

IV REPORT 2017

THE ITALIAN PENSION SYSTEM

Financial and demographic trends of the pension and
welfare system in 2015

Edited by the Research Center of Itinerari Previdenziali

IV Report 2017

THE ITALIAN PENSION SYSTEM

Financial and demographic trends of the pension and welfare system in 2015

Edited by the Research Center of Itinerari Previdenziali

President

Prof. Alberto Brambilla

Members of the Technical and Scientific Committee

Mr. Maurizio Agazzi
Prof.ssa Agar Brugiavini
Mr. Domenico Comegna
Prof. Giampaolo Crenca
Mrs. Laura Crescentini

Prof. Paolo De Angelis
Prof. Gianni Geroldi
Prof. Antonio Golini
Mr. Maurizio Hazan
Mr. Andrea Lesca

Prof. Paolo Onofri
Prof. Angelo Pandolfo
Mr. Antonio Prauscello
Prof. Federico Spandonaro
Prof. Tiziano Treu

Members of the Research Center

Mr. Giuseppe Argentino
Mr. Alessandro Bugli
Mrs. Michaela Camilleri

Mr. Giuseppe Cerati
Mr. Edgardo Da Re
Mr. Salvatore Giovannuzzi

Mr. Andrea Girardelli
Mr. Paolo Novati
Mr. Edoardo Zaccardi

REPORT IS COORDINATED BY:

Alberto Brambilla

DATA COLLECTION, PROCESSING AND DRAFTING BY:

Chiara Appolloni, Alessandro Bugli, Michaela Camilleri, Alberto Cauzzi, Domenico Comegna, Laura Crescentini, Paolo De Angelis, Andrea Fortunati, Gianni Geroldi, Salvatore Giovannuzzi, Laura Neroni, Paolo Novati, Paolo Onofri, Antonio Prauscello, Piero Righetti, Federico Spandonaro, Vincenzo Sabatini

WE THANK FOR THEIR COOPERATION:

Inps, AdEPP and Privatized Pension Funds for Professionals

Under the Patronage of Ministry of Labour

This report has been published in Italian and English thanks to:

Arca Fondi SGR, Cattolica Assicurazioni, CIDA, Confartigianato Imprese, Confcommercio Imprese per l'Italia, ENPAF - Ente Nazionale di Previdenza e di Assistenza Farmacisti, Eurovita Assicurazioni, Federmanager - Federazione Nazionale Dirigenti e Quadri Apicali di aziende produttrici di beni e servizi, Fondazione Enasarco, Natixi Global Asset Management, Poste Vita, Principia SGR, Gruppo Unipol

Table of contents

Table of contents	V
Tables, graphs and figures	VII
Introduction.....	9
1. Pension expenditure from 1989 to 2015	11
1.1 Pension expenditure and results from 1989 to 2015	11
1.2 Operating results for the main categories of workers	15
2. 2015 operating and financial results of the pension system and of individual funds.....	21
2.1 Funds for private sector employees (FPLD)	24
2.2 Funds for public employees (former Inpdap).....	27
2.3 INPS funds for the self-employed: artisans, retailers, farmers, tenant farmers and sharecroppers (CDCM)	28
2.4 Minor schemes for private sector employees: aviation fund, fund for consumer tax collectors, clergy fund, show-business and entertainment fund (former ENPALS), posts and telephony fund (former IPOST), railway fund, fund for journalists managed by INPGI	30
2.5 Fund for atypical workers	33
2.6 Welfare benefits and support measures for INPS funds (GIAS).....	35
3. Privatized funds of Professionals; general framework and individual performance in 2015.....	41
3.1 General framework and main indicators	42
3.2 Individual schemes and main indicators	46
3.3 Welfare benefits	49
4. Equilibrium rates of the pension system and of individual pension funds	52
5. Income-support benefits for 2015: GPT and GIAS measures	57
5.1 Solidarity and Interprofessional funds	64
6. INAIL: revenues, expenses and balances	70
6.1 The reference framework	70
6.2 Size and scope.....	70
6.3 Budget and accounts	70
6.4 Focus on revenues and expenditure for institutional benefits	72
6.5 General taxation	74
7. Number of pension benefits by type, category, amount and province	76
7.1 Pension benefits and life annuities not included in the pension budget.....	83
8. The 2015 health expenditure trends, features and accounting data.....	88
8.1 Public expenditure.....	89
8.2 Private expenditure	92

9. The complementary welfare system in Italy: pensions, welfare and health care:	
preliminary data on intermediated and out-of-pocket expenditure	95
9.1 The complementary pension system in Italy as compared to OECD and non OECD countries.....	97
9.2 The development of supplementary health funds in Italy	98
10. The regionalization of the Italian pension system.....	100
10.1 The reasons for devolution.....	100
10.2 The regionalization of the INPS account for 2013, 2014 and 2015	101
10.3 Correlations between regionalized accounting balances and type of benefit.....	106
11. After the reforms: substitution rates and pension and welfare expenditure in the medium and long term.....	111
11.1 Substitution rates for continuous and discontinuous careers in different economic scenarios	111
11.2 Trends in expected pension expenditure and projections in the medium and long term	116
12. General economic framework: pension and welfare trends, welfare financing (contributions and personal income taxes) and sustainability	120
12.1 The general economic framework.....	120
12.2 Financing.....	123
12.3 Impact of the welfare system on public debt	129
12.4 Summary of the pension and welfare system in 2015.....	130

Main statistical tables: tables from 1a to 7a (special funds) and B26a, B26b, B27a, B27b

Insights:

Insight 1 GIAS transfers	39
Insight 2 2017 pension rules and requirements.....	138

Attachments on the website www.itinerariprevidenziali.it:

- Detailed Tables on Privatized Funds from 1b to 6d;
- Tables from 1a to 6a, between 1989 – 2000;
- Detailed Tables on public system indicators from B1a and B1b to B25a and B25b;
- Graphs from 1989 to 2015 on the number of pensions, number of members, average pension, and average contribution of Privatized Funds for Liberal Professionals;
- Appendix 1: Summary of the main revision and reform measures of the pension system from 1992 to 2016 and retirement requirements (*insight 1: retirement requirements under the current legislation; Insight 2: pension adjustment; Insight 3: High pensions (so-called gold pensions); Insight 4: changes in contribution rates; Insight 5: contribution-based calculation methods and its coefficients*);
- Appendix 2: The definition of pension expenditure in this report and other definitions;
- Appendix 3: Contribution-based calculation formula.

Tables, graphs and figures

Tables

Tab. 1.1	<i>Average annual variation rates of pension expenditure and of other PA expenses net of interests to be paid (current prices)</i>	13
Tab. 1.2	<i>Sources of financing for total pension expenditure and their percentage composition</i>	17
Tab. 2.1	<i>Summary of safeguard measures for “esodati” (Inps situation in August 2016).....</i>	24
Tab. 2.2	<i>Historical series of revenues, expenditure and balance of Funds for Artisan and Retailers</i>	30
Tab. 2.3	<i>Economic and financial performance of INPS funds</i>	34
Tab. 2.4	<i>State transfers to GIAS.....</i>	36
Tab. 3.1	<i>Indicators and pension expenditure of the schemes privatized under Leg. Decree 509/94</i>	47
Tab. 3.2	<i>Indicators and pension expenditure of the schemes privatized under Leg. Decree 103/96</i>	49
Tab. 3.3	<i>Other indicators of the schemes privatized under Decree 509/94: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenditure, operating costs, accounting balance and its incidence on production value.....</i>	50
Tab. 3.4	<i>Other indicators of the schemes privatized under Decree 103/96: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenditure, costs, accounting balance, operating expenditure and its incidence on production value.....</i>	51
Tab. 4.1	<i>Accounting equilibrium rates, contribution rate vs. actual rate</i>	52
Tab. 5.1	<i>GPT accounts 2008-2015 – Economic situation.....</i>	58
Tab. 5.2	<i>GPT accounts 2008-2015 – Institutional benefit expenditure.....</i>	59
Tab. 5.3	<i>GPT accounts 2008-2015– Contribution expenditure</i>	60
Tab. 5.4	<i>GIAS accounts 2008—2015 Wage-support measures.....</i>	61
Tab. 5.5	<i>GIAS accounts 2008—2015– Contributions paid by employers and by members</i>	61
Tab. 5.6	<i>Contribution rates for the main sectors in 2015</i>	63
Tab. 5.7	<i>List of joint interprofessional funds by sector and by contributions.....</i>	67
Tab. 5.8	<i>APE calculations.....</i>	68
Tab. 5.9	<i>Costs for the State under different flexibility assumptions.....</i>	69
Tab. 6.1	<i>Financial results in terms of revenue and expenditure</i>	71
Tab. 6.2	<i>Contribution revenues and institutional benefits</i>	72
Tab. 6.3	<i>Comparison: revenues vs. contribution revenues and expenditure vs. institutional benefit expenditure.....</i>	74
Tab. 7.1	<i>Number of pensioners and raw retirement rate by gender on December 31 2014 and 2015</i>	76
Tab. 7.2	<i>Pension benefits and their total and average amount by type in 2014 and 2015.....</i>	77
Tab. 7.3	<i>Number of pensions and gross amount of the overall annual pension income by class per month</i>	80
Tab. 7.4	<i>Number of pensioners and overall annual gross amount by monthly income classes</i>	81
Tab. 7.5	<i>Number of Inps pensions by category and Region on December 31 2015.....</i>	83
Tab. 7.6	<i>The other pension system</i>	85
Tab. 7.7	<i>Direct and indirect annuities provided by the Italian regions in 2015.....</i>	86
Tab. 8.1	<i>Total health expenditure in absolute terms in millions of euros in 2015.....</i>	88
Tab. 8.2	<i>Per-capita health expenditure in absolute terms (in euros) and in percentage terms in 2005-2015.....</i>	90
Tab. 8.3	<i>Private per-capita OOP health expenditure in absolute and percentage terms in 2005-2015.....</i>	94
Tab. 9.1	<i>Private expenditure on complementary and supplementary welfare.....</i>	95
Tab. 9.2	<i>Complementary pension system in 2014 and in 2015: membership and resources allocated to benefits</i>	97
Tab. 9.3	<i>Registry of Health Funds – Ministry of Health</i>	99
Tab. 10.1	<i>Revenues, expenditure and balance in 2013, 2014 and 2015 by region.....</i>	103
Tab. 10.2	<i>Per-capita revenues, expenditure and balance in 2015</i>	104
Tab. 10.3	<i>Number of INPS pensions including the funds of public employees (ex Inpdap) and ex Enpals out of the resident population by category and province on December 31 2015.....</i>	109
Tab. 10.4	<i>Comparison of the percentage distribution of the population and welfare benefits.....</i>	110
Tab. 12.1	<i>The State budget</i>	120
Tab. 12.2	<i>Social security expenditure by function in Italy and on average in EU countries, as a % of GDP in 2012</i>	122
Tab. 12.3	<i>State revenues</i>	123
Tab. 12.4	<i>Statistical analyses– tax statements in 2015, tax year 2014</i>	126
Tab. 12.5	<i>Employed workers.....</i>	127
Tab. 12.6	<i>Self-employed workers</i>	127
Tab. 12.7	<i>Pensioners.....</i>	128
Tab. 12.8	<i>The scope of the pension system.....</i>	131
Tab. 12.9	<i>Pension balance</i>	133

Tab. 12.10	<i>Number, total and average amount of welfare benefits by type on December 31 2012, 2013, 2014, 2015</i>	133
Tab. 12.11	<i>Expenditure financed by general taxation</i>	136
Tab. 12.12	<i>Average pension amounts by category of workers.....</i>	137
Tab. 1a	<i>Contribution revenues, pension expenditure and welfare supplementary benefits</i>	143
Tab. 2a	<i>Revenues/expenditure balance and its percentage incidence on pension expenditure</i>	144
Tab. 3a	<i>Contribution revenues/pension expenditure ratios</i>	145
Tab. 4a	<i>Contributions, number of pensions, average contribution and average pension.....</i>	146
Tab. 5a	<i>Base-100 indices of contributors, number of pensions, average contribution and average pension.....</i>	147
Tab. 6a	<i>Ratio of the number of pensions vs. contributors and of average pension vs. average income</i>	148
Tab. 7a	<i>Former Special Funds – pension expenditure and revenues.....</i>	145
Tab. B26a	<i>Benefits and contributions in the compulsory pension system in 2014.....</i>	149
Tab. B26b	<i>Benefits and contributions in the compulsory pension system in 2014.....</i>	150
Tab. B27a	<i>Benefits and contributions in the compulsory pension system in 2014.....</i>	151
Tab. B27b	<i>Benefits and contributions in the compulsory pension system in 2015.....</i>	153

Figures

Fig. 1.1	<i>Balance of compulsory schemes as % of pension expenditure net of GIAS transfers.....</i>	11
Fig. 1.2	<i>Percentage variation rates of contribution revenues and pension expenditure net of GIAS transfers.....</i>	12
Fig. 1.3	<i>Percentage incidence of total pension expenditure on PA spending net of interests to be paid</i>	12
Fig. 1.4	<i>Pension expenditure as % of GDP (SEC 2010)</i>	13
Fig. 1.5	<i>Average variation rates of real GDP and of pension expenditure net of inflation</i>	14
Fig. 1.6	<i>Contribution revenues, GDP and their ratio</i>	15
Fig. 1.7	<i>Annual variation rates of GDP, pension expenditure, contributions and operating results</i>	16
Fig. 1.8	<i>Percentage incidence of GIAS transfers and of accounting balances on total pension expenditure</i>	16
Fig. 1.9	<i>Percentage shares of financing for the 2015 pension expenditure by category of members</i>	18
Fig. 1.10	<i>Operating results for different categories of members (2012 – 2015).....</i>	19
Fig. 3.1	<i>Indicators: number of members, number of pensions, average pension and average contribution from 1989 to 2015, for the Schemes under Leg. Decree 509/94</i>	45
Fig. 3.2	<i>Indicators: number of members, number of pensions, average pension and average contribution for the Schemes under Leg. Decree 103/96.....</i>	46
Fig. 4.1	<i>Funds for different categories: accounting equilibrium rates net of Gias.....</i>	53
Fig. 4.2	<i>Farmers, tenant farmers and sharecroppers: pensions vs. active members ratio.....</i>	54
Fig. 4.3	<i>Farmers, tenant farmers and sharecroppers: accounting equilibrium rates with and without Gias</i>	54
Fig. 4.4	<i>Number of pensions vs. number of active members ratio.....</i>	55
Fig. 4.5	<i>Accounting average pension vs. average income ratio.....</i>	55
Fig. 6.1	<i>Financial results in terms of revenues and expenditure.....</i>	77
Fig. 7.1	<i>Number of inhabitants by annuity and by Region.....</i>	87
Fig. 8.1	<i>Total health expenditure and public expenditure - Per-capita figures by weighted population in 2015.....</i>	89
Fig. 8.2	<i>Public health expenditure by function. Index figures (2010=100), in 2010-2014.....</i>	91
Fig. 9.1	<i>Pension funds' assets with respect to GDP in OECD and non-OECD countries in 2015.....</i>	98
Fig. 10.1	<i>Contribution revenues, benefit expenditure and deficit composition in 2015.....</i>	105
Fig. 10.2	<i>Ratio of contribution revenues vs. benefit expenditure in 2015.....</i>	106
Fig. 10.3	<i>Distribution of different types of pension by Region.....</i>	108
Fig. 11.1	<i>Official RGS-MEF net substitution rates</i>	112
Fig. 11.2	<i>GDP capitalization rates 1996-2019.....</i>	114
Fig. 11.3	<i>Net substitution rates with the assumption of a GDP growth of 0.8%.....</i>	114
Fig. 11.4	<i>Net substitution rates in the compulsory and complementary pension system.....</i>	116
Fig. 12.1	<i>Social expenditure vs. revenues in 2014</i>	124

Introduction

This is the fourth edition of the Report on the *"Italian pension system"*, the only publication providing an overview of the complex pension system in Italy and a **reclassification of pension expenditure** within the state budget.

New in this edition is the analysis of contribution revenues and pension and welfare expenditure for each Region, together with different types of pension and welfare benefits with their **geographical distribution**. The aim is to assess how much each of the 20 Italian Regions pays and receives in terms of benefits, thus offering a different research perspective for analysts and policy makers.

Until 2012, this Report was drafted by the Social Security Expenditure Evaluation Unit (Nuvasp) under Act n. 335/1995 (Dini reform) and submitted every year to the Minister of Labour and then through the Minister to Parliament.

For a number of reasons, Nuvasp ceased its activity in May 2012¹ and this void was only partially filled by other publications. In order to bridge this gap, a larger database was rebuilt through a long and complex *"data entry"* effort and the support of private players, with the addition of *welfare schemes* and *temporary benefit scheme* and the unique technique of the cash flow regionalization.

Since 2014, the task of processing the data and of drafting the Reports has been fulfilled by the *Technical and Scientific Committee of Itinerari Previdenziali* and by its *Research and Study Centre experts* (many of whom were members or collaborators of Nuvasp). This report is made available to the Minister of Labour, to Italian and international institutions and to all social security stakeholders in Italian and English.

The **4th Report** is drafted on the basis of the financial account data provided by pension institutions and funds. It illustrates pension expenditure and contribution revenue trends and the balance of the compulsory public and private pension schemes in Italy. The observation period begins in 1989, the first year allowing for a comparative analysis on homogeneous time series². The retrospective analysis is up to 2015, the last year with available data on disaggregated financial statements. The Report uses ad hoc indicators to describe and evaluate the trends of all mandatory pension funds: the public schemes integrated into INPS, the only public pension institution³, and the private professional pension schemes under Legislative Decree n. 509 of 1994 and n. 103 of 1996.

The performance of these schemes is evaluated on the basis of the main variables such as number of active members, number of pensioners, average contributions, average benefits, which determine current account balances and medium and long term outcomes.

¹ Resignation of the President and of the members with a letter sent to Minister Elsa Fornero, member of Nuvasp. In addition to monitoring and controlling pension expenditure, validating the transformation coefficients and coordinating the *"general registries of active workers, pensions and pensioners"*, Nuvasp drafted the *"Report on the financial performance of the pension system"*; the last Report featured the data until 31 December 2010. In 2012, Nuvasp's large library was lost together with its enormous data bank created in over 15 years. Its web site too is no longer visible. It included the historical series of the reports and the database with the complete trends from 1989 to 2010. "

² The data were processed to compare homogeneous time series. It was carried out by the Social Security Expenditure Evaluation Unit (NVSP), which operated from 1997 to May 2012 at the Ministry of Labour and Social Policies.

³ Art. 21 of L.D. n.211 of 6/12/2011, transposed into Act n. 214 of 22 December 2011 "Urgent provisions for growth, equity and adjustment of public accounts".

The analysis of the results of the individual schemes is preceded by an evaluation of the general expenditure trends of the compulsory pension system over a time period of 27 years, as indicated above.

On the basis of the projections of the compulsory pension system, the Report illustrates the trends of the total expenditure/GDP ratio after 2015 in the short, medium and long term in terms of financial sustainability and of adequacy of benefits.

Moreover, the Report provides some data on the "life annuities" received by Italian and European MPs and regional council members, as well as the benefits for some public officials working for the Constitutional Court, the Presidency of the Republic, the Chamber of Deputies and the Senate and other institutions such as the Sicily Region. The data available is not complete because these institutions do not transfer the information to the general registry managed by the Ministry of Labour through INPS, even though this is required under Act n. 243/04.

Finally, the Report analyses the performance of the ***Welfare Benefit Scheme (GIAS)*** and of the ***Temporary Benefit Scheme (GPT)*** income support benefits funded by the production sector and by taxes, that of INAIL and the health expenditure trends. Moreover, the Report features the calculation of "**substitution rates**" with projections for different careers and economic scenarios; a detailed analysis of the privatized pension funds, a qualitative and quantitative picture of the complementary and supplementary welfare measures and a general overview of the main regulatory changes and innovations proposed up to 2015.

All this allows for a thorough evaluation of the "Italian welfare system".

1. Pension expenditure from 1989 to 2015

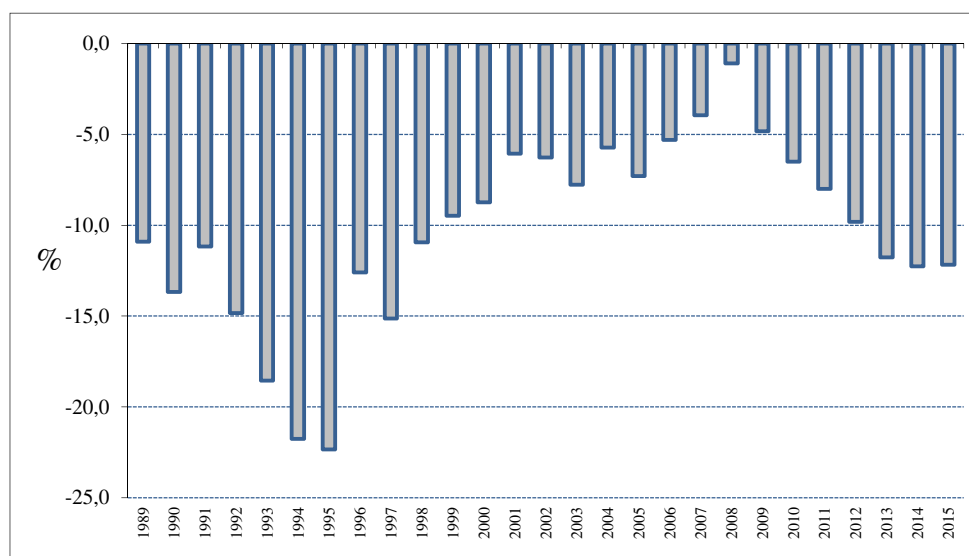
1.1 Pension expenditure and results from 1989 to 2015

The system in general shows that total pension expenditure (contribution-defined benefits and GIAS transfers) amounted to 253.9 billion euros in 2015, with an increase by 4.5 billion vs. the previous year (1.8% vs. 0.6% in the previous year). However, by breaking down the items of total expenditure, that is pension and welfare benefits, welfare benefits grew more, by 2.7 billion in 2015, 8.1% vs. the previous year, while pension expenditure grew by 1.7 billion, that is 0.8%.

In 2015, contribution revenues amounted to 191.3 billion Euros, 1.7 billion increase with respect to 2014, a better trend vs. the three previous years when contribution revenues stagnated due to the crisis and the deterioration of employment.

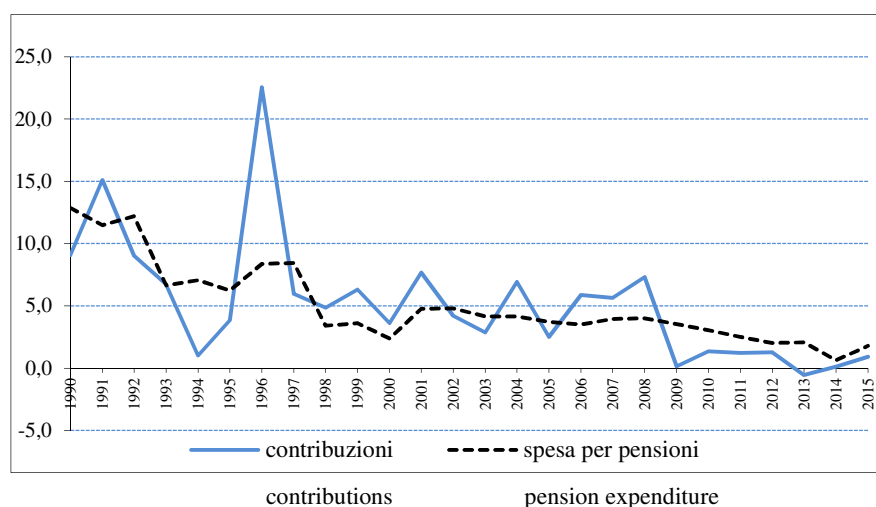
As a result, the balance between contribution revenues and benefit expenditure was negative by 26.5 billion euros, very similar to the previous year. **Figure 1.1** shows that while in 1995 this balance was 23% higher with respect to benefits thanks to the major reforms of the 1990's, in 2008 there was an equilibrium between revenues and expenditure net of GIAS transfers. Since then and with the beginning of the economic crisis, the accounting balances of the pension system have deteriorated. This apparently improved in the last two years.

Fig. 1.1 – Balance of compulsory schemes as % of pension expenditure net of GIAS transfers



The marked changes in the balance between revenues and expenditure are better understood by looking at **Figure 1.2**, showing the annual variation rates of contribution revenues and benefit expenditure net of GIAS transfers. In general, annual contribution variation rates fluctuated far more than benefit expenditure. Due to this growing instability, revenues in the pension system became more sensitive to the economic cycle, while benefit trends were mainly determined by the effects of the reforms.

Fig. 1.2 – Percentage variation rates of contribution revenues and pension expenditure net of GIAS transfers



This period was characterized by three different patterns. In the first period until 1995, expenditure did not grow so quickly but always at a higher rate with respect to contributions. From 1996 until the beginning of the crisis, revenues continued to fluctuate while expenditure steadily dropped; however, since the average contribution revenues were higher, there was a significant reduction in the accounting deficit of the pension system. Finally, in the last period, because of the GDP stagnation induced by the economic crisis and the fall in employment, contribution revenues remained stagnant, even though pension expenditure went further down. Therefore these balances deteriorated again and reached 12% of expenditure in the last two years.

Total pension expenditure was instrumental in determining the overall amount of public spending in these 27 years.

Fig. 1.3 – Percentage incidence of total pension expenditure on PA spending net of interests to be paid

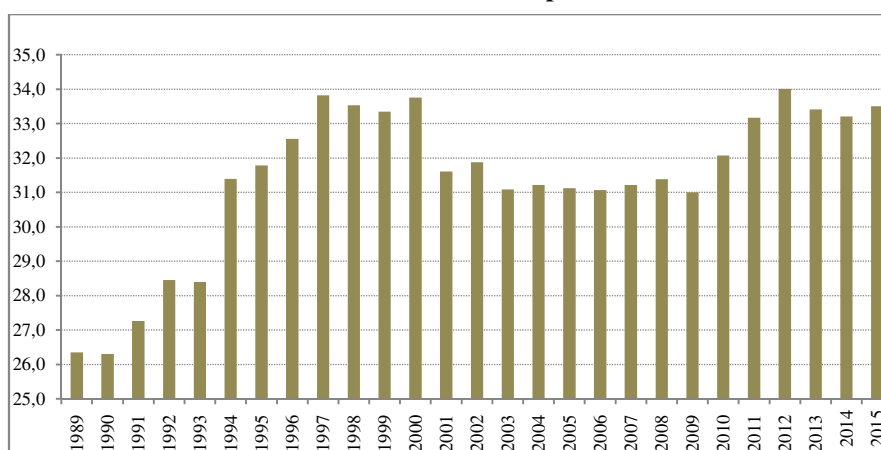


Figure 1.3 shows that the effect of total pension expenditure on total government spending net of interests did change and fluctuated over time.

Since this Report considers the effects of regulatory changes, it is possible to see that, in the years in which pension expenditure grew more quickly, in particular until 1993, pension benefits fuelled this growth, increasing from slightly over one-fourth to over one-third of public spending. After the reforms, and especially after the year 2000, there was a reversal in this trend and this ratio

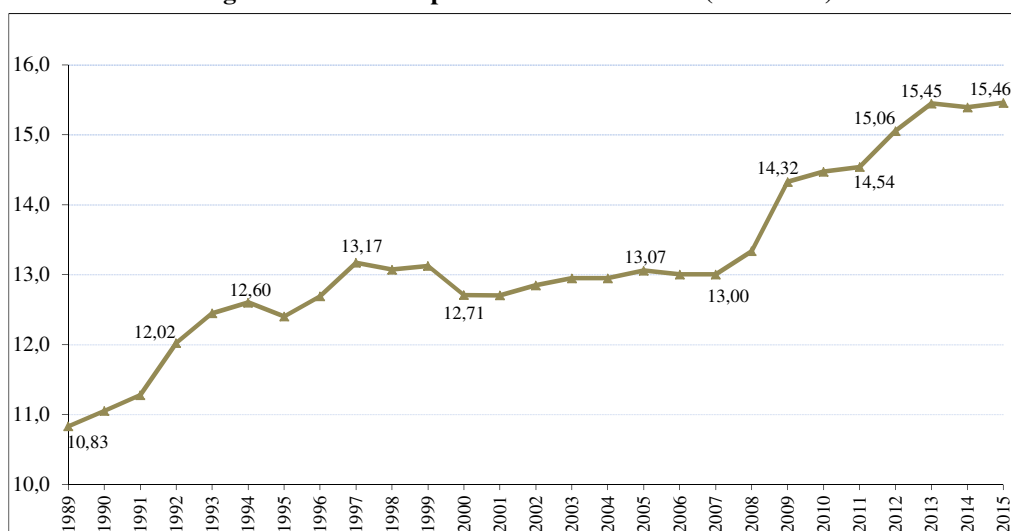
dropped to remain stable at around 31% until the years of the economic crisis. Since then, pension expenditure has resumed its growth and, in 2012, exceeded the peak reached in the 1990's. Finally, in the last few years, pension expenditure stabilized at about 33% of total public spending. These fluctuating trends can be evaluated by analysing the average variation rates of pension expenditure and of other public expenses net of interests (table below).

Tab. 1.1 – Average annual variation rates of pension expenditure and of other PA expenses net of interests to be paid (current prices)

Periods	Pension expenditure	Other government expenses net on interests to be paid
1990-1997	9.2	4.5
1998-2008	3.9	5.0
2009-2013	2.6	0.8
2014-2015	1.2	1.0

Each period presents different figures, except for an almost parallel growth in the last two years. However, pension expenditure continued to decrease throughout this period, while other expenses were characterized by more fluctuations. These different trends indicate that, as far as expenditure control is concerned, there are major differences between the aggregate of the other public spending items and pension expenditure. That is, while the former feature some accounting items that react to spending control measures in a relatively short time, pension reforms produce their effects in a longer term and are not able to have a significant impact on the expenditure trends because of the pre-existing regulatory framework.

Fig. 1.4 – Pension expenditure as % of GDP (SEC 2010)



The pension expenditure/GDP ratio, an indicator used in Europe to compare the pension systems of Member Countries is characterised by different phases over time (**Figure 1.4**).

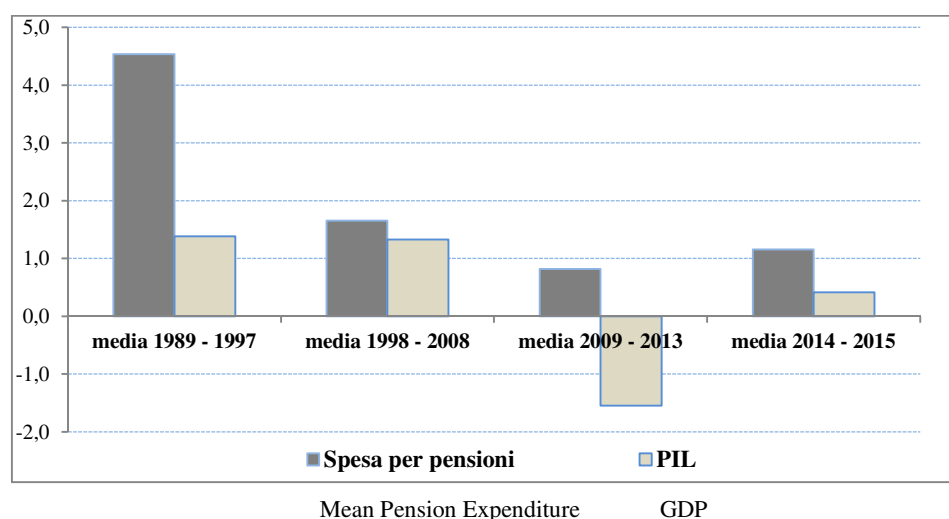
As already observed in the other Reports, this ratio rapidly increased until 1997 from 11.2% 13,6%⁴. In the following decade until 2007, the situation proved to be different. The reforms implemented in the 1990's, in particular the higher pension age requirements and the lower indexation of benefits, reduced the number and the average amount of the pensions actually paid.

⁴ This steady increase slowed down in 1995, when seniority retirement was temporarily halted (art. 13, par. 1 Act of December 23 1994 n. 724), pending the general pension reform (Act n.335/95).

Therefore, pension expenditure remained stable at around 13% of GDP. In the years of the crisis (2008 – 2013) this ratio increased by over two points, reaching 15.4%. Then, in the last two years, a slight economic recovery apparently stabilized this ratio.

This “phase” pattern of the pension expenditure/GDP ratio can be explained by the different trends of these two variables over time. **Figure 1.5** shows the average variation rates of these two indicators net of inflation⁵ so as to compare their different patterns over time.

Fig. 1.5 – Average variation rates of real GDP and of pension expenditure net of inflation



From 1989 to 1997, the average growth rate of GDP in real terms, slightly below 1.5%, was much lower than that of pension expenditure which increased by 4.5% per year in real terms. From 1998 to 2007, after the reforms, pension expenditure considerably slowed down, with an annual average variation rate net of inflation slightly higher than one third with respect to the previous period (1.7%), very close to the GDP growth rate (1.3%), which stabilized this ratio. It is important to stress that even after 2008 and until 2013, pension expenditure dropped by half (0.8%). However, its impact became much stronger due to the prolonged and severe economic crisis which led the average variation rate of GDP in real terms to turn negative (-1.5%).

Finally, in the last two years (2014-2015), pension expenditure slowly picked up again (an average annual rate of 1.2%). But a slight economic recovery (an annual average of 0.4%) was enough to partially rebalance this ratio. The conclusion therefore is that the radical pension reforms of the 1990's and all the measures adopted in the following years managed to lower the growth of pension expenditure.

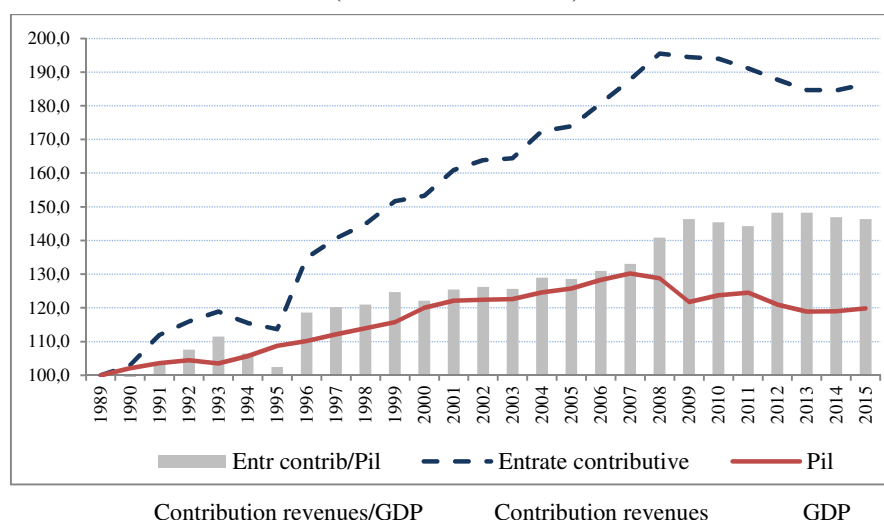
However, if the pension expenditure/GDP ratio is used as the main indicator of the financial sustainability of the system, also referred to the current trends, the almost zero GDP growth scenario since the start of the millennium seems to undermine the stability of this ratio which was obtained in the previous decade as one of the fundamental objectives of the great reform process.

It is interesting to look into the role of contribution revenues in determining the balances of the pension system. **Figure 1.6** shows that, after the reform of the mid-1990's, contribution

⁵ For GDP, the GDP deflator was used with 2010 prices, while for pension expenditure, the consumer price index for households of blue and white-collar workers was adopted (Istat, updated to October 2016).

revenues played an increasingly important role in determining these balances. In a period of growth, that is until 2008, before the economic crisis, contribution revenues grew in real terms much more than the gross product, as shown by the curves and the histograms of this ratio. The years of the crisis, led to a drop in GDP in real terms, GDP was slightly lower in 2015 than in the year 2000. The impact of the prolonged recession on the labour market, with a lower number of stable jobs and lower wages, resulted in a major reduction in contribution revenues. After 2008, contribution revenues started to decline in real terms, only to slightly pick up in the last two years, thus stabilizing their ratio vs. GDP, which had been steadily growing in the previous years.

Fig. 1.6 – Contribution revenues, GDP and their ratio
(in real terms: 1989 = 100)



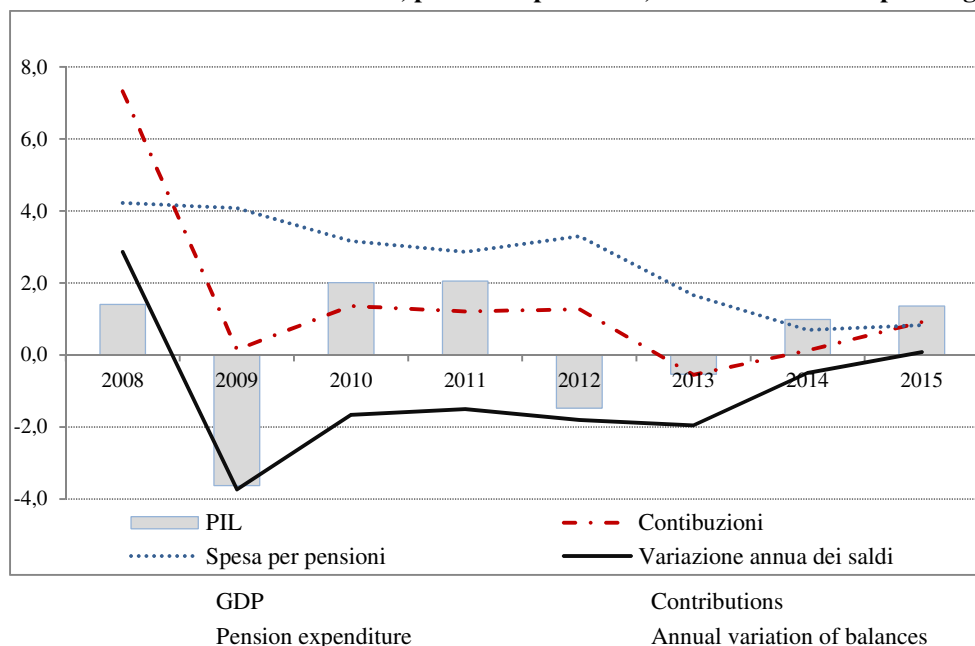
1.2 Operating results for the main categories of workers

As already indicated, the sustainability of the pension system was severely affected by the economic crisis. The difficult employment scenario following the zero or below zero growth rate had an immediate negative impact on contribution revenues while pension expenditure, after the reforms, was independent of the fluctuations of the product.

This different degree of correlation between the pension revenues and expenditure with the GDP had a major effect on the operating results of the system, which have deteriorated since 2008.

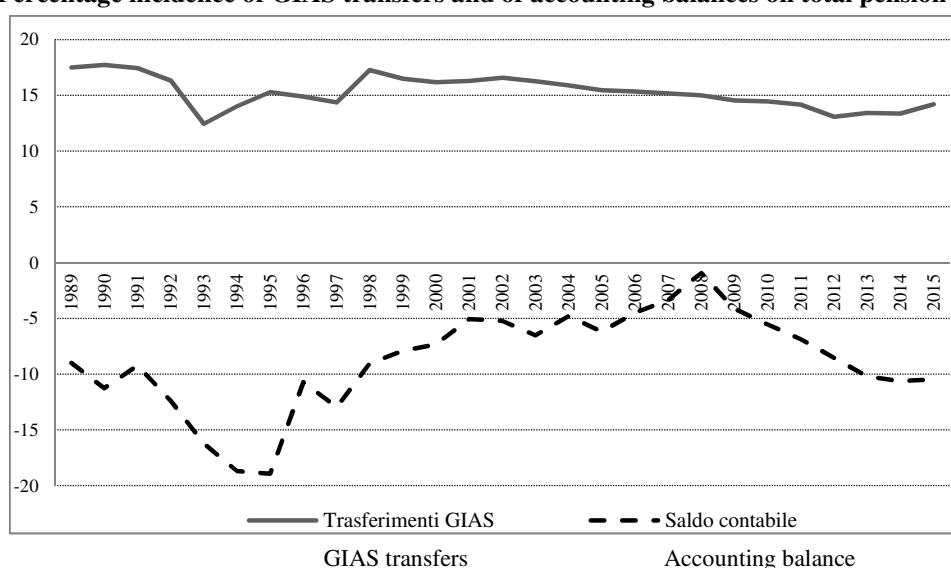
Figure 1.7 shows these trends for both indicators from the beginning of the crisis, that is from 2008. There is a clear and concurrent correlation between the fluctuation of GDP and contribution revenues. On the contrary, the annual variations of benefit expenses appear to be relatively independent of GDP fluctuations and to be gradually declining. As a result, the clear correlation between the economic cycle and the performance of the accounting balance of the pension system is almost totally due to the pro-cyclical trend of contribution revenues.

Fig. 1.7 – Annual variation rates of GDP, pension expenditure, contributions and operating results



As regards the performance of the whole compulsory pension system, GIAS transfer seem to have a significant effect on the accounting balance between contribution revenues and benefit expenditure, even though they do not seem to have a particular impact on their variation.

Fig. 1.8 – Percentage incidence of GIAS transfers and of accounting balances on total pension expenditure



In fact, during the whole period represented in **Figure 1.8**, GIAS transfers had a significant impact on total expenditure, at around 15%. However, only in the first period up to 1998, was there some correlation between the amount of these transfers and the accounting results. Instead, after this date, the amount of transfers remained relatively constant with respect to total expenditure, while accounting balances fluctuated for the above-mentioned reasons.

Given these trends, in 2015, contribution revenues financed total pension expenditure at 75.3% vs. 84.1% in 2008. At the same time, GIAS transfers, as a percentage of total pension expenditure dropped from 15% to 14.2%, while the residual share, that is the accounting deficit financed by general taxes, reached 10.5% vs. 0.9% in 2008.

The amount of pension expenditure covered by contribution revenues is an important indicator for the ability of this system to finance itself. Since expenditure also includes welfare benefits, GIAS transfers have to be included as ordinary financing items even though there are some doubts about their real nature and classification. The part of the accounting balance not financed by ordinary revenues, which has to be further funded by general taxes, is an important signal of the “current” disequilibrium of the pension system⁶. From this point of view, the situation is very different⁷ when moving from aggregate data to the main categories of workers.

Tab. 1.2 – Sources of financing for total pension expenditure and their percentage composition

	Pension ex. Net of Gias	Total pension exp.	Contributions	Gias Transfers	Balance	Contributions	Gias transfers	Balance
	In absolute terms					As a % of the total pension expenditure		
Private employees	118,976	147,008	117,099	28,032	-1,876.8	79.7	19.1	-1.3
Public employees	57,702	66,871	37,891	9,170	-19,810.9	56.7	13.7	-29.6
Artisans	11,849	14,011	8,203	2,162	-3,646.1	58.5	15.4	-26.0
Retailers	9,713	11,076	10,312	1,364	599.0	93.1	12.3	5.4
CDCM	4,355	8,751	1,223	4,395	-3,132.9	14.0	50.2	-35.8
Professionals	4,121	4,121	7,557	0	3,436.3	183.4	0.0	83.4
Atypical workers	711	779	7,908	67	7,197.2	1,015.8	8.7	924.4
Clergy Fund	102	112	31	10	-70.4	27.9	9.3	-62.8
Total supplementary funds	1,196	1,209	1,106	13	-90.5	91.5	1.1	-7.5

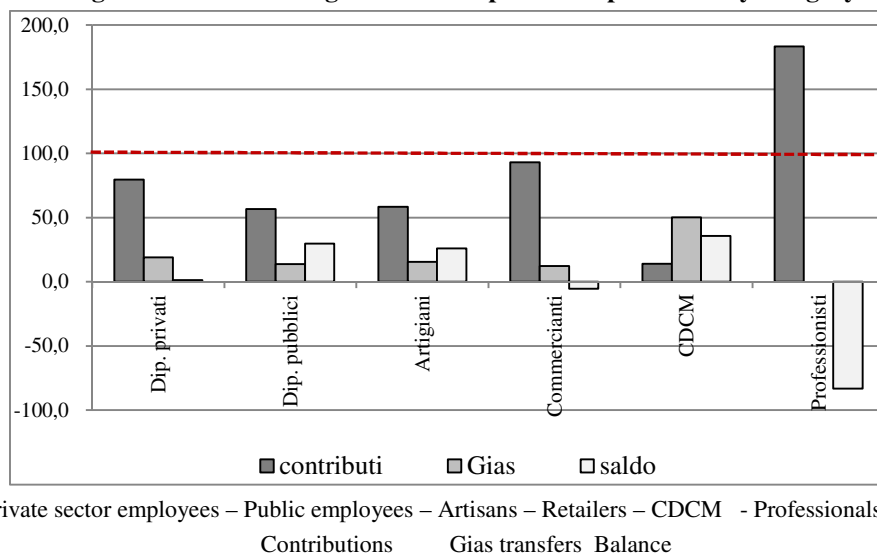
Table 1.2 shows the 2015 accounting situation. It includes minor funds as the Clergy fund and supplementary funds as well as the fund for atypical workers. The data in the table, in particular the percentage financing flows of total expenditure and its related balance are very indicative of the significant differences characterizing the funds of several categories of workers. In 2015, the funds of three categories of workers (retailers, liberal professionals and atypical workers) had ordinary revenues exceeding total expenditure, thus ending up with a positive balance. The fund for retailers reached this result with contribution revenues that were 7% lower than benefit expenditure. This imbalance was compensated through welfare transfers which were 12% higher than benefits. Instead, the schemes for liberal professionals managed to fully finance current benefits and to obtain a positive balance at 83% of the benefits paid without any welfare transfers.

This result was mainly due to the positive turnover between new members and number of retirees in relatively younger funds and therefore to a high ratio of active workers vs. benefits paid, especially in the fund for atypical workers, where contribution revenues appear to be ten times higher than the pensions paid.

⁶ “Current” balance or imbalance means the outcome of a current situation, that is the difference between revenues (contributions, transfers, income from assets under management) in the accounting year. This is to be distinguished from the “financial sustainability” measures of the pension system, mentioned in another part of the Report and the accounting data are found in the exhibit to this Report and are based on medium to long-term projections.

⁷ The main categories have an intermediate disaggregation level, since some of them, especially the larger ones such as the private and public sector employees, include different funds separately managed. The performance of each fund is discussed in other parts of the Report and the accounting data can be found in the Exhibit to this Report.

Fig. 1.9 – Percentage shares of financing for the 2015 pension expenditure by category of members *



** The dotted line refers to complete coverage (100%) of total expenditure. The Figure does not include minor schemes (clergy and supplementary funds) and the fund for atypical workers because their histogram would have distorted the whole graph. (see Tab. 2)*

As clearly shown in **Figure 1.9**, the funds for other categories have different situations. The funds for private sector employees, featuring the highest number of members, financed slightly less than 80% of benefits through contributions and received transfers to pay for welfare benefits for over 19% of total expenditure, so with a limited negative balance (1.3% of total expenditure). Instead, the funds for public employees and for artisans have similar but much less balanced situations. In fact, contribution revenues only accounted for 56.7% and for 58.5% of total expenditure. Welfare related transfers only covered 15.4% of expenditure for public employees and 12.3% of expenditure for artisans⁸. In both cases, benefit expenditure was not fully covered, thus resulting in negative balance results: 29.6% of total benefit expenditure for public employees and 26% for artisans.

The agricultural sector is characterized by an even greater imbalance, since the number of pensions/number of contributors ratio is very high, with a negative balance above 35% of the amount for benefits, even though the fund received GIAS transfers for over 50% of expenditure on the basis of the rather doubtful criteria used to define welfare benefits in this sector.

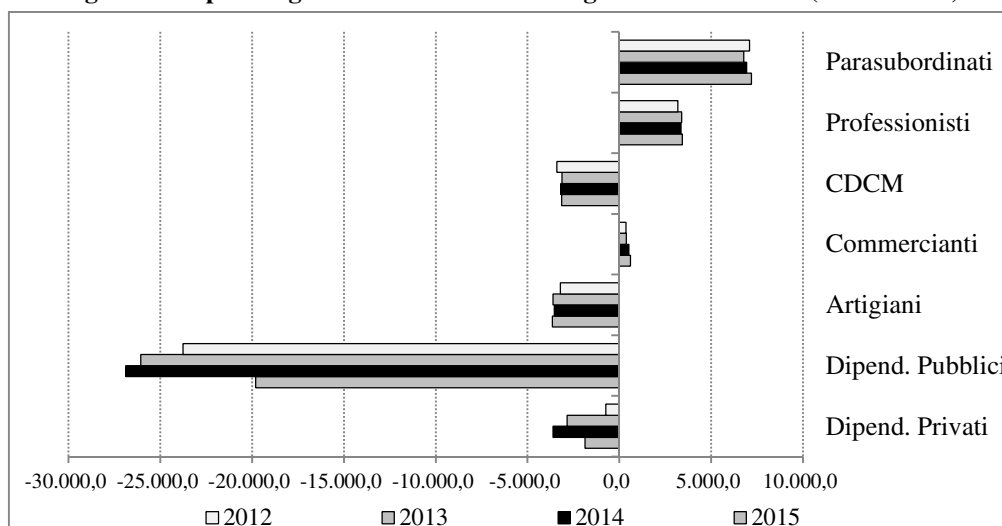
The Fund for atypical workers has an opposite situation. This fund provides a major contribution to the overall financial results of the compulsory pension system in that the number of atypical workers is increasing and only a limited number of members have become eligible for retirement. In fact, contribution revenues are ten times higher than pension expenditure with a very limited amount of GIAS transfers (about 7.7% of benefits paid).

Different degrees of disequilibrium also emerge from the other schemes: the Clergy Fund receives a relatively small amount (less than 10%) of transfers from GIAS but it has a negative balance above 62% of total expenditure; the so-called supplementary funds have a very limited amount of welfare transfers (1.1% of expenditure) but have a negative balance equal to 7.5% of all the benefits paid.

⁸ In the last report, the balance of the fund of public employees also included the share of the transfers from GIAS, under Act n.183 of 2011, art.2, par. 4. In order to be in line with the historical series, the general framework with the operational results from 1989 to 2015 does not separate pension benefit expenditure from welfare expenditure.

The more or less structural character of the 2015 financing flows can be better inferred from the operating results and their patterns over a longer time spam. **Figure 1.10** shows this evidence for the four-year period 2012-2015.

Fig. 1.10 – Operating results for different categories of memberss (2012 – 2015)



Atypical workers - Professionals – CDCM – Retailers – Artisans – Public employees – Private sector employees

These negative and positive operating results for these categories of workers remained more or less unchanged in the last period.

In the four years observed, three categories of workers always had positive results with a slight but steady improvement: retailers, atypical workers and liberal professionals.

The funds for private sector employees, with the highest number of members, appear to be almost in equilibrium, after their balance deteriorated because of the decline in contribution revenues. However, there was a more positive trend last year.

Some schemes still run a deficit or even deteriorating such as the fund for retailers, even though the increase in the contribution rate pushed up their revenues, and the agricultural fund (CDCM) because of the well-known structural characteristics linked to the life cycle of this industry: a dwindling number of active workers and a growing number of pensions to be paid which started declining only in the last few years.

Given the different weight of these categories, it is clear that balances in absolute terms have a different meaning according to the number of active workers and of pensioners.

For example, considering that the total number of active workers and of pensions paid in the private sector funds exceeds 23.5 million, while it is equal to 3.5 million in the fund for artisans, the per capita accounting balance is much higher in the latter rather than in the former. On the basis of these facts, that is considering the per capita imbalance and the number of active workers and of benefits paid in each category, it is evident that the main source of disequilibrium in the pension system comes from public sector funds with their 6 million active workers and pensions paid.

In this case too, there is a structural element in the evolution of the fund which tends to generate a growing imbalance⁹. In fact, public spending cuts led to a significant reduction in turnover and hence in the number of active workers, while a higher retirement age resulted in a drop in the number of pensions to be paid but with a temporary and somewhat controversial effect: once the number of retirees picked up again, the average benefits to be paid proved to be higher because of seniority.

⁹ The 2015 accounting balance for public employees is strongly influenced by the provision under which part of the expenditure that was charged as ordinary expenses was classified as welfare expenditure financed by GIAS transfers. Without this change, the negative balance would have increased by over 2.1 billion euros, equal to a 7.8% growth.

2. 2015 operating and financial results of the pension system and of individual funds

The compulsory pension system in Italy is made up by INPS funds (National Institute for Social Security), which account for about 97% of the whole system, and by the so-called "privatized" funds for liberal professionals. Several regulatory provisions (the latest one was **Act n. 214/2011**) integrated into INPS the following schemes: INPDAI (fund for industry managers) in 2002, IPOST (fund for postal workers) former INPDAP (the public administration pension fund) and former ENPALS (fund for show business and entertainment workers).

The compulsory system also features complementary or supplementary schemes launched by INPS and by privatized funds such as ENASARCO, the complementary pension fund for retail agents, ENPAIA, the complementary pension fund for agricultural workers and FASC, the complementary pension fund for shippers.

This chapter analyses the INPS consolidated accounts and those of individual funds, while the accounts of privatized schemes are illustrated in Chapter 3.

Table 1a shows the overall financial situation of the compulsory pension system with its benefits, contribution revenues, operating results and pension benefits paid through GIAS transfers.

Point 4 of this Table shows the data of the funds for liberal professionals privatized under Legislative Decrees n. 509/94 and n.103/96, which are included in the mandatory system. However, they are autonomous and therefore do not require any financial resources from the State budget. The detailed graphs of these privatized funds are displayed on a special web section of the Report.

Chapter 5 supplements the quantitative analysis of the INPS funds with an insight in the scope of the **Temporary Benefit Scheme (GPT)** and of the **GIAS** income-support measures.

In 2014, pension expenditure of all the funds (net of the GIAS transfers as shown in tab.1a) amounted to **217,895 million euros**, a **0.82%** increase compared to 2014, partly due to the adjustment of benefits to inflation¹⁰ and also to the so-called "*renewal effect*" linked to the replacement of ceased pensions with the new ones, which are higher on average.

2015 also felt the impact of the "Fornero effect" that is the boom of early retirements: **148,540** with a 74% increase vs. 2014; the more stringent requirements introduced by the Fornero law (Act 214/2011) have not allowed a high number of workers to retire since 2012. They fulfilled the seniority requirements to retire only in 2015.

In the same year, considering the transfers to pay special benefits, tax deductions and contribution incentives equal to **15,032 million euros** (excluding the additional contribution of 10,800 million euros paid by the State pursuant to Law n. 335/1995 to finance CTPS (funds which pay benefits to public employees), **contribution revenues** amounted to **191,330 million euros** vs. 189,595 million

¹⁰ This became relevant in 2015 due to the Constitutional Court decision n. 70/2015 which rule out the legitimacy of the provision that had restricted the adjustment; then following this ruling, the Government decided to partially refund these arrears in 2015; moreover, the 2016 Stability Law extended until 2018 the reduction in the adjustment for pensions 4 times higher than minimum benefits (with the explicit intention of funding a larger no tax area, the women's option and the voluntary part-time plans); the whole issue is again before the Constitutional Court, while the recent agreement between the State and the trade unions, has envisaged to go back to the adjustment mechanism provided for under Act n. 388/2000 as of 2019.

euros in 2014, with a **0.91%** increase. So there was a negative balance between contributions and benefits by **26,565 million euros** with a 0.04% increase vs. 26,519 million euros in 2014.

These figures are more or less in line with the previous year's. So the overall results of the pension system in 2015 can be considered positive. In fact, with respect to 2014, the increase in pension expenditure was lower than the increase in contribution revenues (0.91%). The outlook is somewhat different if the 2015 deficit is seen over a longer time span, since it shows the worrisome historical trend of deficits in the last few years¹¹.

Therefore, it is possible to draw the following conclusions:

- According to the analysis of **Table 1a** and of the pension funds for self-employed workers and for private sector employees, there are 3 INPS schemes running a surplus: the fund for **retailers** with a surplus of **599 million euros** (521 million in 2014), the fund for **show business and entertainment workers (ex ENPALS)** with **422 million euros** (279 million euros the previous year) and the fund for the so-called **atypical workers** with a surplus of **7,197 million euros** (6,94 million euros in 2014), which is a "separate scheme" founded in 1996 and not yet fully operational. As shown in Chapter 3, all the schemes for professionals (except for Inpgi and Cipag) run a surplus equal to **3,436 million euros**. These schemes still have a higher number of active members with respect to the number of pensioners who, with their contributions (+ **11,654 million euros'** worth of surplus) help curb the overall deficit between expenses and revenues as indicated above.
- All the other funds run deficits, especially the funds for public employees, for former Ferrovie dello Stato workers, for farmers and artisans. In this connection, it is important to mention Art. 1, par. 86 of Act 147/2013 (2014 Stability Law) which envisaged a solidarity contribution for three years from January 1 2014 to 2016 for the so-called "gold pensions" (91,344 euros per year in 2015), i.e. those 14 times above the INPS minimum benefits. Under decision n. 173 of July 6 2016, the Constitutional Court established the constitutional legitimacy of this provision; There is no need to look into this ruling, to have an idea about this very controversial measure also on the basis of the following data: this provision targets only 48,296 **pensioners** out of a total of 16,179,377 for an overall amount of 41,942,225.84 euros (49,104,856.97 in 2014) (868 € on average per pension). The Court should have more carefully considered this small number of retirees.
- The deficit in the funds for public employees was equal to **28,980 million euros** and it would have been lower if the additional contribution by the State to CPDS had been included in the contribution revenues, which amounted to **10,800 million euros** in 2015. This reduction would also have a positive impact on the overall deficit of all the schemes. However, this contribution must be included in the total costs but not in the operating costs.
- Finally, in evaluating the performance of the overall pension system in Italy, it is important to consider that contribution revenues also include the transfers from the GIAS and GPT Funds. The GIAS fund (illustrated in Chapter 4.6) provides welfare benefits financed by the State through general taxation and the GPT fund (illustrated in Chapter 7) receives 70% of its funds from the contributions paid by companies and by workers for temporary benefits. Both funds

¹¹ Between 2009 and 2010 + 39.35%; 2011 vs. 2010 + 26.31%; 2012 vs. 2011 + 26.55%; 2013 vs. 2012 + 22.2%; but in 2014 already vs. 2013 +4.97% and only 0.04 % in 2015.

provide ad hoc transfers to compensate for the loss of contribution revenues due to the deterioration of employment; so, in order to properly assess Italy's economic outlook and the ratio of contribution revenues to pension expenditure, it is imperative to consider contribution revenues net of the welfare transfers from GIAS that are equal to **9,226.42 million euros** and the ones from GPT that are equal to **5,805 million euros** for a total of 15,031.42 million euros.

The difference between revenues and benefit expenditure in 2015 amounted to 26,565 million euros similarly to even more critical deficit situations in the previous years (see note 2). In the case of INPS, this led to a progressive impoverishment of its **net worth** which amounted to **5,870 million euros** on December 31 2015 vs. **18,407 million euros** on December 31 2014; this positive result was possible thanks to a State contribution of 21,698 million euros to rebalance the accounts of former INPDAP under art. 1, par. 5, of Act 147/2013.

The reduction of the percentage increase of the deficit only partially depends on the number of active workers paying contributions. In fact, according to INPS, this figure went from 24,172,210 in 2014 to 24,289,162 in 2015 (*Tables 4.a and 26.a*) and was broken down as follows: 15,728,097 employed workers, 3,222,505 public employees, 2,764,747 self-employed workers, 1,114,609 atypical workers, 238,011 former Enpals members (data 2014), 1,221,193 members of the privatized funds (2014 figures net of Enasarco, since its members must also be members of the INPS retailers' fund). As already indicated, the data in the INPS accounts have a merely administrative nature and refer to the number of workers paying contributions rather than the actual number of active workers; even a single contribution a year is enough to be included in the number of contributors; moreover, there are workers who are also members of different funds and who are calculated more than once. On the basis of the data from the Ministry of Labour and from Istat, it is possible to obtain the total number of workers by selecting their tax code from the Registry of Active Workers. Their number dropped to 22,960,711 very close to the Istat data on "employed" workers which reported a number of active workers equal to **22,464,753** in 2015 with a **0.83%** increase vs. 2014 (previously 22,278,917 as indicated in table 12.7 in Chapter 12).

On the benefit side, the revision of the age and seniority requirements to be eligible for retirement introduced by the law (the so-called Monti-Fornero Act, n. 92/2012) led a reduction in the number of claims for benefits, notwithstanding some exceptions to the new and more stringent criteria for early retirement¹². This resulted in the so-called "**esodati**" problem, 170,000 of whom became eligible for "safeguard" measures, thus reducing the expected amount of savings.

¹² The Women's Option (art.1, par. 9 Act n.243/2004): it is designed to allow women to retire early at 57 or 58 (employed or self-employed) with 35 years of contributions (minimum requirements fulfilled by 31/12/2015 under the 2016 Stability Law); employed workers in the private sector with 35 years of contributions and "96 quota" by 31/12/2012: eligible for early retirement at 64.3 years; instead for women working in the private sector the requirement was less stringent, that is 20 years of contributions and 60 years of age on 31/12/2012.

Tab. 2.1: Summary of safeguard measures for “esodati” (Inps situation in August 2016)

Safeguard measures	Maximum number of safeguarded subjects under the law	Applications accepted *	Applications not accepted	Pending applications	Pensions paid
1^ Measure	64,374	64,374	6,766	-	56,463
2^ Measure	29,741	17,531	8,110	60	13,662
3^ Measure	7,554	7,202	6,494	178	7,141
4^ Measure	3,572	3,424	1,478	14	3,410
5^ Measure	3,871	3,510	5,505	49	3,474
6^ Measure	37054**	20,513	12,281	411	17,000
7^ Measure	26,300	11,525	13,875	964	5,466
Total	172,466	128,079	54,509	1,949	106,616

**Maximum number recalculated under art. 1 of Act n. 208 of 2015 (2016 Stability Law) and later by the 2017 Stability Law equal to 137,095 people.*

***Maximum number of 32,100 as provided for under Act 124/2013 and of Act. 147/2014 which was reviewed after the decision by Conferenza dei Servizi on the six safeguard measures which ended on 09/11/2015. Under Art. 1, par.193, of Act 147/2013, it includes the eligibility for the safeguard measure also for subjects on leave or permit as envisaged by Act 104/92 who exceed the above-mentioned upper limit (4,954 people).*

The Table shows that the number of pensions paid until August 2016 was 106,616 with less than 2,000 applications pending; after the 7 safeguard measures reported in the Table for a maximum number of people which dropped from 172,466 to 137,095 under the 2017 Stability Law, this approach has been extended to another 30,700 workers, thus introducing the eighth and probably final safeguard measure.

In 2015, the number of outstanding pension benefits went down by 280,730 to reach 17,886,780 (18,067,510 in 2014); the average nominal amount of pension benefits grew steadily from 13,100 euros in 2011 to 13,400 euros in 2012, 13,780 in 2013, 14,200 in 2014 and to **14,290 euros** in 2015.

2.1 Fund for private sector employees (FPLD)

The Report moves from the analysis of the pension system as a whole to that of individual funds by providing an insight into their contribution revenues, benefit expenditure and their balance, as well as their main variables (number of members and pensioners, pensions and average contributions) and their financial situation as already illustrated in the 2015 Report. The financial outlook for many of these funds was already poor but it further deteriorated in the last few years due to the negative impact of the crisis. Moreover, the Report provides also some 2014 data (unchanged in 2016) from the so-called “Open Doors” initiative launched by INPS on the level of benefits paid by each scheme. The aim is to shed light on the articulate pension system in Italy. These data show the situation for each fund if the pensions paid on the basis on the income system were recalculated

with the contribution-based system, even though this remote hypothesis would be hardly applicable for many categories and, in some cases, the pension amount would actually be higher¹³.

- In 2105, **all the funds for private sector employees** (see Table 1a) had a ***negative balance equal to 1,877 million euros***, much better than the deficit in 2014 that was equal to 3,613 million euros, in line with the above-mentioned considerations made on the overall data of the pension system. In fact, in 2015, these funds had to pay 118,976 million benefits (119,494 million euros in 2014), but they received 117,099 million euros' worth of contributions (115,881 million euros in 2014), with a ratio of contributions to benefits of 98.4% (97% in 2014), almost reaching a full balance. These figures refer to the broad "*category of private sector employees*". This category also includes members of the occupational pension fund (FPLD) and of the scheme for industry managers (former INPDAI) and the former special funds (transportation, telephony, electricity) which were then integrated into FPLD with separate accounts, as well as of other sectoral schemes (aviation and railway fund, consumer tax fund, FF.SS fund and other minor schemes¹⁴ integrated into INPS with separate accounts); in addition, it features the data on the entertainment sector employees, once members of former ENPALS which was merged into INPS as of 1/1/2012 and of the post and telephony sector employees who were members of former IPOST, abolished on 31/5/2010 and transferred to INPS; finally, this category also feature the fund for private sector journalists managed by INPGI (private law organization). Here follows the analysis of each fund:
- **FPLD**: FPLD (pension fund for private sector employees) is analysed here without the separate accounts of the former special funds merged into its system; it is the most important scheme in this "category" with more than 90% of members and benefits paid. In 2015, it had a ***positive balance equal to 10,780 million euros*** which is the difference between 109,210 million euros' worth of contributions and 98,429 million euros' worth of benefits (see Table B26.a); this positive balance confirmed the trend of the last few years. As already mentioned, a great contribution came from the GPT and GIAS income-support transfers. The overall result of this fund was negatively affected by the former special funds merged into its system with separate accounts (except for Enpals, running a surplus), Ipost and Inpdap. In fact, their overall deficit amounted to ***12,640 million euros*** in 2015 (see Table 27a), while those who paid contributions to these special funds only accounted for ***5%*** of all the active members in this category. However, with the exception of the transportation fund, the data on these special funds do not include the contributions paid by newly hired workers in these sectors after the consolidation, as they are directly registered with FPLD. As a result, the progressive worsening of these special funds and the improvement in FPLD can be partly explained by the above-mentioned transfer of contributions. In the end, the longstanding situation described above led to very negative financial results. In fact, on 31/12/2015, FPLD had a deficit equal to ***138,930 million euros*** including the results of the transportation, electricity and telephony funds and INPDAI; in disaggregated terms: FPLD – 48,142, transportation -19,952, electricity -29,922, telephony -6,779, INPDAI -34,135. Some data on these former special funds show a

¹³ For analytical details, please refer to the III Report; for example, the recalculation made on the post-1999 pensions of the retailers' fund showed that as much as 91% of pension would drop, that 1/3 of them would plummet by 50%; then a hint to the transportation fund (78% reduction of benefits) to the electricity fund (79%) and to the ex INPDAI fund (88%).

¹⁴ As of December 1° 2015, Act n. 125/2015 cancelled the gas sector fund; as a result, the contributions to this fund ceased on that date and no benefits have been paid since then; a temporary scheme was set up within INPS.

difference between the benefits provided by these schemes and those paid by FPLD; but it is important to stress that this is mainly true for pensions paid way back in the past because, over time, several provisions were introduced to harmonise the rules of these funds which were more favourable in the past with respect to those of FPLD, in particular because of their lower contribution rates and their higher rates of return for the calculation of benefits. For these reasons, for some funds, the Fornero law envisaged solidarity to be paid by members and pensioners as of 1/1/2012 until 31/12/2017.

- **Transportation Fund**: this fund was dissolved in 1996; at that time, its deficit amounted to about 500 million euros and its capital deficit to about 1 billion euros; these figures grew year after year to reach a negative balance of **1,064 million euros** and a capital deficit of **19,952 million euros** in 2015. At the end of 2015, the number of pensions was equal to 104,990 and the number of active members 103,500; as already pointed out, newly-hired workers continue to be registered with this fund even after its merger with FPLD. In fact, the fund provides more favourable conditions: the **average pension** amounts to **21,460 euros** vs. 12,750 euros provided by FPLD. The most relevant advantages with respect to FPLD (for example the rules for “travelling personnel”) ceased or became at least more stringent as of 1/1/2014 due to the harmonization regulation of the Fornero law.
- **Electricity Fund**: this fund was dissolved in the year 2000 and at that time, it already ran a deficit. The situation further deteriorated and, in 2015, its deficit was equal to **1,921 million euros** and its capital deficit was **29,922 million euros**. At the end of 2015, the number of outstanding pensions was equal to 98,490 and the number of active members 30,400 (newly-hired workers become members of FPLD); the **average pension** was **26,220 euros**, more than double with respect to FPLD).
- **Telephony fund**: this fund was suppressed in the year 2000 and it started to run a deficit in 2003 and a capital deficit in 2010; in 2015, its negative balance reached **1,313 million euros** and its capital deficit **6,779 million euros**. At the end of 2015, the number of pensions was equal to 74,320 and the number of active members was 45,820 (newly-hired workers become members of FPLD) with an average pension of **26,260 euros, more than double with respect to FPLD**.
- **Former INPDAI fund**: this fund was dissolved in 2003; notwithstanding its assets, it always produced negative economic results; in 2015, its negative balance reached **3,921 million euros** and its capital deficit **34,135 million euros**. At the end of 2015, the number of pensions was 127,500 and the number of active members was 30,650; the average pension was 51,020 euros. Given that workers hired since 2003 have paid their contributions to FPLD, this fund too had negative results every year, with the erosion of its initial wealth and the deterioration of its capital and financial situation.

A final consideration on the funds for private sector employees, that is FPLD and GPT; they managed to reach a relative financial equilibrium over time thanks to the GPT surplus; in fact, notwithstanding the crisis and the resulting reduction of benefits paid, in 2015 GPT had a positive result equal to **2,687 million euros** with a surplus of **186,413 million euros**, which was more than enough to offset the FPLD liabilities equal to **138,930 million euros**.

2.2 Funds for public employees (former INPDAP)

Under the above-mentioned Art. 21 of L.D. 6/12/2011, transposed into Act n. 214 of 22/12/2011, INPDAP ceased to exist as a separate scheme and was integrated into INPS as of 1/1/2012. Therefore, as of this date, the data for this Fund have appeared in the INPS consolidated accounts. As a result, the major deficit of these schemes further deteriorated the INPS financial situation in general, However this did not have an impact on the overall results of the compulsory pension system which had already anticipated this imbalance.

In sum, *in 2015*, the deficit of these schemes amounted to **28,980 million euro**, net of 10,800 million euros' worth of the additional contributions paid by the State, with **37,891 million euros'** worth of revenues and **66,871 million euros'** worth of expenditure (including 9,170 million euros paid by GIAS, under Act 183/2011, art. 2, p. 4; this deficit is in any case in line with the ones of the two previous years (26,875 in 2014 and 26,058 in 2013). Pension expenditure increased by 2.81%, + 1,832 million euros with respect to 2014 thanks to the automatic adjustment of benefits already indicated and to the substitution effect between ceased pensions and new pensions. As already mentioned, in the year considered, GIAS paid up to 9,170 million euros' worth of benefits with respect to 7,480 million euros in 2014.

However, considering the total contribution by the State (10,800 million euros of additional contributions under Law 355/1995 and 9,170 million in benefits transferred to GIAS), the final result was: 48,691 million euros' worth of revenues and 48,691 million euros' worth of expenditure, with an overall difference of 9,010 million euros.

It is important to stress that, in the public sector, ordinary contribution revenues have been shrinking (-273 million vs. 2014) due to the dwindling number of public employees paying contributions; according to the calculation method used until 2013, the number of active workers dropped from 3,039,540 to 2,953,021; since, as of 2014, data have also included public employees with term contracts, their total number increased to 3,255,630 (+ 186,090 vs. 2013); in 2015, this indicator was almost unchanged with a total number of active workers equal to 3,252,300.

This constant annual deficit resulted in 2015 in a capital deficit equal to **5,740 million euros**, which benefited from the already-mentioned transfer of 21,698 million euros under Act n. 147/2013 (in 2013 it amounted to - 23,317 million euros).

A system still to be harmonized: INPDAP, now integrated into INPS, featured some separate schemes: pension benefit fund for civil servants (CTPS), pension fund for employees of local authorities (CPDEL), pension fund for teachers (CPI), pension fund for health care workers (CPS) and pension fund for court officers (CPUG). For historical reasons, each fund had its own regulation, so its members were entitled to different benefit levels; then some harmonization measures were adopted within the framework of INPDAP which have now almost been completed under the Fornero law. However major differences still exist with respect to the rules governing FPLD and to the ones to calculate the A and B pension shares for civil servants in general; for example, CTPS accounts for about 60% of public employees and still features different pension levels within its different sectors.

- In the sector of defence, security and public rescue, retirement requirements are less stringent both in terms of retirement age and years of contributions for early retirement; moreover, workers are entitled to have more years of contributions according to the nature of the service

they provide (for every 5 years of service, an additional year of contribution is envisaged with a maximum of 5 years for early retirement). Other features more generous pension benefits for workers suffering from work-related disability (today only military and police forces) and auxiliary pensions (only for the military).

- For judges and magistrates, the major difference lies in seniority pensions because of their compulsory retirement at 70 years of age but with the possibility to remain until 75 (now repealed but still temporarily in force until 31/12/2015); moreover, they have less stringent early retirement requirements (63 years of age and 20 years of contribution).
- Diplomatic officials have specific benefits for their service abroad; for example, they receive these benefits for service abroad (ISE) instead of special supplementary benefits, calculated as on the basis of 50% of pension income and additional benefits always on the basis of 50% but only as of 1/7/2015. These subjects are entitled to a seniority pension according to the following rules: they are obliged to retire at 65 years of age if they have fulfilled the retirement criteria or they continue to work until they reach the retirement age envisaged for all workers; they have less stringent requirements for early retirement, that is 63 years of age and 20 years of contribution. Moreover, when they serve in “difficult” or “particularly difficult” locations, they are entitled to an increase in their benefits by 6/ or 9/12th for a maximum of 5 years.
- Prefectural personnel present the greatest difference. In fact, their pension can be increased six times, on average by 15% of their income related to the years of contribution; moreover, in case of particular roles (for example, Head of the Police), these additional benefits are included in the pension base even though they no longer serve in this position when they retire. They have the same rules as the ones indicated under point C for early retirement and seniority pensions.
- For public university professors (*annual average pension* equal to about **65,000 euros**) particular rules apply to take into account their periods of full-time work or with temporary contracts; then there are specific provisions linked to the type of career they had (researcher and assistant, first or second level faculty) as to their retirement age and the possibility for them to go on working if they have not fulfilled all their retirement requirements.

2.3 Inps funds for the self-employed: artisans, retailers, farmers, tenant farmers and sharecroppers (CDCM)

The overall results of the funds for artisans and retailers showed an imbalance between contributions and benefits which reached **3,047 million euros** in 2015 (3,020 in 2014). In addition to the effects of the crisis that reduced the number of active workers, this unrelenting economic and financial imbalance is also due to the long-term effect of Act n. 233/90 which introduced favourable rules for calculating pension benefits for these categories, but without any mathematical and actuarial approach. A new equilibrium will be obtained in the next few years with the final implementation of the contribution-based system calculation rules.

Here follow the accounting results of these two schemes:¹⁵

In 2015, the *Fund for artisans* had a negative balance equal to **3,646 million euros** (3,541 in 2014): **11,849 millions'** worth of benefit expenditure, slightly increasing by 110 million euros vs. the previous year and 8,203 millions' worth of contribution revenues, in line with 8,198 million euros in 2014. However, its operating result, following amortization and bad debts, showed a deficit amounting to **6,510 million euros**, up with respect to 2014 (5,748 million euros). So the capital deficit rose to **56,089 million euros** vs. 49,759 reached at the end of 2014.

This situation results from the combined effect of a dwindling number of active workers, from 1,772,680 in 2013 to the current figure of 1,688,690 (minus 83,990 equal to about 5%) and of a steady increase in the number of pensioners, from 1,639,470 in 2013 to the current figure of 1,661,180 (+ 21,710); the ratio of active workers to pensioners is deteriorating (1,016 active workers for every pensioner).

The *Fund for retailers* had a positive balance equal to **599 million euros** also in 2015, better with respect to the positive balance of 521 million in 2014, with **10,312 million euros'** worth of contribution revenues, slightly higher with respect to 10,147 in 2014, vs. 9,713 million euros' worth of benefit expenditure (9,626 in 2014). The final results include the data of the separate account called "fund for the rationalization of the retailers' network" as provided for under Leg. Decree n. 207/1996; they showed an operating deficit of **2,697 million euros** (down vs. 1,574 million euros in 2014) also due to contribution credit amortizations and write-offs. On 31/12/2015, the final *capital deficit* was equal to **4,327 million euros**.

For this fund too, there was an increase in the number of pensioners (from 1,389,690 in 2013 to the current figure of 1,393,300) and a reduction in the number of active workers (from 2,193,120 in 2013 to the current figure of 2,160,100); the ratio of pensioners vs. active workers was higher than the average, that is 1.55 active workers for pensioner.

The accounting difference between these two funds is reported in Table 2.2 which compares the data on contribution revenues and benefit expenditure and their balance in the last 5 years.

¹⁵ In Table 1.a, the data on artisans and retailers have been unified for consistency reasons with the historical series of the 1989 general database (reconstructed by the Centre and Research Centre of Itinerari Previdenziali).

Tab. 2.2 – Historical series on revenues, expenditure and balance of Funds for artisans and retailers

		2011	2012	2013	2014	2015
ARTISANS	<i>Contributions</i>	7,620	8,095	8,090	8,198	8,203
	<i>Benefits</i>	11,050	11,299	11,710	11,739	11,849
	<i>balance</i>	-3,430	-3,204	-3,620	-3,541	-3,646
RETAILERS	<i>Contributions</i>	9,129	9,677	9,909	10,147	10,312
	<i>Benefits</i>	8,929	9,313	9,529	9,626	9,713
	<i>Balance</i>	200	364	380	521	599

Note: contributions include contribution revenues, transfers net of income and receipts from assets; benefits include the pension instalments paid by the scheme;

- The Fund for self-employed *farmers, tenant farmers and sharecroppers* (hereinafter CDCM) confirmed its structural imbalance also in 2015 due to the decline in the number of workers in the field of agriculture, which fell to **443,110** (1,206,000 in 1989) and in particular to old favourable and still applicable retirement provisions, (very high benefits compared to contributions), even though the contribution rates for members were re-calculated in 2012. **The balance** between contributions and benefits, calculated net of transfers from GIAS which, as of 2011, started paying the pensions accrued before 1/1/1989 (for a total of **1,941 million euros** in 2015) amounted to – **3,133 million euros** (3.146 million euros in 2014). **Contribution revenues** equal to **1,223 million euros** (1,213 million euros in 2014) managed to cover only 28% of **4,355 million euros'** worth of benefits (net of those paid by GIAS), (4,359 million euros in 2014).

The low level of contribution revenues is due to the low income of these workers, by their low contribution rate and by the difficulty to recover some contributions, which of course has a negative impact on the resources of this fund. At the end of 2015, the number of pensions still provided by the CDCM fund (paid after 1988) amounted to **1,194,280** and to **1,586,640** including the benefits before 1989 paid by GIAS (equal to 342,075); the negative trend of the contributors/pensioners ratio which was equal to 1.53 in 1990 (i.e. 1.53 pensioners for each worker paying contributions) rose in 2000 to 3.1, more than three pensioners for every active worker and in 2015 it reached **3.42 pensioners for each active member**.

Therefore, on the whole, the weight of pensions in the agricultural sector on general taxes is above **5 billion euros** every year. This burden increases considering the amount of its **capital deficit** that was equal to **83,915 million euros** on 31/12/2015.

2.4 Minor schemes for private sector employees: aviation fund, fund for consumer tax collectors, clergy fund, show-business and entertainment fund (former ENPALS), posts and telephony fund (former IPOST), railway fund, fund for journalists managed by INPGI

2.4.1 Aviation fund

It is a special INPS fund with a separate account which replaces the general compulsory insurance (AGO); it provides for benefits to air companies' employees. In 1997, the very generous social security rules in this sector were harmonised with the more stringent AGO provisions, but they kept some particular features (for example the rate of return is 3% for contributions until 27/11/1988, 2.50% for the contributions after this date until 31/12/1994 vs. the maximum rate of 2% for FPLD).

In 2015, this fund showed a negative balance of **129 million euros**, with 144 million euros' worth of contribution revenues and 273 million euros' worth of benefits; the operating results have always been negative since 2006 with a capital deficit since 2011. The 2015 operating result was equal to **-132 million euros** and the **capital deficit** reached **-594 million euros**; by 2043, its deficit is expected to exceed 6 billion euros; the number of its members was 10,319 vs. 6,900 outstanding pensions with an annual average pension amounting to 45,580 euros.

In 2004, the government set up a special fund for air transportation (FSTA) designed to be used in case of a crisis in this sector. It provides supplementary benefits for air companies' flight and ground personnel (about 150,000 beneficiaries). According to the INPS accounts, the cost of this fund exceeded **235 million euros** per year, almost completely financed (97.4% of revenues) by taxpayers through a municipal flight duty on each air ticket (3 euros per ticket), a tax that was abolished under Art. 56 of the 2017 Budget Law.

2.4.2 Fund for consumer tax collectors

The fund for consumer tax collectors replaces the general compulsory insurance and provides pension benefits and termination of employment benefits. When municipal consumer taxes were abolished in 1973, tax collectors went to work for the Ministry of Finance or remained to work for the municipalities. It is a fund about to end since it has only 8 members with 142,770 million euros' worth of expenditure (7,990 pensions) paid by the State (art. 17 PD 649/1972) and financed through GIAS.

2.4.3 Clergy Fund

The Clergy Fund is the compulsory scheme for old age, invalidity and survivors' pensions for Catholic priests and other religious persons not belonging to the Catholic Church. It is characterized by a structural imbalance but with a limited economic financial impact on this "category" of funds. At the end of 2015, the number of pensions amounted to 13,500 and the number of members was 17,997. The Fund had low contribution revenues, accounting for 32.5% of pension expenditure net of GIAS transfers. It is important to stress that the contributions are not correlated to the remuneration or the income, but they are pre-determined and the system is neither income-based nor contribution-based but it is a defined-benefit system. Moreover, 72% of pensioners of the Clergy Fund have another pension provided by other schemes. In 2015, this fund had **31 million euros'** worth of **contribution revenues** and **102 million euros'** worth of **pension expenditure**, net of GIAS transfers with a capital deficit of **2,219 million euros**.

2.4.4 Show business and entertainment Fund (former ENPALS)

As mentioned earlier, ENPALS merged into INPS on 01/01/2012. It manages two separate schemes: the fund for show business and entertainment employees and the fund for professional athletes. In 2015, this fund had a surplus of **422 million euros**, with **contribution revenues** and **membership fees** amounting to **1,288 million euros** (1,141 million euros in 2014) and **expenses** amounting to **866 million euros** (862 million euros in 2014).

The number of active members as of 31/12/2015 was equal to 281,550 and the number of pensions was 58,210, with an average amount of 16,040 euros per year. Its ratio of pensioners vs.

active workers is one of the best in Italy, with 4.84 active members for each pensioner. On 31/12/2015 this fund ran a financial surplus equal **4,071 million euros**.

2.4.5 Posts and Telephony Fund (former IPOST)

After the privatization of the postal sector and the establishment of Poste Spa, IPOST was abolished and transferred to INPS. The 2015 accounts showed **1,817 million euros'** worth of expenses and **1,450 million euros'** worth of revenues, with a **negative balance** of **367 million euros**, up with respect of 2014 (246 million euros with 1,492 million euros' revenues and 1,738 million euros' worth of expenditure). Contributions were paid by 149,840 active members while the number of pensions amounted 143,280 on December 31 2015, with an average annual pension equal to 18,000 euros, a ratio of active members vs. pensioners of 1.04 and a surplus of 1,069 million euros.

2.4.6 Railways Fund FF.SS.

The broad and sweeping restructuring that led to the privatization of large state organizations had a major impact on the pension system as a whole, but the strongest effect undoubtedly came from the transformation of the Italian railway company into FS Spa. The new fund was merged into INPS in the year 2000 as a special fund for employed workers hired before April 1 2000, for those working for the holding company of Ferrovie S.p.A. and for the former employees transferred to public entities who had opted for the INPS Special Fund. This INPS fund was already in the red before consolidation and each year its imbalance is **financed** by GIAS transfers (4,157 million euros in 2011, 4,164 in 2012, 4,246 in 2013, 4,151 in 2014 and 4,072 in 2015).

This fund is characterized by a completely unbalanced ratio of active members paying contributions, that is **46,410** in 2015 (57,133 in 2011, 53,608 in 2012, 50,533 in 2013 and 48,350 in 2014) vs. the number of outstanding pensions equal to **221,530** (234,400 in 2011, 232,000 in 2012, 228,590 in 2013 and 224,490 in 2014). Since early-retirement plans were extensively used, taxpayers had to bear the burden of this restructuring effort. Moreover, the personnel working for the F.S. Holding was registered with FPLD as of April 1 2000 and not with the special fund and the direct pensions paid as of the year 2000 reached an average amount of **22,000 euros**; according to the latest INPS estimates (Open Door Initiative), if they were calculated with the contribution-based method, they would be 98% lower and, in over 25% of cases, they would fall by more than 30%.

Finally, the 2015 accounts featured a very anomalous negative balance between contributions and benefits equal to **4,124 million euros**, with **benefit expenditure** amounting to **4,821 million euros (4,874 million euros in 2014)** and **contribution revenues** equal to **697 million euros (641 million in 2014)**; as already stated, this deficit was financed by GIAS.

2.4.7 Fund for Journalists managed by INPGI

Employed journalists are covered by an ad hoc separate scheme called INPGI which replaces AGO. In 2015, this Fund had a deficit equal to 112.50 million euros, down with respect to 87.55 million euros in 2014; **contribution revenues** were equal to **351.25 million euros** and **benefit expenditure** to **463.75 million euros**. For further details, see the tables in the web appendix and in Chapter 3.

2.5 Fund for atypical workers

A “*separate scheme*” was set up within INPS under Art. 2, paragraph 26 of Act 335/95 for the so-called *atypical workers* who consistently but not exclusively work as self-employed workers. Most of these workers (79.5%) are consultants, while professionals account for 20.5%; men account for 59.8% and women for 40.2%; moreover, 17% of this population is in the age group until 29, 67% in the age group between 30 and 59 years of age and 16% in the one over 60 years of age. The highest number of members (2014 data) has consulting or audit contracts (41.6%) and temporary contracts (38.4%); 61.3% of them are not members of any other schemes, 29.3% are insured by other funds, while 9.4% already receive a pension.

Being a recently created fund, it showed a *significant positive balance* between contribution revenues and pension expenditure amounting to **7,197 million euros** in 2015, with **7,798 million euros**’ worth of *contribution revenues* (also due to growing contribution rates) and **710 million euros**’ worth of *benefit expenditure*. It is the only compulsory scheme whose benefits are calculated only on the basis of the contribution-based system. As a result, its operating result was around **104,232 million euros**. The number of benefits paid (361,230) is still low and much lower than the number of active workers paying contributions (1,441 million workers).

Even the average amount of benefits is quite low (2,160 euros per year). In fact, this scheme was established in March 1996 and therefore few contributions have accrued in this separate account so far; moreover, at the beginning, the contributions rates were low and did not exceed 12%. Over time, contribution rates have been increased to an untenable level, that is to 31.72% and they are expected to reach 32.72% in 2017. This significant increase in the contribution rate with low benefits is certainly a way to encourage unregistered work. It is unthinkable to force young workers with a term contract to pay over 60% of their income on taxes and contributions and this does not certainly promote employment;

On 31/12/2015, the financial result of this fund showed a surplus of 5,870 million euros, significantly down with respect to **18,407 million euros** on 31/12/2014. This is due to the financial deficit of most schemes, while only three run a surplus: 104,232 million euros for the fund for atypical workers, 186,413 million euros for GPT and **4,071 million euros** for Enpals. As already pointed out in the analysis of the individual funds, the very negative situation of the former special funds and of former INPDAI (integrated into FPLD), together with that of the fund for artisans and CDCM, is the main cause of the INPS very poor financial situation. This situation has also deteriorated because of the restructuring of important sectors of the Italian economy, erroneously financed by the “national pension system” and not through the income-support “Eurostat function” like in most EU countries. INPS mismanaged the shift from a rural economy to an industrial economy in Italy, by supporting in particular the steel, paper and port industries (early retirement eligibility 10 years before fulfilling the pension age requirements) and important companies like Fiat, Olivetti, Ferrovie dello Stato, Alitalia and Poste; the private sector experienced about 500,000 early retirements while over 500,000 subjects became entitled to baby pensions in the public sector (see Chapter 12.3); moreover the share of pension expenditure with respect to GDP created many problems with the EU and paved the way to the Monti –Fornero reform. **Table 2.3** shows the overall economic and financial performance of all the funds operated by INPS, the operating results for each fund in 2014 and 2015 and their financial situation on 31/12/2014 and on 31/12/2015.

The 2017 Stability Law reduced to 25% the contribution rate for liberal professionals with a Vat code only insured with the fund for atypical workers.

Tab. 2.3 – Economic and financial performance of INPS funds (in millions of euros)

ANDAMENTO ECONOMICO-PATRIMONIALE DELLE GESTIONI AMMINISTRATE in milioni di euro				
GESTIONE E FONDI	2014- CONSUNTIVO		2015	
	Risultato economico di esercizio	Situazione patrimoniale al 31.12.2014	Risultato economico di esercizio	Situazione patrimoniale al 31.12.2015
GESTIONI PENSIONISTICHE AGO				
* FONDO PENSIONI LAVORATORI DIPENDENTI	-7.378	-130.188	-8.776	-138.963
- Fondo Pensioni lavoratori dipendenti	485	-47.586	-556	-48.142
- Ex Fondo trasporti	-1.018	-18.921	-1.064	-19.952
- Ex Fondo elettrici	-1.982	-28.002	-1.921	-29.922
- Ex Fondo telefonici	-1.093	-5.466	-1.313	-6.779
- Ex INPDAl	-3.770	-30.213	-3.921	-34.135
* GESTIONE COLTIVATORI DIRETTI, COLONI E MEZZADRI	-4.209	-80.018	-3.897	-83.915
* GESTIONE ARTIGIANI	-5.748	-49.579	-6.510	-56.089
* GESTIONE COMMERCianti	-1.574	-1.630	-2.697	-4.327
* GESTIONE PARASUBORDINATI	7.646	96.676	7.556	104.232
GESTIONI PENSIONISTICHE ESCLUSIVE DELL'AGO				
* GESTIONE SPECIALE DI PREVIDENZA DEI DIPENDENTI DELL'AMMINISTRAZIONE PUBBLICA (1)	-3.194	-4.812	-4.428	-5.740
GESTIONI PENSIONISTICHE SOSTITUTIVE AGO				
* FONDO DAZIERI	0	0	0	0
* FONDO VOLO	-180	-461	-132	-594
* FONDO SPEDIZIONIERI DOGANALI	0	13	0	13
* FONDO FERROVIE STATO SpA	0	1	0	1
* GESTIONE SPECIALE PER IL PERS. DELLE POSTE ITALIANE SpA	-173	1.331	-261	1.069
* GESTIONE SPECIALE DI PREVIDENZA DEI DIPENDENTI EX ENPALS	208	3.944	127	4.071
GESTIONI PENSIONISTICHE INTEGRATIVE AGO				
* GESTIONE MINATORI	-17	-579	-14	-593
* FONDO GAS	-6	137	-5	131
* FONDO ESATTORIALI	26	953	-64	890
* GESTIONE TRATTAMENTI PENSIONISTICI ENTI DISCIOLTI (evidenza contabile)	0	0	0	0
* FONDO PENSIONI PERSONALE PORTI GENOVA E TRIESTE	0	0	0	0
GESTIONI PENSIONISTICHE MINORI				
* FONDO CLERO	-72	-2.157	-62	-2.219
* ALTRE GESTIONI	-2	-147	-4	-152
GESTIONE PRESTAZIONI TEMPORANEE	2.230	183.726	2.687	186.413
ALTRE GESTIONI MINORI	-45	991	181	1.173
ALTRE ATTIVITA'	0	207	0	467
Totale gestioni previdenziali	-12.485	18.407	-16.297	5.870

Funds

2014 accounts results in 2014 results in 2015

AGO pension schemes

Pension Fund for Employed Workers Pension fund for employed workers Former *transportation fund* Former *electricity fund* Former *telephony fund* ex INPDAl Fund for Farmers, Tenant Framers and Sharecroppers Fund for Artisans Fund for Retailers Fund for Atypical Workers

AGO Exclusive Pension Funds Special Fund for Public Employees (1)

AGO Substitutive pension funds Fund for Customs officers Aviation fund Fund for Customs shippers Fund of Ferrovie dello Stato spa Special Fund of Poste Italiane Special fund for former ENPALS employees

Supplementary pension funds Fund for miners Gas fund Fund for tax collectors Fund for dissolved entities (accounting evidence) Fund for Genoa and Trieste ports' employees

Minor Pension Schemes Clergy Fund Other schemes

Temporary Benefit Schemes Other minor schemes Others

2.6 Welfare benefits and support measures for INPS funds (GIAS)

The *Welfare Benefit Fund* (hereinafter referred to as **GIAS**)¹⁶ was set up within INPS under Art. 37, paragraph 3, letter. D of **Act n. 88/1989**. It is an accounting instrument to implement the rules governing *the welfare measures adopted by the State*.

This is perhaps the most complex INPS pension scheme. Since its inception, its regulatory and implementation framework has greatly evolved extending its reach through different sectors and segments of society.

The main difference between this fund and all the other INPS schemes is its perfect balance between revenues and expenditure; its operating result is always in equilibrium (equal to zero) and the same holds true for its financial situation;

Most of these *transfers* are *financed* by *the State budget*, while a small part of the revenues comes from the contributions to be paid by employers and by the members of this fund to finance wage support measures and the incentives designed to cut contribution charges.

In 2015, contribution revenues amounted to **1,733 million euros** (1,747 in 2014) while the transfers paid by taxpayers amounted to **103,673 million euros** (vs. 98,440 million euros in 2014).

They are broken down as follows:

- a) *pension expenditure*: **72,172** million euros (+7% vs. 67,454 million in 2014); ;
- b) *wage support measures*: **8,794** million euros (-15.3% vs. 10,387 million last year);
- c) *family support measures*: **4,033** million euros (+4.6% vs. 3,856 million euros last year);
- d) *benefits* deriving from a *reduction in contribution charges* (TBC and maternity leave): **622** million euros (-5.2% vs. 656 million euros in 2014);
- e) *contribution incentives* and *other rebates*: **15,897** million euros (+7.2% vs. 14,832 million euros in 2014);
- d) *other measures*: **2,155 million euros** (+71.7% vs. 1,255 million euros in 2014).

These changes are due to:

- the increase in the State contribution to offset the charges linked to the pension benefit adjustments after the Constitutional Court ruling n. 70/2015 of and the ones deriving from some legal provisions designed to more extensive safeguard measures related to retirement requirements as provided for under Act n.214/2011;
- the reduction in the income-support contributions to finance extraordinary wage support and mobility in derogation benefits;
- the need to finance the higher costs of family allowances for children born from January 1 2015 to December 31 2017;
- the cut in the contributions designed to pay for benefits deriving from the reduction in pension charges ;

¹⁶ The data provided in this paragraph and in Chapter 5 are taken from the **GIAS** and **GPT** accounts; these figures are often unrelated to “corrective items” that are not always in line with disaggregations;

- the higher contributions for incentives and other facilities, designed to finance the exemption from contribution charges for newly-hired subjects with long-term contracts;
- the need to finance other measures such as the payment of interests and administrative sanctions for the late collection of pension contributions to be paid by enterprises for early retirement.

Transfers equal to **5.7 million euros** also come from the Regions so as to finance wage support and employment measures.

Table 2.4 shows the historical series of transfers of financial resources from the State to GIAS in 2012-2015.

Tab. 2.4 – State transfers to GIAS (in millions of euros)

	oneri pensionistici	mantenimento del salario	interventi a sostegno della famiglia	prestazioni economiche derivanti da riduzioni di oneri previdenziali	sgravi di oneri sociali e altre agevolazioni	interventi diversi	TOTALE TRASFERIMENTI DAL BILANCIO DELLO STATO
2011	58.271	6.360	3.411	688	14.031	1.141	83.902
2012	63.804	8.333	3.671	696	16.018	1.278	93.800
2013	67.982	9.592	3.992	677	15.488	1.338	99.069
2014	67.454	10.387	3.856	656	14.832	1.255	98.440
2015	72.172	8.794	4.033	622	15.897	2.155	103.673

Pension charges - Wage support measures - Family allowances - Benefits for lower contribution charges
Incentives for social security charges and other facilities - Other measures – TOTAL TRANSFERS

The accounts of this scheme show the amount of the costs incurred for “*institutional benefits*” classified by type, after recovering some non eligible benefits; in particular, the figure related to pension charges includes the ones for all schemes but also the ones for welfare benefits (social pensions and allowances and extra benefits for people over 65). (*See Insight 1*)

It is important to stress that GIAS operates within the pension system both on the **revenue side to finance contributions** and on the **benefit side to cover expenditure**; here follows the description of its most significant interventions.

A) Pension benefits

- 1) **Shares of pension benefits** to be paid by pension funds (INPS Funds since 1989 and INPDAP Funds since 2012) so as to rebalance their accounts through a more accurate separation between retirement and welfare benefits; direct payment of pension benefits for some categories (CDCM before 1989, ex ENPAO pensions , life annuities to former public employees, ex IPOST pensions before 31/07/1994).

As to point 1), under Act n.88/1989 and later under many other legal provisions, GIAS provides:

- a share of each pension paid, whose amount reached **20,121 million euros** vs.18,594 in 2014;

- pensions for CDCM paid before 1/1/1989 for an annual amount of **1,941 million euros** vs. 2,157 in 2014.
- early retirement benefits equal to **1,477 million euros**, up with respect to 1,203 million euros in 2014, of which **495 million euros** to fund the six safeguard measures.
- the share of pension benefits under Art. 1 of Act 59/1991 amounting to **775 million euros**, down with respect to 855 million euros in 2014.
- additional benefits under Art. 5. of Act 127/2007, equal to **866 million euros**, down with respect to 917 million euros in 2014.
- the share of disability pensions before Act n. 222/1984 amounting to **5,120 million euros** vs. 5,073 million euros in 2014.

The overall financial quantification of all pension charges – net of recovered ineligible benefits - is illustrated in *Table 1.a*, with a total expenditure equal to **6,047 million euros** in 2015 vs. **33,356 million euros** in 2014.

In addition, GIAS financed some benefits for the funds for public employees (former INPDAP) as provided for under Act n. 183/2011, for an amount equal to **9,170 million euros** in 2015 vs. 7,553 million euros in 2014.

2) Welfare benefits: social pensions, allowances and extra social benefits as provided for under Art. 38, letter A of Act n.488/2001. An ad-hoc fund was set up within INPS under former Art. 130 of L.D. of 31/03/1998, that is financed through GIAS to pay benefits to disabled civilians, and to hearing and visually impaired individuals (disability pensions for civilians and carers' allowances).

Here follows the list of the welfare benefits provided:

- transfers to a specific "**Fund for pensions and carers' allowances for disabled civilians**" under former Art. 130 of L.D. of 31/03/1998. In 2014, these transfers amounted to **17,351 million euros** in 2015 vs. 17,310 million euros in 2014 (their statistical and financial aspects are analysed in Chapter 12, table 12.9). These resources were used to finance 3,147 million euros' worth of benefits for disabled civilians, 350 million for the blind, 60 million for the hearing impaired. ***During the same year, a very significant amount of non-eligible benefits was recovered (307 million euros).*** Moreover, GIAS provided carers' allowances to the same categories for a total of **13,617 million euros** (12,609 for disabled civilians, 793 for the blind and 134 for the hearing impaired). Outstanding pensions on December 31st were as follows: 2,392,776 for disabled civilians, 124,404 for the blind and 42,223 for the hearing impaired.
- ***direct welfare benefits to people over sixty-five without income:*** social pensions, social allowances and extra benefits for an amount equal to **4,750 million euros**, up by 3.0% vs. 4,610 million euros in 2014. On December 31st 2015, the number of ***social pensions*** was equal to 65,894 with an annual average amount of 5,618 euros; no new benefits accrued during the year because of the reduction in the number of people in this group.
- ***Social allowances*** (which replaced social pensions under Act n.335/1995) were equal to 809,780 on December 31st 2015, with an annual average amount of 5,386 euros, up by 3.6%

(+27,815 benefits) with respect to the stock on the same date last year due to 47,982 new pensions and to 20,167 cancelled pensions.

The overall financial result of these welfare measures was equal to **21,629 million euros**, net of recovered non-eligible benefits, with respect to 21,510 million euros in 2014.

Finally as to direct and indirect "**veterans' pensions**", on December 31st 2015, 202,804 pensions were paid (vs. 232,557 outstanding pensions in 1 2014) for a total annual amount of **1,299 million euros** down by 10.1% with respect to 2014. These benefits are provided through an ad-hoc fund of the Ministry of the Economy and Finance.

- 3) **Benefits to support employment during a severe economic crisis** in areas not covered by ordinary instruments (derogation redundancy fund, extraordinary redundancy fund, etc.) and financing of retirement contributions. Chapter 5 focuses on this particular issue and its effects on the pension system and provides an in-depth analysis of all the wage-support measures provided by GPT and GIAS.

B) **Revenues**

- 4) **Contributions to pension schemes** classified in the INPS accounts into:

a) "**transfers to pension schemes**" amounting to **9,226 million euros** (see *Insight 1*) vs. 10,295 million euros in the previous year in order to finance the work periods covered by social measures and to offset the reduction in contribution rates;

b) "**corrective and compensatory revenue items**" to provide incentives for the south of Italy and other charges amounting to **1,126 million euros** vs. 1,326 million euros in 2013; these amounts are already included in the contribution revenues of each scheme, since in the INPS accounting system, contributions include these items).

Moreover, the item "passive transfers" includes the payments directly paid by GIAS to employers to hire workers safeguarded by social measures or in particularly difficult situations for a total amount of **147 million euros** in 2015, down with respect to 142 in the previous year.

- 5) **Transfers to cover the deficit** (in 2014) of some Special INPS funds (customs' officers, shippers, consumer tax collectors, dockworkers and former FF.SS. railway workers) amounting to **4,293 million euros** in 2014 vs. 4,382 million euros the previous year.

Chapter 12 (Summary and Conclusions) analyses all these figures that, when added to other GIAS transfers, provide an interesting picture of the welfare system, which often policy makers are not even aware of. In fact, a whole series of benefits often provided without a precise regulatory framework or means-testing provisions, are paid under the pension system and not under the Eurostat welfare functions.

For each compulsory pension scheme, Insight 1 shows the GIAS transfers to finance "benefits" as well all the transfers (including those from GPT and the Regions) to increase "contribution revenues".

Insight 1 – GIAS transfers

IMPORTI A CARICO GIAS PER PRESTAZIONI (valori assoluti espressi in milioni di euro)			TRASFERIMENTI DALLA GIAS E ALTRE GESTIONI (valori assoluti espressi in milioni di euro)				
GESTIONI	2014	2015	GESTIONI	2014		2015	
	TOT.	TOT.		GIAS	Altri Enti/Gestioni/ Stato	GIAS	Altri Enti/Gestioni/ Stato
DIPENDENTI PRIVATI	25.622,61	28.032,83	DIPENDENTI PRIVATI	9.991,59	6.200,69	8.798,94	5.568,51
Dipendenti Privati INPS	24.701,05	27.113,88	Dipendenti Privati INPS	9.969,10	6.200,69	8.774,33	5.568,51
FPLD	24.418,64	26.574,73	FPLD	9.805,98	6.169,57	8.586,70	5.564,77
TRASPORTI	39,26	91,89	TRASPORTI	119,08		117,98	
TELEFONICI	31,90	62,42	TELEFONICI	1,65		1,63	0,01
ELETTRICI	57,02	99,09	ELETTRICI	1,47	5,06	1,44	2,09
VOLO	9,01	15,93	VOLO	35,27		61,00	
IMPOSTE CONSUMO	4,32	6,96	IMPOSTE CONSUMO				
CREDITO*	-	-	CREDITO*	-	-	-	-
FFSS	46,15	143,13	FFSS	-	-	-	-
INPDAI	94,75	119,73	INPDAI	5,65	26,06	5,58	1,64
Altri Fondi dipendenti privati	82,90	90,78	Altri Fondi dipendenti privati	18,57	0,00	20,73	0,00
ISTITUTO GIORNALISTI	0,00	0,00	ISTITUTO GIORNALISTI	0,00	0,00	0,00	0,00
ENTE LA VORATORI	82,90	90,78	ENTE LA VORATORI	18,57		20,73	
Fondi Ex Aziende Autonome	838,66	828,17	Fondi Ex Aziende Autonome	3,91		3,88	
IPOST	838,66	828,17	IPOST	3,91		3,88	
DIPENDENTI PUBBLICI	7.553,21	9.169,60	DIPENDENTI PUBBLICI	43,59	61,35	43,51	32,99
CPDEL	73,40	366,12	CPDEL	34,22	44,83	34,22	20,95
CPI	0,45	4,41	CPI	0,15	0,28	0,15	0,14
CPS	8,01	33,35	CPS	8,53	13,97	8,53	10,88
CPUG	0,09	1,04	CPUG	0,60	0,00	0,60	0,00
CTPS	7.471,24	8.764,68	CTPS	0,09	2,27	0,01	1,03
AUTONOMI E PROFESSIONISTI			AUTONOMI E PROFESSIONISTI	233,64	93,98	357,48	94,31
Autonomi Inps	7.658,50	7.920,99	Autonomi Inps	233,64	0,00	357,48	0,00
ARTIGIANI	1.923,23	2.161,81	ARTIGIANI	78,88		147,04	
COMMERCianti	1.246,75	1.363,69	COMMERCianti	62,22		127,94	
CDCM	4.488,52	4.395,49	CDCM	92,54		82,51	
Liberi Professionisti	2,47	0,43	Liberi Professionisti	0,00	93,98	0,00	94,31
CASSE PRIV 509 ESCLUSO ENPAM	0,47	0,43	CASSE PRIV 509 ESCLUSO ENPAM		91,98		91,31
ENPAM	0,00	0,00	ENPAM				
CASSE PRIV 103	2,00	0,00	CASSE PRIV 103		2,00		3,00
FONDO CLERO	10,84	10,43	FONDO CLERO				
GESTIONE PARASUBORDINATI	52,50	67,36	GESTIONE PARASUBORDINATI	26,57		26,42	
INTEGRATIVI INPS	11,11	12,73	INTEGRATIVI INPS	0,08	139,92	0,06	110,13
miniére	5,61	5,79	miniére	0,04	12,35	0,04	12,32
gas	0,84	1,90	gas	0,04		0,02	
esattoriali	1,52	1,59	esattoriali	0,00		0,00	
portuali	1,18	1,18	portuali (1)	-		-	
enti disciolti	1,95	2,28	enti disciolti (2)		127,58		97,82
ENASARCO	0,00	0,00	ENASARCO				
TOTALE	40.911,23	45.214,36	TOTALE	10.295,47	6.495,94	9.226,42	5.805,94
TOT. GIAS al netto dei DIP. PUBBL.	33.358,03	36.044,76	TOTALE	16.791,41		15.032,36	

*Fondo Credito confluito in FPLD nel 2013; ** Fondo Enpals Cumulativo di gestione spettacolo e sportivi; (1) Trasferimenti GIAS ai sensi dell'art. 13 DL 873/1986; (2) Trasferimenti da parte di altri enti previsto dai commi 5 e 6 art. 77 Legge 833/1978

Insight 1 – GIAS transfers (contents)

GIAS transfers for benefits (millions of euros) Gias transfers to other schemes (million of euros)
 BENEFIT TRANSFERS FROM GIAS TRANSFERS FROM GIAS AND OTHER SCHEMES
 (in million of euros) (in millions of euros)

SCHEMES Private sector employees INPS Private sector employees FPLD Transportation Telephony Electricity Aviation
 Consumer tax collectors Credit* FFSS INPDAI **Other funds for private sector employee** Journalists Show business
Funds of former autonomous organizations Ipost **Public employees** CPDEL CPI CPS CPUG CTPS **Self-employed**
and professionals Privatized funds (509) not including Enpam Enpam Privatized funds (103) Clergy **Atypical workers**
Inps supplementary funds mining gas tax collectors dockers(1) dissolved entities (2) **Enasarco Total Total Gias net of**
public employees

*Credit fund integrated into FLPD in 2013; **Enpals fund including show business and sports; (1) Gias transfers under Art. 13
 LD 873/1986; (2) transfers from other entities as provided for under paragraphs 5 and 6 Art. 77 Act 883/1978

3. Privatized Funds of Professionals: general framework and individual performance in 2015

The analysis of the Privatized Pension Funds for liberal professionals¹⁷ completes the overview of the compulsory pension schemes of the first pillars, with the following description of their main population and economic indicators. Unlike public funds, these schemes have their own financial and economic resources estimated to amount to over 69 billion euros per year, which can be used to deal with population shocks or to retirement peaks and to continue to provide pension benefits to their members; even though they have their own resources, all privatized pension schemes for professionals operate according to the *pay as you go* system like in the rest of the compulsory pension system.

Unlike public pension funds that now work on the basis on the pro rata contribution calculation system as of 1/1/2012, these schemes calculate their benefits with the *income-based system* in some instances regulated by Legislative Decree n. 509/1994; in these cases, pension benefits are calculated on the basis of the average of the last years of income that, in some cases almost cover the whole working life; in this way the mean remuneration for retirement purposes (RMP) is obtained, which is then multiplied by a “proportional” coefficient ranging between 2% and 0.9% per year, to determine the pension rate (for example: 30 years x 1.5% = pension benefits with 45% of RMP).

Instead, after the coming into force of Act 335/95, the funds privatized under Legislative Decree n. 103/1996 calculate their benefits according to the *contribution-based system*, by multiplying the individual contributions paid by members by the age-related **transformation coefficient** at the time of retirement, which also considers life expectancy. The individual amount of contributions consists of all subjective contributions and it is increased annually on a compound basis in accordance with the five-year nominal GDP capitalization rate. Any positive difference between the actual return on the investments and the capitalization accredited onto the individual accounts is put into a contingency fund to be used in case of a negative balance.

In this connection, the Administrative Tribunal (ruling 11081/2015) acknowledged the lawful choice made by EPAP – previously turned down by the Ministry of Labour at the request of the Ministry of the Economy and Finance. In fact, according to this decision, the adjustment of contributions paid takes into account two parameters: the advantage coming from the GDP five-year average and the result deriving from the management of the EPAP assets. If the profit on the assets under management exceed the GDP five-year average, 50% of his profit is used to adjust the pension amounts for its members.

¹⁷ Privatized Funds: **A) Privatized funds under Leg. Decree n. 509/1994** including: ENPACL (Labour consultants), ENPAV (Veterinary doctors), ENPAF (Pharmacists), Cassa Forense (Lawyers), INARCASSA (Engineers and Architects), CIPAG (Surveyors and Graduated surveyors), CNPR (Accountants), CNPADC (Certified accountants), CNN (Notaries), ENPAM (Doctors and INPGI, Substitutive fund (Journalists); **B) Privatized funds under Leg. Decree n. 103/1996** including: ENPAB (Biologists), ENPAIA (Separate scheme for agricultural technicians Separate scheme for agricultural consultants), EPAP (Different categories: agronomists, forestry experts, actuarians, chemists, geologists), EPPI (Graduated and non graduated industrial consultants), ENPAP (Psychologists, ENPAPI (Nurses) and INPGI (Journalists, Separate scheme). This analysis does not include the following 509/94 Entities: Onaosi (Orphans), Enasarco, Fasc and Enpaia that manage compulsory complementary pension annuities and capital resources.

Following the obligation to draft the financial accounts with a 50-year financial and actuarial sustainability - art. 24 of L.D. of December 6 2011, n. 201 (so-called "Save Italy Decree), later transposed into Act n. 214 of December 22 d 2011 – some schemes under Leg. Decree. n. 509/1994, have introduced the *contribution-based method*, applying several calculation criteria but strictly in line with the “pro-rata” principle so as to protect vested rights in terms of seniority.

Finally, these funds are financed by two main types of contributions: **subjective contributions** calculated as a percentage of the income for tax purposes, ranging from 10% to 16% for financing retirement benefits; **supplementary contributions** calculated on the basis of the turnover (and therefore on a higher amount) which vary between 2% and 5%; these are partly used to finance welfare benefits for their members and their operating costs and partly designed to supplement the pension benefits for their members calculated with the *contribution-based method*.

3.1 General framework and main indicators

GENERAL FRAMEWORK						
FUNDS	Number of Contributors	N. of Pensioners	Contribution Revenues	Benefit expenditure	Accounting balance	Asserts
Funds 509/94	1,116,028	349,264	7,495,315,409	4,552,480,767	3,474,826,386	55,080,537,776
Funds 103/96	185,373	13,140	413,279,042	32,324,514	151,166,148	4,988,659,715

In the period investigated from 1989 to 2015, the **contribution revenues** of the privatized pension funds increased approximately by **126%** reaching 1,301,401. In 2015, the funds under Leg. Decree 509/1994 (hereinafter referred to as “509 funds”) featured a number of active members paying contributions equal to **1,116,028** with an increase by 27.9% with respect to 2005 and by 1.6% with respect to 2014, while the funds under Leg. Decree n. 103/1996 (hereinafter referred to as “103 funds”) had a number of active members paying contributions equal to **185,373**, with an increase by 71.6% with respect to 2005 and by 3.4% with respect to 2014.

In the year under investigation, the **average annual contribution** was equal to **6,077 euros** with a **1.16 %** increase vs. 2014. However, these two macro groups showed diverging trends. In particular, for the 509 funds, the average annual contribution was equal to **6,716.1 euros** with a 1.2% increase vs. 2014; for the 103 funds, it was equal to **2,229.4 euros** with a 2.8% increase vs. 2014. These average contributions are very low and, if not supplemented, they will produce very low pension benefits.

Considering the period 1989-2015, the **number of pensions** increased from 145,428 to **362,404**, with an increase by **149.2%**, higher than the increase in the number of active members; the recently founded 103 funds only accounted for 14.2% of the total number of contributors and paid a low number of benefits equal to about **13,140** (3.6% of the total). However, in 2015, the number of benefits paid by the 103 funds increased by 13.5% vs. 3% of the 509 funds. .

The average **pension** in 2015 amounted to **12,651 euros**, up by 0.67% vs. 2014. In detail, for the 509 funds, the average pension in 2015 was equal to **13,034.5 euros** (almost twice as much as the average contributions) with a 0.9% increase with respect to 2014; for the 103 funds,

it amounted to **2,460 euros**, up by 3.1% with respect to 2014 (much lower than 10.1% of 2014 vs. 2013).

For the 103 funds, in most cases, the above-mentioned pension is only part of the overall pension paid to their members, since they may also be eligible to receive benefits from the first pillar compulsory system. *(For these 4 indicators see tables 4b, 4c, 4d, 5b, 5c, 5d, in the exhibits to the Report published in the web section).*

The **total assets** of pension funds, not including Enasarco, Fasc and Enpaia as indicated in Note 17, was equal to about **60.1 billion euros** at the end of 2015, with a growth almost by 4.1 billion euros vs. the previous year. The **portfolio was invested** as follows: 10% liquidity, 19% treasury bills and other bonds, 6% shares, 20% traditional CIUs, 5% alternative CIUs, 26% real-estate assets directly owned or interests in real-estate companies; 1% insurance policies and 13% other assets (credits etc.). The portfolio featured a significant reduction in bond investments to 20% with respect to the past, a 20% increase in CIUs and in alternative CIUs (5%), in particular in the private equity, infrastructure and renewable energy sectors. In summary, given the very low or below-zero interest rates and the expected protraction of this situation over time, these funds are diversifying their investments (in particular at a domestic level) in search for better yields to ensure their financial and actuarial sustainability.

In 2015, **pension expenditure** reached **4,585 million euros** with an increase by 4% compared to 2014 (5.4%). For the 509 funds, the expenditure was equal to **4,552 million euros**, up by 3.9% compared to 2014 (5.4%), while for the 103 funds, pension expenditure amounted to **32 million euros** with a 147% increase compared to 2014 (14.8%). The following table illustrates these trends over time.

PENSION EXPENDITURE	2015 (mln)	% variation vs. 2014	% variation in 5 years	% variation in 10 years	% variation vs. baseline
509 Funds	4,552	3.91%	24.37%	60.94%	607.68%
103 Funds	32	17.04%	148.80%	887.27%	4563.35%
Total	4,585	3.99%	24.81%	61.90%	611.93%

In 2015, the **contribution revenues** of the privatized pension funds amounted to approximately **7,909 million euros** with an increase by 3% compared to 2014 (1.9%). The contribution revenues of the 509 funds amounted to **7,495 million euros**, with an increase by 2.8% compared to 2014 (1.6%), while the contribution revenues for the 103 funds amounted to **413 million euros** with an increase by 6.3% compared to 2014 (7.2%).

The following table illustrates these trends over time:

CONTRIBUTION REVENUES	2015 (mln)	% var. vs. 2014	% var. in 5 years	% var. in 10 years	% var. vs. baseline
509 funds	7,495	2.84%	16.43%	57.04%	621.78%
103 funds	413	6.30%	29.08%	73.20%	2351.69%
Total	7,909	3.01%	17.03%	57.81%	649.41%

The balance between contribution revenues and pension expenditure amounted to about **3.32 billion euros** in 2015, with a 1.7% growth with respect to the previous year (-2.6%); for the

509 funds, it amounted to **2.94 billion euros**, in line with the 2.90 billion euros in 2014, while for the 103 funds, to **381 million euros**, with a 5.5% increase vs. 366 million euros in 2014.

The following table illustrates these downward trends over time. *(For these three indicators see tables 1b, 1c, 1d and 2b, 2c, 2d, in the exhibits to the Report published in the web section).*

REVENUES/EXPENDITURE BALANCE	2015 (mln)	% var. vs. 2014	% var. in 5 years	% var. in 10 years	% var. vs. baseline
509 funds	2,943	1.22%	5.95%	51.36%	644.73%
103 funds	381	5.48%	24.02%	61.88%	2256.85%
Total	3,324	1.69%	7.75%	52.50%	708.08%

The ratio of active vs. retired members was equal to **0.278** (that is **3.59 active workers for each pensioner**) with a 1.44 increase compared to 2014. Specifically, for the 509 funds, this ratio was equal to **0.313** (3.20 active workers per pensioner) with a 1.35% increase vs. 2014, while for the 103 funds, it was equal to **0.071** (14.11 active workers per pensioner), with an increase by 9.78% compared to 2014.

The following table illustrates these upward trends over time (see tables 6b, 6c, 6d in the exhibits to the Report published in the web section).

PENSIONERS/ACTIVE WORKERS	2015	% var. vs. 2014	% var. in 5 years	% var. in 10 years	% var. vs. baseline
509 funds	0.313	1.35%	7.91%	9.75%	10.42%
103 funds	0.071	9.78%	52.46%	185.41%	4209.34%
Total	0.278	1.44%	8.16%	8.85%	10.17%

In 2015, *the average pension/average contribution ratio* amounted to **2.08** with a drop by 0.48% compared to 2014 (the average pension was equal to 2.08 times the amount of the average yearly contributions). Specifically, for the 509 funds, in 2015 this ratio was equal to **1.941**, almost in line with the previous year (- 0.30%), while for the 103 funds, it was equal to **1.103** with a slight increase by 0.30% compared to 2014.

The following table illustrates these trends over time (see tables 4b, 4c, 4d in the exhibits to the Report published in the web section).

AVERAGE PENSION/AVERAGE CONTRIBUTION RATIO	2015	% var. vs. 2014	% var. in 5 years	% var. in 10 years	% var. vs. baseline
509 funds	1.941	-0.30%	-1.00%	-6.62%	-11.20%
103 funds	1.103	0.30%	26.42%	99.72%	-95.59%
Total	2.082	-0.48%	7.57%	8.51%	-13.77%

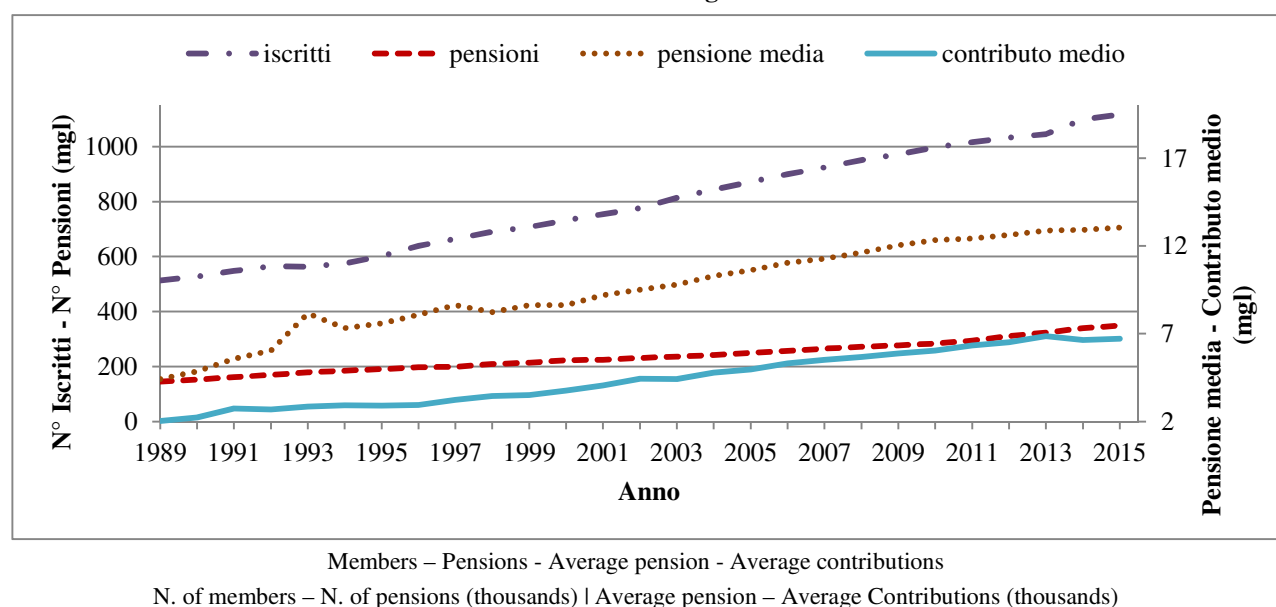
In 2015, *the ratio of benefit expenditure vs. contribution revenues* amounted to **1.73** in line with 1.74 in 2014 (- 0.9%). Specifically, for the 509 funds, in 2015 this ratio was equal to **1.65**, down by 1% compared to 2014, while for the 103 funds, it was equal to 12.79, down by 9.2% compared to 2014.

The following table illustrates these downward trends over time (*see tables 3b, 3c, 3d, in the exhibits to the Report published in the web section*)

CONTRIBUTION REVENUES/PENSION EXPENDITURE RATIO	2015	% var. vs. 2014	% var. in 5 years	% var. in 10 years	% var. vs. baseline
509 funds	1.646	-1.03%	-6.39%	-2.42%	1.99%
103 funds	12.785	-9.18%	-48.12%	-82.46%	-47.43%
Total	1.725	-0.94%	-6.24%	-2.52%	5.26%

The following *figures 3.1* and *3.2* show the trend over time for these two macro groups: the schemes under Leg. Decree n. 509/1994 and the schemes under Leg. Decree n. 103/1996.

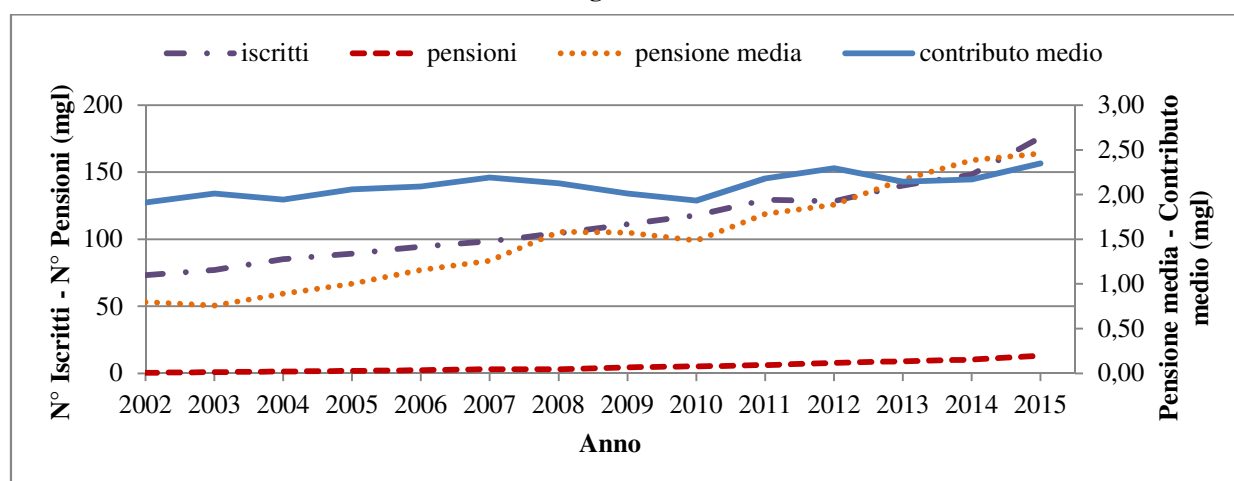
Fig. 3.1 - Indicators: n. of members, n. of pensions, n. of pensions, average pension and average contributions from 1989 to 2015 for the schemes under Leg. Decree 509/94



This graph shows that the growth of the 509 funds is linear in the period considered in terms of number of members and pensions, with a higher increase for pensions due to a longer life expectancy and a higher number of longstanding members becoming eligible to retire. Instead, as to the “average pension/average contributions” indicator, so far pensions have been twice as high with respect to contributions, following the generous calculation rules used up to some years ago. However, in the last five years, thanks to the reforms, average contributions have grown more than benefits, which certainly promotes medium to long-term sustainability.

The graph of the 103 funds shows that the number of pensions is still very low with respect to the number of members always with a very favourable ratio of active members vs. pensioners; average pensions and average contributions have grown in the same way, with a slight prevalence of the average pensions; in the last three years, their amount has been higher than that of average contributions.

Fig. 3.2 - Indicators: n. of members, n. of pensions, average pension and average contributions for the schemes under Leg. Decree 103/96



Members – Pensions - Average pension - Average contributions
N. of members – N. of pensions (thousands) | Average pension – Average Contributions (thousands)

3.2 Individual schemes and main indicators

Table 3.3 and **3.4** show for each scheme its pension expenditure, contribution revenues and pension **balance**, a fundamental indicator for the sustainability of the accounts over a 50 year period; it is **the first sustainability indicator for expenditure in the m/l-term** and it derives from the *ratio of revenues from individual and supplementary contributions vs. the cost of pension benefits*; this balance does not include revenues from other contributions (minimal), assets under management, non pension related benefit expenditure and operating costs.

The Table also shows in detail the balance between contribution revenues and benefit expenditure, the ratio of pensioners vs. active workers and of average pensions to average contributions, as well as the % variations of the indicators at 1, 5, 10 years and since the inception of the scheme.

The technical accounting and sustainability rules for privatized compulsory pension funds envisaged under the two above-mentioned were amended, introducing sustainability at 30 years, under paragraph 763 of the single article of Act 296/2006 and under the Interministerial Decree of November 29 2007. Later, under Art. 24, paragraph 24, of Act 214/2011 (Monti, Fornero), the sustainability indicator was extended to **50 years**, with a technically controversial requirement, that is to always have a positive pension balance, without considering or using revenues from assets to temporarily offset pension expenditure growth.

The analysis of the **Pension Balance** shows the difficult situation of the funds for surveyors and journalists (CIPAG and INPGI); in fact, it is **lower than 1** because contribution revenues were not sufficient to finance pension benefit expenditure. However, in 2015, the fund for surveyors reduced its deficit by 90%, down to 2.5 million euros thanks to the growth of its contribution revenues by 9.5% vs. 3.6% of its benefits, thus ending up with a pension balance equal to **0.99**; instead INPGI showed a widening gap (by 28%) between contributions and pensions, with a deficit of 112.5 million euros and a pension balance up to **0.76**; this was caused by an increase in pension expenditure (+3.7%) and to a steady reduction in contributions (-2.4%) due to the severe crisis in this sector characterized by staff downsizing and income-support measures (unemployment,

mobility). However, in 2016, INPGI launched a sweeping reform designed to bring it rapidly back to the parameters under the current legislation.

Tab. 3.1 – Indicators and pension expenditure of the schemes privatized under Leg. Decree 509/94
(in millions of euros)

		ENPA CL	ENPA V	ENPA F	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
PENSION EXPENDITURE	Amount	101.78	37.26	157.10	765.69	534.90	470.34	225.96	253.03	201.68	463.75	1.340.98
	% var since 2014	7.80%	2.94%	-1.63%	2.56%	8.35%	3.62%	1.43%	4.43%	1.80%	3.67%	4.25%
	% var. since 2011	41.60%	21.39%	-0.47%	19.60%	62.90%	19.48%	22.44%	25.21%	12.55%	18.16%	24.30%
	% var. since 2006	126.76%	53.12%	8.35%	52.29%	150.78%	73.25%	85.27%	76.72%	31.55%	61.10%	45.68%
	% var. % since baseline	1292.52%	4294.29%	49.69%	1109.31%	2255.66%	1755.91%	2393.77%	1651.79%	302.74%	589.48%	382.40%
CONTRIBUTION REVENUES	Amount	169.21	95.85	261.77	1.515.55	984.61	467.82	279.89	729.86	263.81	351.25	2.375.70
	% var. since 2014	4.48%	6.55%	0.81%	2.78%	-3.27%	9.52%	0.59%	1.23%	4.61%	-2.37%	5.76%
	% var. since 2011	47.28%	31.11%	2.22%	15.82%	34.24%	14.14%	11.96%	25.67%	34.12%	-7.92%	11.38%
	% var. since 2006	100.89%	103.79%	8.61%	134.40%	76.80%	47.66%	20.76%	69.99%	10.65%	1.43%	45.35%
	% var. since baseline	1109.79%	3053.92%	153.25%	1436.62%	1018.91%	569.52%	1146.40%	1328.80%	263.99%	268.56%	465.31%
CONTRIBUTION REVENUES/PENSION EXPENDITURE BALANCE	Amount	67.43	58.58	104.67	749.86	449.71	-2.53	53.93	476.83	62.13	-112.50	1.034.72
	% var. since 2014	-0.15%	8.98%	4.71%	3.01%	-14.21%	-90.56%	-2.76%	-0.39%	14.94%	28.50%	7.78%
	% var. since 2011	56.77%	38.15%	6.53%	12.28%	11.01%	-115.62%	-17.58%	25.91%	254.95%	920.86%	-1.84%
	% var. since 2006	71.38%	158.13%	9.00%	421.58%	30.88%	-105.57%	-50.89%	66.62%	-27.00%	292.52%	44.94%
	% var. since baseline i	909.79%	2573.85%	6687.22%	2023.48%	588.79%	-105.67%	302.61%	1201.46%	177.35%	501.16%	627.31%
SALDO PENSIONISTICO	Amount	1.66	2.57	1.67	1.98	1.84	0.99	1.24	2.88	1.31	0.76	1.77
	% var. since 2014	-3.08%	3.51%	2.48%	0.21%	-10.72%	5.70%	-0.82%	-3.07%	2.77%	-5.83%	1.45%
	% var. since 2011	4.01%	8.01%	2.70%	-3.09%	-17.59%	-4.46%	-8.55%	0.36%	19.16%	-22.07%	-10.39%
	% var. since 2006	-11.41%	33.09%	0.24%	53.92%	-29.50%	-14.77%	-34.82%	-3.81%	-15.89%	-37.04%	-0.22%
	% var. since baseline	-13.12%	-28.23%	69.19%	27.07%	-52.50%	-63.92%	-50.02%	-18.44%	-9.62%	-46.55%	17.19%
PENSIONERS/ ACTIVE MEMBERS RATIO	Amount	36.25	21.03	28.60	11.65	16.41	37.17	29.65	10.76	54.17	57.29	53.08
	% var. since 2014	4.14%	-6.38%	-4.20%	-3.32%	6.66%	5.12%	3.70%	0.73%	0.55%	10.56%	2.21%
	% var. since 2011	1.72%	-7.46%	-15.54%	-22.20%	81.38%	30.87%	20.50%	2.04%	-0.68%	40.12%	15.43%
	% var. since 2006	32.09%	-15.40%	-25.22%	-35.55%	82.99%	48.65%	62.09%	6.04%	21.82%	73.80%	24.95%
	% var. since baseline	136.22%	-41.52%	-36.76%	-63.61%	-38.16%	171.33%	206.50%	-60.58%	4.39%	50.18%	83.68%
AVERAGE CONTRIBUTION/ AVERAGE/PENSION RATIO	Amount	1.66	1.85	2.10	4.34	3.31	2.70	2.72	3.22	1.41	2.30	1.06
	% var. since 2014	-0.93%	3.20%	1.85%	3.21%	5.01%	-10.00%	-2.77%	2.41%	-3.23%	-3.95%	-3.56%
	% var. since 2011	-22.42%	-2.15%	18.37%	20.54%	-34.90%	-22.72%	-5.67%	-1.46%	-31.77%	-6.78%	-6.39%
	% var. since 2006	-7.49%	-10.71%	28.85%	2.37%	-21.77%	-16.58%	-24.47%	-12.83%	-1.17%	-5.73%	-24.58%
	% var. since baseline	-51.27%	138.24%	-6.54%	116.29%	240.45%	2.16%	-34.72%	211.05%	5.99%	24.56%	-53.54%

Instead, the funds for veterinary doctors, lawyers, chartered accountants and auditors (ENPAV, Cassa Forense and CNPADC) had a good pension balance around 2, with contributions twice as higher with respect to benefits, while those for accountants and notaries (CNPR and CNN)

had a pension balance equal to **1.24** and **1.31** respectively. In any case, these two categories do not have a high number of members, especially the fund for accountants; this may create some problems if the law is not changed or amended.

The best results in terms of *pensioners/active workers ratio* were obtained by the fund for chartered accountants (only 10.76 pensioners for every 100 active workers) followed by Cassa Forense (11.65) and Inarcassa – engineers and architects - (16.41); this ratio was more problematic for INPGI (57.29 pensioners every 100 active workers) and for the funds for notaries (54.17) and doctors (53.08).

In 2015, only the funds for veterinary doctors, pharmacists and lawyers (ENPAV, ENPAF and Cassa Forense) managed to improve this ratio by 6.4%, 4.2% and 3.3% respectively.

The *average pension/average contribution ratio* presented ranged from 1.41 to 4.34, which shows that the average pension is higher than the average contribution for all schemes. The record belongs to the fund for lawyers, whose average pension is 4.34 times the average contribution; it is followed by the Inarcassa fund for chartered accountants, accountants and surveyors, whose average pension is over two and a half times as high with respect to the average contribution. The other funds have a lower ratio, in particular doctors (ENPAM) whose average pension is almost in line with the average contribution (1.06).

Table 3.2 shows the same indicators for the schemes privatized under Leg. Decree 103/96.

Since they were set up only recently, they provide very few pension benefits and so their *pension balance* is generally very positive, even if slightly down in the last year; in fact, it ranged from 7.35 (more than 7 times with respect to pension benefits) of the fund for industrial evaluators (EPPI) to over 16 times for the funds of psychologists (ENPAP) and of biologists (ENPAB). The pension balance is markedly positive even if not very significant for the fund for nurses at 32.95 (ENPAPI) and at 132.39 for the fund for agricultural technical consultants (ENPAIA AGR.); the former was influenced by the possibility for nurses with collaboration contracts to join the fund and the latter by the fact that this fund started in 2008 and provides only 21 pensions. (see table 2c on the web).

They also feature a very good *pensioners/active members ratio*, except for the two special schemes within ENPAIA, which are very small; it ranges from 4.15 pensioners for every 100 active workers of INPGI-separate scheme to 4.43 of nurses (ENPAPI) with a maximum of 24.39 pensioners for every 100 active workers for industrial evaluators (EPPI); the other schemes feature less than 10 retirees. Of course, over the years, the higher the number of pensioners, the stronger the growth of this ratio.

Last but not least, *the average pension/average contribution ratio* shows that the average pension is higher than the average contribution by over 2.24 times for journalists (INPGI-separate scheme), by 1.34 times for the multicategory fund (EPAP) and by 1.05 times for psychologists. For all the other schemes this ratio is good; for industrial evaluators, the average pension is 55.8% with respect to the average contribution, for nurses it is equal to 68.5% and for biologists it is 86.1%. Moreover, in 2015 this ratio improved for all schemes except for journalists (1.97 in 2014).

Tab. 3.2 - Indicators and pension expenditure of the schemes privatized under Leg. Decree 103/96
(in millions of euros)

		EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
PENSION EXPENDITURE	Amount	11.07	6.13	2.54	2.54	0.02	0.75	5.35	3.92
	% var. since 2014	25.29%	18.08%	22.77%	16.21%	12.89%	17.22%	11.39%	1.23%
	% var. since 2011	139.86%	129.54%	158.94%	172.24%	46.03%	61.39%	121.17%	338.82%
	% var. since 2006	875.73%	684.67%	1601.96%	1860.98%	-	227.29%	795.27%	1457.48%
	% var. since baseline	1106.70%	613.25%	254.26%	254.48%	1.73%	75.33%	534.92%	391.79%
CONTRIBUTION REVENUES	Amount	81.35	100.63	83.79	41.87	2.28	8.19	53.10	42.07
	% var. since 2014	17.21%	8.63%	5.08%	13.56%	19.32%	5.31%	-2.01%	-9.08%
	% var. since 2011	45.53%	26.95%	76.48%	41.73%	46.41%	26.41%	1.44%	-11.62%
	% var. since 2006	74.98%	82.96%	140.02%	71.43%	101.69%	24.17%	21.60%	59.40%
	% var. since baseline	8135.00%	10062.72%	8379.06%	4186.94%	228.49%	818.52%	5310.08%	4207.10%
CONTRIBUTION REEXPENDITURES/ PENSION ITURE BALANCE	Amount	70.28	94.49	81.25	39.32	2.27	7.43	47.75	38.15
	% var. since 2014	16.03%	8.07%	4.61%	13.40%	19.37%	4.24%	-3.31%	-10.02%
	% var. since 2011	37.04%	23.37%	74.74%	37.46%	46.41%	23.70%	-4.36%	-18.32%
	% var. since 2006	54.96%	74.28%	133.74%	61.87%	100.16%	16.82%	10.87%	45.95%
	% var. since baseline	7028.30%	9449.47%	8124.79%	3932.46%	226.77%	743.19%	4775.16%	3815.31%
SALDO PENSIONISTICO	Number	7.35	16.41	32.95	16.45	132.39	10.87	9.93	10.74
	% var. since 2014	-6.45%	-8.00%	-14.40%	-2.27%	5.70%	-10.15%	-12.02%	-10.18%
	% var. since 2011	-39.33%	-44.69%	-31.84%	-47.94%	0.26%	-21.67%	-54.13%	-79.86%
	% var. since 2006	-82.07%	-76.68%	-85.90%	-91.26%	-	-62.06%	-86.42%	-89.77%
	% var. since baseline	-99.44%	-99.09%	-	-	-	-80.02%	-	-99.81%
PENSIONERS/ ACTIVE MEMBERS RATIO	Number	24.39	5.81	4.43	7.06	1.31	14.56	7.27	4.15
	% var. since 2014	13.18%	9.98%	16.19%	11.36%	6.60%	5.94%	15.86%	-2.36%
	% var. since 2011	169.74%	37.51%	53.07%	114.87%	103.07%	72.08%	60.98%	8.16%
	% var. since 2006	443.01%	125.62%	283.03%	588.28%	-	173.79%	213.86%	101.19%
	% var. since baseline	6932.00%	2418.59%	-	-	-	-	-	3170.59%
AVERAGE CONTRIBUTION/ AVERAGE/PENSION RATIO	Amount	0.56	1.05	0.68	0.86	0.58	0.63	1.39	2.24
	% var. since 2014	-5.56%	-1.16%	0.55%	-8.11%	-11.24%	5.06%	-1.89%	14.03%
	% var. since 2011	-35.43%	213.28%	6.48%	9.83%	10.28%	0.51%	63.06%	142.80%
	% var. since 2006	10.80%	121.22%	124.00%	93.99%	-	30.32%	174.82%	366.50%
	% var. since baseline	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

3.3 Welfare benefits

Over the years, all these funds introduced other benefits, such as welfare benefits, for their members. In the current economic context, these benefits are becoming increasingly relevant and each scheme has tried to meet the needs and the requirements of its members by expanding and structuring its welfare benefits more efficiently. These benefits range from health insurance and maternity leave to disability allowances also for disabled children, contributions for natural calamities, loans, support measures for professionals, safety net measures and so on and so forth. These benefits are becoming more and more important for their members but, thanks to the way in which they were designed, they are not supposed to undermine the sustainability of the schemes since they do not produce any future obligations; in general, an annual equilibrium between

contributions and benefits is ensured; moreover they do not concur to the pension balance under the above-mentioned provisions on the sustainability of the accounts at 50 years. As of 2014, all pension and welfare benefit expenditure and contributions have been taken from the accounts and entered into the archives, which makes it possible to assess the role and scope of the welfare system.

In addition to contribution revenues and pension benefit expenditure, other revenues (from assets under management or from extraordinary proceeds) and other costs (operating and extraordinary expenses) have been considered since 2014 so as to be able to track the performance of the **accounting balance**, that is the overall economic results of the scheme. In 2015, the above-mentioned balance remained practically unchanged, with a slight -0.10% vs. the previous year for the 509 funds, while it went significantly up (+5.13%) for the 103 funds.

Finally, given the relevance of the operating costs for these funds, the following *Tables 3.3 and 3.4* show the effect of these costs on the so-called **production value**, that is the sum of contributions, benefits and revenues from assets under management. In 2015, this parameter was in general stable for the 509 funds (+0.13) and it significantly dropped for the 103 funds (-2.70).

Tab. 3.3 – Other indicators of the schemes privatized under Decree 509/94: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenditure, operating costs, accounting balance and its incidence on production value (millions of euros)

	ENPACL	ENPAV	ENPAF	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
Pension benefit contributions	169.21	95.85	261.77	1,515.55	984.61	467.82	279.89	729.86	263.81	351.25	2,375.70
Welfare benefit contributions	26.98	3.28	2.46	77.20	15.20	15.61	8.13	16.22	1.99	25.06	15.72
Revenues from assets under management and other sources	30.19	15.96	73.28	305.47	258.43	72.73	19.37	398.49	69.30	214.20	300.53
Total revenues	226.39	115.08	337.52	1,898.22	1,258.23	556.15	307.39	1,144.57	335.10	590.51	2,691.95
Pension benefit expenditure	101.78	37.26	157.10	765.69	534.90	470.34	225.96	253.03	201.68	463.75	1,340.98
Welfare benefit expenditure	3.11	5.10	2.60	63.25	38.20	10.77	5.02	18.47	32.50	44.20	91.94
Operating costs Other expenses	26.07	24.12	38.48	139.10	80.35	50.45	109.96	307.49	68.48	61.49	212.50
Total Costs	130.96	66.49	198.18	968.04	653.45	531.56	340.94	578.99	302.66	569.44	1,645.42
Accounting balance	95.43	48.60	139.34	930.18	604.78	24.59	-33.54	565.58	32.44	21.07	1,046.53
Total revenues + benefits	331.28	157.45	497.22	2,727.17	1,831.33	1,037.26	538.37	1,416.07	569.28	1,098.46	4,124.87
Operating expenses	10.58	5.85	12.74	83.13	29.37	29.07	13.07	44.11	9.40	34.17	111.32
Effect on the production value	3.19%	3.72%	2.56%	3.05%	1.60%	2.80%	2.43%	3.12%	1.65%	3.11%	2.70%

The detailed analysis of individual schemes show the negative result in the fund for accountants due to the loss of value of part of its real-estate assets, to credits vis-à-vis its members and to a contingency reserve created following a Supreme Court ruling which banned the pro-rata criteria adopted by this fund in the calculation of new pensions. Welfare benefits play an

increasingly important role. In 2015, these benefits were financed by contributions except for the funds of notaries and doctors. The weight of operating expenses on the production value is about 3% and is rather homogeneous among the funds, with lower values for the fund for engineers and architects (1.60%) and notaries (1.65%).

Tab. 3.4 - Other indicators of the schemes privatized under Decree 103/94: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenditure, operating costs, accounting balance and its incidence of the production value (millions of euros)

	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
Pension benefit expenditure	81.35	100.63	83.79	41.87	2.28	8.19	53.10	42.07
Welfare benefit expenditure	0.00	10.45	1.90	2.24	0.02	0.01	1.23	2.61
Revenues from assets under management and from other sources	51.68	45.56	76.15	15.09	1.03	4.54	26.75	5.15
Total revenues	133.03	156.64	161.84	59.19	3.34	12.73	81.08	49.83
Pension benefit expenditure	11.07	6.13	2.54	2.54	0.02	0.75	5.35	3.92
Welfare benefit expenditure	3.02	14.56	4.30	3.32	0.05	0.02	2.47	1.22
Operating expenses and other costs	66.22	105.21	150.33	39.95	2.98	10.70	64.76	5.06
Total Costs	80.30	125.91	157.17	45.81	3.06	11.47	72.58	10.20
Accounting costs	52.73	30.74	4.67	13.38	0.28	1.26	8.50	39.63
Total revenues + benefits	147.11	177.34	168.68	65.05	3.41	13.50	88.89	54.97
Operating expenses	5.40	6.56	8.27	2.90	0.22	0.70	5.38	0.60
Effect on the production value	3.67%	3.70%	4.90%	4.46%	6.35%	5.20%	6.05%	1.10%

These data show that welfare benefits are particularly high for nurses and that they are not generally financed by contributions except for the separate scheme for journalists. The weight of the operating expenses on the production value is slightly higher for 509 funds, at around 4%, ranging from 1.10 for INPGI 2, which receives some free services from INPGI, to 6.35% of agricultural consultants. In general, these differences are due to low benefits, which reduces the sum of revenues plus benefits.

A final consideration on the *number of members* and, in particular, on their changing composition over the years: a higher number of *women*, from 30% to 36% as of 2007, a lower number of workers up to 35 years of age, accounting for 16.4% (due to a reduction in the number of members), a growing number of workers above 55, accounting for 26%. Even the geographical distribution has changed, with a drop of membership in the north of Italy from 47% to 44% and an increase from 25% to 28% in the south, while the centre remains stable at 28% (see V ADEPP Report).

4. Equilibrium rates of the pension system and of individual pension funds

The accounting equilibrium rate is a theoretical indicator of the contribution rate to be applied to the taxable income of the funds' members so that contribution revenues balance the benefits provided, that is a balance equal to zero between contributions revenues and benefit expenditure¹⁸. If the theoretical contribution rate and the actual contribution rate coincide, pension funds have a financial equilibrium. A positive difference between these two rates means a negative balance; instead if the actual contribution rate is higher than the theoretical equilibrium rate, the balance is positive.

Tab. 4.1 - Accounting equilibrium rates, contribution rate vs. actual rate (2015) (*)

	\hat{a}	p/w	R/L	Q	D
Private sector employees	38,0	57.3	66.3	79.7	7.7
Public sector employees	60.6	68.8	88.1	56.7	26.2
Public employees (**)	52.3	59.4	88.1	56.7	22.6
Artisans	33.9	34.4	98.4	58.5	14.1
Retailers	21.7	33.6	64.5	93.1	1.5
CDCM	88.7	25.9	342.6	14.0	76.3
Professionals	10.2	36.9	27.5	183.4	-8.5
Atypical workers	2.7	10.5	25.7	1015.8	-24.7
Clergy	75.1	27.9	...
Supplementary funds	11.1	29.7	49.2	91.5	0.9

(*) see Note at the end of this page.

(**) in this case, the 2015 equilibrium rate considers that, under Art. 2, par. 4, of Act n.183/2011, GIAS provided 9,169.60 million euros'' worth of pension benefits for public employees.

Table 4.1 summarizes for 2015 the situations for the main categories of funds. The first column on the left shows the theoretical accounting equilibrium rate (\hat{a}), while the last column on the right shows the difference (d) between the theoretical and the actual rate, that is how much the average rate currently applied to the different categories of funds should change in order to obtain an accounting balance equal to zero.

The negative differences refer to the categories that currently run a surplus. The intermediate columns show the structural ratios of the different categories and the share (q) of benefit financing covered by contribution revenues¹⁹.

¹⁸ The "accounting equilibrium rate" determines the equilibrium between pension revenues and expenditure, that is of the funds' budget items which include the members' contribution revenues and the benefits paid. This balance does not include the administrative costs under expenditure and the rate of return of the assets. The balance of the retirement account is zero when the contribution rate C is equal to the amount of benefits (S_p). Since contribution revenues are equal to the ratio of the contribution rate vs. the income on the basis of which contributions are calculated (equal to the average income w multiplied by the number of workers L), while pension expenditure is equal to the ratio of the average pension p to the number of pensions paid R , the theoretical accounting equilibrium rate (α) is derived from:

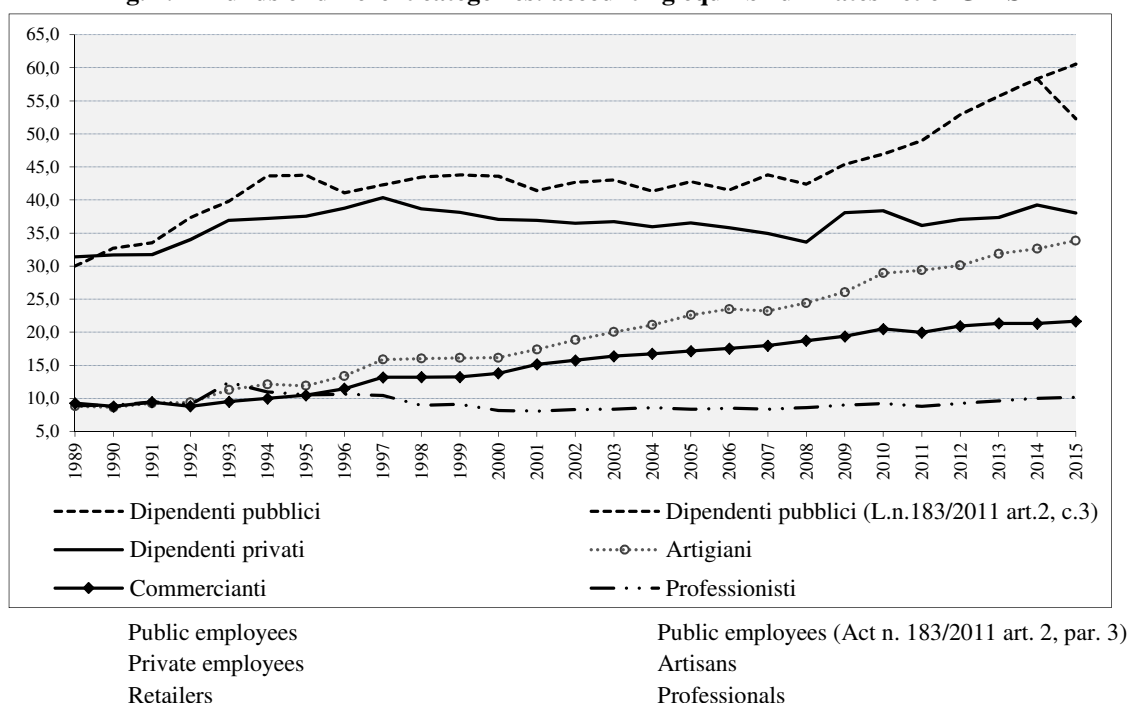
$$C = S_p \quad \hat{a} \cdot w \cdot L = p \cdot R \quad \hat{a} = p/w \cdot R/L$$

In the previous section 1.2, the items financing pension benefits include the part covered by the contributions equivalent to the ratio: $q = (a \cdot L \cdot w) / (p \cdot R)$, where a is the average rate actually applied to a pension fund. Therefore, the accounting equilibrium rate can be defined as $\hat{a} = a / q$, while the average actual variation (d) rate necessary to rebalance the accounts is equal to $d = (1 - q) \cdot (p/w \cdot R/L)$.

¹⁹ Do to the lack of income related data, the Clergy fund only features the ratio of pensions paid vs. active members and the share of benefits financed by contributions.

There are clearly major differences among the categories. As already mentioned, two of them, the fund for atypical workers and for professionals, run a surplus and their average rates are higher than the accounting equilibrium rates, so this difference is negative. In all the other funds, the differences are positive, which means that current rates are not able to balance the accounts even when considering pension benefits alone. The differences between the equilibrium rate and the average actual rate are very significant in the fund for farmers; they are less significant for public employees and artisans, even smaller for private sector employees, for retailers and for supplementary funds. In general, according to the structural data in the central elements of the table, there are analogies in terms of type of work, whether employed or self-employed, in the ratio of average pensions vs. average contributions; instead, there are more marked differences in terms of the number of pensions/ number of active workers ratio mainly due to divergent employment trends in several sectors.

Fig. 4.1 - Funds of different categories: accounting equilibrium rates net of GIAS

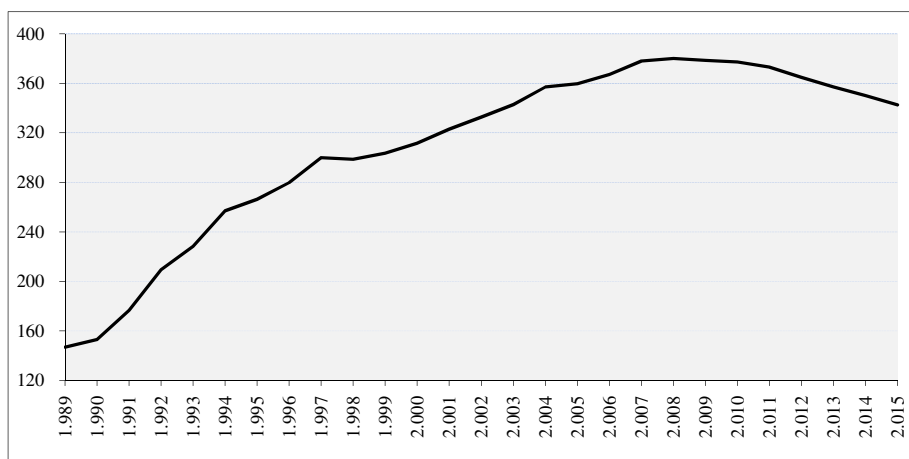


The major differences emerging from the 2015 data are the result of an articulate evolution in the results of the different funds. **Figure 4.1** shows the trends of the equilibrium rates over time for the categories already considered, except for atypical workers and for farmers and agricultural workers. The reasons are completely different. The separate scheme for atypical workers was set up in 1996 and is still “young” with a very low ratio of pensions paid vs. active workers and with average low benefits paid until now. The accounting equilibrium rate of this fund has therefore a relative effect on the operating results that is 2.7% in 2015, as indicated by the figure. It is important to add that since this fund is completely based on the contribution method, it generally has a balance between the equilibrium and the actual rate, except for welfare benefits that are supposed to be financed by GIAS.

The opposite is true for the fund of farmers, tenants and sharecroppers (CDCM). In this case, it is a “mature” fund, with a high number of outstanding pensions compounded by the structural loss of jobs in favour of the industry sector first and of the tertiary sector later.

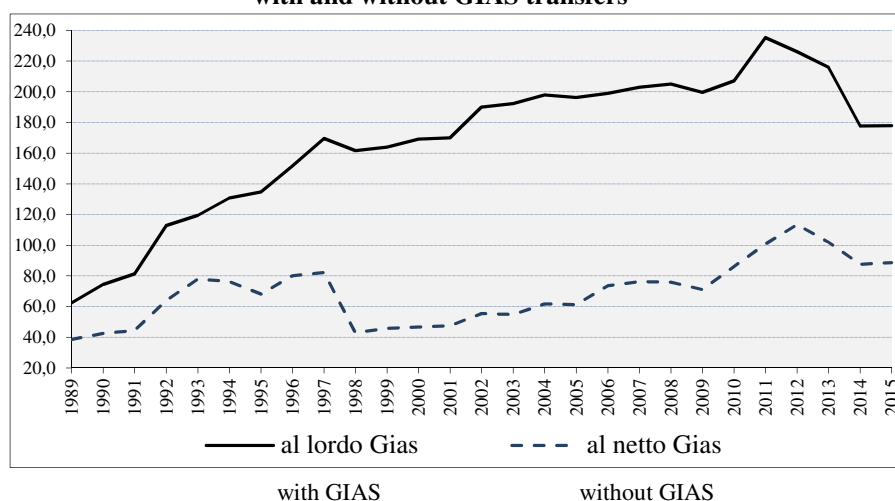
The gradual reduction in the number of people working in this sector and the skyrocketing ratio of pensions paid vs. active workers paying contributions (**Figure 4.2**) resulted in using a growing number of welfare measures but without any major effect on these structural problems. Indeed their impact was very limited.

Fig. 4.2 - Farmers, tenant farmers and sharecroppers: pensions/active members ratio



The transfer of increasing financial resources²⁰ from GIAS managed to maintain the average pension/average income ratio almost at the same level as that of private sector employees (**Figure 4.4**), even if at much lower levels in absolute terms. But the huge imbalance in the number of pensions/ number of active workers ratio (less than 3.5 pensions per each contributor in 2015) led to an extremely high equilibrium rate (**Figure 4.3**). The graphs show that the difference in the equilibrium rate before and after GIAS transfers became larger after 1997, when a new criterion was introduced to separate pension and welfare expenditure and to capitalize on welfare expenditure to finance agricultural sector pension benefits paid as of 1989.

Fig. 4.3 - Farmers, tenant farmers and sharecroppers: accounting equilibrium rates with and without GIAS transfers



²⁰ The data in table 2 of Chapter 1 I show that more than 50% of benefit expenditure of the CDCM Fund is financed through GIAS transfers.

In general, the trends for the other categories show that, after about twenty years of growing and partially fluctuating patterns as of 2009 and the economic crisis, the equilibrium rates for all categories did increase, even though with very different growth rates.

In particular, the category of private sector employees, that has the most significant impact on the equilibrium of the whole pension system, featured the most impressive changes during the years of the crisis. For about fifteen years starting from the reforms in the mid 1990's, the equilibrium rate consistently diminished to reach 33.6% in 2008, very close to the nominal actual contribution rate. After 2009, there was a reversal in this trend. More stringent retirement age requirements further reduced the number of pensions to be paid, but this was not sufficient to offset the increase in the average pension/average contribution ratio (*Figure 4.5*). In fact, this ratio picked up again for two reasons: labour market difficulties and lower wages; the relative inertia of the value of pension benefits, less sensitive to the economic cycle but possibly more sensitive to more stringent retirement age and seniority requirements.

Fig. 4.4 – Number of pensions vs. number of active members ratio

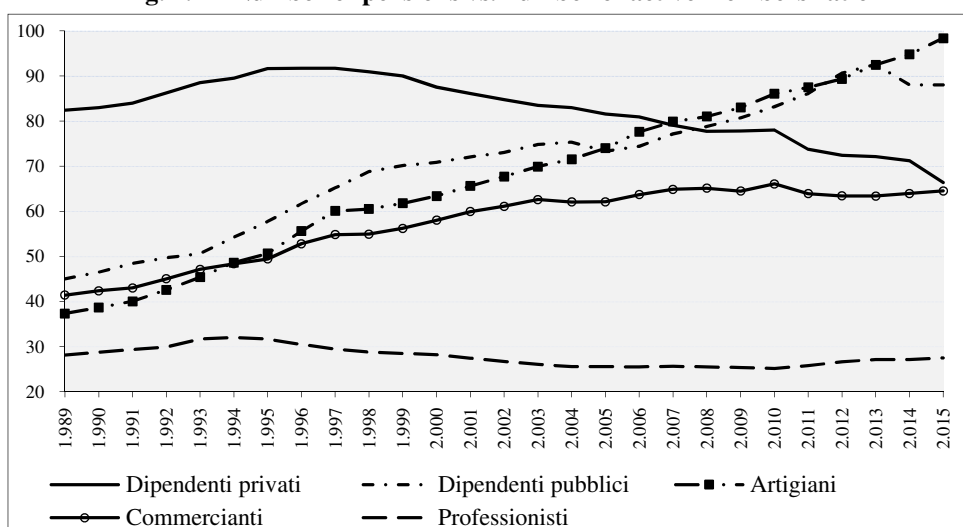
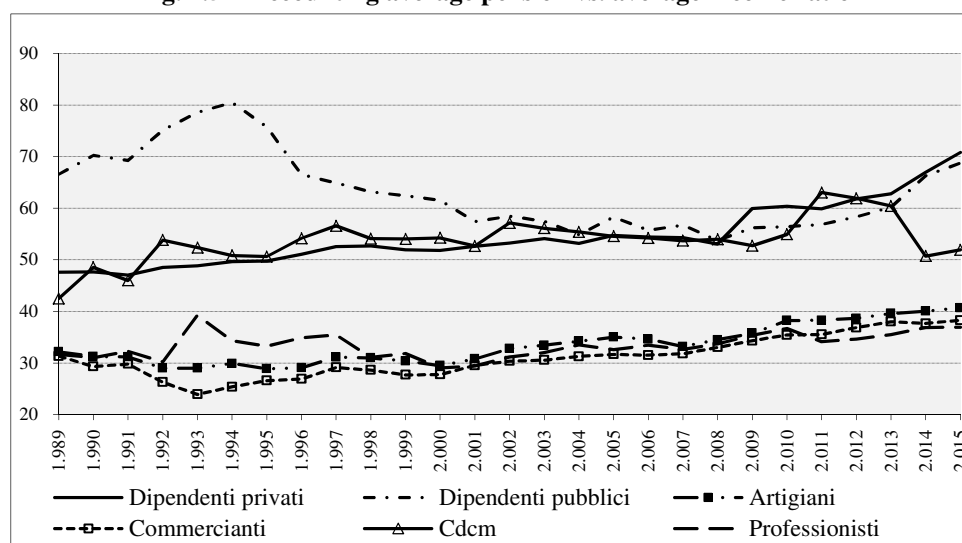


Fig. 4.5 – Accounting average pension vs. average income ratio



Private sector employees
Retailers

Public sector employees
Professionals

Artisans

In the category of public employees, the equilibrium rate had an initial period of rapid growth (from 30.0% in 1989 to 43.8% in 1995); then it fluctuated for some years when there was a steady increase in the number of pensions paid with respect to the number of active workers paying contributions that was largely offset by the decline in the average pension/average income ratio which remained higher than the actual contribution rate. However, after 2009, also due to a halt in turnover and to the reduction in the number of employed workers, the operating results significantly deteriorated, the same for both ratios, the accounting equilibrium rate picked up again to reach 60.6% in 2015²¹.

Figure 4.1 illustrates that accounting equilibrium rates have gradually grown since the mid-nineties both for self-employed artisans and retailers. This trend is due not so much to the increase in the average pension/average income ratio and in the number of pensions/number of active workers ratio, an increase by about 8% for both categories in 2000 and 2015 (**Figure 4.5**), but to the growing ratio of the number of pensioners vs. the number of active members paying contributions, (about 5% since the year 2000 for retailers and 35% for artisans) (**Figure 4.4**). This major difference is also seen in the equilibrium rates of the previous table and it is the result of conflicting trends in terms of number of pensions and number of active members. In fact, the fund for retailers saw its membership grow by about 375 thousand people and had an increase in the number of pensions paid by 358 thousand pensions; instead, in the same period, the fund for artisans showed a decrease in its membership by over 144 thousand people and a growth in the number of pensions paid by 499 thousand.

Finally, the category of self-employed workers shows a very different situation as to the results of their professional schemes. In fact, this category still has a very low ratio of the number of pensions paid vs. the number of active workers paying contributions. Equal to about 27 pensions paid for every 100 active members. Moreover, except for few professional categories, the average pension/average income ratio is in line with that of other categories. As a result, their equilibrium rates remained relatively stable and slightly above 10% in 2015, that is about 8% below the current average contribution rates.

²¹ Considering the effect of Art.2, par. 4, of Act.183/2011, with transfers of over 9 billion euros to GIAS, as already mentioned, the 2015 accounting equilibrium rate was equal to 52.3%.

5. Income-support benefits for 2015: GPT and GIAS measures

As illustrated in the previous Chapter 2.6, the *Temporary Benefit Scheme (GPT)* and *GIAS*, provide benefits to *employed workers* in cooperation with FPLD (pension fund for employed workers) with the aim to support their income in cases of unemployment, sickness, maternity and family allowances (ANF) and to pay retirement contributions for workers temporarily out of the labour market. GPT was established under Art. 24 of Act n. 88 of 1989 (*Restructuring of the National Institute of Social Security and the National Institute for Insurance against Accidents at Work*). The INPS Board of Directors may decide to use its surplus without paying interest rates to finance FPLD so as to rebalance its deficit, as pointed out in Chapter 2.

GPT is funded by the contributions paid by companies, which were previously accruing in other funds and schemes now merged into its structure with their assets and liabilities after the above-mentioned restructuring phase.

This Chapter illustrates the economic and financial performance of this fund in terms of its *revenues from the contribution* paid by employers (which obviously has an impact on the final cost of labour) and of its income-support *benefit expenditure*.

These are the main benefits provided to eligible workers:

a) *benefits for unintentional unemployment in the agricultural and in the non-agricultural sector*

On May 1 2015, Leg. Decree n. 22 of 2015 introduced a monthly unemployment benefit to support the income of workers who involuntarily lost their job, called *New Social Security Employment Benefit (NASpI)*, to replace the ASpI and Mini-ASpI benefits launched under Act 92/2012 (so-called Fornero Reform) on 01/01/2013. Unlike ASpI which envisaged that, for the worker who stopped working, at least two years had to elapse since the payment of the first unemployment contribution, NASpI does not feature this requirement, but thirteen weeks of unemployment contributions have to be paid in the four years preceding the unemployment period. Moreover, at least thirty days of actual work are necessary independently of the amount of contributions in the twelve months preceding the unemployment period.

NASpI is paid every month for a number of weeks equal to half the weeks of contributions of the last four years. The benefits are equal to (see newsletter [INPS 94 of 12/5/2015](#)):

- 75% of the average monthly income base for contribution purposes of the last four years, if this is equal to or less than an amount established by the law and adjusted to ISTAT every year (in 2015 it is equal to 1,195.00 euros);
- 75% of the pre-defined amount (1,195.00 euros in 2015) added to 25% of the difference between the average monthly income base for contribution purposes and 1,195.00 euros (in 2015) if the average monthly income is higher than the above-mentioned amount.

The benefit cannot exceed an upper limit established by law every year (1,300.00 euros in 2015). The monthly benefit is reduced by 3%, starting from the 1st day of the 4th month since benefits have been paid (91st day). The benefits are paid every month and include family allowances if any. *The mobility allowance (GPT benefit) will be repealed as of 01/01/2017.*

b) guarantee fund for termination of employment benefit (TFR) and the benefits for the last three months of work in case of employers' insolvency. These are directly financed by a 0.20% contribution from companies;

c) supplementary benefits for workers in the industry and construction sector;

d) wage support benefits for agricultural workers;

e) the unified fund for family allowances; household benefits;

f) sickness and maternity benefits and any other **temporary** social security benefits other than pensions.

Table 5.1 shows the data on the financial accounts of the last 8 years.

Tab. 5.1 – GPT accounts 2008-2015 | economic situation *
(millions of euros)

Anno	2008	2009	2010	2011	2012	2013	2014	2015
Proventi e corrispettivi	18.832	17.999	18.782	18.833	18.912	19.743	19.994	20.208
Altri ricavi (**)	2.507	2.531	2.370	2.428	2.600	2.444	2.545	2.328
Totale Valore della produzione (A)	21.339	20.530	21.152	21.261	21.512	22.187	22.539	22.536
Spese per prestazioni istituzionali	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534
Altri oneri di gestione	4.472	7.117	6.934	6.394	7.901	6.654	6.616	6.644
Totale Costi della produzione (B)	15.931	21.024	20.484	19.900	22.534	21.803	20.883	20.178
Differenza (A) - (B)	5.408	-494	668	1.361	-1.022	384	1.656	2.357

(*) Al lordo di proventi e oneri finanziari e straordinari e imposte di esercizio

(**) Somme per sanzioni civili e Trasferimenti dalla GIAS (copertura mancato gettito per esoneri o riduzioni di aliquote contributive, variazioni dell'imponibile contributivo e minor gettito contributivo per integrazioni salariali)

Year Proceeds and Revenues Other Revenues (**) Total **value of Production (A)** Institutional benefit expenditure Other operating costs Total **Costs of Production (B)** **Difference (A) - (B)**

(*) Gross of proceeds, financial and extraordinary charges and taxes (**) Administrative sanctions and GIAS transfers (no resources to finance exemptions or incentives in the payment of contribution charges, changes in the taxable contribution base and lower contribution revenues for wage support benefits)

In the last 8 years, contributions revenues, which appear in **Table 5.1** under the item "*Revenues and Proceeds*" (contributions to production), remained stable at around 18,800 million euros until 2012 and then significantly increased in 2013, a little bit less in the two following years as a sign of an improvement in the employment domain. At the same time, institutional benefits grew from 2008 (when the crisis started) to 2013 and then diminished in 2015 to reach a lower figure with respect to 2009; this confirmed the reduction in the temporary unemployment rate and the return to work for many subjects. In particular, in 2015, benefit expenditure dropped by 5.2% vs. the previous year, while contribution revenues increased by 1.1% with a surplus of over 2.3 billion euros.

Expenditure on institutional benefits is analysed in **Table 5.2**.

**Tab. 5.2 - GPT accounts 2008-2015 | Institutional benefit expenditure
(millions of euros)**

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015
Trattamenti di famiglia	3.831	3.760	3.552	3.670	3.726	3.817	3.676	3.611
Trattamenti di integrazione salariale	365	1.755	1.141	769	1.044	1.146	747	680
Trattamenti di disoccupazione e mini ASpI*	3.051	4.198	4.656	4.560	5.233	3.057	1.855	1.102
Trattamenti di AspI						2.253	3.401	2.301
Trattamenti di NASpI**								1.300
Trattamenti economici di malattia	2.165	2.079	1.992	2.053	2.044	2.017	1.950	1.958
Trattamenti economici di maternità	2.038	2.124	2.088	2.216	2.284	2.292	2.186	1.990
Trattamenti di fine rapporto e vari	446	415	585	672	795	1.087	1.042	1.253
Totale (A)	11.896	14.331	14.014	13.940	15.126	15.669	14.857	14.195
Recupero prestazioni e altro (B)	437	424	464	434	493	520	590	661
Totale spese per prestazioni (A - B)	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534

(*) lo scorso anno la voce era indicata brevemente come 'trattamento di disoccupazione'

(**) il trattamento NASpI è stato istituito, con decorrenza 1° maggio 2015, dal D.Lgs n.22/2015

Description: Family allowances Wage supplementary benefits Unemployment benefits and miniAspi (*) AspI benefits NASpI benefits (**) Sickness benefits Maternity benefits Termination of employment benefits and other benefits Total (A) **Recovery** of benefits and other (B) Total **benefit expenditure (A - B)**

(*) last year this item was referred to as "unemployment benefit"

(**) the Naps benefit was introduced on May 1st 2015 under Leg. Decree n. 22/2015

During the period analysed, total benefit expenditure, net of recovered ineligible items, increased from 11,459 million euros to 15,149 million euros in 2013 with a 32% growth rate mainly due to *unemployment benefits*. In 2015, expenditure dropped by 10.7% with respect to the 2013 peak. Family allowances proved to be the highest expenditure item at 26.62% (0.22% with respect to GDP), but they should not be accounted for as pension benefits but as family support measures according to Eurostat.

Transfers to FPLD to finance contributions are included in "other operating charges" (Table 5.1) and they account for bulk of these charges. They are analytically illustrated in the following **Table 5.3**

In its letter n. 11 of January 28 2013, INPS illustrated the *automatic benefit calculation* methods for the workers' individual accounts.

The Institute decided to *give up the average-based calculation method used to provide its annual structured information*. Instead, in line with the current legislation, this calculation refers to the income levels that unemployed workers would have had under normal employment conditions. Most of these charges are taken up by Aspi.

Tab. 5.3 - GPT accounts 2008-2015 | Contributions expenditure
(in millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015
Trattamenti di integrazione salariale:								
industria	139	1.091	622	344	565	583	278	342
edilizia	86	144	139	146	181	195	170	174
lapidei	4	7	7	8	9	10	9	8
Trattamenti di disoccupazione	3.198	4.984	4.908	4.907	5.941			
Aspi						2.431	3.882	2.759
Mini Aspi e agricoli						1.036	585	350
NAspi (Art. 12, D. Lgs. 22/2015)*								953
Altri trattamenti di disoccupazione						1.207	604	436
Totale	3.427	6.226	5.676	5.405	6.696	5.462	5.528	5.022

(*) vedi nota (**) tab. 5.2

Description: Wage supplementary benefits: industry construction stone works Unemployment benefits: Aspi MiniAspi and farmers NAspi benefits (Art. 12 Leg. Decree 22/2015) * Other unemployment benefits Total

(*) see Note (**) table 5.2

In order to have an exhaustive overview of *income-support benefits*, it is also important to look at the benefits paid by **GIAS** (briefly mentioned in Chapter 4.6 but without accounting data). In order to avoid (descriptive and accounting) duplications, the Report only refers to the **income-support benefits** provided by GIAS.

As already mentioned, the Fund for support and welfare benefits to pension schemes (GIAS) was set up under Article 37 of Act n. 88/89. As provided for under paragraph 3 letter D, this fund must bear the costs of *contribution incentives* (reduction in social security contributions) in favour of particular categories of workers, sectors or territories, including training, solidarity and apprenticeship benefits and family allowances which are also financed by the state, as well as extraordinary wage support and special unemployment benefits (mobility allowance under Act 223/91) as provided for under Acts n. 1115 of November 5, 1968 and n. 427 of August 6 1975 with their amendments and additions, in addition to other similar benefits to be provided by the State.

Table 5.4 shows wage-support measures in detail and transfers to FPLD to finance contributions. Unemployment benefits mainly include: the share of ordinary unemployment benefits not for the agricultural sector, the unemployment benefits introduced by Act 247/2007 for the agricultural sector, the special unemployment benefits in the construction sector and the allowances for socially relevant activities (ASU).

Tab. 5.4 - GIAS accounts 2008-2015 | Wage-support measures
(millions of euros)

A) Prestazioni	2008	2009	2010	2011	2012	2013	2014	2015
Trattamenti di disoccupazione	1.419	2.191	2.165	2.239	2.621	2.884	3.557	2.717
<i>AspI e mini AspI</i>						1.586	2.921	1.299
<i>NASpI*</i>								770
<i>altri</i>						1.298	636	648
Indennità di mobilità	882	1.144	1.346	1.435	1.685	2.081	2.284	2.108
<i>ordinaria</i>	794	1.043	1.169	1.192	1.387	1.716	1.980	1.888
<i>in deroga</i>	88	101	177	243	298	365	304	220
Trattamenti Cigs	508	1.121	2.173	1.981	2.449	2.811	2.914	1.856
<i>ordinaria</i>	396	825	1.608	1.386	1.634	2.038	2.195	1.489
<i>in deroga</i>	112	296	565	595	815	773	719	367
Trattamenti diversi	1	3	1	9	5	11	1	32
Totale	2.810	4.459	5.685	5.664	6.760	7.787	8.756	6.713

B) Coperture figurative e IVS	2008	2009	2010	2011	2012	2013	2014	2015
Trattamenti di disoccupazione	83	316	188	197	271	142	92	67
Indennità di mobilità	679	815	951	1.039	1.219	1.391	1.462	1.412
<i>ordinaria</i>	617	742	830	896	948	1.088	1.228	1.249
<i>in deroga</i>	62	73	121	143	271	303	234	163
Trattamenti Cigs	387	894	1.750	1.729	1.935	2.082	2.034	1.608
<i>ordinaria</i>	302	686	1.228	1.146	1.244	1.550	1.540	1.358
<i>in deroga</i>	85	208	522	583	691	532	494	250
Trattamenti diversi				6	0	0	0	0
Totale	1.149	2.025	2.889	2.971	3.425	3.615	3.588	3.087

(*) L'articolo 1 del D.Lgs n.22 del 2015 ha istituito, dal 1° maggio 2015, una indennità mensile di disoccupazione denominata Nuova prestazione di Assicurazione Sociale per l'impiego (NASpI), in sostituzione delle indennità ASpI e Mni-ASpI introdotte dall'articolo 2 della legge n.92 del 2012.

Benefits Unemployed benefits: *AspI and mini AspI NASpI others* Mobility allowance: *ordinary, derogation* Cigs benefits *ordinary, derogation* Other benefits Total

(*) On May 1 2015, Art 1 of Leg. Decree n. 22/2015 introduced a monthly unemployment benefit called New Social Security Employment Benefit (NASpI) to replace ASpI and mini ASpI benefits envisaged under Art. 2 of Act n. 92 of 2012.

Table 5.5 illustrates the contributions paid by employers: 0.30% for the mobility allowance, 0.80% for special unemployment benefits in the construction sector and 0.90% (0.30% to be paid by workers) for extraordinary wage-support measures.

Tab. 5.5 - GIAS accounts 2008-2015 | Contributions paid by employers and by members
(in millions of euros)

Anni	2008	2009	2010	2011	2012	2013	2014	2015
Indennità di mobilità	524	549	706	641	589	579	609	587
Trattamenti Cigs (*)	1.041	977	1.066	1.071	1.085	1.110	1.073	1.083
Trattamenti speciali edili	120	106	109	100	90	79	80	76
Totale	1.685	1.632	1.881	1.812	1.764	1.768	1.762	1.746

(*) L'aliquota contributiva Cigs grava per un terzo a carico del lavoratore (0,30%)

Years Mobility allowance Cigs benefits (*) Special benefits for Construction workers Total

(*) One third of the Cigs contribution rate is paid by workers (0.30%)

In the year 2015, the wage-support benefits provided by GPT and by GIAS (sum of the totals in tables 5.2, 5.3, 5.4 sections A and B), net of the operating expenses of the two special funds, amounted to 28.356 billion vs. 32.139 in 2014, with a drop by 11.8%.

Table 5.6 reports the contribution rates to be paid by employers for the GPT and GIAS funds.

Tabella 5.6

Tabella delle aliquote contributive per i principali settori di attività in vigore nel 2015 (valori percentuali della retribuzione imponibile)																
Voci contributive Settore di attività	Aspl (*) (**)		CUAF		cig ordinaria		cig straordinaria		mobilità		indennità malattia		indennità maternità		Totale	
	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati
Industria in genere	1,61	1,61	0,68	0,68	1,90	1,90							0,46	0,46	7,07	4,85
	1,61	1,61	0,68	0,68	1,90	1,90	0,90	0,90	0,30	0,30	2,22	2,22	0,46	0,46	8,27	6,05
	1,61	1,61	0,68	0,68	2,20	2,20	0,90	0,90	0,30	0,30	2,22	2,22	0,46	0,46	8,57	6,35
Artigianato	0,70	0,70	0,00	0,00							2,22	2,22	0,00	0,00	3,12	0,90
Artigianato edile (****)	1,50	1,50	0,00	0,00	5,20	1,90					2,22	2,22	0,00	0,00	9,12	3,60
Artigianato lapidei	0,70	0,70	0,00	0,00	3,70	1,90					2,22	2,22	0,00	0,00	6,82	2,80
Credito e Assicurazioni	1,61	1,61	0,68	0,68									0,46	0,46	2,95	2,95
Commercio	1,61	1,61	0,68	0,68							2,44	2,44	0,24	0,24	5,17	5,17
fino a 50 dip.	1,61	1,61	0,68	0,68			0,90	0,90	0,30	0,30	2,44	2,44	0,24	0,24	6,37	6,37
Da 50 a 200 dip.	1,61	1,61	0,68	0,68			0,90	0,90	0,30	0,30	2,44	2,44	0,24	0,24	6,37	6,37
più di 200 dip.																
Commercio CUAF ridotta																
fino a 50 dip.	0,48	0,48	0,00	0,00							2,44	2,44	0,00	0,00	3,12	3,12
Da 50 a 200 dip.	0,48	0,48	0,00	0,00			0,90	0,90	0,30	0,30	2,44	2,44	0,00	0,00	4,32	4,32
più di 200 dip.	0,48	0,48	0,00	0,00			0,90	0,90	0,30	0,30	2,44	2,44	0,00	0,00	4,32	4,32

(*) l'Assegno Sociale per l'impiego comprende l'aliquota di 0,30% destinata al Fondo di rotazione ex art. 25 L. n. 845/1978

(**) la L. 92/2012 istituisce al comma 28 un contributo addizionale di 1,40% per i rapporti di lavoro subordinato non a tempo indeterminato con esclusione dei casi rientranti nel comma 29

(****) si veda la nota alla tabella 5.4

(*****) la voce comprende l'aliquota di 0,80% per il Trattamento speciale

(*) l'Assegno Sociale per l'Impiego comprende l'aliquota di 0,30% destinata al Fondo di rotazione ex art. 25 L. n. 84/5/1978

(**) la L. 92/2012 istituisce al comma 28 un contributo addizionale di 1,40% per i rapporti di lavoro subordinato non a tempo indeterminato con esclusione dei casi rientranti nel comma 29

(***) si veda la nota alla tabella 5.4

(****) la voce comprende l'aliquota di 0,80% per il Trattamento speciale

5.1 Solidarity and Interprofessional funds

In recent years, the Italian pension system has become more restrictive in terms of contribution and age requirements to be entitled to pension benefits; these stringent criteria, compounded by a longer life expectancy and fewer public resources, has resulted in a progressive and sometimes drastic limitation to flexible retirement conditions which was one of the main characteristics of the entire Italian system.

A good, albeit partial solution to this problem came from self-financed sectoral Solidarity Funds established in the year 2000 to help their members to retire 5 years in advance and to benefit from specific active labour policy instruments, such as on-the-job training programs, assistance in finding a new job, new corporate staff recruitment programs especially in the banking sector, and downsizing plans on the basis of specific agreements between the social partners.

This framework of active labour policies also features another significant program that is not financed by the public budget, that is Joint Interprofessional Funds.

5.1.1 Solidarity Funds

Over the years, INPS has also had the institutional task of providing partially or fully State financed income-support benefits to workers dismissed or temporarily out of work. These benefits are governed by specific legal provisions that make up the so-called general safety net system. Due to the unrelenting and/or deteriorating economic and business crisis, this system has been constantly improved in terms of benefit amount and scope of application in different sectors. The worsening of the crisis led the legislators to add to the ordinary provisions for some enterprises and workers, some *specific measures “in derogation”* for other firms and workers for redundancy and mobility purposes, which were repeatedly extended.

Since the 1980's, the legislators had felt the need to proceed to a radical reform and to the further qualitative and quantitative extension of these protection mechanisms so as to make them more equitable and homogeneous. However, budgetary constraints and political and trade union conflicts on the new measures to be adopted resulted in a series of restrictions in terms of duration and applicability in view of a general reform of the social safety net". In the late 1990s, the reduction in the availability of public funds called for a different financing system to supplement and/or replace public funds so as to concretely implement a broader and more balanced protection system to face the more frequent and diversified challenges in the production sector.

As agreed with the social partners, Art. 2, paragraph 28 of Act 662/1996 introduced *“experimental measures to deal with the crisis for categories of workers and business sectors with no protection from the social safety net.”* These "measures" consist in the provision of benefits by sectoral solidarity funds on behalf of eligible enterprises and workers on the basis of ad-hoc collective and voluntary agreements between the social partners sector, in line the regulatory provisions of Ministerial Decree n. 477/1997. One of the first sectors beset by the crisis was the credit industry that was undergoing a major restructuring and consolidation effort with mergers and acquisitions of smaller banks by larger credit institutions.

Under the provisions of the early 2000s, many funds of solidarity have been gradually set up “within INPS” on the basis of articulate and substantially similar collective agreements. These joint funds are entirely self-financed and administered by an ad-hoc management committee with a limited mandate (maximum 10 years); their task is to provide extraordinary income-support benefits

(essentially early retirement benefits), other types of benefits similar to unemployment and Cig allowances and finance training and retraining programs. The first funds to be set up were: the Cooperative Credit Fund and the Ordinary Credit Fund; these funds received an ordinary contribution of 0.50% on the income amount of all workers in the sector (2/3 of which paid by the bank and 1/3 by the worker) to provide ordinary benefits (initially only limited to training programs) and ***an additional contribution paid entirely by the employer*** to provide extraordinary benefits (early retirement benefits and contributions).

Since the funds were required to have a balance in their annual accounts, if expenditure was higher than revenues the banks using the funds had to fill this gap on the basis of the number of the fund members. For example: if the ordinary contributions financed the funds up to 70%, the remaining 30% was financed with an additional contribution to be paid by the banks on the basis of the charges incurred for their employees registered in the funds.

These Funds immediately proved to be able to effectively meet the different and specific needs of the production sectors and, among other things, they paved the way to voluntary retirement of tens of thousands of people, particularly in the banking sector (approximately 60,000 between 2000 and 2015).

Hence the decision to transform them from temporary into structural funds under ***Act n. 92/2012*** and under ***Legislative Decree n. 148/2015***; this resulted in a significant change in the regulatory nature of these funds from voluntary to (indirectly) compulsory following the launch of the Residual Fund, then transposed into the ***Supplementary Wage Fund (FIS)*** as of January 1 2016. This fund is compulsory for all employers (and no longer enterprises alone) with more than 5 employees and their workers who are not entitled to the Cig under the law and who members of any other sectoral solidarity fund.

As of January 1 2016, it has been estimated that the membership of solidarity funds and FIS ranges between 6 and 7 million workers. Today, in addition to FIS, solidarity funds can be subdivided as follows:

- A) **Bilateral Solidarity Funds** (all self-financed and based on specific agreements between the social partners) for: cooperative credit institutions; ordinary credit institutions; insurance and service companies; state tax collectors; postal workers, public transport companies; maritime companies; dock workers; the Trento province and, in the future, the Bolzano province.
- B) **Alternative Bilateral Solidarity Funds**: (also self-financed) for: artisan businesses and employment and staff recruiting enterprises.
- C) **Atypical Funds** (established by law and not totally self-financed) for: air transportation companies and Ferrovie dello Stato group companies.

While most funds under letter A) can provide extraordinary income-support benefits (i.e. early retirement up to five years), Cig and unemployment benefits and finance training programs, those under letters B) and C) deliver a more limited number of types of services and that, precisely in order to prevent all the funds in question can still be determined burdens of the State Budget, a), B) and C) are strictly required by the law to provide only some types of benefits; in order to avoid charges for the State budget, all the funds under letters A), B) and C) are allowed to provide benefits only within their budget limit; the administrative committees of these funds must ensure the

balance of their accounts and prepare their balanced budget with a projection up 8 years (this provision may lead to concrete technical problems in terms of applicability).

All the costs of these benefits are financed by an ordinary contribution, generally 0.5% of the workers' remuneration, of which 2/3 paid by the employer and 1/3 by workers and by additional contributions paid entirely by employers.

Moreover, each fund must pay for its operating expenses, including the ones incurred by INPS to manage them.

5.1.2 Joint Interprofessional Funds

Before the launching of Interprofessional Funds, enterprises paid a compulsory contribution of 0.30% on the gross annual remuneration of each of their employees to an ad-hoc INPS scheme to finance income-support and training measures in case of crisis. Art. 118 of Act 388/2000 and Act n. 30 of February 14 2003 allow the social partners to set up *Interprofessional Funds* fully funded by employers who pay a *supplementary unemployment contribution* of 0.30% on their workers' gross annual remuneration; this contribution is no longer paid to INPS ; these funds are optional and not mandatory and can be set up by the social partners, under Art. 118 of Act 388/2000, to carry out on-going training programs in different sectors of industry, agriculture, services and crafts. The participation in these funds is strictly voluntary for enterprises that can also join a fund of another sector. Moreover, over time, a firm can switch to a different fund.

These funds can be launched only on the basis of a special ministerial authorization and their activity is supervised by ANPAL (the newly established National Agency for Employment) and by the Authority Against Corruption (ANAC).

Although the revenues and expenses related to the 0.30% contribution are charged to the INPS budget, the social security institute merely receives the contributions from employers and transfers them to the funds according to their membership.

At present there are *19 funds*; many of them are very small, others are larger, in particular Fondimpresa, followed by the fund for banks and insurance companies, Foncoop and Fondirigenti (see attached list).

The total revenues from the 0.30% contribution amounted to 947,033 000 euros in 2015 (against 937,543 million euros in 2014), including the contributions due but not yet paid. The resources transferred by INPS do not include the share of unpaid contributions and the annual variable amounts that INPS must allocate to the Ministry of Labour in order to meet specific spending requirements such as, for example, those related to redundancy or mobility in derogation.

The INPS administrative and operational expenses are close to 0% and amount to 8% on average for the units that ensure the operation of these funds.

Tab. 5.7 – List of joint interprofessional funds by sector and by contributions

Settore di intervento	Fondo	Codice di adesione	Versamenti 2015 (preconsuntivo) in €
Imprese artigiane	Fondo artigianato formazione	FART	28.207.374,00
Imprese cooperative	Foncoop	FCOP	27.678.224,00
Commercio, turismo, servizi, credito, assicurazioni, trasporti	For.te	FITE	67.188.279,00
Imprese industriali	Fondimpresa	FIMA	315.026.559,00
Piccole e medie imprese industriali	Fondo formazione PMI	FAPI	13.597.547,00
Imprese del settore terziario: comparti turismo e distribuzione servizi	Fon.ter	FTUS	11.272.379,00
Dirigenti industriali	Fondirigenti	FDIR	25.964.259,00
Dirigenti del terziario	Fon.dir	FODI	9.676.101,00
Dirigenti piccole e medie imprese industriali	Fondo Dirigenti PMI	FDPI	194.787,00
Studi professionali ed aziende ad essi collegati	Fondo professioni	FPRO	7.155.869,00
Enti religiosi	Fond.e.r.	FREL	5.770.690,00
Terziario, artigianato, piccole imprese	Fon.ar.com	FARC	33.732.425,00
Imprese agricole	For.agri	FAGR	6.179.462,00
Credito e assicurazioni	Fondo banche assicurazioni	FBCA	45.936.428,00
Commercio, turismo, servizi, professioni e piccole e medie imprese	Formazienda	FORM	17.361.025,00
Industria e piccole e medie imprese	Fonditalia	FEMI	10.272.475,00
Servizi pubblici	Fondo formazione servizi pubblici	FPSI	9.223.913,00
Imprese agricole	Fondolavoro	FLAV	419.720,00
Commercio, turismo, servizi delle piccole e medie imprese	Fondo Conoscenza	FCON	-
TOTALE			634.857.516,00

Sector Fund Participation code Payments in 2015 (pre-budget) Artisans Cooperatives Retail-Tourism-Credit-Services-Insurance-Transportation Industrial firms Small and Medium sized industrial firms Service enterprises: tourism and services Industrial managers Service managers Managers of industrial SMEs Professional firms and enterprises connected to them Religious organizations Services, artisans small firms Farms Credit and Insurance Retail, tourism, services, professions and SMEs Industry and SMEs Public services Farms Retail, tourism, services, professions and SMEs TOTAL

5.1.3 Retirement flexibility and Solidarity Funds

At the beginning, this paragraph highlighted that solidarity funds were one of the best solutions for the State budget (zero cost) and for the workers involved (minor income reductions). The following comparison tries to prove this argument with respect to the APE plan proposed by the government and to the recent retirement flexibility proposals, including the one presented by Damiano and Baretta. The risk is a dramatic change in the Fornero Law, so the APE plan can be considered as an additional opportunity for workers and as the lesser evil for public finances; RITA may indeed become an additional incentive for the complementary pension system.

The social APE plan is free for the poor and has a cost for those who have a job and earn more than € 1,500.

- A)** But how much does APE cost to the State, then to all Italian citizens? Considering 2 experimental years and 30,000 beneficiaries per year, the cost is 1.44 billion euros (720 million per year) in the optimistic assumption that 10,000 subjects apply for a 12 month-advance payment, that another 10,000 apply for a 24-month advance payment and that another 10,000 apply for a t 36-month advance payment. But since there are no charges, costs are likely to increase.
- B)** How much would it cost for those who are not eligible for the plan without charges? It would cost a lot because as seen in the table, the 1-year advance plan would reduce pension benefits by 6.08% for the next 20 years, by 12,16% for a 2-year advance plan and by 18.24% for a 3-year advance plan. These are optimistic calculations because the cost of the insurance is

expected to be much higher; in fact, for a plan at 63 years of age for 36 months, workers will be able to retire at 66 and they will have to refund the money received in advance to the bank through INPS over the next 20 years, thus reaching the age of 86 years. But the average life expectancy for men is 80.1 years and 84.7 for women; so, at 86 years of age, they will all be dead and the insurance companies will have to pay at least the last three instalments. Moreover, there will be increasing costs to ensure subjects over 75 (the upper limit for insurance companies), smokers and those with illnesses. The APE plan is twice as expensive as the Damiano proposal, which is adjusted to real actuarial coefficients (6.08% versus 3.2%). It is also unfair because the social APE eligible criteria are based on the stated income and on the employment status which are not often indicative of the real needs of workers.

Tab. 5.8 – APE calculations

EARLY RETIREMENT MONTHS	12 months	24 months	36 months	43 months
AMOUNT (in €) (1)	12,000.00	24,000.00	36,000.00	43,000.00
Annual refunding in 20 years	€ 600.00	€ 1,200.00	€ 1,800.00	€ 2,150.00
Interests on 20-year financing (TF 1.5%)	€ 1,800.00	€ 3,600.00	€ 5,400.00	€ 6,450.00
Insurance cost over 20 years	€ 2,000.00	€ 4,000.00	€ 6,000.00	€ 7,000.00
Impact of refunding on the monthly pension rate (13 months)	€ 46.15	€ 92.30	€ 138.46	€ 165.38
Impact of interests on the monthly pension rate (13 months)	€ 6.92	€ 13.84	€ 20.77	€ 24.80
Impact of insurance on the monthly pension rate (13 months)	€ 7.69	€ 15.38	€ 23.07	€ 26.92
Total withholdings on the pension cheque	€ 60.76	€ 121.52	€ 182.30	€ 217.10
Net monthly pension (1)	€ 939.24	€ 878.48	€ 817.70	€ 782.90
Annual cuts	€ 789.88	€ 1,579.76	€ 2,369.90	€ 2,822.30
APE penalization as a % (6.08% per year)	6.08%	12.16%	18.24%	21.78%
Damiano penalization as a % (2% x year)	2%	4%	6%	7.16%
Itinerari Previdenziali penalization as a % (3.2% x year)	3.20%	6.40%	9.60%	11.46%
<i>(1) For calculation purposes, a net early retirement pension per month is considered for an amount of 1,000 €/month for 12 months and a net pension equal to,000 € per month for 13 months</i>				

So what is the solution? Given the costs of the APE and also of the part-time plan, the solution lies in solidarity funds that have worked well for the banking sector (about 60,000 redundancies with no cost for the State). It will suffice to use part of the 0.30% contribution paid by all companies to interprofessional funds (approximately 1 billion per year) for the next five years to fund the "retirement flexibility plans in difficult situations", i.e. esodati or long-time unemployed subjects, early entrants into the labour market, people with serious health problems or families with disabled or not self-sufficient members. This is the most transparent solution at no cost since the financial and economic balance of these funds is ensured by the companies that benefit from them.

Tab. 5.9 - Costs for the State under different flexibility assumptions

COST FOR THE STATE	for 1 year	for two years
“APE” cost for the State under the 10 thousand subjects with 12-month advance plan + 10 thousand with 24-month advance plan + 10 thousand early pensions at 36 months assumptions	720 million €	1,440 billion €
Cost for the State of the Poletti Part Time Poletti under the 10 thousand 1 part-time year + 10 thousand 2year + 10 thousand 3 year hypotheses	297 million €	596 million €
Redundancy or Solidarity Fund	Zero	Zero

6. INAIL: revenues, expenses and balances

6.1 The reference framework

Social security in Italy is operated by INPS and by a second organization called INAIL (*national institute for industrial accident insurance*) which manages about 20 billion euros' worth of revenues and expenses per year. INAIL protects workers by providing them with compensation for property damage and biological hazards resulting from industrial accidents and occupational diseases and exempts the employers insured from the civil liability resulting from the negative event suffered by their employees. However, the original institutional *mission* of this Institute centred on the protection of employees in case of accidents at work and occupational diseases, has been extended to an increasing number of workers, in line with the social and economic development of the country; today, in fact, this insurance also covers self-employed workers, temporary workers, partners, atypical workers and other categories including "housewives" and students from vocational schools.

Moreover I, over the decades, INAIL has developed comprehensive policies to protect workers also due to mergers and acquisitions of other organizations, including IPSEMA and ISPELS. Therefore, in addition to annuities for permanent and temporary disability and traditional benefits, the Institute now provides its services in the field of health care, rehabilitation, post-injury rehabilitation, prevention, research, training, consulting to firms, economic incentives for health and safety in the workplace, rate reductions for companies that promote safety and security initiatives, thus paving the way to ethically sustainable and socially responsible management models and to prevention for new generations.

Finally, given the investment of premiums for the purpose of providing benefits according to a partially funded insurance mechanism, INAIL has still considerable reserves to manage including a new and large real estate portfolio, notwithstanding the assets sold in the past as required by the law; and it plays a significant role in the entire sector especially in the public sphere.

6.2 Size and scope

Some macro data (Annual Report - 2015) provide an overall picture of the size of the INAIL and the cash flow fed into the system:

Insured companies.....	N. 3,300,000
Insurance positions.....	N. 3,780,000
Health services provided.....	N. 7,500,000
Annuities for permanent disability.....	N. 647,300
Accident claims.....	N. 735,600
Revenues and Expenditure.....	€ 20,329,926,000

6.3 Budget and accounts

The budget of INAIL is structured by "missions and programs" in line with its strategic objectives and functions. Each mission is accomplished through multiple programs that represent homogeneous groups of activities designed to reach clearly defined goals. INAIL has five

fundamental missions: social security policies, health protection, prevention policies, research and innovation, general and institutional services.

Table 6.1 shows the Institute's general financial framework with a comparative analysis of its accounts from 2010 to 2015.

Tab. 6.1 – Financial results in terms of revenues and expenditure

Year	Revenues	Expenditure	Surplus
2010	11,532,369,587	10,558,224,221	974,145,366
2011	12,034,477,344	11,262,193,507	772,283,837
2012	11,640,610,390	10,409,665,163	1,230,945,227
2013	11,144,637,058	10,399,142,677	745,494,381
2014	10,404,538,872	9,927,219,621	620,220,944
2015	10,384,799,170	9,945,127,033	439,672.137

NOTE: the data include tax incentives

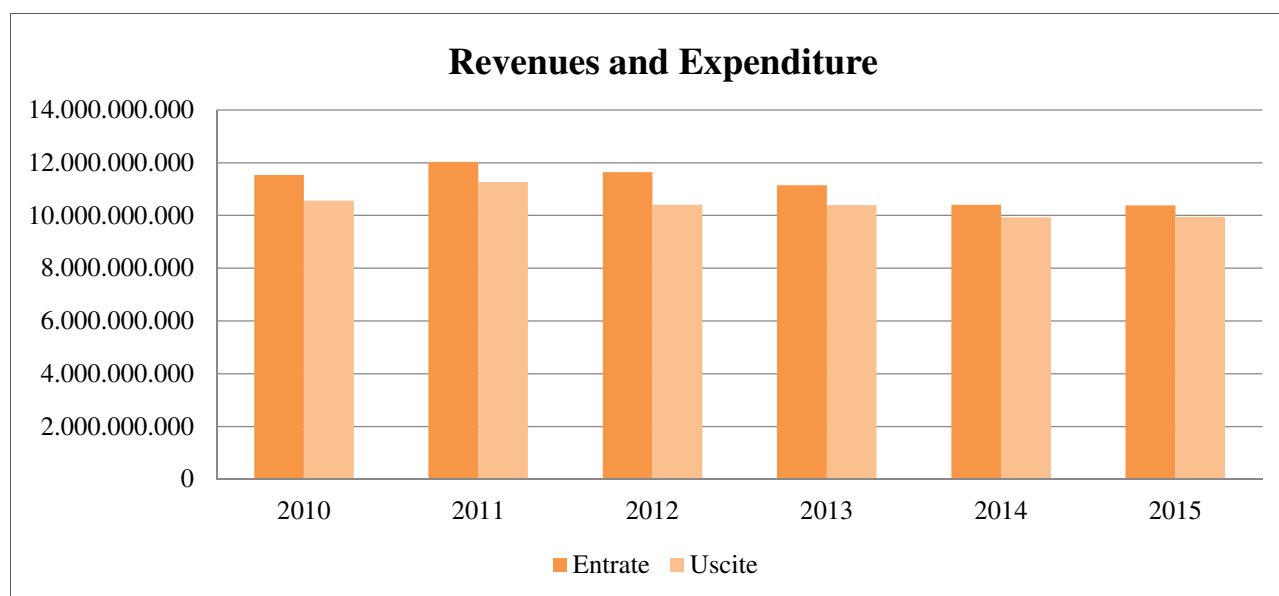
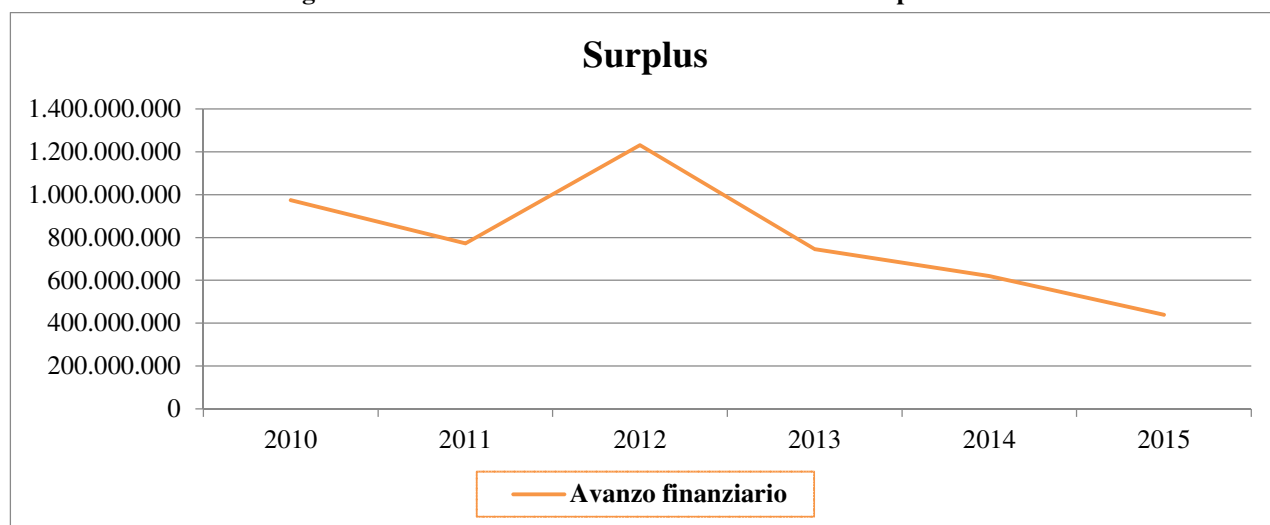


Fig. 6.1 – Financial results in terms of revenues and expenditure



The data show that, each year, INAIL runs a surplus. In recent years, this financial surplus has significantly declined due to an increase in expenditure and to a reduction in revenues. (Figure 6.1)

This situation has been mainly affected by the reduction of premiums envisaged by the law in line with the need to curb labour costs and to verify their compliance with the structural changes in the production system. In fact, considering that the current premiums are calculated on the basis of the 2000 rates and then "tuned" to the contingent needs, the number of accidents has gone down thanks to technological developments, to a greater attention to safety issues in the workplace and to more intense controls on enterprises; in the meantime, the overall economic situation has undergone profound changes that have reduced the number of jobs. Therefore in order to correctly quantify the premiums, it is crucial to bear in mind the following contributing factors:

- *Drop in revenues due to the reduction in the wage levels;*
- *Increase in the charges for "new" non-economic benefits;*
- *Decline in the number of accidents of the accident mitigated by an increase in occupational diseases.*

In view of the above, pending the revision of rates to be finalized by 2017, the 2014 Stability Law predicted a linear reduction in premiums broken down as follows: 2014: 1 billion euros, of which 500 paid by the INAIL budget; 2015: 1.1 billion euros, of which 500 paid by the INAIL budget and 600 by transfers from the state budget; 2016: 1.2 billion euros, of which 500 paid by the INAIL budget and 700 by transfers from the state budget.

6.4 Focus on revenues and expenditure for institutional benefits

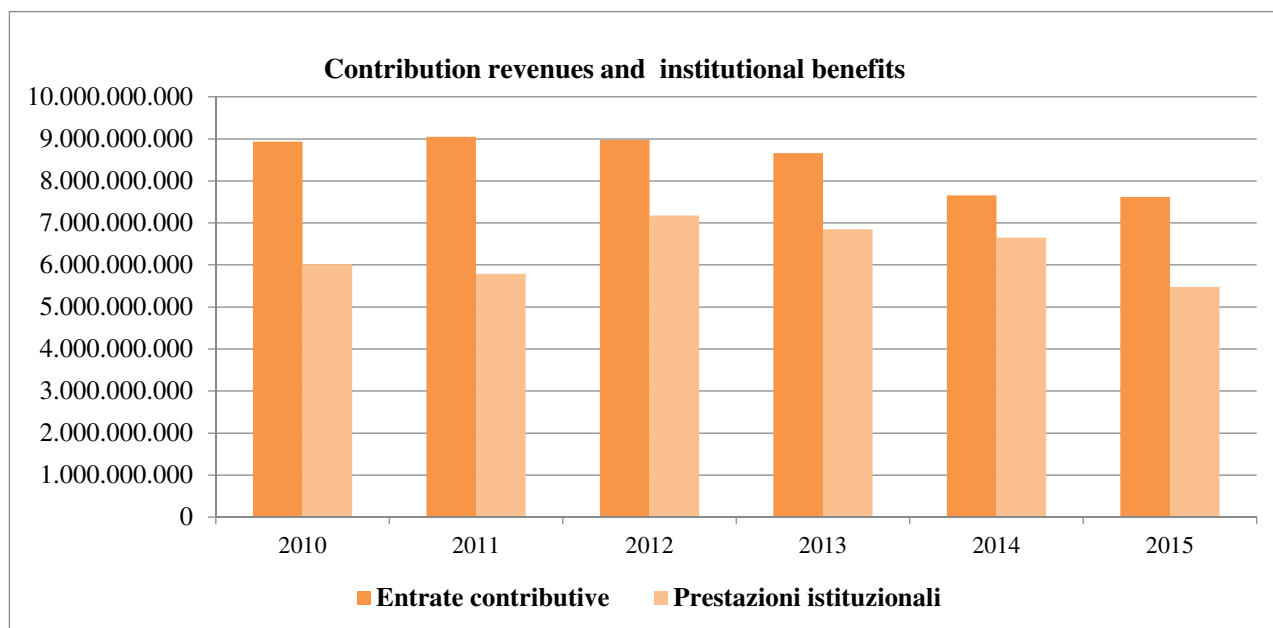
The traditional "core" function of INAIL is to collect insurance premiums and to provide institutional benefits, that include the economic benefits designed to deal with accidents, but not the social, health care, research and prevention benefits. So, a decision was made to focus on this basic function. From the conceptual point of view, this is the most comparable function with the type of pension benefits provided by INPS to give an overview of the social security protection measures for self-employed and employed workers. Table 6.3 shows the time series of contribution revenues and expenditure for institutional benefits.

Tab. 6.2 – Contribution revenues and institutional benefits

Year	Contribution revenues	Institutional benefits
2010	8,936,652,773	6,017,947,611
2011	9,053,080,016	5,792,702,318
2012	8,973,366,480	7,172,804,463
2013	8,661,823,840	6,849,483,446
2014	7,658,495,175	6,653,701,066
2015	7,618,026,098	5,478,130,200

* Since **2014**, revenues have been calculated net of tax incentives as follows: 500 ml for rate reductions for the Funds of Industry – Artisans – Services – Agriculture + 361 ml to rebalance the fund for Agriculture + 10 ml for rate reductions for the funds of shippers and fishers; **2015**: 600 for rate reductions for Funds of Industry – Artisans – Services – Agriculture + 361 ml to rebalance the fund for Agriculture + 10 ml for rate reductions for the funds of

shippers and fishers; **2016:** 700 ml for rate reductions for funds of industry – artisans – Services – agriculture + 361 ml to rebalance the fund for agriculture + 10 ml for rate reductions for the funds of shippers and fishers.



It should be made clear that benefits are financed by two sources:

- Technical reserves (financed by liquidity and related to "the initial annuity" with a zero rate of return);²²
- the revaluations paid on the basis of a pay-as-you-go system that is with a share of the premiums.

In particular, the composition of expenditure for institutional benefits (5,478,130,000 euro) is mainly concentrated in the main following items:

- 4.8 billion Euros on disability benefits and for survivors' compensation for biological damage;
- 618.5 million euro on temporary disability benefits.

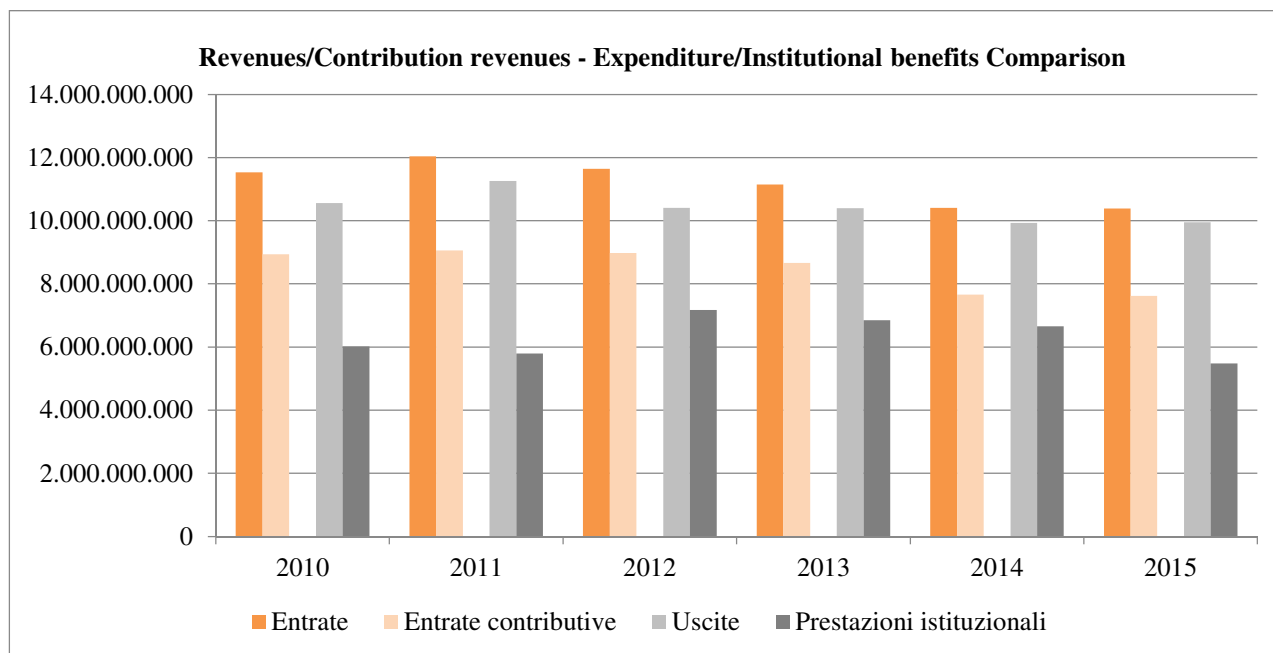
Moreover, in order to have an idea of the real extent of the gap between total revenues and contribution revenues and between total expenditure and institutional benefit spending, the two data sets have been compared as shown in *Table 6.4* and in the graph below. This comparison shows that contribution revenues account for 75.8% of total revenues on average, while institutional benefits account for 60.7% of total expenditure on average. It is interesting to examine the gap between total revenues and contribution revenues that amounted to 2,766,773,072 euros in 2015, consisting mainly of 1,083,015,319 euros from transfers and of 564,678,544 from other current revenues, while 147,173,462 euros' worth of capital revenues was obtained through the sale of some real-estate assets and through credit recovery; the residual difference is related to 750 million euros for clearing entries which having balance.

²² INAIL's assets concur to finance technical reserves to partially ensure the payment of economic benefits to injured and computer-dependent workers; because of the constraints gradually introduced by the law, these assets have almost completely turned into liquidity deposited in the Treasury, without any yields (about 80% of its assets), except for real-estate assets and treasury bills. This serious inconsistency is impoverishing these technical reserves: the annual rate of adjustment of the reserves is 2.50% for INAIL funds and 2% for ex Ipsema, with a net rate of return on the assets below 1%.

Tab. 6.3 – Comparison: revenues vs. contribution revenues | expenditure vs. institutional benefit expenditure

Anno	Entrate	Entrate contributive	Differenza	Uscite	Prestazioni istituzionali	Differenza
2010	11.532.369.587	8.936.652.773	2.595.716.814	10.558.224.221	6.017.947.611	4.540.276.610
2011	12.034.477.344	9.053.080.016	2.981.397.328	11.262.193.507	5.792.702.318	5.469.491.189
2012	11.640.610.390	8.973.366.480	2.667.243.910	10.409.665.163	7.172.804.463	3.236.860.700
2013	11.144.637.058	8.661.823.840	2.482.813.218	10.399.142.677	6.849.483.446	3.549.659.231
2014	10.404.538.872	7.658.495.175	2.746.043.697	9.927.219.621	6.653.701.066	3.273.518.555
2015	10.384.799.170	7.618.026.098	2.766.773.072	9.945.127.033	5.478.130.200	4.466.996.833

Year – Revenues - Contribution revenues - Difference - Expenditure - Institutional benefits- Difference



In sum, even in the past, the most significant difference between total revenues and contribution revenues is due to transfers from the State and the Regions for tax rebates on social charges followed by capital revenues.

At the same time, the gap between total expenditure and institutional benefit expenditure amounted to 4,466,996,833 euros in 2015 with about **792 million euros for operating expenses**, about 1.5 million euros for capital investment and 750 million euros for the above-mentioned clearing entries. In order to ensure the necessary balance, the aforementioned stability law established that, as of 2016, INAIL is required to verify the economic, financial and actuarial sustainability of the new levels of premiums and benefits to adjust them to the accident rate. INAIL is therefore strongly committed to developing all the operational tools to define a "fair premium" and so to adopt a calculation method automatically linked to its statistical and accounting figures.

6.5 General taxation

The situation described above shows that the State has now intervened vis-a-vis INAIL to curb labour costs and too support the funds (primarily the agriculture scheme) which are difficult to balance. The State contributions are arranged as follows:

- 700 million euros as of 2016 for all private schemes;
- 361 million per year for agriculture, in order to repay the 30 billion euros' worth of debt accrued over the last 30 years;
- 10 million euros per year for the maritime sector and for other activities with a premium tax incentive.

The operating expenses incurred by INAIL in 2015 include direct and indirect costs (the former related to staff, the latter to general expenses, capital goods, goods and services) amounting to about 792,480,000 euros. Its operating expenses account for 6%²³ its revenues and expenditure in the same year, approximately 13 billion euros.

Instead, its operating expenses accounted for 3.8% of its total revenues and expenditure in 2015, amounting to approximately 20.3 billion euros.

²³ In 2015, the INPS operating expenses were equal to 4.8 billion euros, of which 2.5 million euros for general expenses and 2.3 million euros for staff.

7. Number of pension benefits by type, category, amount and province

This chapter concludes the first part of the Report and provides an overview of pension benefits on the basis of the compulsory information provided by all pension funds to the INPS *Central Registry of Pensioners and Pensions*; it also looks into the number and the amount of benefits paid to the employees of constitutional bodies and entities derived from the their accounting data; this information is not present in the Registry (*par. 7.1*).

Pensioners: In 2015, the number of *pensioners* receiving benefits from the Italian pension system was equal to **16,179,377** (- 80,144 vs. 2014; - 0.49%), of whom **52.78%** are *women* receiving over 80% of survivors' benefits (60% of the direct pension or less)²⁴. The raw retirement rate refers to the number of pensioners with respect to the total population, equal to 26.67%, that is 1 pensioner for every 3.74 people (*see table 7.1*).

Tab. 7.1 – Number of pensioners and raw retirement rate by gender on December 31 2014 and 2015

Gender	Number of pensioners		Raw retirement rate ⁽¹⁾	
	2014	2015	2014	2015
Men	7,661,093	7,639,405	25.98%	25.93%
Women	8,598,398	8,539,972	27.47%	27.36%
Total	16,259,491	16,179,377	26.75%	26.67%

Source: Central Registry of Pensioners – The 2015 data are provisional

(1) Pensioners /Resident population

Pension benefits: in 2015, **23,095,567** benefits were paid (of which **17,962,816** provided by the IVS system), plus **4,346,907 welfare benefits** (of which 3,293,725 disability pensions, 868,358 social pensions and allowances and 202,824 direct and indirect veterans' pensions) and **767,844 indemnity benefits** mainly from INAIL. The data presented in the Report (*tables B27a*) and those derived from the Imps/I stat Registry (*see Table 7.2*) are different due to the different dates used for calculation purposes: December 31 for the former and July for the latter. In this Report, the total number of benefits "outstanding on December 31 2015" was equal to 17,886,785, that is - 76,031 IVS pensions vs. those indicated in the Registry which were calculated in July 2016.²⁵

²⁴ As to benefits directly provided by Inps on 1/1/2016, women receive 3,330,975 survivors' pensions out of 3,782,049, that is 88% of the total.

²⁵ The data in Tabl 7.2 (Registry) are also different from those in Table 12.3 (pension archive) in that they come from different sources. In fact, the Registry data are extracted in July, while those in the pension archive are extracted in January. The last data processed by Inps report 23,094,863 benefits in total, while Table 7.3 reports 23,095,567.

Tab. 7.2 – Pension benefits and their total and average annual amount by type in 2014 and 2015

Tipologia di pensione	2014						2015					
	Numero	%	Importo complessivo		Importo medio		Numero	%	Importo complessivo		Importo medio	
			Milioni di euro	%	Euro	N.I.			Milioni di euro	%	Euro	N.I.
Ivs	18.089.748	77,98	250.505	90,41	13.848	115,95	17.962.816	77,78	253.565	90,47	14.116	116,32
Vecchiaia	11.894.355	51,27	193.866	69,97	16.299	136,47	11.881.798	51,45	197.256	70,38	16.602	136,80
Invalidità	1.389.526	5,99	15.399	5,56	11.082	92,79	1.310.378	5,67	14.885	5,31	11.360	93,60
Superstiti	4.805.867	20,72	41.240	14,88	8.581	71,85	4.770.640	20,66	41.424	14,78	8.683	71,55
Indennitarie	786.059	3,39	4.495	1,62	5.719	47,88	767.844	3,32	4.402	1,57	5.733	47,24
Assistenziali	4.322.667	18,63	22.067	7,96	5.105	42,74	4.364.907	18,90	22.316	7,96	5.113	42,13
Invalidità civile	3.233.228	13,94	15.965	5,76	4.938	41,34	3.293.725	14,26	16.265	5,80	4.938	40,69
Pensioni sociali	856.882	3,69	4.657	1,68	5.435	45,51	868.358	3,76	4.751	1,70	5.472	45,09
Guerra ⁽¹⁾	232.557	1,00	1.444	0,52	6.209	51,98	202.824	0,88	1.299	0,46	6.406	52,79
Totale	23.198.474	100,00	277.067	100,00	11.943	100,00	23.095.567	100,00	280.282	100,00	12.136	100,00

Fonte: Casellario Centrale dei Pensionati - Per l'anno 2015 i dati sono provvisori

(1) Nel 2014 comprendono anche gli indennizzi concessi ai sensi della legge 25 Febbraio 1992, n. 210

Type of pension - Number – Percentage - Overall amount - Average amount - Millions of euros Ivs old-age Disability Survivors' Indemnities welfare benefits disabled civilians social pensions veterans' pensions (1) Total

Source: Central Pension Registry – the 2015 data are provisional (1) 2014 also includes the compensation granted under Act n. 210 of February 25 1992

Number of benefits, number of pensioners and average pension: Since the amount of pension benefits is a very topical issue, it is important to make the following observation so as to provide accurate information. The Tables below illustrates in detail the number of pensions (*table 7.3*) and the number of pensioners (*table 7.4*) by class, amount, overall annual cost of the class amount and by average amount of benefits.

It is possible to see that the number of **pensioners** with benefits with a gross amount of over 3,000 euros per month (a gross amount of 39,000 euros per year and a net amount of about 1,800 euros per month) is equal to 808,000, 4.99% of the total. The income derived from the remuneration of executives and managers equal to a gross amount of 75,000 euro per year and to a net amount of 46,000 euros, amount to about 900,000; these data confirm that, on the one hand, the number of pensions paid (808,000) are actually correlated to an adequate level of remuneration, but, on the other, this does not reflect the level of wealth and the standard of living in Italy (there is clearly a very high level of tax dodging as shown in Chapter 12).

Another interesting finding (*Tables 7.3 and 7.4*) is the over 8 million pensions that are 1 times higher than the minimum benefits (501.89 euros), even though the number of pensioners is slightly less than 2.2 million; the same is true for the following class (up to 1,003.78 euros) with 7,509,000 benefits, while the number of pensioners is only 4,670,000. In total, benefits below 1,000 euros are about 15.6 million, that is 67.5%, as often indicated in the Istat and Inps communications (often misleading thus affecting the whole Italian pension system), while the number of pensioners is slightly below 6.9 million, equal to 42.6%; most of them receive welfare benefits (disability and veterans' pensions or additional benefits and the 14th month) or supplementary minimum benefits or "Berlusconi" additional benefits for an amount of 638 euros per month; all these subjects did not pay or paid very few contributions in 66 years of active life (and no or very few taxes) and are financed by tax payers even when they retiree; only half of them can be really considered vulnerable.

Therefore:

- **Information:** it is wrong to say from the technical point of view that 50% of pensions are lower than 500 euros per month and it is a great argument to promote tax dodging and evasion: why should young people pay contributions to INPS for over 35 years if the amount of benefits is so low? Actually it is not correct to talk about benefits but it is correct to talk about pensioners, that is about the people who receive benefits; in this case, the number of pensioners receiving 500 euros per month is slightly above 2.2 million out of 16.2 million retirees;
- **Average pension:** this indicator is often used for comparative analyses and can be easily obtained from tables 7.3 and 7.4 which show two different amounts: 1) the amount calculated on the basis of the total number of benefits (23,095,567), equal to **12,136 euros** per year (12 months because the 13th month is included in the average amount); 2) the per capita amount calculated on the basis of the number of beneficiaries (16,179,377) that is **17,323 euros** per year (over 1000 euros per month) for 12 months, as specified above. Of course, the latter figure is more accurate even if Istat and the media use the former approach and divide the amount of pensions (280,282 million euros) by the number of benefits and not by the number of pensioners.

Number of pensions per pensioner: The ratio of the number of pensions vs. the number of pensioners shows that on average, each Italian **pensioner** receives **1.427 pensions**. In 2015, **66,6%** of them received **1 pension**, **25,5%** **2 pensions**, **6,5%** **3 pensions** and **1,3%** **4 or more**. Most of these additional pensions are "indemnity" pensions (73.6%), survivors' pensions (67.4 %) and welfare benefits such as disability pensions for civilians often associated to carers' allowances and other benefits (53.4%); only 27.6% of old age pensioners receive other benefits.

As to the **average pension**, it is important to clarify that (as indicated in **Tables 7.2 and 12.2**) the State pays about **8 million welfare benefits** (disability, carers', social and veterans') or in the form of **supplementary benefits to the minimum pension** or "**social supplementary benefits**"; for most of these benefits, no contributions have been paid (or only low contributions for a few years) and no taxes. Therefore, in calculating the average pension, it would be wise to exclude these benefits because they are financed through taxes (even if low) and are paid by the young generations who are not entitled to receive them.

It is crucial to have a meaningful and more refined method to calculate the "average pension" (thus avoiding unjustified outrage); to this end, it is important not to mix together very different kinds of benefits; what is the reason for calculating the mean of direct pensions and survivors' pensions (which account for 60% or less with respect to direct pensions and are sometimes subdivided among dependent or disabled children)? Or for including social pensions or allowances that amounted to 369.26 and to 448.07 euros per month respectively in 2015, or minimum benefits (501.89 euros) or the former 1 million per month (about 638 euros) or disability benefits (279.75 euros) or carers' allowances (508.55 euros) or the indemnities mainly paid by Inail for work-related accidents (480 euros per month)? Instead, the correct approach is to provide the average amount of old age, seniority, survivors' and welfare benefits.

What would be the result? By excluding the first two pension income classes that are mainly related to welfare and considering that each pensioner perceives two or more benefits (for

example disability + carers' allowances, other supplementary benefits or, in some cases, survivors' benefits) for a total number of pensioners equal to about **6,942,000**, that is lower than the number of those who receive support measures (8,300,000), the average pension (financed by contributions) would be equal to **24,754.80 euros per year** for each pensioner with respect to the official figure of 17,323 euros. It is true that 40% of benefits are lower than 1000 euros per month **but they are not retirement benefits, they are welfare benefits**, which have nothing to do with pensions. Moreover, the revised calculation of the average pension should include the beneficiaries' age; in this case, about 740,000 benefits should be removed since their beneficiaries are below **39 years of age** (minors, disabled subjects or with multiple survivors' benefits).

Tab 7.3 and Tab 7.4 (contents)

Amount per month - N. of pensioners - Gross amount per year - Average gross amount per year
 From x to x times the minimum
 Over x times the minimum
 Total

(1) Pension income brackets are determined on the basis of the 2015 minimum benefits equal to 501.89 per month Source: Central registry of Pensioners Provisional data

Tab. 7.3 – Number of pensions and gross amount of the overall annual pension income by class per month (1)
2015

Classi di importo mensile (escluso il rateo della tredicesima)		Numero di pensioni	Importo complessivo lordo annuo	Importo medio lordo annuo
Fino a 1 volta il minimo	Fino a 501,89	8.080.302	32.255.381.725	3.992
Da 1 a 2 volte il minimo	Da 501,90 a 1003,78	7.508.999	65.557.980.753	8.731
Da 2 a 3 volte il minimo	Da 1003,79 a 1505,67	3.351.071	54.625.078.922	16.301
Da 3 a 4 volte il minimo	Da 1505,68 a 2007,56	1.952.389	43.757.814.731	22.412
Da 4 a 5 volte il minimo	Da 2007,57 a 2509,45	1.121.296	32.463.160.023	28.951
Da 5 a 6 volte il minimo	Da 2509,46 a 3011,34	471.183	16.688.804.234	35.419
Da 6 a 7 volte il minimo	Da 3011,35 a 3513,23	216.165	9.073.925.118	41.977
Da 7 a 8 volte il minimo	Da 3513,24 a 4015,12	116.035	5.641.838.535	48.622
Da 8 a 9 volte il minimo	Da 4015,13 a 4517,01	72.002	3.981.792.362	55.301
Da 9 a 10 volte il minimo	Da 4517,02 a 5018,9	55.080	3.405.919.979	61.836
Da 10 a 11 volte il minimo	Da 5018,91 a 5520,79	44.716	3.058.913.258	68.408
Da 11 a 12 volte il minimo	Da 5520,8 a 6022,68	34.504	2.580.637.381	74.792
Da 12 a 13 volte il minimo	Da 6022,69 a 6524,57	21.199	1.725.055.893	81.374
Da 13 a 14 volte il minimo	Da 6524,58 a 7026,46	15.583	1.367.481.158	87.755
Da 14 a 15 volte il minimo	Da 7026,47 a 7528,35	11.022	1.042.388.038	94.573
Da 15 a 16 volte il minimo	Da 7528,36 a 8030,24	6.592	665.003.643	100.880
Da 16 a 17 volte il minimo	Da 8030,25 a 8532,13	4.138	444.282.230	107.366
Da 17 a 18 volte il minimo	Da 8532,14 a 9034,02	2.715	309.560.261	114.019
Da 18 a 19 volte il minimo	Da 9034,03 a 9535,91	1.922	231.756.411	120.581
Da 19 a 20 volte il minimo	Da 9535,92 a 10037,80	1.448	184.162.842	127.184
Da 20 a 21 volte il minimo	Da 10037,81 a 10539,69	1.129	150.792.481	133.563
Da 21 a 22 volte il minimo	Da 10539,70 a 11041,58	922	129.291.374	140.229
Da 22 a 23 volte il minimo	Da 11041,59 a 11543,47	895	131.376.835	146.790
Da 23 a 24 volte il minimo	Da 11543,48 a 12045,36	797	122.190.840	153.313
Da 24 a 25 volte il minimo	Da 12045,37 a 12547,25	541	86.400.194	159.705
Da 25 a 26 volte il minimo	Da 12547,26 a 13049,14	723	120.049.019	166.043
Da 26 a 27 volte il minimo	Da 13049,15 a 13551,03	428	73.824.062	172.486
Da 27 a 28 volte il minimo	Da 13551,04 a 14052,92	363	65.052.975	179.209
Da 28 a 29 volte il minimo	Da 14052,93 a 14554,81	190	35.328.288	185.938
Da 29 a 30 volte il minimo	Da 14554,82 a 15056,70	165	31.813.919	192.812
Da 30 a 31 volte il minimo	Da 15056,71 a 15558,59	161	32.056.436	199.108
Da 31 a 32 volte il minimo	Da 15558,60 a 16060,48	123	25.255.788	205.332
Da 32 a 33 volte il minimo	Da 16060,49 a 16562,37	101	21.404.295	211.924
Da 33 a 34 volte il minimo	Da 16562,38 a 17064,26	80	17.457.555	218.219
Da 34 a 35 volte il minimo	Da 17064,27 a 17566,15	47	10.569.877	224.891
Da 35 a 36 volte il minimo	Da 17566,16 a 18068,04	62	14.358.925	231.596
Da 36 a 37 volte il minimo	Da 18068,05 a 18569,93	41	9.761.955	238.096
Da 37 a 38 volte il minimo	Da 18569,94 a 19071,82	40	9.781.140	244.528
Da 38 a 39 volte il minimo	Da 19071,83 a 19573,71	40	10.030.836	250.771
Da 39 a 40 volte il minimo	Da 19573,72 a 20075,60	23	5.923.265	257.533
Da 40 a 41 volte il minimo	Da 20075,61 a 20577,49	29	7.669.351	264.460
Da 41 a 42 volte il minimo	Da 20577,50 a 21079,38	16	4.336.787	271.049
Da 42 a 43 volte il minimo	Da 21079,39 a 21581,27	22	6.090.591	276.845
Da 43 a 44 volte il minimo	Da 21581,28 a 22083,16	16	4.537.751	283.609
Da 44 a 45 volte il minimo	Da 22083,17 a 22585,05	18	5.238.507	291.028
Da 45 a 46 volte il minimo	Da 22585,06 a 23086,94	13	3.841.360	295.489
Da 46 a 47 volte il minimo	Da 23086,95 a 23588,83	20	6.083.481	304.174
Da 47 a 48 volte il minimo	Da 23588,84 a 24090,72	7	2.165.366	309.338
Da 48 a 49 volte il minimo	Da 24090,73 a 24592,61	11	3.482.548	316.595
Da 49 a 50 volte il minimo	Da 24592,62 a 25094,50	12	3.878.041	323.170
Oltre 50 volte il minimo	Oltre 25094,50	171	71.458.571	417.886
Totale		23.095.567	280.282.439.911	12.136

(1) Le fasce di reddito pensionistico sono determinate in base all'importo del trattamento minimo 2015 pari a 501,89 euro mensili
Fonte: Casellario Centrale dei Pensionati - Dati provvisori

Tab. 7.4 - Number of pensions and overall annual gross amount by monthly income classes (1) - 2015

Classi di reddito pensionistico mensile (escluso il rateo della tredicesima)		Numero dei pensionati	Importo complessivo lordo annuo del reddito pensionistico	Importo medio lordo annuo del reddito pensionistico
Fino a 1 volta il minimo	Fino a 501,89	2.271.130	8.332.542.851	3.669
Da 1 a 2 volte il minimo	Da 501,90 a 1003,78	4.670.764	43.277.818.676	9.266
Da 2 a 3 volte il minimo	Da 1003,79 a 1505,67	3.871.152	63.250.602.930	16.339
Da 3 a 4 volte il minimo	Da 1505,68 a 2007,56	2.557.160	57.476.101.718	22.477
Da 4 a 5 volte il minimo	Da 2007,57 a 2509,45	1.370.527	39.691.843.418	28.961
Da 5 a 6 volte il minimo	Da 2509,46 a 3011,34	630.777	22.379.171.871	35.479
Da 6 a 7 volte il minimo	Da 3011,35 a 3513,23	303.036	12.726.036.478	41.995
Da 7 a 8 volte il minimo	Da 3513,24 a 4015,12	155.485	7.556.771.949	48.601
Da 8 a 9 volte il minimo	Da 4015,13 a 4517,01	92.566	5.116.124.437	55.270
Da 9 a 10 volte il minimo	Da 4517,02 a 5018,9	67.746	4.187.427.648	61.811
Da 10 a 11 volte il minimo	Da 5018,91 a 5520,79	53.296	3.645.295.015	68.397
Da 11 a 12 volte il minimo	Da 5520,8 a 6022,68	41.498	3.105.765.265	74.841
Da 12 a 13 volte il minimo	Da 6022,69 a 6524,57	26.716	2.173.607.038	81.360
Da 13 a 14 volte il minimo	Da 6524,58 a 7026,46	19.228	1.689.208.728	87.852
Da 14 a 15 volte il minimo	Da 7026,47 a 7528,35	13.710	1.295.702.883	94.508
Da 15 a 16 volte il minimo	Da 7528,36 a 8030,24	8.981	906.336.707	100.917
Da 16 a 17 volte il minimo	Da 8030,25 a 8532,13	6.043	649.177.704	107.426
Da 17 a 18 volte il minimo	Da 8532,14 a 9034,02	4.375	498.930.021	114.041
Da 18 a 19 volte il minimo	Da 9034,03 a 9535,91	3.121	376.136.014	120.518
Da 19 a 20 volte il minimo	Da 9535,92 a 10037,80	2.183	277.355.191	127.052
Da 20 a 21 volte il minimo	Da 10037,81 a 10539,69	1.730	231.213.546	133.649
Da 21 a 22 volte il minimo	Da 10539,70 a 11041,58	1.350	189.223.275	140.165
Da 22 a 23 volte il minimo	Da 11041,59 a 11543,47	1.202	176.362.635	146.724
Da 23 a 24 volte il minimo	Da 11543,48 a 12045,36	1.037	158.960.237	153.289
Da 24 a 25 volte il minimo	Da 12045,37 a 12547,25	732	116.925.773	159.735
Da 25 a 26 volte il minimo	Da 12547,26 a 13049,14	682	113.422.013	166.308
Da 26 a 27 volte il minimo	Da 13049,15 a 13551,03	582	100.531.561	172.735
Da 27 a 28 volte il minimo	Da 13551,04 a 14052,92	454	81.420.773	179.341
Da 28 a 29 volte il minimo	Da 14052,93 a 14554,81	358	66.504.915	185.768
Da 29 a 30 volte il minimo	Da 14554,82 a 15056,70	300	57.714.229	192.381
Da 30 a 31 volte il minimo	Da 15056,71 a 15558,59	227	45.198.584	199.113
Da 31 a 32 volte il minimo	Da 15558,60 a 16060,48	176	36.100.617	205.117
Da 32 a 33 volte il minimo	Da 16060,49 a 16562,37	136	28.816.905	211.889
Da 33 a 34 volte il minimo	Da 16562,38 a 17064,26	125	27.325.034	218.600
Da 34 a 35 volte il minimo	Da 17064,27 a 17566,15	78	17.539.550	224.866
Da 35 a 36 volte il minimo	Da 17566,16 a 18068,04	76	17.605.837	231.656
Da 36 a 37 volte il minimo	Da 18068,05 a 18569,93	61	14.537.118	238.313
Da 37 a 38 volte il minimo	Da 18569,94 a 19071,82	47	11.478.703	244.228
Da 38 a 39 volte il minimo	Da 19071,83 a 19573,71	54	13.556.698	251.050
Da 39 a 40 volte il minimo	Da 19573,72 a 20075,60	38	9.792.853	257.707
Da 40 a 41 volte il minimo	Da 20075,61 a 20577,49	34	9.010.435	265.013
Da 41 a 42 volte il minimo	Da 20577,50 a 21079,38	36	9.743.175	270.644
Da 42 a 43 volte il minimo	Da 21079,39 a 21581,27	28	7.749.870	276.781
Da 43 a 44 volte il minimo	Da 21581,28 a 22083,16	23	6.543.829	284.514
Da 44 a 45 volte il minimo	Da 22083,17 a 22585,05	22	6.396.447	290.748
Da 45 a 46 volte il minimo	Da 22585,06 a 23086,94	15	4.431.505	295.434
Da 46 a 47 volte il minimo	Da 23086,95 a 23588,83	18	5.469.093	303.838
Da 47 a 48 volte il minimo	Da 23588,84 a 24090,72	11	3.417.264	310.660
Da 48 a 49 volte il minimo	Da 24090,73 a 24592,61	16	5.061.307	316.332
Da 49 a 50 volte il minimo	Da 24592,62 a 25094,50	16	5.164.353	322.772
Oltre 50 volte il minimo	Oltre 25094,50	219	93.265.233	425.869
Totale		16.179.377	280.282.439.910	17.323

(1) Le fasce di reddito pensionistico sono determinate in base all'importo del trattamento minimo 2014 pari a 501,89 euro mensili
Fonte: Casellario Centrale dei Pensionati - Dati provvisori

Average pension for women and men: According to the latest statistical data, women account for **52.8% of all pensioners**. By subdividing the overall amount of pension benefits by the number of women and of men, it is possible to show that, in 2015, women received an average amount of annual benefits equal **14,543 euros** vs. **20,431 euros** for men; **retired women** accounted for 58.7% of pensioners with two pensions, for 69.9% of pensioners with three pensions and for 73.2% with four or more pensions; in 2015, survivors' pensioners amounted to 4,770,640, of whom 2/3 received other pension benefits; among these, women exceeded 80%. Women also prevailed in terms of benefits produced through "voluntary contributions" that are generally low because of very low contribution levels. For all these reasons, between 70% and 77% of retired women received additional benefits, additional social benefits, the 14th month and the social card. In particular, the survivors' of self-employed workers and of seniority pensioners with additional benefits to the minimum pension (all benefits between 600 and 800 euros per month for which limited contributions were paid) will be entitled to a maximum of 60% of the direct pension and so very low benefits. So stating in a non-analytical way (but with a simple division) that women receive significantly lower benefits with respect to men is correct from a formal but not from a substantial point of view. In this case too, it would be better to compare benefits of the same type: seniority pensions with seniority pensions and old-age pensions with old-age pensions to see that the difference is not the one reported by Istat, but it is lower. It is also well known that in Italy, for various reasons, both employment rates (especially in the South) and career levels underperform for women; in any case, it would be helpful to provide correct information to improve the situation.

Geographical distribution of different types of pensions: Table 7.5 illustrates the distribution of the different types of pensions (seniority, old-age, disability and survivors') as a percentage of the resident population by region; it is a first phase of the social security regionalization plan, an important step because the system is not in equilibrium mainly due to regional imbalances between contributions and benefits and between contribution-based and welfare pensions. Chapter 10 provides an in-depth analysis of the regionalization of the Italian pension budget based on cash flows (contribution revenues and benefit expenditure). Each type of benefit is to be calculated as a percentage of the total for each region and for each province as of December 31 2014.

The north regions in Italy such as Lombardy, Piedmont, Emilia Romagna and Veneto have the highest number of **seniority pensions**. The lowest regions in the ranking are in the centre/south and especially the ones with a special statute, except for Sicily that is ranking in the middle.

The situation is almost the same for **old-age pensions**, with the highest number in centre-north regions such as Lombardy, Emilia Romagna, Piedmont, Lazio, Veneto and Tuscany with respect to the total number of pensions paid in Italy (between 17.3% and 7.15%).

Instead, the south regions feature the highest number of **disability pensions**. Campania, Lazio, Sicily and Apulia occupy the first places in the ranking, with a ratio between 10.78% and 9.19%.

The highest **pensions/survivors' ratios** can be found in the centre and north of Italy. Lombardy and Lazio have the highest ratio equal to 15.8% and to 8.06% respectively.

Tab. 7.5 - Number of Inps pensions by category and region on December 31 2015

Regioni	Anzianità	in % sul totale	Vecchiaia	in % sul totale	Invalidità	in % sul totale	Superstiti	in % sul totale	Totale
Lombardia	1.179.988	20,28%	976.517	17,30%	112.370	8,65%	699.942	15,83%	2.968.817
Lazio	417.221	7,17%	468.464	8,30%	124.189	9,56%	370.064	8,37%	1.379.938
Piemonte	588.295	10,11%	465.334	8,24%	67.290	5,18%	356.433	8,06%	1.477.352
Emilia-Romagna	577.052	9,92%	470.496	8,33%	90.563	6,97%	346.993	7,85%	1.485.104
Veneto	569.469	9,79%	435.971	7,72%	60.322	4,64%	343.672	7,77%	1.409.434
Campania	276.607	4,75%	391.883	6,94%	139.957	10,78%	338.846	7,66%	1.147.293
Sicilia	274.524	4,72%	338.930	6,00%	122.307	9,42%	321.940	7,28%	1.057.701
Toscana	418.003	7,19%	403.457	7,15%	72.458	5,58%	294.872	6,67%	1.188.790
Puglia	275.453	4,73%	326.960	5,79%	119.415	9,19%	256.589	5,80%	978.417
Estero	71.960	1,24%	198.357	3,51%	16.649	1,28%	146.801	3,32%	433.767
Liguria	178.645	3,07%	189.433	3,36%	36.443	2,81%	145.554	3,29%	550.075
Calabria	107.300	1,84%	176.068	3,12%	73.077	5,63%	136.857	3,09%	493.302
Marche	176.547	3,03%	155.866	2,76%	51.102	3,93%	124.167	2,81%	507.682
Sardegna	131.197	2,26%	118.588	2,10%	62.053	4,78%	113.191	2,56%	425.029
Friuli-Venezia Giulia	158.860	2,73%	126.951	2,25%	22.973	1,77%	103.987	2,35%	412.771
Abruzzo	119.665	2,06%	116.933	2,07%	41.535	3,20%	101.652	2,30%	379.785
Umbria	95.129	1,64%	92.319	1,64%	31.071	2,39%	73.649	1,67%	292.168
Trentino-Alto Adige/Südtirol	121.402	2,09%	93.611	1,66%	16.263	1,25%	67.371	1,52%	298.647
Basilicata	37.720	0,65%	55.518	0,98%	23.403	1,80%	44.439	1,00%	161.080
Molise	27.557	0,47%	30.946	0,55%	11.611	0,89%	25.883	0,59%	95.997
Valle d'Aosta/Vallée d'Aoste	14.509	0,25%	12.259	0,22%	3.725	0,29%	9.660	0,22%	40.153
Non indicato	324	0,01%	97	0,00%	53	0,00%	299	0,01%	773
Totale	5.817.427	100,00%	5.644.958	100,00%	1.298.829	100,00%	4.422.861	100,00%	17.184.075

(1) Compresa le Gestioni dipendenti pubblici ed Ex Enpals

Fonte: Archivio delle pensioni INPS

Regions - Seniority Pensions - As a % of the total - Old-age pensions - Survivors' Pensions - Total

(1) including the Funds for Public Employees and former Enpals

source: INPS pension archive

7.1 Pension benefits and life annuities not included in the pension budget

As in the previous edition of the Report, this paragraph is designed to analyse the Italian pension system including the benefits paid by regional authorities, by constitutional bodies and by other entities; for the first time, a detailed review is provided on the number and on the amount of benefits paid by each Region (direct life annuities and survivors' benefits). It is difficult to find these data because these organizations do not publish or communicate the information on these benefits to the Central Pension Registry²⁶. Compulsory pension schemes must send these data to the Registry on a monthly basis with the information about the subjects, identified by their tax code number, who are registered with at least one of the compulsory pension schemes, specifying their remuneration level and their length of stay in these funds.

The administrations/entities that do not communicate the data required are:

- **Sicily** (Fondo Pensioni Sicilia), which manages a substitutive pension for its employees;
- **Chamber of Deputies**, for its employees and for the elected subjects who are entitled to life annuities for which contributions are paid (including the contributions paid to GDP funds);
- **Senate**, for its employees and for the elected subjects who are entitled to life annuities for

²⁶ Act n. 243 of August 23 2004, set up the Central Registry for Active Pension Accounts (hereinafter Registry) to collect, store and manage the data and other information related to members of any compulsory pension scheme and gave it some special functions (art. 1, p. 26, 27 e 28). This Registry is kept by INPS and is monitored and supervised by the Ministry of Labour (up to 2012 it was coordinated and supervised by Nusvap); it is the general registry for all retirement accounts and is shared with public entities at all levels, with other compulsory pension funds and schemes; under art. 1, p. 25, of the above-mentioned law and of art. 1, p. 2, of MD 4.2.2005, entities and administrations are obliged to provide the Registry with the data on all the accounts in their archives.

which contributions are paid (including those paid to GDP funds);

- ***Constitutional Court***, for judges and their employees;
- ***Presidency of the Republic***, for its employees;
- ***Ordinary and Special Regions*** (including Sicily), for the elected subjects who are entitled to life annuities for which contributions are paid (including those paid to GDP funds);
- ***F.A.M.A. Air and Maritime Fund***, a scheme based in Genoa for maritime agents, which is rather obscure and operates as a marginal pension scheme within the system.

F.A.M.A. is the compulsory scheme for maritime agents and looks after the interests of maritime or air companies. The compulsory nature of F.A.M.A. was established by Act n. 549 of December 1995 and it was confirmed by the INPS memorandum n. 83/1197; the accounts in this scheme are managed through two insurance policies. This small fund (800 members of whom 700 are paying contributions and 300 enterprises) does not publish its data and is not subjected to any particular control or supervision. For further information, see the previous edition of the Report.

The lack of communication of these data to the Registry has, in turn, a negative impact on another important archive managed by INPS called “Registry of Pensioners”, the primary and reliable source of all information on the Italian pension system.

In this connection, a difficult analysis has been conducted on the accounts of the above-mentioned entities and institutions so as to provide an exhaustive overview of the system in Italy (see **Table 7.6**). To this end, 29,093 pension benefits with a total cost exceeding 1.41 billion euros must be added to the figures of the compulsory pension system illustrated in the first part of this chapter.

The analysis of pension expenditure of constitutional bodies and entities reveals an impressive finding about the Sicily Region; in order to finance pension benefits for its 16,500 retired employees, this Region paid over 677 million euros’ worth of direct and indirect pensions. Pension benefits (for employees) and life annuities (for former MPs) account for a very large cost item in the accounts of the Chamber of Deputies and of the Senate: 410 million euros and 217 million euros respectively in 2015. However, pension expenditure for their employees is significantly higher than that for life annuities of former MPs: for the Chamber of Deputies, the former amounts to 265 million vs. 145 million for 2,116 life annuities (almost 1,464 direct benefits and 652 survivors’ benefits); for the Senate instead, 138 million vs. almost 79 million for 1,269 direct and indirect life annuities for former senators.

The number of benefits provided to retired employees of the Presidency of the Republic is equal to 1,783; the pension benefits paid to constitutional judges are the highest: 175,000 euros on average for each of the 25 direct pensions (in addition to 10 survivors’ pensions with lower benefits), followed by the pensions for deputies and senators, whose average annuities amount to 81,830 euros and to 68,103 euros respectively.

Tab. 7.6 – The other pension system

Ente/Organo Costituzionale	Numero pensionati	Costo delle pensioni (in milioni di €)	Pensione media (in €)
Regione Sicilia: personale*	16.500	677,43	41.056
Camera dei Deputati: personale*	4.680	265,60	56.750
Camera dei Deputati: vitalizi diretti	1.464	119,80	81.830
Camera dei Deputati: vitalizi di reversibilità	652	25,30	38.800
Senato: personale*	2.500	138,15	55.560
Senato: vitalizi diretti	891	60,68	68.103
Senato: vitalizi di reversibilità	378	18,00	47.620
Presidenza della Repubblica: personale	1.783	92,11	51.660
Corte Costituzionale: vitalizi diretti giudici	25	4,38	175.000
Corte Costituzionale: vitalizi di reversibilità giudici	10	0,98	98.000
Corte Costituzionale: pensioni dirette personale	127	7,49	59.500
Corte Costituzionale: pensioni di reversibilità personale	83	3,20	39.000
Totale	29.093	1.413,12	48.572
* numero di pensionati stimato			
Fonte: elaborazioni Itinerari Previdenziali su dati di bilancio			

Sicily Region: staff (*)

Chamber of Deputies: staff (*)

Chamber of Deputies: direct annuities

Chamber of Deputies: survivors' annuities

Senate: staff

Senate: direct annuities

Senate: survivors' annuities

Presidency of the Republic: staff

Constitutional Court judges: direct annuities

Constitutional Court judges: survivors' annuities

Constitutional Court employees: direct pensions,

Constitutional Court employees: survivors' pensions

Total

* estimated n. of pensioners source: accounts

Data processed by Itinerari Previdenziali

Table 7.7 shows the 2015 data on direct and survivors' annuities provided by the Italian Regions (except for Valle d'Aosta and Umbria for which there are no data) to former councillors and to other subjects entitled, as well as their overall cost and average amounts.

On the whole, these Regions provide **3,538 annuities**, for a total **expenditure equal to about 150.98 million euros per years with taxes**. The average gross amount of annuities is 42,314 euros per year, even if there are major difference with respect to the average amount (the average gross amount of direct annuities amounts to 27,000 euros per year in Tuscany and to about 77,000 euros per year in Apulia).

The Regions on top of the ranking are Apulia, Sicily, Sardinia, Lazio and Campania, with an overall gross expenditure ranging from 10 and 18 million euros per year; the lowest ones in the ranking are: Tuscany, Abruzzo, Marche, Basilicata and Molise, with a total expenditure between 4 and 3 million euros. The regions which provide the highest number of annuities are: Sicily, Sardinia, Lazio, Campania and Veneto (from 248 to 312 beneficiaries); the ones with the lowest number of pension benefits are: Abruzzo, Marche, Liguria, Basilicata and Molise.

The ratio of the resident population vs. the number of annuities (direct and survivors') paid by the Regions shows that there are about 17 thousand inhabitants for each annuity.

Tab. 7.7 – Direct and indirect annuities provided by the Italian Regions in 2015 – annual gross amounts

Regions	N°. Direct Pensioners	Cost of direct pensioners	Average pension	N. of indirect pensioners	Cost of indirect pensions	Average pension
Piedmont	150	6,269,362.92	41,795.75	45	1,061,791.80	23,595.37
Lombardy	162	5,496,878.75	33,931.35	61	1,110,601.83	18,206.59
Liguria (1)	103	4,661,620.20	45,258.45	31	824,926.92	26,610.55
Trentino A.A. (1)	125	6,126,632.04	49,013.06	61	2,556,513.84	41,910.06
Veneto (2)	202	5,856,731.95	28,993.72	46	895,125.86	19,459.26
Friuli Venezia Giulia	156	5,969,165.76	38,263.88	54	1,429,252.44	26,467.64
Emilia Romagna	145	4,701,969.72	32,427.38	32	662,442.06	20,701.31
Tuscany	139	3,705,781.33	26,660.30	51	976,004.18	19,137.34
Marche	106	3,458,448.00	32,626.87	33	687,532.44	20,834.32
Lazio (2)*	146	9,240,000.00	63,287.67	80	3,960,000.00	49,500.00
Abruzzo	111	3,422,517.11	30,833.49	41	808,035.53	19,708.18
Molise (3)*	57	2,145,654.00	37,643.05	24	919,566.00	38,315.25
Campania*	174	7,607,802.13	43,723.00	75	3,260,486.63	43,473.16
Apulia (4)	159	12,256,989.72	77,087.99	49	2,785,045.68	56,837.67
Basilicata	81	2,864,166.24	35,360.08	21	397,330.32	18,920.49
Calabria	145	8,127,684.48	56,053.00	40	1,328,778.84	33,219.47
Sicily	186	11,214,648.60	60,293.81	126	6,753,876.84	53,602.20
Sardinia	236	13,743,916.20	58,236.93	75	3,692,337.96	49,231.17
Total	2,583	116,869,969.15	45,245.83	945	34,109,649.17	36,094.87

(1) latest data updated to 2014.

(2) annual net amounts.

(3) annual projections of data updated to August 2016.

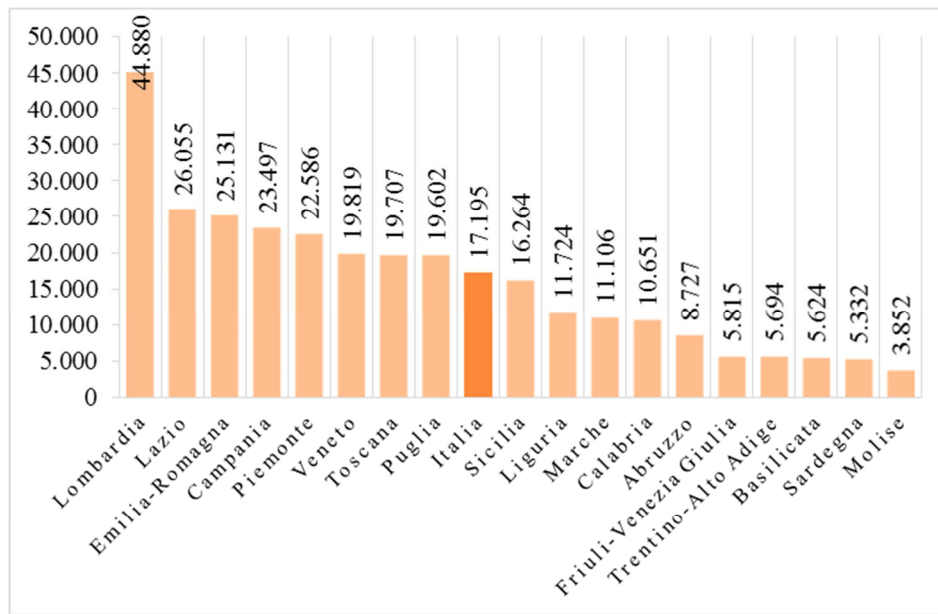
(4) data updated to April 2016.

* In the case of Lazio, Molise and Campania, there are only overall data (direct annuities + survivors'). The number and the cost of survivors' benefits were estimated by applying 30% to the total benefits.

Figure 7.1 shows how different these Regions are: Lombardy ranks among the most “virtuous” regions with 1 annuity out of 45 thousand inhabitants, followed by Lazio (26 thousand) and Emilia Romagna (25 thousand); the least “virtuous” are Molise with 1 annuity out of 3,852 inhabitants and Sardinia (about 5,300).²⁷

²⁷ The maximum number of councillors who then retire is set according to the Statutes of the Regions, on the basis of the levels provided for under a Law Decree of 2011 and according to the population.

Fig. 7.1 – Number of inhabitants by annuity and by Region



8. The 2015 health expenditure trends, features and accounting data

In 2015, total health expenditure was 147.2 billion euros²⁸, that is about 9.0% of GDP in line with the previous year; in Western European countries (EU14) too, the ratio of total health expenditure vs. GDP has remained basically stable over the last two years, with a slight increase equal to about 10.4%.

Total health expenditure is 75.6% public and the remaining 24.4% private. In 2015, public expenditure slightly dropped compared to GDP, from around 7.0% in 2014 to 6.8% in 2015, while private expenditure accounted for 2.2% of GDP, remaining essentially unchanged.

Total per capita health expenditure in 2015 was 2,436.1 euros, with a difference of over 32% compared to Western Europe (3,608.0 euros per capita)²⁹. For current public expenditure, this gap, barely exceeding 15.0% in 2005, reached 36.0% (+2.9% over the previous year), while for private spending, the gap was 18.9%, with a very modest growth in the last decade (+1.3%).

The analysis the total per capita health expenditure at a regional level shows a difference between the region with the highest expenditure and the one with the lowest of 52.0%, or 1,052.2 euros; even excluding the special regions, this difference remains significant, that is 562.6 euros (or 26.9%); in addition, if the standardized population is considered³⁰ (50.8%, corresponding to EUR 1062.2) the difference remains significant: in the latter case by excluding the special regions, the difference goes down but remains in any case high (33.9% equal to 684.9euros) (see Table 8.1 and Figure 8.1).

Tab. 8.1 – Total health expenditure in absolute terms in millions of euros in 2015

Region	Public	Private	Total
Italy	111,185.61	35,976.24	147,161.85
North	52,643.60	20,411.03	73,054.62
Centre	22,297.06	7,113.91	29,410.98
South and Islands	36,244.95	8,451.30	44,696.25
Piedmont	8,114.76	3,024.42	11,139.18
Valle d'Aosta	263.16	115.51	378.67
Lombardy	18,840.20	7,677.64	26,517.84
Pr. Aut. di Bolzano	1,188.10	826.48	2,014.58
Pr. Aut. di Trento	1,132.40	826.48	1,958.88
Veneto	8,839.79	3,707.62	12,547.41
Friuli Venezia Giulia	2,347.13	790.82	3,137.96
Liguria	3,170.73	1,114.76	4,285.49
Emilia Romagna	8,747.32	3,153.77	11,901.09
Tuscany	7,135.49	2,131.27	9,266.77
Umbria	1,663.96	396.32	2,060.28
Marche	2,746.29	789.18	3,535.46

²⁸ Total expenditure was obtained as the sum of public expenditure (from the Report "Monitoring of health expenditure" from the General Accounting Office) and of private expenditure, including *Out Of Pocket* (OOP) and intermediated expenditure.

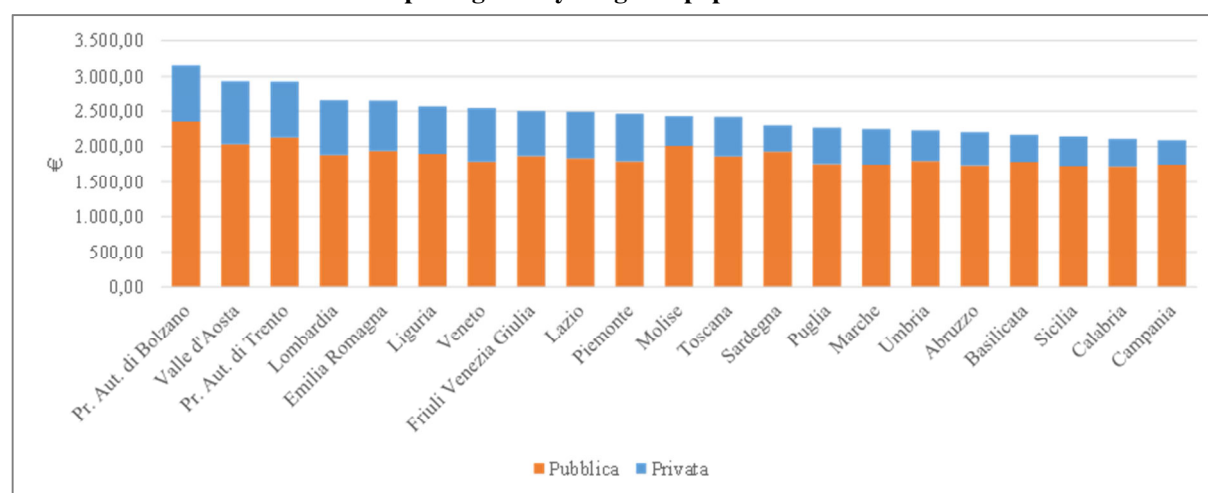
²⁹ See Rapporto Sanità 2016 – C.R.E.A. Sanità Università degli studi di Roma "Tor Vergata".

³⁰ Standardized expenditure considers the distribution of the population with different weights, as provided for by CIPE

Tab. 8.1 – Total health expenditure in absolute terms in millions of euros in 2015

Lazio	10,751.32	3,797.15	14,548.47
Abruzzo	2,347.13	636.25	2,983.37
Molise	638.84	133.41	772.25
Campania	9,902.97	1,948.18	11,851.14
Apulia	7,092.40	2,057.83	9,150.23
Basilicata	1,032.76	220.89	1,253.65
Calabria	3,356.54	754.20	4,110.74
Sicily	8,638.43	2,082.36	10,720.79
Sardinia	3,235.89	618.19	3,854.08

**Fig. 8.1 – Total health expenditure and public expenditure
Per-capita figures by weighted population in 2015**



Source: data processed by the Ministry of the Economy and Finance and by Istat, 2016 - © C.R.E.A. Sanità

8.1 Public expenditure

As reported by the General Accounting Office in "*Monitoring of healthcare expenditure*", public total health care expenditure amounted to **111.2 billion euros** (net of depreciation and of the depreciation-appreciation balance, which were deleted to make consistent comparisons with data prior to the changes introduced by Legislative Decree no. 118/2011), slightly up (+ 0.3%) over the previous year.

In 2015, public per capita expenditure was equal to **1,828.8 euros** (+ 0.3% compared to 2014) with a peak in the two autonomous provinces of Trento and Bolzano (**2291.3** and **2107.1 euros** respectively), Valle d'Aosta (2,051.2 euros), Molise (2038.7 euros) and Liguria (2,002.7 euros); and the trough in Campania, Sicily and Calabria with per capita expenditure equal to 1,689.5, 1,698.1 1,696.4 euros respectively. The maximum difference was 40.0% or 601.9 euros. The difference remained significant even excluding the special regions and replacing actual expenditure with standardized expenditure³¹ (see Table 8.2).

³¹ See Note 3.

Between 2005 and 2015, public per capita expenditure in nominal terms increased by 11.2% (+1.0% per year on average) equivalent to a decrease in real terms by 95.3 euros (-5.8% or -0.6% per year on average), again with significant regional differences. In particular, in real terms, only Lombardy, the Autonomous Province of Trento, Basilicata, Calabria and Sicily had a real positive rate of growth, although by less than half a per cent.

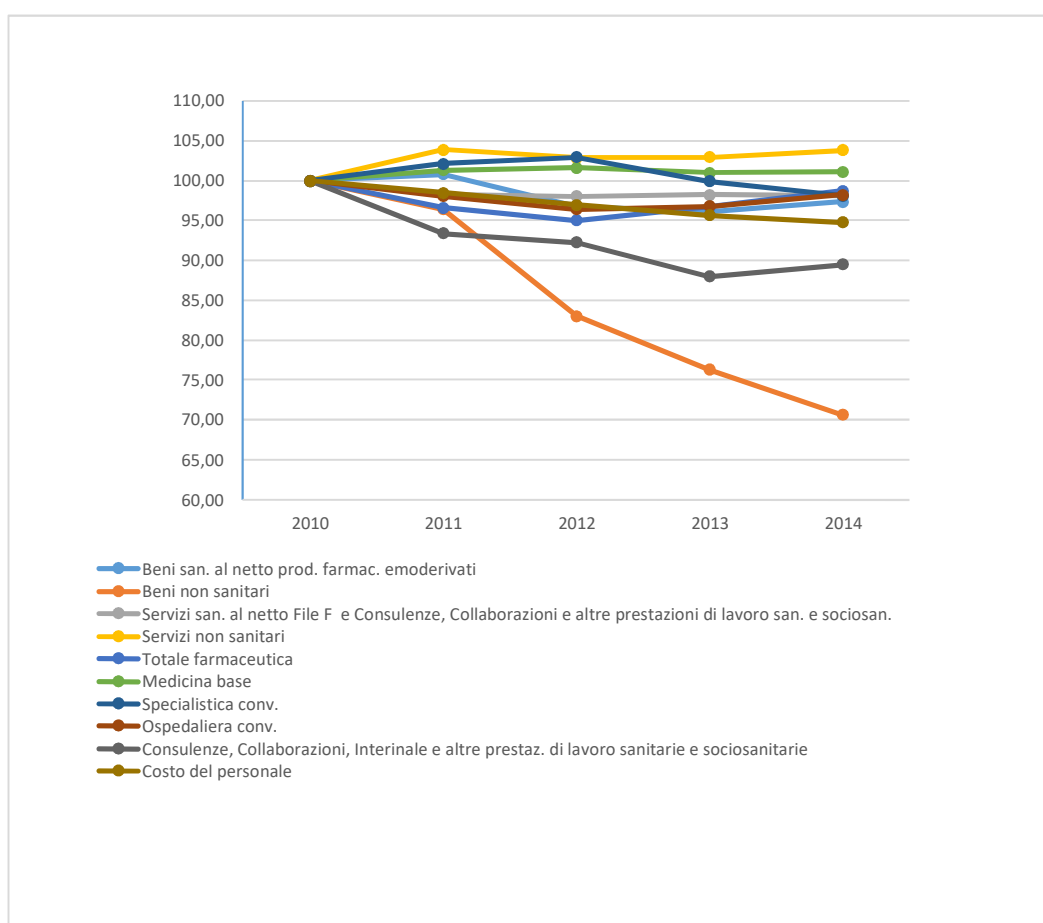
Tab. 8.2 – Per-capita health expenditure in absolute terms (in euros) and in percentage terms in 2005-2015

Regions	Anno 2015 (€)	Var. media annual 2005-2015
Italy	1,828.8	1.0
Piedmont	1,834.1	1.0
Valle d'Aosta	2,051.2	1.2
Lombardy	1,883.5	1.8
Aut. Province of Bolzano	2,291.3	1.1
Aut. Province of Trento	2,107.1	2.0
Veneto	1,793.9	1.1
Friuli Venezia Giulia	1,912.7	1.5
Liguria	2,002.7	0.9
Emilia Romagna	1,965.5	1.5
Tuscany	1,901.5	1.4
Umbria	1,859.7	1.4
Marche	1,770.9	1.4
Lazio	1,824.6	-0.3
Abruzzo	1,762.7	0.2
Molise	2,038.7	0.1
Campania	1,689.5	0.1
Puglia	1,734.0	1.4
Basilicata	1,791.1	1.8
Calabria	1,698.1	1.8
Sicily	1,696.4	0.9
Sardinia	1,945.5	1.8

Source: data processed by the Ministry of the Economy and Finance and by Istat, 2016 - © C.R.E.A. Sanità

Since 2011, with the exception for the item "purchase of non-health services " (laundry, cleaning, meals, heating, utilities, etc.) and for the agreed primary-care expenditure, all the other public expenditure items decreased by a more or less considerable amount, although some of them started to pick up again in 2014; this was the case of agreed hospital expenditure, of expenses on consulting and collaborations and to acquire health goods, including pharmaceutical products (*see Figure 8.2*).

Fig. 8.2 – Public health expenditure by function. Index figures (2010=100), in 2010-2014



Source: CE data (Ministry of Health) 2014 - © C.R.E.A. Sanità

Health goods net of pharmaceutical and blood derivative products

Non-health products

Primary care Accredited specialty medicine

Accredited hospital medicine

Health and social services: consulting, collaborations and other services Personnel cost

The most significant drop was found in the purchase of **non-health goods** (-29.4% between 2010 and 2014), although with major geographical differences, ranging from - 36.4 % in the north regions to a -13.2% in the south.

Total **staff** expenditure too had a downward *trend* in the period analysed, -5.2%; in this case too with significant regional differences: - 2.5% in the north vs. - 6.9 % in the centre and - 8.1% in the south. Staff expenditure was affected by a halt to *turnover* in the regions with a repayment plan and by hiring restrictions in the regions with no repayment requirements, as well as by compensation limits, by the new accessory benefit system and by a freeze of contractual holidays. In the period (2010-2014), the expenses on consulting and collaborations were cut too (-10.5%), with a peak in the southern regions (most with repayment plans), that is - 13.9% vs. -6,0% in the central regions.

The expenditure to on **health goods** (net of pharmaceutical products and blood derivatives) showed some diverging trends: it increased by 6.6% in the south, while it decreased in the other areas (-5.6% in the north and -8.5% in the centre).

Between 2010 and 2014, although total *pharmaceutical expenditure* has remained basically stable support in all areas (- 0.3% in the north and in the centre and -3.0% in the south), its components showed some mutually off-setting trends: public expenditure on drugs and blood derivatives (including direct hospital and pharmaceutical expenditure) grew by approximately 22.9%, as well as high-cost hospital drugs (+ 183.1%), while agreed pharmaceutical expenditure dropped by 21.4%.

In the accredited domain, both is *specialist outpatient* and *hospital care expenditure* decreased: accredited specialist care expenditure fell by nearly two percentage points (-1.9%) however, with a different geographical trend (-5.6% in the north, -5.9% in the centre and + 3.6% in the south); spending hospital care expenditure showed a similar trend although in the central regions this reduction was three times higher with respect to northern regions (Italy -1.8%, north -1.8%, centre -5.7 and south + 0.8%).

Finally, *primary care* expenditure increased slightly, reaching an average of + 1.1% (-0.5% North, 2.9% in the centre and 2.0% in the south). These significant regional differences cannot only be ascribed to repayment plans or to the amount of deficits for certain regions. In the case of Lazio and Campania, the two regions that have historically run the highest deficits, it is possible to highlight some diverging trends in some of their expenditure items (for example, purchase of health services, collaborations, consulting, drugs, agreed hospital care, etc.).

8.2 Private expenditure

It is important to stress that the quantification of *private expenditure* is significantly affected by the changes in the Istat survey on household consumption. In particular, there is a growing share of OOP spending, in line with the previous estimates made by Istat on the basis of national accounts and used by international organizations such as the OECD.

Moreover, a more detailed analysis reveals several shortcomings and discrepancies in the findings: not only for some "shady" areas of inconsistency between the two data provided by Istat (previous surveys underestimated household expenditure for health services by about 5 billion Euros, probably due to hospice care), but also for some aspects not yet adequately considered. First and foremost, the duplication of expenditure possibly coming from (insurance and non-insurance) indirect coverage and the still underestimated but growing phenomenon of complementary and supplementary health insurance funds. Therefore, an attempt is made to illustrate a quantitative reconstruction of the this phenomenon, in the two OOP components: non intermediated and intermediated; the intermediated component is, in turn, subdivided into expenditure for individual insurance policies and expenditure for supplementary funds, mutual aid, etc.

Out Of Pocket expenditure was calculated as household health-care expenditure (ISTAT Survey on Household expenditure), net of the reimbursements provided for in case of "indirect" coverage; ad hoc surveys revealed that this item is negligible for individual policies, about 1/4 of the total value of contributions paid to (complementary and supplementary) Funds. So in 2015, the *total estimated OOP expenditure* amounted to **32.3 billion euros**.

Intermediated expenditure on individual insurance policies was estimated to be equal to 2/3 of as two thirds of ANIA premiums for illness (1.5 billion euros), and the rest is spent on collective policies related to the Funds. In this case, the ANIA data were used because the 2014 Istat survey showed a 50% reduction in insurance expenses, without plausible reasons and confirmation by the Companies. For the **Funds**, the indicator considered was the contribution figure taken from the Registry of the Ministry of Health, amounting to a relatively underestimated 2.2 billion euros.

The data on the regional intermediated expenditure on individual policies were extracted from the 2013 Istat survey on household consumption. For group policies (Funds), the data collected by industry experts showed the following regional distribution: 54.5% in the north-west, 18.0% in the north-east, 20.1% in the centre and 4% in the south.

So, the **2015 total private expenditure** was estimated to be equal to 36 billion euros, equivalent to **591.8 euros per capita** (+ 2,6% compared to 2014), with a peak in Valle d'Aosta and in the two autonomous provinces of Trento and Bolzano (900.3 and 782.7 euros respectively); and a trough in Campania (332.4 euros) and Sardinia (371.7 euros). A three-fold difference (2.7) between the regions with maximum and minimum expenditure, for an amount equal to 568.0 euros.

In 2015, *out of pocket* (OOP) expenditure accounted for 89.7% of total private expenditure and intermediated expenditure for 10.3%, of which 6.1% for group policies (funds) and 4.1% for individual policies, essentially unchanged compared to 2014. In the five years 2010-2015, OOP expenditure increased quite significantly: **+ 10.6%** (+ 2.0% per year) at the national level; this result is mainly due to the regions of the north which had a 16.5% increase (+ 3.1% per year on average); in the other regions OOP expenditure was only slightly higher: + 4.8% (+ 0.9% per year) in the regions of the centre and + 3.1% (+ 0.6% per year) in the south.

The analysis of the composition of private expenditure by geographical area (2015) interestingly shows that the intermediated component accounts for 13.1% of private spending in the north, 10.4% in the centre and only 3.2% in the south and on the islands, thus strengthening the unequal distribution of health spending.

Tab. 8.3 – Private per-capita OOP health expenditure in absolute and percentage terms in 2005-2015

Regions	2015	Annual average variation 2010/2015
Italy	567.5	2.0
North	695,8	3,1
Centre	563.9	0.9
South and Islands	399.1	0.6
Piedmont	647.6	3.8
Valle d'Aosta	883.5	-0.6
Lombardy	714.0	5.1
Aut. Pr. of Bolzano	737.8	4.2
Aut. Pr. of Trento	737.8	4.2
Veneto	731.9	2.8
Friuli Venezia Giulia	631.9	-6.4
Liguria	637.7	4.8
Emilia Romagna	685.9	1.1
Tuscany	552.9	1.4
Umbria	440.6	-4.2
Marche	500.5	-1.7
Lazio	606.3	2.0
Abruzzo	471.6	-0.1
Molise	423,3	-2.4
Campania	330.7	1.0
Apulia	501.4	4.0
Basilicata	372.6	-3.8
Calabria	371.6	-3.2
Sicily	401.4	1.3
Sardinia	360.4	-3.6

The data of the Autonomous Provinces of Bolzano and Trento refer to the data of Trentino Alto Adige

Source: Istat data, 2016 - © C.R.E.A. Sanità

References: Ministry of the Economy and Finance. *Il monitoraggio della spesa sanitaria*, reports over the years.; Istat (several years), *statistical tables*, www.istat.it; Ministry of the Economy and Finance (several years), *Relazione Generale sulla Situazione Economica del Paese*; Ministry of Health (several years), *Modello di rilevazione del Conto Economico*; OECD (2016), *Health Data Statistics*.

9. The complementary welfare system in Italy: pensions, welfare and health care. Preliminary data on intermediated and out-of-pocket expenditure

In 2015, private expenditure on complementary welfare benefits amounted to **61.339 million euros**, with a slight upward trend, +3.6 % vs. 2014 (57,147 million euros), that is 3.72% of GDP and 7.4% of the whole public spending (*Table 9.1*). The most significant finding is related to private health expenditure that amounted to **36 billion euros**³² in 2015, followed by complementary pension and long-term care expenditure.

The most significant private health expenditure item is *out of pocket health expenditure*, amounting to 32.2 billion euros, incurred by Italians for health services without any intermediation of a health fund or of an insurance company. This expenditure grew by 18.55% vs. 2012.

Tab. 9.1 – Private expenditure on complementary and supplementary welfare (in millions of euros)

Tipologia	2012			2013			2014			2015		
	spesa privata	in % del Pil	in % spesa pubblica	spesa privata	in % del Pil	in % spesa pubblica	spesa privata	in % del Pil	in % spesa pubblica	spesa privata	in % del Pil	in % spesa pubblica
Previdenza complementare	12.052	0,77%	1,50%	12.414	0,79%	1,55%	13.000	0,81%	1,57%	13.500	0,82%	1,63%
Spesa per sanità OOP	27.234	1,74%	3,40%	26.240	1,68%	3,28%	30.000	1,86%	3,63%	32.287	1,96%	3,91%
Spesa per assistenza LTC *	10.000	0,64%	1,20%	11.000	0,70%	1,37%	9.280	0,58%	1,12%	8.900	0,54%	1,07%
Spesa per sanità intermediata	3.366	0,22%	0,42%	4.060	0,26%	0,50%	4.300	0,27%	0,52%	3.689	0,22%	0,44%
Spesa welfare individuale	1.000	-	-	1.000	0,06%	0,12%	2.567	0,16%	0,31%	2.963	0,18%	0,35%
Spesa totale	53.652	3,37%	6,52%	54.714	3,49%	6,82%	59.147	3,66%	6,92%	61.339	3,72%	7,40%

* Dal 2015 il dato è calcolato con riguardo alla spesa per assistenza domiciliare e residenziale al netto dei valori dell'indennità di accompagnamento erogata da Inps.

Fonte: Elaborazione Itinerari Previdenziali su dati COVIP, OCSE, CREA Sanità, ISTAT, RGS, Ministero della Salute, ANIA

Type - Private expenditure as % of GDP / as % of public expenditure

Complementary benefits

OOP health expenditure

LTC expenditure

Intermediated health expenditure

Individual welfare expenditure

Total expenditure

(*) Since 2015, the data have been calculated including home and residential care expenditure net of the carers' benefits provided by Inps

Source: data from COVIP, OECD, CREA sanità, RGS, Ministry of Health, ANIA processed by Itinerari Previdenziali

According to the Registry of Health Funds of the Ministry of Health, only a small part of health expenditure is intermediated by *health funds*, equal to **2.2 billion euros**, while *insurance companies* intermediate **1.4 billion euros**, about 10% of total private expenditure. As already pointed out, the data are still incomplete, so this level of expenditure may be higher.

Individual welfare expenditure too is correlated to the insurance policies collected for claims (accident insurance premiums) and is equal to **2.9 billion euros**.

³² For the estimation modalities and the details of this item, please see Chapter 8. The data are in line with those reported by the Budget and Social Affairs Commission of the Chamber of Deputies.

Since expenditure for health funds may exceed 4 billion euros (8 million members x 500 euros per year on average), the final cost for citizens is estimated to be 2.8 billion euros³³, with an average tax deduction of 30%; moreover, if 50% (the rest is very unlikely to be reported for tax purposes) of OOP expenditure is eligible for tax deduction (-19%) when it exceeds 129.11 euros, as provided for under Art. 15 of the Framework Income Tax Law (TUIR), private expenditure drops to about 29.3 billion euros.

Long-Term Care

Long-Term Care figures seem to be very impressive even though these are estimates. In fact, the lack of data in this field is even worse than that for private health expenditure. The amount indicated in the Table is the sum of the estimated *expenditure* for *residential care (4.1 billion)* and for *home care (11.6 billion)*, *equal to 15.8 billion euros, minus a share (6.9 billion) of the amounts paid by Inps as carers' allowances* for disabled civilians in line with the assumption that non self-sufficient individuals are eligible for the above-mentioned allowance. In detail:

- The figure for residential care is calculated by multiplying the number of people over 65 in RSA (227 thousand) for a monthly net amount of about 991 euros. The number of people in these homes has been obtained by applying to the population above 65 years, the relative “residentially” rate indicated in the V Report on care for not self-sufficient elderly citizens in Italy, equal to 1.7%. Instead, the average amount is based on the average monthly cost of 1500 euros³⁴ from which the monthly amount of the carers' allowance has been deducted (508.55 euros in 2015). Therefore the total residential expenditure is about **2.7 billion euros**.
- The calculation of home care costs also includes the number of care workers registered with INPS (care workers and house helps) with an annual remuneration of about 13,000 euros; in this case too, this figure is reduced by the amount of the carers' allowance, for an overall expenditure of **6.2 billion**. The decision to include all domestic workers, even though not all of them care for non self-sufficient people, is because not all “care workers” are registered with Inps and there is still a lot of unregistered work in this field. Therefore, all registered domestic workers can be considered “proxies” of the actual number of care workers.

This choice may also be conservative. For example, according to the CREA report, the number of these workers is equal to about 1.1 million, of whom 1/3rd is “registered” (in line with the Inps data) for an overall expenditure equal to 5.7 billion net of carers' allowance; according to the Censis research conducted on behalf of Unipol³⁵, the number of domestic and care workers reaches 1.6 million, with an overall expenditure of 9 billion euros for care work.

So these data are very unreliable: if the number of care workers in Italy is estimated to be 1 million (60% of them are registered), private long-term care would increase from 8.9 billion euros to **9.2 billion euros**, net of carers' allowance.

³³ When workers join and pay contributions to supplementary health funds, they can deduct up to 3,615.20 euros for group policies and 19% of 1,291 euros for individual policies with mutual companies.

³⁴ This figure is in line with the ones reported by Franco Pesaresi in his book “Quanto costa l’RSA?” – Maggioli Editore 2016, in reference to hospices for elderly people except for those of Alzheimer’s patients.

³⁵ Censis/Unipol: Welfare Italia 2015 - Impatto e potenziale di crescita della White Economy - 2015

9.1 The complementary pension system in Italy as compared to OECD and non-OECD countries

Although slowly, year by year, the Italian complementary pension knows a development in terms of subscriber growth and the assets allocated to the performance.

Table 9.2 shows that the highest growth in terms of membership took place in negotiated pension funds (+ 27.3%, + about 530,000 members). This increase was mainly due to a new contractual and automatic membership mechanism for all construction workers in this industry fund, Prevedi. This successful experience was replicated by other pension funds. The resources allocated to provide benefits also increased with extremely good results for open-ended pension funds (+ 10.37) and the “new” PIPs (+ 22,52%).

Tab. 9.2 – Complementary pension system in 2014 and in 2015: membership and resources allocated to benefits

	Adesioni				Risorse (in mln di €)			
	2013	2014	2015	var. %	2013	2014	2015	var. %
Fondi pensione negoziali	1.950.552	1.944.276	2.419.103	24,4%	34.504	39.644	42.546	7,3%
Fondi pensione aperti	984.584	1.057.038	1.150.096	8,8%	11.990	13.980	15.430	10,4%
Fondi pensione preesistenti	654.537	645.371	644.797	-0,1%	50.398	54.033	55.299	2,3%
PIP nuovi	2.134.038	2.356.674	2.595.804	10,1%	13.014	16.369	20.056	22,5%
PIP vecchi	505.110	467.255	431.811	-7,6%	6.499	6.850	6.779	-1,0%
Totale*	6.203.673	6.447.186	7.226.907	12,1%	116.465	130.941	140.180	7,1%

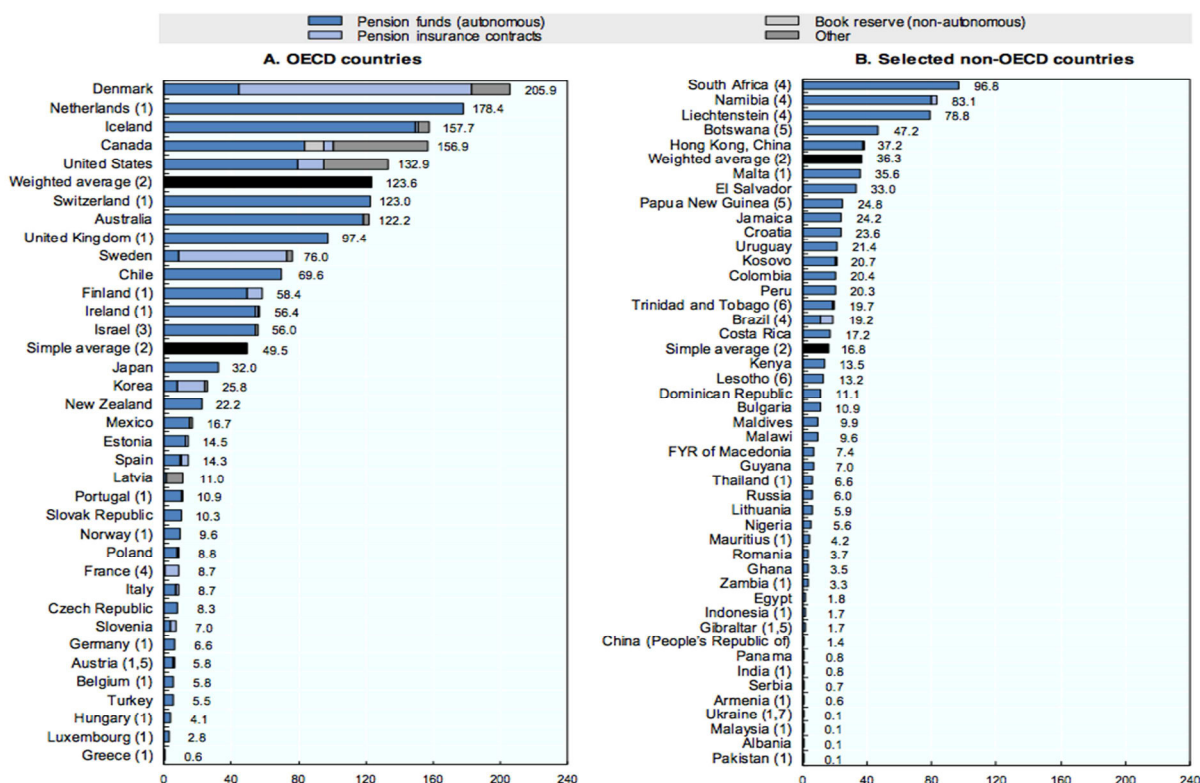
*Nel totale si include FONDINPS. Sono inoltre escluse dal totale aderenti le duplicazioni dovute agli iscritti che aderiscono contemporaneamente a PIP vecchi e nuovi.

Members Resources (in millions of euros) Negotiated pension funds Open-ended pension funds Pre-existing pension funds New PIPs Old PIPs Total*
 (*) The total includes FONDINPS. The total number of members does not include the members who are in the new and in the old PIPs at the same time.

In comparison with OECD and non-OECD countries, Italy is still low in the rankings even though the OECD data compare very different realities: mandatory complementary pension schemes for almost all workers (UK) or semi-mandatory schemes according to the bargaining practices (*see Figure 9.1*) Unlike in the past, the OECD figures for 2015 refer to different forms of complementary pension schemes, in particular: pension funds, insurance contracts for retirement purposes or reserves. In any case, Italy has a ratio of pension funds' assets vs. GDP of around 9% against a simple average of 50% and a weighted average of 123% and a participation rate that is less than 1/3rd for workers; of these, young people, women and those who work in companies with fewer than 15 employees participate even less.

A guarantee fund for termination of employment benefits and more information could improve these figures; the new contractual plans go in the right direction.

Fig. 9.1 – Pension funds’ assets with respect to GDP in OECD and in non-OECD countries in 2015



Source: OCSE Global Pension Statistics

9.2 The development of supplementary health funds in Italy

As in the case of complementary pension funds, there is a persistent lack of comprehensive and reliable data also in the field of supplementary health funds in Italy. However, the Italian supplementary health funds are slowly but steadily growing in terms of membership and benefits provided. On the basis of the partial data provided Registry of Health Funds (*see Table 9.3*), in 2015 the number of members reached 9,155,000 and the overall amount of resources amounted to 2.24 billion euros (much underestimated).

It is interesting to see, that the share (20%) allocated to benefits for dental care and/or long-term care amounted to 694 million out of a total of 2.24 billion euros' worth of resources, for a total of 30.96%, well above the minimum requirements set out in the so-called "Turco and "Sacconi" ministerial decrees.

These are partial data since health funds are not required to communicate their operational data to the Ministry (no requirement to publish their accounts, so the State cannot control or protect their members even though it allows for tax deductions.); therefore this system appears to be far from having developed its full potential.

The use of organized forms of health expenditure intermediation is still very limited in Italy, which results in greater cost to individuals and families, in a lower quality benefits and in the spread of unregistered work; this would not be possible when a health fund or an insurance company pays (directly or indirectly) the expenses incurred and there is the need to submit all the expenditure receipts for tax purposes.

Tab. 9.3 – Registry of Health Funds – Ministry of Health

Anno	Fondi attestati			Situazione iscritti							Ammontare generale e parziale dichiarati		
	Totale nr. attestati	Tip. A	Tip. B	Nr. iscritti lavoratori dipendenti	Nr. iscritti lavoratori non dipendenti	Nr. iscritti familiari lavoratori dipendenti	Nr. iscritti familiari lavoratori non dipendenti	Totale lavoratori	Totale familiari dei lavoratori	Totale iscritti	Ammontare generale	Ammontare parziale (20 %)	Ammontare parziale/ammontare generale
				<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e=a+b</i>	<i>f=c+d</i>	<i>g=e+f</i>			
2010	255	47	208	1.647.071	414.904	983.593	266.906	2.061.975	1.250.499	3.312.474	1.614.346.536	491.930.591	30,47%
2011	265	43	222	3.209.587	461.424	1.264.534	211.088	3.671.011	1.475.622	5.146.633	1.740.979.656	536.486.403	30,82%
2012	276	3	273	3.724.694	506.169	1.290.336	310.744	4.230.863	1.601.080	5.831.943	1.913.519.375	603.220.611	31,52%
2013	290	4	286	4.734.798	539.914	1.373.444	266.245	5.274.712	1.639.689	6.914.401	2.112.122.994	691.285.615	32,73%
2014	300	7	293	5.141.223	565.199	1.563.015	224.387	5.706.422	1.787.402	7.493.824	2.159.808.946	682.448.936	31,60%
2015	305	8	297	6.423.462	535.893	1.862.206	332.931	6.959.355	2.195.137	9.154.492	2.242.215.085	694.099.832	30,96%

Fonte: Ministero della Salute

Year Registered funds Membership General and partial amounts Total number of registered funds Type A and B Number of employed workers Number of non employed workers Number of family members of employed workers Number of family members of non employed workers Total number of workers General amount Partial amount Partial amount/general amount

10. The regionalization of the Italian pension system

One of the major novelties of this *4th Report* is the analysis of the pension system and of some of its welfare benefits at national level but also for each individual *Region*; as illustrated below, this provides additional data that are essential to properly understand the pension and welfare system. This Chapter is just a summary of the Report on "Regionalization of the pension-welfare budget " drafted by Itinerari Previdenziali's Research Centre³⁶. The following analysis refers to the financial statements up to 2010 for INPS, the only entity with reliable data since 1980; starting from 2011, the regionalization data also refer to Ipost and to Enpals after 2003. They exclude the accounts of the ex Indpap public administrations and of the privatized schemes for liberal professionals³⁷. In order to better understand the process of regionalization of fiscal data, please refer to the "*methodological note*" attached to each of the above-mentioned Reports.

10.1 The reasons for devolution

Italy has always managed the pension system as if it was as homogeneous country, adopting nation-wide policies to act on the amount of contributions and on pension benefit requirements to face the fluctuating imbalances in the pension accounts. The same holds true for its (non-existent) economic, development and labour market policies. The insufficient development of some areas of this country, in particular in the eight southern regions, has been frequently offset by welfare policies. First the total exemption from contribution charges now in force for more than 20 years, considered as state aid by the European Commission, has been progressively eliminated, following the Pagliarini - Van Miert agreement in 1994 (the former was Budget Minister and the latter was the Commissioner) in the period 1995-2002. These tax reliefs not only did not produce any competitive advantages but also delayed the development of the Italian southern regions similarly to disability benefits (granted in certain areas of also for economic reasons) and to other subsidies especially in the field of agriculture. All this has created a gap between the north and the south, especially in southern regions in terms of development and employment, but it also led to blending together the welfare and pension domains which is detrimental to Italy with respect to its European partners.

The analysis of the pension system from a regional perspective makes it possible to capture a series of problems that, if resolved, can bring wider benefits to the entire pension system while avoiding the temptation to launch continuous reforms, the mistakes and the of the past and the still pervasive desire to revive the contribution incentives for the south.

³⁶ This Chapter updates the content of the previous 5 Reports on the "Regionalization of the Italian Pension System", (the *6th edition* is underway for the period 1980 – 2015); These Reports were published: the 1st in January 2000 in *Economia Italiana*; the 2nd 2^o in April 2001; the 3rd in May 2002 in *Rivista di Economia Italiana*; the 4th in January 2004 in *Documenti Cnel* n. 32 and the 5th in July 2005 published by *Bancaria Editrice*; they are available on the Itinerari Previdenziali web site in the Library section; they analyse the accounts of Inps and other entities between 1980 and 2003 on the basis of *cash flows* (real revenues and expenditure); they classify contribution revenues according to the work place and benefit expenditure according to the beneficiaries' place of residence (see the methodological note exhibited to the above-mentioned Reports).

³⁷ The Inps accounts include all special funds and also the FFSS fund (integrated in the year 2000) and Inpdai (for industry executives, integrated in 2003), as well as all the funds for employed workers, artisans, retailers, farmers, tenant farmers and sharecroppers and atypical workers. Ipost, the fund for postal workers, was integrated into Inps and its data have been available since 1999; it had 1.2 billion euros' worth of revenues and 1.7 billion euros' worth of expenditure for about 280,000 active workers and pensioners (equally distributed); Enpals is the fund for entertainment, show-business and sports workers with about 1 billion euros' worth of revenues and 800 million euros' worth of expenditure with 260,000 active workers and 60,000 pensioners.

For example, if all the regions were self-sufficient at 75% (that is when contributions cover at least 75% of benefits paid), the pension system would be more balanced. Again, having eliminated 41 years of contributions (Monti-Fornero reform) has affected only some regions of the north and has hardly had any effect in most central and southern regions where almost all workers become eligible for old age pensions, thus creating more problems (esodati and early entrants) than savings.

The total contribution exemption only "drugged" the economy of the eight southern regions by creating subsistence jobs that disappeared when these facilities were eliminated; It took more than 10 years to go back to registered employment even if there are still large pockets of undeclared work. A different economic and employment policy could have structurally improved employment and retirement conditions in these areas, and so on and so forth.

Regionalization, as provided for by the Community regulation known as "Sec 95", has required member states to produce regional statistics since 1995; however, today for a number of ideological and political reasons, is very unpopular in Italy, although there were other famous but absolutely unheeded examples of it in the past³⁸.

The foreword to the 5th Regionalization Report of **2004**, reported the following and still very topical statement: *"Since, as we shall see later in the Report, some areas of the country have insufficient capacity in terms of retirement contributions and taxes, and, as demonstrated by the analysis of the INPS data for the past 24 years, this is a structural situation, the change in the scenario (the single currency, the Maastricht agreements and the EU enlargement to 27 countries with a different allocation of funds and a drastic reduction of resources for Italy) reinforces the rationale of this study; that is, if the South does not develop, the whole country is set to face serious difficulties because neither the North nor the European Union will be able to provide the necessary resources to ensure acceptable levels of development in these areas."*

More than 12 years have elapsed but the situation has not improved very much.

10.2 The regionalization of the Inps accounts for 2013, 2014 and 2015

In 2015, the INPS **total contribution revenues** amounted to **134.823 billion euros**, with an increase by **2.10%** compared to 2014 and by 3.61% compared to 2013 (132.046 and 130.43 billion euros respectively).

The figure for revenues resulting from cash flows (actual revenues from employers excluding transfers from the State and from local authorities) is consistent with the data reported in the general INPS and pension system accounts (*see Table 1a*)³⁹; compared to historical data

³⁸ In April 1995, on the occasion of the presentation of the "Quaderno Monografico" on the first attempt by RGS to regionalize tax revenues, the State former general accounting officer, Andrea Monorchio, made a comment on the need to have regional disaggregated data and stated "the debate on the apportionment of the tax burden and of the benefits of public spending is an honoured tradition; it will suffice to think of the work by Pantaleoni (1891), by De Nitti (1900), by Brancati (1985) and by others such as De Meo (1990), The Agnelli foundation and Formez (1992), by Giarda (1994); in fact, he announced "since 1993, RGS has published a report on regionalized public spending and so it was deemed necessary to extend this analysis to revenues starting from 1992". Unfortunately, this laudable initiative died out immediately after the publication of the report on the 1993 revenues (1996).

³⁹ The data on revenues, expenditure and balances, reported in this Chapter and calculated on the basis of cash flows, are in line with the ones of the system reported in **Table 1 a**, of this Report; it is necessary to subtract from these data the figures related to public employees of former Inpdap, of members of privatized schemes for liberal professionals and transfers from the State and from public entities and add the GIAS share on pensions and part of welfare benefits.

(1980-2010), revenues included ex Ipost contributions as of 2011 and ex Enpals contributions as of 2013.

63.54% of revenues (85.6 billion euros) comes from the **8 regions of the north**, **20% from 4 regions of the centre** (26.99 billion) and **16.44%** (22.16 billion) from **8 regions of south**; Lombardy pays 26,41% of the total (35.6 billion) (*Table 10.1*).

By calculating revenues in relation to the resident population on the basis of the January 2016 ISTAT figures, the North pays **3,086.8 euros** per capita per year, the Centre **2,236.55 euros** and the South stops at **1063.21 euros**, that is about 1/3 with respect to the North and 50% less vs. the Centre; this does not in any way reflect the general situation and state agencies, starting from Istat, should better analyse this situation. Lombardy has the highest per capita revenues with 3,558 euros followed by Emilia Romagna and Trentino (autonomous provinces of Trento and Bolzano) with 3,111 and 3,053 euros respectively. Tuscany prevails among other central regions with 2,367 euros followed by Lazio with -131 euros. In the south, Sardinia pays the highest per-capita contributions with 1,287 euros followed by Basilicata with 1,267 euros; other regions are slightly above 1,000 euros except Sicily with 884 euros and Calabria with **777 euros** at the bottom of the ranking. (*Table 10.2*).

In the same year, **benefit expenditure** (always accounted by cash flows) amounted to **176.947 billion euros** (including Ipost and Enpals) with an increase of **0.52%** compared to 2014 and of only **0.42%** compared to 2013 (176.03 and 176.2 billion euros respectively).

The **North** accounts for **55.86%** of expenditure (98,83 billion euros) against **19.74%** of the **Centre** (34.93 billion euros) and **24.40%** of the **South** that, with 43.17 billion euros, spends almost twice as with respect to its revenues. Lombardy accounts for 20.72%, about 6 points less than revenues, Calabria roughly the double with respect to revenues. **Trentino** is the only Italian region with benefit expenditure lower than revenues. Among the regions of the North, the worst performance is found in Piedmont, with expenditure that is 5.65 billion euros higher than revenues (48%) and Liguria (+ 2.5 billion, or 72% higher). In the South, Calabria spends over 3 times more with respect to its revenues (4.19 billion euros' worth of expenditure vs. 1.5 billion euros' worth of revenues); Sicily is no better (4.49 billion vs. 9.84 billion - more than twice as much), Molise (352 million vs. 749 million), Apulia (4.6 billion as against 9.24 billion) (*see table 10.1*). In relation to the population, each inhabitant of the North receives 3,561 euros per year as against 2,895 euros in the Centre and 2,071 euros in the South. The per capita figures reflect what has been indicated above (*see table 10.2*).

Tab.. 10.1 – Revenues, expenditure and balances for 2013, 2014 and 2015 by region (in millions of euros)

REGIONI	Entrate 2013	% su totale	Entrate 2014	% su totale	Uscite 2013	% su totale	Uscite 2014	% su totale	Entrate 2015	% su totale	Uscite 2015	% su totale	Saldo 2013	% su totale	Saldo 2014	% su totale	Saldo 2015	% su totale
PIEMONTE	11.231,00	8,63	11.384,00	8,621	17.111,00	9,71	17.210,00	9,78	11.670,49	8,66	17.320,95	9,79	5.880,00	12,75	5.826,00	13,25	-5.650,46	13,41
VALLE D'AOSTA	321,00	0,25	314,00	0,238	430,00	0,24	433,00	0,25	307,93	0,23	428,16	0,24	109,00	0,24	119,00	0,27	-120,22	0,29
LOMBARDIA	34.299,00	26,37	34.779,00	26,339	36.161,00	20,52	36.187,00	20,56	35.610,16	26,41	36.671,10	20,72	1.862,00	4,04	1.408,00	3,20	-1.060,94	2,52
LIGURIA	3.395,00	2,61	3.420,00	2,590	6.021,00	3,42	5.983,00	3,40	3.448,90	2,56	5.949,11	3,36	2.626,00	5,69	2.563,00	5,83	-2.500,22	5,94
TRENTINO	3.111,00	2,39	3.177,00	2,406	2.977,00	1,69	2.973,00	1,69	3.233,72	2,40	3.033,24	1,71	134,00	-0,29	-	204,00	200,48	-0,48
VENETO	13.622,00	10,47	13.963,00	10,574	14.863,00	8,44	14.942,00	8,49	14.426,51	10,70	15.133,22	8,55	1.241,00	2,69	979,00	2,23	-706,71	1,68
FRIULI	3.117,00	2,40	3.120,00	2,363	4.214,00	2,39	4.209,00	2,39	3.135,66	2,33	4.230,15	2,39	1.097,00	2,38	1.089,00	2,48	-1.094,49	2,60
EMILIA	13.334,00	10,25	13.531,00	10,247	15.962,00	9,06	15.856,00	9,01	13.839,42	10,26	16.069,91	9,08	2.628,00	5,70	2.325,00	5,29	-2.230,49	5,30
TOSCANA	8.470,00	6,51	8.692,00	6,583	12.137,00	6,89	12.254,00	6,96	8.865,22	6,58	12.289,63	6,95	3.667,00	7,95	3.562,00	8,10	-3.424,41	8,13
UMBRIA	1.607,00	1,24	1.621,00	1,228	2.824,00	1,60	2.801,00	1,59	1.636,52	1,21	2.825,49	1,60	1.217,00	2,64	1.180,00	2,68	-1.188,97	2,82
MARCHE	3.225,00	2,48	3.256,00	2,466	4.707,00	2,67	4.678,00	2,66	3.317,27	2,46	4.774,48	2,70	1.482,00	3,21	1.422,00	3,23	-1.457,21	3,46
LAZIO	13.099,00	10,07	13.137,00	9,949	15.377,00	8,73	15.193,00	8,63	13.171,19	9,77	15.047,15	8,50	2.278,00	4,94	2.056,00	4,67	-1.875,96	4,45
ABRUZZO	2.129,00	1,64	2.159,00	1,635	3.398,00	1,93	3.366,00	1,91	2.205,60	1,64	3.382,34	1,91	1.269,00	2,75	1.207,00	2,74	-1.176,74	2,79
MOLISE	346,00	0,27	346,00	0,262	752,00	0,43	753,00	0,43	352,98	0,26	749,42	0,42	406,00	0,88	407,00	0,93	-396,45	0,94
CAMPANIA	5.727,00	4,40	5.887,00	4,458	10.630,00	6,03	10.715,00	6,09	6.084,70	4,51	10.561,12	5,97	4.903,00	10,63	4.828,00	10,98	-4.476,41	10,63
PUGLIA	4.412,00	3,39	4.499,00	3,407	9.361,00	5,31	9.219,00	5,24	4.635,07	3,44	9.243,91	5,22	4.949,00	10,73	4.720,00	10,73	-4.608,84	10,94
BASILICATA	628,00	0,48	635,00	0,481	1.362,00	0,77	1.358,00	0,77	727,13	0,54	1.347,18	0,76	734,00	1,59	723,00	1,64	-620,04	1,47
CALABRIA	1.495,00	1,15	1.518,00	1,150	4.311,00	2,45	4.217,00	2,40	1.531,39	1,14	4.190,90	2,37	2.816,00	6,11	2.699,00	6,14	-2.659,51	6,31
SICILIA	4.412,00	3,39	4.465,00	3,381	9.738,00	5,53	9.846,00	5,59	4.489,85	3,33	9.837,80	5,56	5.326,00	11,55	5.381,00	12,23	-5.347,95	12,70
SARDEGNA	2.102,00	1,62	2.143,00	1,623	3.864,00	2,19	3.837,00	2,18	2.133,99	1,58	3.862,54	2,18	1.762,00	3,82	1.694,00	3,85	-1.728,54	4,10
ITALIA	130.082,00	100,00	132.046,00	100,000	176.200,00	100,00	176.030,00	100,00	134.823,70	100,00	176.947,79	100,00	46.118,00	100,00	43.984,00	100,00	-42.124,09	100,00
NORD	82.430,00	63,37	83.688,00	63,378	97.739,00	55,47	97.793,00	55,55	85.672,78	63,54	98.835,83	55,86	15.309,00	33,20	14.105,00	32,07	-13.163,05	31,25
CENTRO	26.401,00	20,30	26.706,00	20,225	35.045,00	19,89	34.926,00	19,84	26.990,20	20,02	34.936,75	19,74	8.644,00	18,74	8.220,00	18,69	-7.946,55	18,86
SUD	21.251,00	16,34	21.652,00	16,397	43.416,00	24,64	43.311,00	24,60	22.160,71	16,44	43.175,19	24,40	22.165,00	48,06	21.659,00	49,24	-21.014,48	49,89

Tra le ENTRATE sono inclusi i contributi relativi alla gestione dei lavoratori dello spettacolo e dello sport professionistico (ex gestione ENPALS) e le entrate da recupero crediti. Sono esclusi i contributi e le voci di entrata relative alla gestione dei dipendenti pubblici (ex gestione INPDAP), i contributi dello Stato e la provvista INAIL.

Tra le USCITE sono incluse le prestazioni relative alla gestione dei lavoratori dello spettacolo e dello sport professionistico (ex ENPALS). Sono escluse le prestazioni relative alla gestione dei dipendenti pubblici (ex INPDAP), i pagamenti INAIL, i trasferimenti a Stato, Regioni e Comuni, i pagamenti per invalidità civile e le prestazioni erogate dai Comuni.

Tab.. 10.2 – Per-capita revenues, expenditure and balances in 2015 (in millions of euros)

REGIONI	entrate 2015	uscite 2015	saldo 2015	N. abitanti	saldo pro capite	entrate pro capite	uscite pro capite
PIEMONTE	11.670,49	17.320,95	-5.650,46	4.404.246	- 1.282,96	2.649,83	3.932,79
VALLE D'AOSTA	307,93	428,16	-120,22	127.329	- 944,20	2.418,39	3.362,59
LOMBARDIA	35.610,16	36.671,10	-1.060,94	10.008.349	- 106,01	3.558,05	3.664,05
LIGURIA	3.448,90	5.949,11	-2.500,22	1.571.053	- 1.591,43	2.195,28	3.786,71
TRENTINO	3.233,72	3.033,24	200,48	1.059.114	189,29	3.053,23	2.863,94
VENETO	14.426,51	15.133,22	-706,71	4.915.123	- 143,78	2.935,13	3.078,91
FRIULI	3.135,66	4.230,15	-1.094,49	1.221.218	- 896,23	2.567,65	3.463,88
EMILIA	13.839,42	16.069,91	-2.230,49	4.448.146	- 501,44	3.111,28	3.612,72
TOSCANA	8.865,22	12.289,63	-3.424,41	3.744.398	- 914,54	2.367,59	3.282,14
UMBRIA	1.636,52	2.825,49	-1.188,97	891.181	- 1.334,15	1.836,35	3.170,50
MARCHE	3.317,27	4.774,48	-1.457,21	1.543.752	- 943,94	2.148,84	3.092,78
LAZIO	13.171,19	15.047,15	-1.875,96	5.888.472	- 318,58	2.236,78	2.555,36
ABRUZZO	2.205,60	3.382,34	-1.176,74	1.326.513	- 887,09	1.662,70	2.549,79
MOLISE	352,98	749,42	-396,45	312.027	- 1.270,55	1.131,23	2.401,78
CAMPANIA	6.084,70	10.561,12	-4.476,41	5.850.850	- 765,09	1.039,97	1.805,06
PUGLIA	4.635,07	9.243,91	-4.608,84	4.077.166	- 1.130,40	1.136,84	2.267,24
BASILICATA	727,13	1.347,18	-620,04	573.694	- 1.080,79	1.267,46	2.348,25
CALABRIA	1.531,39	4.190,90	-2.659,51	1.970.521	- 1.349,65	777,15	2.126,80
SICILIA	4.489,85	9.837,80	-5.347,95	5.074.261	- 1.053,94	884,83	1.938,76
SARDEGNA	2.133,99	3.862,54	-1.728,54	1.658.138	- 1.042,46	1.286,98	2.329,44
ITALIA	134.823,70	176.947,79	-42.124,09	60.665.551			
NORD	85.672,78	98.835,83	-13.163,05	27.754.578	- 474,27	3.086,80	3.561,06
CENTRO	26.990,20	34.936,75	-7.946,55	12.067.803	- 658,49	2.236,55	2.895,04
SUD	22.160,71	43.175,19	-21.014,48	20.843.170	- 1.008,22	1.063,21	2.071,43

I dati sulla popolazione residente sono aggiornati al 01/01/2016 (ISTAT).

Regions Revenues Expenditure Balance N. of residents Per-capita balance Per-capita revenues Per-capita expenditure
The resident population data are updated to January 1 2016 (Istat)

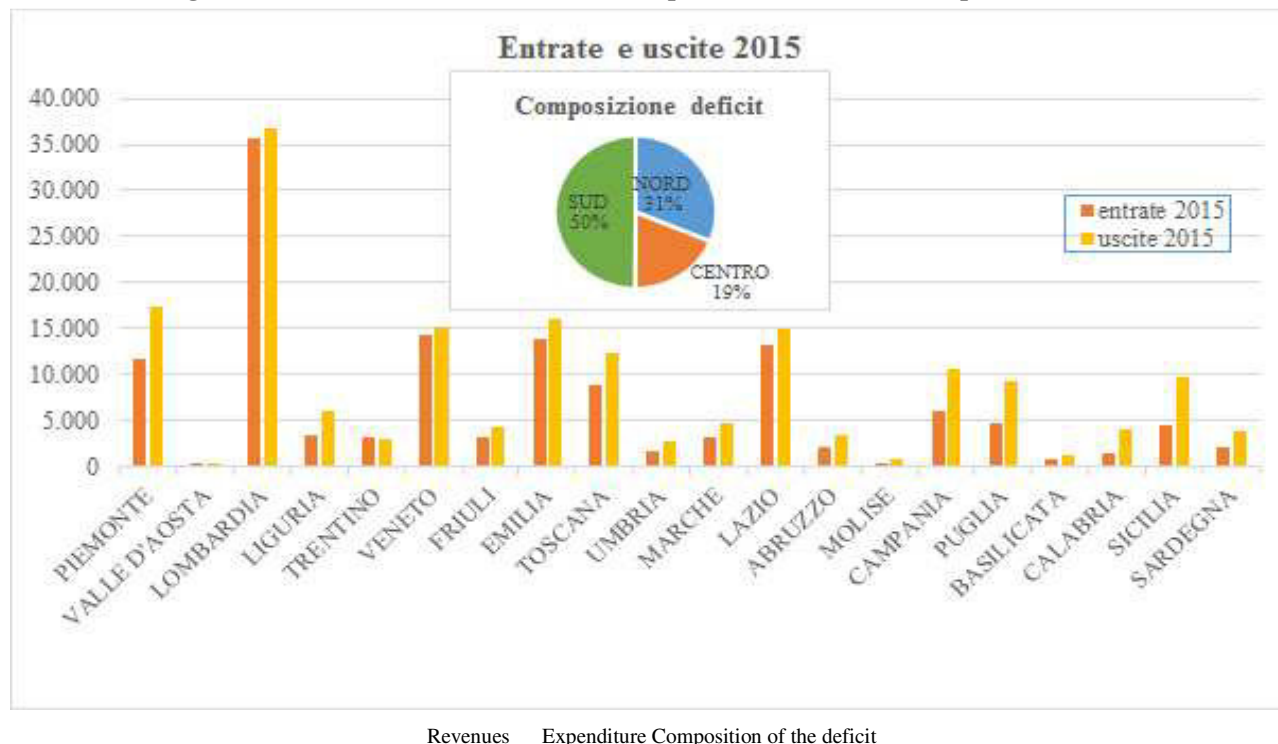
The **balance between revenues and expenditure for 2015** shows a total deficit for INPS equal to **42.124 billion euros**, down by **4.2%** compared to 2014 and by **8.66%** for 2013 (43,98 and 46,12 respectively). The **South** accounts for **49.89%** of the deficit (21 billion euros) as against **18.86%** in the **Centre** (7.9 billion euros) and **31.25%** in the **North** (13.16 billion). As already mentioned, Trentino is the only region running a surplus (+ 200 million).

The Regions running heavy deficits are Piedmont, Sicily, Apulia, Campania, Tuscany, Calabria and Liguria. This means that, with respect to the population, the State transfers to every inhabitant of the South more than **1,000 euros a year** as against **658 of the Centre** and **474 of the North**; the most significant transfers are received by Liguria (1,591 euros per inhabitant), followed by Calabria, Umbria, Piedmont, Molise and Apulia. (see Table 10.2).

Figure 10.1 shows contribution revenues, benefit expenditure and the deficit in 2015 broken down in three macro areas. It is interesting to see that, with respect to the last systematic analysis conducted in 2003, the composition of the deficit has changed to the benefit of the South; at that time, the South produced 60% of the deficit compared with 14% in the Centre and 26% in the

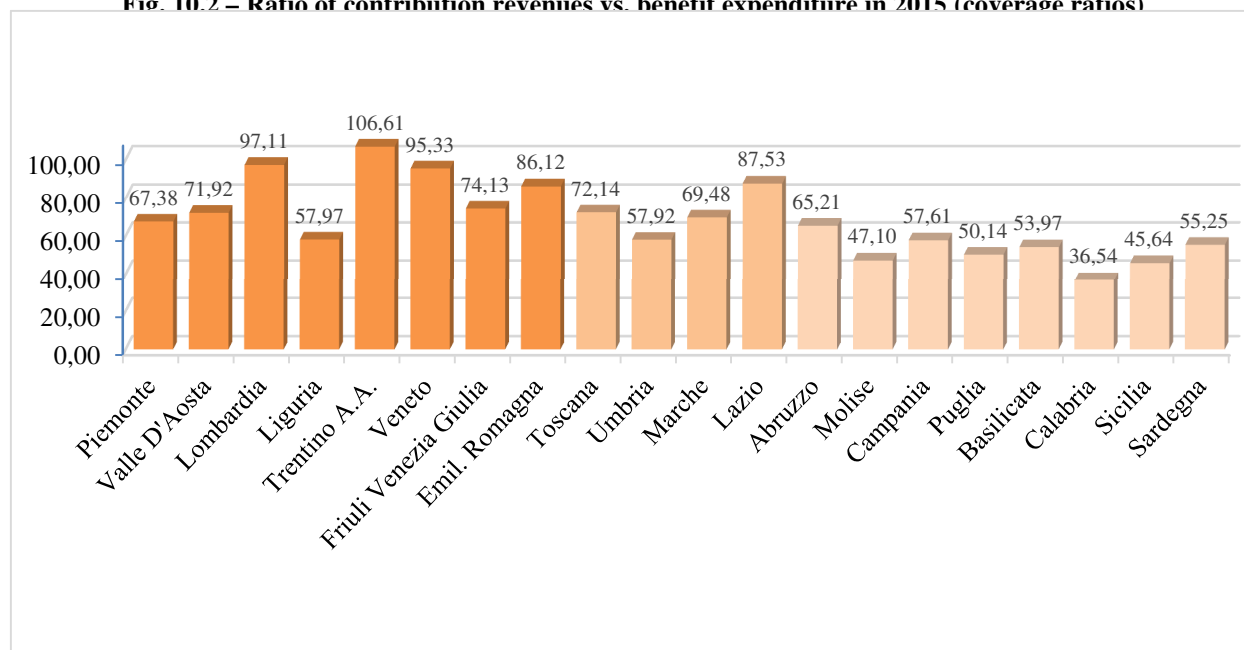
North. It is a change to be welcomed. In fact, in 13 years, the South recovered 10 percentage points and now its share of the annual deficit has gone down unlike the Centre and the North, characterized by a growing negative balance; this is because the South had an increase in its revenues by 2.6% and a reduction in its expenditure by 2.2% while the North and the Centre had a decrease in their revenues by 1.16% and by 1.1% respectively and an increase in their expenditure by 2.06% and by 0.4% respectively.

Fig. 10.1 – Contribution revenues, benefit expenditure and deficit composition in 2015



In concluding the analysis for 2015, it is worth looking at the **coverage ratios** that is the extent to which the contributions paid by each region cover benefit expenditure. **In Italy**, the **coverage ratio** was **76.19%**, better than in 2014. As shown in *Figure 10.1.4*, the only region with a positive ratio is **Trentino, with 106.61%** (it pays 100 euros in contributions and receives 93.39 euros); Lombardy follows with a coverage ratio of 97.11% and Veneto with 95,33%; Lazio and Emilia Romagna are around 87%, while all other regions are below 75%. If macro areas are considered, the North has an average coverage ratio of **86,68%**, dragged down by Piedmont and Liguria affected by de-industrialization that began in the 90's, and by Friuli, always with a low ratio. the Centre has a ratio of **77.25%** on average while the South has a ratio equal to **51.33%**. All figures show an improvement with respect to the previous year.

Fig. 10.2 – Ratio of contribution revenues vs. benefit expenditure in 2015 (coverage ratios)



10.3 Correlations between regionalized accounting balances and type of benefits

The analysis conducted so far on the regionalised data shows a clear lack of homogeneity among the macro areas of the country both in 2015 and in the entire period of observation; it can be summarized as follows: **a)** in 2015, 63.5% of contribution revenues came from regions in the North as against 20.2% in the Centre and 16.44% in the South; the North accounts for 55.9% of expenditure, while the Centre and the South for 19.7% and 24.4% respectively. The balance between revenues and expenditure (-42.1 billion euros) was negative in the three macro-areas, that is 13.1, 7.9 and 21 billion euros respectively. In per-capita terms (*Table 10.1.2*), for every citizen in the North, the State spends € 474 per year as against 658 in the Centre and 1008 (more than double) in the South; **b)** in the period between 1980 and 2015, the situation remained almost the same in percentages terms, with slight variations; **c)** the annual deficit of the entire 36 year period calculated with the 2015 currency value shows that almost **2/3** of pension and welfare liabilities are attributable to the South; **d)** in general and despite some improvements, the South pays **50%** of every 100 euros worth of benefits it receives.

But what are the causes of this situation? The Report tries to see if there is a direct correlation between regionalised balances and type of benefits paid⁴⁰.

In order to test the correlation, benefits have been divided into 5 categories: *seniority, old age, disability, survivors and welfare benefits*, as well as a quick look at "supplementary minimum allowances."

The analysis shows that there is a **direct** correlation between negative and positive balances and the type of benefits paid: in fact, where there is a positive balance and a coverage ratio of around **70%**, most benefits **related to pensions** and therefore supported by contributions actually paid; conversely where the coverage ratio and the balance is very negative, benefits are more **welfare related**. The proof is obtained by comparing the percentage distribution of inhabitants in

⁴⁰ The extended version also explores the correlation between "tax and contribution evasion" and regionalized balances.

each region with that of individual welfare benefits. The exception is Liguria, which has few welfare benefits but a low coverage ratio (58%), but it provides many supplementary minimum allowances and social additional benefits also during the same year (especially income-support benefits in the tourism sector) because of a public and private deindustrialization process that resulted in discontinuous careers and low contributions. It should also be noted that Liguria, Piedmont and Friuli are the "oldest" regions in Italy; Tables 10.3 and 10.4 show that among the top 20 provinces by number of pensions vs. the population there are all the above-mentioned regions and the ones where welfare benefits are more prevalent.

In particular, as seen in the two tables below, the ***northern regions*** (accounting for **45.75%** of the total Italian population) feature more ***seniority pensions*** (which are typically the highest having an average of 37 years of contribution against 22 for old-age pensions), not extensively present in the South characterized by discontinuous working careers, often supported by welfare benefits (income support benefits, shorter working times in agriculture), by irregular work periods and limited contributions. The gap between the North and the South shrinks by about 10 percentage points for old-age pensions that in the South, as stated above, receive supplementary minimum benefits in **79%** of cases (compared with 52% in the North and 57% in the Centre).

Pensioni Inps per categoria e regione di residenza al 31 dicembre 2015										assistenziali previdenziali		
Importi complessivi in pagamento (in milioni di €) in % per macro aree												
Macro aree	Anzianità	%	Vecchiaia	%	Invalidità	%	Superstiti	%	Assistenziali	%	Integrazioni al minimo	%
Totale	129.726		61.001		14.739		38.824		21.439		21.240	
NORD	75.347	58,08	28.422	46,59	4.912	33,33	18.926	48,75	7.175	33,47	9.093	42,81
CENTRO	26.151	20,16	13.919	22,82	3.431	23,28	8.093	20,84	4.410	20,57	4.144	19,51
SUD	27.810	21,44	18.159	29,77	6.333	42,97	11.366	29,27	9.853	45,96	8.002	37,67

Pensioni Inps per categoria e regione di residenza al 31 dicembre 2015										assistenziali previdenziali		
NUMERO DI PRESTAZIONI in % per macro aree												
Macro aree	Anzianità	%	Vecchiaia	%	Invalidità	%	Superstiti	%	Assistenziali	%	Integrazioni al minimo	%
Totale	5.817.427		5.644.958		1.298.829		4.422.861		6.085.654		3.318.021	
NORD	3.388.220	58,24	2.770.572	49,08	409.949	31,56	2.073.612	46,88	2.098.164	34,48	1.446.899	43,61
CENTRO	1.106.900	19,03	1.120.106	19,84	278.820	21,47	862.752	19,51	1.214.122	19,95	646.100	19,47
SUD	1.250.023	21,49	1.555.826	27,56	593.358	45,68	1.339.397	30,28	2.773.368	45,57	1.225.022	36,92

Inps pensions by category and region as of December 31 2015 Overall amounts paid (in millions of euros) as a % in macro-areas welfare-pension benefits Macro-areas Seniority pension Old-age pension Disability pension Survivors' pension Welfare benefits Supplementary minimum benefits Total North Centre South

Number of benefits as % in macro-areas

Note: The number of welfare benefits does not take into account duplications, so pensioners often receive different social allowances; moreover, disabled subjects may receive disability benefits and carers' benefits; finally, supplementary minimum benefits cannot be added in that they are IVS benefits. Most additional social benefits are for veterans: out of a total of 558,816 benefits, 312,700 (56%) are paid in the North; the total number of seniority pensions does not include benefits paid abroad and the non-allocated ones.

In the ***South***, that accounts for **34,36%** of the Italian population, the percentage distribution of old-age and seniority pensions is lower than that of the population; here the most widespread forms of pensions are disability pensions (45.68% of the total) and welfare benefits (45,57%) with respect to the resident population, almost twice as much as the North.

The ***Centre*** (**19,89%** of the total population) features a distribution in line with that of the population. Of course, due to the high number of welfare benefits, more survivors' pensions are paid in the South vs. the Centre and the North.

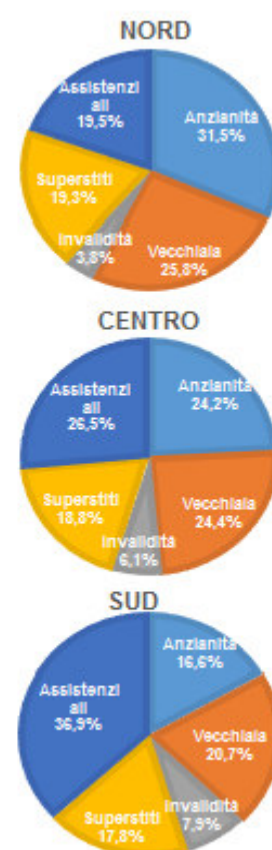
This direct correlation can be clearly seen examining two cases in point (*Figure 10.3*): in **Lombardy**, for example, out every 100 benefits provided, **58.6** are old-age pensions (of which 32.1 are seniority pensions with about 37 years of contributions on average); **19** are survivors' benefits, **3.1** are disability pensions and only **19.3** are welfare benefits. In Calabria, only **36.5** are old-age pensions (of which only 13.8 are seniority pensions); **17.6** are survivors' pensions, **9.4** are disability pensions (more than three times with respect to Lombardy) and **36.4** are welfare benefits. Moreover, in the South, a large proportion of old-age pensions are supplemented, because of very few contributions paid; in fact, it was possible to become eligible for an old-age pension with 15 years of contribution (20 after the reforms) including periods of unemployment.

So welfare benefits, and of course other economic problems and the aging of the population, play a crucial role in the production of deficits. Hence the red flag hoisted in the Reports when social spending does not clearly separate pension expenditure from welfare expenditure that is more difficult to control even by politicians; that is why a profound reform needs to be urgently launched to promote development and not welfare dependence that does not produce results in terms of competitiveness.

Fig. 10.3 – Distribution of different types of pension by Region

Regione	Vecchiaia			Invalidità		Superstiti		Assistenziali		Totale	
	A	B	(Anzianità ogni 100 prestazioni)	A	B	A	B	A	B	A	B
Piemonte	57,8	23,9	32,2	3,7	1,5	19,5	8,1	19,0	7,9	100,0	41,4
Valle D'Aosta	60,9	21,0	33,0	8,5	2,9	22,0	7,6	8,6	3,0	100,0	34,5
Lombardia	58,6	21,5	32,1	3,1	1,1	19,0	7,0	19,3	7,1	100,0	38,8
Liguria	51,5	23,4	25,0	5,1	2,3	20,4	9,3	23,0	10,4	100,0	45,5
Trentino A.A.	65,0	20,3	36,7	4,9	1,5	20,4	6,4	9,7	3,0	100,0	31,2
Veneto	55,9	20,5	31,7	3,4	1,2	19,1	7,0	21,6	7,9	100,0	36,6
Friuli Venezia Giulia	53,9	23,4	29,9	4,3	1,9	19,6	8,5	22,2	9,7	100,0	43,5
Emil. Romagna	57,6	23,6	31,7	5,0	2,0	19,1	7,8	18,3	7,5	100,0	40,9
Toscana	54,4	21,9	27,7	4,8	1,9	19,5	7,9	21,3	8,6	100,0	40,3
Umbria	47,8	21,0	24,3	7,9	3,5	18,8	8,3	25,5	11,2	100,0	44,0
Marche	50,4	21,5	26,7	7,7	3,3	18,8	8,0	23,1	9,9	100,0	42,8
Lazio	43,8	15,0	20,6	6,1	2,1	18,3	6,3	31,7	10,9	100,0	34,3
Abruzzo	43,7	17,8	22,1	7,7	3,1	18,8	7,7	29,8	12,2	100,0	40,8
Molise	44,0	18,7	20,7	8,7	3,7	19,5	8,3	27,8	11,9	100,0	42,6
Campania	35,3	11,4	14,6	7,4	2,4	17,9	5,8	39,5	12,8	100,0	32,4
Puglia	40,7	14,8	18,6	8,1	2,9	17,3	6,3	33,9	12,3	100,0	36,3
Basilicata	40,8	16,3	16,5	10,2	4,1	19,4	7,7	29,5	11,8	100,0	39,8
Calabria	36,5	14,4	13,8	9,4	3,7	17,6	6,9	36,4	14,3	100,0	39,3
Sicilia	34,1	12,1	15,3	6,8	2,4	17,9	6,3	41,2	14,6	100,0	35,5
Sardegna	37,9	15,1	19,9	9,4	3,7	17,2	6,8	35,5	14,1	100,0	39,7
Tot. Italia	49,3	18,9	25,0	5,6	2,1	19,0	7,3	26,2	10,0	100,0	38,4

Note: A= numero prestazioni ogni 100 prestazioni erogate; B= numero prestazioni erogate ogni 100 abitanti



Region Old-age pensions Seniority pensions out of 100 inhabitants Disability pensions Survivors' pensions welfare benefits Total
Note: A: n. of benefits out of 100 benefits paid; B: n. of benefits out of 100 inhabitants

The per capita cost of benefits reflects what has been said so far: the largest gap between the North and the Centre-South is related to **seniority pensions** (more than twice as much), thus confirming once again a poor career profile supported by frequent income-support measures in case of unemployment. To a lesser extent, this gap also exists for **old-age pensions**, but is

smaller for *survivor's benefits* because many pensions are supported by welfare benefits. Instead, the South features higher per capita *Inps welfare and disability benefits*.

DISTRIBUZIONE PER MACRO AREA DEL COSTO DELLE PRESTAZIONI PRO CAPITE													
Macro aree	Abitanti	anzianità	pro capite	vecchiaia	pro capite	invalidità	pro capite	superstiti	pro capite	assistenziali pure	pro capite	integr. minimo	pro capite
NORD	27.799.803	75.347	2.710,35	28.422	1.022,39	4.912	176,70	18.926	680,78	7.175	258,10	9.093	327,09
CENTRO	12.090.637	26.151	940,71	13.919	500,70	3.431	123,42	8.093	291,10	4.410	158,63	4.144	149,07
SUD	20.905.172	27.810	1.000,36	18.159	653,21	6.333	227,81	11.366	408,84	9.853	354,43	8.002	287,84
Totale	60.795.612	129.726	2.133,80	61.001	1.003,38	14.739	242,44	38.824	638,59	21.439	352,64	21.240	349,37

Per-capita Benefit Costs by Macro-areas Macro-areas North Centre South Inhabitants Seniority Per capita Old-age Disability Survivors
Pure welfare benefits Supplementary minimum benefits

To complete the analysis of these correlations, it is useful to look at Table 10.3 which lists the top 20 provinces and the last 20 provinces in terms of per cent ratio of individual benefits (seniority, old age, Inps disability and survivors) vs. total benefits with respect to the resident population. In terms of total number of benefits vs. the resident population the North, and in particular the "older" regions (Liguria Trieste and Friuli with Trieste on top), prevail over the other macro-areas of the country with Biella that has 40 benefits out of 100 inhabitants; the last 20 provinces in the ranking are mainly in the South with Sicily in the lead followed by Calabria and Apulia.

Tab. 10.3 – Number of Inps pensions including funds of public employees (ex Inpdap) and ex Enpals out of the resident population by category and province on December 31 2015
The top 20 and bottom 20 by total number and type of benefits

Province	Totale	Province	Anzianità	Province	Vecchiaia	Province	Invalidità	Province	Superstiti
Biella	40,4%	Biella	18,1%	Trieste	12,4%	Lecce	5,8%	Vercelli	9,7%
Ferrara	39,0%	Ferrara	16,2%	Genova	12,4%	Ogliastro	5,7%	Trieste	9,7%
Vercelli	38,4%	Vercelli	15,9%	Savona	12,3%	Potenza	5,4%	Biella	9,6%
Alessandria	36,9%	Cuneo	14,4%	Imperia	12,2%	Benevento	4,9%	Alessandria	9,6%
Trieste	36,7%	Ravenna	14,1%	Alessandria	12,1%	Oristano	4,8%	La Spezia	9,6%
Savona	36,1%	Rovigo	14,0%	Siena	11,4%	Sassari	4,7%	Ferrara	9,6%
Ravenna	36,1%	Asti	14,0%	Isernia	11,4%	Nuoro	4,7%	Savona	9,4%
Rovigo	35,6%	Cremona	13,9%	Firenze	11,4%	Medio Campidano	4,7%	Genova	9,3%
Asti	35,6%	Bologna	13,7%	Ferrara	11,3%	L'Aquila	4,6%	Massa Carrara	9,1%
Genova	35,1%	Gorizia	13,6%	Ravenna	11,3%	Reggio Calabria	4,6%	Rovigo	8,9%
Gorizia	35,1%	Belluno	13,4%	Asti	11,3%	Catanzaro	4,5%	Terni	8,9%
Piacenza	35,0%	Mantova	13,3%	Verbanò Cusio Ossola	11,0%	Pesaro-Urbino	4,4%	Gorizia	8,9%
Siena	34,9%	Novara	13,3%	Piacenza	11,0%	Terni	4,3%	Belluno	8,8%
Bologna	34,7%	Piacenza	13,3%	Lecco	10,9%	La Spezia	4,0%	Asti	8,8%
Belluno	34,5%	Udine	13,2%	Biella	10,9%	Isernia	4,0%	Pavia	8,8%
La Spezia	34,5%	Lecco	13,1%	Bologna	10,9%	Agrirento	4,0%	Grosseto	8,8%
Arezzo	34,1%	Alessandria	13,0%	Arezzo	10,9%	Messina	3,9%	Piacenza	8,7%
Terni	34,1%	Savona	13,0%	Pistoia	10,8%	Vibo Valentia	3,7%	Verbanò Cusio Ossola	8,6%
Udine	34,0%	Modena	13,0%	Vercelli	10,8%	Campobasso	3,6%	Udine	8,6%
Macerata	34,0%	Forlì-Cesena	13,0%	Fermo	10,7%	Macerata	3,6%	Isernia	8,6%
Cosenza	24,3%	Lecce	6,1%	Foggia	7,7%	Savona	1,4%	Brescia	6,6%
Salerno	23,6%	Foggia	6,0%	Sassari	7,4%	Torino	1,4%	Taranto	6,6%
Latina	23,3%	Ragusa	6,0%	Medio Campidano	7,2%	Prato	1,4%	Monza e Brianza	6,5%
Cagliari	22,8%	Olbia-Tempio	5,9%	Trapani	7,2%	Cuneo	1,4%	Treviso	6,5%
Foggia	22,8%	Potenza	5,9%	Latina	7,1%	Verbanò Cusio Ossola	1,3%	Bergamo	6,5%
Trapani	22,7%	Vibo Valentia	5,9%	Ragusa	7,1%	Verona	1,3%	Foggia	6,4%
Roma	22,6%	Reggio Calabria	5,9%	Enna	7,0%	Catania	1,3%	Siracusa	6,3%
Agrirento	22,3%	Trapani	5,7%	Bari	7,0%	Vicenza	1,3%	Ragusa	6,3%
Enna	22,0%	Catanzaro	5,6%	Crotone	6,9%	Cremona	1,2%	Latina	6,2%
Bari	21,9%	Salerno	5,4%	Caserta	6,8%	Varese	1,2%	Cagliari	6,1%
Olbia-Tempio	21,5%	Enna	5,4%	Olbia-Tempio	6,7%	Monza e Brianza	1,1%	Crotone	6,1%
Ragusa	21,3%	Caltanissetta	5,4%	Agrirento	6,7%	Venezia	1,1%	Roma	6,0%
Siracusa	20,9%	Barletta-Andria-Trani	5,4%	Carbonia-Iglesias	6,5%	Brescia	1,1%	Palermo	5,8%
Crotone	20,4%	Catania	5,3%	Palermo	6,4%	Lecco	1,1%	Bolzano-Bozen	5,8%
Caltanissetta	20,2%	Cosenza	5,2%	Cagliari	6,2%	Padova	1,1%	Bari	5,8%
Caserta	19,4%	Palermo	4,8%	Barletta-Andria-Trani	6,0%	Mantova	1,0%	Catania	5,7%
Palermo	19,1%	Agrirento	4,7%	Siracusa	5,9%	Bergamo	1,0%	Caserta	5,6%
Barletta-Andria-Trani	18,4%	Caserta	4,5%	Catania	5,9%	Treviso	1,0%	Olbia-Tempio	5,6%
Catania	18,1%	Crotone	4,5%	Caltanissetta	5,8%	Lodi	1,0%	Barletta-Andria-Trani	5,1%
Napoli	16,6%	Napoli	4,1%	Napoli	5,6%	Milano	0,9%	Napoli	5,1%

Provinces Total Seniority Old-age Disability Survivors

The South features the first 20 provinces in terms of INPS disability pensions, while the North prevails in terms of seniority and old-age pensions, and seniority pensions are three times as many with respect to the South.

Instead, Table 10.4 compares the percentage distribution of the population across the regions and that of welfare benefits (no available data on Valle d' Aosta and Trentino Alto Adige for disability pensions and carers' benefits). The areas in grey show the percentage distribution of individual benefits as a percentage of inhabitants. In this case too, the initial assumption of a direct correlation between negative balances and prevalence of welfare benefits has been confirmed.

Tab. 10.4 – Comparison of the percentage distribution of the population and welfare benefits

REGIONI	N° abitanti	% abitanti	N° pensioni e assegni sociali	%	N° Invalidità	%	N° Accompagn.	%	N° Magg. Sociali	%	N° Integr. Minimo	%
PIEMONTE	4.404.246	7,26	35.380	4,13	47.812	5,11	123.740	6,05	45.748	5,34	244.345	7,36
VALLE D'AOSTA	127.329	0,21	878	0,10	n.d.	n.d.	n.d.	n.d.	877	0,10	6.680	0,20
LIGURIA	1.571.053	2,59	20.761	2,42	21.695	2,32	53.238	2,60	23.543	2,75	99.372	2,99
LOMBARDIA	10.008.349	16,50	75.087	8,76	101.897	10,90	274.840	13,43	88.041	10,28	463.621	13,97
TRENTINO	1.059.114	1,75	5.512	0,64	n.d.	n.d.	n.d.	n.d.	8.981	1,05	56.055	1,69
VENETO	4.915.123	8,10	35.029	4,09	49.929	5,34	137.335	6,71	61.124	7,14	266.285	8,03
FRIULI	1.221.218	2,01	11.066	1,29	12.171	1,30	38.080	1,86	13.579	1,59	77.266	2,33
EMILIA	4.448.146	7,33	31.669	3,70	43.887	4,69	125.121	6,12	36.790	4,29	233.275	7,03
TOSCANA	3.744.398	6,17	38.168	4,45	41.407	4,43	115.148	5,63	44.151	5,15	211.738	6,38
UMBRIA	891.181	1,47	12.851	1,50	14.323	1,53	43.609	2,13	10.449	1,22	63.473	1,91
MARCHE	1.543.752	2,54	15.809	1,84	20.323	2,17	59.579	2,91	18.645	2,18	118.821	3,58
LAZIO	5.888.472	9,71	103.281	12,05	97.106	10,39	219.991	10,75	92.655	10,82	252.068	7,60
ABRUZZO	1.326.513	2,19	22.173	2,59	25.373	2,71	53.940	2,64	22.939	2,68	101.301	3,05
MOLISE	312.027	0,51	4.274	0,50	6.314	0,68	11.602	0,57	5.788	0,68	31.744	0,96
CAMPANIA	5.850.850	9,64	139.248	16,25	132.456	14,17	221.304	10,82	113.654	13,27	304.944	9,19
PUGLIA	4.077.166	6,72	82.554	9,63	95.543	10,22	169.017	8,26	65.205	7,61	214.733	6,47
BASILICATA	573.694	0,95	9.324	1,09	11.769	1,26	20.665	1,01	10.756	1,26	49.345	1,49
CALABRIA	1.970.521	3,25	42.819	5,00	52.572	5,62	96.718	4,73	38.359	4,48	139.461	4,20
SICILIA	5.074.261	8,36	138.416	16,15	118.095	12,63	204.451	9,99	122.223	14,27	283.080	8,53
SARDEGNA	1.658.138	2,73	32.704	3,82	42.323	4,53	77.426	3,78	33.090	3,86	100.414	3,03
ITALIA	60.665.551	100,00	857.003	100,00	934.995	100,00	2.045.804	100,00	856.597	100,00	3.318.021	100,00
NORD	27.754.578	45,75	215.382	25,13	277.391	29,67	752.354	36,78	278.683	32,53	1.446.899	43,61
CENTRO	12.067.803	19,89	170.109	19,85	173.159	18,52	438.327	21,43	165.900	19,37	646.100	19,47
SUD	20.843.170	34,36	471.512	55,02	484.445	51,81	855.123	41,80	412.014	48,10	1.225.022	36,92

Regions N. of inhabitants N. of social pensions and allowances N. of disability pensions N. of carers' benefits N. of additional social benefits N. of supplementary minimum benefits

11. After the reforms: substitution rates and pension and welfare expenditure in the medium and long term

After the long cycle of reforms started in 1992⁴¹ and ended in 2011 (probably with some additional corrections), it is possible to examine, in this part of the Report, the effects that these reforms have had on the “substitution rates” of fund members and on the State budget and so on pension expenditure. In fact, it is important to evaluate the *medium and long term financial sustainability* of the pension system in Italy, but also it investigate the *adequacy of benefits* and so their *social sustainability*, by calculating the so-called “*substitution rates*”, that is the amount of benefits to be provided to workers on the basis of the amount of contributions they paid.

11.1 Substitution rates for continuous and discontinuous careers in different economic scenarios

The reforms of the last 24 months managed to significantly change the pension system as a whole. However, notwithstanding this “shared opinion”, substitution rates in Italy are very generous with respect to other developed countries even after the full implementation of the contribution-based system; in some cases, they are even higher than the ones calculated with the income-based method. In order to understand the information provided, it is crucial to clarify that *substitution rates* may be expressed as *gross* and *net rates*: *gross rates* are defined as the ratio of the annual gross amount of the first pension instalment vs. the amount of the last wage (or income for the self-employed), including contribution and taxes; they represent the change in the gross income of workers in their transition from active life to retirement; *net rates* are calculated by expressing both the pension benefits and the remuneration net of contributions and taxes and they are therefore an indicator of adequacy of benefits, in that they measure to what extent the workers’ disposable income changes after retirement. The net substitution rates are significantly higher than the gross rates, when all the other conditions are equal, due to progressive personal income tax rates and to the calculation of contribution rates on the basis of the remuneration of active workers and not on the amount of benefits.

These graphs show the results from different hypotheses and in different macroeconomic scenarios.

In *Figure 11.1*, the calculations refer to *employed* and *self-employed* workers who have two different substitution rates (33% for the former and 24% for the latter as of 2018); this has an impact on the calculation of gross and net pension benefits.

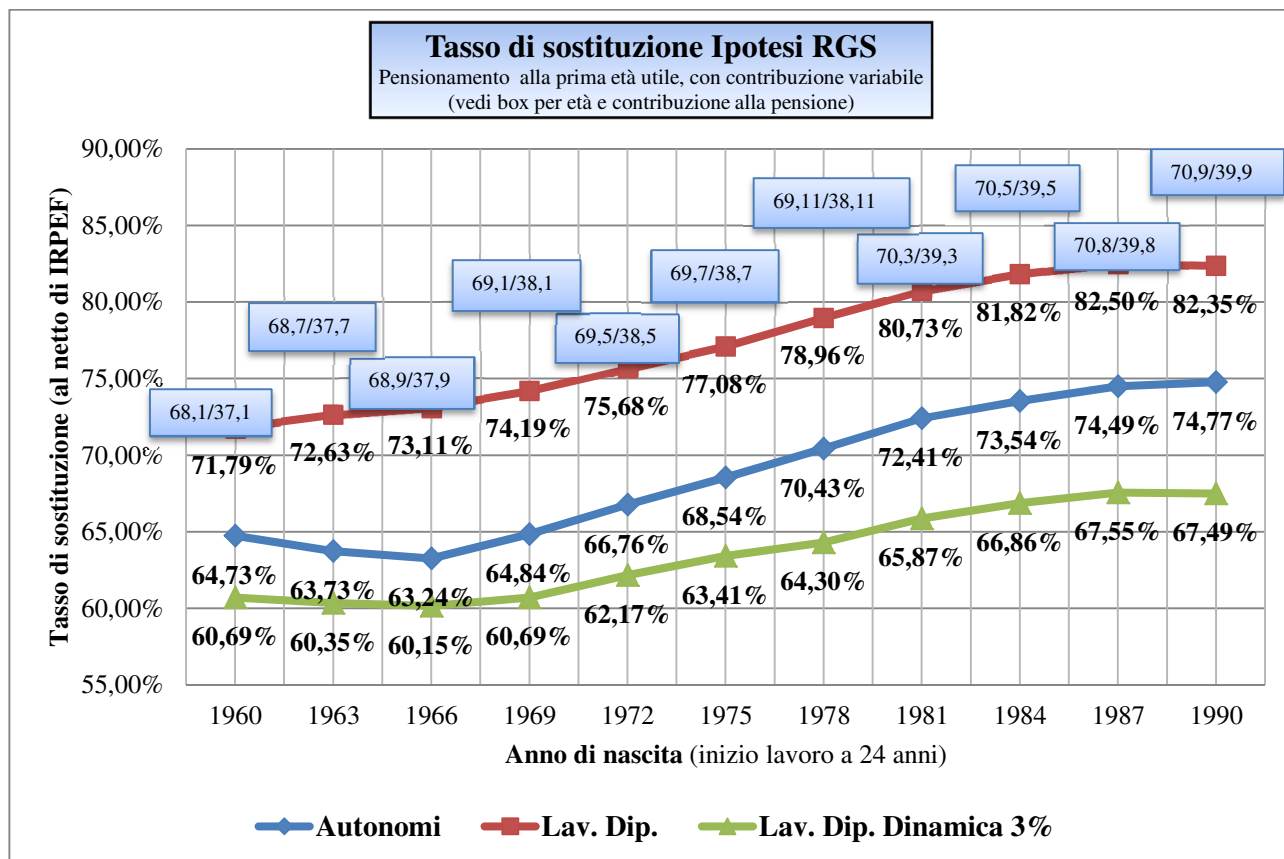
These three curves obtained from the (official) data provided by General Accounting Office refer to *net substitutions rates* by age group (year of birth), which are slightly lower for higher incomes and slightly higher for lower incomes.

For employees, they range from 71.8% to 82.35% for the new generations entering the labour market, with a minimum of 60.7% for important careers (a 3% increase of annual remuneration in real terms). For self-employed workers, who are expected to pay higher contribution rates and so to feel an impact on their substitution rates, they range from 64.7% to 74.8% of their last income. The

⁴¹ For an in-depth analysis of the reforms, please refer to the Exhibit to this Report and, in particular, Chapters 6 and 7 of the manual “Istituzioni, economia e gestione di previdenza pubblica” published by Vita e Pensiero, 2012

increase in the substitution rates for those born after 1972 and who have started paying their contributions since January 1st 1996 (integrated into a pure contribution-based system) comes from the application of the contribution-based system, where there is a great premium for the age requirement due to more favourable transformation coefficients.

Fig. 11.1 – Official RGS-MEF net substitution rates



Substitution rate - RGS hypothesis retirement when the first age requirement is fulfilled with the variable contributions. Substitution rate net of IRPEF (personal income tax) Year of Birth (labour market entry age 24) Self-employed workers Employed workers Employed workers with a 3% growth rate.

RGS parameters: expected net substitution rates for private and public employed workers and self-employed workers; the calculation is made on the basis of the RGS official hypotheses, that is: expected growth of individual remuneration at 1.51% in real terms, a hypothetical five-year average of GDP equal to 1.57% in real terms and an inflation rate at 2% (with an increase in productivity by 1.53% per year). The third curve is based on the same assumptions but with an individual growth rate equal to 3% instead of 1.51%. The entry age into the labour market is 24 years with the actual years of contributions with 7 years without contributions.

A proprietary calculation method⁴² has been used to make these projections taking into consideration:

- 1) pension reforms and their more stringent age and seniority requirements (*see Appendix I*); as of **2019**, it is not possible to obtain an old-age pension before **67 years of age**, independently of the type of calculation (mixed or contribution-based), gender (men and women) and employment status (employed, self-employed, atypical workers);
- 2) age requirements adjusted to a longer life expectancy (“automatic stabilizer”), including previous adjustments, that today is expected to consistently add **about 2 months every 2**

⁴² Calculation engine provided by Motore di Epheso I.A. Srl. For more information please refer to www.epheso.it.

years. The same adjustment is envisaged also for the requirements in terms of length of contribution⁴³;

- 3) The effects of the revision of transformation coefficients as provided for under Art. 1 par. 11, of Act 335/95, as amended and supplemented by Art. 1, par. 14 and 15 of Act 247/2007 as well as the effects of the reform measures adopted in 2011, including the ones under LD 201/2011 as amended by Act 214/2011.

Age and consequently seniority requirements do vary and are no longer fixed and equal for all workers, while the intrinsic actuarial equality of the contribution-based calculation makes long-term results homogeneous for the same age groups; for this reason, the graphic illustration of the expected substitution rates for different generations of workers shows the combinations of age and seniority requirements; in order to calculate “*net substitution rates*”, different generational profiles have been simulated (year of birth) for the age groups considered (from 1960 to 1990), setting a fixed start of the working life at 24 years of age and growth of remuneration. The contribution career also envisages a period of contribution omission (equal to about 15% over the whole working life), due to the discontinuous and often unstable working conditions for those who enter the labour market in Italy today and probably in the next future.

The most obvious result of these simulations made with the same calculation method, is that new generations have net substitution rates that tend to be more generous than the ones for the previous generations. This is definitely an interesting result, which is also counter intuitive and not in line with the deep-rooted “opinion” of young people in particular, who think that they will not get any or very low pension benefits. However, the increase in the substitution rates is simply the result of increasingly stringent criteria in terms of retirement age and number of years of contribution, that is of the working life span. These substitution rates are good. However, all these projections consider a *real GDP growth rate* of **1.57%**, a **2%** inflation rate and a **1.51% individual wage increase in real terms (+1.53% per year in terms of productivity)**. These parameters are difficult to obtain in the next few years. Moreover, substitution rates depend on the income level workers have during their active life; so, even if the substitution rate is 81.6% but the income level is equal to a net amount of 1000 € per month for 13 months, the pension benefits will reach a net amount of 816 euros per month for 13 months, 1.8 times the social pension (provisional value for 2015: 448.52 euros).

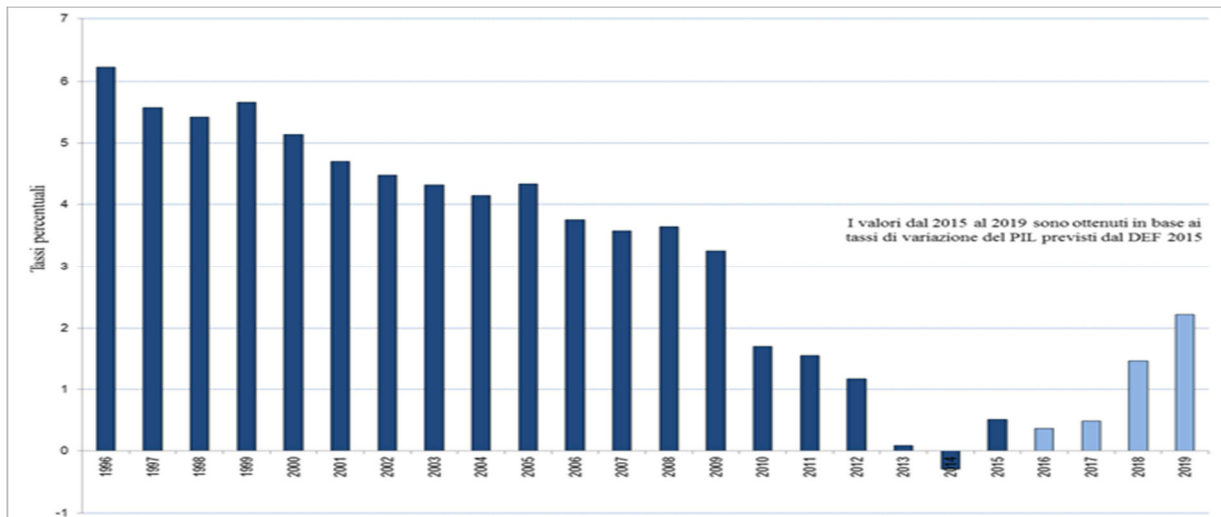
Figure 11.3 shows the net substitution rates with a more realistic GDP growth rate hypothesis of **0.8%**⁴⁴ and the impact that GDP has on these rates. The difference is not very significant but it becomes more relevant for workers with the contribution-based system. In analysing substitution rates, following considerations should be borne in mind: a) the *career level*: the higher the individual wage growth rate, the lower the substitution rate (although the pension in absolute terms may be higher than that obtained with a lower career level); for careers with an annual growth rate of 3% with respect to prices, the substitution rate is reduced by almost 15%. b) **GDP**: in the contribution-based system, the “capitalization rate” used to calculate contributions, that is their rate of return, is equal to the average five-year nominal GDP; so, the GDP rate has a very significant impact on future benefits; so, a lower GDP growth rate leads to a

⁴³ The Parliament approved two agendas to separate the years of contribution from life expectancy, also because the double adjustment of the Monti–Fornero Law may not be in line with the Constitution.

⁴⁴ Please refer to the third edition of the Report (2016) to see the different GDP growth hypotheses.

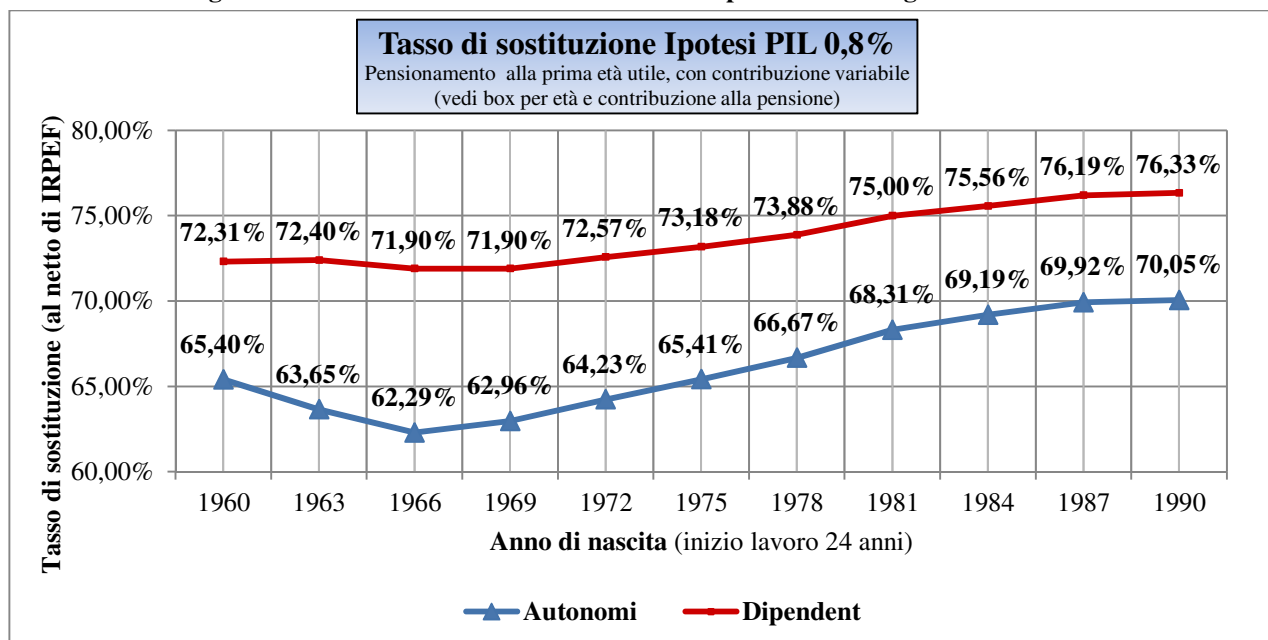
reduction in the annual capitalization of the amounts gradually accumulated and so to a slight drop in the substitution rates (see **Figure 11.2**) c) the **combination between GDP growth and individual growth rates** has a very important effect on the expected substitution rates. The closer GDP growth is to the individual growth rates, the higher the substitution rates. Instead, top-level careers generate lower expected substitution rates.

Fig. 11.2 –GDP capitalization rates, 1996-2019



The figures from 2015 to 2019 are obtained on the basis of the GDP variation rates illustrated in the 2015 Economic and Financial Document (DEF)

Fig. 11.3 - Net substitution rates with the assumption of a GDP growth of 0.8%



Substitution rates GDP hypothesis 0.8% **retirement** when the first age requirement is fulfilled with variable contributions (see Insight for age and contribution requirements). Substitution rates (net of personal income tax (IRPEF) Year of birth (labour market entry age 24) Self-employed workers Employed workers

Expected net substitution rates for private and public employees and of the self-employed; hypothesis: remuneration growth rate of 1.2% in real terms and GDP five-year average growth rate of 0.8%.

Substitution rates for the complementary pension system

The second pillar of the Italian pension system provides capitalization defined-contribution benefits calculated on the basis of the contributions paid by workers and of the rate of return accruing in their individual accounts. The possible impact on substitution rates in general (compulsory + complementary benefits) has been evaluated through a simulation. **Figure 11.4** shows *net substitution rates* (compulsory and complementary schemes) and the expected rates in the complementary pension system for employed and self-employed workers. The calculations were made on the basis of the following hypotheses:

- for *private sector employed workers* (the same for public sector employed workers), the funding share of their scheme is equal to 6.91% (100% of termination of employment benefits accrued (TFR)), + 1% contribution calculated on the basis of their gross income to be paid by employees and employers⁴⁵; the share of funding for self-employed workers is assumed to be 8.91% for comparative purposes;
- the rate of return of the fund is 3% in nominal terms, that is it is equal to the TFR⁴⁶ adjustment under the law with an inflation rate of 2%;
- benefits are paid as annuities when the compulsory old-age pension requirements are fulfilled;
- compliance with the current tax rules on annuities: a separate tax of 15% reduced by 0.3% for each year of contribution after 15 years up to a maximum of 6% of the pension benefits, corresponding to the actual contributions paid;
- a substitutive tax of 20% (11% in the past) on the rates of return according to an amendment to income taxation introduced by the 2015 Stability Law.

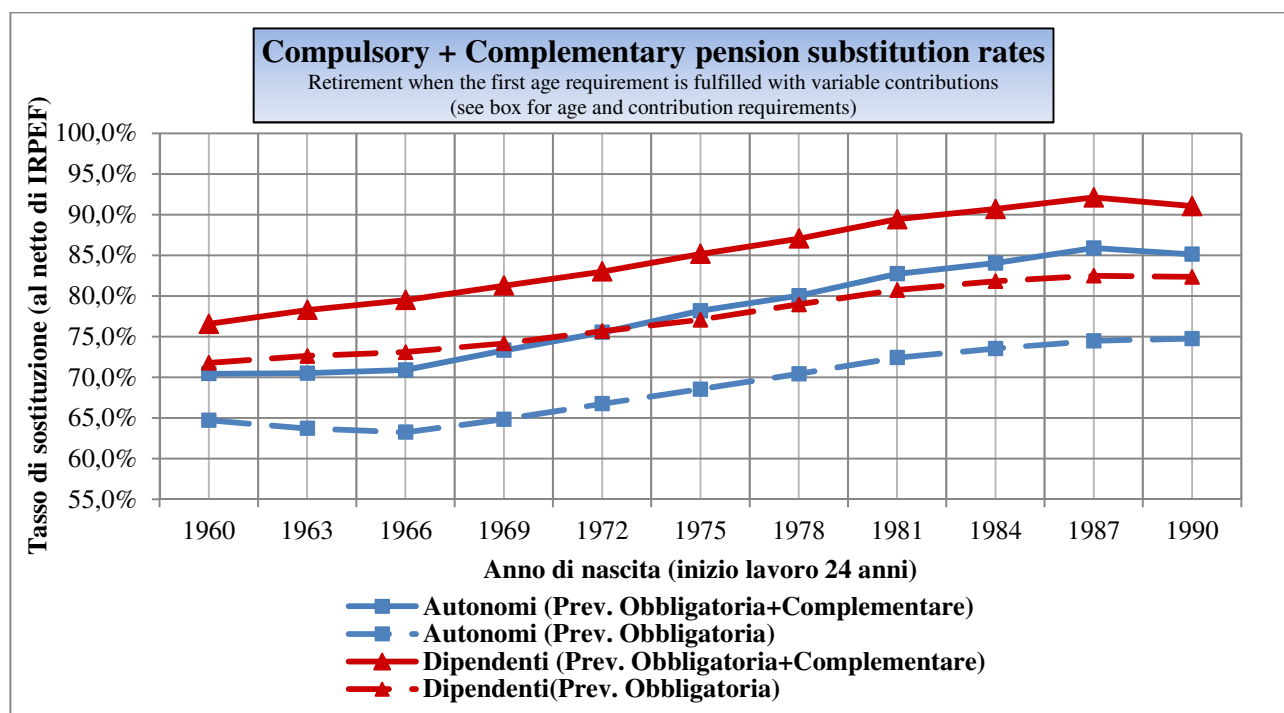
The final substitution rates do increase with the complementary system: for private sector employed workers, they grow by **8.7%** vs. the estimated rates for the compulsory system alone, while those for self-employed workers by **10.4**. Given the calculation hypotheses and the considerations illustrated above, this graph shows that there is a significant increase in the substitution rates, including complementary benefits, both for employed and for self-employed workers. So it is possible to argue that:

- if all active workers join complementary pension schemes at the same time, the sooner they start contributing, the greater the complementary effect of this choice will be on the public pension system;
- The age groups about to retire should not make high risk investments because they would not be able to absorb financial market shocks given the residual duration of their accumulation plan.
- a more favourable tax treatment in the complementary system has a considerable impact on net substitution rates with respect to gross rates.

⁴⁵ Employed workers in a complementary pension scheme, who pay their TFR and also their contributions, are entitled to receive the contribution by their employer on the basis of the national collective contract.

⁴⁶ As provided for under Art. 2120 of the Civil Code: “The termination of employment benefits, except for the share accrued over the year, shall be increase on a compound basis, on December 31 of each year, by a rate consisting of a fixed rate of 1.5% and of 75% of the increase in the Istat consumer price index for white and blue collars with respect to December of the previous year”.

Fig. 11.4 - Net substitution rates in the compulsory and complementary pension system



Substitution rates (net of personal income tax (IRPEF)) Year of birth (labour market entry age 24) Self-employed workers Employed workers

Expected gross and net substitution for private sector employed workers and for self-employed workers. Hypothesis: an expected growth in individual remuneration by 1.51% in real terms and an average five-year growth in GDP by 1.57% and a 2% inflation rate (with an associated increase in productivity equal to 1.53% per year). The contributions to complementary pension schemes are assumed to be equal to 100% of TFR for employed workers, plus 1% paid by the workers and 1% by employers; they are assumed to be equal to 8.91% of the inflation-adjusted gross income for self-employed workers.. **All workers are assumed to join the complementary system as of January 1 2017** so as to obtain homogeneous calculations, except for the subjects born in 1987 and in 1990, who will join as of January 1 2018 and of January 1 2021 respectively, that is when they start working. The expected rate of return on the assets invested is equal to 3% in nominal terms. Practically no direct and indirect costs for members.

11.2 Trends in expected pension expenditure and projections in the medium and long term

Pension expenditure/GDP ratio in the medium term: according to the latest projections and to the 2016 Economy and Finance Document (DEF) and its updated Note, this ratio is expected to decrease in the next five years mainly due to the improvement in the economic situation, an increase in employment, to a partial reduction in the number of pensioners and to the progressive replacement by **2020** of income –based pensions with “mixed” pensions (with less than 18 years of income-based system). The reduction in this ratio is also due to a drop by about 15 billion euros in the savings envisaged over ten years by the Monti-Fornero Law; in fact, almost 130,000 “esodati” have already been “safeguarded” and they will be followed by another 30,700 (see Chapter 2).

In any case, the combination of higher employment and the two established “*automatic stabilizers of pension expenditure*” (age at retirement correlated to life expectancy for both genders and a three-year and then a two-year adjustment of “*transformation coefficients*”) can better balance the accounts and ensure the long-term sustainability of the system. If there are no unexpected

employment crises, the expenditure/GDP ratio is expected to drop until 2028 hitting a trough of 15%.

Here follow the projections for contribution revenues and pension expenditure⁴⁷ for the **two years 2016 – 2017**.

Pension benefit expenditure, net of GIAS transfers (as defined in Table 1a, that is excluding the State contribution of 10,800 million euros to public pension expenditure) amounted to 217,895 billion in 2015; it is expected to grow only moderately in the following two years, reaching approximately **219 billion euros** in 2016 and **221 billion euros** in 2017; these data confirm a pension benefit expenditure trend in line with the latest analyses. The curb in expenditure is also due to the low impact of equalization (pensions will not be adjusted in 2016 and probably in 2017 because of the zero or negative inflation rate,) and to the drop in the **number of pensions** provided⁴⁸. There is also a reduction in the “substitution effect” due to a smaller difference between the average amount of new pensions (higher) with respect to the old ones that are being phased out; among the new pensions, there is the so-called “women’s option” in force as of 2015, an option women have to retire early by applying to their benefits the contribution-based system alone, which is supposed to produce lower pension benefits. Instead, a further increase in pension expenditure may result from the end of the partial pension ban provided for under Act n. 97/2012, which introduced more stringent age requirements for early retirement: 42 years and 6 months for men and 41 years and 6 months for women, and the addition of a maximum of 6 years to retirement age. In fact, as already illustrated in Chapter 2, in 2015 there was a significant increase in the number of early retirements that had been blocked by the Fornero law in 2012.

The introduction of the retirement flexibility plan under the 2017 Budget Law (the so-called social, corporate and voluntary APE) is not expected to have a particular impact on the number of pensions or on **pension expenditure** (the real expenditure supported by social charges), but it will certainly push up **welfare expenditure** and reduce the number of active workers with a negative impact on contribution revenues (the flexibility measure may be used by 30,000/50,000 people in 2017 and 2018); welfare expenditure will also increase due to the new 14th month benefits and to the increase in average benefits.

In 2016-2017, the expenditure related to GIAS transfers is not expected to be significantly far from the 36 billion euros reached in 2015. So, pension expenditure with GIAS transfers is expected to reach about **255 billion euros** in 2016 and **258 billion euros** in 2017.

Contribution revenues (including 15 billion euros’ worth of GIAS and GPT transfers to pay for contributions, incentives and rebates expected, thanks to the reduction in safety net measures) are expected to amount to **195.7 billion euros** in 2016 and to **198.4 billion euros** in 2017, **net** of the additional contribution by the State to the fund for public employees estimated to reach 11 billion euros in 2016 and 11.2 billion euros in 2017. The trend is expected to remain positive for privatized funds and to improve for private sector employed workers.

⁴⁷ The 2015 pension expenditure has been calculated on the basis of the INPS budget approved by C.I.V. with the available updates, while for 2017 onwards, of the projections of the DEF and of RGS. The data on privatized funds have been estimated on the basis of economic and population indicators.

⁴⁸ At the end of 2015, the number of pensions paid was equal to 17,886,780, while this number is expected to reach about 17,500,000 at the end of 2016 and to 17,400,000 at the end of 2017. The number of welfare benefits is expected to remain stable.

The **total number of active workers paying contributions** was 24,781,080 in 2015 (22,464,753 active workers according to Istat) and is expected to reach about 24,900,000 in 2016 and 25,000,000 in 2017. Without reiterating what has been said in Chapter 2 on the discrepancy between the INPS and ISTAT data, it is important to stress that, after the significant drop in employment due to the economic crisis, the indicators started to show some early signs of recovery already in 2014 and, as of 2015 in particular, the first effects of the *Jobs Act* and of contribution incentives.

The **pension balance** (contribution revenues minus pension benefits net of GIAS) is expected to be **-23.3 billion** in 2016 and **-22.3 billion** in 2017 vs. -26.6 billion in 2015. The positive trend of this indicator is expected to continue for the funds of professionals and of atypical workers. So, on the whole, the 2016-2017 projections seem to confirm the positive trend of the expenditure/GDP ratio.

Medium and long terms pension expenditure/GDP ratio: this ratio is expected to rise again starting from 2030 and up to 2045. However, after this period, the public system will be operating under the rules of the contribution-based method and expenditure is expected to drop slightly below 14% of GDP. This percentage includes part of the welfare benefits integrated in the pension instalments, without which, this ratio is expected to go down by about 2 %⁴⁹.

Health expenditure: according to the medium and long term projections based on the RGS model and published in September 2016, public health care as a percentage of GDP is bound to increase from 7% in 2020 to 8% in 2060 because on the significant aging of the population.

Population trends in Italy

L'andamento demografico in Italia

	2015	2040	2065
Popolazione over 65 (%)	21,5	31,1	32,6
Popolazione over 75 (%)	10,9	16,4	20,9
Popolazione over 85 (%)	3,2	5,7	10
Popolazione a 10 anni da speranza di vita a 65 (%)	10,1	11,7	14,4
Età media	44,2	48,5	49,7
Speranza di vita a 65 anni			
Maschi	18,9	22,1	23,5
Femmine	21,7	25,5	27,6
Indici di dipendenza degli anziani*	33,3	55	59,7
Indice di vecchiaia**	154	249,5	257,9

* Rapporto fra pop over 65 e pop 15-65.

** Rapporto fra pop over 65 e pop 0-14.

Fonte: Istat-Previsioni della popolazione - anni 2011-2065

Population over 65-75-85 Population at 10 years with life expectancy at 65 Mean age Life expectancy at 65 Males Females
Dependency rates for the elderly * elderly rate **

⁴⁹ In the RGS social expenditure prediction model, the definition of public pension expenditure includes the whole compulsory system, that is disability, old-age and seniority pensions, in addition to pension benefits and (after 1995) the social allowances paid by INPS, by INPDAP and by other pension schemes not managed by these two institutes. The medium and long-term models of pension and health expenditure are updated on a yearly basis and are also used on the basis of scenarios defined according to homogeneous criteria for European Union countries, by the working group on aging within the Economic Policy Committee of ECOFIN (EPC-WGA).

*Ratio of the population over 65 vs. the population between 15-65. ** Ratio of the population over 65 vs. the population between 0-14.

Source: Istat population projections – 2011-2065

Even *out of pocket* (OOP) expenditure described in the previous Chapter grew to reach about 32 billion euros with respect to 30 billion euros in 2014, including the cost-sharing charges⁵⁰ (on drugs + health services) that amounted to 2,857.4 million euros in 2015. So, in the next few years, OOP expenditure is bound to reach **2% of GDP**.

LTC expenditure: as to long-term care welfare benefits, the number of disabled civilians, of INPS disabled subjects and of Inail indemnity recipients was equal to 5,371,947 in 2015 (5,408,813 in 2014 and 5,236,274 in 2013) for an amount of resources equal to 35.552 billion euros (35.859 billion in 2014 and 30.57 billion in 2013); in 2003, this figure amounted to 21.2 billion euros. According to RGS, the overall expenditure on *long term care* services for elderly subjects, considering all kinds of disabilities, except for the ones covered by Inail, plus part of health expenditure equal to 1.9% of GDP in 2015, is expected to rise to 3.2% by 2060.

Private expenditure too, estimated (sometimes underestimated) to be equal to 9 billion euros in Chapter 9 even without official data, is bound to grow due to the increasing number of people of 70 and 80 years of age. At present in Italy, there are about 890,000 domestic and care workers; 75% of them come from other countries and 60% do not have regular work contracts or retirement benefits, while the number of elderly people in residential facilities is estimated to be 228,000.

⁵⁰Source: Report on public finance coordination of the Court of Auditors on Ministerial data and Aifa.

12. General economic framework: pension and welfare trends, welfare financing (contributions and personal income taxes) and sustainability

In the previous chapters, this Report has illustrated the “INPS” and privatized funds that account for the whole pension system; then it has analysed and reclassified welfare benefits and finally it has focused on Inail and on the health-care system; these data can be used to provide an aggregate framework of welfare expenditure (social welfare) to “*reclassify*” it in the State budget by *functions*; a concise aggregation that is not found in official documents. After defining the overall welfare expenditure in the State budget, the Report identifies and sums up the items for financing this system, thus obtaining the balance between contribution revenues and pension benefit expenditure.

12.1 The general economic framework

In order to define the items described in the “*pension budget*”, the total taken from *Table 1 a* has been included under pensions; the total health expenditure provided by the Ministry of Health under health and the expenditure derived from the budget examined in Chapter 6 (*see Table 12.1*) under Inail.

Tab. 12.1 – The State budget

VOCI DI SPESA (in milioni)	ANNO 2012	2012 in % sul totale	ANNO 2013	2013 in % sul totale	ANNO 2014	2014 in % sul totale	ANNO 2015	2015 in % sul totale
PENSIONI	211.088	25,74%	214.567	26,20%	216.035	26,17%	217.863	26,36%
SANITA'	110.422	13,47%	110.044	13,44%	111.028	13,45%	112.408	13,60%
Assistenza + inv. LTC + GIAS (1)	62.941	7,68%	65.515	8,00%	66.500	8,06%	68.979	8,35%
Prestazioni Temporanee (2)	31.514	3,84%	32.013	3,91%	32.139	3,89%	28.356	3,43%
Prestazioni INAIL	10.409	1,27%	10.400	1,27%	9.109	1,10%	9.945	1,20%
Welfare Enti Locali (*)	9.690	1,18%	9.656	1,18%	9.696	1,17%	9.818	1,19%
Retrib. Dip. PA (3)	127.230	15,52%	126.179	15,41%	125.452	15,20%	123.918	14,99%
Spese funzionam. (4)	108.129	13,19%	115.298	14,08%	122.372	14,83%	119.957	14,52%
Spese conto capitale	64.532	7,87%	57.746	7,05%	58.749	7,12%	66.745	8,08%
INTERESSI	84.086	10,25%	77.568	9,47%	74.340	9,01%	68.440	8,28%
Totale spesa prestazioni sociali	436.064	53,18%	442.195	53,99%	444.507	53,85%	447.369	54,13%
TOTALE SPESE FINALI (5)	820.041	100%	818.986	100%	825.420	100%	826.429	100%
Totale entrate	771.731		772.023		776.589		784.041	
SALDO	48.310		46.959		49.673		42.388	
PIL serie SEC 2010/incidenza	1.615.131	27,00%	1.604.478	27,56%	1.611.884	27,58%	1.636.372	27,34%

(1) La voce comprende il totale Gias (tab 1 A) + spese assistenziali (pensioni e assegni sociali, invalidità e accompagnamento, pensioni di guerra) + 14° e importo aggiuntivo + 10,8 mld di contributo Stato alla gestione dip. Pubblici (10,5 mld nel 2012; 10,6 nel 2013; 10,8 nel 2015). (*) stima su dati RGS, circa 0,6% del Pil esclusa la funzione casa; (2) Spese per prestazioni temporanee che comprendono: assegni familiari e trattamenti di famiglia, integrazioni salariali, disoccupazione, Aspi, malattia e maternità a carico della GPT (Gestione Prestazioni Temporanee Inps) e finanziate dai contributi della produzione e in parte dalla Gias (somme non ricomprese negli importi Gias di tabella 1a); (3) Nei “redditi da lavoro dipendente” il costo delle retribuzioni al personale relativo alla sanità è ricompreso nella spesa per sanità e quindi è stato sottratto al totale retribuzioni dipendenti PA; (il costo del personale sanitario è 35,5 miliardi nel 2012, 35,238 nel 2013 e 35,487 nel 2014 e 35,158 nel 2015); lo stesso vale per 2,670 miliardi di retribuzioni enti previdenziali Inps e Inail; (4) Nel DEF sono indicati come “consumi intermedi” al cui importo sono sottratti alcuni oneri della sanità e degli enti previdenziali; (5) Dati relativi alla “nota di aggiornamento al DEF 2016 (del 27/9/16) che in parte modificano quelli utilizzati lo scorso anno relativi all'aggiornamento DEF settembre 2015; **NOTA 1:** Le differenze delle cifre 3 e 4, rispetto al DEF sono imputabili a una riclassificazione di taluni costi. **NOTA 2:** Nei costi per le “prestazioni sociali” non sono comprese le spese di funzionamento e quelle per le retribuzioni del personale degli enti pubblici (Inps e Inail) che gestiscono tali prestazioni e che per il 2015 sono stimabili in circa 5,3 miliardi di € che andrebbero sommati al totale spese per prestazioni sociali.

Expenditure items (in millions of euros) Year as a % of the Total

Pensions Health Care + LTC disability + GIAS (1) temporary benefits (2) Inail benefits Local authorities' welfare benefits (*) Remuneration Public employees (3) Operating expenses Capital expenses Interests Total social benefit expenditure Total expenditure (5) Total revenues Balance SEC series 2010 GDP ratio

(1) this item includes the total GIAS transfers (Table 1a) + welfare expenditure) pension and social allowances, disability and care work benefits, veterans' pensions) + 14th month + 10.8 billion euros' worth of State contributions to the fund for public employees (10.5 billion in 2012; 10.6 in 2013; 10.8 in 2015). (*) RGS estimates, about 0.6% of GDP excluding the house function; (2) temporary benefit expenditure including: family allowances and benefits, wage supplementary benefits, unemployment benefits, Aspi, sickness and maternity benefits provided by GPT and funded by employers' contributions and partly by GIAS (not included in the GIAS figures reported in Table 1a); (3) In the "income from employed work", the cost of remuneration is included in the health expenditure and so it has been subtracted from the total remuneration of public employees; (the cost of health-care professionals was 35.5 billion in 2012, 35.238 in 2013 and 35.487 in 2014 and 35.158 in 2015); the same holds true for the 2.670 billion euros' worth of remuneration of inps and Inail; (4) Data related to the "note to the 2016 DEF (27/9/2016), that partly modify the ones used last year (2015 DEF); **NOTE 1:** the differences in the figures 3 and 4 vs. the DEF can be ascribed to the reclassification of some costs. **NOTE 2:** the "social benefit" expenditure does not include operating and remuneration expenses for the public employees (Inps and Inail) who manage these benefits (5.3 billion euros in 2015) to be added to the total social benefit expenditure.

The items related to welfare and temporary benefits centrally managed by INPS have been reclassified, while the welfare expenditure of local authorities has been estimated on the basis of the RGS data. The different expenditure items have then included in the state budget using the DEF data for the remaining items of expenditure of the DEF data presented on April 8 2016 and updated on September 27 2016; these data, in particular the operating and public administration staff expenses have been re-aggregated based on the distribution of such costs. **Table 12.1** provides an overview on the basis of which it is possible to make some considerations.

In contrast to what is often claimed (namely that Italy spend much less on welfare), the reclassified financial accounts show that, in 2015, **welfare benefit expenditure** amounted to **447.396 billion euros**, an increase of **0.65%** with respect to the previous year while total expenditure increased by only **0.11%**; in 2012, it increases by **2.6%** and in the same period GDP grew by only **0.009%**.

Social benefit expenditure accounts for 54.13% of total public spending including the interest rates on public debt, that was equal to **826,429,000,000 euros (59% net of interest rates)** in 2015; Its ratio vs. GDP is **27.34%** and this percentage should also include other social benefits such as housing, social exclusion, family and the running costs of welfare organizations, thus bringing the total figure to about 30%, one of the highest in Europe with 27 countries. Therefore, social expenditure is growing much faster than total public expenditure and the GDP, driven mainly by welfare expenditure, which unlike pension expenditure, does not have precise rules, an effective monitoring and control system. It is a difficult burden to sustain in the future also on the basis of the funding mechanisms of social expenditure described later, that is already hampering public investment on technology, research and development, the only way to ensure the country's competitiveness and a more favourable future for the younger generation already burdened by a huge public debt. Some evidence of what has been illustrated above can be found in the Eurostat data which show that social expenditure as a percentage of GDP in Italy is extremely high and that it is instrumental in the huge amount of public debt.

Tab.. 12.2 – Social security expenditure by function in Italy and on average in EU countries, as % of GDP - 2012

AREE/PAESE	Malattia	Invalità	Vecchiaia	Superstiti	Famiglia e maternità	Disoccupazione	Casa	Esclusione sociale	Totale
EU 27	8,0	2,0	11,0	1,6	2,3	1,5	0,6	0,5	27,5
EU 15	8,2	2,1	11,2	1,6	2,4	1,6	0,6	0,5	28,3
EU 18	8,2	2,0	11,0	2,0	2,2	1,8	0,4	0,4	28,0
Italia	6,8	1,5	14,2	2,6	1,2	1,6	0,0	0,2	28,0
Italia - anno 2013	6,8	1,6	14,5	2,7	1,2	1,7	0,0	0,2	28,6
RICLASSIFICAZIONE	0,20 %	0,40 %	-3,25 %	-0,60 %	2,20 %	0,60 %		0,45 %	

Invalità + 0,40 % poiché quando matura l'età di pensione le invalidità vengono trasformate in pensioni di vecchiaia; **Superstiti: - 0,60 %** poiché una parte (integrazioni, maggiorazioni, 14° mensilità ecc) è di sostegno alla famiglia

Disoccupazione: + 0,6 % per contribuzioni figurative e sostegni Gias e GPT; **Malattia: + 0,20 %** per contribuzioni figurative e sostegno al reddito; Gias;

Vecchiaia: - 3,25 % x spese assistenziali 34 miliardi di Gias; 24 miliardi assistenziali; 4 miliardi per famiglia;

Imposte su pensioni previdenziali: -2,63%

Per il 2014 il Rapporto spesa pensionistica Pil al netto delle imposte (42,9 miliardi) è pari al 10,718 %

14,5% + 2,7% + 1,6% = 18,8% - 3,85% - 2,63 = **12,32 %** a fine riclassificazione. La differenza con **10,718 %** in famiglia, esclusione sociale e malattia.

Areas/Countries Sicknes Disability Old-age Survivors Family and maternity Unemployment House Social exclusion Total Italy
Reclassification

Disability + 0.40 % when the subject fulfils the age requirement, disability benefits are transformed into old-age pensions;

Survivors: - 0.60 % part of these benefits (supplementary, additional benefits 14th month) are designed to support families;

Unemployment: +0.6 % for contributions paid by GIAS and GPT; **Sickness: +0.20 %** for contributions and income support benefits;

Gias; **Old age -3.25 %** for welfare benefits, 34 billion from Gias; 24 billion euros' worth of welfare benefits; 4 billion euros' worth of family allowances; taxes on pension benefits: -2.63%. In 2014, the Ratio for pension expenditure vs. GDP net of taxes (42.9 billion) was equal to 10.718%; 14.5% + 2.7% + 1.6% = 18.8% - 3.85% - 2.63 = **12.32 %** at the end of reclassification; the difference with respect to 10.718% for family, social exclusion and sickness benefits.

As illustrated in *Table 12.2*, Italy's ratio of social expenditure vs. GDP is equal or even higher than the average with respect to the different configurations of the European macro areas. Moreover, a large part of pension expenditure (old-age and survivors' pensions), as classified by Istat, is actually allocated to family and maternity allowances, to the elderly or to avoid social exclusion; the table shows a simple reclassification. Finally, it is important to stress that pension benefit expenditure (excluding all the other welfare benefits) is subjected to the personal income tax, while in many countries it is not taxed (or only partially taxed).

12.2 Financing

But how is this expenditure financed? *Table 12.3* illustrates the State total revenues, subdivided in revenues from social charges and taxes.

Tab. 12.3 – State revenues (in millions of euros)

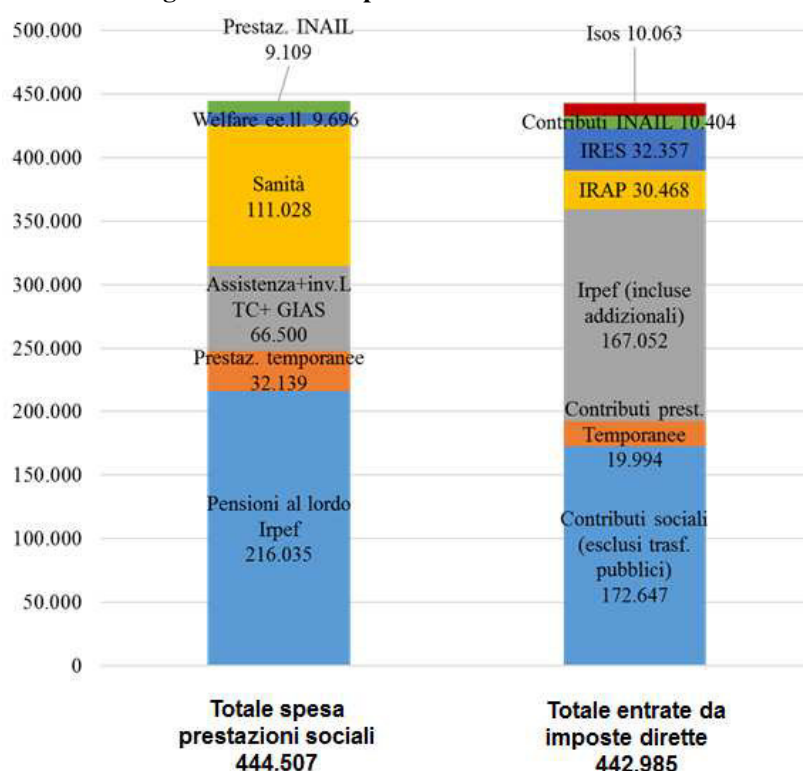
Type of revenues/years	2012	2013	2014	2015
From social charges (1)	172,323	171,911	172,647	172,113.00
From taxes				
DIRECT				
Irpef – net amount (A)	152,000	152,238	151,185	151,185.23
Ires	36,582	40,026	32,293	33,574.00
Substitutive tax (Isost)	9,227	10,747	10,080	11,114.00
Local taxes				
Additional regional tax	10,730	11,178	11,383	11,383.55
Additional municipal tax	3,234	4,372	4,483	4,448.48
Irap	34,342	34,767	30,468	29,370.00
TOTAL	418,438	425,239	412,539	413,188.26
INDIRECT (3)	246,110	238,675	248,207	249,324
Other REVENUES (2)	107,183	108,109	115,843	121,529
Total revenues (4)	771,731	772,023	776,589	784,041
<p>(1) Contribution revenues from employers without transfers from the State or from other bodies (table 1a);</p> <p>(2) Calculated with respect to other revenues and with respect to total revenues (not in line with the DEF)</p> <p>(3) (4) Data taken from the 2016 and 2015 DEFs.</p> <p>(A) IRPEF revenues refer to the net tax paid without deductions and the sums recovered from the differences between advanced and final tax payments.</p>				

Financing **444.507 billion euros** worth of total welfare expenditure in the 2014 fiscal year (*Figure 12.1*), for which all tax revenues are available (for example, the 2014 personal income tax was stated and paid in 2015 and its data have been processed since May 2016), required:

- a)** all *social contributions*, which however did not cover the total gross pension costs, so part of the *Irpef* revenues had to be used;
- b)** the contributions paid for temporary benefits (redundancy, unemployment, mobility, figurative contributions and then Aspi and subsequently Napi) and those paid to Inail; these two schemes ran a surplus;
- c)** *Irpef* but also *the whole Ires* (corporate tax), *the whole Irap* (regional tax of production activities) and *36% of Isos* (substitutive tax) to also finance welfare measures for local authorities and health care;

In practice all direct taxes; so indirect taxes and the "debt" were necessary to finance the rest of the expenditure. The same happened in 2015.

Fig. 12.1 – Social expenditure vs. revenues– 2014



Health Inail contributions Welfare+Disability+LTCT+ Gias Irpef excluding additional taxes Temporary benefits
 Contributions from temporary benefits Pensions with Irpef Social charges excluding public transfers
 Total social benefit expenditure Total revenues and from direct taxes

It is clear that this situation is hardly sustainable in the medium term. In fact, the personal income tax statements in Italy convey the image of a developing country and not of a G7 member country and show that it may be more difficult to finance its generous welfare system in the future. In fact, the analysis of these statements by income levels shows that about 25% of Italian citizens pays an average income tax (including additional taxes) of about **54 euros** per year, while 46% pays **an average tax equal to 305 euros** per year, excluding the effect of the “80 euro bonus”. Since per capita health expenditure amounted to **1,850 euros** in 2014 (Agenas), another **43.3 billion euros** had to be raised to pay for health care for these 28 million people (almost half of the Italian population).

Then there is all the rest: schools, roads, safety and security, the public administration and so on. In detail⁵¹, out of 60,795,612 **Italian citizens** on 31/12/2014 (12,994 more with respect to 2013) only **40,716,548** (273,019 less than in 2013 and 697,606 less than in 2012) filed an income statement; only **30.7 million** pay at least 1 euro for taxes.

The personal income tax statements filed through 770, Unico and 730 forms amount to a total of **817.264 billion** euros (810.757 in 2013) with an increase of about 0.8% which drops to 0.4% excluding revenues from the main house. The **total amount** paid for **personal income taxes** is equal to **167.052 billion** (with the 80 euro bonus) of which 90.50% for Irpef, 6.81% for regional additions (11.384 billion) and 2.68% for municipal additions (4.483 billion).

⁵¹ These data are taken from the 2016 Focus on “Un’analisi delle dichiarazioni Irpef e Irap per totale contribuenti, per tipologia di contribuenti e territoriale” drafted by the *Itinerari Previdenziali Research and Study Centre* in July 2016, that processed again a series of indicators on the basis of the data issued by MEF on the 2014 income statements filed in 2015.

The average per capita personal income tax has been calculated on the basis of the ratio of the number of tax payers (40.716 million) vs. the number of inhabitants, which shows that there are **1.49 citizens** for *each subject who files an income statement*. As a result, this detailed analysis shows that: **1)** only 30.7 million Italians out of 60.8 million file an income statement with a positive income, so almost 50% of Italians do not have an income and are supported by other people; 694.480 file a zero or a negative income statement; 10,130,507 file a statement for 7,500 euros per year (an average of 312 euros per month including taxes), that is 24.88% of the total, that is 15,331,084 inhabitants, with an average per capita stated income is 54 euros per year. **2)** 8,584,180 taxpayers state an annual income between 7,500 and 15,000 euros (about 12.8 million citizens) who pay an average income tax equal to **601 euros**. **3)** 6.1 million tax payers state an average annual income equal to 15,000 and 20,000 euros (9.11 million inhabitants) who pay an average tax of **1,655 euros**, barely sufficient to pay for 90% of their health care (*see Table 12.5*).

To summarize, 18,714,687 tax payers (equal to 45.96% of the total), *of whom 6,821,730 pensioners*, state incomes from zero to 15,000 euros and therefor live on an average monthly income slightly above 600 euros with taxes, less than the income of many retirees. They account for **27.9 million citizens** and *pay 305 euros per year on average*, also thanks to tax deductions, and supposedly very few social charges, with a very severe impact on the pension system as a whole (who is going to pay for their pensions if they do not pay their contributions?) and on social cohesion.

So who pays Irpef? Who finances the welfare system? Only **0.08%** of tax payers (slightly over 31 thousand) state an income above 300,000 euros per year and pay 4.7% of Irpef; **0.19%** states over 200,000 euros, and pays 7.3% of Irpef. 1.04% (424,000 tax payers) state an income above 100,000 euros and pay 16.9% of Irpef; the sum of these tax payers and the ones who state a gross income of 55,000 shows that **4.13% of taxpayers pay 33.6% of Irpef** and **11.28%** of those with a gross income above 35,000 euros *pay 52.5% of Irpef as a whole*.

Finally, taking account of the effect of the 80 euro bonus granted to **11,291,064 tax payers** with an income equal to 29,000 euros, which produced a rebate of **6.076 billion euros**, the total personal income tax paid drops to **160.976 billion euros** and the average tax paid for these income levels goes down from 54 euros to **40 euros** for an income up to 7,500 euro, from 601 euros to **451 euros** for an income between 7,500 and 15,000 euros and from 1,665 euros to **1,469 euros** with an income from 15,000 to 20,000 euros. Who is going to pay 45.3 billion euros to cover health-care costs and 98 billion euros for welfare expenditure? How will pension benefits be paid to over 10 million people who do not pay any personal income tax and any contributions?

Tab. 12.4 –Statistical analyses –tax statements in 201, tax year 2014

Tipo di imposta:	IRPEF			
Modello:	Persone fisiche totali	Cittadini italiani	60.795.612	rapporto contribuenti 1,493
Tipologia contribuente:	Tutte le tipologie di contribuenti	Bilancio demografico Istat al 31/12/2014		
Tematica:	Calcolo dell'IRPEF			
Classificazione:	Classi di reddito complessivo in euro			
Ammontare espressi in:	Migliaia di euro			
Data ultimo aggiornamento:	2 Aprile 2015			

Reddito complessivo in euro	Numero contribuenti	Numero versanti	Ammontare	% Ammontare	Media IN EURO	Rapporto con cittadini	Percentuale	Ammontare procapite /1,493
zero od inferiore	694.480	0	0	0,00%	0	1.036.958	1,71%	0
da 0 a 7.500	9.436.027	2.453.971	823.563	0,49%	87	14.089.334	23,17%	58
Fino a 7.500 compresi negativi	10.130.507	2.453.971	823.563	0,49%	81	15.126.291	24,88%	54
da 7.500 a 15.000	8.584.180	6.692.218	7.707.746	4,61%	898	12.817.405	21,08%	601
da 15.000 a 20.000	6.104.263	5.820.012	15.176.044	9,08%	2.486	9.114.535	14,99%	1.665
da 20.000 a 35.000	11.304.079	11.182.232	55.610.973	33,29%	4.920	16.878.602	27,76%	3.295
da 35.000 a 55.000	2.909.996	2.900.254	31.533.017	18,88%	10.836	4.345.039	7,15%	7.257
da 55.000 a 100.000	1.259.277	1.256.664	27.952.255	16,73%	22.197	1.880.280	3,09%	14.866
da 100.000 a 200.000	345.778	345.229	16.071.241	9,62%	46.478	516.296	0,85%	31.128
da 200.000 a 300.000	46.696	46.631	4.314.319	2,58%	92.392	69.724	0,11%	61.877
sopra i 300.000	31.772	31.745	7.863.110	4,71%	247.486	47.440	0,08%	165.748
TOTALE	40.716.548	30.728.956	167.052.268	100%		60.795.612	100%	

IL 45,96 % DEI CITTADINI PAGA IL 5,1% DELLE IMPOSTE il 24,88% dei cittadini paga meno di 55 € di Irpef ed il 21,08% paga 601 € considerando il bonus 80 €, pagano 40 e 451€
IL 39% DEI CITTADINI PAGA IL 85,81% DELLE IMPOSTE IL 14,99 % DEI CITTADINI PAGA IL 9,08% DI IMPOSTE 1.665 € pro capite, INSUFFICIENTI PER I COSTI SANITARI
L'11,28% DEI CITTADINI PAGA IL 52,16% DELLE IMPOSTE 3.295 € pro capite
IL 4,13% DEI CITTADINI PAGA IL 33,28% DELLE IMPOSTE
L'1,04% DEI CITTADINI PAGA IL 16,55% DELLE IMPOSTE
LO 0,19% DEI CITTADINI PAGA IL 7,29% DELLE IMPOSTE
LO 0,08% DEI CITTADINI PAGA IL 4,71% DELLE IMPOSTE

Type of tax Form Total n. of physical persons Italian citizens as a ratio of tax payers Type of tax payer All types of tax payers Istat population on December 31 2014 Theme Irpef calculation Classification Overall income levels in euros Amounts expressed in thousands of euros Last update April 2 2015.

Overall income in euros N. of tax payers N. of payers Amount % Amount Average in euros As a ratio with citizens Percentage Per capita amount
Zero or lower From Up to. Including negative amounts Above Total

45.95 % pay 5.1% of taxes 24.88% pay less than 55 euros as personal income tax and pay 601 euros, considering the 80 euro bonus, they pay.....not sufficient to pay for health care costs equal to 3,295 euros per capita.

Employed, self-employed workers and pensioners

It is scary to realize that, so far, most of the 37 million citizens (with a gross income from zero to 20,000 euros per year) are almost entirely supported by 11.28% of taxpayers who state over **52%** of the whole a **personal income tax**. These taxpayers are employees, self-employed and pensioners; see below their contribution to public finances (*Tables 12.5 - 6-7*).

- 1) Of the **167 billion euros'** worth of total income tax, **employees** pay **99 billion**, that is 60% of the total; they account for 50% of taxpayers (20,459,000 out of 40,700,000), but for 54% of positive income statements (16,462,000 out of 30,728,000). Employees registered in the INPS archives amount to approximately 16.5 million, which means that almost 100% are **"reliable taxpayers"**. As to income levels, 19,000 subjects file an income statement above 300,000 with a per-capita tax of 182,650 euros per year, exactly like 609 workers with incomes from zero to 15,000 euros. Just to make the situation clear, these 19,000 subjects, equal to 0.09% of taxpayers, pay more taxes than 36.5% of taxpayers with an income above 15,000 euros (5.26% vs. 3.41%). Workers with an income above 100 thousand euros account for 1.17% (about 240,000) and pay 17.5% of Irpef. 43.2% of employed workers between 20 and 55 thousand euros pay 55% of the personal income tax, for an average between 3,277 and 7,476 euros.

Tab. 12.5 – Employed workers

Reddito complessivo in euro	Numero contribuenti	Numero versanti	Ammontare	% Ammontare	Media IN EURO	Rapporto con cittadini	Percentuale	Ammontare procapite /1,493
zero od inferiore	9.735	0	0	0,00%	0	14.536	0,05%	0
da 0 a 7.500	3.851.005	1.173.309	357.528	0,36%	93	5.750.100	18,82%	62
Fino a 7.500 compresi negativi	3.860.740	1.173.309	357.528	0,36%	93	5.764.635	18,87%	62
da 7.500 a 15.000	3.794.870	2.745.978	3.010.530	3,05%	793	5.666.282	18,55%	531
da 15.000 a 20.000	2.962.739	2.780.235	6.850.070	6,93%	2.312	4.423.792	14,48%	1.548
da 20.000 a 35.000	7.117.437	7.043.279	34.830.567	35,24%	4.894	10.627.348	34,79%	3.277
da 35.000 a 55.000	1.747.974	1.744.833	19.512.826	19,74%	11.163	2.609.974	8,54%	7.476
da 55.000 a 100.000	735.242	734.719	16.979.929	17,18%	23.094	1.097.821	3,59%	15.467
da 100.000 a 200.000	194.438	194.353	9.500.476	9,61%	48.861	290.324	0,95%	32.724
da 200.000 a 300.000	27.040	27.028	2.595.093	2,63%	95.972	40.375	0,13%	64.275
sopra i 300.000	19.081	19.077	5.203.820	5,26%	272.723	28.491	0,09%	182.650
TOTALE	20.459.561	16.462.811	98.840.839	100%		30.549.042	100%	

Overall income in euros n. of taxpayers n. of payers taxes: amount, % amount, average ratio vs. n. of citizens per capita amount

zero or less from.... to// up to 7,500 including negative income levels TOTAL

- 2) The situation is completely different for **self-employed workers**; 5.457 million of them file an income statement out of a total number of 7.5 million (according to Istat and Censis), but only **2.8 million** state a positive income; the first group of self-employed workers (equal to 77%) state a gross income between 3,500 and 11,000 euros per year and pay an average Irpef of about **200 euros per year**. A **second group** (15.90%) state an income between 15,000 and 35,000 euros per year and pay an average Irpef of about 1,500 euros, not sufficient to pay for health care. Therefore, only 6.45% of them pay a sufficient level of taxes, while the rest (93.55%, without considering the almost 2 million self-employed workers who are not registered with the tax authorities) are supported by other workers. They pay 9.6 billion euros ‘worth of Irpef, that is 5.7% of the total.

Tab. 12.6 – Self-employed workers

Reddito complessivo in euro	Numero contribuenti	Numero versanti	Ammontare	% Ammontare	Media IN EURO	Rapporto con cittadini	Percentuale	Ammontare procapite /1,493
zero od inferiore	678.686	0	0	0,00%	0	1.013.375	12,44%	0
da 0 a 7.500	2.649.413	1.082.085	376.828	3,91%	142	3.955.951	48,55%	95
Fino a 7.500 compresi negativi	3.328.099	1.082.085	376.828	3,91%	113	4.969.326	60,99%	76
da 7.500 a 15.000	909.248	612.298	773.459	8,03%	851	1.357.637	16,66%	570
da 15.000 a 20.000	422.902	360.059	734.764	7,63%	1.737	631.453	7,75%	1.164
da 20.000 a 35.000	445.188	416.895	1.230.049	12,77%	2.763	664.729	8,16%	1.850
da 35.000 a 55.000	161.364	157.209	999.589	10,38%	6.195	240.939	2,96%	4.149
da 55.000 a 100.000	127.620	126.336	2.118.205	22,00%	16.598	190.555	2,34%	11.116
da 100.000 a 200.000	50.697	50.414	1.941.920	20,17%	38.304	75.698	0,93%	25.654
da 200.000 a 300.000	6.989	6.953	567.140	5,89%	81.148	10.436	0,13%	54.347
sopra i 300.000	4.963	4.948	887.824	9,22%	178.889	7.410	0,09%	119.807
TOTALE	5.457.070	2.817.197	9.629.778	100%		8.148.184	100%	

Overall income in euros n. of taxpayers n. of payers taxes: amount, % amount, average ratio vs. n. of citizens per capita amount

zero or less from.... to// up to 7,500 including negative income levels TOTAL

- 3) **Pensioners** pay 58.581 billion euros’ worth of Irpef (**35% of the total in Italy**); those who **file an income statement** amount to **14,799 million** (less than the 16.259 million estimated by Inps), of whom 11.449 million have a positive income. **46.1%** (about 7 million) pay an average Irpef of about **350 euros** per year not on their pension benefits but on other revenues or annuities since the *no tax area* is equal to 7.500 euros per year for pensioners below 75 years of age and 7,750 for those above 75 (it will reach 8,000 euros for all pensioners). Moreover, pensioners do not pay any personal income tax on 3,964,000 welfare benefits (disability, care work, social and veterans’ benefits) and supplementary benefits to the minimum and additional social allowances (another 4,467,000 cheques) unless they have other sources of income. It is worth reiterating that most pensioners supported by welfare

benefits have not paid any contributions during their 65 years of active and so no Irpef; most of these used to work as self-employed or in agriculture (people who worked 51 or 101 days per year). Income has a more even distribution among pensioners even in terms of health-care financing: 18.37% of them pay an average Irpef of 1,870 euros, 25.28% pay 3,500 euros per year. Even in this case, 10.26% of taxpayers pay 46.81% of the whole Irpef levied on pensioners.

Tab. 12.7 - Pensioners

Reddito complessivo in euro	Numero contribuenti	Numero versanti	Ammontare	% Ammontare	Media IN EURO	Rapporto con cittadini	Percentuale	Ammontare procapite /1,493
zero od inferiore	6.059	0	0	0,00%	0	9.047	0,04%	0
da 0 a 7.500	2.935.609	198.577	89.207	0,15%	30	4.383.283	19,84%	20
Fino a 7.500 compresi negativi	2.941.668	198.577	89.207	0,15%	30	4.392.330	19,88%	20
da 7.500 a 15.000	3.880.062	3.333.942	3.923.757	6,70%	1.011	5.793.486	26,22%	677
da 15.000 a 20.000	2.718.622	2.679.718	7.591.210	12,96%	2.792	4.059.290	18,37%	1.870
da 20.000 a 35.000	3.741.454	3.722.058	19.550.357	33,37%	5.225	5.586.524	25,28%	3.500
da 35.000 a 55.000	1.000.658	998.212	11.020.602	18,81%	11.013	1.494.125	6,76%	7.376
da 55.000 a 100.000	396.415	395.609	8.854.121	15,11%	22.335	591.904	2,68%	14.959
da 100.000 a 200.000	100.643	100.462	4.628.845	7,90%	45.993	150.274	0,68%	30.803
da 200.000 a 300.000	12.667	12.650	1.152.086	1,97%	90.952	18.914	0,09%	60.913
sopra i 300.000	7.728	7.720	1.771.466	3,02%	229.227	11.539	0,05%	153.520
TOTALE	14.799.917	11.448.948	58.581.651	100 %		22.098.386	100 %	

Overall income in euros n. of tax payers n. of payers taxes: amount, % amount, average ratio vs. n. of citizens per capita amount

zero or less from.... to// up to 7,500 including negative income levels TOTAL

Regional and municipal additional taxes

In a non-perfect tax devolution system, additional personal income taxes (regional and municipal) are mainly used to finance regional health expenditure and municipal benefits; of course, these amounts are not sufficient. **Total regional additional taxes** amount to 11.384 billion euros⁵² and the total number of payers is 29,806,053, that is 97% of Irpef tax payers (30,728,956): over 900,000 people have not been subjected to this tax. In total, the average tax rate is **1.57%** with an average amount of **382 euros** per year, that is **256 euros** per person. There are only 8 regions (Molise, Campania, Lazio, Piedmont, Calabria, Sicily, Abruzzo and Emilia Romagna) that levy an average rate above 1.57 and 10 regions with the highest rates that pay 6,892,212 euros, that is 61% of the total. For **municipal additional taxes**, the overall amount paid by the 8,050 municipalities is equal to **4.483 billion euros** and the number of payers is 25,432,456, that is 82.8% of Irpef tax payers (30,728,956): almost 5.3 million tax payers are not subjected to this tax. The average rate is **0.62%** for an average amount of 176 euros per year, that is 87 euros per person. As to individual municipalities, the following table shows the rates applied. Small municipalities (about 1,900 equal to 24%) do not levy any rates or very low rates, while most municipalities (about 5,000 equal to 61% with 78% of residents) levy rates ranging from 0.45% and 1.80% and pay 4,194.855,778 euros. Only 1,222 are above the average amount of **176 euros** with a peak for Portofino (1,102 euros) and Nova Levante Welschnofen (1,005 euros), even though average rates are low; while in terms of per capita amount paid, 1,770 municipalities exceed the average amount of 87 euros.

⁵² The data on taxes are taken from "SISTAN" in the basis of income statements. Instead, the statistical data and those published by the Ministry of the Economy and Finance are significantly different (about 11 billion in 2014). This may be due to the different sources used: those from income statements become available in the spring/summer of the subsequent year, while those from statistical publications and communications consider the monthly cash and accrued tax revenues con importi sia di competenza sia di cassa. For example, the data on the monthly payment of Irpef by employed workers, by civil servants etc. simply refer to what has been actually paid without considering all the tax deductions that are communicated one year later. The differences between Regional and Municipal taxes are not very significant even though they are collected in eleven instalments a year later; they do not vary very much and there are no deductions.

Average rate	N. of Municipalities	%	N. of inhabitants	%	Amount paid	%
Zero	301	3.74%	153,039	0.25%	0	0.00%
From 0 a 0.15	1,146	14.24%	2,876,252	4.73%	7,675,541	0.16%
from 0,15 to 0.30	464	5.76%	2,162,176	3.56%	58,363,402	1.19%
from 0.30 to 0.45	1,172	14.56%	5,240,437	8.62%	224,999,841	4.60%
from 0.45 to 0.60	1,805	22.43%	11,884,879	19.55%	741,108,011	15.17%
from 0.60 to 0.75	1,371	17.03%	14,701,839	24.18%	1,670,379,730	34.18%
From 0.75 to 0.80	1,789	22.23%	20,906,768	34.39%	1,783,368,037	36.50%
above 0.80	1	0.01%	2,872,021	4.72%	400,432,861	8.19%

In conclusion, in the next few years, it will be increasingly difficult to finance the Italian welfare system, considering also the fancy requests to increase welfare expenditure coming from political parties fishing for votes. A solution for Italy could be the “clash of interests” that would allow 23 million households to deduct about 5,000 euro per year for works commissioned directly to suppliers.

12.3 Impact of the welfare system on public debt

On the basis of the considerations made so far, it is important to evaluate the impact of the welfare system on public debt which is one of the problems, if not the main problem in Italy; in September 2016, the debt skyrocketed to 2,252 billion euros (Bank of Italy 15/09/16). **Why is it a problem?** 1) Because it costs an average annual amount of about **70 billion euros**’ worth of interests, equal to 4.5% of GDP; fortunately interest rates are still low, otherwise Italy would be in trouble. 2) because these resources are not allocated to investments, development, research, patents, in sum to the future generations. The risk is to see hundreds of young people leaving to go abroad to find labour, research and development opportunities and the State obliged is to spend an increasing amount of money on pensions, health, welfare benefits to disabled and needy citizens. These young people are referred to as a “lost generation”; perhaps this definition sounds a little bit strong (the situation was not rosy either in the post-war period characterized by a huge amount of undeclared work), but certainly there are very few resources for the young, the “so-called needy” subjects.

But how and who produced this debt? Often the blame is put on politicians, some believe that corruption and mismanagement are the culprits, others that the only one who will supposedly gain from all this are the same individuals, the so-called “friends of friends”. However, the data reveal a different story. In fact, many have benefited from this situation. On the basis of the preliminary 6th Report on the regional pension system in Italy drafted by Itinerari Previdenziali, a substantial part of public debt is caused by the deficits of pension funds and of the welfare and health systems.

This conclusion has been reached on the basis of the following considerations: 1) since 1980 (the first small deficits appeared between 1978 and 1979) the balance between contribution revenues and benefit expenditure has been calculated net of taxes; for revenues, only the contributions paid by workers and employers have been calculated without considering the annual State transfers to these funds and entities; all pension and welfare benefits have been added to the expenditure except for disability pensions and care work benefits (over 14.5 billion

euros in 2014) and veterans 'pensions that, although the war ended in 1945, still cost about 1.5 billion euros. **2)** since the balances do not include the figures related to pension funds for public employees (the data have been made available only very recently), that generally run higher annual deficits with respect to private funds, the same negative balance has been estimated for former Inpdap. **3)** The balances for each year from 1980 to 2015 have been added and calculated both in current and in 2015 values.

Result: in 36 years, the current debt accumulated has reached **1,000.087 billion euros**, that is 45% of total public debt. Instead, if the deficit impact on public debt is more correctly calculated in **2015 values**, the total is **1,491.18 billion euros** or **67% of the Italian public debt**; as indicated in the previous chapter, the main beneficiaries have been 16 million pensioners and welfare-supported subjects, which has dramatically pushed up the ratio of government debt to GDP from 59.4% to 132.7%. These figures should also include disability and veterans' benefits. Finally, the deficits of social security institutions have been financed by debt, by issuing government bonds; but since the average yields on these bonds have a positive spread relative to inflation, the welfare and pension debt may increase again. Please note that in 2014, the reclassification of financial accounts revealed a cost for welfare benefits of 98 billion euros, entirely funded by those who pay taxes, that is less than half of the Italian population, which is another big problem. Each generation can and must consume what it produces; it can borrow to invest on infrastructures, public works and real assets but not for current consumption. Harnessing debt is the only way to ensure a real intergenerational welfare pact and a sound and financially viable future.

12.4 Summary of the pension and welfare system in 2015

Main figures of the pension system: Table 12.8 provides a summary of the data examined in the report, included in the time series from 1997 to 2015.

The number of pensioners is equal to 16,259,491, a drop by 80,114 (- 0.492%) compared to 2014; after a peak of 2008, the number of pensioners went physiologically down and back to the 1998 figure. The number of benefits also drops to 23,095,567 (- 102,907 benefits equal to - 0.44% compared to 2014) going back to the level attained in 2004. The ratio of the number of benefits paid vs. the number of pensioners show that practically every pensioner (per capita) received **1,427 benefits**, equal to 2014, thus bringing the average pension from 12,136 euros per year (11,695 in 2014) to 17,323 euros (16,638 the previous year), well above 1,000 euros per month (*see Chapter 7*). Despite the decline in the number of benefits and of pensioners, benefit expenditure and welfare expenditure in particular did increase, thus raising average pension level (+ 4.12%) above the remuneration level of active workers.

Another crucial indicator for the stability of the Italian "pay-as-you-go" pension system is the ratio of active workers vs. pensioners that was only 1,388 active workers per pensioner in 2014. Finally, the ratio of the number of benefits vs. the population indicates that 1 benefit was paid out of 2,627 citizens; in practice one benefit per family, which reveals the extremely sensitive character of the whole pension theme.

Tab. 12.8 – The scope of the pension system

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Costo totale delle prestazioni(1)	122.948	122.818	128.463	132.039	138.128	144.249	151.080	158.035	164.722
Totale entrate contributive(1)	104.335	109.384	116.276	120.501	129.759	132.201	139.078	148.730	152.440
Saldo	-18.613	-13.434	-12.187	-11.538	-8.369	-12.048	-12.002	-9.305	-12.282
Rapporto spesa totale / PIL	11,3	10,8	11,0	10,7	10,6	10,7	10,9	10,9	11,1
N° dei lavoratori occupati(2)	20.857.572	21.047.909	21.275.492	21.594.523	21.964.937	22.229.519	22.244.227	22.362.686	22.407.003
N° dei pensionati(3)	16.204.000	16.244.618	16.376.994	16.384.671	16.453.933	16.345.493	16.369.382	16.561.600	16.560.879
N° delle pensioni(3)	21.602.473	21.800.058	21.589.000	22.035.864	22.410.701	22.650.314	22.828.365	23.147.978	23.257.480
N° abitanti residenti in Italia(2)	56.904.379	56.909.109	56.923.524	56.960.692	56.993.742	57.321.070	57.888.365	58.462.375	58.751.711
N° occupati per pensionato	1,287	1,296	1,299	1,318	1,335	1,360	1,359	1,350	1,353
N° pensioni per pensionato	1,333	1,342	1,318	1,345	1,362	1,386	1,395	1,398	1,404
Rapporto abitanti / pensioni	2,634	2,611	2,637	2,585	2,543	2,531	2,536	2,526	2,526
Importo medio annuo pensione(3)	7.189	7.436	7.874	7.888	8.073	8.357	8.633	8.985	9.239
Importo corretto pro-capite(3)	9.583	9.979	10.380	10.609	10.995	11.581	12.039	12.558	12.975
PIL(4) (valori a prezzi correnti)	1.089.869	1.135.499	1.171.901	1.239.266	1.298.890	1.345.794	1.390.710	1.448.363	1.489.725

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Costo totale delle prestazioni(1)	170.457	177.540	185.035	192.590	198.662	204.343	211.086	214.567	216.107	217.895
Totale entrate contributive(1)	161.404	170.524	183.011	183.280	185.656	187.954	190.345	189.207	189.595	191.330
Saldo	-9.053	-7.016	-2.024	-9.310	-13.006	-16.389	-20.741	-25.360	-26.512	-26.565
Rapporto spesa totale / PIL	11,0	11,0	11,3	12,2	12,4	12,5	13,1	13,4	13,3	13,3
N° dei lavoratori occupati(2)	22.757.586	22.894.416	23.090.348	22.698.718	22.526.853	22.598.244	22.565.971	22.190.535	22.278.917	22.464.753
N° dei pensionati(3)	16.670.893	16.771.604	16.779.555	16.733.031	16.708.132	16.194.948	16.533.152	16.393.369	16.259.491	16.179.377
N° delle pensioni(3)	23.513.261	23.720.778	23.808.848	23.835.812	23.557.241	23.700.000	23.400.000	23.322.278	23.198.474	23.095.567
N° abitanti residenti in Italia(2)	59.131.287	59.619.290	60.045.068	60.340.328	60.626.442	59.394.000	59.685.227	60.782.668	60.795.612	60.665.551
N° occupati per pensionato	1,365	1,365	1,376	1,357	1,348	1,395	1,365	1,354	1,370	1,388
N° pensioni per pensionato	1,410	1,414	1,419	1,424	1,410	1,463	1,415	1,423	1,427	1,427
Rapporto abitanti / pensioni	2,515	2,513	2,522	2,531	2,574	2,506	2,551	2,606	2,621	2,627
Importo medio annuo pensione(3)	9.511	9.822	10.187	10.640	11.229	11.410	11.563	11.695	11.943	12.136
Importo corretto pro-capite(3)	13.414	13.891	14.454	15.156	15.832	15.957	16.359	16.638	17.040	17.323
PIL(4) (valori a prezzi correnti)	1.548.473	1.609.551	1.632.151	1.572.878	1.604.515	1.637.463	1.613.265	1.604.599	1.620.381	1.642.444

(1) Nucleo di valutazione della Spesa Previdenziale fino all'anno 2010 – “Gli andamenti finanziari del sistema pensionistico obbligatorio al netto GIAS”

(2) Istat – Rilevazione sulle forze di lavoro e demo.istat.it, aggiornata a novembre 2016

(3) Inps – “Casellario Centrale dei Pensionati”

(4) Istat - SEC 2010, aggiornata al 28 settembre 2016.

Total benefit cost (1) Total contribution revenues (1) Balance Total expenditure/GDP ratio N. of active workers (2) N. of pensioners (3) N. of pensions (3) N. of residents in Italy (2) N. of active workers per pensioner N. of pensions per pensioner N. of citizens/pensions ratio Pension annual average amount (3) per capita adjusted amount (3) GDP (4) (current figures).

(1) Nusvap until 2010 “Financial results of the compulsory pension system net of GIAS transfers” (2) Istat – workforce and population data updated to 2016 (3) Inps – Central Registry of Pensioners (4) Istat – SEC 2010, updated to September 28 2016.

Accounting framework: In 2015, *pension expenditure* for all pension schemes (net of GIAS transfers indicated in Table 1a) amounted to 217,863 million euros compared to 216,107 the previous year, with an increase of 0.81% (+ 0.69% in 2014 vs. 2013); *contribution revenues* amounted to **191,333 million euros** compared to 189,593 million in 2014, an increase by **0.91%** (+ 0.12%, 2014/2013), including transfers to pay for contributions and rebates on social charges (15,032 million euros as against 16,948 million the previous year), but excluding the additional contribution of 10,800 million euros paid by the State under Act n. 335/1995 to finance CTPS; this resulted in a negative balance contributions/benefits of **26,530 million euros**, a slight increase by 0.04% compared to a deficit of 26,519 euros in 2014 (+ 4.95%, 2014/2013).

The *schemes with a surplus*: there are only 3 INPS schemes with a surplus: the fund for retailers with 603 million, (521 million in 2014), the fund for entertainment workers with 422 million (279 million the year before) and the fund for atypical workers with **7,198 million**, up to 3.7% compared to 6,943 million in 2014; all professional schemes have a surplus (except for Inpgi and Cipag), with a positive balance of **3,452 million euros** (3,364 in 2014). Without these surpluses, the overall deficit would rise to **38,205 billion euros**.

The *schemes with the highest deficits* are: the **fund for public employees** with a deficit of **28,98 million euros** (26,875 in 2014), the former **fund of Ferrovie dello Stato** with a heavy deficit of **4,233 million euros** in 2014; the **fund for artisans** with a negative balance of **3,641 million euros** (3,541 the year before); the **fund for farmers, tenant farmers and sharecroppers** with a negative balance of **3.123 million euros** (3,146 million the previous year); considering GIAS transfers, the overall cost borne by general taxation is **5.06 billion euros**; the transportation fund has a deficit equal to **1,064 million euros**.

The tax burden on pensions: in 2015, the total amount of the personal income tax on pensions totalled **44.750 billion euros** (42.9 billion euros in 2014), of which **29.6** for INPS private sector pensioners, **14.962** billion for former Inpdap retirees (civil servants) and **0.195** billion for former Enpals pensioners (sports and entertainment); adding **3.312 billion euros'** worth of additional regional taxes and **1.332 billion euros'** worth of additional municipal taxes the grand total reaches **49.394 billion euros**, the highest level ever⁵³. Considering that the income level for public employees is in line but sometimes lower than that in the private sector, the distribution of the tax burden shows a huge contribution evasion in the past with its twofold perverse effect of keeping benefits low and of providing benefits related to tax-exempt incomes; in fact, civil servants only account for 17% of all pensioners but pay 1/3 of all taxes. Out of the other 83% of pensioners, 7 million do not pay taxes because they perceive and fully deduct allowances that are 1 or 2 times higher the minimum benefits; 3.8 million (between two and three times the minimum benefits) pay a low tax rate (see table 12.6.3 provided by the Tax Authorities). The rest, that is **2.7 million retirees**, pay most of the **29.6 billion euros'** worth of **personal income tax**. Essentially the entire pension tax burden is borne by about 30% of pensioners, mainly by the 770,000 pensioners with gross benefits above 3,000 euros per month; it is crucial to reflect upon the fact that most tax exempt pensioners paid very few or no taxes at all during their active life.

Pension expenditure: as already pointed out, in 2015 **pension expenditure** reached 217,895 million euros, while **contribution revenues** totalled **191,333 million euros** with a **negative balance of 26,565 million**.

Since pension expenditure is largely believed to be too high, it is useful to calculate the "**pension benefit expenditure**" that is financed by the contributions actually paid. The process is simple: the State transfers through GIAS and GPT (always allocated from GIAS) are subtracted from contribution revenues, thus obtaining the total of the actual contribution revenues of workers and employers (172,214,000); similarly, the taxes directly collected by the State, which are merely "clearing entries" and so "non expenditure items", are subtracted from total pension expenditure, thus reducing this figure down to **168,501** million. If the welfare system was really separated from the pension system, it would be necessary to also subtract from this figure the amount of **supplementary minimum benefits**; in fact, they are correlated to the income level and not to the contributions paid (in the Eurostat system, these should be included between family allowances and social exclusion benefits) and should not weigh on pension expenditure that would be equal to **159,164 million euros**. By leaving aside supplementary minimum benefits, the pension system has a surplus of **3.713 billion euros** (2.2% of total pension expenditure); this shows that the system has been stabilized thanks to the numerous reforms implemented in recent years. So, a more

⁵³ In 2014 and 2013, the additional taxes were not included in Irpef and so the tax burden was lower.

conservative approach should be adopted in proposing pension cuts and adjustment corrections and solidarity contributions because they are not good for the system (*Table 12.9*).

Tab. 12.9 – Pension balance (in millions of euros)

Spesa pensionistica (al netto GIAS)	217.895
Tasse sulle pensioni	49.394
Spesa pensionistica al netto delle tasse	168.501
Entrate contributive	191.333
Quota GIAS e GPT sulle entrate contributive	19.119
Entrate al netto della quota GIAS e GPT	172.214
Saldo tra entrate e uscite	3.713
Per memoria Integrazioni al minimo	9.344,60
Per memoria SALDO GESTIONALE (tab. 1a)	-26.565

Pension expenditure (net of GIAS) Pension taxes Pension expenditure net of taxes Contribution revenues GIAS and GPT share of contribution revenues Revenues net of GIAS and GPT transfers Revenues/expenditure ratio Supplementary minimum benefits BALANCE (tab. 1a).

Welfare expenditure: *Table 12.10* provides the overall picture of expenditure classified as "welfare" which is made up of benefits for disabled civilians with carers' allowances, pensions and social allowances and veterans' pensions

Tab. 12.10 – Number, total and average amount of welfare benefits by type on December 31 2012, 2013, 2014, 2015

Numero di prestazioni assistenziali e relativo importo annuo, complessivo e medio, per tipo di prestazione Trattamenti vigenti al 31 dicembre 2012, 2013, 2014 e 2015												
Tipo di prestazione	Numero				Importo annuo (milioni di euro)				Importo medio annuo (euro)			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Pensioni di invalidità civile	857.725	871.317	891.062	934.995	2.953,9	3.077,6	3.168,0	3.328,1	3.444	3.532	3.555	3.559
Indennità di accompagnamento	1.923.896	1.967.381	1.994.740	2.045.804	11.520,9	11.274,4	11.559,0	11.907,1	5.988	5.731	5.795	5.820
Pensioni e assegni sociali	848.716	835.669	845.824	857.003	4.779,7	4.990,0	4.609,0	4.702,6	5.632	5.971	5.449	5.487
Pensioni di guerra	261.435	241.015	232.557	202.824	1.426,4	1.390,4	1.443,8	1.299,4	5.456	5.769	6.209	6.406
dirette (1)	91.510	85.381	88.810	74.649	874,2	862,1	936,3	825,4	9.553	10.097	10.542	11.058
indirette	169.925	155.634	143.747	128.175	552,3	528,3	507,6	474,0	3.250	3.395	3.531	3.698
Totale	3.891.772	3.915.382	3.964.183	4.040.626	20.680,9	20.732,4	20.779,8	21.237,2	5.314	5.295	5.242	5.256
Altre prestazioni assistenziali di cui:	8.147.722	7.644.242	7.304.569	6.843.695	13.255,9	12.871,4	12.347,1	11.639,4	1.627	1.684	1.690	1.701
Integrazioni al minimo	3.726.783	3.604.744	3.469.254	3.318.021	10.580,1	10.343,3	9.894,1	9.344,6	2.839	2.869	2.852	2.816
Maggiorazioni sociali	1.097.626	1.038.069	998.012	947.212	1.583,4	1.522,6	1.488,4	1.400,3	1.443	1.467	1.491	1.478
Quattordicesima	2.463.580	2.266.318	2.199.756	2.060.745	962,2	893,5	867,4	815,8	391	394	394	396
Importo aggiuntivo	859.733	735.111	637.547	517.717	130,1	111,9	97,3	78,7	151	152	152	152

(1) Nel 2014 comprendono anche gli indennizzi concessi ai sensi della legge 25 Febbraio 1992, n. 210

Fonte: Archivio delle pensioni INPS e Casellario Centrale dei Pensionati (pensioni di guerra)

Type of benefit Number Annual amount Annual average amount

Pensions for disabled civilians Carers' allowance Social allowances and pensions Veterans' pensions: direct indirect Total
Other welfare benefits of which: supplementary minimum benefits additional social benefits 14th month Additional amount
(1) In 2014, they also include the indemnities granted under Act n. 210 of February 25 1992 Source: INPS Pension Archive and Central Pension Registry (veterans' pensions).

These welfare benefits were provided to **4,040,626 subjects** (there may be duplications) for a total annual cost of **21,237 billion euros** (20.779 in the previous year). In the last five years, an increasing number of subjects (934,995) received **pension benefits for disabled civilians and carers' allowances** (2,045,804) in 2015; the number of **social pensions and allowances** increased

too to reach 857,003 while that of veterans' pensions (physiologically diminishing) dropped to 74649 for direct benefits (also including the indemnities under Act no. 210/92) and to 128,175 for indirect ones.

In order to obtain a more comprehensive analysis, it is crucial to add to pure welfare benefits the following welfare benefits, which went all down in 2015 vs. previous years: **a) the *additional pension amount*** provided to 517,717 beneficiaries (70% of them women) as provided for under the 2001 Budget law (Act n. 388 of 23/12/2000) in favour of pensioners whose benefits do not exceed the amount of the FPLD minimum pension, for a cost of 78.7 million euros; **b) *pensions with additional social benefits*** for low income subjects, their number is equal to 947,212, 70% of which paid to women for an average annual amount of about 1,480 euros and a total cost of 1.4 billion euros; **c) the so-called *fourteenth month***, introduced by Act n. 127 of 7/8/2007 and paid to pensioners over 64 years of age, whose total income does not exceed 1.5 times the FPLD minimum benefits, for a total of 2,199,756 benefits, down compared to previous years but expected to increase as of 2017 under the 2017 Budget Law, for an average amount of 396 Euros; 77% of beneficiaries are women for a total cost of 815.8 million euros; **d) *supplementary minimum benefits*** with 3,318,021 beneficiaries for a total cost of 9.345 billion (down in the past 5 years).

NUMBER OF WELFARE BENEFITS	2014	2015
Number of welfare benefits	3,694,183	4,040,626
Other welfare benefits	4,467,266	4,265,233
<i>Supplementary minimum benefits</i>	<i>3,469,254</i>	<i>3,318,021</i>
Total welfare pensions	8,431,449	8,305,859
As a % of the total number of	51.86%	51.34%
Total number of pensions paid	16,259,491	16,179,377

In 2015, **4,040,626 beneficiaries** received pure welfare benefits (first part of *Table 12.9*) and **4,265,233 beneficiaries** supplementary minimum benefits and additional social benefits, **for a total of 8,305,859 beneficiaries** (down in 5 years,) that is **51.34%** of pensioners. The disability pensions with carers' allowances should be subtracted from his figure, while the 14th month and the additional amount were not calculated because, in most cases, they were provided to subjects who already receive other benefits (disability and supplementary minimum benefits and additional allowances). In any case, the number of welfare benefits vs. the total number of pensions is very high and does not reflect the general economic situation in Italy. The total cost of welfare benefits for 2014 (excluding supplementary minimum benefits, a form of welfare benefits paid by individual schemes on a mutualistic basis that cannot be added to other welfare measures) amounted to **23,532 million, completely financed by general taxes**; all these benefits (including supplementary minimum benefits) are not taxed. It is possible to really understand the dangerous upward trend of welfare expenditure in Italy, considering that, in 2015, out of 100 benefits paid, 51% were welfare benefits. The same trend holds true for welfare expenditure borne by general taxes.

NUMBER OF BENEFITS PAID	2015
Total benefits	1,120,638
Pension benefits	549,252 (49%)
Welfare benefits, total	571,386 (51%)
Welfare benefits, MEN	39.20%
Welfare benefits WOMEN	60.80%

LTC expenditure: the share of welfare expenditure that can be classified as long-term care (LTC) expenditure amounts to **15,235 million euros** (0.93% of GDP). According to RGS, the Italian total public expenditure is 1.9% of GDP and the rest is included in health expenditure.

Expenditure financed by taxation: under the Italian social security system, pension expenditure is financed by a purpose tax, that is by "**social contributions**". But, as already illustrated, a large part of benefits are provided for welfare requirements (33 billion euros only for the benefits indicated in Table 12.10); in addition, the operating deficits cannot be charged to the pension system, in that this heavy burden results from changes in the economic and social framework (the transition from a rural economy to an industrial economy that generates over 5 billion euros of deficits in the agricultural sector every year) or the extension of pension benefits to the self-employed (the calculation method is equalized to the one used for employees even though the contribution rate for this category is less than half that of employed workers, which generates more than 3.5 billion euros of deficit per year); as well as the restructuring of enterprises (post offices, railways, airlines, steel industry, paper industry, ports with their over 7 billion euros' worth of passive balances per year) or baby pensions for civil servants. Moreover, lower contributions paid in the south until the year 2000, tax reliefs, esodati and more. All these expenses should not be charged as pension expenditure but as welfare expenditure; not surprisingly, the vast majority of these expenses are funded by GIAS and every year the necessary sums are transferred to INPS/GIAS under the budget law. But how much do all these measures and incentives cost? *Table 12.11* summarizes these costs as follows: part is financed by general taxation and amounts to 72,172 billion euros for the welfare benefits illustrated in Table 12.10, early retirements and esodati, baby pensions and the operating deficits mentioned above; then there are 18 billion euros for tax reliefs (one of the worst evils for the pension systems), another 8.8 billion euros for wage support in case of unemployment, not covered by contributions as in the case of employees; finally, family expenses (family benefits or family allowances) for an amount of 4.6 billion. This calculation does not include the state contribution to the fund of civil servants (highlighted in *Table 1a, note 1*) without which the total deficit would further increase up to **10.8 billion**.

Therefore the burden on general taxation amounts to **103,673 billion** (again excluding the 10.8 billion that could also be accounted for as State contributions), **6.33 %** of GDP (higher with respect to the previous years). These figures should include the welfare benefit expenditure incurred by local authorities that does not appear under welfare expenses due to national accounting problems illustrated in Table 12.1.

Finally, in order to maintain the current level of social benefits, the total cost not covered by social security contributions and therefore borne by general taxation, should amount to 103,673

billion euros for welfare benefits, to 112.4 billion euros for health care and to about 9.95 billion euros for welfare benefits from local authorities for a total of **226 billion euros**. Compared with levels of social charges and income taxes - see the Chapter – it is a gigantic redistribution equal to 3,730 euro per capita but much more for beneficiaries who pay no or very few taxes or contributions.

Tab. 12.11 – Expenditure financed by general taxation (in millions of euros)

	2014	2015
GIAS Transfers (tab. 1a)	33,358.00	36,047.00
GIAS transfers to ex Inpdap funds (tab. 1a note 3)	7,553.00	9,169.00
Welfare benefits (1)	23,233.00	23,532.00
Esodati and others	3,310.00	3,424.00
Total pension/welfare measures	67,454.00	72,172.00
Contribution rebates and other incentives to support funds, paid by Gias	16,087.00	18,052.00
Wage support charges for unemployment, paid by Gias	10,387.00	8,794.00
Family support charges	3,856.00	4,033.00
Former pension contribution charges (tbc)	656.00	622.00
Total expenditure financed by general taxes	98,440.00	103,673.00
Incidence of welfare expenditure on pure pension expenditure (net of taxes)	56.8%	59.89%
Pension expenditure net of taxes	173,207.00	173,113.00
State contribution to the fund of public employees	10,800.00	10,800.00
(1) including disability benefits for civilians, carers' benefits, social pensions and allowances, veterans' pensions, additional social benefits, 14 th month and additional amounts.		

The average pension: considering that income-based pensions (INPS and schemes) are on average more "generous" than those calculated with the contribution-based method⁵⁴, that this concept applies even more to the self-employed and agricultural workers, that many pensions are supplemented by welfare benefits and that, in many cases, the average contributions for some categories of workers are even lower than the deductible ceiling of 5,164 euros envisaged for complementary retirement, the Reports has calculated the average amount of benefits and the ratio of average pension vs. average income in **Table 12.12** . The top position in the ranking belongs to notaries (benefits completely financed by contributions), followed by university professors, journalists, managers and aviation fund members (mainly Alitalia); then by chartered accountants and lawyers, telephone workers and accountants.

Among Constitutional entities and bodies (Chapter 7.1), the first place in the ranking belongs to the Judges of the Constitutional Court with 200,000 euros, followed by retired senators (over 91

⁵⁴ The greatest advantages derive from welfare, supplementary and average benefits; pensions above 5,500 euros per month with taxes have lower advantages when their amount goes up; even with an equal level of contributions, public sector employees and members of special funds (transportation, telephony, aviation, FFSS, ex Inpdai), have higher pensions vs. private sector employees who are members of FPLD; farmers, tenant farmers and sharecroppers have far higher pension benefits with respect to the contributions they paid; following the law of 1991, pensions for the self-employed are generously calculated with the income-based method; over 50% of the Inps old-age pensions are paid by general taxes.

thousand euros per year), deputies and councillors; notaries are followed by Supreme Court pensioners with more than 68,000 euros per year, then by the retired staff of the Chamber of Deputies, the Senate and the Presidency of the Republic together with journalists. Retired employees of the Sicily Region are very well “placed”.

Tab. 12.12 – Average pension amounts by category of workers

CATEGORIE DI LAVORATORI	Pensione Media 2014 (1)	Pensione Media 2015 (1)	Reddito Medio 2014	Reddito Medio 2015	Rapporto tra PM e RM 2014 %	Rapporto tra PM e RM 2015 %
NOTAI	76.940	77.740	139.990	144.450	54,96	53,82
DOCENTI UNIVERSITARI		65,00				
GIORNALISTI	54.060	52.060	67.700	67.680	79,85	76,92
DIRIG AZIENDE EX INPDAI	50.090	51.020	159.400	148.660	31,42	34,32
Fondo VOLO	45.440	45.580	19.980	17.560	227,43	259,57
COMMERCIALISTI	36.200	36.220	59.810	59.570	60,52	60,80
AVVOCATI	27.000	27.250	38.630	37.510	69,89	72,65
LAVORATORI TELEFONICI	26.110	26.260	38.210	37.640	68,33	69,77
RAGIONIERI	26.300	25.830	55.280	53.870	47,58	47,95
INGEGNERI, ARCHITETTI	18.950	19.140	25.530	23.930	74,23	79,98
DIPENDENTI STATALI	26.010	24.680	35.190	33.260	73,91	74,20
EX FERROVIE dello STATO	21.740	22.000	41.300	46.760	52,64	47,05
LAVORATORI TRASPORTI	21.340	21.460	31.130	30.440	68,55	70,50
DIPENDENTI ENTI LOCALI	19.120	19.330	29.770	30.790	64,23	62,78
EX POSTE (IPOST)	18.000	18.060	28.110	28.250	64,03	63,93
LAVORATORI SPETTACOLO	16.010	16.040	16.530	13.450	96,85	119,26
GEOMETRI	13.330	13.460	20.140	19.090	66,19	70,51
DIPENDENTI PRIVATI (FPLD)	12.470	12.760	22.070	21.590	56,50	59,10
ARTIGIANI	11.260	11.460	20.740	20.720	54,29	55,31
COMMERCianti	10.360	10.570	20.780	20.760	49,86	50,92
CONSULENTI LAVORO	10.270	10.530	65.780	66.610	15,61	15,81
MEDICI	6.980	7.010	31.100	33.640	22,44	20,84
AGRICOLI CDCM	7.730	7.840	10.990	10.970	70,34	71,47
FARMACISTI	6.060	6.100	30.420	30.150	19,92	20,23
VETERINARI	5.740	5.740	16.630	16.350	34,52	35,11
NOTA: non vengono riportate le pensioni medie dei professionisti iscritti alla casse di cui al D. Lgs 103/96 poiché le relative gestioni sono di troppo recente istituzione e quindi scarsamente significative. (1) La Pensione media per tutti gli iscritti Inps è al lordo Gias						

Category of workers Average pension (thousands of euros) Average income AP/AI ratio

Notaries University professors Journalists ex Inpdai executives Aviation Fund Certified Accountants Lawyers Telephony workers
Accountants Engineers and Architects public employees ex FFSS Transportation workers employees of local authorities ex post
(ipost) workers entertainment workers surveyors private sector employees (Fpld) artisans retailers labour consultants doctors
CDCM agricultural workers pharmacists veterinary doctors

NOTE: the average pensions of the members of the privatized funds for professionals under LD 103/96 are not included, these schemes are too young and are not yet very significant. (1) The Average pension for all INPS fund members includes GIAS transfers.

All the novelties for 2017, in addition to those already in force in 2015/16, such as pension age and contribution requirements, transformation coefficients, pension adjustments, solidarity contributions, flexibility options (women’s, part time) **are shown in Appendix 1**, with various comments and insights. The number of pensions and pensioners, divided by the benefit amount, the average pensions and pensions for women are discussed in Chapter 7; the annuities and benefits of the constitutional entities are illustrated in Chapter 7.1.

Insight 2: 2017 pension rules and requirements

For in-depth information, please see Appendix 1 on the www.itinerariprevidenziali.it web site.

1) Seniority pension requirements

	All workers	Members post 31/12/1995
2012	42 years and 1 month (41 years and 1 month for women)	63 years***
2013	42 years and 5 months (41 years and 5 month for women)	63 years and 3 months
2014-2015	42 years and 6 months (41 years and 6 month for women)	63 years and 3 months
2016-2018 ****	42 years and 10 months (41 years and 10 months for women)	63 years and 7 months
2019-2020 *****	43 years and 2 months (42 years and 2 month for women)	63 years and 11 months

**** The figures for 2016-2018 are adjusted to the life expectancy calculated by ISTAT and established by the MD of December 16 2014 (O.J. of December 30 2014). ***** The figures indicated as of 2019 are adjusted to life expectancy on the basis of Istat estimates

2) Changes in retirement age

<i>Retirement year</i>	<i>Private sector employees</i>	<i>Public employees</i>	<i>Self-employed</i>
2014-2015	66 years and 3 months for men and 63 years and 9 months for women	66 years and 3 months for men and women	66 years and 3 months for men and 64 years and 9 months for women
2016-2017 ***	66 years and 7 months for men and 65 years and 7 months for women	66 years and 7 months for men and 66 years and 1 month for women	66 years and 7 months for men and 66 and 1 month for women
2018	66 years and 7 months for men and women	66 and 7 months men and women	66 and 7 months men and women
2019-2020	66 years and 11 months for men and women	66 years and 11 months for men and women	66 years and 11 months for men and women

*** The figures as of 2019 are adjusted to the life expectancy calculated by ISTAT

3) Benefit adjustment

For 2016: 100% of the ISTAT index up to 3 times the Inps minimum benefits; 20% above 3 and up to 4 times the minimum benefits; 10% above 4 and up to 5 the minimum benefits; 5% above 5 and up to 6 times the minimum benefits; ***no adjustment up to 6 times the minimum benefits***; in **2017**, the previous adjustment parameters were supposed to be reinstated, that is 100% of the cost of living for the pension share up to 3 times the minimum benefits; 90% on the pension share up to 3 and 5 times the minimum benefits; 75% on the pension share up to 5 times the minimum benefits. ***But the 2016 Stability Law extended the provisional parameters in force in 2015 until 2018.***

2015 Adjustment

Benefit amount until December 2014	Provisional increase	Final increase
Up to € 1.503	+ 0.30% (100% Istat)	+ 0.20% (100% Istat)
From € 1,503 to € 2.004	+ 0.285% (95% Istat)	+ 0.190% (95% Istat)
From € 2,004 to € 2,505	+ 0.225% (75% Istat)	+ 0.015% (75% Istat)
From € 2,505 to € 3,006	+ 0.0150% (50% Istat)	+ 0.01% (50% Istat)
Above € 3,006	+ 0.135% (45% Istat)	+ 0.09% (45% Istat)

4) Welfare benefit amounts

<i>Benefit</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Minimum benefits	500.88	502.39	501.38
Social allowance	447.17	448.52	447.62
Social pension	368.52	369.63	368.89
Former million per month	637.32	638.83	637.82
Disability pension for civilians	278.91	279.75	279.47
Carers' allowance	504.07	508.55	508.55

2016 pension adjustment: since the 2015 ISTAT inflation index was negative, as of January 1 2016 pensions have not been adjusted and therefore benefits have not increased. Moreover, since the provisional pension adjustment parameter was 0.3% in 2015 but was finally set by Istat at 0.2%, as of January 1 2016 benefits had to be reduced by the additional amounts paid in 2015, i.e. 0.1%. in order to avoid a negative adjustment; then the 2016 Stability Law established that in January the "correct" benefit amounts had to be paid on the basis of the final 2014 inflation rate, without withholding any sums referred to 2015. Pensions are supposed to be adjusted in 2017 even though this will not really happen because again this year the inflation index is equal to zero.

5) 2016 Gold pensions

Gross amount of pension benefits	Contribution to be paid
From 91,334 euros to 130,492 euros (between 14 and 20 times the minimum pension)=	6% of the amount exceeding 91,334 euros
From 130,492 euros to 195,737 euros (between 20 and 30 times the minimum pension)	12% of the amount exceeding 130,492
Above 195.737 (above 30 times the minimum pension)	18% of the amount above this figure

This contribution will cease as of 01.01.2017. According to the Inps Registry of Pensioners, the number of pensions on which the new solidarity contribution is to be paid amounts to about 48,000 out of over 16 million pensioners and over 23 million benefits paid. As expected, an appeal has been filed before the Constitutional Court and a final decision is still pending.

6) Maximum retirement contributions in 2017

The upper limit for retirement contributions sets the limit beyond which contributions are no longer due and the pension is calculated up to the maximum contribution-benefit level. This upper limit is adjusted every year to the ISTAT consumer price index and the 2016 limit amounted to 100,324 euros. This means, for example, that the annual benefit accrual rate in 2016 could not exceed 33,107 euros for employees and 22,724 euros for artisans and retailers, 33% and 22.65% respectively for this ceiling. ***This upper limit is not expected to change in 2017.***

7) Transformation coefficients

Old and new coefficients

Age	1996- 2009	2010 – 2012	2013 - 2015	2016 – 2018
57	4.720	4.419 (-6.38)	4.304 (-2.60)	4.246 (-1.35)
58	4.860	4.538 (-6.63)	4.416 (-2.69)	4.354 (-1.41)
59	5.006	4.664 (-6.83)	4.535 (-2.77)	4.468 (1.48)
60	5.163	4.798 (-7.07)	4.661 (-2.86)	4.589 (- 1.55)
61	5.334	4.940 (-7.39)	4.796 (-2.91)	4.719 (- 1.61)
62	5.514	5.093 (-7.64)	4.940 (-3.01)	4.856 (- 1.70)
63	5.706	5.257 (-7.87)	5.094 (-3.11)	5.002 (- 1.81)
64	5.911	5.432 (-8.10)	5.259 (-3.18)	5.159 (- 1.90)
65	6.136	5.620 (-8.41)	5.435 (-3.30)	5.326 (- 2.01)
66	-	-	5.624	5.506 (-2.01)
67	-	-	5.826	5.700 (- 2.17)
68	-	-	6.046	5.910 (- 2.25)
69	-	-	6.283	6.135 (- 2.36)
70	-	-	6.541	6.378 (- 2.50)

The figures in parentheses refer to the percentage reduction of coefficients vs. the ones used in the three previous years.

8) Contribution rates

In 2017, the contribution rates will change only for the self-employed.

Employed workers. The rate allocated to the pension fund remains at 33%, of which 23.81 to be paid by the employer and 9.19 by the worker (with the exception of the share to be paid by the employee that goes up to 10,19 % in 2017 for a monthly remuneration exceeding 3,844 euros).

Artisans and retailers. The Monti-Fornero reform envisages a gradual increase in the contribution rate by 0.45% as of 2013 up to 24% as of 2018. This means that in 2017, artisans will have to pay 23.55% of their stated income up to 46,123 euros and 24.55% on the income between 46,124 and 76,872 euros, the upper limit for 2017. While retailers, whose rate for 2017 is increased by 0.09% to be allocated to the fund for the rationalization of the commercial network (to promote the so-called scrapping of retail outlets) will have to pay 23,64% on their income up to 46,123 euros and 24.64% on their income between 46,123 and 76,872 euros. In 2017 the minimum taxable income for calculating the contribution rate remains equal to 15,548 euros; so, the minimum contribution (including maternity benefits) to be paid by artisans is 3,662 Euros; while that to the paid by retailers is 3,676 euros.

Atypical workers. In 2017 the contribution rate to be paid by atypical workers and partners increases by 1% to reach 32.72%. However, this rate remains at 24% for those who are already insured or have a direct pension. Finally, this rate drops to 25.72% for the VAT holders "safeguarded" by 2017 Budget Law.

Subjects	2016 contribution rate	2017 contribution rate
Employed workers	- 9.19% up to 46,123 euros - 10.19% from 46,123 euros	- 9.19% up to 46,123 euros - 10.19% from 46,123 euros
Artisans	- 23.10% up to 46,123 euro - 24.10% from 46,123 to 76,872 euro	- 23.55% up to 46,123 euros - 24.55% from 46.123 to 76,872 euros
Retailers	- 23.19% up to 46,123 euros - 24.19% from 46,123 to 76,872 euros	- 23.64% up to 46,123 euros - 24.64% from 46.123 to 76,872 euros
Atypical workers Vat holders not insured under the compulsory system or retired	- 27.72% up to the upper limit of 100,324 euros	- 25.72% up to the upper limit of 100,324 euros
Atypical workers not insured under the compulsory system or retired	- 31.72% up to the upper limit of 100,324 euros	- 32.72% up to the upper limit of 100,324 euros
Atypical workers insured under the compulsory system or retired	- 24.00% up to the upper limit of 100,324 euros	- 24.00% up to the upper limit of 100,324 euros
Partners	- 31.72% up to the upper limit of 100,324 euros	- 32.72% up to the upper limit of 100,324 euros

9) The 2017 Budget Law, new provisions in terms of welfare and pensions

APE (Advance benefit payment plan). As of May 1 2017, it will be possible to retire through Ape and receive the INPS payment through bank financing until the actual retirement requirements are reached. Three conditions have to be fulfilled: be at least **63 years of age**; reach the retirement requirements within **3 years and 7 months** and be entitled to a minimum pension of at least **703 euros** per month. Moreover, it is possible to receive Ape only with a premature death **insurance policy** so as to protect the survivor's rights. Once obtained, APE will be paid (tax free) for 12 months. The bank loan, including interest rates and the insurance premium, is to be repaid in 20 years. There is another type of plan called **social Ape** that is different from the "**voluntary**" plan because its charges are borne by the State. It is reserved to the following categories of workers: unemployed subjects whose INPS benefits have ceased for at least three months and with at least **30 years** of contribution; workers who have cared for a spouse or a first-degree disabled relative for at least six months (at least 30 years of contribution); subjects with a 74% disability profile and at least 30 years of contribution; employed workers who have continuously worked for at least six years in difficult and risky conditions (mining industry and construction workers, tanners, kindergarten teachers, etc.) with at least 36 years of contribution. The social Ape plan provides workers with a welfare benefit not exceeding **1,500 euros per month** until they reach the pension requirements.

Women's option. This new provision is addressed to female workers born in the last quarter of 1957 (1958 for self-employed women) who reached **the pension age requirements by 2015** and were excluded from the extension period envisaged under the 2016 Stability Law.

Early entrants in the labour market and demanding jobs. As of May 1 2017, those who paid contributions for at least 12 months related to actual work periods before 19 years of age can retire early with 41 years of contribution. The beneficiaries of the "discount" (minimum of 42 years and 10 months) are the same subjects entitled to social Ape (see above).

RITA. The 2017 budget law provides for the possibility of using all or part of the capital accumulated in a complementary pension scheme to get a monthly annuity until the pension requirements are fulfilled. This measure is called RITA, (advance temporary supplementary annuity) and is open to all workers over **63 years of age** who are members of a complementary pension scheme and who become eligible for old-age retirement within **3 years and 7 months** with at least **20 years** of contribution. RITA features a tax incentive, with a tax rate that can drop by **0.3%** per year from a maximum of **15%** for each year of participation in the complementary pension system after 15 years up to a minimum of **9%**.

Corporate welfare. The main novelties mainly refer to tax reliefs on **productivity bonuses**, with lower taxes for workers who earn up to **80,000 euros** per year (50,000 euros in 2016), with a maximum deduction of 3,000 euros (2,500 in 2016), that goes up to 4,000 euros (3,000 euro for 2016) for those who are involved in the corporate organization; productivity bonuses paid to pension funds are exempt from taxes even if the total contribution to the pension fund exceeds the maximum deductible limit of 5,164 euros; the same for health funds that have a ceiling of 3,615.20 euros. Productivity bonuses can also be used for long-term care (LTC) and for other forms of welfare. Most of the above-mentioned novelties can only be implemented through legislative decrees to be issued within 90 days after their publication in the OJ.

Tab. 1a - Contribution revenues, pension expenditure and welfare supplementary benefits (millions of euros) (1)

Tab. 1.a - Entrate contributive e spesa per pensioni e integrazioni assistenziali (milioni di euro) (1)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Lavoratori dipendenti privati (a)															
- contributi	79.518	83.160	85.415	91.200	93.298	96.960	102.908	111.086	111.099	112.369	115.206	117.037	116.419	115.881	117.099
- prestazioni	82.644	85.728	89.706	94.075	97.409	99.417	102.837	106.767	110.360	112.541	114.881	117.772	119.259	119.494	118.976
- saldi	-3.126	-2.568	-4.292	-2.875	-4.111	-2.457	71	4.319	739	-172	325	-734	-2.840	-3.613	-1.877
2. Lavoratori dipendenti pubblici															
- contributi (2)	32.168	32.953	33.738	35.758	36.015	39.769	38.611	41.713	41.533	41.522	40.774	39.251	38.246	38.164	37.891
- prestazioni (3)	39.723	41.561	43.115	44.325	46.152	48.355	50.636	53.079	55.938	58.402	60.631	63.015	64.304	65.039	66.871
- saldi	-7.555	-8.608	-9.377	-8.567	-10.137	-8.586	-12.026	-11.366	-14.405	-16.880	-19.858	-23.764	-26.058	-26.875	-28.980
3. Lavoratori autonomi															
3.1. Artigiani e commercianti															
- contributi	10.846	11.155	11.543	12.124	12.894	13.543	15.911	16.456	16.567	15.867	16.748	17.772	17.999	18.345	18.515
- prestazioni	10.501	11.368	12.313	13.183	14.513	15.540	16.581	17.527	18.531	19.258	19.979	20.611	21.238	21.365	21.562
- saldi	345	-213	-770	-1.060	-1.618	-1.997	-671	-1.071	-1.964	-3.391	-3.231	-2.839	-3.240	-3.020	-3.047
3.2. Coltiv.diretti, coloni e mezzadri															
- contributi	1.048	1.022	1.040	1.034	1.034	1.025	1.006	1.013	1.036	1.054	1.067	1.129	1.162	1.213	1.223
- prestazioni	2.475	2.637	2.579	2.853	2.855	3.380	3.511	3.475	3.336	3.835	3.966	4.533	4.277	4.359	4.355
- saldi	-1.427	-1.615	-1.539	-1.818	-1.820	-2.355	-2.505	-2.463	-2.299	-2.781	-2.899	-3.403	-3.116	-3.146	-3.133
4. Liberi professionisti (b)															
- contributi	2.950	3.325	3.492	3.920	4.222	4.665	4.981	5.275	5.590	5.917	6.377	6.697	7.155	7.318	7.557
- prestazioni	1.839	1.960	2.074	2.229	2.383	2.544	2.691	2.842	2.999	3.138	3.281	3.515	3.753	3.962	4.121
- saldi	1.111	1.366	1.418	1.690	1.839	2.121	2.289	2.433	2.592	2.778	3.096	3.182	3.402	3.356	3.436
5. Fondo clero															
- contributi	28	29	30	30	30	30	31	31	32	32	31	33	33	33	31
- prestazioni	77	83	82	85	90	89	93	96	99	99	99	100	103	102	102
- saldi	-50	-54	-52	-55	-60	-59	-62	-65	-67	-66	-68	-67	-70	-69	-70
6. Gestione lavoratori parasubordinati (c)															
- contributi	2.559	2.924	3.179	3.923	4.156	4.559	6.215	6.570	6.589	8.117	6.922	7.550	7.327	7.568	7.908
- prestazioni	5	17	22	44	71	116	174	236	302	385	457	467	554	625	711
- saldi	2.553	2.907	3.157	3.880	4.085	4.443	6.041	6.334	6.286	7.732	6.466	7.083	6.773	6.943	7.197
7. Tot. Integrativi (d)															
- contributi	647	639	645	745	799	859	861	868	836	892	892	937	1.022	1.069	1.106
- prestazioni	863	896	923	962	984	1.016	1.016	1.013	1.025	1.027	1.085	1.104	1.137	1.165	1.196
- saldi	-217	-257	-278	-217	-185	-157	-155	-144	-188	-136	-193	-167	-115	-96	-91
TOTALE GESTIONI PENSIONISTICHE															
- contributi	129.764	135.207	139.082	148.734	152.447	161.411	170.523	183.012	183.283	185.770	188.018	190.408	189.363	189.591	191.330
- prestazioni	138.128	144.249	150.815	157.757	164.457	170.458	177.540	185.035	192.590	198.685	204.379	211.117	214.626	216.112	217.895
- saldi	-8.365	-9.043	-11.733	-9.023	-12.010	-9.047	-7.017	-2.022	-9.307	-12.915	-16.362	-20.710	-25.263	-26.521	-26.565
Quota Gias per le gestioni pensionistiche (4) (5)	26.891	28.677	29.280	29.816	30.100	30.913	31.766	32.626	32.782	33.577	33.705	31.780	33.292	33.356	36.047
SPESA PENSIONISTICA	165.019	172.926	180.095	187.573	194.557	201.370	209.306	217.661	225.372	232.262	238.084	242.897	247.918	249.468	253.942
Spesa pensionistica in % del PIL															
- al lordo Gias	12,70	12,85	12,95	12,95	13,06	13,00	13,00	13,34	14,33	14,48	14,54	15,06	15,45	15,40	15,46
- al netto Gias	10,63	10,72	10,84	10,89	11,04	11,01	11,03	11,34	12,24	12,38	12,48	13,09	13,38	13,34	13,27

(1) Si tratta di pensioni di natura previdenziale (e quindi sono escluse le pensioni assistenziali quali: pensioni e assegni sociali, pensioni di guerra, pensioni di invalidità civile e di indennità di accompagnamento) nonché le pensioni indennitarie erogate dall'INAIL. Le entrate contributive delle gestioni previdenziali comprendono l'ammontare dei trasferimenti dallo stato (GIAS) dalla GPT (Gestione prestazioni temporanee) e dalle regioni (cifre minime) per coperture figurative, sgravi e agevolazioni contributive che per il 2011 ammontano a 15.613 milioni di euro, per il 2012 a 18.085 milioni di euro in crescita rispetto ai precedenti anni, per il 2013 a 17.453 milioni, per il 2014 a 16.791 e per il 2015 a 15.032,36 milioni (per dettaglio vedasi capitolo 2). La spesa per prestazioni è al netto dei trasferimenti a carico dello Stato (Gias) o di altre gestioni.

(2) E' escluso il contributo aggiuntivo a carico dello Stato previsto dalla L.335/95, che riguarda prevalentemente la Cassa pensioni dei dipendenti statali, pari a 44 mln. nel 1995, 4.719 mln. nel 1996, 5.538 mln. nel 1997, 6.876 mln. nel 1998, 8.227 mln. nel 1999, 8.724 mln. nel 2000, 8.671 mln. nel 2001, 9.153 mln. nel 2002, 8.789 mln. nel 2003, 8.833 mln. nel 2004, 8.447 mln. nel 2005, 9.147 mln. nel 2006, 10.089 mln. nel 2007, 8.523 nel 2008, 9.104 nel 2009, 9.700 nel 2010, 10.350 nel 2011, 10.500 nel 2012, 10.600 nel 2013, 10.800 nel 2014 e 10.800 nel 2015.

(3) Nel 2015 le prestazioni erogate ai dipendenti pubblici ammontano a 66.871 mln di cui 9.169,60 mln sono erogati a carico della GIAS, ex art.2, comma 4, della legge n.183/2011. Per coerenza con la serie storica dei precedenti esercizi, le prestazioni 2015 includono quindi 9.169,60 mln di euro di GIAS (quota che in passato era posta di fatto a carico dello Stato e che nella nuova gestione INPS viene classificata come GIAS). Pertanto l'importo effettivo delle prestazioni a carico della gestione ammonta a 59.701 milioni di euro.

(4) Il dato complessivo della GIAS per prestazioni pensionistiche (36.044 milioni di euro) va integrato con l'ammontare della quota GIAS di cui alla nota 3, per cui il valore totale della GIAS risulta di 45.213 milioni di euro (36.044 + 9.169).

(5) I principali interventi della GIAS (Gestione per gli interventi assistenziali), riguardano prevalentemente i prepensionamenti, la "quota parte" stabilita dall'art. 37 della legge 88/89, le pensioni di annata e le pensioni di invalidità anteriori alla legge 222/84. Quest'ultima voce fa seguito al nuovo riparto tra spesa previdenziale ed assistenziale stabilito dalla legge 449/97, art.59. I dati disaggregati GIAS sono analizzati nel presente rapporto al capitolo 2.

(a)) la voce "Lavoratori dipendenti privati" comprende gli iscritti a: FPLD, ENPALS, IPOST, INPGI Sostitutiva e tutti i Fondi Speciali di cui alla tabella B26 e B27, esclusi gli iscritti al Fondo Clero

(b) la voce comprende tutte le Casse di cui ai D.Lgs. 509/94 e 103/96, ad esclusione di INPGI Sostitutiva e ENASARCO (vedasi tab 1.b, 1.c, 1.d), non comprende altresì le gestioni FASC (Fondo Agenti Spedizionieri e Corrieri), ENPAIA (Ente Nazionale Previdenza per gli Addetti e gli Impiegati in Agricoltura) ed ONAOSI (Opera Nazionale Assistenza Orfani Medici Sanitari Italiani)

(c) la gestione è stata istituita a partire dal marzo 1996

(d) il Totale Integrativi comprende i Fondi Integrativi INPS (Fondo Gas, Fondo Esattoriale, Fondo Addetti alle Miniere, Fondo Enti Disciolti e Fondo per il personale del consorzio autonomo del porto di Genova e dell'ente autonomo del porto di Trieste) e i Fondi Integrativi delle Casse 509 (Fondazione Enpaia, Fasc ed Enasarco).

(e) i dati relativi agli anni precedenti possono aver subito piccole variazioni dovute ad assestamenti dei bilanci successivi.

1. Private sector employees (a): contributions, benefits, balance
2. Public sector employees: contributions (2), benefits (3), balance
3. Self-employed workers
- 3.1 Artisans and Retailers
- 3.2 Farmers, tenant farmers and sharecroppers
4. Professionals (b)
5. Clergy fund
6. Atypical workers (c)

7. Total supplementary benefits (d)

Total pension schemes

Gias transfers to pension schemes (4) and (5)

Pension expenditure

Pension expenditure as a % of GDP before GIAS and after GIAS

(1) Pension benefits (excluding welfare benefits such as: social pensions and allowances, veterans' pensions, disability pensions and carers' allowance) as well as indemnities paid by INAIL. The contribution revenues of pension schemes include the State transfers from GIAS, GPT and the Regions (very low sums) to pay for contributions and contribution rebates and incentives that amounted to 15,613 million in 2011, to 18,085 million in 2012, up vs. the previous years, to 17,453 million for 2013, to 16,791 million for 2014 and to 15,032.36 million for 2015 (see Chapter 2). Benefit expenditure is net of transfers from the State (GIAS) or from their entities.

(2) it excludes the additional contribution paid by the State as under Act 335/95 mainly for the fund of public employees, equal to 44 billion in 1995, to 4,719 billion in 1996, to 5,538 billion in 1997, to 6,876 billion in 1998, to 8,227 billion in 2000, to 8,671 billion in 2001, to 9,153 billion in 2002, to 8,789 in 2003, to 8,833 in 2004, to 8,447 billion in 2005, to 9,147 billion in 2006, to 10,089 billion in 2007, to 8,532 billion in 2008, to 9.104 billion in 2009, to 9,700 in 2010, to 10,350 billion in 2011, to 10,500 in 2012, to 10,600 in 2014 and to 10,800 in 2015.

(3) In 2015, the benefits provided to public employees amount to 66.871 billion of which 9,169.60 billion are transferred through GIAS (former Art. 2, par. 4 of act n. 183/2011). In order to be consistent with the historical series of the previous years, the 2015 benefits include 9,169.60 billion euros' worth of GIAS transfers (this was paid by the State in the past while, under the new INPS system, it is classified as GIAS. Therefore the real amount of benefits paid by this scheme amounts to 59,701 million euros.

(4) (5) the total GIAS benefit transfers (36,044 million euros) are mainly allocated to early retirement, to the "share" established under Art. 37 of Act 88/89, to yearly benefits and to disability pensions before Act 222/84. This last item derives from the new configuration of pension and welfare expenditure as provided for under Act 449/97 Art. 59. The GIAS disaggregated data are analysed in Chapter 2.

(a) Private sector employees include members of FPLD, ENPALS, IPOST, INPGI substitutive fund and of all the special funds indicated in tables B26 and B27, but not members of the Clergy fund. (b) This item includes all schemes as provided for under Leg. Decrees 509/95 and 103/94, except for INPGI substitutive fund and ENASARCO (see Tables 1b, 1c, 1d) and it does not include the following schemes: FASC (haulers and shippers), ENPAIA (agricultural workers) and ONAOSI (orphans of medical personnel) (c) it was founded in March 1996 (d) it includes all the INPS supplementary funds (gas sector, tax collectors, miners, dissolved entities, Trieste port) and the ones linked to the 509 funds (Enpaia, Fasc and Enasarco). (e) data related to the p[revious years which may have changed slightly due to adjustments to the accounts.

Tab 2a - Revenues/expenditure balance and its weight on pension expenditure (1)

Tab. 2.a - Incidenza percentuale dei saldi tra entrate e uscite sulla spesa per pensioni (1)															
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Lavoratori dipendenti privati	-3,78	-3,00	-4,78	-3,06	-4,22	-2,47	0,07	4,05	0,67	-0,15	0,28	-0,62	-2,38	-3,02	-1,58
2. Lavoratori dipendenti pubblici	-19,02	-20,71	-21,75	-19,33	-21,97	-17,76	-23,75	-21,41	-25,75	-28,90	-32,75	-37,71	-40,52	-41,32	-43,34
3.1. Artigiani e commercianti	3,28	-1,88	-6,25	-8,04	-11,15	-12,85	-4,04	-6,11	-10,60	-17,61	-16,17	-13,78	-15,25	-14,14	-14,13
3.2. Coltiv.diretti, coloni e mezzadri	-57,65	-61,24	-59,67	-63,74	-63,77	-69,68	-71,34	-70,86	-68,93	-72,51	-73,09	-75,08	-72,84	-72,18	-71,93
4. Liberi professionisti	60,44	69,68	68,35	75,82	77,17	83,38	85,06	85,63	86,42	88,54	94,36	90,52	90,65	84,72	83,38
5. Fondo clero	-64,17	-65,57	-63,80	-64,55	-66,96	-66,56	-66,73	-67,73	-67,98	-67,14	-68,31	-67,32	-67,86	-67,82	-69,26
6. Lavoratori Parasubordinati	46.902,20	17.559,17	14.117,84	8.877,43	5.726,29	3.815,43	3.472,11	2.686,00	2.078,45	2.009,08	1.415,51	1.516,77	1.222,85	1.110,96	1.011,97
7. Totale Integrativi	-25,08	-28,69	-30,11	-22,55	-18,85	-15,48	-15,26	-14,26	-18,38	-13,19	-17,77	-15,16	-10,11	-8,24	-7,57
TOTALE	-6,06	-6,27	-7,78	-5,72	-7,30	-5,31	-3,95	-1,09	-4,83	-6,50	-8,01	-9,81	-11,77	-12,27	-12,19
(1) Vedasi note in tab.1.a															

Private sector employees Public sector employees Self-employed workers Artisans and Retailers Farmers, tenant farmers and sharecroppers Professionals Clergy fund Atypical workers Total supplementary benefits Total (1) See note in Table 1a

Tab. 3a – Contribution revenues/pension expenditure ratios (%) (1)

Tab. 3.a - Rapporti tra entrate contributive e spesa per pensioni (valori percentuali) (1)															
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Lavoratori dipendenti privati	96,22	97,00	95,22	96,94	95,78	97,53	100,07	104,05	100,67	99,85	100,28	99,38	97,62	96,98	98,42
2. Lavoratori dipendenti pubblici	80,98	79,29	78,25	80,67	78,03	82,24	76,25	78,59	74,25	71,10	67,25	62,29	59,48	58,68	56,66
3.1. Artigiani e commercianti	103,28	98,12	93,75	91,96	88,85	87,15	95,96	93,89	89,40	82,39	83,83	86,22	84,75	85,86	85,87
3.2. Coltiv.diretti, coloni e mezzadri	42,35	38,76	40,33	36,26	36,23	30,32	28,66	29,14	31,07	27,49	26,91	24,92	27,16	27,82	28,07
4. Liberi professionisti	160,44	169,68	168,35	175,82	177,17	183,38	185,06	185,63	186,42	188,54	194,36	190,52	190,65	184,72	183,38
5. Fondo clero	35,83	34,43	36,20	35,45	33,04	33,44	33,27	32,27	32,02	32,86	31,69	32,68	32,14	32,18	30,74
6. Lavoratori Parasubordinati	47.002,20	17.659,17	14.217,84	8.977,43	5.826,29	3.915,43	3.572,11	2.786,00	2.178,45	2.109,08	1.515,51	1.616,77	1.322,85	1.210,96	1.111,97
7. Totale Integrativi	74,92	71,31	69,89	77,45	81,15	84,52	84,74	85,74	81,62	86,81	82,23	84,84	89,89	91,76	92,43
TOTALE GESTIONI PENSIONISTICHE	93,94	93,73	92,22	94,28	92,70	94,69	96,05	98,91	95,17	93,50	91,99	90,19	88,23	87,73	87,81
(1) Vedasi note in tab.1.a															

(1) Vedasi note in tab.1.a

Private sector employees public employees Artisans and Retailers Farmers, Tenant farmers and Sharecroppers Professionals Clergy fund Atypical workers Total supplementary benefits Total pension schemes (1) see note in Table 1.a

Tab. 7a: Former Special Funds - pension revenues and expenditure (absolute and % figures)

Tabella 7.a: Ex Fondi Speciali - uscite ed entrate previdenziali (valori assoluti e percentuali)																
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Trasporti																
Uscite Previdenziali	(mln)	1.902	1.926	2.010	2.037	2.084	2.136	2.194	2.233	2.275	2.275	2.281	2.287	2.272	2.258	2.220
% di variazione		3,2%	1,3%	4,3%	1,4%	2,3%	2,5%	2,7%	1,8%	1,8%	0,0%	0,2%	0,3%	-0,6%	-0,6%	-1,7%
Entrate Previdenziali	(mln)	1.049	984	1.059	1.137	1.113	1.145	1.183	1.208	1.217	1.276	1.247	1.266	1.077	1.225	1.193
% di variazione		3,6%	-6,2%	7,7%	7,3%	-2,1%	2,9%	3,3%	2,1%	0,8%	4,8%	-2,3%	1,5%	-15,0%	13,8%	-2,6%
Elettrici																
Uscite Previdenziali	(mln)	1.863	1.961	2.095	2.148	2.206	2.249	2.298	2.335	2.380	2.394	2.434	2.481	2.488	2.489	2.471
% di variazione		6,3%	5,3%	6,8%	2,5%	2,7%	1,9%	2,2%	1,6%	1,9%	0,6%	1,7%	1,9%	0,3%	0,0%	-0,7%
Entrate Previdenziali	(mln)	1.502	1.463	746	616	688	636	588	715	612	609	650	573	566	550	508
% di variazione		-0,2%	-2,6%	-49,0%	-17,4%	11,8%	-7,7%	-7,5%	21,5%	-14,4%	-0,5%	6,7%	-11,8%	-1,2%	-2,9%	-7,6%
Telefonici																
Uscite Previdenziali	(mln)	1.109	1.168	1.244	1.349	1.435	1.512	1.595	1.674	1.741	1.775	1.805	1.828	1.855	1.896	1.911
% di variazione		8,0%	5,3%	6,4%	8,5%	6,4%	5,4%	5,5%	4,9%	4,0%	1,9%	1,7%	1,3%	1,4%	2,2%	0,8%
Entrate Previdenziali	(mln)	852	848	773	787	785	802	791	746	739	736	688	684	567	606	590
% di variazione		-5,5%	-0,5%	-8,8%	1,7%	-0,2%	2,2%	-1,4%	-5,6%	-0,9%	-0,4%	-6,5%	-0,5%	-17,2%	7,0%	-2,7%
Inpdai																
Uscite Previdenziali	(mln)	3.449	3.729	3.908	4.356	4.444	4.648	4.863	5.076	5.306	5.453	5.565	5.679	5.608	5.603	5.561
% di variazione		6,6%	8,1%	4,8%	11,5%	2,0%	4,6%	4,6%	4,4%	4,5%	2,8%	2,1%	2,1%	-1,3%	-0,1%	-0,8%
Entrate Previdenziali	(mln)	2.823	3.269	3.419	2.924	2.578	2.363	2.265	2.343	2.197	2.069	2.001	1.965	1.798	1.867	1.668
% di variazione		-2,0%	15,8%	4,6%	-14,5%	-11,8%	-8,4%	-4,2%	3,4%	-6,2%	-5,8%	-3,3%	-1,8%	-8,5%	3,8%	-10,7%

Transportation fund: benefit expenditure % variation Electricity fund Telephony fund Inpdai

Tab. 4a - Contributions, number of pensions, average contribution and average pension

Tab. 4.a - Contribuenti, numero pensioni, contribuzione media e pensione media															
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NUMERO CONTRIBUENTI															
Lavoratori dipendenti privati	12.518.733	12.719.822	12.847.140	12.896.698	12.984.240	13.070.300	13.307.817	13.443.003	13.289.751	13.101.546	13.678.610	13.670.958	13.460.007	13.436.733	14.169.127
Lavoratori dipendenti pubblici	3.283.000	3.283.000	3.250.000	3.270.720	3.395.000	3.412.000	3.384.000	3.360.000	3.333.800	3.292.101	3.233.542	3.104.027	3.039.536	3.225.629	3.252.300
Artigiani	1.839.912	1.848.240	1.862.427	1.892.514	1.902.172	1.881.488	1.893.677	1.901.972	1.889.651	1.856.000	1.849.827	1.817.900	1.772.677	1.736.086	1.688.692
Commercianti	1.796.087	1.817.814	1.832.989	1.910.779	1.974.225	1.992.286	2.023.292	2.044.212	2.085.648	2.081.116	2.156.669	2.178.319	2.193.118	2.172.825	2.160.100
Coliv.diretti, coloni e mezzadri	623.508	599.413	576.006	553.259	535.574	519.094	500.263	486.450	477.016	469.940	463.300	459.760	457.261	453.108	448.409
Liberi professionisti	801.856	846.058	890.596	928.641	963.679	996.081	1.025.622	1.058.815	1.089.759	1.124.079	1.145.148	1.169.294	1.199.391	1.262.100	1.285.940
di cui Medici	303.637	307.558	314.906	320.579	327.558	332.834	337.798	342.260	346.255	348.846	353.172	354.553	354.993	356.375	360.845
Fondo clero	20.790	20.800	20.800	20.800	19.950	19.630	19.910	19.960	19.730	19.980	19.510	19.590	19.420	18.896	17.997
Lavoratori Parasubordinati	1.402.330	1.660.884	1.828.770	1.747.535	1.787.500	1.789.000	1.808.000	1.821.000	1.730.000	1.709.000	1.741.000	1.707.000	1.563.000	1.526.000	1.441.000
Totale Integrativi	302.671	303.596	304.429	301.493	299.312	295.652	293.595	288.842	279.557	315.781	310.863	305.352	337.183	340.831	326.992
NUMERO PENSIONI															
Lavoratori dipendenti privati	10.775.747	10.777.442	10.728.152	10.699.700	10.590.218	10.573.071	10.521.071	10.448.975	10.337.226	10.221.809	10.085.713	9.894.939	9.707.722	9.563.003	9.399.853
Lavoratori dipendenti pubblici	2.366.211	2.397.250	2.431.682	2.464.278	2.490.120	2.539.499	2.612.100	2.648.091	2.690.513	2.738.598	2.784.844	2.812.839	2.812.575	2.838.799	2.863.744
Artigiani	1.207.169	1.251.240	1.302.016	1.353.892	1.407.114	1.459.884	1.512.816	1.541.060	1.568.633	1.597.186	1.618.276	1.624.415	1.639.469	1.645.881	1.661.182
Commercianti	1.076.385	1.110.531	1.147.234	1.185.661	1.226.200	1.269.264	1.312.216	1.330.725	1.344.720	1.374.824	1.378.068	1.381.283	1.389.691	1.389.386	1.393.301
Coliv.diretti, coloni e mezzadri	2.012.883	1.994.360	1.974.507	1.975.891	1.926.039	1.905.413	1.890.905	1.848.424	1.805.043	1.772.324	1.728.800	1.677.800	1.632.974	1.586.636	1.536.355
Liberi professionisti	219.602	226.094	232.201	237.627	246.334	253.533	262.846	269.493	275.946	282.803	294.710	311.357	325.358	342.606	353.540
di cui Medici	121.322	125.459	128.871	132.446	137.911	141.386	146.544	148.790	152.308	156.051	162.386	173.370	179.262	185.056	191.522
Fondo clero	15.313	14.704	14.501	13.941	14.279	14.672	14.785	14.630	14.566	14.487	14.271	14.095	13.863	13.788	13.499
Lavoratori Parasubordinati	12.720	22.465	35.361	51.971	78.246	120.064	157.941	184.483	208.250	232.195	256.392	275.931	301.840	331.077	361.232
Totale Integrativi	145.935	148.936	150.955	152.374	154.158	154.413	153.717	152.305	151.548	150.435	138.486	140.170	157.459	159.082	161.020
CONTRIBUZIONE MEDIA (€)															
Lavoratori dipendenti privati	5.602,16	5.786,80	5.889,73	6.290,57	6.378,42	6.559,42	6.946,10	7.402,51	7.202,18	7.405,68	7.313,32	7.272,17	7.417,22	7.419,11	7.250,40
Lavoratori dipendenti pubblici	9.798,38	10.037,54	10.380,93	10.932,80	10.608,17	11.655,66	11.409,84	12.414,65	12.458,15	12.612,71	12.609,63	12.645,33	12.582,97	11.831,53	11.650,48
Artigiani	2.937,91	2.942,08	3.018,83	3.068,80	3.183,53	3.406,06	4.055,48	4.169,86	4.166,72	3.955,40	4.080,48	4.408,00	4.517,12	4.676,77	4.770,69
Commercianti	3.000,89	3.114,10	3.196,63	3.275,96	3.434,77	3.551,19	4.038,18	4.138,23	4.137,33	4.065,26	4.209,83	4.412,48	4.489,09	4.641,33	4.714,50
Coliv.diretti, coloni e mezzadri	1.513,72	1.529,14	1.622,24	1.671,35	1.731,53	1.769,45	1.823,83	1.858,28	1.941,70	2.005,44	2.049,80	2.202,07	2.312,81	2.472,50	2.542,40
Liberi professionisti	3.566,72	3.799,80	3.802,06	4.098,19	4.265,66	4.566,67	4.750,49	4.880,65	5.030,25	5.166,68	5.477,30	5.644,41	5.888,45	5.725,88	5.805,90
di cui Medici	3.621,11	3.683,62	3.830,49	4.435,71	4.565,85	4.910,62	5.194,41	5.339,93	5.660,67	5.888,30	6.039,48	5.066,72	6.066,72	6.066,72	7.066,72
Fondo clero	1.332,61	1.373,85	1.423,08	1.445,38	1.492,83	1.513,14	1.557,46	1.549,90	1.610,04	1.575,48	1.609,37	1.664,27	1.707,01	1.739,91	1.735,48
Lavoratori Parasubordinati	1.824,68	1.760,30	1.738,54	2.245,06	2.325,23	2.548,60	3.437,31	3.607,79	3.808,61	4.749,63	3.960,26	4.404,56	4.670,74	4.942,15	5.469,82
Totale Integrativi	2.019,40	1.975,90	2.002,26	2.334,22	2.526,73	2.757,80	2.782,66	2.850,60	2.830,38	2.684,38	2.828,59	3.026,01	2.994,17	3.100,50	3.343,73
PENSIONE MEDIA (€) (1)															
Lavoratori dipendenti privati	9.018,15	9.415,54	9.808,20	10.185,77	10.500,36	10.832,78	11.203,07	11.567,57	12.116,53	12.359,60	12.666,08	12.887,35	13.399,84	13.686,06	13.993,36
Lavoratori dipendenti pubblici	16.101,03	17.068,16	17.153,78	17.727,85	18.184,07	18.695,57	19.357,32	19.844,19	20.786,44	21.309,37	21.848,84	22.364,81	22.680,38	24.051,61	23.374,24
Artigiani	6.725,48	7.183,80	7.592,28	7.956,35	8.319,08	8.661,40	9.019,67	9.374,90	9.797,23	10.031,82	10.407,08	10.687,37	11.056,32	11.264,31	11.462,69
Commercianti	5.966,20	6.363,46	6.751,88	7.108,29	7.477,37	7.817,19	8.171,06	8.504,31	8.932,46	9.142,58	9.534,85	9.796,51	10.147,93	10.362,19	10.568,00
Coliv.diretti, coloni e mezzadri	5.100,17	5.354,46	5.602,88	5.786,81	5.970,96	6.151,24	6.339,57	6.520,54	6.790,20	6.909,95	7.031,81	7.155,81	7.580,53	7.730,75	7.844,13
Liberi professionisti	8.189,05	8.497,26	8.801,90	9.246,98	9.550,65	9.758,29	9.986,34	10.357,26	10.707,38	10.377,47	10.888,48	11.056,89	11.435,67	11.483,89	11.519,46
di cui Medici	6.069,28	6.184,02	6.250,42	6.430,42	6.440,97	6.319,37	6.305,34	6.527,86	6.628,33	5.653,15	6.649,63	6.700,89	6.936,27	6.980,12	7.010,02
Fondo clero	5.983,94	6.198,79	6.384,11	6.575,93	6.726,10	6.720,35	7.025,57	7.145,59	7.399,35	7.446,40	7.570,60	7.784,25	8.018,00	8.093,57	8.097,77
Lavoratori Parasubordinati	394,42	500,73	603,32	734,10	880,62	955,25	1.071,92	1.206,21	1.417,82	1.563,61	1.683,59	1.832,56	1.977,50	2.074,19	2.159,35
Totale Integrativi	5.805,83	5.924,94	6.156,56	6.346,99	6.333,61	6.455,27	6.524,79	6.592,91	7.506,69	6.731,81	6.315,88	6.510,41	6.846,10	7.076,07	7.208,73
(1) Importi delle pensioni in pagamento a fine anno															

Number of contributors private sector employees public employees artisans retailers farmers, tenant farmers and sharecroppers
professionals of whom doctors Clergy fund atypical workers total supplementary benefits Number of pensions Average
contributions Average pension (1) (1) amounts of benefits to be paid at the end of the year

Tab. 5a - Base-100 indices of contributors, number of pensions, average contribution and average pensions

Tab. 5.a - Indici a base 100 dei contribuenti, numero pensioni, contribuzione media e pensione media															
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NUMERO CONTRIBUENTI															
Lavoratori dipendenti privati	102,45	104,09	105,13	105,54	106,26	106,96	108,90	110,01	108,76	107,22	111,94	111,88	110,15	109,96	115,95
Lavoratori dipendenti pubblici	96,30	96,30	95,34	95,94	99,59	100,09	99,27	98,56	97,79	96,57	94,85	91,05	89,16	94,62	95,40
Artigiani	98,55	99,00	99,76	101,37	101,88	100,78	101,43	101,87	101,21	99,41	99,08	97,37	94,95	92,99	90,45
Commercianti	110,53	111,87	112,80	117,59	121,49	122,60	124,51	125,80	128,35	128,07	132,72	134,05	134,96	133,71	132,93
Coltiv.diretti, coloni e mezzadri	51,70	49,70	47,76	45,88	44,41	43,04	41,48	40,34	39,55	38,97	38,42	38,12	37,92	37,57	37,18
Liberi professionisti	159,50	168,30	177,16	184,72	191,69	198,14	204,01	210,62	216,77	223,60	227,79	232,59	238,58	251,05	255,80
di cui Medici	121,84	123,42	126,37	128,64	131,44	133,56	135,55	137,34	138,95	139,99	141,72	142,28	142,45	143,01	144,80
Fondo clero	81,08	81,12	81,12	81,12	77,81	76,56	77,65	77,85	76,95	77,93	76,09	76,40	75,74	73,70	70,19
Lavoratori Parasubordinati	167,14	197,96	217,97	208,29	213,05	213,23	215,49	217,04	206,20	203,69	207,51	203,46	186,29	181,88	171,75
Totale Integrativi	108,34	108,67	108,97	107,92	107,14	105,83	105,09	103,39	100,07	113,03	111,27	109,30	120,69	122,00	117,04
NUMERO PENSIONI															
Lavoratori dipendenti privati	106,96	106,97	106,49	106,20	105,12	104,95	104,43	103,71	102,61	101,46	100,11	98,22	96,36	94,92	93,30
Lavoratori dipendenti pubblici	154,32	156,34	158,59	160,71	162,40	165,62	170,35	172,70	175,47	178,60	181,62	183,44	183,43	185,14	186,76
Artigiani	173,19	179,52	186,80	194,25	201,88	209,45	217,05	221,10	225,05	229,15	232,18	233,06	235,22	236,14	238,33
Commercianti	159,94	165,01	170,47	176,18	182,20	188,60	194,98	197,73	199,81	204,28	204,76	205,24	206,49	206,45	207,03
Coltiv.diretti, coloni e mezzadri	113,59	112,55	111,43	111,51	108,69	107,53	106,71	104,31	101,86	100,02	97,56	94,68	92,15	89,54	86,70
Liberi professionisti	155,19	159,78	164,10	167,93	174,08	179,17	185,75	190,45	195,01	199,86	208,27	220,04	229,93	242,12	249,85
di cui Medici	168,48	174,22	178,96	183,93	191,52	196,34	203,51	206,62	211,51	216,71	225,50	240,76	248,94	256,99	265,97
Fondo clero	109,50	105,15	103,70	99,69	102,11	104,92	105,73	104,62	104,16	103,60	102,05	100,79	99,13	98,60	96,53
Lavoratori Parasubordinati	256,50	453,01	713,07	1.048,01	1.577,86	2.421,13	3.184,94	3.720,17	4.199,44	4.682,29	5.170,24	5.564,25	6.086,71	6.676,29	7.284,37
Totale Integrativi	154,18	157,35	159,48	160,98	162,86	163,13	162,40	160,91	160,11	158,93	146,31	148,09	166,35	168,07	170,11
CONTRIBUZIONE MEDIA															
Lavoratori dipendenti privati	228,73	236,27	240,48	256,84	260,43	267,82	283,61	302,24	294,06	302,37	298,60	296,92	302,84	302,92	296,03
Lavoratori dipendenti pubblici	278,53	285,33	295,09	310,77	301,55	331,32	324,33	352,90	354,13	358,53	358,44	359,45	357,68	336,32	331,17
Artigiani	285,66	286,06	293,53	298,38	309,54	331,18	394,32	405,44	405,14	384,59	396,75	428,60	439,21	454,73	463,86
Commercianti	290,02	300,96	308,94	316,60	331,95	343,20	390,27	399,94	399,85	392,89	406,86	426,44	433,85	448,56	455,63
Coltiv.diretti, coloni e mezzadri	400,33	404,41	429,03	442,02	457,93	467,96	482,34	491,46	513,52	530,37	198,10	212,82	223,52	238,95	245,71
Liberi professionisti	203,92	217,24	217,37	234,30	243,88	261,09	271,60	279,04	287,59	295,39	313,15	322,70	336,66	327,36	331,94
di cui Medici	214,73	218,43	227,14	263,03	270,75	291,19	308,02	316,64	335,67	349,17	358,13	300,45	359,75	359,75	419,05
Fondo clero	237,74	245,10	253,88	257,86	266,32	269,95	277,85	276,51	287,23	281,07	287,12	296,91	304,53	310,41	309,61
Lavoratori Parasubordinati	152,53	147,15	145,33	187,67	194,37	213,04	287,33	301,58	318,37	397,03	331,05	368,19	390,44	413,12	457,23
Totale Integrativi	164,57	161,02	163,17	190,22	205,91	224,74	226,77	232,31	230,66	218,76	230,51	246,60	244,01	252,67	272,49
PENSIONE MEDIA(1)															
Lavoratori dipendenti privati	195,58	204,19	212,71	220,90	227,72	234,93	242,96	250,87	262,77	268,04	274,69	279,49	290,60	296,81	303,47
Lavoratori dipendenti pubblici	187,31	198,56	199,55	206,23	211,54	217,49	225,19	230,85	241,81	247,90	254,17	260,17	263,85	279,80	271,92
Artigiani	238,17	254,40	268,86	281,76	294,60	306,72	319,41	331,99	346,95	355,25	368,54	378,47	391,53	398,90	405,93
Commercianti	223,22	238,08	252,61	265,95	279,75	292,47	305,71	318,18	334,19	342,06	356,73	366,52	379,67	387,69	395,39
Coltiv.diretti, coloni e mezzadri	168,16	176,55	184,74	190,80	196,87	202,82	209,03	215,00	223,89	227,84	231,85	235,94	249,95	254,90	258,64
Liberi professionisti	239,64	248,66	257,58	270,60	279,49	285,56	292,24	303,09	313,34	303,68	318,64	323,57	334,65	336,06	337,10
di cui Medici	237,33	241,81	244,41	251,45	251,86	247,11	246,56	255,26	259,19	221,05	260,02	262,02	271,23	272,94	274,11
Fondo clero	165,50	171,44	176,57	181,87	186,03	185,87	194,31	197,63	204,65	205,95	209,39	215,29	221,76	223,85	223,97
Lavoratori Parasubordinati	-	100,00	120,49	146,60	175,87	190,77	214,07	240,89	283,15	312,26	336,22	365,97	394,92	414,23	431,24
Totale Integrativi	178,62	182,29	189,42	195,27	194,86	198,61	200,74	202,84	230,95	207,11	194,32	200,30	210,63	217,71	221,79
(1) Importi delle pensioni in pagamento a fine anno															
(*) L'indice a base 100 è calcolato a partire dal 1989															

Number of contributors private sector employees public employees artisans retailers farmers, tenant farmers and sharecroppers
professionals of whom doctors Clergy fund atypical workers Total supplementary benefits Number of pensions Average
contributions **Average** pension (1) (1) amounts of benefits to be paid at the end of the year (*) the 100-base index has
been used since 1989

Tab. 6a – Ratio of the number of pensions vs. contributors and of average pension vs. average income (%)

Tab. 6.a - Rapporto numero pensioni/contribuenti e pensione media/reddito medio (valori percentuali)																
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
RAPPORTO TRA NUMERO PENSIONI E CONTRIBUENTI (1)																
Lavoratori dipendenti privati	86,08	84,73	83,51	82,96	81,56	80,89	79,06	77,73	77,78	78,02	73,73	72,38	72,12	71,17	66,34	
Lavoratori dipendenti pubblici	72,07	73,02	74,82	75,34	73,35	74,43	77,19	78,81	80,70	83,19	86,12	90,62	92,53	88,01	88,05	
Artigiani	65,61	67,70	69,91	71,54	73,97	77,59	79,89	81,02	83,01	86,06	87,48	89,36	92,49	94,80	98,37	
Commercianti	59,93	61,09	62,59	62,05	62,11	63,71	64,86	65,10	64,47	66,06	63,90	63,41	63,37	63,94	64,50	
Coltiv.diretti, coloni e mezzadri	322,83	332,72	342,79	357,14	359,62	367,07	377,98	379,98	378,40	377,14	373,15	364,93	357,12	350,17	342,62	
Liberi professionisti	27,39	26,72	26,07	25,59	25,56	25,45	25,63	25,45	25,32	25,16	25,74	26,63	27,13	27,15	27,49	
di cui Medici	39,96	40,79	40,92	41,31	42,10	42,48	43,38	43,47	43,99	44,73	45,98	48,90	50,50	51,93	53,08	
Fondo clero	73,66	70,69	69,72	67,02	71,57	74,74	74,26	73,30	73,83	72,51	73,15	71,95	71,39	72,97	75,01	
Lavoratori Parasubordinati	0,91	1,35	1,93	2,97	4,38	6,71	8,74	10,13	12,04	13,59	14,73	16,16	19,31	21,70	25,07	
Totale Integrativi	48,22	49,06	49,59	50,54	51,50	52,23	52,36	52,73	54,21	47,64	44,55	45,90	46,70	46,67	49,24	
RAPPORTO TRA PENSIONE MEDIA AL NETTO GIAS E REDDITO MEDIO																
Lavoratori dipendenti privati	42,88	43,07	43,98	43,35	44,81	44,26	44,20	43,27	48,95	49,20	49,01	51,20	51,78	55,13	57,33	
Lavoratori dipendenti pubblici	57,43	58,45	57,49	54,86	58,29	55,75	56,71	53,77	56,25	56,42	56,84	58,36	60,21	66,28	68,79	
Artigiani	26,48	27,80	28,65	29,49	30,55	30,28	29,03	30,13	31,39	33,63	33,56	33,68	34,47	34,40	34,42	
Commercianti	25,27	25,77	26,16	26,95	27,58	27,50	27,70	28,76	30,05	31,00	31,23	32,98	33,66	33,34	33,57	
Coltiv.diretti, coloni e mezzadri	14,70	16,66	16,03	17,29	17,02	20,08	20,21	19,98	18,77	22,83	26,99	31,09	28,54	25,00	25,85	
Liberi professionisti	29,38	31,11	32,03	33,52	32,54	33,42	32,62	33,69	35,37	36,63	34,14	34,59	35,48	36,86	36,94	
di cui Medici	25,90	28,52	28,01	28,26	24,70	25,79	25,18	25,53	25,72	24,61	22,44	22,80	22,34	22,35	20,82	
Fondo clero	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lavoratori Parasubordinati	2,72	5,10	4,55	5,96	6,17	5,99	6,56	7,53	8,31	9,42	9,97	9,29	9,96	10,00	10,48	
Totale Integrativi	31,91	33,26	33,54	32,15	31,53	30,65	30,84	30,14	30,81	35,18	38,36	36,08	29,46	31,62	29,73	
RAPPORTO TRA PENSIONE MEDIA AL LORDO GIAS E REDDITO MEDIO (2)																
Lavoratori dipendenti privati	52,61	53,23	54,15	53,21	54,77	54,46	54,31	53,04	59,95	60,37	59,93	61,84	62,84	66,95	70,84	
Lavoratori dipendenti pubblici	57,43	58,45	57,49	54,86	58,29	55,75	56,71	53,77	56,25	56,42	56,84	58,36	60,21	66,28	68,79	
Artigiani	30,79	32,78	33,45	34,21	35,03	34,61	33,20	34,49	35,75	38,24	38,28	38,64	39,60	40,03	40,70	
Commercianti	29,52	30,38	30,56	31,27	31,67	31,50	31,78	33,04	34,32	35,42	35,50	36,85	37,99	37,66	38,29	
Coltiv.diretti, coloni e mezzadri	52,69	57,14	56,13	55,41	54,58	54,23	53,69	53,97	52,75	54,94	63,04	61,94	60,44	50,74	51,94	
Liberi professionisti	29,40	31,13	32,05	33,54	32,56	33,44	32,63	33,70	35,38	36,66	34,16	34,61	35,48	36,86	36,94	
di cui Medici	25,90	28,52	28,01	28,26	24,70	25,79	25,18	25,53	25,72	24,61	22,46	22,84	22,34	22,35	20,82	
Fondo clero	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lavoratori Parasubordinati	2,72	5,10	4,55	5,96	6,17	5,99	6,59	7,65	8,59	9,84	10,50	9,86	10,67	10,67	11,48	
Totale Integrativi	32,23	33,62	33,91	32,49	31,86	30,97	31,17	30,48	31,17	35,61	38,77	36,46	29,75	31,92	30,10	

(1) A titolo esemplificativo per i lavoratori dipendenti privati, per il 2015 sono in pagamento 66,64 prestazioni per ogni 100 lavoratori attivi. Ciò significa che abbiamo 1, 507 lavoratori attivi per ogni pensionato.

(2) A titolo esemplificativo per i lavoratori dipendenti privati, per il 2015 la pensione è uguale al 70, 84 % di un lavoratore attivo.

Ratio of the number of pensions/ vs. the number of active workers (1) private sector employees public employees artisans retailers farmers, tenant farmers and sharecroppers professionals of whom doctor's clergy fund atypical workers total supplementary benefits

Ratio of the average pension net of GIAS transfers vs. average income Ratio of the average pension gross of GIAS transfers vs. average income (2) (1) for private sector employees, in 2015, 66.64 benefits were paid for every 100 active workers, which means 1,507 active workers for each pensioner. (2) For private sector employees, in 2015 the pension was equal to 70.84% of one active worker.

Tab. B26a - Benefits and contributions of the compulsory pension system in 2014 (absolute figures)

**Tabella B.26.a - Prestazioni e contributi del sistema pensionistico obbligatorio
(valori assoluti)**

Anno	uscite			entrate			
	numero di pensioni	pensione media	spesa al netto trasferimenti (1)	numero di contribuenti	contributo medio	redditi e proventi patrimoniali	contributi e trasferimenti (2)
2014	mgl	mgl €	mln €	mgl	mgl €	mln €	mln €
Dipendenti Privati	9.563,00	13,69	119.494,14	13.436,73	7,42	87,15	115.880,89
<i>Dipendenti privati INPS</i>	<i>9.352,90</i>	<i>13,57</i>	<i>116.446,91</i>	<i>13.008,28</i>	<i>7,44</i>	<i>1,07</i>	<i>112.888,45</i>
Fondo Pensioni Lavoratori Dip.	8.707,95	12,47	98.887,84	12.734,30	7,22	1,06	107.884,96
Fondo Trasporti	106,66	21,34	2.258,47	104,16	10,62	-	1.225,00
Fondo Telefonici	73,55	26,11	1.895,63	46,35	13,05	-	606,45
Fondo Elettrici	98,81	25,60	2.489,30	33,70	16,13	-	550,06
Fondo Volo	6,59	45,44	291,42	9,61	8,08	-	112,93
Fondo Imposte di consumo	8,28	18,03	147,29	0,01	26,66	-	0,37
Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
Dipendenti delle FFSS	224,49	21,74	4.873,82	48,35	13,26	-	641,25
Istituto Dirigenti di Azienda	126,58	50,09	5.603,14	31,80	57,73	0,01	1.867,43
Altri Fondi Dip. Privati	66,83	20,70	1.309,05	278,61	5,32	79,85	1.500,41
Istituto Giornalisti	8,23	54,06	447,34	15,89	22,64	45,46	359,78
Ente Lavoratori Spettacolo	58,59	16,01	861,71	262,72	4,27	34,40	1.140,86
Fondi ex Aziende Autonome	143,28	18,00	1.738,18	149,84	9,93	6,22	1.492,03
Dipendenti delle Poste e Tel.	143,28	18,00	1.738,18	149,84	9,93	6,22	1.492,03
Dipendenti Pubblici	2.838,80	24,05	65.039,41	3.225,63	11,83	5,51	38.164,13
Cassa Dipendenti Enti Locali	1.061,34	19,12	20.080,17	1.282,18	9,92	3,44	12.722,28
Cassa Insegnanti di Asilo	15,16	17,62	260,47	33,67	6,55	0,02	220,70
Cassa Sanitari	69,12	53,59	3.638,08	116,83	28,38	1,76	3.315,09
Cassa Ufficiali Giudiziari	2,93	19,10	55,52	4,06	14,30	0,00	58,04
Dipendenti dello Stato	1.690,24	26,01	41.005,16	1.788,89	12,21	0,29	21.848,03
Autonomi e Professionisti	5.161,76	10,28	29.686,16	5.624,12	4,72	1.207,20	26.875,64
<i>Autonomi INPS</i>	<i>4.819,15</i>	<i>10,19</i>	<i>25.724,61</i>	<i>4.362,02</i>	<i>4,43</i>	<i>3,50</i>	<i>19.558,02</i>
Fondo Artigiani	1.645,88	11,26	11.739,37	1.736,09	4,68	0,14	8.198,15
Fondo Commercianti	1.389,39	10,36	9.625,99	2.172,83	4,64	3,27	10.147,02
Fondo CDCM (3)	1.586,64	7,73	4.359,25	453,11	2,47	0,09	1.212,85
Liberi Professionisti	342,61	11,48	3.961,56	1.262,10	5,73	1.203,69	7.317,61
Casse priv. 509 (escluso ENPAM)	145,97	17,93	2.647,65	726,39	6,32	663,70	4.682,50
ENPAM	185,06	6,98	1.286,29	356,38	6,30	451,73	2.246,32
Casse priv. 103	11,58	2,39	27,62	179,34	2,17	88,26	388,79
Fondo Clero	13,79	8,09	102,16	18,90	1,74	-	32,88
Gestione Parasubordinati	331,08	2,07	624,99	1.526,00	4,94	895,79	7.568,30
Totale Integrativi	159,08	7,08	1.165,13	340,83	3,10	314,12	1.069,13
Sistema Pens. Obblig. di Base	18.067,51	14,19	216.112,00	24.172,21	7,16	2.509,77	189.590,96

(1) a carico dello Stato o altre gestioni (prevalentemente Gias pari a 24.418,64 milioni per FPLD; 39,26 milioni per il Fondo Trasporti; 31,90 milioni per il Fondo Telefonici; 57,02 milioni per il Fondo Elettrici; 9,01 per il Fondo Volo; 4,32 per il Fondo Imposte di Consumo; 46,15 per il Fondo Dipendenti delle FFSS; 94,75 per l'Istituto Dirigenti di Azienda; 82,88 per ENPALS; 838,66 per il Fondo IPOST; 1.923,23 per il Fondo Artigiani; 1.246,75 per il Fondo Commercianti; 4.488,52 per il fondo CDCM; 10,84 per il Fondo Clero; 52,50 per la Gestione Parasubordinati; 11,11 per i Fondi Integrativi INPS).

(2) a carico dello Stato o altre gestioni (sottocontribuzioni, fiscalizzazione oneri sociali ecc.).

(3) nel numero delle pensioni, 1.586.640, sono comprese 386.668 pensioni ante 1/1/1989 in carico alla GIAS, mentre nell'importo di 4.359,25 milioni non sono compresi 2.158 milioni contabilizzati nella GIAS.

(4) il Fondo è confluito in FPLD nel 2013.

Tab. B26b - Benefits and contributions of the compulsory pension system in 2014 (absolute figures)

**Tabella B.26.b - Prestazioni e contributi del sistema pensionistico obbligatorio
(valori in %)**

	Anno	Rapporto tra prestazioni e contributi (spesa al lordo GIAS)	Rapporto contabile tra prestazioni e contributi (spesa al netto GIAS) (1)	Aliquota di equilibrio contabile (1)	Rapporto tra pensioni e contribuenti	Rapporto tra pensione media e contributo medio	Rapporto contabile pensione media e reddito medio (1)	Rapporto tra proventi patrimoniali ed entrate contributive (2)
	2014							
Dipendenti Privati		145,57	103,12	39,23	71,17	144,89	55,13	0,08
<i>Dipendenti privati INPS</i>		145,94	103,15	39,48	71,90	143,47	54,91	0,00
Fondo Pensioni Lavoratori Dip.		134,16	91,66	35,19	68,38	134,04	51,46	0,00
Fondo Trasporti		207,77	184,37	69,64	102,40	180,05	68,01	-
Fondo Telefonici		318,71	312,58	107,04	158,69	196,98	67,45	-
Fondo Elettrici		468,48	452,55	148,97	293,19	154,35	50,81	-
Fondo Volo		386,82	258,05	151,78	68,61	376,13	221,24	-
Fondo Imposte di consumo		40.621,28	39.463,64	18.411,00	59.135,71	66,73	31,13	-
Fondo Enti Pubblici Creditizi (4)		-	-	-	-	-	-	-
Dipendenti delle FFSS		767,24	760,05	244,06	464,30	163,70	52,56	-
Istituto Dirigenti di Azienda		310,39	300,05	110,54	398,04	75,38	27,77	0,00
<i>Altri Fondi Dip. Privati</i>		93,93	87,25	24,16	23,99	363,75	100,73	5,32
Istituto Giornalisti		124,33	124,33	41,58	51,82	239,96	80,24	12,63
Ente Lavoratori Spettacolo		84,17	75,53	19,84	22,30	338,68	88,98	3,02
<i>Fondi ex Aziende Autonome</i>		173,16	116,50	41,27	95,62	121,84	43,16	0,42
Dipendenti delle Poste e Tel.		173,16	116,50	41,27	95,62	121,84	43,16	0,42
Dipendenti Pubblici		170,42	170,15	58,33	88,01	193,33	66,28	0,01
Cassa Dipendenti Enti Locali		157,83	157,28	52,60	82,78	190,01	63,55	0,03
Cassa Insegnanti di Asilo		118,02	117,87	37,80	45,03	261,74	83,94	0,01
Cassa Sanitari		109,74	109,28	38,08	59,16	184,71	64,36	0,05
Cassa Ufficiali Giudiziari		95,67	95,67	39,38	72,30	132,32	54,46	0,00
Dipendenti dello Stato		187,68	187,66	65,15	94,49	198,62	68,95	0,00
Autonomi e Professionisti		140,65	110,46	23,61	81,40	135,70	29,01	4,49
<i>Autonomi INPS</i>		172,75	131,53	29,87	97,09	135,47	30,76	0,02
Fondo Artigiani		168,27	143,20	32,61	94,80	151,04	34,40	0,00
Fondo Commercianti		107,81	94,87	21,32	63,94	148,36	33,34	0,03
Fondo CDCM		789,76	359,42	87,54	350,17	102,64	25,00	0,01
<i>Liberi Professionisti</i>		54,83	54,14	10,01	27,15	199,43	36,86	16,45
Casse priv. 509 (escluso ENPAM)		57,67	56,54	10,27	20,10	281,38	51,10	14,17
ENPAM		57,26	57,26	11,61	51,93	110,27	22,35	20,11
Casse priv. 103		7,10	7,10	1,01	6,46	110,01	15,69	22,70
Fondo Clero		343,69	310,73	-	72,97	425,84	-	0,14
Gestione Parasubordinati		8,98	8,26	2,17	21,70	-	10,00	11,84
Totale Integrativi		111,31	108,98	14,76	46,67	233,49	31,62	29,38
Sistema Pens. Obblig. di Base		144,17	113,95	37,36	72,33	157,55	51,65	1,32

(1) il rapporto è stato calcolato tenendo conto degli importi di pensione media al netto dell'intervento GIAS. Per una valutazione complessiva degli interventi a carico GIAS confrontare la nota 1 della Tab. B26a.

(2) a carico dello Stato o altre gestioni (sottocontribuzioni, fiscalizzazione oneri sociali ecc.).

(3) Sono ex Fondi Speciali e autonomi (nel caso INPDAl) confluiti in FPLD con contabilità separate. Tuttavia dalla data di confluenza nel FPLD i nuovi iscritti e i relativi contributi sono contabilizzati nel FPLD e non nelle contabilità separate.

Tab. B27a - Benefits and contributions of the compulsory pension system in 2014 (absolute figures)

Tabella B.27.a - Prestazioni e contributi del sistema pensionistico obbligatorio (valori assoluti)								
	Anno	uscite			entrate			
		numero di pensioni	pensione media	spesa al netto trasferimenti (1)	numero di contribuenti	contributo medio	redditi e proventi patrimoniali	contributi e trasferimenti (2)
	2015	mgl	mgl €	mln €	mgl	mgl €	mln €	mln €
Dipendenti Privati		9.399,85	13,99	118.976,01	14.169,13	7,25	156,69	117.099,23
<i>Dipendenti privati INPS</i>		<i>9.188,02</i>	<i>13,88</i>	<i>115.829,18</i>	<i>13.728,51</i>	<i>7,26</i>	<i>40,29</i>	<i>114.010,07</i>
	Fondo Pensioni Lavoratori Dip.	8.546,31	12,75	98.429,34	13.461,40	7,06	40,29	109.209,84
	Fondo Trasporti	104,99	21,46	2.219,74	103,50	10,39	-	1.193,36
	Fondo Telefonici	74,32	26,26	1.910,94	45,82	12,85	-	590,28
	Fondo Elettrici	98,49	26,22	2.471,41	30,40	16,60	-	508,29
	Fondo Volo	6,90	45,58	273,00	10,32	8,04	-	143,94
	Fondo Imposte di consumo	7,99	18,07	142,77	0,01	5,03	-	0,04
	Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
	Dipendenti delle FFSS	221,53	22,00	4.821,47	46,41	15,01	-	696,53
	Istituto Dirigenti di Azienda	127,50	51,02	5.560,53	30,65	54,18	0,00	1.667,78
<i>Altri Fondi Dip. Privati</i>		<i>67,07</i>	<i>20,79</i>	<i>1.329,43</i>	<i>297,01</i>	<i>5,45</i>	<i>114,51</i>	<i>1.638,80</i>
	Istituto Giornalisti	8,86	52,06	463,75	15,46	22,72	95,27	351,25
	Ente Lavoratori Spettacolo	58,21	16,04	865,68	281,55	4,50	19,24	1.287,68
<i>Fondi ex Aziende Autonome</i>		<i>144,77</i>	<i>18,06</i>	<i>1.817,39</i>	<i>143,61</i>	<i>10,07</i>	<i>1,89</i>	<i>1.450,35</i>
	Dipendenti delle Poste e Tel.	144,77	18,06	1.817,39	143,61	10,07	1,89	1.450,35
Dipendenti Pubblici		2.863,74	23,37	66.871,31	3.252,30	11,65	13,30	37.890,85
	Cassa Dipendenti Enti Locali	1.074,55	19,33	20.706,55	1.220,00	10,26	0,01	12.516,37
	Cassa Insegnanti di Asilo	15,49	17,89	272,94	30,00	6,77	0,01	203,13
	Cassa Sanitari	71,58	54,41	3.800,42	118,00	28,10	13,22	3.315,50
	Cassa Ufficiali Giudiziari	2,98	19,29	57,03	4,30	14,38	-	61,83
	Dipendenti dello Stato	1.699,15	24,68	42.034,38	1.880,00	11,59	0,07	21.794,02
Autonomi e Professionisti		5.087,43	10,45	30.038,59	5.583,14	4,81	1.419,70	27.294,87
<i>Autonomi INPS</i>		<i>4.733,89</i>	<i>10,36</i>	<i>25.917,54</i>	<i>4.297,20</i>	<i>4,51</i>	<i>18,75</i>	<i>19.737,53</i>
	Fondo Artigiani	1.661,18	11,46	11.849,33	1.688,69	4,77	7,07	8.203,26
	Fondo Commercianti	1.393,30	10,57	9.712,75	2.160,10	4,71	7,98	10.311,72
	Fondo CDCM (3)	1.536,36	7,84	4.355,46	448,41	2,54	3,70	1.222,54
<i>Liberi Professionisti</i>		<i>353,54</i>	<i>11,52</i>	<i>4.121,05</i>	<i>1.285,94</i>	<i>5,81</i>	<i>1.400,95</i>	<i>7.557,34</i>
	Casse priv. 509 (escluso ENPAM)	148,89	18,19	2.747,75	739,72	6,32	926,63	4.768,37
	ENPAM	191,52	7,01	1.340,98	360,85	6,58	394,62	2.375,70
	Casse priv. 103	13,14	2,46	32,32	185,37	2,23	79,70	413,28
Fondo Clero		13,50	8,10	101,60	18,00	1,74	-	31,23
Gestione Parasubordinati		361,23	2,16	711,21	1.441,00	5,47	490,45	7.908,43
Totale Integrativi		161,02	7,21	1.196,22	326,99	3,34	310,56	1.105,71
Sistema Pens. Obblig. di Base		17.886,78	14,29	217.894,93	24.790,56	7,12	2.390,69	191.330,31

(1) a carico dello Stato o altre gestioni (prevalentemente Gias pari a 26.574,73 milioni per FPLD; 91,89 milioni per il Fondo Trasporti; 62,42 milioni per il Fondo Telefonici; 99,09 milioni per il Fondo Elettrici; 15,93 per il Fondo Volo; 6,96 per il Fondo Imposte di Consumo; 143,13 per il Fondo Dipendenti delle FFSS; 119,73 per l'Istituto Dirigenti di Azienda; 90,78 per ENPALS; 828,17 per il Fondo IPOST; 2.161,81 per il Fondo Artigiani; 1363,69 per il Fondo Commercianti; 4395,49 per il fondo CDCM; 10,43 per il Fondo Clero; 67,36 per la Gestione Parasubordinati; 12,73 per i Fondi Integrativi INPS). Per i soli Dipendenti Pubblici la spesa di 66.871,31 milioni è comprensiva della quota dei trasferimenti a carico GIAS- vedasi nota (3) in Tab. 1A.

(2) a carico dello Stato o altre gestioni (sottocontribuzioni, fiscalizzazione oneri sociali ecc.).

(3) nel numero delle pensioni, 1.536.355, sono comprese 342.075 pensioni ante 1/1/1989 in carico alla GIAS, mentre nell'importo di 4.345,86 milioni non sono compresi 1.941 milioni contabilizzati nella GIAS.

(4) il Fondo è confluito in FPLD nel 2013.

year expenditure: number of pensions-average pension- expenditure net of transfers (1) revenues: number of contributors-average contribution-income and assets-contributions and transfers (2)private sector employees INPS private sector employees FPLD Transportation fund Telephony fund Electricity fund Aviation fund Tax collectors' fund for public credit institutions (4) FFSS employees executives
Other funds for private sector employees: journalists, entertainment workers funds for former autonomous companies post and telephony employees
Public employees fund for employees of local authorities fund for kindergarten teachers fund for health care workers scheme for judicial officials
State employees Self-employed workers and professionals INPS self-employed workers artisans retailers CDCM (3) Professionals 509 Privatized funds (excluding ENPAM) ENPAM 103 Privatized funds Clergy fund Fund for atypical workers Total supplementary benefits Basic compulsory pension system

(1) Paid by the State or by other schemes (mainly GIAS equal to 26,574.73 million for FPLDP, 91.89 million for the transportation fund; 62.42. for the telephony fund; 99.08 for the electricity fund; 15.93 for the aviation fund; 6.96 for tax collectors; 143.13 for FFSS employees; 119.73 for the fund for executives; 90.78 for ENPALS; 828.17 for the IPOST fund; 2,168.81 for the fund for artisans; 1,363.69 for the fund for retailers; 4,395.49 for the CDCM fund; 10.43 for the clergy fund; 67.36 for the fund for atypical workers; 12.73 for the INPS supplementary funds). For public employees, the expenditure of 66,871.3 million euros includes GIAS transfers. See note (3)

(2) paid by the State or by other schemes (under contribution, rebates of contribution charges etc.).

(3) the number of pensions (1,536,355) included 342,075 pensions before 1/1/1989 paid by GIAS, while the amount of 4,345.8 million does not include the 1,941 million in the GIAS accounts.

(4) This fund was integrated into FPLD in 2013.

Tab. B. 27.b - Benefits and contributions of the compulsory pension system in 2015 (% figures)

Tabella B.27.b - Prestazioni e contributi del sistema pensionistico obbligatorio
(valori in %)

Anno	Rapporto tra prestazioni e contributi (spesa al lordo GIAS)	Rapporto contabile tra prestazioni e contributi (spesa al netto GIAS) (1)	Aliquota di equilibrio contabile (1)	Rapporto tra pensioni e contributi	Rapporto tra pensione media e contributo medio	Rapporto contabile pensione media e reddito medio (1)	Rapporto tra proventi patrimoniali ed entrate contributive (2)
2015							
Dipendenti Privati	143,10	101,60	38,04	66,34	153,15	57,33	0,13
<i>Dipendenti privati INPS</i>	143,42	101,60	38,11	66,93	151,80	56,95	0,04
Fondo Pensioni Lavoratori Dip.	131,50	90,13	33,87	63,49	141,96	53,35	0,04
Fondo Trasporti	214,96	186,01	70,45	101,44	183,37	69,45	-
Fondo Telefonici	335,24	323,73	110,81	162,19	199,60	68,32	-
Fondo Elettrici	509,25	486,22	159,16	323,97	150,08	49,13	-
Fondo Volo	348,38	189,66	150,63	66,82	283,85	225,42	-
Fondo Imposte di consumo	372.436,77	355.121,18	203.018,55	99.912,50	355,43	203,20	-
Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
Dipendenti delle FFSS	712,76	692,21	222,18	477,34	145,01	46,55	-
Istituto Dirigenti di Azienda	342,07	333,41	122,03	415,98	80,15	29,34	0,00
<i>Altri Fondi Dip. Privati</i>	87,77	81,12	27,51	22,58	359,26	121,85	6,99
Istituto Giornalisti	-	-	-	-	-	77,36	27,12
Ente Lavoratori Spettacolo	75,49	67,23	22,87	20,67	325,17	110,61	1,49
<i>Fondi ex Aziende Autonome</i>	182,90	125,31	44,80	100,80	124,31	44,44	0,13
Dipendenti delle Poste e Tel.	182,90	125,31	44,80	100,80	124,31	44,44	0,13
Dipendenti Pubblici	176,48	176,33	60,57	88,05	200,26	68,79	0,04
Cassa Dipendenti Enti Locali	165,44	165,16	55,12	88,08	187,52	62,58	0,00
Cassa Insegnanti di Asilo	134,36	134,27	43,05	51,62	260,13	83,40	0,00
Cassa Sanitari	114,63	114,25	39,83	60,66	188,33	65,66	0,40
Cassa Ufficiali Giudiziari	92,23	92,23	40,50	69,21	133,27	58,52	-
Dipendenti dello Stato	192,87	192,86	67,23	90,38	213,39	74,38	0,00
Autonomi e Professionisti	141,40	110,05	23,96	82,43	133,51	29,07	5,20
<i>Autonomi INPS</i>	174,60	131,31	30,58	98,87	132,81	30,92	0,09
Fondo Artigiani	173,92	144,45	33,86	98,37	146,84	34,42	0,09
Fondo Commercianti	108,77	94,19	21,66	64,50	146,03	33,57	0,08
Fondo CDCM	767,60	356,26	88,56	342,62	103,98	25,85	0,30
<i>Liberi Professionisti</i>	55,20	54,53	10,15	27,49	198,34	36,94	18,54
Casse priv. 509 (escluso ENPAM)	58,76	57,62	10,70	20,13	286,30	53,16	19,43
ENPAM	56,45	56,45	11,05	53,08	106,35	20,82	16,61
Casse priv. 103	7,82	7,82	1,17	7,09	110,34	16,50	19,29
Fondo Clero	358,67	325,28	-	75,01	433,66	-	0,14
Gestione Parasubordinati	9,88	8,99	2,63	25,07	-	10,48	6,20
Totale Integrativi	110,75	108,19	14,64	49,24	219,70	29,73	28,09
Sistema Pens. Obblig. di Base	143,90	113,86	37,32	70,19	162,21	53,17	1,25

(1) ad eccezione dei Dipendenti Pubblici, il rapporto è stato calcolato tenendo conto degli importi di pensione media al netto dell'intervento GIAS. Per una valutazione complessiva degli interventi a carico GIAS confrontare la nota 1 della Tab. B27a.

(2) a carico dello Stato o altre gestioni (sottocontribuzioni, fiscalizzazione oneri sociali ecc.).

(3) Sono ex Fondi Speciali e autonomi (nel caso INPDAI) confluiti in FPLD con contabilità separate. Tuttavia dalla data di confluenza nel FPLD i nuovi iscritti e i relativi contributi sono contabilizzati nel FPLD e non nelle contabilità separate.

year benefit/contribution ratio (with GIAS)) benefit/contribution accounting ratio (1) accounting equilibrium rate (1) contributors/pensioners ratio
 average pension/average contribution ratio average pension/average income accounting ratio (1) assets/contribution revenues ratio (2) expenditure :
 number of pensions average pension expenditure net of transfers (1) revenues: number of contributors average contribution income and assets
 contributions and transfers (2) private sector employees INPS private sector employees FPLD Transportation fund Telephony fund Electricity fund
 Aviation fund fund for consumption tax collectors fund for public credit institutions (4) FFSS employees executives
 Other funds for private sector employees journalists entertainment workers funds for former autonomous companies post and telephony employees
 Public employees fund for employees of local authorities fund for kindergarten teachers fund for health care workers scheme for judicial officials
 State employees Self-employed workers and professionals INPS self-employed workers artisans retailers CDCM fund Professionals 509 funds
 (except for ENPAM) ENPAM 103 funds Clergy fund Atypical workers Total supplementary benefits compulsory pension system
 (1) this ratio was calculated considering the average pension net of GIAS transfers. For a more precise idea of GIAS transfers please refer to note 1 of
 Table B.26.a.
 (2) paid by the State or by other schemes (under contributions, rebates on social charges etc..)
 (3) Former Special Funds (as in the case of INPDAl) merged into FPLD with separate accounts. However, as of the date of the merger, the new
 members and their contributions are charged on the FPLD accounts and not in the separate accounts.