSO. For example, if the respondent answered “62” for AGENPENSO, the

question asked by the interviewer will be “*What was your main reason to stop working at the age of 62?*”.

Model question

If AGEPENSO can be imputed during the interview

What was your main reason to stop working at the age of [AGEPENSO]?

- 1. Had reached eligibility for my pension*
 - 2. Had reached maximum retirement age*
 - 3. Had favourable financial arrangements to leave*
 - 4. Other job-related reasons, e.g. dismissed, stressful job, lack of clients, slow business*
 - 5. Own illness or disability*
 - 6. Care responsibilities or other family reasons*
 - 7. Another reason*
- Don't know / No answer*

If AGEPENSO can not be imputed during the interview

What was your main reason to stop working when you started receiving your old age pension?

- 1. Had reached eligibility for my pension*
 - 2. Had reached maximum retirement age*
 - 3. Had favourable financial arrangements to leave*
 - 4. Other job-related reasons, e.g. dismissed, stressful job, lack of clients, slow business*
 - 5. Own illness or disability*
 - 6. Care responsibilities or other family reasons*
 - 7. Another reason*
- Don't know / No answer*

WCONREAS

Variable name

Main reason to continue working with old age pension receipt

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	339
Flow number	009

Filter

PENSSITU = 2, 3

Filter labels

Persons who continued working with pension receipt

Codes or value

1	Financially necessary
2	Financially attractive
3	Partner/spouse still working
4	Enjoy working/ being productive
5	Stay socially integrated
6	Other reasons
Blank	Not stated
9	Not applicable

Purpose

This variable helps to understand why people continue working even though they receive a substitute payment for income from employment, as retirement is generally seen as a stage of life without paid work.

Reasons can be very varied: the pension payment can be too low to make a living, a partner that is still in employment can influence the own decision correspondingly, or respondents can see benefits from work besides the income like feeling productive or being socially integrated.

Definition

The variable records the self-perceived main reason of the respondent to continue working when he/she started to receive an old age pension. The variable relates to the decision at that point in time and not to later changes.

Implementation guidelines

The answer categories should be presented to the respondent before answering.

Concrete reasons are specified in a list including a category for other unspecified reasons.

There might be more than one motive for the respondent to continue working. In that case, the most important reason for the respondent should be chosen. If it is really not possible for the respondent to choose a “main reason”, the first code that applies in the order of the list should be used.

The difference between code 1 (“Financially necessary”) and code 2 (“Financially attractive”) resides in the **need of the respondent** to receive an additional income from work. If this additional income is needed to live, because the old age pension is not high enough to make a living, then code 1 should be chosen. Otherwise, i.e. if the aim to continuing working is to get extra-money, not absolutely needed to live, then code 2 should be selected.

As for the previous variable, when asking the question, the interviewer will replace “AGEPENSO” in the model question with the age recorded in the variable AGEPENSO.

Model question

If AGEPENSO can be imputed during the interview

What was your main reason to continue working at the age of [AGEPENSO]?

- 1. The job was necessary for additional income*
 - 2. The job was financially appealing*
 - 3. My partner was also still in employment*
 - 4. I liked working and being productive*
 - 5. I liked staying/being socially involved*
 - 6. Another reason*
- Don't know / No answer*

If AGEPENSO can not be imputed during the interview

What was your main reason to continue working when you started receiving your old age pension?

- 1. The job was necessary for additional income*
 - 2. The job was financially appealing*
 - 3. My partner was also still in employment*
 - 4. I liked working and being productive*
 - 5. I liked staying/being socially involved*
 - 6. Another reason*
- Don't know / No answer*

LMREENT

Variable name

Re-enter the labour market after beginning of old age pension receipt

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	340
Flow number	010

Filter

PENSSITU = 1, 4

Filter labels

Persons who stopped working or were not working at the beginning of old age pension receipt

Codes or value

- | | |
|-------|---|
| 1 | Yes, with at least one paid job of a minimum duration of 3 months |
| 2 | Yes, but for occasional work only |
| 3 | No |
| Blank | Not stated |
| 9 | Not applicable |

Purpose

This variable complements the PENSSITU and WCONREAS variables from which we can identify the persons that continued working (either with or without changes) when first receiving an old age pension and the associated main reason. The LMREENT variable allows as a complement to see whether those that declared in PENSSITU that they stopped working or were not working when first receiving an old age pension re-entered the labour market at a later stage (minimum 6 months after the first pension receipt).

Definition

This variable gives information on whether persons that were not working when receiving their statutory old age pension for the first time (because they stopped work or were not working) entered on the labour market again whether on a regular/continuous basis or for occasional work only.

Implementation guidelines

Only paid jobs are to be considered.

For those that entered again on the labour market, the distinction is to be made between work on a regular/continuous basis and occasional work only.

Occasional work refers to a job without the features of continuity and job security. It is defined for this variable (as for the core LFS variable EXISTPR) as a job that lasted less than three months (whatever the

job is part-time or full-time, formal or informal) and had only one spell in time.

Code 1 (“Yes, with at least one paid job of a minimum duration of 3 months”) is to be used in case the person had at least one paid job of a total minimum duration of 3 months. There is however no minimum limit on the number of hours worked per week/month.

Code 2 (“Yes, but for occasional work only”) is to be used if none of the paid jobs is of a minimum duration of 3 months.

Model question

After you started receiving your old age pension, have you had at least one paid job?

- 1. Yes, with at least one paid job of a minimum duration of 3 months*
 - 2. Yes, but occasional work*
 - 3. No*
- Don't know / No answer

LMENTREAS

Variable name

Main reason to re-enter the labour market

Specifications

Topic	Labour market participation
Detailed topic	Pension and labour market participation
Standardisation	LFS variable
Periodicity	8-yearly
Minimum set of variables	No
Variable type	Collected
Column	341
Flow number	011

Filter

LMREENT = 1

Filter labels

Persons who re-entered the labour market while not working when first receiving old age pension

Codes or value

1	Financially necessary
2	Financially attractive
3	Partner/spouse still working
4	Enjoy working/being productive
5	Stay socially integrated
6	Other reasons
Blank	Not stated
9	Not applicable

Purpose

This variable complements the LMREENT variable and highlights the main reason for which a person that was initially not working when receiving the old age pension, took the decision later to re-enter the labour market and whether it was for a financial reason or not.

This variable can also complement the information collected through the variable WCONREAS.

Definition

The variable records the self-perceived main reason of the respondent to re-enter the labour market after he/she started receiving an old age pension. The variable relates to a decision taken after having started receiving the old-age pension.

Implementation guidelines

The answer categories should be presented to the respondent before answering.

Concrete reasons are specified in a list including a category for other unspecified reasons.

There might be more than one motive for the respondent to re-enter the labour market. In that case, the most important reason for the respondent should be chosen. If it is really not possible for the respondent to choose a “main reason”, the first code that applies in the order of the list should be used.

The difference between code 1 (“Financially necessary”) and code 2 (“Financially attractive”) resides in the **need of the respondent** to receive an additional income from work. If this additional income is needed to live, because the old age pension is not high enough to make a living, then code 1 should be chosen. Otherwise, i.e. if the aim to continuing working is to get extra-money, not absolutely needed to live, the code 2 should be selected.

Code 4 “Enjoy working/ being productive” stands for “I liked working and being productive”, but also includes answers formulated in a negative way, like “I did not enjoy not being productive”.

Model question

What was your main reason to work after you started receiving your old age pension?

- 1. The job was necessary for additional income*
 - 2. The job was financially appealing*
 - 3. My partner was still in employment*
 - 4. I liked working and being productive*
 - 5. I liked staying /being socially involved*
 - 6. Another reason*
- Don't know / No answer*

ANNEX I: Pensions covered in the European System of integrated Social PROtection Statistics (ESSPROS)

According to the EP and Council Regulation 458/2007 (Annex II), pension beneficiaries are defined as recipients of one or more of the periodic cash benefits of a **social protection scheme** falling within seven pension categories (disability pension; early retirement benefit due to reduced capacity to work; old age pension; anticipated old age pension; partial pension; survivors' pension; early retirement benefit due to labour market reasons) ⁽⁶⁾

These are classified in different functions according to the following scheme:

Pensions in disability function

1. Disability pension beneficiaries
2. Beneficiaries receiving early retirement benefits due to reduced capacity to work

Pensions in old age function

3. Old age pension beneficiaries
4. Anticipated old age pension beneficiaries
5. Partial pension beneficiaries

Pensions in survivors' function

6. Survivors' pension beneficiaries

Pensions in unemployment function

7. Beneficiaries receiving early retirement benefits for labour market reasons

An important concept to distinguish clearly between the old age function and others is the concept of a standard/legal retirement age. Old age benefits are generally granted to beneficiaries above the standard/legal retirement age. Disability is then limited to the integration into the workforce and early retirement benefits are only benefits paid to recipients below the standard/legal retirement age. The specific age is mostly defined for each scheme separately or in a few cases determined by a reference scheme.

⁽⁶⁾ See ESSPROS manual, p. 80

The **legal retirement age** for old age benefits means the age at which old age benefits are paid out, laid down by legislation or by contract. This age can vary both between countries and within Member States, depending on the sector of activity, occupation, gender and so on. When no legal retirement age exists, a **standard retirement** age has to be used, which means the retirement age offered by the scheme that paid the pension to the beneficiary ⁽⁷⁾.

A **statutory pension scheme** is a government provided social security program, related to a person's employment ⁽⁸⁾. It draws its financing to a large extent from social security contributions.

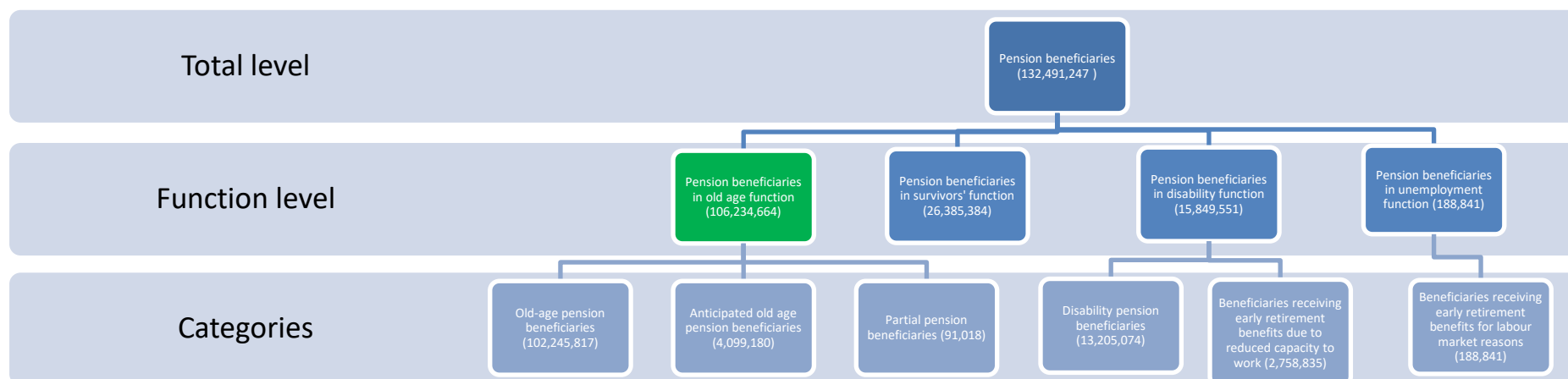
⁽⁷⁾ See ESSPROS manual, (43) p. 51

⁽⁸⁾ Institutions responsible for the administration of such programs are classified in NACE Rev.2 code 84.30

ANNEX II: Mapping of different types of pensions to module variables

Pensions covered by ESSPROS	Definition	To be included in variable
Disability pension	Periodic payments intended to maintain or support the income of someone below the legal/standard retirement age as established in the reference scheme who suffers from a disability which impairs his or her ability to work or earn beyond a minimum level laid down by legislation.	PENSTYP2
Early retirement benefits due to reduced capacity to work	Periodic payments to older workers who retire before reaching the legal/standard retirement age as established in the reference scheme as a result of reduced ability to work. These payments normally cease when the beneficiary becomes entitled to an old age pension.	PENSTYP2
Old age pension	Periodic payments intended to maintain the income of the beneficiary after retirement from gainful employment at the legal/standard age.	PENSTYP1 (statutory pension)
Anticipated old age pension	Periodic payments intended to maintain the income of beneficiaries who retire before the legal/standard age as established in the relevant scheme. This may occur with or without a reduction of the normal pension.	PENSTYP1 (statutory pension)
Partial pension	Periodic payment of a portion of the full retirement pension to older workers who continue to work but reduce their working hours or whose income from a professional activity is below a set ceiling. The partial pension is converted into a full pension and recorded under the item old age pension when the beneficiary retires completely or when he or she ceases to earn professional income above the defined level.	PENSTYP1 (statutory pension)
Pensions that might not be covered by ESSPROS	Definition	Variable to include in
Occupational pensions	See PILLARS OF PENSION SYSTEMS	PENSTYP1
Private	See PILLARS OF PENSION SYSTEMS	PENSTYP1

ANNEX III: Overview of pension beneficiaries (potentially above 50 years) in ESSPROS



Reported figures in brackets refers to EU28 aggregate that is not published in the Eurostat database (double counting of beneficiaries could be included in the reported figures at the European level). The objective is to estimate an order of magnitude

Definitions related to old age pensions ([ESSPROS manual and user guidelines](#))

- **Old age pension:** periodic payments intended to i) maintain the income of the beneficiary after retirement from gainful employment at the legal/standard age or ii) support the income of elderly persons (excluding support of limited duration).
- **Anticipated old age pension:** periodic payments intended to maintain the income of beneficiaries who retire before the legal/standard age as established in the relevant scheme. This may occur with or without a reduction of the normal pension. The payment ceases when the beneficiary reaches the legal or standard retirement age.
- **Partial retirement pension:** periodic payment of a portion of the full retirement pension to older workers who continue to work but reduce their working hours or whose income from a professional activity is below a set ceiling. The partial pension is converted into a full pension and recorded under the item old age pension when the beneficiary retires completely or when he or she ceases to earn professional income above the defined level.

ANNEX IV: ESSPROS figures

Table 1: Old age pensions beneficiaries, EU28, 2016 (absolute values and % of the total old-age pensions)

NB: Due to potential double counting between the categories (i.e. a beneficiary may receive more than one benefit and be included in more than one category), the sum of the percentages is not necessarily equal to 100%.

Country	Total old age pensions	Old age pension	Anticipated old age pension	Partial pension	Old age pension	Anticipated old age pension	Partial pension
EU 28 - non official)	106,234,664	96%	4%	0%	102,245,817	4,099,180	91,018
BE Belgium	1,952,741	100%	7%	0%	1,952,741	136,804	0
BG Bulgaria	1,804,055	93%	7%	0%	1,680,823	123,232	0
CZ Czechia	2,480,382	98%	2%	0%	2,420,790	59,592	0
DK Denmark	1,224,353	91%	9%	0%	1,119,203	105,150	0
DE Germany	19,314,813	96%	4%	0%	18,593,849	720,964	0
EE Estonia	312,363	70%	30%	0%	220,039	92,324	0
IE Ireland	584,161	100%	0%	0%	584,012	149	0
EL Greece	2,113,513	100%	0%	0%	2,113,513	0	0
ES Spain	6,418,308	93%	7%	0%	5,987,665	430,643	0
FR France	16,227,000	100%	0%	0%	16,227,000	0	0
HR Croatia	830,712	78%	22%	0%	650,781	179,931	0
IT Italy	12,503,186	94%	6%	0%	11,757,901	745,285	0
CY Cyprus	131,652	91%	9%	0%	119,664	11,988	0
LV Latvia	475,833	98%	2%	0%	464,982	10,851	0
LT Lithuania	721,443	96%	4%	0%	693,934	27,509	0
LU Luxembourg	125,613	80%	20%	0%	100,011	25,602	0
HU Hungary	2,045,738	93%	7%	0%	1,901,565	144,173	0
MT Malta	65,697	100%	0%	0%	65,697	0	0
NL Netherlands	3,397,600	100%	0%	0%	3,397,600	0	0
AT Austria	1,909,008	95%	5%	0%	1,820,196	88,812	0
PL Poland	6,907,501	92%	8%	0%	6,335,681	571,820	0
PT Portugal	2,326,695	93%	7%	0%	2,154,396	172,299	0
RO Romania	4,129,373	98%	1%	2%	4,032,957	22,714	73,702
SI Slovenia	519,114	85%	14%	1%	441,052	71,134	6,928
SK Slovakia	1,097,091	98%	2%	0%	1,073,546	23,545	0
FI Finland	1,312,892	95%	9%	1%	1,247,743	119,308	10,388
SE Sweden	2,309,107	91%	9%	0%	2,093,756	215,351	0
UK United Kingdom	12,994,720	100%	0%	0%	12,994,720	0	0
IS Iceland	43,650	94%	6%	0%	40,881	2,769	0
NO Norway	1,000,738	90%	9%	0%	905,380	93,740	1618
CH Switzerland	2,362,537	96%	4%	0%	2,265,518	97,019	0
MK North Macedonia	228,015	96%	4%	0%	219,259	8,756	0
RS Serbia	1,237,834	99%	1%	0%	1,219,932	17,902	0
TR Turkey	8,810,581	100%	0%	0%	8,810,581	0	0
BA Bosnia and Herzegovina	356,941	100%	0%	0%	356,941	0	0

Source: Eurostat database, ESSPROS

Table 2: Other pension beneficiaries than old-age pension beneficiaries, 2016
(absolute values)

		Disability pension	Survivors pension	Early retirement benefit due to reduced capacity to work	Early retirement benefit for labour market reasons
BE	Belgium	701,337	539,273	:	94,505
BG	Bulgaria	278,027	120,878	:	:
CZ	Czechia	395,370	696,631	0	0
DK	Denmark	58,621	62,631	210,717	:
DE	Germany	728,021	6,070,123	1,548,383	0
EE	Estonia	102,223	7,448	:	:
IE	Ireland	183,017	171,251	:	551
EL	Greece	126,797	560,341	:	29,313
ES	Spain	1,167,681	2,861,791	:	1,528
FR	France	2,507,980	4,648,000	16,260	9,400
HR	Croatia	159,222	243,280	:	161
IT	Italy	1,074,030	4,462,416	663,655	7,704
CY	Cyprus	4,646	32,078	9,491	:
LV	Latvia	98,788	16,753	:	:
LT	Lithuania	166,349	265,181	:	71
LU	Luxembourg	18,814	46,440	:	1,385
HU	Hungary	:	797,868	:	:
MT	Malta	7,718	16,165	0	216
NL	Netherlands	111,700	33,800	:	:
AT	Austria	230,765	602,417	:	3,255
PL	Poland	1,213,936	1,481,984	7,350	16,428
PT	Portugal	329,054	855,553	0	4,092
RO	Romania	244,016	571,011	302,979	:
SI	Slovenia	29,934	150,225	:	:
SK	Slovakia	253,856	370,609	:	20,232
FI	Finland	214,046	272,745	0	0
SE	Sweden	339,416	316,102	:	:
UK	United Kingdom	2,459,710	112,390	:	:
IS	Iceland	20,656	4,289	0	0
NO	Norway	318,244	54,139	:	:
CH	Switzerland	307,436	766,315	0	0
ME	Montenegro	9,956	30,037	:	:
MK	North Macedonia	12,360	76,790	:	:
RS	Serbia	101,373	352,528	:	5,376
TR	Turkey	839,652	3,568,562	0	0
BA	Bosnia and Herzegovina	114,502	195,210	:	:

Source: Eurostat database, ESSPROS

ANNEX IV: Extracted notes from the ESSPROS manual on old age pensions that could be of interest for the module on ‘Pensions and labour market participation’

- **On the legal/standard age:**

Difficulties appear, if transitional periods exist or an age frame for retirement is offered to the protected persons (between 63 and 67 in Finland for example). In these cases a standard retirement age has to be defined with the aim of identifying properly the pensions that should be recorded under the item anticipated old age pension. In The Netherland, on an other hand, it is possible to work until 67 years and to receive a higher pension. Consequently, the breakdown between the three categories "old age pension", "anticipated old age pension" and "partial retirement pension" is not easy to provide, and data could be not comparable from country to country.

- **On anticipated old age pensions**

Anticipated old age pensions can be identified separately for each scheme: • pensions paid to people who work in conditions which are regarded as particularly arduous or unhealthy only fall under the item anticipated old age pension, if they retire before the standard retirement age of their scheme. It has to be noted that the legal/standard retirement age of these schemes are generally lower compared the other statutory pension schemes; • seniority pensions, paid on condition that a prescribed number of contribution units has been paid or that a defined period of insurance has been completed, fall under the item Old age pension.

- **On disability and survivors' pensions treatment versus old-age pensions**

In some Member States (Germany for example) disability and survivors' pensions are converted into old age pensions at the legal retirement age. In some other countries (e.g. Belgium), the disability/survivors benefit is stopped at the legal pension age and the beneficiary enters the old age pension scheme. In other countries (Ireland, Bulgaria, Hungary and Slovakia for example), however, this is not the case. The reason for receiving a disability pension after the standard retirement age is connected to old age rather than to the impairment of his or her ability to work. In contrast and with regard to the importance of the functional classification, survivors' pensions remain under the survivors function.

ANNEX V: Additional information about the variable STATRECE ('First statutory old age pension receipt with reduction or bonus')

1. Supplementary information can be found in MISSOC (<https://www.missoc.org/missoc-database/>). MISSOC is an EU's Mutual Information System on Social Protection. It provides updated information about national social protection systems in the three official languages on the social protection systems in the 28 EU Member States plus Iceland, Liechtenstein, Norway and Switzerland, including:

It includes:

- comparative tables covering 12 main areas of social protection: financing, healthcare, sickness, maternity, invalidity, old-age, survivors, employment injuries and occupational diseases, family, unemployment, guaranteed minimum resources and long-term care;
- organisational charts and short descriptions of the social protection structure in the 32 participating countries;
- short descriptions of the main social protection arrangements for the self-employed.

The most relevant categories in which information on the rate can be found are:

- VI. Old-age / Conditions / 3. Legal retirement age / Early retirement
- VI. Old-age / Benefits / 10. Early retirement
- VI. Old-age / Conditions / 3. Legal retirement age / Deferred retirement

Other categories could also include information on the pension amount.

2. Further qualitative data can be found under the section qualitative information on ESSPROS dedicated page: <https://ec.europa.eu/eurostat/web/social-protection/data/qualitative-information>