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THE ITALIAN PENSION SYSTEM

Financial and demographic trends of the pension and
welfare system in 2016

Curated by the Research and Study Centre of Itinerari Previdenziali

Under the Aegis of the Ministry of Labour and Social Policies



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- Tables from 1a to 7a, between **1989 – 2000, historical series**;
- Detailed Tables on public system indicators from B1a and B1b to B26a and B26b; **historical series**
- Graphs from 1989 to 2016 on the number of pensions, number of members, average pension and average contribution of Privatized Funds for Liberal Professionals;
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Introduction

This is the fifth edition of the Report on the *"Italian pension system"*, the only publication which provides an overview of the complex pension system in Italy and a **reclassification of pension expenditure** within the state budget in one single document. These data can then be used by analysts and policy makers to manage pension expenditure which accounts for almost half of public expenditure as a whole.

While the IV report focused on pension and welfare expenditure for each Region with a different perspective for experts and decision makers, the V Report provides an analysis of pension and welfare benefits for certain categories of workers who still have a favourable treatment and of benefits paid abroad and to immigrants.

Until 2012, this Report was drafted by the Social Security Expenditure Evaluation Unit (Nuvasp) under Act n. 335/1995 (Dini reform) and was 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 cash flow regionalization technique.

Since 2014, the task of processing the data and of drafting the Reports has been fulfilled by the *Technical and Scientific Committee* and by the experts of the *Research and Study Centre of Itinerari Previdenziali* (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 *V 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 the basis of homogeneous time series². The retrospective analysis is up to 2016, the last year for which there are available data on the financial statements of the entities that make up the Italian system. This 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 privatized professional pension schemes under Legislative Decrees n. 509/1994 and n.103/1996.

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

The analysis of the results of the individual schemes is preceded by a unique evaluation of the general expenditure trends of the compulsory pension system over a time period of **28 years**. As a result, the Report is able to highlight short, medium and long term trends also in terms of financial sustainability and of adequacy of benefits on the basis of public and complementary substitution rates and total expenditure/GDP ratios.

Moreover, the overview of the pension and welfare system is supplemented by some data on the “life annuities” received by Italian and European MPs and by regional council members, as well as the benefits for some public officials working with the Constitutional Court, the Presidency of the Republic, the Chamber of Deputies and the Senate, other institutions and for privileged categories. The available data are sometimes not fully complete because these institutions often 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.

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 data until 31 December 2010. In 2012, Nusvap'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 necessary data processing to compare homogeneous time series was carried out by Nuvasp and later by the Itinerari Previdenziali Research and Study Centre.

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”.

Moreover, 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, of Inail and of health expenditure.

Finally, 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 2016 and 2017. All this provides a thorough picture of the "**Italian welfare system**".

1. Population and Employment

Population and employment are fundamental elements for the development of social protection systems and even more so for pay-as-you-go pension systems. There is no social protection without employment. This is the reason why the Report starts with an overview of these two crucial factors also due to the great confusion over employment (many and often conflicting data) and over life expectancy (the dispute between social partners and Istat also on calculation methods).

1.1. Population trends

1.1.1. A longer life expectancy

After a short “break” in 2015, the life expectancy of the Italian population resumed its growth in 2016. While this is an established, comforting and promising trend, it is crucial to thoroughly assess these population changes in Italy and how to manage these new equilibriums.

The data on the survival rate of the Italian population show that in the last four decades, life expectancy at birth increased **from 69.6 years in 1976 to 80.6 in 2016 for men and from 76.1 to 85.1 for women**¹. Life expectancy is also becoming longer for adults and elderly people. It will suffice to think that, over this period of time, a 65-year-old individual had an extension of his or her life expectancy by about 5-6 years and an 80-year-old subject by 3 years throughout the national territory, from North to South.

While this was a significant and consistent trend in the last four decades, it showed some minor changes due to extraordinary factors such as particular weather conditions (the so-called “killer summer” of 2003 or more recently in 2015) or due to concurrent unfavourable events: low immunization rates in late 2014 as well as difficulties (and cuts) in the national health system. These two factors mainly hit the most fragile individuals (often with fewer resources) between 75 and 95 years of age which resulted in an additional number of deaths equal to 54,000 in 2015 with respect to the previous year².

In any case, apart from these hopefully short setbacks linked to adverse events, the trends observed in the last decades seem to suggest that for Italians “*each passing day is not a day lost*”. For example, by comparing the life expectancy of a baby boy born in 2005 with that of a 10-year-old boy in 2015 it is possible to see that it “only” moved from 78.1 to 70.5 years. This means that, in ten years, this boy has only consumed 7.6 years of his life expectancy capital and that over 90% of the 2.4 years “saved” is due to the higher survival rate of the population. Similarly, a 20-year-old man is estimated to have 1.8 years more in the same time period and for the same reason. Generally, women show less dramatic increases because the female population already has much more favourable survival rates.

1.1.2. A more “mature” population

This longer life expectancy is a major achievement for mankind. However, it is not without consequences. The recent changes in Italy, and in many other Western countries, have given a major boost to the aging of the population with a progressive growth in the number of elderly people (generally individuals above 65 years of age). In fact, in the last 2-3 decades, the percentage of people above 64 years of age increased from 15% in 1991 (already way above 8.2% in 1951) to **22.3% in January 2017**³. At the same time, a fast but lower growth rate was observed among “very old people”. In particular, today the people above 90 years of age (723,000) account for **1.2%** of the total population, while they accounted for 0.4% in 1991 and only for **0.06% in 1951**. At the same time, the number of subjects above 100 years of age grew from 3,000 people to 17,000 over the same period.

The population is aging due to the combined action of different demographic factors: the first cause is the growth of life expectancy among elderly people. This phenomenon is called “**top-down aging**” and is

¹ Istat (2017a), *Population Indicators. Estimates for 2016*, Report, March 6 2017, p.7 <http://www.istat.it>

² Istat (2016), *Population Indicators. Estimates for 2015*, Report, February 19 2016, p.5 <http://www.istat.it>

³ Istat 2017, p. 3.

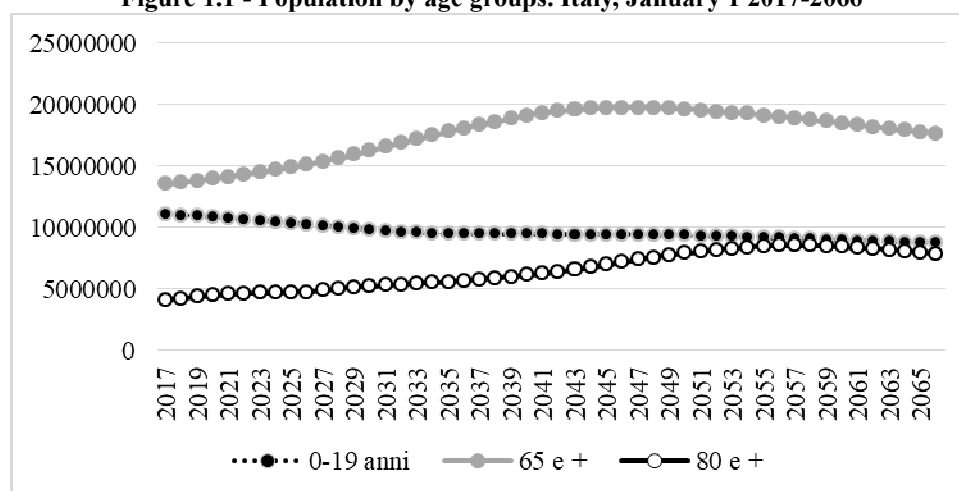
actually leading to a higher percentage of the population in the older age groups of the pyramid. But longevity alone is not sufficient to explain why the population is aging. In order to interpret its extent and patterns, it is important to also look at the base of the age pyramid. In the last decades, Italy has been characterized by a significant drop in its birth rate and so in the number of young people, thus strengthening the ranks of the older age groups. This mechanism is defined as “**bottom-up aging**” because, as shown by the increasing aging and dependency rate of elderly subjects⁴, it is induced by a decrease in the number of new entries at the base of the age pyramid.

Moreover, if, on the one hand, the significant drop in the number of births with respect to 30 or 40 years ago (about 830,000 in the 70’s vs. 473,000 in 2016) has led to a lower number of young people, on the other, a fundamental role in the aging of the population has been played by the age structure the Italian population already acquired in the past. This factor is sometimes underestimated. There is no doubt that, over time, the few children today will support the few elderly people of tomorrow (or in the distant future). It is also true that, in the next twenty years, the baby boomers of the 1960’s, now turning 50, will be crowding the elderly age group beyond any further foreseeable improvements in survival rates.

1.1.3. Looking at the future

The scenarios described by the latest and most accredited population forecasts⁵ show, on the whole, an initial phase with a slight drop in the Italian population, from the current 60.7 million people to about 59.5 million in twenty years; then a phase with a further reduction down to 53.4 million in fifty years. The forecasts of the age composition for the next 4-5 decades highlight a significant and consistent increase in the number of people above 64 years of age up to a peak of slightly less than **20 million people around 2050**, of whom **8 million** will be above **80 years of age**, and a continuous reduction in the total number of residents below 20 years of age (- 2 million in 2065).

Figure 1.1 - Population by age groups. Italy, January 1 2017-2066



0-19 years of age; 65 and over; 80 and over

Source: 2017 Istat data processed by Itinerari Previdenziali

Therefore, the most significant and problematic aspect of the aging of the population is not only the percentage increase in the number of elderly subjects (from 22% today to 34% in the mid century), but its absolute growth rate. The addition of about **6 million people above 64 years of age with respect to the current situation** and of **about 4 million above 80** will undoubtedly change the demographic structure of the country with major social, economic, cultural and even political changes. And it is not easy to imagine which tools to develop to restore a balance and/or adjust the existing equilibriums.

⁴ The aging index is equal to 100 individuals above 65 years of age for each subject between 0 to 14, while the dependency rate of elderly people is equal to the number of subjects above 65 years of age for each 100 active individuals (15-64 years or better, 20-64 years).

⁵ Istat (2017b), Population forecasts. 2016-2065, www.demo.istat.it.

An interesting indicator is the elderly dependency ratio, that is the ratio of people above 64 years of age vs. the number of active residents between 20-64. In fact, it is designed to measure the aging rate and its impact on the pension and health care systems and, more in general, on the so called (social and health) expenditure correlated to the age of the population. In Italy, this parameter is bound to decrease due to the concomitant effect of the increase in the number of people above 64 years of age and of the reduction in the number of young people considered to be active. In fact, this figure goes up from the current number of 37 elderly individuals for each 100 working age adults to 58 in about twenty years and then it will become stable at 65 after another ten years. As a consequence, it is reasonable to think that the percentage of the Gross Domestic Product (GDP) absorbed by pension expenditure, and by health expenditure, will have the same trend if the economic situation does not change and if no additional measures are taken. Only timely macroeconomic actions will counteract/reduce the growth of welfare costs due to the aging of the population⁶. In this connection, it is possible to successfully act on the growth of some factors such as productivity, participation in the labour market (especially of women) and employment. However, according to the current perspective, these objectives require a very strong commitment and are not easy to achieve. So, it is crucial to investigate other possible and feasible initiatives to undertake so as to effectively fight against these current trends.

In this regard, it is important to stress that migration is not the solution to the problem. In fact, it is completely illusory to believe that the aging process can simply stop thanks to migrants and their contribution (though important) in rejuvenating the host population and in boosting its birth rate. As to this last point, it should be noted that the foreign population permanently residing in Italy has rapidly increased and is expected to grow (despite the recent economic slump and the higher number of foreigners who become Italian citizens). However, also due to this process of integration in this new life context, this population is progressively losing some of its peculiar demographic behaviours. In particular, foreign women already show the first signs of following in the steps of Italian women in terms of reproduction models and of such lower total fertility rates (average number of children per woman). The data show that since 2014, the average number of children per woman has also fallen for foreigners below the substitution threshold (two children per woman) and is slowly converging towards the values recorded for the overall population⁷. The annual birth rate of foreign children, which had progressively increased from 33,000 babies in 2002 to 80,000 in 2012, consistently decreased down to 69,000 in 2016.

Table 1.1 – Average number of children per woman in the population. Italy, 2008-2015

Years	Total	Italian women	Foreign women
2008	1.45	1.34	2.65
2010	1.46	1.34	2.43
2012	1.42	1.29	2.37
2013	1.39	1.29	2.10
2014	1.37	1.29	1.97
2015	1.35	1.28	1.93
2016	1.34	1.27	1.95

Source: Istat

As to rejuvenation, although it is indisputable that migrants, most of them young, play a decisive role in combating the aging process and in mitigating its most troubling consequences, it seems unrealistic to believe that their contribution can effectively reverse the aging trend of the population. This approach reflects the reductive logic of those who “live in the present” and who assess, for example, the level of

⁶ There are three factors that can maintain the system in equilibrium: the link of retirement age with life expectancy that envisages the retirement age for both males and females at 67 as of 2021 (possibly even earlier), the development of a private collective and individual welfare system and especially the use of the untapped workforce (today the overall employment rate is below 60%, ranking in the lowest positions among the OECD and Eurostat statistics in particular for women who have an unemployment rate below 50%).

⁷ Istat (2017a), *Population Indicators. Estimates for 2016*, Report, March 6 2017, p.5 <http://www.istat.it>

dependency of the elderly by searching “today” a balance between the current number of dependent subjects (numerator) and the corresponding number of active workers (denominator), but without taking into account that there will also be “tomorrow”. On the contrary, it is necessary to have a forward-looking approach, i.e. considering the longer-term contribution of migratory flows to the host society (often forever). In this case, the role of immigration as an antidote to the aging of the population seems much less significant⁸.

In fact, it is easy to see that, in the short term, the dependency ratio of the elderly, calculated with respect to the additional population (immigrants), is largely lower than the average of the corresponding indicator for the host population, thus reducing its “current” value. However, when considering the future years of life that immigrants (if they remain) will spend as active workers and as elderly people, their “potential” dependency ratio in terms of years of elderly life for every 100 years of active life is expected to be well above the current value. In other words: immigrants create an immediate benefit on the aging of the hosting population, but this effect often subsides or disappears in the medium and long term.

Paradoxically, the much emphasized integration and the (no less desirable) rooting of immigrants in the community end up reducing their contribution to relieving the aging issue is that certainly is a major problem for the host country.

In conclusion, it is by now clear that immigration will not fill the empty cradles in Italy in the 21st century – maybe only partially and insufficiently to go beyond the generation change threshold. It is also evident that it will not even counteract the numerous effects arising from the inevitable aging of the Italian population. In any case, this “crutch” to face the fall in the birth rate and to “postpone” a further increase in the relative weight of the elderly component makes it possible to buy some precious time even though it is not a magical solutions as someone theorized in the past. This is at least an opportunity for Italy to fully tap in order to try and promptly work out the necessary structural responses.

1.1.4. Two crucial issues

The first crucial issue is related to the economy, i.e. to the analysis of the production potential for the country to build a new equilibrium in the coming decades. According to the approach based on the concept of **potential demography**⁹, the demographic heritage of the Italian population, taking into account its age structure and life expectancy of each of its subjects (according to the survival levels of 2015¹⁰) is expected to be equal to a total of about 2.4 billion life-years. By breaking down the future years expected for each individual according to the three different life-cycle phases (education and training, work, retirement), for all the residents in Italy as of January 1 2017, more than **1.316 billion** life years are bound to be spent “working”, **969 million** years in “retirement” and **113 million** “ in training as young people”. In fact, the age structure of residents in early 2017, with 20 and 66 years of age as the boundaries of active life¹¹, provides a potential dependency ratio for the elderly that is equal to **73.6 years of life as elderly people for every 100 workers**: substantially twice as much with respect to what could be obtained according to the traditional “head” count, i.e. only related to the ratio of the number of residents aged 67 and over (the elderly) vs. the number of people between 20 and 66 years of age (active workers).

Table 1.2 – The Italian population by specific cycles of active life, by gender and by age as of January 1 2017 and 2037 (million of life-years)

	Active life cycles			
	Training	Work	Retirement	Total
	0-19 years	20-66 years	67 years and +	All age groups
Population as of January 1 2017	113	1316	969	2398

⁸ Blangiardo G.C. (2003), *L'antidoto migratorio all'invecchiamento demografico nelle società europee*, Rivista Italiana di Scienze Sociali, CXI.

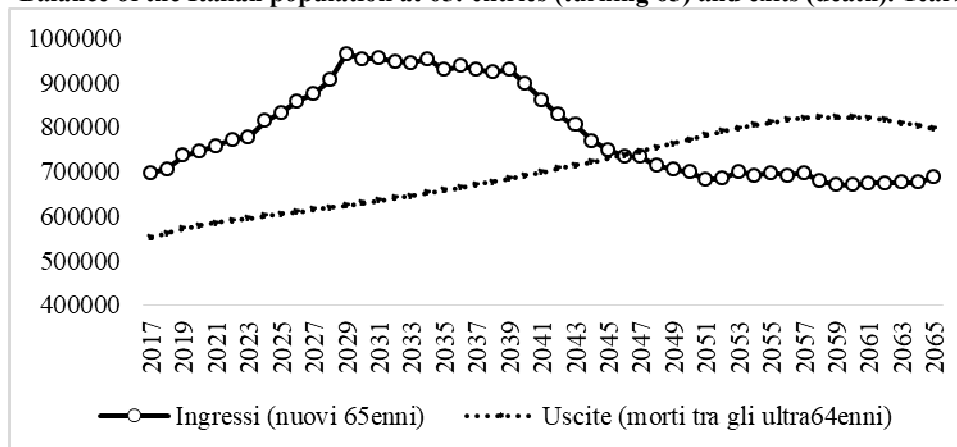
⁹ Blangiardo G.C. (2012), *Discovering the Demographic GDP*, Rivista Italiana di Scienze Sociali, I; Blangiardo G.C., Rimoldi S. (2012) *The potential demography: a tool for evaluating differences among countries in the European Union*, Genus, III.

¹⁰ The demographic legacy is defined as the overall amount of residual life of a population on the basis of the sum of the life expectancies of each individual member.

¹¹ These limits are related to the current active life trends.

The second crucial issue concerns the balance of the welfare system. In this connection, there are two main points that deserve particular and careful attention. The first is the transformation of family structures with respect to the aging of the population. Over the next twenty years, the subjects above 84 years of age are expected to grow by 1.2 million, with over 600,000 living alone, a condition that leads to greater physical and psychological fragility and to various forms of dependency. In fact, in the context of structurally weaker family networks (where the one-child model inevitably reduces the number of parental figures), this situation requires greater attention from the welfare system. Moreover, the growth in the number of people above 84 years of age who are alone is higher among men (+ 102% for men compared to + 62% for women), precisely the ones who are often less capable or simply less accustomed to living independently.

Figure 1.2 – Balance of the Italian population at 65: entries (turning 65) and exits (death). Years: 2017-2065.

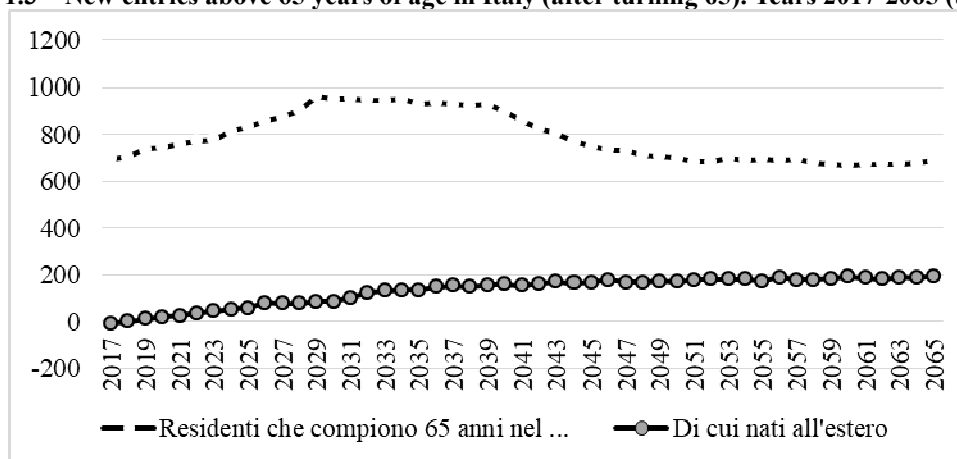


Incoming (turning 65) Outgoing (death) Source
Source: 2017 Istat data processed by Itinerari Previdenziali

The second important issue for the equilibrium of the welfare system in the coming years emerges from the analysis of the growth of the elderly population as mentioned above. Considering the annual flow of entries and exits in/from the age group of subjects 65 and over, it is clear that, up to about half of the century, the number of entries, at 65 years of age, will be far higher than that of exits (death). The difference is currently about 100 thousand people, but it will slightly decrease for a few years and then increase significantly up to about 400,000 in 2030. In this regard, it may be surprising to note that the 2030 peak, related to the *baby boom* of 1965, is not followed by the decline to be expected due to the fall in the birth rate since the mid-1960s. In fact, the entries into the old population are almost stable, around 900,000 people a year until 2040, because of the **contribution of the foreign population** born elsewhere but reaching 65 in Italy in that period considered.

A contribution that can be defined as “**imported aging**”. In fact, the comparison of the flow of entries into the “expected” old age group, based on the number of births in Italy in the previous 65 years (taking into account survival), with the corresponding figures indicated in the forecast scenarios, shows that this age group is more crowded with 200,000 people a year. A gap that is largely higher than the corresponding figure for the foreigners who gradually reach the 65-year-old threshold. In fact, this is the result of the large number of immigrants (born elsewhere) who become Italian citizens and reach old age as Italians.

Figure 1.3 – New entries above 65 years of age in Italy (after turning 65). Years 2017-2065 (thousand)



Residents who turn 65 in ...; of which, born abroad

Source. 2017 Istat data processed by Itinerari Previdenziali

It should be noted immediately that the phenomenon of imported aging is not at all neutral in terms of public spending. It will have repercussions on the welfare system in the coming decades. In fact, it is possible to assume that this new category of seniors will have great difficulties when they retire. It is easy to see that these subjects, who often had a regular job at an older age and who generally received relatively low wages, will have a level of contribution that is not sufficient to provide for a decent pension. Ultimately, there is need for supplementary measures in terms of solidarity to be financed by the welfare budget, which is already difficult to rebalance, or through general taxation where there is little room for manoeuvre.

1.2. The employment framework

The sources of information on employment and unemployment indicators are numerous and often not consistent. These indicators are analysed below by comparing them with the pre-crisis data (2008) and with those of the 2014 -2017 period.

1.2.1. Employment indicators

The employment rate, which was **equal to 58.7% in 2008**, (i.e. the percentage of people at work in relation to the working age population between 15-64 years of age) fell to 56.5% in 2010 and to 55.8% in 2014. Since then there has been a gradual recovery: 56.4% in 2015, 57.4% in 2016 and 57.8% in the first half of 2017 and 58.1% in September 2017.

It is possible to better understand these trends by looking into both unemployment and inactivity rates. **Inactivity** indicates the percentage of the working age population that does not look for employment (students, housewives, discouraged people, etc.). Generally, this percentage is much higher when the economic situation is perceived to be negative and employment opportunities decrease. This indicator was **25.2%** in 2008; it rose sharply up to 36.5% in 2013 and then began to fall: 35.5% in 2015, 34.8% in 2016, 34.6% in the first half of 2017 and 34.4% in September 2017.

The **unemployment rate** indicates the percentage of the active population (working or looking for work) that is not employed. Paradoxically, therefore, if the number of job seekers increases, it is more likely that the absolute number of those who do not find it increases, thus leading to a growth in both the employment rate (those who found a job) and the unemployment rate (those who did not find it). The unemployment rate, which stood at **6.7%** in 2008, rose to 12.7% in 2014, before falling rapidly to 11.9% in 2015 and 2016 and to 11.2% in the first half of 2017 and to 11.1% in September. It should be noted that the unemployment rate remained stable between 2015 and 2016 despite the increase in the employment rate: in fact, the inactivity rate decreased and the number of people who became active again on the labour market increased.

It is **the combination of the three parameters** that defines the trends of the labour market: in fact, in 2014 the three parameters were 55.85% (employment), 12.7% (unemployment) and 36.1% (inactivity) respectively; in 2015 they became respectively equal to 56.4%, 11.9%, 35.5%, and in 2016 to 57.4%, 11.9% and 34.8%. In 2015 and 2016, these three indicators were positive at the same time: employment increased, unemployment decreased and the number of job seekers went up. The turning point in the employment crisis occurred in these two years. This trend can be easily (and appropriately) verified by referring to absolute figures and not to percentages: in 2014 the number of employed subjects was equal to 22,278,917 and the number of unemployed was 2,936,000, which rose to 22,464,753 and to 3,033,000 respectively in 2015, a year characterised by the growth in employment and also in the number of job seekers, many of whom unsuccessfully. more and more people are looking for employment, no matter how many people find it.

However, the trend changed in 2016, with an increase in the number of employed subjects (**22,757,838**), a decrease in the number of the unemployed (3,012,000) and a growth in the rate of labour market participation rate. This a sign that, in 2015, the increase in employment reflected greater confidence, which, in turn, in 2016 set the stage for a growth in the number of people who actually found a job.

This turning point is confirmed by the data for the first half of 2017: the number of the employed subjects is equal to **22,985,000** and the number of unemployed individuals is 2,910,000; these figures are even higher considering the first 9 months of 2017 with 23,138,000 people employed and 2,891 people unemployed. In conclusion, between 2015 and 2017, all employment indicators simultaneously go back to being positive (Table 1.3). These are aggregate data; however, it is appropriate to carry out a more detailed analysis.

Table 1.3 - Employment, inactivity, unemployment rates between 2008 and 2016 (%)

	2008	2014	2015	2016	I semester 2017	September 2017
Employment rate	58.7	55.8	56.4	57.4	57.8	58.1
Unemployment Rate	6.7	12.7	11.9	11.9	11.2	11.1
Inactivity Rate	25.2	36.1	35.5	34.8	34.6	34.4

Employment trends by gender. For **men**, the employment rate dropped from **70.1%** in 2008 to 64.7% in 2014, before going back to 65.5% in 2015, to 66.5% in 2016, at to 67.1% in the first half of 2017 and to 67.4% in September; the unemployment rate rose from 5.5% in 2008 to 15% in 2014 and then began to fall: 11.3% in 2015, 10.9 % in 2016, 10.1% in the first half of 2017 and stable in the third quarter. For **women**, employment was **47.1%** in 2008, then it slightly dropped to 46.9% in 2014, to go up again from 47.2% in 2015 to 48.1% in 2016 and to **49.1%** in second quarter of 2017 (here are reported the data for the semester because, in this quarter, the employment rate for women was the highest ever); there was a slight decrease in the third quarter which brought the rate to 48.9%. The unemployment rate has the same pattern as for men, remaining higher by one or two points.

The noteworthy fact is that female employment has been far less affected by the crisis and the recovery has even exceeded pre-crisis levels as shown by the insignificant variations in the percentage rates: in absolute figures, the number of women employed in 2008 amounted to 9,268,000 and grew to 9,525,000 in 2016 and up to 9,684,000 in the third quarter of 2017. A plausible hypothesis for this is that part time work, that is far more frequent among women, was a kind of a shock absorber. In some ways, the lower cost of female labour has allowed women to have a lower impact from the major changes in the workforce. Of course the downsides that, for example, involuntary part-time work was mainly imposed on women. In any case, the percentage of women out of the total employed population increased from 40.14% in 2008 to 41.44% in 2016 and to 41.8% in the third quarter of 2017.

By age group. The **employment rate** was characterized by a clear shift to the benefit of the older age group (**over 50**) going from **47%** in 2008 to 56.3% in 2015, to 58% in 2016 and to **59.3%** in the first half of 2017 (59.5 in September 2017). The **35-49 year of age** group also grew, but much less: from **68.9%** in 2008 to 71.9% in 2015, to 72.5% in 2016 and **73.3%** in the first 9 months of this year. Instead, the younger age

class from **15-34** experienced a major drop: from **50.3%** in 2008, to 39.2% in 2015 and then a slight recovery to 39.9% in 2016 and to **40.7%** in this first half. However, by breaking down this figure for this group for 2017, the youngest segment (15-25 years) has a very low rate (16.8%), even lower than that of 2016 (although it slightly increases to 17% in the third quarter); instead, the next segment shows a rate not too far from the others' (61.6%) and up compared to 2016. The reasons are obvious: in the younger segment, the vast majority of subjects are still in training and therefore it makes little sense to interpret their absence from the labour market as inactivity.

This is a statistical misunderstanding to be corrected; in its present form, it produces highly distorted data, such as an inactivity rate in this segment equal to 74.5%, which has a distorting effect on all the data in general (as well illustrated). Compared to the shift of employment towards the older age group (the so-called hiring boom of the people over 50), the statistics must be reviewed in light of demographic patterns, as Istat has started doing: the natural aging of the population statistically moves employed workers from the youngest to the oldest segments that are not adequately replaced by new young entries. It looks like there are more older people at work, but the reality is that there are more workers who grow older (Table 1.4). This can be easily inferred from the INPS data (specifically, from the Observatory on Precarious Work) that take into account the employment flows and not the stocks on the basis of the Mandatory Communications, thus showing that the new recruitments in the older segment are only 1/3 of those in the intermediate segment and half of those in the younger segment.

Education and employment. The crisis did not affect people in the same way according to their educational levels. In 2008, **27.5%** of those with primary school education were employed, but their number fell down to **23.9%** in 2015 and 2016. **50.6%** of those with *middle school education*, were employed in 2008, a percentage that fell to **44%** in 2015 and 2016. **67.5%** of those with a *diploma* had a job in 2008, but their number dropped to 62.7% in 2015 and picked up again to up to **63.6%** in 2016. Finally, **78.7%** of *graduates* or *post-graduates* worked in 2008, a percentage that went down to 77.1% in 2015 and went up again to **78.5%** in 2016. The negative effect on the first two groups of people may be largely due to their older age structure, with a high number of subjects who retired during the period considered. However, the fact that employment for graduates is substantially equal to pre-crisis period suggests that the composition of job demand is changing.

Finally, it is necessary to evaluate the “quality” of the new jobs created after the crisis on the basis of three indicators: *percentage of fixed-term contracts*; *incidence of part time jobs*; *hours worked*. **Term contracts** showed a significant growth in terms of stock and even more so in cyclical terms: from 9.9% of the total number of people employed in 2008 to 11.9% in the first half of 2017; however, in the second quarter of 2017, almost 80% of new labour contracts are term contracts and this figure is bound to increase. If continuous and coordinated contractual relationships are included in the term contracts, this percentage goes to 14%, which is however lower than the EU average (14.2%). **Part-time work** too is growing: from 11.1% in 2008 to 18.9% in 2015 and to 19% in 2016. Part-time work acted as a shock absorber in the years of the crisis, especially for female employment: 32% in 2016 compared to 10% for men.

Table 1.4 – Employment rates by gender, age and education between 2008 and 2017 (%)

	2008	2014	2015	2016	I semester 2017	September 2017
Males	70.1	64.7	65.5	66.5	67.1	67.4
Females	47.1	46.9	47.2	48.1	49.1	48.9
15-34 years	50.3	39.1	39.2	39.9	40.7	40.9
35-49 years	68.9	71.6	71.9	72.5	73.3	73.3
over 50 years	47	54.8	56.3	58	59.3	59.4
Elementary school	27.5		23.9	23.9		
Middle school	50.6		44	44		
Diploma	67.5		62.7	63.6		
University Degree	78.7		77.1	78.5		

It should be noted that this labour relationship is not unusual in many EU countries (Germany, France, the Netherlands) with a substantially constant trend in the years of the crisis; but in Italy, the gap between women and men in the field of part time work has grown significantly larger since 2007. As previously noted, the other side of the coin is the better performance of female employment during the crisis. Another finding supports this conclusion: involuntary part time, a typical solution to save a job, increased from levels in line with the European average (around 25% of part-time work) to as much as 63.9% of 2015 and then rapidly dropped with the early recovery signs (62% in 2016, 60% in the first half of 2017).

The number of hours worked resumed its growth: in 2016 it exceeded by 3.4% the figure for 2015, but it is still 8.7% lower than in 2008; the same for per capita hours of work (+1.1% in 2016 compared to 2015), still at 4% less with respect to 2008. There was also a slight increase in overtime: in the industry sector, average overtime was equal to 3.8 hours per 100 hours worked, with a growth by 0.3% vs. 2016. However, it is important to keep in mind that the significant reduction in the number of hours worked is due to the loss of jobs compared to 2008, not yet fully offset, and to the strong growth of part-time work.

In sum, recovery leads to a significant increase in the number of employees compared to pre-crisis data, but at the price of a greater number of temporary contracts, part-time solutions and hours worked.

1.3. Calculation of the youth unemployment rate (15-24 years): a false alarm?

The high unemployment rate of young people, **the 15-24 age group** for statistical purposes, has long since been a major concern for governments, the economic world and families; for this reason, it is useful to deal with this theme with an innovative approach, using the expertise of Prof. Alessandra del Boca and of Mrs Antonietta Mundo¹². In reality, the high **youth unemployment rate** is the result of a statistical deception and, as the mentioned experts say, this indicator is not suitable to illustrate this phenomenon. In 2014 the youth unemployment rate did indeed reach 42.7%, but the real employment emergency concerns young people between 25 and 34 years of age who are jobless, which can be seen through another more suitable indicator for comparisons between age groups.

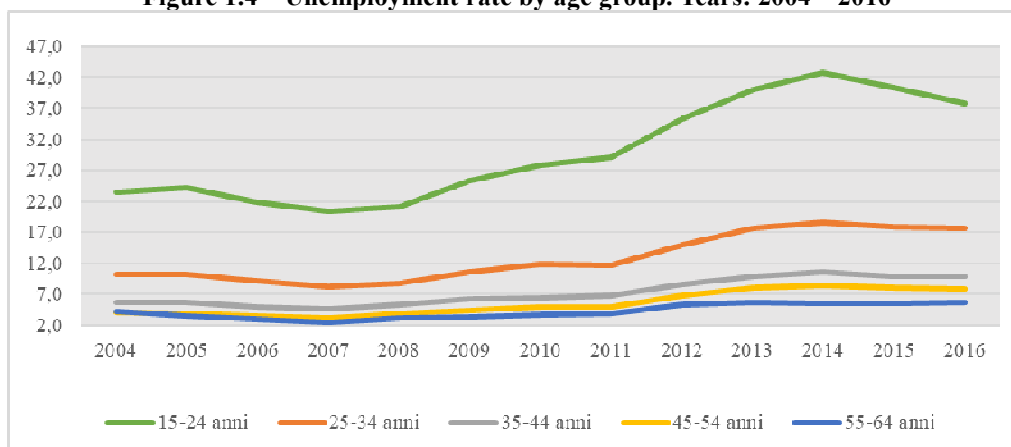
The unemployment rate is calculated by dividing the unemployed of a specific age group by the corresponding work force. For all age groups over 24, the labour force accounts for a very high percentage of the corresponding population, between 70 and 80%, while the exception is the age 15-24 age group in which the work force only accounted for 26.6% of the population of the same age in 2016, since most of these subjects are in education, that is still study at school or at university.

This very low denominator, compared to that of other age groups, inflates the figures even with a low number of unemployed individuals; it is also misleading and cannot be compared with that of other age groups where almost all the population is active. The “youth unemployment rate” of people between 15 and

¹² This theme was thoroughly analysed by the two experts in a Chapter of the book entitled *L'inganno generazionale. Il falso mito del conflitto per il lavoro* Egea – Università Bocconi Editore, Milan 2017. The text of this paragraph is a summary proposed by the authors for this Report.

24 years of age was equal to **37.8%** in 2016, to 17.7% for those between 25 and 34, to 9.9% for the ones between 35 and 44 years of age, to 7.9% in the age 45-54 age group and to 5.7% in the last age group between 55 and 64 (Figure 1.4).

Figure 1.4 – Unemployment rate by age group. Years: 2004 – 2016

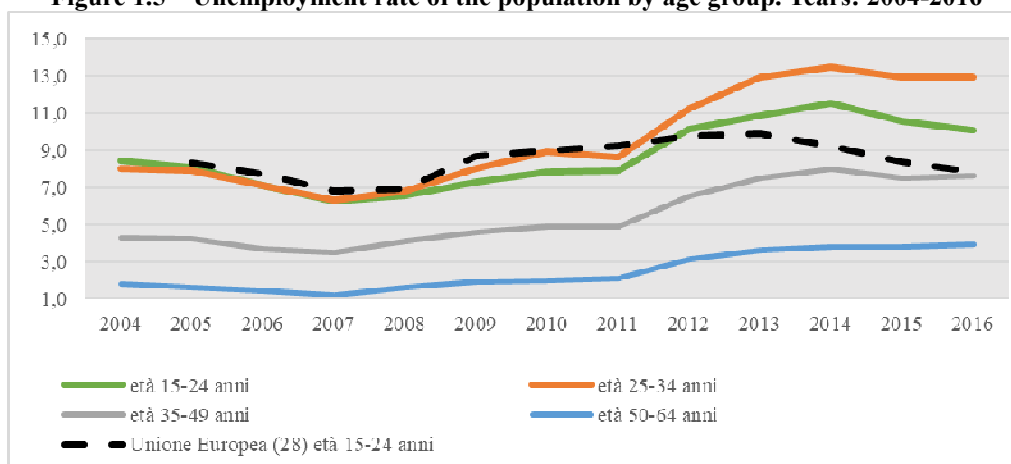


*The intervals indicate ages
Source: Istat*

On the other hand, the comparisons of unemployment by age group should be carried out using the unemployment rate as a percentage of the population, an indicator that is regularly employed by Istat and Eurostat. This would reveal the true proportions of this phenomenon and would allow for more comparable age group data (Figure 1.5). In fact, this indicator, whose numerator features the number of unemployed subjects vs. the age-matched population, is able to illustrate the real problem of unemployment more correctly and without distortions, that of young millennials between 25 and 34 years of age, who should be the primary targets of employment policies.

In 2016, the unemployment rate of the very young 15-24 age group dropped to 10.0% (9.1% in June 2017), while the rate for the older segment between 25 and 34 years of age created more concern since it reached 12.9% (12.8% in June 2017); the other age groups between 35 and 49 and between 50 and 64 were at 7.6% and at 3.9% respectively. In the same year, in the 28 member countries of the EU, the young Europeans between 15 and 24 years of age had an unemployment rate with respect to the population of 7.8%: 2.2% less than the average rate in Italy (9,1% in June 2017) (Figure 1.5).

Figure 1.5 – Unemployment rate of the population by age group. Years: 2004-2016

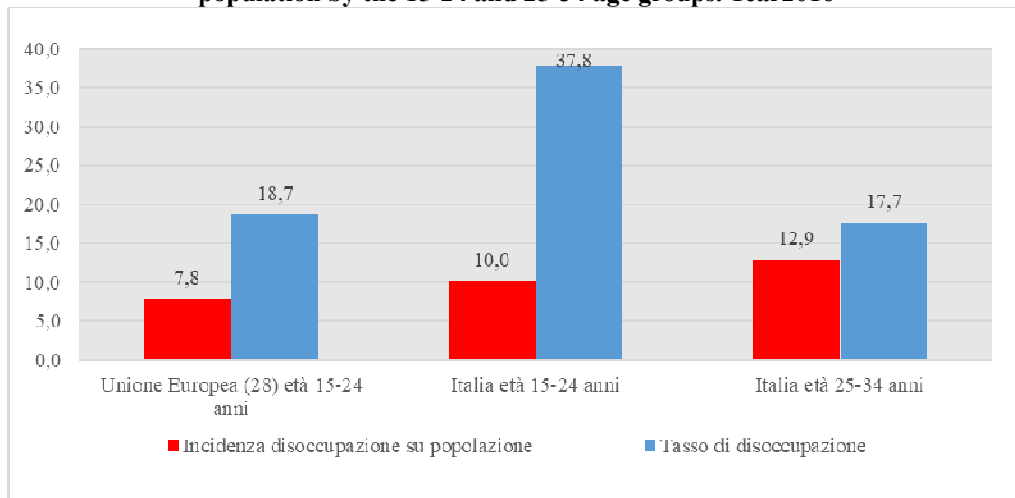


Source: Istat and Eurostat

When comparing unemployment rates by age groups, especially when analysing time series, it is crucial to take into account the demographic component and its variations, which interacts with the employment component. Over the years, Italian young generations have become less crowded, while the

older and more numerous generation of *baby boomers* is aging and goes from one age group to the next, thus affecting trend comparisons.

Figure 1.6 – Comparison between unemployment rate and the incidence of unemployment as a percentage of the population by the 15-24 and 25-34 age groups. Year 2016



Red: Incidence of unemployment as a % of the population

Blue: Unemployment rate

Source: Istat and Eurostat

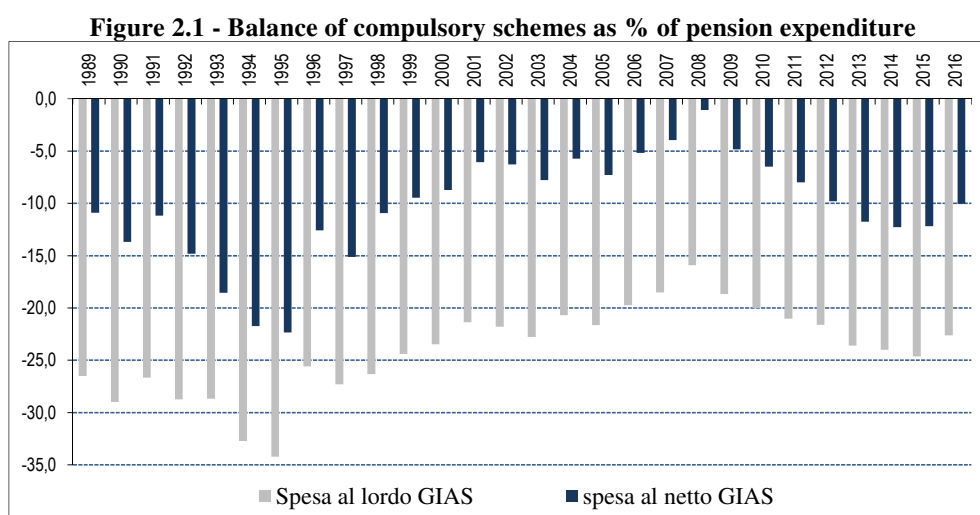
2. Expenditure and balance of the compulsory pension system from 1989 to 2016 as a whole and for each scheme

2.1 Expenditure and balance of the compulsory pension system from 1989 to 2016

The final figures show that, for all the public and private funds of the mandatory system, the **total pension expenditure**¹³ amounted to 253.731 billion euros in 2016, 211 million less than in 2015. In percentage terms, there was a slight decrease by 0.083% instead of what occurred in the two previous years, when pension expenditure increased by 0.6% and 1.8% respectively. In 2016, contribution revenues amounted to 196.52 billion euros, an increase by 5.18 billion over the previous year. This is equivalent to a positive annual variation of 2.71%, a figure that is closer to the pre-crisis growth rates. In fact, the slump in employment led to seven years of much lower contribution revenues.

Following these positive trends, the difference between contribution revenues and benefit expenditure net of welfare expenses showed a negative balance of 21.98 billion euros, while before GIAS, the same balance exceeded 57.2 billion euros. These figures reveal a persistent imbalance in the system (especially in the funds for public employees, for farmers and in special funds), but with better results with respect to the previous year, both before and after welfare expenditure, at 4.6 and 5.2 billion respectively.

Figure 2.1 shows the trend of the long-term balance results. It is possible to see that the negative balances in the years preceding the reforms were very high and had an upward trend. In 1995, the deficit reached its peak, accounting for over 22% of expenditure net of welfare expenses and for over 34% if social security expenditure and GIAS transfers are added.



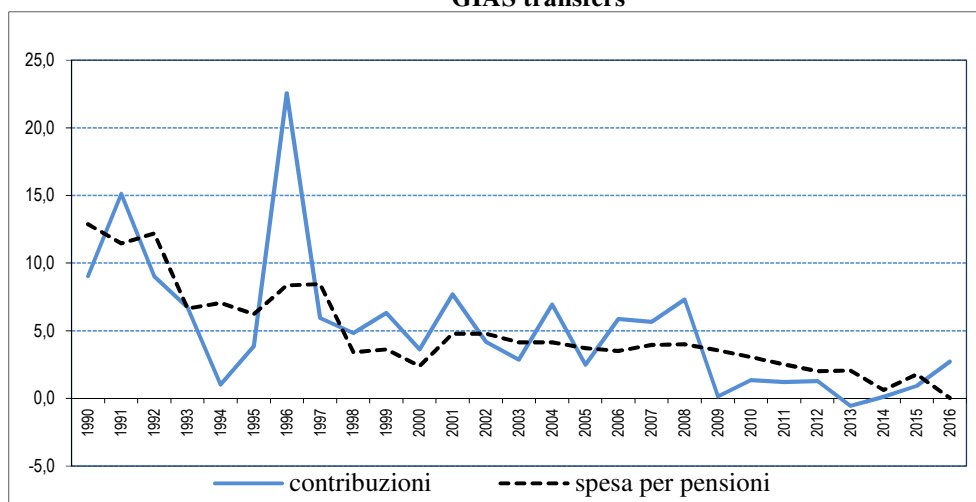
Expenditure before GIAS; Expenditure after GIAS

The reforms significantly changed the financial and economic results of the system, with a progressive improvement that led to almost completely rebalance the 2008 revenues and expenditure, net of GIAS transfers. However, the following year, the worsening of the economic crisis resulted in a deterioration in the accounting balances of the social security system.

This reversal of the trend which was mainly due to the abrupt halt in contribution revenues, continued until 2014 and then started picking up again thanks to the recovery, thus leading to a new phase of containment of the financial imbalance.

¹³ Total expenditure includes the benefits derived from contributions (that is pensions) and the welfare benefits/supplementary benefits, including supplementary minimum benefits and early retirement funded by public transfers and included in the GIAS accounts.

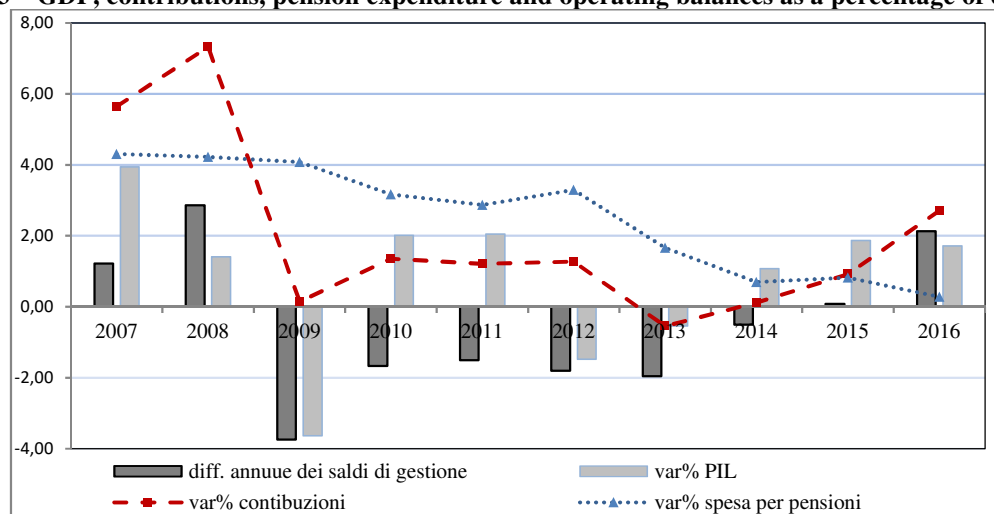
Figure 2.2 - Percentage variation rates of contribution revenues and pension expenditure net of GIAS transfers



Contributions; Pension expenditure

Figure 2.2 illustrates the annual growth rates of contribution revenues and pension expenditure, net of GIAS transfers and better explains the pension balance trends. The curves show that, while expenditure appears to be increasingly under control as a result of the reforms, contributions are characterised by marked fluctuations, being more sensitive to cyclical factors. In particular, during the long negative economic cycle which started at the end of the last decade, revenues deteriorated with no or negative changes in 2009 and 2013.

Figure 2.3 – GDP, contributions, pension expenditure and operating balances as a percentage of expenditure



Annual differences in operating balances; % var. of contributions; GDP % var.; Pension expenditure var.

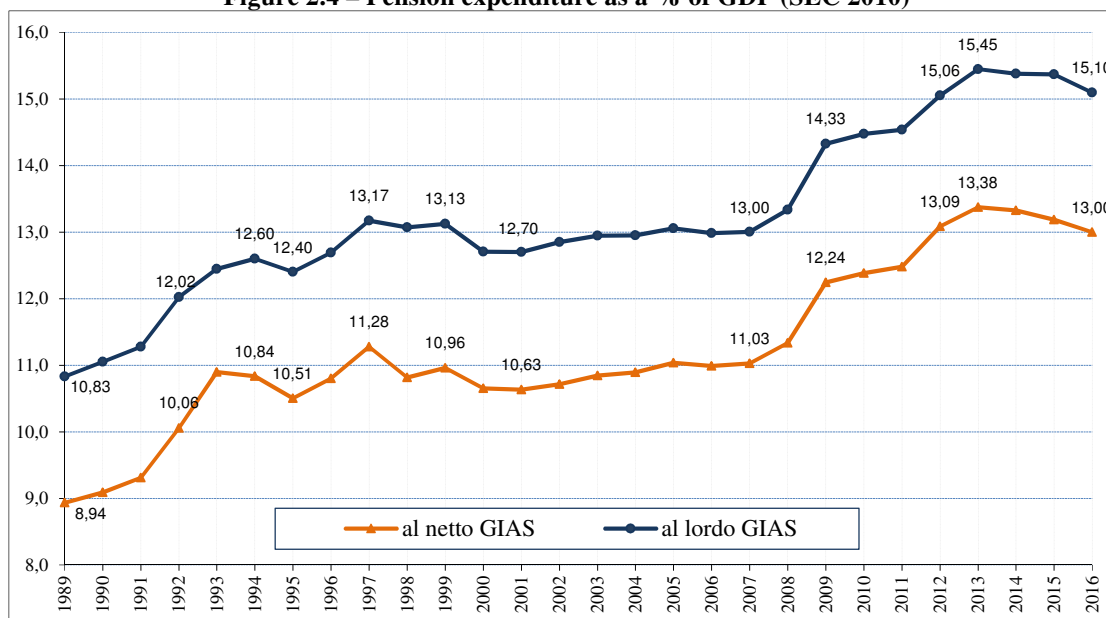
The close link between the economic situation and the imbalance of the pension system is confirmed by Figure 2.3 that illustrates the annual variation rates of nominal GDP, contributions and pension expenditure from the beginning of the crisis until 2016, as well as their effect on the operating results with respect to expenditure, measured by their annual differences.

In fact, except for 2008 when the negative effects of the crisis on income and employment had not been fully felt yet, in all the years in which the variation in GDP fell below the 2% threshold in nominal terms (and obviously even more when the variation was negative), pension balances deteriorated. In this period of time, characterised by a greater control on pension expenditure thanks to the "structural" effect of the reforms, the results in terms of balances were mainly determined by the trend in contribution revenues,

linked to employment and income from work, which suffered from the negative performance of the economy¹⁴.

The combined effect of pension expenditure and GDP is summarized in Figure 2.4, where the two trends are correlated¹⁵. The graphs show that from 1989 to 2016 the weight of the welfare component (GIAS) remained relatively constant, especially from 1999 onwards, while the ratio of pension expenditure¹⁶ vs. GDP tended to grow with considerable fluctuations in different time periods.

Figure 2.4 – Pension expenditure as a % of GDP (SEC 2010)



Before GIAS; After GIAS

In fact, this component appears to significantly increase until 1997, when total expenditure rose from 10.8% to 13.2%¹⁷. Starting from this year, the ratio of pension expenditure vs. GDP remained stable until 2007 at about 13%¹⁸. With the crisis, this component picked up again, exceeding 15.4% in 2013. Since 2014, with the first signs of economic recovery, it has again become more stable with a slight reduction in 2016.

Figure 2.5 helps to better understand the trends in the ratio of pension expenditure vs. GDP over the period observed. It shows the average variation rates of the two variables which are measured net of inflation¹⁹ for comparative reasons between different periods.

¹⁴ In the period examined, the regulatory changes led to an increase in the contribution rates of self-employed and atypical workers, thus offsetting the drop in contribution revenues.

¹⁵ The analyses of the European Commission that compare the social security system of its member countries show that the ratio of pension expenditure vs. GDP is considered as an indicator of financial sustainability for pension systems.

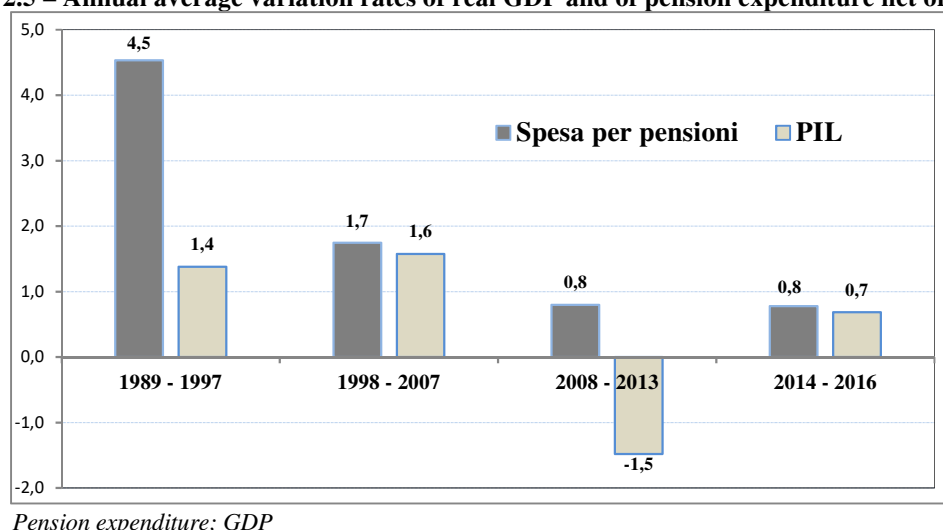
¹⁶ This definition of pension expenditure includes supplementary minimum benefits and other welfare benefits that should not be accounted for as pension expenditure.

¹⁷ This reversal of the trend in 1995 was due to a temporary halt to seniority retirement (art.13, par.1 of Act n.724 of December 23, 1994) that remained in force until the general pension reform (Act n.335/1995).

¹⁸ In these years, expenditure was mainly contained by more stringent retirement age requirements and the lower adjustment of benefits.

¹⁹ As to GDP, the GDP deflator was used with the 2010 prices, while for pension expenditure, the consumer price index for households of blue and white-collar workers was adopted (Istat, updated to September 2017).

Figure 2.5 – Annual average variation rates of real GDP and of pension expenditure net of inflation

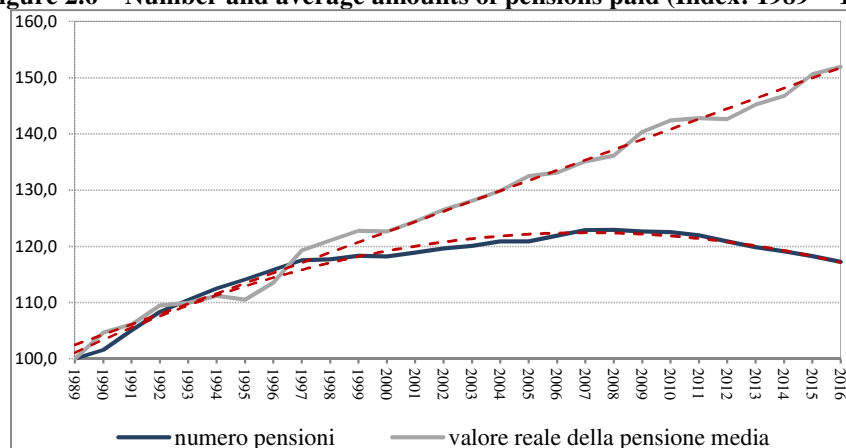


It is evident that from 1989 to 1997, the average growth of GDP in real terms (+ 1.4%) was much lower than that of pension expenditure which, in the same period, had an average annual rate of 4.5%. In the second period (1998-2007), thanks to the reforms already implemented, the upward trend of pension expenditure was less strong (annual average growth rate of +1.7%) and similar to that of GDP (annual average growth rate of +1.6%). The convergence of these growth rates made it possible to maintain this ratio substantially stable for more than a decade, as seen in Figure 2.4. From 2008 to 2013 the trend of this ratio in changed once again. In fact, although total pension expenditure further diminished (with an annual average rate of +0.8%) thanks to the positive effect of the reforms, the negative trend of GDP (-1.5% on average per year) due to the economic crisis, pushed this ratio up again. Finally, in the most recent three-year period (2014-2016), pension expenditure had the same growth rate as in the previous period (with an average rate per year equal to +0.8%). However, the slight economic recovery (with annual average growth rate of +0.7%) proved to be sufficient to keep this ratio stable.

Looking at the pension expenditure trend in more detail, Figure 2.6 shows that the containment of expenditure was substantially dependent on the number of pensions paid. In fact, while the average amount of pensions, net of the increase deriving from the adjustment to prices, showed a linear growth throughout the entire period, the growth in number of pensions paid gradually slowed down and then started decreasing after 2009. The reasons why the number of pensions paid played a greater role in reducing the expenditure growth rates compared to their average amount are easy to explain. In fact, the more stringent retirement age and seniority requirements envisaged by the reforms led to an upward shift in the actual retirement age in the period of time observed and therefore to a drop in the number of beneficiaries.

On the contrary, the modification of the calculation rules in the transition from the income-based system to the contribution-based system has not yet produced significant effects for two reasons: on the one hand, the new method is being applied very gradually, so the outstanding benefits are still fully and mainly calculated with the income-based system; on the other hand, the more stringent age requirements, with their higher transformation coefficients, mitigate the impact of the new calculation method on the amount of benefits. Moreover, the current average increase in benefits is also due to the effect of turnover, since the pensions being paid now have a more structured contribution career the ones that are about to cease.

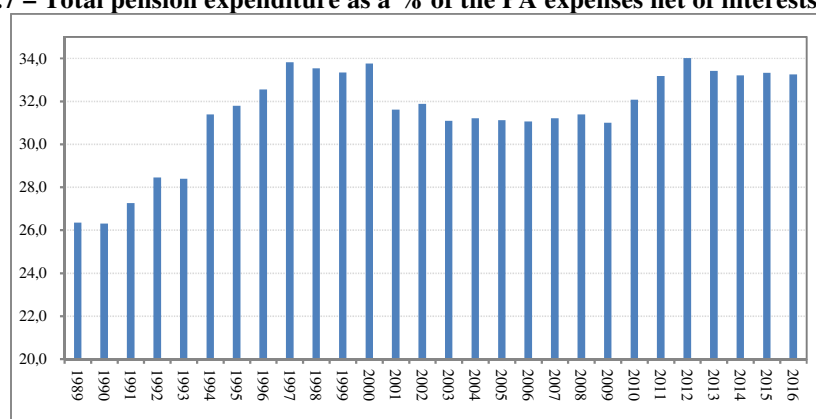
Figure 2.6 – Number and average amounts of pensions paid (Index: 1989 = 100)



Number of pensions; Real value of an average pension

In comparative terms, it is possible to look at the trends of pension expenditure and of its impact on the overall amount of public spending and how it changed with respect to the main components of the latter. Figure 2.7 illustrates the first aspect, that is the trend of the ratio of pension expenditure vs. total public expenditure, net of interests to be paid²⁰. This ratio changed over time, with some specific trends according to the periods examined.

Figure 2.7 – Total pension expenditure as a % of the PA expenses net of interests to be paid



From the beginning until 1997, this ratio continued to grow unabated up to 7.4 % over a period of 9 years. Since then, the incidence of pension expenditure has not increased, but has indeed fluctuated in line with the economic cycle and the regulatory changes. In fact, after the year 2000 and thanks to the reforms already implemented, this trend was reversed and the ratio fell to then remain stable at around 31% until the years of the economic crisis. From then on, the combination of measures to curb public spending and the inertial increase in pension expenditure caused this ratio to regain strength which was counteracted in the last 4 years by means of the draconian measures taken in the two-year period of 2010-2011 in the social security domain.

Table 2.1 – Average annual variation rates (current prices)

Periods	Pension expenditure	Other social protection expenditure	PA expenses net of pensions	Employees' remuneration
1990-1997	9.2	5.2	5.9	6.3
1998-2007	3.8	5.8	4.7	3.3
2008-2013	2.9	2.9	1.7	0.1
2014-2016	0.8	3.6	0.9	-0.2

²⁰ The interests to be paid are not included in public expenditure but in the public debt in order to make a distinction between the revenues historically coming from tax policies and the effect of the measure designed to keep current expenditure under control.

A comparative analysis of the trends in the different periods can be obtained from Table 2.1, which shows the annual average variation rates of the main components of public spending. It is possible to see that each period features some discrepancies in the four aggregates. In particular, it is evident that up to 1997, pension expenditure, that was equal to 9.2% on average, grew much more than other components of expenditure which showed an average increase per year ranging from 5.2% to 6.3%. However, in the following time periods, pension expenditure showed a gradual slowdown, but with more fluctuations in the variation rate of other spending items. In 1998-2007, the variation of pension expenditure was almost 1% lower than that of the overall public spending and 2% lower than the growth of other social security benefits. Instead, the years of crisis show a significant drop in the remuneration of civil servants, while the pension expenditure variation was in line with that of the public administration. Finally, in the last few years, in parallel with the acceleration of other social security expenses, pension expenditure has remained in line with the trend of total expenditure, only above the variation rate of wages for employed subjects which actually diminished because of the decrease in the number of active employees.

As already illustrated, in the years of the crisis, the slowing down in the GDP growth rate had an impact on the increase in the weight of pension expenditure, that is on the indicator most commonly used to measure the financial sustainability of the social security system. Moreover, it was also indicated as one of the factors that affected the tax base and that led to a deterioration of contribution revenues which, in turn, had a negative impact on the financial balance of the social security system. In addition to these considerations, there is another important aspect to bear in mind: in a system that is progressively moving to a contribution-based method, the GDP variation rates have important repercussions on the accrual of pension benefits and, consequently, on their amount over the course of people's work life. In greater detail, according to the 1995 Dini reform, in the contribution-based system, the contributions annually paid as a percentage of the tax base must be added to the contributions already accrued for each a worker, amount of which is annually adjusted to an average capitalization rate equal to the GDP nominal variation rates of the previous five-year period²¹.

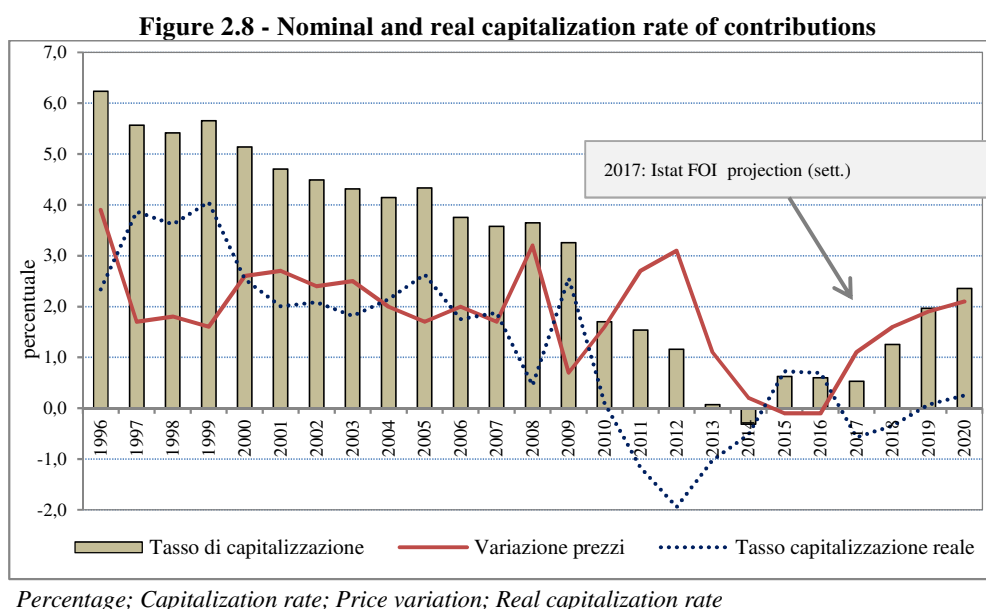


Figure 2.8 illustrates the effects of the lack of GDP growth on the accrual of the amount of contributions. The Figure shows the actual capitalization rates per year from 1996, a year after the Dini

²¹ Art.1, par.9 of Act 335/1995. For the purpose of this review, when Istat reviews some historical series of GDP, the variation rates to be considered to calculate the amount of contributions **are related to the pre-existing series** is also for the year of the review and for the ones that refer to the new series for the following years.

reform and the application of the new calculation method²² up to 2016, with projections until 2020, derived from the "*Update to the Economic and Financial Document (EFD)* " dated September 23, 2017. In addition, the Figure calculates the real rates, by deflating the nominal rates by the Istat price index for Blue-collar and White-collar households (FOI without tobacco) until 2017 and by the GDP for the years 2018-2020 derived from the 2017 EFD. As shown, the nominal capitalization rates remained above 3.5% up to 2008 and then gradually decreased to end up with a negative figure²³ for a year.

The slight economic recovery in the last three years, the nominal capitalization rates have instead turned positive again and are increasing. However, if real values are considered, i.e. the deflated rates, the picture is not so rosy for the future adequacy of pension benefits because prices significantly fluctuated during the crisis, ranging from over 3% in 2008 and 2012 to 0.7% in 2009 and to 0.2% in 2014. All this led to a far more unstable trend for the real capitalization rates with respect to the first decade and, above all, to some negative results during some years. The recovery which started in 2015 and the zero inflation rate in the 2015-2016 period contributed to a positive growth for the amount of contributions. However, it is certainly appropriate to consistently monitor these aspects and their impact on the actual amount of future pension benefits.

2.2 Results for the schemes of the main categories of workers

As seen above, the years of the economic crisis have had a major impact on the economic and financial results of the pension system. Even though the many reforms implemented in the last two decades have slowed down the growth of pension expenditure, the effects of the crisis on income and employment have had immediate consequences on contribution revenues, thus reversing the trend of a gradual improvement of the balance of the system that had lasted for more than ten years.

As to the accounting balances of all compulsory pension funds, it is important to point out that they include incoming and outgoing flows that are both related to social security (contributions paid by active workers and pension benefits calculated on the basis of contribution-based system) and to the welfare system (transfers from GIAS and pensions or supplementary benefits provided on the basis of income indicators and, for the less privileged, on certain age requirements).

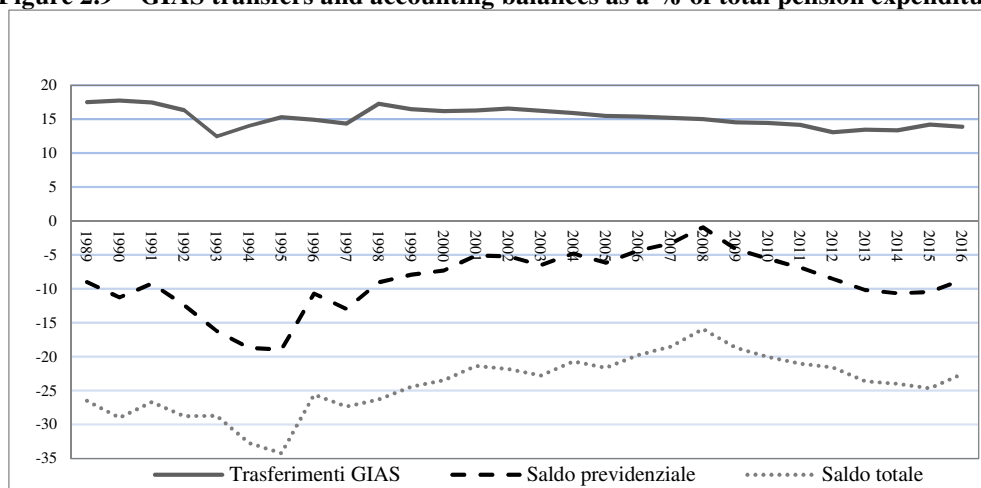
In the 28 years examined, welfare transfers from GIAS have always been significant. Since the late 1990s, these transfers have been a constant feature of total pension expenditure and therefore they have no longer had an impact on the fluctuations of accounting balances. This finding is highlighted in Figure 2.9, which suggests that the GIAS transfers account for a significant share of the revenues of pension schemes, as an average percentage of total expenditure of around 15%, slightly decreasing in the last twenty years²⁴. However, in the first period up to 1998, with the change in the criteria to separate pension and welfare expenses, it is possible to see a partial correlation between the amount of transfers from the GIAS and the accounting results. But after this date, the trend of these balances was essentially linked to changes in contribution revenues and pension benefits, because GIAS transfers settled at a relatively constant percentage of total expenditure, as can be seen from the parallel trends of the accounting pension balances with respect to total pension expenditure.

²² The Dini reform (Act 335/1995) envisaged the full implementation of the new calculation method for the subjects who had started working and paying their contributions after December 1995. The previous income-based calculation method was applied for the ones already above 18 years of contribution by that date, while a pro-rata system was used for those without this length of contribution, that is an income-based system until the end of 1995 and a contribution-based system after that date. Under the Fornero Law (art. 24, l.d.201 of 06/12/2011), the contribution-based system was extended as of 01/01/2012 to all the subjects who were previously excluded.

²³ Art.5, par.1 of l.d. 65/2015 established that: «in any case, the revaluation coefficient of the amount of contributions cannot be lower than 1, except for making up for further revaluations ».

²⁴ In order to be in line with the historical series starting from 1989, 8,951.6 million public employees are included for the benefits, even if these were paid by GIAS in 2016 (Art.2, par.4, Act 183/2011).

Figure 2.9 – GIAS transfers and accounting balances as a % of total pension expenditure



GIAS transfers; Pension balance; Total balance

Based on this classification method, the financing of total pension expenditure in 2016 can be divided into three components: contribution revenues that accounted for 77.7% of total expenditure, slightly higher than the average percentage of the previous four-year period that was equal to 76.6%; transfers from GIAS that amounted to 13.6% of total expenditure²⁵, excluding the item related to civil servants to be in line with previous years; finally, the residual portion equal to 8.7%, that is the deficit financed by general taxes, down with respect to the average of the 2012-2015 period equal to 10%.

The share of pension expenditure financed by contribution revenues can be considered as an indicator of the "self-financing capacity" of the pension system. Since welfare benefits are included in total expenditure, GIAS transfers too can be included in ordinary financing.

Table 2.2 - Sources of funding as % of the total social security expenditure (2016)²⁶

Categories of workers	Total pension expenditure	Contributions	Gias Transfers	Balance	Contributions	Gias transfers	Balance
	<i>Absolute values</i>				<i>As a % of total expenditure</i>		
Private employees	146,282	121,193	27,308	2,219	83.4	18.2	1.5
Public employees	67,621	38,277	8,952	-29,344	56.6	13.2	-30.2
Artisans	14,024	8,443	2,291	-3,290	60.2	16.3	-23.5
Retailers	11,025	10,727	1,328	1,030	97.3	12.0	9.3
CDCM	8,258	1,249	4,197	-2,812	15.1	50.8	-34.1
Professionals	4,302	7,996	0	3,694	185.9	0.0	85.9
Atypical workers	888	7,445	82	6,639	838.5	9.2	747.7
Clergy Fund	109	31	9	-69	28.4	8.3	-63.4
Total supplementary funds	1,223	1,162	12	-49	95.0	1.0	-4.0
Total	253,731	196,522	43,271	-13,029	77.7	17.1	-5.2

The part of the accounting balance not covered by ordinary revenues, which requires to be further financed by general taxes, is an important sign of the "current" imbalances of the pension system.

From this point of view, the situation appears very articulated when looking at the disaggregated data of the main categories of workers. Table 2.2 is a summary of the accounting situation in 2016²⁷. The data in

²⁵ See the previous note.

²⁶ As already pointed out, "total pension expenditure" includes benefits coming from contributions and the welfare benefits/supplementary benefits financed through GIAS transfers.

²⁷ In Table 2.2, the column of "GIAS transfers" includes the data related to public employees.

this table strictly refer to pension funds, that is they do not include administrative costs and income from assets.

By reconstructing the data, it is also possible to have, for the main categories of workers, some information on the most recent trends in the composition of total pension expenditure financing. **Figure 2.10** compares two trends four years apart, namely 2013 and 2016. It can be noted that funds are very different in terms of sources for financing expenditure but they also show conflicting trends in the four years compared.

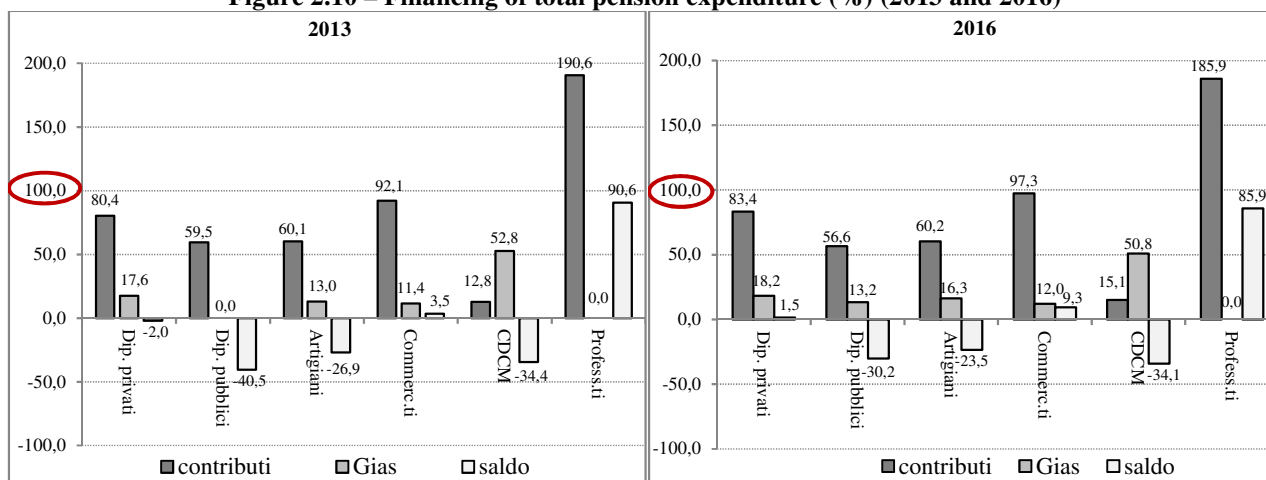
The category of **private sector employees**, by far the largest, has increased its share of funding through contributions from 80.4% to 83.4%. At the same time, the share coming from GIAS transfers has remained almost stable (+0.6% of expenditure) and therefore the balance has improved from -2% of spending to +1.5%.

On the other hand, **public sector employees** have seen a deterioration in the percentage of expenditure financed by contributions, from 59.5% to 56.6%, but, thanks to GIAS transfers equal to 13.2% of benefit expenditure, their balance has improved from less -40.5% to the still significant -30.2% of benefits provided.

Instead, the Fund for **artisans** presents an unbalanced situation that has hardly changed in this four-year period. The improvement in the negative balance from -26.9% to -23.5%, is in fact entirely due to the larger share of GIAS transfers (+3.3%), while the share of contributions of total expenditure has remained unchanged, just over 60%.

The situation of the Fund for **retailers** is different with a significant increase in the already high share of expenditure financed by contributions (from 92.1% to 97.3%), an almost stable share financed by GIAS transfers and, hence an improvement in the balance, equal to +9.3% of benefit expenditure.

Figure 2.10 – Financing of total pension expenditure (%) (2013 and 2016)



*Private sector employees; Public sector employees; Artisans; Retailers; CDCM; Professionals.
Contributions; Gias; Balance*

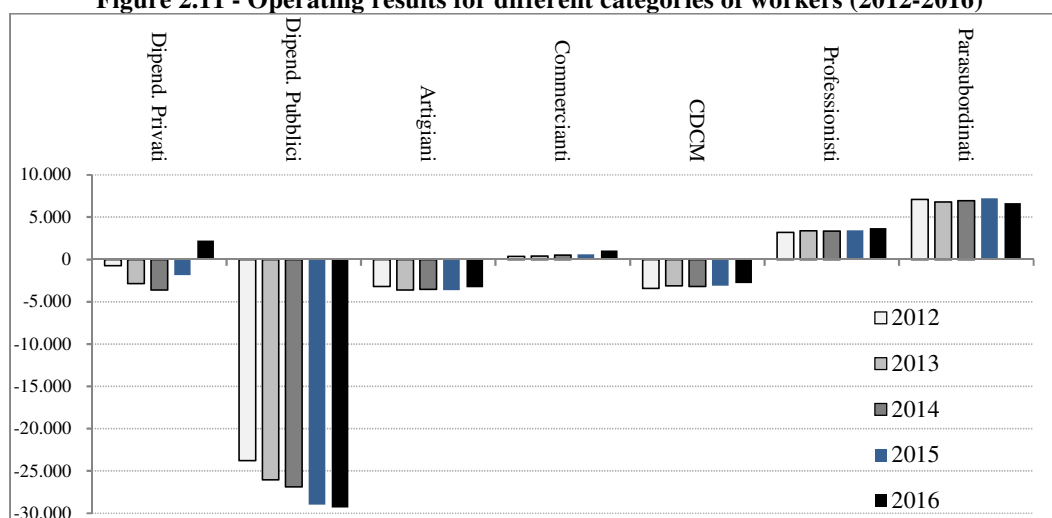
The percentage in the red circle (100%) is equal to the full coverage of total expenditure. The Figure does not include minor schemes (clergy fund and supplementary schemes) and the fund for atypical workers whose share of funding is higher than the figures reported in the graph (Table .2.2).

The situation for **farmers** is characterised but a greater imbalance due to a very high ratio of pensions paid vs. the number of active workers paying contributions, with contribution revenues slightly higher than 15% of total benefit expenditure and a negative balance above 34%, despite the transfers from the GIAS in 2016 still above 50% with respect to total expenditure.

The situation of the mandatory funds for **professionals** is very different. In fact, they still have a favourable ratio of active workers vs. pensioners on average and, even without the welfare transfers from GIAS, in 2016 their contribution revenues exceeded 85% of total benefit expenditure.

The structural nature of the composition of the financing flows just described can be seen in the trend of the accounting balances for the last five years reported in Figure 2.11. It is clear that, with the exception of employed workers who moved from a negative balance to a positive one²⁸ in the last year, all the other categories maintain the same accounting balance trends, thus confirming the structural nature of both balanced and unbalanced financial situations for the main categories of workers. Taking into account the per capita disequilibrium and the number of members in the various categories, the imbalance of the pension system²⁹ is mainly caused by the funds for public employees with over 3.3 million active workers and almost 2.9 million pensioners. In this case too, there is a structural element that generates a growing imbalance in these funds, due to a slow turnover resulting from a halt to recruitment that had already started before the crisis³⁰. Part of the decrease in the number of active workers paying contributions has been offset by more stringent retirement age requirements; however, these criteria have first managed to limit the increase in the number of benefits to be paid, but then have increased the average amount of benefits to be paid to new pensioners due to a longer seniority period.

Figure 2.11 - Operating results for different categories of workers (2012-2016)



Private sector employees; Public sector employees; Artisans; Retailers; CDCM; Professionals; Atypical workers.

²⁸ This occurred notwithstanding the negative balance of the so-called special funds that are analysed in the next Chapter.

²⁹ The negative balance of the funds of public employees is much higher than the overall balance of the pension system. Without the schemes for public employees, all the other pension funds (also considering the transfers illustrated in note 1 of Table 1a) would have a positive balance equal to 7.363 billion euros. It is also important to stress that, the 2016 accounting balance for public employees is already affected by the above-mentioned rule that considers as welfare expenditure financed through GIAS transfers, part of the expenditure that was previously within the framework of ordinary management. Without this change, the negative balance would have been over 30% higher, that is 13.2% of total benefit expenditure.

³⁰ From 2006 to 2014, the number of public employees dropped by 372,000 from 3.412 million, while from 2014 to 2016 their number grew by 265,000. In the same period, the number of pensions paid increased by 351,000.

3. Overall operating results of the pension system and of its schemes in 2016

This Chapter analyses the Italian pension system as a whole and the separate schemes and funds which make up the basic compulsory system: those merged into INPS (National Institute of Social Security) following various regulatory measures such as INPDAI (Fund for corporate executives), IPOST (Fund for postal workers), former INPDAP (Fund for public employees) and the former ENPALS for show-business workers, which account for about 96% of the entire pension system; those managed by the “privatized” schemes for the basic compulsory pensions of liberal professionals and also the complementary or supplementary pension schemes managed by INPS and by privatized schemes, such as ENASARCO, the fund for commercial agents, ENPAIA, the supplementary annuity fund for farmers and FASC, the pension fund for shippers and couriers.

In addition, this Chapter looks into the data of the final accounts of the Italian pension system as a whole and of the individual schemes integrated into INPS, while those of the privatized schemes will be examined in Chapter 4. Then the quantitative analysis of the INPS funds is finalized in Chapter 6 with the trends of the **Temporary Benefit Scheme (GPT)** and its main scope of action and of the **GIAS** income supplementary benefits. The overall financial framework of the compulsory pension system is shown in Table 1.a which illustrates benefit expenditure, contribution revenues, operating balances and the benefits paid through the transfers from through the management for **Fund for welfare benefits and support for pension schemes (GIAS)**. Moreover, Table 1.a point 4, provides the summary data related to the “privatized” schemes (Legislative Decrees n. 509/94 and 103/96) that belong to the mandatory system, but are not financed by the State budget; the detailed graphs can be viewed on the specific web section of the Report.

In 2016, **pension expenditure** of all pension funds (net of the GIAS share shown in Table 1.a) was equal to **218,504 million euros**, with a very slight increase by **0.27%** compared to 2015 due to the adjustment of annuities to inflation³⁰ (0.09 in 2015 and in the red in 2016), and to the “renewal effect” linked to the replacement of ceased pensions with new and higher ones. This effect is confirmed by the steady increase in the **average pension** mainly due to the long careers and high contributions of retirees.

Over the years, the average pension has constantly grown: the average nominal amount of the pensions has risen from 13,100 euros in 2011 to 13,400 euros in 2012, to 13,780 euros in 2013, to 14,190 euros in 2014, to 14,290 euros in 2015 and finally to 14,600 euros in 2016. The limited growth of expenditure (see also the previous chapter) has been also due to the more stringent requirements introduced by the reforms in the last 25 years.

In 2016, the **number of pensions benefits** dropped from 17,886,780 to 17,687,360 compared to 2015, with a reduction by **199,420** pensions equal to **1.11%** (see Table B28a). The reduction in the number of pension benefits and the limited increase in expenditure are closely correlated to retirement requirements; the required age to be eligible for an old-age pension is equal to 66 years and 7 months for employed and self-employed workers and it will become 67 for all by 2021; similarly, in 2017, working men need to reach 42 years and 10 months for early retirement, another requirement expected to become less favourable. In order to reduce the rigidity of the system, a new legislation has been introduced on voluntary and social APE, even though some politicians and trade unions would like to limit stricter retirement age criteria in the future.

It is particularly important to look at the pensions paid year by year to understand how the social security system is behaving. In 2016, INPS paid **490,150 retirement pensions** for an annual amount of

³⁰ 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.

6,389.80 million euro and **557,947 welfare pensions** for an annual amount of 2,963.8 million. Tables 3.1 and 3.2 show the trend of retirement and welfare pensions paid by the INPS in the period from 2003 to 2016.

Table 3.1 – Historical series of pensions (2003-2016)

Year	Old age		Disability		Survivors		Total	
	Number of Pensions	% on the total n. of pensions	Number of pensions	% of the total n. of pensions	Number of pensions	% of the total n. of pensions	Number of pensions	% of the total n. of pensions
2003	493,884	64.2	54,074	7.0	221,928	28.8	769,886	62.4
2004	438,475	64.4	49,300	7.2	192,968	28.3	680,743	60.2
2005	410,940	60.4	58,159	8.5	211,198	31.0	680,297	57.7
2006	467,932	65.3	54,054	7.5	194,086	27.1	716,072	59.4
2007	414,466	62.8	55,086	8.3	190,191	28.8	659,743	56.0
2008	373,730	59.5	56,349	9.0	197,790	31.5	627,869	52.8
2009	317,304	55.6	53,208	9.3	200,470	35.1	570,982	49.8
2010	371,911	60.0	53,135	8.6	194,596	31.4	619,642	55.0
2011	294,504	54.5	49,030	9.1	196,800	36.4	540,334	56.0
2012	248,074	49.8	49,964	10.0	200,107	40.2	498,145	49.1
2013	247,077	48.9	54,600	10.8	203,526	40.3	505,203	49.6
2014	202,337	44.3	56,115	12.3	198,485	43.4	456,937	45.9
2015	285,941	52.1	56,326	10.3	206,985	37.7	549,252	49.0
2016	234,437	47.8	57,773	11.8	197,940	40.4	490,150	46.8

Source: INPS 2017

In 2003, retirement benefits accounted for 62.4% of all pensions paid against 37.6% of welfare pensions; in the past, this gap was even wider; this ratio changed in the following years until a reversal in its trend in 2012 (50.9% for welfare benefits and 49.1% for pension benefits) with 53.2% of welfare benefits against 46.8% of retirement benefits ³¹ in 2016. Within the category of pensions, disability pensions grew from 7% to 11.8% in the period considered, old-age pensions decreased from 64.2% to 47.8% and survivors' pensions rose from 28.8% to 40.4%.

Table 3.2 – Historical series of welfare pensions (2003-2016)

	Number of Pensions	% of the total n. of pensions
2003	464,851	37.6
2004	449,783	39.8
2005	499,465	42.3
2006	488,962	40.6
2007	518,880	44.0
2008	561,497	47.2
2009	574,570	50.2
2010	507,859	45.0
2011	424,153	44.0
2012	516,566	50.9
2013	514,142	50.4
2014	538,037	54.1
2015	571,386	51.0
2016	557,946	53.2

Source: INPS 2017

³¹ See also Chapter 9 for welfare benefits. The data related to the number of retirement and welfare benefits does not include the funds for atypical workers, ex INPDAP and ex ENPALS; if these three funds are considered, the number of retirement benefits paid amounts to 639,575 (716,582 in 2015) for an amount equal to 9,514.8 million euros. The three funds mentioned have not paid welfare benefits.

In 2016, **contribution revenues**, including transfers for nominal expenditure, tax and contribution incentives equal to **15,276.6 million euros**³², amounted to **196,522 million euros**, vs. 191,335 million euros in 2015, with a significant increase by **2.71%** but still with the same old negative balance between contributions and benefits of **21.981 million euros**. However, there was a reversal in this trend with a constant and considerable annual growth in this negative balance³³; in 2014 it had already reached +4.97% compared to 2013, while in 2015 its growth was less steep with respect to 2014 and finally it showed an appreciable reduction in 2016 compared to the previous year thanks to a significant increase in revenues (+2.71%) with no major changes in terms expenditure vs. 2015 (+0.27%). This, together with other elements, is a positive sign for the overall performance of the pension system in 2016, also on the basis of the following considerations on the deficit:

- Tables 1.a and B.28.a show that there are 4 INPS schemes with a surplus: **FPLD** with a surplus equal to **15,115 million euros** (10,780 in 2015)³⁴, the **Fund for retailers** with a surplus of **1,030 million euros** (599 million in 2015), the **Fund for show-business workers (formerly ENPALS)** with **296 million** (422 in 2015) and the Fund for atypical workers management of with a positive balance of **6,639 million euros**, down with respect to 7,197 million in 2015; this substantial surplus derives from the fact that this “separate scheme” was established in 1996 and therefore still has few pensioners. The **Schemes for professionals** too have a surplus (see Chapter 4) with the exception of INPGI (the Fund for Journalists) with an overall positive balance of **3,694 million euros**. These funds for atypical workers and professionals still feature an absolute prevalence of active workers compared to the number of pensioners. The overall contribution from these balanced schemes (**26,774 million euros**) makes it possible to limit the total deficit between benefit expenditure and contribution revenues within the ceiling of **21,981 million euros**. Without these surpluses, the deficit of the pension system would have reached the amount of 48.755 million euros.
- All the other schemes run a deficit, especially the fund for public employees, the fund for the former Ferrovie dello Stato, the fund for artisans and that for farmers, tenant farmers and sharecroppers, as better highlighted in the specific Paragraphs 3.2, 3.3 and 3.4.
- The Fund for civil servants would have a reduction in its imbalance of **29,344 million euros** if taking into account the additional contribution of the State to the pension funds for public employees that amounted to 10,800 million euros in 2016, as already mentioned; and this reduction would also mitigate the overall deficit of all the schemes.
- Finally, it is important to note that the data related to contribution revenues also include the transfers from GIAS that are financed by the State and therefore through general taxes as well as other transfers coming from “other schemes, GPT and the State” (GPT is largely financed by employers y means of the contributions paid by enterprises and workers). These two schemes intervene so as to compensate for the lower contribution revenues to be allocated to pensions because of unemployment and other contribution snags. For these reasons, in order to correctly assess the whole picture and the ratio of contribution revenues vs. benefit expenditure, it is necessary to consider the flow of contribution revenues net of the welfare transfers from GIAS equal to **10,182 million euros** and from **GPT** and others amounting to **5,094 million euros**, for a total of **15,276 million euros**.
- The negative balances between contribution revenues and benefit expenditure (Table.1.a) of the previous years have affected the INPS economic and financial situation resulting in a progressive reduction in its **net worth** to **78 million euros** on 31/12/2016 vs. 5,870 million euros on 31/12/2015; already in 2014, its

³² The revenues do not include the additional contribution equal to 10,800 million euros to be paid by the State under Act 335/1995, to finance CTPS (Pension fund for public workers).

³³ Between 2009 and 2010 +39.35%; 2011 vs. 2010 +26.31%; 2012 vs. 2011 +26.55%; 2013 vs. 2012 +22.2%;

³⁴ As better explained later, FPLD suffers from the deficit of the schemes merged into it (a total of 8,255 million euros); therefore its surplus drops to 6,860 million euros.

net worth (18,407 million euros) turned positive following the repayment of the deficit former INPDAP deficit by the State for 21,698 million euros pursuant to Art. 1, paragraph 5, of Act 147 / 2013.

- While the number of benefits is reduced, the INPS data show that there was also a drop in the number of active workers from 24,790,560 in 2015 to 24,248,900 in 2016 (Tables 4.a and 26.a). It is important to stress that the data from the INPS final accounts are purely administrative in that they are related to the number of subjects paying contributions: starting from the 2016 accounts, INPS has taken into consideration the average number of members in each fund and no longer all those who have paid a single contribution during the year, which is why there is a reduction in the number of employed people. However, this method too has the problem of those workers who are members in more than one scheme, who are calculated more than once, even though by simply matching their tax code to their profile would eliminate the duplications once and for all. In reality, the data from both the Ministry of Labour and Istat indicate that the total number of workers employed is increasing from 22,407,003 in 2015 to **22,757,586** in 2016 with an increase by 1.56% thanks to the policies of the Jobs Act, but above all due to the recovery of production and of the economy.

In order to finalize the general analysis, as mentioned above, the more stringent age (up to 6 years) and seniority requirements to be eligible for retirement introduced by the Monti-Fornaro Law (Act 214/2011) soon led to a significant reduction in the number of applications for benefits but also produced the phenomenon of the so-called “esodati”; this problem has been tackled by the Governments with 8 safeguard measures (the eighth under Art.1, paragraph 214 of Act 232/2016) 200,000 workers with a cost of 11.7 billion per regime; this has considerably reduced the savings envisaged by the reform. Tables 3.3 and 3.4 illustrate respectively the analytical data of the first 7 safeguards and the processing of the 34,222 applications submitted for the eighth and final safeguard up to October 10 2017.

Table 3.3 - Summary of safeguard measures for “esodati” until 2016

Safeguard measures	Maximum n. of safeguarded subjects under the law	Applications accepted *	Applications rejected	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	37,054**	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).

Table 3.4 illustrates the processing state of the applications submitted on 10/10/2017 on the basis of the eighth safeguard measure and the high number of applications rejected: a total of 20,146 out of 35,182 applications submitted (57.26%) and 9,764 out of 15,014 (65.03%) for redundant workers. The eighth safeguard measure practically puts an end to the issue of the “esodati” that de facto no longer exist. As

already mentioned, the strict retirement requirements that the current government is trying to solve with the introduction of the social APE, early retirement for long-term unemployed workers, for subjects with have physical problems, for those who have to care for first-degree relatives and for the so-called “early” workers, i.e. those who started working before 19 years of age.

Table 3.4 – Eighth Safeguard Measure

8th safeguard - Art. 1 co. 214 of Act 11/12/2016 n. 232	Maximum n. of subjects safeguarded under the law	Applications submitted	Applications accepted	Applications rejected	Pending
Redundant workers or construction workers with special measures	11,000	15,014	4,724	9,764	526
Voluntary continuation	9,200	6,166	3,955	2,109	102
Voluntary continuation without no payments	1,200	3,449	1,272	2,110	67
Workers ceased by 30/06/2012		4,772	1,943	2,687	142
Workers ceased after 30/06/2012	7,800	1,154	271	823	60
Unilateral ceased workers		2,386	912	1,357	117
On leave due to disabled children	700	551	217	259	75
Temporary or posting contracts	800	1,690	543	1,037	110
Total	30,700	35,182	13,837	20,146	1,199

Now the analysis of the pension system as a whole gives way to the evaluation of the schemes in terms of their contribution revenues, benefit expenditure, accounting balance, of their main variables (number of members and pensioners, average pension) and of their financial and economic results.

3.1. Funds for private sector employees

The **funds for private sector employees** (Table 1a, n.1) had a **positive balance of 2,219 million euros** in 2016, a very significant result compared to the 2015 deficit of 1,877 million euros. As a matter of fact, contribution revenues significantly increased in 2016 from 117.099 million euros in 2015 to 121.193 million euros, in line with the favourable trend of 2015 compared to the previous year. Moreover, benefits provided by these schemes remained almost unchanged: 118,974 million euros compared to 118,976 million euros in 2015; this trend too confirms the positive outlook for these pensions.

However, these figures related to all the funds for private sector employees that include, in addition to the Fund for employed workers in the private sector (FPLD), the fund for executive in the industrial sector (formerly INPDAl), some former special funds (transportation, telephony, electricity) which were merged into FPLD but maintained separate accounts and other schemes (Aviation fund, Tax consumption Fund, FF.SS fund and other minor schemes³⁵, which are instead managed autonomously within the INPS budget. Finally, the aggregate data of the **funds for private sector employees** include the ones referred to the fund for show-business workers managed by the former ENPALS, which was merged into INPS in 2012, to postal workers, previously managed by former IPOST, abolished in 2010 and transferred into INPS and finally to the fund for **private sector journalists**, managed by INPGI (which is a private law entity).

In this category, the number of subjects paying contributions was equal to 13,798,592 in 2016, down compared to 2015 with 14,169,127 according to the INPS estimates; in this case too are applicable the

³⁵ The Gas Fund was abolished on 01/12/2015 by Act 125/2015 and since then, no contributions have been paid to the fund and it has paid no pension benefits; a phasing-out scheme has been set up within INPS.

specifications provided in the previous paragraph. The number of pensions paid also dropped down to 9,226,710, compared to 9,399,853 in the previous year. Finally, as already pointed out for the entire pension system, the average pension grew from 13,993 euros per year in 2015 to 14,464 euros.

Here follows the analysis for each individual scheme:

FPLD 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 2016, it showed a **positive balance of 15,115 million euros**, as the difference between 113,509 million euros’ worth of contributions and 98,394 million euros’ worth of (Table B.28.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 to pay for nominal contributions.

The overall result of this fund was negatively affected by the **former Special funds** merged into its system with separate accounts (former INPDAI, Transportation fund, Aviation fund and Electricity fund), which together accounted for a **negative balance of 8,255 million euros** in 2015 (Tab.B.28.a) 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 deterioration of the situation in 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 31/12/2016, considering the results of the abolished transportation, electricity and telephony funds and INPDAI, FPLD had a deficit of **138,273 million euros**; in particular, by disaggregating the data: FPLD - 38,863, Transportation fund -21,016, Electricity fund -31,867, Telephony fund -8,053, INPDAI -38,474.

Some data on these former special funds show a difference between the benefits provided by these schemes and those paid by FPLD. However, 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 a solidarity contribution 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 **1,030 million euros** and a capital deficit of **21,016 million euros** in 2016. At the end of 2016, the number of pensions provided was equal to 103,400 and that of active workers was 103,100; as already pointed out, newly-hired workers continue to be registered with this fund even after its merger with FPLD. In fact, this fund provides more favourable conditions: **its average pension is 21.540 euros** against 13.090 euros for the FPLD the members. The most relevant advantages with respect to FPLD (for example the rules for “travelling personnel”) ceased or became at least more stringent as of 01/01/2014 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 2016 the result was an operating loss of **1,945 million euros** and a capital deficit of **31,867 million euros**. At the end of 2016, the number of outstanding pensions was equal to 98,070 and the number of active workers was 29,500 (the newly-hired are registered with FPLD); **the average pension was equal to 26,300 euros**, twice that provided by FPLD.

Telephony fund: this fund was suppressed in the year 2000 and it started to run a deficit as of 2003 and a capital deficit as of 2010; in 2016, the operating result was a loss of **1,274 million euros** and a capital deficit of **8,053 million euros**. At the end of 2016 the number of pensions was equal to 74,840 and the

number of active workers to 45,540 (the newly-hired are registered with FPLD); the average pension was 26,360 euros, more than double that provided by FPLD.

Former INPDAI fund: this fund was dissolved in 2003; notwithstanding its assets, it has always produced negative economic results: in 2016, its loss was equal to **4,340 million euros** and its capital deficit to **38,474 million euros**. At the end of 2016, the number of outstanding pensions was 127,880 and the number of active workers was 29,810; the average pension was 50,770 euros, correlated with an average remuneration of around 100,000 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, both financed by workers and employers; they managed to reach a relative financial equilibrium over time thanks to the financial and economic situation of GPT that, notwithstanding the crisis and the resulting reduction of benefits paid, obtained a positive balance equal to **3,401 million euros** in 2016 and a surplus of **189,814 million euros**, thus offsetting the liabilities of FPLD amounting to **138,274 million euros** (including the former Special funds).

3.2. Funds of public employees (ex INPDAP)

Under the above-mentioned art.21, L.D. 06/12/2011, transposed into Act n.214 of 22/12/2011, INPDAP ceased to exist as a separate scheme and was integrated into INPS as of 01/01/2012. Since then, the data for this Fund have appeared in the INPS consolidated accounts. As a result, the major deficit of these schemes have further deteriorated the INPS general financial results but without a major impact on the overall performance of the compulsory pension system which had already anticipated this imbalance.

In **2016**, the deficit of the funds for public employees amounted to **29,344 million euros**, net of the 10,800 million euros' worth of additional contribution by the State, resulting from **revenues equal to 38,277 million euros** and **expenditure to 67,621 million euros** (including 8,967 million euros paid by GIAS, pursuant to article 2, paragraph 4 of Act 183 / 2011. In sum, the deficit is in line with the one of the two previous years (28,980 in 2015 and 26,875 in 2014). Pension expenditure grew by 1.12% with an increase of 750 million euros vs. 2015; as said at the beginning, this is due more to the substitution effect than to inflation. In the year under review, the benefits paid by GIAS amounted to 8,967 million euros against the 9,170 million euros in 2015. However, as was the case when INPDAP was autonomous, if the overall contribution of the State is taken into consideration (10,800 million euros' worth of additional contribution under ex. Act 355 /1995 and 8,967 million euros' worth of benefits transferred to GIAS), the final balance features revenues for 49,077 million euros and expenditure for 58,654 million euros with a difference equal to 9,577 million euros.

The upward trend in the negative balance between revenues and expenditure reflects the substantial halt to turnover and to wages in the public sector in recent years which has led to a reduction in ordinary contribution revenues due to a lower number of active workers. Since 2016 there have been cautious changes to the turnover policy in the public sector, so the number of active workers in this sector grew from 3,252,300 in 2015 to 3,305,000 in 2016; as a consequence, revenues also went up compared to 2015, from 37,891 million euros to 38,277 million euros (+386 million euros). This modest improvement in revenues was not enough to have an impact on the 2016 deficit (29,344 million euros), and therefore on the **financial and economic result** which was worth 12,921 million euros, a figure that is still reflects the positive effect of the already mentioned provision of 21,698 million euros under Act 147/2013 (in 2013 the financial debt was -23,317 million euros). In the same period, the number of pensions increased from 2,863,744 to 2,890,909, while the average pension amounted to 23,552 euros per year in 2016 compared to 23,374 in 2015. However, the system of public employees is not yet fully harmonized with respect to the general system for private employees; this aspect will be discussed more extensively in Chapter 7.

Finally, the size of the ex-INPDAP funds can be inferred from the table below that shows the number and annual amount of pensions in force on 01/01/2017 for each scheme. CTPS, a fund for public employees, pays **59.2%** of pensions, accounting for **64.3%** of the total.

Table 3.5 - Pensions on 01/01/2017 by type of fund

Funds	Number of pensions	Total annual amount (in million of euros)
C.P.D.E.L.	1,070,414	21,020,2
C.P.I.	15,572	279,6
C.P.S.	72,048	4.059,3
C.P.U.G.	2,938	57,7
C.T.P.S.	1,682,284	42,160,3
Total	2,843,256	65,577,3

In looking at the different categories of these pensions, it is possible to see that seniority and early pensions account for 56.4%, old-age pensions for 13.6% are old-age, disability pensions for 8.1% and survivors' pensions for 22%. A final assessment of these pensions may derive from the following table which is broken down into monthly amounts: 17.5% have a monthly amount lower than 1,000 euros, 50.9% between 1,000 and 1,999, 23.4% between 2,000 and 2,999 and finally 8.3% above 3,000 euros.

Table 3.6 – Pension amounts on 01/01/2017

Amounts	Men	Women	Total
Up to 499.99	27,788	33,540	61,328
from 500.00 to 749.99	34,879	105,468	140,347
from 750.00 to 999.99	40,441	254,692	295,133
from 1,000.00 to 1,249.99	76,899	293,567	370,466
from 1,250.00 to 1,499.99	146,585	243,713	390,298
from 1,500.00 to 1,749.99	191,519	199,132	390,651
from 1,750.00 to 1,999.99	122,668	172,009	294,677
from 2,000.00 to 2,249.99	123,011	172,506	295,517
from 2,250.00 to 2,449.99	94,346	100,571	194,917
from 2,500.00 to 2,999.99	126,144	48,565	174,709
from 3,000.00 to 3,499.99	61,530	11,406	72,936
3,500.00 and above	125,995	36,282	162,277
Total	1,171,805	1,671,451	2,843,256

3.3 Inps schemes for self-employed workers: artisans, retailers, farmers, tenant farmers and sharecroppers (CDCM)

The schemes for artisans and retailers showed **2,260 million euros'** worth of deficit between contributions and benefits in 2016, slightly better with respect to 3,047 in 2015 and to 3,020 in 2014. These two funds have been affected by both the economic crisis and market changes, characterised by an increasing number of large retail departments and multifunctional service and supply companies, that have led to a reduction in 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.

The financial and economic situation of these funds will continue to improve thanks to the twofold effect of the replacement of older pensions with more favourable calculation rules with pensions with a greater correlation between contributions and benefits and in the coming years of the full application of the calculation rules of the contribution-based method. In fact, the Fornero law provided for an annual increase

in contributions by 0.45% as of 2013; as a result, in 2017 the contributions for artisans rose to 23.55% on corporate income up to 46,125 euros and to 24.55% up to 76,872 (taxable ceiling). For retailers, the same contribution rates apply with an increase by 0.09% to be allocated to the fund for the rationalization of the applied to the fund for the rationalization of the retail network.

Here follow the accounting results of each of these two schemes³⁶:

In 2016, the ***Fund for artisans*** showed some signs of improvement despite a persistent negative balance of **3,291 million euros**, down compared to 3,646 million euros in 2015, with expenditure equal to 11,733 million euros, slightly lower (-116 million euros) compared to the previous year and contribution revenues to 8,442 million euros, up (+239 million) vs. 2015. As a result, taking into account amortizations and write-offs, the operating result shows a deficit of 5,269 million euros, down with respect to the 6,510 million euros in 2015, which resulted to a capital deficit of 61,358 million euros against 56,089 million in 2015. 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 1,661,627 (- 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 1,666,204 (+ 1,63%), who have by now outnumbered active workers.

The ***Fund for retailers*** too had a positive trend in 2016 equal to **1,030 million euros**, a net improvement compared to the already positive balance of 599 million euros in 2015 and of 521 million euros in 2014, with **10.727 million euros'** worth of contribution revenues, a significant increase compared to 10.312 in 2015, and 9.697 million euros' worth of benefit expenditure (9,713 in 2015). The final results include the data of the separate account called "fund for the rationalization of the retail network" as provided for under Leg. Decree n. 207/1996; they showed an operating deficit of **1.476 million euros** (up vs. 2,697 million euros in 2015) also due to contribution credit amortizations and write-offs. On the whole, on 31/12/2016, **the financial and economic situation showed a deficit of 5,803 million euros**. Compared to 2015, the number of pensioners (1,389,790) and active workers (2,151,220) did not significantly change; the active workers/pensioners ratio remained above the average, equal to 1.54 active workers for each pensioner. Table 3.7 compares the data on contribution revenues, pension expenditure and their balance for the last 5 years.

Table 3.7 - Historical series on revenues, expenditure and balance of the funds for artisans and retailers

		2012	2013	2014	2015	2016
ARTISANS	contributions	8,095	8,090	8,198	8,203	8,442
	Benefits	11,299	11,710	11,739	11,849	11,733
	Balance	-3,204	-3,620	-3,541	-3,646	-3,291
RETAILERS	contributions	9,677	9,909	10,147	10,312	10,727
	Benefits	9,313	9,529	9,626	9,713	9,697
	Balance	364	380	521	599	1,030

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

In 2016, the ***Fund for Farmers, Tenant farmers and Sharecroppers*** (hereinafter CDCM) showed a structural imbalance due to a very low active workers/pensioners ratio (about 0.3 active workers per pensioner) 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. In 2016, employment continued to decline, with **446,907** active workers against 448,410 last year (vs. 1,206,000 in 1989 and 457,260 in 2023). **The balance** between contributions and benefits amounted to -

³⁶ In Table 1.a, the data on artisans and retailers have been unified to be in line with the historical series of the 1989 general database (reconstructed by the Research and Study Centre of Itinerari Previdenziali).

3,812 million euros, 300 million more compared to -3,133 million euros in 2015, 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). **Contribution revenues**, equal to **1,249 million euros** (1,223 million euros in 2015), accounted for only 30.75% of the **4,355 million euros'** worth of benefits (4,355 million euros in 2015).

The low level of contribution revenues is due to the low income of these workers, to their low contribution rate and to the difficulty to recover some contributions, which of course has a negative impact on the resources of this fund. At the end of 2016, the number of pensions to be paid by CDCM (paid after 1988) was equal to 1,183,819; the number of benefits reached 1,487,737 also considering the benefits before 1989 paid GIAS (303,918). The ratio between the number of pensions vs. that of active workers paying contributions (1.53 in 1990, i.e. 1.53 pensions for each taxpayer), rose to 3.1 in the year 2000 (over three pensioners per active worker) and to 3.32 in 2016. Therefore, the pension system in the agricultural sector accounts for 5,750 million euros with a considerable **capital deficit** of **87,127 million euros** on 31/12/2016.

3.4. Minor schemes for private sector employees: aviation, consumer taxes, clergy, show-business (ex ENPALS), posts and telephony (ex IPOST), railways, journalists managed by INPGI

3.4.1 Aviation fund

This Fund is affected both by the heavy crisis in the airline sector and by the poor performance of the ailing and inefficient main carrier, Alitalia, which has often been rescued by taxpayers, as dictated by policy makers. 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 was 3% for contributions until 27/11/1988, 2.50% for the contributions after this date until 31/12/1994 vs. a maximum rate of 2% for FPLD), so much so that the average pension is 45,540 euros per year. Furthermore, it has lower old-age age eligibility criteria (minus 5 years) and a reduction, equal to 1 year every 5 years of membership and up to a maximum of 5 years, of the age and contribution seniority requirements for early retirement. In 2016, the fund showed a difference of **176 million euros**, 124 million euros' worth of contribution revenues and 300 million euros' worth of benefits. Operating results have been consistently negative since 2006 and there has been a capital deficit since 2011. The result for the 2016 financial year was **-155 million euros** and the balance was equal to **-749 million euros** bound to further deterioration.

This fund has 11,080 members vs. 7,030 outstanding pensions. As was said earlier (similarly to the railway pension fund), in 2004 during the nth attempt to save the hard pressed Alitalia, a special Fund for air transport (FSTA) was set up in order to intervene in the corporate crises of this sector, with additional benefits (for redundancy and layoffs) for both flight and ground personnel; so far, about 150,000 people have benefited from it, a huge number with respect to the workforce and with much more generous benefits as compared to other income support tools. In fact, the Fund provides 80% of the remuneration for a maximum of 7 years, with supplementary benefits for pilots equal to 10,000 euros a month and in some cases to 30,000 euros. So far the fund has been practically funded (97.4%) by the revenues from the additional municipal boarding tax on air tickets of 3 euros.

3.4.2 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 (TFR). 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 3 members with 137.930 million euros' worth of expenditure, with charges borne by the State 142,770 million euros' worth of expenditure (for 7,990 pensions) paid by the State (art. 17 PD 649/1972) and financed through GIAS.

3.4.3 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 and financial impact on the whole "system".

At the end of 2016, the number of pensions paid was equal to 13,152 and with 17,900 members with a ratio of 1.36 active workers per pensioner. The Fund has 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 remuneration or 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 2016, it had **31 million euros'** worth of **contribution revenues** and **100 million euros'** worth of **pension expenditure**, net of GIAS transfers, with a deficit of **70 million** and a capital deficit of **2,274 million euros**.

3.4.4 Show business and entertainment Fund (ex ENPALS)

As mentioned earlier, ENPALS merged into INPS on 01/01/2012. It manages two separate schemes: FPLS, the fund for show business and entertainment workers and FPSP, the fund for professional athletes. Both provide benefits for all show business and entertainment workers and professional athletes whether they are employed, self-employed or temporary workers, and all with the same contribution rates. The 2016 accounts have a positive balance between contributions and benefits of **296 million euros**, with contribution revenues and membership fees equal to **1,171 million euros** (1,288 in 2015) against **875 million euros'** worth of **expenditure** (866 million euros in 2015). On 31/12/2016, the number of active workers paying contributions was equal to 147,300 and the number of current pensions was 57,008 (as of 01/01/2017), of which 54,750 paid to members of the Fund for show business and entertainment workers and only 2,258 to professional athletes. The active workers/pensioners ratio is among the best at the national level with **2.58** active workers per pensioner; the average pension is 16,190 euros per year. The operating result for the year was positive (+ 488 million euros), with a surplus of **4,559 million euros** on 31/12/2016, better with respect to 2015 (4,071 million euros).

3.4.5 Posts and Telephony Fund (ex IPOST)

After the privatization of the postal sector and the establishment of Poste Spa, IPOST was abolished and transferred to INPS. The 2016 financial statements show **1,402 million euros'** worth of **contribution revenues**, compared to **1,810 million euros'** worth of **expenditure** with a **deficit of 408 million euros**, up compared to 2015 (367 million euros with 1,450 million euros' worth of contribution revenues and 1,817 million euros' worth of expenditure). In 2016, the fund received its contributions from **143,610 members** and provided **144,770 pensions** (with an average annual amount of 18,060 euros) and featured a negative ratio of the number of members vs. the number of pensioners (less than 1 active worker per pensioner). The operating result for the year was in the red for **353 million euros** but still with a financial and economic surplus of 716 million euros (1,069 million in 2015).

3.4.6 FF.SS. Railways Fund

The fund provides for all the railway employees, following the transformation of the FF.SS into FS SpA. This 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., for the former employees transferred to public entities who had opted for the INPS Special Fund and for all the other subjects working for railway operators. This fund was already in the red before its consolidation into INPS 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, 4,072 in 2015 and 4,786 in 2016).

This fund is characterized by a completely unbalanced ratio of active members paying contributions, equal to 45,180 in 2016 (57,133 in 2011, 53,608 in 2012, 50,533 in 2013, 48,350 in 2014 and 46,410 in 2015) vs. the number of outstanding pensions equal to 217,540 (234,400 in 2011, 232,000 in 2012, 228,590 in 2013 and 224,490 in 2014 and 221,530 in 2015), with the consequence of substantially transferring the burden of the company's restructuring and greater efficiency to taxpayers since early-retirement plans were extensively used. Moreover, the subjects working for the FF.SS. Holding company have been registered with FPLD as of April 1 2000 and not with the special fund; the direct pensions paid as of the year 2000 reached an average amount of 22,170 euros. In conclusion, in 2016, this fund was characterised by an anomalous situation with a negative balance of 4,176 million euros between 4,786 million euros' worth of expenditure (4,821 million euros in 2015) and 610 million euros' worth of contribution revenues (697 million euros in 2015). As mentioned above, the deficit is financed by the GIAS transfers designed to offset yearly operating deficits.

3.4.7 Fund for Journalists managed by INPGI

This fund is registered as a privatized scheme, but its members are employed subjects and, so, for the purposes of this category analysis, they are considered as private sector employees. Under the law, these workers are registered in an ad-hoc special "professional roster" and therefore they must join INPGI, which acts as a substitute for AGO. In 2016 and in 2015, this fund was characterised by an unbalanced situation with a deficit of **113.88 million euros**, down with respect to 112.50 million euros in 2015; contribution revenues amounted to **374.8 million euros** and pension expenditure to **488.68 million euros**. For details, see the tables in the web appendix and in Chapter 4.

3.5. Fund for Atypical Workers

A "separate scheme" was set up within INPS under art.2, par.26, Act 335/1995 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%. This fund, established in 1996, has a significant **positive balance** between contributions and benefits, which was equal to 6,639 million euros in 2016. This figure results from 7,445 million euros' worth of contribution revenues and from 806 million euros' worth of benefit expenditure. This is the only compulsory scheme whose benefits are calculated exclusively with the contribution-based method.

As a result, the financial and economic result amounts to **111,010 million euros**. The number of benefits provided (386,549) is still very low and far below the number of active workers paying contributions (1,249,000). The average amount of benefits is also low (2,265 euros per year) because of the short contribution period (this fund started in March 1996) and of the low contributions which initially did exceed 12% for the separate scheme. Over time, the contribution rate has increased to reach 32.72% in 2017 for subjects who are not members in another compulsory pension funds or pensioners for members of other funds or pensioners, the rate remained at 24%. (2,265 euros per year). 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 above the rate applicable for artisans and retailers, considering that many of them are professionals without an official roster and often work exactly like members of professional associations. In this case, the disparity of rates is very high: from the average 14% of those enrolled in Privatized schemes to about twice as much for those who are not registered in an official roster. This situation must be completely reviewed in view of promoting employment, also by considering this separate scheme as a normal pension fund with aggregation and other incentives.

3.6 Welfare benefits and support measures for INPS schemes (GIAS)

Often it is necessary **to separate the pension from the welfare system**, with the former financed by workers and employers (contributions) and the latter by general taxes. GIAS makes it possible to account for the share of welfare. The **Welfare Benefit Fund** (hereinafter referred to as **GIAS**) was set up within INPS

under Art.37, par.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;

Revenues: in 2016, **the value of production**, net of the adjustments in the current revenues equal to 14,320 million euros related to rebates in social charges, amounted to **95,160 million euros**. The financial statements show a “cost of production” of the same amount. The total “transfer” from the State to GIAS is equal to 107,374 million euros³⁷. Most of these transfers are financed by the State budget, while a small part of the revenues (1,691 million) 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 **2016**, the revenues from the contributions paid by employers amounted to **1,691 million euros** (compared to 1,735 million in 2015), while the membership fees reached 138 million euro. The total transfers paid by public institutions amounted to **107,644 million euros** (compared to 103,833 million in 2015), of which 107,374 million from the State, 11 million from pension funds and 247 million from the additional municipal tax on air tickets (3 euros per ticket for Alitalia). In 2016, income from production subsidies amounted to 1,691 million euros (compared to 1,735 million in 2015), while the subscriber's shareholdings recorded a value of 138 million euros. The total transfers to be paid by public institutions amounted to 107,644 million euro (compared to 103,833 transferred in 2015), of which 107,374 million come from the State, 11 million from pension management and 247 million from the municipal surcharge on the right of boarding of passengers on aircraft (3 euros per ticket for Alitalia).

These State transfers are subdivided as follows:

- **pension expenditure:** 70,971 million euros³⁸ (-1.7% vs. 72,172 million in 2015);
- **wage support measures:** 8,695 million euros (-1.1% vs. 8,794 million last year);
- **family support measures:** 4,502 million euros (+ 11.6% compared to 4.033 million last year);
- **benefits deriving from a reduction in contribution charges** (TBC and maternity leave): 603 million euros (-3.1% compared to 622 million in 2015);
- **contribution incentives and other rebates:** 21,203 million (+ 33.4% compared to 15,897 million in 2015);
- **other measures:** 1,400 million euros (-35% compared to 2,155 million in 2015).

These differences between 2015 and 2016 are due to:

- the increase in the State contribution (Article 37, Act 88/1989 and Article 59 of Act 449/1997) to partially offset the charges linked to the pension benefit adjustments after the Constitutional Court ruling n. 70/2015;
- 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 ;

³⁷ The figure of 107,374 in Table. 3.7 is obtained by adding 14,320 for adjustments to 95,160 million and by subtracting 1,691 million coming from production in addition to over 415 million euros' worth of revenues.

³⁸ This amount includes: 35.228 billion euros in Box 1 and in Table. 1a; welfare benefits equal to about 22 billion, GIAS for public employees (8.967 billion) and the deficits of special funds, in particular the FFSS fund (about 4.3 billion). Pension expenditure does not exceed 20.328 billion as illustrated under point 1.

- the higher contributions for incentives and other facilities, designed to finance the exemption from contribution charges for three years for newly-hired subjects with long-term contracts in 2015 and for two years at 40%;
- 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.

Table 3.8 shows the time series of transfers of financial resources from the State to GIAS in the 2011-2016.

Table 3.8 – State transfers to GIAS (in millions of euros)

	pension charges	wage support measures	family allowances	benefits for lower contribution charges	incentives for social security charges and other facilities	other measures	Total Transfers from the State budget
2011	58271	6360	3411	688	14031	1141	83902
2012	63804	8333	3671	696	16018	1278	93800
2013	67982	9592	3992	677	15488	1338	99069
2014	67454	10387	3856	656	14832	1255	98440
2015	72172	8794	4033	622	15897	2155	103673
2016	70971	8695	4502	603	21203	1400	107374

The accounts of this scheme show the amount of the costs incurred for “institutional benefits” classified by type, before recovering some non-eligible benefits; in particular, the figure related to pension charges includes the measures for all the schemes (**BOX1**) but also the ones for welfare benefits (social pensions and allowances and extra benefits for people over 65). Table 3.9 provides a summary of the historical series of institutional benefits provided in the 2011-2016 period, disaggregated by type of measure.

Table 3.9 – Institutional benefits paid by GIAS (in millions of euros)

	pension charges	wage support measures	family allowances	benefits for lower contribution charges	other measures	Total Transfers from the State budget
2011	37849	5664	3098	577	6	47194
2012	42845	6760	3286	593	7	53491
2013	46071	7787	3525	585	9	57977
2014	45956	8756	3408	567	8	58695
2015	50550	6713	3573	542	14	61392
2016	49515	6862	4057	532	10	60976

On the basis of the current regulatory framework, the measures adopted by GIAS in the field of pensions are practical tools to deal with the complex issue of separation between the pension and the welfare system as follows:

1. shares of pension benefits to be paid by pension funds in particular periods not covered by contributions or with reduced contributions, in order to promote their economic-financial equilibrium (Box 1);
2. direct payment of pension benefits for some categories (CDCM before 1989, ex ENPAO pensions for midwives, disability before Act 222/1984 and others);
3. the direct provision of welfare benefits such as disability benefits for civilians, social pensions and allowances and the fourteenth month.

Point 1 - under Act N.88/1989 and many other legal provisions, GIAS provides some significant support measures such as:

- **a share of each pension paid**, whose amount reached **20,328 million euros** vs. 20,121 in 2015.
- **early retirement benefits** equal to **1,666 million euros**, up from 1,477 million in 2015, of which 687 million related to the retirement instalments of the 7 safeguard measures for “esodati”;
- the share of pension benefits under Art. 1 of Act 59/1991(**yearly pensions**), equal to **705 million euros**, down compared to 775 million in 2015;
- **additional benefits** under Art. 5. of Act 127/2007 (fourteenth month) amounting to 894 million euros, up compared to 866 million of 2015;
- the share of **disability pensions** before Act n. 222/1984 amounting to **5,171 million euros** vs. 5,120 million euros in 2015.

Point 2 - The direct current pensions paid as of 01/01/1989 to farmers, tenant farmers and sharecroppers and their survivors' pensions for an amount of 1,690 million euros in 2016, a significant decrease compared to 1,941 million in 2015; the pensions of former ENPAO and the life annuities paid to subjects formerly employed by the State and other by other Public Administrations.

The financial quantification of all pension charges, net of the recovery of non-eligible benefits, is reported in Table 1.a and in **Box 1**, which show 35,228 million euros' worth of expenditure compared **36,045 million** of 2015. To these charges must be added those related to the funds for public employees (former INPDAP) introduced by Act 183/2011 which, as previously stated, established the financial intervention by GIAS also for these funds for an amount of **8,967 million euros** compared to 9,170 million in the previous year.

Point 3 – Direct provision of social pensions, allowances and extra social benefits as provided for under art.38, letter A, Act n.488/2001 to subjects above 65 years of age without an income. In 2016, these benefits amounted to 4,740 million euros (net of recovered benefits), similarly to the costs incurred in the previous year (4,750 million).

On December 31, the number of **social pensions** was equal to 54,839 with an average annual amount of 5,652 euros. No new additional pension was paid during the year, which means that the number of beneficiaries is dwindling. The number of **social allowances**, that replaced social pensions under Act 353/1995, was equal to **830,179** at the end of the year, with an average annual amount of 5,388 euros and with a 2.5% growth (+ 20,399 pensions) compared to the stock at the end of the previous year. Moreover, under former art.130, L.D.112/1998, an *ad hoc* fund was set up within INPS, that is financed through GIAS, with the aim to pay benefits to disabled civilians and to hearing and visually impaired individuals (disability pensions for civilians and carers' allowances).

The financial resources transferred to a specific “**Fund for pensions and carers' allowances for disabled civilians**” under former art.130, L.D. of 31/03/1998, amounted to **17,493 million euros** vs. 17,351 in 2015. These resources were used to finance 3,271 million euros' worth of benefits for disabled civilians, 348 million for the blind, 60 million for the hearing impaired. Moreover, GIAS provided carers' allowances to the same categories for a total of 13,691 million euros (12,754 for disabled civilians, 801 for the blind and 136 for the hearing impaired). On December 31, the **outstanding pensions** were divided as follows: 2,460,869 for disabled civilians, 123,995 for the blind and 43,536 for the hearing impaired. During the year, a very significant amount of **non-eligible benefits was recovered** (452 million euros) vs. 307 in 2015 (+47%). The overall cost of these welfare measures was equal to **21.658 million euros**, net of recovered non-eligible benefits, with respect to 21,629 million euros in 2015. Finally, on 31/12/2016, the number of **veterans' pension benefits** (direct and indirect), was equal to 189,287 (compared to 202,824 in 2015) corresponding to an annual cost of **1,301.8 million euros**, a slight increase compared to 1,299.4 of the previous year. These sums are allocated through a specific chapter of the Ministry of Economy and Finance.

As to **measures to support revenues for INPS schemes**, in 2016 GIAS allocated some resources to finance periods of work subsidized through social safety net incentives (4,472 million euros), loss of

revenues due to reduced contribution rates and subsidies (**6,335 million**) and lower revenues (1,412 million) due to the reduction of wages. The overall transfers to INPS schemes amounted to **34,519 million euros**, compared to 33,318 in 2015. In particular, in the year under review, pension funds received 10.182 million euros' worth of transfers from GIAS, compared to 9.277 million in the 2015 accounting report (Box 1). In this Report, the amount of these interventions is included in the contribution revenues of each fund. In the year under review, GIAS also **transferred a significant amount of resources to schemes to finance the operating deficits** related to the 2015 financial year to some INPS Special Funds (customs agents, consumption tax collectors, dockers and former FF.SS. workers), amounting to 4,347 million euros, down compared to 4,293 million of the previous year (see also Chapter 9).

The support measures for pension schemes also include GIAS transfers to sustain the Italian production system through incentives for social charges. The extent of this State contribution is indicated under the heading "Corrective and compensatory revenue items" which reached **14,310 million euros** in the year under review, a 57% increase vs. the previous year (9,107 million). In the INPS accounting system, the contributions that benefit from these incentives are accounted for before these facilities, even if revenues are not; therefore, the GIAS financial statements analytically highlight the regulatory references (and their related figures) that created this system but not the recipient funds. It can be estimated, however, that pension funds receive more than half of the aforementioned sum.

BOX 1 –GIAS Measures

It shows the “share of benefits” paid by GIAS for each fund or scheme as well as the transfers (together with the ones from GPT and the Regions) that increase the “contribution revenues”.

BENEFIT TRANSFERS FROM GIAS (millions of euros in absolute terms)			TRANSFERS FROM GIAS AND OTHER SCHEMES (millions of euros in absolute terms)			
	2015	2016	2015		2016	
	TOT.	TOT.	GIAS	Other schemes/funds/State	GIAS	Other schemes/funds/State
PRIVATE SECTOR EMPLOYEES	28032.83	27308.45	8800.83	6170.74	9688.93	4883.92
Private sector employees						
INPS	27113.88	26400.27	8776.22	6170.74	9660.96	4883.92
FPLD	26574.73	25986.74	8586.70	5564.77	9487.67	4367.63
TRASPORTION	91.89	46.66	117.98		121.59	
TELEPHONY	62.42	70.09	1.63	0.01	1.63	0.00
ELETTRICITY	99.09	70.95	1.44	2.09	1.44	11.62
AVIATION	15.93	19.86	61.00		41.12	
CONSUMER TAXES	6.96	4.73	0.03		0.02	
CREDIT*						
FFSS	143.13	78.90	1.86	602.23	1.86	500.71
INPDAI	119.73	122.35	5.58	1.64	5.63	3.97
Other Funds for private sector employees	90.78	85.02	20.73	0.00	24.22	0.00
JOURNALISTS	0.00	0.00	0.00	0.00	0.00	0.00
SHOW BUSINESS**	90.78	85.02	20.73		24.22	
Funds for former autonomous organizations	828.17	823.17	3.88		3.75	
IPOST	828.17	823.17	3.88		3.75	
PUBLIC SECTOR EMPLOYEES	9169.60	8967.25	92.53	32.99	92.53	24.83
CPDEL	366.12	211.96	34.22	20.95	34.22	13.37
CPI	4.41	1.91	0.15	0.14	0.60	0.22
CPS	33.35	49.06	8.53	10.88	8.53	10.12
CPUG	1.04	0.62	0.60	0.00	0.15	0.00
CTPS	8764.68	8703.70	49.03	1.03	49.03	1.11
SELF-EMPLOYED AND PROFESSIONALS			357.48	94.31	333.52	89.56
Inps funds for self-employed workers	7920.99	7815.76	357.48	0.00	333.52	0.00
ARTISANS	2161.81	2291.41	147.04		140.78	
RETAILERS	1363.69	1327.81	127.94		122.71	
CDCM	4395.49	4196.55	82.51		70.02	
Professionals	0.43	0.39	0.00	94.31	0.00	89.56
509 PRIV. FUNDS	0.43	0.39		91.31		89.56
EXCLUDING ENPAM						
ENPAM	0.00	0.00				
103 PRIV. FUNDS	0.00	0.00		3.00		0.00
Clergy Fund	10.43	8.89				
Fund for Atypical Workers	67.36	82.18	26.42		67.25	
INPS supplementary funds for atypical workers	12.73	12.05	0.06	110.13	0.04	96.02
miners	5.79	5.54	0.04	12.32	0.04	11.70
gas workers	1.90	1.83	0.02		0.00	
tax collectors	1.59	1.46	0.00		0.00	
dockers	1.18	1.18	0.00			
dissolved entities	2.28	2.04				
ENASARCO	0.00	0.00		97.82		84.32
TOTAL	45214.36	44194.99	9277.32	6408.17	10182.27	5094.33
TOT. GIAS net of Public Employees	36044.76	35227.73		15685.49		15276.60

*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

3.7 The INPS financial and economic situation

On 31/12/2016, INPS had a surplus of **78 million euros**, a sharp deterioration compared to the **5,870 million** on 31/12/2015 and even more with respect to **18,407 million** on 31/12/2014. This organization would have run a deficit if, as already mentioned in paragraph 3.2, Act 147/2013 had not stepped in to finance the deficit of former INPDAP with **21,698 million euros**. Apart from this circumstance, the deterioration of the situation in the latest accounts is confirmed by the **2017 Budget**, which shows a capital deficit of **9,667 million**; this resulted in a new State intervention under Art. 24 of the 2018 budget law which amounts to **29.4 billion euros**.

In any case, it is interesting to note that the current situation is the result of the capital deficits of almost all the schemes, except for the fund for atypical workers with a surplus of **111,010 million**, the temporary benefit scheme with **189,814 million** and former ENPALS with **4,599 million**. As already mentioned for the individual schemes the INPS negative financial and economic situation is mainly due to the very bad results of former Special Funds, of former INPDAI (merged into FPLD) and of the funds for artisans and CDCM. A compounding effect has also come from the restructuring of important sectors of the Italian economy, improperly charged on the “national pension account”, and not on the “Eurostat” income support function. As already illustrated, these sectors include agriculture (INPS inappropriately financed the shift of Italy from agriculture to industry) steel, paper, ports (with subjects retiring 10 years earlier) and important companies such as Fiat and Olivetti, Ferrovie dello Stato, Alitalia and Poste. Approximately 500,000 workers have been retired in the private sector, while over 500,000 civil servants are beneficiaries of “baby pensions”. All of this has had a very negative impact on public debt and on the ratio of pension expenditure vs. GDP, which has created so many problems with the EU and eventually resulted in the Monti-Fornaro reform. Table 3.10 below illustrates the economic and financial performance of all the schemes managed by INPS, with the operating results for each one of them for the years 2014-2016 and the financial and economic situation on December 31st of every year.

Table 3.10 – Economic and financial situation of the INPS schemes (in millions of euros)

SCHEMES AND FUNDS	2014 – Accounting results		2015 – Accounting results		2016 – Accounting results	
	Operating result	Financial results as of 31/12/2014	Economic result	Financial results as of 31/12/2015	Economic result	Financial results as 31/12/2016
<u>AGO PENSION SCHEMES</u>						
* PENSION FRUND FOR EMPLOYED WORKERS	-7,378	-130,188	-8,775	-138,963	690	-138,274
Pension Fund for Employed Worker	485	-47,586	-556	-48,142	9,279	-38,863
<i>Ex transportation fund</i>	-1,018	-18,921	-1,064	-19,985	-1,030	-21,016
<i>Ex electricity fund</i>	-1,982	-28,002	-1,921	-29,922	-1,945	-31,867
<i>Ex telephony fund</i>	-1,093	-5,466	-1,313	-6,779	-1,274	-8,053
<i>Ex Inpdai</i>	-3,770	-30,213	-3,921	-34,135	-4,340	-38,474
<i>Self-employed workers</i>						
* FUND FOR FARMERS, TENTANT FARMERS AND SHARECROPPERS	-4,209	-80,018	-3,897	-83,915	-3,212	-87,127
* FUND FOR ARTISANS	-5,748	-49,579	-6,510	-56,089	-5,269	-61,358
* FUND FOR RETAILERS	-1,574	-1,630	-2,697	-4,327	-1,476	-5,803
* FUND FOR ATYPICAL WORKERS	7,646	96,676	7,556	104,232	6,777	111,010
<u>AGO EXCLUSIVE PENSION FUNDS</u>						
* SPECIAL FUND FOR PUBLIC EMPLOYEES (*)	-3,194	-4,812	-4,428	-5,740	-7,181	-12,921
<u>AGO SUBSTITUTIVE PENSION FUNDS</u>						
* FUND FOR CUSTOMS OFFICERS	0	0	0	0	0	0
* AVIATION FUND	-180	-461	-132	-594	-155	-749
* FUND FOR CUSTOMS SHIPPERS	0	13	0	13	0	13
* SPECIAL SCHEME FOR FERROVIE DELLO STATO	0	1	0	1	0	1
* SPECIAL SCHEME FOR POSTE ITALIANE SpA	-173	1,331	-261	1,069	-353	716
* SPECIAL SCHEME FOR EX ENPALS' EMPLOYEES	208	3,944	127	4,071	488	4,559
<u>AGO SUPPLEMENTARY PENSION FUNDS</u>						
* SPECIAL SCHEME FOR MINERS	-17	-579	-14	-593	-11	-604
* GAS FUND	-6	137	-5	131	-3	129
* FUND FOR TAX COLLECTORS	26	953	-64	890	40	929
* SPECIAL SCHEME FOR DISSOLVED ENTITIES	0	0	0	0	0	0
* FUND FOR GENOA AND TRIESTE PORTS' EMPLOYEES	0	0	0	0	0	0
<u>MINOR PENSION SCHEMES</u>						
* CLERGY FUND	-72	-2,157	-62	-2,219	-55	-2,274
* OTHER FUNDS	-2	-147	-4	-152	3	-148
<u>TEMPORARY BENEFITS SCHEME</u>	2,230	183,726	2,687	186,413	3,401	189,814
<u>OTHER MINOR FUNDS</u>	-45	991	181	1,173	99	1,269
<u>OTHERS</u>	0	207	0	467	0	895
Total	-12,485	18,407	-16,297	5,870	-6,220	78

*The financial situation as of 31/12/2015 includes the 3.5 billion euros' worth of contribution to balance a deficit

4. Privatized Funds of Professionals: general and individual performance in 2016

The analysis of the privatized schemes for liberal professionals 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 74 billion euros in 2016, 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 system¹.

Unlike public pension funds that now work on the basis on the pro rata contribution calculation system as of 01/01/2012, these schemes calculate their benefits with the **income-based system** in some instances regulated by Legislative Decree 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, so as to obtain the mean remuneration for retirement purposes (RMP), which is then multiplied by a “proportional” coefficient ranging between 2% and 0.9% for a number of years (generally the last 15-25 years) in order to determine the pension rate.

Instead, after the introduction of the obligation to prepare the accounts with a financial and actuarial sustainability at 50 years (art.24 L.D. “Salva Italia” 201 of 06/12/2011) transposed into Act 214 on 22/12/2011, some schemes under Legislative Decree 509/1994 have decided to introduce the **contribution-based method** applying various calculation criteria, with the strict application of the *pro rata* principle to protect the accrued seniority.

Instead, since their inception under Act 335/1995, the funds privatized under Legislative Decree 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, similarly to the public system, which are adjusted every year 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. However, in recent years, in an increasing number of cases (EPPI, EPAP, ENPAP), the supervising Ministries have allowed these schemes to adjust their individual contribution amounts to a higher rate than the one established by law (five-year average of GDP), thus allocating part of the extra-yield accrued on these assets to their members. These measures certainly contribute to improving the adequacy of the pension benefits especially for members of schemes under Legislative Decree n. 103/1996 (see below).

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, their operating costs and partly to supplement pension benefits for their members. Recently, as a result of the introduction of additional welfare benefits, many of these schemes require specific contributions.

¹ Privatized Funds: A) Privatized funds under L.D. 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 L.D. 103/1996 including: ENPAB (Biologists), ENPAIA (Separate scheme for agricultural technicians Separate scheme for agricultural consultants), EPAP (Different categories: agronomists, forestry experts, actuaries, 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 509/1994 entities: Onaosi (Orphans), Enasarco, Fasc and Enpaia that manage compulsory complementary pension annuities and capital resources.

4.1. General framework and main indicators

Table 4.1 – The general framework and main indicators

THE GENERAL FRAMEWORK						
FUNDS	Number of Contributors	Number of Pensioners	Contribution revenues	Benefit expenditure	Accounting balance	Assets
509/94 Funds	1,122,596	360,804	7,924,356,170	4,750,234,408	4,144,057,778	58,895,761,666
103/96 Funds	188,637	14,781	446,595,809	40,269,926	203,934,040	5,468,220,977
Total	1,311,233	375,585	8,370,951,979	4,790,504,333	4,347,991,818	64,363,982,643

As shown in Table 4.1, in the period 1989-2016, the **total number of contributors** in these privatized schemes increased by about **128%**, up to **1,311,233**. In 2016, in the schemes under Legislative Decree 509/1994 (hereafter referred to as “the 509 schemes”), the number of active workers paying contributions was equal to **1,122,596**, an increase by 119% compared to 1989, by 24.8% compared to 2006 and by 0.6% compared to 2015. Instead, in the schemes under Legislative Decree 103/1996 (hereafter referred to “the 103 schemes”), the number of tax payers was equal to **188,637** with an increase by 65.2% compared to 2006 and by 1.8% vs. 2015.

In the year under review, the **average annual contribution** amounted to **6,384 euros**, with an increase by 5.05% compared to 2015. In particular, for the 509 schemes, the average contribution was equal to **7,059 euros** with an increase by 5.11% compared to 2015 while for the 103 schemes it amounted to **2,367.5 euros** with an increase by 6.19% vs. 2015. Note that **average contributions** are not high, especially in the case of the 103 funds; consequently, if they are not supported by supplementary contributions or by extra yields, they will generate low pension benefits. In fact, there is a plan to increase the contribution rates.

In the 1989-2016 period, the **number of pensions paid** went from 145,428 to **375,585** with an increase by 158.3%, well above the increase in membership; it is important to stress that, given their recent inception, the 103 schemes only accounted for 14.4% of the total number of active workers paying contributions and in 2016 they provided a modest number of benefits equal to **14,781** (3.9% of the total). However, it is crucial to highlight that, as of 2016, the number of benefits s provided by the 103 funds increased by 12.5% against + 3.3% for the 509 schemes.

In 2016, the **average pension** amounted to **12,755 euros** (almost twice the average contribution) with an increase by 0.82% vs. 2015. The 509 schemes provided an average pension of **13,165.7 euros** (slightly less than the double of the average contribution) with an increase by 1% compared to 2015, while the 103 funds provided an average pension equal to **2,724.4 euros** with a 10.8% increase compared to 2015. Please note that the average pension provided by the 103 schemes only accounts for part of the total pension, since these subjects have become eligible to first pillar pensions also in other public funds. (For these first 4 indicators see Tables 4b, 4c, 4d, 5b, 5c, 5d, in the exhibits to the Report published in the web section).

The **total assets (equity)** of these pension funds, except for ENASARCO, FASC and ENPAIA, reached approximately **64.4 billion euros** at the end of 2016 with an increase by almost 4.3 billion over the previous year. These schemes mainly make direct investments (about 77%) and sometimes they adopt an intermediated approach (23%). Their investments in the domestic real economy account for approximately 15.3% of total assets (over 11.3 billion euros), mainly through CIUs and alternative funds. They tend to diversify their investments compared to last year in search for returns that can ensure their financial and actuarial sustainability.

In 2016, **pension expenditure** reached **4,790.5 million euros**, an increase by 4.5% in 2015 (+ 4% last year). The 509 schemes featured expenditure equal to **4,750 million euros** with an increase by 4.3 compared

to 2015 (+3.9% last year), vs. 40 million euros' worth of expenditure for the 103 funds with an increase by 24, 6% compared to 2015 (+17% last year). The following table illustrates pension expenditure over time.

PENSION EXPENDITURE	2016 (mln €)	Var. 2015-2016	Var. 2012-2016	Var. 2007-2016	Var. 1989-2016
509 Funds	4,750	4.34%	21.59%	58.77%	638.42%
103 Funds	40	24.58%	135.73%	825.48%	5709.61%
Total	4,791	4.49%	22.08%	59.88%	643.88%

In 2016, the **contribution revenues** of the privatized schemes amounted to about **8,371 million euros**, with an increase by 5.9% compared to 2015 (+3% last year). The contributions received by the 509 funds reached **7,924 million euros**, an increase by 5.7% compared to 2015 (+2.8% last year), vs. **447 million euros** for the 103, with an increase by 8.1% compared to 2015 (+6.3% last year). The table illustrates the trend of contributions over time.

CONTRIBUTION REVENUES	2016 (mln €)	Var. 2015-2016	Var. 2012-2016	Var. 2007-2016	Var. 1989-2016
509 Funds	7,924	5.72%	17.81%	55.67%	663.09%
103 Funds	447	8.06%	26.14%	71.31%	2549.34%
Total	8,371	5.85%	18.23%	56.43%	693.22%

The **balance** between contribution revenues and pension expenditure amounted to around **3.58 billion euros**, with a percentage increase by **7.7%** over the previous year (+1.7 % last year). In 2016, the 509 schemes featured a balance equal to **3.17 billion euros**, up by 7.8% (vs. 1.2% last year), while the 103 it is equal to 406 million euros, an increase of 6.7% compared to 381 million in 2014. The table below shows a summary of the progress of the balance over time, highlighting its constant reduction. (For these 3 sizes see Tables 1b, 1c, 1d and 2b, 2c, 2d, in the annexes to the Report published in the web section).

REVENUES/EXPENDITURE RATIO	2016 (mln €)	Var. 2015-2016	Var. 2012-2016	Var. 2007-2016	Var. 1989-2016
509 Funds	3,174	7.86%	12.58%	51.25%	703.26%
103 Funds	406	6.66%	20.59%	58.51%	2413.81%
Total	3,580	7.72%	13.43%	52.04%	770.48%

The **ratio of the number of pensioners vs. the number of active workers** was equal to **0.286** (i.e. 3.49 active workers per pensioner), that is slightly going up over time: from 0.253 pensioners per active worker in 1989 to 0.278 last year and up to the current figure. In detail, the ratio of pensioners vs. active workers in the 509 scheme was equal to **0.321** (3.11 active workers per pensioner) and to **0.078** (12.76 active workers per pensioner) in the 103 funds. The table below illustrates the trend of this ratio over time which is constantly and physiologically growing due to the more mature profile of these schemes. (For this ratio, see tables 6b, 6c, 6d in the exhibits to report published in the web section).

PENSIONERS/ACTIVE WORKERS RATIO	2016	2015	2012	2007	1989
509 Funds	0.321	0.313	0.300	0.287	0.283
103 Funds	0.078	0.071	0.055	0.029	0.002
Total	0.286	0.278	0.266	0.258	0.253

In 2016, the **ratio of the average pension vs. the average contribution** was about **2.00**, slightly down with respect to last year: in practice, the average pension was twice as much as the average annual

contributions. In detail, the 2016 ratio for the 509 schemes amounted to **1,865**, with a 3.90% decrease in 2015, and to **1.151** for the 103 funds, with a 4.29% increase compared to 2015. The table below shows the trend of this ratio over time. (For this ratio, see Tables 4b, 4c, 4d in the exhibits to the report published in the web section).

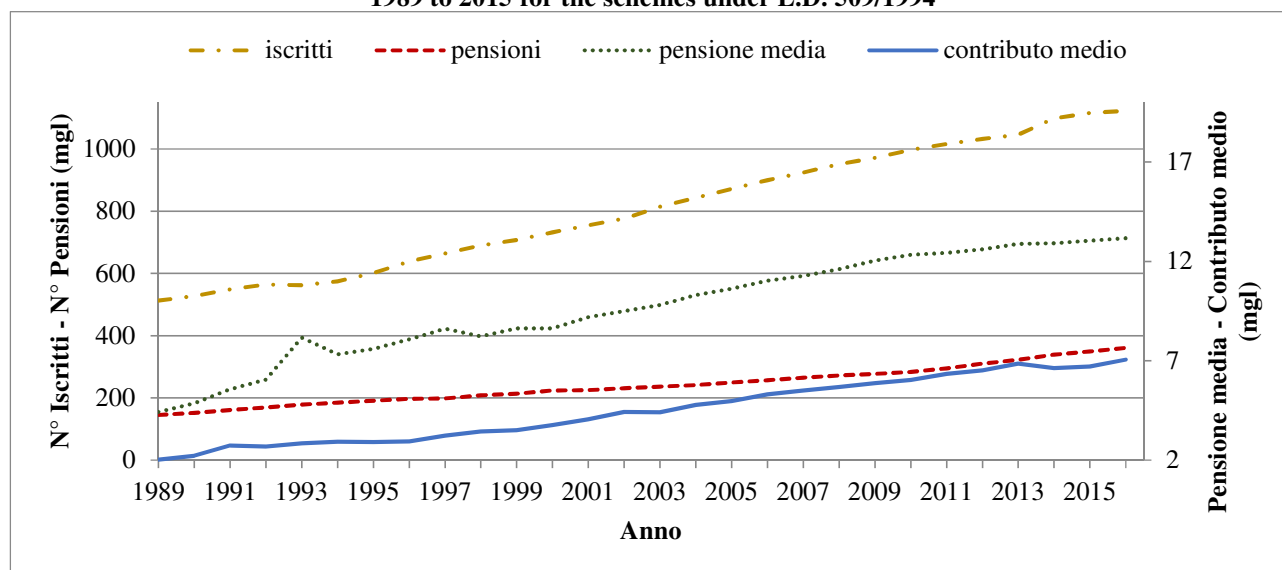
AVERAGE PENSION/AVERAGE CONTRIBUTION RATIO	2016	2015	2012	2007	1989
509 Funds	1.865	1.941	1.934	2.048	2.186
103 Funds	1.151	1.103	0.881	0.576	24.999
Total	1.998	2.082	1.421	1.448	2.414

In 2016, the **ratio of contribution revenues vs. pension expenditure** was equal to **1.747** with an improvement of 1.3% compared to the previous year. For the 509 schemes, this ratio amounted to **1.67**, slightly up with respect to last year (1.646) but still lower than in 2012 and in the pre-crisis period; for the 103 funds, it was equal to 11.09, thus confirming its progressive reduction as of 2007 (-13.3% compared to 2015). The table below illustrates the trend of this ratio over time, highlighting a constant reduction for both macro-groups. (For this ratio, see tables 3b, 3c, 3d, in the exhibits to the report published in the web section).

CONTRIBUTION REVENUES/PENSION EXPENDITURE RATIO	2016	2015	2012	2007	1989
509 Fund	1.668	1.646	1.722	1.701	1.614
103 Fund	11.090	12.785	20.724	59.913	24.319
Total	1.747	1.725	1.804	1.786	1.639

Figures 4.1 and 4.2 show the curves of the parameters considered for the two macro-groups: the schemes under Legislative Decree 509/1994 and those under Legislative Decree 103/1996.

Figure 4.1 - Indicators: number of members, number of pensions, average pension, average contributions from 1989 to 2015 for the schemes under L.D. 509/1994



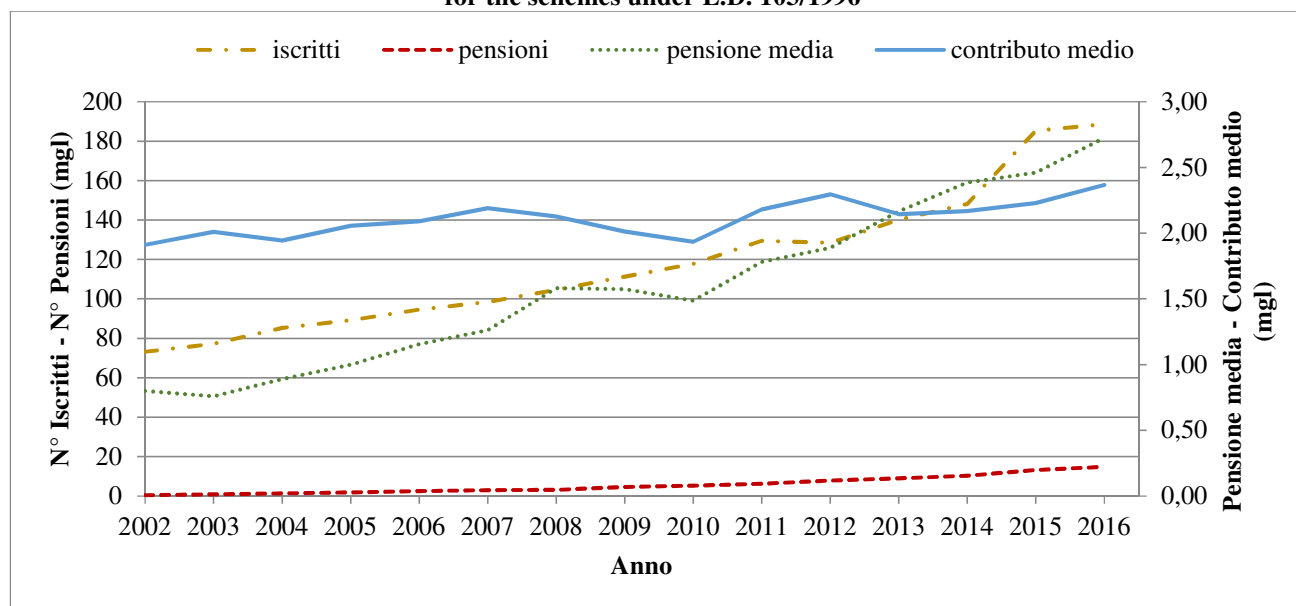
Curves: members; pensions; average pension; average contributions; year

Axes: N. of members - n. of pensions (thousands); Average pension – Average Contributions (thousands)

The graph shows a substantially linear growth in the number of members and of pensions for the 509 schemes, with a higher percentage increase for pensions due to both the increase in average life expectancy

and to the higher number of longstanding members who become eligible for retirement. Instead, the economic **ratio of the average pension vs. the average contribution** shows that pensions account for a twice as much with respect to contributions also, but not only, because of the generous rules for calculating these annuities until a few years ago and of very low contributions especially when compared with those of employed workers. In recent years, however, following the reforms implemented and the increase in contribution rates (often progressive and spread over several years), the amount of contributions tends to grow more than the annuities thus promoting medium and long-term sustainability.

Figure 4.2 - Indicators: number of members, number of pensions, average pensions and average contributions for the schemes under L.D. 103/1996



Curves: members; pensions; average pension; average contributions; year

Axes: N. of members - n. of pensions (thousands); Average pension – Average Contributions (thousands)

The graph for 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 for average pensions, whose amount has exceeded that of average contributions in the last three years.

4.2. Analysis of each individual scheme and its main indicators

Tables 4.2 and 4.3 show the main indicators for each scheme: pension expenditure, contribution revenues and in particular the **pension balance** (the ratio of revenues from subjective and supplementary contributions and the cost for the provision of pensions); this is the first indicator of the **expenditure sustainability in the medium and long term**; this balance does not include revenues from other contributions (minimal), the yields from assets under management, non pension related benefit expenditure and operating costs.

The Table also shows the ratios of pensioners vs. active workers and of average pensions vs. 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 legislative decrees were amended in two steps: first, the introduction of 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 has been 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.

Moreover, pending the implementation measures, it is important to assess the accounting sustainability effects of the extension of the rules on the free accumulation of the eligible periods to privatized schemes, as provided for under the 2017 Budget Law (art.1, paragraph 195, Act 232 of 11/12/2016), which have to be harmonized with the “aggregation” rules these funds accepted in 2005. Moreover, the Constitutional Court ruled that the transfers from these schemes to the State envisaged in the *spending review* are illegal on the basis of a decision issued in July 2017 after the appeal filed by Certified Accountants (CNPADC); here the Court reaffirmed that “this levy by the State may undermine the equilibrium of this system that is an unflinching trait of any autonomous scheme”.

The analysis of the **pension expenditure/contribution revenues ratio** shows the difficult situation of the fund for journalists (INPGI); in fact, it is **lower than 1** because contribution revenues are not sufficient to finance pension benefit expenditure. At the end of 2016, the parameter had a slight improvement (0.1%) and went back to **0.77**, despite the worsening of the difference between pensions and contributions with a deficit of 113.9 million euros (+1.23%). However, INPGI has launched a radical reform since 2017 which is expected to rebalance its accounts in line with the parameters required by the law. Under this reform, for old-age pensions the age requirements have to be aligned with those for employed workers and for seniority pensions the contribution requirements have to be adjusted to life expectancy.

Further provisions envisage the adjustment of the average remuneration for 2007-2016 only to the Istat parameters, the introduction of a contribution ceiling for new members and safeguard clauses for unemployed, redundant, solidarity and mobility workers. Finally, the “Lotti decree” of May 2017 set new rules for early retirement, with the age parameter linked to register linked to that of old age and a maximum limit of 5 years for the “pathway to early retirement”, in addition to the partial funding of social safety net measures.

Table 4.2 - Indicators and pension expenditure of the schemes privatized under L.D. 509/1994 (in millions of euros)

		ENPACL	ENPAV	ENPAF	CF	INAR CASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
SPESA PER PENSIONI	2016 (mln €)	105,925	38,578	154,146	788,285	576,154	477,238	226,765	260,837	204,568	488,677	1429,056
	var. % 15-16	4,1	3,5	-1,9	3	7,7	1,5	0,4	3,1	1,4	5,4	6,6
	var. % 12-16	33,4	18,2	-4	19,6	53,6	13,3	11,9	22,4	11,4	19,6	23,3
	var. % 07-16	116	52,6	4,3	46,5	152,3	57,6	69,7	70,7	27,9	60,2	50,5
	var. % 89-16	1349,2	4449,3	46,9	1145	2437,3	1783,1	2402,7	1705,9	308,5	626,5	414,1
ENTRATE CONTRIBUTIVE PER PENSIONI	2016 (mln €)	169,676	100,219	264,379	1578,365	1080,719	495,411	293,097	757,547	291,183	374,798	2518,958
	var. % 15-16	0,3	4,6	1	4,1	9,8	5,9	4,7	3,8	10,4	6,7	6
	var. % 12-16	38,2	25,6	4	19	17	19,1	15,3	22,4	48,2	-2,2	17,1
	var. % 07-16	96,1	96,6	9,7	123,1	82,9	34,7	20,4	62,2	38,7	1,1	43,6
	var. % 89-16	1113,1	96,6	155,8	1500,3	1128,1	609	1205,2	1383	301,8	293,3	499,4
Saldo pensionistico	2016 (mln €)	63,75	61,64	110,233	790,079	504,565	18,172	66,331	496,709	86,615	-113,879	1089,902
	var. % 15-16	-5,5	5,2	5,3	5,4	12,2	-819,1	23	4,2	39,4	1,2	5,3
	var. % 12-16	47	30,7	17,7	20,5	-8	-447,6	28,4	22,4	569,9	346,1	9,9
	var. % 07-16	70	140	18,2	366	39,1	-72	-39,6	58,1	73,7	-273,2	35,3
	var. % 89-16	854,6	2713,4	-7037,3	2137,4	672,8	-59,2	395,2	1255,7	286,7	-506,1	666,1
Rapporto tra spesa per pensioni e entrate contributive	2016	1,6	2,6	1,72	2	1,88	1,04	1,29	2,9	1,42	0,77	1,76
	var. % 15-16	-3,7	1	2,9	1,2	1,9	4,4	4,3	0,7	8,8	1,3	-0,5
	var. % 12-16	3,6	6,3	8,3	1,3	-23,8	5,1	3	0	33	-18,2	-5
	var. % 07-16	-9,2	28,9	5,2	52,2	-27,5	-14,5	-29	-5	8,5	-36,9	-4,6
	var. % 89-16	-16,3	-27,5	74,1	28,5	-51,6	-62,3	-47,8	-17,9	-1,7	-45,9	16,6
RAPPORTO PENSIONATI/ ATTIVI*100	2016	37,85	22,38	27,47	11,74	17,76	38,9	30,74	10,94	54,27	59,42	54,74
	2015	36,25	21,03	28,6	11,65	16,41	37,17	29,65	10,76	54,17	57,29	53,08
	2012	37,07	22,74	33,06	14,64	9,57	29,34	26,65	10,57	54,4	44,03	48,9
	2007	28,27	24,01	37,3	17,46	8,74	26,81	19,63	10,16	44,8	33,51	43,38
	1989	15,35	35,95	45,22	32,01	26,54	13,7	9,67	27,3	51,89	38,14	28,9
RAPPORTO PENSIONE MEDIA / CONTRIBUTO MEDIO	2016	1,65	1,72	2,12	4,26	3	2,48	2,52	3,15	1,29	2,19	1,04
	2015	1,66	1,85	2,1	4,34	3,31	2,7	2,72	3,22	1,41	2,3	1,06
	2012	1,74	1,8	1,91	3,45	4,25	3,45	2,99	3,26	1,72	2,42	1,1
	2007	2	2,07	1,64	4,35	4,42	3,07	2,8	3,22	1,7	2,45	1,25
	1989	3,41	0,78	2,25	2,01	0,97	2,65	4,17	1,04	1,33	1,85	2,29

*Pension expenditure; Contribution revenues; Pension balance; Pension expenditure/Contribution revenues ratio
Pensioners/Active workers ratio 100 Average pension/Average contribution ratio*

The funds for veterinary doctors, lawyers, chartered accountants, engineers and architects (INARCASSA) have a good expenditure/revenues ratio at around or above 2, with contribution revenues that are twice as much (2.9 times for INARCASSA) compared to pension benefits; the fund for surveyors (CIPAG) managed to eliminate its deficit, reaching a ratio of **1.04**, while the funds for accountants and notaries (CNPR and CNN) have a balance of **1.29** and of **1.42** respectively, up compared to last year (+4.35% and +8.82%). As to **the ratio of the number of pensioners vs. that of active workers**, the best results have been obtained by the funds for chartered accountants (only 10.94 pensioners per 100 active workers) followed by Cassa Forense (11.74) and INARCASSA (17.76); less positive ratios have been obtained by INPGI (59.42 pensioners for every 100 active workers), by Cassa del notariato (54.27) and by ENPAM (54.74). Finally, only the fund for pharmacists has managed to improve this ratio compared to 2015 (from 28.6 to 27.47).

The **average pension/average contribution ratio** ranges from 1.04 to 4.26; therefore, the average pension for all institutions is higher than the average contribution; lawyers receive an average pension that is 4.26 times the average contribution; the average pension for engineers, architects and chartered is 3 times as high; for accountants and surveyors it is 2.5 times the average contribution, while the other funds have a lower ratio, especially doctors (ENPAM) with an average pension almost equal to the average contribution (1.04).

Table 4.3 shows the same indicators for the privatized schemes under Legislative Decree 103/1996. Given their recent inception, pension benefits are still very few, so the expenditure/revenues ratio is generally very positive, although slightly down with respect to last year. In fact, it ranges from 6.36 (more than 6 times with respect to benefits) for industrial experts (EPPI) to 15 times and more for psychologists (ENPAP) and biologists (ENPAB). The ratios of 29.72 for nurses (ENPAPI) and of 142.26 for agricultural technical experts (ENPAIA AGR.) are very positive but not very significant: the former has been influenced by the possibility for nurses to enter into continuous and coordinated collaboration contracts as of 2013 and the second by its young age (it became operational in 2008) and its limited number of pensions (26) (Tables 2c on the web).

Another very positive ratio is that of the **number of pensioners vs. the number of active workers**; except for the two special ENPAIA funds that are very small, this ratio ranges from 4.81 pensioners for every active workers in the fund for nurses (ENPAPI) to 4.92 for the INPGI separate scheme, up to a maximum of 26.91 retirees per 100 active workers in the fund for industrial experts (EPPI); the other schemes have a ratio lower than 10 pensioners. Obviously, over the years, the number of pensioners is bound to grow and so will this ratio.

Last but not least, the **average pension/average contribution ratio** shows that the average pension is higher than the average contribution by 2.73 times for journalists (the INPGI separate scheme), by 1.36 times for the multi-sectorial category fund (EPAP) and by 1.08 times for psychologists. Other funds feature a good ratio: for industrial experts the average pension is equal to 58% of the average contribution, for nurses it is 70%, for biologists 83%.

4.3 Welfare benefits

In the last few years, all these funds have introduced other benefits in addition to pensions also because of the crisis, such as welfare benefits for their members and social benefits for their workers and their families and to support their profession. In the current economic context, these benefits are becoming increasingly relevant and each scheme is trying to meet the needs and the requirements of their members by expanding and structuring their 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 have significantly grown in the last few years but they do not affect the sustainability of these schemes since they are financed by ad-hoc contributions or partly by supplementary contributions and they do not produce any future obligations.

Table 4.3 - Indicators and pension expenditure of the schemes privatized under L.D. 103/1994 (in millions of euros)

		EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
Pension expenditure	2016 (mln €)	13.746	7.298	3.122	3.191	0.017	0.873	6.234	5.784
	var. % 15-16	24.2	19.0	22.8	25.4	4.1	16.0	16.6	47.6
	var. % 12-16	140.4	105.5	125.4	100.8	-15.5	59.1	104.2	376.9
	var. % 07-16	738.2	833.9	1247.6	1376.5	-	208.3	624.7	1610.3
	var. % 89-16	2856.3	2098.4	7114.1	6835.9	-	691.4	2767.3	4945.5
Contribution revenues for pensions	2016 (mln €)	87.439	108.989	92.799	48.107	2.557	8.261	55.337	43.103
	var. % 15-16	7.5	8.3	10.8	14.9	11.9	0.9	4.2	2.5
	var. % 12-16	35.8	29.8	40.7	59.2	52.9	10.6	1.3	-5.8
	var. % 07-16	75.0	98.2	113.3	77.1	121.1	37.4	10.3	55.6
	var. % 89-16	101.6	145.6	253.8	122.2	139.9	51.9	49.7	108.0
Pension balance	2016 (mln €)	73.692	101.690	89.677	44.915	2.539	7.387	49.102	37.319
	var. % 15-16	4.9	7.6	10.4	14.2	12.0	-0.6	2.8	-2.2
	var. % 12-16	25.6	26.4	38.9	56.9	53.8	6.8	-4.8	-16.2
	var. % 07-16	52.5	87.6	107.2	66.7	119.6	28.9	-0.4	36.3
	var. % 89-16	71.7	130.9	242.5	107.9	138.2	38.7	33.7	81.1
Pension expenditure/contribution revenues ratio	2016	6.36	14.93	29.72	15.07	142.26	9.46	8.88	7.45
	var. % 15-16	-13.5	-9.0	-9.8	-8.4	7.5	-13.0	-10.6	-30.6
	var. % 12-16	-43.5	-36.8	-37.5	-20.7	80.9	-30.5	-50.4	-80.2
	var. % 07-16	-79.1	-78.8	-84.2	-88.0	-	-55.5	-84.8	-90.9
	var. % 89-16	-99.5	-99.2	-	-	-	-82.6	-	-99.9
Pensioners/Active workers ratio 100	2016	26.91	6.23	4.81	8.03	1.52	16.21	8.30	4.92
	2015	24.39	5.81	4.43	7.06	1.31	14.56	7.27	4.15
	2012	10.82	4.76	3.54	5.33	0.61	8.72	5.27	4.26
	2007	5.51	2.58	1.50	1.47	0.00	6.14	2.79	2.58
	1989	0.35	0.23	0.00	0.00	0.00	0.00	0.00	0.13
Average pension/contribution ratio	2016	0.58	1.08	0.70	0.83	0.46	0.65	1.36	2.73
	2015	0.56	1.05	0.68	0.86	0.58	0.63	1.39	2.24
	2012	0.82	0.89	0.59	0.99	2.09	0.84	1.06	0.62
	2007	0.60	0.55	0.70	0.83	0.46	0.65	1.36	2.73
	1989	0.22	0.24	0.00	0.00	0.00	0.00	0.00	0.14

In order to provide the most exhaustive picture of this situation, as of 2014, some additional parameters have been added to the data related to contribution revenues and pension expenditure such as other revenues (welfare contributions, asset management yields and extraordinary revenues) and other costs (welfare benefits, management fees and extraordinary expenses); this makes it possible to look at the **accounting balance** over time, that is the overall economic results of the schemes. In 2016, this balance grew by over 15% compared to the previous year for all the 509 funds and by almost 22% for the 103 funds. Finally, operating costs have an impact on the so-called **production value**, given by the sum of total revenues and expenditure. In 2016, this index improved both for the 509 schemes (-8.52%) and for the 103 funds (-9.76%). These indicators are included in Tables 4.4 and 4.5 below.

Table 4.4 - Other indicators of the funds privatized under Decree 509/1994: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenditure, operating costs, accounting balance and its impact of the production value – (millions of euros) 2016

	ENPACL	ENPAV	ENPAF	CF	NARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
Contributi prestazioni pensionistiche	169,68	100,22	264,38	1.578,37	1.080,72	495,41	293,1	757,55	291,18	374,8	2.518,96
Contributi prestazioni assistenziali	26,36	2,92	5,62	64,64	15,6	21,2	6,27	16,41	1,72	24,75	21,28
Rendimenti gestione e altre entrate	29,92	22,04	74,93	439,41	306,79	63,06	34,71	212,74	36,46	197,75	681,44
Totale ricavi	225,96	125,19	344,93	2.082,41	1.403,11	579,67	334,07	986,7	329,36	597,29	3.221,68
Spesa prestazioni pensionistiche	105,93	38,58	154,15	788,29	576,15	477,24	226,77	260,84	204,57	488,68	1.429,06
Spesa prestazioni assistenziali	6,33	5,7	5,97	74,38	34,72	9,35	5,36	20,87	31,32	43,22	110,92
Spese funzionamento altre uscite	24,96	26,52	38,46	208,55	96,24	62,22	70,31	193,78	38,22	55,98	353,48
Totale Costi	137,22	70,8	198,58	1.071,22	707,11	548,8	302,44	475,48	274,11	587,88	1.893,46
Saldo contabile	88,74	54,39	146,35	1.011,19	696	30,87	31,63	511,22	55,25	9,41	1.328,22
Totale ricavi + prestazioni	338,21	169,46	505,04	2.945,08	2.013,98	1.066,25	566,2	1.268,41	565,25	1.129,19	4.761,65
Spese di funzionamento	11,23	8,47	12,35	108,86	38,55	32,98	12,68	42,85	9,44	26,1	107,92
Incidenza sul valore della produzione	3,32%	5,00 %	2,45%	3,70 %	1,91%	3,09%	2,24%	3,38%	1,67%	2,31%	2,27%

Pension benefit contributions; Welfare benefit contributions; Revenues from assets under management and other sources; Total revenues; Pension benefit expenditure; Welfare benefit expenditure; Operating costs; Other expenses; Total Costs; Accounting balance ; Total revenues + benefits; Operating expenses; Effect on the production value.

It is clear that welfare benefits are significant and in 2016 they were financed by contributions for ENPACL, ENPAF, CIPAG and CNPR. The incidence of the operating costs on the value of production is fairly uniform across these funds (around 3%), with very low figures for notaries (1.67%) and for engineers and architects (1.91%) and the highest ones for ENPAV (veterinary doctors) with 5%, followed by Cassa Forense with 3.70%

With reference to the 103 funds, the data show that welfare benefits are particularly high for ENPAP, and that, to a greater or lesser extent, they are not covered by contributions with the sole exception of the separate scheme of journalists. Then, the impact of operating costs on the value of production is slightly higher than that of the 509 schemes with an average of 4%, ranging from 0.6% for agricultural technical experts who receive some benefits provided ENPAIA to 9.8% of INPGI 2. The differences are generally due to the reduced amount of benefits that lowers the sum of revenues and benefits.

Table 4.5 - Other indicators of the funds privatized under Decree 103/1994: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenditure, operating costs, accounting balance and its impact of the production value - (millions of euros)

	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
Pension contributions	87.4	109	92.8	48.1	2.6	8.3	55.3	43.1
Welfare contributions	0	11	2.1	2.3	0.1	0	1	2.7
Operating receipts and other revenues	64.9	62.8	101.7	9.8	1	4.1	33.3	15.8
Total revenues	152.3	182.7	196.6	60.2	3.6	12.4	89.6	61.6
Pension expenditure	13.7	7.3	3.1	3,2	0	0.9	6.2	5.8
Welfare expenditure	2.9	15.6	5.2	3.8	0	0,1	2.8	0.8
Operating expenses Other expenses	84.1	119.8	172.4	44.5	3.2	10.2	63	7.5
Total Costs	100.7	142.6	180.7	51.5	3.3	11.1	72.1	14.1
Accounting balance	51.7	40.1	15.9	8.7	0.3	1.2	17.5	47.5
Total revenues + benefits	168.9	205.6	205	67.1	3.7	13.3	98.7	68.2
Operating expenses	6.3	7	8.3	2.4	0.2	0.1	4.9	6.7
Effect on the value of production	3.70%	3.40%	4.00%	3.50%	6.50%	0.60%	4.90%	9.80%

A final consideration on the *number of members* and, in particular, on their changing composition over the years, with 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 new members), a growing number of workers above 55, accounting for 27.1%. Even the geographical distribution has changed, with a drop in the North of Italy from 47% to 44% and an increase in the South from 25% to 28%, while the centre remains stable at 28%.

The latest regional surveys show that, in 2015, Valle D'Aosta had the highest percentage of active members per 1000 inhabitants in these schemes in 2015, equal to 35, followed by Calabria with 28. In the lowest positions in the ranking there are Sicily, Veneto and Piedmont with 21 active members every 1000 inhabitants.

5. Equilibrium rates

The “accounting equilibrium rate” is a theoretical indicator of the average and actual contribution rate to be applied in order to have an equilibrium between contribution revenues and benefit expenditure. 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.

Table 5.1 - Accounting equilibrium rates, contribution rate vs. actual rate⁴⁰

Categories	2015					2016				
	$\hat{a}$	p/w	R/L	q	d	$\hat{a}$	p/w	R/L	q	D
Private sector employees	38.0	57.3	66.3	79.7	7.7	36.4	54.5	66.9	83.4	6.0
Public sector employees	60.6	68.8	88.1	56.7	26.2	60.6	69.3	87.5	56.6	26.3
Artisans	33.9	34.4	98.4	58.5	14.1	33.2	33.1	100.3	60.2	13.2
retailers	21.7	33.6	64.5	93.1	1.5	21.2	32.8	64.6	97.3	0.6
CDCM (agriculture)	88.6	25.8	342.6	14.0	76.2	80.3	24.1	332.9	15.1	68.2
Professionals	10.0	36.4	27.5	183.4	-8.4	10.1	35.7	28.3	185.9	-8.7
Atypical workers	2.7	10.5	25.7	1015.8	-24.7	3.1	9.9	30.9	838.5	-22.5
Supplementary funds	14.7	29.8	49.2	91.5	1.2	13.6	27.1	50.2	95.0	0.7

Table 5.1 shows the situation of the main categories for the years 2015 and 2016. The first column to the left of each year shows the theoretical equilibrium rates ($\hat{a}$) of each category of members and the last right column the differences (d) between the theoretical and actual average rates. This value can be interpreted as the increase that the average rates should have on the basis of the contributions currently received by the funds of the various categories to have zero accounting balances. The d values with a negative sign indicate the categories (in this case, professionals and quasi-atypical workers) with a current surplus. The three central columns illustrate the structural ratios for each of the two years (average pension vs. average revenues and number of pensions vs. number of active workers paying contributions) for the different categories and the share (q) of benefits financed by contribution revenues.

There are clearly major differences among the categories and the situation presents significant changes from one year to the next. As already mentioned, two of them, the fund for atypical workers and for professionals have higher average actual rates than the accounting equilibrium rates. A decisive factor in their positive balances is the still the very favourable ratio of the number of pensions paid vs. the number of active contributors, also confirmed by the high percentage of benefits financed through contribution revenues. It is important to highlight that the increase in the R / L ratio by more than 5% in one year for atypical workers suggests that this scheme is becoming more mature and needs to be closely monitored because this may quickly affect its current surpluses.

Moreover, the low average pension/average income ratio for atypical workers suggests that the benefits paid still refer to short period of contribution and/or low average income levels on the basis of which contributions are calculated. In all the other categories, the differences between the equilibrium and the average effective rates are positive, which means that the current contribution revenues can only partially finance benefits and are not sufficient to guarantee a balanced situation.

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

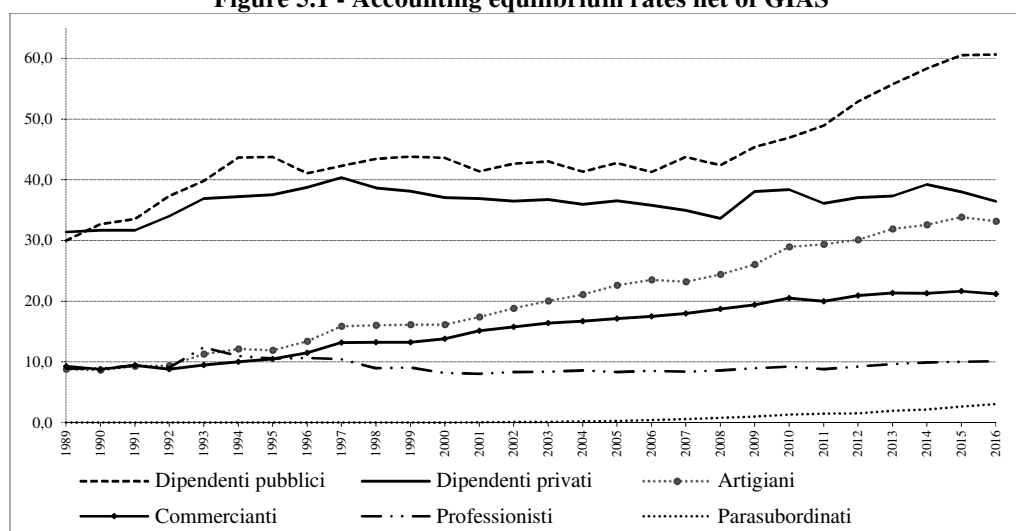
⁴⁰ The “accounting equilibrium rate” determines the equilibrium between pension revenues and expenditure, that is of the funds’ budget items which include the members’ contribution revenues and the benefits paid. This balance does not include the administrative costs under expenditure and the rate of 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 ($\hat{a}$) 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 $d=(1-q) \cdot (p/w \cdot R/L)$.

employees. The fund for retailers and supplementary funds are not far from a situation of equilibrium. 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.

Considering these categories in terms of membership and therefore in terms of the effect of this indicator on the total equilibrium of the pension system, it can be noted that the fund for private sector employees moved closer to a balanced situation mark in the transition from 2015 to 2016 essentially due to a decrease in the average pension/average income ratio, while the performance of the fund for civil servants remained unchanged because the slight decline in the number of pensions compared to the number of active workers paying contributions was entirely offset by the increase in the average pension amount vs. the average income.

The disequilibrium found in other schemes, such as those for artisans and, above all, for farmers, is mainly caused by the unfavourable ratio between the number of pensions paid and the number of active workers paying contributions and not so much by the average pension amount vs. the average income.

Figure 5.1 - Accounting equilibrium rates net of GIAS



Public employees; Private employees; Artisans; Retailers; Professionals; Non structured employees

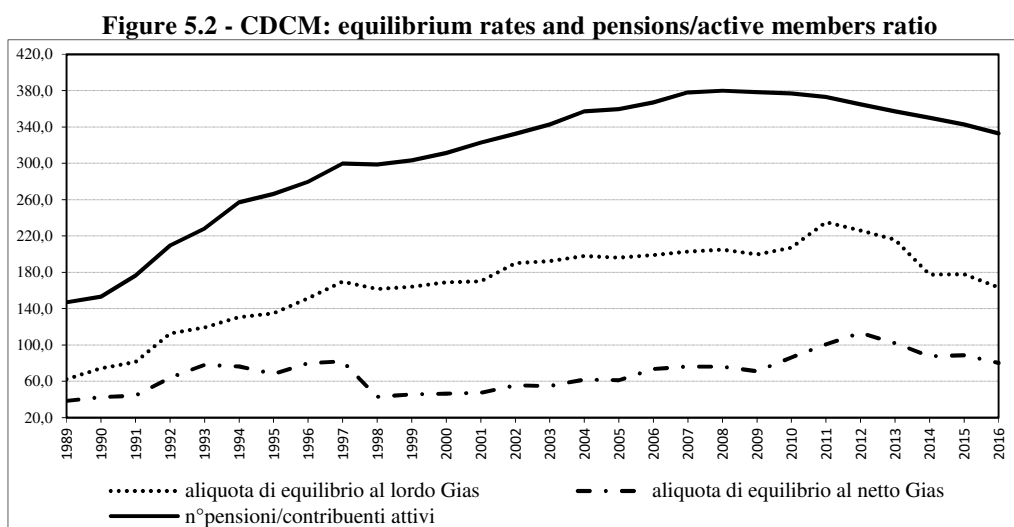
The picture of the equilibrium accounting rates that emerged over the last two years can also be assessed in view of their long-term evolution. Figure 5.1 illustrates the trends of the equilibrium rates over time for the categories already considered, except for supplementary schemes and for the fund for farmers, which are considered separately below because of their characteristics. The graphs show some significant differences between the categories. The funds for public and private sector employees have higher accounting balances, but with a substantial difference. In fact, even though private sector employees pay a higher contribution rate than the current legal rate, their funds have had a substantially flat trend since 1997, with some fluctuations, especially in the first years of the crisis when contribution revenues went down as a result of the smaller tax base. The equilibrium rates of the funds for civil servants showed a flat trend up to the years before the crisis, but they have increased by almost 10% since 2008 compared to the level over the previous decade.

The funds for self-employed workers too are characterised by an upward trend. However, while for retailers, the variation is more contained and seems to be close to the legal contribution rate of their scheme, the fund for artisans features an increasing imbalance, just slightly improved in the last year, with a higher equilibrium rate with respect to the current legal contribution rate.

The average accounting equilibrium rate the funds for professionals is relatively stable, at levels below the average rates in force. Finally, the equilibrium rate is very low in the fund for atypical workers which

began to provide benefits after the year 2000. Moreover, since this fund has a contribution-based calculation method, it tends to have a balance between the accounting rate and the actual rate, except for welfare benefits that are financed through GIAS.

Instead, completely different considerations should be made about the fund for farmers, tenant farmers and sharecroppers (CDCM). As can be seen in Figure 5.2, this fund has gone through a long phase of economic transformations that have resulted in a continuous loss of employment; therefore, the ratio of the number of pensions paid vs. the number of active workers has progressively increased from about 1.5 to a maximum of almost 3.8 pensions per active worker in 2008. As of 2009, this ratio started to fall and dropped below 3.3 in 2016: a change that was mainly due to the sharp decline in the number of pensions paid, about – 360,000 from 2008 to 2016, while the number of active workers paying contributions decreased in the same period by about 40,000.



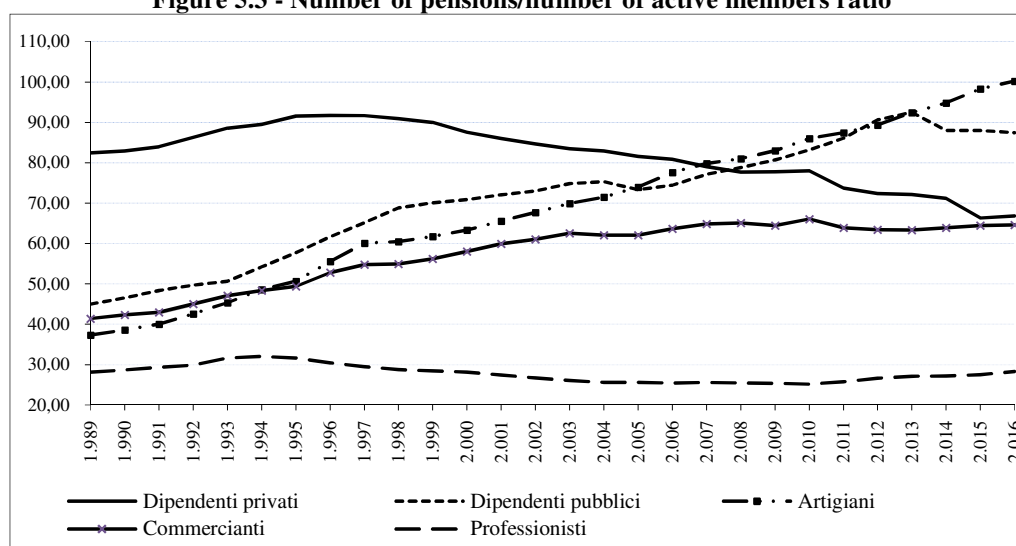
Equilibrium rate before GIAS; equilibrium rate after GIAS; n. of pensioners/active workers

In the presence of such a high demographic imbalance, the fund for farmers has been supported by welfare benefits. This resulted in a progressive strengthening of the GIAS role in the transfer of financial resources up to 2011, as seen in the gap between an already very high equilibrium rate, net of GIAS transfers, and the rate before the same transfers⁴¹. This demographic imbalance started improving in 2009, thus reducing the effect of these welfare transfers on the financial equilibrium of the fund which, in 2016, had a difference between the equilibrium rate with or without GIAS transfers of about 80 %, since this rate grew by 130 points in 2008.

Going back to the other categories and, more in particular, to the long-term trend of the ratios that are instrumental in the financial balances of the schemes and, therefore, in the level of the accounting rates, it is possible to see (Figure 5.3) that, in the period observed, there are major differences in the population patterns, i.e. in the ratio of pensions vs. the number of active workers. First of all, until the mid '90s and to a greater or lesser extent, all the curves showed a higher number of pensions paid; instead, after the first phase of the reforms, different trends began to emerge. The funds of private sector employees, that are crucial for the equilibrium of the entire pension system, showed a reversal of this trend with this ratio gradually decreasing from more than 90 pensions paid for every 100 active contributors in 1995 to the current 64.

⁴¹ Figure 5.2 shows that the difference between the equilibrium rate gross of GIAS transfers significantly increased in 1998, the year in which a new apportionment system was introduced that shifted to GIAS the responsibility to pay pension benefits (effective before 1989) to farmers.

Figure 5.3 - Number of pensions/number of active members ratio



Private sector employees; Public sector employees; Artisans; Retailers; Professionals

On the other hand, very different patterns can be observed for the other main categories. In fact, public employees have a ratio that is twice as much (from 45 pensions for every 100 active workers paying contributions to over 92 in 2013), with a slight drop in the last three years.

The growth of this ratio for artisans is even more marked, due to the combined effect of the more mature phase of this fund⁴² and of the decline in employment since 2006; it rose from 37 pensions for every 100 contributors to more than 1 pension per active worker in 2016. On the other hand, the fund for retailers showed a lower upward trend for this parameter from 41 pensions for every 100 active workers to 64.6. This is due to a steady growth in the number of employees in this sector, even during the crisis, but with a reversal of this trend in the last three years.

Finally, in the schemes for professionals, characterised by an upward trend in the number of members and by a higher average retirement age with respect to other categories of workers, the ratio of the number of pensions vs. the number of active workers is still low even though it has increased by three points since 2010.

Figure 5.4 illustrates the ratio of the average pension calculated gross of GIAS transfers vs. the average income of workers paying contributions for the categories considered. Before entering in the details of the graphs, it is important to refer to similar indicators used for comparisons among European countries in order to have a general picture and better understand the differences in the different categories of workers in the Italian pension system. The most appropriate reference for this purpose is the *aggregate replacement ratio*⁴³, i.e. the ratio of the average value of pensions paid to subjects between 65 and 74 years of age vs. the work-related income⁴⁴ of individuals between 50 and 59 years of age, whose **average EU ratio is 57% and 58%** only for the Eurozone countries according to the latest published data.

The data on the basis of which the ratios of Figure 5.4 are calculated refer to pension benefits and work-related income of members from each age group; therefore, they are not perfectly matched with the above-mentioned European statistical findings. However, the significance of these ratios is quite similar. Moreover, when the age groups are extended to include younger active workers and older pensioners, the

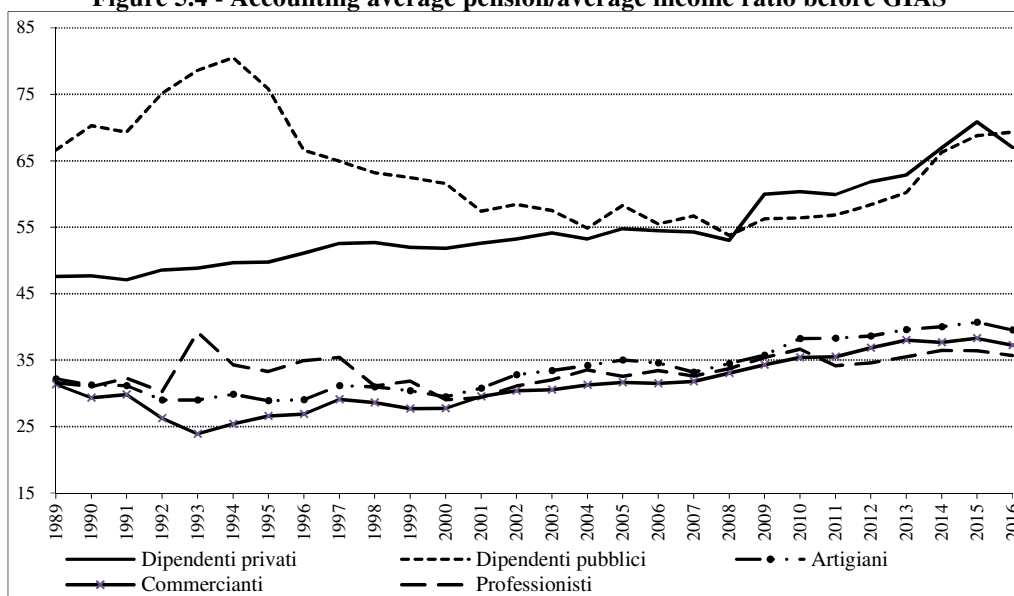
⁴² The fund for artisans was set up in 1959 (Act 463/1959) and became fully mature around the end of the century with a full working cycle of about 40 years for its members.

⁴³ Eurostat, *Aggregate replacement ratio* - EU-SILC survey.

⁴⁴ It is the ratio of income gross of taxes and contributions vs. pension benefits gross of taxes; for Italy, the ratios of net income vs. net pension increase by about 8 points for employed workers and even more for self-employed workers. See Chapter 11 of the 2017 IV Report on www.itinerari previdenziali.it.

trends of pension and work-related income show lower figures on average in the numerator and in the denominator of this ratio; so even the reference figures can be considered quite significant.

Figure 5.4 - Accounting average pension/average income ratio before GIAS



Private sector employees; Public sector employees; Artisans; Retailers; Professionals

On this basis, the relative value of pensions can be evaluated by distinguishing two aggregates. The first is the aggregate of private and public sector employees, where the ratio is close to the EU average EU until 2008 (i.e. average pensions close to 55% of the average income of active workers paying contributions). These figures then rose in parallel up to the current level, close to 70% which seems to exceed the European average⁴⁵.

The other aggregate of self-employed workers and professionals. These categories too show an upward trend in average pension/average income ratio, but much less than the European average. In fact, in 1989 this ratio reached around 30% and between 36% and just below 41% in 2016.

⁴⁵ Figure 5.4 shows that the combination of these ratios for private and public sector employees is only applicable for the period starting from the year 2000, since the pension and income trends of these two categories appeared completely different for the first 15 years.

6. Income support benefits in 2016: GPT and GIAS income-support measures

GPT and GIAS⁴⁶ 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 their families with **family allowances** (ANF) and to pay notional retirement contributions for workers temporarily out of the labour market. GPT was established under Art. 24 of Act 88/1989 (*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 and restore the equilibrium of its economic and financial parameters⁴⁷.

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. This Chapter illustrates the economic and financial performance of this fund in terms of its **revenues from the contributions** 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:

- NASpI⁴⁸ benefits and involuntary unemployment benefits;
- The guarantee fund for termination of employment benefits (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;
- supplementary benefits for workers in the industry and construction sectors;
- wage support benefits for agricultural workers;
- the unified fund for family allowances and household benefits;
- sickness and maternity benefits and any other temporary social security benefits other than pensions.

Table 6.1 shows the data on the financial accounts from 2008 to 2016. In the last 9 years, contributions revenues, which appear in the item "*Revenues and Proceeds*" (contributions from employers), 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. This increase is justified by the combined effect of the reference macroeconomic trends and by the introduction of two new types of contributions:

- the additional contribution of 1.40%, introduced by art. 2, paragraph 28 *et seq.* of Act 92/2012, to be paid by employers for long-term contracts, with some exclusions;
- the contribution for the interruption of employment relationships (dismissal contribution), introduced by Article 2, paragraph 31 of Act 92/2012, to be paid by employers in all cases in which the termination of the work relationship makes the employed subjects theoretically eligible for the NASpI indemnity, even if they do receive it. This contribution is equal to 41% of the monthly ASpI / NASpI ceiling for the year.

⁴⁶ Cfr. par. 3.6, *supra*.

⁴⁷ Cfr. Chapter 3, *supra*.

⁴⁸ NASpI (New Social Benefits for Employment) was introduced in 01/05/2015, under L.D. 22/2015 to provide a monthly unemployment benefit to support the income of workers who involuntarily lost their job. NASpI is paid every month for a number of weeks equal to half the weeks of contributions of the last four years for at least 13 weeks of contributions against unemployment. The maximum amount of benefits cannot exceed 1,300 euros (in 2015) with a 3% reduction for each month starting from the 4th (see Inps letter 94 of 12/05/2015 for the benefit amounts). The Mobility allowance (paid by GIAS) was abolished on 01/01/2017.

Table 6.1 –GPT accounts in 2008-2016 - Economic and financial situation. (*) (millions of euros)

Anno	2008	2009	2010	2011	2012	2013	2014	2015	2016
Proventi e corrispettivi	18.832	17.999	18.782	18.833	18.912	19.743	19.994	20.208	20.805
Altri ricavi (**)	2.507	2.531	2.370	2.428	2.600	2.444	2.545	2.328	2.436
Totale Valore della produzione (A)	21.339	20.530	21.152	21.261	21.512	22.187	22.539	22.536	23.241
Spese per prestazioni istituzionali	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534	15.006
Altri oneri di gestione	4.472	7.117	6.934	6.394	7.901	6.654	6.616	6.644	4.960
Totale Costi della produzione (B)	15.931	21.024	20.484	19.900	22.534	21.803	20.883	20.178	19.966
Differenza (A) - (B)	5.408	-494	668	1.361	-1.022	384	1.656	2.357	3.275

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)

As to supplementary wage benefits (eligible for all employed workers, both full-time and part-time and with professional apprenticeship contracts), Article 5 of Law Decree 148/2015 changed the scope and extent of the additional contribution, introducing significant innovations compared to the previous regulatory framework. As of 24/09/2015, this provision added an **additional contribution** to be paid by the enterprises applying for supplementary wage benefits equal to: a) 9% of the total remuneration that the workers would receive for the hours they have not worked, relatively to the period of ordinary or extraordinary wage supplementation within the framework of one or more incentives, up to a total limit of 52 weeks in a mobile five-year period; b) 12% above the limit referred to in point (a) and up to 104 weeks in a mobile five-year period; c) 15% beyond the limit referred to in letter (b) in a five-year period.

In particular, the new rule of the additional contribution is characterized by the following innovative aspects: the contribution is calculated on the total remuneration the workers would have received for the hours of work not provided and, therefore, no longer on the supplementary benefits paid; the rate varies according to the amount of supplementary wage benefits provided during the mobile five-year period.

Article 13 of the same decree provides for a reduction and a reformulation of ordinary contributory charges intended to finance the ordinary redundancy fund referred to as CIGO (Cassa Integrazione Guadagni Ordinaria) also according to its actual use. Ordinary contributions to pay for ordinary supplementary wage benefits are organized as follows:

- 1.70% of the taxable remuneration for retirement purposes for subjects working for industrial firms with up to 50 employees;
- 2.00% of the taxable remuneration for retirement purposes for subjects working for industrial firms with more 50 employees;
- 4.70% of the taxable remuneration for retirement purposes for subjects working for industrial firms and artisan companies in the construction sector;
- 3.30% of the taxable remuneration for retirement purposes for subjects working in the stone industry and crafts;
- 1.70% of the taxable remuneration for retirement purposes for employees and managers of industrial, construction and stone crafts businesses with up to 50 employees;
- 2.00% of the taxable remuneration for retirement purposes for employees and managers of industrial, construction and stone crafts businesses with more than 50 employees;

At the same time, institutional benefits showed an upward trend starting from 2008 (the beginning of the economic crisis) to 2013 and then a gradually reduction down to the level reached in 2015, that was lower than that of 2009. In particular, in 2015, the accrued benefit expenditure decreased by 5.2% compared to the previous year while contribution revenues increased by 1.1%. Therefore, the scheme had a surplus of more than 2.3 billion euros. The benefit reduction in 2015 was mainly due to the combined accounting effect

of the accruals at the beginning and at the end of the year caused by the elimination of the ASpI and Mini-ASpI benefits during the year and of the accruals for the provision of non-agricultural ordinary unemployment benefits still in force at the beginning of 2015. In fact, the benefits adjusted and paid in 2015 amounted to 15,059 million euros, while in 2014 they were equal to 14,843 million euros, a 1.5% increase. In **2016**, contribution revenues still showed an upward trend (+3.1%), while institutional benefits amounted to 15,006 million euros, only slightly lower than the 2013 peak. As a result the scheme had a surplus of more than **3.27 billion euros** (Tables 6.1 and 6.2).

Table 6.2 – GPT accounts in 2008-2016 - Institutional benefit expenditure (millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016
Trattamenti di famiglia	3.831	3.760	3.552	3.670	3.726	3.817	3.676	3.611	3.733
Trattamenti di integrazione salariale	365	1.755	1.141	769	1.044	1.146	747	680	519
Trattamenti di disoccupazione e mini ASpI	3.051	4.198	4.656	4.560	5.233	3.057	1.855	1.102	1.113
Trattamenti di Aspi						2.253	3.401	2.301	311
Trattamenti di NASpI*								1.300	4.907
Trattamenti economici di malattia	2.165	2.079	1.992	2.053	2.044	2.017	1.950	1.958	2.036
Trattamenti economici di maternità	2.038	2.124	2.088	2.216	2.284	2.292	2.186	1.990	1.878
Trattamenti di fine rapporto e vari	446	415	585	672	795	1.087	1.042	1.253	1.217
Totale (A)	11.896	14.331	14.014	13.940	15.126	15.669	14.857	14.195	15.715
Recupero prestazioni e altro (B)	437	424	464	434	493	520	590	661	709
Totale spese per prestazioni (A - B)	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534	15.006

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)*

() the NASpI benefit was introduced on May 1st 2015 under L.D. 22/2015*

In the period examined, benefit expenditure net of recovered non eligible benefits (item B in the table), went from 11,459 million euros in 2008 to 15,006 million euros in 2016, with a 31% increase mainly due to the growing number of unemployment benefits. In 2015, benefit expenditure dropped by 10.7% compared to the peak of 2013 as already explained above. In 2016, within the framework of total institutional expenditure, the costs for unemployment benefits accounted for 40.3% of total charges, while family allowances accounted for 23.8%, (0.22% with respect to GDP). **Transfers to FPLD to finance notional contributions** are included in “other operating charges” (Table 6.1) and account for bulk of these charges. They are analytically illustrated in the following Table 6.3.

In its letter n. 11 of January 28 2013, INPS illustrated the **automatic calculation** of notional remuneration to be linked to the events recorded in the workers’ individual accounts. Therefore, INPS 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 under normal employment conditions.

However, pursuant to Art. 4 of Act 218/1952 and subsequent amendments, the *ad hoc* report attached to the finals accounts show the methodologies, the technical bases and the amounts to be transferred to FPLD by GPT and by GIAS respectively, to finance periods of unemployment in the agricultural sector, NASpI benefits and anti- tuberculosis treatments. NASpI benefits account for the largest part of these charges.

Table 6.3 – GPT accounts in 2008-2016 - Notional costs (in millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016
Trattamenti di integrazione salariale:									
industria	139	1.091	622	344	565	583	278	342	297
edilizia	86	144	139	146	181	195	170	174	90
lapidei	4	7	7	8	9	10	9	8	5
Trattamenti di disoccupazione	3.198	4.984	4.908	4.907	5.941				
Aspi						2.431	3.882	2.759	364
Mini Aspi e agricoltori						1.036	585	350	12
NASpI (Art. 12, D. Lgs. 22/2015)*								953	2.553
Altri trattamenti di disoccupazione						1.207	604	436	443
Totale	3.427	6.226	5.676	5.405	6.696	5.462	5.528	5.022	3.764

Description:

Wage supplementary benefits: industry construction; stone works;

Unemployment benefits: Aspi; MiniAspi and farmers; NASpI benefits (Art. 12 L.D. 22/2015); Other unemployment benefits*

Total

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 3.6 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, this Fund (GIAS) was set up under art.37, Act 88/1989. 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 223/1991) as provided for under Acts 1115 of 05/11/1968 and 427 of 06/08/1975 with their amendments and additions, in addition to other similar benefits to be provided by the State.

In particular, Table 6.4 shows wage-support measures and transfers to FPLD to finance notional contributions. Unemployment benefits mainly include: the share of ordinary unemployment benefits not in the agricultural sector, ASpI, Mini-ASpI and NASpI benefits, 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).

Table 6.4 – GIAS accounts in 2008-2016 - Wage-support benefits (millions of euros)

A) Prestazioni	2008	2009	2010	2011	2012	2013	2014	2015	2016
Trattamenti di disoccupazione	1.419	2.191	2.165	2.239	2.621	2.884	3.557	2.717	3.855
<i>AspI e mini AspI</i>						1.586	2.921	1.299	195
<i>NAspI*</i>								770	3.033
<i>altri</i>						1.298	636	648	627
Indennità di mobilità	882	1.144	1.346	1.435	1.685	2.081	2.284	2.108	1.462
<i>ordinaria</i>	794	1.043	1.169	1.192	1.387	1.716	1.980	1.888	1.334
<i>in deroga</i>	88	101	177	243	298	365	304	220	128
Trattamenti Cigs	508	1.121	2.173	1.981	2.449	2.811	2.914	1.856	1.499
<i>ordinaria</i>	396	825	1.608	1.386	1.634	2.038	2.195	1.489	1.300
<i>in deroga</i>	112	296	565	595	815	773	719	367	199
Trattamenti diversi	1	3	1	9	5	11	1	32	44
Totale	2.810	4.459	5.685	5.664	6.760	7.787	8.756	6.713	6.860
B) Coperture figurative e IVS	2008	2009	2010	2011	2012	2013	2014	2015	2016
Trattamenti di disoccupazione	83	316	188	197	271	142	92	67	1.554
Indennità di mobilità	679	815	951	1.039	1.219	1.391	1.462	1.412	1.107
<i>ordinaria</i>	617	742	830	896	948	1.088	1.228	1.249	1.013
<i>in deroga</i>	62	73	121	143	271	303	234	163	94
Trattamenti Cigs	387	894	1.750	1.729	1.935	2.082	2.034	1.608	1.315
<i>ordinaria</i>	302	686	1.228	1.146	1.244	1.550	1.540	1.358	1.182
<i>in deroga</i>	85	208	522	583	691	532	494	250	133
Trattamenti diversi				6	0	0	0	0	0
Totale	1.149	2.025	2.889	2.971	3.425	3.615	3.588	3.087	3.976

(A) Benefits: Unemployed benefits: AspI and mini AspI; NAspI; others; Mobility allowance: ordinary; in derogation; Cigs benefits: ordinary; in derogation; Other benefits; Total

(B) Notional costs and IVS; Unemployed benefits: AspI and mini AspI; NAspI; others; Mobility allowance: ordinary; in derogation; Cigs benefits: ordinary; in derogation; Other benefits; Total

() On 01/05/2015, art 1 of L.D.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 92/2012.*

Table 6.5 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.

Table 6.5 – GIAS accounts in 2008-2016 - Contributions to be paid by employers and by members (in millions of euros)

Anni	2008	2009	2010	2011	2012	2013	2014	2015	2016
Indennità di mobilità	524	549	706	641	589	579	609	587	485
Trattamenti Cigs (*)	1.041	977	1.066	1.071	1.085	1.110	1.073	1.083	1.139
Trattamenti speciali edili	120	106	109	100	90	79	80	76	75
Totale	1.685	1.632	1.881	1.812	1.764	1.768	1.762	1.746	1.699

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

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

So in 2016, the income support benefits provided by GPT and GIAS (see the total sums in Tables 6.2, 6.3, 6.4 Sections A and B), net of the operating expenses for these transfers of both special schemes, amounted to 29,606 billion euros against 28,356 billion euros in 2015 with a 4.4%. Table 6.6 shows the contribution rates to be paid by enterprises for GPT and GIAS.

Table 6.6 – Contribution rates to be paid by employers for the GPT and GIAS funds as a % of taxable income

(valori percentuali della retribuzione imponibile)																		
Voci contributive	NASPI (*) (**)		garanzia TFR		CUAF		cig ordinaria		cig straordinaria		mobilità		indennità malattia		indennità maternità		Totale	
Settore di attività	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati
Industria in genere																		
fino a 15 dip.	1,61	1,61	0,20	0,20	0,68	0,68	1,70	1,70					2,22		0,46	0,46	6,87	4,65
Da 16 a 50 dip.	1,61	1,61	0,20	0,20	0,68	0,68	1,70	1,70	0,90	0,90	0,30	0,30	2,22		0,46	0,46	8,07	5,85
più di 50 dip.	1,61	1,61	0,20	0,20	0,68	0,68	2,00	2,00	0,90	0,90	0,30	0,30	2,22		0,46	0,46	8,37	6,15
Industria edile (***)																		
fino a 15 dip.	2,41	2,41	0,20	0,20	0,68	0,68	4,70	1,70					2,22		0,46	0,46	10,67	5,45
Da 16 a 50 dip.	2,41	2,41	0,20	0,20	0,68	0,68	4,70	1,70	0,90	0,90			2,22		0,46	0,46	11,57	6,35
più di 50 dip.	2,41	2,41	0,20	0,20	0,68	0,68	4,70	2,00	0,90	0,90			2,22		0,46	0,46	11,57	6,65
Artigianato	0,70	0,70	0,20	0,20									2,22				3,12	0,90
Artigianato edile (***)																		
fino a 50 dip.	1,50	1,50	0,20	0,20			4,70	1,70					2,22				8,62	3,40
più di 50 dip.	1,50	1,50	0,20	0,20			4,70	2,00					2,22				8,62	3,70
Artigianato lapidei																		
fino a 50 dip.	0,70	0,70	0,20	0,20			3,30	1,70					2,22				6,42	2,60
più di 50 dip.	0,70	0,70	0,20	0,20			3,30	2,00					2,22				6,42	2,90
Credito e Assicurazioni	1,61	1,61	0,20	0,20	0,68	0,68									0,46	0,46	2,95	2,95
Commercio																		
fino a 50 dip.	1,61	1,61	0,20	0,20	0,68	0,68							2,44	2,44	0,24	0,24	5,17	5,17
Da 50 a 200 dip.	1,61	1,61	0,20	0,20	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.	1,61	1,61	0,20	0,20	0,68	0,68			0,90	0,90	0,30	0,30	2,44	2,44	0,24	0,24	6,37	6,37
Commercio CUAF ridotta																		
fino a 50 dip.	0,48	0,48	0,20	0,20	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	0,20	0,20	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	0,20	0,20	0,00	0,00			0,90	0,90	0,30	0,30	2,44	2,44	0,00	0,00	4,32	4,32

(*) La NASPI 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

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

Contributions; NASPI; Termination of employment benefit guarantee; GUAG; ordinary Cig; extraordinary Cig; mobility; sickness benefits; maternity benefits; Total

Sector: blue collars; white collars

Industry: up to 15 employees; from 16 to 50 employees; above 50 employees;

Construction; Artisans; Construction artisans Retail sector reduced CUAF

(*) NASPI includes 0.30% to be allocated to the Revolving Fund former art 25 of Act 845/1978

(**) Act 92/2012, par. 28, envisages a 1.40% contribution for long-term employment contracts except for the cases provided for under paragraph 29.

(***) including 0.80% for special benefits

6.1. 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 sectorial 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, the Joint Interprofessional Funds, that is not financed by the public budget.

6.1.1 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 enterprises and workers, some specific measures “in derogation” for redundancy and mobility purposes, which were repeatedly extended.

Since the ‘80s, 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 ‘90s, 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, par.28, 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 sectorial solidarity funds on behalf of eligible enterprises and workers on the basis of *ad hoc* collective and voluntary agreements between the social partners, in line the regulatory provisions of Ministerial Decree 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 ‘00s, 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 their related 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 for 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 92/2012** and under **Legislative Decree 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 01/01/2016. This fund is compulsory for all employers (and no longer enterprises alone) with more than 5 employees and for their workers who are not entitled to the Cig under the law and who are not members of any other sectorial solidarity fund.

As of 01/01/2016, 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: subjects working for artisan businesses and for employment agencies.
- c) **Atypical Funds** established by law and not totally self-financed for: air 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 benefits 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 and must ensure the balance of their accounts and a 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.

For the purpose of calculating benefits, some sectors envisage specific wage ceilings and rules determining the extent of the benefits as provided for under the regulations that established these schemes; so each employer can access benefits in proportion to the contributions paid over a specific period of time and, in some Funds, taking into account the benefits already approved and their operational and administrative charges⁴⁹.

Under the aforementioned regulations, the company ceiling is linked to the contributions to be paid by the employer, without considering the actual contribution amount paid. For this reason, the provision of this type of benefits does not require the regular payment of contributions on the part of the enterprise.

⁴⁹ Cfr. INPS - msg 3617 of 20/09/2017

Table 6.7 – Corporate ceilings for the calculation of benefits

Solidarity Fund	Benefit	Upper limits
<i>Credit sector</i>	Ordinary allowance	Two times the ordinary contributions due as of their registration date in the quarter preceding the submission of the application including operating charges and net of benefits already envisaged.
<i>Credit sector</i>	Training	Ordinary contributions as of their registration date in the quarter preceding the submission of the application including operating charges and net of benefits already envisaged.
<i>Credito Cooperativo</i>	Ordinary allowance	Two times the ordinary contributions due as of their registration date in the quarter preceding the submission of the application including operating charges and net of benefits already envisaged.
<i>Credito Cooperativo</i>	Training	Half of the contributions due as of their registration date in the quarter preceding the submission of the application including operating charges and net of benefits already envisaged.
<i>Public transportation</i>	Ordinary allowance	Two times the ordinary contributions due in the previous year minus what has already been provided by the Fund in the two previous years.
<i>Trentino</i>	Ordinary allowance	In force; four times the ordinary contributions due including the benefits already envisaged.
<i>Trentino</i>	Training	In force; four times the ordinary contributions due including the benefits already envisaged.
<i>Bolzano- Alto Adige</i>	Ordinary allowance	Four times the ordinary contributions due including the benefits already envisaged.
<i>Insurance sector</i>	Ordinary allowance	1.4 times the overall amount of the ordinary contributions due to be paid by each enterprise up to the quarter preceding the date of the submission of the application net of operating and administrative charges of the Fund.
<i>Insurance sector</i>	Training	The amount of the ordinary contributions due to be paid by each enterprise up to the quarter preceding the date of the submission of the application net of operating and administrative charges of the Fund.
<i>Solimare</i>	Ordinary allowance	Four times the ordinary contributions to be paid by the same employer as from the date of registration into the Fund to the date of submission of the application, including the benefits already envisaged for the same and for any purpose.
<i>Wage Supplementary Fund</i>	Ordinary allowance Solidarity allowance	A regime. Four times the ordinary contributions to be paid by the same employer as from the date of registration into the Fund to the date of submission of the application, including the benefits already envisaged for the same and for any purpose in the two years of mobility. In order to facilitate the payment of benefits in the first years of the Fund, the upper limit has been modified as follows: - no limit for benefits to be paid as of 2016 - 10 times the ordinary contributions due for 2017; 8 times for 2018; 7 times for 2019; 6 times for 2020; 5 times for 2021.

The following table shows the 2016 contribution revenues and benefit expenditure for the most relevant professional funds.

Table 6.8 – Contributions and benefits of Solidarity Funds. 2016 preliminary report

RIEPILOGO SITUAZIONE CONTRIBUTI E PRESTAZIONI FONDI DI SOLIDARIETA' - PRECONSUNTIVO 2016			
FONDI DI SOLIDARIETA' BILATERALE EX ART. 3, COMMI 4 E SS, LEGGE 28 GIUGNO 2012, N. 92 E ART. 26 E SS D.LGS 148/2015			
DENOMINAZIONE		Contributi	Prestazioni
Fondo di Integrazione Salariale		390.091.280,00	2.050.191,00
Imprese assicuratrici		45.733.023,00	28.382.563,00
Gruppo Poste Italiane S.p.A.		16.333.354,01	0,00
Credito cooperativo		26.321.895,40	24.662.880,73
Credito		696.950.729,69	524.618.802,61
Servizio della riscossione dei tributi erariali		0,00	28.676.533,00
Aziende di trasporto pubblico		26.758.178,89	0,00
Aziende del settore ormeggiatori e barcaioli porti italiani		240.908,60	0,00
Aziende del settore dell'industria armatoriale (SOLIMARE)		8.937.788,22	0,00
Fondo di solidarietà delle Ferrovie		111.882.283,11	73.339.746,02
Fondo Trasporto Aereo	Aliquote contr.ve	6.523.868,06	90.710.597,58
	ctr del sistema aeroportuale (addiz. comunale sui diritti)	228.238.271,68	
FONDI TERRITORIALI INTERSETTORIALI DELLE PROVINCE AUTONOME DI TRENTO E BOLZANO EX ART. 40, D.LGS. 148 DEL 2015			
Fondo di solidarietà del Trentino			
Fondo di solidarietà della provincia autonoma di Bolzano			

Bilateral funds under Art.3 par. 4 and following par. of Act 92 of 28/06/2013 and Art.26 and following articles of L.D.148/2015
Name; Contributions; Benefits

Wage Supplementary Fund; Insurance companies; Poste Italiane; Cooperative creit; Credit sector; Tax collection services; Public transportation enterprises; Dockers of Italian ports; Shipping industry; Solidarity railways fund; Air Transportation Fund

Intersectoral Funds of the Trento and Bolzano Autonomous Provinces under former Art.40 of L.D.148/2015

Trentino Solidarity Fund; Bolzano Solidarity Fund

6.1.2 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 Act388/2000 and Act 30 of 14/02/2003 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 former 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 Employment Agency) 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 operating expenses are close to 0% and amount to 8% on average for the units that ensure the operation of these funds.

Table 6.9 – 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; SM sized industrial firms; Service enterprises: tourism and distribution 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

In 2016 the payments to the interprofessional funds amounted to 647,369 million euros, and the total revenue from the 0.30% contribution to 988.442 million euros.

7. Pension benefits by type, average duration, amounts, region and province

After the analysis of the different types of benefits for each pension fund, here the Report focuses on the pension benefit data derived from the compulsory information provided by all pension funds to the INPS *Central Registry of Pensioners and Pensions* and on the number and the amount of benefits paid to the employees of constitutional bodies and entities derived from their accounting data, as well as life annuities for members of parliament (Chamber of deputies and Senate) and for Regional councillors; this information is not present in the Registry (par. 7.1).

Pensioners - The number of pensioners, equal to **16,064,508**, continued to drop in 2016. This decrease began in 2009 and continued steadily due to the latest social security reforms which introduced new exit “windows” and gradually raised all the age and contribution requirements. Between 2008 and 2016, their number fell by 715,047, with a negative trend for the entire period of 4.26%.

Pensions - The decrease in the number of pensions (social security and welfare), which was equal to **22,966,016** in 2016, is more or less in line with the trend of pensioners, with a drop by 842,832 between 2008 and 2016 and a negative trend of 3.54%. This downward pension trend is mitigated by the increasing trend for welfare pensions, which increased by 191,000 in the period considered with a positive variation of 4.52% (Table 7.1).

Table 7.1 - Pension benefits and their total and average annual amount by type of pension on 31/12. Years 2008-2016

	Years									Abs and % variation in 2016/2008
	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Number of pensioners	16,779,555	16,733,031	16,707,026	16,668,584	16,593,890	16,393,369	16,259,491	16,179,377	16,064,508	-715,047
Annual % var.	-	-0.28	-0.16	-0.23	-0.45	-1.21	-0.82	-0.49	-0.71	-2.26
Number of IVS pensions (1)	18,626,737	18,600,174	18,620,674	18,569,652	18,469,661	18,230,958	18,089,748	17,962,816	17,795,577	-831,860
Annual % var.	-	-0.14	0.11	-0.27	-0.54	-1.29	-0.77	-0.70	-0.93	-4.46
Number of indemnity benefits (2)	951,264	907,501	880,129	847,569	827,272	805,788	786,059	767,844	748,471	-202,793
Annual % var.	-	-4.60	-3.02	-3.70	-2.39	-2.60	-2.45	-2.32	-2.52	-21.32
Number of welfare pensions (3)	4,230,847	4,328,137	4,262,220	4,259,474	4,273,566	4,279,258	4,322,667	4,364,203	4,421,968	191,121
Annual % var.	-	2.30	-1.52	-0.06	0.33	0.13	1.01	0.96	1.32	4.52
Total	23,808,848	23,835,812	23,763,023	23,676,695	23,570,499	23,316,004	23,198,474	23,094,863	22,966,016	-842,832
Annual % var.	-	0.11	-0.31	-0.36	-0.45	-1.08	-0.50	-0.45	-0.56	-3.54

(1) old-age/seniority/early pensions, disability and survivors' pensions.

(2) Inail and ex Ipsema annuities for work-related accidents and professional diseases.

(3) Disability pensions for civilians, carers' allowance, social pensions/allowances and veterans' pensions.

Source: Inps, Central Pensioners' Registry. Provisional data for 2016

In 2016, the number of pensioners receiving Italian pension benefits amounted to 16,064,508, (-114,869 vs. 2015, with a percentage variation of -0.71%), of whom 52.7% are women who receive over 80% of survivors' pensions (with amounts from 60% up to 30%, of direct pension benefits)⁵⁰. The raw retirement rate shows the number of pensioners out of the total population, equal to 26.51% of the inhabitants, that is there is 1 pensioner out of 3.77 (Table 7.2).

Table 7.2 - Number of pensioners and raw retirement rate by gender on 31/12/2015 and 2016

Gender	Number of pensioners		Raw retirement rate ⁽¹⁾	
	2015	2016	2015	2016
Men	7,639,405	7,601,326	25.93%	25.81%
Women	8,539,972	8,463,182	27.36%	27.17%
Total	16,179,377	16,064,508	26.67%	26.51%

(1) Pensioners /Resident population

Source: INPS Central Registry of Pensioners – The 2016 data are provisional

Pension benefits - In 2016, 22,966,016 pension benefits were paid (of which 17,795,577 IVS pensions), to which must be added welfare pensions 4,421,968 welfare pensions, of which 3,359,432

⁵⁰ As to INPS pensions, on 01/01/2017, 3,301,842 women received 88% of survivors' pensions that totalled 3,752,190.

disability benefits for civilians, 873 249 social pensions and allowances and 189,287 direct and indirect veterans' pensions, 748,471 INAIL indemnity benefits (Table 7.3).

Table 7.3 - Pension benefits and their total and average annual amount by type of pension in 2015 and 2016

Type of pension	2015						2016					
	N. of pensions	%	Overall amount		Average amount		N. of pensions	%	Overall amount		Average amount	
			Millions of €	%	Euros	N.I.			Millions of euros	%	euros	N.I.
IVS	17,962,816	77.8	253,565	90.5	14,116	116.3	17,795,577	77.5	255,356	90.4	14,349	116.7
Old age	11,881,798	5.4	197,256	70.4	16,602	136.8	11,803,946	51.4	199,241	70.5	16,879	137.3
Disability	1,310,378	5.7	14,885	5.3	11,360	93.6	1,252,715	5.5	14,515	5.1	11,587	94.2
Survivors	4,770,640	20.7	41,424	14.8	8,683	71.5	4,738,916	20.6	41,599	14.7	8,778	71.4
Indemnity	767,844	3.3	4,402	1.6	5,733	47.2	748,471	3.3	4,295	1.5	5,739	46.7
Welfare	4,364,203	18.9	22,315	8.0	5,113	42.1	4,421,968	19.3	22,764	8.1	5,148	41.9
Disabled civilians	3,292,990	14.3	16,264	5.8	4,939	40.7	3,359,432	14.6	16,659	5.9	4,959	40.3
Social pensions	868,389	3.8	4,752	1.7	5,472	45.1	873,249	3.8	4,803	1.7	5,501	44.7
Veterans	202,824	0.9	1,299	0.5	6,406	52.8	189,287	0.8	1,302	0.5	6,877	55.9
Total	23,094,863	100.0	280,282	100.0	12,136	100.0	22,966,016	100.0	282,415	100.0	12,297	100.0

Source: INPS Central Registry of Pensioners – The 2016 data are provisional

The data in this Report⁵¹ differ from and those in the INPS/Istat registry (Table 7.3) due to the different calculation date: on 31/01/2016 and on 07/2017 respectively. An example: if some 2016 pensions accrued that start as of 01/12/2016 are processed, calculated and settled late, for example in 03/2017, the registry will count them even if they do not appear among those “effective as of 31/12/2016”; the same example applies, but with the opposite sign, for pensions to be eliminated. To be precise, in our Report, the total number of IVS pensions “in force on 31/12/2016” is lower by 405,264, by 408,616 disability benefits and higher by 91,061 with respect to social pensions and allowances.

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 illustrate in detail the number of pensions (Table 7.4) and the number of pensioners (Table 7.5) by class, amount, with respect to minimum pensions, by total and average gross benefits per year within each class.

It is possible to see that the number of **pensioners** with gross benefits above 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 846,000, 5.27% of the total. There are about 900,000 executives and managers with a gross income of 77,800 euros per year (that is a net amount of 46,000); these data confirm that, on the one hand, the number of pensions paid (640,000) above 3,000 euros per month 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. Another interesting finding is related to 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 2.3 million. The same is true for the following class (up to 1,003.78 euros) with less than 7.4 million benefits, while the number of pensioners is only 4.5 million.

⁵¹ Cfr. Table B28a, appendix.

Table 7.4 - Number of pensions and their total and average gross amount⁽¹⁾ per year and per month⁽²⁾. 2016

Monthly amount (divided by 13)		Number of pensions	Overall gross amount per year	Average gross amount per year
Up to 1 time the minimum	Up to 501,89	8.033.327	32.218.799.165	4.010,64
From 1 to 2 times the minimum	Da 501,90 a 1003,78	7.367.746	64.478.588.433	8.751,47
From 2 to 3 times the minimum	Da 1003,79 a 1505,67	3.364.206	54.957.009.887	16.335,80
From 3 to 4 times the minimum	Da 1505,68 a 2007,56	1.911.704	43.143.516.464	22.568,09
From 4 to 5 times the minimum	Da 2007,57 a 2509,45	1.154.582	33.468.826.630	28.987,83
From 5 to 6 times the minimum	Da 2509,46 a 3011,34	494.502	17.517.749.495	35.425,03
From 6 to 7 times the minimum	Da 3011,35 a 3513,23	229.024	9.615.190.292	41.983,33
From 7 to 8 times the minimum	Da 3513,24 a 4015,12	120.971	5.881.663.230	48.620,44
From 8 to 9 times the minimum	Da 4015,13 a 4517,01	74.600	4.125.369.249	55.299,86
From 9 to 10 times the minimum	Da 4517,02 a 5018,9	57.007	3.524.908.901	61.832,91
Above 10 times the minimum	Da 5018,91 in poi	158.347	13.483.428.870	85.151,15
Total		22.966.016	282.415.050.616	12.297,08

(1) The total amount per year is the result of the average pension per month paid on December 31 and the number of months per year for which benefits are paid (13 for pensions and 12 for carers' allowances).

(2) 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

Table 7.5 – Number of pensioners and their total⁽¹⁾ and average annual gross pension income amount per month⁽²⁾ - 2016

Monthly pension income (divided by 13)		Number of pensioners	Total gross pension income per year	Average gross pension income per month
Up to 1 times the minimum	Up to 501.89	2,268,898	8,355,047,362	3,682.43
From 1 to 2 times the minimum	From 501.90 to 1003.78	4,515,669	41,915,484,181	9,282.23
From 2 to 3 times the minimum	From 1003.79 to 1505.67	3,856,715	63,107,776,323	16,363.09
From 3 to 4 times the minimum	From 1505.68 to 2007.56	2,508,494	56,673,463,519	22,592.62
From 4 to 5 times the minimum	From 2007.57 to 2509.45	1,409,365	40,863,927,828	28,994.57
From 5 to 6 times the minimum	From 2509.46 to 3011.34	659,009	23,386,268,610	35,487.02
From 6 to 7 times the minimum	From 3011.35 to 3513.23	319,129	13,403,835,206	42,001.31
From 7 to 8 times the minimum	From 3513.24 to 4015.12	162,378	7,891,256,409	48,598.06
From 8 to 9 times the minimum	From 4015.13 to 4517.01	96,140	5,313,097,163	55,264.17
From 9 to 10 times the minimum	From 4517.02 to 5018.9	69,667	4,305,736,177	61,804.53
Above 10 times the minimum	From 5018.91 in poi	199,044	17,199,157,837	86,408.82
Total		16,064,508	282,415,050,615	17,580.06

(1). The total amount per year is the result of the average pension per month paid on December 31 and the number of months per year for which benefits are paid (1 for pensions and 1 for carers' allowances).

(2) Pension income brackets are determined on the basis of the 2016 minimum benefit.

Source: INPS Central registry of Pensioners. Provisional data

In total, benefits below 1,000 euros are about 15.4 million, that is 67.1%, as often inaccurately indicated in the Istat and Inps communications, while the number of pensioners is slightly below **6.8 million**, equal to **42.2%** of the total; moreover, most of them receive welfare benefits in part or in full (disability and veterans' pensions or additional benefits and the 14th month) or supplementary minimum benefits or the

“Berlusconi” additional benefits for an amount of 638 euros per month; all these subjects have not paid or have paid very few contributions during their active life (and no or very few taxes) and are financed by tax payers even when they retire. This picture does require to be discussed not only to describe it but also to *evaluate* it:

- **Information:** it is wrong to say from a 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 better to refer to beneficiaries rather than to benefits; in this case, the number of pensioners receiving 500 euros per month is slightly less than 2.3 million out of 16.1 million retirees;
- **Average gross pension and average gross pension income:** this indicator is often used for comparative analyses and can be easily obtained from Tables 7.4 and 7.5 which show two different amounts: **1)** the amount calculated on the basis of the total number of benefits (22,966,016), equal to a gross amount of 12,297 euros per year (a gross amount of 946 euros per month per 13 months); **2)** the average per capita income⁵² calculated on the basis of the number of beneficiaries (16,064,508) that is a gross income of 17,580 euros per year (over **1,352 euros** per month) for 13 months. Of course, the latter figure is more accurate even if Istat and the media inaccurately use the former approach and divide the amount of pensions by the number of benefits and not by the number of pensioners. Moreover, welfare benefits should be excluded from the calculation of the average figures, since they are partially or totally financed by general taxes (modest amounts) and paid by the younger generation who are not entitled to these benefits under the law. In order to avoid rough estimates of the average pension (and the resulting outcry), it would be preferable not to mix very heterogeneous benefits. For example, what is the point of calculating the average between direct and survivors’ pensions, which range from 30% to 60% of the direct pension and which are in some cases shared with family members? Or again, how to justify the inclusion in the average of social pensions or social allowances (369.26 and 448.07 euros per month respectively in 2016), of supplementary minimum benefits (501.89 euros), of the so-called “one million per month” (about 638 euros), of disability benefits for civilians (279.75 euros per month), of carers’ benefits (508.55 euros per month), or of the Inail indemnity annuities for work-related accidents or occupational diseases (on average about 480 euro per month)? It would instead be correct to separate these data. In fact, by excluding the first two pension income classes (up to twice the minimum, 1,003.78 euros per month), which are typically welfare benefits⁵³, out of a total of **6,784,567 pensioners** (against about 8,200,000 beneficiaries of welfare benefits), the average amount of pension benefits (financed by contributions) would amount to **25,015.73 euros** per year (against the official figure of 17,580 euros). It is true that 40% of benefits do amount to less than 1000 euro per month but they are not strictly pension benefits but mainly welfare benefits. This reclassification of the average pension amount should also include age-related data and, in calculating the averages, it is important to remove approximately 561,000 benefits provided to subjects under the age of 39 (orphans, disabled people or multiple survivors).

Average pension and average pension income by gender - According to the latest statistical data, women account for **52.7% of all pensioners**. In 2016, considering all the IVS pensions featured in the Registry (17,795,577), women received an average pension of 10,984 euros per year vs. 18,659 euros for men. If welfare pensions and indemnities are added to pensions benefits (a total of 22,966,016 pensions) considering pensioners instead of pensions, who may receive different types of benefits, the annual pension income of women rises to 14,780 euros and that of men to 20,697 euros. Retired women have a greater number of *per capita* pensions: on average 1.52 pensions each compared to 1.33 of men. In fact, women account for 58.5% of beneficiaries of 2 pensions, for 69.7% of beneficiaries of 3 pensions and for 72.8% of recipients of 4 types of benefits. In 2016, the number of survivors’ pensioners was equal to 4,738,916, about

⁵² The average pension income per year is equal to the sum of the amounts of all pension benefits received in a year (pension, indemnity and/or welfare benefits).

⁵³ Often, each pensioner receives two or more allowances (for example: disability and carers’ benefits, with additional benefits and, in some cases, with survivors’ benefits).

two thirds of whom also benefit from other pensions; women account for 86.6% of all survivors' pensioners. Women also prevail 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 receive additional benefits, additional social benefits, the 14th month and the social card. In particular, the survivors' of self-employed workers and of old-age pensioners with supplementary minimum benefits (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 (providing correct information would help improve the situation!).

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 **1.43** pensions. In 2016, **66,4%** of them received 1 pension, **25,7%** 2 pensions, **6,6%** 3 pensions and **1,3%** 4 or more. Most of these additional pensions are "indemnity" benefits (73.2%), survivors' pensions (67.4%) and welfare benefits such as disability pensions for civilians often associated to carers' allowances and other benefits (52.8%); only 27.9% of old age pensioners receive other benefits.

Welfare benefits - As shown in Table 7.6 and D1 (web attachment), **4.1 million** is the number of benefits of an **entirely welfare nature** (civil disability, accompaniment, social checks, war) that are being paid and another **5.3 million** is the number of pensions featuring **one or more welfare benefits** in the form of "supplementary minimum benefits", "additional social benefits", "the fourteenth month" or "additional amounts". For all these services no contributions have been paid (or very low contributions for a few years).

Table 7.6 – Number of total and average welfare pensions per year. Benefits on 31/12/2015 and 2016

Type of benefits	Number of welfare benefits		Amount per year (millions of euros)		Average amount per year (euros)	
	2015	2016	2015	2016	2015	2016
Disability pensions for civilians	934,995	964,310	3,328	3,423	3,559	3,550
Carers' allowances	2,045,804	2,096,180	11,907	12,296	5,820	5,866
Social pensions and allowances	857,003	854,636	4,703	4,718	5,487	5,520
Veterans' pensions	202,824	189,287	1,299	1,302	6,406	6,877
<i>Direct</i>	74,649	70,208	825.4	808.8	11,058	11,520
<i>Indirect</i>	128,175	119,079	474.0	493.0	3,698	4,140
Total	4,040,626	4,104,413	21,237.2	21,739.2	5,256	5,297
Other welfare benefits	6,843,695	6,694,097	11,639.4	11,113.9	1,701	1,660
<i>Of which:</i>						
Supplementary minimum benefits	3,318,021	3,181,525	9,344.6	8,830.7	2,816	2,776
Supplementary social benefits	947,212	919,518	1,400.3	1,370.3	1,478	1,490
Fourteenth month	2,060,745	2,119,337	815.8	841.2	396	397
Additional amount	517,717	473,717	78.7	71.7	152	151

Source: INPS Pension Archive and Central Registry of Pensioners (Veterans' pensions)

Geographical distribution: Table 7.7 illustrates the distribution of the different types of IVS 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. Each type of benefit is to be calculated as a percentage of the total for each region and (Table 7.8) for each province on 31/12/2016. The regions in which there is the highest number of seniority

pensioners and with the highest percentage of this type of pension with respect to the total are in Northern Italy: Lombardy, Piedmont, Emilia-Romagna and Veneto, which occupy the first places in the ranking. The last places in the ranking are occupied by Centre-South regions (Molise, Basilicata, Umbria, Calabria) and those with special status (Valle d'Aosta, Sardinia, Trentino-Alto Adige) with the exception of Sicily which is ranking in the middle. More or less the same considerations apply to old-age pensions with the Centre-North regions such as Lombardy, Emilia-Romagna, Lazio, Piedmont, Veneto, Tuscany and Campania in the South, featuring the highest number of old-age pensions compared to the total (between 17.3% and 7.0%).

In the South of Italy, on the other hand, there is the highest number of disability pensioners with respect to the total. Campania, Lazio, Sicily and Puglia occupy the first places in the ranking, with a ratio between 10.8% and 9.3%. 8.8% of disability pensioners live in the North, in Lombardy. The highest number of survivors' pensioners reside in the Northern and Central regions. Lombardy, Lazio and Piedmont have the highest number of survivors' beneficiaries, 15.8%, 8.4% and 8.1% respectively.

Table 7.7 – Number of INPS ⁽¹⁾ IVS pensions by category and region on 31/12/2016

Regions	Seniority	As a % of the total	Old age	As a % of the total	Disability	As a % of the total	Survivors'	As a % of the total	Total	As a % of the total
Piedmont	592,545	10.1	450,510	8,2	63,489	5,1	354,024	8,1	1,460,568	8,6
Valle d'Aosta	14,791	0.3	11,964	0,2	3,491	0,3	9,614	0,2	39,860	0,2
Lombardy	1,191,281	20.3	952,754	17,3	109,397	8,8	698,548	15,9	2,951,980	17,3
Trentino-Alto Adige	124,135	2.1	91,527	1.7	15,547	1.3	67,196	1.5	298,405	1.8
Veneto	577,822	9.8	424,201	7.7	58,234	4.7	341,715	7.8	1,401,972	8.2
Friuli-Venezia Giulia	160,446	2.7	123,776	2.2	21,758	1.8	102,868	2.3	408,848	2.4
Liguria	179,303	3.1	183,911	3.3	34,692	2.8	143,884	3.3	541,790	3.2
Emilia-Romagna	583,085	9.9	457,613	8.3	86,076	6.9	343,832	7.8	1,470,606	8.6
Tuscany	422,819	7.2	393,272	7.1	67,978	5.5	292,559	6.7	1,176,628	6.9
Umbria	95,991	1.6	89,795	1.6	30,085	2.4	73,008	1.7	288,879	1.7
Marche	178,932	3.0	151,855	2.8	48,109	3.9	123,738	2.8	502,634	3.0
Lazio	421,301	7.2	459,358	8.3	118,941	9.6	368,653	8.4	1,368,253	8.0
Abruzzo	121,027	2.1	114,099	2.1	38,887	3.1	100,951	2.3	374,964	2.2
Molise	27,870	0.5	30,194	0.5	10,941	0.9	25,831	0.6	94,836	0.6
Campania	279,831	4.8	383,896	7.0	133,735	10.8	337,664	7.7	1,135,126	6.7
Apulia	277,796	4.7	321,246	5.8	115,481	9.3	256,541	5.8	971,064	5.7
Basilicata	38,222	0.7	54,428	1.0	22,114	1.8	44,028	1.0	158,792	0.9
Calabria	108,393	1.8	173,045	3.1	70,030	5.6	136,451	3.1	487,919	2.9
Sicily	275,410	4.7	332,701	6.0	115,681	9.3	320,605	7.3	1,044,397	6.1
Sardinia	132,322	2.3	117,474	2.1	59,057	4.8	113,343	2.6	422,196	2.5
Italy	5,803,322	98.8	5,317,619	96.6	1,223,723	98.7	4,255,053	96.8	16,599,717	97.5
Abroad	73,061	1.2	189,531	3.4	15,729	1.3	140,509	3.2	418,830	2.5
Non indicated	24	00	11	0.0	84	0.0	4	0.0	123	0.0
Total	5,876,407	100.0	5,507,161	100.0	1,239,536	100.0	4,395,566	100.0	17,018,670	100.0

(1) Including the Funds for Public Employees and ex ENPALS

Source: INPS Pension Archive

At the provincial level, Table 7.8 illustrates the four categories of pensions and the ranking of the first and last 10 provinces based on the ratio of the number of pension vs. the resident population. As to old age, seniority and survivors' pensions, the top 10 provinces are predominantly in the North, as to disability pensions, the first 10 provinces are in the South. Table 7.9 shows the distribution in the Italian provinces of the four categories of pensions, according to the ranking of all categories. The first 10 provinces by number

of IVS pensions are: Rome, Milan, Turin, Naples, Bologna, Brescia, Florence, Bergamo, Genoa and Varese, also considering their larger population. The 10 provinces with the lowest number of pension benefits are in decreasing order: Nuoro, Vibo Valentia, Aosta, Enna, Crotone, Olbia-Tempio, Carbonia-Iglesias, Isernia, Medio Campidano, Ogliastra.

Table 7.8 – Number of INPS⁽¹⁾ pensions out of the resident population by province, ranking (first and last 10) and category on 31/12/2016

Province ⁽²⁾	Seniority	Province ⁽²⁾	Old age	Province ⁽²⁾	Disability	Province ⁽²⁾	Survivors'
Biella	18.2%	Genoa	12.1%	Lecce	5.5%	Biella	9.6%
Ferrara	16.4%	Trieste	12.1%	Ogliastra	5.4%	Vercelli	9.6%
Vercelli	16.0%	Savona	12.0%	Potenza	5.1%	Ferrara	9.5%
Cuneo	14.6%	Imperia	11.9%	Oristano	4.6%	Alessandria	9.5%
Ravenna	14.3%	Alessandria	11.7%	Benevento	4.6%	Trieste	9.5%
Rovigo	14.3%	Isernia	11.1%	Sassari	4.5%	La Spezia	9.5%
Asti	14.1%	Florence	11.1%	Nuoro	4.5%	Savona	9.3%
Cremona	14.0%	Siena	11.0%	Reggio Calabria	4.4%	Genoa	9.2%
Bologna	13.8%	Ferrara	11.0%	Medio Campidano	4.4%	Massa Carrara	9.0%
Belluno	13.7%	Ravenna	10.9%	L'Aquila	4.3%	Rovigo	8.9%
Italy	9.6%	Italy	8.8%	Italy	2.0%	Italy	7.0%
Salerno	5.5%	Caserta	6.7%	Venice	1.1%	Crotone	6.1%
Barletta-Andria-Trani	5.5%	Agrigento	6.6%	Monza e Brianza	1.1%	Rome	6.0%
Caltanissetta	5.5%	Carbonia-Iglesias	6.5%	Brescia	1.1%	Bari	5.8%
Catania	5.3%	Palermo	6.3%	Lecco	1.1%	Palermo	5.8%
Cosenza	5.3%	Cagliari	6.1%	Padua	1.0%	Bolzano-Bozen	5.8%
Palermo	4.8%	Barletta-Andria-Trani	5.9%	Bergamo	1.0%	Catania	5.7%
Agrigento	4.8%	Siracusa	5.8%	Mantova	1.0%	Caserta	5.6%
Caserta	4.5%	Catania	5.7%	Lodi	1.0%	Olbia-Tempio	5.6%
Crotone	4.5%	Caltanissetta	5.7%	Treviso	1.0%	Barletta-Andria-Trani	5.1%
Naples	4.2%	Naples	5.5%	Milan	0.9%	Naples	5.1%

(1) Including the Funds for Public Employees and ex ENPALS

(2) Excluding residents abroad and items that cannot be broken down

Source: INPS Pension Archive

Table 7.9 – Number INPS⁽¹⁾ IVS pensions by category and province according to the overall ranking of categories on 31/12/ 2016

Provinces (2)	Seniority	%	Old age	%	Disability	%	Survivors'	%	Total	%
Rome	293,717	5.06	337,424	6.35	80,955	6.62	259,561	6.10	971,657	5.85
Milan	365,884	6.30	324,628	6.10	28,297	2.31	216,571	5.09	935,380	5.63
Turin	289,072	4.98	231,853	4.36	30,529	2.49	171,705	4.04	723,159	4.36
Naples	129,358	2.23	169,793	3.19	52,833	4.32	159,511	3.75	511,495	3.08
Bologna	139,092	2.40	106,380	2.00	20,212	1.65	79,148	1.86	344,832	2.08
Brescia	138,541	2.39	101,372	1.91	13,551	1.11	83,216	1.96	336,680	2.03
Florence	116,687	2.01	112,118	2.11	13,680	1.12	75,720	1.78	318,205	1.92
Bergamo	126,668	2.18	95,820	1.80	11,232	0.92	71,884	1.69	305,604	1.84
Genoa	95,542	1.65	102,735	1.93	18,190	1.49	78,610	1.85	295,077	1.78
Varese	113,444	1.95	89,196	1.68	10,238	0.84	63,961	1.50	276,839	1.67
Bari	90,399	1.56	86,382	1.62	25,496	2.08	73,299	1.72	275,576	1.66
Verona	103,505	1.78	84,018	1.58	11,815	0.97	62,117	1.46	261,455	1.58
Salerno	61,067	1.05	90,413	1.70	32,381	2.65	73,525	1.73	257,386	1.55
Padova	106,001	1.83	76,447	1.44	9,809	0.80	62,612	1.47	254,869	1.54
Monza e Brianza	102,080	1.76	83,955	1.58	9,543	0.78	56,794	1.33	252,372	1.52
Vicenza	105,109	1.81	72,701	1.37	10,760	0.88	57,468	1.35	246,038	1.48
Treviso	104,762	1.81	73,975	1.39	8,476	0.69	57,507	1.35	244,720	1.47
Palermo	60,856	1.05	80,399	1.51	24,659	2.02	73,679	1.73	239,593	1.44
Venice	96,146	1.66	71,194	1.34	9,469	0.77	62,774	1.48	239,583	1.44
Lecce	49,702	0.86	75,665	1.42	44,304	3.62	57,288	1.35	226,959	1.37
Modena	92,294	1.59	71,172	1.34	10,748	0.88	50,923	1.20	225,137	1.36
Perugia	72,209	1.24	66,166	1.24	20,675	1.69	52,913	1.24	211,963	1.28
Catania	59,273	1.02	64,002	1.20	14,090	1.15	63,079	1.48	200,444	1.21
Cuneo	86,228	1.49	55,104	1.04	7,492	0.61	45,679	1.07	194,503	1.17
Pavia	71,096	1.23	55,040	1.04	9,765	0.80	47,913	1.13	183,814	1.11
Como	72,350	1.25	58,582	1.10	8,749	0.71	41,318	0.97	180,999	1.09
Udine	71,092	1.23	53,522	1.01	9,854	0.81	45,583	1.07	180,051	1.08
Caserta	41,958	0.72	61,653	1.16	22,052	1.80	51,875	1.22	177,538	1.07
Cosenza	37,741	0.65	66,761	1.26	19,325	1.58	48,069	1.13	171,896	1.04
Messina	40,069	0.69	55,602	1.05	24,286	1.98	47,332	1.11	167,289	1.01
Reggio Emilia	63,173	1.09	51,744	0.97	9,367	0.77	37,126	0.87	161,410	0.97
Trento	64,158	1.11	47,983	0.90	8,351	0.68	36,836	0.87	157,328	0.95
Ancona	58,904	1.02	48,162	0.91	10,251	0.84	38,707	0.91	156,024	0.94
Alessandria	56,300	0.97	49,970	0.94	9,045	0.74	40,636	0.96	155,951	0.94
Reggio Calabria	32,698	0.56	49,473	0.93	24,494	2.00	41,007	0.96	147,672	0.89
Taranto	43,719	0.75	52,226	0.98	12,001	0.98	38,558	0.91	146,504	0.88
Foggia	38,175	0.66	47,418	0.89	16,416	1.34	39,859	0.94	141,868	0.85
Parma	54,404	0.94	43,522	0.82	8,916	0.73	34,601	0.81	141,443	0.85
Bolzano-Bozen	59,977	1.03	43,544	0.82	7,196	0.59	30,360	0.71	141,077	0.85

Ravenna	55,875	0.96	42,616	0.80	9,570	0.78	31,435	0.74	139,496	0.84
Ferrara	57,049	0.98	38,308	0.72	6,728	0.55	33,202	0.78	135,287	0.81
Latina	43,514	0.75	40,410	0.76	13,724	1.12	35,363	0.83	133,011	0.80
Mantova	55,444	0.96	39,710	0.75	4,148	0.34	32,288	0.76	131,590	0.79
Forlì-Cesena	51,816	0.89	40,670	0.76	8,491	0.69	30,137	0.71	131,114	0.79
Pisa	44,936	0.77	43,628	0.82	7,570	0.62	31,771	0.75	127,905	0.77
Cagliari	44,471	0.77	34,454	0.65	14,138	1.16	34,505	0.81	127,568	0.77
Frosinone	39,529	0.68	39,315	0.74	10,087	0.82	35,935	0.84	124,866	0.75
Novara	49,662	0.86	35,881	0.67	5,009	0.41	29,724	0.70	120,276	0.72
Lucca	42,825	0.74	40,220	0.76	5,975	0.49	31,226	0.73	120,246	0.72
Cremona	50,432	0.87	33,417	0.63	4,304	0.35	29,566	0.69	117,719	0.71
Arezzo	44,458	0.77	36,376	0.68	8,532	0.70	27,164	0.64	116,530	0.70
Pesaro-Urbino	38,918	0.67	33,963	0.64	14,881	1.22	27,568	0.65	115,330	0.69
Chieti	39,024	0.67	33,556	0.63	10,471	0.86	30,452	0.72	113,503	0.68
Lecco	44,943	0.77	36,176	0.68	3,621	0.30	23,942	0.56	108,682	0.65
Brindisi	34,173	0.59	36,569	0.69	10,141	0.83	27,347	0.64	108,230	0.65
Potenza	22,410	0.39	37,369	0.70	18,736	1.53	29,705	0.70	108,220	0.65
Macerata	39,170	0.67	31,448	0.59	10,563	0.86	26,563	0.62	107,744	0.65
Avellino	26,706	0.46	36,589	0.69	13,670	1.12	30,657	0.72	107,622	0.65
Livorno	33,629	0.58	35,388	0.67	6,128	0.50	27,501	0.65	102,646	0.62
Savona	36,637	0.63	33,424	0.63	3,786	0.31	26,081	0.61	99,928	0.60
Piacenza	38,290	0.66	30,537	0.57	5,682	0.46	24,740	0.58	99,249	0.60
Agrigento	21,079	0.36	29,319	0.55	16,413	1.34	31,015	0.73	97,826	0.59
Trapani	24,823	0.43	30,929	0.58	11,808	0.96	29,869	0.70	97,429	0.59
Pordenone	39,898	0.69	27,661	0.52	5,183	0.42	22,652	0.53	95,394	0.57
Pistoia	33,502	0.58	30,771	0.58	6,136	0.50	22,597	0.53	93,006	0.56
Siena	35,060	0.60	29,637	0.56	5,470	0.45	22,488	0.53	92,655	0.56
Rimini	31,092	0.54	32,664	0.61	6,362	0.52	22,520	0.53	92,638	0.56
Catanzaro	20,407	0.35	29,749	0.56	15,401	1.26	25,605	0.60	91,162	0.55
Viterbo	28,659	0.49	27,773	0.52	9,534	0.78	24,950	0.59	90,916	0.55
Sassari	27,229	0.47	24,247	0.46	15,100	1.23	23,621	0.56	90,197	0.54
L'Aquila	25,092	0.43	26,746	0.50	12,953	1.06	24,335	0.57	89,126	0.54
Teramo	29,019	0.50	27,936	0.53	8,005	0.65	22,897	0.54	87,857	0.53
Trieste	30,279	0.52	28,303	0.53	3,951	0.32	22,322	0.52	84,855	0.51
Rovigo	34,019	0.59	24,459	0.46	4,817	0.39	21,294	0.50	84,589	0.51
Pescara	27,892	0.48	25,861	0.49	7,458	0.61	23,267	0.55	84,478	0.51
Siracusa	25,849	0.45	23,367	0.44	9,044	0.74	25,396	0.60	83,656	0.50
Benevento	20,742	0.36	25,448	0.48	12,799	1.05	22,096	0.52	81,085	0.49
Terni	23,782	0.41	23,629	0.44	9,410	0.77	20,095	0.47	76,916	0.46
Asti	30,659	0.53	23,566	0.44	3,073	0.25	18,883	0.44	76,181	0.46
La Spezia	23,625	0.41	22,234	0.42	8,416	0.69	20,863	0.49	75,138	0.45
Grosseto	26,354	0.45	21,048	0.40	6,331	0.52	19,436	0.46	73,169	0.44
Barletta-Andria-Trani	21,628	0.37	22,986	0.43	7,123	0.58	20,190	0.47	71,927	0.43
Imperia	23,499	0.40	25,518	0.48	4,300	0.35	18,330	0.43	71,647	0.43
Biella	32,508	0.56	18,903	0.36	3,002	0.25	17,064	0.40	71,477	0.43
Prato	25,778	0.44	24,963	0.47	3,245	0.27	16,907	0.40	70,893	0.43
Belluno	28,280	0.49	21,407	0.40	3,088	0.25	17,943	0.42	70,718	0.43
Campobasso	20,652	0.36	20,659	0.39	7,685	0.63	18,434	0.43	67,430	0.41
Ragusa	19,344	0.33	22,040	0.41	5,858	0.48	20,035	0.47	67,277	0.41
Ascoli Piceno	22,557	0.39	19,904	0.37	6,930	0.57	16,868	0.40	66,259	0.40
Vercelli	27,886	0.48	18,098	0.34	3,304	0.27	16,615	0.39	65,903	0.40
Lodi	27,727	0.48	18,461	0.35	2,198	0.18	16,445	0.39	64,831	0.39
Massa Carrara	19,590	0.34	19,123	0.36	4,911	0.40	17,749	0.42	61,373	0.37
Sondrio	22,672	0.39	16,397	0.31	3,751	0.31	14,650	0.34	57,470	0.35
Fermo	19,383	0.33	18,378	0.35	5,484	0.45	14,032	0.33	57,277	0.35
Caltanissetta	14,801	0.26	15,383	0.29	5,753	0.47	18,142	0.43	54,079	0.33
Verbano Cusio Ossola	20,230	0.35	17,135	0.32	2,035	0.17	13,718	0.32	53,118	0.32
Matera	15,812	0.27	17,059	0.32	3,378	0.28	14,323	0.34	50,572	0.30
Gorizia	19,177	0.33	14,290	0.27	2,770	0.23	12,311	0.29	48,548	0.29
Rieti	15,882	0.27	14,436	0.27	4,641	0.38	12,844	0.30	47,803	0.29
Oristano	14,325	0.25	13,210	0.25	7,359	0.60	12,403	0.29	47,297	0.28
Nuoro	13,731	0.24	13,831	0.26	6,952	0.57	12,355	0.29	46,869	0.28
Vibo Valentia	9,659	0.17	15,091	0.28	5,809	0.47	11,108	0.26	41,667	0.25
Aosta	14,791	0.25	11,964	0.22	3,491	0.29	9,614	0.23	39,860	0.24
Enna	9,316	0.16	11,660	0.22	3,770	0.31	12,058	0.28	36,804	0.22
Crotone	7,888	0.14	11,971	0.23	5,001	0.41	10,662	0.25	35,522	0.21
Olbia-Tempio	9,627	0.17	10,732	0.20	4,976	0.41	8,979	0.21	34,314	0.21
Carbonia-Iglesias	11,128	0.19	8,183	0.15	3,081	0.25	9,461	0.22	31,853	0.19
Isernia	7,218	0.12	9,535	0.18	3,256	0.27	7,397	0.17	27,406	0.17
Medio Campidano	7,659	0.13	7,659	0.14	4,340	0.35	7,650	0.18	26,835	0.16
Ogliastra	4,152	0.07	5,631	0.11	3,111	0.25	4,369	0.10	17,263	0.10
Italy	5,803,322	100	5,317,619	100	1,223,723	100	4,255,053	100	16,599,717	100

(1) Including the Funds for Public Employees and ex ENPALS

(2) Excluding residents abroad and items that cannot be broken down

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 second consecutive year, 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 Registry⁵⁴. Compulsory pension schemes should send these data to the Registry on a monthly basis with 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 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 notional 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.

The lack of communication of these data to the Registry has, in turn, a negative impact on another important archive managed by INPS called the "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 (Table 7.10). To this end, 29,385 pension benefits with a total cost exceeding 1,346.8 million 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 Sicily; in order to finance pension benefits for its 16,774 retired employees, this Region paid over 626 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: 395 million euros and 215 million euros respectively in 2016. 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 264 million vs. 131 million for 2,106 life annuities, almost 1,464 direct benefits (1,445 last year) and 642 survivors' benefits (-10 vs. last year); for the Senate instead, 142 million vs. almost 72 million for 1,261 direct and indirect life annuities for former senators. The change in the composition of the Senate has greatly changed with respect to last year: 891 direct annuities and 378 survivors' benefits.

⁵⁴ Act 243 of 23/08/2004, 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, MD of 04/02/2005, entities and administrations are obliged to provide the Registry with the data on all the accounts in their archives.

Table 7.10 - The other pension system

Constitutional Body/Entity	Number of pensioners	Cost of pensions (in mln of euros)	Average pension (in euros)
Sicily Region: staff*	16,774	626.00	37,320
Chamber of Deputies: staff	4,700	264.44	56,264
Chamber of Deputies: direct life annuities	1,464	106.90	73,019
Chamber of Deputies: survivors' annuities	642	24.44	38,069
Senate: staff*	2,500	142.32	56,928
Senate: direct life annuities	810	54.43	67,198
Senate: survivors' life annuities	451	17.29	38,337
Presidency of the Republic: staff	1,783	94.93	53,242
Constitutional Court: judges' life annuities	22	4.38	199,091
Constitutional Court: survivors' life annuities	12	0.98	81,667
Constitutional Court: staff: direct pensions	139	7.49	53,885
Constitutional Court: staff: survivors' pensions	88	3.20	36,364
Total	29,385	1,346.80	45,833

The data on the staff of the Senate, of the Presidency of the Republic and of the Constitutional Court refer to 2015 because it was not possible to infer them from the latest accounts;

**Number estimated on the basis of available data.*

Source: accounting data processed by Itinerari Previdenziali

The number of benefits provided to retired employees of the Presidency of the Republic cannot be derived from the 2016 accounts and therefore it is estimated to be the same as last year (1,783); the average pension benefits paid to constitutional judges are the highest: 199,091 euros (22 direct pensions and 12 survivors' pensions) followed by the pensions for deputies and senators, whose average annuities amount to 73,019 euros and to 67,198 euros respectively.

Table 7.11 shows the 2016 data on direct and survivors' annuities provided by the Italian Regions (except for Valle d'Aosta 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 **3,517 annuities**, for a total gross expenditure equal to about 157.36 million euros per year. The average gross amount of annuities was equal to 44,743 euros per year, even if there are major differences with respect to the average amount (the average gross amount of direct annuities amounted to 28,900 euros per year in Tuscany and to about 77,000 euros per year in Apulia).

The Regions on top of the ranking are Sicily, Sardinia, Lazio, Apulia and Campania, with an overall gross expenditure ranging from 10 and 18 million euros per year; the lowest ones in the ranking are: Basilicata, Molise, Umbria, Abruzzo and Tuscany, with a total expenditure between 4 and 3 million euros. The regions which provide the highest number of annuities are: Sardinia, Sicily, Lazio, Campania and Veneto (from 245 to 311 beneficiaries).

Table 7.11 – Direct and indirect life annuities provided by the Italian regions in 2016. Gross benefits per year

Regions	N° of direct pensioners	Cost of direct pensions	Average pension	N° of indirect pensioners	Cost of indirect pensions	Average pension
Piedmont (1)	147	6,164,725.92	41,936.91	45	1,084,298.88	24,095.53
Lombardy	159	5,362,229.89	33,724.72	57	1,058,805.91	18,575.54
Liguria (1)	120	5,315,295.60	44,294.13	31	842,683.44	27,183.34
Trentino A.A. (2)	125	6,126,632.04	49,013.06	61	2,556,513.84	41,910.06
Veneto (3)	198	6,810,394.05	34,395.93	47	1,025,167.87	21,812.08
Friuli Venezia Giulia (1)	142	5,423,839.32	38,196.05	54	1,403,581.32	25,992.25
Emilia Romagna	142	4,452,415.61	31,355.04	34	729,645.95	21,460.18
Tuscany	116	3,352,603.74	28,901.76	42	855,677.43	20,373.27
Umbria*	n.d.	2,678,900.00	n.d.	n.d.	1,148,100.00	n.d.
Marche	106	3,458,448.00	32,626.87	33	687,532.44	20,834.32
Lazio*	188	11,147,461.50	59,295.01	81	4,777,483.50	58,981.28
Abruzzo	100	3,164,286.62	31,642.87	45	799,256.40	17,761.25
Molise (1) *	58	2,374,572.35	40,940.90	25	1,017,673.86	40,706.95
Campania (1)	186	8,488,283.52	45,635.93	60	2,264,355.60	37,739.26
Apulia (4)	159	12,256,989.72	77,087.99	49	2,785,045.68	56,837.67
Basilicata	79	2,885,162.40	36,521.04	22	414,585.60	18,844.80
Calabria (1)	145	8,071,173.72	55,663.27	40	1,371,665.64	34,291.64
Sicily	180	10,797,510.84	59,986.17	130	6,991,422.00	53,780.17
Sardinia (1)	230	13,163,403.12	57,232.19	81	4,054,457.40	50,055.03
Total	2,580	121,494,327.96	47,090.82	937	35,867,952.76	38,279.57

(1) Data updated to 2017

(2) Latest update to 2014

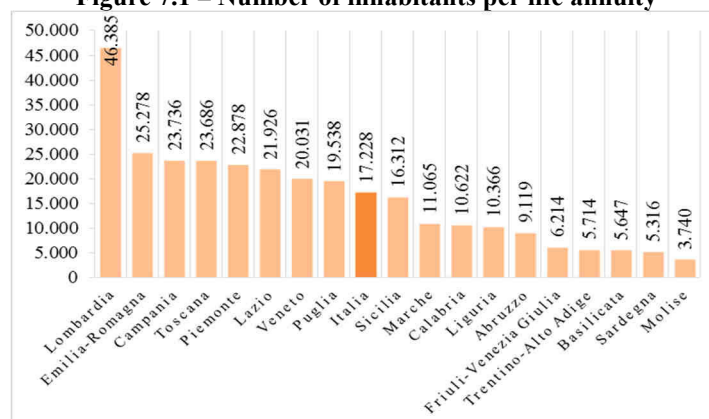
(3) Net amounts per year

(4) Data updated to 04/2016

(*) The data on Umbria, Lazio, Molise refer to the overall figures (direct life annuities + survivors' allowances). The number and the cost of survivors' allowances were estimated by applying 30% to the total.

The Regions with the lowest number of pension benefits are: Molise, Basilicata, Abruzzo, Liguria and Tuscany (from 83 to 158 beneficiaries). 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 in Italy. In greater detail, Figure 7.1 shows how different these Regions are: Lombardy ranks among the most "virtuous" regions with 1 annuity out of 46 thousand inhabitants, followed by Emilia Romagna (25,000) and Campania (24,000); the least "virtuous" are Molise with 1 annuity out of 3,740 inhabitants and Sardinia (about 5,316)⁵⁵.

Figure 7.1 – Number of inhabitants per life annuity



⁵⁵ 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.

7.2. Pensions for “special categories”: a system not yet been harmonized

The INPDAP public pension system, now merged into INPS, featured some separate schemes: Pension benefit fund for public employees (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 judicial officials (CPUG). For historical reasons, each scheme had a specific regulation and therefore the members were entitled to different benefits; even before the consolidation phase, some harmonization measures were adopted which have now almost been finalized with the Fornero law. There are still important differences with respect to the FPLD regulations and to the particular rules for the calculation of the A and B shares of pensions applied to all civil servants; for example, the CTPS fund, which accounts for about 60% of all public employees, still provides different benefits for its various sectors.

Defence, Security and **Public Rescue sector** - Workers in the security sector (Army, Navy, Air Force, Carabinieri and Guardia di Finanza, State Police, Penitentiary Police, Local Police corps and former State Forestry Corps, now integrated into the Carabinieri ranks) are entitled to old age retirement earlier with respect to the rest of civil servants (so-called civilian staff) registered with CTPS in relation to their qualification or rank. In particular, for workers in the security sector, the maximum active age is flexible and ranges between 61 years and 3 months and 66 years and 7 months. Entitlement to **seniority pensions** is granted at 57 years and 7 months with 35 years of contribution, or, regardless of age, with 40 years and 7 months of contribution. The members who, as of December 31 2011 had already reached the maximum expected seniority (the maximum pension rate is equal to 80% of the salary, can receive their pension benefits at 53 years and 7 months. Some additional service benefits are foreseen in line with the nature of the service provided (for example: border service, flight service, operational employment service) to be more quickly entitled to seniority benefits. Since 01/01/1998, these conventional additional benefits can be provided for a maximum of 5 years so as to reduce the effective seniority of contributions from 35 to 30 years.

Auxiliary pensions are only provided to military personnel alone (Armed Forces, Arma dei Carabinieri) and allow these subjects to be discharged from their active service when they reach their retirement age or 40 years of contribution, with the possibility to be recalled for a maximum period of 5 years. Auxiliary military personnel are entitled not only to retirement benefits, but also to a gross annual indemnity equal to 50% of the difference between the benefits received and the remuneration paid to individuals of the same rank, the same role and seniority of service. For those who managed to benefit from this type of pension by 31/12 /2014, the auxiliary benefits account for 70%. At the end of the period, the pension is calculated by including in the remuneration also the auxiliary pension; this then leads to higher pension benefits⁵⁶.

Diplomatic personnel - Diplomatic officials have not been touched by the different pension reforms and are still entitled to specific benefits for their service abroad; diplomatic officials are registered in the Fund for public employees (CTPS), established on 01/01/1996 as a separate scheme of the INPDAP, whose deletion since January 2012 has led to the transfer of the funds to INPS. The staff of the diplomatic career is registered in the State Employees' Fund (CTPS), established on 01/01/1996 as a separate management of the INPDAP, which was then cancelled in January 2012 and transferred to INPS. **Old-age pension:** Diplomats retire at 65 if they become eligible for pension benefits or they can continue to work until the required age. For **early retirement (seniority)**, the requirement is reduced to 63 years of age and 20 years of contribution. The effective contribution seniority for service in “disadvantaged” or “particularly disadvantaged” locations is increased by 6 or 9 twelfths for a maximum of 5 years (since 1998), which reduces the effective contribution seniority from 35 to 30 years. The pension, for the share based on the income-based system (in force until 31/12/12) is calculated by applying the rate of return, equal to 2.33% up to the fifteenth year of seniority and 1.80% from the sixth year onwards, on the basis of the last salary (with 35 years, 70.95% of the

⁵⁶ A further note: according to the INPS simulations of the pension benefits for this category, if the contribution-based system is used in full, over 90% of benefits would lose between 40% and 60%.

entire salary is accrued, while for private and public workers, the rates are decreasing and go from a maximum of 2% to 0.9% according to the income brackets⁵⁷. Diplomatic officials are entitled to specific benefits for their service abroad; for example, they receive these benefits for service abroad (ISE) instead of special supplementary benefits, consisting of a sum established in relation to their position, an additional variable amount determined on the basis of their specific location coefficients such as the cost of living abroad, the exchange rate, the charges connected to the obligations deriving from the functions exercised; ISE is subdivided in a basic allowances that accounts for 50% of pension benefits and in additional benefits that also account for 50% but only as of 1/7/2015⁵⁸.

Judges - Members of the judiciary feature the most significant difference in terms of **old-age pension** in relation to the retirement at 70 years of age with the possibility of working until 75 (now repealed); in addition, they have less stringent early-retirement requirements (63 years of age and 20 years if contribution). Since judges are civil servants, they are registered with the pension fund for state employees (CTPS-see above). Their number is about 10,500 and their average gross benefit amount per year for all pensions (including survivors' pensions) is about 103,000 euros. The share of their pension calculated with the income-based method, (in force until 31/12/2011) has a the rate of return equal to 2.33% up to the fifteenth year of seniority and 1.80% from sixth year onwards, with respect to the last remuneration increased by 18% (about 80% of the full remuneration (similarly to diplomats). Furthermore, their effective contribution seniority is increased (from 1998 up to a maximum of 5 years) in relation to their particular status or according to their role, with a further increase in the substitution rate⁵⁹. Compared to other categories, reductions are smaller, since the age and average seniority requirements (about 70 years of age and 46 years respectively) are higher with respect to the total number of pension benefits for public employees and age does not have an impact on the calculation of the income-based pension, but only on the contribution-based pension; instead, seniority, (with an impact on these calculations) is fully valued in the contribution-based system.

Prefects - 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 illustrated above for diplomats in terms of early retirement and seniority pensions.

University professors - 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 (researcher and assistant, first or second level faculty), to their retirement age and to the possibility for them to go on working if they have not fulfilled all their pension requirements. To summarize: researchers and assistants retire at 65, second-level teachers at 68 (out of 65), first-level teachers at 70 (with the possibility to retire at 65)⁶⁰.

ENAV employees - Since 01/01/1996, ENAV employees - air traffic controllers, pilots, radio operators, flight assistance and weather experts – have had a twofold social security system. Those hired as of the aforementioned date fall under the compulsory general insurance (AGO) legislation, while the subjects already insured have remained within the pension fund for public employees (CPTS). This dual regime arises from the transformation, under Law Decree 29/1996, of AAAVTAG (Autonomous flight assistance company for air traffic) into a public economic body. The retirement age remains unchanged at 60 for “old” members - whose rate of return for their income-based pension share (up to 31/12/2011) is calculated on the basis of the last salary and is equal to 2.33% up to 15 years of seniority and to 1.80% from the sixteenth year onwards. In addition, in order to calculate retirement benefits for air traffic controllers, pilot sand radio

⁵⁷ Cfr. appendix.

⁵⁸ According to INPS simulations, if the contribution-based system is applied in full, all benefits would be down by about 29%.

⁵⁹ According to INPS simulations, if the contribution-based system is applied in full, all benefits would be down by about 12%.

⁶⁰ According to INPS simulations, if the contribution-based system is applied in full, about 28% of pensions would be down by over 20%; over 20% of them would have an advantage with this recalculation.

operators, the effective service periods are lengthened by one third. While for flight assistance and weather experts they have been increased by one fifth. This means that for the former, 26 years of seniority give the right to 35 years and 30 years of seniority to 40. In addition, the calculation rate is applied to the entire remuneration.

Termination of employment benefits TFS, towards TFR - Unlike workers in the private sector, for the termination of employment benefit (whatever its name) of civil servants, it is necessary to consider the employment date and the administration where they work. Employees hired as of 01/01/2001 comply with the same rules for the termination of employment benefits as in the private sector; on the other hand, for those already working on 12/31/2000 and who leave their job and social security contributions with at least one year of membership, the previous rules apply which provide for:

- for public employees within CTPS, the termination of employment benefit is determined by multiplying one twelfth of 80% of their gross annual remuneration (including the thirteenth month) at the end of their active life (last salary);
- for employees of local authorities and of the National Healthcare Service, the premium service bonus (IPS) is obtained by multiplying 1/15 of 80% of the contribution-based remuneration of the last 12 months of work, inclusive of the thirteenth month for the number of useful years.

In both cases, this remuneration cannot exceed the threshold of 240,000 euros before taxes. The terms of payment are different depending on the causes of termination of the employment relationship: within 105 days in the event of termination of service due to inability or death (short term); no earlier than 12 months for termination of employment due to age or service limits; not earlier than 24 months after any other form of termination (resignation with or without pension rights, dismissal, lay off etc.).

Public employees are given the option to switch from TFS to TFR to facilitate their access to complementary pensions (even if the anomaly of the notional payment of TFR without the “portability” of these sums). Few public employees have been transferred to TFR because the calculation method is based on the last year of remuneration, and there is an incentive to wait for a pay rise or an occupational change.

Members of **Independent administrative authorities coming from the public sector**: - The pension-related salary cannot exceed the limit set out in Act 335/1995 or the remuneration at the time of appointment, if it was higher. When these subjects are appointed two alternative solutions may occur:

- they **leave their role** or they receive a **paid leave** in which the previous contribution position remains in place and their Administration continues to pay contributions, while the Authority pays the contributions based on the remuneration paid by the Authority to former INPDAP scheme. Two periods of contribution are added to calculate pension benefits, by evaluating the virtual remuneration amount according to the normal economic progression of the Administration to which they belong.
- they are entitled to an **unpaid leave** in which the Authority pays contributions to CTPS on the basis of their remuneration; in the event that the person concerned ceases to have these two roles, the entire period of contribution is assessed for retirement purposes, while pension benefits are measured on the basis of the contributions paid by the Authority with some limits set by law.

In both cases there is also a non-costly reunification of both jobs.

Dancers and terpsichores - Ballet dancers (enrolled in former ENPALS) are only entitled to contribution-based benefits at the age of 46 years and 7 months (men and women), with 20 years of membership in and contributions paid to the Fund exclusively as dancers and terpsichores. All the age and contribution requirements mentioned above are adequate for increases in life expectancy. This special category has also the right to obtain a specific, disability pension (with a minimum of 5 years of seniority) provided that the applicants are at least 30 years of age and have lost (completely and permanently) the ability to work in their usual and prevalent professional activity, that is, the one that provides them with more significant means of sustenance.

7.3. Average pensions for different categories

Table 12.7 shows the average pension benefits and the average pension/average income ratio. The ranking, also considering Constitutional Bodies, regional annuities⁶¹ and civil servants, is led by the Judges of the Constitutional Court with 199,000 euros, followed by: magistrates with 103,000, judges with 81,667, notaries with 77,700 (totally financed by contributions), annuities in Apulia (77,000), retired deputies (about 74,000), retired senators (over 67,000), university professors (65,000), annuities in Lazio and Sicily (about 59,000), Parliament staff (about 56,000), Calabria councillors (55,663,27), staff of the Presidency of the Republic and of the Constitutional Court (just over 53,000), journalists, company executives, members of the aviation fund (mainly Alitalia), accountants, lawyers, telephone workers and finally accountants. In the middle there are many regional annuities (Table 7.10).

Table 7.12 – Average pension benefits by category of workers

CATEGORIES OF WORKERS	Average pension 2015 (1)	Average pension 2016 (1)	Average income 2015	Average income 2016	AP/AI ratio in 2015	AP/AI ratio in 2016 %
NOTARIES	77,740	78,576	144,450	158,255	53.82	49.65
JOURNALISTS	52,060	52,678	67,680	66,259	76.92	79.50
EX INPDAI COROPRATE EXECUTIVES	51,020	50,768	148,660	157,464	34.32	32.24
AVIATION FUND	45,580	45,544	17,560	18,182	259.57	250.49
CERTIFIED ACCOUNTANTS	36,220	35,980	59,570	60,112	60.80	59.85
LAWYERS	27,250	27,347	37,510	38,385	72.65	71.24
TELEPHONY	26,260	26,365	37,640	38,032	69.77	69.32
ACCOUNTANTS	25,830	25,262	53,870	52,246	47.95	48.35
PUBLIC EMPLOYEES	24,680	24,802	33,260	32,959	74.20	75.25
EX FERROVIE dello STATO	22,000	22,173	46,760	42,648	47.05	51.99
TRANSPORTATION	21,460	21,542	30,440	32,832	70.50	65.61
LOCAL AUTHORITIES	19,330	19,512	30,790	30,709	62.78	63.54
ENGINEERS/ARCHITECTS	19,140	19,021	24,118	23,363	79.36	81.42
EX POSTS (IPOST)	18,060	18,057	28,250	27,181	63.93	66.43
SHOW BUSINESS	16,040	16,186	13,450	23,148	119.26	69.92
SURVEYORS	13,460	13,561	25,444	25,722	52.90	52.72
PRIVATE EMPLOYEES (FPLD)	12,760	13,088	21,590	23,030	59.10	56.83
ARTISANS	11,460	11,609	20,720	21,285	55.31	54.54
LABOUR CONSULTANTS	10,530	10,748	66,610	67,451	15.81	15.93
RETAILERS	10,570	10,731	20,760	21,293	50.92	50.40
CDCM FARMERS	7,840	7,938	10,970	11,311	71.47	70.18
DOCTORS	7,010	7,140	33,640	36,164	20.84	19.74
PHARMACISTS	6,100	6,094	30,150	29,953	20.23	20.35
VETERINARY DOCTORS	5,740	5,977	16,350	16,820	35.11	35.54

NOTE: excluding the average pensions of professionals who are members of the 103/96 Funds since they were established far too recently to be significant. (1) Average pension before Gias

7.4 Benefits under the international aggregation system and national pensions paid to Italians or foreigners residing abroad: international conventions and taxation

International social security standards are designed to create mechanisms that protect migrant workers from the danger of losing their pension rights. To this end, in addition to being part of the European social security system, Italy has entered into bilateral agreements with countries with which the exchange of workers has been or is particularly strong. In this framework, INPS provides pension benefits to 308,182 Italian citizens (82.6%) and to 65,083 foreign citizens (17.4%) in about 160 pension countries; in 2016, It

⁶¹ Cfr. Paragraph 7.1.

paid a total of 373,265 pensions abroad, of which 48.3% for women (201,153) and 51.7% for men (172,112) for a total amount of 1,057,428,587 euros. A broader picture can be derived from the following tables:

Table 7.13 - summary of pensions paid by INPS and their total amount in the 2014-2016 three-year period in different continental areas;

Table 7.14 - ranking of the ten countries with the highest concentration of INPS pensions;

Table 7.15 - breakdown of pensions paid under the “international aggregation” scheme and pensions paid within the “national system”.

Table 7.13 – Pensions paid abroad and total amounts in 2014-2016 by continental area

Continental area	2014		2015		2016		% variation of the n. of pensions 2016/2014
	Number	Total amount (in euros)	Number	Total amount (in euros)	Number	Overall amount (in euros)	
Europe	180,229	504,882,074	179,712	536,763,000	182,254	554,512,504	1.12%
Africa	2,580	25,025,083	2,669	35,545,127	2,990	36,476,435	15.89%
Asia	1,148	16,109,089	1,188	19,026,019	1,374	19,474,370	19.69%
Oceania	50,267	102,111,548	48,882	94,412,773	47,581	90,938,069	-5.34%
North America s	102,360	192,991,246	100,093	180,565,485	96,597	177,781,866	-5.63%
Central America	721	7,596,892	872	8,684,216	1,024	9,436,383	42.02%
South America	46,322	218,088,926	44,328	185,448,216	41,445	168,808,957	-10.53%
Total	383,627	1,066,804,858	377,744	1,060,444,836	373,265	1,057,428,584	-2.70%

In 2016 too, most of the payments abroad are to subjects residing in Europe (48.83%), followed by North America (25.88% of the total), Oceania (12.75%) and South America (11.10%). In the last three years, however, there has been a gradual decrease in North America, South America and Oceania, that in the past were destinations for Italian emigrants and now have many very old retirees. On the whole, the change in the three-year trend of the number of pensions paid abroad has dropped by 2.70%, while their total amount has diminished only by 0.88%.

The countries with the highest number of pensions paid abroad (Table 7.14) are those that received the greatest flow of migration of Italian workers in the last century. The top 10 countries in the ranking features Canada as number 1, followed by Australia and by Germany and France in Europe.

Table 7.14 – Countries with the highest concentration of pensions paid abroad in 2016

Ranking of the first ten countries		2016	
		Number of pensions paid abroad	Total amount (in euros)
1	Canada	57,215	76,375,147
2	Australia	47,529	90,580,246
3	Germany	47,273	90,024,260
4	France	44,971	100,179,082
5	USA	39,036	97,734,086
6	Switzerland	30,649	81,574,387
7	Argentina	25,938	95,907,561
8	Belgium	14,714	33,769,715
9	Great Britain	10,795	27,712,802
10	Brazil	8,030	39,816,869

The 373,265 pensions paid abroad (Table 7.15) can be subdivided into 313,728 pensions calculated “under international agreements” (workers paid part of their contributions in Italy and part in a foreign country, international agreements stipulated between Italy and other countries allow contributions to be

aggregated) that account for 84% of the total and 59,537 within the “national system” (contributions paid in Italy) for the remaining 16%.

Table 7.15 - Pensions paid abroad in 2016 by scheme

Year	Pensions paid under the national scheme		Pensions paid under the international equalization scheme		Total	
	Number	Amount (Euros)	Number	Amount (Euros)	Number	Amount (euros)
2016	59,537	559,184,831	313,728	498,243,756	373,265	1,057,428,587

The analysis by type of the 373,265 pensions paid abroad shows that 60.9% (227,367) are old-age pensions, 35.5% (132,479) are survivors’ pensions and only 3.60% (13,419) are disability pensions⁶². It should also be noted that 35.6% of pensions paid abroad under the international aggregation system are related to a contribution period in Italy of less than 3 years, 34.2% to a contribution period between 3 and 6 years, 12.9% between 7 and 10 years, 7.8% between 11 and 15 years, 3.9% between 16 and 20 years, 2.9% between 21 and 30 years and finally only 2.7% to over 30 years⁶³.

According to European rules, welfare benefits cannot be exported in the EU, as they are borne by the EU country of residence, while they can be exported to non-EU countries, resulting in a disparity among retirees depending on where they reside abroad. Some of the pensions paid abroad include supplementary minimum benefits and additional social benefits, which are welfare benefits⁶⁴. Moreover, supplementary minimum benefits and additional social benefits, that are means-tested, are also paid with other pension benefits that are too low to be subjected to direct taxation under the Italian legislation but that are certainly subject to the indirect one.

More specifically, Table 7.16 shows the supplementary minimum benefits and the additional social benefits paid in 2016 in the different continental areas.

Table 7.16 – Number and amount of supplementary minimum benefits and additional social benefits paid abroad by continental area in 2016

Continental area	Number of supplementary minimum benefits	Amount (in euros)	Number of additional social benefits	Amount(in euros)
Europe	3,257	9,537,686	258	382,167
Africa	1,404	4,413,681	541	760,738
Asia	339	957,445	99	145,373
Oceania	572	1,648,389	96	119,846
North America	3,848	10,304,430	499	600,237
Central America	158	404,032	42	62,293
South America	10,757	29,908,964	15,755	21,828,988
Total	20,335	57,174,627	17,290	23,899,642

45.0% of pensions for Italians are paid in Europe (138,576), 29.8% in North America (91,920), 14.7% in Oceania (45,266), 9.6% in South America (29,490) and the remaining 0.9% is divided between Africa (1,726), Asia (528) and Central America (677), where the presence of Italian pensioners is extremely low.

There is a trend of considerable social interest but not numerically very significant, i.e. the current emigration of Italian pensioners abroad for reasons linked to the cost of living or for tax benefits. In the first case, pensioners seeking a lower cost of living abroad generally have small pensions, with supplementary minimum benefits or perhaps with additional social benefits. These pensions do not require the application of the Conventions against double taxation as they are not taxed in Italy. In the second case, pensioners move

⁶² It is worth reflecting on the greater difficulties for workers abroad to enforce their right to disability benefits.

⁶³ Data from the Inps archives on the 355,835 pensions paid abroad in June 2017, taken from the hearing in the Senate of the Inps President, Tito Boeri before the Committee for Italians abroad, on August 2 2017 on “The pension system for Italians abroad”.

⁶⁴ In 2016, slightly above 81 million, which should also include 15.4 million euros’ worth of the so-called “fourteenth month” for 46,000 pensions paid abroad that hardly come back to Italy in the form of consumption.

due to the Italian tax burden on medium-high pensions (a marginal rate of 43%) because in the foreign country of residence, their pensions have significantly lower taxes or none. Some agreements have been signed between Italy and other countries to avoid double taxation. Under these agreements, pensioners who reside abroad for more than six months can ask INPS for the tax exemption of their Italian pensions (taxation in the country of residence) or the application of the most favourable tax treatment (for example taxation in Italy only above certain exemption thresholds). In these cases, INPS pay pension benefits gross of taxation that are then subjected to the tax regime of the foreign country of residence. In the tax period 2016, the application of international conventions against double taxation was requested for 55,238 pensions (14.8% of the total paid abroad) and the 6 countries listed in Table 7.17 have the largest concentration of fully or partially taxed pensions.

Table 7.17 – First six countries with the highest number of pensions paid abroad before Italian taxes as a % of total pensions without taxes in 2016

Countries	Number of pensions	As a % of total pensions without taxes
Australia	26,985	48.9%
Germany	9,022	16.3%
Switzerland	4,023	7.3%
Canada	3,284	5.9%
Belgium	2,054	3.7%
Austria	1,480	2.7%
Other Countries	8,390	15.2%
Total pensions without taxes	55,238	100.0%

7.5 Pension and welfare benefits provided to foreigners: revenues and expenses

Given the current debate on immigration and on the advantages that the flow of immigrants may have for the Italian pension system, this section focuses on the contribution provided by immigrants to the pension system in particular by non-EU citizens (coming from about 100 different countries) but also by new EU citizens from 11 countries of the East, who are identified in the INPS archives through the tax code of their country of birth and also feature in the INPS statistical observatories.

Non-EU citizens - Table 7.18 gives an overview, in the 2007-2015 historical series, of the number of non-EU citizens registered with INPS because they work, pay their contributions and receive benefits (subjects with a regular permit to stay, contributors or pensioners or income support beneficiaries).

Table 7.18 – Number of non-EU subjects by type of benefit in 2007-2015

Year	Type of benefits			
	Workers	Pensioners	Beneficiaries of income support benefits	Total
2007	1,547,475	28,293	20,047	1,595,815
2008	1,663,235	36,382	25,560	1,725,177
2009	1,908,053	42,433	59,829	2,010,315
2010	1,902,356	48,650	65,624	2,016,630
2011	1,943,879	54,388	68,081	2,066,348
2012	2,010,077	60,593	90,414	2,161,084
2013	1,947,808	68,302	107,352	2,123,462
2014	1,918,594	74,429	113,368	2,106,391
2015	1,948,260	81,619	113,458	2,143,337

Source: INPS – Observatory on non-EU workers

There was a considerable increase in the number of active workers until 2008; then, from 2009 to 2015, the total number of registered subjects (classified without duplication) remained almost constant, especially of workers (employed in the private non-agricultural sector, agricultural workers, domestic

workers, self-employed and atypical workers). The number of **pensioners** grew over time, with a significant increase until 2008, almost twice as many in the seven years that followed (+92.3%) and the same for income support recipients (unemployment and mobility benefits) up by 89.6%.

In 2015, there were 1,948,260 non-EU workers, of whom 337,845 were self-employed (artisans, retailers, farmers and atypical workers) and 1,611,059 were employed in the private sector (agricultural, non-agricultural and domestic workers). The average annual remuneration of employed workers amounts to 12,068.60, with an estimated annual amount of contributions equal to about 6.5 billion euros, of which 1.8 billion paid by workers. The number of pensioners amounts to 81,619, of whom 61.1% receive welfare pensions (49,852 disability pensions or social allowances), 11.1% have INAIL indemnity pensions (9,071 subjects), 21.2% (17,277) IVS pensions (disability, old age or survivors' benefits) and the remaining 6.6% with more than one category of benefits. The average pension amount per year amounted to 6,995.79 euros in 2015 with an estimated annual pension expenditure of about 571 million euros. The number of income support recipients (unemployment, NASpI, ASpI, MiniASpI and mobility beneficiaries) is equal to 113,458 and has increased over time by 90%, that is almost as twice as much compared to 2009 (when their number was 59,829). The average ASpI benefits paid every year to non-EU citizens is 5,955 euros with an estimated annual cost of approximately 676 million euros.

Table 7.19 illustrates the 2015 data related to the first 10 countries of citizenship by number of registered subjects. It is interesting to note that some benefits are provided to non-EU citizens coming from a few countries. For example, Ukrainian workers (144,693), who account for 7.4% of the total workforce, receive as much as 15.4% of all income support benefits (17,475 of which 90.3% to women) with respect to the total number of beneficiaries (113,458), followed by Moroccans with 13.2% (14,993) of the total, by Albanians with 12.2% (13,851) and by Moldovans with 7.3% (8,329, 82% are women). In total, the subjects from these 4 countries, who account for 36.1% of the all non-EU workers, take almost half, 48.2%, of all income-support benefits. This gap between workers and recipients of unemployment and mobility benefits may hide non-eligible income-support benefits in case of undeclared work, especially in the construction industry, in tourism-related activities, such as hotels and restaurants, for domestic and caregiving work. This also implies tax and contribution evasion by employees and employers alike.

Table 7.19 – Number of non-EU subjects in the first 10 countries of origin by type of benefit, 2015

Country of origin	Number of workers	As a % of the total of the country	Number of pensioners	As a % of the total of the country	Number of recipients of income support benefits	As a % of the total of the country	Total of the country
Albania	240,868	88.2	18,482	6.8	13,851	5.1	273,201
Morocco	222,918	88.5	13,818	5.5	14,993	6.0	251,729
China	202,229	98.9	1,491	0.7	840	0.4	204,560
The Ukraine	144,693	86.6	4,844	2.9	17,475	10.5	167,012
The Philippines	105,519	92.9	4,447	3.9	3,599	3.2	113,565
Moldavia	94,023	90.5	1,568	1.5	8,329	8.0	103,920
India	84,526	94.8	1,590	1.8	3,015	3.4	89,131
Bangladesh	77,228	95.3	767	1.0	3,024	3.7	81,019
Peru	65,174	90.8	2,235	3.1	4,350	6.1	71,759
Egypt	61,178	92.7	1,910	2.9	2,922	4.4	66,010
Other countries	649,904	90.1	30,467	4.2	41,060	5.7	721,431
Total	1,948,260	90.9	81,619	3.8	113,458	5.3	2,143,337

Source: INPS – Observatory on non-EU workers

Another anomaly is related to 18,482 Albanian pensioners, equal to 22.6% of all non-EU pensioners and to 13,818 Moroccan pensioners, equal to 16.9% of the total, who mainly receive welfare pensions, (14,593 Albanians and 9,302 Moroccans) and INAIL pensions for occupational accidents (2,030 Moroccans

and 1,965 Albanians). The data by age group shows that the large number of welfare pensions is most likely derived from family reunions of parents or grandparents of Albanians and Moroccans who are above 65 years of age.

New EU citizens - The data in Table 7.20 refer to the 11 countries of Eastern Europe that joined the European Union in 2004, Romania and Bulgaria in 2007 and Croatia in 2013. The number of workers from these countries remained almost constant, +1.7%, between 2009 (852,255) and 2015 (867,033), while pensioners, 60% of whom receive welfare or indemnity benefits more than doubled (+121.1%) from 13,057 in 2009 to 28,869 in 2015. The number of income support recipients, equal to 18,316 in 2009 and up to 65,468 in 2015, grew by 257.4%, two and a half times more. The average annual remuneration of these new EU workers is 10,220.53 euros with an estimated contribution amount of about 3 billion euros, of which about 814 million paid by workers.

The analysis by type of pension shows that 28,869 pensioners from new EU countries receive 51.4% of welfare pensions (14,846), 8.3% of INAIL pensions (2,393), 33.6% of IVS pensions (9,707 pensions) and the remaining 6.7% (1,923) consists of subjects with more than one type of benefits. The average pension amount per year is 8,425.40 euros for an estimated annual pension expenditure of approximately 243 million euros. Romania has the largest community of workers 81.2% (704,409) compared to the total (867,033) and the highest number of income support beneficiaries 84.2% (55,103) of the total number of beneficiaries (65,468 beneficiaries of unemployment or mobility benefits).

Table 7.20 – Number of new EU citizens according to 11 Eastern European countries of origin by type of benefit, 2015

Country of origin of new EU citizens	Number of workers	As a % of the total of the country	Number of pensioners	As a % of the total of the country	Number of recipients of income support benefits	As a % of the total of the country	Total of the country
Romania	704,409	90.6	17,954	2.3	55,103	7.1	777,466
Poland	73,957	89.0	4,185	5.0	4,962	6.0	83,104
Bulgaria	39,697	86.4	3,000	6.5	3,236	7.0	45,933
Slovakia	16,269	95.6	176	1.0	566	3.3	17,011
Croatia	10,747	82.5	1,681	12.9	597	4.6	13,025
Hungary	8,103	85.3	1,002	10.5	396	4.2	9,501
Czech Republic	5,229	91.4	256	4.5	238	4.2	5,723
Slovenia	3,571	87.9	419	10.3	74	1.8	4,064
Lithuania	2,828	90.6	112	3.6	181	5.8	3,121
Latvia	1,589	91.2	64	3.7	89	5.1	1,742
Estonia	634	93.2	20	2.9	26	3.8	680
Total	867,033	90.2	28,869	3.0	65,468	6.8	961,370

Source: INPS – Observatory on non-EU workers

To a lesser extent, Poland, with 4,962 unemployment benefit beneficiaries (7.6% of the total) and Bulgaria with 3,236 (4.9% of the total) show an excess of income support measures for their workers. The estimated annual expenditure for unemployment and mobility benefits for newcomers is about 390 million euros.

Estimates and final considerations - Considering the overall income and expenditure results for 2015 and add the items related to non-EU and new EU immigrants, the estimated contribution revenues amount to about 9.5 billion euros, of which the share borne by workers to about 2.6 billion euros. Tax revenues from wages between 10,000 and 12,000 euros are slightly higher than the Irpef exemption

threshold, the estimated pension and income-support expenditure is about 1.9 billion euros, with a positive balance for the year of around 700 million euros⁶⁵.

The INPS XVI Annual Report features relevant section dedicated to the contribution of immigrants to the Italian pension system, with an analysis on both contributions and benefits; this report also contains some simulations designed to highlight the advantages obtained and the need to maintain over time a significant inflow of workers from other countries in order to make the social security and welfare system sustainable over the medium and long term.

According to the analysis provided in the aforementioned report, from 1960 to 2016, 5.9 million subjects from other countries who have worked temporarily or permanently in Italy as employees, domestic workers and self-employed paid to INPS slightly less than 140 billion euros (181 billion if adjusted to inflation) compared to 190 million euros' worth of pension expenditure per year for benefits paid to 20,000 foreigners.

Then the Report presents two simulations concerning the advantages in terms of public expenditure arising from the gap between the contributions paid by immigrants and the costs of future pension or social benefits accrued by the them. The first simulation estimates the amount of contributions of foreign workers registered with INPS who already matured in 2016 the minimum requirements for a future pension (20 years for pensions calculated with the income based system, 5 years for the contribution-based ones) and quantifies the potential burden accrued for future pension obligations at 145 billion euros. By subtracting this figure from 181 billion euros' worth of contributions already received and adjusted by INPS, as already mentioned above, it is possible to have an estimated positive balance of 36 billion euros. This advantage is only possible if none of the foreign workers who did not reach the minimum contribution requirements in 2016 manages to become eligible by continuing their work; this is very unlikely since many of these subjects continue to work in Italy. Moreover, the calculation of future pension benefits should include an estimate of the ones may be mainly characterised as welfare benefits that currently, account for about 60% of those already paid to foreigners.

INPS researchers then simulated the negative effects on the INPS contribution revenues of a possible halt to the inflow of foreign workers until 2040, estimating a gap of 140,000 people a year, on the basis of the average inflow data for the period preceding the economic crisis (2006-2009), and a 5% reduction a year in the number of foreign workers per year who decide to leave their job. When these conditions are fulfilled, the cumulative net financial impact (balance between lower contribution revenues for 72.6 billion euros and lower charges for pension and welfare benefits) would be equivalent to 37 billion euros.

This exercise provides evidence of the absolute need to promote and maintain substantial migratory flows to compensate for the population decline and the sustainability of social benefits and is part of a broader debate on the costs and benefits of immigration, with a strong media exposure when these flows do grow. But it is a controversial exercise both in terms of the approach adopted to estimate the sustainability of migration policies, which should be assessed mainly on the basis of labour market needs and labour supply shortages, and of the method used to estimate the average annual needs obtained from the historical average linked to the free movement of new EU migrants (2006-2009). Furthermore, the sustainability of the "pay-as-you-go" pension systems largely depends on the contribution rates and on the level of benefits, but also on the employment trend and the employment rate of the working age population; therefore the same consideration applies to the cost-benefit analysis of migratory flows for the economy of a country. In this sense, it is not particularly relevant whether workers are native or foreign subjects. If anything, the sustainability of immigration policies and of new inflows of foreign workers should be weighted according to labour demand and supply data that cannot be found in Italy; in addition, according to the OECD statistics,

⁶⁵ It is important to recall that, even if these workers are registered in the Inps archives, some are often linked to total or partial tax and contribution evasion; moreover, it is important to calculate the extra health-care expenditure and to consider that other immigrant workers, most of whom between 30 and 49 years of age, are paying their contributions so as to be able to become eligible for an IVS pension in 20 or 30 years.

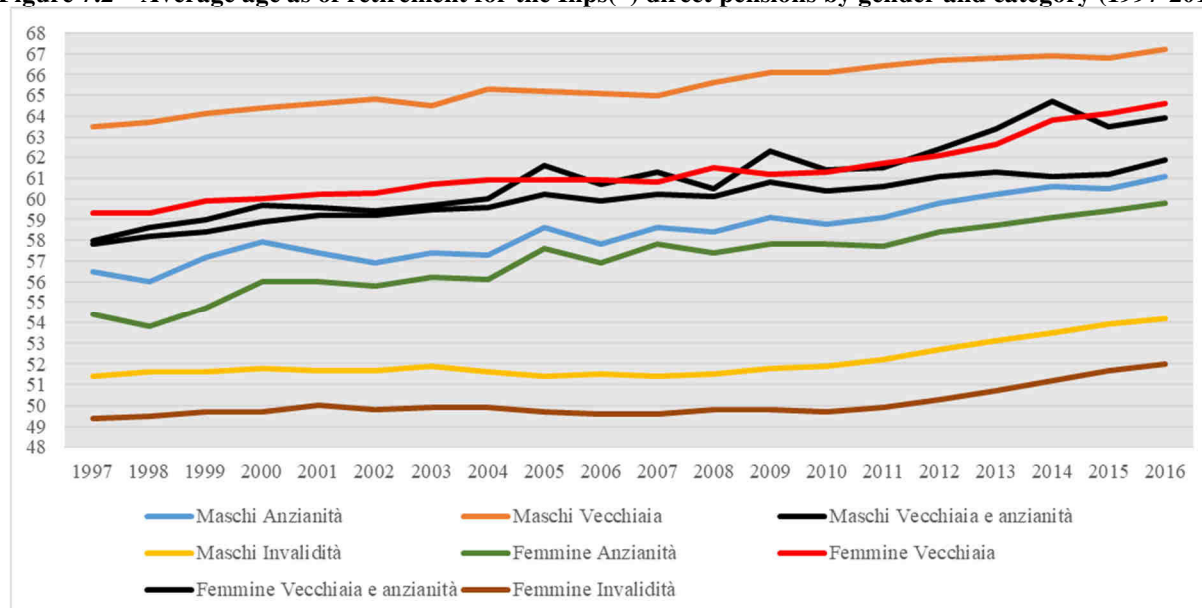
this does not seem to be the case in Italy where the growth in the number of foreign workers in Italy quadrupled between 2000 and 2010 and continued in the following years, in a period in which the rate of employment for Italians was around 58% of the working age population, unlike other large host countries with an employment rate for of native population close to 70%. In the years of the economic crisis (2008-2014) the number of Italian people employed dropped by around 1.4 million with an overall unemployment rate above the 3 million threshold, but there was an increase in the number of foreign workers by 610 thousand. Despite this trend, the employment rate among foreign subjects dropped by 10% due a higher percentage of the working-age foreign population vs. the number of foreigners employed due to the effects of the free movement of new EU citizens, to family reunions, to the entry into the labour market of the second generation of immigrants and to a very high growth in the number of job seekers now estimated to be 400,000 a year. These figures actually mark the end of the expansion cycle of employment of foreigners, driven by a strong demand for low-cost unskilled labour which has triggered new inflows of immigrant workers. Therefore, the economic and employment policies should deal with this strong demand for these types of workers, which also include most of young needs (1,962,000 according to the 2016 STAT estimates) as well as 400,000 unemployed foreigners residing in Italy.

Moreover, according to the data from humanitarian organizations (as official data are not available), the number of foreigners in Italy is 5 million, plus 400,000 thousand non-residents who have been registered, 200,000 asylum seekers and then around 435,000 aliens (probably underestimated considering the regularization amnesties of 1990, 1995 and 1998 with over 200,000 subjects registered, the Bossi-Fini law of 2002 with 700,000 and the last two for about 430,000 thousand subjects each). In total their number is estimated to be equal to 6 million, about 10% of the population that for health care alone entails about 11 billion euros' worth of expenditure a year.

7.6. Average age at retirement

Starting from 1992 with the Amato reform (Law Decree 503/1992), one of the levers used by legislators to control pension expenditure and hence the sustainability of the social security system, has been the increasingly stringent retirement age criteria for old age pensions and the seniority requirements for seniority benefits and early retirement. The trend derived from the 1997-2016 historical series of the average age at retirement for the new pensions paid every year is reported in the following Table 7.21 and in Figures 7.2 and 7.3, according to the type of benefits and the category of workers.

Figure 7.2 – Average age as of retirement for the Inps(*) direct pensions by gender and category (1997-2016)



Men seniority – Men old age – Men old age and seniority

Men disability - Women seniority - Women old age

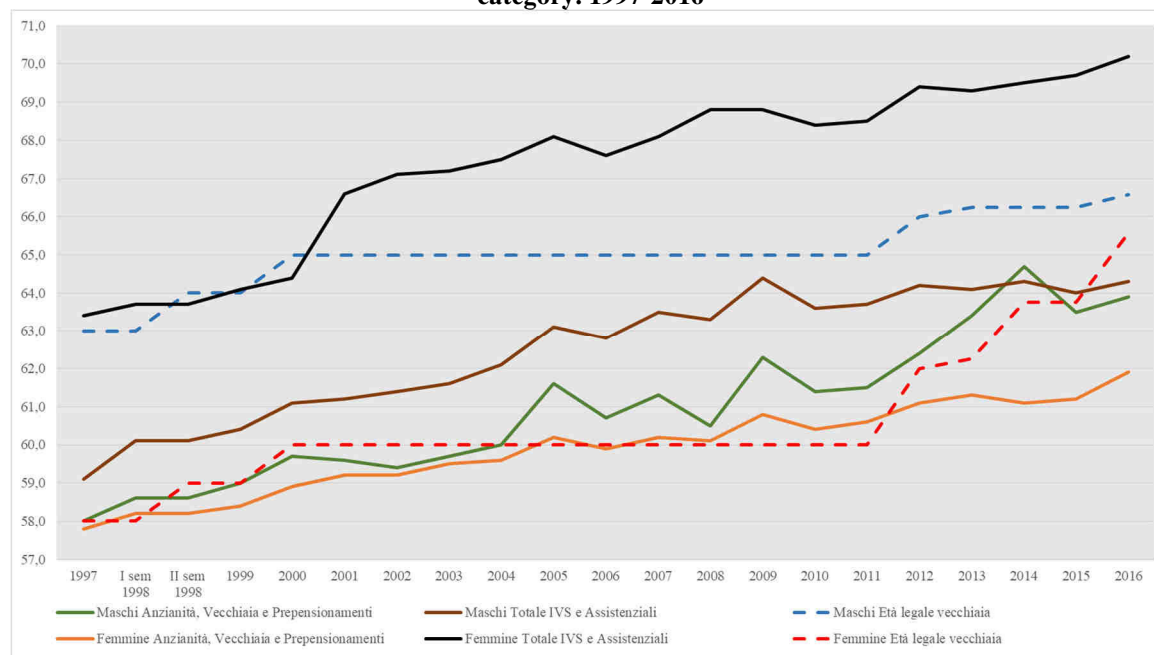
Women seniority and old age – Women disability

* Excluding ex Inpdap and ex Enpals funds

In 1997, the legal pension age requirement was 63 for men and 58 for women, with at least 18 years of seniority and an average retirement age of 63.5 years for men and 59.3 years for women⁶⁶. In 2016, with the latest boost in life expectancy, the pension age requirement, together with a seniority of 20 years, rose to 66 and 7 months for self-employed and employed men and for women working in the public sector, and to 65 and 7 months for women employed in the private sector and to 66 and 1 month for self-employed women. The average age at the time of retirement for men is 67.2 years and for women is 64.6, an average of 66.4 years. In the meantime, the safeguards related to the Fornero reform are still operational, that bring back the clock for at least 141,000 with age requirements of 66 years (65 years plus 12 months of the mobile window) for men and 61 years and 6 months (60 years and 6 months plus 12 month window) for women, who are the most affected group. On 01/01/2016, the age requirements for women were made more stringent by two different provisions: +1 year and 6 months under Act 214/2011 and the life expectancy variation by another 4 months (1 year and 10 months).

In 1997, a seniority pension could be obtained with 35 years of contributions and at least 52 years of age or 36 years of contributions at any age, with a mean age of 56.5 years for men and 54.4 years for women. In 2016, with the new seniority requirements for early retirement (42 years and 10 months for men and 41 years and 10 months for women), the mean age at retirement rose to 61.1 years for men and to 59.8 years for women, with an average of 60.6 years. Considering the total of the three categories: *seniority, old age and early retirement*, it is possible to see that in 2016 the average retirement age was 63.2 years. In calculating this average, the age of men has more weight (63.9) with respect to that of women (61.9) as the latter only account for 32.1% of the new seniority, old age and early retirement pensions due to the strong rise in the retirement age of 2016. Then analysing the weighted average retirement age for all pension categories, in 2016 the age requirement was 67.5 years, 64.3 years for men and for 70.2 years for women. The very high age for women depends on the greater weight of survivors' pensions, 81.4% for women at 72.9 years of age and of disability pensions, 58% for women at 72.1 years of age compared to 64.3 years for men.

Figure 7.3 – Average age as of retirement and old age pension eligibility for Inps(*) pensions by gender and category. 1997-2016



Men: seniority, old age and early retirement- Men: total IVS and welfare pensions- Men: old age pension eligibility
 Women: seniority, old age and early retirement- Women: total IVS and welfare pensions- Women: old age pension eligibility
 * Excluding ex Inpdap and ex Enpals funds

Source: INPS – Observatory on pensions

⁶⁶ The age expressed in a decimal form is related to years and tenths of years. For example: 56.5 that correspond to 56 years and 6 months.

Table 7.21 – Historical series 1997- 2016. Average age as of retirement of the new pensions paid by year, category and gender

ANNO	Sesso	Avanzata			Vecchiaia			Prepensionamenti			Totale Andanti Vecchiaie e Prepensionamenti			Invalidità			Superstite			Pensionati/Assegati Sociali			Invalidi civili			Totale categorie		
		Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile	Numero Pensionati	Età media	Importo medio mensile
1997	Marci	218.607	1.024,54	56,3	520,17	63,5	8.478	1.461,34	52,6	293.005	59,0	920,89	51,4	31.583	56,3	39.091	272,99	72,1	15.209	221,33	65,7	382.948	795,60	59,1	382.948	795,60	59,1	
	Femmine	218.607	1.024,54	56,3	520,17	63,5	8.478	1.461,34	52,6	293.005	59,0	920,89	51,4	31.583	56,3	39.091	272,99	72,1	15.209	221,33	65,7	382.948	795,60	59,1	382.948	795,60	59,1	
	Totale	218.607	1.024,54	56,3	520,17	63,5	8.478	1.461,34	52,6	293.005	59,0	920,89	51,4	31.583	56,3	39.091	272,99	72,1	15.209	221,33	65,7	382.948	795,60	59,1	382.948	795,60	59,1	
1998	Marci	238.584	1.085,44	56,0	545,38	61,3	8.990	1.485,24	51,7	109.596	64,4	984,81	51,6	31.108	56,0	37.146	278,14	72,2	18.501	231,16	66,0	378.429	771,62	60,1	378.429	771,62	60,1	
	Femmine	238.584	1.085,44	56,0	545,38	61,3	8.990	1.485,24	51,7	109.596	64,4	984,81	51,6	31.108	56,0	37.146	278,14	72,2	18.501	231,16	66,0	378.429	771,62	60,1	378.429	771,62	60,1	
	Totale	238.584	1.085,44	56,0	545,38	61,3	8.990	1.485,24	51,7	109.596	64,4	984,81	51,6	31.108	56,0	37.146	278,14	72,2	18.501	231,16	66,0	378.429	771,62	60,1	378.429	771,62	60,1	
1999	Marci	255.755	1.053,48	55,6	535,43	62,9	8.285	1.453,84	51,6	129.533	69,36	589,36	51,6	32.111	55,6	38.091	272,99	72,1	18.501	231,16	66,0	380.088	421,03	62,7	380.088	421,03	62,7	
	Femmine	255.755	1.053,48	55,6	535,43	62,9	8.285	1.453,84	51,6	129.533	69,36	589,36	51,6	32.111	55,6	38.091	272,99	72,1	18.501	231,16	66,0	380.088	421,03	62,7	380.088	421,03	62,7	
	Totale	255.755	1.053,48	55,6	535,43	62,9	8.285	1.453,84	51,6	129.533	69,36	589,36	51,6	32.111	55,6	38.091	272,99	72,1	18.501	231,16	66,0	380.088	421,03	62,7	380.088	421,03	62,7	
2000	Marci	299.757	1.129,42	54,7	539,05	64,1	1.083	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	54,7	39.091	272,99	72,1	18.501	231,16	66,0	425.568	633,42	64,1	425.568	633,42	64,1	
	Femmine	299.757	1.129,42	54,7	539,05	64,1	1.083	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	54,7	39.091	272,99	72,1	18.501	231,16	66,0	425.568	633,42	64,1	425.568	633,42	64,1	
	Totale	299.757	1.129,42	54,7	539,05	64,1	1.083	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	54,7	39.091	272,99	72,1	18.501	231,16	66,0	425.568	633,42	64,1	425.568	633,42	64,1	
2001	Marci	312.027	1.224,66	57,4	560,18	64,0	1.126	1.730,66	54,1	216.607	92,72	628,94	51,4	31.583	57,4	39.091	272,99	72,1	18.501	231,16	66,0	430.818	643,44	64,1	430.818	643,44	64,1	
	Femmine	312.027	1.224,66	57,4	560,18	64,0	1.126	1.730,66	54,1	216.607	92,72	628,94	51,4	31.583	57,4	39.091	272,99	72,1	18.501	231,16	66,0	430.818	643,44	64,1	430.818	643,44	64,1	
	Totale	312.027	1.224,66	57,4	560,18	64,0	1.126	1.730,66	54,1	216.607	92,72	628,94	51,4	31.583	57,4	39.091	272,99	72,1	18.501	231,16	66,0	430.818	643,44	64,1	430.818	643,44	64,1	
2002	Marci	350.851	1.200,21	56,7	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	56,7	39.091	272,99	72,1	18.501	231,16	66,0	459.691	699,58	65,1	459.691	699,58	65,1	
	Femmine	350.851	1.200,21	56,7	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	56,7	39.091	272,99	72,1	18.501	231,16	66,0	459.691	699,58	65,1	459.691	699,58	65,1	
	Totale	350.851	1.200,21	56,7	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	56,7	39.091	272,99	72,1	18.501	231,16	66,0	459.691	699,58	65,1	459.691	699,58	65,1	
2003	Marci	391.961	1.304,64	57,4	535,43	62,9	8.285	1.453,84	51,6	129.533	69,36	589,36	51,6	32.111	57,4	39.091	272,99	72,1	18.501	231,16	66,0	479.691	729,53	67,1	479.691	729,53	67,1	
	Femmine	391.961	1.304,64	57,4	535,43	62,9	8.285	1.453,84	51,6	129.533	69,36	589,36	51,6	32.111	57,4	39.091	272,99	72,1	18.501	231,16	66,0	479.691	729,53	67,1	479.691	729,53	67,1	
	Totale	391.961	1.304,64	57,4	535,43	62,9	8.285	1.453,84	51,6	129.533	69,36	589,36	51,6	32.111	57,4	39.091	272,99	72,1	18.501	231,16	66,0	479.691	729,53	67,1	479.691	729,53	67,1	
2004	Marci	415.735	1.458,13	57,3	539,05	64,1	1.083	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	57,3	39.091	272,99	72,1	18.501	231,16	66,0	509.859	794,08	67,1	509.859	794,08	67,1	
	Femmine	415.735	1.458,13	57,3	539,05	64,1	1.083	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	57,3	39.091	272,99	72,1	18.501	231,16	66,0	509.859	794,08	67,1	509.859	794,08	67,1	
	Totale	415.735	1.458,13	57,3	539,05	64,1	1.083	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	57,3	39.091	272,99	72,1	18.501	231,16	66,0	509.859	794,08	67,1	509.859	794,08	67,1	
2005	Marci	431.961	1.587,40	58,3	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	58,3	39.091	272,99	72,1	18.501	231,16	66,0	539.859	830,36	67,1	539.859	830,36	67,1	
	Femmine	431.961	1.587,40	58,3	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	58,3	39.091	272,99	72,1	18.501	231,16	66,0	539.859	830,36	67,1	539.859	830,36	67,1	
	Totale	431.961	1.587,40	58,3	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	58,3	39.091	272,99	72,1	18.501	231,16	66,0	539.859	830,36	67,1	539.859	830,36	67,1	
2006	Marci	491.415	1.428,68	58,3	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	58,3	39.091	272,99	72,1	18.501	231,16	66,0	569.859	870,36	67,1	569.859	870,36	67,1	
	Femmine	491.415	1.428,68	58,3	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	58,3	39.091	272,99	72,1	18.501	231,16	66,0	569.859	870,36	67,1	569.859	870,36	67,1	
	Totale	491.415	1.428,68	58,3	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	58,3	39.091	272,99	72,1	18.501	231,16	66,0	569.859	870,36	67,1	569.859	870,36	67,1	
2007	Marci	513.931	1.412,72	57,6	531,83	62,7	618	1.837,80	53,0	247,923	68,8	596,43	51,6	32.055	57,6	39.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36	67,1	
	Femmine	513.931	1.412,72	57,6	531,83	62,7	618	1.837,80	53,0	247,923	68,8	596,43	51,6	32.055	57,6	39.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36	67,1	
	Totale	513.931	1.412,72	57,6	531,83	62,7	618	1.837,80	53,0	247,923	68,8	596,43	51,6	32.055	57,6	39.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36	67,1	
2008	Marci	560.300	1.128,84	57,8	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	57,8	39.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36	67,1	
	Femmine	560.300	1.128,84	57,8	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	57,8	39.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36	67,1	
	Totale	560.300	1.128,84	57,8	517,02	61,0	1.063	1.667,20	51,1	203.300	96,43	594,3	51,6	32.055	57,8	39.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36	67,1	
2009	Marci	608.658	1.762,40	59,1	545,38	61,3	8.990	1.485,24	51,7	109.596	64,4	984,81	51,6	31.108	59,1	38.091	272,99	72,1	18.501	231,16	66,0	589.859	910,36	67,1	589.859	910,36		

8. The complementary welfare system in Italy: pension, welfare and health-care benefits

The private expenses borne by Italians for additional and complementary benefits (health, welfare and pension benefits) amounted 62 billion euros in 2016, a 1.1% increase over the previous year (61.339 million euro). This year too, the largest item was the so-called “out of pocket” health expenditure (OOP) amounting to 32.08 billion euros. This item includes all the costs directly incurred by households and individuals without any intervention by intermediaries such as health funds, mutual societies, insurance companies or other entities.

Table 8.1 - Private expenditure on complementary and supplementary welfare (in millions of euros)

	2013			2014			2015			2016		
Type	Private exp.	As a % of GDP	As a % of national exp.	Private exp.	As a % of GDP	As a % of public exp.	Private exp.	As a % of GDP	As a % of public exp.	Private exp.	As a % of GDP	As a % of public exp.
Complementary pension system	12,414	0.79%	1.55%	13,000	0.81%	1.57%	13,500	0.82%	1.63%	14,256	0.85%	1.72%
OOP health expenditure	26,240	1.68%	3.28%	30,000	1.86%	3.63%	32,287	1.96%	3.91%	32,081	1.92%	3.87%
LTC expenditure *	11,000	0.70%	1.37%	9,280	0.58%	1.12%	8,900	0.54%	1.07%	9,000	0.54%	1.09%
Intermediated health expenditure	4,060	0.26%	0.50%	4,300	0.27%	0.52%	3,689	0.22%	0.44%	3,809	0.23%	0.46%
Individual welfare expenditure**	1,000	0.06%	0.12%	2,567	0.16%	0.31%	2,963	0.18%	0.35%	3,008	0.18%	0.36%
Total expenditure	54,714	3.49%	6.82%	59,147	3.66%	6.92%	61,339	3.72%	7.40%	62,154	3.72%	7.49%

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

** This item only takes into consideration the revenues from insurance premiums

Source: data from COVIP (Complementary pension system), ISTAT (OOP health expenditure), Ministry of Health (Intermediated health expenditure), INPS (LTC health expenditure); ANIA (Individual welfare expenditure) processed by Itinerari Previdenziali

In addition to the individual expenditure items illustrated further on in this Report, in the second and third place in this ranking there are contributions to **complementary pension funds (14.2 billion euros)** and those for long-term care (LTC) which amount to 12 billion euros. The figures in the Table (9 billion euros) do not include the carers' allowances envisaged under the public pillar, which reduce the total expenditure of individuals and their families by about 3.1 billion euros. Actually, it is important to consider that the contributions to complementary pension funds can be deducted by their members up to a maximum of 5,164.57 euros. The personal income tax data show that the amount deducted for these contributions is equal to 3,245 million euros and that most of them (62.9%) are related to members with a declared income of between 15,000 and 50,000 euros.

Focus on private healthcare expenditure - Total private health care expenditure amounts to approximately **35.9 billion euros**, the intermediated part of which (through health funds, insurance companies, etc.) is equal to just below 12% (3.809 billion euros). These figures would be even be lower by considering only the expenses brokered through non-profit health care funds featuring in the Register of the Ministry of Health, since this item does not include the expenses incurred through the insurance policies directly underwritten by individuals and by other unregistered entities.

Total private expenditure may be underestimated because the figure indicated by Istat is derived from the results of the anonymous census carried out on Italian families. The sample of those who have answered the questionnaire may not be consistent with that envisaged for the survey because not everyone answers the questions and some may do it in an unreliable way.

Without questioning the value of the Inps statistical analysis, Itinerari previdenziali decided to start from the Istat data on the Italian population and on the number of families and simulate the cost for households to purchase health-related services in order to verify the behaviour of individuals and their families. As can be seen, it did not use any statistical techniques but a reasoned estimate of ordinary expenditure items for households. Prices (except for co-payments whose precise and official data can be found in the public finance coordination report drafted by of the Court of Auditors, 2017) are taken from the main online price-lists available. Here follow the results of the simulation and the estimation methods which show that:

1. The Italian population amounts to just over 60.5 million people;
2. According to Istat, in 2016 the number of families was equal to **25.853 million** (about 2.3 people on average for each family; actually the Istat data also take into account “single-parent” families);
3. The main expenditure items used for the calculation of private, OOP and intermediated expenditure, are related to **pharmaceutical products** (except for the component paid by the national service), **dentistry**, **ophthalmology**, **rehabilitation** (for example: physiotherapy), **specialists**, **diagnostics** and **laboratory tests** (for example: periodic blood tests for check-ups at risk or using drugs or contraceptive pills), without forgetting the cost of co-payments (the following figure is the one provided by the Court of Auditors for 2016).

The resulting data show an expenditure of **39.6 billion euros**, about **23%** more than the figure reported by Istat.

Table 8.2 – Simulation of some household expense items

Service	Simulation	Total cost per household	Cost per household (in billions of euros)
Ophthalmology	Purchase of glasses and contact lenses and solutions by a family member	350	9.0
Dentistry	Teeth cleaning for each member of the family as well as minimum treatment costs	350	9.0
Tax exemption	Overall national data by number of households	122	3.2
Pharmaceuticals	Cost for drugs, excluding the part paid by the NHS and without considering homeopathic drugs and food supplements.	350	9.0
Specialists' visits	Specialist's visit for at least one member of the family	180	4.7
Rehabilitation/physiotherapy	Rehabilitation and physiotherapy treatment	40	1.0
Laboratory analysis	A periodical check-up and follow-up blood examination for regular users of drugs pills, and contraceptive pills.	30	0.8
Imaging techniques	Ultrasonography or radiological examination.	110	2.8
Total		1,532	39.6

Focus on non self-sufficiency - This expenditure item is growing too. The methodology used is the same as the one applied the previous year, which has added 11,267 million euros' worth of home-care expenditure to 4,100 million euros' worth of residential home care expenditure to obtain a total of 15,400 million euros. The home care expenditure is the result of the number of carers registered with INPS and the number of domestic workers for an average gross income of 13,000 euros a year. The choice to include domestic workers (who officially are not supposed to care for non self-sufficient subjects) is due to the fact that not all domestic workers limit their functions to house help but they actually provide care and support services for non self-sufficient subjects. In addition, there is a significant number of “irregular” workers in these sectors cannot be ignored. In sum, the figure before the number of domestic workers may certainly be more than conservative if concrete facts are considered such for example the average cost of carers that may be well above 1,000 euros for 13 months per year. This item should then be added to the costs that individual

families have to bear to make sure that their loved ones (partly or completely non self-sufficient) have the possibility to continue living at home. These are certainly *one-off* costs not to be incurred every year, but which increase the burden of this type of expenditure.

Focus on individual welfare - Like the previous year, individual welfare expenditure takes into account the non-life premiums, equal to **3 billion euros**. In fact, the amount would go up to **4.1 billion euros** if at least 50% of health insurance costs are included in this item (n. 2 non-life), imagining that the remaining 50% refers to premiums paid to companies through the collective insurance contracts of supplementary health funds.

8.1. Complementary pension system in Italy as compared to OECD and non-OECD countries

The complementary pension system continues to grow with more than **7.7 million** members. This figure includes the number of members of some Italian pension funds who are automatically enrolled by their employers when they are hired and whose contributions are paid by the organizations for which they work. The hope is that, over time, employed workers realize the efficacy of this tool and decide to follow suit. The growth of **open-ended funds (+9.5%)** and new generation **PIP (+10%)** is also significant.

The assets allocated to benefits too show an upward trend (**+7.8%**). The pre-existing and occupational funds alone account for two-thirds of all these schemes; however, it is interesting to see here too that the growth of open-ended and PIP funds is consistent with the increase in the number of members and even twice as high with respect to this number for the latter retirement insurance tool.

A new pan-European individual pension instrument is soon to be launched with standardized characteristics and transnational portability (probably with more favourable tax conditions). The **PEPP** (Pan European Pension Product) may change the complementary pension market, despite the belief that the first **limit** to the development of the complementary pension system is not the absence of subsidized savings instrument but the lack of a social security culture.

Table 8.3 – Complementary pension system in 2014, 2015 and 2016: membership, resources allocated to benefits and contributions

	Adesioni				Risorse (in mln di €)				Contributi (in mln di €)
	2014	2015	2016	var. %	2014	2015	2016	var. %	2016
Fondi pensione negoziali	1.944.276	2.419.103	2.597.022	7,4%	39.644	42.546	45.931	8,0%	4.623
Fondi pensione aperti	1.057.038	1.150.096	1.258.979	9,5%	13.980	15.430	17.092	10,8%	1.779
Fondi pensione preesistenti	645.371	644.797	653.971	1,4%	54.033	55.299	57.538	4,0%	3.753
PIP nuovi	2.356.674	2.595.804	2.869.477	10,5%	16.369	20.056	23.711	18,2%	3.734
PIP vecchi	467.255	431.811	411.242	-4,8%	6.850	6.779	6.931	2,2%	360
Totale*	6.447.186	7.234.858	7.787.488	7,6%	130.941	140.351	151.278	7,8%	14.256

*Il totale è abbattuto delle duplicazioni di iscritti tra PIP "nuovi" e "vecchi" ed è al lordo di FONDINPS. Fonte: Covip, Relazione per l'anno 2016

Members; Resources (in millions of euros); Contributions (in millions of euros)

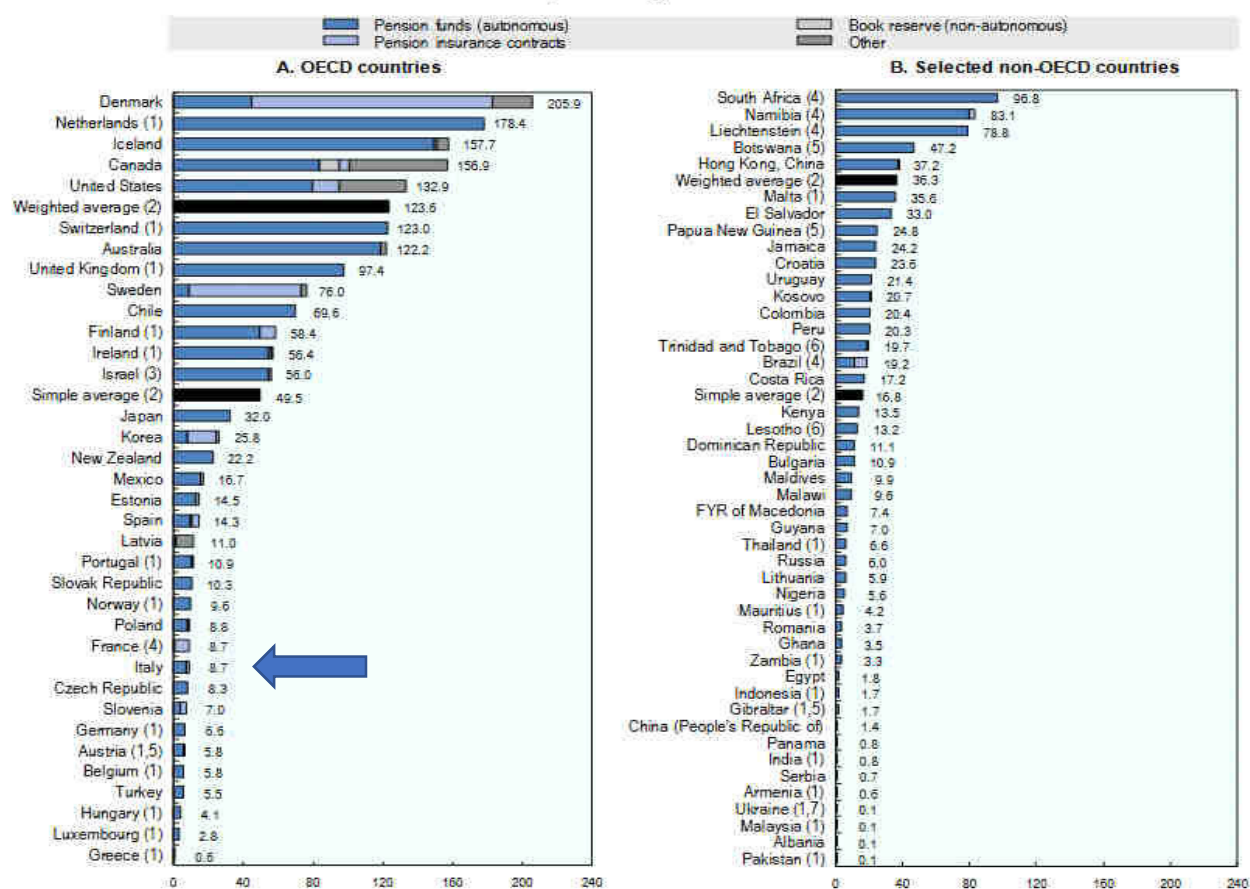
Negotiated pension funds; Open-ended pension funds; Pre-existing pension funds; New PIPs; Old PIPs; Total*

(*) 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. 2016 Report.

The Competition Law approved during the summer of 2017 intervened on the subject of complementary pensions in order to make existing pension provisions more flexible and more appealing to the public. The same for the 2016 and the 2017 budget laws with the introduction of **RITA** (Temporary Supplementary Early Annuity) which makes it possible to use of the accumulated pension to finance the 3-year and 7-month early retirement in the mandatory pension system. Under these recent rules, it is not possible yet to assess the actual impact of the reform on the sector, even if the RITA legislation (which envisages the use of all or part of the pension amount) may undermine the main purpose of the complementary pension system (Legislative Decree 2252/2005) which is to provide a complementary pension equal to at least for 50% of the accumulated amount.

The comparison with other OECD countries and even with non OECD countries still highlights the need to increase the number of members as well as the size of their individual pension “bags”, so that they may benefit from a useful and significant increase in their pension level when they retire. Italy is still lagging behind in the field of complementary social security. Italy is low in the OECD ranking for its ratio of funds’ total assets vs. GDP and the same would apply if this is included among non-OECD countries. However, it is important to stress that, similarly to the previous editions, the following ranking features countries with significant differences in terms of relevance and size of their first pension pillar as well as a countries with a mandatory complementary pension system (for example the UK). The data below show different types of complementary schemes: pension funds with economic and financial autonomy, insurance policies, structured internal funds featured in the accounts of their parent organizations, different and residual forms.

Figure 8.1 - Pension funds’ assets as a percentage of GDP in OECD and in non-OECD countries in 2015 by type of complementary system
As a percentage of GDP



8.2 Supplementary health funds and LTC in Italy

On the basis of the latest data provided Registry of Health Funds⁶⁹ processed in November 2017, the number of members of supplementary e health schemes amounts to **10.616 million**; for the first time, the Registry provides the number of pensioners and their dependent family members, amounting to **701,388** (Table 8.4). Without considering the retired subjects, the membership increase for these funds is significant with respect to 2015 and equal to **8.3%**; the largest growth (doubling of membership) is observed for “non-employed workers”.

⁶⁹ Not all health funds communicate their situation on an annual basis; therefore, if the number of members has already been calculated, the funds feature the level of membership but the number of members is not calculated and added to the total sum; this happens more frequently in the non contractual schemes mainly for self-employed workers.

Table 8.4. – Membership in health Funds on 31/12/2016

Anno	Situazione iscritti									
	Lavoratori dipendenti	Lavoratori non dipendenti	Famigliari lavoratori dipendenti	Famigliari lavoratori non dipendenti	Pensionati	Famigliari pensionati	Totale lavoratori	Totale famigliari dei lavoratori	Totale pensionati	Totale iscritti
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g=a+b</i>	<i>h=c+d</i>	<i>i=e+f</i>	<i>j=g+h+i</i>
2010	1.647.071	414.904	983.593	266.906	–	–	2.061.975	1.250.499	–	3.312.474
2011	3.209.587	461.424	1.264.534	211.088	–	–	3.671.011	1.475.622	–	5.146.633
2012	3.724.694	506.169	1.290.336	310.744	–	–	4.230.863	1.601.080	–	5.831.943
2013	4.734.798	539.914	1.373.444	266.245	–	–	5.274.712	1.639.689	–	6.914.401
2014	5.141.223	565.199	1.563.015	224.387	–	–	5.706.422	1.787.402	–	7.493.824
2015	6.423.462	535.893	1.862.206	332.931	–	–	6.959.355	2.195.137	–	9.154.492
2016	6.680.504	1.074.038	1.908.962	251.955	527.716	173.672	7.754.542	2.160.917	701.388	10.616.847

Year; employed workers; non employed workers; family members of employed workers; family members of non-employed workers; pensioners; family members of pensioners; total number of workers; total number of workers' family members; total number of pensioners; total number of members

Source: data processed by Itinerari Previdenziali from the Health Fund Registry of the Ministry of Health

There is also an increasing number of funds in the Registry now featuring **323** schemes, with the addition of 18 funds: 17 type B and 1 type A schemes (operating as supplementary NHS funds). Benefits are growing too by about 100 thousand euros vs. the previous year with a significant increase in extra LEA benefits (especially for dental treatments equal to 67% of the total for institutions, pension funds and mutual societies and to **96% for the supplementary NHS funds**) that reaches 32.37%, well above the minimum requirement⁷⁰ of 20%. (Table 8.5). The Registry is not yet available for the public.

Supplementary health funds are still in a regulatory vacuum that is not positive for pre-contractual and contractual transparency and for the protection of members from any solvency issues of these complementary health schemes. The only interesting legislative innovation is related to the third sector (Act 106/2016 and related implementing provisions) that may have an effect on this domain at least in terms of accounting transparency.

From the point of view of possible tax benefits linked to the enrolment/membership in supplementary health schemes, there is still a strong discrimination of self-employed workers vs. employed workers. Employed workers enrolled in contractual funds can deduct their contributions and the same holds true for employers up to 3,616 euros per year while the self-employed and non-contractual fund members (established on the basis of agreements between companies and workers, often in the context of national contracts) can deduct 19% out of 1,291.14 euros.

⁷⁰ Under Art. 3, par. 4, of the MD of 27/10/2009, the benefits provided for under Art. 2, par. 2, letter d (1. Social health-related benefits; 2. Health social related benefits; 3. Health recovery and rehabilitation benefits and the like; 4. Dental benefits) must amount to a minimum of 20% of the total benefits paid by the fund.

Table 8.5 – Registry of Health Funds of the Ministry of Health Resources allocated

Year	Registered funds	Type A	Type B	Total number of members	Employed workers	Family members	General amount	Partial amount (20%) *	Partial/general amount
2010	255	47	208	3,312,474	1,647,071	1,250,499	1,614,346,536	491,930,591	30.47%
2011	265	43	222	5,146,633	3,209,587	1,475,622	1,740,979,656	536,486,403	30.82%
2012	276	3	273	5,831,943	3,724,694	1,601,080	1,913,519,375	603,220,611	31.52%
2013	290	4	286	6,914,401	4,734,798	1,639,689	2,111,781,242	690,892,884	32.72%
2014	300	7	293	7,493,824	5,141,223	1,787,402	2,159,885,997	682,448,936	31.60%
2015	305	8	297	9,154,492	6,423,462	2,195,137	2,243,458,570	694,099,832	30.94%
2016	323	9	314	10,616,847	6,680,504	2,160,917	2,329,791,397	753,775,116	32.35%

Source: data processed by Itinerari Previdenziali from the Health Fund Registry of the Ministry of Health; extra LEA benefits that must be equal to at least 20% of total benefits under the law.

Important changes were introduced for corporate welfare by the 2016 budget law (*infra*); in fact, now, performance bonuses (up to a maximum of 4,000 euros per year) can be transformed in contributions to supplementary health schemes (as well as to other welfare and well-being facilities). Corporate welfare is targeted to employed workers, thus widening the gap among individuals (which is probably unconstitutional). This is the reason why there are few self-employed beneficiaries of these measures, equal to 13% of total workers.

As to the innovations regarding LTC and support measures for non self-sufficient subjects, the only really important innovation (not for 2016 except for the drafting of the provisions below) comes from the Budget Law for 2017 (1.232 / 2016) with a favourable projection for employed workers whose income does not include “the contributions and premiums paid by employers to their employees in general or to categories of employees to finance benefits, also in the form of insurance, against the risk of non self-sufficiency in daily life activities [...] or of serious diseases”.

This rule is also crucial for the issue of non self-sufficiency, since it allows workers a great freedom of choice among products from insurance companies and non-profit mutual societies. Here too there is too much emphasis on employed workers and too little for the self-employed; in fact today, self-employed and professional workers can only deduct a maximum of 19% of the premium paid up to 1,291.14 euros pursuant to art. 15 of the Consolidated Law on Income Tax (Presidential Decree 917/1986), except for professionals with collective LTC coverage financed through their pension funds; in late 2016, the number of these LTC beneficiaries was equal to over 750,000.

9. Summary and conclusions

This final section of the Report illustrates and reclassifies the trends of pension expenditure and of the welfare expenditure that is not financed by social contributions, the main indicators of the system; moreover, it provides a general economic framework with the social security expenditure budget within the broader state budget and the analysis of how the Italian welfare state is financed and to what extent is sustainable.

1. Pension benefit expenditure - The key element that comes out of the individual schemes and of their final aggregated data is that pension expenditure has grown but at very low rates. In particular, in 2016 total benefit expenditure showed an increase equal to **0.22%** with respect to the previous year; 2015 too was characterised by an increase by about **0.81%** in 2014 (+ 0.69% in 2014 compared to 2013). This means that pension expenditure is under control and the reforms have managed to stabilize it. In detail:

a) In 2016, **pension expenditure** net of GIAS, totalled 218,504 million euros, while the **contribution revenues** amounted to 196,522 million euros with a negative balance of 21,981 million euros. A negative impact on the deficit comes from the fund of public employees, which shows a deficit of 29.34 billion euros, partially offset by 2.22 billion euros' worth of surplus of FPLD (Pension Fund for employed workers - the largest Italian fund) and by 6.6 billion euros' worth of surplus of the fund for atypical workers. Contributions went up by 2.71% with respect to 2015 (and by 0.92% from 2014 to 2015) the 2015 increase over 2014)⁷²; consequently, the 2015 negative balance of 26.562 billion euros fell by 4.56 billion euros.

b) It is commonly believed that pension expenditure is too high also on the basis of the Istat data; therefore, it is useful here to calculate the "pension benefit expenditure", i.e. that financed by contributions. The calculation is carried out as follows. The first step is to include in the 218.504 billion euros' worth of expenditure the 8.95 billion euros' worth of GIAS transfers to public employees and the 8.83 billion euros' worth of minimum supplementary benefits private sector employed workers, which are paid only on the basis of their income level⁷³. If these two items are subtracted from total expenditure, the ratio of pension expenditure vs. GDP grows from 13.07% to 12.00%, in line with the Eurostat average. The second step is to subtract from contribution revenues the transfers from GIAS and GPT (mainly for notional contributions) amounting to 15.255 billion euros and the contributions actually paid by workers and enterprises. These contributions amount to 181.297 billion euros compared to 200.274 billion, net of the two items of the previous point; a smaller deficit than the one in the table which, however, is lower with respect to 2015.

2. Tax burden on pensions - In 2016, the total amount of personal income tax on pensions was equal to 49.773 billion euros (49.4 in 2015), of which 29.671 for INPS private pensioners, 15.127 for former INPDAP retirees and 0.196 for former ENPALS pensioners, in addition to 3,382 billion euros' worth of the additional regional tax and to 1,395 billion euros' worth of the additional municipal tax⁷⁴. If taxes are subtracted from pension expenditure net of welfare benefits, the true pension expenditure for the State falls to around 150.9 billion euros. It is true that workers and enterprises companies do not pay taxes on contributions (to avoid double taxation) but the fact is that the actual public expenditure is much lower than the nominal one Table 9.1).

⁷² Revenues do not include the additional contribution of 10,800 million euros from the State, as provided for under Act 335/1995, to finance CTPS – Pension benefit schemes for public employees.

⁷³ Therefore, there is another reason to consider this expenditure as welfare expenditure that should be between family support and social exclusion measures in the Eurostat expenditure by function.

⁷⁴ In 2014 and 2013, the additional taxes were not included in the personal income taxes, so the tax burden was lower.

Table 9.1 – Welfare pensions (2016) in millions of euros

		As a % of GDP
Pension expenditure (net of GIAS)	218,504	13.00%
GIAS for public employees (8,95 billions) and supplementary minimum benefits for private employees (8,83 billions)	17,780	
Pension expenditure net of health care	200,724	12.00%
Pension taxes	49,773	
Pension expenditure net of taxes	150,951	
Contribution revenues	196,552	
GIAS and GPT share of contribution revenues	15,255	
Revenues net of GIAS and GPT	181,297	
Balance between revenues and expenditure before taxes	-19,427	
Balance between revenues and expenditure NET of taxes	30,346	

The tax burden on the different schemes shows that public employees, that account for about 17% of the total number of pensioners, pay about 1/3 of all taxes; since the income of the subjects employed in the public sector is similar to that of the private sector, it is clear that there is a major problem of tax and social security evasion in many sectors, resulting in low and often income-related pensions which are tax-exempted. In fact, out of just over 16 million pensioners, over 8.2 million receive benefits between 1 and 2.5 times the minimum on which they do not pay taxes also due to deductions; the other 2 million pensioners (with benefits ranging from 2.5 and 3 times the minimum) pay a very low tax rate⁷⁵; the other 2.5 million pensioners (with benefits ranging from 3 to 4 times the minimum) pay on average a tax just enough to pay for public health care (1,850 euros per capita on average in Italy); the remaining 3 million pensioners bear most of the 29.6 billion euros' worth of personal income tax. In sum, the pension tax burden is on the shoulders of 20% of pensioners, (31% for the group with benefits ranging from 3 to 4 times the minimum) and largely of the 1.4 million pensioners who have gross benefits above 3,000 euros per month. This should be a wake-up call for all the champions fighting to raise low pensions, because most are tax exempted and very few or no taxes were paid during these pensioners' active work life. The fact that 50% of pensioners receive welfare benefits again shows that there is a very high level of tax evasion, especially in certain categories and in some areas of the country and that the State is not able to really deal with this problem.

3. Schemes running a surplus - Within the INPS system (which manages the entire system apart from the privatized schemes), there are 4 funds running a surplus: the fund for private sector workers is again positive even though special funds have considerable liabilities, thanks to FPLD with 15,115 million euros' worth of surplus with respect to previous years; the fund for retailers with 1,030 million euros (619 million in 2015 and 521 million in 2014); the small fund for show-business and entertainment workers with 295.6 million euros (422 million in 2015 and 279 the year before) and the fund for atypical workers with 6.600 million (7.198 million in 2015 and 6.943 in 2014). The schemes for professionals too are running a surplus (+3.694 million), with the exception of INPGI which remains in the red while CIPAG (the fund for surveyors) has again a positive balance of 18.1 million euros compared to the slight deficit of 2.25 million in 2015. Without these surpluses, the general budget deficit would have increased to around 48.715 billion euros.

4. The schemes with the highest deficits - The fund for **civil servants** runs a deficit of **29,340 million euros** that has grown over time (28.980 million in 2015 and 26.875 in 2014). All other liabilities have gone down. However: the former Ferrovie dello Stato scheme has a heavy negative balance of 4.176 million euros (4.821 in 2015); the fund for artisans of 3.289 million (3.646 in 2015 and 3.541 the year before); the fund for farmers, tenant farmers and sharecroppers of 2.811 million euros (3.123 in 2015 and 3.146 the previous

⁷⁵ See the "2017 insight": a survey on "Personal income tax statements by amount and type of contributions areas and by regional corporate tax" conducted the RSC of Itinerari Previdenziali. www.itinerariprevidenziali.it

year); the transportation Fund has with a negative result for the year of 988 million euros (1.06 4 in 2015). Considering also the GIAS transfers, the overall cost borne by taxpayers is 4.5 billion euros.

5. The main system indicators - Table 9.2 provides a summary of the e data examined in the Report in the historical series from 1997 to 2016 as detailed later. 2016 too is characterised by a reduction in the number of *pensioners* down to 16,064,508, (-about 115,000 vs. 2015 and -195,000 with respect to 2014), an all time low compared to marking the 2008 peak, returning to pre-1995 levels. The number of *benefits paid* decreases to 22,966,016, (-129,000 vs. 2015), down compared to the peak in 2009 of over 869,000 benefits, going back to figures very close to those of 2003-2004 but still very far from the very low levels in 1975, i.e. when they were 16,076,304 (similar to that of today's pensioners). There is an interesting ratio of the number of benefits vs. the number of pensioners: each pensioner receives an average of 1.43 benefits, the highest number since 1997. The average pension (derived from the ratio of the total cost of benefits vs. the number of benefits) is equal to 12,297 euros per year, with an increase by 1,33% (which almost doubled in twenty years); but the true ratio is that of the total cost of benefits vs. the actual number of pensioners-heads (16,064,508), which brings the average actual pension to 17,580 euros with a 1.48% increase compared to 2015, well above 1000 euros per month⁷⁶; the number of active workers too has grown up 22,757,586, similarly to 2006 and higher with respect to 2009 (with a peak in 2008 of 23,090,348)⁷⁷. An all-time high is reached by the ratio of employed subjects vs. retired subjects, which is crucial for the stability of the Italian pension system (pay-as-you-go system), with 1.417 active workers per pensioner in 2016, close to 1.5, the minimum sustainability threshold as illustrated in the previous Reports. Finally, the ratio of the number of benefits vs. the population continues to grow p to 2.638, i.e. a benefit for every 2.638 inhabitants, practically one benefit per family, which suggests that there is a high number of payment benefits underway, often merely welfare related benefits and that pensions are a sensitive issue for Italian citizens.

Table 9.2 – Main indicators of the social security system

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total cost of benefits (1)	122,948	122,818	128,463	132,039	138,128	144,249	151,080	158,035	164,722	170,457
Total contribution revenues (1)	104,335	109,384	116,276	120,501	129,759	132,201	139,078	148,730	152,440	161,404
Balance	-18,613	-13,434	-12,187	-11,538	-8,369	-12,048	-12,002	-9,305	-12,282	-9,053
Total expenditure/GDP ratio	11.28	10.82	10.96	10.65	10.63	10.72	10.86	10.91	11.06	11.00
N° of employed workers (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	22,757,586
N° of pensioners (3)	16,204,568	16,244,618	16,376,994	16,384,671	16,453,933	16,345,493	16,369,384	16,561,600	16,560,879	16,670,893
N° of pensions (3)	21,627,338	21,606,330	21,589,018	21,628,910	22,192,130	22,650,314	22,828,365	23,147,978	23,257,480	23,513,261
N° of residents in Italy (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	59,131,287
N° of employed workers per pensioner	1.287	1.296	1.299	1.318	1.335	1.360	1.359	1.350	1.353	1.365
N° of pensions per pensioner	1.335	1.330	1.318	1.320	1.349	1.386	1.395	1.398	1.404	1.410
Inhabitants/pensions ratio	2.631	2.634	2.637	2.634	2.568	2.531	2.536	2.526	2.526	2.515
Average pension amount per year (3)	7,189	7,436	7,874	7,888	8,073	8,357	8,633	8,985	9,239	9,511
Adjusted per-capita amount (3)	9,583	9,979	10,380	10,609	10,995	11,581	12,039	12,558	12,975	13,414
GDP (4) at current prices (in mln)	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	1,548,473

⁷⁶ Cfr. Chapter 7.

⁷⁷ Cfr. Chapter 1.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total cost of benefits (1)	177,540	185,035	192,590	198,662	204,343	211,086	214,567	216,107	217,895	218,479
Total contribution revenues (1)	170,524	183,011	183,280	185,656	187,954	190,345	189,207	189,595	191,330	196,481
Balance	-7,016	-2,024	-9,310	-13,006	-16,389	-20,741	-25,360	-26,512	-26,565	-21,997
Total expenditure/GDP ratio	11.03	11.34	12.24	12.38	12.48	13.08	13.37	13.34	13.27	13.07
N° of employed workers (2)	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	22,757,838
N° of pensioners (3)	16,771,604	16,779,555	16,733,031	16,707,026	1,668,584	16,593,890	16,393,369	16,259,491	16,179,377	16,064,508
N° of pensions (3)	23,720,778	23,808,848	23,835,812	23,763,023	23,676,695	23,570,499	23,316,004	23,198,474	23,095,567	22,966,016
N° of residents in Italy (2)	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	60,589,445
N° of employed workers per pensioner	1.365	1.376	1.357	1.348	13.543	1.360	1.354	1.370	1.388	1.417
N° of pensions per pensioner	1.414	1.419	1.424	1.422	14.190	1.420	1.422	1.427	1.427	1.430
Inhabitants/pensions ratio	2.513	2.522	2.531	2.551	2.509	2.532	2.607	2.621	2.627	2.638
Average pension amount per year (3)	9,822	10,187	10,640	11,229	11,410	11,563	11,695	11,943	12,136	12,297
Adjusted per-capita amount (3)	13,891	14,454	15,156	15,832	15,957	16,359	16,638	17,040	17,323	17,580
GDP (4) at current prices (in mln)	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	1,672,438

(1) NUSVAP until 2010 – “Financial results of the compulsory pension system net of GIAS”; since 2011 RSC of Itinerari Previdenziali

(2) Istat – Survey on work forces (historical series updated to September 2017) and demo

(3) Inps – “Central Registry of Pensioners”

(4) Istat - SEC 2010

6. Welfare expenditure - Table 7.6 in Chapter 7 and D1 (on the website) provide the overall picture of expenditure classified as “welfare” expenditure from 2011 to 2016, which consists of: benefits for disabled civilians with their carers’ benefits, social pensions and allowances and veterans’ pensions, supplementary minimum benefits, additional social benefits, the fourteenth month and additional amounts. All the benefits illustrated in the first part of the table are related to 4,104,413 subjects⁷⁸, 63,787 more than last year, equal to +1.58%, for a total annual cost of 21.739 billion, +502 million (+2.41%) compared to the previous year. In the last 6 years, disability pensions for civilians have increased by 122,585 (+14.56% vs. 2011 and +3.13% vs. 2015); carers’ allowances increased by 203,935 (+50,376 equal to 2.46% vs. 2015 and +10.77% with respect to 2011). The number of social pensions and allowances is equal to 854,636 with a growth by 45,373, equal to +5.6%, for a total cost of 4.717 billion euros. 2016 marked a slight decline in the number of benefits due to the old age of beneficiaries. Veterans’ pensions shown a physiological downward trend (-13,537), but, event without inflation, their cost has increased by 2.4 million. In 6 years they have gone down by 92,848 and account for 70,208 direct pensions (as of 2014 they also include the indemnities under Act 210/1992) and for 119,079 indirect pensions.

As indicated in Chapter 3, there is a downward trend in the number of pension benefits for private sector employees (-173,140), for artisans, for retailers and CDCMs, partially offset by the continuous increase in the number of pension benefits for public employees (+27,165 compared to 2015 and +106,000 vs. 2011) and by the physiological growth by 25,317 benefits for atypical workers. As a consequence, supplementary pension benefits diminish (second part of the table) also due to the elimination of the old benefits accrued by for subjects with low levels of contributions: supplementary minimum benefits go down by 136,496 compared to 2015 and by 674,508 compared to 2011; there is a reduction in the number of additional social benefits by 27,694 vs. 2015, that are targeted for low income individuals, about 70% of which are provided to women for an average annual amount of about 1,490 euros and a total cost of 1.37 billion euros.

On the other hand, there is a growth by 58,592 in the number of the fourteenth month of wage, a measure set up by Act 127 of 07/08/2007 paid to pensioners aged 64 and over, whose total income does not exceed 1.5 times the FPLD minimum benefits for a total of 2,119,337 benefits, expected to increase as of 2017 following the last two budget laws, by an average amount of 397 euros mainly targeted to women

⁷⁸ There may be duplications among beneficiaries of disability and carers’ benefits.

(75%) and a total cost of 841.2 million euros; the additional pension amount paid to 473,717 beneficiaries (- 44,000 vs. 2015) of which almost 70% to women, as provided for under the 2001 budget law (Act 388 of 23/12/2000), for pensioners who do not exceed the FPLD minimum benefit, has a cost of 71.7 million euros.

7. LTC expenditure - The share of welfare expenditure that can be classified as non self-sufficiency expenditure (i.e. costs for long term care, hereinafter LTC) is equal to the sum related to disability pensions for civilians and to carers' allowances which, in 2016 amounted to 15,719.8 million euros (15,235.2 million in 2015) equal to 0.94% of GDP. By also adding health expenditure, the public burden for non self-sufficiency accounts for 1.9% of GDP (GAO estimate). As shown in Table 9.3, in 2016, 4,104,413 beneficiaries received pure welfare benefits (first part of Table 7.6 and D1) and 4,101,043 beneficiaries received supplementary minimum benefits and additional social benefits (former "thousand a month" introduced by the Berlusconi government in 2002), for a total of 8,205,456 beneficiaries, equal to 51.08% of pensioners, gross of some inevitable duplications. In fact, this figure should not include part of the disability pensions that also feature carers' allowances and the fourteenth month and the additional amount have not been added, because in most cases they are granted to subjects who are already entitled other welfare benefits (disability, supplementary minimum and additional benefits).

Table 9.3 – Welfare benefits

	2014	2015	2016
Number of welfare benefits	3,694,183	4,040,626	4,104,413
Other welfare benefits	4,467,266	4,265,233	4,101,043
<i>Of which supplementary minimum benefits</i>	<i>3,469,254</i>	<i>3,318,021</i>	<i>3,181,525</i>
Total number of welfare pensions	8,431,449	8,305,859	8,205,456
As a % of the total n. of pensioners	51.86%	51.34%	51.08%
Total number of pensions paid	16,259,491	16,179,377	16,064,508

Even with these clarifications, the number of welfare pensions with respect to the total is very high and does not reflect the general economic situation of the country. The total cost of welfare benefits for 2016 was 21,739.2 million euros. Including the supplementary minimum benefits paid by each fund (11,113.9 million), the total amount financed by general taxes was equal to about 33 billion euros. It should be noted that all these benefits are not subject to taxation. There is strong evidence that welfare expenditure is growing, which has been neglected in the latest legal provisions (with a negative impact on those who actually pay for it); in fact, in 2016 out of 100 benefits paid, 53% are welfare benefits (**Table 9.4**). The same trend is also found for welfare expenditure financed by general taxes.

Table 9.4 – Number of benefits paid in 2015/16

	2015	2016
Total number of benefits	1,120,638	1,048,096
Pension benefits	549,252 (49%)	490,149 (47%)
Welfare benefits, total	571,386 (51%)	557,947 (53%)
Welfare benefits MEN	39.20%	43.30%
Welfare benefits WOMEN	60.80%	56.70%

The data refer to Inps benefits excluding ex Inpdap and ex Enpals funds

8. Expenditure financed by general taxes - As highlighted so far, the Italian pension system is funded through a purpose rate: "social contributions". However, overtime the social security legislation has introduced a series of additional social benefits without rationalizing them or effectively controlling why and how many people over 66 have never paid contributions or direct taxes. Instead, it has envisaged the launch of a "welfare registry", that has not become operational yet. All these benefits are not financed by social contributions but by general taxes and are generally managed by GIAS, as illustrated in Chapter 3. Table 9.5 shows the charges financed by general taxes. The first item is related to the GIAS pension charges (also illustrated in Table 1a) which is worth 35.228 billion euros. Of this amount, 20.328 million euros (20.121 in 2015) can be considered as "pension expenditure" as they account for the "share of each pension" paid by

the State (former 100,000 lire). The rest includes the welfare transfers to CDCM schemes before 1989, benefits to now abolished funds such as former ENPAO (midwives), disability benefits before Act 222/1984 and other charges related to early retirement as a result of company restructuring projects (posts, railways, airlines, steel industry, paper sector, ports, with a resulting for over 7 billion euros per year) or baby pensions in the public sector. The second item is the aforementioned share of welfare transfers to funds for public employees. The third item consists of welfare benefits, while the last pension cost item is related to early-retirement measures, including the safeguards for the so-called “esodati” and other advanced benefits.

Table 9.5 – Expenditure borne by general taxes (in millions of euros)

	2014	2015	2016
GIAS share (table 1 a)	33,356.00	36,045.00	35,228.00
GIAS share of ex Inpdap funds (table 1a note 3)	7,553.00	9,169.60	8,967.25
Welfare benefits *	23,233.00	23,532.00	24,022.40
Esodati and others	3,312.00	3,426.00	2,753.35
Total measures for pension/welfare charges	67,454.00	72,172.60	70,971.00
Contribution incentives and other facilities paid by Gias to support funds	16,087.00	18,052.00	22,603.00
Wage support charges paid by Gias for unemployed workers	10,387.00	8,794.00	8,695.00
Family allowances	3,856.00	4,033.00	4,502.00
Charges to pay former pension contributions (tbc)	656.00	622.00	603
Total to be borne by general taxes	98,440.00	103,673.60	107,374.00
Ratio of welfare expenditure vs. pure pension expenditure (net of taxes)	56.8%	59.89%	63.64
Pension expenditure net of taxes before Gias for public pensions and minimum supplementary benefits	173,207.00	173,113.00	168,731.00
State contributions for public funds	10,800.00	10,800.00	10,800.00

**the data includes pensions for disabled civilians, carers' allowances, social pensions and allowances, veterans' pensions, additional social benefits, fourteenth month and the additional amount; it excludes supplementary minimum benefits because they are paid by the funds, even if they are refinanced by Gias.*

The highest burden for GIAS mainly results from transfers to schemes with low contributions, total or partial contribution rebates (such as those provided for in the Jobs Act or for the south) and contribution incentives; all governments have granted these incentives as an alternative to tax deductions; however, today they weigh on the state budget for over 26 billion euros both for GIAS and GPT. Therefore, the total burden on general taxes amounted to 107.374 billion euros in 2016 (against 103.673 billion in 2015, 98.44 in 2014, 93.2 in 2013 and 83.5 in 2012). In 5 years, the growth rate of welfare expenditure has reached 5.72% (3.6% vs. 2015 and 5.3 % between 2014 and 2015), again excluding the 10.8 billion euros that may be also accounted for as contributions paid by the State as the employer, equal to 6.42 % of GDP (up compared to previous years). These figures should also include the welfare expenses incurred by local authorities that are not added due to national accounting problems; however, this item has been estimated on the basis of the GAO (RGS) data illustrated in the following Table 9.6. Some additional items are excluded such as sums paid directly to households, tax reliefs and deductions. Furthermore, a new measure has been introduced in 2018, the so-called REL the inclusion income (or REI card - income for social inclusion) for the subjects who will apply for it request it by December 2017 (an allocation of 1.7 billion euros in 2018 and over 2 billion as of 2019). This initiative will lead to a further increase in welfare expenditure to be financed by general taxes.

9. Reclassification of social security expenditure – It is crucial to estimate the impact of pension expenditure on GDP and on the overall welfare expenditure both for planning social policies and the national level but also vis-a-vis the EU⁷⁹. In this context, the data annually sent by ISTAT to Parliament and Eurostat show that the expenditure for the IVS function is very high: 18.3% in 2012, 18.8% in 2013 and 18.5% for

⁷⁹ It looks like a highly specialized topic but it is an important theme for 16 million Italians who have already retired and for 16 million who are about to retire; in fact, if data are overestimated, the risk is that the EU may ask Italy to further cut pensions.

2014 (last year available), with respect to the 2012 EU average of 15% (EU18) and 14.6% (EU27) and of 15.2% and 14.7% respectively in 2014. This huge difference (about 3 points of GDP) results in the largely held opinion according to which: a) the cost of pensions needs to be reduced (through “draconian” reforms such as the Monti-Fornero law supported by the Union on the basis of these data); b) too much is spent for pension benefits and too little for family and maternity benefits, for housing and for social exclusion measures (according to Istat 1.2%, 0% and 0.2% respectively against the European average of 2.4%, 0, 6% and 0.5%).

Since this Institute is highly professional, it is important to understand how these data are calculated. The INPS-Istat data from the “Central Inps register” (the only database in Italy) show that, in 2016, IVS expenditure amounted to 255,366 million euros. On the basis of the budget data of social security institutions, the *V Report* illustrates in Table 1a total expenditure for IVS which amounts to 253, 945 million euros (similar figure), but this figure includes the GIAS share of 35.228 billion euros, supplementary minimum benefits (8.83 billion) and the GIAS welfare component for public employees of 8951.5 million, with the pension benefit component (financed by contributions) gross of IRPEF. This means that ISTAT includes, under pension expenditure, the entire expenditure of the welfare benefit scheme that is equal to 2.12% of GDP as well as other welfare items; moreover, it includes early retirement benefits (0.32% of GDP) which would be more correctly considered as unemployment benefits. Therefore, the figure of 255.366 billion euros account for 15.10% of GDP and it is not clear how Istat calculates IVS at 18.5% without forgetting that spending on pension benefits (excluding all the other welfare functions) is gross of personal income taxes, while in many countries these benefits are not or only partially taxed.

Table 9.6 summarizes the reclassification of expenditure for IVS pensions without welfare benefits (- 17.78 billion euros’ worth of supplementary minimum benefits and public GIAS transfers and +20,328 million euros’ worth of pension benefits paid by GIAS) and early retirement benefits. This expenditure accounts for 13.54% of GDP, below the EU average. Disability expenditure has been divided into disability benefits for civilians, INAIL indemnity benefits (these two items have nothing to do with IVS) and social security disability benefits (an integral part of IVS). However, if these two items were included, this expenditure would account for 14.6% of GDP. All other welfare items, including those provided by local authorities and tax incentives for households, have been appropriated to family allowances and social exclusion benefits. Finally, the administrative costs and other expenses reported by Istat have not changed, but Itinerari Previdenziali has added its estimated housing expenditure.

Table 9.6 – Classification of social security expenditure by function as a % of GDP. Comparison with Istat data

Table 9.0 – Classification of social security expenditure by function as a % of GDI. Comparison with Istat data														
				IVS									Totale	totale IVS in % Pil
AREA/PAESE	Malattia	invalidità civile	invalidità Inail	Invalidità previdenz	Vecchiaia	Superstiti	Famiglia e maternità	Disoccupa zione	Casa	Esclusione sociale	Costi amministr	Altre spese		
Eurostat EU 27 2014	8,1		2,0		11,1	1,6	2,4	1,4	0,6	0,5	0,8	0,2	28,7	14,7
Eurostat EU 15 2014	8,4		2,0		11,3	1,6	2,4	1,5	0,6	0,6	1,0	0,3	29,9	14,9
Eurostat EU 18 2014	8,3		2,1		11,2	1,9	2,3	1,7	0,4	0,5	1,0	0,3	29,7	15,2
Istat/Eurostat ITALIA 2014	6,8		1,7		14,1	2,7	1,6	1,7	0,0	0,2	0,6	0,5	29,9	18,5
5° RAPPORTO ITALIA Riclassificazione 2016	6,73%	0,996%	0,24%	0,87%	10,18%	2,42%	2,420%	2,44%	0,70%	1,10%	0,60%	0,50%	29,19%	13,54

AREA/COUNTRY; Sicknes; Pensions for disabled civilians; Inail disability pensions; Old age pensions; Survivors’ pensions; Family and maternity; Allowances; Unemployment benefits; Housing; Social exclusion; Administrative costs; Other expenses; Total; IVS total as a % of GDP.

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This reclassification for 2016 and also some related expenses do not include many different items: 1) the annuities of members of parliament and of regional and autonomous provincial councils (they are not pensions); the pensions of the subjects working for the Chamber of deputies, the Senate, the Sicily Region, the Constitutional Court and the Presidency of the Republic, for a total amount of about 1.5 billion (0.09% of GDP). 2) termination of employment benefits (TFR) equal to 25.2 billion euros. 3) complementary pension benefits related of the so-called pre-existing, negotiated, open-ended and Pip funds for an amount of 3 billion euros. 4) supplementary and additional pension benefits of public entities without an economic role, Authorities and Ministries, which are not quantified.

9.1 General economic framework

On the basis of the reclassifications described above, it is now possible to outline the pension-related budget within the State Budget for the year 2016, by entering expenditure reclassified by function which is a synthetic aggregation not available in official documents. In order to calculate the items included in the pension-related budget, the total sum deducted from Table 1a of this Report has been included in the pensions item. The amount of health care expenditure has been derived from the updated EFD (Table 9.7) and the INAIL expenses from the budget of the Institute. The items related to welfare and temporary benefits managed centrally by Inps have been reclassified, while the welfare expenditure of local authorities have been estimated on the basis of the GAO data.

Table 9.7 – Health expenditure from 2013 to 2016 and its composition in millions of euros

EXPENSE ITEMS (in millions)	Year 2013	2013 as a % of the total	Year 2014	2014 as a % of the total	Year 2015	2015 as a % of the total	Year 2016	2016 as a % of the total
Staff expenditure	35,735	32.47%	35,487	31.96%	35,158	31.28%	34,907	31.02%
Expenses for intermediate consumption	28,544	25.94%	29,579	26.64%	30,969	27.55%	31,586	28.07%
Expenses for services acquired from producers and on the market (1)	39,365	35.77%	39,684	35.74%	39,744	35.36%	39,589	35.18%
Other components	6,400	5.81%	6,278	5.65%	6,537	5.82%	6,460	5.74%
Total health expenditure	110,044		111,028		112,408		112,542	
AS A % OF TOTAL PUBLIC EXPENDITURE	818,986	13.42%	825,420	13.44%	826,429	13.60%	830,111	13.56%
AS A % on GDP SEC 2010 series	1,604,478	6.86%	1,621,827	6.85%	1,645,439	6.83%	1,672,438	6.73%

NOTE: Data updated to the EFD of April 11 2017 and to the variation note of September 23 2017, that changed the ones used in the 2016, 2015, 2014 and 2013 EFDs which reported total expenditure equal to: 2013, 109,614; 2014, 110,938; 2015, 111,242, total expenditure to 825,479 in 2014 and to 830,135 in 2015; (1) This item includes: 8,076 million for subsidized pharmaceutical expenditure; 6,688 for general practitioners; 24,825 for hospital, specialized, rehabilitation, supplementary care and other benefits.

The different expenditure items were then included in the State Budget and, for the remaining items, the data used were taken from note of the EFD presented on 23/09/2017; these data, in particular operating expenses and those for public employees, have been re-aggregated on the basis of the distribution of these costs. Table 9.8 provides an overview that allows you to make some considerations. As can be seen from the reclassified financial statements and unlike the repeated claim that Italy spends much less for welfare, the 2016 social benefit expenditure amounted to 451.9 billion against 447.396 billion euros in 2015, with an increase just over 1% in a negative inflation context (0.10%). Last year, the increase was 0.65% with respect to the previous year. The growth was 3.65% compared to 2012, while, in the same period, the GDP growth was 3.55%.

Social benefit expenditure accounts for 54.44% of total public spending including the public debt interested which reached 830.111 billion euros in 2016 (59% net of interests). This type of expenditure vs. GDP is equal to 27.2%, but including other social functions such as housing, the operating expenses of central and local welfare entities and “other” expenses (Table 9.6) it goes up to approximately 29.26%, i.e. one of the highest levels in the EU27. It is possible to see that social spending grows proportionally more than total public spending and GDP, mainly driven by welfare expenditure; in fact, unlike pension expenditure, this type of spending has no precise rules or effective monitoring, often with no control over the different providers and is expected to be a hardly sustainable burden in the coming years.

Table 9.8 – The welfare budget in the State budget

EXPENDITURE ITEMS (in millions)	2013	2013 in % of the total	2014	2014 as a % of the total	2015	2015 as a % of the total	2016	2016 as a % of the total
PENSIONS <i>tab 1a</i>	214,626	26.21%	216,112	26.18%	217,897	26.37%	218,479	26.32%
HEALTH	110,044	13.44%	111,028	13.45%	112,408	13.60%	112,542	13.56%
Health care + inv, LTC + GIAS (1)	65,515	8.00%	66,500	8.06%	68,979	8.35%	70,050	8.44%
Temporary benefits (2)	32,013	3.91%	32,139	3.89%	28,356	3.43%	30,804	3.71%
INAIL benefits	10,400	1.27%	9,927	1.20%	9,945	1.20%	10,128	1.22%
Welfare benefits of Local Authorities (*)	9,656	1.18%	9,696	1.17%	9,818	1.19%	9,900	1.19%
Remuneration of public employees (3)	126,179	15.41%	125,452	15.20%	123,918	14.99%	121,053	14.58%
Administrative expenses (4)	115,298	14.08%	122,372	14.83%	119,957	14.52%	131,916	15.89%
Capital expenditure	57,746	7.05%	58,749	7.12%	66,745	8.08%	58,764	7.08%
INTERESTS	77,568	9.47%	74,340	9.01%	68,440	8.28%	66,475	8.01%
Total social benefit expenditure	442,254	54.00%	445,402	53.96%	447,403	54.14%	451,903	54.44%
FINAL TOTAL EXPENSES (5)	818,986	100%	825,420	100%	826,429	100%	830,111	100%
Total revenues	772,023		776,589		784,041		788,502	
BALANCE and as a % of GDP	46,959		49,673	3.0%	42,388	2.7%	40,809	2.40%
GDP SEC 2010 series /%	1,604,478	27.56%	1,621,827	27.46%	1,645,439	27.19%	1,672,438	27.02%

(1) It includes the total Gias contributions (table 1 A) + welfare expenses (pensions and social allowances, disability and carers' benefits, veterans' pensions) + 14th month and the additional amount. + 10.8 billions' worth of contribution to the fund for public employees;

(*) Estimated on the basis of the RGS data, excluding housing as a function;

(2) Expenses for temporary benefits including: family allowances and benefits, wage supplementary benefits, unemployment benefits, Aspi, sickness and maternity leave paid by GPT and funded by employers' contributions and partly by Gias sums not included in the Gias figures under Table 1a) table 5.1 + 5.4;

(3) "Employed work income" includes the remuneration costs of health personnel equal 35.5 billion in 2012, 35.238 in 2013 and 35.487 in 2014 and to 35.158 in 2015, 34.907 in 2016);

(4) FED refers to "intermediate consumption" minus some health and other funds' charges;

(5) Data related to "the updated note of FED of 2017(of 23/9/17) that partly change those used last year for the updated FED of September 2016;

NOTE 1: Differences in the figures 3 and 4 with respect to EFD are due to a reclassification of some costs.

NOTE 2: The costs for "social benefits " do not include administrative expenses and those for staff remuneration of public entities (Inps and Inail), private ones (Privatized Funds), Ministries and institutional bodies (Chamber of deputies, Senate, Constitutional Court, Presidency of the Republic, Regions, Bank of Italy), that manage these benefits estimated to amount to about 8 billion euros in 2016 and to be added to the total social benefit expenditure.

9.2 Funding

Once the overall welfare expenditure has been defined, it is useful to identify the sources of funding in order to ensure their economic sustainability. Table 9.9 shows the total revenues for the State, consisting of social contributions and tax revenues. In order to finance the 447.403 billion euros' worth of welfare expenditure for the 2015 fiscal year, for which all tax revenues data are available (the 2015 personal income taxes were stated and paid in 2016 and their data became available in May 2017), it is necessary to use: a) all social contributions, even though they however do not cover the total costs of pension benefits, gross of the tax burden, that is why it is necessary to take some resources from direct taxes; b) the contributions paid for temporary benefits (redundancy fund, mobility and unemployment benefits, notional contributions, ASpi and NASpi) and those paid to INAIL (the latter two schemes run a surplus) c) the rest of the personal income taxes (IRPEF), all corporate taxes (Ires), all regional corporate taxes (Irap) and the substitutive tax (Isos) to finance the welfare expenditure borne by local authorities and for health care. Therefore all direct taxes are required in addition to 25 billion euros' worth of indirect taxes; so, the rest of the expenditure can be funded through the remaining indirect taxes, other revenues and the "debt". According to the 2016 estimated tax revenues (contribution revenues already appear in the final accounts), and for this year too, all direct taxes and 22 billion euros' worth of VAT are required to face a continuously growing expenditure.

Table 9.9 – State revenues (in millions of euros)

Type of revenues /years	2012	2013	2014	2015	2016
From social contributions (1)	172,323	171,911	172,800	176,303	181,225
From taxes					249,000
DIRECT					
Irpef (net tax) (A)	152,000	152,238	151,185	155,429	
Ires	36,582	40,026	32,293	33,574	
Substitutive tax (Isost)	9,227	10,747	10,080	11,114	
TERRITORIAL					
Additional regional tax	10,730	11,178	11,383	11,847	
Additional municipal tax	3,234	4,372	4,483	4,709	
Irap	34,342	34,767	30,468	29,370	
TOTALE	418,438	425,239	412,692	422,347	430,225
INDIRECT (3)	246,110	238,675	248,207	249,324	250,000
Other REVENUES (2)	107,183	108,109	115,690	116,832	117,000
Total Revenues (4)	771,731	772,023	776,589	788,502	797,225

(1) Contribution revenues from employers without State transfers and from other entities (table 1 a);

(2) Calculated as different with respect to other revenues vs. total revenues (not in line with the EFD)

(3) Data from Efds of 2016 and 2015

http://www.finanze.it/export/sites/finanze/it/content/Documenti/entrate_tributarie_2015/RETeC-2014-12.pdf

A: IRPEF revenues are net of deductions, incentives and offsetting advance taxes and balance; figures in red are provisional since direct and indirect tax data will be available only by April 1 2018.

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.

The 2015 personal income⁸⁰ levels stated in the 770, so-called “Unico” and 730 tax forms for last year, amounted to a total of 832.970 billion euros (817.264 the previous year), with a 1.7 increase excluding the income resulting from the flat tax on rents. Net of the effect of the “80 euro bonus” received by 11,155,355 subjects with an income level up to 29,000 euros, for a total relief of 8.964 billion euros (the number of subjects entitled to the 6.076 billion euros’ worth of incentives was equal to 11,291,064 in 2014), the total income tax paid decreased from the nominal amount of 171.714 billion euros to 162.750 billion (160.976 in 2014) without considering deductions.

These first findings suggest the following considerations:

1) The comparison between the income growth rate (+1.7%) with that of IRPEF before and after the bonus, shows an increase in the tax burden for incomes above 29,000 euros by more than 3.6% and an equal reduction in those below the bonus level and therefore a “disguised” shift in the tax burden.

2) The number of subjects who submitted an income statement in 2015 was 40.77 million but only 30.9 million of them stated to have a positive income level; so considering that Italy has equal 60.665 million inhabitants, it is possible to infer that over half (50.9%) of Italians has no income are supported by other people, (each one of them accounts for 1.488 inhabitants who are mainly dependent subjects).

3) The personal income tax statements reveal that: a) 680,422 (1.6% of the total) file a zero or a negative income statement; 9,378,279 (23% of the total) file a gross statement for 7,500 euros per year (a gross average of 312 euros per month considering a median figure of 3,750 euros) including taxes); so considering the bonus effect, each tax payer pays 44 euros of personal income tax per year, so it is totally dependent on the society. However, considering the ratio of the number of taxpayers vs. the number of

⁸⁰ These data are taken from the 2017 Focus on “Un’analisi delle dichiarazioni Irpef e Irap per totale contribuenti, per tipologia di contribuenti e territoriale” drafted by the Itinerari Previdenziali RSC in May 2017, that processed again a series of indicators on the basis of the data issued by MEF on the 2015 income statements filed in 2016. (www.itinerariprevidenziali.it).

inhabitants (1.488), the 14,967,194 inhabitants who submit an income statement pay an average per capita income of 30 euros per year; **b)** 8,483,503 taxpayers (20.81% of the total) equal to about 12.6 million inhabitants, state an annual income between 7,500 and 15,000 euros and pay an average income tax equal to 549 euros per year including the bonus; **c)** 5.9 million tax payers, equal to 8.75 million inhabitants, state an average annual income between 15,000 euros and 20,000 euros and pay an annual average tax net of the bonus equal to 1,371 euros, sufficient to cover 74% of their per capita health expenditure;

4) To summarize, 18,542,204 tax payers (equal to 45.48% of the total, of whom 6,704,584 pensioners) state incomes from zero to 15,000 euros and therefore live on an average monthly income slightly above 625 euros with taxes, less than the income of many retirees (a medial pension income of about 7,400 euros). They account for 27.9 million inhabitants and pay an average of 185 euros' worth of personal income tax per year, also thanks to tax deductions; considering that the national per capita health expenditure is equal to about 1,850 euros, for the first three income brackets, the difference between the personal income tax paid and the cost of healthcare amounts to 50.13 billion euros that is financed by all other tax payers⁸¹;

5) So who pays Irpef? Who finances the welfare system? The analysis of the three top income brackets shows that: only 0.08% of tax payers (+33,989,244 vs. 2014) state an income above 300,000 euros per year and pay 4.92% of Irpef (4.71% in 2014); 0.20% (0.19% in 2014) state over 200,000 euros, and pay 7.56% of Irpef (7.3% in 2014); 1.08% (440,000 tax payers vs. 424,000 in 2014) state an income above 100,000 euros and pay 17.22% of Irpef (16.9% in 2014). The sum of these tax payers and the ones who state a gross income above 55,000 shows that 4.27% (4.13% in 2014) of taxpayers pay 34.02% of Irpef (33.6% in 2014) and 11.97% (11.28% in 2014) of those with a gross income above 35,000 euros pay 53.7% (52.5% in 2014) of the whole Irpef (Table 9.10).

For all these income classes, the 2015 tax burden increased compared to the previous year; instead, since these subjects cannot access many public services for free because they do not require "protection" (exemption from co-payments, discounted public transport tickets, etc.), the so-called middle class has been impoverished and it is obliged to pay more taxes to make up for the mass of people that do not pay them.

A further question referring to the initial premise is: **who will pay** 50.13 billion euros to cover the costs of the **health service** of the subjects without an income and the approximately 103 billion of the **welfare** expenditure? How can the **pension benefits** be paid to the over 10 million subjects who do not state any personal income and who are also without contributions? Finally, if over 54% is spent on welfare by consuming all contributions and direct taxes in addition to a small portion of VAT, there is "all the rest" to be considered: schools, roads, safety and security, the public administration and so on. The failure to control welfare spending and tax revenues with a courageous reform to monitor the former through the general welfare registry and to introduce the "conflict of interests" will make the social security system increasingly fragile.

⁸¹ This reference is only to health expenditure, but it is important to consider that the State and local authorities provide a wide range of services that are paid again by taxpayers.

Table 9.10 – Statistical analyses of 2015 tax statements. Tax year 2014

Tipo di imposta :	IRPEF		
Modello :	Persone fisiche totali	Cittadini italiani	60.665.551 rapporto contribuenti
Tipologia contribuente :	Tutte le tipologie di contribuenti	Bilancio demografico Istat al 31/12/2014	1,488
Tematica :	Calcolo dell'IRPEF		
Classificazione :	Classi di reddito complessivo in euro		
Ammontare espressi in :	Migliaia di euro		
Data ultimo aggiornamento :	Febbraio 2017		
			18.542.204

Reddito complessivo in euro	Numero contribuenti	Numero versanti	Ammontare	% Ammontare	Media IN EURO	Rapporto con cittadini	Percentuale	Ammontare procapite /1,488
zero od inferiore	680.422	0	0	0,00%	0	1.012.458	1,67%	0
da 0 a 7.500	9.378.279	2.484.783	798.869	0,47%	85	13.954.736	23,00%	57
Fino a 7.500 compresi negativi	10.058.701	2.484.783	798.869	0,47%	79	14.967.194	24,67%	53
da 7.500 a 15.000	8.483.503	6.588.932	7.571.303	4,41%	892	12.623.323	20,81%	600
da 15.000 a 20.000	5.883.060	5.604.447	14.545.352	8,47%	2.472	8.753.904	14,43%	1.662
da 20.000 a 35.000	11.466.674	11.336.314	56.583.386	32,95%	4.935	17.062.236	28,13%	3.316
da 35.000 a 55.000	3.136.959	3.126.441	33.804.903	19,69%	10.776	4.667.747	7,69%	7.242
da 55.000 a 100.000	1.301.412	1.298.646	28.840.449	16,80%	22.161	1.936.481	3,19%	14.893
da 100.000 a 200.000	356.804	356.198	16.581.761	9,66%	46.473	530.919	0,88%	31.232
da 200.000 a 300.000	49.142	49.064	4.539.239	2,64%	92.370	73.123	0,12%	62.077
sopra i 300.000	34.022	33.989	8.449.213	4,92%	248.346	50.624	0,08%	166.901

TOTALE	40.770.277	30.878.814	171.714.475	100%		60.665.551	100%	
IL 45,48% DEI CITTADINI PAGA IL 4,87% DELLE IMPOSTE IL 24,67% DEI CITTADINI PAGA MENO DI 53 € DI IRPEF ED IL 20,81% PAGA 600 €								
IL 14,43% DEI CITTADINI PAGA IL 8,47% DELLE IMPOSTE 1.662 € PRO CAPITE, INSUFFICIENTI PER I COSTI SANITARI								
IL 28,13% DEI CITTADINI PAGA IL 32,95% DELLE IMPOSTE 3.316 € PRO CAPITE								
IL 40,09% DEI CITTADINI PAGA 86,75% DELLE IMPOSTE								
IL 11,97% DEI CITTADINI PAGA IL 53,70% DELLE IMPOSTE								
IL 4,27% DEI CITTADINI PAGA IL 34,02% DELLE IMPOSTE								
IL 1,08% DEI CITTADINI PAGA IL 17,22% DELLE IMPOSTE								
IL 0,20% DEI CITTADINI PAGA IL 7,56% DELLE IMPOSTE								
IL 0,08% DEI CITTADINI PAGA IL 4,92% DELLE IMPOSTE								

439.968

Type of tax: IRPEF

Form: Total for physical persons: Italian citizens

Type of taxpayer: all types; Istat population data on 31/12/2014.

Theme: calculation of IRPEF

Classification: overall income classes in euros

Amounts expressed in: in thousands of euros

Latest update: February 2017

Overall income in euros; Number of taxpayers; Number of payers Amount; % amount; Average in euros vs. the number of citizens; Percentage; Per capita amount/1.488

45.48 % pay 4.87% of taxes; 24.67% pay less than 53 euros as personal income tax and 20.81% pay 600 euros;

14.43 % pay 8.47% of taxes, 1,662 euros per capita, insufficient for health costs;

28.13% pay 32.95% of taxes, 3,316 euros per capita;

40.09% pay 86.75% of taxes;

11.97% pay 53.70% of taxes;

4.27% pay 34.02% of taxes;

1.08% pay 17.22% of taxes;

0.20% pay 7.56% of taxes

0.08% pay 4.92% of taxes

9.3 Short and medium-term prospects for pension, health and welfare expenditure

The data analysed show that that pension expenditure is moving towards an equilibrium thanks to a series of factors.

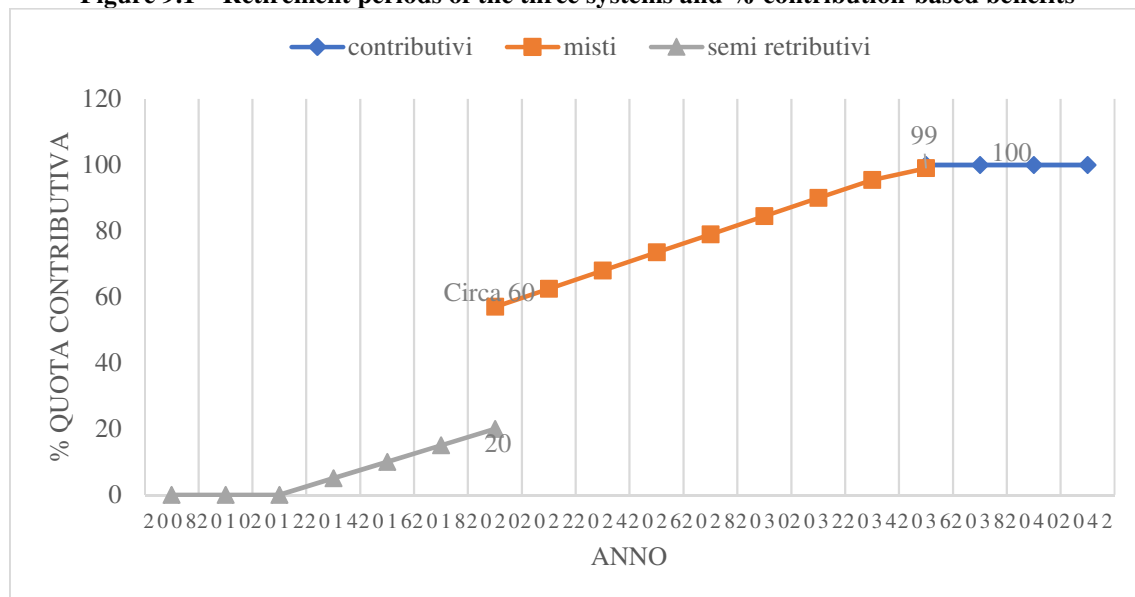
a) a reduction in the number of pensioners due to more stringent pension age requirements;

b) a reduction in the number of pensions mainly financed by GIAS to subjects who retired in the '80s/'90s with few contributions;

c) with the introduction in 2012 of pro rata contributions, newly retired subjects are now entitled to benefits that are more correlated with contributions (as opposed to the income-based benefits especially before 2000/2005) but at a later retirement age. In fact, the so-called "pure income-based pension beneficiaries", i.e. those with over 18 years of contributions as of 31/12/1995 today defined as "semi-income-based pension beneficiaries" because of the pro rata contribution calculation method introduced on 01/01/2012, will be phased out by around 2020, with a share of contribution based pension equal to 20% or so (one fifth of the pension). As of this date, there will be the exit of subjects with a "mixed" system, i.e. with less than 18 years of contributions on 31/12/1995, starting from those with about 17 years; their contribution-based pension will be approximately 60%. These workers will be phased out by 2036/2037 with contribution-based benefits

that are expected to account for 99% of total benefits for the last group. The subjects with a pure contribution-based system (as of from 01/01/1996) will accrue their first pension requirements starting from 2036 (Figure 9.1).

Figure 9.1 – Retirement periods of the three systems and % contribution-based benefits



Contribution-based; Mixed; Semi income-based

% CONTRIBUTION RATE; YEAR

SEMI-INCOME-BASED: Length of contribution >18 years on 31/12/95; as of 1/1/2012 pro-rata contribution-based system; the last expenses will be incurred in 2020. Contribution rate from 0% to about 20% for the last cohorts;

MIXED: Length of contribution >18 years on 31/12/95; the last expenses will be incurred in 2036-37; contribution rate from slightly less than 60% up to 99% for the last cohorts;

CONTRIBUTION-BASED: operational since 1/1/96; retirement requirements will be reached as of 2036, contribution rate equal to 100.

d) At the same time there is an increase in the **number of employed workers** that may bring the ratio of active workers vs. pensioners to exceed 1.5 already in the near future. In fact, starting from an employment rate close to 58%, one of the worst in Europe both in general and for women and young people, the Government is expected to commit itself to revamping industrial policies, streamlining bureaucracy, reforming civil procedure and providing employment incentives at least to reach 65%. However, this figure remains far from the Lisbon 2 goals, according to which 75% of people aged 20 to 64 must have a job by 2020. This growth in employment is also confirmed by the GAO projections according to which, by 2040 (baseline scenario) the employment rate is estimated at around 66% (62% according to the EPC-WGA scenario)⁸². Instead, ISTAT forecasts that the most critical period in terms of age composition of the population is most probably the one close to 2045, when the active age population is expected to fall to 54.3% of the total population (*range* between 52.8 and 55.8%), with the average age of the population rising in the meantime to 49.7 years (median scenario). In this hypothesis, an employment rate of 66% may not be sufficient to guarantee a structural balance of the pension system; but if, a large part of the inactive population is turned into active, this rate is likely to reach 70%, thus possibly overcoming the difficult period in which the structural imbalance due to the old age reaches its peak with 33.7% of people over 65, thanks to the fact that the still numerous cohorts of Italian *baby boomers*, will go through this phase between 69 and 83 years of age.

e) By 2037/2040, when the expenditure/GDP ratio calculated by GAO is expected to grow, **the unemployment level** is expected to be stabilized at 6% (baseline scenario and 8.1% for the EPC-WGA scenario) in that the number of people retiring will be higher than the number of new entrants due to the decline in the birth rate (between 474,000-486,000 in 2016 and 2015). However, according to these forecasts, the fertility rate is estimated to range from 1.5% and 1.6% (fairly in line with other European

⁸² Economic policy committee - working group on Ageing

countries); the drop in unemployment is likely to increase not only labour income due to a reduction in supply but also a decrease in expenditure for safety net measures and an increase in the flow of contribution revenues.

f) **Total output** too is expected to grow from -0.2% in 2020 to approximately 1.5% (slightly less according to GAO and EPC-WGA) as a result of the policies illustrated under letter point d);

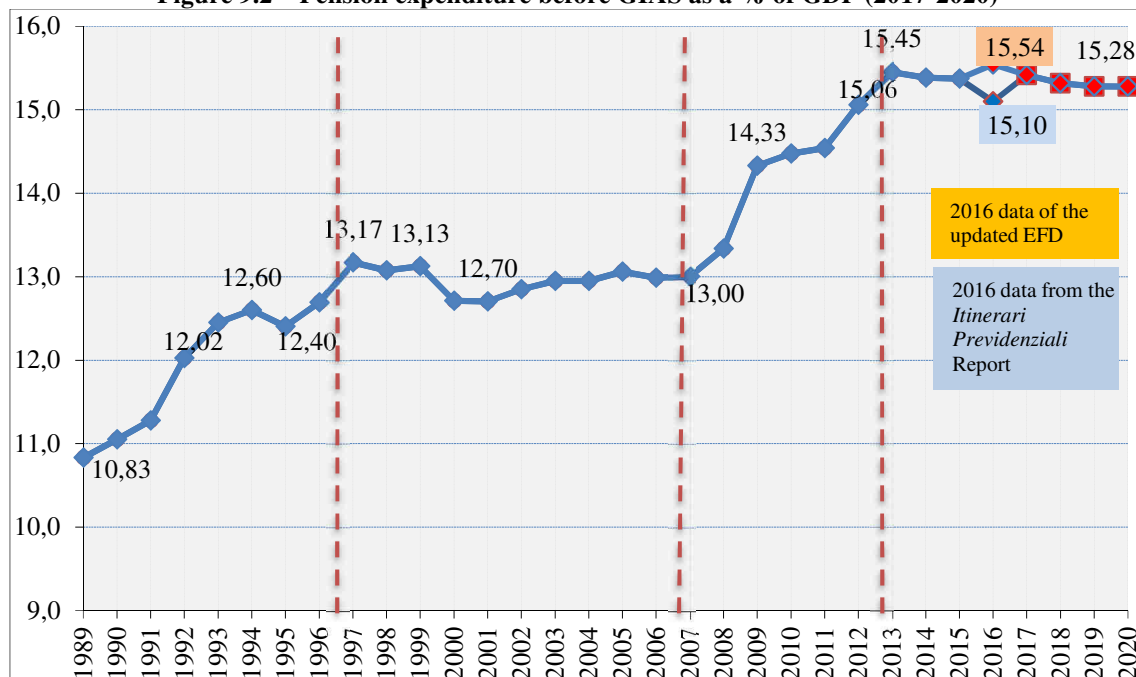
e) On the other hand, as repeatedly pointed out, welfare expenditure runs the risk of spiralling out of control also due to ill-advised political competition that makes it grow from year to year (see the recent increase in the fourteenth month of wage and the introduction of REL) without any harmonization in the eligibility criteria or effective forms of control through the still dormant central welfare registry, which could better allocate resources and generate savings;

h) last but not least, and in connection to the previous point, it is necessary to better reclassify pension and welfare expenditure in addition to more stringent controls on tax and contribution evasion (it is difficult to think that the seventh industrialized country in the world has more than 50% of pensioners receiving welfare benefits) and on welfare entitlements (over 5 billion euros' worth of expected structural savings per year through the rationalization of this expenditure).

In light of these considerations, the pension expenditure/GDP ratio is not expected to be a problem in **the long term**. In the **2017/18 period, pension expenditure net of GIAS** (on the basis of the “adjusted” budget estimates and the updated 2017 EFD) is expected to be around 220 billion euros in 2017 and 222 billion in 2018. The figures for GIAS do not change with respect to 2016 while contribution revenues⁸³ are likely to reach 198.4 billion euros in 2017 and 200.7 billion in 2018. The pension balance net GIAS is expected to be equal to 21.6 billion in 2017 and slightly less in the following year.

According to the MEF data (updated 2017 EDF), **in the medium term** the pension expenditure/GDP ratio is likely to go down at least until 2020 (Figure 9.2)⁸⁴. By proceeding with development policies in the coming years and so with a GDP growth rate potentially higher than that over the seven long years of crisis which started in 2008, this ratio is expected to decrease slightly or at least to remain stable.

Figure 9.2 – Pension expenditure before GIAS as a % of GDP (2017-2020)



Source: updated 2017 EFD

⁸³ Including GIAS and GPT transfers to finance notional expenses, rebates and incentives, net of the additional State contribution to the scheme for public employees that is expected to be equal to 10.8 billion euros in 2017 as well as in 2018

⁸⁴ This subject is more thoroughly analysed in Chapter 2.

In the medium to long term, as of 2030/2037, the ratio influenced by the ISTAT scenario indicated above is expected to produce a “hump” that the RGS forecasts had considered hardly possible until the 2017 EDF seemed. As already indicated, the government has to govern this last “risky” phase between 2037 and 2045 with *ad hoc* policies designed to promote productivity, curb the “brain drain” by creating favourable competitive conditions for job creation. Moreover, workers (and also to pensioners) should be reassured, avoiding interventions on pensions (non-indexation of pension benefits to inflation or solidarity contributions) that may discourage them from regularly paying their contributions.

As to pensions characterized by long contribution periods, it is necessary to reflect upon the ratio of the activity period vs. the average retirement period. With the retirement-age requirement at 67 as of 2019 (2 years earlier with respect to 2021 as provided for under the Monti-Fornero law) and a life expectancy at 65 years of 20 years and 7 months (19.1 for men and 22.3 for women), the retirement period for men is reduced to 17 years and 1 month with an additional 3 years and 2 months of survivors’ benefits, for a total of 20 years and 4 months. Taking into account that a balanced ratio of the expected length of the retirement vs. and the duration of the contribution life is equal to the ratio of the contribution rate vs. the substitution rate between pension and work-related income and using the figures for employees with long careers, it is clear that it is not possible to go further⁸⁵ after the reforms, also in view of the adjustment of contributions. Therefore, it is preferable to promote policies designed to reward “work”, “contribution compliance” and long careers for which it is crucial for the balance of the system (especially for old-age pensions with short careers and for welfare pensions) to adjust the retirement age to life expectancy; but it is also necessary to reintroduce some flexibility to retirement criteria as provided for under Act 335/1995.

To this end, it would be important first to separate contribution seniority from life expectancy (introduced by the Fornero reform and applicable only in Italy), envisaging a maximum of 41 and half years of contributions with a maximum of 3 years of notional contributions and a minimum age of 63 years. It is hardly fair (and possibly unconstitutional) to imagine that a worker can retire with 20 years of contributions and at 67 years of age (maybe with supplementary benefits due to their low pension) and that another subject with twice as many contributions and no eligibility for supplementary benefits from the State is required to work for over 43 years (in 2019). Except for some specific cases in which workers are still paying their contributions, (as in many European countries, it is important to check those subjects above a certain age who have no stated income and who do not pay contributions and taxes), it would be preferable to increase the retirement age for those who (except for impediments) do not reach at least 1.2 times the minimum pension at 67. Then, considering that the contribution-based method is characterised by exit flexibility due to the application of annuity transformation coefficients, the retirement age may range between 63 and 70 years with at least 37 years of contributions, with a maximum of 3 years of notional contributions. Except for clearly defined weary jobs (already provided for in the legislation) and some so-called “heavy” jobs, the hypothesis of structural flexibility appears safer and more equitable than the application of selective measures (largely unpopular)⁸⁶. For pure contributions, the ratio of 2.8 times the social allowance should be reduced to 1.5% to avoid favouring only medium-high income levels; finally, a discount may be envisaged for women for maternity for a maximum of 3 years, following the example of what is already provided for under the aforementioned Act 353/1995. The so-called “decontribution” should be eliminated because it is not a good practice and it is very expensive (see the annual sums to be paid by GIAS and GPT); instead it

⁸⁵ In order to reach an equilibrium: $a \cdot w \cdot d = p \cdot r$ (where a is the contribution rate; w the annual labour remuneration; d the length of contribution; p the pension amount; r the expected length of retirement. Considering that $p = s \cdot w$ (where s is the gross substitution rate), the equilibrium is equal to $r/d = a/s$. If Italian average figures are taken into account, ($a=33\%$; $s \cong 0,7$; $d \cong 42,5$; $r \cong 20$), it is possible to see that the equilibrium conditions has been approximately fulfilled.

⁸⁶ For example, it is heavier to drive a big truck from Amsterdam to Naples than a city bus; and yet, bus drivers can retire earlier and are entitled to a 10-year exemption from higher retirement age requirements, while truck drivers, who work longer hours on frequently unknown roads and who live and sleep for weeks in their vehicles have fewer incentives. The same holds true for a kindergarten teacher and for a teacher who has to manage a class of teenagers; why is the former entitled to certain measures and the latter is not? And so on and so forth. The result would be a return to the “pension jungle” tamed after twenty-five years of reforms.

should be replaced by the possibility to significantly deduct the costs related to newly hired workers through a tax deduction equal to 130% of their total cost for the first year and then 5% less for the next 5 years.

With the increase in retirement age, it is also necessary to rethink the entire organization of labour that has not been changed for over 20 years now. For example, a police agent can not remain in his or her field function from the beginning at 24 years of age until 65; in other countries, subjects above 50 gradually move to intelligence tasks, then to office work and finally to retirement. Another example is dancers who can retire at 46 as well as other categories of workers. Over the years these people can more usefully transfer their experience and skills and lose part of their accessory remuneration in order to remain competitive with new entrants. In addition, **active aging needs to be redesigned**: retirees can still be useful to themselves, their families and society while spending more time on their hobbies and leisure time.

How? By transferring their experience and skills to young people, putting their wisdom and common sense at the service of politics and in civil life, with small useful jobs (maintaining their neighbourhoods clean and tidy, tending to flower beds, helping at crossings in the vicinity of schools, serving as grandparents, etc.), but also helping those who are not so lucky or not self-sufficient; recovering food from shops in the evening (thus avoiding throwing food in the trash and reducing disposal costs) for themselves or for others. *Where?* This is the point: local authorities must promote active aging by avoiding the “convenient” practice of allocating subsidies without too many controls and by creating, for example, operational city quadrants (where the “elderly” operate as if they are at home); meeting places with houses for young couples and seniors with much higher economic advantages with respect to pension taxes and above all major social advantages with less loneliness and more solidarity.

Finally, the introduction of APEs is a positive result, but in order to best solve many of these problems without burdening the community with significant overruns, it is possible to use “solidarity funds” which, over the last 20 years, have proven to be great instruments of flexibility and support for disadvantaged groups expelled from the labour market (Table 9.11)⁸⁷

Table 9.11 – Solidarity Funds: summary of contributions and benefits, 2016 preliminary data			
BILATERAL SOLIDARIETAY FUNDS EX ART, 3, PAR. 4 AND SS, ACT N. 92 OF JUNE 28 2012 AND ART. 26 AND SS OF LEG. DECREE 148/2015			
NAME		Contributions	Benefits
Supplementary Wage Fund		390,091,280.00	2,050,191.00
Insurance companies		45,733,023.00	28,382,563.00
Poste Italiane Group S, p, A,		16,333,354.01	0.00
Credito cooperativo		26,321,895.40	24,662,880.73
Credit Institutions		696,950,729.69	524,618,802.61
Tax collection service		0.00	28,676,533.00
Public transportation companies		26,758,178.89	0.00
Italian dock workers		240,908.60	0.00
Shipping Industry (SOLIMARE)		8,937,788.22	0.00
Railways Solidarity Fund		111,882,283.11	73,339,746.02
Aviation Fund	Contr. Rates	6,523,868.06	90,710,597.58
	Airport control system (additional municipal tax on air tickets)	228,238,271.68	
INTERSECTORAL TERRITORIAL FUNDS OF THE AUTONOMOUS PROVINCES OF TRENTO AND BOLZANO EX ART, 40, LEG. DECREE 148/2015			
Trentino Solidarity Fund			
Bolzano Solidarity Fund			

All the novelties for 2017 and 2018 (age and length of contribution requirements, transformation coefficients, pension indexation and flexibility options) are reported in Appendix 1, with comments and insights.

⁸⁷ Cfr. see also IV Report for 2015 on www.itinerari previdenziali.it.

Main statistical charts

Table 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	2016
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	121.193
- 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	118.974
- 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	2.219
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	38.277
- prestazioni (3)	39.723	41.561	43.115	44.325	46.152	48.107	50.636	53.079	55.938	58.402	60.631	63.015	64.304	65.039	66.871	67.621
- saldi	-7.555	-8.608	-9.377	-8.567	-10.137	-8.338	-12.026	-11.366	-14.405	-16.880	-19.858	-23.764	-26.058	-26.875	-28.980	-29.344
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	19.169
- 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	21.429
- 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	-2.260
3.2. Coltivatori, 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	1.249
- 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	4.061
- 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	-2.812
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	7.996
- 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	4.302
- 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	3.694
5. Fondo clero																
- contributi	28	29	30	30	30	30	31	31	32	32	31	33	33	33	31	31
- prestazioni	77	83	82	85	90	89	93	96	99	99	99	100	103	102	102	100
- saldi	-50	-54	-52	-55	-60	-59	-62	-65	-67	-66	-68	-67	-70	-69	-70	-69
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	7.445
- prestazioni	5	17	22	44	71	116	174	236	302	385	457	467	554	625	711	806
- 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	6.639
7. Tot. Integrativi (d)																
- contributi	647	639	645	745	799	859	861	868	836	892	892	937	1.022	1.069	1.110	1.162
- prestazioni	863	896	923	962	984	1.016	1.016	1.025	1.027	1.085	1.104	1.137	1.165	1.198	1.198	1.211
- saldi	-217	-257	-278	-217	-185	-157	-155	-144	-188	-136	-193	-167	-115	-96	-88	-49
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	191.335	196.522
- prestazioni	138.128	144.249	150.815	157.757	164.457	170.210	177.540	185.035	192.590	198.685	204.379	211.117	214.626	216.112	217.897	218.504
- saldi	-8.365	-9.043	-11.733	-9.023	-12.010	-8.799	-7.017	-2.022	-9.307	-12.915	-16.362	-20.710	-25.263	-26.521	-26.562	-21.981
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	36.045	35.228
SPESA PENSIONISTICA	165.019	172.926	180.095	187.573	194.557	201.123	209.306	217.661	225.372	232.262	238.084	242.897	247.918	249.468	253.942	253.731
Spesa pensionistica in % del PIL																
- al lordo Gias	12,70	12,85	12,95	12,95	13,06	12,99	13,00	13,34	14,33	14,48	14,54	15,06	15,45	15,38	15,37	15,10
- al netto Gias	10,63	10,72	10,84	10,89	11,04	10,99	11,03	11,34	12,24	12,38	12,48	13,09	13,38	13,33	13,19	13,00

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:** contributions, benefits, balance; 3.2 **Farmers, tenant farmers and sharecroppers:** contributions, benefits, balance; 4. **Professionals (b):** contributions, benefits, balance; 5. **Clergy fund:** contributions, benefits, balance; 6. **Atypical workers (c):** contributions, benefits, balance; 7. **Total supplementary benefits (d):** contributions, benefits, balance - **TOTAL PENSION SCHEMES:** contributions, benefits, balance - **Gias transfers to pension schemes (4) and (5) - PENSION EXPENDITURE:** Pension expenditure as a % of GDP: before GIAS; after GIAS

(1) Pension benefits (excluding welfare benefits such as: social pensions and allowances, veterans' pensions, disability pensions and carers' allowance) and assistance (fourteenth month, social increments, social card) 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 text). 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 million in 1995, to 4,719 million in 1996, to 5,538 million in 1997, to 6,876 million in 1998, to 8,227 million in 2000, to 8,671 million in 2001, to 9,153 million in 2002, to 8,789 in 2003, to 8,833 in 2004, to 8,447 million in 2005, to 9,147 million in 2006, to 10,089 million in 2007, to 8,532 million in 2008, to 9.104 million in 2009, to 9,700 in 2010, to 10,350 million in 2011, to 10,500 in 2012, to 10,600 in 2014 and to 10,800 in 2015 and 10,800 in 2016.

(3) In 2016, the benefits provided to public employees amount to 67,621 million of which 8,967.25 are transferred through GIAS (former art. 2 par. 4 of Act 183/2011). In order to be consistent with the historical series of the previous years, the 2016 benefits include 8,967.25 million 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 58.654 million euros.

(4) The total GIAS benefit transfers (35,228 million euros) has to be integrated with the GIAS amount analysed in note (3). Therefore, the total value of GIAS amounts to 44.195 million euros (35,228+8,967.25).

(5) The main GIAS welfare interventions are mainly allocated to early retirement, to the "share" established under art. 37 of Act 88/1989, to yearly benefits and to disability pensions before Act 222/1984. This last item derives from the new configuration of pension and welfare expenditure as provided for under art.59 Act 449/1997. The GIAS disaggregated data are analysed in Chapter 3.

(a) Private sector employees include members of FPLD, ENPALS, IPOST, and 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 509/1995 and 103/1994, 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).

Tab 2.a 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	2016
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	1,87
2. Lavoratori dipendenti pubblici	-19,02	-20,71	-21,75	-19,33	-21,97	-17,33	-23,75	-21,41	-25,75	-28,90	-32,75	-37,71	-40,52	-41,32	-43,34	-43,39
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	-10,55
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	-69,26
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	85,88
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	-69,09
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	823,78
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	-7,33	-4,06
TOTALE	-6,06	-6,27	-7,78	-5,72	-7,30	-5,17	-3,95	-1,09	-4,83	-6,50	-8,01	-9,81	-11,77	-12,27	-12,19	-10,06

(1) Vedasi note in tab.1a

1. Private sector employees 2. Public sector employees 3.1. Artisans and Retailers 3.2. Farmers, tenant farmers and sharecroppers 4. Professionals 5. Clergy fund 6. Atypical workers 7. Total supplementary benefits TOTAL

(1) See note in Table 1a

Table 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	2016
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	101,87
2. Lavoratori dipendenti pubblici	80,98	79,29	78,25	80,67	78,03	82,67	76,25	78,59	74,25	71,10	67,25	62,29	59,48	58,68	56,66	56,61
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	89,45
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	30,74
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	185,88
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	30,91
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	923,78
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	92,67	95,94
TOTALE GESTIONI PENSIONISTICHE	93,94	93,73	92,22	94,28	92,70	94,83	96,05	98,91	95,17	93,50	91,99	90,19	88,23	87,73	87,81	89,94

(1) Vedasi note in tab.1a

1. Private sector employees 2. Public sector employees 3.1. Artisans and Retailers 3.2. Farmers, tenant farmers and sharecroppers 4. Professionals 5. Clergy fund 6. Atypical workers 7. Total supplementary benefits TOTAL

(1) See note in Table 1a

Table 7 a: 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	2016
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	2.202
% 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%	-0,8%
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	1.215
% 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%	1,8%
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	2.502
% 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%	1,2%
Entrate Previdenziali (mln)	1.502	1.463	746	616	688	636	588	715	612	609	650	573	566	550	508	614
% 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%	20,9%
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	1.907
% 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%	-0,2%
Entrate Previdenziali (mln)	852	848	773	787	785	802	791	746	739	736	688	684	567	606	590	593
% 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%	0,5%
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	5.571
% 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%	0,2%
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	1.581
% 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%	-5,2%

Tranne il fondo Trasporti per tutti gli altri fondi speciali le contribuzioni dei nuovi assunti a decorrere dall'anno di incorporazione nel FPLD (Inpdai 2002, altri 1997 ?) vengono contabilizzate nel FPLD mentre i pensionati restano sempre a carico della gestione: ciò implica una amplificazione del disavanzo di cui questi fondi comunque soffrono.

Transportation fund: benefit expenditure (millions), % variation

Electricity fund: benefit expenditure (millions), % variation

Telephony fund: benefit expenditure (millions), % variation

Inpdai: benefit expenditure (millions), % variation

Except for the Transportation Fund, for all the other special funds, since the merger into FPLD (Inpdai 2002, other 1997) the contributions of newly hired people have been included in the FPLD accounts, while benefits are still reported in the funds' accounts, which deteriorates their deficit situation.

Table 4.a Number of contributors, number of pensions, average contributions and average pensions

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	2016
NUMERO CONTRIBUTENTI																
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	13.798.592
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	3.305.000
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	1.661.627
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	2.151.220
Cultivi 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	447.261	453.108	448.409	446.907
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	1.295.712
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	362.391
Fondo clero	20.790	20.800	20.800	20.800	19.950	19.630	19.970	19.960	19.960	19.980	19.980	19.590	19.420	18.896	17.997	17.900
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	1.249.000
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	322.942
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	9.226.713
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	2.890.909
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	1.666.204
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	1.389.790
Cultivi 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	1.487.737
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	366.363
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	198.384
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	13.152
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	386.549
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	161.999
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	7.763.31
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	11.581.62
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	4.996.14
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	4.929.38
Cultivi 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	2.637.02
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	6.102.13
di cui Medici	3.621.11	3.683.62	3.830.49	4.435.71	4.565.85	4.910.62	5.194.41	5.339.83	5.660.67	5.888.30	6.039.48	5.066.72	6.066.72	6.066.72	7.066.72	6.950.94
Fondo clero	1.332.61	1.373.85	1.423.08	1.448.38	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	1.722.43
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	5.907.22
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	3.357.87	3.561.59
PENSIONE MEDIA (€) (1)																
Lavoratori dipendenti privati	9.018.15	9.415.54	9.808.20	10.185.71	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	14.463.68
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	23.552.26
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	10.131.82	10.407.08	10.687.37	11.056.32	11.264.31	11.462.69	11.608.77
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	9.042.58	9.534.85	9.796.51	10.147.93	10.362.19	10.568.00	10.730.64
Cultivi 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	7.750.75	7.844.13	7.937.81
Liberi professionisti	8.189.05	8.497.26	8.801.90	9.246.98	9.550.65	9.758.29	9.985.34	10.357.26	10.707.38	10.377.47	10.888.48	11.056.89	11.435.67	11.483.89	11.519.46	11.578.52
di cui Medici	6.069.28	6.184.02	6.250.42	6.440.97	6.430.42	6.440.97	6.319.37	6.527.86	6.628.33	6.563.15	6.649.63	6.700.89	6.936.27	6.980.12	7.010.02	7.140.30
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	8.115.03
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	2.264.92
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	7.296.68

(1) Importi delle pensioni in pagamento a fine anno

(2) La voce 'lavoratori dipendenti privati' comprende le seguenti gestioni: Fondo Pensioni Lavoratori Dipendenti, Fondo Trasporti, Fondo Telefonici, Fondo Elettrici, Volo, Fondo Imposte consumo, Fondo Enti Pubblici Creditizi, Dipendenti delle FFSS, Istituto Dirigenti di Azienda, Istituto Giomalisti, Enpal, Ipost. Per dettaglio vedasi Tab. B28.

NUMBER OF CONTRIBUTORS, NUMBER OF PENSIONS, AVERAGE CONTRIBUTIONS (€), AVERAGE PENSIONS (€) (1)

Private sector employees, Public sector employees, Artisans, Retailers, Farmers, tenant farmers and sharecroppers, Professionals, Of whom medical doctors, Clergy fund, Atypical workers, Total supplementary benefits

(1) amounts of benefits to be paid at the end of the year; (2) The item private sector employees” includes the following funds: Fund of employed workers, Transportation fund, Telephony fund, Electricity fund, Aviation fund, Consumption tax fund, Fund for public entities, FFSS, Institute for corporate executives, Fund for journalists, Enpals, Ipost; see Table B28a.

Table 5.a - base-100 indices of number of contributors, number of pensions, average contributions 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	2016
NUMERO CONTRIBUENTI																	
<i>Lavoratori dipendenti privati</i>		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	112,92
<i>Lavoratori dipendenti pubblici</i>		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	96,95
<i>Artigiani</i>		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	89,00
<i>Commercianti</i>		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	132,38
<i>Coltiv. diretti, coloni e mezzadri</i>		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	37,06
<i>Liberi professionisti</i>		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	257,74
<i>di cui Medici</i>		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	145,42
<i>Fondo clero</i>		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	69,81
<i>Lavoratori Parasubordinati</i>		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	148,87
<i>Totale Integrativi</i>		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	115,59
NUMERO PENSIONI																	
<i>Lavoratori dipendenti privati</i>		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	91,58
<i>Lavoratori dipendenti pubblici</i>		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	188,53
<i>Artigiani</i>		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	239,05
<i>Commercianti</i>		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	206,51
<i>Coltiv. diretti, coloni e mezzadri</i>		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	83,96
<i>Liberi professionisti</i>		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	258,91
<i>di cui Medici</i>		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	275,50
<i>Fondo clero</i>		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	94,05
<i>Lavoratori Parasubordinati</i>		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	7,794,90
<i>Totale Integrativi</i>		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	171,15
CONTRIBUZIONE MEDIA																	
<i>Lavoratori dipendenti privati</i>		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	316,97
<i>Lavoratori dipendenti pubblici</i>		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	329,22
<i>Artigiani</i>		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	485,78
<i>Commercianti</i>		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	476,40
<i>Coltiv. diretti, coloni e mezzadri</i>		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	254,85
<i>Liberi professionisti</i>		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	348,87
<i>di cui Medici</i>		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	412,18
<i>Fondo clero</i>		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	307,29
<i>Lavoratori Parasubordinati</i>		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	493,80
<i>Totale Integrativi</i>		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	273,64	290,25
PENSIONE MEDIA(1)																	
<i>Lavoratori dipendenti privati</i>		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	313,67
<i>Lavoratori dipendenti pubblici</i>		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	273,99
<i>Artigiani</i>		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	411,10
<i>Commercianti</i>		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	401,47
<i>Coltiv. diretti, coloni e mezzadri</i>		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	261,73
<i>Liberi professionisti</i>		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	338,83
<i>di cui Medici</i>		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	279,21
<i>Fondo clero</i>		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	224,44
<i>Lavoratori Parasubordinati</i>		-	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	452,32
<i>Totale Integrativi</i>		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	224,49

(1) Importi delle pensioni in pagamento a fine anno

(*) L'indice a base 100 è calcolato a partire dal 1989

NUMBER OF CONTRIBUTORS, NUMBER OF PENSIONS, AVERAGE CONTRIBUTIONS (€), AVERAGE PENSION (€) (1) Private sector employees, Public sector employees, Artisans, Retailers, Farmers, tenant farmers and sharecroppers, Professionals, Of whom medical doctors, Clergy fund, Atypical workers, Total supplementary benefits

(1) amounts of benefits to be paid at the end of the year; (*) the 100-base index has been used since 1989

Table 6.a – Number of pensions/ number of active workers ratio and average pension/average income ratio (%)

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	2016
RAPPORTO TRA NUMERO PENSIONI E CONTRIBUTENTI (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	66,87
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	87,47
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	100,28
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	64,60
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	332,90
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	28,28
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	54,74
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	73,47
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	30,95
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	50,16
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	54,50
Lavoratori dipendenti pubblici	57,43	58,45	57,49	54,86	58,29	55,47	56,71	53,77	56,25	56,42	56,84	58,36	60,21	66,28	68,79	69,33
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	33,08
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	32,77
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	24,13
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	35,50	36,46	36,43	35,69
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	19,92
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	9,86
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	29,78	27,08
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	67,01
Lavoratori dipendenti pubblici	57,43	58,45	57,49	54,86	58,29	55,47	56,71	53,77	56,25	56,42	56,84	58,36	60,21	66,28	68,79	69,33
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	39,54
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	37,25
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	49,07
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	35,50	36,46	36,43	35,70
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	19,92
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	10,87
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	27,35

(1) A titolo esemplificativo per i lavoratori dipendenti privati, per il 2016 sono in pagamento 66,87 prestazioni per ogni 100 lavoratori attivi. Ciò significa che abbiamo 1, 50 lavoratori attivi per ogni pensionato.

(2) A titolo esemplificativo per i lavoratori dipendenti privati, per il 2016 la pensione media è uguale al 67,01 % del reddito medio di un lavoratore attivo.

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RATIO OF THE NUMBER OF PENSIONS/ VS. THE NUMBER OF ACTIVE WORKERS (1); 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)

Private sector employees, Public sector employees, Artisans, Retailers, Farmers, tenant farmers and sharecroppers, Professionals, Of whom medical doctors, Clergy fund, Atypical workers, Total supplementary benefits

(1) for private sector employees, in 2016, 66.87 benefits were paid for every 100 active workers, which means 1,50 active workers for each pensioner; (2) For private sector employees, in 2016, the average pension was equal to 67.01% of one active worker.

Table B27a: Benefits and contributions of the compulsory pension system (in absolute terms)

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	1.419,78	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 Commercialisti	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>1.401,03</i>	<i>7.557,34</i>
Casse priv. 509 (escluso ENPAM)	148,89	18,19	2.747,75	739,72	6,32	926,71	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	1.198,22	326,99	3,36	310,56	1.110,33
Sistema Pens. Obblig. di Base	17.886,78	14,29	217.896,93	24.790,56	7,12	2.390,78	191.334,93

(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 Commercialisti; 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 2015- 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, INPS for public credit institutions (4), FFSS employees, Institute for corporate executives. **Other funds for private sector employees:** journalists, show business and entertainment workers. **Funds for former autonomous companies:** Post and Telephony employees. **Public sector employees:** Fund for employees of local authorities, Fund for kindergarten teachers, Fund for healthcare workers, Scheme for judicial officials, Fund for 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), Table 1a

(2) paid by the State or by other schemes (contribution rebates or incentives for contribution charges etc.)

(3) the number of pensions (1,536,355) included 342,075 pensions before 01/01/1989 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.

Table B27b: Benefits and contributions of the compulsory pension system (%)

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	132,03	132,03	44,32	57,29	230,47	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	23,86	82,43	133,51	28,94	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	10,01	27,49	198,34	36,43	18,54
Casse priv. 509 (escluso ENPAM)	58,76	57,62	10,45	20,13	286,30	51,91	19,43
ENPAM	56,45	56,45	11,05	53,08	106,35	20,82	16,61
Casse priv. 103	7,82	7,82	1,19	7,09	110,34	16,80	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	110,29	107,92	14,66	49,24	219,15	29,78	27,97
Sistema Pens. Obblig. di Base	143,89	113,86	37,29	70,19	162,21	53,12	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 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.

Year - Benefit/contribution rate (before GIAS) - Accounting benefit/contribution rate (net of GIAS)(1) - Accounting equilibrium rate (1) - Active workers/pensions ratio - Average pension/average contribution rate - Accounting average pension/average contribution rate - Ratio of contribution revenues vs. assets and income (2) **Private sector employees - INPS private sector:** employees FPLD, Transportation fund, Telephony fund, Electricity fund, Aviation fund, Tax collectors' fund, Fund for public credit institutions (4), FFSS employees, Institute for corporate executives. **Other funds for private sector employees:** journalists, show business and entertainment workers. **Funds for former autonomous companies:** Post and Telephony employees. **Public sector employees:** Fund for employees of local authorities, Fund for kindergarten teachers, Fund for healthcare workers, Scheme for judicial officials, Fund for 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) except for public employees, this ratio is calculated considering the average pension net of GIAS. For a thorough analysis of GIAS measure please refer to Note 1 of Table B27a. (2) Paid by the State or by other schemes (contribution rebates or incentives for contribution charges, etc.). (3) Former Special Funds or Funds for self-employed workers (like INPDAl) merged into FPLD with separate accounts; however, since their merger into the FPLD, new members and their contributions are registered into the FPLD accounts and not in the separate ones.

Table B28a - Benefits and contributions of the compulsory pension system (in absolute terms)

Tabella B.28.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)
2016	mgl	mgl €	mln €	mgl	mgl €	mln €	mln €
Dipendenti Privati	9.226,71	14,46	118.973,93	13.798,59	7,76	84,23	121.193,01
<i>Dipendenti privati INPS</i>	<i>9.014,36</i>	<i>14,36</i>	<i>115.799,48</i>	<i>13.492,72</i>	<i>7,72</i>	<i>0,66</i>	<i>118.246,00</i>
Fondo Pensioni Lavoratori Dip.	8.377,87	13,09	98.394,07	13.228,50	7,53	0,66	113.508,78
Fondo Trasporti	103,40	21,54	2.202,30	103,10	10,60	-	1.214,61
Fondo Telefonici	74,84	26,36	1.906,97	45,54	12,99	-	593,01
Fondo Elettrici	98,07	26,30	2.501,50	29,50	20,39	-	614,46
Fondo Volo	7,03	45,54	300,15	11,08	7,49	-	124,10
Fondo Imposte di consumo	7,72	18,09	137,93	0,00	31,07	-	0,09
Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
Dipendenti delle FFSS	217,54	22,17	4.785,97	45,18	13,51	-	610,24
Istituto Dirigenti di Azienda	127,88	50,77	5.570,58	29,81	52,70	0,00	1.580,71
<i>Altri Fondi Dip. Privati</i>	<i>67,23</i>	<i>21,19</i>	<i>1.363,95</i>	<i>162,82</i>	<i>9,34</i>	<i>83,43</i>	<i>1.545,34</i>
Istituto Giornalisti	9,22	52,68	488,68	15,52	24,15	73,92	374,80
Ente Lavoratori Spettacolo	58,00	16,19	875,27	147,30	7,78	9,52	1.170,93
<i>Fondi ex Aziende Autonome</i>	<i>145,13</i>	<i>18,06</i>	<i>1.810,49</i>	<i>143,05</i>	<i>9,77</i>	<i>0,14</i>	<i>1.401,67</i>
Dipendenti delle Poste e Tel.	145,13	18,06	1.810,49	143,05	9,77	0,14	1.401,67
Dipendenti Pubblici	2.890,91	23,55	67.620,79	3.305,00	11,58	5,29	38.277,24
Cassa Dipendenti Enti Locali	1.088,07	19,51	20.972,50	1.200,00	10,23	0,00	12.275,52
Cassa Insegnanti di Asilo	15,77	17,91	278,71	26,00	7,67	0,00	199,30
Cassa Sanitari	73,99	55,45	4.007,07	115,00	28,13	5,29	3.235,38
Cassa Ufficiali Giudiziari	3,00	19,48	57,82	4,00	12,06	-	48,24
Dipendenti dello Stato	1.710,08	24,80	42.304,69	1.960,00	11,49	0,01	22.518,80
Autonomi e Professionisti	5.008,04	10,57	29.792,06	5.555,47	5,04	1.391,21	28.414,07
<i>Autonomi INPS</i>	<i>4.641,68</i>	<i>10,49</i>	<i>25.490,24</i>	<i>4.259,75</i>	<i>4,71</i>	<i>0,79</i>	<i>20.417,91</i>
Fondo Artigiani	1.666,20	11,61	11.732,57	1.661,63	5,00	0,12	8.442,50
Fondo Commercianti	1.389,79	10,73	9.696,71	2.151,22	4,93	0,61	10.726,89
Fondo CDCM (3)	1.487,74	7,94	4.060,95	446,91	2,64	0,06	1.248,53
<i>Liberi Professionisti</i>	<i>366,36</i>	<i>11,58</i>	<i>4.301,83</i>	<i>1.295,71</i>	<i>6,10</i>	<i>1.390,42</i>	<i>7.996,15</i>
Casse priv. 509 (escluso ENPAM)	153,20	18,28	2.832,50	744,68	6,64	711,10	5.030,60
ENPAM	198,38	7,14	1.429,06	362,39	6,95	546,36	2.518,96
Casse priv. 103	14,78	2,72	40,27	188,64	2,37	132,96	446,60
Fondo Clero	13,15	8,12	99,75	17,90	1,72	-	30,83
Gestione Parasubordinati	386,55	2,26	805,97	1.249,00	5,91	213,41	7.445,37
Totale Integrativi	162,00	7,30	1.211,07	322,94	3,56	128,72	1.161,89
Sistema Pens. Obblig. di Base	17.687,36	14,60	218.503,58	24.248,90	7,50	1.822,87	196.522,41

(1) a carico dello Stato o altre gestioni (prevalentemente Gias pari a 25.986,74 milioni per FPLD; 46,66 milioni per il Fondo Trasporti; 70,09 milioni per il Fondo Telefonici; 70,95 milioni per il Fondo Elettrici; 19,86 per il Fondo Volo; 4,73 per il Fondo Imposte di Consumo; 78,90 per il Fondo Dipendenti delle FFSS; 122,35 per l'Istituto Dirigenti di Azienda; 85,02 per ENPALS; 823,17 per il Fondo IPOST; 2.291,41 per il Fondo Artigiani; 1.327,81 per il Fondo Commercianti; 4.196,55 per il fondo CDCM; 8,89 per il Fondo Clero; 82,18 per la Gestione Parasubordinati; 12,05 per i Fondi Integrativi INPS). Per i soli Dipendenti Pubblici la spesa di 67.621 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.). Per Ex INPDAP a partire dal 2011 non sono conteggiati, nel totale della contribuzione, i trasferimenti a carico dello stato che ammontano rispettivamente a 60 milioni per il 2011, 67 per il 2012, 89 per il 2013, 61 per il 2014, 33 per il 2015 e 25 per il 2016.

(3) nel numero delle pensioni, 1.487.737, sono comprese 303.918 pensioni ante 1/1/1989 in carico alla GIAS, mentre nell'importo di 4.060,95 milioni non sono compresi 1.690 milioni contabilizzati nella GIAS.

(4) il Fondo è confluito in FPLD nel 2013.

Year 2015- 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, Fund for public credit institutions (4), FFSS employees, Institute for corporate executives. **Other funds for private sector employees:** journalists, show business and entertainment workers. **Funds for former autonomous companies:** Post and Telephony employees. **Public sector employees:** Fund for employees of local authorities, Fund for kindergarten teachers, Fund for healthcare workers, Scheme for judicial officials, Fund for 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 25,986.74 million for FPLDP, 46.66 million for the transportation fund; 70.09 for the telephony fund; 70.95 for the electricity fund; 19.86 for the aviation fund; 4.73 for tax collectors; 78.90 for FFSS employees; 122.35 for the fund for executives; 85.02 for ENPALS; 823.17 for the IPOST fund; 2,291.41 for the fund for artisans; 1,327.81 for the fund for retailers; 4,196.55 for the CDCM fund; 8.89 for the clergy fund; 82.18 for the fund for atypical workers; 12.05 for the INPS supplementary funds). For public employees, the expenditure of 67,621 million euros includes GIAS transfers. See note (3), Table 1a

(2) paid by the State or by other schemes (contribution rebates or incentives for contribution charges etc.). As for former INPDAP the total amount does not count in, since 2011, all State paid transfers that amount to 60 million in 2011, 67 in 2012, 89 in 2013, 61 in 2014, 33 in 2015, 25 in 2016.

(3) the number of pensions 1,487,737 includes 303,918 pensions before 01/01/1989 paid by GIAS, while the amount of 4,060.95 million does not include the 1,690 million in the GIAS accounts

(4) This fund was integrated into FPLD in 2013.

Table B28b - Benefits and contributions of the compulsory pension system (%)

Tabella B.28.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)
		2016							
		Dipendenti Privati	136,56	98,17	36,44	66,87	146,81	54,50	0,07
		Dipendenti privati INPS	136,46	97,93	36,40	66,81	146,58	54,48	0,00
		Fondo Pensioni Lavoratori Dip.	124,81	86,68	32,30	63,33	136,87	51,00	0,00
		Fondo Trasporti	205,76	181,32	65,06	100,29	180,79	64,87	-
		Fondo Telefonici	334,31	321,58	110,10	164,34	195,67	67,00	-
		Fondo Elettrici	427,74	407,10	162,54	332,45	122,46	48,89	-
		Fondo Volo	385,67	241,87	148,98	63,42	381,35	234,90	-
		Fondo Imposte di consumo	153.058,38	147.988,71	56.297,81	257.266,67	57,52	21,88	-
		Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
		Dipendenti delle FFSS	797,21	784,28	248,36	481,44	162,90	51,59	-
		Istituto Dirigenti di Azienda	362,35	352,41	118,67	429,00	82,15	27,66	0,00
		Altri Fondi Dip. Privati	95,26	88,26	30,73	41,29	213,77	74,43	5,40
		Istituto Giornalisti	130,38	130,38	47,52	59,42	219,44	79,98	19,72
		Ente Lavoratori Spettacolo	83,74	74,75	25,67	39,38	189,83	65,19	0,81
		Fondi ex Aziende Autonome	188,40	129,17	46,56	101,45	127,32	45,89	0,01
		Dipendenti delle Poste e Tel.	188,40	129,17	46,56	101,45	127,32	45,89	0,01
		Dipendenti Pubblici	176,66	176,55	60,65	87,47	201,83	69,33	0,01
		Cassa Dipendenti Enti Locali	170,85	170,66	56,91	90,67	188,22	62,77	0,00
		Cassa Insegnanti di Asilo	139,84	139,69	44,82	60,65	230,34	73,91	0,00
		Cassa Sanitari	123,85	123,47	43,01	64,34	191,89	66,84	0,16
		Cassa Ufficiali Giudiziari	119,86	119,86	52,67	75,05	159,71	70,18	-
		Dipendenti dello Stato	187,86	187,85	65,49	87,25	215,31	75,06	0,00
		Autonomi e Professionisti	134,36	104,85	23,12	82,91	126,46	27,89	4,90
		Autonomi INPS	165,83	124,84	29,56	99,53	125,43	29,70	0,00
		Fondo Artigiani	168,93	138,97	33,17	100,28	138,59	33,08	0,00
		Fondo Commercianti	103,96	90,40	21,17	64,60	139,92	32,77	0,01
		Fondo CDCM	700,68	325,26	80,34	332,90	97,71	24,13	0,01
		Liberi Professionisti	54,41	53,80	10,09	28,28	190,27	35,69	17,39
		Casse priv. 509 (escluso ENPAM)	57,33	56,31	10,61	20,57	273,70	51,58	14,14
		ENPAM	56,73	56,73	10,90	54,74	103,63	19,92	21,69
		Casse priv. 103	9,02	9,02	1,42	7,84	115,08	18,18	29,77
		Fondo Clero	352,39	323,54	-	73,47	440,34	-	0,14
		Gestione Parasubordinati	12,04	10,83	3,05	30,95	-	9,86	2,87
		Totale Integrativi	106,34	104,23	13,58	50,16	207,79	27,08	11,08
		Sistema Pens. Obblig. di Base	139,45	111,17	36,29	71,28	155,96	50,91	0,93

(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. B28a.

(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.

Year - Benefit/contribution rate (before GIAS) - Accounting benefit/contribution rate (net of GIAS)(1) - Accounting equilibrium rate (1) - Active workers/pensions ratio - Average pension/average contribution rate - Accounting average pension/average contribution rate - Ratio of contribution revenues vs. assets and income (2) **Private sector employees - INPS private sector:** employees FPLD, Transportation fund, Telephony fund, Electricity fund, Aviation fund, Tax collectors' fund, Fund for public credit institutions (4), FFSS employees, Institute for corporate executives. **Other funds for private sector employees:** journalists, show business and entertainment workers. **Funds for former autonomous companies:** Post and Telephony employees. **Public sector employees:** Fund for employees of local authorities, Fund for kindergarten teachers, Fund for healthcare workers, Scheme for judicial officials, Fund for 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) except for public employees, this ratio is calculated considering the average pension net of GIAS. For a thorough analysis of GIAS measure please refer to Note 1 of Table B28a. (2) Paid by the State or by other schemes (contribution rebates or incentives for contribution charges, etc.). (3) Former Special Funds or Funds for self-employed workers (like INPDAl) merged into FPLD with separate accounts; however, since their merger into the FPLD, new members and their contributions are registered into the FPLD accounts and not in the separate ones.

Appendix 1

A summary of the main adjustments and reforms of the pension system from 1992 to 2016; Retirement requirements under the current regulations

- a) **Amato reform (Legislative Decree 503/1992)** introduced: 1) the automatic equalization of pensions tied exclusively to the ISTAT consumer price index for blue and white collars; 2) the gradual increase in old-age pension requirements for private sector workers to 65 years for men and to 60 years for women, with a concurrent rise from 15 to 20 years in the minimum requirements for income-based pensions; 3) 35 years of contributions to be entitled to the old-age pensions in the public sector; 4) a halt to old-age pensions; 5) the introduction of new income requirements for supplementary benefits to the minimum pension.
- b) **Legislative Decree 373/1993** gradually expanded the period of time to determine the income to calculate the pension (from the last 5 years to the last 10 years).
- c) **Acts 537/1993 and 724/1999** harmonized the rates of return of contributions per year and the taxable bases for the different pension schemes and (temporarily) halted old age pensions, as already done in 1992.
- d) **Dini reform (Act 335/1995)**: 1) introduced a new contribution-based calculation system, with retirement age requirements between 57 and 65 years for both men and women; 2) new rules for seniority pensions (40 years of contributions at any age or at least 57 years of age and 35 years of contributions); 3) the increase in age requirements for seniority pensions, compared to the those set by law, on the basis of quarterly exit windows; 4) more stringent income requirements for supplementary minimum benefits.
- e) **Prodi -Dini reform (Act 449/1997)**: 1) harmonized the seniority requirements of public and private sector employees and the contribution requirements for different professional categories; 2) introduced a temporary halt to the price indexation of pensions in excess of 3 million lira and a mechanism for decreasing the indexation rates of pensions. Such cooling down measures were later repealed by the Budget Law of 2001.
- f) **Berlusconi reform (Act 243/2004)** introduced: 1) a “contribution bonus” mechanism under which the subjects already eligible for retirement who voluntarily decide to keep their job can receive the net contributions that the employer is expected to pay to INPS (example: more than 400 euros for a remuneration of 1000 euros); 2) the aggregation system awaited for over 20 years that allows for adding up all contribution periods (over 5 years) to become eligible to retire at 65 years of age with 20 years of contributions or with 40 years of contributions, thus avoiding the so-called “expensive reconciliation” method; 3) an increase in early retirement age for the income-based, mixed and contribution-based schemes with respect to the required age of 65 years for men and 60 for women; 4) measures to reduce from 4 to 2 the exit windows for early retirement resulting in a postponement of benefits by 9 and 15 months after reaching the minimum age requirements for employees and self-employed respectively; 5) the possibility only for women to opt for the calculation-based system to retire with 35 years of contributions at the age of 57 years (58 for the self-employed) on an experimental basis until 2015.
- g) **Act 247/2007 (Prodi-Damiano)** - 1) has partly modified the Berlusconi reform by eliminating the super bonus and envisaging a more gradual increase in the retirement age through “steps” and “restricted quotas” consisting of the sum of age and years of contributions; 2) has enhanced the contribution system introduced by the 1995 reform by applying as of 2010 the new transformation coefficients established in 2005 to be but updated every three years as of 2013 and no longer every ten years; 3) has foreseen that the aggregation of the contribution periods is possible for minimum periods of three years and up, instead of 5 as foreseen by the Government decree that introduced the aggregation system.
- h) **Act 133/2008** established the possibility to fully combine old-age and early retirement pensions and labour income.
- i) **Act 122/2010**, has amended Law Decree 78/2010 and intervened on:
 - effective dates which were made more stringent for workers fulfilling the minimum retirement requirements as of 01/01/2011, with a delay of 1 year for employees and of 1 year and a half year for self-employed workers both in terms of early retirement (40 years of contributions) and of old-age pensions.

- adjustment of retirement age requirements - The minimum age to be entitled to old age pension, early retirement pensions and social allowances is adjusted over time to life expectancy at age 65, as recorded by ISTAT in the previous three years. The adjustment to life expectancy was applied for the first time in 2015 and it cannot exceed 3 months. The next update is scheduled for 2019 and then every 3 years in order to harmonize the mechanism to adjust retirement age requirements with that for the transformation coefficients in the contribution-based system.
- old-age retirement requirements for women in the public sector - In the public sector, the old-age pension requirements for women (60 in 2009) was aligned to that of men as of 2012 (61 years in 2010-2011) instead of 2018 as previously provided for under Act n. 102/2009.

l) Act 111/2011, which amended Law Decree 98/2011 (Sacconi-Tremonti reform) and intervened on:

- old-age requirements for women in the private sector - The old-age requirement of women in the private sector was gradually aligned to that of men (and of women in the public sector) in the period 2020-2032.
- adjustment of age requirements to life expectancy (old-age and early-retirement pensions and social allowance) as of 2015 was instead implemented as of 2013. This implied a further increase in the age requirement by 4 months as of 2016 (the date of the second revision).
- early retirement with 40 years of contributions - Workers who retire early with 40 years of contributions regardless of age receive their pension with a three-month delay as of 2014 through the effective date mechanism even though the age and seniority requirements are met. (1 month in 2012 and 2 months in 2013).
- indexation of pensions - for the 2012-2013 period, and pensions 5 times higher than the minimum INPS benefits were **not** adjusted to the inflation rate except for the benefits three times lower than the minimum pension, which have a 70% indexation rate.

m) Act 148/2011 which amended Law Decree 138/2011 and once again acted on:

- old-age requirements for women in the private sector - the old-age requirement for women in the private sector with respect to that of men (and of women in the public sector) came into force six years earlier, that is in 2014-2026 instead of in 2020-2032.
- effective date system - The delay in the payment of pensions with respect to the eligible age requirements was also extended to public school employees who were previously exempted.

n) Act 214/2011, which amended Law Decree 201/2011 (Monti-Fornero reform) established as follows:

- extension of the contribution-based system to workers entitled to the income-based system who were previously excluded (at least 18 years of contributions on 31/12/1995). The extension covers the periods of contribution as of January 1, 2012, according to the pro-rata principle.
- the effective date system was abolished and replaced by a related increase in the age and contribution seniority requirements.
- old-age pension requirements for women in the private sector - The harmonization of the old-age retirement requirements for women in the private sector to that of men (and of women in the public sector) was further accelerated. The full equality will be reached by 2018 instead of by 2026, as required by previous legislation.
- social allowances - In addition to the periodic adjustments to changes in life expectancy, the minimum age requirement for social allowances was increased by 1 year starting from 2018, making it fully in line with the minimum old-age pension requirements.
- early retirement with combined age/seniority requirements - early retirement with the combination of age and seniority requirements was abolished in all pension schemes (it remains in force until 2015 for women who opt for the defined contribution system). The contribution-based system allows for early retirement only three years earlier than of old-age requirement, in addition to contribution seniority, as long as the subject has paid contributions for at least 20 years and with a monthly pension equal to 2.8 times the social allowances provided by Inps.

- early retirement regardless of age - In this case, the minimum requirement for men was further increased by 2 years and 1 month (1 year and 1 month for women). The share of the pension calculated with the income-based system is subjected to 1% penalty at 61 years and 2% at 60, with the addition of another 2% for each year of early retirement with respect to the 60-year requirement. This penalty is not applied to the subjects who fulfill the requirement by 31/12/2017.
- adjustment of minimum requirements - the minimum contribution requirements for early retirement only based on seniority regardless of age is periodically adjusted according to life expectancy changes as of 2013, as already envisaged for old age pensions. As of 2021, all the pension requirements will be adjusted every two years instead of three years like for transformation coefficients.
- contribution rates - The contribution rates for self-employed workers have been gradually increased from 20% (20.3% for CDCM) in 2011 to 24% in 2018. Moreover, Act 183/2011 (Stability Law for 2012) had already increased by 1 % the rate for atypical workers up to 27% (18% for atypical workers already retired or members of another fund).
- indexation of pensions - For the period 2012-2013, the total amount of pensions 3 times higher than the minimum pension (about 1,400€ per month) were not adjusted to inflation.
- solidarity contribution. From 01/12/2012 to 31/12/2017, a solidarity contribution is to be paid by members and pensioners (with a pension equal to or greater than 5 times the minimum pension) of the former funds for transportation, electricity, telephony and of the aviation fund.

o) Act 147/2013 (2014 Stability Law) established as follows:

- indexation of pensions - For the 2014-2016 period, a new indexation system was introduced: 100% adjustment to the inflation rate for benefits equal to 3 times the minimum benefits provided by Inps; 95% for benefits equal to 3 and 4 times the minimum pension; 50% for benefits ranging from 5 and 6 times the minimum pension and 45% (40% for 2014 alone) for benefits amounting to 6 times the minimum pension . Moreover, this new revaluation method is no longer implemented in steps, but it is related to the whole amount and not only the part exceeding the guaranteed as in the past.
- solidarity contribution - For 2014-2016, the so called “gold-pensioners” must pay a solidarity contribution as follows: 6% of the part exceeding the annual amount equal to 14 times the Inps minimum pension; 12% for the part exceeding the annual amount equal to 20 times the minimum pension and 18% for the part exceeding the amount equal to 30 times the minimum pension.

p) Act 190/2014 (2015 Stability Law) established as follows:

- penalty for early retirement - the reduction of the share of the early pension calculated with the income-based system (1% at 61 years of age and 2% at 60 years of age, plus 2% for each year before the 60 year of age requirement, was eliminated as of January 1 2015 for all the subjects who become entitled by 31/12/2017.
- limits to high pensions - following the extension of the pro-rata contribution-based method for everybody as of 2012, the overall amount of pension benefits cannot exceed the one that would be paid with the calculation method used before the Monti-Fornero reform. In sum, those who continue to work even though they have become eligible for retirement cannot receive a pension higher than that they would have obtained under the previous rules. This provision mainly targeted to high-ranking public officials is applicable to all workers and not only to civil servants.

q) Legislative Decree 65/2015 converted into Act 109/2015, issued following the ruling of the Constitutional Court that rejected the “halt” to indexation for the two-year 2012/2013 period of the pensions exceeding three times the minimum benefits introduced by the Monti-Fornero reform, has substantially reformulated the rules as follows:

In 2012 and 2013:

- 100% of Istat up to three times the Inps minimum benefits;
- 40% of the index above 3 and up to 4 times the minimum benefits;
- 20% of the index above 4 and up to 5 times the minimum benefits;
- 10% of the index above 5 and up to 6 times the minimum benefits;
- no adjustment above 6 times the minimum benefits.

In 2014 e 2015:

- 100% of Istat up to three times the Inps minimum benefits;
- 20% (40% of the Inps index) above 3 and up to 4 times the minimum benefits;
- 20% (20% of the index) above 4 and up to 5 times the minimum benefits;
- 20% (10% of the index) above 5 and up to 6 times the minimum benefits;
- no adjustment above 6 times the minimum benefits.

In 2016:

- 100% of Istat up to three times the Inps minimum benefits;
- 50% (40% of the Inps index) above 3 and up to 4 times the minimum benefits;
- 50% (20% of the index) above 4 and up to 5 times the minimum benefits;
- 50% (10% of the index) above 5 and up to 6 times the minimum benefits;
- no adjustment above 6 times the minimum benefits.

*The sum resulting from the application of the **new equalization system** for the years 2012 and 2013 and the revision of pension adjustments for the year 2014 and for the first seven months of 2015 (until July), was paid by INPS with the instalment of August 2015.*

r) Ministerial Decree of 06/22/2015 (Official Journal of 06/07/2015) determined the coefficients used to calculate pension benefits with the contribution-based system for the 2016-2018 three-year period.

s) 2016 Stability Law (208/2015) has foreseen:

- *Penalties* - The exemption from the penalties introduced by the Fornero Reform has been extended until the end of 2017 for those who decide to retire before the age of 62, but have the seniority requirements for early retirement (the so-called early workers). In addition, starting from 01/01/2016, the full pension amount is reinstated for those who retired before 62 years of age, and who suffered a reduction of their “income-based share” of their pensions in the 2012-2014 three year period due to penalties: 1% reduction for each year before the minimum age of 62 and 2 % for before the age of 60;
- *Women's option* - The extension of the woman option, i.e. the possibility for women to retire early with 35 years of contributions at 57 years and 7 months of age (58 and 7 months for self-employed women) even if they have fulfilled their requirements by 12/31/2015 and have started receiving benefits after that date. The effective dates (12 month waiting period, 18 months for the self-employed) and the less favourable method completely based on contributions remain unchanged;
- *Part time* – Subjects working in the private sector with a full-time contract who become eligible for an old-age pension by 31/12/2018 (66 and 7 months in 2016-2017) are allowed to enter into an agreement with their employers to reduce their working time by 40 to 60% for a period not exceeding 3 years, receiving a monthly sum equal to the pension contributions to be paid by the employers (23.81% of the tax-free remuneration) for the work they have not done. For these part time periods, *notional contributions* have to be paid by general taxes, thus allowing these workers to obtain their pension without any penalty.

t) 2017 Budget Law (232/2016) introduces the following provisions:

- *Pension Advance (APE)* - A financial pension guarantee premium was established (under the acronym APE also called voluntary APE) and planned to start from 01/05/2017 and to be tested on an experimental basis up to 31/12/2018. This is a loan paid to workers in monthly instalments for 12 months until they become eligible for their pension. The loan is repaid as of the start of the retirement period with monthly instalments for 20 years. The loan must have a compulsory insurance policy for the risk of prematurity. Since this is a “loan” and not a social security benefit, the sums disbursed are not considered for personal income tax purposes. The pension advance can be requested by all workers who, at the time of application, have a minimum age of 63 and who become entitled to an old-age pension within 3 years and 7 months, provided they fulfil the minimum contribution requirement of 20 years. In addition, the pension, net of the amortization rate for this type of benefit, must be equal to or

higher than 1.4 times the minimum benefits (703 euros in 2017). The minimum duration of APE is 6 months⁸⁸.

- *Social APE* – This allowance can be requested by INPS authorized workers who fulfil the 63 age requirement for a period going from the date in which they receive this benefit up to the age required to obtain a pension. It is equal to the monthly payment of the pension calculated when they receive this benefit, it is not adjusted and may not exceed the maximum monthly amount of 1,500 euros. The special allowance (which unlike the voluntary APE must not be refunded) is due on condition that the person concerned:

a) is in an involuntary state of unemployment, has stopped receiving the unemployment benefit for at least 3 months and has at least 30 years of contributions;

b) has cared for a disabled or critically ill spouse or first-degree relative living with him or her at the time of the application and for at least 6 months and has at least 30 years of contributions;

c) is suffering from a working capacity impairment of at least 74% certified by the ad hoc disability commission and has at least 30 years of contributions;

d) is employed at the effective date of the indemnity in the occupational roles indicated in the following table, has been working for at least 6 years on a continuous basis in a job category which requires such a strong commitment that it is particularly difficult and risky to fulfil these tasks with continuity and has at least 36 years of contributions.

A. Miners, construction and building maintenance workers
B. Construction crane or mobile vehicle drivers
C. Hide and fur tanners
D. Train conductors and travelling personnel
E. Truck and heavy vehicle drivers
F. Health care workers, hospital nurses and midwives working in shifts
G. Care workers for not self-sufficient subjects
H. Kindergarten and nursery school teachers and staff

This allowance is compatible with income from employment or atypical contracts up to a limit of 8,000 euros per year and income from self-employment up to 4,800 per year.

- *RITA (Temporary and supplementary early annuity)* - It allows workers to supplement their income with an early access to complementary pension benefits (excluding those in defined benefit schemes) until they become eligible for their compulsory pension. RITA is targeted to subjects who have stopped working and who meet the APE eligible requirements certified by INPS. This measure is designed to pay all or part of the benefits accrued in instalments and in the form of a temporary annuity until old-age pension eligibility requirements are met. Art. 23 of the draft **2018 Budget Law** envisages a stable framework for RITA, which is becoming a structural and no longer experimental measure from 01/05/2017 to 31/12/2018, adding its projections to the body of law (L.D. 52/2005) governing the complementary pension system. This annuity is different from ordinary complementary pension benefits (consisting in the provision of an annuity) and must be related to a situation of need, as unemployment for workers who are entitled to an old-age pension within 5 years and with at least 20 years of contributions in their public schemes at the time of their RITA application, or who have not been active for a period of time exceeding 24 months and who are scheduled to be entitled to old-age pension benefits within the next 10 years.
- *Free-of-charge reconciliation* – As of 01/01/2013, the subjects who have two or more types of compulsory disability, old age and survivors' insurance related to employed and self-employed workers, to separate scheme members and beneficiaries of substitutive and exclusive forms of AGO can reconcile free of charge their insured periods in order to obtain a single pension. As of 01/01/2017, this free-of-charge reconciliation is also possible for the insurance periods within the schemes for professionals. This facility can be used for the following pension benefits: old age with the age and contribution seniority required by the law; early retirement with the contribution requirements established by the current law (42 years and 10 months for men and 41 years and 10 months for women in the 2016-2018 three-year period, (to be adjusted to life expectancy for the following years); disability; survivors of an insured subject who died before becoming entitled from one of the schemes. The criterion for calculating the benefits obtained from the reconciliation facility does not apply the

⁸⁸ For a in depth analysis of the features and the calculation of voluntary APE visit: www.pensionielavoro.it

rules of the contribution-based system as occurs for aggregation, but the pro rata approach under the rules in force in each fund. Unlike the aggregation system (waiting period of 18 months for old-age pensions and 21 months for seniority pensions), the pension (old age/seniority) obtained thanks to reconciliation runs from the first day of the month following that of the application.

- *Early workers* – These subjects must have at least one year (12 months, even if on a non-continuous basis) of contributions related to periods of effective work before the age of 19; as of 01/01/2017 they can retire early with 41 years contribution (instead of 42 years and 10 months or 41 years and 10 months for women), provided they fall within at least one of the following four protected categories:
 - a) they are unemployed as a result of dismissal and have stopped receiving their unemployment benefits for at least 3 months;
 - b) at the time of the application and for at least 6 months, they have cared for their spouse or for a critically ill first-degree relative living with them (Act 104 / 1992);\
 - c) they are suffering from a working capacity impairment of at least 74% certified by the ad hoc disability commission;
 - d) they are employed in the occupational roles indicated in the table under letter d) of Social APE; have been working for at least 6 years on a continuous basis in a job category which requires such a strong commitment that it is particularly difficult and risky to fulfil these tasks with continuity or with strenuous and night assignments;

Social APE is an experimental measure designed to be in force from 01/05/2017 to 31/12/2018 (to be postponed until 31/12/2019 under the 2018 Budget Law), while early **APE for Early Workers** remains stable: the applications are accepted up to a limit of 360 million for 2017, 550 for 2018, 570 for 2019 and for 590 million as of 2020.

- *Arduous work* – Workers with so-called strenuous jobs or work at night are regulated by special provisions. If they have a minimum period of contributions of 35 years and fulfil the minimum age requirement (61 years and 7 months), they are entitled to the pension “quota system”, given by the sum of the age and seniority. As of 2016, the requirements (quota 97.6) remain “frozen” up to 2026, since for them it is not possible to apply the demographic adjustment or the “mobile window” that established that workers would start receiving their benefits as of the XIII month (XVIII month for the self-employed) following the one when eligible requirements are met.
- *Penalties* – They were introduced by the Fornero Reform for those who decide to retire before 62 years of age and were suspended until 2017 and finally repealed as of 2018.

Arduous types of work

- work in the tunnels, quarries or mines: mainly carried out underground on a continuous basis;
- work in quarries: tasks performed by workers in quarries for the extraction of stone and ornamental materials
- work in tunnels: tasks performed by workers mainly to progress with the excavation upfront on the that have a prevalent and continuous character;
- work in compressed air tanks;
- work done by divers;
- work in high temperature conditions: tasks that expose to high temperatures without the possibility to adopt preventive measures, such as, for example, second melting in foundries, with no remote control, of refractists, manual casting;
- hollow glass processing: manual blowing of glass;
- work in confined spaces, with a prevalent and continuous nature, in particular in shipbuilding, ship repair and maintenance, in cavities, wells, double bottoms, on board or in large block structures;
- work to remove asbestos: tasks carried out with prevalence and continuity.

Night workers with prevalent night shifts ascertained with the following methods:

- Shift-workers, who work at night for at least 6 hours, including the interval between midnight and five in the morning, for a minimum number of working days per year of not less than 78 for those who fulfil the early retirement requirements in the period between 01/07/2008 and 06/30/2009, and not less than 64, for those who fulfil the early retirement requirements for as of 01/07/2009;
- workers who work for at least 3 hours between midnight and five in the morning, for periods of work that last for the entire working year.
- workers involved in the so-called “chain line”, i.e. subjects employed by companies insured against accidents at work under INAIL, who work in mass production according to a predetermined schedule, sequences of positions, constant repetitions of the same working cycle on parts of a final product, moving in a continuous flow or in short bursts according to the organization of work or technologies, excluding employees who work side-by-side on production lines, maintenance, supply of materials, regulation activities or computerized control of production lines and quality control;
- drivers of heavy vehicles, with a total capacity of not less than nine seats including the driver, used for public transport services.

- *Heavy jobs* - To the 11 categories of subjects who carry out the heavy jobs provided for by the social APE must be added maritime workers, fishermen, agricultural workers and steel workers (second fusion). This number has been estimated by the Government to be equal to 10% of those due to retire in 2019, i.e. 15,000-20,000 people. The government has explained that it intends to keep the requirement of 36 years of contributions and of having a heavy job for 6 years in the last 7.

In our opinion, this proposal for pensions goes in the wrong direction, creating further inequalities among workers and arbitrarily evaluating the categories of the so-called “heavy” jobs . It took 20 years to create a unified social security system that the media and experts used to call “the pension jungle” where each category had its own rules and its retirement age and seniority requirements. Now that Italy has **one universal** system, this adjustment brings back differences among workers (which is not justifiable except for strenuous work). Apart from the precarious and labile definition of “heavy work”, initially there were only a few categories which later went up to 11 and then to 15 (but many others are fighting to get on board). So why are kindergarten teachers in the heavy work category (they work less than 8 months a year and for 30 hours a week) and the teachers in high schools or vocational training institutes are not? The real solution is to “reward” the work done by including a series of universal flexible retirement measures because workers have their own personal, family, health situation, etc., which determines their will or need to leave their job; it is crucial to allow for retirement flexibility with the contribution-based system; it is possible to easily find resources to finance this expenditure through out-of-control welfare spending.

The heavy work categories eligible for social APE:

- workers in the mining industry
- building construction and maintenance
- conductors of cranes or mobile drilling equipment in buildings
- tanners of skins and furs
- conductors of train convoys and traveling personnel
- conductors of heavy vehicles and trucks
- staff of nursing and midwifery health professions with organized work in shifts
- personal assistance staff of persons in conditions of non self-sufficiency
- Kindergarten teachers and nursery school educators
- porters and freighters
- unqualified personnel involved in cleaning services, ecological operators and other waste collectors and separators
- agricultural workers
- maritime
- fishermen
- steelworkers (second melting)

- *Fourteenth month* - Starting from 2007, pensioners aged 64 and above are entitled to an additional sum on the basis of the accrued contribution seniority. The sum, a sort of fourteenth month, is paid together with the monthly remuneration in July and is provided on condition that the subject does not possess a total individual income of more than 1.5 times the INPS minimum pension (9,787 euros in 2017). The 2017 Budget Law increased this upper income limit from 1.5 times to 2 times the minimum pension (from 9,167 to 13,050 euros in 2017).

- *Woman's option* - The new law targets female workers born in the last quarter of 1957 (1958 for the self-employed women) who reached the **age requirements by 2015** and who had been excluded from the extension introduced by the 2016 Stability Law.

Focus n.1: pension eligibility requirements under current legislation

Similarly to most European countries, the Italian pension system essentially provides becoming eligible for two channels for access to retirement: old-age retirement with a minimum contribution requirement of 20 years; early retirement with a lower age than retirement but with more stringent contributory requirements.

Old-age pensions - The minimum age for old-age retirement, after the Monti Fornero reform, for the 2016-2017 period, is equal to 66 years and 7 months for men and women in the public sector and for men in the private and self-employment sector, 66 years and 1 month for self-employed women and 65 years and 7 months for women in the private sector. Starting from January 1 2018 (Table A2), the age requirement will be the same for all: 66 years and 7 months. Moreover, in 2018, the minimum age requirement for the social allowance will be raised by one year and, therefore, it will be the same to the minimum age requirement for old-age pensions. In addition to the age requirement, old-age pensions require a minimum contribution period of at least 20 years and, in the contribution-based system, the accrual of a minimum pension amount of at least 673 euros per month in 2017 (equal to 1.5 times the social allowance), adjusted with the five-year moving average of nominal GDP. This last restriction is no longer applicable when a the old-age pension retirement age is 4 times longer that the regulatory age of 70 years and 7 months (2016-2018). The aforementioned requirements are adjusted over time according to changes in life expectancy. By around 2020, the minimum age requirement for old-age pensions is 67 for all workers.

Early retirement (Table A1) - The possibility to retire earlier with respect to the old-age pension (early retirement) is allowed in the presence of a minimum contribution period that, in 2016-2018, is equal to 42 and 10 months for men, 41 years and 10 months for women. The above contribution requirement is independent of age and adjusted over time according to changes in life expectancy. Workers registered in the public pension system since 1996 (i.e. workers completely within the contribution-based system) have another channel to be eligible for early retirement. They can retire earlier with respect to the required age for old age pensions, by 3 years at the most, if they have at least 20 years of contributions and a minimum amount of pension of at least 1,256 Euros per month in 2017 (2.8 times the social allowance). This amount is adjusted according to the five-year moving average of nominal GDP. The required minimum amount of benefits actually replaces the minimum contribution requirement of 35 years provided for by the previous legislation on early retirement in the contribution-based system. This threshold has been determined in order to ensure retirement age equality and to preserve the level of adequacy of the benefits guaranteed by the previous legislation.

Adjustment of minimum requirements to life expectancy – As of 2013⁸⁹, the minimum age requirement for old-age pensions (and early retirement in the contribution-based system), as well as the minimum contribution period for early retirement independent of age in all the three schemes, have been adjusted every 3 years according to the variation in life expectancy at 65, certified by Istat in the previous three years. Since 2019, the aforementioned adjustment has been planned every two years instead of three years. The adjustment to changes in life expectancy also applies to the minimum age to be entitled to social allowance. As expressly provided for by the current legislation, the adjustment of minimum requirements to changes in life expectancy is an administrative function so as to ensure effective periodic reviews and compliance with the scheduled deadlines. This procedure is fully consistent with that envisaged to update transformation coefficients (art.1 p.6 Act 335/1995, as amended by Act 247/2007) which takes place every two years starting from 2019 for reasons of consistency. The adjustment of minimum retirement requirements further strengthens the endogenous mechanisms of the pension system (including the revision of transformation coefficients in contribution based calculation method) to counteract the negative effects of aging of the population on the financial balance of the pension system. Furthermore, this adjustment leads to an increase in the average level of pension benefits, thus improving the adequacy of benefits, especially in the contribution-based system. The tables below show the minimum age and contribution requirements for old-age pensions, early retirement and social allowances, calculated on the basis of the life expectancy changes

⁸⁹ The adjustment of requirements as of 2013, in line with the law (art.12 p.12-bis, L.D. 78/2010, converted into Act 122/2010) was adopted at least 12 months before the start of this adjustment under a decree of 06/12/2011, *Gazzetta Ufficiale* of 13/12/2011. This adjustment is equal to 3 months (as provided for under p.12-ter, L.D. 78/2010) also in the presence of an increase higher than life expectancy in the previous three years, as was in fact the case. This increase referred to 65 years of age with respect to the average resident population, was estimated to be 5 months by Istat between 2007 and 2010.

based on the 2011 population forecast, a central hypothesis, recently produced by Istat. Obviously, the actual adjustments will be the ones reported by Istat in the final results according to the procedure established by current legislation. However, Act 1414/2011 provides for a guarantee clause for those who become eligible for retirement as of the first effective date in 2021, according to which the minimum age requirement cannot be below 67 years.

Corporate welfare - The main innovations in terms of corporate welfare mainly concern two areas: tax incentives for **productivity bonuses** with an higher tax reliefs for workers who earn up to 80,000 euros per year (50,000 euros in 2016) with maximum deductions of 3,000 euros (2,500 in 2016), which went up to a bonus of 4,000 euros (3,000 euros in 2016) if workers are involved in the organization of their companies. The productivity bonuses paid to pension funds are exempt from taxes even if the total contribution to the pension fund exceeds the maximum limit for deductions of 5,164 euros; the same for health funds with a ceiling of 3,615.20 euros. It is also possible to use productivity bonuses for non self-sufficiency (LTC) subjects and for other forms of welfare.

Table A1 – Old-age (or early) pension requirements

<i>Retirement year</i>	<i>Age</i>			
	<i>Private sector employees</i>	<i>Public sector employees</i>	<i>Safeguarded categories*</i>	<i>Self-employed workers</i>
Up to 1995	35 years	20/25 years **	35 years	35 years
1996 – 1997	35 + 52 (36)	20/25 years **	35 + 52 (36)	35 + 56 (40)
1998	35 + 54 (36)	35 + 53 (36)	35 + 53 (36)	35 + 57 (40)
1999	35 + 55 (37)	35 + 53 (37)	35 + 53 (37)	35 + 57 (40)
2000	35 + 55 (37)	35 + 54 (37)	35 + 54 (37)	35 + 57 (40)
2001	35 + 56 (37)	35 + 55 (37)	35 + 54 (37)	35 + 58 (40)
2002	35 + 57 (37)	35 + 55 (37)	35 + 55 (37)	35 + 58 (40)
2003	35 + 57 (37)	35 + 56 (37)	35 + 55 (37)	35 + 58 (40)
2004 – 2005	35 + 57 (38)	35 + 57 (38)	35 + 56 (38)	35 + 58 (40)
2006 – 2007	35 + 57 (39)	35 + 57 (39)		35 + 58 (40)
2008 - 6/2009	35 + 59 (40)	35 + 59 (40)		35 + 60 (40)
7/2009 – 2010	35 + 60 (40) 36 + 59	35 + 60 (40) 36 + 59		35 + 61 (40) 36 + 60
2011	35 + 61 or 36 + 60 (40)	35 + 61 or 35+60 (40)		35 + 62 or 36 +61 (40)
	All		Members after 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 5 months for women)		63 years and 3 months	
2014-2015	42 years and 6 months (41 years 6 months for women)		63 years and 3 months	
2016-2018 ****	42 years and 10 months (41 years 10 months for women)		63 years and 7 months	
2019-2020 (1)	43 years and 2 months (42 years 2 months for women) 43 years and 3 months (42 years and 3 months women)		63 years and 11 months 64 years	
2021-2022 ****	43 years and 5 months (42 years 5 months for women)		64 years and 2 months	
2023-2024 ****	43 years and 8 months (42 years 8 months for women)		64 years and 5 months	
2025-2026 ****	43 years and 11 months (42 years 11 months for women)		64 years and 8 months	
2027-2028 ****	44 years and 2 months (43 years 2 months for women)		64 years and 11 months	
2029-2030 ****	44 years and 4 months (43 years 4 months for women)		65 years and 1 month	
2035 ****	44 years and 10 months (43 years 10 months for women)		65 years and 7 months	
2040 ****	45 years and 2 months (44 years 2 months for women)		65 years and 11 months	
2045 ****	45 years and 8 months (44 years 8 months for women)		66 years and 5 months	
2050 ****	46 years (45 years for women)		66 years and 9 months	

N.B.: Between parentheses: alternative requirement independent of age.

* Safeguarded categories mean skilled employed workers such as blue collars (and related occupations) and the so-called “early workers, that is those who have paid at least one year of work-related contributions before 19 years of age, who had more flexible criteria until 2005.

** The requirements were: 20 years (19 years and 6 months and 1 day) for civil servants and 25 years (24 years, 6 months and 1 day) for employees of local authorities and local health organizations. In both cases, a 5 year reduction was envisaged for married women and/or with dependent children.

*** With at least 20 years’ worth of contributions (excluding notional contributions) and provided that the monthly benefits are equal to at least 2.8 times social allowances.

(1) The figures for 2016-2018 adjusted to life expectancy and established by MD of December 16 de 2014 have been replaced by the new ISTAT projection in October 2017 (+ 5 life expectancy months).

****The figures indicated since 2021 have been the ones illustrated in the table attached to the Monti-Fornero reform.

Table A2 – Evolution of retirement age

Retirement age	Age		
	Private sector employees	Public sector employees	Self-employed workers
Up to 1993	60 M and 55 F	65 M and F	65 M and 60 F
From 1/1/1994 to 30/06/1995	61 M and 56 F	65 M and 60 F	65 M and 60 F
From 1/7/1995 to 31/12/1996	62 M and 57 F	65 M and 60 F	65 M and 60 F
From 1/1/1997 to 30/06/1998	63 M and 58 F	65 M and 60 F	65 M and 60 F
From 1/1/1998 to 31/12/1999	64 M and 59 F	65 M and 60 F	65 M and 60 F
From 1/1/2000 to 31/12/2009	65 M and 60 F	65 M and 60 F	65 M and 60 F
2010 – 2011	65 M and 60 F	65 M and 61 F*	65 M and 60 F
2012	66 M and 62 F	66 M and F	66 M and 63 and 6 months F
2013	66 and 3 months M; 62 and 3 months F	66 and 3 months M and F	66 and 3 months M; 63 and 9 months F
2014-2015	66 and 3 months M; 63 and 9 months F	66 and 3 months M and F	66 and 3 months M; 64 and 9 months F
2016-2017	66 and 7 months M; 65 and 7 months F	66 and 7 months M and F	66 and 7 months M; 66 and 1 month and F
2018	66 and 7 months M and F	66 and 7 months M and F	66 and 7 months M and F
2019-2020 (1)	66 and 11 months M and F 67 years M and F	66 and 11 months M and F 67 years M and F	66 and 11 months M and F 67 years M and F
2021-2022 ***	67 and 2 months M and F	67 and 2 months M and F	67 and 2 months M and F
2025	67 and 8 months M and F	67 and 8 months M and F	67 and 8 months M and F
2030	68 and 1 month M and F	68 and 1 month M and F	68 and 1 month and M and F
2035	68 and 7 months M and F	68 and 7 months M and F	68 and 7 months M and F
2040	68 and 11 months M and F	68 and 11 months M and F	68 and 11 months M and F
2045	69 and 3 months M and F	69 and 3 months M and F	69 and 3 months M and F
2050	69 and 9 months M and F	69 and 9 months M and F	69 and 9 months M and F

* for women employed in the public sector, the age requirement of 61 years was established by Act 122/2010, following the decision by the European Court of Justice of 13/11/2008 (case C-46/07) that recognized INPDAP, the Fund of public employees, as a professional scheme and therefore it rejected a different retirement age for women.

(1) The Monti-Fornero reform envisaged that as of 2021 the retirement age had to be at least 67 years of age. **The new Istat projection of 10/2017 envisaged an increase in life expectancy by 5 months, thus fixing the retirement age at 67 as early as 2019.**

***The figure indicated as of 2021 are adjusted to life expectancy on the basis of the estimates provided by Istat and attached to the Monti-Fornero reform. (Act 214/2011).

Focus n.2: pension adjustment

For about 20 years now the pension system has had an indexation mechanism that, in general, fully adjusts only the lowest pension levels and partially adjust higher pensions. Many, often conflicting, indexation measures have been adopted with the sole aim to produce savings, but never to support the pension system; in some periods, pensions did not receive any equalization while in others benefits have been adjusted several times which have resulted in a structural and unrecoverable reduction in their value; for this reason the Supreme Court have provided their negative opinion about these measures.

2007 and previous years - 100% indexation to the cost of living of the pension share up to 3 times the minimum benefits (up to 1,382.91 per month before taxes); 90% on the pension share between 3 and 5 times the minimum benefits (from 1,382.92 to 2,304.85 euros per month before taxes); 75% on the pension share higher than 5 times the minimum benefits (from 2,304.86 euros per month before taxes).

2009-2010 - 100% adjustment to the cost of living index for the share of benefits 5 times higher than the minimum pension (up to 2,217.80 gross euros per month in 2009 and to 2,288.80 euros in 2010); 75% adjustment of the share of benefits 5 times higher than the minimum pension (starting from 2,217.81 gross euros per month in 2009 and from 2,288.81 euros in 2010).

2011 - After the three-year period, the situation went back to 2007, with the full adjustment of the benefits to the inflation rate;

2012-2013 - The Monti government and its “Salva Italia” Law in late 2011 put a halt to equalization for pensions 3 times higher than the minimum benefits for 2012 and 2013; 100% indexation to the cost of living of the share of benefits 3 times higher than the minimum pension (up to 1,405.05 gross euros per month in 2012, and to 1,443.05 in 2013); pensions 3 times higher than the minimum benefits are not adjusted.

2012-2016 - **Law Decree 65/2015** converted in **Act 109/2015**, issued following the ruling of the Constitutional Court that rejected the “halt” to indexation for the 2012/2013 period for pensions exceeding three times the minimum benefits, substantially changed the rules as follows:

For 2012 and 2013:

- 100% of Istat up to 3 times the Inps minimum benefits;
- 40% above 3 and up to 4 times the minimum benefits;
- 20% above 4 and up to 5 times the minimum benefits;;
- 10% above 5 and up to six times the minimum benefits;;
- no adjustment above six times the minimum benefits;;

For 2014 and 2015:

- 100% of Istat up to three times the Inps minimum benefits;
- 8% above 3 and up to 4 times the minimum benefits;;
- 4% above 4 and up to 5 times the minimum benefits;;
- 2% above 5 and up to 6 times the minimum benefits;;
- no adjustment above six times the minimum.

For 2016:

- 100% of Istat up to three times the Inps minimum benefits;
- 20% above 3 and up to 4 times the minimum benefits;
- 10% above 4 and up to 5 times the minimum benefits;
- 5% above 5 and up to 6 times the minimum benefits;
- no adjustment above six times the minimum.

As of 2017, the indexation previously in force has been reinstated, i.e. 100% adjustment to the cost of living for the pension benefits up to 3 times the minimum pension; to 90% on the share of benefits between 3 and 5 times the minimum pension; to 75% of the benefits greater than 5 times the minimum pension, but the **2016 Stability Law, Act 208/2015** extended the transitional regime in force in 2015 until the end of to 2018.

2012 Adjustment

Amount of benefits in December 2011	Growth
Up to 1,406 euros	+ 2.7% (100% Istat)
From 1,406 euros to 1,924 euros	+ 1.08% (40% Istat)
From 1.924 euros to 2,405 euros	+ 0.54% (20% Istat)
From 2,405 euros to 2,886 euros	+ 0.27% (10% Istat)
Above 2,886 euros	0

2013 Adjustment

Amount of benefits in December 2012	Growth
Up to 1,443 euros	+ 3% (100% Istat)
From 1,443 euros to 2,405 euros	+ 1.2% (40% Istat)
From 2,405 euros to 2,477 euros	+ 0.6% (20% Istat)
From 2,477 euros to 2,973 euros	+ 0.3% (10% Istat)
Above 2,973 euros	0

2014 Adjustment

Pension amount in December 2013	Growth
Up to 1,487 euros	+ 1.2% (100% Istat)
From 1,487 euros to 1,982 euros	+ 0.096 (8% Istat)
From 1,982 euros to 2,478 euros	+ 0.048% (4% Istat)
From 2,478 euros to 2,973 euros	+ 0.024% (2% Istat)
Above 2,973 euros	0

2015 Adjustment

Pension amount in December 2014	Provisional growth	Final growth
Up to 1,503 euros	+ 0.30% (100% Istat)	+ 0.20% (100% Istat)
From 1,503 euros to 2,004 euros	+ 0.285% (95% Istat)	+ 0.190% (95% Istat)
From 2,004 euros to 2,505 euros	+ 0.225% (75% Istat)	+ 0.015% (75% Istat)
From 2,505 euros to 3,006 euros	+ 0.0150% (50% Istat)	+ 0.01% (50% Istat)
Above 3,006 euros	+ 0.135% (45% Istat)	+ 0.09% (45% Istat)

Pension adjustment for 2017 - Since the Istat inflation index for 2016 was negative, as of 01/01/2017 no indexation has been applied to pensions and so no increase in the INPS allowance. Moreover, even though the provisional inflation index for pension adjustment was set at 0.3% in 2015, but then was definitively set by Istat at 0.2%, pensions should have been reduced from 01/01/2016 by the extra amount paid in 2015, that is 0.1%. In order to avoid a negative adjustment, the 2016 Stability Law provided for the payment of “correct” amounts in January on the basis of the final inflation estimate in 2014, but without any withholding referred to 2015. The balance was supposed to be paid in 2017, which was not the case. The scheduled payment of the balance (under the so-called Milleproroghe Law) has been postponed to 2018.

Pension adjustment for 2018 - On the basis of the MEF and ML interministerial decree of 20/11/2017 which uses the inflation rate data provided by Istat in the first nine months of 2017, after two years of zero indexing and **as of 01/01/2018, pensions will be adjusted to 1.1%** to make up for the loss of purchasing power in 2017. This indexation mechanism is less favourable with respect to the ordinary one envisaged by Act 888/2000 (100% up to three times the minimum benefits, 90% on the benefits between 3 and 5 times the minimum pension and 75% of the remaining part of benefits); it was introduced by Act 147/2013 as of 01/01/2014 and extended from Act 208/2015 to 31/12/12, thus reducing the indexation to the cost of living for medium-high pensions with respect to the past. Despite the rulings, this measure is unfair because it affects above all the pensions of those who really paid their contributions and who have lost almost 20% of their purchasing power because of the rules of the last 20 years.

Therefore in 2018, only pensions up to 3 times the minimum benefits will be adjusted up to 100% of the estimated inflation rate of 1.1%; those with higher benefits and up to 4 times the minimum benefits will be adjusted at 95% (that is, the actual indexation will be 1.045%); for those with a higher benefits and up to 5 times the minimum benefits, the adjustment will be equal to 75%, so the actual indexation will be 0.825% compared to 2017); the indexation will drop to 50% (+0.55% effective with respect to 2017) for pension benefits higher than 5 times the minimum pension and to 45% for benefits exceeding 6 times the Inps minimum pension (in this case, the actual increase will be 0.495% compared to 2017). For a pension of 1,000 euro a month, the increase will be equal to about 110 euros per year (8.5 euros per month for 13 months). However, because the aforementioned law has affected pensions over 6 times the minimum benefits (a gross amount of about 3,045 euros and a net amount of about 2,000, not really a gold pension). In fact, indexation will continue to be applied to clusters of amounts and not to amount levels, which means that the aforementioned pension of 3,050 euros will be fully adjusted by 0.495 and not by amount levels. The hope is that, as of 2019, the original indexation system under Act 388/2000 will be again applied because they have a lower impact on the medium-high benefits.

- Pensions up to **three times the minimum benefits**: 100% adjustment, **1.1%** growth
- Pensions between **three and four times the minimum benefits**: 95% indexation, **1.045%** growth
- Pensions between **four and five times the minimum benefits**: 75% adjustment, **0.825%** growth
- Pensions between **five and six times the minimum benefits**: 50% indexation, **0.55%** growth
- Pensions above **six times the minimum benefits**: 45% indexation, **0.495%** growth

The balance of these adjustments will then be paid in 2019 on the basis of the real inflation rate, which will determine the resulting change in the calculation of pension equalization. The 1.1% growth fully applies also to the amounts of welfare benefits as follows:

AMOUNTS OF SOCIAL BENEFITS				
Benefits	2014	2015	2016 - 2017	2018
Minimum benefits	500.88	502.39	501.89	507.41
Social allowance	447.17	448.52	447.62	453.00
Social pension	368.52	369.63	368.89	373.00
Former "million a month"	637.32	638.83	637.82	644.83
Disability pensions for civilians	278.91	279.75	279.47	282.54
Carers' allowance	504.07	508.55	508.83	282.54
Data related to 2018 have been adjusted by 1.1% (d20/11/2017)				

Focus n. 3: evolution of contribution rates

In the last 20 years, contribution rates have evolved since the interministerial decree of 21/02/1996 implemented art.3 p.23 of Act 335 / 1995 (Dini reform) and which raised to 32% (27.57 +4.43) for the Fund for employed workers the rate of financing with a simultaneous reduction in the rates due for Tbc (0.14%), maternity allowances (0.57%) and family allowances (3.72%). In the cases in which the variation of the aforesaid rates did not allow for an increase by 4.43% of the FPLD rate by 01/01/1996, these charges were transferred to employers with 0.50% incremental instalments as of 01/01/1997. Therefore, as of 01/01/2005, employers had to increase their share due for FPLD by an additional 0.50% up to 32%, plus 0.70% for former GESCAL (public housing financing). The 2007 Budget Law (art.27, Act 30/1997) definitively raised the rate of FPLD to 33%. Later, many other provisions were introduced to change the contribution rates for artisans, retailers and collaborators. The following table summarizes the evolution of these rates.

As can be seen from the following tables, all the Governments in power in the last 55 years have opted to raise contribution rates to keep the pension system in balance; this was the correct option until 1987 for employed workers until 1987 and for the self-employed until 2007, then it proved a heavy burden on the cost of labour to the detriment of Italy's competitiveness, which collapsed when currency devaluation came to a halt with the introduction of the euro. The Monti-Fornero law has further deteriorated the situation.

Historical series of I.V.S. contribution rates and per capita contributions

Serie storica delle aliquote contributive I.V.S. e dei contributi capitari

Anni	Serie storica delle aliquote contributive I.V.S. e dei contributi capitari						Serie storica retribuzioni redditi - dati medi annui pro-capite - (euro)		
	F.P.L.D. (a)		Artigiani		Commercianti (b)		F.P.L.D. (d)	Artigiani (e)	Commercianti (f)
	Totale	di cui a carico del lavoratore	Contributo annuo fisso (euro)	Contributo annuo % (c)	Contributo annuo fisso (euro)	Contributo annuo % (c)			
1960	14,41%	4,76%	4,02						
1961	14,41%	4,75%	4,02						
1962	16,42%	5,42%	4,02						
1963	19,10%	6,32%	4,02						
1964	18,80%	6,17%	4,02						
1965	18,53%	5,95%	4,02						
1966	18,56%	5,95%	7,71		7,71				
1967	18,10%	6,30%	7,71		7,71				
1968	19,67%	6,55%	7,71		7,71				
1969	20,56%	6,85%	7,71		7,71				
1970	20,56%	6,85%	7,71		7,71				
1971	18,91%	6,30%	7,71		7,71				
1972	19,01%	6,30%	7,71		7,71				
1973	19,01%	6,30%	7,71		7,71				
1974	19,95%	6,30%	15,77		15,77				
1975	20,77%	6,72%	37,48		37,48				
1976	23,31%	7,15%	45,14		45,14				
1977	23,31%	7,15%	51,48		51,48				
1978	23,31%	7,15%	51,52		51,52				
1979	23,31%	7,15%	149,99		148,19				
1980	23,90%	7,15%	223,49		221,68				
1981	24,01%	7,15%	328,06		326,77				
1982	24,17%	7,15%	310,73	4,00%	308,92	4,20%	6.462	3.588	4.072
1983	24,51%	7,15%	392,48	4,00%	390,67	4,20%	7.535	3.974	4.499
1984	24,51%	7,15%	442,66	4,00%	441,05	4,20%	8.622	4.249	4.796
1985	24,51%	7,15%	487,86	4,00%	486,05	4,20%	9.548	4.792	5.297
1986	24,51%	7,15%	617,16	4,00%	615,35	4,20%	10.166	5.857	6.531
1987	24,51%	7,15%	648,21	4,00%	646,40	4,20%	11.044	6.267	6.785
1988	24,51%	7,15%	672,93	4,00%	673,54	4,20%	11.824	6.718	6.973
1989	25,92%	7,29%	701,75	4,00%	699,94	4,20%	12.630	7.346	7.350
1990	25,92%	7,29%		12,00%		12,00%	13.622	9.241	8.566

Serie storica delle aliquote contributive I.V.S. e dei contributi capitari

1991	26.09%	7.46%		12.75%		12.75%	14.947	10.196	10.020
1992	26.49%	7.86%		13.50%		13.50%	16.041	11.961	11.579
1993	26.97%	8.34%		14.29%		14.29%	16.706	12.840	12.482
1994	26.97%	8.34%		15.00%		15.00%	17.330	13.503	14.024
1995	27.16%	8.40%		15.00%		15.00%	18.007	14.290	14.242
1996	32.70%	8.89%		15.00%		15.09%	18.718	15.445	15.315
1997	32.70%	8.89%		15.00%		15.39%	19.185	15.547	15.146
1998	32.70%	8.89%		15.80%		16.19%	19.758	16.237	16.166
1999	32.70%	8.89%		16.00%		16.39%	20.323	17.122	17.551
2000	32.70%	8.89%		16.20%		16.59%	21.147	17.853	17.956
2001	32.70%	8.89%		16.40%		16.79%	21.760	17.509	16.218
2002	32.70%	8.89%		16.60%		16.99%	22.327	17.964	17.979
2003	32.70%	8.89%		16.80%		17.19%	22.910	18.191	18.048
2004	32.70%	8.89%		17.00%		17.39%	23.807	18.405	18.603
2005	32.70%	8.89%		17.20%		17.59%	24.536	18.804	19.251
2006	32.70%	8.89%		17.40%		17.79%	25.401	19.590	19.526
2007	33.00%	9.19%		19.50%		19.59%	26.221	20.766	20.190
2008	33.00%	9.19%		20.00%		20.09%	27.255	20.861	20.248
2009	33.00%	9.19%		20.00%		20.09%	28.040	20.895	20.558
2010	33.00%	9.19%		20.00%		20.09%	29.090	19.593	19.935

(a) Aliquote medie dell'anno calcolate tenendo conto delle mensilità aggiuntive, (b) La gestione commercianti è iniziata nel 1996.

(c) Per l'anno 1990 l'aliquota è quella in vigore dal 1° luglio. Per gli anni 1991, 1992 e 1993 si riportano le aliquote medie dell'anno.

(d) Fonte: Elaborazione su dati dell'Industria in s.s. tratti da "Annuario di Contabilità Nazionale" per il periodo 1960/1969 e "Relazione Generale sulla situazione economica del Paese" per il periodo 1970-1999. A decorrere dall'anno 2000 i dati sono il risultato di elaborazioni dirette su dati Istat-DataWarehouse relativi al settore Industria s.s.

(e) I valori della serie storica dei redditi sono stimati sulla base dei dati di Rendiconto.

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Years; Historical series of IVS contribution rates and per-capita contributions; Historical series of remuneration/income average annual per capita data (euros)

FPDL(a); artisans; retailers (b)

Total paid by the workers; fixed annual contribution (euros); % annual contribution

(a) Average rates per year calculated considering the monthly additions ,

(b) the Fund for retailers started operating in 1996.

(c) for 1990, the rate is the one which came into effect on July 1st. The average rates per year are reported for 1991, 1992 and 1993.

(d) Source: processing of data on industry in 5.5 taken from the "National Accounting Directory" for 1960/1969 and from the "General Report of the economic situation of the country" for the period 1970-1999. As of the year 2000, the data have been the result of the direct processing o the Istat Data Warehouse findings related to industry 5.5.

(e) the figures of the historical series of income are estimated on the basis of the data contained in the Report.

As of	Employed workers	Artisans	Retailers (*)	Short-term contracts (**)
01/01/2011	33%	20%	20.09%	26.72 (17%)
01/01/2012	33%	21.3%	21.39%	27.72 (18%)
01/01/2013	33%	21.75%	21.84%	28.72 (20%)
01/01/2014	33%	22.20%	22.29%	28.72 (22%)
01/01/2015	33%	22.65%	22.84%	30.72 (23.50%)
01/01/2016	33%	23.10%	23.29%	31.72 (24%)
01/01/2017	33%	23.55%	23.74%	32.72 (24%)
Since 2018	33%	24%	24.09%	33.72 (24%)

* The rate of the members of the Fund for retailers includes an increase by 0.09% (up to 2018), allocated to the so-called Fund for the scrapping of shops (art. 5, Leg. D. 207/1996) for the subjects who closed their business (and return their permit) and who are eligible to be indemnified with a minimum Inps pension for at least three years.

** Between parentheses the rate due by members of a pension fund or pensioners. The subjects with a VAT number had a reduced rate equal to 25.72% from 01/10/1995 to 31/12/1995.

In 2017 the contribution rates have changed for **self-employed workers** only.

Employed workers - The rate allocated to the Pension Fund remains set at 33%, of which 23.81 paid by the employers and 9.19 by the employees (with the sole exception of the quota paid by the employees that rose 10.19% in 2017 for a monthly remuneration exceeding 3,844 euros).

Artisans and retailers - The Monti-Forniero reform provides for a progressive increase in the contribution rate by 0.45%, starting from 2013 up to 24% in 2018. This means that in 2017, artisans will have to pay 23.55% out of their business income (stated) up to 46,123 euros and 24.55% on the share of income between

46,124 and 76,872 euros, that is the taxable ceiling for 2017. Retailers, whose contribution rate increased in 2017 by 0.09% to finance the rationalization of the commercial network (to promote the so-called shop scrapping) have to pay 23.64% out of their income up to 46,123 euros and 24.64% on the amount between 46,123 and 76,872 euros. In 2017, the minimum taxable income for calculating the contribution rate is equal to 15,548 euros, so the minimum contribution (including to be paid by maternity allowance) to be paid by artisans is 3,662 euros, while that of retailers is 3,676 euros.

Atypical workers - In 2017, the contribution rate due by atypical workers and by “partnership members” increased by 1% to reach 32.72%. Instead, those who are already insured or receive a direct pension remain with a contribution rate of 24%. Finally, the rate for VAT number holders “safeguarded” by the 2017 Budget Law goes back to 25.72%.

CONTRIBUTION RATES AND UPPER LIMITS

ALIQUOTE CONTRIBUTIVE E MASSIMALI		
Soggetti interessati	Carico contributivo 2016	Carico contributivo 2017
Lavoratori dipendenti	- 9,19% sino a 46.123 euro	- 9,19% sino a 46.123 euro
	- 10,19% da 46.123 in poi	- 10,19% da 46.123 in poi
Artigiani	- 23,10% sino a 46.123 euro	- 23,55% sino a 46.123 euro
	- 24,10% da 46.123 a 76.872 euro	- 24,55% da 46.123 a 76.872 euro
Commercianti	- 23,19% sino a 46.123 euro	- 23,64% sino a 46.123 euro
	- 24,19% da 46.123 a 76.872 euro	- 24,64% da 46.123 a 76.872 euro
Parasubordinati titolari di partita Iva non assicurati obbligatoriamente, né pensionati	- 27,72% entro il massimale di	- 25,72% entro il massimale di
	100.324 euro	100.324 euro
Parasubordinati non assicurati obbligatoriamente, né pensionati	- 31,72% entro il massimale di	- 32,72% entro il massimale di
	100.324 euro	100.324 euro
Parasubordinati già assicurati obbligatoriamente, o pensionati	- 24,00% entro il massimale di	- 24,00% entro il massimale di
	100.324 euro	100.324 euro
Associati in partecipazione	- 31,72% entro il massimale di	- 32,72% entro il massimale di
	100.324 euro	100.324euro

Subjects; Employed workers; Artisans; Retailers; Atypical workers with a VAT number without compulsory coverage, not retired; Atypical workers without compulsory coverage, not retired; Atypical workers with compulsory coverage or pensioners; Partnership members up to

2016 Contribution charges; 2017 Contribution charges; above/with an upper limit of

Focus n. 4: contribution-based calculation methods and new coefficients

The M.D of 22/06/2015 determined again the coefficients to be used from 2016 to 2018 for the calculation of the contribution-based pensions. Compared to the figures used in the 2013-2015 three-year period, the new coefficients go down from a minimum of 1.35% to a maximum of 2.50% depending on the retirement age. The contribution calculation method is the pivot of the 1995 Dini reform, under which benefits are closely linked to the contributions paid over the entire working life and they are no longer linked to the latest remuneration as was the case with the income-based system.

How does it work? The contribution-based method works roughly like a savings account. With the support by employers, workers set aside 33% of their annual remuneration (self-employed workers 24% of their income). The paid-in capital produces a kind of compound interest at a rate tied to the GDP five-year trend and to inflation. Therefore, the greater the Italian growth rate, the higher the yields to be used in the future. When workers retire, a conversion coefficient increasing with age is applied to the amount of contributions, that is to the adjusted sum of the payments made. The contribution-based method differs from the income-based one also for another fundamental aspect: a contribution ceiling, i.e. an upper limit beyond which contributions are no longer due and the pension is calculated up to the maximum contribution-based benefits. The ceiling is annually adjusted on the basis of the Istat consumer price index and the (provisional) figure for 2018 is equal to 101,528 euros. For example, this means that the 2018 annual provision for future pension benefits cannot exceed 33,204 euros for employed workers and 24,367 euros for artisans and retailers, 33% and 24% of the ceiling respectively. The original coefficients under Act 335/1995 should have been reviewed and updated following the life expectancy trend (calculated by Istat) every 10 years. Therefore, the

first revision should have taken place in 2006. But nothing was done until 2010. In fact, as of 01/01/2010, the Prodi-Damiano reform (art.1 p.14 of Act 247/2007) introduced new coefficients to be reviewed every three years until 2018 and every two years starting from 2019. Pensions will be proportional to the total contributions paid until retirement. In order to get higher benefits, workers have to continue their you active life for a few more years compared to the past, as required by the current legislation precisely because life expectancy is longer. A typical example: in order to obtain the same coefficient provided for in the original Dini law at 65 years of age, workers need to work 4 more years up to 69 years in the three-year period 2016-2018; but since life expectancy has increased by more than 5 years, retirees will benefit from their pension benefits for 5 more years.

Old and new coefficients

<i>Age</i>	<i>1996-2009</i>	<i>2010-2012</i>	<i>2013-2015</i>	<i>2016-2018</i>
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)

N.B.: The percentage reductions. The coefficients of the three previous years is indicated between parentheses.

Appendix 2

The definition of pension expenditure in this Report and other definitions

There are several definitions of *pension expenditure* produced by a number of institutions. Each of them responds to specific goals and, in some cases, it depends on the availability of data. Below is a list of definitions currently in use and the explanation of the differences of *some expenditure aggregates*:

A) Istat Statistica – Istat-Inps Publication - “Retirement benefits”⁹⁰.

Benefits included in the aggregate:

IVS pensions: disability, old age and survivors’ pension benefits for workers who have fulfilled their age and contribution requirements (direct disability, old age and seniority benefits). In case of death of workers or pensioners, these benefits may be paid to survivors (indirect pensions).

Indemnity pensions: pensions for accidents at work and occupational diseases, including veterans’ pensions and gold medal allowances. These pensions are designed to indemnify the subjects in case of different levels of disability or death (in this case benefits are paid to survivors) caused by an industrial accident. The right to these benefits and their amount are not related to the years of contributions but to the damage suffered and to remuneration.

Welfare pensions: pensions such as: *veterans’*, *blind and deaf civilian’s*, *disabled civilian’ benefits* and *social pensions* or *allowances to subjects over 65 years of age without or with insufficient income*. The main goal of these pensions is to guarantee a minimum income to people unable to obtain it due to congenital or acquired impairments or simply due to old age. In any case, these pensions are not linked to any contribution system. *They also include carers’ allowances* (which are not pensions) for people unable to deal with daily activities because of their age.

Pensions of merit: life-annuities to veterans who received the Order of Vittorio Veneto award, the Medal award and the Cross for military excellence. These pensions are not linked to any contribution system.

Pensions paid by private institutions: they do not include benefits paid in the form of capital, since these benefits do not fall within the definition of “pensions”⁹¹.

Measured values

The number of pensions as of December 31 of each year and the expenditure expressed as the sum of the pension amounts in December multiplied by the number of months in which the payment of the benefit occurs (so-called “expenditure at year-end”). The monthly amount on December 31 includes: the basic amount, the increase related to the cost of living and to remuneration trends, family allowances and other allowances and arrears.

B) Aggregate of “pensions and annuities” contained in the **General Report on the economic situation of the country** and in the **Accounts of Social Security**⁹².

Benefits included in the aggregate:

The item *pensions and annuities* includes IVS pensions, net of benefits and annuities resulting from industrial accidents (INAIL, IPSEMA, the military, etc.). Among IVS benefits, it includes the provisional pensions paid to the military directly by the State and the pensions paid by constitutional bodies and by the Regions (Sicily in particular) to its former employees. It does not include veterans’ pensions, welfare pensions (social pensions and allowances and disability pensions and allowances) and those of merit.

Measured values

The expenditure is expressed as the sum of the actual payments net of family allowances, of recovery of benefits and of the proceeds from the non-cumulation rule.

⁹⁰ The data analysed come from the INPS administrative archive – Central Registry of Pensioners– that collects all the data on pension benefits provided by all Italian pension schemes, both public and private. The latest Istat data have been processed to obtain a disaggregation by type of institution that is different from the one published in the past; in fact, the data have been processed according to another classification that is more in line with the SEC95 criteria.

⁹¹ Periodical and continuous benefit in cash individually paid by public institutions and private organizations.

⁹² This aggregate is separately referred to all institutions and to individual public institutions. Here only the latter is analysed.

C) Eurostat – Pension Expenditure

Benefits included in the aggregate:

The aggregate is largely equivalent to the definition of Istat Statistica, with the exception of carers' allowance paid to the disabled civilians.

Measured values

The expenditure is expressed as the sum of the actual payments net of family allowances, of recovery of benefits and of the proceeds from the non-cumulation rule.

Old age and survivors functions (sometimes misused as an indicator of pension expenditure) - **Benefits included in the aggregate:** The aggregate, often considered for international comparisons, is the sum of disbursements that Eurostat ranks in terms of *old age* and *survivors'* function. In addition to direct expenditure on IVS pensions (with the exception of disability pensions paid before the retirement age and of the early retirement share classified under “Unemployment”), the *old age* function includes: the annual payments by private and public employers for termination of employment benefits (they are not pensions but disbursements by employers not necessarily linked to the old-age function, but to termination of employment⁹³), some expenses for services provided for the old-age function, supplementary pensions paid by private pension funds. In addition to IVS indirect pensions, the *survivors'* function includes indirect veterans' pensions and indirect accident-related annuities.

Measured values

Expenditure is expressed in terms of the sum of the actual payments (or benefits) net of family allowances, of the recovery of benefits and of the proceeds from the non-cumulation rule.

Old age, survivors' and disability functions (sometimes misused as an indicator of pension expenditure) - **Benefits included in the aggregate:** the aggregate, often used in international comparisons, comprises the sum of disbursements that Eurostat ranks in terms of *old age*, *survivors'* and *disability* function. In addition to direct expenditure on IVS pensions (with the exception of disability pensions below the retirement age and the early retirement share classified under “Unemployment” (as previously mentioned), the *old-age* function includes: the annual disbursements by private and public employers for termination of employment benefits TFR (which are not pensions but capital disbursements not necessarily linked to the old-age function, but to termination of the employment, as previously stated), some expenses for services provided to protect the old-age function, supplementary pensions paid by private pension funds⁹⁴. In addition to IVS indirect pensions, the *survivors'* function includes indirect veterans' pensions and indirect accident-related annuities. In addition to IVS disability and invalidity pensions below the retirement age, the *disability* function also contains benefits such as accident-related annuities, disability benefits (including carers' allowances).

Measured values

The expenditure is expressed in terms of the sum of the actual payments (or benefits) net of family allowances, of the recovery of benefits and of the proceeds from the non-cumulation rule.

D) The definition of this Report is identical to that used in the Reports drafted until 2012 (years analysed: 2009/10) by the Pension expenditure evaluation unit (NVSP).

Benefits included in the aggregate: This report analyses the structural and financial elements of the IVS mandatory pension system. The definition of pension expenditure includes: the provisional pensions paid to military personnel directly by the State but it does not include the pensions paid by the constitutional bodies and by the Regions (in particular Sicily) to its former employees. It also includes the benefits provided by some special funds integrated into INPS, such as Enpam and Enasarco.

Measured values

The expenditure is expressed as the sum of the actual payments net of family allowances, of the recovery of benefits and of the non-cumulation rule. Pension expenditure is shown both before and after the contributions from the State (GIAS and State contribution to the Fund for civil servants within INPDAP).

⁹³ In the private sector, for example, the average retention rate in the same company is about 7-8 years. On the whole, also considering the public sector, this figure vs. GDP is equal to about 1.3%.

⁹⁴ Even *survivors* and *disability* include benefits paid by private institutions.

E) The State General Accounting Department (RGS)

Benefits included in the aggregate:

The short and medium-terms projections of the pension expenditure/GDP ratio issued by the State General Accounting Department adopt a definition of pension expenditure, which includes IVS pensions, net of capital-based benefits, provided by public institutions (including the expenditure for provisional pensions paid to military personnel directly by the state, by the constitutional bodies and by the regions (in particular Sicily) to their former employees and social pensions (social allowances since 1995). This last component is added because it is closely related to the aging of the population. The same aggregate is adopted in the projections on the accounts of the Public Administration published annually in the public finance official documents (in particular the DPEF), with the breakdown of “social benefits” in “pension expenditure” and “expenditure on other social benefits in cash”.

Measured values

The aggregate expenditure is the sum of the actual payments, net of the recovery of benefits, of family allowances and of the proceeds from the non-cumulation rule.

Appendix 3: The calculation formula for the contribution-based method

$$TC_x = \frac{1}{\Delta_x}$$

$$\Delta_x = \frac{\sum_{s=m,f} a_{x,s}^{v(t)} + A_{x,s}^{v(t)}}{2} - k$$

Current average value of direct pension¹:

$$a_{x,s}^{v(t)} = \sum_{t=0}^{w-x} \frac{l_{x+t,s}}{l_{x,s}} \left(\frac{1+r}{1+\sigma} \right)^{-t}$$

Current average value of survivors²:

$$A_{x,s}^{v(t)} = \sum_{t=0}^{w-x} \frac{l_{x+t,s}}{l_{x,s}} q_{x+t,s} \left(\frac{1+r}{1+\sigma} \right)^{-t} \Theta_{x+t,s} \eta \delta_s \sum_{\tau=1}^{w-x-t+\varepsilon_s} \frac{l_{x+t+\tau-\varepsilon_s,s}^{ved}}{l_{x+t+1-\varepsilon_s,s}^{ved}} \left(\frac{1+r}{1+\sigma} \right)^{-\tau}$$

where:

TC = transformation coefficient

Δ = divisor

s = gender (m=men, f=women)

$\frac{l_{x+t,s}}{l_{x,s}}$ = probability to survive between x age and $x+t$ age

x = retirement age

w = maximum age

$q_{x+t,s}$ = probability to die between $x+t$ age and $x+t+1$ age

$\Theta_{x+t,s}$ = probability to leave the family for a subject of $x+t$ years of age

$l_{x+t,s}^{ved}$ = probability of the survivor to be cancelled due to death or remarriage

k = correction to take account of the way in which pensions are provided (1 month in advance, 2 months in advance, 1 year in advance and so on)

ε_s = difference between the age of the deceased and the age of the spouse

η = survivors' quota

δ_s = Percentage reduction of the survivors' quota due to income requirements

r = internal rate of return

σ = indexation

$\left(\frac{1+r}{1+\sigma} - 1 \right) =$ discount rate

It is interesting to note that if $r = \sigma$ e $k = 0.5$, $a_{x,s}^{v(t)} - k$ coincides with the pensioner's life expectancy at retirement. Moreover, it shows the number of annual pension instalments that will be received by the pensioner.