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

[Portugal]

[January 2024]

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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

Defined contribution pension schemes recorded in S129 (employers of S11 and S12) and non-autonomous defined contribution pension schemes of Non-Financial Corporations (recorded in S11). Following ESA 2010, individual pension policies/schemes were excluded.

Defined contribution schemes represent 8,2% of entitlements of Pension Funds.

These schemes are set by employers and work as a supplement to Social Security.

According to data from Pension Funds Supervisory Authority, in 2021, there were around 132 thousand "participants" in defined contribution schemes.

b. Institutional set-up	
Data sources/	Insurance and Pension Funds Supervisory Authority (ASF) and the Portuguese
suppliers	simplified reporting system for corporate information (IES).
Which institution is	According to the Decree Law n. 9 12/2006 Article 339, the managing entity is
running/managing the	responsible to assess the Fund's liabilities. Pension entitlements in Table 29 are those
calculations?	recorded as F.63 in the financial accounts compiled by Banco de Portugal. The non-
	financial flows/transactions are calculated by INE, using data provided by ASF.
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

Defined benefit pension schemes recorded in S129 (employers of S11 and S12) and non-autonomous defined benefit pension schemes of Non-Financial Corporations (recorded in S11).

For Pension Funds, most of the entitlements (around 92%) correspond to defined benefit schemes where the employer is a Financial Corporation (Banks and Insurance Companies). Most of these Pension Funds were created by the employers as their own social protection schemes (alternatively to Social Security), where the participation was mandatory.

Since 2007, all new employees enter into the Social Security scheme, which means that these pension funds became less representative. This situation became more marked since 2011, when the pension schemes of the bigger banks were transferred to Social Security. In 2021, almost all these pension schemes were supplementary to Social Security.

For the Pension Funds of employers in S11, most of entitlements are from pension schemes that are supplementary to Social Security.

According to data from Pension Funds Supervisory Authority, in 2021, there were around 67 thousand "participants" in defined benefits schemes.

b. Institutional set-up	
Data sources/ suppliers	Insurance and Pension Funds Supervisory Authority (ASE) and The Portuguese
	simplified reporting system for corporate information and Appual Financial Reports
	of Employors
Which institution is	According to the Decree Law n. 9 12/2006 Article 339, the management entity is
running/managing the	responsible to assess the Fund's liabilities. Additionally, according to the Decree Law
calculations?	nº 12/2006 Articlo 559, the management entity must appoint a responsible actuary
culculutions:	for each defined herefit nonzion plan. The actuary shall eartify the present value of
	for each defined benefit pension plan. The actuary shall certify the present value of
	the total liabilities of the pension plan.
	Pension entitlements in Table 29 for this type of scheme are those recorded as F.63
	in the financial accounts compiled by Banco de Portugal. The non-financial
	flows/transactions are calculated by INE, using data provided by ASF and data from
	Annual Financial Reports of Employers.
c. Major formulas: Benef	it formula; Indexation of benefits
Benefit formula	N/A
Indexation of benefits	N/A
d. Type and structure of t	the calculation model
N/A	
2. Assumptions and methodologies applied	
a. Discount rate	
N/A	
b. Wage growth	
N/A	
c. Valuation method: ABO/PBO	
РВО	
3. Data used to run the r	nodel
a. Mortality tables	
N/A	
b. Entitlement statistics; other relevant statistics	
N/A	
4. Reforms incorporated in the model	
N/A	
5. Specific assumptions	
a. How are careers modelled?	
N/A	

b. How are survivor pensions calculated?	
N/A	
NA	
c. How is the retirement age modelled over time?	
N/A	
d. Other specific features of the model	
N/A	
6. Any other comments	
As table 29 includes data calculated by management entities/actuaries, it is not possible to describe the	
assumptions and methodologies applied. Different pension schemes have different benefit formulas and	
indexations.	

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

1. General description of the scheme and the calculation model	
a. Coverage of the scheme	
In the past there was one unit/fund classified under this classification. Meanwhile, it was transferred to a defined benefit scheme	
b. Institutional set-up	
Data sources/ suppliers	
Which institution is running/managing the calculations?	
2. Any other comments	

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

1. General description of the scheme and the calculation model		
a. Coverage of the schem	е	
Pension entitlements of defined benefit schemes for General government employees, classified in Financial		
Corporations.		
In the beginning of 2021, there were six entities with these type of pension schemes.		
These schemes cover around 1500 active members.		
b. Institutional set-up		
Data sources/ suppliers	Insurance and Pension Funds Supervisory Authority	

Which institution is running/managing the calculations?	Pension entitlements in table 29 for this type of scheme were calculated using data from Annual Financial Reports and subtracted to total F.63 - Pension entitlements recorded in the financial accounts compiled by Banco de Portugal. The remaining flows are calculated by INE, using data compiled by ASF. They are consistent with Annual Sector Accounts.
c. Major formulas: Benefi	t formula; Indexation of benefits
Benefit formula	N/A
Indexation of benefits	N/A
d. Type and structure of t	he calculation model
N/A	
2. Assumptions and met	hodologies applied
a. Discount rate	
N/A	
b. Wage growth	
N/A	
c. Valuation method: ABO/PBO	
РВО	
3. Data used to run the model	
a. Mortality tables	
Ν/Α	
b. Entitlement statistics; other relevant statistics	
N/A	
4. Reforms incorporated	in the model
N/A	
5. Specific assumptions	
a. How are careers modelled?	
N/A	
b. How are survivor pensi	ons calculated?
N/A	
c. How is the retirement age modelled over time?	
N/A	
d. Other specific features of the model	
N/A	
6. Any other comments	
As table 29 includes data calculated by management entities/actuaries, it is not possible to describe the assumptions and methodologies applied. Different pension schemes have different benefit formulas and indexations.	

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

classified in general government)

a. Coverage of the scheme These pension schemes do not exist in Portugal. b. Institutional set-up Data sources/suppliers N/A Which institution is N/A Which institution is N/A Which institution is N/A C. Major formulas: Benefit formula; Indexation of benefits Benefit formula N/A Indexation of benefits N/A N/A C. Major formulas: Benefit formula; Indexation of benefits Benefit formula N/A A A A A A A A A A A A A A A A A A A	1. General description of the scheme and the calculation model		
These pension schemes do not exist in Portugal. b. Institutional set-up Data sources/suppliers N/A Which institution is N/A Which institution is N/A unning/managing the Indexation of benefits Benefit formula N/A Indexation of benefits N/A Via Assumptions and methodologies applied a. Discount rate N/A N/A B J. Data used to run the model N/A a. Morality tables N/A b. Entitlement statistics; other relevant statistics N/A b. Specific assumptions a. a. How are careers modelled? N/A b. How are survivor	a. Coverage of the schem	е	
b. Institutional set-up Data sources/ suppliers N/A Which institution is N/A Which institution is N/A C. Major formulas: Benefit formula; Indexation of benefits Benefit formula N/A Indexation of benefits N/A C. Assumptions and methodologies applied a. Discount rate N/A b. Wage growth N/A C. Valuation method: ABO/PBO N/A 3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A c. Reforms incorporated in the model N/A b. How are careers modelled? N/A b. How are survivor pensions calculated? N/A b. How are survivor pensions calculated? N/A b. How is the retirement age modelled over time? N/A	These pension schemes d	o not exist in Portugal.	
Data sources/ suppliers N/A Which institution is N/A running/managing the calculations? N/A c. Major formulas: Benefit formula; Indexation of benefits Benefit formula Benefit formula N/A Indexation of benefits N/A Indexation of benefits N/A Indexation of benefits N/A d. Type and structure of the calculation model N/A N/A A 2. Assumptions and methodologies applied a Discount rate N/A N/A A V/A A J. Wage growth N/A N/A A Valuation method: ABO/PBO N/A 3. Data used to run the model A a. Mortality tables N/A V/A A 4. Reforms incorporated in the model A A. How are careers modelled? N/A N/A A b. How are survivor pensions calculated? N/A b. How are survivor pensions calculated? N/A b. How is the retirement age modelled over time? N/A	b. Institutional set-up		
Which institution is N/A running/managing the calculations? c. Major formulas: Benefit formula; Indexation of benefits Benefit formula N/A Indexation of benefits N/A N/A Indexation of benefits Indexation of benefits N/A N/A Indexation of benefits N/A Indexation of benefits N/A Indexation of benefits Indexation of benefits Indexation of benefits Indexation of	Data sources/ suppliers	N/A	
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calculations? c. Major formulas: Benefit formula; Indexation of benefits Benefit formula N/A Indexation of benefits N/A A . Type and structure of the calculation model N/A c. Yappe and methodologies applied a. Discount rate N/A b. Wage growth N/A c. Valuation method: ABO/PBO N/A 3. Data used to run the model a. Martality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A C. How is the retirement age modelled over time? N/A N/A	running/managing the		
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N/A 2. Assumptions and methodologies applied a. Discount rate N/A b. Wage growth N/A c. Valuation method: ABO/PBO N/A 3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A N/A N/A	d. Type and structure of t	he calculation model	
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b. Wage growth N/A C. Valuation method: ABO/PBO N/A 3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	N/A		
N/A c. Valuation method: ABO/PBO N/A 3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A N/A N/A	b. Wage growth		
c. Valuation method: ABO/PBO N/A 3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time?	N/A		
N/A 3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	c. Valuation method: ABC	D/PBO	
3. Data used to run the model a. Mortality tables N/A b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	N/A		
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b. Entitlement statistics; other relevant statistics N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	N/A		
N/A 4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	b. Entitlement statistics; other relevant statistics		
4. Reforms incorporated in the model N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	N/A		
N/A 5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	4. Reforms incorporated	in the model	
5. Specific assumptions a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	N/A		
a. How are careers modelled? N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	5. Specific assumptions		
N/A b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	a. How are careers modelled?		
b. How are survivor pensions calculated? N/A c. How is the retirement age modelled over time? N/A	N/A		
N/A c. How is the retirement age modelled over time? N/A	b. How are survivor pensions calculated?		
c. How is the retirement age modelled over time? N/A	N/A		
N/A	c. How is the retirement age modelled over time?		
	N/A		

d. Other specific features of the model

N/A

6. Any other comments

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

The Portuguese civil servants retirement and survivor pensions funds, Caixa Geral de Aposentações (CGA) was designed as the Social Security scheme of public sector employees and is classified as general government employer pension scheme (column G). Since 2006, there are no new subscribers in CGA as all new public sector employees are now included in Social Security pension scheme. Basic data includes benefits, contributions and number of participants and beneficiaries, by age/gender cohorts supplied by CGA.

b. Institutional set-up	
Data sources/ suppliers	Caixa Geral de Aposentações
Which institution is	Instituto Nacional de Estatística and Gabinete de Planeamento, Estratégia, Avaliação
running/managing the	e Relações Internacionais (GPEARI) of Ministry of Finance.
calculations?	
c. Major formulas: Benef	it formula; Indexation of benefits
Benefit formula	P= P1 x P2
	P1 – № of years until 31/12/2005 / 40 years x 80% of last gross wage in 31/12/2005 x revaluation coefficient published every year by the Government P2 – The best gross wages of the remaining contributory career until 40 years since 01/01/2006 revaluated by the coefficient of revaluation and divided by the remaining contributory years multiplied by 14 x the accrual rate (between 2% and 2.3%)/ (number of contributory wars since 01/01/2006 with a maximum of 40 x 14.)
	2.3%)/ (number of contributory years since 01/01/2006 with a maximum of 40 x 14)
Indexation of benefits	In the model, the benefits increase at same rate as real GDP.
d. Type and structure of t	he calculation model
The estimates under the present report were calculated using a model developed by the Freiburg University.	
2. Assumptions and methodologies applied	
a. Discount rate	
Real discount rate of 2%.	
b. Wage growth	

7

For real wage growth rate, a time-varying growth paths was used (labour productivity as agreed by the Ageing Working Group (AWG) for the 2024 Ageing Report).

c. Valuation method: ABO/PBO

PBO.

3. Data used to run the model

a. Mortality tables

Mortality table available on the Eurostat website: <u>Demo magec - Deaths by age and sex</u>.

b. Entitlement statistics; other relevant statistics

GDP growth rates used for the indexation of pensions are also from the 2024 Ageing Report assumptions; Future life expectancy and Future fertility rate until 2070 on the basis of EUROPOP2023.

4. Reforms incorporated in the model

No reforms occurred.

5. Specific assumptions

a. How are careers modelled?

Using the profile of average wages of employees/participants since 2001 (oldest year available) by age and sex. This profile is used in the calculation of PBO vector.

b. How are survivor pensions calculated?

There is individual data for survivor pensions (descendents and widows). The profiles of current and new pensions are calculated for each type of pension.

c. How is the retirement age modelled over time?

The statutory retirement age increases in the proportion of two thirds of the evolution of life expectancy at the age of 65. The model incorporates this mechanism in the PBO vector.

d. Other specific features of the model

N/A

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

"Segurança Social" was created as the Social Security scheme of private sector employees and is classified as social security pension scheme (column H). Since 2006, as CGA closed to new subscribers, "Segurança Social" also includes all new public sector employees. Basic data includes benefits, contributions and number of participants and beneficiaries, by age/gender cohorts supplied by Social Security Institute.

h. Institutional set-un	
Data sources/ suppliers	Social Security Institute
Which institution is	Instituto Nacional de Estatística and Gabinete de Planeamento. Estratégia. Avaliação
runnina/manaaina the	e Relações Internacionais (GPEARI) of Ministry of Finance.
calculations?	
culculutions:	
c. Major formulas: Benef	it formula; Indexation of benefits
Benefit formula	P= (P1 x C1 + P2 x C2) /C
	P1 – Best 10 out of last 15 years of gross wages with contributions divided by 140
	C1 – Number of years until 31/12/2001
	P2 – Gross wages of whole contributory career divided by all years of contributory career and 14
	C2 – Number of years since 01/01/2001
	C – Total number of years of contributions
Indexation of benefits	In the model, the benefits increase at same rate as real GDP.
d. Type and structure of the calculation model	
The estimates under the present report were calculated using a model developed by the Freiburg University.	
2. Assumptions and methodologies applied	
a. Discount rate	
Real discount rate of 2%.	
b. Wage growth	
For real wage growth rat	e a time-varying growth paths was used (labour productivity as agreed by the Ageing
Working Group (AWG) for the 2024 Ageing Report)	
c. Valuation method: ABO/PBO	
РВО	
3. Data used to run the model	
a. Mortality tables	
Mortality table available on the Eurostat website: <u>Demo</u> magec - Deaths by age and sex.	

b. Entitlement statistics; other relevant statistics

GDP growth rates used for the indexation of pensions are also *from the 2024 Ageing Report assumptions*; Future life expectancy and Future fertility rate until 2070 on the basis of EUROPOP2023.

4. Reforms incorporated in the model

No reforms occurred.

5. Specific assumptions

a. How are careers modelled?

Using the profile of average wages of employees/participants since 2000 (oldest year available) by age and sex. This profile is used in the calculation of PBO vector.

b. How are survivor pensions calculated?

There is individual data for survivor pensions (descendents and widows). The profiles of current and new pensions are calculated for each type of pension.

c. How is the retirement age modelled over time?

The statutory retirement age increases in the proportion of two thirds of the evolution of life expectancy at the age of 65 The model incorporates this mechanism in the PBO vector.

d. Other specific features of the model

N/A

6. Any other comments

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

1. General description and the calculation model	
a. Coverage of the scheme	
N/A	
b. Institutional set-up	
Data sources/methods	N/A
Which institution is running/managing the calculations?	N/A
2. Any other comments	

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

https://www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=652023383&att_display=n&att_download=y

Country fiche on AWG pension projections: Portugal country fiche on pensions

https://economy-finance.ec.europa.eu/document/download/c56a53af-f17a-46c5-b106-10f7542e07c6 en?filename=pt - ar 2021 final pension fiche.pdf