



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

## Turkey

2016

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May 2016



**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate C — Social Affairs  
Unit C.2 — Modernisation of social protection systems

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**ESPN Thematic Report on  
retirement regimes for  
Workers in Arduous or  
Hazardous Jobs**

**Turkey**

**2016**

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## Summary

In Turkey, arduous and hazardous job categories are now defined in national law. Detailed categories based on occupation type were originally set out in by-Law #25494 on Arduous and Hazardous Jobs (2004): this was replaced in 2012 with Law #6331 on Occupational Health and Safety, which classified arduous and hazardous jobs by the degree of risk facing the employees in the relevant workplace (according to four categories: low, medium, high and very high). Article 9/2 states that the 'main activities' conducted at the workplace must be taken into account in the classification.

A classification is also provided in Law #5510 (the Social Insurance and Universal Health Insurance Act of 2006), which contains special provisions with regards to the retirement schemes of workers in arduous and hazardous jobs (WAHJ). These provisions facilitate early labour market exit for WAHJ, the primary tool used for this purpose being the 'active service term increment' (Article 40). The tool provides for a reduction in the statutory pension entitlement age for WAHJ, based on increasing the period of service used in retirement calculations for each year of active work by WAHJ. Article 40 divided arduous and hazardous jobs into 15 categories (later increased to 18), based on occupation and/or workplace. The law covers those who work under a service contract (as defined in Article 4/A) and civil servants (Article 4/C), but not those who pay their own contributions (self-employed people and artisans, Article 4/B).

Two waves of pension reform (1999-2001 and 2006-2008) prolonged working lives by raising the minimum contribution periods for eligibility for retirement and statutory entitlement (pensionable) ages for workers in regular jobs: but these did not differentially affect WAHJ. Legislative changes have been aimed at striking a balance between (on the one hand) the financially driven need to prolong the working lives of regular workers and (on the other) the need to facilitate early labour market exit for WAHJ, whose health is prone to deteriorate more quickly than that of other workers due to the nature of their work.

Recent reforms have, for example, included amendments to previously existing laws regulating retirement for miners and other WAHJ, and these amendments strongly favour early market exit for WAHJ.

In addition to a reduction in the pensionable age of WAHJ, Law #5510 also stipulates higher insurance premium rates paid by employers throughout the working lives of WAHJ.

No internationally comparable data exist illustrating the retirement patterns and retirement income of WAHJ in Turkey. However, a basic calculation of the benefits of the active service term increment shows that the policy favours labour market exit rather than prolonging the working lives of WAHJ.

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

Arduous and hazardous job categories in Turkey are defined in national law. Detailed categories based on occupation type were originally set out in By-Law #25494 on Arduous and Hazardous Jobs (2004): this was replaced in 2012 with Law #6331 on Occupational Health and Safety, which classified arduous and hazardous jobs by the degree of risk facing the employees (according to four categories: low, medium, high and very high). Article 9/2 states that the 'main activities' conducted at the workplace must be taken into account for the classification, although no detail is given as to how this should be done.

A classification is also provided in Law #5510 (Social Security and Universal Health Insurance of 2006), which contains special provisions with regards to the retirement schemes of WAHJ. Article 40 divides arduous and hazardous jobs into 18 categories, based on occupation and/or workplace. Table 1, below, provides the full list of these categories.

**Table 1: Law #5510, Article 40/2 – Scope of arduous and hazardous jobs\***

Workplaces/occupations within the scope of arduous and hazardous jobs	Number of days added for each year of service
1. Occupations requiring the use of lead and arsenic [workers who are employed in jobs involving extracting ore such as galenite, cerrusite, anglesite, which lead to lead production; in melting works for lead production from ash, mine foam, lead kiln soot, white lead remains and similar materials; in lead alloy works made from antimony, tin and bronze; in removing dry dust accumulated at condensation chambers of lead melting kilns].	60 (90 for those who are employed in removing dry dust accumulated in condensation chambers of lead melting kilns)
2. Glass factories and workshops [powdering, screening, mixing and drying works for primitive materials in glass production – in cases where automatic machines in fully closed chambers or aeration systems reducing the dust at the workplace down to a level not harmful to health are not found; workers employed in melting works – unless they work with automatic feeding kilns; firing works; blowing works – unless they work with fully automatic machines; pressurised glass works; crucible pouring works for mirror glass production – in cases where crucibles are not transported with mechanical tools to the mould desk; taking glass from kilns; correcting work in spreading kilns; cutting works; acid engraving and polishing; works that are carried out with air pressure sand blasting devices – in cases where aeration systems reducing the dust at the workplace to a level not harmful to health are not found; employed in works carried out in crucible and stone chambers].	60
3. Mercury production works industry [workers employed in jobs utilizing mercury melting kilns and elementary mercury fireplaces].	90
4. Cement factories [workers employed in crushing, crumbling, grinding and screening primitive materials; firing works at automatic kilns; in grinding, screening clinker, and loading into bags and barrels – in cases where an arrangement automatically preventing the dust from spreading around is applied].	60
5. Coke factories and thermal power plants [workers employed in firing, kiln cleaning, filling, emptying and cleaning of generators; in conducting chemical refining; in repairing and cleaning of devices and pipes in which gases flow; workers employed in coal and fireplace works at coke factories; workers employed in firing, ash and coal transfer works at boiler rooms of power plants; workers employed in firing, ash and coal transfer works at boiler rooms of any kind of boiler at thermal power plants].	60
6. Aluminium factories [workers employed in production of	60

aluminium oxide, preparation of aluminium bronze and production of aluminium metal].	
7. Iron and steel factories [workers employed in transforming ores into iron in iron melting factories and kilns and casting rooms of pipe factories; in works done at second degree kilns and converters in annexes or details of steel mills and in steel producing kilns; workers employed in transportation of liquid state iron and steel with installation and tools and mechanical ways; workers employed in Individuals working at transportation and treatment of hot or liquid state cinders; in cutting and preparing semi product parts at red-hot state; in works carried out in installations and tools feeding the rolling mill with red-hot or liquid state steel or iron at rolling mills – except those operating with cold iron-kilns and roller series].	90
8. Casting factories [workers employed in casting moulds and cores and preparation thereof for casting; preparation of casting charge and readying any kind of metal melting kilns for casting].	60
9. Acid production factories and workshops [workers employed in preparation of raw materials for acid production; in stages of acid production; obtaining acid from flue gasses].	90
10. Underground works [workers employed in mines-excluding mercury mines that are detected to contain elementary mercury; in sewer system and tunnel construction].	180
11. Occupations carried out with the use of radioactive and radio-ionic materials [workers engaged in occupations natural and artificial radioactive and radio-ionizing materials or all other occupations carried out with corpuscular emanation sources].	90
12. Under water or in pressurized air under water [down to a depth of 20 - 35 meters or at a pressure 2 - 3.5 kg/cm <sup>2</sup> ; down to a depth of 35 - 40 (40 not included) meters or at a pressure 3.5 - 4 (4 not included) kg/cm <sup>2</sup> ; scuba divers].	90 (60 for those working down to a depth of 20 - 35 meters or at a pressure 2 - 3.5 kg/cm <sup>2</sup> )
13. Turkish Armed Forces [Officers, reserve officers, non-commissioned officers, specialist gendarme, and enlisted]	90
14. Police forces, National Intelligence Organization [Police officers, assistant high ranking police officers, high ranking police officers, heads of high ranking police officers, chief police officers, police directors and police officers and National Intelligence Organization officers at higher wage and degrees including the periods in candidate, provided that permanent position is approved].	90
15. Fire departments or fire extinguishing works [fire-extinguishing].	60
16. Press and journalism [active press members who are holders of the special press badge].	90
17. Reporters holding the press badge issued by the Turkish National Radio and Television (TRT) Corporation.	60
18. Turkish Grand National Assembly [parliament members and ministers appointed externally].	90

Article 40 of Law #5510 treats WAHJ as having a special status regarding their eligibility in the general retirement scheme. The special treatment has two elements: a lower pension entitlement age through what is called the 'active service term increment', and higher insurance premium rates paid by employers throughout the working lives of WAHJ. For each year of active work by WAHJ, a certain number of extra days are added to their period of service used in retirement calculations. This makes it easier for WAHJ to complete the minimum number of active work days required for retirement and thus to



enjoy a lower statutory pensionable age. The increment also translates into higher pensions.<sup>1</sup>

For those who are eligible for the increment, the reductions in the statutory pensionable age and minimum period of contributions are, however, subject to some limitations stated within Law #5510. For private sector employees employed under a service contract as defined by Article 4/A, the following restrictions apply:

- The total of additions to the minimum contribution period cannot exceed 5 years.
- The reduction in pensionable age is equal to one-half of the additions, and cannot exceed 2.5 years – though for miners working underground (category 10) there is no cap on the reduction.
- To be eligible for retirement, a minimum of 3,600 days must have been spent in the listed workplace and/or occupation – for miners and those employed in underground works, the minimum is 1,800 days.

A summary of the retirement benefits of WAHJ under a service contract (Article 4/A of Law #5510) compared with regular workers (who do not collect disability benefits and the like) is shown in the following table.

**Table 2: Retirement benefits of WAHJ in comparison with other retirees**

Type of workers	Pension entitlement age for men/women	Contribution period
<b>All</b>	60/58	A min. contribution period of 7 200 days (20 years)
<b>Those receiving active service term increment (4/A) excluding miners</b>	$(60-2.5)/(58-2.5)=57.5/55.5$	A min. contribution period of 3 600 days (10 years) <ul style="list-style-type: none"> <li>• For the majority of jobs listed as arduous and hazardous, an average of 60 days per year are added to active service</li> <li>• 20 months of contributions are added for every 10 years of work</li> <li>• Employers are obliged to pay an additional contribution corresponding to at least 1% of the monthly earnings of WAHJ</li> </ul>

It should be noted that the list does not include agricultural workers (self-employed or under a service contract) and workers in certain high-risk sectors such as construction. For workers engaged in agriculture, a different set of rules are in force independent of the service increment terms (SGK, 2016c).

According to Altındağ and Şentürk (2013), the number of registered workers classified as WAHJ under a service contract was 66 928 as of July 2012. While this number represents a very tiny fraction of the more than 27 million employed, estimates for the actual number of WAHJ run as high as 1.5 million. The huge discrepancy is due in part to employers' desire to avoid the higher social security contributions that they are required by law to pay for employees officially registered as WAHJ.<sup>2</sup> While some employers choose

<sup>1</sup> An alternative channel through which active work life may end is disability. There is a pension system covering disabled people, which also includes work-related illnesses. However, this is a general programme and there are no specific provisions for WAHJ. The scheme covers workers who have lost at least 60% of their capacity to work. There also are additional conditions depending on the degree of disability as a result of work accidents or work-related sicknesses (SGK, 2016b).

<sup>2</sup> Oğuz Karadeniz, Personal Correspondence on May 2, 2016.

to register WAHJ as employees doing regular work, others prefer not to register them at all. Thus, widespread informal practices in the country are likely to contribute even more to an underestimation of the exact number of WAHJ by official statistics – unregistered workers accounted for about one-third of the total workforce in 2015.

Following the major mining accident of 2014 in Soma (which took 301 miners' lives), additional provisions easing the retirement conditions of miners were adopted (Dünya, 2014).

How to account for days of work prior to the retirement reform of 2008 is still being discussed, but the pressure from the unions and other workers' groups may result in further easing of pension entitlement conditions for WAHJ who started employment before 2008 (Milliyet, 2016).

## 2 Pension rules for workers in arduous or hazardous jobs

The rules and conditions for workers in regular (i.e., non-hazardous) jobs to become eligible for receiving pensions are summarised in the following table (Finke, 2014):

**Table 3: The Turkish pension system**

Date of first registered as employed*	Statutory pensionable age for men (women)	Minimum contribution period
<b>Before Sept. 1999</b>	No explicit statutory entitlement (or pensionable) age; the number of days for which contributions are paid is the only condition.	23 years (men) 18 years (women)
<b>Between Sept. 1999 and Oct. 2008</b>	Age 60 (58)	7,000 days or 25 years with 4,500 days
<b>After Oct. 2008</b>	Age 60 (58) To be raised to 65 (65) by 2048	7,200 days or age 65 with 5,400 days

\* The rules vary according to the date on which the employee started active registered work life.

The qualifying conditions for retirement benefits underwent major reforms after 1999, since there was no statutory entitlement age, allowing people to start collecting pensions just by fulfilling the conditions in respect of a minimum contribution period. This lack of a statutory entitlement age enabled workers who took up registered employment at the age of 18 to begin receiving pensions after 25 years (men) or 20 years (women), and as early as 43 (men) or 38 (women) years of age. The increasing number of young pensioners over time almost bankrupted the publicly operated pension system (Sayan, 2006).

Pension eligibility for WAHJ hinged on different conditions, as specified in Law #5510. The so-called 'active service term increment' provided for special treatment within the general pension scheme as shown in Table 2 above. WAHJ include those subject to arduous and hazardous working conditions and some professions that "involve the undertaking of work which poses risks and challenges to the employee so much so that their working career may be shortened" (Zaidi and Whitehouse, 2009). An additional eligibility criterion for this increment is being employed with *the exact mandate* of the work stated in the table as well as being *negatively affected* by the depreciative effects. However, workers who are not affected by the hazardous or depreciative effects of their occupation "due to use of high technology and/or health and safety precautions taken in workplaces" (Altındağ and Şentürk, 2013) are excluded.

For those considered eligible for the active service term increment, the lower pensionable age and enhanced contribution period are subject to certain limitations. For workers covered by Article 4/A of Law #5510 (those employed under a service contract), the following restrictions apply (Altındağ and Şentürk, 2013):

- The total of additions to the minimum period of contribution cannot exceed 5 years.
- The reduction in pensionable age is equal to one-half of the additions, and cannot exceed 2.5 years – though for miners working underground (category 10) there is no cap on the reduction.
- To be eligible for retirement, a minimum of 3 600 days must have been spent in the listed workplace and/or occupation – for miners and those employed in underground works, the minimum is 1 800 days.

Following the major mine accident of 2014 in Soma, the eligibility conditions for retirement (pensionable age and active service term increment) for people employed in underground work were modified through Law #6552 with particular references to miners. These criteria are:

- The pensionable age is set at 50 (previously 55) for workers who have spent at least 20 years working in mines (full time or through shifts).
- The active service term increment is also added for periods of annual paid leave, national holidays, weekends, periods considered as training, work orientation, etc. (previously, the increment only covered days that involved work carried out underground).
- The previous condition of being negatively affected by the depreciative effects of the work carried out is no longer applicable (Demirdizen, 2015).

It should be added that employers' social security contributions in respect of WAHJ are higher than for other employees, as shown in Table 4.

**Table 4: Employee and employer shares in contribution rates for WAHJ (for workers on a service contract as defined in Article 4/A of Law #5510)**

Workers on a service contract (4/A)			
Period	Employee	Employer	Total
Non-WAHJ	9%	11%	20%
60 days increment	9%	12%	21%
90 days increment	9%	12,5%	21,5%
180 days increment	9%	14%	23%

Source: Adapted from Altındağ and Şentürk (2013), p. 8

There are also supplementary individual retirement accounts (IRAs) offered through private insurance companies. While IRAs are optional, the government tries to promote the system by matching 25% of the individual's contribution. But this support is the same for everyone and there are no special provisions regarding WAHJ.

WAHJ are also eligible for disability pensions, whose coverage was extended in 2013 to include additional disability and sickness types (Altındağ and Şentürk, 2013). Two separate schemes covering work-related sicknesses and work accidents are also in place for workers under a service contract, self-employed workers and artisans and workers in all other types of jobs (such as intern students, apprentices and interns and others) as stated by the Social Security Institution (SGK, 2016a).

Finally with the reform, the social assistance to elderly and disabled was subjected to a formal means-testing procedure and it excluded those already on social security rights (OECD, 2015).

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

Internationally comparable data in terms of the retirement patterns and income of WAHJ in Turkey do not exist. The main pathways through which WAHJ typically make the transition from the labour market into retirement are the active service term increment and different pension schemes (where appropriate) as stated in the previous section.

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