ACCRUED-TO-DATE PENSION ENTITLEMENTS IN SOCIAL INSURANCE: FACT SHEET

Austria

December 2023

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1. Table 29 column A: Defined contribution schemes (funded, non-general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Employer-sponsored pension schemes in which the social contributions are paid to autonomous pension funds or insurance enterprises ('betriebliche Pensionskassen', 'betriebliche Kollektivversicherung'). In both schemes employers make it compulsory (by means of employment contracts or collective agreements) for their employees to participate in these schemes to supplement social security pensions. In 2021 around 23% of the work force had entitlements with a 'Pensionskassa'. Due to the supplementary nature of these schemes the level of pension benefits paid out in form of annuities are in most cases rather small.	
b. Institutional set-up	
Data sources/ suppliers	supervisory authorities (dominantly Austrian Financial Market Authority (FMA))
Which institution is running/managing the calculations?	Pension funds and insurance enterprises (data compiled by Statistics Austria and National Bank of Austria)
2. Any other comments	

2. Table 29 column B: Defined benefit schemes and other non-defined contribution schemes (funded, non-general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Pension schemes, in which employers maintain special reserves, kept separated from their other reserves ('direkte Leistungszusage') Schemes are organised by the employers (by means of employment contracts or collective agreements) and it is mandatory for their employees to participate. In the minority of cases of companies comprehensive schemes, substituting social insurance schemes, exist. Reliable data on the number of workers taking part in those schemes are not available.	
b. Institutional set-up	
Data sources/ suppliers	Company's financial statements database (SABINA), FMA
Which institution is running/managing the calculations?	Companies or their contractors (data compiled by Statistics Austria and National Bank of Austria)
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	Varies from company to company. Nevertheless legal directives/guidelines provide a rather general framework of good actuarial practice for calculating reserves for pension obligations (Austrian Corporate Code (Unternehmensgesetzbuch, UGB) and annotations)
Indexation of benefits	Yes, but rules vary by company
d. Type and structure of the calculation model	
Based on legal directives/guidelines (see above)	
2. Assumptions and methodologies applied	
a. Discount rate	
based on market yields of high quality corporate bonds (see UGB for legal requirements)	
b. Wage growth	
Yes, based on company specific career progression of their respective employees (see UGB and annotations)	
c. Valuation method: ABO/PBO	
PBO	
3. Data used to run the model	
a. Mortality tables	
AVÖ 2008-P (Austria), legal recommendation	
b. Entitlement statistics; other relevant statistics	
4. Reforms incorporated in the model	
Yes, legally compulsory.	
5. Specific assumptions	
a. How are careers modelled?	
Company specific	
b. How are survivor pensions calculated?	
Depending on companies' schemes	
c. How is the retirement age modelled over time?	
Historical data of particular company	
d. Other specific features of the model	

6. Any other comments
Column B comprises pension schemes organised by employers themselves. Service charges are generally not explicitly collected. They are costs to the companies that may or may not implicitly be accounted for in the benefit formula, so these are not reported.

3. Table 29 column D: Defined contribution schemes (funded, general government)

Such schemes do not exist in Austria.

4. Table 29 column E: Defined benefit schemes (funded, for general government employees, classified in financial corporations)

Such schemes do not exist in Austria.

5. Table 29 column F: Defined benefit schemes (funded, for general government employees, classified in general government)

This type of scheme exists with low volume of entitlements (less than 0.1% of total pension entitlements). Data are not published due to confidentiality reasons.

6. Table 29 column G: Defined benefit schemes (unfunded, for general government employees, classified in general government)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Mandatory employer schemes of central, provincial and local governments. Additionally, employer-sponsored government schemes of e.g. social insurance institutions, divested and former (central) government units. Around 4% of workforce, solely civil servants in the narrow sense.	
b. Institutional set-up	
Data sources/ suppliers	Administrative sources (Income tax, social security data)
Which institution is running/managing the calculations?	Federal Ministry of Finance, Estimations for Social Insurance Institutions by Statistics Austria
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	Calculations are grounded in legal scheme definitions (central government, divested and former government units). In 2018, three parallel systems were in place, depending on age cohort of future retirees: • Old System (cohorts born before 1955): Older cohorts' benefits are based on a final earnings scheme (80% of "highest earnings years"). Due to several pension reforms parameters of the benefit formula gradually changed, depending on the year of retirement. • "APG-System" (cohorts born after 1975): Younger cohort's benefits are calculated by the formula of the pension account scheme (see 7.c) • Mixed system (cohorts born from 1955 to 1975): The years of service (until 1.1.2005) determine the share of entitlements calculated according to the "Old System" or the "APG-System". Provincial governments (incl. local governments within provinces) maintain their own pension systems. Due to data limitations pension entitlements of current civil servants of provincial and local governments are calculated with the same legal scheme definitions as for central government employees..
Indexation of benefits	price indexation (Consumer Price Index)
d. Type and structure of the calculation model	
Actuarial model: Austrian model for civil servants used for the pension projections of Economic Policy Committee (EPC) publication "ageing report". The model is adapted to generate accrued-to-date liabilities (ADL) for future pensioners of current workforce.	
2. Assumptions and methodologies applied	
a. Discount rate	
2% real	
b. Wage growth	
Long-run labour productivity growth for Austria (parameter of EPC's ageing report 2024)	
c. Valuation method: ABO/PBO	
PBO	
3. Data used to run the model	
a. Mortality tables	
Baseline assumptions for Ageing Report 2024	
b. Entitlement statistics; other relevant statistics	
Income tax, social security data	
4. Reforms incorporated in the model	

Reforms are modelled, including long-run harmonisation of various employer-sponsored government schemes with the social security pension scheme of Allgemeines Pensionsgesetz (APG) – General Pension Act	
5. Specific assumptions	
a. How are careers modelled?	
Wage progression is modelled based on empirically observed wages (income tax statistics).	
b. How are survivor pensions calculated?	
All future pensioners, including survivor pensions, are modelled based on mortality rates and probabilities of deceased having survivors.	
c. How is the retirement age modelled over time?	
Later retirement in accordance with recent reforms is assumed (similar to Austria's pension model for civil servants used for "Ageing Report" of EPC)	
d. Other specific features of the model	
Pension increments and decrements are taken into account. Homogeneous contribution careers (hom CC) are assumed for future pensioners of current workforce. The age of entry into public employment is based on empirical observations for both sexes. Retirement age is heterogeneously modelled (see 5c)	
6. Any other comments	

7. Table 29 column H: Social security pension schemes (unfunded)

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
Mandatory social security pension scheme. Data are separately available for old-age, disability and survivor pensions. Social assistance benefits (Ausgleichszulage) are excluded as well as rehabilitation scheme for temporary disablement ("Reha-Geld"), occupational accident insurance or veteran and (war-) victim schemes. Ca. 92% of workforce (incl. public servants under special contracts)	
b. Institutional set-up	
Data sources/ suppliers	Social security institutions
Which institution is running/managing the calculations?	Statistics Austria, Main Association of Austrian Social Security Institutions
c. Major formulas: Benefit formula; Indexation of benefits	
Benefit formula	Allgemeines Pensionsgesetz (APG) – General Pension Act for most of the current contributors. Benefit formula for full old-age pension: "45-65-80" (45 = contribution years, 65 = retirement age, 80 = 80% of average life-time earnings) Accrual rate: 1,78% of gross salaries for every contribution year Accrued entitlements are valorised by average wage growth
Indexation of benefits	price indexation (Consumer Price Index)
d. Type and structure of the calculation model	
Actuarial model: Pension account scheme data provides factual ADL pension entitlements for current contributors (for all contributors born after 1.1.1955). ADL pension entitlements of current contributors born before 1.1.1955 are estimated following the Freiburg Model (ADL are calculated based on pension benefits of new current pensioners). Current pensioners are calculated separately.	
2. Assumptions and methodologies applied	
a. Discount rate	
2% real	

b. Wage growth
1,2% based on long-run labour productivity growth for Austria (parameter of EPC's aging report 2024)
c. Valuation method: ABO/PBO
PBO
3. Data used to run the model
a. Mortality tables
Europop 2023 (Eurostat population projections for the EU)
b. Entitlement statistics; other relevant statistics
Pension account scheme data
4. Reforms incorporated in the model
All reforms until end of 2021 incorporated
5. Specific assumptions
a. How are careers modelled?
Comprehensive administrational data
b. How are survivor pensions calculated?
Based on current survivor pensioners and corrected by accrual factor (Freiburg Model). Widow's entitlements are also projected to decrease due to higher numbers and benefit levels of female old age pensions stemming from increased labour market participation (-10%) and from converging life expectancies of males and females (-10%).
c. How is the retirement age modelled over time?
Actual individual retirement age of year 2021 is projected to change according to legislated reforms. No change in behaviour is assumed.
d. Other specific features of the model
No detailed pension account scheme data is available for current contributors born before 1.1.1955. ADL pensions are estimated based on recently retired pensioners and their benefit level, respectively. The required minimum number of 15 contribution years to receive a pension is not considered in the model, due to a lack of data or even estimates for the population not reaching this minimum.
6. Any other comments

8. Table 29 column K: Entitlements of non-resident households

Flow data taken from Balance of Payments suggest only a minor role of entitlements of non-residents within Table 29. Net exports of pensions (received) had a volume of around 100.000 €. For reasons of indivisibility, Column H includes pension entitlements of non-residents, but lacks pension entitlements of resident households from the rest of the world.

9. Links to (national) publications providing further information on the pension schemes

European Commission (2023): The 2024 Ageing Report: Underlying Assumptions and Projection Methodologies

https://economy-finance.ec.europa.eu/publications/2024-ageing-report-underlying-assumptions-and-projection-methodologies_en

Kommission zur langfristigen Pensionssicherung (2023): Bericht über die langfristige Entwicklung der gesetzlichen Pensionsversicherung für den Zeitraum 2020 bis 2070.

https://www.sozialministerium.at/Themen/Soziales/Sozialversicherung/Alterssicherungskommission.html

Statistics Austria: Pensionsansprüche [pension entitlements].

https://www.statistik.at/statistiken/bevoelkerung-und-soziales/sozialleistungen/pensionen/pensionsansprueche