

Croatia: Take-up of national benefit for the elderly lower than foreseen

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The National Benefit for the Elderly Act, adopted after lengthy public debates involving representatives of all relevant stakeholders, has been in force since 1 January 2021. Persons with a Croatian citizenship, over the age of 65 and with permanent residence in the country are eligible for this benefit. Six months after its implementation, it appears that the number of applicants for this benefit is significantly lower than originally expected, and the government needs to remove some administrative barriers for delivering this benefit to mostly poor elderly people.

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Description

The National Benefit for the Elderly Act was adopted on 18 May 2020 and has been in force since 1 January 2021. Six months after its implementation, the number of applicants for this benefit is significantly lower than originally expected.

A previous ESPN Flash Report (Bezovan, 2019) addressed the issue of the introduction of a zero- or fourth-pillar pension, i.e. a “basic” national pension intended for people who do not have the required social insurance record to retire but are over the legal pensionable age of 65. The crucial justification for introducing the “basic pension” was the evidence that 30,000 to 40,000 older people (mostly women) in Croatia do not meet the minimum eligibility requirements for a pension, including women living in rural areas in extreme poverty. The introduction of this benefit was foreseen in the 2017-2020 *Social Care Strategy for the Elderly in the Republic of Croatia*. (The social care programme provides mostly means-tested benefits, such as social assistance for persons under a certain income threshold, and also support to vulnerable people; these are supplied in cash social assistance [the guaranteed minimum benefit or “ZMN”], in kind or as a service.)

In September 2019, the Ministry of Labour and the Pension System (MLPS) set up a working group of stakeholder representatives to discuss this national pension. In a meeting of the working group in December 2019, doubts were raised regarding the name of this social right. It was argued that this is not a

pension, because a “pension” in the Croatian Bismarckian system must be based on an insurance record. Regarding eligibility, several members of the working group asked for the implementation of a means test considering not only income.

Persons with Croatian citizenship, over the age of 65, and who have been permanently resident in the Republic of Croatia for a continuous period of 20 years at the time of submitting the application, are eligible for this new benefit.

In addition, beneficiaries of the national benefit must meet the following conditions: they must not be in receipt of an old-age pension or be covered by the compulsory pension insurance; their income and/or the income of household members earned in the previous calendar year per household member must not exceed HRK 800 (€108) per month, the set amount of the national benefit for the elderly; they must not be a beneficiary of ZMN according to social care regulations; they must not have been granted the right to residential care under the social care regulations; and they must not have a contract of maintenance for life or a contract of maintenance until death.

The benefit will be adjusted each year to the consumer price index. The MLPS estimates that in 2021 approximately 19,700 elderly persons will receive the national benefit for the elderly, and that HRK 132 million (€17.6 million) should be earmarked for this in the national budget.

Before the debate in the parliament, the Bill was the subject of an e-consultation from 3 March to 1 April 2020. No substantial remarks were made in the consultation.

Debates in the media were generally favourable to the introduction of this benefit; the only objections came from liberal circles of experts who are against solidarity systems and new social transfers. This law was passed on the eve of the parliamentary elections held on 5 July 2020. The Croatian Democratic Union, which has been in power before, won this election again.

The Croatian Pension Insurance Institute (HZMO), with appropriate media coverage, began to receive applications for the recognition of the right to the national benefit for the elderly on 15 December 2020.

By the end of February 2021, 7,911 applications had been received (including 1,184 incomplete applications). The most common reasons for rejecting the application were the length of residence in Croatia, age, and the level of income per household member in the previous year.

In May 2021, 5,064 beneficiaries, 65.2% women and 34.8% men, received the national benefit. The average age of the recipient is 73. In March 2021 (currently the most recent data available), on average, beneficiaries received 773 HRK (€103).

As expected, a relatively higher proportion of the beneficiaries are from poorer counties (such as Vukovarsko-Srijemska and Koprivničko-Križevačka).

The National Council for Pensioners and the Elderly has raised the issue that some poor elderly citizens living in remote settlements do not have a bank account and cannot

receive the benefit. Banks charge a fee for account management, and this is a cost for the elderly (Petrović, 2021). Pensioners' associations lobbied Prime Minister Plenković to change the law and allow the elderly to receive the benefit free of charge by mail.

Take-up of the benefit is lower than foreseen; this is due to oversights in the preparation of the programme, and in particular the failure to consult the Social Care Centres whereas this benefit falls under the social care system. Social Care Centres provide social assistance and have information on this population (Bežovan, 2019). They are rooted in local communities and have the needed capacity; they would be the appropriate places to administer this social right. They would also be in a position to advise poor elderly people to take up other social rights, especially social services to which they may be entitled.

Further reading

Bežovan, G. (2019). *Croatia: Mitigating poverty among the elderly by introducing a "national pension"*, ESPN Flash Report 2019/60, European Social Policy Network (ESPN), Brussels: European Commission.

Hrvatski zavod za mirovinsko osiguranje, [16. travnja kreće isplata nacionalne naknade za starije osobe za ožujak 2021](#). [On 16 April, the payment of the national benefit for the elderly for March 2021 will start], <https://www.mirovinsko.hr/hr/priopcenja-204/204>.

Petrović, J. A. (2021). Nacionalna naknada bez adrese [National benefit without address], Glas umirovljenika, 292:4.

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