



ESPN Thematic Report on retirement regimes for workers in arduous or hazardous jobs

Greece

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Summary/Highlights

In Greece, 38 professions and 61 specific workplaces/activities in the private sector are currently legally defined as 'arduous and hazardous jobs' (or 'heavy and unhealthy professions'). In these jobs and workplaces, salaried workers enjoy special pension rules, which are more favourable than those of other salaried workers.

In 2014, the total number of workers in arduous and hazardous jobs (WAHJ) insured by the main Social Insurance Organization for private sector salaried employees (IKA) amounted to 456,050, i.e. 29.52% of the total number of 1,545,051 insured people in IKA or 12.9% of total employment (i.e. 3,536,300 persons). During the period 2009-2014, the total number of WAHJ has shown a dramatic decrease of 41.6% (from 780,547 people in 2009 to 456,050 people in 2014).

The favourable pension rules that apply to WAHJ include lower retirement ages, higher pensionable salaries and higher replacement rates. In particular, their statutory pensionable age is set at 62, which is five years earlier than the respective age (67) for other workers. Similar favourable rules allow WAHJ to take early and reduced pensions. Recent pension reforms since 2010 have, among other things, increased the statutory pensionable age by two years for all workers including WAHJ. Nonetheless the legal provisions in force concerning pensionable age continue to be favourable to WAHJ compared with other workers.

The contributory period requirements for full pension entitlement are also favourable to WAHJ compared with other workers. Additional social insurance contributions, which are paid by both employers and WAHJ, together with higher replacement rates (up to 90%) of the pensionable salary for WAHJ, lead to higher pensions for WAHJ compared with those of other pensioners.

As to gender differences among WAHJ, men choose to stay longer than women in the labour market and thus to receive a full pension and a higher income than women. In other words, there is a clear preference by women for a short working life and an early reduced pension, leading to a low retirement income. As regards pension income, in particular, the difference between men and women is notable.

Overall, the measures implemented in Greece concerning WAHJ are confined to the adoption of certain favourable pension rules (lower retirement age, higher pensionable salaries and higher replacement rates) and do not form part of a broader policy. There is a clear absence of measures such as employment and reactivation programmes for those near retirement, partial retirement schemes, reduced working time schemes or a combination of them. In short, Greece lacks an overall/integrated policy mix for WAHJ.

1 Overall description of the policy mix targeted at workers in arduous or hazardous jobs

In Greece, according to the most recent relevant Ministerial Decision¹ currently in force, 38 jobs or professions in the private sector in different branches of the economy are legally defined as 'arduous and hazardous'². In addition to these, there are 61 different workplaces/activities where all employees (except those employed in the administration departments) are characterized as workers in arduous and hazardous jobs (WAHJ). It should be pointed out that WAHJ in the private sector have a salary/wage-based work relationship and are insured through the main Social Insurance Organization for the salaried private sector employees (IKA). Self-employed people cannot be characterized as WAHJ, even if they are engaged in the same workplaces or jobs.

According to unpublished IKA statistical data, the total number of insured people in IKA in 2014, with paid contributions as WAHJ, was 456,050, representing 29.52% of the total number of 1,545,051 insured people in IKA or 12.9% of total employment (i.e. 3,536,300 persons). However, as *Table 1* shows, during the period 2009-2014, the total number of WAHJ showed a dramatic decrease of 41.6% (from 780,547 in 2009 to 456,050 in 2014), while the total number of insured people in IKA recorded a rather modest decrease of 19.5% (from 1,920,092 in 2009 to 1,545,051 in 2014). This difference is mainly due to the fact that, in 2011, a new and much shorter list of arduous and hazardous jobs was published: a notable decrease in insured WAHJ can be observed in 2012, from 632,909 in 2011 to 478,422 (a decrease of 24.4%), whereas the decrease in the total number of IKA insured people in 2012 was only 10%.

Table 1: Total number of insured people and total number of insured WAHJ in IKA, 2009-2014

Year	Total number of IKA insured people	Number of IKA insured WAHJ	Number of insured WAHJ as a percentage of the total number of IKA insured people
2009	1,920,092	780,547	40.65%
2010	1,830,940	721,652	39.41%
2011	1,662,760	632,909	38.06%
2012	1,511,153	478,422	31.66%
2013	1,557,543	439,036	28.19%
2014	1,545,051	456,050	29.52%

Source: IKA Statistical Department (unpublished data)

In general, the decreases observed over recent years in the total number of IKA insured salaried people are mainly related to the country's deep economic recession and to the dramatic increases in unemployment rates (from 9.6% in 2009 to 26.5% in 2014). This has been mirrored in a considerable (30.25%³) decrease observed in the total number of salaried employees, from 2.949 million in 2009 to 2.264 million in 2014.

The main policy pursued in Greece targeted at WAHJ is the adoption of favourable pension rules, including replacement rates. Special retirement provisions for WAHJ were

¹ Ministerial Decision of the Minister of Labour, F.10221/26816/929/2nd December 2011, Government Gazette No. 2778.

² These jobs or professions are defined in Greece as 'heavy and unhealthy professions'.

³ Hellenic Statistical Authority: Greece in figures, p. 108.

introduced for the first time by Law 1846/1951 (Article 28 paragraph 5)⁴. The law provided that the statutory retirement age for WAHJ should be five years earlier than that of other salaried workers in the private sector. However, the law did not specify either the kind of arduous and hazardous jobs, or the conditions and requirements that gave rise to the entitlement to a pension as WAHJ. This happened 13 years later with the introduction of Law 4350/1964 (IKA's Insurance Regulations, Articles 104-106)⁵. Since 1964, 72 Ministerial Decisions have been published, introducing several new categories of arduous and hazardous professions, without, however, reviewing the existing categories. Over the years, there has been a considerable enlargement of the list of arduous and hazardous professions, which, before a review in 2011, included a total of about 580 categories and subcategories. The need to reform the list emerged in 2007, and triggered a social dialogue between social partners and the Government.

During this dialogue, trade union representatives maintained that anyone who was engaged in any work of extreme intensity, or worked under extreme exposure to the risk of an occupational disease, should be entitled to compensation in the form of a lower retirement age. They also argued that emphasis should be placed on the need to address the issue of dangerous or arduous jobs at an earlier point in time, by implementing a policy to prevent such situations arising. This would be achieved by improving conditions and by arranging, if that seemed the most appropriate response, for workers to be compensated immediately, as soon as dangerous or arduous situations arose. They expressed the view that government and social partners should act before jobs became dangerous or arduous by redesigning workstations and retraining workers (especially in connection with industry-wide collective agreements), drawing upon good practices and innovative experiences in this area.

On the other hand, the Government argued that the list of arduous and hazardous jobs had failed to reflect the technological developments that had taken place in recent decades. They maintained that the mere existence of the list gave rise to an increasing number of claims, while they pointed out that many professions (such as models, hairdressers, radio broadcasters, domestic helpers and some professions directly related to tourism) should be removed from the list of "hazardous and unhealthy" professions. To this end, the Government set up a scientific committee to review the list. A proposed new list from the committee was rejected by trade unions, while no initiative was taken by the Government to institutionalize it.

In 2011, in the context of the 1st Memorandum of Understanding for Greece, the Government set up another committee with a view to rationalizing and updating the list of arduous and hazardous jobs. A new list was adopted, which came into force from 1st January 2012 and is still currently in force. A large number of jobs from the previous list were excluded.

Turning to an examination of recent developments, the retirement provisions for WAHJ have been modified in recent years by the pension reforms of 2010 and 2012 (Laws 3863/2010⁶ and 4093/2012⁷). In particular, the reform of 2012 raised the retirement age for WAHJ by two years, but it remains lower than the general statutory retirement age. Moreover, the 2010 pension reform introduced an automatic mechanism for increasing the pensionable age, from 2021 onwards, by linking it to life expectancy developments, which is likely to increase further the statutory pensionable age of all workers, including WAHJ.

Though still more favourable than those for other workers, the new retirement age provisions for WAHJ will eventually lead to a prolongation of their working lives and a change in their life-plans. However, no special provisions have been legislated in order to

⁴ Law 1846/21st June 1951, Government Gazette No 179.

⁵ Law 4350/30th July 1964, Government Gazette No 126.

⁶ Law 3863/15th July 2010, Government Gazette No.115.

⁷ Law 4093/12th November 2012, Government Gazette No. 222.

minimize the negative effects of increasing the retirement age; and no special retirement pathways, especially for those near retirement, have been provided in order to ensure a smoother end of career for WAHJ.

Overall, it may be said that the measures implemented in Greece concerning WAHJ are confined to the adoption of certain favourable pension rules (lower retirement age, higher pensionable salaries and higher replacement rates) and do not form part of a broader policy for this category of workers. There is a clear absence of measures such as employment and reactivation programmes for those near retirement, partial retirement schemes, reduced working time schemes or a combination of them. In short, Greece lacks an overall/integrated policy mix for WAHJ.

2 Pension rules for workers in arduous or hazardous jobs

As already mentioned in section 1, the pensions rules that apply in Greece to WAHJ⁸ differ from those applying to other workers, though WAHJ are part of the general pension scheme. The differences are to be found mainly in pension entitlement rules and, in particular, the pensionable age and the contribution record, as well as in the level of social insurance contributions and the accrual of pension rights.

As far as the pension entitlement rules are concerned, these continue to be favourable to WAHJ (see *Table 2*). In particular, while for other workers/employees the statutory pensionable age is set at 67, it is set five years earlier for WAHJ at 62. Similarly, the pensionable age for an early reduced pension is set at 60 for most WAHJ, while for other workers it is set at 62. It should be noted that these pensionable ages apply from 2015 onwards to both men and women, whereas until 2014 women enjoyed lower statutory retirement ages than men.

As regards the contributory period required to be eligible for a full pension, the relevant requirements are also favourable to WAHJ compared with other workers/employees (see *Table 2*). That is, the minimum number of contributory days for WAHJ is set at 10,500 (35 years), which should include at least 7,500 (25 years) in arduous and hazardous jobs, while for other workers it is set at 12,000 days (40 years), which is 1,500 days more than for WAHJ.

On the other hand, there is no difference between WAHJ and other workers as regards the days of contributions required to become eligible for a reduced pension, which is set at 4,500 (15 years) of contributions. However, WAHJ need to have worked at least 3,600 days (12 years) in arduous and hazardous jobs, of which 1,000 days were during the last 13 years before retirement, out of the total required (4,500 days or 15 years)(see *Table 2*).

⁸ These jobs or professions are defined in Greece as 'heavy and unhealthy professions'.

Table 2: Pension entitlement rules, 2015 onwards

Category of workers Type of pension	WORKERS IN ARDUOUS AND HAZARDOUS JOBS		OTHER WORKERS	
	Statutory retirement age	Minimum contributory period	Statutory retirement age	Minimum contributory period
Full pension	62	10,500 days/35 years of contributions of which at least 7,500 days/ 25 years as WAHJ	62	12,000 days of contributions/ 40 years
			67	4,500 days/ 15 years
Reduced pension	62	4,500 days/15 years of contributions of which at least 3,600 days/ 12 years as WAHJ	67	4,500 days/ 15 years
Early reduced full pension	60	10,500 days/35 years of contributions of which at least 7,500 days/ 25 years as WAHJ	-	-
Early reduced pension	60 or 57 (Only for specific categories of WAHJ)	4,500 days/15 years of contributions of which at least 3,600 days/ 12 years in the same profession	62	4,500 days/ 15 years

Source: Based on the relevant provisions of Law 4093/2012

Moreover, there are some special cases of WAHJ for whom the age of entitlement to an early reduced pension is set at 60 or even 57 (see Table 2 above). Retirement at 60 is available to people doing specific jobs in the construction sector and jobs relating to cleaning services in the municipalities. Retirement at 57 is available to workers in underground mines and mines for lignite, workers in air or underwater activities, the crews of the aircrafts, the actors of prose, operatic and music theatre, musicians of musical instruments (string, wind and percussion), the technical staff of theatres and of film productions, and dancers. In all these cases, people should have worked at least 3,600 days (12 years) in the same profession, of which 1,000 days were within the last 13 years before retirement, out of the total of 4,500 days (15 years) required.

Turn to an examination of the funding arrangements for WAHJ pensions, there is no separate arrangement other than the additional social insurance contributions paid by WAHJ and employers in the framework of the three-party funding arrangement (employee and employer social insurance contributions and state financial participation), as this is foreseen for the general pension scheme in Greece. Pensions in Greece are mainly based on the public (first) pillar, which consists of the main and supplementary pension funds, while occupational funds along with private pension schemes make up an insignificant part of the overall pension system.

The main pensions for WAHJ are financed by one of the major social insurance funds, namely the Social Insurance Organization for private sector employees (IKA), while supplementary pensions are provided by the recently established (Law 4052/2012⁹) Unified Fund of Supplementary Pensions. It is worth noting that a number of funds for

⁹Law 4052/1st March 2012, Government Gazette No. 41.

the provision of supplementary pensions to WAHJ were established as kinds of occupational funds by employees and employers' associations during the early 20th century in order to provide better benefits to insured people. Insurance through those funds became compulsory for WAHJ in 1982 (Presidential Degree 633/1982¹⁰), given that they had turned into supplementary funds and thus part of the first pillar. In 2012 all supplementary funds were integrated into one fund.

A limited number of provident funds¹¹ for WAHJ were also in operation until 2008 for the provision of lump-sum benefits upon retirement to their members. In 2008, all existing provident funds for both WAHJ and other workers were integrated into one fund, namely the Provident Fund of the Private Sector, which was established by Law 3655/2008¹² as a public entity. No other special occupational or private insurance schemes exist for WAHJ in Greece.

Social insurance contributions paid by WAHJ and their employers are higher (45.66% of gross salary) than the contributions paid by other workers/employees and their employers (40.06% of gross salary). The additional contributions paid by WAHJ and their employers are set at 3.6% for the main pension (1.4% by employers and 2.2% by employees) and at 2% for the supplementary pension (1.25% by employers and 0.75% by employees). However, a further special contribution of 3% (2% by employers and 1% by employees) is paid in the case of WAHJ in underground mines and mines for lignite, as well as in air or underwater activities.

The accrual of pension rights by WAHJ is evidently linked to the replacement rates foreseen, which, in turn, are linked to the additional contributions paid. Standard old-age or disability pensions in Greece are based on a replacement rate of 2%¹³ of the pensionable income for each year of contributions. As regards the main pensions of WAHJ, a further increment is foreseen (Article 32. Law 1902/1990¹⁴) due to their additional contributions paid, starting from 14% (for 15 years of contributions as WAHJ) up to 20% (for 35 years of contributions as WAHJ), which is calculated according to a special formula¹⁵. It should be noted that the main WAHJ pension cannot exceed 90% of a worker's pensionable earnings (Article 29 of Law 2084/1992¹⁶).

Finally, the replacement rate of the supplementary pension for WAHJ depends on the years of contributions, and varies from 8.57% (for 15 years of contributions as WAHJ) up to 20% (for 35 years of contributions as WAHJ) of pensionable earnings. These replacement rates are proportionally equivalent to the respective rates that apply to the supplementary pensions for other workers.

Overall, it may be said that, in spite of recent pension reforms since 2010 that have, among other things, increased the statutory pensionable age by two years for all workers, the legal provisions in force concerning pension entitlement continue to be favourable to WAHJ compared with other workers. This is also the case as regards funding arrangements and accrual rights.

¹⁰Presidential Degree 633/13th of October of 1982, Government Gazette No. 129.

¹¹ Provident funds, until 2008, were established by employees and were private mutual aid associations, with voluntary participation.

¹² Law 3655/3rd April 2008, Government Gazette No. 58.

¹³ The very recent pension reform (Law 4387 of 12 May 2016) introduces new replacement rates. These vary from 0.77% up to 2%, depending on the number of years of the contributory period.

¹⁴ Law 1902/ 17th October 1990, Government Gazette No. 138.

¹⁵ Special calculation formula: Pensionable earnings X 2% X 20% X Days of contributions for arduous and hazardous jobs / 300.

¹⁶ Law 2084/7th October 1992, Government Gazette No. 165.

3 Retirement patterns and retirement income of workers in arduous or hazardous jobs

As with the pension rules, the retirement patterns and retirement income of WAHJ in Greece appear to differ from those of other retirees. This is mainly due to the different retirement rules in force combined with deteriorating conditions in the labour market. However, existing evidence and relevant statistical data are very limited and very few studies or reports have been published on these issues. Nevertheless, unpublished data provide some evidence with regard to the main pathways that WAHJ in Greece tend to follow for their exit from the labour market into retirement as well as to their retirement income.

According to unpublished data from the IKA Statistical Department, the number of WAHJ pensioners remained more or less stable during 2011-2015, while the number of pensioners from other regular salaried jobs recorded a dramatic increase by 40.5% over the same period (see *Table 3*). This increase was mainly due to the shorter transitional period, foreseen by 2010 pension reform regarding the changes in the statutory retirement age, for regular salaried workers who opted to retire, as compared with that for WAHJ¹⁷. On the other hand, a notable number of insured WAHJ had, by 2010, already fulfilled the contributions requirements for pension entitlement and, thus, established the right to retire on the basis of the more favourable retirement rules that were in force before 2011. However, it appears that many WAHJ preferred to remain in the labour market during the period 2011-2015, despite the increases in the statutory retirement age, introduced in 2010 and in 2012, and the existence of early retirement options for them. The main reason is the higher expected earnings from employment as compared to their income from pension.

Table 3: Distribution of IKA (old age and disability) pensioners by broad job categories, 2009-2015

Year	Number of pensioners from arduous and hazardous jobs	Number of pensioners from other jobs	Total number of old age and disability IKA pensioners	Pensioners from arduous and hazardous jobs as percentage of total IKA pensioners
2009	227,993	379,386	607,379	37.54%
2010	230,457	394,215	624,672	36.89%
2011	231,464	418,112	649,576	35.63%
2012	233,182	447,310	680,492	34.27%
2013	234,925	493,086	728,011	32.26%
2014	232,935	535,621	768,556	30.31%
2015	227,718	587,328	815,046	27.94%

Source: IKA Statistical Department (unpublished data)

The number of WAHJ pensioners in 2015 was 227,718, which represented 27.94% of the total number of 815,046 IKA pensioners (old age and disability) or 10.1% of the total number of 2,258,463 pensioners (old age and disability) from all social insurance funds in Greece. According to *Table 4* below, the vast majority of WAHJ pensioners (99.8%) had been granted an old-age pension, while only 0.2% had a disability pension. The

¹⁷ Additionally, the fear of unemployment led many workers of the private sector (from non AHJ) aged over 50 years to change labour market exit patterns, directing them towards early retirement schemes, instead of remaining in insecure working places.

latter compares with 18.8% for other workers, which could imply that disability pensions have been used by the other workers – at times – as a path to early retirement.

Table 4: Distribution of IKA pensioners by broad job categories and kind of pensions, 2015

	Disability pensions	Old age pensions	Total number of pensions
Pensioners from arduous and hazardous jobs	469	227,249	227,718
Pensioners from other jobs	110,462	476,866	587,328
Total number of pensioners	110,931	704,115	815,046

Source: IKA Statistical Department (unpublished data)

Turn to an examination of the retirement pathways followed by WAHJ and their retirement income, it should be pointed out that no relevant analytical data is available for the total number of pensioners of IKA (including those from arduous and hazardous jobs). The only relevant data that has become available, though unpublished, are the data concerning the new WAHJ pensioners in 2014. Their total number amounted to 3,907 people, consisting of 3,895 beneficiaries of old-age pension and only 12 beneficiaries of disability pension. The majority of old-age pensioners were men 73.25% (or 2,853 people), while 26.75% (or 1,042 people) were women.

On the basis of the above mentioned (unpublished) data for 2014, a number of interesting points can be made relating to both retirement patterns and the main retirement income of the new pensioners from AHJ in the year 2014:

- The majority of new male WAHJ pensioners (62% or 1,769 people) were granted a full pension (following the completion of 10,500 days of contributions with at least 7,500 days of contributions in arduous and unhealthy jobs). Their median retirement age was 59 years and their average gross pension amounted to EUR 1,291 (against EUR 1,076 on average for all WAHJ in 2014).
- 32% (or 913 people) of new male WAHJ pensioners were granted an early full pension (following the completion of 10,500 days of contributions with at least 7,500 days of contributions in arduous and unhealthy jobs). Their median retirement age was 56 years and their average gross pension was EUR 1,281.
- A small minority (6% or 171 people) of new male WAHJ pensioners were granted a reduced pension as WAHJ (after completion of 4,500 days of contributions with at least 3,600 days of contributions in arduous or unhealthy jobs). Their median retirement age was 58 years and their average gross pension was EUR 610.
- As regards new female WAHJ pensioners, the vast majority (97.8%, or 1,019 people) were granted a reduced pension as WAHJ (after completion of 4,500 days of contributions with at least 3,600 days of contributions in arduous and hazardous jobs). Their median retirement age was 57.44 years and their average gross pension was EUR 597.
- A very small minority (1.2%, or 12 people) of new female WAHJ pensioners received a full pension as WAHJ (having completed 10,500 days of contributions with at least 7,500 days of contributions in arduous and unhealthy jobs). Their median retirement age was 59 years and their average gross pension was EUR 1,169.
- Another very small minority (1%, or 11 people) of new female WAHJ pensioners received an earlier full pension as WAHJ (following the completion of 10,500 days of contributions with at least 7,500 days of contributions in arduous and unhealthy jobs). Their median retirement age was 55 years and their average gross pension was EUR 1,118.

Following from the above, it becomes evident that male WAHJ chose to stay longer than women in the labour market and thus to receive a full pension and a higher income than women. In other words, there was a clear preference by women for a short working life and an early reduced pension, leading to a low retirement income. As regards retirement income, in particular, the difference between men and women was notable: for new male pensioners the average gross pension was EUR 1,246.98, while for new female pensioners it was only EUR 609.

However, it should be noted that comparisons of the retirement patterns and retirement income of WAHJ with those of the average pensioners can hardly be made, given the lack of any relevant data for the pensioners from other jobs. The only relevant data that has become available (though unpublished) is the average gross pension income of all new pensioners of IKA for 2014, which, nevertheless, include pension income of pensioners from AHJ. Their average pension income was EUR 793.84 for male pensioners and EUR 582.40 for female pensioners, which are both lower than the relevant average pension income of pensioners from AHJ in 2014 (i.e. EUR 1,246.98 and EUR 609 respectively).

Moreover, evidence suggests that replacement rates are higher for WAHJ pensioners than for other pensioners. According to Laws 1902/1990¹⁸, 2084/1992¹⁹ and 3029/2002²⁰, the replacement rates of the pensionable income of WAHJ and the workers in regular jobs are set as follows:

- For a full pension, the replacement rate for WAHJ is 90% of pensionable salary for at least 35 years of contributions, while for all other categories of pensioners the replacement rate is 80% for at least 40 years of contributions.
- For an early full pension at 60, the replacement rate for WAHJ is 68% of pensionable salary for 35 years of contributions, having been reduced by 22% (i.e. reduced by 6% for each year before the statutory retirement age of 62, plus a fixed penalty of 10%). The respective replacement rate for all other categories of pensioners, at 60 years, is 58% of pensionable salary for 40 years of contributions, having been reduced by 22% in the same way.
- For a reduced pension, the replacement rate for WAHJ is 34.8% of pensionable salary after completion of 15 years of contributions, while for all other categories of pensioners it is 30%. Note that, as Law 2084/92 provides, if the reduced pension amounts to less than the sum of 15 daily wages of an unskilled blue-collar worker, the beneficiaries are entitled to receive at the age of 67 the minimum guaranteed pension, which amounted to EUR 486 in 2014.

Overall, the data presented above confirm that WAHJ pensioners enjoy higher replacement rates than pensioners from other jobs. This, combined with the above-average salaries/wages they receive²¹, leads them to have a higher retirement income than pensioners from other jobs.

¹⁸ Law 1902/17th October 1990, Government Gazette No. 138.

¹⁹ Law 2084/7th October 1992, Government Gazette No. 165.

²⁰ Law 3029/11th November 2002, Government Gazette No. 160.

²¹ WAHJ have a higher salary/wage than the other workers due to the extra allowance they receive on top of their salary (from 5% to 20% of the normal salary).

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