

# **ESSPROS user presentation: Social Protection Committee**

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## A. Introduction:

- **The Social Protection Committee (SPC)**
  - EU-Advisory Committee (art. 160 TFEU)
  - Monitoring social situation-discussion of social policies
  - Prepares council discussions on social policy and the European Semester
  - Produces opinions on the request of the Council, the Commission or at own initiative

## A. Introduction (2)

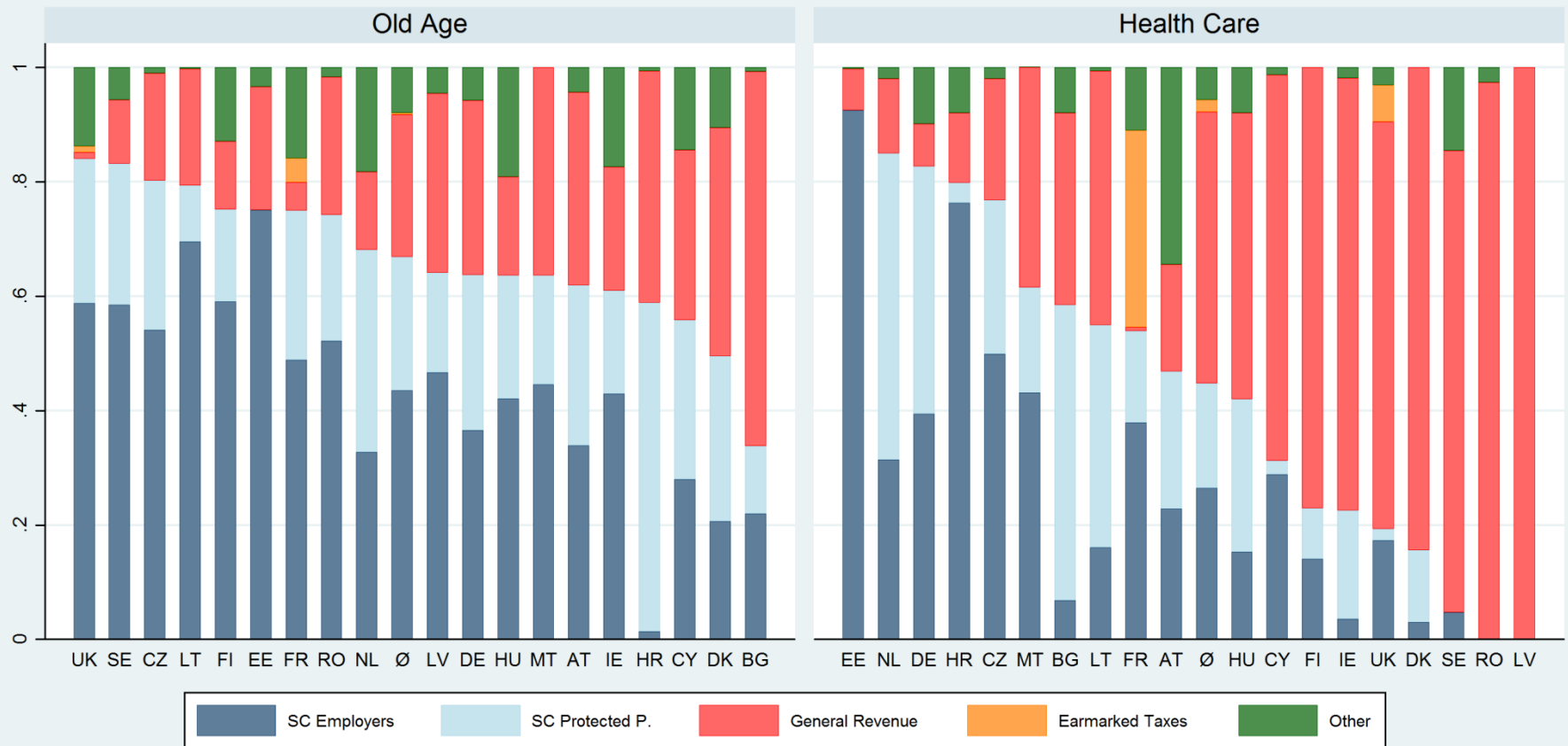
- **Use of ESSPROS in SPC work**

- Indicators in Portfolio of EU-Social Indicators:
  - Total social protection expenditure (% of GDP)
  - Total current pension expenditure (% of GDP)
- Analysis of ESSPROS data for possible use in recent work:
  - Efficiency and effectiveness of social spending and financing arrangements
  - Pension beneficiaries
  - Crisis monitoring: additional benefit recipients

## **B. Use of ESSPROS data (1): social protection financing**

- Part of SPC report on financing, effectiveness and efficiency of social protection systems
- Use of ESSPROS data on social protection receipts to describe financing arrangements
- First use of ESSPROS scheme level information
- Detailed information on scheme characteristics used for an analysis by policy area

# Social protection financing by policy area



## **B. Use of ESSPROS data (1): social protection financing**

Scope for further exploitation of scheme level data:

- Separate analysis for public vs. private schemes
- Time trends (longer time series)
- Data by scheme not yet available for all Member States

## **B. Use of ESSPROS data (2): module on pension beneficiaries**

- Data on the number of pension beneficiaries in the Member States, collected annually since 2006
- Seven types of pensions are distinguished



# The module on pension beneficiaries

<u>ESSPROS function</u>	<u>Category</u>	<u>Description: periodic payments...</u>
<b>Old age</b>	<a href="#">Old-age pension</a>	i) to maintain the income of the beneficiary <i>after</i> retirement from gainful employment at the legal/standard age or ii) support the income of elderly persons
	<a href="#">Anticipated old age pension</a>	to maintain the income of beneficiaries who retire <i>before</i> the legal/standard age as established in the relevant scheme
	<a href="#">Partial retirement pension</a>	of a portion of the full retirement pension to older workers who continue to work but reduce their working hours or whose income from a professional activity is below a set ceiling.
<b>Survivors</b>	<a href="#">Survivors' pension</a>	to people whose entitlement derives from their relationship with a deceased person protected by the scheme
<b>Disability</b>	<a href="#">Disability pension</a>	to maintain or support the income of someone <i>below</i> the legal/standard retirement age who suffers from a disability which impairs his or her ability to work or earn beyond a minimum level
	<a href="#">Early retirement (work capacity)</a>	to older workers who retire <i>before</i> reaching the legal/standard retirement age as a result of reduced ability to work
<b>Unemployment</b>	<a href="#">Early retirement (labour market reasons)</a>	to older workers who retire <i>before</i> reaching the legal/standard retirement age due to unemployment or to job reduction caused by economic measures

# The module on pension beneficiaries

<u>ESSPROS function</u>	<u>Category</u>
<b>Old age</b>	<a href="#">Old-age pension</a>
	<a href="#">Anticipated old age pension</a>
	<a href="#">Partial retirement pension</a>
<b>Survivors</b>	<a href="#">Survivors' pension</a>
<b>Disability</b>	<a href="#">Disability pension</a>
	<a href="#">Early retirement (work capacity)</a>
<b>Unemployment</b>	<a href="#">Early retirement (labour market reasons)</a>

Additionally, disaggregation into

- non means-tested vs. means-tested,
- male and female beneficiaries

available for

- i. all beneficiaries
- ii. the four ESSPROS functions
- iii. the seven categories

# 'Standard' vs. 'early retirement' beneficiaries

<u>ESSPROS function</u>	<u>Category</u>
Old age	Old-age pension
	<b>Anticipated old age pension</b>
	Partial retirement pension
Survivors	Survivors' pension
Disability	<b>Disability pension</b>
	<b>Early retirement (work capacity)</b>
Unemployment	<b>Early retirement (labour market reasons)</b>

Proposal: distinction of beneficiaries that receive benefits

(i) after reaching retirement age

(ii) before reaching retirement age

# Measuring the magnitude of early retirement – methodological issues

- Link the number of 'early retirement' beneficiaries to demography
  - Share older workers that receive a pension before reaching retirement age
  - Reference Population: people between age 50 and legal retirement age (LRA)
  
- *Methodological concerns:*
  1. Double counting when aggregating across functions
  2. Survivors' (& partial pension) beneficiaries below LRA not covered
  3. Inclusion of pension beneficiaries living abroad (for the moment collected as voluntary information)
  4. Cross-country comparability of aggregated statistics/ indicators ("average pension")

## B. Possible extension of ESSPROS data (3): crisis monitoring-benefit recipients

- ISG started an **ad hoc collection** on benefit recipients directly from Member States, to have more **timely** information on impact of **crisis**
- MS send data on numbers of: social assistance, unemployment, early retirement, disability benefit recipients
- Use:
  - More timely information on social situation
  - Better understanding of social outcomes
  - Assessing the performance of social protection systems

- **Possible extension of of ESSPROS data (3): crisis monitoring-benefit recipients (2)**
- **Some outcome (in 2013 SPC report)**
  - Mixed trends in unemployment benefit recipients
  - Pressure on social assistance schemes persists
  - Few countries show combined pressure on both unemployment and social assistance benefits
  - 3 MS show a shift towards social assistance schemes
  - 4 MS show downward trend in both unemployment and social assistance recipients

- . Possible extension of of ESSPROS data (3): crisis monitoring-benefit recipients (3)**
- Aspects of ISG collection to be analysed.**
  - Lack of consistency in definition of benefit categories between Member States
    - Eg. Treatment of early retirement, social assistance, etc.
  - Can ESSPROS framework be used to improve ISG exercise?  
Can Eurostat extend the beneficiary data collection from pensioners (existing module) to the "ISG priority" benefits?

## **C. Main demands for additional developments**

Summary of ESSPROS main developments/improvements according to the analysis areas:

1. social protection financing (ESSPROS data by scheme)
2. measuring early retirement (module on pension beneficiaries)
3. crisis monitoring (extension of ESSPROS to other beneficiaries)



# Data by scheme

Scope for further exploitation of scheme level data:

- Dissemination of data by category of schemes (especially "public" vs. "private")
- Improve accessibility of data by scheme (especially longer time series)
- Improve geographical coverage of data by scheme (not yet available for all Member States)

# Improvements to existing ESSPROS data

- **Additional policy relevant pension benefit categories:**
  - Benefits/beneficiaries after retirement age vs early retirement
  - Break-down by resident/non-resident becomes increasingly relevant from a policy perspective given rising cross-border mobility in the EU
- **How to disentangle non-relevant information – how to include relevant information**
  - E.g. education expenditure in family benefits/'other benefits' for elderly

# New data/indicators related to social protection

- **Information on number of beneficiaries other than pension beneficiaries:**
  - Unemployment
  - Disability
  - Social assistance
- **Average pension benefit amounts: linking expenditure with number of beneficiaries**  
(but need to tackle methodological issues first)
- **Separate presentation tool for ESSPROS long-term care related data and in-kind benefits**