

REPORT n.6 2019

THE ITALIAN PENSION SYSTEM

Financial and demographic trends of the pension
and welfare system in 2017

Curated by the Research and Study Centre of Itinerari Previdenziali

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Focus 2: Pension indexation;

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Focus 5: Historical series of liquidated pensions and the situation of the current pensions.

Appendix 2: The definition of pension expenditure in this report and other definitions;

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Attachments on the website www.itinerariprevidenziali.it

- 1) Detailed Tables on **Privatized Funds** from 1b to 6d;
- 2) Tables from 1a to 6a, between **1989 - 2000, historical series**;
- 3) Detailed Tables on public system indicators from B1a and B1b to B27a and B27b; **historical series**;
- 4) Graphs from 1989 to 2017 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 sixth edition of the Report on the "*Italian pension system*", the only publication which provides a very broad 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 over half of public expenditure as a whole.

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 *VI 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 **2017**, 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 del 1994 e n.103 del 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 **29 years**. As a result, the Report is able to highlight short, medium and long term trends also in terms of financial

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, NUVASP'S large library was lost together with its enormous data bank created in over 15 years. Its web site too is no longer visible. It included the historical series of the reports and the database with the complete trends from 1989 to 2010. "

² The data processing necessary 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".

sustainability and of adequacy of benefits on the basis of public and complementary substitution rates and total expenditure/GDP ratios.

The overview of the pension and welfare system is finally complemented by some data on the "life annuities" received by Italian 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, and, as pointed out, of other categories regulated by rules that are not fully homogeneous with the general system. The available data are sometimes not complete because these institutions often do not communicate the information to the general registry managed by the Ministry of Labour through INPS, even though this is required under Act n. 243/04.

Finally, the Report analyses the performance of the ***Welfare Benefit Scheme (GIAS)*** and of the ***Temporary Benefit Scheme (GPT)*** income support benefits funded by the production sector and by general taxes, of INAIL and of Health Expenditure. It also features a particular insight in active and passive support measures for workers provided through solidarity, inter-professional and bilateral funds.

In conclusion, the Report provides for 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 in 2018.

1. Pension expenditure from 1989 to 2017

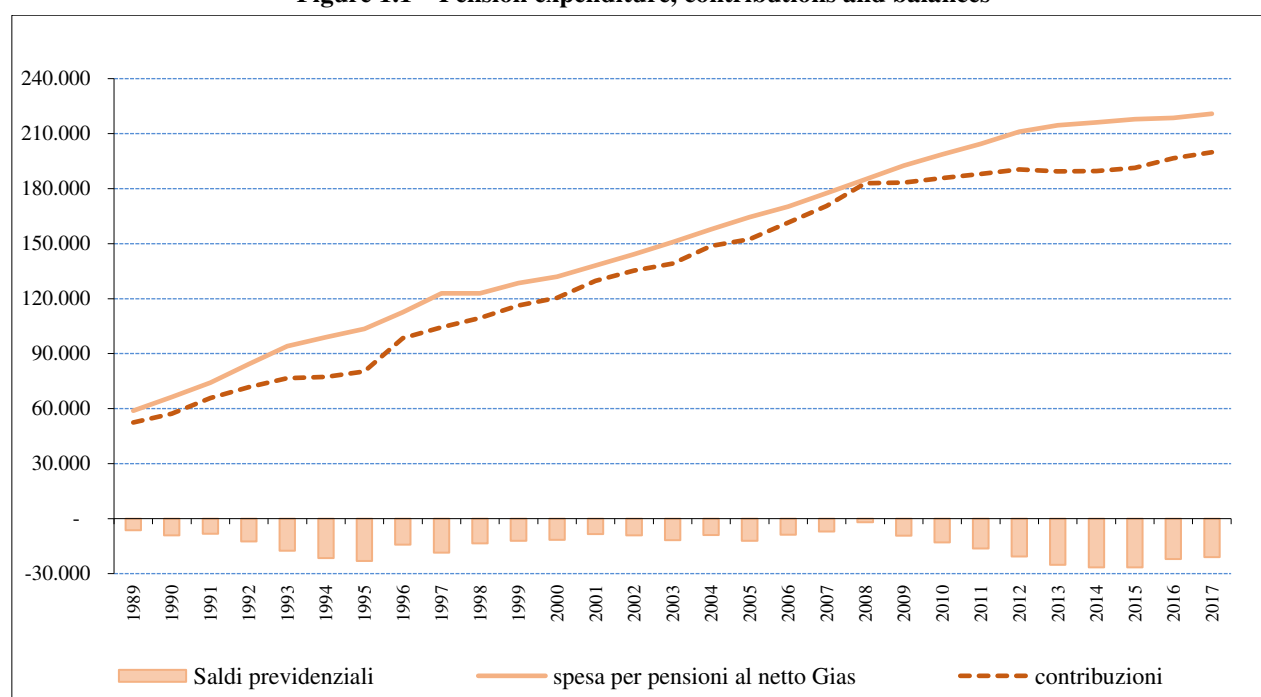
1.1 Trends of the compulsory pension system from 1989 to 2017

In 2017, the “total pension expenditure”¹ of all compulsory public and private funds, as will be detailed in Chapter 2, amounted to 220.843 billion euros, with an increase by 2.339 billion euros with respect to 2016, equal to 1.07%. Considering the welfare benefits provided by GIAS in the form of pensions, total expenditure rose to 256.425, with an increase (+1.06%) that was almost identical to pension expenditure alone. The data show that, in 2017 pension expenditure had a slight acceleration with respect to the previous three years (2014-2016), when average growth was equal to 0.6%.

In 2017, contribution revenues amounted to 199.842 billion euros, an increase by 3.320 billion over the previous year, equivalent to 1.69%. These changes confirm the trend that has emerged since 2014, i.e. that the slight economic and employment recovery has fuelled the growth of contribution revenues which had plummeted at the peak of the crisis.

By excluding the welfare benefit expenditure financed by GIAS, which amounted to 35.582 billion euros, contribution revenues and benefit expenditure show a negative balance amounting to 21.001 billion euros. By adding this deficit and the welfare component, the expenditure that is not financed by contributions, that is borne by taxpayers was equal to about 56.6 billion euros, with a persistent accounting imbalance in the pension system, even if with major differences over the period analysed.

Figure 1.1 – Pension expenditure, contributions and balances



Balances; Expenditure before GIAS; Contributions

¹ In the classification adopted here, “total pension expenditure” includes the benefits deriving from the contributions paid and the welfare benefits/supplementary benefits financed by public transfers and charged to the accounts of GIAS. See Appendix n. 2

Figure 1.1 shows the trend of pension expenditure, of contribution revenues and of accounting balances for the whole period considered. It is possible to see that expenditure and revenues have diverging trends and balances deteriorated until 1995.

Since then, the reform Law n. 35 of 2015 (Dini Law) has led to gradually converging trends in terms of revenues and expenses, up to almost balanced financial and economic results for the system in 2008². However, afterwards, the consequences of the prolonged crisis became very evident mainly due to the abrupt halt in contribution revenues, with a further deterioration of the accounting balances, which started improving again thanks to the slight economic recovery of the last three years.

The above-mentioned deficits in absolute terms are not an appropriate indicator to compare the extent of the financial disequilibrium of the pension system over a rather long period of time; in fact, these figures result from the difference between two aggregates, contribution revenues and benefit expenditure, that are indicated as nominal figures and hence are affected by price variations. In order to understand the real extent of these deficits, it is preferable to compare relative figures and in particular, the percentage weight of operating imbalances on total pension expenditure.

Figure 1.2 - Operational imbalances as % of pension expenditure

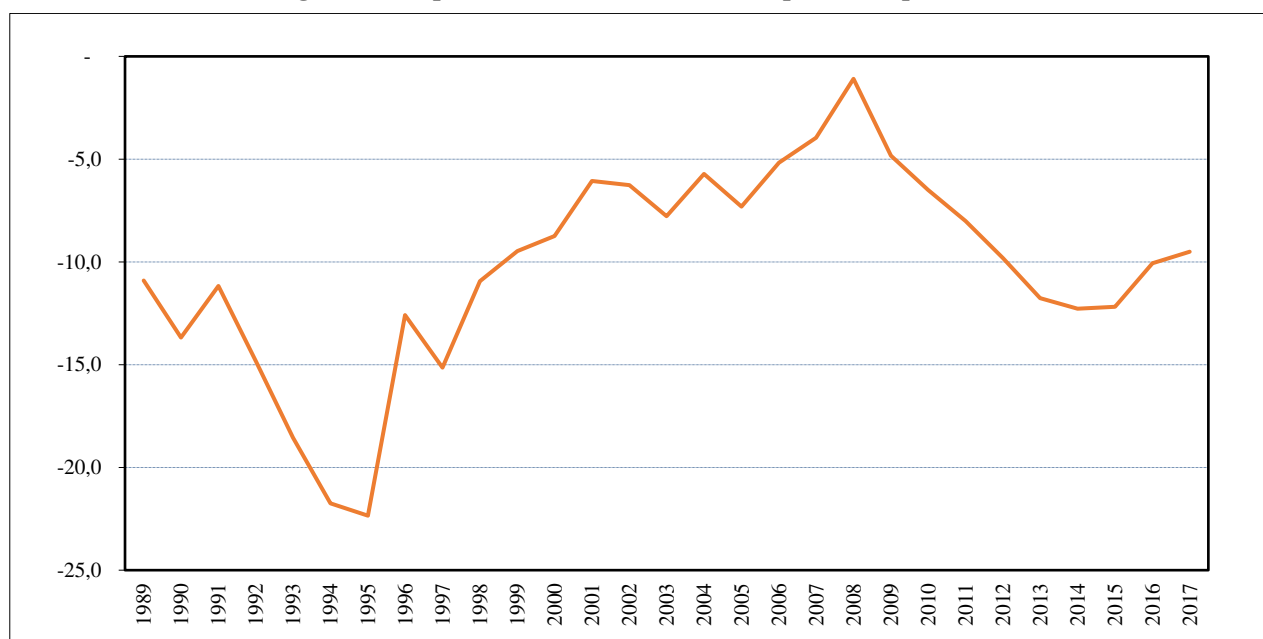


Figure 1.2 shows that the histograms fluctuate similarly to the ones in the previous figure, but the figures indicate that these imbalances, which significantly deteriorated during the crisis, never reached the very poor performance of the early 1990's. This highlights that the reforms have been instrumental in keeping pension expenditure under control, in a system which requires to be carefully monitors in terms of its current and long-term financial equilibrium.

² As already indicated in the previous editions of this Report, after the Dini reform, the effects were not actually produced by the shift to the contribution-based method, but to the changes to indexation, to a progressive increase in retirement age, and to the containment of disability pensions under Act n. 222 of June 12 1984.

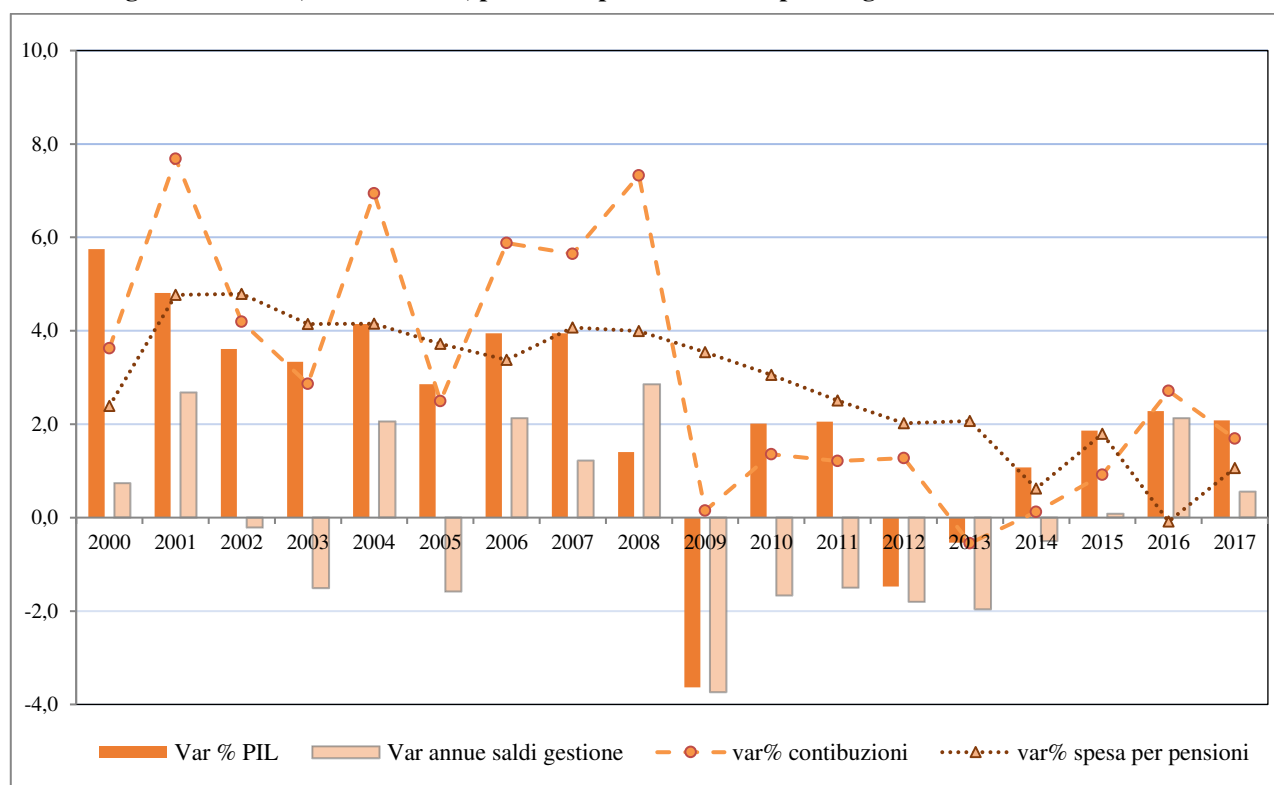
The reasons behind the unstable pattern of operating imbalances can be derived from **Figure 1.3**, that illustrates the annual variation rates of nominal GDP, contributions and pension expenditure and their balances as of the year 2000. It is possible to see that while pension expenditure appears to be increasingly under control and more stable as a result of the reforms, contribution revenues feature a far more unstable pattern, with fluctuations linked to GDP, thus confirming the cyclical nature of the main flow of the pension system and so the tendency to see a greater imbalance when the economy slumps.

It is possible to see the role of contribution revenues in determining operating balances and hence their sensitivity to the economic cycle at different times. See for example, the slump in 2003 and in 2005, but in particular the effects of the long crisis which started in the second half of last decade.

As can be seen, revenues stopped growing in 2009 and indeed dropped in 2013, only to partially pick up again with respect to the early observation period, starting from 2014.

Thanks to the structural effects of the reforms, expenditure tended to decrease throughout the period considered. However, in the years in which the economy did not grow, or in which GDP became negative, the lower revenues led to a deterioration of pension imbalance.

Figure 1.3 – GDP, contributions, pension expenditure and operating balances: annual variations



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

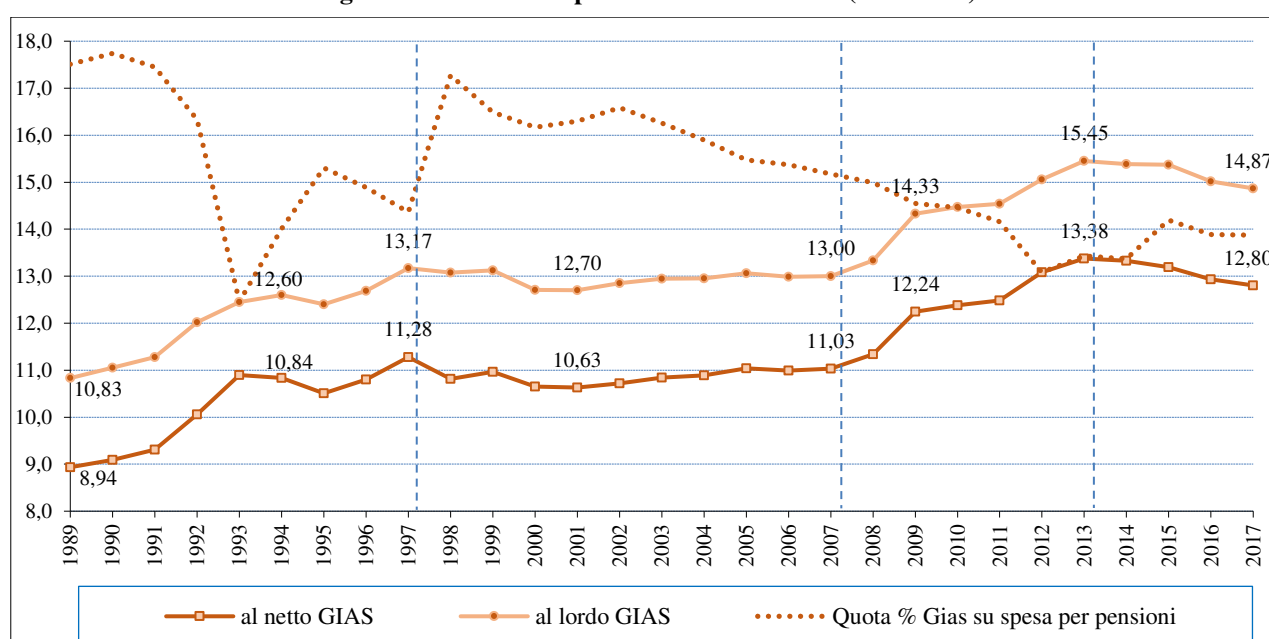
In the last three years, the combination between the pension expenditure downward trend and the GDP variable and decreasing growth rate can be seen in their ratio, which is monitored at a European level to assess the financial viability of pension systems. This ratio is indicated in **Figure 1.4** which shows pension expenditure before and after welfare measures. It is clear that, in the 29 years considered, pension expenditure has grown vs. GDP by about 4%, from 10.83% in 1989 to

14.87% in 2017. The increase in this ratio was almost identical considering expenditure net of GIAS welfare measures. In particular, the dotted line shows that, in the same period, these welfare measures did not have the same pattern: after an initial phase characterised by a certain degree of instability in which they exceeded **17%** of the whole expenditure, these welfare benefits dropped until 2012 and then they stabilized at around **14%** in the last five years.³

These curves indicate that also the ratio of pension expenditure vs. GDP progressively increased over time, but with different growth rates. In fact, this ratio significantly increases until 1997, when from 10.8% to 13.2%.⁴

Starting from this year, this ratio remained stable for about a decade at about 13%. With the crisis, it picked up again to reach over 15.4% in 2013. In the last four years, with the economic recovery, there was a slight but significant reversal of this trend, with pension expenditure that dropped by over 0.5% vs. GDP.

Figure 1.4 - Pension expenditure as % of GDP (SEC 2010)



Before GIAS; After GIAS; GIAS as % of pension expenditure

The average variation rates of pension expenditure and GDP shown in **Figure 1.5** explain the reasons for the different patterns of this ratio in the time periods that fall between the dotted lines of

³ These trends are confirmed for the whole period considered by the annual compounded growth rates, with a nominal rate of 4.84% for pension expenditure, 3.8% for GIAS and 3.50% for GDP.

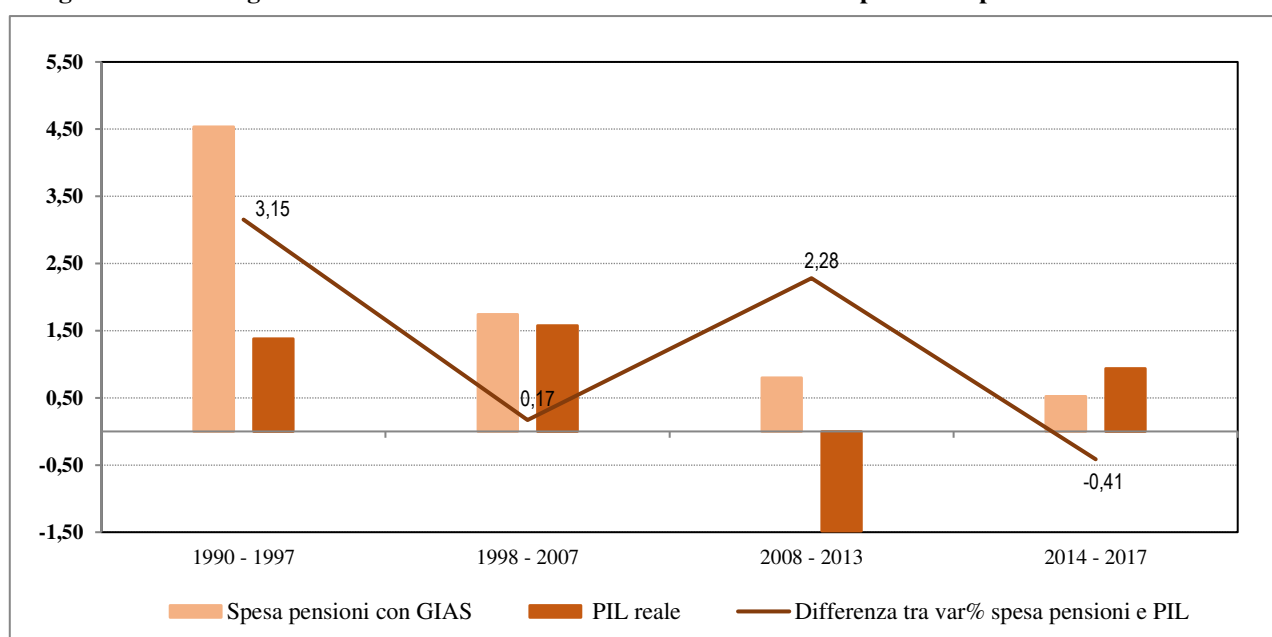
⁴ The temporary reversal of the trend in 1995 was caused by the halt to seniority retirements (Art. 13, par. 1 of Act n. 724 of December 23 1994), that was then repealed after about six months with the general reform of the pension system (Act 335/95).

Figure 1.4. In order to compare the different time periods, variation rates are derived from these two parameters expressed in real terms.⁵

This figure shows 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, that is from 1998 to 2007, the Dini reform and other measures mainly designed to raise the retirement age led to curb pension expenditure, with an annual average growth rate of + 1.7%, similar to that of GDP (+ 1.6%). The convergence of pension expenditure and GDP rates made it possible to maintain this ratio substantially stable for more than a decade up to 2007, as indicated in **Figure 1.4**.

Since 2008, with the economic crisis, this ratio has picked up again. The reasons for this change were not actually due to the pension expenditure growth rate which further diminished from 1.7% to 0.8%, but mainly due to the drop in GDP from 2008 to 2012, -1.5% on average per year. Finally, in the last four years, that is from 2014 to 2017, with a further drop in pension expenditure by **0.5%** per year and a still shaking economic recovery with a GDP growth rate of 0.9% per year, this ratio showed a diminishing pattern, even though it remained higher than the pre-crisis level by 1.9%.

Figure 1.5 – Average annual variation rates of GDP in real terms and of pension expenditure net of inflation



Pension expenditure with GIAS; Real GDP; Difference between % var, of pension expenditure and GDP

The graphs in **Figure 1.6** better show the “structural” factors which led to the above-mentioned progressive slowdown in the expenditure growth rate in the period considered. First of all, the average pension benefits in real terms had a constant growth throughout this period. The

⁵ 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).

average yearly growth was equal to 1.75% vs. a real GDP growth rate of 0.75% over the same period.

Figure 1.6 - Number and average real amounts of pensions and ratio of pension vs average income (Index: 1989 - 100)



N. of pensions; Real value of the average pension; Average pension/average income

In other words, average pensions grew more than double with respect to GDP and this more rapid upward trend had a greater impact on GDP; however, this mainly highlights that in an almost exclusively income-based system, which follows rules that are not in line with the performance of the economy, there is practically no correlation between the patterns of pension expenditure and of GDP. Further evidence of this can be found in the ratio of average pension vs. average income: this ratio remained almost stable for a long period of time, but then went up with the beginning of the crisis. This shows that whereas the deterioration of the economy slowed down the income growth rate for each worker, the amount of pension benefits was still calculated on the basis of the income only related to a certain part of the career and not the current income, without considering the economic cycle.

Another two factors concurred to the average pension trends. The main one concerns the effect of turnover among pensioners, i.e. the demographic changes that led to more structured contributory careers for calculating the new pensions with respect to the past, hence with a higher amount on average. The other increasingly important factor is the more and more stringent retirement age requirements with more years of seniority and higher transformation coefficients for the benefits based on the contribution system, thus increasing the value of the parameters for calculating the income-based benefits and mitigating the impact of the new calculation method on the amount of benefits.

Moreover, the higher retirement age was the real determining factor in containing pension expenditure. In fact, as clearly illustrated in the graphs, already at the start of the new century, there was first a decline in growth and then a reduction in the number of pensions paid, which is the natural consequence of the progressive tightening of requirements for retirement.

In order to assess the role and the trends of pension expenditure, a further element of comparison is given by the share of pension expenditure with respect to total public expenditure and by its trend with respect to that of the other main items in the phases already mentioned above. This information can be obtained from *Table 1.1*, which illustrates, for each period, the percentage share of pension expenditure of total expenditure of the Public Administration, as well as the average annual changes of other social benefits, of current expenditure net of interest expenditure and of remuneration for employed workers.

Table 1.1 - Average annual variation rates (current prices)

Periods	Pension expenditure % share of PA expenses (start and end of the period)	Mean of annual variation rates			
		Pension expenditure	Other social benefits	PA expenses net of interest expenditure	Remuneration of employed workers
1990-1997	22.0 - 27.6	9.2	5.2	4.5	6.3
1998-2007	28.1 - 28.0	3.8	5.8	5.2	3.3
2008-2013	28.1 - 30.2	2.9	2.9	1.2	0.1
2014-2017	30.2 - 30.5	0.8	3.3	1.0	-0.1

The data show that in the initial phase, the share of pension expenditure with respect to total public expenditure increased by more than five percentage points in just eight years, from 22% to 27.6%. The average variation rates confirm the existence of a large gap between the curves of pension expenditure and those of other items. From 1998 to 2007, on the other hand, the share of pension expenditure did not increase any longer, with lower variations vs. other social benefits and total current expenditure net of interest expenses.

In the third period, the years of the economic crisis, the combined effect of expenditure containment measures, the so-called "austerity" and the inertial increase in pension expenditure linked to the calculation rules and also to the protection of vested rights, led to a rise in this ratio. Pensions and other social benefits increased faster than the rest of public expenditure and the share of pension expenditure vs. total expenditure increased further by two percentage points. Finally, since 2014, while other social expenses accelerated, pension expenditures remained almost in line with total expenditure, with a variation rate that exceeded only the one of the remuneration of public employees, which decreased in the same period.

As already pointed out in the previous Report, it is not easy to interpret the mismatch of the curves of various public expenditure items. By focusing on two particular periods, the one of pension reforms and that of the crisis, it is possible to assume that some public expenditure aggregates are more rapidly influenced by the economic cycle and by the economic policy measures adopted, while the reforms designed to keep pension expenditure under control mainly have an effect in the medium/long term, since inertial trends tend to be strongly conditioned by the pre-existing regulatory framework.

The importance of the GDP growth rate on the financial equilibrium of the pension system has been stressed above, especially in terms of the negative consequences of the economic slowdown during the crisis on pension expenditure and operating balances. In addition to these

considerations, it should also be noted that in a system in which the share of pensions calculated with the contribution method progressively increases, changes in GDP have a direct impact on the accumulation of the pension amount and, therefore, on the amount of benefits that subjects accrue during their working careers⁶.

Figure 1.7 - Nominal and real capitalization rate of the contribution amount

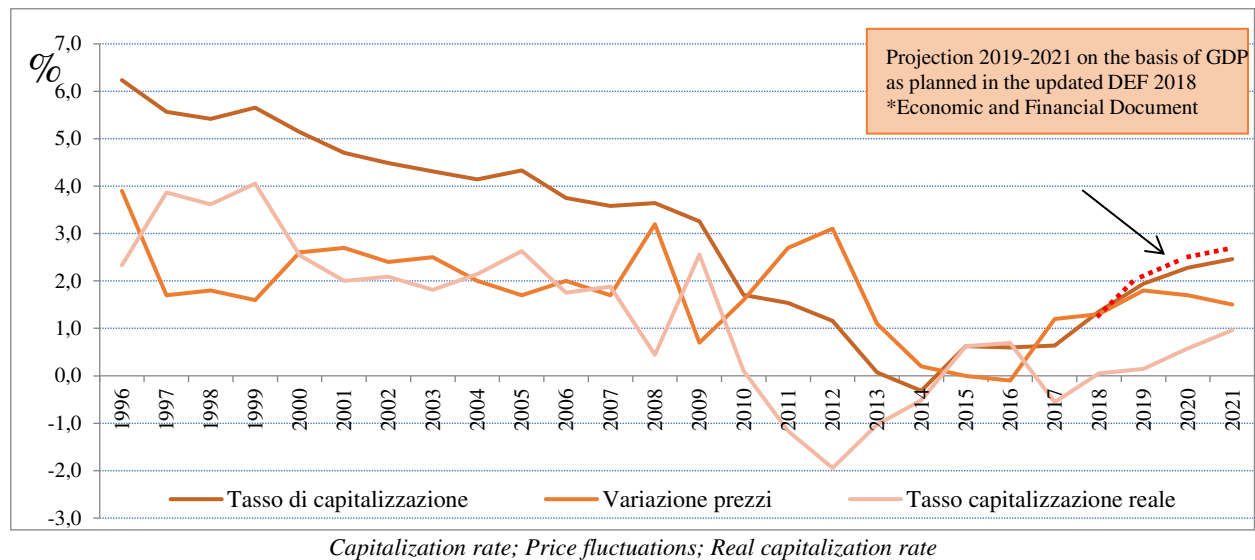


Figure 1.7 illustrates these effects and, in particular, the consequences of GDP growth which, in addition to the sharp slowdown in the years of the crisis, has been well below the expectations formulated with the introduction of the new calculation method since from the beginning of the new century.

The figure shows the capitalisation rate of pension amounts starting from 1996, the year following the Dini reform and the application of the new calculation method⁷.

In addition to the effective annual rate up to 2017, this figure includes the projections up to 2021, taken from the Update Note to the Economic and Financial Document (NADEF)⁸, both on the basis of trend and planned figures. Moreover, it shows the real figures, obtained by deflating nominal capitalisation rates with the ISTAT price index for households of workers and employees (FOI without tobacco) until 2017 and with the GDP deflator for the years 2018-2021, also derived from the 2018 NADEF.

⁶ The Dini reform of 1995 established that, in the contribution-based system, the contributions that are paid every years as a percentage of the taxable base be added to the contribution amount accrued and that this amount be adjusted every year with a capitalization rate equal to the average nominal GDP variation rates in the previous five years (Par. 9, Art. 1 of Act 335/1995).

⁷ The Dini reform (Act 335/1995) envisaged the full application of the new calculation method for the workers who started paying their contributions after 31/12/1995. For those who already had 18 years of contributions by this date, the previous income-based calculation system was maintained, while a pro-rata system was adopted for the subjects who had not reached this contribution seniority. The Fornero Law (Art. 24 of L.D. n. 201 of 6/12/2011) extended the contribution-based method as of 1/1/2012 to all the workers who had previously maintained the old calculation approach.

⁸ Ministry of the Economy and Finance, *Updated Note to the 2018 Document of the Economy and Finance*, Rome, September 2018.

As can be seen, nominal capitalisation rates remained above 3% until 2008, before gradually turning negative in 2014⁹. With the slight economic recovery over the last four years, nominal capitalisation rates have turned back positive. The 2018-2021 forecasts indicate that the favourable trend is expected to continue, all the more so if the expansive measures of the new government have the planned short-term effect on growth, as can be seen from the dotted line of the upward trend from 2019 onwards.

However, there are reasons to be concerned. First, the latest forecasts by domestic and international organizations and the latest ISTAT data reveal a generalised slowdown in the economy for the next quarters, with future growth rates expected to be lower than those assumed in the 2018 DEF. Moreover, if the real capitalisation rates are considered, i.e. the rates deflated by the price effect (dotted line), the real increase in the amount is proceeding slowly and, above all, with increasing instability and negative patterns as occurred in the years of the crisis. Since the development of the amount is instrumental in the future adequacy of pension benefits, it is crucial for decision-makers to constantly monitor these aspects.

1.2 Trends of pension schemes for the main categories over 29 years

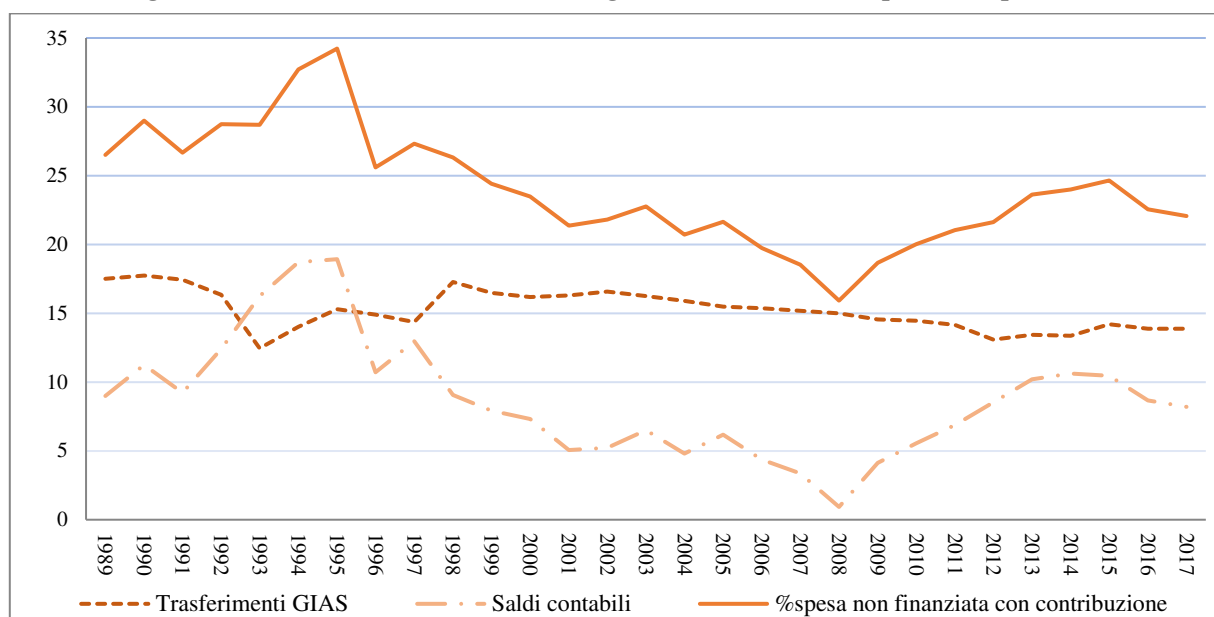
As previously pointed out, the numerous measures adopted by the government from 1993 to 2011 had a significant impact on pension expenditure; in fact, before the reforms, pension expenditure grew by more than 4.5% per year in real terms. Despite the adjustments implemented, also in 2017, the last year analysed here, the state had to finance, through general taxes, part of pension expenditure of more than 65 billion euros.

It should be noted, however, that this persistent financial imbalance does not characterise the main categories of workers in a uniform manner, but there are very different situations and trends to be clarified. To this end, before moving on to data on the main categories of compulsory pension schemes, it is useful to review in aggregate data on the different sources of financing of total expenditure. As already mentioned, expenditure has two substantial components: the main one related to pensions that can be assimilated to an insurance scheme to be financed by contribution revenues; the second one related to welfare and solidarity, which should be financed by general taxes. In the current situation of the Italian pension system, however, there are two aspects that make this distinction unclear. The first one is the classification of the pension and welfare expenditure items that is still characterised by some interpretation issues still to be resolved, although there is a scheme designed to finance welfare expenditure (GIAS) that has been operating for about thirty years. The second one is related to some pension schemes that systematically have negative balances that are not financed by contributions but by taxes.

Leaving aside the lack of a clear definition and determination of the classification, a distinction can still be made in the sources of financing between the contribution revenues partly derived from the work-related income of members in pension schemes, that is the share of self-financing of each individual fund, and the transfers from the GIAS that are used to repay the current operating deficits and represent the financial resources that the public tax system puts into the pension system.

⁹ Law Decree 65/2015, Article 5, paragraph 1 established that: «in any case, the adjustment coefficient of the contribution amount shall not be lower than one, except for the sums recovered from subsequent adjustments».

Figure 1.8 – GIAS transfers and accounting balances as % of total pension expenditure



GIAS transfers Accounting balances % Expenditure not financed by contributions

Figure 1.8 shows the trends of the different sources of financing of the pension system over the entire period examined. As illustrated the GIAS transfers are significant; since the end of the 1990s, these have accounted for almost the same percentage share, close to **14%** of total expenditure. On the other hand, operating balances have a more fluctuating pattern, reaching a peak just below 19% of total expenditure in the worst years (1994/1995) and a trough below 1% in 2008. By removing the sum of GIAS transfers and operating balances (continuous line **Figure 1.8**) from total expenditure, it is possible to obtain the share of pension expenditure self-financed by contributions ranging between a minimum of 65.8% in 1995 and a maximum of 84.1% in 2008¹⁰.

The same distribution of the sources of financing of total expenditure (pension and welfare), in which the share financed by the contribution revenues is a "self-financing capacity" indicator while the share funded by tax revenues is a sign of the "current imbalance", can be adopted by disaggregating the entire pension system into the main categories of pension funds' members.

¹⁰ For the sake of consistency in the data of the historical series, part of the expenses of Public sector employees is included in the benefits even if it is borne by GIAS (ex Art.2, par. 4, of Act 183/2011). However, this has no effect on the classification between expenses self-financed by contributions and external resources (GIAS + accounting balances).

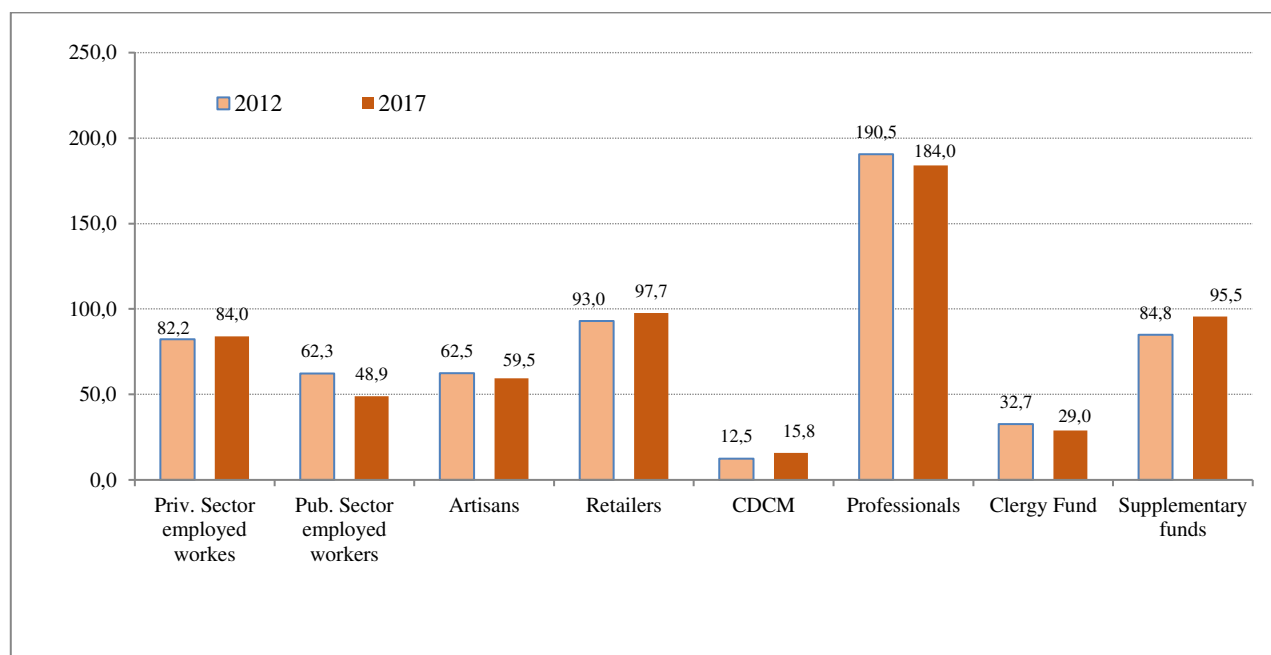
Table 1.2 - Sources of financing of total pension expenditure (2017)

Categories of pension funds' members	Total pension expenditure	Contributions	GIAS transfers	Balance	Contributions	GIAS transfers	Balance
	Absolute figures				as % of total public expenditure		
Private sector employed workers	147,420	123,792	27,296	3,668	84.0	18.5	2.5
Public sector employed workers	78,313	38,283	9,613	-30,417	48.9	12.3	-38.8
Artisans	14,272	8,495	2,564	3,213	59.5	18.0	-22.5
Retailers	11,161	10,906	1,472	1,217	97.7	13.2	10.9
CDCM	8,070	1,272	4,101	-2,697	15.8	50.8	-33.4
Professionals	4,476	8,236	0	3,760	184.0	0.0	84.0
Atypical workers	993	7,654	127	6,788	770.8	12.8	683.6
Clergy Fund	107	31	10	-66	29.0	9.3	-61.7
Total for Supplementary Funds	1,227	1,172	12	-43	95.5	1.0	-3.5
Total	266,039	198,841	45,195	-21,003	75.1	17.0	-7.9

Table 1.2 shows this disaggregation for 2017 and highlights a very different situation for the different categories¹¹. In four categories (employees, retailers, professionals and atypical workers) revenues were higher than total expenditure and therefore achieved positive balances. For employed workers and retailers, contribution revenues were lower with respect to total expenses by 16% and 2.3% respectively and the surplus was obtained thanks to the scheme from which transfers of 18.5% and 13.2% of total expenditure were received. The schemes for professionals financed the total pension benefits without welfare transfers and reached a substantial credit balance equal to 84% of the benefits provided. The result is due to a high ratio of the number of active contributors vs. the number of pensions paid, typical of professional funds which include categories that are still growing. This peculiarity is even more evident for the fund for atypical workers, where in 2017 the contribution income was a multiple equal to 7.7 times the number of pensions paid.

¹¹ In *Table 1.2*, in column 1 "Total pension expenditure", the total 266,039 does not correspond to the total pension expenditure in *Table 1.a* (256,425) because it includes the State contribution to the schemes for public employees (now GIAS) amounting to 9,613 (rounded to 9,614) as illustrated in the Notes (3) and (4) of *Table 1.a*; in column 3 (GIAS transfers) the total (45,195) does not correspond to the GIAS transfers indicated in *Table 1.a*, i.e. 35,582, for the figure 9,613 (see Note (4) in *Table 1.a*).

Figure 1.9 –Share of total pension expenditure financed by contributions

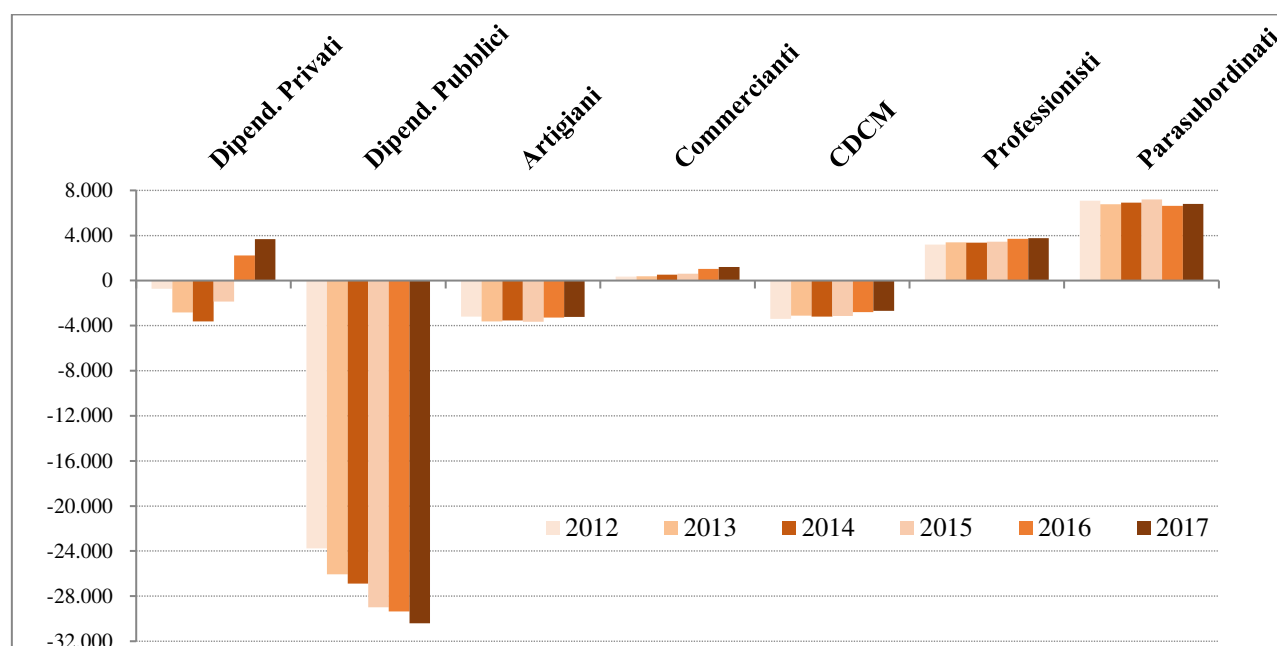


On the other hand, the other categories of scheme members (civil servants, artisans, farmers, clergy and supplementary fund members) had lower revenues than total expenditure, with negative operating balances. In relative terms, the most evident imbalance was that of the Clergy Fund, where contribution revenues account for 29% of total expenditure and the negative balance is 61.7% of expenditure.

In absolute terms, the worst deficits are found in the schemes for civil servants, with revenues that are less than half of benefits, in the fund for artisans with contribution revenues equal to 59.5% and in CDCM where the agricultural workers pay contributions amounting to 15.8% of the benefits they receive.

Figure 1.9 compares the data on self-financing through contributions for 2017 with those of 2012. The substantially stable patterns of these indicators suggest the "structural" character of these trends for the different schemes. The funds for private sector employed workers, retailers, for supplementary benefits and agricultural workers increased their share of contributions in relation to the total expenditure, albeit at very low levels. Instead, the schemes for public employees, artisans and the clergy showed a decrease and therefore a tendency to be more dependent on financial resources deriving from taxes.

Figure 1.10 - Operating results for different categories of workers (2012-2017)



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

The structural nature of some pension schemes' imbalances can also be inferred from the pattern of the accounting balances of the last six years illustrated in **Figure 1.10**. As can be seen, with the exception of employed workers who first experienced a phase of deterioration and then a positive trend in their balances in the last two years, all the other categories featured positive or negative accounting balances. In particular, two of the three categories with positive operating results (retailers and professionals) had further improvements in recent years. On the other hand, the trend for atypical workers is more uncertain; in fact, this scheme still runs a surplus, but it is beginning to be affected by the decrease in the net balance of the turnover between new members and pensions to be paid.

Instead, for the three categories (civil servants, artisans and farmers) whose funds always show negative results, there are some differences both in terms of their performance and of their balances. The Fund for agricultural workers (CDCM) has a structural imbalance between the number of active workers paying contributions and the number of pensions paid due to the evolution of this sector and has very low contribution revenues but it starts to show a decrease in its negative balance due to the reduction in the number of benefits paid.

Artisans are penalized because, since 2005, they have lost 270,000 active members and, at the same time, have had an increase in the number of pensions paid by 280,000.

In the meantime, their contribution rate has been raised, even though this increased burden has not been sufficient to compensate for the growing imbalance in the ratio of pensioners vs. active workers paying contributions.

The category of civil servants appears to be the main source of imbalance of the entire pension system. In recent years, the nominal accounting balance for this category was modified by the law that qualified part of the ordinary operating expenses as welfare expenditure financed by the

GIAS, thus reducing it by about 30%; however, the nominal accounting balance of public employees alone is still equivalent to about one and a half times the total balance of the pension system. ***That is to say that, excluding civil servants, the total of the other pension funds would almost be in equilibrium even taking also into account the share of welfare expenditure.*** Again, several factors have to be taken into account. The main one is a structural element that generates a growing imbalance in this category that is linked to a lower turnover due to a hiring freeze that already began in the years prior to the crisis. The other is related to the average amount of benefits. In fact, part of the decrease in the number of active contributors was offset by more stringent retirement age requirements; while initially this curbed the increase in the number of benefits to be paid, it led to higher average benefits as a result of increased seniority.

2. Operating results of the pension system and of its schemes in 2017: overall and individual financial results

After analysing the trends in pension expenditure for the period from 1989 to the present in the previous chapter, in this chapter the Report focuses on the analysis of the 2017 accounting data of the Italian pension system as a whole and the separate schemes and funds which make up the basic compulsory system, except the pension funds for professionals that will be examined in the next chapter. Later the Report will illustrate social security schemes of INPS (National Social Security Institute), that the reforms transformed into the only institute managing social security schemes, excluding the aforementioned schemes for certified professionals. Over the years, many schemes have merged into INPS such INPDAI (Fund for corporate executives), IPOST (Fund for postal workers), former INPDAP (Fund for public employees) and ENPALS (Fund for show-business workers), which account for about **96%** of the entire pension system; the remaining 4% is managed by the "privatized" schemes for the basic compulsory pensions of liberal professionals. The compulsory system also includes 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.

To complete the quantitative analysis of the INPS schemes, chapter 5 looks into the trends of the **Temporary Benefit Scheme (GPT)** and its main scope of action and of the **Income Supplementary Benefit Scheme (GIAS)**.

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 **GIAS**. Moreover, **Table 1.a** point 4, provides the summary data related to the "privatized" schemes (Legislative Decrees No. 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).¹

In 2017, pension expenditure of all pension funds (net of the GIAS share shown in **Table 1.a**) was equal to **220,843 million euro**, (218,504 million euro in 2016), with a modest increase by **1.07%** compared to 2016, due not so much to the adjustment of annuities to inflation² (without effects in 2016 as well as in 2017), but to the "**renewal effect**" linked to the replacement of ceased pensions with new and higher ones on average. This effect is confirmed by the steady increase in the **average pension** levels mainly due to retirees' long careers and high contributions paid.

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, to 14,600 euros in 2016 and to 14,860 euro in 2017.

In 2017, the number of outstanding pension benefits went from 17,687,360 to 17,511,910 compared to 2016, with a reduction of 175,450 pensions equal to 0.99% (see **Table B.29.a**). The reduction in the number of pension benefits and the modest increase in expenditure are closely linked

¹ See the web site: www.itinerariprevidenziali.it

² The 2016 Stability law extended until 2018 the reduction in the adjustment for pensions 4 times higher than minimum benefits; as of 2019, the previous adjustment mechanism is expected to be reinstated as provided for under Act n. 388 of the year 2000.

to the more stringent retirement requirements introduced by the reforms; the required age to be eligible for an old-age pension is equal to 66 years and 7 months; for early retirement the requirements are 42 years and 10 months for men and 41 years and 10 months for women, that will rise respectively to 67 years of age or to 43 years and three months (one year less for women) from 2019 onwards in relation to life expectancy. In reality, the Governments of the last 5 years have realized the rigidity of the so-called Monti - Fornero reform and, in order to make retirement requirements more flexible, have provided for 8 "safeguard" measures, voluntary APE (an experimental project that will last until the end of 2019) and the social APE (which costs 1.5 billion but expires on December 31, 2018). Revisions of the Fornero law are planned for 2019 and are expected to lead to greater retirement flexibility and therefore to an increasing number of pensions paid out, with a resulting increase in the total number of pension benefits to be paid and hence of expenditure.

It is particularly important to look at the pensions paid year by year to understand how the social security system is behaving. In 2017, INPS paid **559,058** pensions for an annual amount of 7,826.20 million euro and **553,105** welfare pensions for an annual amount of 3,012.40 million euro. Of the total pensions paid, 24.4% are old-age pensions, 28.6% seniority pensions, 10.1% disability pensions and 36.9% survivors' pensions; 8.3% of welfare pensions are social allowances and 91.7% are civil disability benefits.

Table 2.1 – Historical series of pensions paid (2003-2017)

Year	Old-age		Seniority/early retirement		Disability		Survivors	
	N. of Pensions	% on the total n. of pensions	N. of Pensions	% on the total n. of pensions	N. of Pensions	% on the total n. of pensions	N. of Pensions	% on the total n. of pensions
2003	236,967	30.8%	256,917	33.4%	54,074	7.0%	221,928	28.8%
2004	217,419	31.9%	221,056	32.5%	49,300	7.2%	192,968	28.3%
2005	246,058	36.2%	164,882	24.2%	58,159	8.5%	211,198	31.0%
2006	253,999	35.5%	213,933	29.9%	54,054	7.5%	194,086	27.1%
2007	240,115	36.4%	174,351	26.4%	55,086	8.3%	190,191	28.8%
2008	160,456	25.6%	213,274	34.0%	56,349	9.0%	197,790	31.5%
2009	207,919	36.4%	109,385	19.2%	53,208	9.3%	200,470	35.1%
2010	197,182	31.8%	174,729	28.2%	53,135	8.6%	194,596	31.4%
2011	145,375	26.9%	149,129	27.6%	49,030	9.1%	196,800	36.4%
2012	136,386	27.4%	111,688	22.4%	49,964	10.0%	200,107	40.2%
2013	140,344	27.4%	112,440	21.9%	54,747	10.7%	205,604	40.1%
2014	117,799	25.8%	83,681	18.4%	56,055	12.3%	198,244	43.5%
2015	126,608	23.1%	158,422	28.9%	56,255	10.3%	206,684	37.7%
2016	105,973	21.7%	127,626	26.1%	57,719	11.8%	197,619	40.4%
2017	136,364	24.4%	160,142	28.6%	56,414	10.1%	206,138	36.9%

Source: INPS

Tables 2.1 and **2.2** and **Figures 2.1** and **2.2** show the pattern of the social security pensions paid by INPS in the period from 2003 to 2017. With regard to pensions, in 2017 out of the total number of benefits paid, 24.4% were old-age pensions, 28.6% seniority pensions, 10.1% disability pensions and 36.9% survivors' pensions; 8.3% of social allowances and 91.7% of civil disability benefits accounted for welfare pensions.

Figure 2.1 – Trends of pension benefits paid between 2003 – 2017

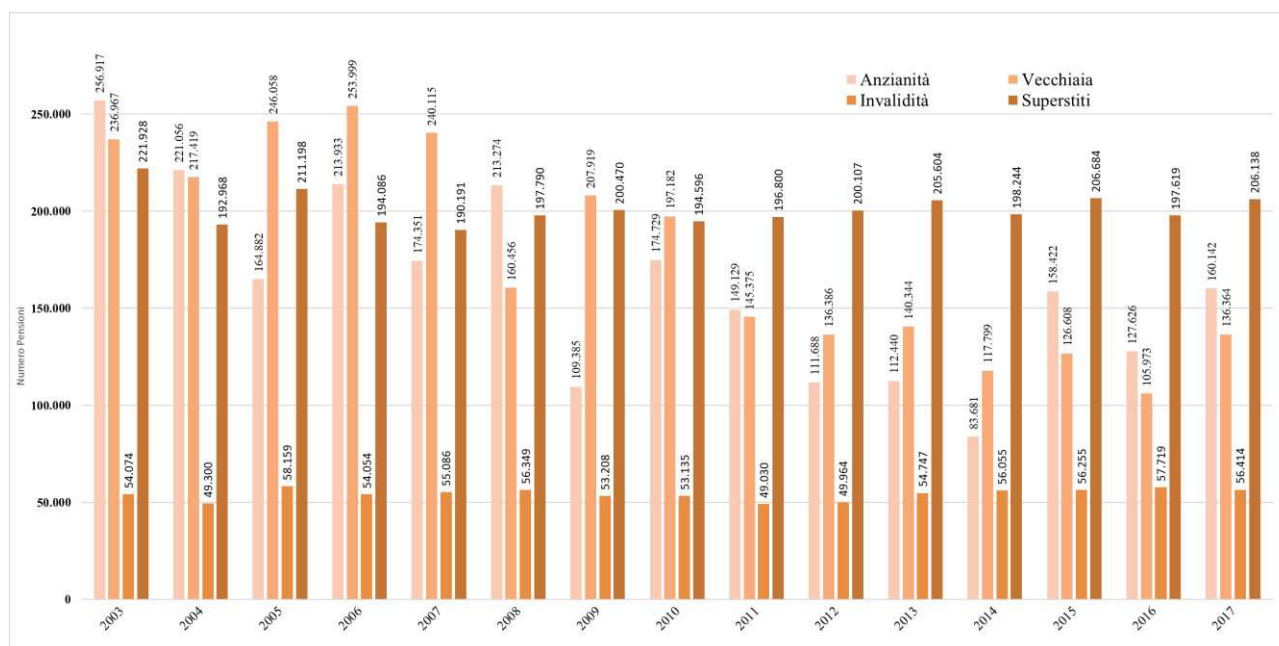


Table 2.2 - Comparison of the welfare and pension historical (2003-2017)

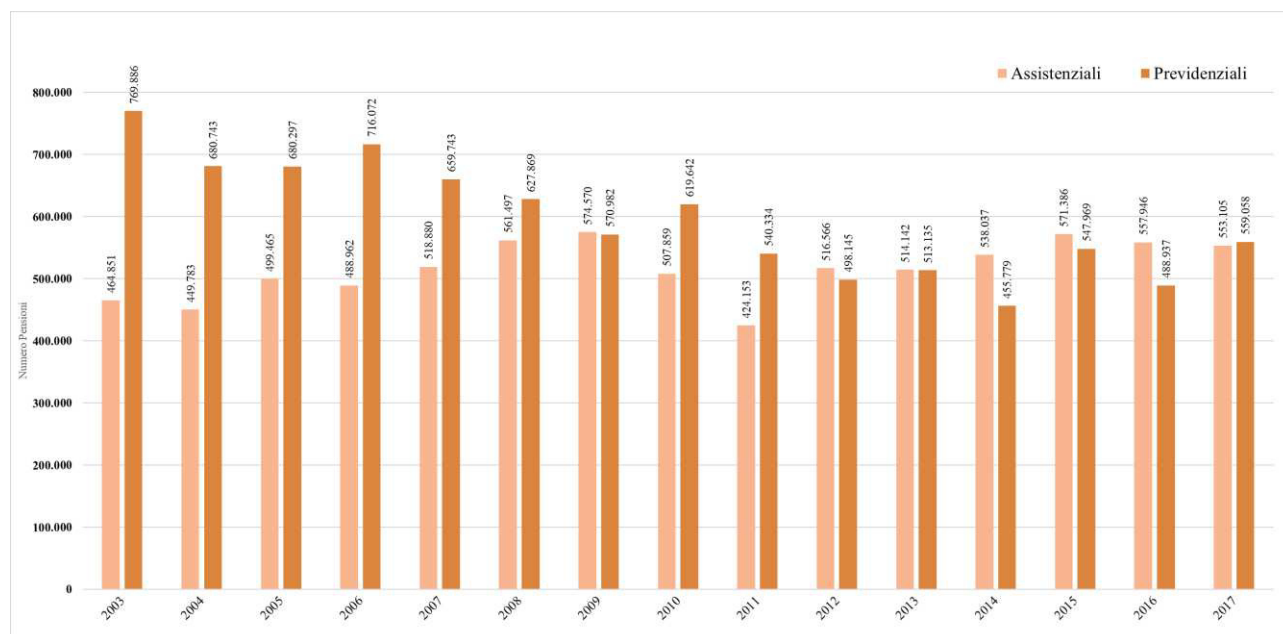
Year	Total A		Total B		Total A+ B
	Welfare benefits	% of the total	Pension benefits	% of the total	
2003	464,851	37.6%	769,886	62.4%	1,234,737
2004	449,783	39.8%	680,743	60.2%	1,130,526
2005	499,465	42.3%	680,297	57.7%	1,179,762
2006	488,962	40.6%	716,072	59.4%	1,205,034
2007	518,880	44.0%	659,743	56.0%	1,178,623
2008	561,497	47.2%	627,869	52.8%	1,189,366
2009	574,570	50.2%	570,982	49.8%	1,145,552
2010	507,859	45.0%	619,642	55.0%	1,127,501
2011	424,153	44.0%	540,334	56.0%	964,487
2012	516,566	50.9%	498,145	49.1%	1,014,711
2013	514,142	50.0%	513,135	50.0%	1,027,277
2014	538,037	54.1%	455,779	45.9%	993,816
2015	571,386	51.0%	547,969	49.0%	1,119,355
2016	557,946	53.3%	488,937	46.7%	1,046,883
2017	553,105	49.7%	559,058	50.3%	1,112,163

Source: INPS

In the period between 2003 and 2017, disability pensions increased from 7% to 10.1%, whereas old-age and seniority/early retirement pensions significantly decreased from 30.8% to 24.4% and

from 33.4% to 28.6% respectively; survivors' pensions grew from 28.8% to 36.9%. So, benefits with a more welfare content increased to the detriment of those with a more specific pension nature.

Figure 2.2 - Trends of pension and welfare benefits paid between 2003 - 2017



A comparison of pension and welfare benefits shows that in 2003, pension benefits accounted for **62.4%** of all the benefits paid compared with **37.6%** of welfare benefits, and in previous years this gap was even wider. The ratio changed in the following years until it reversed in 2012 (50.9% of welfare benefits vs. 49.1% of pension benefits) to reach **49.7%** and **50.3% respectively** in 2017.³

In 2017, contribution revenues, including **14,362.88 million euros**⁴'s worth of imputed transfers, tax reliefs and contribution incentives, amounted to **199,842 million euros**, compared to 196,522 million in 2016, with an increase by **1.69%**; however, it has long-since featured a **negative balance** between contributions and benefits for the year under review equal to **21,001 million**, down (- 4.45%) compared to 21,981 million in 2016.

Considering the years from 2015 to 2017, it should be noted that in a situation characterized by the same level of expenditure (+ 0.27% in 2015; + 0.27% in 2016 and + 1.07% in 2017), there was a significant increase in revenues in 2016 (+ 2.71%) and in 2017 too, though to a lesser extent (+1.68%).

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 2017 deficit of individual schemes:

³ The historical series shown in the tables do not include in the social security benefits (*Table 2.1*) the ex INPDAP and ex ENPALS schemes, which do not even appear in the welfare benefits (*Table 2.2*) in that these funds do not provide welfare benefits. The total number of pension benefits is equal to 686,487 for an amount of 11,220 million euros of which 124,464 paid by former INPDAP and 2,965 by former ENPALS.

⁴ 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).

- *Tables 1.a and B.29.a* show that there are **4** INPS schemes with a surplus: **FPLD** with a surplus equal to **16,682 million euros** (115,115 million in 2016)⁵, the **Fund for retailers** with a surplus of **1,217 million euros** (1,030 million in 2016), the **Fund for show-business workers (formerly ENPALS)** with **353 million** (296 million in 2016) and the **Fund for atypical workers** with a positive balance of **6,788 million**, a slight increase compared to 6,639 million in 2016; 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 3) with the exception of INPGI (the Fund for Journalists) with an overall positive balance of **3,760 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 (**28,800 million euros**) makes it possible to limit the total deficit between benefit expenditure and contribution revenues within the ceiling of **21,001 million euros**. Without these surpluses, the deficit of the pension system would have reached the amount of 49.801 million euros.
- All the other schemes run a deficit, especially the fund for public employees, the fund for the former Ferrovie dello Stato, the ex INPDAI fund, the fund for artisans and that for farmers, tenant farmers and sharecroppers, as better highlighted in the specific Paragraphs 2.1, 2.2, 2.3 and 2.4.
- The Fund for civil servants shows an imbalance of **30,417 million euros**; this would be lower if contribution revenues included the additional contribution of the State to the pension funds for public employees, which was equal to 10,800 million euros in 2017; moreover, in 2017, benefit expenditure are gross of 9,613 million provided by GIAS, considering these two circumstances the afore-mention imbalance would drop to 10,004 million euros, thus mitigating 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 by 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 general 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 **9,551.15 million euros** for GIAS and **4,811.74 million euros** for GPT and others, for a total of **14,362.89 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. **a negative balance of 6,906 million on 31/12/2017**; in this regard, it is important to recall that already in 2014, while its operating result was equal to -12,485 million, its net worth (+18,407 million euros) turned positive only thanks to the State that rebalanced the former INPDAP scheme with a contribution equal to 21,689 million under Art. 1, par. 5 of Act n. 147 of 2013; the negative trend continued in 2015-2016 (5,870 million on 31/12/2015 and, as already mentioned, 78 million on 31/12/2016) and reached an equity deficit of 6,906 million, with an operating deficit of 6,984 million.

⁵ As better explained later, FPLD suffers from the deficit of the special funds merged into it (a total of 8,389 million euros).

- In the year under review, there was a reduction in the number of pension benefits paid which, have continued to decline for some years, while the number of active contributors⁶ increased from 24,248,900 in 2016 to 24,630,150 (*Tables 4.a and 29.a*). This improved the ratio of active workers vs pensioners as will be better illustrated in chapter 9.

To complete the general analysis, as mentioned above, the increase in the retirement age requirements (up to 6 years) and contribution seniority introduced by the Monti-Fornero law (Act 214/2011) determined in the early years a significant reduction in the number of retirements but it produced the so-called "esodati" phenomenon, which was solved with 8 safeguard measures (the eighth introduced by Article. 1, par. 214 of Act n. 232 of 2016) for a target of over 200,000 workers (the n. of pensions paid so far is equal to 114,247 see *Table 2.3*) with a cost that has obviously significantly reduced the savings provided for under the reform.⁷

Table 2.3 – Summary of the 8 safeguard measures for “esodati” (updated to September 8th, 2018)

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	451	13.662
3 [^] Measure	7.554	7.202	6.494	60	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
8 [^] Measure**	30.700	14.280	20.567	335	10.891
TOTAL	203.166	142.359	75.076	2.284	117.507

**The maximum number was determined by Act n. 232 of 2016 which introduced the 8th safeguard measure; ** data updated to September 8, 2018*

The eighth safeguard measures have practically put an end to the issue of the “esodati” even though there are still a few thousand of them. However, there is still the problem of the excessively rigid retirement requirements introduced by the afore-mentioned Act n.214/2011; the initial attempt to solve this issue was the introduction of social APE (advance pension payment for long-term unemployed workers, for those with 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) and of voluntary APE (advance pension payment in the form of a loan for workers with at least 20 years of contributions, a minimum age of 63 years and who are entitled to an old-age pension within

⁶ The employment figure indicated in the INPS financial accounts has a purely administrative nature because it refers to the number of subjects who pay contributions. Since 2016, the institution has taken into consideration the average number of members of the individual schemes and no longer all those who had paid even just one contribution in the year, even if, with this method, the number members contributing to different funds that is calculated more than once. The total number of employed workers has increased to **23,071,000**, on the basis of data processed by both the Ministry of Labour and ISTAT.

⁷ As to the costs of the 8 safeguard measures, see *Table 2.9* under paragraph 2.6, which analytically shows the costs of these measures from the 2nd to the 8th.

the next 3 years and 7 months; the loan is repaid in monthly amortisation instalments for 20 years, when the pension entitlement comes into effect. See chapter 9.

Now the report focuses on the individual schemes in terms of contribution revenues, benefit expenditure, accounting balance, main variables (number of members and pensioners, average pension) and financial and economic results.

2.1 Funds for private sector employees

The **funds for private sector employees** (*Table 1a, n.1*) had a **positive balance of 3,668 million euros** in 2017, thus confirming the marked improvement already obtained in 2016 (+ 2.219 billion euros) compared to the deficit of 1,877 million euros in 2015. Contribution revenues continued to have a positive trend (117.099 million euros in 2015 to 121.193 million euros in 2016) On the other hand, in the three years considered, the benefits provided by these schemes remained almost unchanged (118,976 million euros in 2015 compared to 118,974 million euros in 2016) and then increased in 2017 to 120,124 million euros, but much less with respect to contribution revenues,; this trend too confirms the positive outlook for these schemes.

However, these are 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 INPDAI), some former special funds (transportation, telephony, electricity) which were merged into FPLD but with separate accounts and other schemes (Aviation fund, Tax consumption Fund, FF.SS fund and other minor schemes⁸) which are included in the INPS accounts but with a separate accounting system. The aggregate data of the **funds for private sector employees finally** include those related to the fund for show-business workers managed by former ENPALS 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 14,260,883 in 2017, in line with the trend of the last few years (in 2016 it was equal to 13,798,592 according to INPS); the specifications provided in the previous paragraph are applicable in this case too. Instead, the number of pensions paid slightly decreased from 9,226,71r in 2016 to 9,093,950 in 2017. Finally, as already pointed out for the pension system in general, the average pension grew from 14,464 euros per year in 2016 to 14,742 euros in 2017 (1,134 euros per month for 13 months, almost a net amount!)

Here follows the analysis for each individual scheme:

FPLD - The pension fund for employed workers 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 2017, it showed a **positive balance of 16,682 million euros**, as the difference between **116,218 million euros'** worth of contributions and **99,536 million euros'** worth of benefits (*Table B.29.a*), thus confirming the trend of the last few years. As to contribution revenues, a great contribution came from the GPT and GIAS income-support transfers which amounted to € 7,114 million in 2017, down from € 7,740 million in 2016. However, the overall result of this fund is negatively affected by the **former Special funds** merged into its system with

⁸ The Gas Fund was abolished on 01/12/2015 under ex Act 125/2015 and since then, no contributions have been paid to this fund which has not paid any pension benefits; a phasing-out scheme has been set up within INPS.

separate accounts (former INPDAI, Transportation fund, Aviation fund and Electricity fund), which together accounted for **a negative balance of 8,389 million euros** in 2017 (*Tab.B.29.a*) even though the members of these special funds only accounted for **5%** of all private employed workers.⁹ As a result, these outstanding issues led to a progressive deterioration of the overall financial situation of this fund; in fact, on 31/12/2017, FPLD had **135,531 million euro's** worth of deficit including the results of the abolished transportation, electricity and telephony funds and INPDAI; in particular, by disaggregating the data: FPLD -27,614, Transportation -22,016, Electricity -33,952, Telephony -9,406, ex INPDAI -42,543. 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, 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.

The former special funds merged into FPLD feature the following differences in the benefits provided to members with respect to those of the FPLD, but it should be remembered that this is mainly an issue for the **pensions that have been effective for a longer time**; in fact, over time various legal provisions starting from the Dini reform of 1995, have led to the harmonization of the rules of these funds, which previously provided much more favourable conditions with respect FPLD, i.e. lower contribution rates and calculation of the pension with higher rates of return. For this reason, the Fornero law envisaged a solidarity contribution for members and pensioners of some Funds from 1/1/2012 until 31/12/2017.

Transportation Fund: following the ministerial decrees of the Dini reform, this fund was dissolved in 1996; at that time, its operating 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 **1,000 million euros** and a capital deficit of **22,016 million euros** in 2017. At the end of 2017, the number of pensions paid out exceeded the number of active workers, reaching 102,250 vs. 101,900 active workers; it is important to stress that newly-hired workers continue to be registered with this fund even after its merger with FPLD and so it has more favourable conditions with respect to other special funds; **its average pension is 21.600 euros** against 13.350 euros for FPLD the members. The most relevant advantages with respect to FPLD rules (for example the rules related to “travelling personnel”) ceased or became at least less stringent as of 1/1/2014 due to the harmonization regulation issued to implement the Fornero law.

Electricity Fund: this fund was dissolved in the year 2000 and, at that time, it was already running a deficit. The situation further deteriorated and in 2017 with a negative operating result equal to **1,353 million euros** and a capital deficit of **9,406 million euros**. At the end of 2017, the number of outstanding pensions was equal to 98,090 and the number of active workers was 27,670 (the newly-hired are registered with FPLD); the average pension was equal to **26,590 euros**, almost twice as much as that provided by FPLD.

⁹ It should be noted that the data of the former special funds exclude, with the exception of the Transportation Fund, the contributions related to the subjects hired in these sectors after the consolidation, because they are directly registered with FPLD. Therefore, the gradual deterioration of the special funds and the improvement of FPLD is partly explained by this transfer of contributions.

Telephony fund: this fund was suppressed in the year 2000; 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**. In 2017, the number of pensions was equal to 74,700 and the number of active workers to 45,100 (the newly-hired are registered with FPLD); the average pension was **26,360 euros**, almost twice as much as that provided by FPLD.

Former INPDAI fund: this fund was dissolved in 2003; notwithstanding its considerable assets, it has always produced negative economic results since then, up to **4,069 million** in 2017, with a capital deficit to **42,543 million euros**. At the end of 2017, the number of outstanding pensions was **129,130** and the number of active workers was 28,200; the average pension was 50,830 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**, mainly FPLD and GPT, both financed by workers and employers: they managed to reach a relative financial equilibrium over time thanks to the surplus of GPT, examined in chapter 5, and, notwithstanding the economic crisis and the resulting increasing burden of benefits, they had a positive balance equal to **4,098 million euros** in 2017 and a surplus of **193,911 million euros**, thus offsetting the liabilities of FPLD amounting to **135,531 million euros** (including the former Special funds).

2.2 Funds of public employees (ex INPDAP)

INPDAP¹⁰ was abolished on 1/1/2012 and merged into INPS; 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 **2017**, the deficit of the funds for public employees amounted to **30,417 million euros**, net of the 10,800 million euros' worth of additional contribution by the State, resulting from **revenues equal to 38,283 million euros** and **expenditure to 68,700 million euros** (including 9,613 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 29,344 in 2016). Pension expenditure grew by **1.59%** with an increase of 1,079 million euros vs. 2016, due more to the substitution effect than to inflation. In the year under review, the benefits paid by GIAS amounted to 9,613 million euros against the 8,967 million euros in 2016. However, as was the case when INPDAP was autonomous, if the overall contribution by the State is taken into consideration, 10,800 million euros' worth of additional contribution under Act 355/1995 (the State did not pay its contribution until the establishment of INPDAP) and 9,613 million euros' worth of benefits transferred from GIAS (for welfare benefits and baby pensions), the revenues would be equal to 49,083 million euros and expenditure to 59,087 million euros with a negative balance dropping to 10,004 million euros.

After a halt to turnover in the public sector for several years which led to a reduction in the number of active workers, for some time now, there have been cautious changes to this turnover policy, so the number of active workers in this sector has remained almost constant since 2014:

¹⁰ INPDAP, set up in 1994, was merged into INPS under Art. 21 of L.D. 138/2011 then transposed into Act 148/2011.

3,252,300 in 2015, 3,305,000 in 2016 and 3,272,200 in 2017; as a consequence, revenues too have remained stable (37,891 million euros in 2015, 38,277 million euros in 2016 and 38,238 in 2017) while expenditure has steadily grown (from 66,871 million in 2015 to 67,621 million in 2016 and finally to 68,700 million in 2017) with an increase in the deficit in 2017 (+1,073 million compared to 2016) and consequences on the **economic and financial results, a deficit in 2017 of 22,181 million euros**, a figure that is still positively affected by the already mentioned provision of 21,698 million provided for under Act n. 147 of 2013 (in 2013 the debt was equal to -23,317 million).

In the same period, the number of pensions increased from 2,863,744 in 2015, to 2,890,909 in 2016 and to 2,875,423 in 2017, a rather stable trend, and the same happened to the average pension from 23,374 euros per year in 2015, to 23,552 in 2016 and to 24,168 in 2017. In terms of harmonization of the pension calculation rules, these funds still feature some favourable conditions compared to the general schemes of private sector employees; this aspect will be discussed below in Box 3.

Table 2.4 shows the data of the ex-INPDAP funds, that is the number and annual amount of pensions in force on 01/01/2018. for each scheme. CTPS, a fund for public employees, pays **59.2%** of pensions, accounting for **62%** of the total. while C.P.D.E.L. (a fund for local authority employees) provides 38% of public pensions, accounting for 31% of the total amount.

In looking at the different categories of these pensions, it is possible to see that seniority and early pensions account for 56.9%, old-age pensions for 13.4% are old-age, disability pensions for 7.9% and survivors' pensions for 21.8%. A final assessment of these pensions may derive from **Table 2.5** which is broken down into monthly amounts: 16.9% have a monthly amount lower than 1,000 euros, 49.8% between 1,000 and 1,999, 24.5% between 2,000 and 2,999 and finally 8.8% above 3,000 euros.

Table 2.4 - Pensions on 1/1/2018 by scheme

Funds	Number of pensions	Total annual amount (in million of euros)
C.P.D.E.L. (loc. Auth.)	1,081,283	21,638.8
C.P.I. (teachers)	15,711	287.1
C.P.S.	74,843	4,304.5
C.P.U.G (legal officer)	2,986	60.1
C.T.P.S. (civ. Servants)	1,689,227	43,038.3
Total	2,844,050¹¹	69,328.8

Table 2.5 – Pensions on 1/1/2018 by monthly amount

Amounts	Men	Women	Total
Up to 499.99	28,087	32,607	60,694
from 500.00 to 749.99	35,167	100,177	135,344
from 750.00 to 999.99	39,462	250,390	289,852
from 1,000.00 to 1,249.99	71,694	284,689	356,383
from 1,250.00 to 1,499.99	138,132	242,089	380,221
from 1,500.00 to 1,749.99	191,068	201,986	393,054
from 1,750.00 to 1,999.99	122,528	172,980	295,508
from 2,000.00 to 2,249.99	124,364	179,354	303,718
from 2,250.00 to 2,449.99	97,053	112,816	209,869
from 2,500.00 to 2,999.99	131,060	57,551	188,611
from 3,000.00 to 3,499.99	66,972	12,365	79,337
3,500.00 and above	131,917	39,542	171,459
Total	1,177,504	1,686,546	2,864,050

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

The schemes for artisans and retailers showed **1,996 million euros'** worth of deficit between contributions and benefits in 2017, slightly better with respect to 2,260 in 2016 and especially to 3,047 in 2015.

These two funds (mainly the fund for artisans) have been affected by the economic crisis, by market changes and in particular by the effects of Act n. 233 of 1990 which adopted the pension calculation rules of employed workers, without any actuarial mathematical rationale. However, the financial and economic situation of these funds will continue to improve thanks to the twofold effect of the replacement of older pensions that had more favourable calculation rules with pensions with a greater correlation between contributions and benefits and of the full application of the calculation rules of the contribution-based method in the coming years. 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).

¹¹ The overall data of the pensions for public employees reported in *Tables 2.4* and *2.5*, taken from the INPS "Summary statistics" are slightly different with respect to those illustrated in *Table 29a*, taken from the exhibits to the 2017 financial accounts.

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 schemes¹²:

The **Fund for artisans** shows some signs of consistent improvement despite a persistent negative balance of **3,213 million euros** in 2017, down compared to 3,291 million euros in 2016, with expenditure equal to 11,708 million euros, slightly lower (-25 million euros) compared to the previous year and contribution revenues to 8,495 million euros, up (+53 million) vs. 2016.

As a result, taking into account amortizations and write-offs, the operating result was characterized by a deficit of 5,532 million euros which resulted in a capital deficit of 66,891 million euros vs. 61,358 million euros in 2016. 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 1,631,890 (- 7.94%) and of a steady increase in the number of pensioners from 1,639,469 in 2013 to the current figure of 1,686,502 (+ 2.87%), who have by now outnumbered active workers.

The **Fund for retailers** too had a positive balance in 2017 equal to **1,217 million euros**, a net improvement compared to the already positive balance of 1,030 million euros in 2016, with **10.906 million euros**’ worth of contribution revenues, an increase compared to 10.727 in 2016, and **9.689 million euros**’ worth of benefit expenditure (9,697 in 2016). The final results include the data of the separate account called “fund for the rationalization of the retail network” created with Leg. Decree n. 207/1996; they showed a deficit equal to **2.045 million euros** (vs. 1,476 million euros in 2016) also due to contribution credit amortizations and write-offs. On the whole, on 31/12/2017, **the financial and economic situation featured a deficit of 7,848 million euros**. Compared to 2016, the number of pensioners (1,400,890) and active workers (2,131,900) did not significantly change; the active worker/pensioner ratio remained above the average, equal to 1.52 active workers for each pensioner.

Table 2.6 compares the data on contribution revenues, pension expenditure and balance of the funds for artisans and retailers for the last 5 years.

¹² 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), while they are illustrated separately in **Tables 29a** and **29b**.

Table 2.6 - Historical series of revenues, expenditure and balances of the funds for Artisans and Retailers

		2012	2013	2014	2015	2016	2017
ARTISANS	contributions	8.095	8.090	8.198	8.203	8.442	8.495
	benefits	11.299	11.710	11.739	11.849	11.733	11.708
	balance	-3.204	-3.620	-3.541	-3.646	-3.291	3.213
RETAILERS	contributions	9.677	9.909	10.147	10.312	10.727	10.906
	benefits	9.313	9.529	9.626	9.713	9.697	9.689
	balance	364	380	521	599	1.030	1.217

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

In 2017, the **Fund for Farmers, Tenant farmers and Sharecroppers** (hereinafter CDCM) continued to have a structural imbalance due to a very low active worker/pensioner ratio and in particular to old favourable and still applicable retirement provisions, with very high benefits compared to contributions, even though the contribution rates for members were re-calculated in 2012. In 2017, employment continued to decline, with **445,300** active workers against 446,907 last year (vs. 1,206,000 in 1989).

The balance between contributions and benefits amounted to **–2,697 million euros**, up with respect to – 2,812 in 2016, net of **1,466 million euros’** worth of transfers in 2017 from GIAS which, as of 2011, has started paying the pensions accrued before 1/1/1989. **Contribution revenues**, equal to **1,272 million euros** (1,249 million euros in 2016), accounted for only 32.04% of the **3,3969 million euros’** worth of benefits (4,061 million euros in 2016), net of GIAS transfers. 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 2017, the number of pensions to be paid by CDCM (paid after 1988) was equal to 1,1441,353; the number of benefits reached 1,703,819 also considering the benefits before 1989 paid GIAS (262,466). The ratio between the number of pensions vs. that of active workers paying contributions, which was equal to 1.53 in 1990 (i.e. 1.53 pension for each taxpayer), rose to 3.1 in the year 2000 (over three pensioners per active worker) and to 3.82 in 2017. Therefore, the pension system in the agricultural sector is to be financed by taxes for an amount equal to **4,163 million euros** with a considerable **capital deficit** of **90,205 million euros** on 31/12/2017.

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

2.4.1 Aviation fund

This Fund is a special fund managed by INPS with accounting autonomy and has replaced the general compulsory insurance (AGO) with social security protection to flight personnel employed by air navigation. 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 45,240 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, in age and contribution seniority requirements for early retirement. The Flight Fund has a very negative operational and financial situation both because of more generous benefits provided with respect to other schemes (a situation that would require further revisions) and because of the crisis in the air sector and in particular for the main Italian carrier Alitalia.

In 2017, the fund showed a **deficit of 162 million euros, 145 million euros'** worth of **contribution revenues** and **307 million euros'** worth of **benefits**. Operating results have been consistently negative since 2006 with a capital deficit since 2011. The result for the 2017 financial year was **-911 million euros**, with a per capita pension debt of more than 48 thousand euros, which is bound to deteriorate even further. This fund has 11,580 members and 7,210 outstanding pensions.

In 2016, during the nth vain attempt to save the ailing company Alitalia, a special fund for air transport was set up (FSTA which replaced a pre-existing special fund for the income support of air transport personnel) in order to intervene in the corporate crises of the sector and to provide supplementary benefits (ASPL/NASPL benefits and extraordinary redundancy fund) to both flight and ground personnel, about 150,000 people, with much more favourable conditions than ordinary income support measures. In fact, in the hypotheses considered, supplementary benefits are designed to cover 80% of wages; the supplementary benefits for pilots exceed 10,000 euros per month and in some cases the limit is close to 30,000 euros. The Fund is financed by a contribution of 0.50% on taxable wages (2/3 borne by the company and 1/3 borne by the workers) but above all by the municipal surtax of 3 euros on boarding fees applied to each air ticket. In essence, 97% of its revenues derive from this "levy" that in 2017 produced revenues equal to 249.5 million against only 7.2 million paid by company. The costs to keep Alitalia in the business should be added to these figures: since 2008 more than 9 billion euros have been spent (383 euros for each Italian family).

2.4.2 Fund for consumer tax collectors

The fund for consumer tax collectors replaces the general compulsory insurance and provides pension benefits and termination of employment benefits (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 provided 7,470 pensions for an amount of 132 million in 2017, paid by the State (Art. 17 PD 649/1972) and financed through GIAS.

2.4.3 Clergy fund

The **Clergy Fund** is the compulsory scheme for old age, invalidity and survivors' pensions for Catholic priests and other religious persons not belonging to the Catholic Church.

At the end of 2017, the number of pensions paid was equal to 12,930, down from 13,152 in the previous year (-1.7%), and the number of members was 17,850 (17,900 in the previous year) and with 17,900 members with a ratio of **1.38** active workers per pensioners. In fact, in 2017, **contribution revenues** amounted to **31 million** against **97 million** euros' worth of pension expenditure, again net of GIAS transfers, with a deficit of **66 million**.

The Fund is characterized by a situation of structural imbalance, even if with a lower economic and financial impact with respect the whole pension "system"; the capital deficit reached 2,325 million euros with a per capita debt of over 72 thousand euros. It is important to stress that 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, 70% of pensioners of the Clergy Fund have another pension provided by other schemes.

2.4.4 Showbusiness and Entertainment Fund (ex ENPALS)

The former showbusiness and entertainment fund, ENPALS, merged into INPS on 01/01/2012. It managed 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 2017 accounts had a positive balance between contributions and benefits of **353 million euros**, with **contribution revenues and membership fees** equal to **1,235 million euros** (1,171 in 2016) against **882 million euros**' worth of **expenditure** (875 million euros in 2015). On 31/12/2017, the number of active workers paying contributions was equal to **152,970** and the number of pensions was **58,320**, most of which paid to members of the Fund for show business and entertainment workers. The active workers/pensioners ratio is among the best at the national level with **2.62** active workers per pensioner; the average pension is **16,380** euros per year. The operating result for the year was positive, equal to 267 million euros, with a surplus of **4,826 million euros** on 31/12/2017, better with respect to 2016 (4,559 million euros).

2.4.5 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 2017 financial statements show **1,437 million euros**' worth of **contribution revenues**, compared to **1,834 million euros**' worth of **expenditure** with a **deficit** of **397 million euros**, slightly lower than in 2016 (408 million against 1,402 million euros' worth of revenues and 1,810 million euros' worth of expenditures). In the last 10 years the number of active contributors has steadily decreased while the number of pensioners has increased. In 2017, the fund received its contributions from **141,170** members (compared to 143,050 the previous year, a decrease of 1.3%) and provided pension benefits to **146,960** retirees (with an average annual amount of 18,200 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 **350 million**

euros but still with a financial and economic surplus of **366 million euros** (716 million in 2016) at the end of 2017.

2.4.6 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, 4,786 in 2016 and 4,103 in 2017). This fund is characterized by a completely unbalanced ratio of active members paying contributions, equal to **43.290** in 2017 (57,133 in 2011 and 45,180 in 2016) vs. the number of pensioners equal to **215.520** (234,400 in 2011 and 217,540 in 2016), 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. It should be noted that in this case too, the entire cost of early retirement is financed by the pension system and not by income support measures, family allowance or others, thus abnormally inflating the cost of pensions compared with the European average. 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 and that the average pension amount is equal to 22,400 euros. In conclusion, in 2017, this fund was characterised by an anomalous situation with a negative balance of **4,134 million euros** between **4,750 million euros'** worth of **expenditure** (4,786 million euros in 2016) and **616 million euros'** worth of **contribution revenues** (610 million euros in 2016). As mentioned above, the deficit is financed by the GIAS transfers designed to offset yearly operating deficits.

2.4.7 Fund for Journalists managed by INPGI

This fund is registered as a privatized scheme (see the following chapter) but its members are employed subjects considering their type of occupation. Under the law, these workers must be registered in an ad-hoc special "professional roster" and therefore they must join INPGI, which acts as a substitute for AGO. In 2017 as in 2016, this fund was characterised by an unbalanced situation with a deficit of **152 million euros**, down with respect to 114 million euros in 2016; contribution revenues amounted to **361 million euros** and pension expenditure to **513 million euros**. For further details, see the tables in the web appendix and in chapter 3.

2.5 Fund for Atypical Workers

A "separate scheme" was set up within INPS under Art. 2, paragraph 26 of Act 335/95 for the so-called "atypical workers" who consistently but not exclusively work as self-employed workers. Most of these workers (73.3% down with respect to 79.5% last year) are temporary workers, while professionals account for 26.7% (up with respect to 20.5% in 2016); men account for 61.5% and women for 38.5%, with a slight increase in the number of men vs. women. This fund, established in 1996, has a significant positive balance between contributions and benefits, which was equal to **6,788 million euros in 2017**. This figure results from **7,654 million euros'** worth of **contribution revenues**

and from **866 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 operating result is positive, equal to **116,789 million euros**. The number of benefits provided amounts to 419,431, up with respect to 386,549 in 2016, and is still very low and far below the number of active workers paying contributions equal to 1,247,000 (1,249,000 in 2016). The average amount of benefits is also low (2,396 euros per year) because of the short contribution period (this fund started in March 1996) and of the low contributions which initially did not 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%. This significant increase in the contribution rate with low benefits is an issue for young workers with term contracts who have 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.

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

The **Welfare Benefit Fund** (hereinafter referred to as **GIAS**) was set up within INPS under Art. 37, paragraph 3, letter D of **Act n. 88/1989**. It is an **accounting instrument** to implement the rules governing **the welfare measures adopted by the State**. This is perhaps the most complex INPS pension scheme. Since its inception, its regulatory and implementation framework has greatly evolved extending its reach through different sectors and segments of society. The main difference between this fund and all the other INPS schemes is its perfect balance between revenues and expenditure; its operating result is always in equilibrium (equal to zero) and the same holds true for its financial situation; thanks to the detail of these accounting data, it is possible to reliably **separate the pension from the welfare system**, with the former financed by workers and employers (contributions) and the latter by general taxes.

Revenues: in 2017, **the value of production**, net of the adjustments in the current revenues equal to 13,703 million euros (14,320 million in 2016) related to rebates in social charges, amounted to **97,652 million euros** (95,160 million in 2016). The financial statements show a "**cost of production**" of the same amount. (96,643 million + 9 million of financial charges and taxes). The total "**transfers**" from the State to GIAS is equal to 110,150 million euros vs. 107,374 million euros in 2016.

Most of these transfers are financed by the State budget, while a small part of the revenues, equal to **1,308 million euros** (1,691 million in 2016) by 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 and 143 million by the fees paid by members to support some specific schemes.

These State transfers are subdivided as follows:

- **pension expenditure:** 72,699 million euros¹³ (-2.4% vs. 70,971 million euros in 2016);
- **wage support measures:** 8,067 million euros (-7.2% vs. 8,695 million euros last year);
- **family support measures:** 5,485 million euros +2.1% vs. 4,502 million euros last year);
- **benefits** deriving from a **reduction in contribution charges** (TBC and maternity leave): 583 million euros (-3.3% vs. 603 million euros in 2016);
- **contribution incentives** and **other rebates:** 21,014 million euros (-0.8% vs. 21,203 million in 2016);
- **other measures:** 2,302 million euros (+64% vs. 1,400 million euros in 2016).

These differences between 2016 and 2017 are due to:

- for pension benefits, the increase in the State contribution to pay the charges provided for under Article 37, par. 3, let. c of Act n. 88/1989 (**share of each monthly sum paid by the pension fund on employed workers, the funds for self-employed workers, the fund for miners and by ENPALS**) and in the one to finance supplementary benefits to pensioners over 65;
- the reduction in the income-support contributions to finance extraordinary wage support and mobility benefits partly offset by the growth in unemployment benefits (NASPI);
- the higher costs of family allowances for three years (baby bonus) for children born from January 1 2015 to December 31 2017 and of the “birth bonus” (Act 232/2016);
- the cut in the contributions designed to pay for benefits deriving from the reduction in pension charges;
- incentives and other measures and lower contributions to finance the of exemption from contribution charges;
- the increase in contributions to fund the non-application of the minimum taxable level for contributions and the discontinuation of contributions provided for under Legislative Decree of 17/10/2016;

Table 2.7 shows the time series of transfers of financial resources from the State to GIAS in the 2011-2017 period.

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 (**BOX I**) but also the ones for welfare benefits (social pensions and allowances and extra benefits for people over 65).

¹³ This amount includes: 35.228 billion euros in **Box I** and in **Table 1a**; welfare benefits equal to about 25.133 billion euros, GIAS for public employees (9.613 billion) and the deficits of special funds, in particular the FFSS fund (about 4.1 billion). Pension expenditure should include part of the deficits of these funds (the massive n. of early retirements for the railways and the posts should be calculated as “income support” measures and little else for an amount of some billions (see also **Table 9.5**).

Table 2.7 – Transfers from the State budget 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	58.271	6.360	3.411	688	14.031	1.141	83.902
2012	63.804	8.333	3.671	696	16.018	1.278	93.800
2013	67.982	9.592	3.992	677	15.488	1.338	99.069
2014	67.454	10.387	3.856	656	14.832	1.255	98.440
2015	72.172	8.794	4.033	622	15.897	2.155	103.673
2016	70.971	8.695	4.502	603	21.203	1.400	107.374
2017	72.699	8.067	5.485	583	21.014	2.302	110.150

Table 2.8 provides a summary of the historical series of institutional benefits provided in the 2011-2017 period, disaggregated by type of measure.

Table 2.8 – Institutional benefits provided 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	37.849	5.664	3.098	577	6	47.194
2012	42.845	6.760	3.286	593	7	53.491
2013	46.071	7.787	3.525	585	9	57.977
2014	45.956	8.756	3.408	567	8	58.695
2015	50.550	6.713	3.573	542	14	61.392
2016	49.515	6.862	4.057	532	10	60.976
2017	50.638	5.835	4.809	523	10	61.815

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 the separation between the pension and the welfare system as follows:

1. payment of shares of pension benefits to be provided by pension funds in particular periods not covered by contributions or with reduced contributions, in order to promote their economic-financial equilibrium (**Box I**);
2. payment of pension benefits for some categories (CDCM before 1989, employees of former ENPAO, disability pensions before Act 222/1984 and others);
3. 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 the following **support measures** according to their economic relevance:

- **share of each pension¹⁴** to be paid, the cost of which reached **20,516 million euros**, compared with 20,328 million euro in 2016, net of 2,388 million euros' worth of benefits paid out to retired public servants with former INPDAP;
- share of pension benefits under Art. 1 of Act 59/1991(**yearly pensions**), equal to **630 million euros**, down compared to 705 million in 2016;
- **additional benefits** under Art. 5. of Act 127/2007 (fourteenth month) amounting to **1,777 million euros**, up compared to 894 million of 2015;
- share of **disability pensions** before Act n. 222/1984 amounting to **5,217 million euros** vs. 5,171 million euros in 2016.
- **early retirement benefits** equal to **1,915 million euros**, up from 1,666 million in 2016, of which 827 million related to the retirement instalments of the safeguard measures for "esodati" (from the 2nd to the 8th);

¹⁴ The so-called "share of the monthly pension" is provided for under Act n. 903 of July 21, 1965, which set up a **Social Fund** financed under the provisions of Article 1 of Act n. 153 of 1969, to be borne entirely by the State as of January 1, 1976, amounting to an amount of 12,000 lira per month for each pension; this amount was revalued by Act n. 910 of December 26 1986, up to 100,000 lira per month for each pension, and, in line with Article 37 of Act n. 88 of 1989, it was transferred to GIAS. For some time, this "share" has not affected the calculation of pensions whether determined with the "income-based" or "contribution-based" system and is not even included in their respective calculation formulas. However, this transfer is designed to support the schemes in their activities such as: a) welfare benefits (supplementary minimum benefits, additional social benefits, the fourteenth month, which amount to about 11.5 billion); pension benefits paid before 1/1/1989 by CDCM, disability benefits paid before the date of entry into force of the Act n. 222 of June 12, 1984 and some contribution incentives, (b) mixed pension and welfare benefits in case of partial financing of the operating deficit of the funds for artisans and minor funds amounting to approximately 4.5 billion euros per year.

Table 2.9 – Benefits paid in 2017 – Early pension charges – Safeguard measures
(in thousands of euros)

Fondi	2 ^a Safeguard	3 ^a Safeguard	4 ^a Safeguard	5 ^a Safeguard	6 ^a Safeguard	7 ^a Safeguard	8 ^a Safeguard	TOTAL
FPLD	113.555	28.570	6.389	14.156	110.522	118.375	48.005	439.572
Ex Transportation Fund	59	-	-	158	95	185	19	515
Ex Electricity Fund	3.379	401	27	5	1.799	1.363	221	7.194
Ex Telephony Fund	50.021	235	-	112	1.572	1.532	406	53.877
Ex INPDAI	4.487	4.646	521	3.535	7.558	8.464	2.742	31.952
Aviation Fund	-	16.263	-	-	-	441	33	16.737
FF. SS. Fund	387	69	135	21	1.682	351	30	2.676
Gas Fund	85	236	-	-	354	83	-	757
Ex IPOST	13.415	2.111	201	1.089	10.785	6.757	1.036	35.394
Ex INPDAP	2.955	719	61.208	350	67.345	4.004	320	136.902
Ex ENPALS	-	-	-	-	-	3	101	103
Atypical workers	-	15	-	-	8	-	-	23
CDCM	2.001	1.129	180	796	4.001	4.171	3.114	15.391
Artisans	4.468	2.591	539	2.409	8.844	11.851	8.423	39.124
Retailers	4.511	2.618	634	3.330	11.235	14.054	10.718	47.100
TOTAL	199.324	59.602	69.833	25.960	225.800	171.632	75.167	827.318

Table 2.9 illustrates the disaggregated costs incurred for each safeguard measure and by each pension fund.

In 2017, GIAS ceased to pay the charges related to the first safeguard measure. With reference to the charges related to the members of the schemes for self-employed workers who applied for early retirement benefits, it is important to recall that these subjects are “esodati” employees with some insurance periods in the schemes for self-employed workers and that these benefits were used to fulfil the necessary pension requirements.

Point 2 - The direct current pensions paid as of 01/01/1989 to farmers, tenant farmers and sharecroppers and their survivors for an amount of **1,466 million euros** in 2017 a significant decrease compared to 1,690 millions in 2016; the pensions of former ENPAO and the life annuities paid to subjects formerly employed by the State and by other Public Administrations.

The financial quantification of all pension charges, net of recovered non-eligible benefits, is reported in *Table 1.a* and in *Box I*, with **35,582 million euros**’ worth of expenditure compared **35,228 million** in 2016. These charges must also include those related to the funds for public employees (former INPDAP) introduced by Act 183/2011 which, as previously stated, provided for GIAS transfers for these schemes too for an amount of **9,613 million euros** compared to 8,967 million euros 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 of Act n.488/2001 to subjects above 65 years of age without an income. In 2017, these benefits amounted to **4,754 million euros** (net of recovered benefits equal to 234 million), similarly to the costs incurred in the previous year. On December 31 2017, the number of was equal to 44,191 with an average annual amount of 5,772 euros; following Act 353/1995 that replaced social pensions with **social allowances**, the number of these beneficiaries is dwindling. At the end of the

year, family allowances amounted to **824,444**, with an average annual amount of 5,564 euros and with a 0.7% reduction (- 5,535 pensions) compared to the stock at the end of the previous year.

Moreover, under former Art. 130 of L.D. 112/1998, an ad-hoc fund was set up within INPS, financed through GIAS, with the aim to pay welfare 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 of L.D. of 31/03/1998, amounted to **17,610 million euros** in 2017 (vs. 17,493 million euros in 2016). These resources were used to finance **3,237 million euros'** worth of benefits for disabled civilians, **343 million** for the blind, **61 million** for the hearing impaired. Moreover, GIAS provided carers' allowances to the same categories for a total of **13,802 million euros** (**12,863** for disabled civilians, **802** for the blind and **137** for the hearing impaired).

On December 31 2017, the **outstanding pensions** were divided as follows: 2,496,586 for disabled civilians, 122,945 for the blind and 43,707 for the hearing impaired. During the year, a very significant amount of **non-eligible benefits was recovered** equal to **429 million euros** vs. 452 in 2016 (- 5%). The overall cost of these welfare measures was equal to **21,935 million euros** vs. 21.658 million in 2016, net of recovered non-eligible benefits. Finally, at the end of the year, the number of **veterans' pension benefits** (direct and indirect), was equal to 175,389 (vs 189,287 in 2016), of which 66,380 were direct pensions for an annual amount of 785 million euro and 109,009 indirect pensions for an annual amount of 468 million euro; the total cost was equal to 1,253 million euro, slightly lower with respect to 1,302 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 2017 GIAS allocated some resources to finance the IVS insurance as follows:

- periods of work subsidized through social safety net incentives (3,212 million euros);
- periods in which family allowances were provided (480 million);
- economic benefits deriving from lower social security charges (55 million).

Moreover, these measures include 6,279 million euros' worth of transfers due to the loss of revenues deriving from reduced contribution rates and subsidies and 1,432 million due to the loss of revenues deriving from the reduction of wages.

The overall transfers to INPS schemes, net of the former INPDAP component, amounted to **35,582 million euros** vs. 35,228 million in 2016. In particular, in the year under review, these funds received **9.551 million euros'** worth of transfers from GIAS, compared to 10.182 million in the 2015 accounting report (**Box I**). 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 finance the 2017 operating deficits** of some INPS Special Funds (customs agents, consumption tax collectors, dockers and former FF.SS. workers), amounting to 4,316 million euros, down with respect to 4,347 million euros of the previous year.

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 **13,703 million** euros in the year under review, a reduction by 607 million vs. the previous year (14,310 million). In the INPS accounting system, the contributions that benefit from these incentives are accounted for before these facilities even if revenues are net; therefore, the GIAS financial accounts analytically show 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 I – GIAS Measures

“Shares 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 “contribution revenues”

regions) that increase Contribution Revenues

BENEFIT TRANSFERS FROM GIAS (millions of euros in absolute terms)			TRANSFERS FROM GIAS AND OTHER SCHEMES (millions of euros in absolute terms)				
	2016	2017		2016		2017	
	TOT.	TOT.		GIAS	Other schemes/funds/State	GIAS	Other schemes/funds/State
PRIVATE EMPLOYEES	€ 27,308.45	€ 27,295.88	PRIVATE EMPLOYEES	€ 9,688.93	€ 4,433.28	€ 9,043.97	€ 4,607.53
INPS	€ 26,400.27	€ 26,380.77	INPS	€ 9,660.96	€ 4,433.28	€ 9,018.71	€ 4,607.53
FPLD	€ 25,986.74	€ 25,939.16	FPLD	€ 9,487.67	€ 4,367.63	€ 8,847.32	€ 4,571.79
TRANSPORTATION	€ 46.66	€ 47.89	TRANSPORTATION	€ 121.59		€ 118.23	
TELEPHONY	€ 70.09	€ 89.08	TELEPHONY	€ 1.63		€ 1.67	
ELECTRICITY	€ 70.95	€ 65.95	ELECTRICITY	€ 1.44	€ 11.62	€ 1.44	€ 5.13
AVIATION	€ 19.86	€ 21.49	AVIATION	€ 41.12		€ 42.58	
CONSUMER TAXES	€ 4.73	€ 4.70	CONSUMER TAXES	€ 0.02		€ 0.00	
CREDIT*			CREDIT*				
FFSS	€ 78.90	€ 73.67	FFSS	€ 1.86	€ 50.07	€ 1.86	€ 30.04
INPDAI	€ 122.35	€ 138.84	INPDAI	€ 5.63	€ 3.97	€ 5.61	€ 0.56
Other funds	€ 85.02	€ 81.51	Other funds	€ 24.22	€ 0.00	€ 21.52	€ 0.00
JOURNALISTS	€ 0.00	€ 0.00	JOURNALISTS				
SHOW BUSINESS **	€ 85.02	€ 81.51	SHOW BUSINESS **	€ 24.22		€ 21.52	
Funds for former autonomous entities	€ 823.17	€ 833.60	Funds for former autonomous entities	€ 3.75		€ 3.74	
IPOST	€ 823.17	€ 833.60	IPOST	€ 3.75		€ 3.74	
PUBLIC EMPLOYEES	€ 8,967.25	€ 9,613.18	PUBLIC EMPLOYEES	€ 92.53	€ 24.83	€ 92.53	€ 33.87
CPDEL	€ 211.96	€ 330.69	CPDEL	€ 34.22	€ 13.37	€ 34.22	€ 13.95
CPI	€ 1.91	€ 3.57	CPI	€ 0.60	€ 0.22	€ 0.60	€ 0.16
CPS	€ 49.06	€ 73.56	CPS	€ 8.53	€ 10.12	€ 8.53	€ 10.66
CPUG	€ 0.62	€ 1.02	CPUG	€ 0.15	€ 0.00	€ 0.15	€ 0.01
CTPS	€ 8,703.70	€ 9,204.34	CTPS	€ 49.03	€ 1.11	€ 49.03	€ 9.09
SELF-EMPLOYED AND PROFESSIONALS			SELF-EMPLOYED AND PROFESSIONALS	€ 333.52	€ 89.56	€ 280.54	€ 88.86
INPS self-employed workers	€ 7,815.76	€ 8,137.16	INPS self-employed workers	€ 333.52	€ 0.00	€ 280.54	€ 0.00
ARTISANS	€ 2,291.41	€ 2,564.04	ARTISANS	€ 140.78		€ 114.79	
RETAILERS	€ 1,327.81	€ 1,472.44	RETAILERS	€ 122.71		€ 108.15	
CDCM	€ 4,196.55	€ 4,100.68	CDCM	€ 70.02		€ 57.60	
Professionals	€ 0.39	€ 0.35	Professionals	€ 0.00	€ 89.56	€ 0.00	€ 88.86
509 PRIV. FUNDS EXCLUDING ENPAM	€ 0.39	€ 0.35	509 PRIV. FUNDS EXCLUDING ENPAM		€ 89.56		€ 88.86
ENPAM	€ 0.00	€ 0.00	ENPAM				
103 PRIV. FUNDS	€ 0.00	€ 0.00	103 PRIV. FUNDS				
Clergy Fund	€ 8.89	€ 10.05	Clergy Fund				
Fund for Atypical Workers	€ 82.18	€ 126.98	Fund for Atypical Workers	€ 67.25		€ 134.07	
INPS supplementary funds	€ 12.05	€ 11.87	INPS supplementary funds	€ 0.04	€ 96.02	€ 0.04	€ 81.48
Miners	€ 5.54	€ 5.73	Miners	€ 0.04	€ 11.70	€ 0.04	€ 11.19
Gas Workers	€ 1.83	€ 1.43	Gas Workers	€ 0.00		€ 0.00	
Tax collectors	€ 1.46	€ 1.49	Tax collectors	€ 0.00		€ 0.00	
Dockers	€ 1.18	€ 1.18	Dockers (1)				
Dissolved entities	€ 2.04	€ 2.04	Dissolved entities (2)		€ 84.32		€ 70.29
ENASARCO	€ 0.00	€ 0.00	ENASARCO				
TOTAL	€ 44,194.99	€ 45,195.48	TOTAL	€ 10,182.7	€ 4,643.69	€ 9,551.15	€ 4,811.74
TOT. GIAS net of Public Employees	€ 35,227.3	€ 35,582.30	TOTAL	€ 14,825.96 (3)		€ 14,362.88	

*Credit fund integrated into FPLD 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) Corrected for 2016.

2.7 The INPS's financial and economic situation

On 31/12/2017, after many years INPS ran into a deficit of **6,906 million** euros, a sharp deterioration compared to the slight surplus of 78 million euros in 2016 and even more with respect to the surplus of **5,870 million** in 2015. However, this organization would have run a deficit if, as already mentioned in paragraph 2.2, Act 147/2013 had not stepped in to finance **21,698 million euros'** worth of deficit of former INPDAP transferred to INPS on 1/1/2012.

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 **116,789 million**, the temporary benefit scheme with **193,991 million** and former ENPALS with **4,826 million** and finally ex IPOST with **366 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 accounts", and not on the "Eurostat" income support function, as most EU countries do. As already illustrated in the analysis of the individual schemes, these sectors include agriculture (INPS inappropriately financed the shift of Italy from agriculture to industry) steel, paper, ports (with subjects retiring even more than 10 years earlier) and important companies such as Fiat and Olivetti, Ferrovie dello Stato, Alitalia and Poste. Approximately 500,000 workers benefited from early retirement in the private sector, while over 500,000 civil servants were 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 created so many problems with the EU and eventually resulted in the Monti-Fornero reform.

Table 2.10 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 2014-2017 and the financial and economic situation on December 31st of every year.

Table 2.10 – Economic and financial situation of the INPS pension schemes (in millions of euros)

SCHEMES AND FUNDS	2014 – Accounting results		2015 – Accounting results		2016 – Accounting results		2017 - 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 of 31/12/2016	Economic result	Financial results as of 31/12/2017
<u>AGO PENSION SCHEMES</u>								
*PENSION FUND FOR EMPLOYED WORKERS	-7,378	-130,188	-8,775	-138,963	690	-138,274	2,743	-135,531
<i>Pension Fund for Employed Worker</i>	485	-47,586	-556	-48,142	9,279	-38,863	11,249	-27,614
<i>Ex transportation fund</i>	-1,018	-18,921	-1,064	-19,985	-1,030	-21,016	-1,000	-22,016
<i>Ex electricity fund</i>	-1,982	-28,002	-1,921	-29,922	-1945	-31,867	-2,085	-33,952
<i>Ex telephony fund</i>	-1,093	-5,466	-1,313	-6,779	-1,274	-8,053	-1,353	-9,406
<i>Ex INPDAI</i>	-3,770	-30,213	-3,921	-34,135	-4,340	-38,474	-4,069	-42,543
<i>Self-employed workers</i>								
* FUND FOR FARMERS, TENTANT FARMERS AND SHARECROPPERS	-4,209	-80,018	-3,897	-83,915	-3,212	-87,127	-3,078	-90,205
* FUND FOR ARTISANS	-5,748	-49,579	-6,510	-56,089	-5,269	-61,358	-5,532	-66,891
* FUND FOR RETAILERS	-1,574	-1,630	-2,697	-4,327	-1,476	-5,803	-2,045	-7,848
* FUND FOR ATYPICAL WORKERS	7,646	96,676	7,556	104,232	6,777	111,010	5,779	116,789
<u>AGO EXCLUSIVE PENSION FUNDS</u>								
*SPECIAL FUND FOR PUBLIC EMPLOYEES	-3,194	-4,812	-4,428	-5,740	-7,181	-12,921	-9,260	-22,181
<u>AGO SUBSTITUTIVE PENSION FUNDS</u>								
* FUND FOR CUSTOMS OFFICERS	0	0	0	0	0	0	0	0
* AVIATION FUND	-180	-461	-132	-594	-155	-749	-162	-911
* FUND FOR CUSTOMS SHIPPERS	0	13	0	13	0	13	0	13
* SPECIAL SCHEME FOR FERROVIE DELLO STATO	0	1	0	1	0	1	0	1
* SPECIAL SCHEME FOR POSTE ITALIANE SpA	-173	1,331	-261	1,069	-353	716	-350	366
* SPECIAL SCHEME FOR EX ENPALS' EMPLOYEES	208	3,944	127	4,071	488	4,559	267	4,826
<u>AGO SUPPLEMENTARY PENSION FUNDS</u>								
* SPECIAL SCHEME FOR MINERS	-17	-579	-14	-593	-11	-604	-10	-614
* GAS FUND	-6	137	-5	131	-3	129	-2	127
* FUND FOR TAX COLLECTORS	26	953	-64	890	40	929	31	960
* SPECIAL SCHEME FOR DISSOLVED ENTITIES	0	0	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	-51	-2,325
* OTHER FUNDS	-2	-147	-4	-152	3	-148	-2	-149
<u>TEMPORARY BENEFITS SCHEME</u>	2,230	183,726	2,687	186,413	3,401	189,814	4,098	193,911
<u>OTHER MINOR FUNDS</u>	-45	991	181	1,173	99	1,269	1593	1,418
<u>OTHERS</u>	0	207	0	467	0	895	-1	1,340
Total	-12,485	18,407	-16,297	5,870	-6,220	78	-6,984	-6,906

3. Privatized Funds of Professionals: general and individual performance in 2017

The analysis of the privatized schemes for liberal professionals¹ completes the overview of the compulsory pension schemes of the first pillars.

Unlike public funds, these schemes have their own financial and economic resources estimated to amount to over 79 billion euros in 2017, which can be used to deal with population shocks or to retirement peaks; even though they have their own resources, all privatized pension schemes for professionals operate according to the **pay as you go system** like in the rest of the compulsory pension system.

Unlike public pension funds that now work on the basis on the pro rata contribution calculation system as of 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 by applying a proportional coefficient ranging from 2% to 0.9% per year to the mean remuneration for retirement purposes (RMP), calculated on the basis of a number of years (generally the last 15-25 years). However, after the introduction of the obligation to draft 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 n. 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, 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, the supervising Ministries have allowed an increasing number of 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

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.

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.

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. Moreover, for some years now, many of these schemes have started to require specific contributions for the introduction of additional welfare benefits.

3.1. General framework and main indicators

Table 3.1 – 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	1,125,941	375,117	8,135,757,908	4,964,131,456	6,244,675,922	62,648,132,798
103/96 Funds	192,923	15,907	461,218,676	43,020,518	203,934,040	5,967,795,359
Total	1,318,864	391,024	8,596,976,584	4,989,151,975	6,448,609,962	68,615,928,157

*In the period 1989-2017, the **total number of contributors** in these privatized schemes increased by about **129%**, up to **1,318,864**. In 2017, 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 **1,125,941**, an increase by 120% compared to 1989, by 18.4% compared to 2008 and by 0.3% compared to 2016. Instead, in the schemes under Legislative Decree 103/1996 (hereafter referred to “the 103 schemes”), the number of active workers paying contributions was equal to **192,923** with an increase by 52.9% compared to 2008 and by 2.27% vs. 2016 (*Table 3.1*).

*In 2017 the **average annual contribution** amounted to **6,519 euros**, with an increase by **2.11%** compared to 2016. In particular, for the 509 schemes, the average contribution was equal to **7,226 euros** with an increase by 2.36% compared to 2016 while for the 103 schemes it amounted to **2,391 euros** with an increase by 0.89% with respect to the previous year. The **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. These contribution rates are much lower than the ones in the public sector in which self-employed workers (artisans, retailers and farmers) pay 23% on average, atypical workers (unchartered professionals) over 27% and employed workers 33%. However, many schemes have planned to gradually increase contribution rates in the next few years.

*In the 1989-2016 period, the **number of pensions paid** went from 145,428 to **391,224** with an increase by **158.3%**, almost 30% above the increase in membership; given their recent inception, the 103 schemes only accounted for 14.6% of the total number of active workers paying contributions and in 2017 they provided a modest number of benefits equal to **15,907** (4.1% of the

total). However, it is crucial to highlight that, in 2017, the number of benefits provided by the 103 funds grew by over 50% against the 509 scheme (6% vs. 4%)

*In 2017, the **average pension** amounted to **12,759 euros** (almost twice the average contribution) with an increase by 0.03% vs. 2016. The 509 schemes provided an average pension equal to **13,185.6 euros** (slightly less than the double of the average contribution) with an increase by 0.15% compared to 2015, while the 103 funds provided an average pension equal to **2,704 euros** with a very slight reduction (- 0.73%) compared to 2016, after the 10.8% increase in 2016 vs. 2015. Please note that the average pension provided by the 103 schemes only accounts for part of the total pension, since most of these subjects are also eligible to first pillar pensions 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 **68.2 billion euros** at the end of 2017 with an increase by almost 4.3 billion vs. 4.2 billion the previous year. These schemes mainly make direct investments (about 78%), while 22% of resources are managed by professional asset managers. These schemes invest in the domestic real economy approximately 15.3% of their total assets (over 11.3 billion euros), mainly through CIUs and alternative funds. In 2017 too, they tried to diversify their investments in search for returns that can ensure their financial and actuarial sustainability (for further details see the Report of Institutional Investors by Itinerari Previdenziali which can be downloaded from the website).

*In 2017, **pension expenditure** reached **4,988.2 million euros**, an increase by **4.2%** vs. 2016 (+ 4.5% last year). The 509 schemes featured expenditure equal to **4,946 million euros** with an increase by 4.1 compared to 2016 (+4.3% last year), vs. **43 million euros'** worth of expenditure for the 103 funds with an increase by 6.8% compared to 2016 (+24.6% last year). The following table illustrates pension expenditure over time.

PENSION EXPENDITURE	2017 (mln €)	Var. 2016-2017	Var. 2013-2017	Var. 2008-2017	Var. 1989-2017
509 Funds	4,946	4,12%	18.90%	56.64%	668,87%
103 Funds	43	6,83%	92.83%	633,41%	6106,43%
Total	4,989	4,15%	19.30%	57.71%	674,72%

*In 2017, the **contribution revenues** of the privatized schemes amounted to about **8,597 million euros**, with an increase by **2.7%** compared to 2016 (+5.7% last year). The contributions received by the 509 funds reached **8,136 million euros** vs. **461 million euros** for the 103, with an increase by 3.3% compared to 2016 (+8.1% last year). The table illustrates the trend of contributions over time.

CONTRIBUTION REVENUES	2017 (mln €)	Var. 2016-2017	Var. 2013-2017	Var. 2008-2017	Var. 1989-2017
509 Funds	8,136	2,67%	13.43%	50.65%	683,45%
103 Funds	461	3,27%	26.19%	71.80%	2636,08%
Total	8,597	2,70%	14.05%	51.65%	714,64%

The **balance** between contribution revenues and pension expenditure remained almost unchanged with respect to 2016, amounting to around **3.60 billion euros**, with a percentage increase by **0.76%** over the previous year (+7.7 % last year). In 2017, the 509 schemes featured a balance equal to **3.19 billion euros**, up by 0.49% (7.8% last year), while the 103 to **418 million euros**, an increase by 2.9% compared to 406 million in 2016.

The table below shows a summary of the trend of the balance over time, highlighting its constant reduction. *(For these 3 indicators see Tables 1b, 1c, 1d and 2b, 2c, 2d, in the annexes to the Report published in the web section).*

REVENUES/EXPENDITURE RATIO	2017 (mln €)	Var. 2016-2017	Var. 2013-2017	Var. 2008-2017	Var. 1989-2017
509 Funds	3,190	0,49%	5,88%	42.22%	707,18%
103 Funds	418	2,92%	21.86%	59.26%	2487,26%
Total	3,608	0,76%	7.51%	44.00%	777,13%

*The ratio of the number of pensioners vs. the number of active workers was equal to **0.296** (i.e. 3.37 active workers per pensioner), that is slightly going up over time: from 0.253 pensioners per active worker in 1989 to 0.286 last year and up to the current figure. In detail, the ratio of pensioners vs. active workers in the 509 scheme was equal to **0.333** (3 active workers per pensioner) and to **0.082** (12.13 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	2017	2016	2013	2008	1989
509 Funds	0.333	0.321	0.309	0.286	0.283
103 Funds	0.082	0.078	0.060	0.029	0.002
Total	0.296	0.286	0.274	0.256	0.253

*In 2017, the ratio of the average pension vs. the average contribution was about **1.957**, slightly down with respect to last year: in practice, the average pension was twice as much as the average annual contributions.

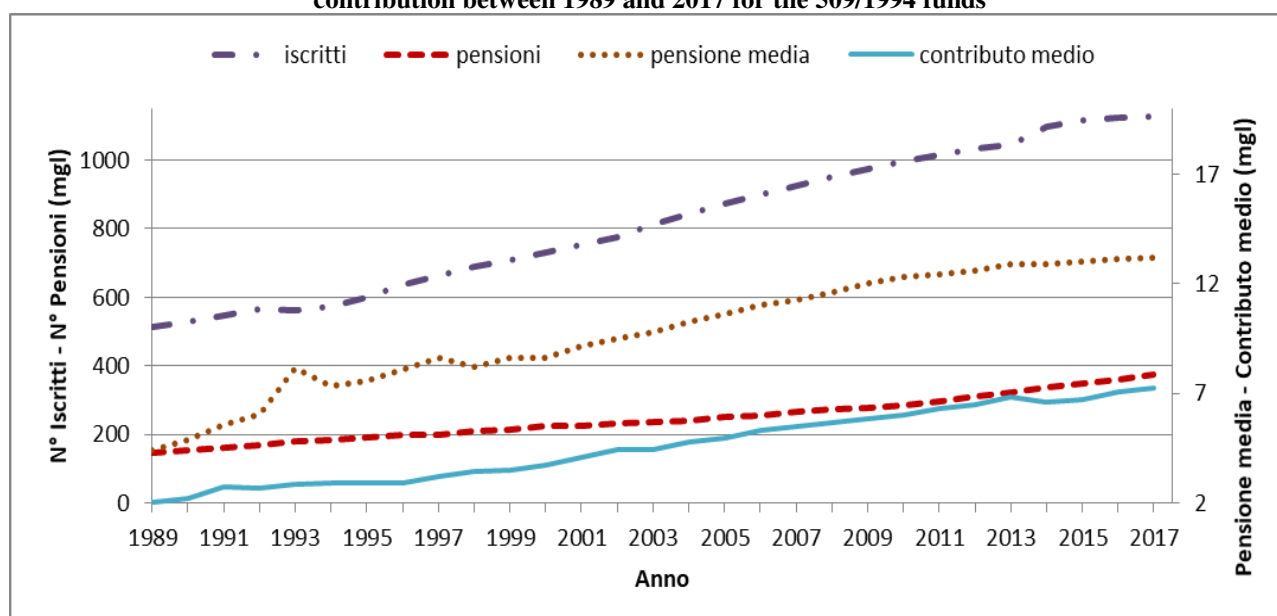
In detail, the 2017 ratio for the 509 schemes amounted to **1,825** vs. 1.865 of 2016 and to **1.1** for the 103 funds, down with respect to 1.151 of 2016. The table below shows the trend of this ratio over time. *(For this ratio, see Tables 4b, 4c, 4d in the exhibits to the report published in the web section).*

AVERAGE PENSION/AVERAGE CONTRIBUTION RATIO	2017	2016	2013	2008	1989
509 Funds	1.825	1.865	1.877	2.044	2.186
103 Funds	1.131	1.151	1,010	0.743	24.999
Total	1.957	1.998	1.393	1.470	2.414

*In 2017, the **ratio of contribution revenues vs. pension expenditure** was equal to **1.723**, slightly less than the previous year. For the 509 schemes, this ratio amounted to **1.645**, going back to the ratio in 2015 after a slight increase in 2016 (1.668) but still lower than in 2013 and in the pre-crisis period; for the 103 funds, it was equal to 10.72, thus confirming its progressive reduction as of 2008 (vs 11.09 in 2016). 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	2017	2016	2013	2008	1989
509 Fund	1.645	1.668	1.724	1.710	1.614
103 Fund	10.721	11.090	16.383	45.767	24.319
Total	1.723	1.747	1.802	1.792	1.639

Figure 3.1 – Trends of the indicators: number of members, number of pensions, average pension and average contribution between 1989 and 2017 for the 509/1994 funds



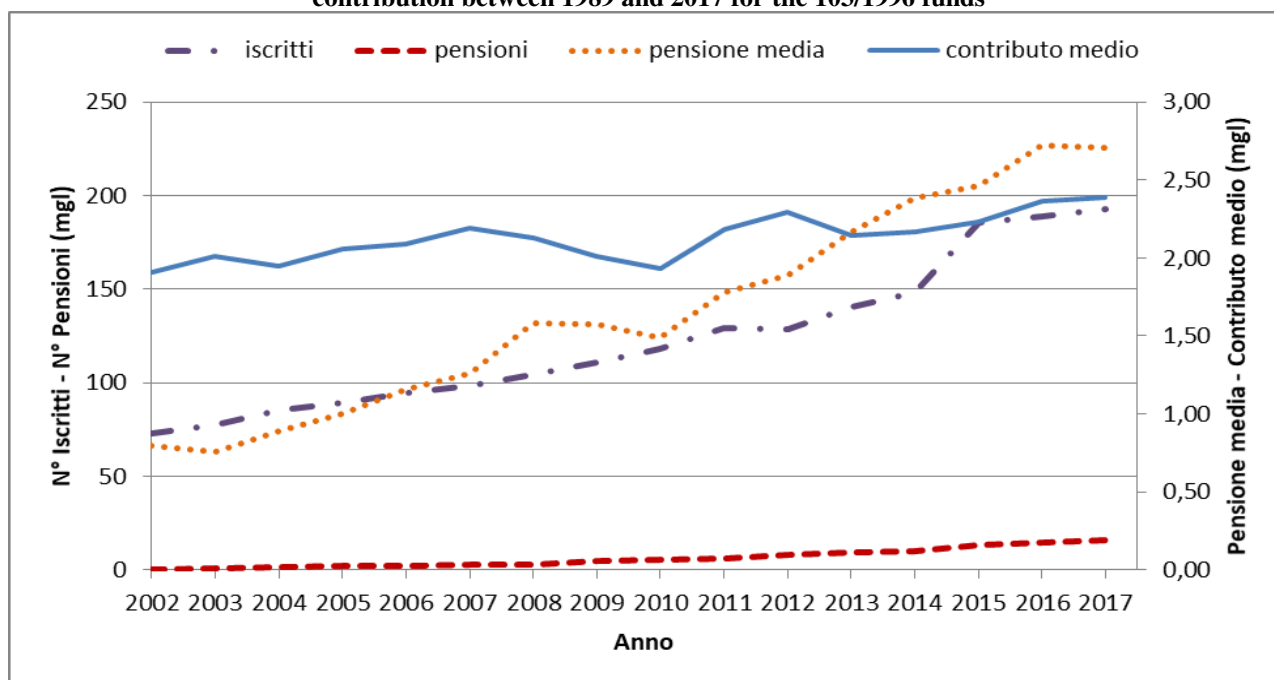
Curves: members; pensions; average pension; average contributions; year

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

Figures 3.1 and 3.2 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. 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 twice as much with respect to contributions paid also because, but not only, of the generous rules for calculating these benefits until a few years ago and of very low contribution rates especially when compared with those of employed workers in the private and in the public sectors. 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 has grown more than the benefits paid thus promoting medium and long-term sustainability.

Figure 3.2 – Trends of the indicators: number of members, number of pensions, average pension and average contribution between 1989 and 2017 for the 103/1996 funds



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

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

Graph 3.2 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 (still over 12 active workers per pensioner); average pensions and average contributions increased in a similar way, but in 2017, for the first time, this ratio went slightly down from 1.151 in 2016 to 1.131.

3.2. Analysis of each individual scheme and its main indicators

Tables 3.2 and 3.3 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 vs. 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 contributions other than the above-mentioned ones (in particular, those related to omissions, sanctions and interest on delayed payments equal to 191 million euros as indicated in **Tables 3.2.1** for the 509 funds and **3.3.1.** for the 103 funds), 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.

As to the projected accounting sustainability at **50 years**² under Art. 24 of Act 214/2011 (Monti-Fornero law), there is a questionable (also technically controversial) requirement to always ensure a positive pension balance without considering or using revenues from assets to temporarily offset pension expenditure growth, as frequently happens during an economic crisis or with changes on the labour market³. The question arises as to the use of these assets which continue to grow, thus creating serious problems of profitability and of maintenance of real values.

Moreover, there are still some pending provisions to implement the rules on the free aggregation of the periods insured provided for by the 2017 Budget Law (Art.1, par. 195, Act n. 232 of 11/12/2016), to be harmonized with the "totalization" rules accepted in 2005 by these schemes. In the meantime, the actual functioning of the system depends on an agreement with INPS on the payment and cost sharing procedures.

There are some interpretation issues that makes it difficult to assess the financial impacts and, therefore, the effects on the sustainability of the accounts. With its circular n. 140 of 12/10/2017, INPS provided the instructions to apply the aggregation of insurance periods also in private pension funds and information on aggregated pension benefits (old-age, early retirement and survivors' pensions), on how to manage the application for these aggregated pension benefits, on the calculation of the pro rata share borne by the INPS, on the conversion of the periods of membership and on the legislative provisions related to pension benefits (automatic equalization, supplementary minimum benefits, the so-called fourteenth month and supplementary social benefits). In practice, it defined a progressive form of pension linked to the different individual requirements envisaged by INPS and by pension funds, and it clarified that pension benefits are paid by INPS on the basis of Article 1, paragraph 244, of Act n. 228 of 2012.

The analysis of the **pension expenditure/contribution revenues ratio** (*Table 3.2*) shows the difficult situation of the fund for journalists (INPGI); in fact, this ratio is equal to 0.70, because contribution revenues are not sufficient to finance pension benefit expenditure. At the end of 2016, this parameter was equal to **0.77**, so there was a deterioration due to the difference between pensions and contributions with a deficit of 152.6 million euros due to the increase in expenditure on IVS pensions by over 25 million and the reduction by 14 million in contributions for IVS and redemptions/aggregations.

However, INPGI launched a radical reform in 2017 which is expected to have its effects over time, as generally occurs with pension systems. 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.

² The legislative decree provisions for drafting the technical accounts of the privatised compulsory pension schemes and the rules for calculating their sustainability were updated first with the introduction of the 30-year sustainability projection (paragraph 763 of the single article of Act 296/2006 and the Inter-ministerial Transposition Decree of 29/11/2007) and then with a projection at 50 years (Article 24, par. 24, Act 214/2011, the Monti-Fornero reform).

³ With its judgement of 7/2017, the Constitutional Court established that the transfer of money from the private pension funds to the State provided for in the spending review is illegitimate, thus reiterating that "the interference of this transfer to the State runs the risk of undermining the equilibria of these schemes and hence the unfailing element of their autonomous social security experience".

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 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.

The funds for veterinary doctors, lawyers, chartered accountants have a good expenditure/revenues ratio at around or above 2, with contribution revenues that are twice as much (2.9 times for CNPADC) compared to pension benefits; pharmacists and accountants (ENPAF and CNPR) have a balance of **1.77** and **1.34** respectively, up with respect to last year (+3.09% and +3.66%) while Labour Consultants (ENPACL), Engineers and Architects (INARCASSA) with a good ratio (1.52 and 1.74 respectively) had a significant deterioration in 2017 (-5.01% and -7.43%).

As to **the ratio of the number of pensioners vs. that of active workers**, the best results were obtained by the funds for chartered accountants (only 11.36 pensioners per 100 active workers) followed by Cassa Forense (11.74) and INARCASSA (18.97); less positive ratios were obtained by INPGI (62.91 pensioners for every 100 active workers), by Cassa del Notariato (53.14) and by ENPAM (57.50). Finally, only the Funds for Pharmacists and Notaries managed to improve this ratio compared to 2016 (from 27.47 to 26.64 and from 54.27 to 53.14 respectively). As far as ENPAM is concerned, the progressive worsening of this ratio is due to the continuous retirement applications in the National Health Service by general practitioners who are not adequately replaced.

The **average pension/average contribution ratio** ranges from 1 (ENPAM) to 4.24 (Cassa Forense): so the average pension is higher than the average contribution; lawyers receive an average pension that is 4.24 times (slightly down with respect to 4.26 in 2016) their average contribution; the average pension for engineers, architects and chartered accountants is 3 times as high; for accountants and surveyors, this ratio dropped from 2.5 times the average contribution in 2016 to over 2.3, while the other funds have a lower ratio.

Table 3.2 – Economic and population indicators of the 509/1994 schemes in 2017
(in millions of euros)

		ENPAVL	ENPAF	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
	2017 (mln €)	110,73	40,76	150,80	802,55	614,17	489,60	224,81	272,04	206,42	513,44
	var. % 16-17	4,54	5,66	-2,17	1,81	6,60	2,59	-0,86	4,29	0,90	5,07
SPEA	var. % 13-17	24,87	17,18	-7,46	13,01	42,42	11,92	7,28	19,63	8,44	19,69
PER PENSIONI	var. % 08-17	103,86	56,28	0,85	42,66	146,69	48,23	54,54	66,45	24,19	59,62
	var. % 89-17	1415,04	4707,00	43,69	1167,53	2604,74	1831,88	2381,11	1783,39	312,20	663,36
	2017 (mln €)	168,49	107,41	266,65	1616,66	1066,48	518,54	301,21	791,76	289,24	360,88
ENTRATE	var. % 16-17	-0,70	7,17	0,86	2,43	-1,32	4,67	2,77	4,52	-0,67	-3,71
CONTRIBUTIVE	var. % 13-17	11,94	24,81	2,86	11,88	0,68	20,39	11,22	19,10	34,70	-5,66
PER PENSIONI	var. % 08-17	84,49	92,05	8,25	106,65	66,45	33,54	20,28	54,01	37,90	-8,30
	var. % 89-17	1104,59	3434,33	157,97	1539,13	1111,95	642,12	1241,33	1539,13	1539,13	530,21
	2017 (mln €)	57,75	66,64	115,85	814,11	452,31	28,94	76,40	519,73	82,82	1127,64
Saldo	var. % 16-17	-9,41	8,12	5,09	3,04	-10,36	59,26	15,17	4,63	-4,38	33,97
pensionistico	var. % 13-17	24,87	24,87	24,87	24,87	24,87	24,87	24,87	24,87	24,87	24,87
	var. % 08-17	56,07	123,30	19,68	270,47	15,45	-50,12	-27,21	48,22	90,23	-312,30
	var. % 89-17	764,81	2941,75	-7390,45	2205,41	592,77	-35,00	470,33	1318,55	269,74	-644,02
Rapporto tra entrate contributive e spesa per pensioni	2017	1,52	2,63	1,77	2,01	1,74	1,06	1,34	2,91	1,40	0,70
	2016	1,60	2,60	1,72	2,00	1,88	1,04	1,29	2,90	1,42	0,77
	2013	1,70	2,47	1,59	2,03	2,46	0,98	1,29	2,92	1,13	0,89
	2008	1,68	2,14	1,65	1,39	2,57	1,18	1,72	3,15	1,26	1,22
	1989	1,91	3,58	0,98	1,56	3,88	2,76	2,48	3,54	1,45	1,42
RAPPORTO PENSIONATI/ATTIVI*100	2017	39,22	22,62	26,64	11,70	18,97	40,57	31,62	11,36	53,14	62,61
	2016	37,85	22,38	27,47	11,74	17,76	38,90	30,74	10,94	54,27	59,42
	2013	33,04	22,78	31,04	14,32	13,79	29,99	27,75	10,65	52,87	48,05
	2008	29,62	23,40	36,28	16,99	8,83	27,49	21,84	10,24	45,35	34,35
	1989	15,35	35,95	45,22	32,01	26,54	13,70	9,67	27,30	51,89	38,14
RAPPORTO PENSIONE MEDIA/CONTRIBUTO	2017	1,68	1,68	2,12	4,24	3,04	2,33	2,36	3,02	1,34	2,27
	2016	1,65	1,72	2,12	4,26	3,00	2,48	2,52	3,15	1,29	2,19
	2013	1,78	1,77	2,02	3,43	2,95	3,39	2,79	3,21	1,68	2,33
	2008	2,01	1,99	1,67	4,23	4,40	3,09	2,66	3,10	1,75	2,38
MEDIO	1989	3,41	0,78	2,25	2,01	0,97	2,65	4,17	1,04	1,33	1,85

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

Table 3.3 – Recovered sums due to omissions, sanctions and interests for delayed payments by 509/1994 funds (millions of euros)

	ENPA CL	ENPA V	ENPA F	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM	TOTALE 509
Contributi prestazioni pensionistiche	168,5	107,4	266,6	1.616,7	1.066,5	518,5	301,2	791,8	289,2	360,9	2.648,4	8.135,8
Recuperi per omissioni, sanzioni ed interessi per ritardati versamenti.	2,5	0,7	0,2	21,7	22,7	39,6	33,4	5,2	0,0	13,8	34,4	174,1
Percentuale	1,49%	0,61%	0,07%	1,34%	2,13%	7,63%	11,09%	0,66%	0,00%	3,81%	1,30%	2,14%

Contributions for pension benefits; Sums recovered due to omissions, sanctions and interests on delayed payments

Table 3.3 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 diminishing following the retirement of the first members.

In fact, it ranges from 6.71 (more than 7 times with respect to benefits) for industrial experts (EPPI) to almost 14 times and more for psychologists (ENPAP) and 13 times for biologists (ENPAB). The ratios of 26.11 for nurses (ENPAPI) and of 140.31 for agricultural technical experts (ENPAIA AGR.) are very positive but not very significant: the former has been influenced by the possibility for nurses to work under short-term contracts as of 2013 and the second by its young age (it became operational in 2008) and its limited number of pensions (26) (**Tables 4-103** on the web). On the other hand, it should be noted that industrial experts (EPPI) and journalists with the separate INPGI scheme had a significant improvement in their ratio compared to 2016: the former with +5.5% and the latter with +12.7%.

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 5.35 pensioners for every active worker in the fund for nurses (ENPAPI) to 5.11 for the INPGI separate scheme, up to a maximum of 28.84 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 2.33 times for journalists (the INPGI separate scheme), by 1.58 times for the multi-sectorial category fund (EPAP) and by 1.14 times for psychologists, while journalists managed to reduce this ratio (2.73 in 2016), the other two had another increase by 1.36 and 1.08 respectively. Other funds feature a good ratio: for industrial experts the average pension is equal to 52% of the average contribution, for nurses it is 72%, for biologists 87%.

**Table 3.4 – Recovered sums due to omissions, sanctions and interests for delayed payments by 103/1996 funds
(in millions of euros)**

	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2	TOTALE 103
Contributi prestazioni pensionistiche	93,7	114,2	95,8	50,6	2,7	8,2	53,2	42,8	461,2
Recuperi per omissioni, sanzioni ed interessi per ritardati versamenti.	2,3	4,5	6,2	0,2	0,0	0,2	1,8	1,6	16,8
Percentuale	2,51%	3,94%	6,43%	0,36%	1,64%	2,60%	3,34%	3,72%	3,65%

Contributions for pension benefits; Sums recovered due to omissions, sanctions and interests on delayed payments

**Table 3.5 – Economic and population indicators of privatized schemes under Decree 103/1996, in 2017
(in millions of euros)**

		EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
SPESA PER PENSIONI	2017 (mln €)	13,96	8,20	3,67	3,85	0,02	0,99	7,24	5,10
	var. % 16-17	1,58	12,33	17,49	20,65	6,21	12,80	16,07	-11,86
	var. % 13-17	77,92	95,50	116,42	118,29	24,88	77,20	75,84	140,29
	var. % 08-17	554,33	640,34	942,10	929,58	335,97	247,47	526,32	1020,55
	var. % 89-17	2902,87	2369,34	8375,91	8268,17	-	792,72	3228,09	4347,30
ENTRATE CONTRIBUTIVE PER PENSIONI	2017 (mln €)	93,73	114,24	95,79	50,56	2,68	8,17	53,24	42,81
	var. % 16-17	7,19	4,82	3,22	5,10	4,76	-1,08	-3,79	-0,69
	var. % 13-17	36,36	28,34	39,27	52,77	52,82	7,70	-0,62	-0,34
	var. % 08-17	71,04	85,97	154,32	77,83	113,73	28,52	4,00	56,64
	var. % 89-17	116,09	157,47	265,23	133,49	151,31	50,27	44,07	106,59
SALDO PENSIONISTICO	2017 (mln €)	79,76	106,04	92,12	46,71	2,66	7,19	46,01	37,71
	var. % 16-17	8,24	4,28	2,73	3,99	4,75	-2,72	-6,31	1,04
	var. % 13-17	31,01	25,02	37,32	49,08	53,06	2,20	-6,98	-7,65
	var. % 08-17	51,45	75,79	146,88	66,47	112,95	18,30	-8,06	40,32
	var. % 89-17	85,89	140,79	251,82	85,89	149,52	34,89	25,22	83,00
RAPPORTO TRA SPESA PER PENSIONI ED ENTRATE CONTRIBUTIVE	2017 (mln €)	6,71	13,93	26,11	13,13	140,31	8,29	7,36	8,40
	2016	6,36	14,93	29,72	15,07	142,26	9,46	8,88	7,45
	2013	8,76	21,23	40,58	18,76	114,66	13,65	13,02	20,24
	2008	25,68	55,47	107,00	76,02	286,22	22,42	44,31	60,06
	1989	1320,09	1812,15	1441,19	2634,81	-	49,26	1290,36	4102,59
RAPPORTO PENSIONATI / ATTIVI * 100	2017	28,84	6,31	5,35	8,80	1,44	17,25	8,59	5,11
	2016	26,91	6,23	4,81	8,03	1,52	16,21	8,30	4,92
	2013	18,94	5,01	3,28	5,80	1,16	12,80	6,05	4,21
	2008	6,20	1,07	1,96	1,93	0,14	6,60	3,14	3,10
	1989	-	-	-	-	-	-	-	-
RAPPORTO PENSIONE MEDIA / CONTRIBUTO MEDIO	2017	0,52	1,14	0,72	0,87	0,50	0,70	1,58	2,33
	2016	0,58	1,08	0,70	0,83	0,46	0,65	1,36	2,73
	2013	0,60	0,94	0,75	0,92	0,75	0,57	1,27	1,17
	2008	0,63	1,69	0,48	0,68	2,50	0,68	0,72	0,54
	1989	-	-	-	-	-	-	-	-

Pension expenditure; Contribution revenues for pensions; Pension balance; Ratio of pension expenditure vs. contribution revenues; Ratio of the number of pensioners vs. the number of active workers 100Average pension/average contribution ratio

3.3 Welfare benefits

As already illustrated in the previous Reports, 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.

Each scheme has tried to meet the needs and the requirements of their members by expanding and structuring their welfare benefits more efficiently. Considering the wide range of these welfare benefits, ADEPP has classified them in 5 categories: **maternity benefits – support benefits for members – professional support benefits – safety net measures - health policies.**

The total amount of these benefits is a marginal part of the volume of pension benefits paid and has stabilised over the last few years. A detailed look at the types mentioned above shows the continuous growth for maternity benefits and health policies while other benefits are gradually decreasing, probably due to the recent economic recovery. It should also be noted that these benefits do not affect the sustainability of the schemes as they are financed by ad-hoc contributions, by part of supplementary contributions and, above all, they do not entail permanent future commitments.

3.4 Sustainability indicators, operating costs and accounting data

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 obtain the **accounting balance** over time, that is the overall economic results of the schemes. In 2017, this balance dropped with respect to the previous year for the 509 funds (burdened, among other things, by INPGI's losses - largely due to the imbalance between contribution revenues and pension benefits) and for the 103 funds; a decrease mainly due to lower asset management yields because of low rates of return.

Finally, the ratio of operating costs vs. the so-called **production value**, given by the sum of total revenues and expenditure. In 2017, this ratio improved both for the 509 schemes and for the 103 funds, 3.27% and 5.03% respectively. This increase can be plausibly attributed to the reduction in the financial revenues mentioned above. These indicators are included in **Tables 3.4** and **3.5** below.

Table 3.6 - Other indicators of privatized funds under Decree 509/1994: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenses, costs, accounting balance of operating expenses and as of % of production value (millions of euros)

		ENPA CL	ENPA V	ENPA F	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
Contributi prestazioni pensionistiche	Importo	168,49	107,41	266,65	1.616,66	1.066,48	518,54	301,21	791,76	289,24	360,88	2.648,44
Contributi prestazioni assistenziali	Importo	26,93	2,73	5,21	67,10	13,29	14,78	0,21	13,71	1,25	22,83	20,54
Rendimenti gestione ed altre entrate	Importo	40,35	23,59	59,40	371,91	286,00	57,90	69,15	320,07	-4,51	99,85	370,48
Totale ricavi	Importo	235,77	133,73	331,26	2.055,67	1.365,77	591,21	370,57	1.125,54	285,99	483,56	3.039,47
Spesa prestazioni pensionistiche	Importo	110,73	40,76	150,80	802,55	614,17	489,60	224,81	272,04	206,42	513,44	1.520,81
Spesa prestazioni assistenziali	Importo	7,00	5,92	5,41	93,50	35,54	9,13	5,44	21,62	29,63	29,45	116,99
Spese funzionamento altre uscite	Importo	27,41	31,57	36,74	244,37	101,27	56,31	94,92	195,16	27,46	41,28	236,91
Totale Costi	Importo	145,14	78,26	192,96	1.140,42	750,97	555,03	325,18	488,81	263,51	584,18	1.874,70
Saldo contabile	Importo	90,62	55,48	138,30	915,25	614,79	36,18	45,39	636,73	22,48	-100,61	1.164,77
Totale ricavi + prestazioni	Importo	353,50	180,42	487,47	2.951,71	2.015,47	1.089,94	600,82	1.419,19	522,04	1.026,45	4.677,26
Spese di funzionamento	Importo	11,91	10,78	12,42	136,58	39,49	29,47	38,32	56,39	9,26	26,05	104,45
Incidenza sul valore della produzione	Perc.	3,37%	5,98%	2,55%	4,63%	1,96%	2,70%	6,38%	3,97%	1,77%	2,54%	2,23%

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.

In 2017, in additions to the observations above, the welfare benefits provided by the 509 Funds were financed only by the contributions of ENPACL, ENPAF and CIPAG. 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 (1.77% vs. -1.67% in 2016) and for engineers and architects (1.96 vs. 1.91% in 2016) and very high ones for CNPR (accountants) with 6.38% followed by ENPAV (veterinary doctors) with 5.98%.

With reference to the 103 funds, the data show that welfare benefits are particularly high for ENPAP, and that, only the separate scheme of journalists is able to finance them with specific contributions. Then, as already pointed out, the impact of operating costs on the value of production is slightly higher than that of the 509 schemes (5%) and is strongly influenced by the minimum amount of pension benefits that keep the sum of revenues and benefits low: the figure of 19.3% for agronomists derives from not really pharaonic expenses (800,000 euros).

Table 3.7 - Other indicators of privatized schemes under Decree 103/1996: contributions for pension and welfare benefits, other revenues, pension and welfare benefit expenses, costs, accounting balance of operating expenses and as % of production value - (millions of euros)

		EPPI	ENPAP	ENPAI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
Contributi prestazioni pensionistiche	Importo	93,7	114,2	95,8	50,6	2,7	8,2	53,2	42,8
Contributi prestazioni assistenziali	Importo	0,0	11,0	2,3	2,3	0,0	0,1	0,9	2,6
Rendimenti gestione altre entrate	Importo	61,2	66,8	72,7	14,1	1,2	5,3	31,4	17,9
Totale ricavi	Importo	154,9	192,0	170,8	66,9	3,9	13,5	85,5	63,3
Spesa prestazioni pensionistiche	Importo	14,0	8,2	3,7	3,9	0,0	1,0	7,2	5,1
Spesa prestazioni assistenziali	Importo	2,8	15,6	5,1	3,6	0,0	0,1	2,8	0,7
Spese funzionamento altre uscite	Importo	85,7	127,9	158,3	49,6	3,5	11,3	60,6	9,1
Totale Costi	Importo	102,4	151,7	167,1	57,0	3,6	12,4	70,6	14,9
Saldo contabile	Importo	52,5	40,4	3,7	10,0	0,3	1,2	14,9	48,4
Totale ricavi + prestazioni	Importo	171,7	215,8	179,6	74,4	3,9	14,6	95,6	69,1
Spese di funzionamento	Importo	9,1	7,1	8,4	2,3	0,8	0,9	4,7	8,4
Incidenza sul valore della produzione	Perc.	5,3%	3,3%	4,7%	3,1%	19,3%	6,5%	4,9%	12,2%

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.

A final consideration on the **number of members** over the years that shows, after many years, the growth of the age group up to 30 years, back to the levels of 2008 (6.8% against 6.9%), which means an economic recovery. The 30-40 age group (22%) is still shrinking due to the long crisis, while the 40-50 age group remains stable at around 30% and the over-50 age group grows up to 39%. The number of **women** continues to grow and accounts for 36% and in the age groups up to 50 years of age, they outnumber men. The latest regional surveys show that, in 2016, Valle D'Aosta had the highest percentage of active members per 1000 inhabitants in these schemes (7th ADEPP Report, 2016 data) in 2016, equal to 35, followed by Lazio with 30, Sicily, Veneto and Piedmont with 21, with the lowest number of professionals.

For an analysis of the assets of pension schemes and their evolution over time, please refer to the 2018 Report on Institutional Investors available on the website www.itinerariprevidenziali.it.

4. Equilibrium rates of the system and of its schemes

The “*accounting equilibrium rate*”¹ 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 4.1 - Accounting equilibrium rates and difference vs. the effective rate

Categories	2012					2017				
	\hat{a} %	p/w	R/L	q	d %	\hat{a} %	p/w	R/L	q	d %
Private sector employees	37.1	0.51	0.72	0.99	0.2	34.8	0.55	0.64	1.03	-1.1
- FPLD (employees)	31.1	0.47	0.70	1.13	-4.0	30.8	0.51	0.60	1.17	-5.2
Showbusiness and ent. fund	19.3	1.01	0.19	1.38	-7.1	23.9	0.63	0.38	1.40	-9.6
- Other funds for private sector employees	97.6	0.58	1.68	0.37	61.8	162.1	0.85	1.91	0.32	109.9
Public employees	52.9	0.58	0.91	0.62	19.9	59.4	0.68	0.88	0.56	26.3
Artisans	30.1	0.34	0.89	0.71	8.8	33.0	0.32	1.03	0.72	9.4
Retailers	20.9	0.33	0.63	1.03	-0.6	21.3	0.32	0.66	1.11	-2.4
CDCM (agr. workers)	113.5	0.31	3.65	0.25	85.2	86.4	0.27	3.24	0.32	58.6
Professionals	9.2	0.35	0.27	1.91	-8.3	10.2	0.35	0.29	1.84	-8.6
Atypical workers	1.5	0.09	0.16	16.17	-22.8	3.3	0.10	0.34	8.84	-25.9
Supplementary funds	16.6	0.36	0.46	0.85	1.7	14.9	0.30	0.50	0.97	0.5

(*) The meaning of the symbols is explained in the footnote.

Table 4.1 shows the situation of the main categories for the years 2012 and 2017². 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 with a current surplus: in this case, professionals, atypical workers, retailers and FLDP private sector employed workers. The three central columns illustrate the structural ratios for each of the two years (*average pension vs. average income* 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.

¹ The “accounting equilibrium rate” determines the equilibrium between pension revenues and expenditure, that is of the funds' budget items which include the members' contribution revenues and the benefits paid. This balance does not include the administrative costs under expenditure and the rate of return of the assets. The balance of the retirement account is zero when the contribution rate C is equal to the amount of benefits (S_P). Since contribution revenues are equal to the ratio of the contribution rate vs. the income on the basis of which contributions are calculated (equal to the average income w multiplied by the number of workers L), while pension expenditure is equal to the ratio of the average pension p to the number of pensions paid R , the theoretical accounting equilibrium rate (α) is derived from: $C = S_P \hat{a} \cdot w \cdot L = p \cdot R \quad \hat{a} = p/w \cdot R/L$

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 $d = (I - q) \cdot (p/w \cdot R/L)$.

² For comparative purposes, the Report has adopted the same time period as the one under Chapter 1, par. 2 to analyse the trend of the balances for the same categories of schemes.

There are clearly major differences among the categories and the situation presents significant changes in the five-year period. Starting from the categories that always have average effective rates higher than the accounting equilibrium rates, two of them (the fund for atypical workers and for professionals) have positive balances because of the still very low ratio of the number of pensions paid vs the number of active workers paying contributions (**R/L**), also confirmed by the high percentage of benefits financed by contribution revenues (**q**). It is important to highlight that, as far as **atypical workers** are concerned, their fund is the latest one to be set up within the framework of the compulsory public pension system and, therefore, the figures of the two structural parameters are characteristic of a young scheme³. The 50% increase in the ratio of the number of pensions paid out vs. the number of active workers paying contributions from 2012 to 2017 shows that, while the average pension/average income ratio (**p/w**) is almost constant, at least for the moment the type of occupation is not changing, nor are the average incomes of members of this scheme⁴; instead the number of benefits to be paid out is rapidly growing (+ 52% in the five-year period) with respect to the number of active workers paying contributions (- 27% in the same period)⁵. The situation of this fund deserves, therefore, to be monitored with attention, because this trend may rapidly deplete the current surpluses of this fund.

On the contrary, the **Funds for professionals** show a different trend, with almost the same average pension/ average income ratio and a dynamic employment situation with different types of occupations; this explains the growth in the number of active workers paying contributions with respect to the number of pensions to be paid.

The other scheme with a higher accounting rate with respect to their equilibrium rate is that of **retailers**; in fact, in addition to a relatively low average pension/average income ratio that is a common feature of all self-employed categories, it maintains a relatively stable ratio of the number of pensions paid vs. the number of active workers paying contributions, thanks mainly to their better employment performance with respect to artisans⁶ since the beginning of the crisis.

Among the categories of workers with a relative financial equilibrium, it is important to look at the schemes for **private sector employees** that account for **55%** of the entire public pension in terms of number of active workers paying contributions and pensions paid. As shown in **Table 4.1**, the financial equilibrium of private sector employees generally improved between 2012 and 2017, as shown by the accounting equilibrium rate and the change in the differential (**d**). However, it is necessary to provide some additional clarifications with regard to this category. In fact, the category of private sector employees includes the main Italian pension fund, that is, the FPLD, with **96%** of

³ The Separate fund was established in 1995 for the compulsory retirement provision of atypical and self-employed workers with a VAT number (Art.2, par. 26, of Act 335/95).

⁴ It should be noted that this indicator closely depends on the retirement profile, i.e. the contribution rate, the career length and the rule for calculating the benefits. It compares the average pension with the average income of active workers paying contributions and therefore it cannot be likened to measures of relative poverty such as those reported in EUROSTAT (*Relative median income ratio (65+) - EU-SILC survey*), which correlate the average income of subjects above the retirement age to the average income of subjects below the same age threshold.

⁵ In this connection, it should be noted that the number of members paying their contributors to the special fund for atypical workers reached a peak in 2008, i.e. the year that marked the start of the economic crisis. From 2008 to 2017, this number fell by 31.5%.

⁶ From 2008 to 2017, while artisans lost 14.2% of active workers paying contributions, the fund for retailers had an increase by 4.3%.

subjects employed by private companies, but also a series of smaller schemes⁷ that together account for the remaining 4%.

Table 4.1 shows FPLD, the funds for show-business and entertainment workers and the other funds as separate aggregates, thus highlighting their substantial differences. FPLD members had a stable equilibrium in their pension patterns over the six years observed. The increase in the average pension/ average income ratio was more than offset by the simultaneous reduction in the number of pensions paid compared to the number of active workers paying contributions⁸; as a result, the share of expenditure financed by contributions increased and the accounting equilibrium rate dropped. The negative differential (*d*) proves that the balance of inflows and outflows is positive and improved over the period considered.

The former ENPALS Fund for show-business and entertainment workers, which was running a surplus⁹ when it was transferred into INPS, also features a positive financial trend, with accounting rates lower than the average contribution rate and with contribution revenues higher than benefits. The relative increase in the number of pensions paid compared to the number of active workers paying contributions over the period was more than offset by the simultaneous reduction in the average amount of benefits.

Unlike the two aggregates just mentioned, the rest of the schemes for private sector employees has a very negative financial situation. Overall, on the basis of the calculation of the accounting equilibrium rate for these funds, all the income of active workers paying contributions would not be sufficient to finance the cost of outstanding benefits. From 2012 to 2017, the already poor financial performance of these funds, further deteriorated, as indicated by the very high theoretical rate and by the level of financing from contributions, which fell to less than one third of the amount of benefits¹⁰. However, it should be pointed out that, with the exception of the Transportation Fund, for all the other funds, including the scheme for executives, the subjects who joined after the consolidation are registered with FPLD; so, it is clear that over time this imbalance and hence the increase in the equilibrium rate is bound to grow.

There are also many different conditions in the remaining categories of funds. For example, *Supplementary Funds* are almost in a situation of equilibrium between income and expenditure: the increase in average pensions compared to average incomes over the period was more than offset by

⁷ These funds can be divided into INPS Funds (Transportation; Telephony; Electricity; Aviation; Consumer Taxes; Public Credit organizations; FFSS Employees; Corporate Managers); other funds for private sector employees (Journalists; Workers in the Entertainment Industry); Funds for former autonomous companies (Posts and Telephony).

⁸ From 2012 to 2017, the *p/w* ratio increased by 8.3% but the *R/L* ratio dropped 11.9%.

⁹ The National Pension and Welfare Fund for workers in the entertainment industry (ENPALS), which provided the general compulsory disability, old age and survivors' benefits to employed, self-employed or atypical workers in the entertainment industry, was abolished by Law Decree n. 201 of 6/12/2011, transposed and amended by Act n. 214 of 24/12/2011, and its functions were transferred to INPS.

¹⁰ As to these negative results, it should be noted that in 2017, **39.9%** of the operating deficit, net of the welfare benefits, of the entire public pension system in 2017 was caused by former Special Funds alone (Transportation, Electricity, Telephone and Executives) (approximately 8.4 billion, of which 48% was accounted for by the former INPDAI Executives' Fund) out of a total of 21 billion euro, which accounted for 2.3% of the number of pensions and for 0.82% of the number of active contributors to the total pension system. Other funds of private sector run deficits that could only be financed through unsustainable increases in their contribution rate. For example, the balance between income and expenditure of the fund for journalists would require a 27.6% increase in the current contribution rate, the Aviation Fund 159% and the Fund for FF.SS. employees a rate of over seven and a half times the current one.

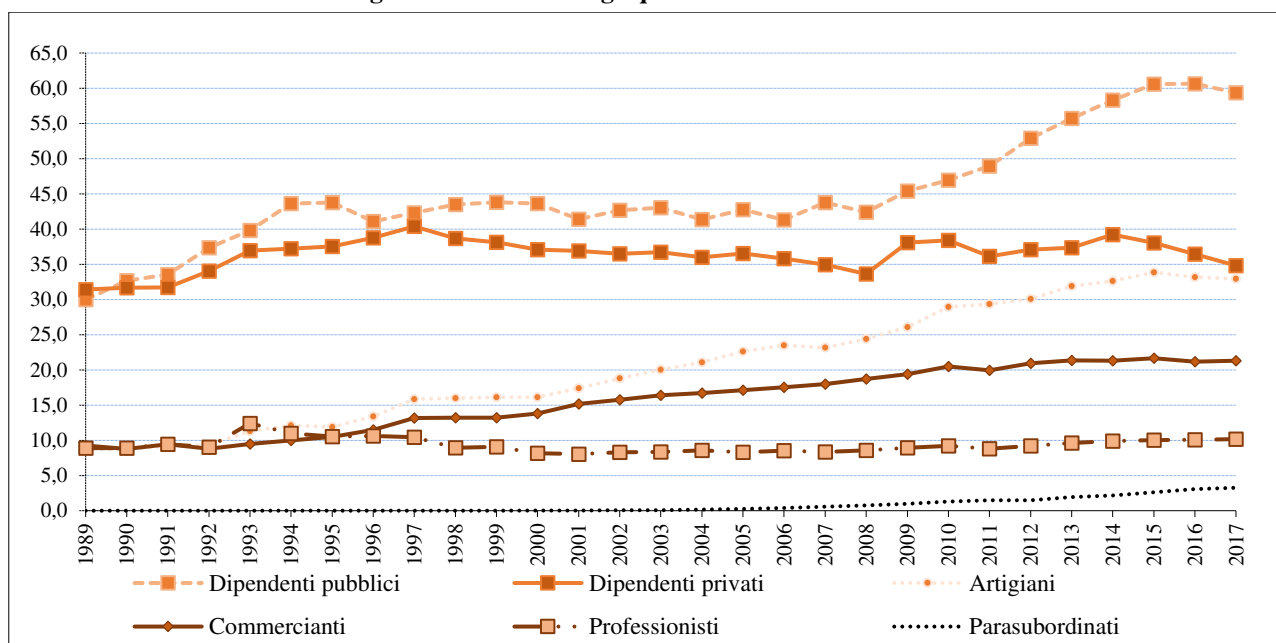
an improved ratio of the number of active workers paying contributions vs. the number of pensions; therefore, the actual contribution rate reached an almost identical value to the accounting rate.

The situation of the fund for *artisans* is quite different: in 2012, it had an accounting equilibrium balance rate of 30.1%, which grew to 33% in six years. The wider gap between contribution revenues and pensions to be paid was not due to a change in the *p/w* ratio, but in the *R/L* ratio, whose growth was not caused so much by the retirement patterns, deemed physiological for a mature fund, but rather by the substantial decline in the number of active contributors.

The gap between the equilibrium rate and the average actual rate is very wide in the category of *agricultural workers* (CDCM); in fact, as often been pointed out, radical changes occurred in this sector which drastically reduced employment and led to a very unbalanced ratio of the number of pensions paid vs. the number of active contributors. From 2012 to 2017, the *R/L* ratio decreased with a clear impact on and the accounting equilibrium rate, significantly reduced but still very high, which means a consistent imbalance in the accounts.

The financial imbalance in the category of *civil servants* is more limited but still significant, given the size of this sector. Together with artisans, these two categories suffered a marked deterioration from 2012 to 2017. The slight improvement in the ratio of the number of pensions vs. the number of active workers paying contributions due to the improvement of employment over the last three years was not enough to contain the effects of a higher ratio of the average pension (+ 8% over the period considered) vs. the average income, which remained sluggish because of the longstanding poor wage trends in the civil service sector.

Figure 4.1 - Accounting equilibrium rate net of GIAS



Public employees; Public employees (Act n. 183/2011 art. 2, par. 3) Private employees; Artisans; Retailers; Professionals

Figure 4.1 illustrates the trends of the accounting equilibrium rates over a longer period than the 2012-2017 observed so far. It shows the equilibrium rates for the categories already considered, except for supplementary schemes and for the fund for farmers that are analysed separately below because of their characteristics. The graphs provide significant information on the evolution of the

financial situation of these funds. The funds for public and artisans have higher accounting balances. In both cases, the trends of last two years go in the opposite direction with respect to those of the previous years, although, as already illustrated, the figures for 2017 are worse than those for 2012. Over the entire time period, there is instead a substantial difference between the rate of artisans and that of public employees.

In fact, artisans featured an almost constant increase in the rate over time, a sign of an inherent imbalance in the structural parameters, which are hardly compensated for by the higher contribution rates of the last few years because of a concurrent drop in the number of active workers paying contributions. Public employees started with a higher accounting balance which has remained almost constant from the mid-1990s, that is after the first important pension reforms, up to the beginning of the economic crisis.

In the following years, the halt to turnover to contain public expenditure had a strong negative impact on the accounts¹¹ of the pension system which seems to be curbed only by the improvement in employment in the very last period.

Even considering the above-mentioned differences between these funds, the funds for private sector employees have had a long-term time progressive containment of their accounting equilibrium rate, since 1997, with some fluctuations, especially in the first years of the crisis that led to a drop in contribution revenues.

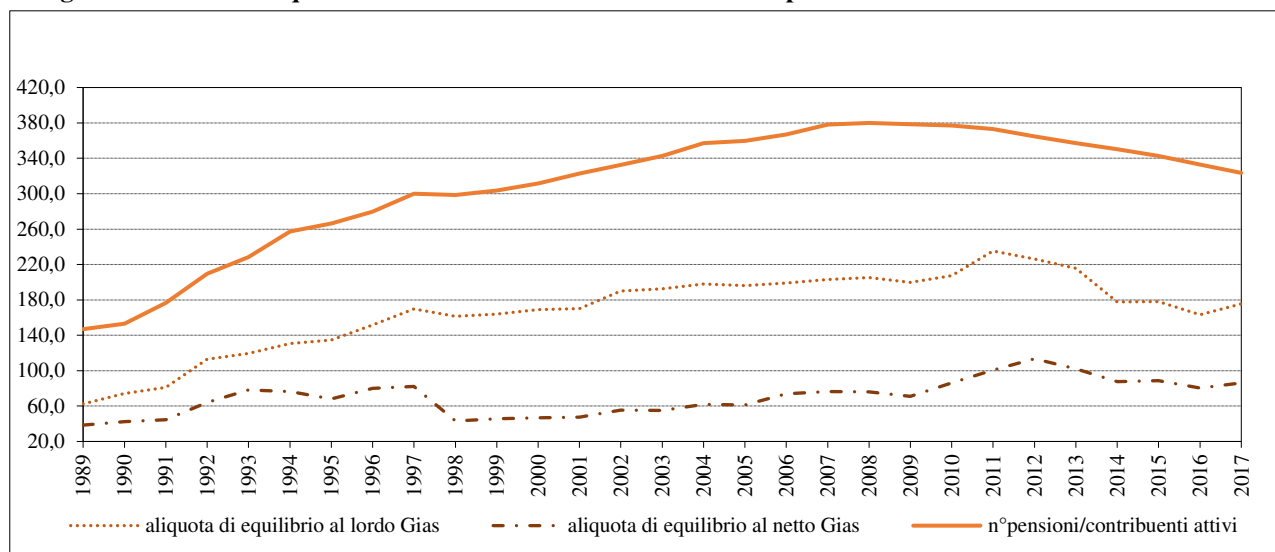
The funds for retailers too are characterized by higher rates but with less striking variations vs. the schemes for artisans and, above all, an accounting rate that seems to be very close to their legal contribution rate.

The schemes for professionals feature a relatively stable accounting equilibrium rate, below the average rates in force. Finally, the equilibrium rate for the fund of atypical workers is still very low, which started to provide benefits only after 2000. Since this fund operates with the contribution-based method, no problems are expected to keep the situation in equilibrium; however, since benefit expenditure is increasing, it is necessary to constantly monitor its financial flows, as already mentioned.

Instead, completely different considerations should be made about the fund for farmers, tenant farmers and sharecroppers (CDCM). As can be seen in **Figure 4.2**, this fund went through a long phase of economic transformations that resulted in a continuous loss of employment; the ratio of the number of pensions paid vs. the number of active workers 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 just above 3.2 in 2017, with a sharp decline in the number of pensions paid, about – 470,000 from 2008 to 2017, while the number of active workers paying contributions decreased in the same period by about 41,000.

¹¹ From 2007 to 2013, public employees lost about 340 thousand active workers paying contributions.

Figure 4.2 - CDCM: equilibrium rates and ratio of the number of pensions vs. the number of active workers



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 was supported by a large amount of external resources, both the ones to fund current deficits and specific welfare measures.

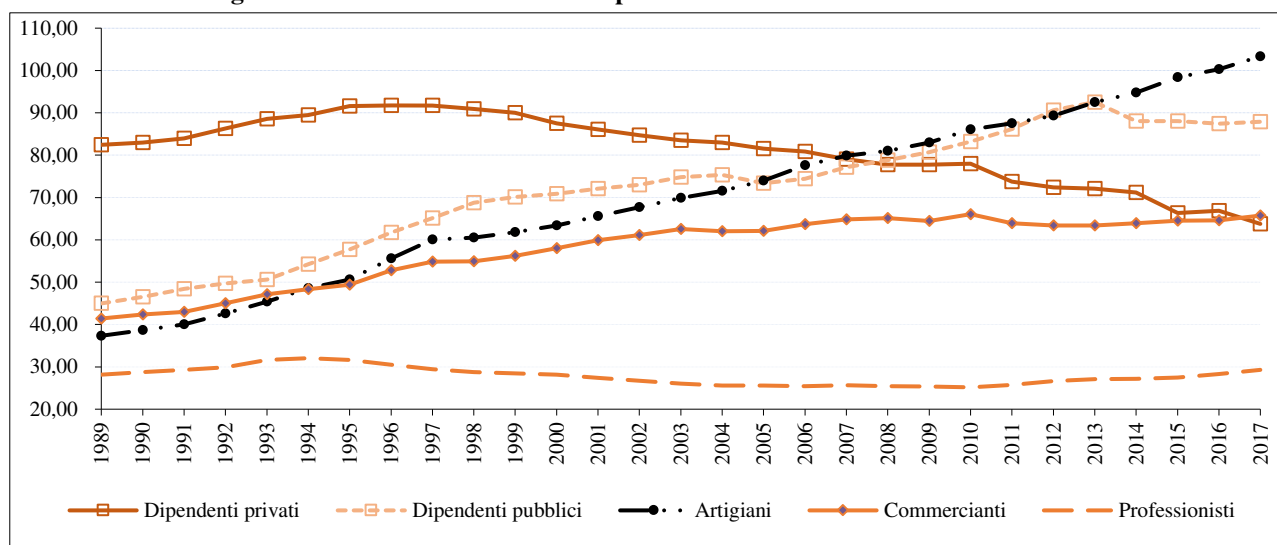
This resulted in a progressive strengthening of the GIAS role in the transfer of financial resources, as seen in the gap between an already very high equilibrium rates, net of GIAS transfers, and the rates before the same transfers.¹²

Going back to the long-term trend of these ratios that are instrumental in the financial equilibrium of the other categories, the patterns in **Figure 4.3** point to significant differences among these categories in the period observed as to their ratio of pensions vs. the number of active workers. Before looking into the individual situations, it is important to recall that until the mid-1990s, all the curves showed a higher number of pensions paid, but, 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 due to more stringent retirement age requirements, with this ratio gradually decreasing from more than 90 pensions paid for every 100 active contributors in 1995 to the current 64 in 2017¹³.

¹² **Figure 4.2** 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.

¹³ From 1996, the year following the Dini reform, to 2017, the number of active contributors to the funds of private sector employees increased at a compound average annual rate of more than 0.8%, while the number of pensions to be paid fell by an average of 0.9% per year.

Figure 4.3 – Ratio of the number of pensions vs. the number of active workers



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, this ratio for public employees more than doubled from 45 pensions for every 100 active workers paying contributions to the peak in 2013 with over 92, with a slight drop in the following years. (*R/W* ratio equal to 87.9 in 2017).

The growth of this ratio for artisans is even more marked, due to the combined effect of the more mature phase of this fund¹⁴ and of the decline in employment since 2006; it rose from 0.37 pensions per active worker to 1.03 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 0.66. This was due to a steady growth in the number of employees in this sector¹⁵, even during the crisis, but with a stalemate in the last three years and with more instability.

Finally, 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, featured a low ratio of the number of pensions vs. the number of active workers even though it increased by over 2% in the last three years.

Figure 4.4 illustrates the pattern of the other structural parameter, i.e. the ratio of the average pension calculated gross of GIAS¹⁶ transfers vs. the average income of workers paying contributions for the five 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 to better understand the differences among the different categories of workers in the Italian pension system. The most appropriate reference for this purpose is the so-called

¹⁴ 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.

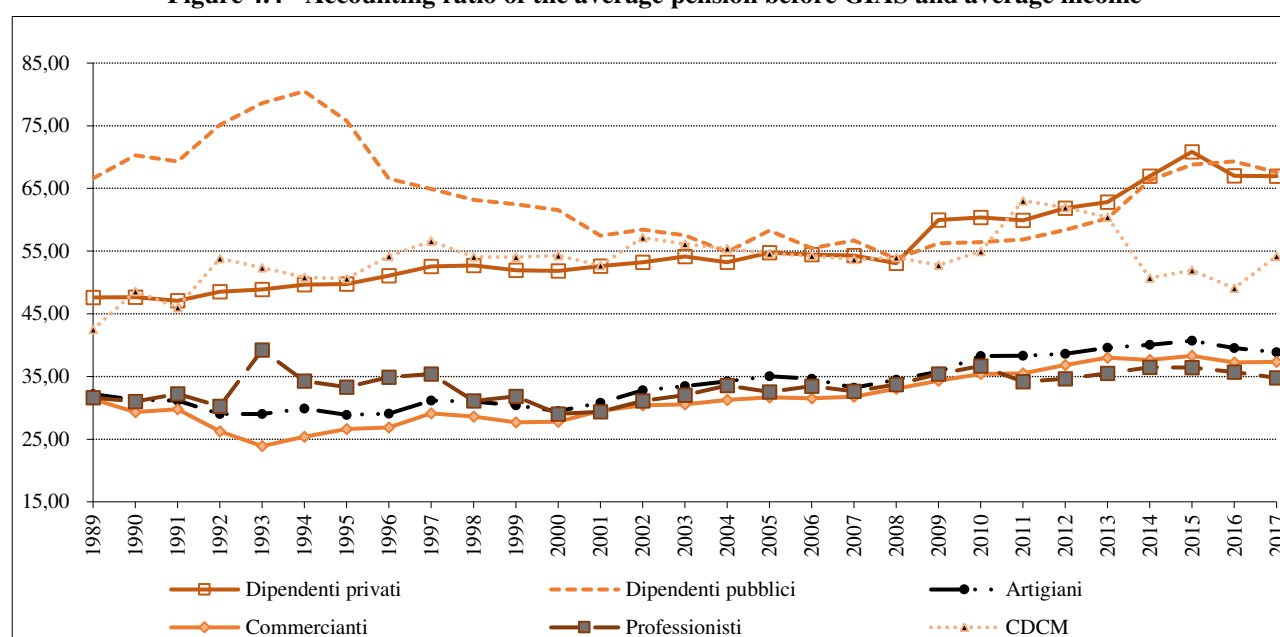
¹⁵ From 1989 to 2017, the increase in active contributors to the fund for retailers was slightly higher 1% on average per year.

¹⁶ The decision to include the GIAS share in the value of the pension is due to the fact that the welfare contributions affect each category in a very different way and, therefore, it has to be considered otherwise, the actual amount of benefits received would be distorted. Moreover, the total amount of pension benefits makes it possible to more adequately compare them with the pension income of other European countries, as explained in the text.

*Aggregate replacement ratio*¹⁷, i.e. the ratio of the average pension received by subjects between 65 and 74 years of age vs. the work-related income of individuals between 50 and 59 years of age, whose average EU ratio is 59% and 60% only for the Eurozone countries according to the latest published data. The ratio for Italy is about 70%.

The data used to calculate the ratios of **Figure 4.4** 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 indicators to calculate pension and work-related income levels include younger active workers and older pensioners, these trends 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 4.4 - Accounting ratio of the average pension before GIAS and average income



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 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 average¹⁸.

¹⁷ EUROSTAT, *Aggregate replacement ratio* - EU-SILC survey. Last update: 6/11/2018. The aggregate replacement ratio, which is used to measure the ratio of pension income vs. the income of active contributors over time (it is a relative income measure and not of the ratio of first pension vs. last income) also include the benefits from the second pillar. (EUROSTAT definition: The aggregate replacement ratio is gross median individual pension income of the population aged 65–74 relative to gross median individual earnings from work of the population aged 50–59, excluding other social benefits).

¹⁸ **Figure 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 from the year 2000 onwards.

The other aggregate refers to self-employed workers and professionals¹⁹. 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 35 and 39% in 2017.

Finally, agricultural workers (CDCM) have a relatively peculiar situation: in fact, their ratio was similar to that of the other categories until 2013, then fell by about 10% in the last four years.

¹⁹ Since in Italy pensions are mainly financed by social contributions, the differences in replacement rates reflect the different percentages of financing, which are equal to 33% of the gross annual income for public and private employees, 24 for artisans and retailers, about 16% for self-employed workers, 32.7% for atypical workers and percentage around 24%/30% for CDCM workers.

5. Income support benefits: GPT and GIAS

The analysis of income support benefits, although aimed only at employed workers, is particularly important in the current discussion on the so-called “**reddito di cittadinanza**” (universal income). This measure has been designed by its champions mainly to promote the integration of unemployed citizens or those who have lost their jobs into the labor market through a subsidy of about € 780 per month, a subsidy that can be repealed if recipients reject the third job offer. The Report will explain later the how this measure will be managed and financed and how these resources can be fully or partly integrated and/or absorbed in in this planned new instrument.

Act n. 88 of March 9, 1989 provided for the reorganization of the economic and financial structure of INPS and of its main pension and welfare schemes, social measures, support to enterprises into compartmentalized units.

GPT and **GIAS** together with FPLD fall within the framework of the *Pension Compartment for employed workers*. Under Art. 24, they bring together the pre-existing activities and provide income support benefits in cases of unemployment, sickness, maternity, family allowances (ANF) and they pay notional retirement contributions for workers temporarily out of the labour market.

These are the main benefits provided to eligible workers:

- a) ***NASpI¹ benefits and involuntary unemployment benefits;***
- b) ***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;
- c) ***supplementary income benefits for workers in the industry and construction sectors;***
- d) ***wage support benefits for agricultural workers;***
- e) ***the unified fund for family allowances and household benefits;***
- f) ***sickness and maternity benefits*** and any other ***temporary*** social security benefits other than pensions.

Art. 21 of Act 88/1989 established solidarity within this *Compartment* and established that The INPS Board of Directors may decide to use the GPT surplus without paying interest rates to finance FPLD so as to rebalance its deficit and restore the equilibrium of its economic and financial parameters.

Following the above-mentioned reorganization, under Article 24, par. 2 of Act 88/1989, GPT is financed by the contributions provided by enterprises that were previously paid to pre-existing funds and schemes and must take on board all their assets and liabilities and provide benefits.

¹ NASpI (New Social Benefits for Employment) was introduced in 01/05/2015, under Leg. Decree n. 22 of 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 n.94 of 12/5/2015 for the benefit amounts). The Mobility allowance (paid by GIAS) was abolished on 01/01/2017.

Below is the analysis of the accounts of this scheme both in terms of contribution revenues from enterprises (that has a clear impact on labour costs) and of income-support benefit expenditure.

Table 5.1 shows the data on the financial accounts of the last 10 years from 2008 to 2017.

Table 5.1 – GPT between 2008 and 2017. Summary of the economic situation (*)
(millions of euros)

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Proceeds and revenues	18.832	17.999	18.782	18.833	18.912	19.743	19.994	20.208	20.805	21.719
Other revenues (**)	2.507	2.531	2.370	2.428	2.600	2.444	2.545	2.328	2.436	2.401
Total value of production (A)	21.339	20.530	21.152	21.261	21.512	22.187	22.539	22.536	23.241	24.120
Institutional benefit expnditure	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534	15.006	15.055
Other operating costs	4.472	7.117	6.934	6.394	7.901	6.654	6.616	6.644	4.960	5.026
Total Costs of Production (B)	15.931	21.024	20.484	19.900	22.534	21.803	20.883	20.178	19.966	20.081
Difference (A) - (B)	5.408	-494	668	1.361	-1.022	384	1.656	2.357	3.275	4.039

(*) *Gross of proceeds, financial and extraordinary charges and taxes*

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

In the period examined, contributions revenues, which appear in in **Table 5.1** under item "revenues and proceeds" (contributions from employers), remained stable at around 18,900 million euros until 2012 and then significantly increased as of 2013 due to the combined effect of the improved employment situation and the increase in gross wages for employed workers. Another effect derived from the introduction of two new types of contributions and the changes in contributions introduced in 2015, in terms of wage subsidies for all part-time and full-time employed workers, including those with a professional apprenticeship contract. Between 2017 and the previous year, the increase was significant, equal to 4.4% (compared to 2.95 in the previous two years). The main changes in terms of contributions are summarised below:

- the additional contribution of 1.40%, introduced by art. 2, paragraph 28 et seq. of Act n. 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;
- amended structure and extent of the additional contribution with reference to supplementary wage benefits, pursuant to art. 5 of Law Decree 148/2015.

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; moreover, the Decree envisages the following provisions:

- a reduction and a reformulation of ordinary contributory charges intended to finance the ordinary redundancy fund referred to as CIGO (Cassa Integrazione Guadagni Ordinaria) established by Art. 13 of Law Decree 148/2015, also according to its actual use. These are the contribution rates for ordinary supplementary wage benefits:
 - a) 1.70% of the taxable remuneration for retirement purposes for subjects working for industrial firms with up to 50 employees;
 - b) 2.00% of the taxable remuneration for retirement purposes for subjects working for industrial firms with more 50 employees;
 - c) 4.70% of the taxable remuneration for retirement purposes for subjects working for industrial firms and artisan companies in the construction sector;
 - d) 3.30% of the taxable remuneration for retirement purposes for subjects working in the stone industry and crafts;
 - e) 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;
 - f) 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.

Tables 5.1.1 and **5.1.2** show for each type of service, the *contributions revenues* from employers and members and the *contribution revenues* from **GIAS transfers** to fund changes, exemptions and reductions in contribution rates in favour of sectors or production categories and other benefits from 2008 to 2017.

Table 5.1.1 – GPT between 2008 and 2017. Contributions paid by employers and by members. Accruals
(millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Trattamenti di famiglia	6.224	5.887	6.124	6.201	6.216	6.419	6.454	6.299	6.434	6.833
Trattamenti di integrazione salariale ordinaria	2.926	2.715	2.817	2.741	2.674	2.680	2.649	2.744	2.661	2.605
- edilizia	687	598	607	567	488	417	459	456	419	387
- lapidei industria	28	26	26	25	23	21	23	22	19	20
- lapidei artigianato	3	3	2	2	2	2	2	2	2	2
- industria	2.208	2.088	2.182	2.147	2.161	2.240	2.165	2.264	2.221	2.196
Cisao	37	34	38	37	40	38	40	44	41	45
Trattamenti di disoccupazione	3.784	3.802	3.948	3.947	4.042	128	135	160	157	150
Trattamenti di ASPI/NASPI						4.516	4.678	4.790	5.038	5.297
Trattamenti economici di malattia	4.214	3.962	4.197	4.247	4.223	4.243	4.351	4.468	4.745	4.968
Trattamenti economici di maternità	1.088	1.063	1.100	1.095	1.130	1.138	1.121	1.158	1.152	1.214
Trattamenti di fine rapporto e vari	580	554	582	582	606	599	601	610	646	664
Finanziamento fondo di garanzia per omessi o insufficienti contributi datoriali alla previdenza complementare	2	2	2	2	2	2	2	2	2	2
Totale	18.854	18.018	18.808	18.852	18.932	19.763	20.032	20.275	20.876	21.778

Description: Family allowances; Ordinary wage supplementary benefits: construction stone industry, stone craftsmanship industry, Cisao, Unemployment benefits, ASPI /NASPI benefits, Sickness benefits, Maternity benefits, Termination of employment benefits and other benefits, Guarantee Fund for omitted or insufficient contributions by employers to complementary pension schemes; Total

Table 5.1.2 – GPT between 2008 and 2017. Active transfers from GIAS to GPT
(millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Trattamenti di famiglia	1.368	1.348	1.323	1.354	1.457	1.448	1.576	1.466	1.572	1.577
Trattamenti di integrazione salariale ordinaria	208	204	182	195	208	171	152	144	113	99
- edilizia	129	136	116	128	137	102	103	96	79	72
- lapidei industria	5	5	5	5	5	4	4	4	4	3
- lapidei artigianato	0	0	0	0	0	0	0	0	0	0
- industria	74	63	61	62	66	65	45	44	30	24
Cisao	64	81	66	66	71	68	72	73	77	79
Trattamenti di disoccupazione	165	184	158	164	174	116	59	62	65	68
Trattamenti di ASPI/NASPI						49	81	52	43	34
Trattamenti economici di malattia	648	649	580	590	631	540	557	494	486	471
Trattamenti economici di maternità										
Trattamenti di fine rapporto e vari	22	25	21	22	24	20	17	13	13	10
Totale	2.475	2.491	2.330	2.391	2.565	2.412	2.514	2.304	2.369	2.338

Description: Family allowances; Ordinary wage supplementary benefits: construction stone industry, stone craftsmanship industry, Cisao, Unemployment benefits, ASPI /NASPI benefits, Sickness benefits, Maternity benefits, Termination of employment benefits and other benefits; Total

At the same time, *institutional benefits* (Table 5.1) showed an upward trend starting from 2008 (the beginning of the economic crisis) to 2013 and then a gradual 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% increase². In 2016 and 2017, institutional benefit expenditure amounted to approximately 15,000 million euros.

In 2017, this scheme had *a positive balance of 4,0 billion euros* as the difference between total income equal to 24.1 billion euro and expenses to 20.1 billion euro; the increase was approximately 23% compared to the balance of 2016 equal to 3.3 billion euros.

Expenses for institutional benefits (expenses) are shown analytically in *Table 5.2*.

Table 5.2 - GPT between 2008 and 2017. Expenses for institutional benefits, Accruals (millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Trattamenti di famiglia	3.831	3.760	3.552	3.670	3.726	3.817	3.676	3.611	3.733	3.693
Trattamenti di integrazione salariale	365	1.755	1.141	769	1.044	1.146	747	680	519	411
Trattamenti di disoccupazione e mini ASpI	3.051	4.198	4.656	4.560	5.233	3.057	1.855	1.102	1.113	1.215
Trattamenti di ASpI						2.253	3.401	2.301	311	31
Trattamenti di NASpI*								1.300	4.907	5.488
Trattamenti economici di malattia	2.165	2.079	1.992	2.053	2.044	2.017	1.950	1.958	2.036	2.157
Trattamenti economici di maternità	2.038	2.124	2.088	2.216	2.284	2.292	2.186	1.990	1.878	1.729
Trattamenti di fine rapporto e vari	446	415	585	672	795	1.087	1.042	1.253	1.217	1.047
Totale (A)	11.896	14.331	14.014	13.940	15.126	15.669	14.857	14.195	15.715	15.772
Recupero prestazioni e altro (B)	437	424	464	434	493	520	590	661	709	717
Totale spese per prestazioni (A - B)	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534	15.006	15.055

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

Description: Family allowances; Wage supplementary benefits; Unemployment benefits and Mini ASpI; ASpI benefits; NASpI (*) benefits (*developed and effective as of May 1 2015, under Art. 12 Leg. Decree 22/2015), sickness, maternity benefits and termination of employment benefits and others, **Total Recovered benefits and others (B) Total pension expenditure (A-B)**

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 15,055 million euros in 2017, with a 31.4% 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 2017, within the framework of total institutional expenditure, the costs for unemployment benefits accounted for 44.7% of total charges, while family allowances accounted for 24.5%.

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

² The data shown in the tables of the report are accrued data, while the data that is not available refer to financial accrual and have been indicated only to explain that the significant decrease in the accrued benefit expenditure in 2015 is due to the effect of accruals and is not charged in financial accrued accounts).

In this connection, in its circular 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 5.3 – GPT between 2008 and 2017. Expenses for nominal contributions
(millions of euros)

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Wage supplementary benefits:										
industry	139	1.091	622	344	565	583	278	342	297	229
construction	86	144	139	146	181	195	170	174	90	74
stone	4	7	7	8	9	10	9	8	5	5
Works unemployment benefits	3.198	4.984	4.908	4.907	5.941					
Aspi						2.431	3.882	2.759	364	46
Mini Aspi and farmers						1.036	585	350	12	3
NASpI (Art. 12, D. Lgs. 22/2015)*								953	2.553	3.116
Other unemployment benefits						1.207	604	436	443	428
Total	3.427	6.226	5.676	5.405	6.696	5.462	5.528	5.022	3.764	3.901

(*) see note (**) **Table 5.2**

In order to have an exhaustive overview of *income-support benefits*, it is also important to look at the benefits paid by **GIAS** (briefly mentioned in chapter 2.6 but without accounting data). In order to avoid (descriptive and accounting) duplications, the Report only refers to the *income-support benefits* provided by GIAS. Act n. 88/89 transposed the separation pension charges from other welfare charges incorrectly attributed to the pension sector. The latter were taken up by the new GIAS set up under Article 37 financed by the State. In particular, this scheme transfers to GPT the sums to finance the lower contributions due to reductions in social security charges in favour of particular categories of workers, sectors or enterprises (including training, solidarity and apprenticeship benefits); it pays part of the family allowances under Act 153/1988, the State contribution to finance family allowances to employed workers in the field of agriculture (Act 1038/1961), part of the ordinary unemployment benefits for agricultural workers as provided for under Acts n. 1115 of November 5, 1968 and n. 427 of August 6 1975, part of the NASpI benefits, etc.) with their amendments and additions, in addition to other similar benefits to be provided by the State.

Moreover, GIAS has to bear the expenses for institutional extraordinary wage support benefits which are also financed by the state, mobility allowance and safety net measures introduced under Law Decree n. 185 of November 29, 2008 (anti-crisis decree) transposed into Act 2/2009.

In particular, **Table 5.4** shows wage-support measures and transfers to FPLD to finance imputable 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 5.4 – GPT between 2008 and 2017. Wage support charges
(millions of euros)

A) Prestazioni	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Trattamenti di disoccupazione	1.419	2.191	2.165	2.239	2.621	2.884	3.557	2.717	3.855	3.996
<i>AspI e mini AspI</i>						1.586	2.921	1.299	195	21
<i>NASpI*</i>								770	3.033	3.363
<i>altri</i>						1.298	636	648	627	612
Indennità di mobilità	882	1.144	1.346	1.435	1.685	2.081	2.284	2.108	1.462	863
<i>ordinaria</i>	794	1.043	1.169	1.192	1.387	1.716	1.980	1.888	1.334	776
<i>in deroga</i>	88	101	177	243	298	365	304	220	128	87
Trattamenti Cigs	508	1.121	2.173	1.981	2.449	2.811	2.914	1.856	1.499	892
<i>ordinaria</i>	396	825	1.608	1.386	1.634	2.038	2.195	1.489	1.300	772
<i>in deroga</i>	112	296	565	595	815	773	719	367	199	120
Trattamenti diversi	1	3	1	9	5	11	1	32	44	84
Totale	2.810	4.459	5.685	5.664	6.760	7.787	8.756	6.713	6.860	5.835

B) Coperture figurative e IVS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Trattamenti di disoccupazione	83	316	188	197	271	142	92	67	1.554	1.836
Indennità di mobilità	679	815	951	1.039	1.219	1.391	1.462	1.412	1.107	701
<i>ordinaria</i>	617	742	830	896	948	1.088	1.228	1.249	1.013	637
<i>in deroga</i>	62	73	121	143	271	303	234	163	94	64
Trattamenti Cigs	387	894	1.750	1.729	1.935	2.082	2.034	1.608	1.315	676
<i>ordinaria</i>	302	686	1.228	1.146	1.244	1.550	1.540	1.358	1.182	595
<i>in deroga</i>	85	208	522	583	691	532	494	250	133	81
Trattamenti diversi				6	0	0	0	0	0	0
Totale	1.149	2.025	2.889	2.971	3.425	3.615	3.588	3.087	3.976	3.213

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

A) Benefits: Unemployed benefits: ASpI and mini ASpI; NASpI*; Other mobility allowance: ordinary, in derogation; Cigs benefits: ordinary, in derogation; Other benefits; **Total;** **B) Imputable costs and IVS** (*) On May 1 2015, Art 1 of Leg. Decree n. 22/2015 introduced a monthly unemployment benefit called New Social Security Employment Benefit (NASpI) to replace ASpI and mini ASpI benefits envisaged under Art. 2 of Act n. 92 of 2012.

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

The 2017 accounting data on benefit expenditure (**Table 5.4**) and contribution revenues (**Table 5.5**) show the effects of the provisions introduced by Act n. 92 of 28 June 2012, which repealed the following benefits and their related contributions starting from 1/1/2017:

- ordinary mobility allowances;
- special unemployment benefits for the construction industry as provided for under L.D. n. 299 of May 16 1994 as amended by Act n. 451 of July 19 1994;

- special unemployment benefits for the construction industry under Articles 9 to 19 of Act n. 427 of August 6 1975.

Table 5.5 – GPT between 2008 and 2017. Contribution paid by employers and members

Anni	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Indennità di mobilità	524	549	706	641	589	579	609	587	485	50
Trattamenti Cigs (*)	1.041	977	1.066	1.071	1.085	1.110	1.073	1.083	1.139	1.255
Trattamenti speciali edili	120	106	109	100	90	79	80	76	75	3
Totale	1.685	1.632	1.881	1.812	1.764	1.768	1.762	1.746	1.699	1.308

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

Years; Mobility allowance Cigs benefits (*); Special benefits for construction workers; **Total** (*) One third of the Cigs contribution rate is paid by workers (0.30%)

So, in 2017, the income support benefits provided by GPT and GIAS (the sum of all the items 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 28,000 million euros vs. 29,606 in 2016 with a 5.4% reduction.

Table 5.6 shows the contribution rates to be paid by enterprises for GPT and GIAS.

Table 5.6 – Contribution rates for employers for the main sectors in 2017

Tabella 5.6 - Aliquote contributive per i principali settori di attività in vigore nel 2017																
(valori percentuali della retribuzione imponibile)																
Voci contributive	NASPI (*) (**)		garanzia TFR		CUAF		cig ordinaria		cig straordinaria		indennità malattia		indennità maternità		Totale	
Settore di attività	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati	operai	impiegati
<u>Industria in genere</u>																
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	2,22		0,46	0,46	7,77	5,55
più di 50 dip.	1,61	1,61	0,20	0,20	0,68	0,68	2,00	2,00	0,90	0,90	2,22		0,46	0,46	8,07	5,85
<u>Industria edile (***)</u>																
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
<u>Artigianato</u>	0,70	0,70	0,20	0,20							2,22				3,12	0,90
<u>Artigianato edile (***)</u>																
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
<u>Artigianato lapidei</u>																
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
<u>Credito e Assicurazioni</u>	1,61	1,61	0,20	0,20	0,68	0,68							0,46	0,46	2,95	2,95
<u>Commercio</u>																
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	2,44	2,44	0,24	0,24	6,07	6,07
più di 200 dip.	1,61	1,61	0,20	0,20	0,68	0,68			0,90	0,90	2,44	2,44	0,24	0,24	6,07	6,07
<u>Commercio CUAF ridotta</u>																
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	2,44	2,44	0,00	0,00	4,02	4,02
più di 200 dip.	0,48	0,48	0,20	0,20	0,00	0,00			0,90	0,90	2,44	2,44	0,00	0,00	4,02	4,02
(*) 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																

(*) 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 aggiuntivo 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 CUAF 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 Stone work artisans (***) Credit and Insurance Retail sector reduced CUAF; (*) NASPI includes 0.30% to be allocated to the Revolving Fund former Art. 25 of Act n. 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

5.1 Solidarity, inter-professional and bilateral funds³

The economic crises of the last decades required the introduction of measures designed to protect workers from unemployment and early exit from the labour market by resorting to a different financing mechanism, supplementing and/or replacing the public one. In this way, over time, new bodies were set up with the participation of social partners, employers and workers, with the aim to provide new forms of protection that complement the public ones⁴.

These entities, (Solidarity Funds, Interprofessional Funds and Bilateral Bodies) may therefore be very useful to pave a more flexible way for workers to leave the labour market, which became more difficult following the introduction of the so-called Fornero Law. They can use part of the resources allocated to the supplementary protection of workers in some sectors of economy currently managed by private and similar solidarity and bilateral bodies established by collective bargaining or by the law, that also benefit from part of mobility contribution (0.30% of total income) abolished in 2017. In essence, it would be a matter of creating a "*second pillar*" of a private nature (similarly to pension funds and health funds that would only have a health function) designed to manage "active and passive policies and, among these, training and job placement).

However, there is an excessive level of proliferation and *overlapping of interventions* for the same categories of subjects; in fact, it is necessary to review the number and plurality of entities in order to rationalize functions and resources in order to really become the second pillar of passive and active policies in the following sectors:

- training;
- income support supplementary benefits;
- *exit flexibility - early payment of an extraordinary allowance for early retirement, according to the model already used for the Solidarity Funds operating in the credit sector.*

5.2 Social APE and strenuous jobs: the risks of a pension jungle

The details of the pension advance, social and voluntary APE and other forms of early exit from the labour market for retirement purposes (early workers, women's option, heavy jobs), established by the 2018 Budget Law, are well illustrated in the appendix to this Report. The proposals relating to Quota 100 and other flexibility incentives are discussed under paragraphs 9.5 and 9.6 of chapter 9. Why was the need felt to introduce all these measures? Has the Monti-Fornero Law worked? What are the risks?

This paragraph complements the description of all forms of income support measures described in this chapter, in chapter 9 and in the appendix, therefore it is only a summary reflection on these issues. A) Has the Fornero reform worked? According to the latest data, it does not seem to be the case. In the more than 25 years of reforms (started in 1992), no other reform has been

³ For further details see The system of Solidarity, interprofessional and bilateral funds on the exhibits to www.itinerariprevidenziali.it.

⁴ Act n. 662 of 1996 introduced, on an experimental basis, the establishment of sectoral solidarity funds within INPS, on the basis of specific collective bargaining agreements signed by social partners and on a voluntary basis, with the aim of providing certain benefits.

corrected through a series of measures by several governments (Letta, Renzi and Gentiloni governments) and through as many as **8 *safeguard measures*** for more than **140,000 *workers*** who had retired under the pre-Fornero rules, in less than 5 years and with the Social APE (practically the 9th masked safeguard measure) to protect another **45,000 *subjects***; in total, more than 180,000 workers exempted from the strict Fornero provisions (from 2013 to 2018 an annual average of more than 36,000 workers). In addition, in order to increase the number of safeguarded workers, the 2018 Budget Law included "heavy" jobs that lack a precise definition in the literature (which exists for arduous jobs) and that are bringing the social security system back to the years of the "pension jungle" when each category has different pension rules, as in the years of easy spending; it will suffice to think that it took more than 20 years to arrive at a standardized system as in the most advanced OSCE countries. Now, in addition to the 8 safeguard measures, there are the Quota 100 and similar proposals examined in chapter 9. As for welfare expenditure, the political promises on passive policies and early retirement put a strain on public spending; in order to support the welfare state, it would have been better to launch active labour policies and public investments badly needed by the country (land maintenance, infrastructures, roads, water, etc..) that would have also boosted employment. Instead, here come again sterile welfare policies (pensions and universal income) and masked early retirement (an excessive Quota 100).

6. Pension benefits by type, average duration, amount, region and province

After the analysis of the accounting data and the equilibrium rates of 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.

Pensioners - The number of pensioners, equal to 16,041,852, continued with its slight reduction also in 2017. 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 2017 (see *Table 6.2*), their number fell by 737,703, with a negative trend for the entire period of - 4.4%. In 2017, the number of pensioners within the Italian pension system was equal to **16,041,852** (- 22,656 subjects vs. 2016, with a downward trend of -0.14%), 52.5% of whom were women who received more than 80% of survivor's pensions (with amounts equal to 60%, up to 30% of the direct pension)¹. The raw retirement rate shows the number of pensioners as a proportion of the total population, i.e. 26.52% of the inhabitants, i.e. one out of 3.77 inhabitants is retired (*Table 6.1*).

Table 6.1 - Number of pensioners and raw retirement rate by gender on December 31st 2015 and 2016

Gender	Number of pensioners		Raw retirement rate ⁽¹⁾	
	2016	2017	2016	2017
Men	7,601,326	7,622,070	25.81%	25.90%
Women	8,463,182	8,419,782	27.17%	27.11%
Total	16,064,508	16,041,852	26.51%	26.52%

(1) Pensioners /Resident population; Source: INPS Central Registry of Pensioners – The 2017 data are provisional

Pensions - The slight increase in retirement, indemnity and welfare pensions, equal to 22,994,689 in 2017 vs. 2016, starts to have an opposite trend with respect to that of pensioners. Between 2008 and 2017, there was an overall reduction by 814,150 and a negative trend of 3.4%. This downward trend of IVS pensions (-4.7%) is mitigated by the increasing trend for *welfare pensions*, which increased by 273,000 in the period considered with a positive variation of 6.5% (*Table 6.2*).

¹ As to pensions provided directly by INPS, on 1/1/2018, women received 3,272,194 survivors' pensions, equal to 88% of the total of 3,722,127.

Table 6.2 – Number of pensioners and of pensions by category, annual variation rate and variation rate for the period on December 31st 2008-2017

	Anni										Variazioni ass. e % del periodo 2017/2008
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Numero pensionati	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	16.041.852	-737.703
Variazione percentuale annua	-	-0,28	-0,16	-0,23	-0,45	-1,21	-0,82	-0,49	-0,71	-0,14	-4,40
Numero pensioni IVS (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	17.757.896	-868.841
Variazione percentuale annua	-	-0,14	0,11	-0,27	-0,54	-1,29	-0,77	-0,70	-0,93	-0,21	-4,66
Numero pensioni indennitarie (2)	951.264	907.501	880.129	847.569	827.272	805.788	786.059	767.844	748.471	732.593	-218.671
Variazione percentuale annua	-	-4,60	-3,02	-3,70	-2,39	-2,60	-2,45	-2,32	-2,52	-2,12	-22,99
Numero pensioni assistenziali (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	4.504.209	273.362
Variazione percentuale annua	-	2,30	-1,52	-0,06	0,33	0,13	1,01	0,96	1,32	1,86	6,46
Totale pensioni	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	22.994.698	-814.150
Variazione percentuale annua	-	0,11	-0,31	-0,36	-0,45	-1,08	-0,50	-0,45	-0,56	0,12	-3,42

(1) Pensioni di vecchiaia/anzianità/anticipate, pensioni di invalidità/inabilità e pensioni ai superstiti

(2) Rendite Inail ed ex Ipsema per infortuni sul lavoro e malattie professionali

(3) Pensioni di invalidità civile, indennità di accompagnamento, pensioni/assegni sociali e pensioni di guerra.

Fonte: Inps - Casellario centrale dei pensionati - Per l'anno 2017 i dati sono provvisori.

Absolute and percentage variation of the period; N.of pensioners Annual percentage variation N. of IVS pensions (1) N. of Indemnity pensions N. of welfare pensions; (1) old-age/seniority/early pensions, invalidity/disability and survivors' pensions. (2) INAIL and ex IPSEMA annuities for work-related accidents and professional diseases. (3) Civil invalidity pensions, carers' allowance, social pensions/allowances and veterans' pensions. Source: INPS, Central Pensioners' Registry. Provisional data for 2017

Pension benefits - In 2017, **22,994,689** pension benefits were paid of which **17,757,896** IVS pensions (INPS, ex INPDAP and ex ENPALS schemes), to which must be added welfare pensions **4,504,209 welfare pensions**, of which 3,440,312 disability benefits for civilians, 888,508 social pensions and allowances and 175,4389 direct and indirect veterans' pensions, **732,593 INAIL indemnity benefits (Table 6.3).**

Table 6.3 - Pension benefits and their overall and average amount by type of pension in 2016 and 2017

Tipologia di pensione	2016						2017					
	Numero pensioni	%	Importo complessivo		Importo medio		Numero pensioni	%	Importo complessivo		Importo medio	
			milioni di euro	%	euro	N.I.			milioni di euro	%	euro	N.I.
Ivs	17.795.577	77,5	255.356	90,4	14.349	116,7	17.757.896	77,2	259.431	90,4	14.609	117,1
Vecchiaia	11.803.946	51,4	199.241	70,5	16.879	137,3	11.821.797	51,4	203.103	70,8	17.180	137,7
Invalidità	1.252.715	5,5	14.515	5,1	11.587	94,2	1.208.098	5,3	14.313	5,0	11.847	94,9
Superstiti	4.738.916	20,6	41.599	14,7	8.778	71,4	4.728.001	20,6	42.015	14,6	8.886	71,2
Indennitarie	748.471	3,3	4.295	1,5	5.739	46,7	732.593	3,2	4.209	1,5	5.746	46,0
Assistenziali	4.421.968	19,3	22.764	8,1	5.148	41,9	4.504.209	19,6	23.298	8,1	5.172	41,5
Invalidità civile	3.359.432	14,6	16.659	5,9	4.959	40,3	3.440.312	15,0	17.122	6,0	4.977	39,9
Pensioni sociali	873.249	3,8	4.803	1,7	5.501	44,7	888.508	3,9	4.922	1,7	5.540	44,4
Guerra	189.287	0,8	1.302	0,5	6.877	55,9	175.389	0,8	1.253	0,4	7.146	57,3
Totale	22.966.016	100,0	282.415	100,0	12.297	100,0	22.994.698	100,0	286.938	100,0	12.478	100,0

Fonte: Inps - Casellario Centrale dei Pensionati - Per l'anno 2017 i dati sono provvisori

Type of pension: **IVS pensions:** Old-age Disability Survivors' pensions; **Indemnity Welfare pensions;** Civil invalidity Social pensions; Veterans' benefits N. of pensions Overall amount Average amount Source: INPS Central Registry of Pensioners – The 2017 data are provisional

The data in this Report² differ from and those in the INPS / ISTAT registry (*Table 6.3*) due to the different calculation date: on 31/01/2017 and on 07/2018 respectively. An example: if some 2017 pensions accrued as of 01/12/2017 are processed, calculated and settled late, for example in March 2018, the registry will include them even if they do not appear among those "effective as of 31/12/2017 "; the same example applies, but with the opposite sign, for pensions to be eliminated. To be precise in this Report, the total number of IVS pensions "in force on 31/12/2017 (except for the schemes for professionals) is lower by 853,335, of which 394,636 are disability benefits and 26,697 are social pensions and allowances.

Number of benefits, number of pensioners and gross and net average pension - Since the amount of pension benefits is a very topical issue, it is important to make the following observations so as to provide accurate information. The Tables below illustrate in detail the number of pensions (and the number of pensioners by *amount*, with respect to minimum benefits (501.89 euros per year); in particular, *Table 6.4* shows the number of total benefits to be paid, *referred to in Table 6.3 above*, before taxes (personal income taxes (IRPEF) and deductions); *Table 6.5*, instead, shows the number of pensioners with their gross and net³ pension income (which is a novelty for this Report) by total and average annual amount within each class. It is possible to see that the number of **pensioners** with gross benefits above 3,011 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. The average income from the remuneration of almost 576,000 managers, officials and executives is equal to an average gross amount of about 79,120 euros per year (almost 55,000 euros, net of contributions and IRPEF, equal to about 4,200 euros net monthly). This data confirms that the number of pensions paid in excess of a gross monthly amount of 3,011 euros (673,250), are really related to the remuneration stated for IRPEF purposes, even though this figure certainly does not reflect the Italian wealth and standard of living.

Another interesting finding is related to about 8 million pensions that are 1 times higher than the minimum benefits (501.89 euros), even though the number of pensioners is about 2,255,000. The same is true for the following class (from 501.90 euros to 1,003.78 euros) with less than 7.2 million benefits, while the number of pensioners is only 4.3 million. This phenomenon can be explained by the fact that, a single individual's pension income (**33.9%** of pensioners) often includes a combination of a medium or a high pension and a second or third low pension (shares of international pensions, supplementary benefits, carers' allowances, complementary pensions, survivor's pensions, etc.); when added up, these can no longer be classified as individual pensions (pension amount classes), but as pensioners and therefore as pension income classes (*Table 6.5*), produced by the accumulation of pension benefits and incomes; all of this leads the pensioner to be placed in higher pension income classes than the lower classes in which individual pensions were placed.

² Cfr. *Table B28a, Appendix*.

³ Pension income amounts net of IRPEF have been estimated by INPS; the estimate of the net amounts does not include the additional regional and municipal taxes and the family deductions. The accounting data is reported in chapter 9, in *Table 9.4.1*. Retirement income means the sum of pensions and benefits, including welfare benefits, received by each pensioner; as indicated in *Table 9.1*, this means 1.433 pensions for each pensioner.

Table 6.4 - Number of pensions and their overall and average gross amount ⁽¹⁾ per year by monthly amount ⁽²⁾ in 2017

Classi di importo mensile (importo diviso 13)		Numero di pensioni	Importo complessivo lordo annuo	Importo medio lordo annuo
Fino a 1 volta il minimo	Fino a 501,89	8.025.705	32.328.521.670	4.028,12
Da 1 a 2 volte il minimo	Da 501,90 a 1003,78	7.202.088	63.510.439.707	8.818,34
Da 2 a 3 volte il minimo	Da 1003,79 a 1505,67	3.449.095	56.065.462.427	16.255,12
Da 3 a 4 volte il minimo	Da 1505,68 a 2007,56	1.945.134	43.906.327.614	22.572,39
Da 4 a 5 volte il minimo	Da 2007,57 a 2509,45	1.185.955	34.393.494.796	29.000,67
Da 5 a 6 volte il minimo	Da 2509,46 a 3011,34	513.471	18.189.827.813	35.425,23
Da 6 a 7 volte il minimo	Da 3011,35 a 3513,23	242.192	10.168.929.829	41.987,06
Da 7 a 8 volte il minimo	Da 3513,24 a 4015,12	126.959	6.173.027.485	48.622,21
Da 8 a 9 volte il minimo	Da 4015,13 a 4517,01	78.099	4.318.678.414	55.297,49
Da 9 a 10 volte il minimo	Da 4517,02 a 5018,9	59.398	3.672.607.097	61.830,48
Da 10 a 11 volte il minimo	Da 5018,91 a 5520,79	48.073	3.288.830.337	68.413,25
Da 11 a 12 volte il minimo	Da 5520,8 a 6022,68	38.238	2.860.478.829	74.807,23
Da 12 a 13 volte il minimo	Da 6022,69 a 6524,57	23.760	1.933.003.457	81.355,36
Da 13 a 14 volte il minimo	Da 6524,58 a 7026,46	16.992	1.491.506.422	87.776,98
Da 14 a 15 volte il minimo	Da 7026,47 a 7528,35	12.235	1.157.044.185	94.568,38
Da 15 a 16 volte il minimo	Da 7528,36 a 8030,24	7.634	770.278.381	100.901,02
Da 16 a 17 volte il minimo	Da 8030,25 a 8532,13	4.702	504.908.195	107.381,58
Da 17 a 18 volte il minimo	Da 8532,14 a 9034,02	3.073	350.390.690	114.022,35
Da 18 a 19 volte il minimo	Da 9034,03 a 9535,91	2.162	260.501.601	120.491,03
Da 19 a 20 volte il minimo	Da 9535,92 a 10037,80	1.552	197.389.617	127.184,03
Da 20 a 21 volte il minimo	Da 10037,81 a 10539,69	1.268	169.397.896	133.594,56
Da 21 a 22 volte il minimo	Da 10539,70 a 11041,58	1.043	146.271.906	140.241,52
Da 22 a 23 volte il minimo	Da 11041,59 a 11543,47	966	141.819.303	146.810,87
Da 23 a 24 volte il minimo	Da 11543,48 a 12045,36	861	131.967.639	153.272,52
Da 24 a 25 volte il minimo	Da 12045,37 a 12547,25	622	99.326.433	159.688,80
Da 25 a 26 volte il minimo	Da 12547,26 a 13049,14	588	97.957.894	166.595,06
Da 26 a 27 volte il minimo	Da 13049,15 a 13551,03	659	113.756.164	172.619,37
Da 27 a 28 volte il minimo	Da 13551,04 a 14052,92	360	64.517.332	179.214,81
Da 28 a 29 volte il minimo	Da 14052,93 a 14554,81	364	67.536.884	185.540,89
Da 29 a 30 volte il minimo	Da 14554,82 a 15056,70	227	43.710.777	192.558,49
Da 30 a 31 volte il minimo	Da 15056,71 a 15558,59	196	39.026.311	199.113,83
Da 31 a 32 volte il minimo	Da 15558,60 a 16060,48	142	29.166.808	205.400,05
Da 32 a 33 volte il minimo	Da 16060,49 a 16562,37	115	24.359.657	211.823,11
Da 33 a 34 volte il minimo	Da 16562,38 a 17064,26	86	18.761.445	218.156,34
Da 34 a 35 volte il minimo	Da 17064,27 a 17566,15	60	13.506.458	225.107,63
Da 35 a 36 volte il minimo	Da 17566,16 a 18068,04	72	16.668.659	231.509,16
Da 36 a 37 volte il minimo	Da 18068,05 a 18569,93	50	11.916.986	238.339,72
Da 37 a 38 volte il minimo	Da 18569,94 a 19071,82	41	10.018.086	244.343,55
Da 38 a 39 volte il minimo	Da 19071,83 a 19573,71	47	11.795.782	250.974,08
Da 39 a 40 volte il minimo	Da 19573,72 a 20075,60	27	6.959.628	257.764,00
Da 40 a 41 volte il minimo	Da 20075,61 a 20577,49	34	8.988.167	264.357,84
Da 41 a 42 volte il minimo	Da 20577,50 a 21079,38	16	4.336.839	271.052,42
Da 42 a 43 volte il minimo	Da 21079,39 a 21581,27	27	7.474.487	276.832,87
Da 43 a 44 volte il minimo	Da 21581,28 a 22083,16	18	5.104.492	283.582,90
Da 44 a 45 volte il minimo	Da 22083,17 a 22585,05	24	6.971.610	290.483,77
Da 45 a 46 volte il minimo	Da 22585,06 a 23086,94	15	4.442.409	296.160,57
Da 46 a 47 volte il minimo	Da 23086,95 a 23588,83	25	7.600.849	304.033,96
Da 47 a 48 volte il minimo	Da 23588,84 a 24090,72	8	2.474.295	309.286,87
Da 48 a 49 volte il minimo	Da 24090,73 a 24592,61	11	3.480.384	316.398,59
Da 49 a 50 volte il minimo	Da 24592,62 a 25094,50	16	5.175.332	323.458,23
Oltre 50 volte il minimo	Oltre 25094,50	193	81.795.226	423.809,46
Totale		22.994.698	286.937.934.703	12.478,44

(1) L'importo complessivo annuo è dato dal prodotto tra l'importo mensile della prestazione pagata al 31 dicembre e il numero di mensilità annue per cui è prevista l'erogazione della prestazione (13 per le pensioni e 12 per le indennità di accompagnamento).

(2) Le classi di importo mensile sono determinate in base all'importo del trattamento minimo 2017 pari a 501,89 euro mensili

Fonte: Casellario Centrale dei Pensionati - Dati provvisori

Monthly amounts: N. of pensions; Overall annual gross amount; Average annual gross amount From x to x times the minimum benefits (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) The monthly amounts are determined on the basis of the 2017 minimum benefits equal to 501.89 euros per month; Source: Central registry of Pensioners Provisional data.

Table 6.5 – Number of pensioners and their overall ⁽¹⁾ and average gross and net pension income per year by gross monthly amounts ⁽²⁾ - 2017

Classi di reddito pensionistico mensile lordo (reddito diviso 13)		Numero dei pensionati	Importo complessivo lordo annuo del reddito pensionistico	Importo medio lordo annuo del reddito pensionistico	Importo complessivo netto ⁽³⁾ annuo del reddito pensionistico	Importo medio netto ⁽³⁾ annuo del reddito pensionistico	Aliquota IRPEF media
Fino a 1 volta il minimo	Fino a 501,89	2.254.569	8.341.334.698	3.699,75	8.341.334.698	3.699,75	0,0%
Da 1 a 2 volte il minimo	Da 501,90 a 1003,78	4.285.109	40.029.983.420	9.341,65	38.451.432.084	8.973,27	3,9%
Da 2 a 3 volte il minimo	Da 1003,79 a 1505,67	3.928.896	64.031.842.719	16.297,67	55.840.044.726	14.212,66	12,8%
Da 3 a 4 volte il minimo	Da 1505,68 a 2007,56	2.552.474	57.664.350.501	22.591,55	47.731.183.037	18.699,97	17,2%
Da 4 a 5 volte il minimo	Da 2007,57 a 2509,45	1.446.797	41.967.470.690	29.007,16	33.244.836.007	22.978,23	20,8%
Da 5 a 6 volte il minimo	Da 2509,46 a 3011,34	684.087	24.276.650.381	35.487,67	18.459.977.243	26.984,84	24,0%
Da 6 a 7 volte il minimo	Da 3011,35 a 3513,23	335.764	14.103.602.647	42.004,51	10.402.185.988	30.980,65	26,2%
Da 7 a 8 volte il minimo	Da 3513,24 a 4015,12	170.903	8.305.645.323	48.598,59	5.989.879.068	35.048,41	27,9%
Da 8 a 9 volte il minimo	Da 4015,13 a 4517,01	100.937	5.577.486.438	55.257,11	3.944.422.934	39.078,07	29,3%
Da 9 a 10 volte il minimo	Da 4517,02 a 5018,9	72.499	4.480.767.784	61.804,55	3.107.541.353	42.863,23	30,6%
Da 10 a 11 volte il minimo	Da 5018,91 a 5520,79	57.185	3.911.725.698	68.404,75	2.669.431.956	46.680,63	31,8%
Da 11 a 12 volte il minimo	Da 5520,8 a 6022,68	46.253	3.462.853.341	74.867,65	2.332.845.494	50.436,63	32,6%
Da 12 a 13 volte il minimo	Da 6022,69 a 6524,57	30.196	2.456.372.970	81.347,63	1.635.355.286	54.158,01	33,4%
Da 13 a 14 volte il minimo	Da 6524,58 a 7026,46	21.267	1.868.376.077	87.853,30	1.229.883.871	57.830,62	34,2%
Da 14 a 15 volte il minimo	Da 7026,47 a 7528,35	15.374	1.453.278.421	94.528,32	947.947.345	61.659,12	34,8%
Da 15 a 16 volte il minimo	Da 7528,36 a 8030,24	10.518	1.061.574.375	100.929,30	686.983.539	65.315,04	35,3%
Da 16 a 17 volte il minimo	Da 8030,25 a 8532,13	6.941	745.821.159	107.451,54	479.341.225	69.059,39	35,7%
Da 17 a 18 volte il minimo	Da 8532,14 a 9034,02	4.953	564.874.466	114.046,93	360.499.378	72.784,05	36,2%
Da 18 a 19 volte il minimo	Da 9034,03 a 9535,91	3.496	421.194.185	120.478,89	268.172.819	76.708,47	36,3%
Da 19 a 20 volte il minimo	Da 9535,92 a 10037,80	2.472	314.139.718	127.079,17	199.103.726	80.543,58	36,6%
Da 20 a 21 volte il minimo	Da 10037,81 a 10539,69	1.889	252.413.436	133.622,78	160.140.350	84.775,20	36,6%
Da 21 a 22 volte il minimo	Da 10539,70 a 11041,58	1.540	215.844.422	140.158,72	136.220.262	88.454,72	36,9%
Da 22 a 23 volte il minimo	Da 11041,59 a 11543,47	1.315	192.879.106	146.676,13	120.770.561	91.840,73	37,4%
Da 23 a 24 volte il minimo	Da 11543,48 a 12045,36	1.147	175.792.199	153.262,60	109.879.219	95.797,05	37,5%
Da 24 a 25 volte il minimo	Da 12045,37 a 12547,25	833	133.106.367	159.791,56	83.870.102	100.684,40	37,0%
Da 25 a 26 volte il minimo	Da 12547,26 a 13049,14	688	114.428.615	166.320,66	71.857.873	104.444,58	37,2%
Da 26 a 27 volte il minimo	Da 13049,15 a 13551,03	707	122.104.809	172.708,36	82.184.272	116.243,67	32,7%
Da 27 a 28 volte il minimo	Da 13551,04 a 14052,92	505	90.515.821	179.239,25	59.424.039	117.671,36	34,3%
Da 28 a 29 volte il minimo	Da 14052,93 a 14554,81	454	84.403.430	185.910,64	57.819.116	127.354,88	31,5%
Da 29 a 30 volte il minimo	Da 14554,82 a 15056,70	364	70.010.035	192.335,26	47.832.627	131.408,31	31,7%
Da 30 a 31 volte il minimo	Da 15056,71 a 15558,59	291	57.931.792	199.078,32	38.751.966	133.168,27	33,1%
Da 31 a 32 volte il minimo	Da 15558,60 a 16060,48	219	44.924.183	205.133,26	29.819.637	136.162,72	33,6%
Da 32 a 33 volte il minimo	Da 16060,49 a 16562,37	163	34.552.408	211.977,97	22.180.091	136.074,18	35,8%
Da 33 a 34 volte il minimo	Da 16562,38 a 17064,26	138	30.156.067	218.522,23	18.740.793	135.802,85	37,9%
Da 34 a 35 volte il minimo	Da 17064,27 a 17566,15	90	20.247.364	224.970,71	12.467.428	138.526,97	38,4%
Da 35 a 36 volte il minimo	Da 17566,16 a 18068,04	93	21.528.441	231.488,62	13.405.900	144.149,47	37,7%
Da 36 a 37 volte il minimo	Da 18068,05 a 18569,93	65	15.490.335	238.312,84	9.603.565	147.747,15	38,0%
Da 37 a 38 volte il minimo	Da 18569,94 a 19071,82	64	15.634.461	244.288,45	9.584.383	149.755,99	38,7%
Da 38 a 39 volte il minimo	Da 19071,83 a 19573,71	58	14.573.338	251.264,45	9.248.784	159.461,79	36,5%
Da 39 a 40 volte il minimo	Da 19573,72 a 20075,60	41	10.559.171	257.540,75	6.551.959	159.803,87	38,0%
Da 40 a 41 volte il minimo	Da 20075,61 a 20577,49	35	9.256.195	264.462,72	5.863.534	167.529,54	36,7%
Da 41 a 42 volte il minimo	Da 20577,50 a 21079,38	40	10.822.201	270.555,01	6.497.614	162.440,35	40,0%
Da 42 a 43 volte il minimo	Da 21079,39 a 21581,27	34	9.421.629	277.106,73	5.750.631	169.136,20	39,0%
Da 43 a 44 volte il minimo	Da 21581,28 a 22083,16	20	5.680.608	284.030,38	3.501.706	175.085,32	38,4%
Da 44 a 45 volte il minimo	Da 22083,17 a 22585,05	28	8.135.753	290.562,62	4.961.004	177.178,71	39,0%
Da 45 a 46 volte il minimo	Da 22585,06 a 23086,94	19	5.624.478	296.025,15	3.349.669	176.298,37	40,4%
Da 46 a 47 volte il minimo	Da 23086,95 a 23588,83	25	7.596.371	303.854,84	4.518.507	180.740,26	40,5%
Da 47 a 48 volte il minimo	Da 23588,84 a 24090,72	11	3.408.543	309.867,57	2.025.843	184.167,52	40,6%
Da 48 a 49 volte il minimo	Da 24090,73 a 24592,61	17	5.373.199	316.070,52	3.190.954	187.703,20	40,6%
Da 49 a 50 volte il minimo	Da 24592,62 a 25094,50	18	5.805.412	322.522,86	3.454.489	191.916,08	40,5%
Oltre 50 volte il minimo	Oltre 25094,50	251	110.369.503	439.719,14	68.630.332	273.427,62	37,8%
Totale		16.041.852	286.937.934.703	17.886,83	237.534.498.984	14.807,17	17,2%

(1) L'importo complessivo annuo è dato dal prodotto tra l'importo mensile della prestazione pagata al 31 dicembre e il numero di mensilità annue per cui è prevista l'erogazione della prestazione (13 per le pensioni e 12 per le indennità di accompagnamento).

(2) Le classi di reddito pensionistico mensile sono determinate in base all'importo del trattamento minimo 2017 pari a 501,89

(3) Fonte: Inps - Nella stima dell'IRPEF non sono state considerate le addizionali regionali e comunali e le detrazioni per carichi familiari.

Fonte: Inps - Casellario Centrale dei Pensionati - Dati provvisori

Gross pension income per month (divided by 13); N. of pensioners; Overall gross pension income per year; Average gross pension income per year; Overall net (3) pension income per year; Average net (3) pension income per year; Average IRPEF rate; from x to x times the minimum benefits; (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) Monthly pension amounts are determined on the basis of the 2017 minimum benefit equal to 501.89 euros; (3) Source: INPS – The IRPEF estimate does not consider the regional and municipal additional taxes and family deductions. Source: INPS Central registry of Pensioners. Provisional data.

The analysis of pensioners with pension incomes greater than or equal to 10 times the minimum benefits shows that: **43,945** receive less than 10 times the minimum benefits; **165,079** receive more than 10 times the minimum benefits and other even lower pensions; **778** receive two pensions more than 10 times the minimum benefits and other even lower benefits; **15** receive three pensions more than 10 times the minimum benefits and other even lower pensions.

In total, benefits below 1,000 euros amount to about 15.4 million, that is 66.2% of the pensions paid (as often incorrectly reported by ISTAT and INPS), while the number of pensioners is slightly below 6.5 million, equal to 40.8% 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 retiree. In this scenario, it is necessary to make some descriptive comments but above all some assessments:

- *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? Not to mention that these low pensions may include shares of international pensions or additional pensions. Actually, it is better to refer to pensioners, that is beneficiaries of one or more benefits, 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 million retirees;
- *The average gross pension amount and average gross and net pension income:* this indicator is often used for comparative analyses and can be easily obtained from **Tables 6.4** and **6.5** which show two different amounts: **1)** if calculated on the basis of the total number of benefits (22,964,698), the average gross pension amount is equal to 12,478 euros per year (a gross amount of 960 euros per month per 13 months); **2)** the average per capita income⁴ calculated on the basis of the number of beneficiaries (16,041,852) that is a gross income of **17,887 euros** per year (14,807 net euros per year), that is over **1,376 euros** (1,139 net 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 pension amount (286,938 million euros) 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 a major variability of the average pension, it would be preferable to use the median rather than the average, which results in an 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

⁴ The average annual pension income is equal to the sum of the amounts of all pension benefits received by a beneficiary in a certain year, be they pension, indemnity and/or welfare benefits.

minimum benefits (501.89 euros), of the so-called "one million per month" "(about 638 euros), of disability benefits for civilians (279.47 euros per month), of carers' benefits (515.43 euros per month), or of the INAIL indemnity annuities for work-related accidents or occupational diseases (on average about 479 euros 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 benefits⁵, out of a total of **6,539,678 pensioners** (against about 8.3 million beneficiaries of welfare benefits), the average pension income (financed by contributions) of the remaining 9.5 million pensioners would amount to **25,106.53 euros** per year (against the official figure of 17,887 euros) equal to a net amount of about 20,073 euros per year. It is true that 40% of benefits do amount to less than 1003.79 euros per month but they are not strictly pension benefits but mainly welfare benefits. This reclassification of the average pension income should also include **age-related data** and, in calculating the averages, it is important to remove approximately 643,000 benefits provided to subjects under the age of 39 (orphans, disabled people or survivors) who receive more than 968 thousand benefits, 1.5 benefits per capita on average.

Table 6.5 shows that personal income tax (IRPEF) on pension income (excluding regional and municipal surcharges and deductions for family expenses), equal to **49.4 billion**, has an impact on gross pension expenditure (about 286.938 billion euros) for an average rate of 17.2%, thus reducing the net pension expenditure to about 237.534 billion euros.

Average pension amount and **average gross pension income by gender** - According to the latest statistical data, women account for **52.5% of all pensioners**, but receive **44.2%** of the **total gross amount paid for pensions** (159,982 million euro for men and 126,956 million euro for women). In 2017, considering all the IVS pensions featured in the Registry (17,757,896), women received an average pension of **11,224 euros** per year vs. **18,897 euros** for men. If welfare pensions and indemnities are added to pensions benefits (a total of 22,994,698 pensions) and if the pension indicator is replaced by that of pensioners who may receive different types of benefits, the annual pension income of women rises to **15,708 euros** and that of men to **20,986 euros**. Retired women have a greater number of *per capita* pensions: on average **1.52 pensions per capita** compared to 1.33 of men. In fact, women account for 58.0% of beneficiaries of 2 pensions, for 69.3% of beneficiaries of 3 pensions and for 72.2% of recipients of 4+ types of benefits. In 2017, the number of survivors' pensioners was equal to 4,403,058, about two thirds of whom (67.4%) also benefit from other pensions; women account for 86.5% 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 (SIA – Active Inclusion Support).

In particular, the survivors of self-employed workers and of old-age pensioners with supplementary minimum benefits (all benefits between 60 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 to very low benefits. So, stating in a non-analytical way (but with a simple division) that women

⁵ Often, each pensioner receives two or more allowances (for example: disability and carers' benefits, with additional benefits and, in some cases, with survivors' benefits).

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, in this way, it is possible to see that the difference is not the one apodictically 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 2017, **66,1%** of them received **1 pension**, **25,9%** **2 pensions**, **6,7%** **3 pensions** and **1,3%** **4 or more**.

Welfare benefits - As shown in **Table 6.6** and **D1** (web attachment), **4.1 million** is the number of benefits of an **entirely welfare nature** (civil disability, accompaniment, social and veterans' benefits) that are being paid and another **6.5 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 the benefits that are entirely welfare related no contributions have been paid, for those with some welfare benefits very low contributions have been paid and for a few years.

Table 6.6 – Number of welfare benefits and their overall and average amount by type of benefit on 31th December and 2017

Tipo di prestazione	Numero prestazioni assistenziali		Importo annuo (milioni di euro)		Importo medio annuo (euro)	
	2016	2017	2016	2017	2016	2017
Pensioni di invalidità civile	964.310	932.289	3.423	3.479	3.550	3.731
Indennità di accompagnamento	2.096.180	2.113.387	12.296	12.483	5.866	5.907
Pensioni e assegni sociali	854.636	861.811	4.718	4.806	5.520	5.577
Pensioni di guerra	189.287	175.389	1.301,8	1.253,4	6.877	7.146
<i>dirette</i>	70.208	66.380	808,8	785,4	11.520	11.832
<i>indirette</i>	119.079	109.009	493,0	468,0	4.140	4.293
Totale	4.104.413	4.082.876	21.739,2	22.021,6	5.297	5.394
Altre prestazioni assistenziali	6.694.097	7.827.404	11.113,9	11.404,2	1.660	1.457
<i>di cui:</i>						
Integrazioni al minimo	3.181.525	3.038.113	8.830,7	8.292,1	2.776	2.729
Maggiorazioni sociali	919.518	902.946	1.370,3	1.378,0	1.490	1.526
Quattordicesima	2.119.337	3.453.786	841,2	1.669,0	397	483
Importo aggiuntivo	473.717	432.559	71,7	65,2	151	151

Fonte: Archivio delle pensioni INPS e Casellario Centrale dei Pensionati (pensioni di guerra).

Type of benefits; Number of welfare benefits; Annual Amount (millions of euros); **Average amount per year** (euros); Civil invalidity pensions; Carers' allowances; Social pensions and allowances; Veterans' pensions; Direct Indirect; **Other welfare benefits** Of which: Supplementary minimum benefits; Supplementary social benefits; Fourteenth month; Additional amount Source: INPS pension archive and Central Registry of pensioners (veteran's pensions).

Geographical distribution of various types of pensions: **Table 6.7** illustrates the distribution of the different types of IVS pensions (seniority, old-age, disability and survivors') on a regional level (the data are taken from the INPS archives as at 31 December 2017); 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 6.9**) for each province on 31/12/2017.

The regions in which there is the highest percentage of **seniority pensioners** (58.4%) are in Northern Italy: Lombardy (20.3%), Piedmont (10.0%), Emilia-Romagna (10.0%) and Veneto (9.9%), which have the top positions in the ranking. The last positions are held by the regions of Central Italy: Umbria (1.6%) and South Italy: Calabria (1.8%), Basilicata (0.6%) and Molise (0.5%) and those with special status: Sardinia (2.2%), Trentino-Alto Adige (2.1%) and Valle d'Aosta (0.3%), with the exception of Sicily (4.6%) which is in the middle of the ranking. 1.2% of the total seniority pension holders reside abroad. More or less the same considerations apply to **old-age pensions**; the Centre-North regions account for the largest number of old-age pensioners (68.7%) compared to the total of pensions in this category, such as Lombardy (17.3%), Lazio (8.4%), Emilia-Romagna (8.2%), Piedmont (8.1%), Veneto (7.7%), Tuscany (7.1%), while in the South, the first in the ranking is Campania (7.0%). The old-age pensions paid throughout Italy are 96.7% and abroad 3.3%.

Table 6.7 – Number of INPS ⁽¹⁾ IVS pensions by category and region on 31/12/2017

Regioni	Anzianità	in % sul totale	Vecchiaia	in % sul totale	Invaldità	in % sul totale	Superstiti	in % sul totale	Totale	in % sul totale
Piemonte	599.424	10,0	437.867	8,1	59.818	5,1	351.545	8,1	1.448.654	8,6
Valle d'Aosta /Vallée d'Aoste	15.158	0,3	11.785	0,2	3.290	0,3	9.515	0,2	39.748	0,2
Lombardia	1.213.065	20,3	933.102	17,3	105.306	8,9	695.705	15,9	2.947.178	17,4
Trentino-Alto Adige /Südtirol	127.981	2,1	89.680	1,7	15.001	1,3	66.780	1,5	299.442	1,8
Veneto	594.220	9,9	412.330	7,7	55.910	4,8	339.591	7,8	1.402.051	8,3
Friuli-Venezia Giulia	164.973	2,8	119.849	2,2	20.607	1,8	102.162	2,3	407.591	2,4
Liguria	181.292	3,0	179.285	3,3	33.003	2,8	142.329	3,3	535.909	3,2
Emilia-Romagna	596.995	10,0	441.775	8,2	81.656	6,9	340.573	7,8	1.460.999	8,6
Toscana	432.484	7,2	381.890	7,1	63.425	5,4	289.703	6,6	1.167.502	6,9
Umbria	97.405	1,6	87.679	1,6	28.951	2,5	72.125	1,7	286.160	1,7
Marche	182.873	3,1	148.296	2,8	44.717	3,8	122.359	2,8	498.245	2,9
Lazio	426.230	7,1	452.002	8,4	113.174	9,6	367.039	8,4	1.358.445	8,0
Abruzzo	122.992	2,1	112.129	2,1	36.353	3,1	100.400	2,3	371.874	2,2
Molise	28.257	0,5	29.631	0,6	10.058	0,9	25.615	0,6	93.561	0,6
Campania	283.613	4,7	378.085	7,0	127.416	10,8	336.205	7,7	1.125.319	6,7
Puglia	281.914	4,7	316.469	5,9	110.819	9,4	256.325	5,9	965.527	5,7
Basilicata	38.868	0,6	53.605	1,0	20.537	1,7	43.842	1,0	156.852	0,9
Calabria	110.076	1,8	170.342	3,2	67.034	5,7	136.035	3,1	483.487	2,9
Sicilia	277.107	4,6	329.825	6,1	108.790	9,2	318.818	7,3	1.034.540	6,1
Sardegna	133.561	2,2	117.465	2,2	55.912	4,8	113.448	2,6	420.386	2,5
Italia	5.908.488	98,8	5.203.091	96,7	1.161.777	98,7	4.230.114	96,9	16.503.470	97,6
Estero	71.316	1,2	178.609	3,3	15.014	1,3	135.701	3,1	400.640	2,4
Non indicato	212	0,0	72	0,0	75	0,0	92	0,0	451	0,0
Totale	5.980.016	100,0	5.381.772	100,0	1.176.866	100,0	4.365.907	100,0	16.904.561	100,0

(1) Comprese le Gestioni dipendenti pubblici ed Ex Enpals, escluse le Casse Professionali.

Fonte: Archivio delle pensioni INPS

Regions Seniority; as % of the total; Old-age; Disability; Survivors'; Abroad not indicated (1) Including the Funds for Public Employees and ex ENPALS, excluding Schemes for Professionals. Source: INPS Pension Archive.

On the other hand, the South of Italy features the highest number of **disability pensioners** (45.6%), with respect to the total. Campania (10.8%), Apulia (9.4%) and Sicily (9.2%) occupy the top positions in the ranking. In the Centre, Lazio holds the first position (9.6%). In the North, Lombardy accounts for 8.9% of disability pensioners y, followed by Emilia-Romagna (6.9%). Looking at the number of **survivors' pensions**, the highest numbers are found in Northern and Central Italy. Lombardy (15.9%), Lazio (8.4%) and Piedmont (8.1%) have the highest number of residents with survivors' pensions.

At the provincial level, **Table 6.8** 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. For the whole national territory, the total average IVS retirement rate is 27.3%, of which seniority accounts for 9.8%, old age for 8.6%, disability for 1.9% and survivors for 7.0%. The provincial detail of the total rate of "IVS pensions" vs. "population", shows that the first 10 provinces with the highest number of pensions with respect to the population are all in the North: Biella (40.0%), Ferrara (38.5%), Vercelli (37.7%), Alessandria (36.2%), Trieste (35.8%), Savona (35.6%), Rovigo and Ravenna (35.4%), Asti (34.9%), Genoa (34.6%); by looking at the individual categories, it is possible to see that the number of seniority (in particular), old age and survivors' pensions is high in these provinces,, while the percentage of disability pensions is low and ranges from 1.3% in Savona and Asti to 2.3% in Ravenna.

The lowest total IVS percentages are in the South and the last 10 provinces are: Naples (16.4%), Catania (17.9%), Barletta-Andria-Trani (18.4%), Palermo (18.8%), Caserta (19.1%), Caltanissetta and Crotone (20.1%), Syracuse (20.7%), Ragusa (20.8%) and Bari (21.9%). In the different categories, these provinces have a fairly uniform distribution of pensions with respect to their population in the three categories: seniority, old age and survivors; the percentage of disability pensions vs. the population is lower, ranging from 1.2% in Catania to 2.7% in Crotone.

The highest percentages for disability pensions compared to the resident population can be found in the South: Lecce (5.2%), Potenza (4.7%), Nuoro (4.5%), Oristano, Benevento and Reggio Calabria (4.3%), L'Aquila and Catanzaro (4.0%), Sassari (3.8%), Messina (3.7%), and in two Centre provinces: Pesaro-Urbino and Terni (3.9%), Sassari (3.8%). The three provinces with the lowest percentages of disability pensions compared to the resident population are Milan (0.8%), Lodi and Treviso (0.9%).

Table 6.8 – Number of INPS ⁽¹⁾ pensions as % of the resident population by category and province in decreasing order on 31/12/2017

Province(2)	Anzianità	Vecchiaia	Invalidità	Superstiti	Totale	Province(2)	Anzianità	Vecchiaia	Invalidità	Superstiti	Totale
Biella	18,4%	10,4%	1,6%	9,5%	40,0%	Oristano	9,1%	8,2%	4,3%	7,8%	29,4%
Ferrara	16,6%	10,6%	1,8%	9,4%	38,5%	L'Aquila	8,5%	8,8%	4,0%	8,0%	29,3%
Vercelli	16,2%	10,1%	1,8%	9,6%	37,7%	Trento	12,2%	8,7%	1,5%	6,8%	29,2%
Alessandria	13,4%	11,4%	2,0%	9,5%	36,2%	Chieti	10,2%	8,5%	2,5%	7,8%	29,1%
Trieste	13,3%	11,5%	1,6%	9,4%	35,8%	Monza e della Brianza	12,0%	9,5%	1,0%	6,5%	29,0%
Savona	13,3%	11,7%	1,3%	9,3%	35,6%	Potenza	6,2%	10,1%	4,7%	8,0%	28,9%
Rovigo	14,6%	10,1%	1,9%	8,9%	35,4%	Milano	11,4%	9,9%	0,8%	6,7%	28,8%
Ravenna	14,6%	10,5%	2,3%	7,9%	35,4%	Vicenza	12,5%	8,2%	1,2%	6,6%	28,6%
Asti	14,4%	10,5%	1,3%	8,7%	34,9%	Benevento	7,6%	8,8%	4,3%	7,8%	28,5%
Genova	11,5%	11,8%	2,1%	9,2%	34,6%	Teramo	9,6%	8,8%	2,5%	7,4%	28,3%
Gorizia	14,1%	9,8%	1,9%	8,8%	34,5%	Verona	11,6%	8,8%	1,2%	6,7%	28,3%
Piacenza	13,6%	10,3%	1,9%	8,5%	34,3%	Viterbo	9,1%	8,6%	2,8%	7,7%	28,2%
Belluno	14,1%	10,1%	1,4%	8,6%	34,2%	Lodi	12,2%	7,9%	0,9%	7,1%	28,2%
Siena	13,4%	10,6%	1,9%	8,3%	34,1%	Lecce	6,3%	9,5%	5,2%	7,1%	28,1%
Udine	13,8%	9,8%	1,8%	8,6%	34,0%	Venezia	11,6%	8,1%	1,1%	7,3%	28,1%
Bologna	14,2%	10,0%	1,9%	7,8%	33,8%	Treviso	12,1%	9,2%	0,9%	6,4%	27,6%
Macerata	12,7%	9,8%	3,0%	8,3%	33,7%	Bergamo	11,7%	8,5%	1,0%	6,5%	27,6%
Arezzo	13,3%	10,2%	2,3%	7,8%	33,7%	Prato	10,3%	9,5%	1,2%	6,6%	27,6%
La Spezia	10,8%	9,9%	3,6%	9,3%	33,7%	Rimini	9,7%	9,3%	1,8%	6,7%	27,5%
Terni	10,6%	10,2%	3,9%	8,7%	33,4%	Padova	11,7%	7,9%	1,0%	6,7%	27,3%
Pavia	13,3%	9,6%	1,7%	8,7%	33,3%	Brindisi	8,7%	9,1%	2,5%	6,9%	27,2%
Verbano-Cusio-Ossola	12,9%	10,5%	1,2%	8,6%	33,2%	Bolzano/Bozen	11,7%	8,1%	1,3%	5,7%	26,9%
Forlì-Cesena	13,5%	10,0%	2,0%	7,6%	33,1%	Brescia	11,3%	7,9%	1,0%	6,6%	26,8%
Imperia	11,0%	11,6%	1,9%	8,5%	33,0%	Reggio di Calabria	6,0%	8,8%	4,3%	7,4%	26,5%
Cuneo	14,9%	9,1%	1,2%	7,7%	32,9%	Pescara	8,8%	8,0%	2,2%	7,3%	26,3%
Ancona	12,8%	9,8%	2,0%	8,1%	32,7%	Messina	6,4%	8,7%	3,7%	7,4%	26,2%
Cremona	14,4%	9,0%	1,2%	8,1%	32,7%	Vibo Valentia	6,2%	9,2%	3,5%	6,9%	25,7%
Grosseto	12,0%	9,3%	2,7%	8,7%	32,6%	Matera	8,0%	8,3%	1,6%	7,2%	25,3%
Fermo	11,3%	10,3%	2,9%	8,0%	32,5%	Avellino	6,5%	8,6%	3,1%	7,2%	25,3%
Novara	13,6%	9,5%	1,3%	8,0%	32,3%	Frosinone	8,2%	7,8%	1,9%	7,3%	25,2%
Lecco	13,6%	10,5%	1,0%	7,0%	32,1%	Sassari	7,5%	7,1%	3,8%	6,6%	25,1%
Modena	13,4%	9,9%	1,5%	7,2%	32,0%	Taranto	7,6%	8,8%	2,0%	6,6%	25,1%
Perugia	11,2%	9,8%	3,1%	8,0%	32,0%	Catanzaro	5,8%	8,1%	4,0%	7,1%	25,0%
Pesaro e Urbino	11,0%	9,3%	3,9%	7,6%	31,8%	Sud Sardegna	7,3%	7,0%	3,2%	7,2%	24,6%
Mantova	13,7%	9,4%	1,0%	7,7%	31,8%	Cosenza	5,4%	9,3%	2,6%	6,8%	24,0%
Isernia	8,6%	10,9%	3,6%	8,6%	31,8%	Salerno	5,6%	8,1%	2,7%	6,6%	23,1%
Pistoia	11,8%	10,2%	1,9%	7,7%	31,7%	Latina	7,7%	7,0%	2,3%	6,2%	23,1%
Torino	12,9%	10,0%	1,3%	7,5%	31,6%	Cagliari	8,8%	5,9%	2,2%	6,1%	23,0%
Sondrio	12,8%	8,8%	2,0%	8,0%	31,6%	Foggia	6,2%	7,5%	2,5%	6,4%	22,5%
Ascoli Piceno	11,0%	9,4%	3,2%	8,1%	31,6%	Trapani	5,8%	7,1%	2,5%	6,9%	22,3%
Aosta	12,0%	9,3%	2,6%	7,5%	31,5%	Roma	6,8%	7,6%	1,8%	5,9%	22,2%
Firenze	11,8%	10,7%	1,3%	7,4%	31,2%	Agrigento	4,9%	6,7%	3,4%	7,0%	22,0%
Parma	12,2%	9,4%	1,9%	7,6%	31,1%	Enna	5,7%	6,9%	2,1%	7,2%	22,0%
Massa-Carrara	10,1%	9,6%	2,4%	8,9%	31,0%	Bari	7,3%	6,7%	2,0%	5,8%	21,9%
Varese	13,0%	9,8%	1,1%	7,1%	31,0%	Ragusa	6,1%	6,7%	1,8%	6,2%	20,8%
Pordenone	13,1%	8,7%	1,6%	7,2%	30,7%	Siracusa	6,5%	5,8%	2,2%	6,3%	20,7%
Lucca	11,2%	10,1%	1,4%	7,9%	30,6%	Crotone	4,6%	6,8%	2,7%	6,1%	20,1%
Livorno	10,3%	10,2%	1,7%	8,1%	30,3%	Caltanissetta	5,6%	5,7%	2,0%	6,8%	20,1%
Reggio nell'Emilia	12,1%	9,5%	1,7%	6,9%	30,2%	Caserta	4,6%	6,5%	2,3%	5,6%	19,1%
Pisa	10,9%	10,1%	1,7%	7,5%	30,2%	Palermo	4,9%	6,3%	1,8%	5,8%	18,8%
Como	12,3%	9,6%	1,4%	6,9%	30,2%	Barletta-Andria-Trani	5,7%	5,7%	1,8%	5,2%	18,4%
Nuoro	8,6%	9,2%	4,5%	7,9%	30,2%	Catania	5,3%	5,7%	1,2%	5,7%	17,9%
Rieti	10,2%	9,1%	2,8%	8,1%	30,1%	Napoli	4,2%	5,4%	1,7%	5,1%	16,4%
Campobasso	9,4%	9,1%	3,1%	8,2%	29,8%	ITALIA	9,8%	8,6%	1,9%	7,0%	27,3%

(1) Compresa le Gestioni ex Inpdap dei dipendenti pubblici ed Ex Enpals.

(2) Esclusi i residenti all'estero, non ripartibili e le Casse Professionali.

Fonte: Archivio delle pensioni INPS

Provinces; Seniority; Old-age; Disability; Survivors'; (1) Including the Funds for Public Employees and ex ENPALS (2) Excluding residents abroad, items that cannot be broken down and Schemes for professionals Source: INPS Pension Archive

Table 6.9 shows the distribution in the Italian provinces of the four categories of pensions (IVS) and their percentage distribution within each category, sorted according to the ranking of the total of the categories. The top 10 provinces in the ranking by number of IVS pensions are: Rome, Milan, Turin, Naples, Bologna, Brescia, Florence, Bergamo, Genoa and Varese, also taking into account their large population.

The 10 provinces with the lowest number of pensions are in descending order: Verbano-Cusio-Ossola, Matera, Gorizia, Rieti, Oristano, Vibo Valentia, Aosta, Enna, Crotone and Isernia.

Table 6.9 – Number INPS ⁽¹⁾ IVS pensions by category and province according to the ranking of all categories on 31/12/ 2017

Province ⁽²⁾	Anzianità	%	Vecchiaia	%	Invalidità	%	Superstiti	%	Totale categorie	%
Roma	296.833	5,02	332.030	6,38	77.649	6,68	258.524	6,11	965.036	5,85
Milano	369.633	6,26	318.863	6,13	27.029	2,33	216.263	5,11	931.788	5,65
Torino	292.385	4,95	225.820	4,34	28.904	2,49	170.743	4,04	717.852	4,35
Napoli	130.472	2,21	167.619	3,22	51.244	4,41	158.967	3,76	508.302	3,08
Bologna	143.491	2,43	101.003	1,94	19.143	1,65	78.567	1,86	342.204	2,07
Brescia	142.161	2,41	99.830	1,92	13.018	1,12	82.744	1,96	337.753	2,05
Firenze	119.339	2,02	108.743	2,09	12.684	1,09	75.010	1,77	315.776	1,91
Bergamo	129.870	2,20	94.014	1,81	11.038	0,95	71.815	1,70	306.737	1,86
Genova	96.863	1,64	100.026	1,92	17.429	1,50	77.855	1,84	292.173	1,77
Varese	115.326	1,95	87.473	1,68	9.819	0,85	63.653	1,50	276.271	1,67
Bari	92.317	1,56	84.871	1,63	24.752	2,13	73.464	1,74	275.404	1,67
Verona	107.024	1,81	81.100	1,56	11.408	0,98	61.648	1,46	261.180	1,58
Padova	109.174	1,85	74.380	1,43	9.541	0,82	62.435	1,48	255.590	1,55
Salerno	61.980	1,05	89.386	1,72	30.158	2,60	73.196	1,73	254.720	1,54
Monza e Brianza	104.214	1,76	82.642	1,59	9.152	0,79	56.987	1,35	252.995	1,53
Vicenza	108.158	1,83	70.882	1,36	10.321	0,89	57.236	1,35	246.597	1,49
Treviso	107.679	1,82	72.465	1,39	8.025	0,69	57.104	1,35	245.273	1,49
Venezia	98.858	1,67	68.999	1,33	9.199	0,79	62.589	1,48	239.645	1,45
Palermo	61.377	1,04	79.944	1,54	22.918	1,97	73.115	1,73	237.354	1,44
Modena	94.185	1,59	69.291	1,33	10.538	0,91	50.490	1,19	224.504	1,36
Lecce	50.421	0,85	75.528	1,45	41.349	3,56	57.084	1,35	224.382	1,36
Perugia	73.386	1,24	64.540	1,24	20.076	1,73	52.297	1,24	210.299	1,27
Catania	59.376	1,00	63.285	1,22	13.491	1,16	62.941	1,49	199.093	1,21
Cuneo	87.816	1,49	53.421	1,03	6.988	0,60	45.474	1,08	193.699	1,17
Pavia	72.744	1,23	52.498	1,01	9.110	0,78	47.250	1,12	181.602	1,10
Como	73.686	1,25	57.441	1,10	8.580	0,74	41.161	0,97	180.868	1,10
Udine	73.154	1,24	52.055	1,00	9.314	0,80	45.306	1,07	179.829	1,09
Caserta	42.725	0,72	60.438	1,16	21.199	1,82	51.842	1,23	176.204	1,07
Cosenza	38.245	0,65	65.687	1,26	18.447	1,59	47.980	1,13	170.359	1,03
Messina	40.280	0,68	54.907	1,06	23.082	1,99	46.911	1,11	165.180	1,00
Reggio Emilia	64.432	1,09	50.800	0,98	8.865	0,76	36.905	0,87	161.002	0,98
Trento	66.099	1,12	47.110	0,91	8.029	0,69	36.495	0,86	157.733	0,96
Ancona	60.474	1,02	46.361	0,89	9.554	0,82	38.296	0,91	154.685	0,94
Alessandria	56.822	0,96	48.283	0,93	8.382	0,72	40.118	0,95	153.605	0,93
Reggio Calabria	33.041	0,56	48.572	0,93	23.787	2,05	40.855	0,97	146.255	0,89
Taranto	44.059	0,75	51.016	0,98	11.878	1,02	38.496	0,91	145.449	0,88
Bolzano-Bozen	61.882	1,05	42.570	0,82	6.972	0,60	30.285	0,72	141.709	0,86
Foggia	38.560	0,65	46.637	0,90	15.944	1,37	39.751	0,94	140.892	0,85
Parma	55.122	0,93	42.522	0,82	8.385	0,72	34.113	0,81	140.142	0,85
Ravenna	57.328	0,97	40.975	0,79	8.947	0,77	31.104	0,74	138.354	0,84
Ferrara	57.617	0,98	36.862	0,71	6.359	0,55	32.658	0,77	133.496	0,81
Latina	44.112	0,75	40.076	0,77	13.200	1,14	35.579	0,84	132.967	0,81
Mantova	56.412	0,95	38.593	0,74	4.093	0,35	31.841	0,75	130.939	0,79
Forlì-Cesena	53.176	0,90	39.465	0,76	7.912	0,68	29.807	0,70	130.360	0,79
Pisa	45.981	0,78	42.556	0,82	6.987	0,60	31.535	0,75	127.059	0,77
Sassari	37.152	0,64	35.040	0,67	18.927	1,63	32.674	0,77	123.793	0,75
Frosinone	40.201	0,68	38.469	0,74	9.192	0,79	35.680	0,84	123.542	0,75
Novara	50.290	0,85	35.007	0,67	4.709	0,41	29.545	0,70	119.551	0,72
Lucca	43.558	0,74	39.160	0,75	5.609	0,48	30.840	0,73	119.167	0,72
Cremona	51.700	0,88	32.158	0,62	4.197	0,36	29.149	0,69	117.204	0,71
Arezzo	45.718	0,77	35.036	0,67	8.022	0,69	26.844	0,63	115.620	0,70
Pesaro-Urbino	39.734	0,67	33.599	0,65	14.011	1,21	27.262	0,64	114.606	0,69
Chieti	39.644	0,67	32.996	0,63	9.647	0,83	30.302	0,72	112.589	0,68
Lecco	46.032	0,78	35.525	0,68	3.463	0,30	23.876	0,56	108.896	0,66
Brindisi	34.430	0,58	35.955	0,69	9.860	0,85	27.275	0,64	107.520	0,65
Potenza	22.872	0,39	37.011	0,71	17.269	1,49	29.444	0,70	106.596	0,65
Macerata	40.041	0,68	30.877	0,59	9.505	0,82	26.128	0,62	106.551	0,65
Avellino	27.191	0,46	36.053	0,69	12.857	1,11	30.375	0,72	106.476	0,65
Livorno	34.645	0,59	34.242	0,66	5.827	0,50	27.180	0,64	101.894	0,62
Cagliari	38.118	0,65	25.340	0,49	9.329	0,80	26.449	0,63	99.236	0,60
Savona	37.073	0,63	32.553	0,63	3.619	0,31	25.746	0,61	98.991	0,60
Piacenza	38.948	0,66	29.482	0,57	5.498	0,47	24.350	0,58	98.278	0,60
Agrianto	21.300	0,36	29.955	0,56	15.056	1,30	30.768	0,73	96.479	0,58
Trapani	25.008	0,42	30.715	0,59	10.978	0,94	29.678	0,70	96.379	0,58
Pordenone	40.892	0,69	27.208	0,52	4.995	0,43	22.621	0,53	95.716	0,58
Rimini	32.696	0,55	31.375	0,60	6.009	0,52	22.579	0,53	92.659	0,56
Pistoia	34.567	0,59	29.814	0,57	5.626	0,48	22.496	0,53	92.503	0,56
Siena	35.901	0,61	28.342	0,54	5.055	0,44	22.225	0,53	91.523	0,55
Catanzaro	20.863	0,35	29.388	0,56	14.513	1,25	25.518	0,60	90.282	0,55
Viterbo	29.040	0,49	27.255	0,52	8.793	0,76	24.642	0,58	89.730	0,54
L'Aquila	25.532	0,43	26.401	0,51	12.018	1,03	24.065	0,57	88.016	0,53
Teramo	29.577	0,50	27.279	0,52	7.658	0,66	22.809	0,54	87.323	0,53
Sud Sardegna	25.721	0,44	24.696	0,47	11.282	0,97	25.392	0,60	87.091	0,53
Pescara	28.239	0,48	25.453	0,49	7.030	0,61	23.224	0,55	83.946	0,51
Trieste	31.272	0,53	26.968	0,52	3.690	0,32	22.005	0,52	83.935	0,51
Rovigo	34.521	0,58	23.796	0,46	4.505	0,39	20.979	0,50	83.801	0,51
Siracusa	25.915	0,44	23.261	0,45	8.650	0,74	25.355	0,60	83.181	0,50
Benevento	21.245	0,36	24.589	0,47	11.958	1,03	21.825	0,52	79.617	0,48
Terni	24.019	0,41	23.139	0,44	8.875	0,76	19.828	0,47	75.861	0,46
Asti	31.007	0,52	22.691	0,44	2.863	0,25	18.694	0,44	75.255	0,46
La Spezia	23.676	0,40	21.872	0,42	7.918	0,68	20.560	0,49	74.026	0,45
Grosseto	26.630	0,45	20.728	0,40	5.897	0,51	19.272	0,46	72.527	0,44
Barletta-Andria-Trani	22.127	0,37	22.462	0,43	7.036	0,61	20.255	0,48	71.880	0,44
Biella	32.650	0,55	18.491	0,36	2.880	0,25	16.825	0,40	70.846	0,43
Imperia	23.680	0,40	24.834	0,48	4.037	0,35	18.168	0,43	70.719	0,43
Prato	26.341	0,45	24.443	0,47	3.050	0,26	16.835	0,40	70.669	0,43
Belluno	28.806	0,49	20.708	0,40	2.911	0,25	17.580	0,42	70.005	0,42
Ragusa	19.513	0,33	21.638	0,42	5.644	0,49	20.042	0,47	66.837	0,40
Campobasso	20.901	0,35	20.299	0,39	6.979	0,60	18.281	0,43	66.460	0,40
Ascoli Piceno	22.931	0,39	19.508	0,37	6.570	0,57	16.803	0,40	65.812	0,40
Vercelli	27.980	0,47	17.434	0,34	3.108	0,27	16.471	0,39	64.993	0,39
Lodi	28.143	0,48	18.112	0,35	2.117	0,18	16.382	0,39	64.754	0,39
Nuoro	18.129	0,31	19.325	0,37	9.494	0,82	16.564	0,39	63.512	0,38
Massa Carrara	19.804	0,34	18.826	0,36	4.668	0,40	17.466	0,41	60.764	0,37
Sondrio	23.144	0,39	15.953	0,31	3.690	0,32	14.584	0,34	57.371	0,35
Fermo	19.693	0,33	17.951	0,35	5.077	0,44	13.870	0,33	56.591	0,34
Caltanissetta	14.899	0,25	15.182	0,29	5.432	0,47	18.023	0,43	53.536	0,32
Verbano Cusio Ossola	20.474	0,35	16.720	0,32	1.984	0,17	13.675	0,32	52.853	0,32
Matera	15.996	0,27	16.594	0,32	3.268	0,28	14.398	0,34	50.256	0,30
Gorizia	19.655	0,33	13.618	0,26	2.608	0,22	12.230	0,29	48.111	0,29
Rieti	16.044	0,27	14.172	0,27	4.340	0,37	12.614	0,30	47.170	0,29
Oristano	14.441	0,24	13.064	0,25	6.880	0,59	12.369	0,29	46.754	0,28
Vibo Valentia	9.941	0,17	14.769	0,28	5.588	0,48	11.026	0,26	41.324	0,25
Aosta	15.158	0,26	11.785	0,23	3.290	0,28	9.515	0,22	39.748	0,24
Enna	9.439	0,16	11.538	0,22	3.539	0,30	11.985	0,28	36.501	0,22
Crotone	7.986	0,14	11.926	0,23	4.699	0,40	10.656	0,25	35.267	0,21
Isernia	7.356	0,12	9.332	0,18	3.079	0,27	7.334	0,17	27.101	0,16
Italia	5.908.488	100,0	5.203.091	100,0	1.161.777	100,0	4.230.114	100,0	16.503.470	100,0

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

In July and October 2018 respectively, the Boards of the Italian Chamber of Deputies and of the Senate, decided to cut the annuities of former deputies and senators. This report does not analyse in depth this issue as in previous years, but it provides a summary of the provisions pending the verification of the recalculation method, the number of direct and indirect beneficiaries and the overall costs.

In reality, life annuities will not be abolished, but, as in the case of the Chamber of Deputies, they will be adjusted according to the contribution-based system; a different contribution-based system with respect to that used for pension schemes, so much so that by the end of October, 1,176 cases had already been filed against this decision.

Under this resolution, as of January 1, 2019, **1,338 pension cheques** will be cut, to be recalculated and mostly reduced while no change is envisaged for another 67 of members of Parliament sitting in the Chamber of Deputies who paid contributions for 4-5 legislatures. In the majority of cases, life annuities will be reduced by 40 to 60%. However, there are two minimum ceilings: 980 euros for members of Parliament who served in few mandates and 1,470 euros for annuities to be cut by more than 50% under the new rules. The Chamber currently provides 1,405 life annuities. The Chamber will cut the annuity will amount to 40 million euros per year.

In all, there are about 2,700 life annuities paid to former members of parliament, for a total amount of about 200 million euros. Adding up this figure for the Chamber of Deputies with that of the Senate will result in savings of about 56 million a year, that is about 280 million per mandate. The Budget Law will likely require the Regions to cut their annuities too, otherwise they may lose some transfers.

In fact, as early as January 2012, the life annuities for deputies and senators who were elected as of that date, were repealed by the "Regulation on pension benefits of deputies" and by the "Regulation on pension benefits for senators". Both measures, decided before the Monti-Fornaro Law, raise the age and term of office requirements to be entitled to pension benefits and establish that for the new members of parliament elected as of 1/1/2012, the benefits will be calculated with the contribution-based method. For members of parliament who had previous mandates, there is a transitional pro-rata system taking into account the portion of the annuity accrued until 31/12/2011 and the part to be calculated with new contribution-based system. Under the resolution of 7/07/2015, the Presidency (that implements the provisions of Legislative Decree n. 235/2012 - Severino Law) provided for the abolition of the annuities for former members of parliament definitively convicted of particularly serious crimes; a subsequent resolution of 22/03/2017 (similarly to Article 1, c.486, of Act 147/2013) established a solidarity contribution for benefits exceeding 70,000 euros; following the ruling of the Supreme Court, said contribution must be temporary.

The administrations/entities that do not communicate the data required on a monthly basis to the Central Pension Registry⁶ are: the Sicily Region (Fondo Pensioni Sicilia), which manages a substitutive pension scheme for its employees; the Chamber of Deputies: for its employees and for the elected subjects who are entitled to life annuities and required to pay contributions (including the contributions paid to GDP funds); the Senate: for its employees and for the elected subjects who are entitled to life annuities and required to pay contributions (including those paid to GDP funds); the Constitutional Court: for judges and their employees; the Presidency of the Republic: for its employees; Ordinary and Special Regions: for the elected subjects who are entitled to life annuities and required to pay notional contributions (including those to be paid to GDP funds if they are members in these schemes); F.A.M.A. (Air and Maritime Fund), a scheme based in Genoa for maritime agents.

Table 6.1.1 shows the data related to the number of direct and survivors' annuities paid by the Italian Regions (with the exception of Valle d'Aosta, for which it was not possible to identify the costs and the total figures) in 2017 to former councillors and beneficiaries, as well as the total cost and average amount paid. Overall, the **Regions** analysed provide **3,645** life annuities for a total gross expenditure of approximately 156.47 million euros per year. The average gross amount of the annuity is around 42,927 euros per year, although with significant differences with respect to the average (direct annuities range from the average gross figure of about 28,700 euros per year in Tuscany to the average gross figure of 76,700 euros in Apulia).

The Regions still 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 247 to 320 beneficiaries).

For the sake of exhaustiveness, it is important to stress that, in recent years, most of Italian Regional Councils have introduced or extended cuts in life annuities or temporary solidarity contributions related to these benefits. The timing of these measures is dictated by the Constitutional Court, according to which these cuts are legitimate if they fulfil "contingency and exceptionality criteria linked to the general economic situation". Just to mention a few examples, the Lombardy Region has recently passed a regional bill to extend to 2023 the 10% reductions in life annuities already in force for four years; the Apulia Region has reintroduced for the next two years a solidarity contribution for research projects on rare diseases and the Liguria Region has passed a bill to introduce of a solidarity contribution to be allocated to the health and social sector and to environmental emergencies.

⁶ Act n. 243 of August 23 2004, set up the Central Registry for Active Pension Accounts (hereinafter Registry) to collect, store and manage the data and other information related to members of any compulsory pension scheme and gave it some special functions (art. 1, p. 26, 27 e 28). This Registry is kept by INPS and is monitored and supervised by the Ministry of Labour (up to 2012 it was coordinated and supervised by NUSVAP); it is the general registry for all retirement accounts and is shared with public entities at all levels, with other compulsory pension funds and schemes; under art. 1, p. 25, of the above-mentioned law and of art. 1, p. 2, of MD 4.2.2005, entities and administrations are obliged to provide the Registry with the data on all the accounts in their archives.

Table 6.1.1 – Direct and indirect annuities provided by the Italian regions in 2017.

Annual gross amounts

Regions	N. of Direct Pensioners	Cost of direct pensions	Av. pension	N. of indirect pensioners	Cost of indirect pensions	Av. pension	Tot. n.	Tot. expenditure
Sicily (1)	188	11,119,732.80	59,147.51	132	7,181,965.56	54,408.83	320	18,301,698.36
Sardinia	230	13,163,403.12	57,232.19	81	4,054,457.40	50,055.03	311	17,217,860.52
Lazio*	188	11,147,461.50	59,295.01	81	4,777,483.50	58,981.28	269	15,924,945.00
Apulia	152	11,667,169.80	76,757.70	54	2,912,562.96	53,936.35	206	14,579,732.76
Campania	193	9,037,368.76	46,825.74	63	1,742,781.85	27,663.20	256	10,780,150.61
Calabria (1)	144	8,094,004.44	56,208.36	46	1,577,259.60	34,288.25	190	9,671,264.04
Trentino A.A.	125	6,126,632.04	49,013.06	61	2,556,513.84	41,910.06	186	8,683,145.88
Veneto (2)	197	6,389,236.48	32,432.67	50	1,032,774.67	20,655.49	247	7,422,011.15
Friuli V. Giulia	155	5,930,108.52	38,258.76	54	1,426,991.16	26,425.76	209	7,357,099.68
Piedmont (1)	143	5,923,81.76	41,425.26	42	1,031,912.76	24,569.35	185	6,955,724.52
Lombardy	155	5,097,314.84	32,885.90	63	1,162,162.11	18,447.02	218	6,259,476.95
Liguria	120	5,292,168.00	44,101.40	32	883,543.08	27,610.72	152	6,175,711.08
Emilia-Romagna	123	3,716,927.52	30,218.92	28	648,633.60	23,165.49	151	4,365,561.12
Abruzzo	113	3,508,723.31	31,050.65	42	830,527.38	19,774.46	155	4,339,250.69
Tuscany	119	3,416,744.34	28,712.14	42	845,853.08	20,139.36	161	4,262,597.42
Marche	108	3,430,172.52	31,760.86	35	697,249.29	19,921.41	143	4,127,421.81
Umbria*	76	2,981,061.96	39,224.50	25	476,502.36	19,060.09	101	3,457,564.32
Molise*	57	2,358,541.11	41,377.91	25	1,010,803.33	40,432.13	82	3,369,344.45
Basilicata	80	2,801,134.44	35,014.18	23	417,369.72	18,146.51	103	3,218,504.16
Total	2,666	121,201,717.26	45,462.01	979	35,267,347.25	36,023.85	3,645	156,469,064.52

Fonte: Elaborazioni Itinerari Previdenziali su dati Consigli Regionali.

(1) dati aggiornati al 2018.

(2) importi annui netti.

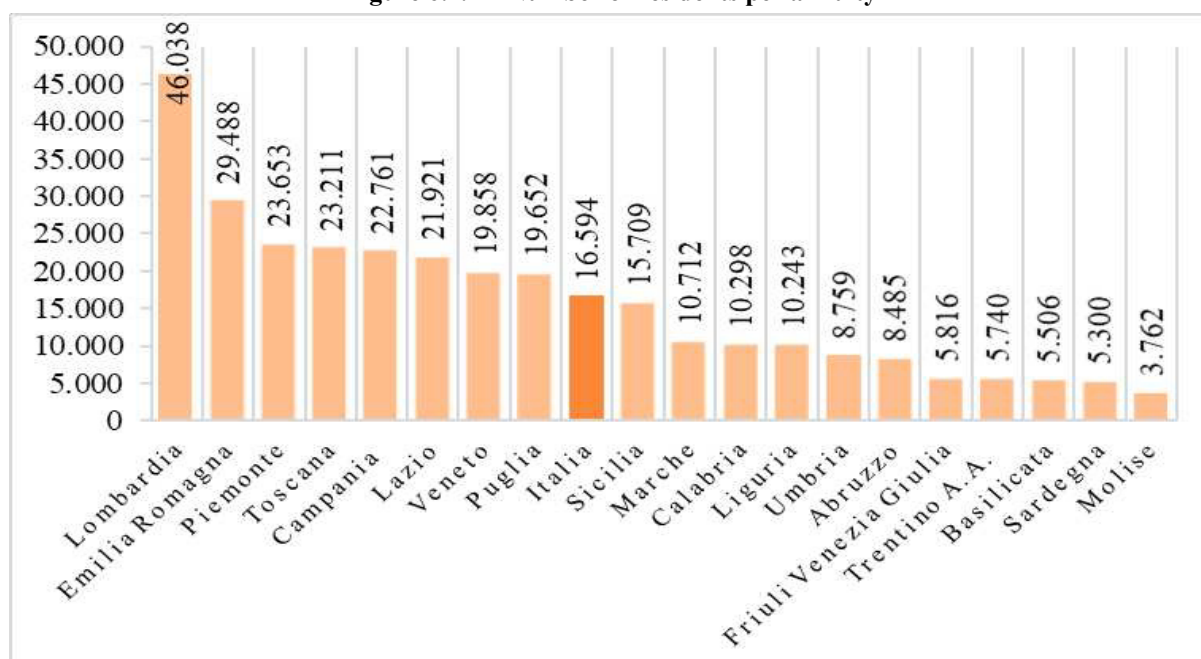
*Nel caso di Lazio e Molise si dispone del solo dato complessivo (vitalizi diretti + reversibilità). Il numero e il costo degli assegni di reversibilità sono stati stimati applicando il 30% al totale.

Source: Data of Regional Councils processed by Itinerari Previdenziali (1) Data updated to 2018 (2) Net amounts per year

(4) Data updated to 04/2016

(*) The data on 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.

Figure 6.1.1 – Number of residents per annuity



Source: Data of regional Councils and ISTAT processed by Itinerari Previdenziali

The Regions with the lowest number of pension benefits are: Molise, Umbria, Basilicata, Marche, Emilia-Romagna and Liguria (from 82 to 152 beneficiaries). The ratio of the resident population vs. the total 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 6.1.1** 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 (29,000) and Piedmont (24,000); the least "virtuous" are Molise with 1 annuity out of 3,762 inhabitants and Sardinia (about 5,300).⁷

6.2 Average pensions for different categories

Table 6.2.1 shows the average pension benefits and the average pension/average income ratio. The ranking is led notaries with 78,200 (totally financed by contributions), followed by 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.⁸

Table 6.2.1 – Average pension mounts by category of workers

CATEGORIES OF WORKERS	Average Pension 2016 (1)	Average Pension 2017 (1)	Average Income 2016	Average Income 2017	AP/AI Ratio of 2016 %	AP/AI Ratio of 2017 %
NOTARIES	78,576	78,209	158,255	151,971	49.65	51.46
JOURNALISTS	52,678	51,692	66,259	66,684	79.50	77.52
EXECUTIVES EX INPDAI	50,768	50,827	157,464	161,702	32.24	31.43
AVIATION FUND	45,544	45,237	18,182	19,819	250.49	228.25
CERTIFIED ACCOUNTANTS	35,980	35,549	60,112	61,213	59.85	58.07
LAWYERS	27,347	27,155	38,385	38,437	71.24	70.65
TELEPHONY WORKERS	26,365	26,363	38,032	37,742	69.32	69.85
ACCOUNTANTS	25,262	24,656	52,246	53,015	48.35	46.51
CIVIL SERVANTS	24,802	25,439	32,959	35,561	75.25	71.54
EX FERROVIE DELLO STATO	22,173	22,397	42,648	42,856	51.99	52.26
TRANSP. WORKERS	21,542	21,602	32,832	32,544	65.61	66.38
LCL AUTHORITY EMPLOYEES	19,512	19,923	30,709	30,672	63.54	64.96
ENGINEERS ARCHITECTS	19,021	19,007	23,363	23,981	81.42	79.26
EX POSTE (IPOST)	18,057	18,201	27,181	28,530	66.43	63.80
SHOWBUSINESS WORKERS	16,186	16,376	23,148	24,054	69.92	68.08
SURVEYORS	13,561	13,564	25,722	26,082	52.72	52.01
PVT SECTOR EMPLOYEES (FPLD)	13,088	13,353	23,030	23,613	56.83	56.55
ARTISANS	11,609	11,820	21,285	21,768	54.54	54.30
LABOUR CONSULTANTS	10,748	11,041	67,451	67,929	15.93	16.25
RETAILERS	10,731	10,938	21,293	21,343	50.40	51.25
CDCM AGRICULTURALWORKERS	7,938	8,038	11,311	10,327	70.18	77.83
DOCTORS	7,140	7,214	36,164	38,618	19.74	18.68
PHARMACISTS	6,094	6,027	29,953	29,679	20.35	20.31
VETERINARY DOCTORS	5,977	5,837	16,820	17,554	35.54	33.25

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 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.

⁸ Considering also Constitutional Bodies, regional annuities (see previous paragraph) and some public sector categories, the top rankings would be occupied by the Judges of the Constitutional Court (200,000 euros) followed by magistrates with 103,000, by the judges of the Constitutional Court with 81,667; then the life annuities of Apulia (76,700), retired deputies (about 74,000), retired senators (over 67,000), university professors (65,000), annuities of Lazio and Sicily (about 59,000), staff of the Chamber of Deputies and of the Senate (about 56,000) and Calabria (about 56,000), staff of the Presidency of the Republic and of the Constitutional Court (just over 53,000). The data refer to January 2017.

BOX 2

The INPDAP public pension system, merged into INPS on January 1 2012, 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 under 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.

For an exhaustive examination of the issue, see *Report n. 4 for 2017, paragraph 2.2*; below is a summary of some of the specific aspects that still characterise pension benefits for public employees, in particular the most important scheme, the Pension Fund for State Employees, which alone accounts for 59% of public pensions for an amount equal to 62% of the total. This fund features several sub-funds still providing different benefits. a) In the *defence, security and rescue sectors*, workers still have reduced less stringent retirement requirements both in terms of retirement age and a shorter length of contribution for early retirement; moreover, they may obtain higher benefits according to the nature of the services they provide; b) in the *judiciary*, the most significant difference is related to old-age pensions with compulsory retirement at the age of 70; c) *diplomatic personnel* are still entitled to specific benefits for their service abroad; for example, ISE (foreign service allowance) accounts for 50% of the pensionable salary, while service in "disadvantaged" or "particularly disadvantaged" locations is increased by 6 or 9 twelfths for a maximum of 5 years; d) *prefectural personnel* present the greatest difference; in fact, in addition to their basic pension they are entitled to six periodic increases (on average by 15% of their income related to the years of contribution); in addition, in case of particular functions (e.g. Chief of the Police), they benefit from an allowance that is included in their pension base even though they no longer serve in this position when they retire; e) for *professors in public universities*, there are very specific provisions to calculate their full-time or part-time periods of service; there are also specific rules according to their career (researcher and assistant, first level or second level professor) in terms of their retirement age and type of service when they do not fulfil the retirement criteria.

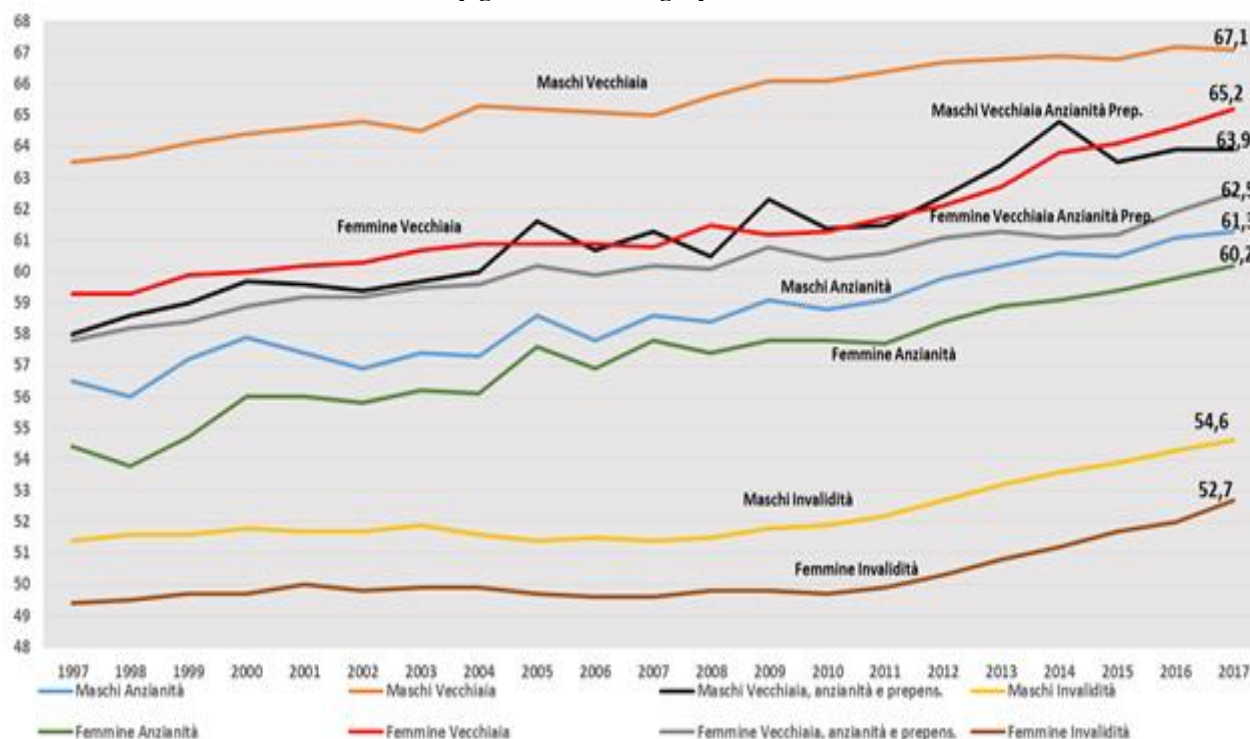
As regards other important public employment sectors, it is important to mention the particular benefits for members of Constitutional Bodies and their staff, as well as for administrators and employees of some autonomous regions, in particular of Sicily.

6.3 Average age at retirement

Starting from the first pension reform in 1992 (Amato reform) 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. These measures were also designed to correct the 1969 Brodolini reform that introduced early retirement and baby pensions. The trend derived from the 1997-2016 historical series of the average age at retirement for the new pensions

paid every year shows an almost linear growth, considering that before 1997 and even more so before the Amato reform, these age criteria were lower; 55 years for women and 65 for men to be eligible for seniority pensions while for old age pension, the requirements were 49 years and even less for baby pensions and for early retirements under which it was possible to retire even more than 10 years in advance. More than 1.2 million people retired at less than 40 years of age. The results of the reforms are reported in the following *Figures 6.3.1* and *6.3.2* and in *Table 6.3.1* according to the type of benefits and gender.

Figure 6.3.1 - Mean retirement age for the new INPS* direct pensions by gender and category 1997-2017



*Men: seniority; old age; old age, seniority and early retirement; disability; Women: seniority; old age; seniority, old age and early retirement; disability; * Excluding ex INPDAP and ex ENPALS funds Source: INPS – Observatory on pensions.*

In 1997, the **seniority pension** age requirement was 63 for men and 58 for women, with at least 18 years of seniority with an average retirement age of 63.5 years for men and 59.3 years for women⁹. In 2017, statutory retirement age, 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 was 67.1 years and for women 64.6, an **average of 66.5 years**. In 2017, the statutory age for old-age pensions remained unchanged with respect to 2016.

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 2017, with the new seniority requirements for **early retirement** (42 years and

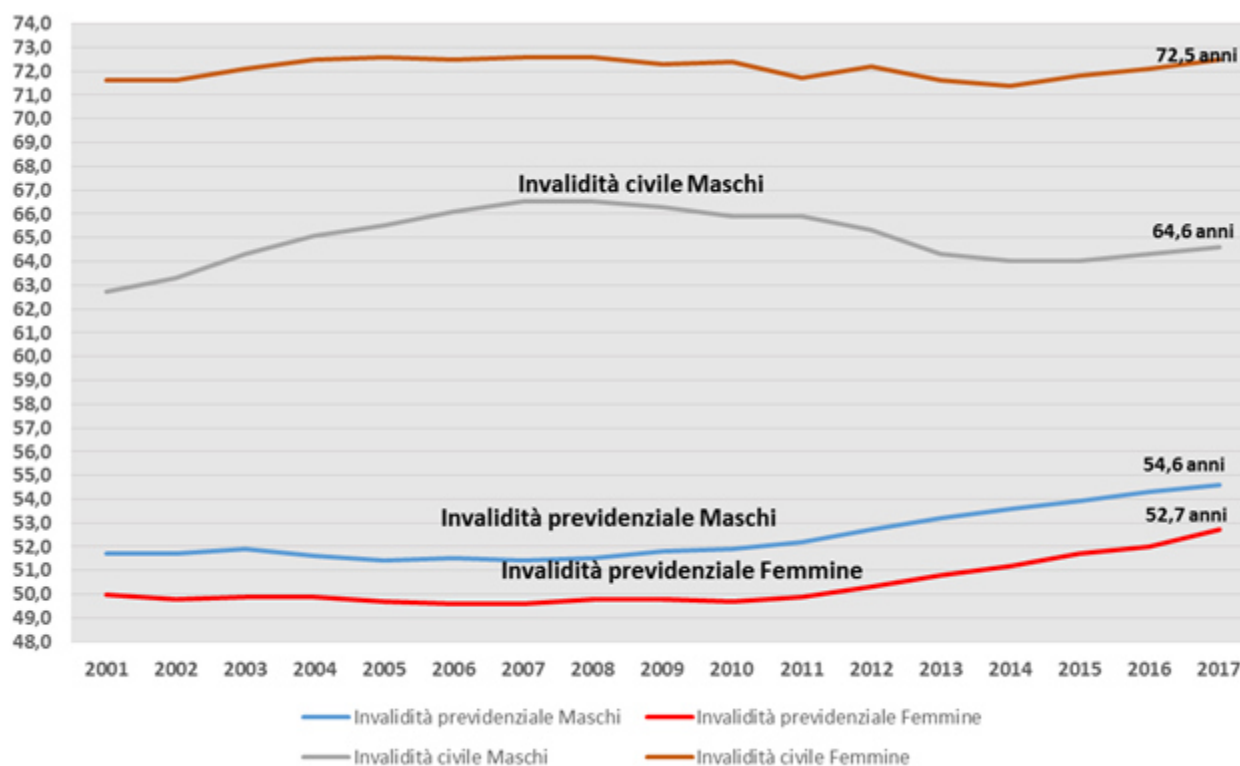
⁹ The age expressed in a decimal form is related to years and tenths of years. For example: 56.5 that correspond to 56 years and 6 months.

10 months for men and 41 years and 10 months for women), the mean age at retirement rose to 61.3 years for men and to 60.2 years for women, with an average of **61 years**.

Considering the total of the three categories: *seniority*, *old age* and *early retirement*, (including the “esodati”, see chapter 2), it is possible to see that in 2017 the average retirement age was **63.5 years**. In calculating this average, the **age of men (63.9)** has more weight with respect to that of **women (62.5)** now very close to the age of the most virtuous countries.

Then analysing the weighted average retirement age for *all pension categories*, including survivors' pensions and welfare benefits, in 2017 the age requirement was **67.7 years** on average, **64.5 years for men** are and for **70.5 years for women**, who have more weight in terms of survivors' pensions.

Figure 6.3.2 – Mean retirement age for the new INPS (+) direct pensions by gender and category 2001-2017



Men: disability pension benefits civil invalidity; Women: disability pension benefits civil invalidity; Source: INPS – Pension Observatory,; (*) except for ex INPDAP and ex ENPALS funds

Table 6.3.1 – Historical series 1997- 2017. Mean retirement age for the new INPS (*) pensions paid by retirement age, category and gender

Tabella 6.3.1 - Serie storica 1997 - 2017. Età medie alla decorrenza delle nuove pensioni INPS (*) liquidate per anno di decorrenza, categoria e genere.																													
Anno di decorrenza della pensione	Sesso	Anzianità			Vecchiaia			Prepensionamenti			Totale Anzianità, Vecchiaia e Prepensionamenti			Invalidità			Superstite			Pensioni/Assegni sociali			Invalidi civili			Totale categorie			
		Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	Numero pensioni liquidate	Importo medio mensile	Età media	
1997	Uomini	218.607	1.024,54	56,5	67.980	520,17	63,5	8.478	1.461,34	52,6	295.065	920,89	58,0	33.583	563,57	51,4	39.091	272,59	72,1	15.209	221,33	65,7	.	.	.	382.948	795,60	59,1	
	Femmine	40.347	773,56	54,4	91.293	389,69	59,3	481	1.403,62	50,4	132.121	510,61	57,8	12.637	391,43	49,4	178.735	390,08	68,2	39.342	196,71	65,5	.	.	.	362.835	413,05	63,4	
	Totale	258.954	985,44	56,1	159.273	458,38	61,1	8.959	1.458,24	52,5	427.186	794,00	57,9	46.220	516,50	50,9	217.826	369,00	68,9	54.551	203,57	65,5	.	.	.	745.783	609,48	61,2	
1998	Uomini	119.788	1.173,18	56,0	67.477	538,95	63,7	3.241	1.541,89	51,7	190.506	954,81	58,6	32.106	586,96	51,6	37.316	278,14	72,2	18.501	231,16	66,0	.	.	.	278.429	773,62	60,1	
	Femmine	25.755	955,48	53,8	132.428	396,64	59,3	285	1.375,60	51,3	129.583	509,86	58,2	12.141	421,41	49,5	168.109	401,48	68,5	40.255	221,82	65,5	.	.	.	350.088	421,63	63,7	
	Totale	145.543	1.134,66	55,6	171.020	452,79	61,0	3.526	1.528,45	51,6	320.089	774,68	58,4	44.247	541,53	51,1	205.425	379,07	69,2	58.756	224,76	65,6	.	.	.	628.517	577,56	62,1	
1999	Uomini	145.904	1.120,42	57,2	53.333	524,05	64,1	1.063	1.667,20	53,1	200.300	964,53	59,0	29.898	607,48	51,6	35.652	282,20	72,6	14.968	248,40	66,9	.	.	.	280.818	801,72	60,4	
	Femmine	31.104	898,57	54,7	79.095	399,77	59,9	251	1.482,10	51,3	110.450	542,70	58,4	11.802	438,40	49,7	159.550	414,36	68,7	27.568	216,30	65,9	.	.	.	309.370	443,44	64,1	
	Totale	177.008	1.081,44	56,7	132.428	449,82	61,6	1.314	1.631,85	52,7	310.750	814,60	58,8	41.700	559,63	51,1	195.202	390,22	69,4	42.536	227,59	66,3	.	.	.	590.188	613,92	62,3	
2000	Uomini	132.072	1.123,60	57,9	60.602	495,43	64,4	6.512	1.130,39	54,4	199.186	932,70	59,7	31.962	629,81	51,8	38.153	288,28	72,6	22.404	243,89	67,2	.	.	.	291.705	762,32	61,1	
	Femmine	26.717	892,47	56,0	87.315	408,45	60,0	2.675	802,27	51,9	116.707	528,28	58,9	12.930	459,94	49,7	171.545	425,55	68,9	29.503	220,75	66,0	.	.	.	330.685	444,88	64,4	
	Totale	158.789	1.084,71	57,6	147.917	444,08	61,8	9.187	1.034,85	53,6	315.893	783,29	59,4	44.892	580,88	51,2	209.698	400,57	69,6	51.907	230,74	66,5	.	.	.	622.390	593,66	62,9	
2001	Uomini	147.992	1.226,22	57,4	67.735	516,62	64,6	2.268	1.479,75	52,6	217.995	1.008,37	59,6	33.168	667,06	51,1	34.692	298,66	72,5	20.951	247,26	67,4	105.410	347,11	62,7	412.216	713,40	61,2	
	Femmine	32.237	954,58	56,0	109.555	432,00	60,2	517	1.246,52	51,4	142.309	553,34	59,2	13.643	490,27	50,0	156.474	448,43	69,1	23.302	229,86	66,5	178.003	362,65	71,6	513.731	438,96	66,6	
	Totale	180.229	1.177,63	57,2	177.290	464,33	61,9	2.785	1.436,45	52,3	360.304	828,65	59,5	46.811	615,53	51,2	191.166	421,25	69,7	44.253	238,09	66,9	283.413	356,87	68,3	925.947	561,14	64,2	
2002	Uomini	163.651	1.269,01	56,7	77.538	534,93	64,8	1.972	1.719,78	52,4	243.161	1.038,58	59,4	35.144	692,54	51,7	38.019	314,25	72,8	18.219	272,77	67,3	151.873	355,96	63,3	486.416	715,15	61,4	
	Femmine	38.834	952,03	55,8	123.133	445,55	60,3	185	1.412,29	51,7	162.152	567,95	59,2	14.745	525,62	49,8	167.774	471,20	69,5	23.409	254,59	67,0	255.736	369,30	71,6	623.816	447,73	67,1	
	Totale	202.485	1.208,25	56,1	200.671	480,08	62,0	2.157	1.693,41	52,3	405.313	850,30	59,3	49.889	643,20	51,1	205.793	442,20	70,1	41.628	262,55	67,1	407.609	364,33	68,5	1.110.232	564,89	64,6	
2003	Uomini	213.972	1.905,64	57,4	105.867	1.026,40	64,5	3.006	1.114,42	54,3	322.845	1.609,95	59,7	38.505	861,98	51,9	37.272	323,13	72,9	16.843	288,55	67,0	159.629	361,90	64,3	575.094	#####	61,6	
	Femmine	42.945	1.034,67	56,2	126.992	484,68	60,7	1.102	685,95	52,2	171.039	624,07	59,5	15.569	531,94	49,9	184.656	610,23	68,9	22.113	254,33	66,7	266.266	375,33	72,1	659.643	505,22	67,2	
	Totale	256.917	1.760,05	57,2	232.859	730,97	62,5	4.108	999,48	53,7	493.884	1.268,53	59,2	54.074	706,96	51,3	221.928	562,01	69,5	38.956	269,12	66,8	425.895	370,30	69,2	1.234.737	778,22	64,6	
2004	Uomini	173.515	1.438,13	57,3	90.955	580,86	65,3	612	1.348,81	53,4	265.082	1.143,78	60,0	34.665	714,95	51,6	35.609	326,27	72,9	15.759	302,20	66,9	154.744	370,49	65,1	505.899	794,08	62,1	
	Femmine	47.541	1.082,35	56,1	125.600	475,76	60,9	252	1.893,41	51,8	173.393	642,68	59,6	14.645	519,25	49,5	157.359	512,75	69,8	20.375	268,20	66,6	258.905	384,09	72,5	624.667	487,92	67,5	
	Totale	221.056	1.361,61	57,0	216.555	519,90	62,7	864	1.216,08	52,9	438.475	945,62	59,8	49.300	660,12	51,1	192.968	478,33	70,4	36.134	283,03	66,8	413.649	379,00	69,7	1.130.526	624,91	65,1	
2005	Uomini	131.969	1.397,12	58,6	112.275	553,71	65,2	525	1.863,60	53,2	244.769	1.011,25	61,6	40.642	697,50	51,4	38.391	333,46	73,1	17.399	315,41	66,8	171.883	376,90	65,5	513.084	699,58	63,1	
	Femmine	32.913	994,16	57,6	132.973	480,60	60,9	285	1.537,56	52,4	166.710	584,13	60,2	17.517	531,37	49,7	172.807	518,58	70,1	22.986	278,20	66,6	287.197	389,23	72,6	666.678	471,25	68,1	
	Totale	164.882	1.316,69	58,4	245.248	514,07	62,9	810	1.748,88	52,9	410.940	838,54	61,0	58.159	647,46	50,9	211.198	484,93	70,6	40.385	294,23	66,7	459.080	384,62	69,9	1.179.762	570,55	65,9	
2006	Uomini	164.518	1.493,80	57,8	109.275	571,31	65,1	435	1.955,33	53,2	274.228	1.103,03	60,7	37.440	709,55	51,5	35.849	339,07	73,3	15.893	321,58	66,9	173.267	384,14	66,1	536.677	769,31	62,8	
	Femmine	49.415	1.142,78	56,9	144.106	492,74	60,9	183	1.558,44	52,3	193.704	659,57	59,9	16.614	530,76	49,6	158.237	534,37	70,4	20.170	287,41	66,7	279.632	395,19	72,5	668.357	504,88	67,6	
	Totale	213.933	1.412,72	57,6	253.381	500,75	62,7	618	1.837,80	53,0	467.932	919,46	60,4	54.054	654,60	50,9	194.086	498,30	71,0	36.063	302,47	66,8	452.899	390,96	70,0	1.205.034	622,65	65,5	
2007	Uomini	138.051	1.506,46	58,6	98.011	550,00	65,0	411	2.049,64	53,3	236.473	1.111,81	61,3	37.907	726,55	51,4	35.535	347,99	73,5	14.121	330,41	67,1	187.768	399,23	66,5	511.804	745,45	63,5	
	Femmine	36.300	1.132,88	57,8	141.600	518,53	60,8	93	1.682,49	52,2	177.993	644,43	60,2	17.179	541,69	49,6	154.656	553,33	70,6	18.041	296,60	66,9	298.950	403,55	72,6	666.819	503,25	68,1	
	Totale	174.351	1.428,68	58,5	239.611	532,22	62,5	504	1.981,89	53,1	414.466	911,09	60,8	55.086	668,90	50,8	190.191	514,96	71,1	32.162	311,45	66,9	486.718	399,99	70,3	1.178.623	608,42	66,1	
2008	Uomini	167.764	1.667,29	58,4	99.145	560,67	65,6	406	2.196,81	53,7	237.315	1.345,77	60,5	38.862	722,24	51,5	36.980	352,43	73,8	17.066	346,15	67,0	204.937	400,51	66,5	535.160	837,99	63,3	
	Femmine	45.510	1.261,78	57,4	90.795	531,00	61,5	110	1.756,48	52,6	136.415	775,78	60,1	17.487	535,30	49,8	160.810	564,48	71,0	19.942	310,20	67,2	319.552	410,30	72,6	654.206	524,70	68,8	
	Totale	213.274	1.580,76	58,2	159.940	543,82	63,5	516	2.102,94	53,5	373.730	1.137,72	60,4	56.349	664,22	51,0	197.790	524,83	71,5	37.008	326,78	67,1	524.489	406,48	70,2	1.189.366	665,67	66,3	
2009	Uomini	88.638	1.766,40	59,1	76.127	645,49	66,1	52	1.793,25	55,6	164.817	1.248,67	62,3	36.597	758,43	51,8	37.775	366,16	74,1	16.594	355,82	66,7	216.167	405,97	66,3	471.950	722,65	64,4	
	Femmine	20.747	1.312,58	57,8	131.732	562,08	6																						

6.4 The number of pensions by effective date, class and type

The particular focus in this paragraph is the analysis of the historical series of *invalidity, old-age and survivors' (IVS) pensions still in force on 1/1/2018, starting from the ones as of 1980 and previous years, collected in a single generation and* then so on and so forth for each year until the benefits as of 2017¹⁰. In practice, this is a review of the duration of outstanding pensions (from their start until 1/1/2018). Italians often complain that the retirement age requirements become increasingly stringent every two years; the reasons for this are essentially twofold: the longer life expectancy of pensioners and the need to keep system in balance to ensure that those who are now paying their contributions (young people at the top), to finance pension benefits retire with a well function system and receive their pension too.

If the retirement age is not correlated to life expectancy, there may be risks like the ones related to the duration of the pensions provided many years ago and still being paid today; ranks of workers allowed to retire young following the provisions enacted between 1965 and 1990 which allowed for baby pensions in the public sector, early retirement, old-age pensions before the age of 50 and less stringent disability and invalidity requirements. It will take many more years to reduce these anomalies that weigh down on the welfare budget. All "current mean ages" are calculated as of 31/12/2017; using 1/1/2018 for the calculation of this parameter would have meant counting an extra year of age which, however, would not have been applicable for the majority of pensioners.

In January 2018, INPS was paying as many as **758,372 pension benefits**, including ex INPDAP benefits for civil servants but not ENPALS, with a **duration of 37 years and more** to men and women who retired back in **1980 or earlier**. In detail, **683,392** IVS benefits are provided to employed and self-employed subjects (artisans, retailers and farmers), 546,726 women (80%) and 136,666 men. For civil servants, the number of benefits is equal to **74,980** 49,510 of which provided to women (66%) and 25,470 to men (34%). But at what age did they retire way back in 1979/80? The retirement age for surviving men who worked in the private sector was as follows: 53.1 years for seniority pensions, 56.3 years for old-age pensions, 50.8 years for early retirement, 41.5 years for disability benefits and 30.7 years for survivors' benefits. It should be borne in mind that workers who retired more than 37 years ago at an older age have died and their older age is not included in the mean retirement age. This makes it possible to identify the mean ages the younger pensioners had when they retired in 1980 and earlier. Today, the retirement age of the generation of workers who became eligible for pension benefits in 2017 (duration 0 years) is more composite and real; in fact, almost all of these subjects were still alive on 1/1/2018; their retirement age is respectively: 61.3, 67.1, 62.4, 54.5, **76.9** (almost + 47 years) and for women: 50.1; 55.4; 51.6; 44.3; 40.7, and today 60.2; 65.4; 63.6; 52.5; **73.8**. It will suffice to consider that today the life expectancy for men and women at 65 years of age is respectively equal to 19 years for men (therefore 84 years) and to 22 years and 2 months for women (87 years and 2 months).

The average duration of benefits provided since 1980 or before is about 38 years for the private sector and 41 years for men and 41.5 for women in the public sector. Considering that today for a 65-year old, the average duration of the pension (current average direct and survivors' benefit for men and women) is about **19 years**, the Italian pension system currently pays **6,004,068 IVS**

¹⁰ For an in-depth analysis of this topic see the ad-hoc study on www.itinerari previdenziali.it.

benefits with a duration of **20 years and more**, equal to about **35.6%** of the total IVS pensions (16.8 million); therefore, much more than the universal income as if disguised as a pension. Women, who live longer, have the lion's share with 80% of the benefits paid for 37 years and more and with 67% of those with a duration of more than 25 years; these are mainly invalidity, survivors' and old-age pensions (see **Graph 6.4.1**).

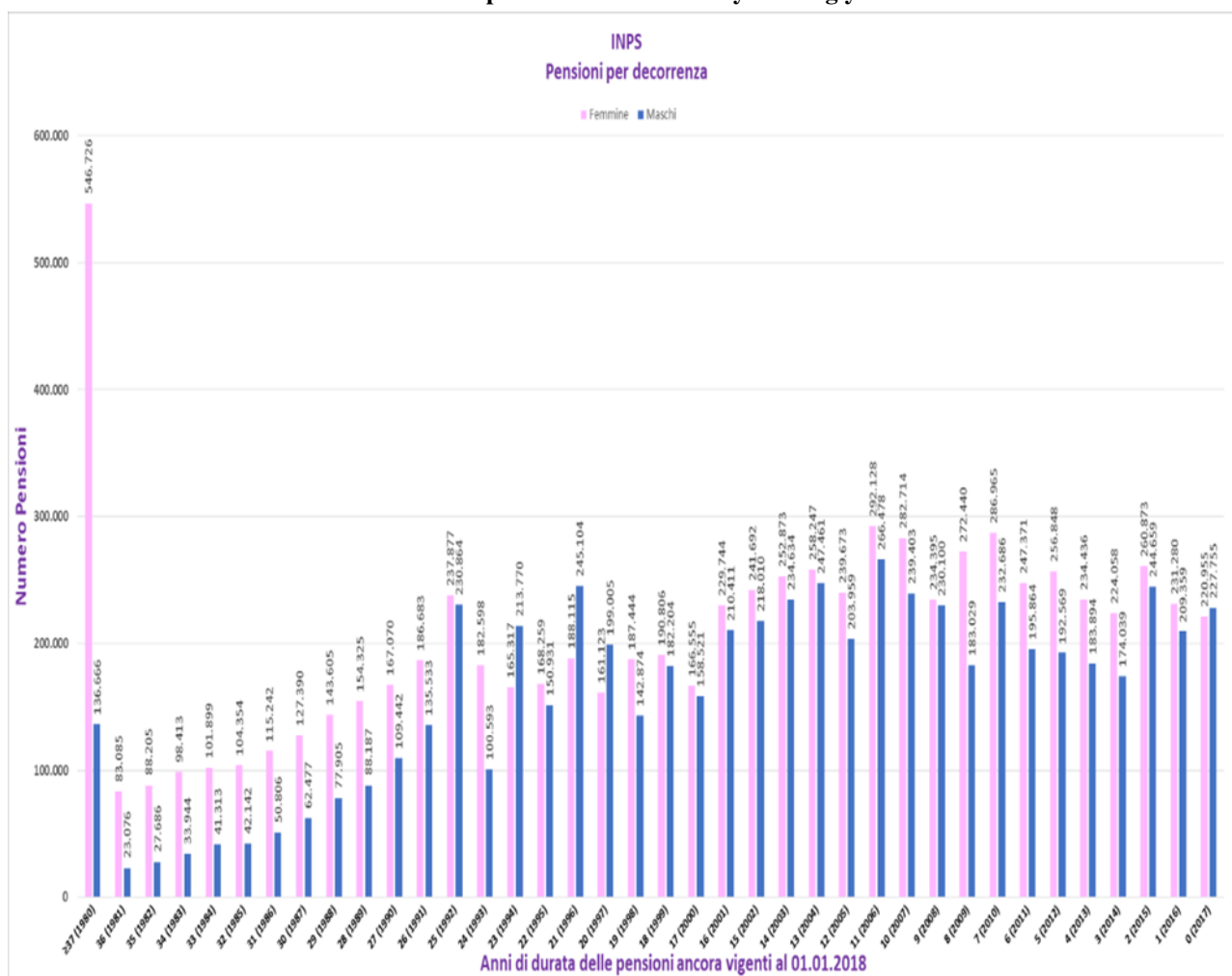
In January 2018, there are still **230,000 pensions** in the private sector due to **early retirement**, even 10 years earlier than the requirements in force over time; early retirement was "intensively" used until 2002 (the peaks occurred between 1984 and the peak in 1992,) then the number of early retirements fell to a few hundred per year until 2008 only to pick up again but never exceeding 1,500 per year (except for in 2012/2013).

Obviously, the burden of early retirement was passed on to the "pension account" and not to the "income support" account as should be done and as many EU countries do. The same applies to disability pension benefits (for INPS, the 'Invalidity' pension include the 'Disability allowance', the 'Disability pension' and the "Inability" pension). More than 931,000 pensions (6% of the total) are being paid 'survivors (including the 'pensioners' survivors and the members' survivors categories), of which 338,000 have a duration of over 37 years and 490,000 over 25 years. Civil invalidity benefits must be added to disability benefits (another 964,000 plus 2,096,180 for carers' allowances).

As can be seen from these data, there is a high number of citizens supported and subsidised by general taxes and who could be defined as beneficiaries of an *ante literam* "universal income". Finally, in the public administration, on the basis of the provisions of the 1970s and 1980s, it was possible to retire early: after 14 years, 6 months and 1 day of work for married women or women with children, including the redemption of pension rights for maternity and graduation; a graduate woman with 2 children could even work only for 8 years and then retire after paying a few years of contributions; (Baby pensions) or for all civil servants after 19 years, 6 months and 1 day of work and for employees of local authorities after 25 years of work who were allowed to retire at 35/40 years of age with 20-25 years of contribution (always including the redemption of pension rights for graduation, maternity and the military).

The number of pensions paid for "AVPIS" benefits (seniority, old age, early retirement, disability and survivors) increased from 106 in 1981 to peaks of 322,000 and 468,000 in 1991 and 1992 to return to over 433,000 in 1996. Since 2001, the benefits for each year have been over 400,000, with peaks of 558,000 in 2006 and 520,000 in 2010.

Graph 6.4.1 – INPS, PRIVATE SECTOR
Number of pensions on 1/1/2018 by starting year

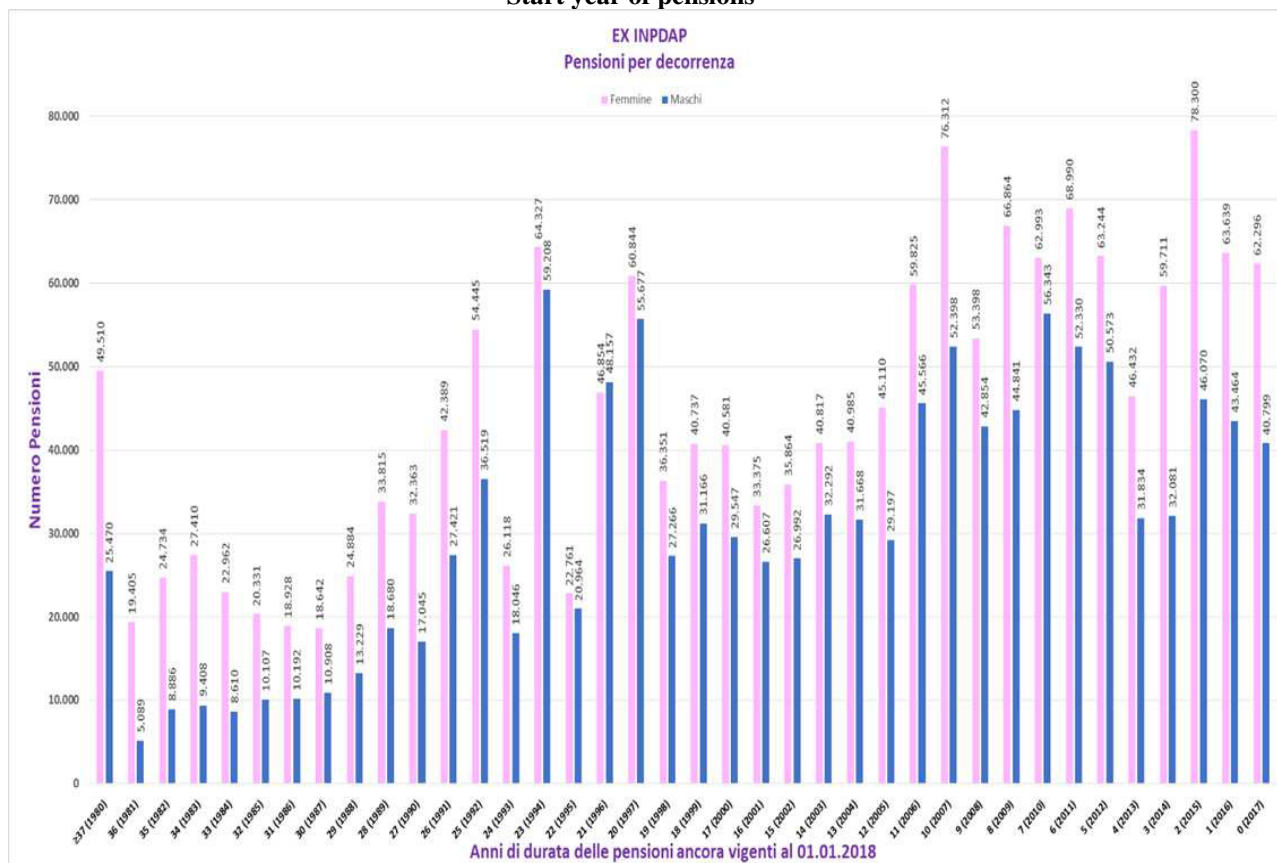


Women; Men; N. of pensions; Duration of outstanding pensions on 01.01.2018 in years

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
A	16.264 12.978	6.028 2.665	8.620 3.757	11.069 4.220	11.675 3.586	13.330 3.386	17.225 3.647	20.962 3.836	27.904 4.669	36.729 6.396	50.047 7.953	71.934 10.961	142.502 54.081
V	7.312 84.543	3.889 29.117	5.213 34.758	7.185 41.726	9.265 47.776	12.064 58.462	15.468 66.385	19.679 75.914	26.853 87.384	32.065 96.368	43.242 107.753	48.971 113.628	52.157 121.687
P	120 126	1.700 3.398	2.587 3.083	3.846 3.934	10.489 4.629	10.982 5.373	11.575 5.729	14.732 5.955	15.796 6.814	11.773 5.731	7.853 2.047	4.658 911	26.490 5.675
I	99.396 228.661	9.508 21.262	9.261 18.777	9.525 17.992	7.299 13.696	3.034 2.453	3.478 2.847	3.805 2.840	3.725 2.767	3.853 2.846	4.088 2.921	4.324 2.938	4.766 2.867
S	13.574 220.418	1.951 26.643	2.005 27.830	2.319 30.541	2.585 32.212	2.732 34.680	3.060 36.634	3.299 38.845	3.627 41.971	3.785 42.984	4.232 46.396	5.646 58.245	4.949 53.567
Tot	136.666 546.726	23.076 83.085	27.686 88.205	33.944 98.413	41.313 101.899	42.142 104.354	50.806 115.242	62.477 127.390	77.905 143.605	88.187 154.325	109.442 167.070	135.533 186.683	230.864 237.877
Tot. Gen.	683.392	106.161	115.891	132.357	143.212	146.496	166.048	189.867	221.510	242.512	276.512	322.216	468.741
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A	29.904 3.671	168.269 41.241	86.043 12.906	193.129 37.887	153.770 31.833	89.221 21.643	131.402 28.805	107.097 23.874	138.348 31.473	142.137 36.991	150.268 40.390	157.695 46.531	107.626 29.131
V	56.489 120.054	26.875 60.236	41.685 88.744	33.263 81.699	25.247 56.622	36.534 87.564	33.814 80.673	31.940 58.288	51.753 110.473	54.603 112.426	61.921 113.000	66.312 112.122	70.606 104.508
P	3.882 471	7.504 1.460	11.427 1.100	6.692 530	6.750 350	3.099 734	2.321 1.077	3.172 1.042	2.270 342	1.682 154	865 101	357 152	450 184
I	4.881 2.618	5.155 2.517	5.298 2.362	5.303 2.436	5.831 2.522	6.146 2.716	6.323 2.833	7.238 3.227	8.023 3.603	8.981 3.870	9.803 4.383	10.873 4.812	11.717 5.188
S	5.437 55.784	5.967 59.863	6.478 63.147	6.717 65.553	7.407 69.796	7.914 74.787	8.344 77.418	9.074 80.124	10.017 83.853	10.607 88.251	11.777 94.999	12.224 94.680	13.560 100.662
Tot	100.593 182.598	213.770 165.317	150.981 168.259	245.104 188.115	199.005 161.123	142.874 187.444	182.204 190.806	158.521 166.555	210.411 229.744	218.010 241.692	234.634 252.873	247.461 258.247	203.959 239.673
Tot. Gen.	283.191	379.087	319.190	433.219	360.128	330.318	373.010	325.076	440.155	459.702	487.507	505.708	443.632
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
A	153.841 48.054	131.914 35.984	158.573 44.260	85.800 20.465	133.859 39.642	115.103 33.179	89.326 29.726	71.040 34.236	45.542 43.574	102.023 60.983	85.064 40.315	98.788 38.516	
V	84.572 133.502	77.351 131.473	39.289 68.615	62.437 124.620	62.691 116.508	43.602 78.216	59.398 82.575	65.229 51.262	78.462 26.286	83.983 32.439	63.655 25.135	74.165 30.854	
P	472 148	389 85	502 120	790 247	922 338	830 351	2.562 304	1.311 287	1.065 376	1.076 269	777 151	1.045 148	
I	13.137 5.887	13.968 6.143	14.567 6.503	15.109 6.584	14.856 6.264	14.066 5.722	17.086 6.805	20.286 8.303	21.323 9.044	25.984 11.858	27.649 13.590	23.710 12.156	
S	14.456 104.537	15.781 109.029	17.169 114.897	18.893 120.524	20.358 124.213	22.263 129.903	24.197 137.438	26.028 140.348	27.647 144.778	31.593 155.324	32.214 152.089	30.047 139.281	
Tot	266.478 292.128	239.403 282.714	230.100 234.395	183.029 272.440	232.686 286.965	195.864 247.371	192.569 256.848	183.894 234.436	174.039 224.058	244.659 260.873	209.359 231.280	227.755 220.955	
Tot. Gen.	558.606	522.117	464.495	455.469	519.651	443.235	449.417	418.330	398.097	505.532	440.639	448.710	

EX INPDAD

Start year of pensions

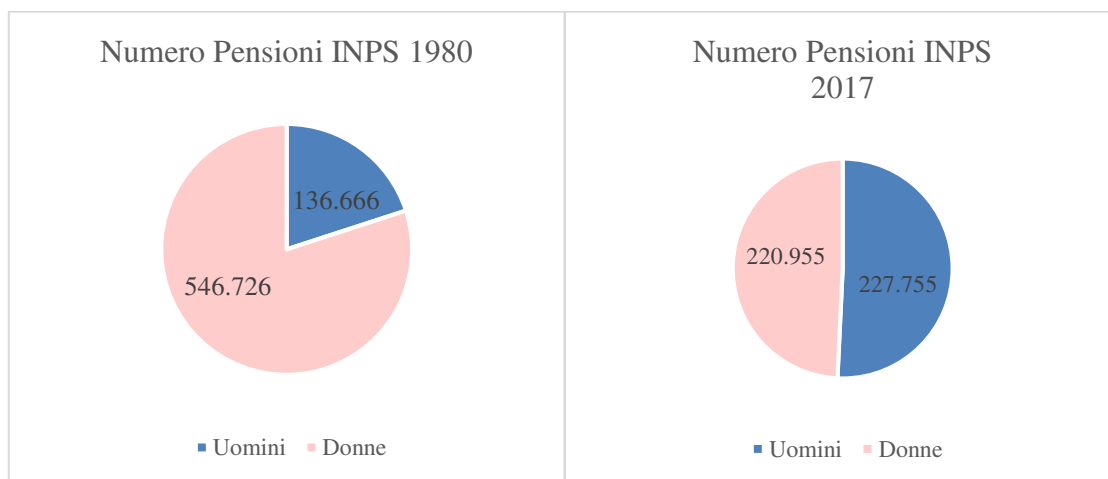


Women; Men; N. of pensions; Duration of outstanding pensions on 01.01.2018 in years

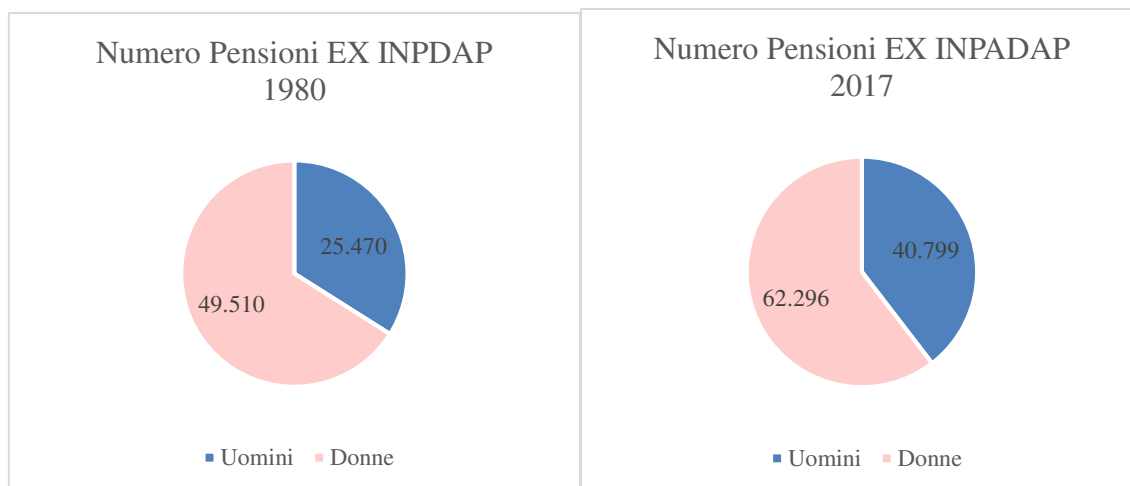
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
A	8.057 18.338	2.197 5.752	4.498 13.752	5.841 17.488	6.017 16.357	7.054 14.525	6.885 12.680	7.101 11.631	8.435 16.101	11.792 23.243	9.898 20.140	17.734 28.317	24.942 37.962
V	1.790 1.391	236 527	544 1.264	528 1.071	456 256	643 203	828 297	1.368 417	2.249 1.020	3.265 1.502	3.632 2.020	5.231 2.689	6.548 3.414
I	14.710 8.663	2.273 2.631	3.644 6.304	2.814 4.835	1.803 440	2.089 527	2.075 412	1.953 504	2.009 1.239	2.955 2.299	2.886 2.644	3.633 3.318	4.095 4.373
S	913 21.118	383 10.495	200 3.414	225 4.016	334 5.909	321 5.076	404 5.539	486 6.090	536 6.524	668 6.771	629 7.559	823 8.065	934 8.696
Tot	25.470 49.510	5.089 19.405	8.886 24.734	9.408 27.410	8.610 22.962	10.107 20.331	10.192 18.928	10.908 18.642	13.229 24.884	18.680 33.815	17.045 32.363	27.421 42.389	36.519 54.444
Tot. Gen.	74.980	24.494	33.620	36.818	31.572	30.438	29.120	29.550	38.113	52.495	49.408	69.810	90.964
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
A	6.898 9.270	46.965 46.037	10.984 6.623	38.703 30.234	45.596 42.225	18.989 18.232	22.758 22.159	20.754 20.790	17.602 13.441	17.307 12.135	20.641 14.419	19.596 14.345	17.024 18.137
V	6.491 3.647	7.091 4.371	6.178 4.462	5.536 4.256	5.691 4.921	3.974 3.926	4.352 4.138	4.620 4.741	4.482 4.220	4.900 7.086	6.118 8.255	6.706 8.636	6.590 8.475
I	3.703 3.866	4.067 3.896	2.667 2.145	2.619 1.394	2.916 1.904	2.648 1.587	2.308 1.507	2.210 1.617	2.514 1.684	2.655 1.907	2.985 2.092	2.778 1.916	2.667 1.519
S	954 9.335	1.085 10.023	1.135 9.531	1.299 10.970	1.474 11.794	1.655 12.606	1.748 12.933	1.963 13.433	2.009 14.030	2.130 14.736	2.548 16.051	2.588 16.088	2.916 16.979
Tot	18.046 26.118	59.208 64.327	20.964 22.761	48.157 46.854	55.677 60.844	27.266 36.351	31.166 40.737	29.547 40.581	26.607 33.375	26.992 35.864	32.292 40.817	31.668 40.985	29.197 45.110
Tot. Gen.	44.164	123.535	43.725	95.011	116.521	63.617	71.903	70.128	59.982	62.856	73.109	72.653	74.307
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
A	31.394 29.762	37.674 44.241	28.861 21.997	27.853 30.410	37.945 26.388	37.703 30.345	34.936 22.308	17.727 13.227	16.272 24.470	27.751 41.571	25.977 31.887	23.733 34.165	
V	7.908 10.983	7.562 11.714	6.669 10.071	9.342 13.855	9.392 12.603	5.280 14.064	5.053 14.546	3.554 6.861	5.101 8.143	6.311 7.074	5.512 2.396	8.390 5.368	
I	3.243 1.669	3.826 1.967	3.625 2.168	3.520 2.482	4.640 2.857	4.266 2.451	5.021 2.668	4.500 2.292	4.193 2.417	4.518 2.411	4.578 2.569	3.191 1.599	
S	3.021 17.411	3.336 18.390	3.699 19.162	4.126 20.117	4.366 21.145	5.081 22.130	5.563 23.722	6.053 24.052	6.515 24.681	7.490 27.244	7.397 26.787	5.485 21.164	
Tot	45.566 59.825	52.398 76.312	42.854 53.398	44.841 66.864	56.343 62.993	52.330 68.990	50.573 63.244	31.834 46.432	32.081 59.711	46.070 78.300	43.464 63.639	40.799 62.296	
Tot. Gen.	105.391	128.710	96.252	111.705	119.336	121.320	113.817	78.266	91.792	124.370	107.103	103.095	

Età di pensionamento				
	1980		2018	
	Maschi	Femmine	Maschi	Femmine
	Settore privato			
Anzianità	53,1	50,1	61,3	60,2
Vecchiaia	56,3	55,4	67,1	65,4
Prepensionamenti	50,8	51,6	62,4	63,6
Invalità	41,5	44,3	54,5	52,5
Superstiti	30,7	40,7	76,9	73,8
	Settore pubblico			
Anzianità	47,4	44,9	62,0	62,3
Vecchiaia	51,7	45,6	65,8	66,2
Inabilità	38,8	42,8	56,1	59,2
Superstiti	32,7	43,0	70,6	73,0

Retirement age Men; Women; Private Sector Seniority Old age Early retirement Invalidity Survivors' pensions Public Sector



Number of Pensions Men; Women



Ex INPDAP Pensions Men; Women

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

The Italian population spends almost **70 billion euros** for a private access to health care, welfare and supplementary pension benefits. The figure is significantly higher than in the previous year (62 billion euros in 2016, +12%), although it is important to point out that, at least for two of the main expenditure items, there are different rules adopted by ISTAT (for health care OOP) and by the Itinerari Previdenziali study centre (for LTC). Please see *Table 7.1* for details on these innovations.

Similarly to the data of the last five years, the most significant expenditure item is still out-of-pocket health expenditure, equal to **35.6 billion euros**. This item of expenditure identifies the direct costs incurred by households and individuals, without any intervention of intermediaries, such as health funds, mutual schemes, insurance companies or others. By adding the intermediated health care expenditure, the threshold of **40 billion euros** is reached and exceeded, a third of the total expenditure incurred by the public system to provide care services through the National Health System.

Table 7.1 - Private complementary and supplementary welfare expenditure (millions of euros)

	2013	2014	2015	2016	2017		
Type	Private expenditures				Private expenditure	As a % of GDP	As a % of public expenditure In
Complementary pension system	12,414	13,000	13,500	14,256	14,873	0.86%	1.76%
OOP* health expenditure	26,240	30,000	32,287	32,081	35,989	2.08%	4.28%
LTC **expenditure	11,000	9,280	8,900	8,900	10,700	0.62%	1.27%
Intermediated health expenditure	4,060	4,300	3,689	3,809	4,901	0.28%	0.58%
Individual welfare expenditure ***	1,000	2,567	2,963	3,008	3,087	0.17%	0.36%
	54,714	59,147	61,339	62,054	69,550	4.03%	8.27%

The 2017 figure is that recorded by ISTAT according to the new rules for the precise verification of the individual items of expenditure (if known and possible to get to know) that make up the basket of services normally related to OOP expenditure. By reclassifying 2016 too according to the new rule, the figure would be 34,705 million euros, instead of 32,081 million euros under the old rule; the previous edition of this Report had questioned the old rule because it seemed to be grossly underestimated, as now confirmed by the new techniques. ** Since 2015, the data have been calculated including home and residential care expenditure net of the carers' benefits provided by INPS. The year 2017 also includes the TFR for "domestic workers" registered with INPS with care and assistance duties. The estimate of the share of "irregular" work, which is certainly underestimated, is calculated on the basis of the remaining number of unregistered "domestic workers" for care and assistance activities. * This item only takes into consideration the revenues from non-life 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 this ranking of costs, the following positions are held by contributions to complementary pension funds (**14.8 billion euros**) and those for LTC considered as a simple cost for “domestic help”, (without the white and silver economy) equal to **10.7 billion euros**. Similarly to the previous years, the long-term care data do not include the carers’ allowances envisaged under the public pillar, which reduce total expenditure. 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. According to a rough estimate, the tax savings from this incentive amount to 3.6 billion euros (for these reasons, the cost data of individuals and households for the complementary pension system is supposed to be equal to **11.2 billion euros**, net of tax savings).

7.1 Supplementary health funds and LTC

Total private **health** care expenditure amounts to approximately **40 billion euros**, the intermediated part of which (through health funds, insurance companies, etc.) is equal to just below 14%, with a slight growth with respect to 2016.

The figure for out-of-pocket expenditure significantly increased compared to 2016, also due to the change in the ISTAT survey rules; a circumstance that confirms the validity of the doubts raised by the Itinerari Previdenziali Study Centre in the previous report about these greatly underestimated data that we had tried to redefine through our simulation model which proved to be very close to the real figures. In fact, the reclassification of the data for 2016 by ISTAT shows that the figure proposed by ISTAT for last year was at least 2.7 billion lower than that calculated with the new rules related to actual expenditure; by reclassifying 2016 according to the new rule, the figure is equal to 34,705 million euros, instead of 32,081 million euros.

The first provisional data processed by the Ministry of Health show a reduction in the number of registered funds and an increase in the number of members. The number of funds applying for registration that by July 31, 2018 is equal to 311 of which 9 classified as type A and 302 as type B; compared to last year (when there was a sharp increase in the number of funds from 305 in 2015 to 322 in 2016) the number decreased by 11 funds, considering that one of the applicants was not registered as it failed to reach the threshold of 20% of the resources to be allocated to dentistry and LTC, under the "Turco" and "Sacconi" Decrees. (*Table 7.2*).

Table 7.2 – Number of funds in the Registry of Health Funds, membership and general amount

Year	Reg. funds	Type A	Type B	Total membership	Dependents	Family members	General amount	Partial amount (20%)*	Partial amount / 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	322	9	313	10,616,847	6,680,504	2,160,917	2,329,791,397	753,775,116	32.35%
2017	311	9	302	12,900,000			2,400,000,000	780,000,000	32.50%

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; the green figures are estimates still to be confirmed by the Ministry of Health.

* The “Year” field is the actual year to which data are referred to and not the one in which data were collected Il campo “anno” for example, 2016 is the year examined by the Ministry of Health by the end of 2017.)

The legal status most frequently used by health funds is the association non-recognized association under Art. 36 of the Italian Civil Code c.c. (233 funds), followed, with a slight increase, by mutual aid societies under ex L. 3818/1886 (42 SMS). The remaining funds, less than 10 units, are recognized associations under Article 12 of the Italian Civil Code. (6) and foundations (5). For 25 health forms, the legal form is not known.

According to provisional data from the Ministry of Health, the general amount of resources employed increases to approximately 2.4 billion, of which 780 million allocated to LTC and dentistry services under the "Turco" and "Sacconi" Decrees, with an increase in line with that of previous years.

As for the number of members, after the doubling of "non-employed" workers last year (mainly registered with some mutual aid societies), according to the first provisional data, the total is equal to about 12.9 million employed, self-employed workers and dependent family members.

Table 7.3 – Members of Health Funds on 31/12/2016

Anno	Situazione iscritti									
	Lavoratori dipendenti	Lavoratori non dipendenti	Familiari lavoratori dipendenti	Familiari lavoratori non dipendenti	Pensionati	Familiari pensionati	Totale lavoratori	Totale familiari 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
2017										12.900.000

Fonte: elaborazioni su dati Anagrafe dei fondi sanitari del Ministero della Salute; in verde dati provvisori

Year, Employed workers, non-employed workers, family members of employed workers, family members of non-employed workers, pensioners, family members of pensioners, total for workers, total for family members of pensioners, total for pensioners, total membership; Source: data from the registry of Health Funds processed by the Ministry of Health.

The supplementary health sector is still characterised by a dangerous regulatory vacuum for the whole system. All this may have a negative impact on individual forms of supplementary healthcare operation and solvency. The third sector has not been yet fully implemented since it does not have yet a clear regulatory framework (even though the so-called Third Sector Code, Legislative Decree 117/2017 was issued in 2017). It should be noted that the application is not mandatory, registration is voluntary and the documents requested are the financial statements or equivalent documents; this will suffice to claim that the Italian system is totally lacking in rules and supervision.

From the point of view of the possible tax benefits related to the registration/membership in supplementary health care funds, there is still a strong discrimination between employed and self-employed workers, to the detriment of the latter; the former and their employers can fully deduct up to 3,615.20 euros per year while the latter can only deduct up to 19% of about 1,300 euros' worth of membership fees.

Despite the important tax benefits for joining supplementary health care schemes, less than half of employed workers and about 25% of self-employed workers and professionals register with

health care funds in their different forms; about 15 million people (a little less considering those who have underwritten a class 2 non-life insurance policy for the reimbursement of health care costs) resort to solutions for the reimbursement of their medical expenses. First of all, this seems to be a cultural issue compounded by lack of information, even if some improvements are looming, albeit very slowly.

Focus: non-self-sufficiency

Non-self-sufficiency expenditure is growing too, despite the new reporting method. These expenses have been quantified by adding up the items related to expenditure on home care equal to **18.9 billion euros** and those for residential care (for the portion borne by individuals and households) equal to approximately 4.2 billion euros, plus 90 million euros' worth of life insurance IV for LTC and dread disease. Home care expenditure is the product of the number of domestic helpers registered with INPS of about 900,000 employees, 500,000 (estimated) of them working in care services and care for the elderly, with an average gross cost of just over 20,000 euros per year, including social security contributions, food and sometimes accommodation and termination of employment benefits for a total annual cost (underestimated) of about **10.4 billion** to which must be added at least as many unregistered caregivers¹. The latter reach an estimated cost of about 8.4 billion, without taking into account additional remuneration, board and lodging. For the so-called "carers", the cost for contributions, termination of employment benefits and costs of board and lodging (items not considered in previous years) have also been taken into account.

All this amounts to a total of **23.1 billion euros**, minus the sum of the attendance allowances provided by the Italian State equal to 12.483 billion in 2017 for a value of about 10.617 billion. The overall figure does not take into account the expenses on home automation services and all the goods and services needed to respond to risks and needs of the so-called "third" age. In this sense and for all the reasons above, the figure remains significantly underestimated compared to the actual expenditure of individuals and families to meet non-self-sufficiency needs².

Focus: individual welfare

Individual welfare expenditure takes into account the non-life premiums, equal to **3 billion euros**. In fact, the amount would go up to **4.25 billion euros** if at least 50% of health insurance costs are included in this item (class 2 non-life insurance), imagining that the remaining 50% refers to premiums paid to companies through the collective insurance contracts of supplementary health funds, which would unduly increase the figure if calculated twice.

7.2 Complementary pension system in Italy as compared to OECD and non OECD countries

In 2017, there was significant growth in both assets and members of complementary pension funds, which reached over 8.298 million euros at the end of 2017 (8.6 million at the end of September 2018); if double entries are removed, this figure is equal to 7.9 million euros.

¹ According to Assindatcolf, this figure is equal to 900,000 workers according to INPS official data; however, there is still huge unregistered "black" and "grey" area in this sector: the latest projections revealed about 1.250 million irregular workers, invisible workers without rights. A social scourge that occurs every single day and that, in our opinion, has not been adequately tackled by the governments.

² The 2017 data do not yet consider the impact of the 2018 Budget Law projections for LTC, so, all premiums and contributions paid for non self-sufficiency and dread diseases by employers for all workers or categories of workers are totally tax exempted for beneficiaries and so they do not increase their taxable income.

Comparing the figure on 31/12/2017 with that of the previous year, an important contribution to the growth of the negotiated funds (+8%) came from contractual membership. In 2018, the Previambiente fund was added to the funds that already use this membership model. 2017 was also characterised by the growth of open-ended funds (+9.2%) and new-generation PIPs (+8.1%).

Table 7.4 – The complementary pension system in 2014, 2015 and 2016: membership and resources allocated to benefits (% variation between membership and resources 2016 - September 2017)

	Members					Resources (in millions of euros)				
	2015	2016	2017	sett. 2018	var. %	2015	2016	2017	sett. 2018	var. %
Negotiated pension funds	2.419.103	2.597.022	2.804.633	2.959.865	5,50%	42.546	45.931	49.456	51.171	3,50%
Open-ended pension funds	1.150.096	1.258.979	1.374.205	1.430.801	4,10%	15.430	17.092	19.145	19.952	4,20%
Pre-existing pension funds	644.797	653.971	643.341	643.000	-1,67%	55.299	57.538	58.996	59.000	2,54%
New PIPs	2.595.804	2.869.477	3.104.209	3.210.5523	3,40%	20.056	23.711	27.644	30.049	8,70%
Old PIPs	431.811	411.242	390.311	390.000	-5,16%	6.779	6.931	6.978	6.980	0,70%
Total*	7.234.858	7.787.488	8.298.969	8.609.034	3,70%	140.351	151.278	162.299	167.234	3,00%

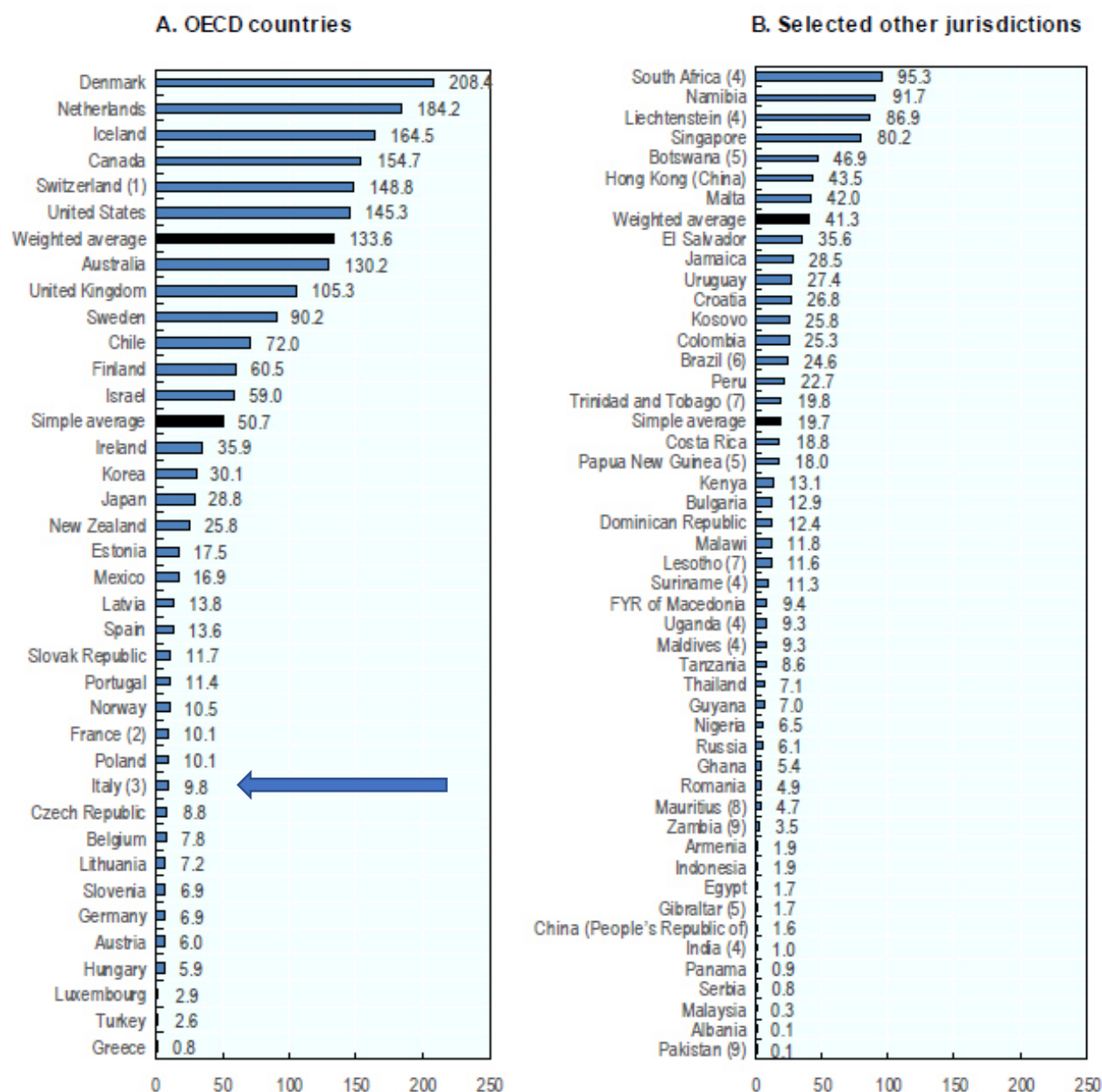
COVIP data: the outstanding positions refer to the total number of participations in complementary pension schemes. For "old" PIPs and existing pension funds, the 2018 data refer to the end of 2017; the total includes FONDINPS. The total number of members does not include duplications, that is members who are in the new and in the old PIPs at the same time: at the end of 2017, about 53,000 individuals, of whom 27,000 were employed workers.

The figure of about 7.9 million members, without double entries, should be reduced by the large number of members whose accumulated savings are equal to or less than 100 euros. Since the data for the so-called "old" PIPs are not known, the number of members with pension accounts equal to or less than 100 euro is **869,000**; the complementary pension schemes most affected by this issue are "open-ended funds" for a total of 9% of members, followed by the new generation PIPs with 5% and the negotiated or pre-existing funds with 2-3% of the total.

The total assets of pension funds now amount to 162.3 billion euro (**167** in September 2018), with an increase by 7.2% compared to last year. Negotiated pension funds hold the second place in the ranking with the allocation of the largest amount of their assets to benefits (49.5 billion euros), while pre-existing funds reach around 59 billion.

In any case, Italy remains low in the ranking of OECD and non-OECD countries in terms of the spread of pension funds. **Figure 7.1** shows the ratio of the total assets of pension funds vs. GDP in 2017: Italy, with 9.8%, is well below the OECD average (50.7%). It is obviously interesting to report how second-pillar instruments have significantly grown at a global level on a ten-year basis only in the countries that adopted multi-pillar solutions and not necessarily because of the so-called "replacement rates" of individual countries.

Figure 7.1 – Ratio of assets of pension funds vs. GDP in OECD and non-OECD countries in 2017



Source: *Pension Markets in Focus 2018*

On a regulatory level, the year 2019 will see the final transposition of the IORP II Directive in the EU countries, with significant impacts for all "occupational" pension funds. (negotiated, pre-existing and open to collective membership). Among the new provisions to be introduced by the decree into the Italian legal system, there are new rules on the portability of pensions ("pension backpack") for workers moving across European countries on "ethical" or "social impact" investments and, above all, the new rules on the governance of pension funds' boards and the creation of three "fundamental" functions (as defined by the Directive): auditing, risk management and actuarial functions (if the funds directly deals with biometric risks), thus completely changing the previous structure provided for under Legislative Decree 252/2005.

7.3 Corporate welfare

In order to provide a complete overview of the second and third pillar complementary welfare system, since 2017 we have started monitoring "corporate welfare" on a contractual basis, which is a new and important component of complementary expenditure; in fact, this was strongly encouraged by the Budget Laws for the years 2016/17 thanks a sudden change in the approach to this subject in 2016. The current regulation is the result of a regulatory triptych: first Act n. 208, Article 1, paragraphs 182-190 of December 28, 2015 (the 2016 Stability Law), then Act n. 232 of December 11, 2016, Article 1, paragraphs 160-162 (the 2017 Budget Law) and finally Act n. 205 of December 27 2017, paragraphs 28 and 161 (the 2018 Budget Law. All this was finalized by art. 55 of Law Decree 50/2017 (on productivity bonuses and incentives for companies involving workers in the labour organization).

In a nutshell, for the scope of this Report and in the absence of a definition by the law, corporate welfare refers to "social utility benefits", i.e. goods, services and initiatives for workers' education, training, leisure time, social and health care and worship that not considered (in whole or in part) as income components to be taxed, with tax and social security charge incentives. The most renowned case is the possibility to convert productivity bonuses into certain goods and services with "zero" taxation and into incentives for social charges.

The contribution figure related to corporate welfare (composed, among other things, of expenditure on shopping package, education, care for elderly relatives, transport and recreational activities) amounted to about **2.5 million euros** in 2017, minus the expenditure related to complementary pension and supplementary health care funds, (as previously illustrated in a separate section) and also minus the figure related to the so-called meal vouchers (about 3 billion euros).

There are about 90 operators active in this sector, 30 of them own dedicated platforms for managing accreditations. The most developed corporate welfare schemes are found in the banking, chemical-pharmaceutical, services and industry sectors. The average value of a welfare plan is 900/1000.

It should be noted that corporate welfare often includes items that are very different in nature and purpose and that range from complementary welfare benefits and family income support/supplementary benefits to items that are hardly related to public and private welfare policies, (such as leisure and recreational services, including gyms and more). Therefore, the figure of 2.5 billion mentioned above should be partially reduced before being added to the other complementary welfare expenditure items.

8. Gross and net substitution rates of the compulsory pension system

This chapter focuses on the "output" of the pension system, i.e. the *substitution rates*, also including some prospective evaluations on possible interventions for defining the new early retirement requirements; it also analyses (new in this report) the curves of the substitution rates of some categories of professionals. First of all, it is necessary to explain the methodology adopted. The substitution rates can in fact be expressed *in gross and net figures*; the gross rates are defined as the ratio of the annual amount of the first pension instalment vs. that of the last salary (or income from work for the self-employed) and show variation of the gross income of workers in the transition from their active life to that of retirement; net substitution rates are calculated by expressing pension benefits and the remuneration net of contributions and taxes and therefore are a better indicator of benefit adequacy because they measure how much the workers' disposable income changes as a result of retirement. Net substitution rates are significantly higher than gross substitution rates, all other conditions being equal, due to the double progressivity of the personal income tax and the fact that the contribution rate weighs on the active workers' remuneration and not on the amount of pension benefits.

In making these projections, a proprietary calculation engine¹ was used to take into account: **1)** the pension reforms that increased the retirement age and contribution seniority requirements; as of **2019**, old-age pensions will not be granted before the **age of 67**, regardless of the type of calculation (mixed or contribution-based), the gender of the workers (men and women) and the type of employment (employees, atypical workers, self-employed); **2)** the age requirements, which are adjusted to the expected increase in life expectancy (according to the "automatic stabiliser"), taking into account the increases recorded in the previous period, which are now expected to grow steadily at a rate of about **2 months and more every two years**. The same indexation approach is also applicable to contribution seniority requirements; **3)** the effects of the revision of the transformation coefficients provided for under Article 1, paragraph 11 of Act 335/95, as amended and supplemented by Article 1, paragraphs 14 and 15 of Act 247/2007 as well as the effects of the measures contained in the reforms adopted in 2011, including those provided for under Law Decree 201/2011 transposed and amended by Act 214/2011. (*Tables 8.1 a - b; Chart 8.1*).

¹ Calculation engine provided by EPHEO I.A. Srl, for further information visit www.epheso.it

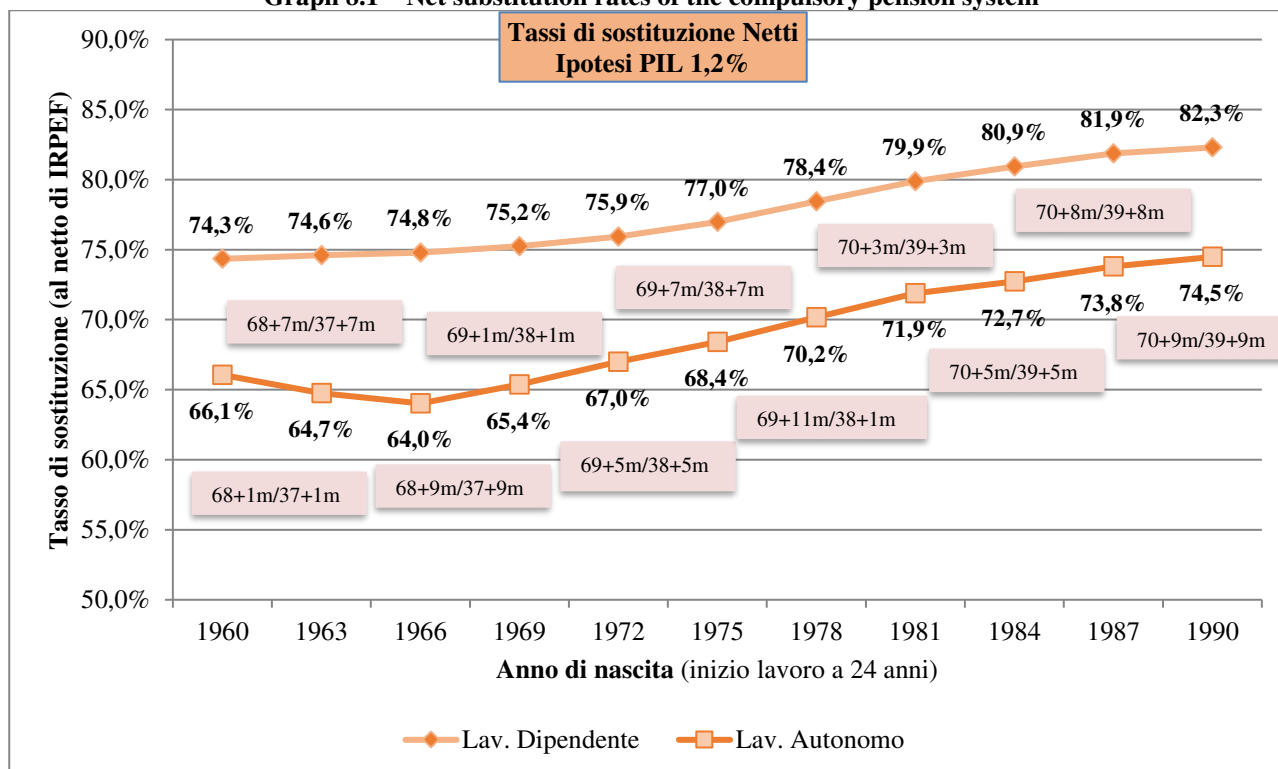
Table 8.1 a NET SUBSTITUTION RATES OF THE COMPULSORY PENSION SYSTEM – Old-age pension
(Starting Age 24 years)

Year of birth	1960	1963	1966	1969	1972	1975	1978	1981	1984	1987	1990
Employed workers	74,3%	74,6%	74,8%	75,2%	75,9%	77%	78,4%	79,9%	80,9%	81,9%	82,3%
Self-employed workers	66,1%	64,7%	64,0%	65,4%	67,0%	68,4%	70,2%	71,9%	72,7%	73,8%	74,5%
Retirement Age/ contributions	68+1m 37+1m	68+7m 37+7m	68+9m 37+9m	69+1m 38+1m	69+5m 38+5m	69+7m 38+7m	69+11m 38+11m	70+3m 39+3m	70+5m 39+5m	70+8m 39+8m	70+9m 39+9m

Table 8.1 b GROSS SUBSTITUTION RATES OF THE COMPULSORY PENSION SYSTEM – Old-age pension
(Starting Age 24 years)

Year of Birth	1960	1963	1966	1969	1972	1975	1978	1981	1984	1987	1990
Employed workers	62,8%	63,5%	63,7%	64,5%	65,6%	66,7%	68,1%	69,6%	70,4%	71,2%	71,4%
Self-employed workers	44,4%	43,6%	43,0%	44,2%	45,6%	46,9%	48,5%	50,1%	51,7%	51,8%	51,9%
Retirement Age/ contributions	68+1m 37+1m	68+7m 37+7m	68+9m 37+9m	69+1m 38+1m	69+5m 38+5m	69+7m 38+7m	69+11m 38+11m	70+3m 39+3m	70+5m 39+5m	70+8m 39+8m	70+9m 39+9m

Graph 8.1 – Net substitution rates of the compulsory pension system



Net Substitution rates 1.2% GDP Hypothesis Substitution rate (net of IRPEF); Year of Birth (Starting at 24 years of age);

Employed workers; Self-employed workers;

Baseline hypothesis: growth of expected remuneration equal to 1,2% in real terms. Reference incomes are based on the average data published by the Ministry of the Economy and Finance "statistics on financial statements, analysis of the IRPEF data, tax year 2015". For the subsequent years, the expected average growth rate of GDP is equal to 1.2% in real terms and an inflation rate of 2% in line

with the assumptions of the General Accounting Office (RGS). The population data have been adjusted to the central scenario of the ISTAT population projections. Taxes are calculated on the basis of the current IRPEF provisions. For the self-employed, the parameter considered is their registration in the INPS Special scheme for Artisans. For employed workers, their registration in the INPS fund for employed workers. Month of birth, February of each year. Retirement date: first day of the month following the month in which the requirements have been met.

Calculation Method: "substitution rates" are calculated by simulating different generational profiles (year of birth, from 1960 to 1990) in an economic scenario with 1.2% of GDP five-year growth on average and a 2% inflation, also taking into account all the expected relative variations: **a)** increases in life expectancy that modify retirement requirements (age and contribution seniority); **b)** changes in actuarial coefficients scrupulously applying the calculation rules of the contribution-based system (adjustment coefficient on the basis of the five-year average of the nominal GDP).

The estimates considered wages and salaries on the basis of the data published by the Ministry of the Economy and Finance "STATISTICS ON TAX STATEMENTS; ANALYSIS OF IRPEF DATA – 2015 TAX YEAR": income from employment equal to 20,660 euro at 40 years of age; income from self-employment equal to 38,290 euro at 50 years of age. While, the starting age for employment at 24 years of age and the growth path of wages (1.2% in real terms) were kept fixed. As to contributions, a period of omission has been envisaged (equal to about 15% of the entire working life), as a result of the discontinuous and unstable start of the work life for the newly hired in this specific historical moment in Italy and probably so in the near future.

Using the same calculation method, the simulations point to net substitution rates that tend to be more generous for the new generations than for the older ones. So, this confirms an extremely result that is in contrast to the now deeply-rooted common opinion, especially among the younger generations, according to which it will not be possible to have a pension or at best it will be too little. However, the increase in substitution rates is nothing more than the result of the consistent rise in the retirement age requirements and the related lengthening of the contribution period and hence of the years of service. In fact, if the 1960 generation is eligible for an old-age pension with 68 years of age, the 1990 generation will have to reach almost 71 years of age in order to obtain a better substitution rate, but in exchange for a longer work life. This will be the scenario if the contribution seniority, that is 43 years and 3 months in 2017, is not blocked, for example, at 42 years with a maximum of 2 years of figurative contribution; and in any case each increase in the age requirement corresponds to an equal increase in life expectancy so that the average period of retirement should be the same for each generation.

8.1 Early old-age pensions of employed and self-employed workers with their first contribution accreditation after January 1th, 1996

With reference to the generations from 1970 to 1991 who started working at 26 years of age, therefore entirely under the contribution-based system, we have estimated the income currently necessary to become eligible for the early old-age pension according to the minimum requirements provided by Act 201/2011: **63 years of age plus the increase in life expectancy, 20 years of contributions and a pension amount equal to 2.8 times the social allowance**. We have also estimated the income needed to be entitled to early retirement if the threshold is **2 times** the amount of the social allowance (*Graph 8.2*).

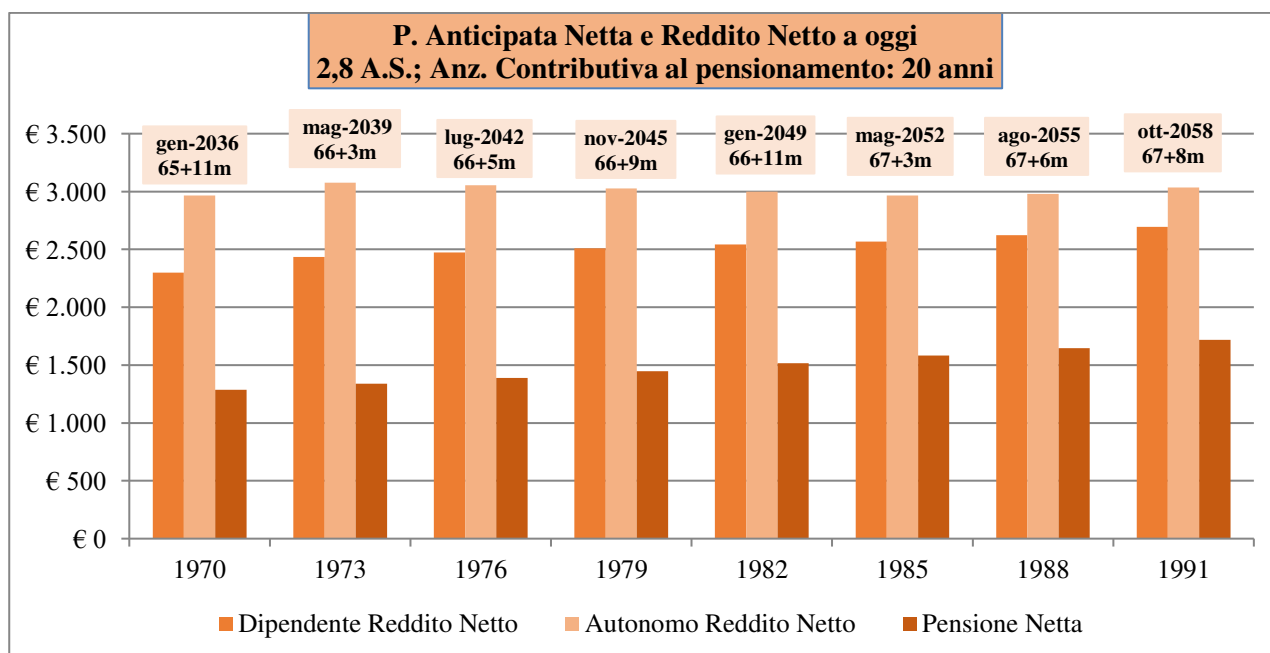
The above-mentioned threshold amounting to 2.8 times the social allowance is annually adjusted on the basis of the average five-year variation in the nominal GDP, specifically calculated by ISTAT, with reference to the five years preceding the year to be adjusted.

For 2017, the amount of the monthly Social Allowance is 448.07 euros per month. This means that a subject who started working in 1996 could retire in 2017 at the age of 63 years and 7 months if the amount of the pension was higher than 1,253 euros per month (2.8 times the Social Allowance).

While in 2065 (too far away in time but used here only as an exercise), if we consider a constant GDP at 1.5% in real terms and an annual rate of inflation of 2% as indicated by the General Accounting Office (RGS), it will be necessary to have accrued a pension amount of equal to 6,454 euros per month (2.8 times the social allowance).

The graph below shows the net pension amount that a subject can obtain with **only 20 years of contributions at the minimum retirement age** and the income required so that, on that date, he or she fulfils the requirement of the threshold amount for the early old-age pension for each generation considered. An individual born in 1970 and who started working at the age of 26 (1996) will only be able to retire at the minimum age set for the early old-age pension of 65 years and 11 months (January 2036) if he or she currently has a net monthly income of about 2,300 euros and is an employed worker and 2,965 euros if self-employed. While, a subject born in 1991, who always started working at 26 (2017) will need to earn about 2,700 euros per month if employed and 3,034 euros if self-employed in order to be entitled to the old-age pension at the minimum age of 67 years and 8 months (October 2058).

Graph 8.2 – Net early pension and income per month for employed and self-employed workers with the threshold of 2.8 times the Social Allowance



Early net pension and net income per month today at 2.8 times the S.A.; Contribution seniority at retirement: 20 years; Employed worker, net income; Self-employed worker, net income; Net pension.

Baseline hypothesis: no expected growth of remunerations. For the future, reference incomes are based on an expected average growth rate of GDP of equal to 1.5% in real terms and an inflation rate of 2% in line with the assumptions of the General Accounting Office (RGS). The population data have been adjusted to the central scenario of the ISTAT population projections. All the figures are expressed for the same purchasing power excluding the expected inflation. For the monthly figures, 13 months have been considered. Taxes are calculated on the basis of the current IRPEF provisions. For the self-employed, the parameter considered is their registration

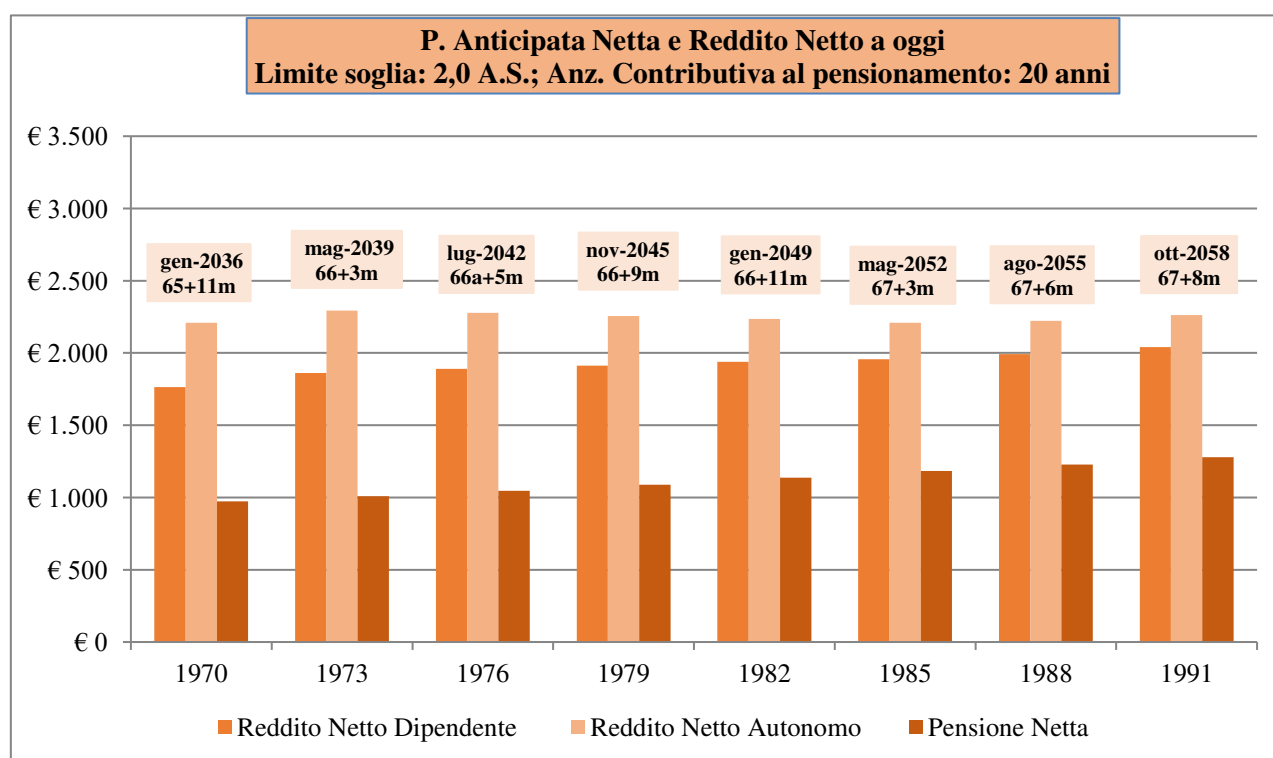
in the INPS Special scheme for Artisans. For employed workers, their registration in the INPS fund for employed workers. Month of birth, February of each year. Retirement date: first day of the month following the month in which the requirements have been met.

In any case, it is possible to observe that for all the subjects who started working after 1996, the figures are linked not only because to their longer life expectancy, but also to the amount of pension benefits actually accrued.

This can be seen in the cases of workers who stopped working with, for example, 20 years of contributions. If their required pension amount has not accrued and they have no way to increase it, they run the risk of being trapped until they reach the maximum threshold, with 2 or 3 increases in life expectancy in the pending period.

Hence the proposed reduction submitted by our Study Centre to the Government, to change the requirement from 2.8 times to 1.6 times which would allow vulnerable groups with poorly profitable jobs (blue collars, white collars, self-employed) to retire.

Graph 8.3 – Net early pension and income per month for employed and self-employed workers with the threshold of 2.0 times the Social Allowance



Early net pension and net income per month today; Threshold: 2.0 times the S.A.; Contribution seniority at retirement: 20 years; Employed worker, net income; Self-employed worker, net income; Net pension.

Baseline hypothesis: no expected growth of remunerations. For the future, reference incomes are based on an expected average growth rate of GDP of equal to 1.5% in real terms and an inflation rate of 2% in line with the assumptions of the General Accounting Office (RGS). The population data have been adjusted to the central scenario of the ISTAT population projections. All the figures are expressed for the same purchasing power excluding the expected inflation. For the monthly figures, 13 months have been considered. Taxes are calculated on the basis of the current IRPEF provisions. For the self-employed, the parameter considered is their registration in the INPS Special scheme for Artisans. For employed workers, their registration in the INPS fund for employed workers. Month of birth, February of each year. Retirement date: first day of the month following the month in which the requirements have been met.

Graphs 8.4 and *8.5* show the level of income currently required to be eligible for early retirement (November 2045 at 66 years and 9 months) for a worker born in 1979 if the thresholds are set at 2.8 - 2.0 - 1.6 times the social allowance for different levels of contribution seniority.

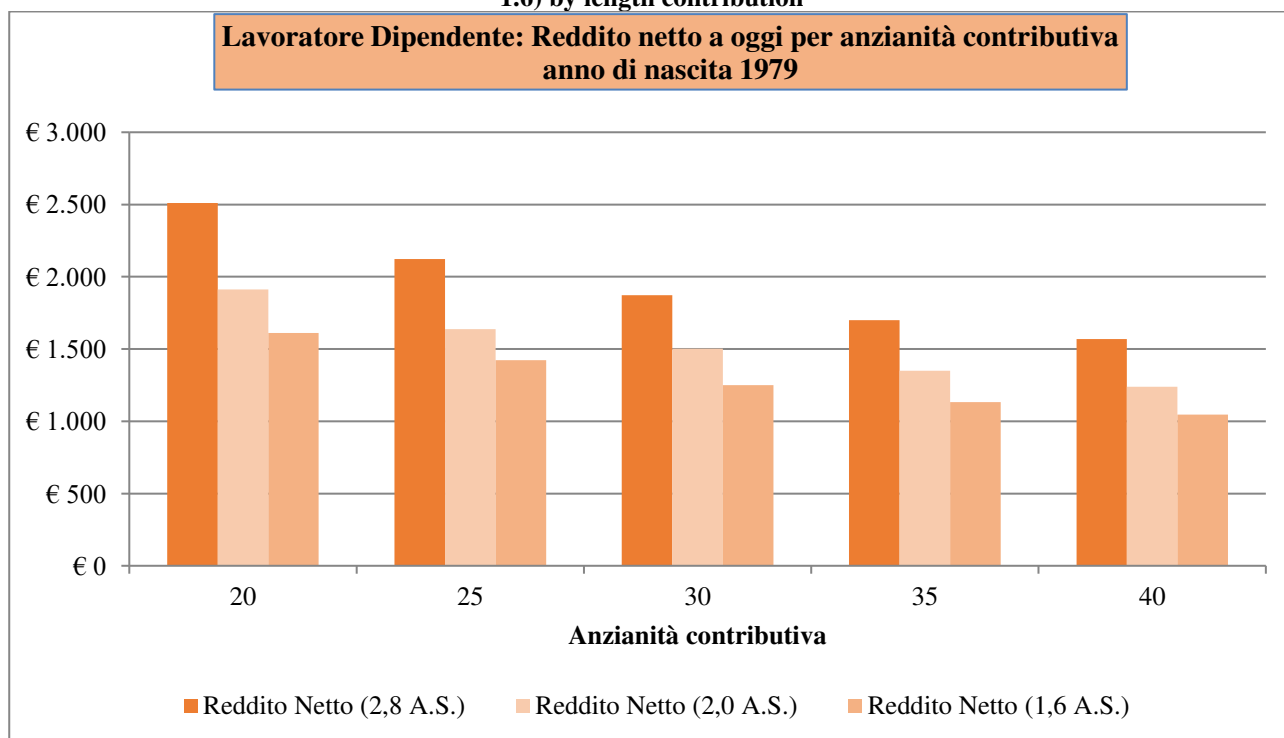
If, for example, the threshold amount is equal to 2 times the amount of the social allowance, with a length of contribution equal to 20 years, the right to early retirement with the minimum retirement age can also be exercised by low-income workers; a subject born in 1982 may retire at 66 years and 11 months (January 2049), if his or her current income is equal to about 1.938 euros (24% less than that required for the threshold at 2.8), if employed in the private sector, or to 2,235 euros (25% less than the threshold at 2.8) if self-employed, or even less with a coefficient of 1.6.

Specifically, in order to obtain a pension of about 1,450 euros (2.8 the S.A.) in 2045, the worker with 20 years of contributions must have a net income equal to 2,509 euros per month if employed (3,026 euros if self-employed); with 40 years of contributions, a net income of 1,569 euros per month if employed in the private sector (1,772 euros if self-employed).

In order to retire with the minimum requirements, if the threshold is **2.0 times the S.A** (1,090 euros net per month) with 20 years of contribution, a subject must now have a net monthly income of at least 1.913 euros if employed (24% lower than the 2.8 threshold) and of 2,256 euros if self-employed (about 25% lower than the 2.8 threshold); with 40 years of contributions, a net income of 1,240 euros per month if employed (21% lower than the 2.8 threshold) and 1,328 euros if self-employed (about 25% lower than the 2.8 threshold).

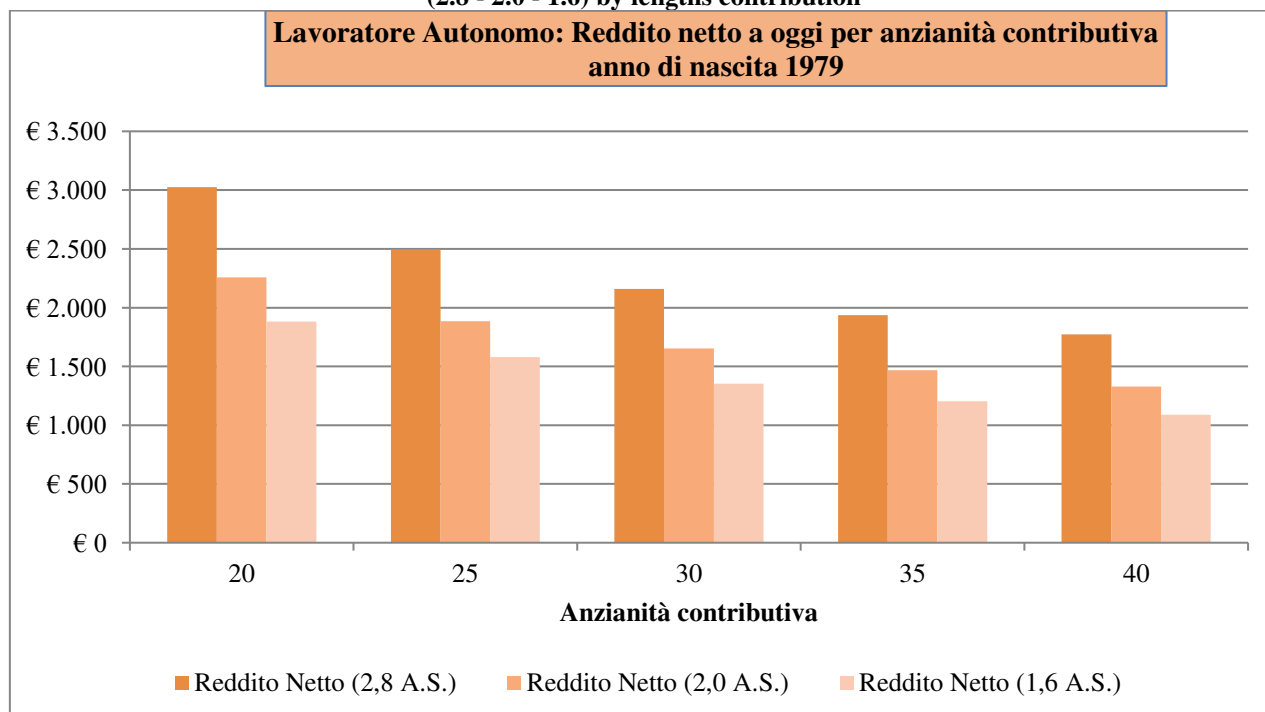
Instead, if the limit is **1.6 times the social allowance**, it is necessary to have accrued a net pension of about 900 euros per month in 2045. Therefore, an employed worker with only 20 years of contributions can retire if today he or she has a net monthly income of at least 1,611 euros (36% lower than the 2.8 threshold), and of 1,883 euros if self-employed (about 38% lower than the 2.8 threshold); with 40 years of contributions, a net income to date of 1,045 euros (33% lower than the 2.8 threshold) and 1,090 euros if self-employed (about 38% lower than the 2.8 threshold).

Graph 8.4 – Employed workers: net income to be entitled to the early pension at different thresholds (2.8 - 2.0 - 1.6) by length contribution



Employed worker: current net income by contribution seniority; year of birth 1979; Contribution seniority; Net income (2.8-2.0-1.6 the S.A.)

Graph 8.5 – Self-employed workers: net income to be entitled to the early pension at different thresholds (2.8 - 2.0 - 1.6) by lengths contribution



Self-employed worker: current net income by contribution seniority; year of birth 1979; Contribution seniority; Net income (2.8-2.0-1.6 the S.A.)

Baseline hypothesis: no expected growth of remunerations. For the future, reference incomes are based on an expected average growth rate of GDP of equal to 1.5% in real terms and an inflation rate of 2% in line with the assumptions of the General Accounting Office (RGS). The population data have been adjusted to the central scenario of the ISTAT population projections. All the figures are expressed for the same purchasing power excluding the expected inflation. For the monthly figures, 13 months have been considered.

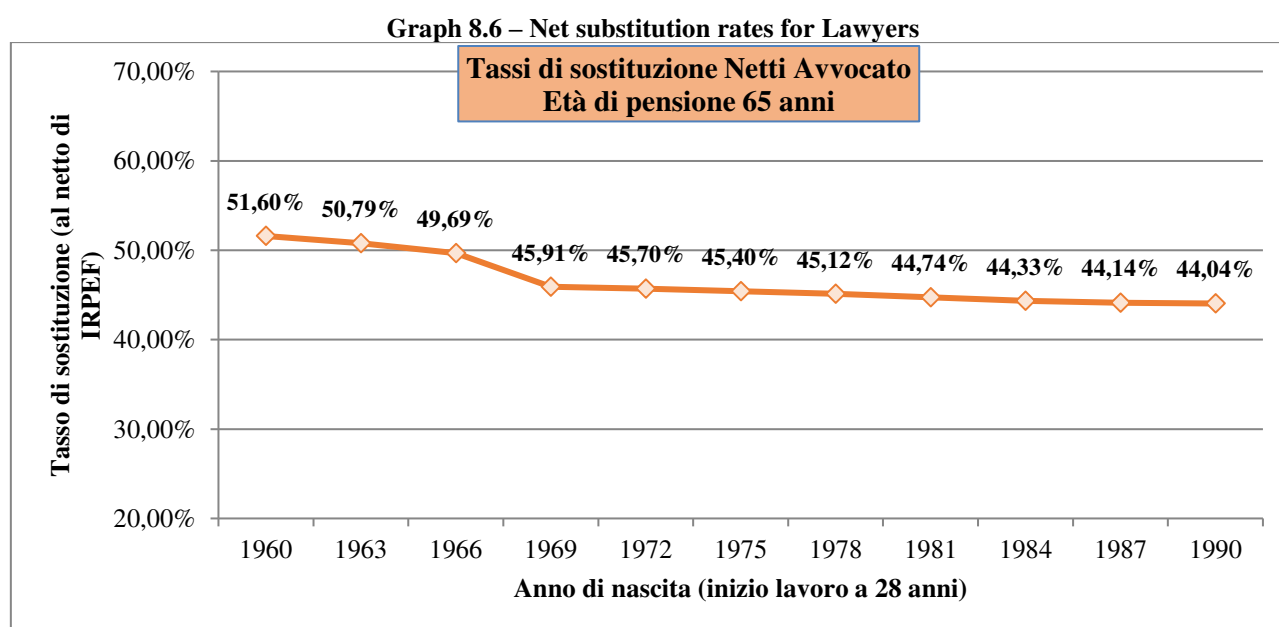
Taxes are calculated on the basis of the current IRPEF provisions. For the self-employed, the parameter considered is their registration in the INPS Special scheme for Artisans. For employed workers, their registration in the INPS fund for employed workers. Month of birth, February of each year. Retirement date: first day of the month following the month in which the requirements have been met.

8.2. Net substitution rates for professions

Considering the substitution rates of "atypical" workers with a contribution rate of around 27%, half way between that of employed and of self-employed workers, we proceed below to calculate the substitution rates of three categories that well represent the world of the liberal professions: lawyers, labour consultants and chartered accountants.

Calculation method: In order to calculate the "**net substitution rates**", different generation profiles were simulated (by year of birth from 1960 to 1990) in an economic scenario with a **1.2%** five-year growth in GDP on average and a **2%** inflation rate, taking into account the specific regulations of each fund. The projections refer to a gross income (year 2018) of 47,350 euros at 50 years of age, also on the basis of the data published by the ADEPP on the average income of professionals (year 2015). The starting age at work was set at 28 years and the remuneration growth at 1.2% in real terms.

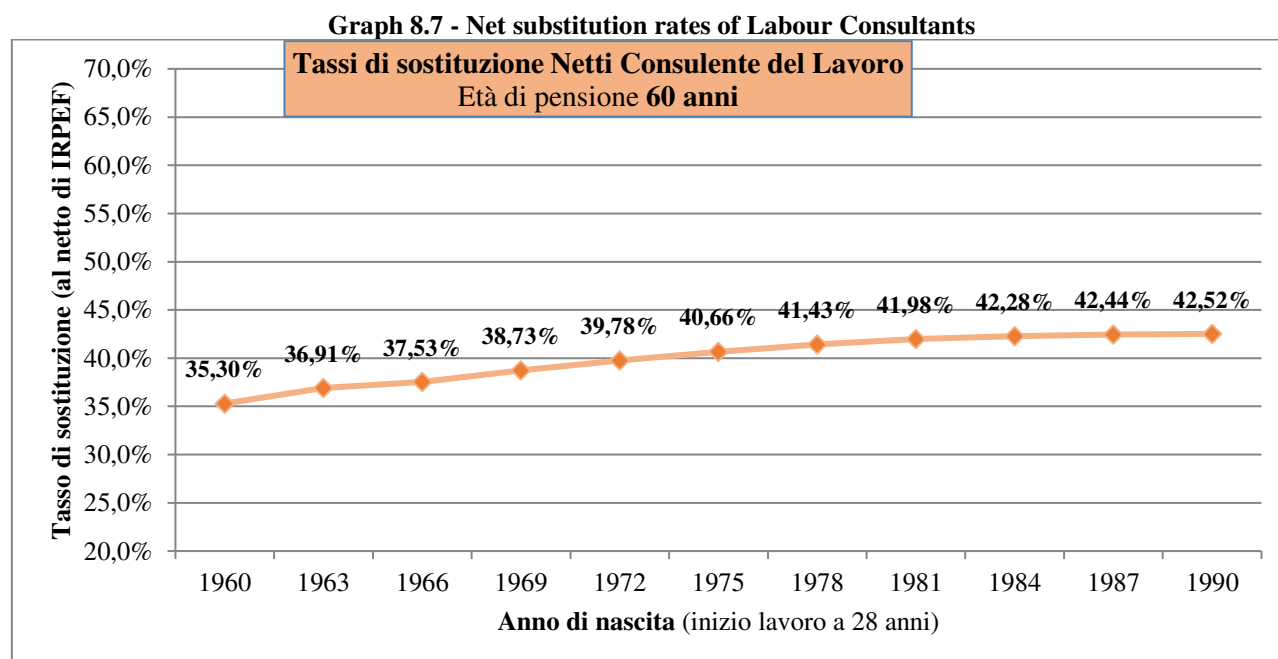
LAWYERS: The net substitution rates refer to the minimum requirement for old-age pensions provided for by the regulations of the fund. In fact, it is possible for lawyers to retire earlier before the statutory age requirement of 70 years to be effective as of 2021, when they reach an age between 65 and 70, subject to a reduction coefficient of their pension amount equal to 0.41% for each month before the retirement age, without prejudice to the accrual of the minimum requirement of contribution seniority of 35 years.



Lawyers: net substitution rates, retirement age at 65; substitution rate (net of IRPEF), year of birth (starting age at work: 28)
The pension and the net income amounts have been calculated considering: the tax deduction of pension contributions, regional and municipal taxes (national mean) as well as deductions of pension and possibly work-related incomes. The calculation of the taxes and of tax incentives has been made on the basis of the current IRPEF legislation, by recovering the fiscal drag due inflation.

The graph clearly shows a reduction by over 5 % in the net substitution rates of the generation of 1966 compared to that of 1969, and then an almost constant trend. This is due to the peculiarity of income calculation method used by the fund. In fact, the pensionable remuneration of older generations (1960 - 1963 - 1966) is calculated on the basis of three distinct and more profitable quotas. The combination of these differences results in a higher substitution rate for lawyers born in 1960 - 1963 - 1966.

LABOUR CONSULTANTS: *Graph 8.7* shows the net substitution rates for early retirement. In fact, the fund pays the early old-age pension benefits with 40 years of contributions and at least 60 years of age (effective as of 2021). While, the right to ordinary old-age pension benefits is acquired at the age of 70 with at least 5 years of contribution (effective as of 2025). New provisions have been introduced in the Regulation adopted in 2013, which generally provided for increasingly stringent retirement requirements; the subjective contributions related to professional income and no longer to a fixed amount and the application of the contribution-based calculation system of contributions in line with vested rights confirm the upward trend of the profitability of pension benefits, and hence of substitution rates, for younger generations.

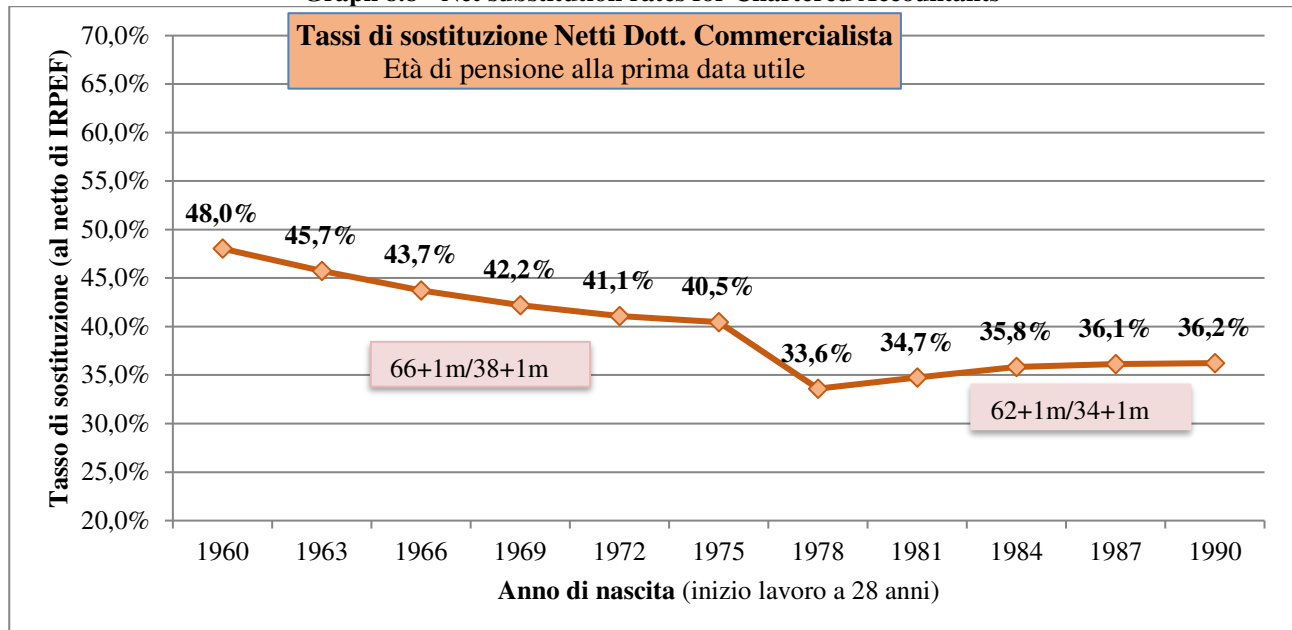


Net substitution rates of Labour Consultants; retirement age (60 years); substitution rate (net of IRPEF), year of birth (starting age at work: 28)
The **contribution amount** has been calculated by taking into account the minimum subjective contribution provided for under the regulation and the supplementary contribution equal to $\frac{3}{4}$ of that paid according to the turnover for VAT purposes, which amounts to 1.5 times the taxable income considered. The **net pension and income amounts** have been calculated by taking into account: the tax deduction of pension contributions, regional and municipal taxes (national mean), as well as deductions of pension and possibly of work-related incomes. The calculation of the taxes and of tax incentives has been made on the basis of the current IRPEF legislation, by recovering the fiscal drag due inflation.

CHARTERED ACCOUNTANTS: The net substitution rates with the minimum retirement requirements for chartered accountants **are not homogeneous**, as their requirements vary according to the date in which they joined the fund. In fact, all those who joined before 1/1/2004, when there was the transition to the contribution-based system, are entitled to retire early with at least 38 years of contributions and 61 years of age, while those who joined after that date can retire early at 62 years

of age and with at least 5 years of contributions. Therefore, starting from the 1978 generation, the substitution rate drops by 7 %.

Graph 8.8 - Net substitution rates for Chartered Accountants



Net replacement rates for Chartered Accountants; minimum retirement requirement; substitution rate (net of IRPEF), year of birth (starting age at work: 28)

The contribution amount has been calculated by taking into account the minimum subjective contribution provided for under the regulation but not the effect of the retrocession of part of the supplementary contribution. The net pension and income amounts have been calculated by taking into account: the tax deduction of pension contributions, regional and municipal taxes (national mean), as well as deductions of pension and possibly of work-related incomes. The calculation of the taxes and of tax incentives has been made on the basis of the current IRPEF legislation, by recovering the fiscal drag due inflation.

9. The welfare system in 2017, in 2018 and medium term projections

9.1 Main indicator

Before focusing on the situation of the Italian pension system in 2017 and in 2018 and making some projections for the coming years, especially *in light of the changes to the social security system contained in the Budget Law for 2019*, it is pre-emptively useful to analyse some population and economic indicators and then examine the trends on the next few years; **Table 9.1** provides a summary of the data for 2017 and the historical series from 1997 to 2017.

Pensioners: In 2017, the slow reduction in the number of pensioners continued, from 16,064,508 in 2016 to **16,041,852**; this is a slight reduction compared to the drop by 115,000 between 2016 and 2015 and by 195,000 in 2014, however, with an all-time low after the peak in 2008, thus returning to the pre-1995 level.

This result is certainly due to the combined effect of the elimination of pensions paid at a young age¹, which had lasted for more than 35 years, and of the reforms of the last 26 years which are producing positive effects on the system.

Table 9.1 – Main indicators of the pension system

ANNI	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Costo totale delle prestazioni(1)	122.948	122.818	128.463	132.039	138.128	144.249	151.080	158.035	164.722	170.457
Totale entrate contributive(1)	104.335	109.384	116.276	120.501	129.759	132.201	139.078	148.730	152.440	161.404
Saldo	-18.613	-13.434	-12.187	-11.538	-8.369	-12.048	-12.002	-9.305	-12.282	-9.053
Rapporto spesa totale / PIL	11,28	10,82	10,96	10,65	10,63	10,72	10,86	10,91	11,06	11,00
N° dei lavoratori occupati(2)	20.857.572	21.047.909	21.275.492	21.594.523	21.964.937	22.229.519	22.244.227	22.362.686	22.407.003	22.757.586
N° dei pensionati(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° delle pensioni(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° abitanti residenti in Italia(2)	56.904.379	56.909.109	56.923.524	56.960.692	56.993.742	57.321.070	57.888.365	58.462.375	58.751.711	59.131.287
N° occupati per pensionato	1,287	1,296	1,299	1,318	1,335	1,360	1,359	1,350	1,353	1,365
N° pensioni per pensionato	1,335	1,330	1,318	1,320	1,349	1,386	1,395	1,398	1,404	1,410
Rapporto abitanti / pensioni	2,631	2,634	2,637	2,634	2,568	2,531	2,536	2,526	2,526	2,515
Importo medio annuo pensione(3)	7.189	7.436	7.874	7.888	8.073	8.357	8.633	8.985	9.239	9.511
Importo corretto pro-capite(3)	9.583	9.979	10.380	10.609	10.995	11.581	12.039	12.558	12.975	13.414
PIL(4) (valori a prezzi correnti 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
ANNI	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Costo totale delle prestazioni(1)	177.540	185.035	192.590	198.662	204.343	211.086	214.567	216.107	217.895	218.504
Totale entrate contributive(1)	170.524	183.011	183.280	185.656	187.954	190.345	189.207	189.595	191.330	196.522
Saldo	-7.016	-2.024	-9.310	-13.006	-16.389	-20.741	-25.360	-26.512	-26.565	-21.982
Rapporto spesa totale / PIL	11,03	11,34	12,24	12,38	12,48	13,08	13,37	13,34	13,27	13,00
N° dei lavoratori occupati(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° dei pensionati(3)	16.771.604	16.779.555	16.733.031	16.707.026	16.685.840	16.593.890	16.393.369	16.259.491	16.179.377	16.064.508
N° delle pensioni(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° abitanti residenti in Italia(2)	59.619.290	60.045.068	60.340.328	60.626.442	59.433.744	59.685.227	60.782.668	60.795.612	60.665.551	60.589.445
N° occupati per pensionato	1,365	1,376	1,357	1,348	1,354	1,360	1,354	1,370	1,388	1,417
N° pensioni per pensionato	1,414	1,419	1,424	1,422	1,419	1,420	1,422	1,427	1,427	1,430
Rapporto abitanti / pensioni	2,513	2,522	2,531	2,551	2,510	2,532	2,607	2,621	2,627	2,638
Importo medio annuo pensione(3)	9.822	10.187	10.640	11.229	11.410	11.563	11.695	11.943	12.136	12.297
Importo corretto pro-capite(3)	13.891	14.454	15.156	15.832	15.957	16.359	16.638	17.040	17.323	17.580
PIL(4) (valori a prezzi correnti 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	1.680.523
ANNI	2017	(1) Nucleo di valutazione Spesa Previdenziale fino al 2010; dal 2011 CSR Itinerari Previdenziali								
Costo totale delle prestazioni(1)	220.842	(2) Istat – Rilevazione sulle forze di lavoro (serie storica aggiornata a settembre 2017) e demo.istat.it								
Totale entrate contributive(1)	199.842	(3) Inps – “Casellario Centrale dei Pensionati”								
Saldo	-21.000	(4) Istat – SEC 2010.								
Rapporto spesa totale / PIL	12,83									
N° dei lavoratori occupati(2)	23.022.959									
N° dei pensionati(3)	16.041.852									
N° delle pensioni(3)	22.994.698									
N° abitanti residenti in Italia(2)	60.483.973									
N° occupati per pensionato	1,435									
N° pensioni per pensionato	1,433									
Rapporto abitanti / pensioni	2,630									
Importo medio annuo pensione(3)	12.478									
Importo corretto pro-capite(3)	17.887									
PIL(4) (valori a prezzi correnti in mln)	1.720.856									

YEARS, Total cost of benefits 81) Total contribution revenues (1) Balance, Total expenditure/GDP ratio, N. of employed workers (2), n. of pensioners (3), n. of residents in Italy (2), n. of workers per pensioner, n. of pensions per pensioner, ratio of inhabitants vs. pensions, average pension amount per year (3), adjusted per-capita amount 83) GDP (4) at current prices in millions; 81) NUSVAP until 2010; as of 2011, Study and Research Centre of Itinerari Previdenziali (2) ISTAT: Work force data (historical series updated to September 2017 and demo.istat.it; 83) INPS – Central Registry of Pensioners; (4) ISTAT – SEC 2010.

¹ See “Observatory on public expenditure: average duration of pensions”; October 2018, created by the Study and Research Centre of Itinerari Previdenziali, Web site www.itinerariprevidenziali.it.

Number of benefits: in 2017, the reduction in the number of benefits paid came to a halt at **+28,682** with respect to the previous year (**22,994,698** against 22,966,016); in 2016, they were 129,000 less than in 2015. The slight increase was essentially due to the increase in welfare benefit, which is not a good sign at all is a detour from because it takes us away from the virtuous path of containing this type of expenditure. The 2017 result is lower than the 2009 peak of about 841,000 benefits, but it goes back to the levels of 2008 (the levels of 2003/04 were reached last year), still very far from the trough of 1975 when their number was equal to 16,076,304, a figure similar that of pensioners today.

Ratio of the number of benefits paid vs. the number of pensioners: in the last 5 years, instead of introducing some "structural" flexibility criteria into the pension system stiffened by the Monti-Fornero Reform, the governments preferred to adopt "buffer" measures (the 8 safeguard measures, social APE financed for 18 months, heavy jobs that do not exist in the literature and so on, with a considerable increase in costs) and "welfare" measures (14th month, REI and so on); all this led to a higher number of pensions and welfare benefits.

The result is that in 2017 each pensioner (each head) received on average **1.433 benefits**, the highest number in the historical series available (it was 1.37 in 2014; 1.388 in 2015 and 1.417 in 2016).

Ratio of the number of benefits paid vs. the population: the combined effect of the slight reduction in the Italian population and the parallel increase in the number of benefits means that the ratio of benefits paid vs. the number of inhabitants continues to grow slowly; in 2017, it fell to the third decimal, equal to **2.630** benefits per inhabitant. In the previous year, it was 2.638 and the year before 2.627; in practice, more than one benefit per family, which indicates the high number of benefits paid, often purely for welfare purposes, and how sensitive citizens are to the subject of pension/welfare benefits.

Ratio of number of active workers vs the number of pensioners: this is the fundamental ratio for the sustainability of the Italian pension system, which is a pay-as-you go system. In the last 5 years, as illustrated above, the number of pensioners went down while the number of active workers gradually picked up in 2017 to almost reach the historic record of 2008, i.e. 23,022,959 active workers accounting for **58%** of total employment (58.7% in 2008). After the increase by 293,085 subjects between 2015 and 2016, the number of active workers grew also in the year under review with the addition of 265,121 new workers (**22,757,586**, in 2016). For these reasons, the ratio reached the level of **1.435 active workers per pensioner**, (1.417 in 2016), close to the **1.5** indicated in previous Reports as the necessary threshold for the medium/long-term stability of the system.

Average pension amount: (derived from the ratio of the total cost of benefits vs. the number of benefits); it is an important indicator of the degree of "social sustainability" (adequacy) of the system; in 2017, it was **12,478 euros per year** (12,297 in 2016), with an increase of **1.47%** over the previous year (1.33% 2016/2015), with an increase by 73% in 21 years. But the real ratio is the total cost of benefits vs. the actual number of pensioners - heads (16,041,852) which brings the **average effective amount of the pension income to 17,887 euros per year** (17,580 in 2016) with an increase over 2016 of **1.75%** (1.48% in comparison with the two previous years), equal to 1,376 euros per month for 13 months, well above many wages of active workers.

9.2 The general economic picture

Table 9.2 illustrates social security expenditure in the broadest sense of the term within the Italian state accounts for the years 2012 to 2017 (last available consolidated accounts). In order to calculate the items included in the "*accounts of the pension system*", the total taken from **Table 1a** of this Report has been entered under the item of *pensions*. The amount of *healthcare expenditure* is derived from the updated EFD. For **INAIL**, the amount taken from its accounts. The items related to *welfare* and *temporary benefits* managed centrally by INPS were reclassified, while the welfare expenditure of local authorities was estimated on the basis of data from RGS and those from the Lombardy region.

Table 9.2 – The pension accounts in the State accounts

VOCI DI SPESA (in milioni)	ANNO 2012	ANNO 2013	2013 in % sul totale	ANNO 2014	2014 in % sul totale	ANNO 2015	2015 in % sul totale	ANNO 2016	2016 in % sul totale	ANNO 2017	2017 in % sul totale
PENSIONI <i>tab 1a</i>	211.088	214.626	26,21%	216.112	26,18%	217.897	26,22%	218.479	26,34%	220.843	26,30%
SANITA'	110.422	110.044	13,44%	110.961	13,44%	111.240	13,38%	112.372	13,55%	113.599	13,53%
Assistenza + inv. LTC + GIAS (1)	62.941	65.515	8,00%	66.500	8,06%	68.979	8,30%	70.050	8,45%	70.138	8,35%
Prestazioni Temporanee (2)	22.534	32.013	3,91%	32.139	3,89%	28.356	3,41%	30.804	3,71%	29.129	3,47%
Prestazioni INAIL	10.409	10.400	1,27%	9.927	1,20%	9.945	1,20%	10.128	1,22%	8.859	1,06%
Welfare Enti Locali (3)	9.690	9.656	1,18%	9.696	1,17%	9.818	1,18%	9.900	1,19%	10.919	1,30%
Retrib. Dip. PA (4)	128.347	126.179	15,41%	123.296	14,94%	123.918	14,91%	121.841	14,69%	122.400	14,58%
Spese funzionam. (5)	115.992	115.298	14,08%	122.372	14,82%	126.258	15,19%	131.916	15,90%	132.399	15,77%
Spese conto capitale	64.532	57.746	7,05%	60.099	7,28%	66.745	8,03%	57.521	6,93%	65.673	7,82%
INTERESSI	84.086	77.568	9,47%	74.377	9,01%	68.018	8,18%	66.440	8,01%	65.641	7,82%
Totale spesa prestazioni sociali	427.084	442.254	54,00%	445.335	53,95%	446.235	53,69%	451.733	54,46%	453.487	54,01%
TOTALE SPESE FINALI (6)	820.041	818.986	100%	825.479	100%	831.174	100%	829.451	100%	839.599	100%
Totale entrate		772.023		776.480		788.607		787.813		799.908	
SALDO e incidenza sul PIL		46.963	2,93%	48.999	3,02%	42.567	2,59%	41.638	2,48%	39.691	2,31%
PIL serie SEC 2010/incidenza	1.615.131	1.604.478	27,56%	1.621.827	27,46%	1.645.439	27,12%	1.680.948	26,87%	1.716.935	26,41%

(1) La voce comprende il totale Gias (35,582 mld; vedasi tab 1. a) + spese assistenziali (pensioni e assegni sociali, invalidità e accompagnamento, pensioni di guerra) + 14° e importo aggiuntivo + 10,8 mld di contributo Stato alla gestione dip. Pubblici. (2) Spese per prestazioni temporanee che comprendono: trattamenti di famiglia, integrazioni salariali, disoccupazione, mini Aspi, Aspi, Naspi, trattamenti economici di malattia e maternità e trattamenti di fine rapporto a carico della GPT (Gestione Prestazioni Temporanee Inps) e finanziate dai contributi della produzione e in parte dalla Gias per indennità di mobilità, Cigs e coperture figurative + disoccupazione, mobilità, Cig e Cigs o in deroga (somme non ricomprese negli importi Gias di tabella 1a) tab 6.1 + 6.4; (3) stima su dati RGS e proiezioni su dati Lombardia sociale.it, esclusa la funzione casa; (4) Nei "redditi da lavoro dipendente" il costo delle retribuzioni al personale relativo alla sanità è ricompreso nella spesa per sanità e quindi è stato sottratto al totale retribuzioni dipendenti PA; (il costo del personale sanitario è 35,5 miliardi nel 2012, 35,238 nel 2013 e 35,487 nel 2014 e 35,158 nel 2015, 34,907 nel 2016 e 34,917 nel 2017); lo stesso per il personale di nota 2. (5) Nel DEF sono indicati come "consumi intermedi" al cui importo sono sottratti alcuni oneri della sanità e degli enti previdenziali; (6) Dati relativi alla "nota di aggiornamento al DEF 2018 (del 27/9/18) che in parte modificano quelli utilizzati lo scorso anno relativi all'aggiornamento DEF settembre 2017/2016; **NOTA 1:** Le differenze delle cifre 4 e 5, rispetto al DEF sono imputabili a una riclassificazione di taluni costi. **NOTA 2:** Nei costi per le "prestazioni sociali" non sono comprese le spese di funzionamento e quelle per le retribuzioni del personale degli enti pubblici (Inps e Inail), di quelli privati (Casse Privatizzate), dei Ministeri, e delle amministrazioni Istituzionali (Camera, Senato, Corte Costituzionale, Presidenza della Repubblica, Regioni, Banca d'Italia, che gestiscono tali prestazioni e che per il 2017 sono stimabili in circa **6,7 miliardi di €** che andrebbero sommati al totale spese per prestazioni sociali.

INAIL 2017: Contributi incassati x Cassa = 10.609.333.000; spese di funzionamento = 925,7 milioni di €; Uscite di CASSA x prestazioni = 8.859.031.000

*Expenditure items (millions), year 2013 as % of the total; Pensions table 1°, health care + inv. LTC + GIAS (1), temporary benefits (2) INAIL benefits, welfare for Local Authorities (3), Remuneration of Civil servants (4), Operating expenses (5) capital expenditure Interests, Total social welfare benefit expenditure Total final expenses (6) Total revenues, Balance and as % of GDP, GDP SEC2010 series/incidence. (1) It includes the total GIAS contributions (35.582 billion, see table 1 A) + welfare expenses (pensions and social allowances, disability and carers' benefits, veterans' pensions) + 14th month and the additional amount of 10.8 billions' worth of contribution to the fund for public employees; (2) Expenses for temporary benefits including: family allowances and benefits, wage supplementary benefits, unemployment benefits, mini ASPI, ASPI, NASPI, sickness, maternity leave and TFR paid by GPT) and funded by employers' contributions and partly by GIAS transfers for mobility allowances, Cigs, and imputable funds for unemployment, mobility, Cig and Cigs or in derogation (sums not included in the GIAS figures under Table 1a) table 6.1 + 6.4; (3) RGS estimate and projections on the data of Lombardiasociale.it (4) In the "employed work income" the remuneration costs of health personnel are included in health expenditure and therefore have been subtracted from the total remuneration of the employees of the Public Administration; (the cost of health personnel was equal to 35.5 billion in 2012, 35.238 in 2013 and 35.487 in 2014 and to 35.158 in 2015, 34.907 in 2016 and 34,917 in 2017); the same for the personnel in Note 2.; (5) The EFD refers to "intermediate consumption" minus some health and other funds' charges; (6) Data related to "the updated note of the 2018 EFD (of 27/9/18) that partly change those used last year for the updated EFD of September 2017/2016; **NOTE 1:** Differences in the figures 4 and 5 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 **6.7 billion euros** in 2017 and to be added to the total social benefit expenditure. INAIL 2017: Contributions received x Fund = 10,609,333,000; operating expenses = 925.7 million euros; Expenses of the Fund x benefits = 8,859,031,000.*

The various items of expenditure were then included in the state accounts and, for the remaining expenditure chapters, use of made of the data from the change note to the EFD submitted on 27/12/2018; in particular, operating expenses and those for the subjects working for the PA were re-aggregated on the basis of the distribution of these costs (see the note in *Table 9.2*).

The overview in the table allows for some considerations. First of all, as can be seen from the reclassified of accounts by type of expenditure, contrary to what is often stated (i.e. that Italy spends much less on welfare than in other EU countries), expenditure on *social benefits* in 2017 amounted to **453.487 billion euro**, (**451.9 billion** in 2016 and **447.396 billion** in 2015), an increase by 0.4% over 2016 (**1.23%** in 2016/2015). Compared to 2012, the increase was equal to **6.18%** while in the same period GDP was 0.99% and inflation 5.29%.

Expenditure on social benefits accounted for **54.01%** (**58.6%** net of interest) of total public expenditure including interest on public debt of **839.599 billion euros**, an increase by 1.23% compared to 2016. However, as the budget deficit in 2017 was 39.69 billion, or 2.31% of GDP, social expenditure should be better related to actual tax and social contribution revenues, which amounted to 799.9 billion euros in 2017; in this case, the ratio is 56.7%. Compared to GDP, it stands at **26.41%**, to which must be added the other social functions such as housing, the operating expenses of the bodies that manage the various welfare measures at the central and local level and the "other" expenses that bring the total to about 30%, i.e. one of the highest levels in the E.U. Social expenditure is clearly growing, mainly driven by welfare expenditure which, unlike pension expenditure, has no precise rules, no effective monitoring, no valid instruments of control in the hands of various providers and, in the future, it is a burden that is difficult to bear in the years to come.

The following is a detailed analysis of individual expenditure items.

9.2.1 Health expenditure

Table 9.3 shows the development of health expenditure from 2013 to 2017; in the last few years, the increase was not significant (3.7%) in the face of a rapid aging of the population that is having an impact on this expenditure. In particular, staff expenditure was reduced both in absolute and real terms; also in view of the high mean age of doctors and specialised nurses who will retire in the next few years, this is perhaps the most serious problem for public health, given that many thousands of general practitioners and specialists are already missing.

Table 9.3 - Health expenditure between 2013 to 2017 and its composition

VOCI DI SPESA (in milioni)	ANNO 2013	2013 in % sul totale	ANNO 2014	2014 in % sul totale	ANNO 2015	2015 in % sul totale	ANNO 2016	2016 in % sul totale	ANNO 2017	2017 in % sul totale
Spesa per il personale	35.735	32,47%	35.487	31,96%	35.158	31,28%	34.907	31,02%	34.917	30,74%
Spesa per consumi intermedi	28.544	25,94%	29.579	26,64%	30.969	27,55%	31.586	28,07%	32.823	28,89%
Spesa per prestazioni acquistate da produttori e sul mercato (1)	39.365	35,77%	39.684	35,74%	39.744	35,36%	39.589	35,18%	39.565	34,83%
Altre componenti di spesa	6.400	5,81%	6.278	5,65%	6.537	5,82%	6.460	5,74%	6.298	5,54%
Totale spesa sanitaria	110.044		111.028		112.408		112.542		113.603	
INCIDENZA % SU TOTALE SPESA PUBBLICA	818.986	13,42%	825.479	13,45%	831.174	13,52%	829.451	13,57%	839.599	13,53%
INCIDENZA % su PIL serie SEC 2010	1.604.478	6,86%	1.621.827	6,85%	1.645.439	6,83%	1.672.438	6,73%	1.716.935	6,62%

NOTA: Dati aggiornati al DEF 26 aprile 2018 e alla nota di variazione del 27 settembre 2018, che modificano quelli utilizzati negli scorsi anni relativi ai DEF dal 2017 al 2013 che erano: 2013, **109.614**; 2014, **110.938**; 2015, **111.242**. (1) La voce comprende: 8.076 milioni per assistenza farmaceutica convenzionata; 6.688 per assistenza medico generica; 24.825 per ospedaliera, specialistica, riabilitativa, integrativa e altra assistenza.

Composition of health expenditure (from 2013 to 2017 – in millions of euros); expenditure items (in millions), staff expenditure,

expenses on intermediate consumption, expenditure on services bought from producers and on the market (1), other expenditure components, **total health expenditure, As a % of total public expenditure (4), as a % of GDP, SEC 2010.** NOTE: Updated Data of the EFD of April 26, 2018 and of the variation note of September 27 2018, that changed the ones of the last few years related to the EDF from 2017 to 2013, which reported total expenditure equal to: 2013, **109,614**; 2014, **110,938**; 2015, **111,242**; (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 numerous clausus in specialty schools does not allow for a correct "replacement rate", thus forcing many of our brightest graduates to go abroad for specialization with considerable costs for the community. This problem was not addressed by governments in the last 6 years. Moreover, while out-of-pocket spending is increasing (see chapter 7), there is still no framework law on supplementary healthcare.

9.2.2 Total pension benefit expenditure

Based on the aggregate data in *Table 1.a²*, **total pension benefit expenditure** in 2017 amounted to 256.425 billion euros, **220.843 billion euros**' worth of **pension benefits** and **35.582 billion euros**' worth of **GIAS transfers** to pension schemes. **Pension** expenditure includes minimum supplementary benefits (8,292 billion euro), additional social benefits (1,378 billion euro) and the GIAS transfers for public employees (9,613 billion euro), while welfare benefits (invalidity pensions, carers' allowances, social pensions and allowances and war pensions) are excluded, as shown in *Table 6.6*, together with indemnities paid by INAIL and by the State (4,2 billion euros) and benefits and annuities paid by constitutional bodies and the regions (1,4 billion euros). Pension expenditure grew by 2.69 billion euro (+1.06%) compared to 2016, 1.04% of which was attributable to pension expenditure and the rest to GIAS transfers, which increased only by 354 million, partly as a result of the moderate economic recovery that reduced income support benefits.

Since it is widely believed that pension expenditure is very high, also on the basis of the data provided by ISTAT to EUROSTAT, here follows the calculation of the "pension expenditure" financed by actual contributions and then of welfare expenditure.

***Pension expenditure:** in 2017 it reached **220.843 billion euros** compared to 218.5 billion euros in 2016 (+ 2.3 billion), accounting for 12.87% of GDP; **contribution revenues** amounted to **199.842 billion euros** (196.5 billion in 2016 and 191.33 billion in 2015) with an increase by 3.32 billion euros or by about 1.7%; contributions do not include the **additional contribution of 10, 800 million euros** from the State, as under Act 335/1995, to be allocated to financing CTPS (Pension funds for public employees); the **balance** was **negative by 21.001 billion euro** (21.981 billion euro the previous year).

This deficit was compounded by the scheme of public employees, with a deficit of **30,4 billion euros**, partially offset by **3.67 billion euros**' worth of assets of FPLD (pension fund for employees - the largest Italian fund) and by **6.78 billion euros**' worth of assets of the fund for atypical workers. In order to calculate real pension expenditure for 2017 (*Table 9.4* also shows the reclassification for 2015 and 2016), we proceed to deduct from 220.843 billion: 19.281 billion euros' worth of GIAS transfers for public employees and to additional social benefits and supplementary minimum benefits for the private sector that are only provided on the basis of income (there is therefore more than one reason to consider these expenses as welfare expenditure that should be between family support items and social exclusion items in the EUROSTAT expenditure by function); net expenditure is 201.562

² The data result from the in-depth analysis of all the accounts of the whole pension system.

billion, equal to 11.74% of GDP, absolutely in line with the EUROSTAT mean. It is also necessary to subtract from contribution revenues the transfers from GIAS and GPT (mainly for imputed contributions) of 14.363 billion euros; so, the contributions actually paid by workers and companies amount to 185.479 billion.

The deficit drops by about 5 billion to 16.083 billion. But pensions are burdened by high IRPEF **taxes** which amounted to **50.508 billion euros** in 2017 (49.7 billion euros in 2016), whose distribution by scheme is shown in **Table 9.4.1**.

If taxes are subtracted from pension expenditure net of welfare items, the real public pension expenditure falls to about 151 billion; it is true that workers and companies do not pay taxes on contributions (otherwise there would be double taxation) but the fact remains that the actual expenditure by the State is much lower than the nominal one.

A final note: pension expenditure, net of welfare expenditure, has increased by 0.88% on average since 2013 and even less expenditure after taxes. This means that pension expenditure is under control and the reforms have managed to stabilise it. For the sake of completeness, it should be noted that GIAS transfers (35.5 billion. + 9.6 billion for the public sector) are used to pay pensions granted in the years from 1960 to 1992 not financed by contributions and provided only out of political "promises" which were remedied by Act 88/89.

Table 9.4 – Pure pension expenditure

PENSION EXPENDITURE (millions of euros)	2015	As % of GDP	2016	As % of GDP	2017	As % of GDP
Pension expenditure (net of GIAS)	217.897	13,19	218.504	13,00	220.843	12,87
GIAS transfers for civil servants, supplementary minimum benefits and additional social benefits for employed workers in the private sector	19.915		19.167		19.281	
No welfare expenditure	197.982	12,03	199.337	11,86	201.562	11,74
Pension taxes	49.394		49.773		50.508	
Pension expenditure net of taxes	148.588	9,03	149.564	8,90	151.054	8,80
Contribution revenues	191.333		196.552		199.842	
GIAS and GPT transfers with respect to contribution revenues	15.032		15.276		14.363	
Revenues net of GIAS and GPT transfers	176.301		181.276		185.479	
Balance between revenues and expenses before taxes	-21.681		-18.061		-16.083	
Balance between revenues and expenses after taxes	27.713		31.712		34.425	
GDP	1.645.439		1.680.948		1.716.935	
2015: supplementary minimum benefits 9,345 bn.; additional social benefits 1,4 bn.; GIAS transfers for public employees 9,170 bn. Tot. 19,915 bn; 2016: supplementary minimum benefits 8,83 bn.; additional social benefits 1,37 bn.; GIAS transfers for public employees 8,967 bn. Tot. 19,167 bn; 2017: supplementary minimum benefits 8,29 bn.; additional social benefits 1,378 bn.; GIAS transfers for public employees 9,613 bn. Tot. 19,281 bn.						

Table 9.4.1 – Details of the IRPEF withholding taxes (source: INPS)

IMPORTI PER RITENUTE IRPEF ORDINARIE		
PENSIONI - Cassa 2017		
INPS	30.042.730.846	
INPDAP	15.488.762.757	
ENPALS	197.502.146	
TOTALE	45.728.995.749	
IMPORTI PER RITENUTE IRPEF ADDIZIONALE REGIONALE ORDINARIA		
	PENSIONI - Cassa 2017	PENSIONI - Cassa 2016
INPS	2.324.060.744	2.343.254.137
INPDAP	1.055.023.817	1.024.560.058
ENPALS	14.524.537	14.776.302
TOTALE	3.393.609.097	3.382.590.496
IMPORTI PER RITENUTE IRPEF ADDIZIONALE COMUNALE ORDINARIA		
	PENSIONI - Cassa 2017	PENSIONI - Cassa 2016
INPS	944.959.828	962.087.706
INPDAP	434.610.590	427.505.328
ENPALS	5.872.672	5.988.990
TOTALE	1.385.443.090	1.395.582.024

Pensions – Fund, IRPEF ordinary withholding taxes regional additional ordinary amounts, municipal additional ordinary amounts

The distribution of the tax burden by scheme shows that civil servants, who account for about 17% of the total number of pensioners, pay about 1/3 of all taxes; the incomes of public employees are similar to those of the private sector and this shows the enormous tax and social security evasion in many sectors, which has led to low pension benefits, often related to incomes and hence tax exempted. And in fact, out of little more than 16 million pensioners, **2.25 million** have a pension up to 1 time the minimum benefits (501.89 euro/month for 13 months), others **4.28 million**, between 1 and 2 times the minimum benefits and **3.93 million** between 2 and 3 times the minimum benefits; therefore, over **10.46 million** pensioners (approximately 66% of the total) do not pay taxes also thanks to deductions.³ More than **2.5 million pensioners** receive from 3 to 4 times the minimum benefits and pay on average lower taxes that are barely sufficient to pay their public health care (1,870 euros per capita on average in Italy). The remaining **3 million pensioners** bear the majority of **50.5 billion euros' worth of IRPEF**. In essence, a large part of the pension tax burden is shouldered by 19% of pensioners, and in large part by the almost **890,000 pensioners** who receive gross benefits above 3,011 euros per month; this should be a wake-up call for all those who uncritically propose to increase low pensions, since the majority of pensioners who are fiscally exempted paid very low taxes, if any, as active workers. As already pointed out, the fact that 50% of pensioners are subsidized indicates a very high level of tax evasion, especially among certain categories and in certain areas of the country and the inability of the state to govern this phenomenon.

³ See: “2018 insight”: a survey on “*Personal income tax (IRPEF) statements by amount, type of taxpayers and geographical area and analysis of the regional corporate tax (IRAP)*” conducted by the Study and research Centre of Itinerari Previdenziali. www.itinerariprevidenziali.it

****Welfare Expenditure:** *Table 6.6* of chapter 6, and *Table d1* (historical series 2011-2017 on the website) provide the overall expenditure classified as "welfare" which includes: benefits for the civil disabled with attendance allowances, social pensions and allowances and veterans' pensions; the second part of the table highlights *other welfare benefits* (supplementary minimum benefits, additional social benefits, the fourteenth month and additional amounts).

Table 9.5 – Number of welfare pensions

NUMBER OF WELFARE BENEFITS	2014	2015	2016	2017
Number of welfare benefits	3,694,183	4,040,626	4,104,413	4,082,876
Other welfare benefits	4,467,266	4,265,233	4,101,043	3,941,059
<i>of which supplementary minimum benefits</i>	<i>3,469,254</i>	<i>3,318,021</i>	<i>3,181,525</i>	<i>3,038,113</i>
Total welfare benefits	8,431,449	8,305,859	8,205,456	8,023,935
As a % of the total number of pensioners	51.86%	51.34%	51.08%	50.02%
Total number of pensions paid	16,259,491	16,179,377	16,064,508	16,041,852

As shown in *Table 9.5, welfare benefits*, i.e. those totally borne by general taxes, were provided to **4,082,876 subjects⁴**, **-21,537** less than last year for a total annual cost of **22.022 billion** (21.74 billion in 2016). In the last 7 years, *civil invalidity pensions* (**932,289**) increased by 91,000 units (**+10.8%**); *attendance allowances* (**2,113,387**) grew by 221,000 units (**+11.6%**), with a cost of **12.48 billion euros**.

Social pensions and allowances (**861,811**) increased by 52,000 units (**+6.42%**) in 7 years, for a total cost of **4.8 billion euros**. The number of veterans' pensions (**175,389**) continues its physiological and fairly constant decline (-13,898) for a cost of **1.25 billion**. In 7 years, their number fell by 106,746 units down to 66,380 direct pensions (which, as of 2014, also include indemnities under Act210/92) and 109,009 indirect pensions.

Except for the "14th month", the other welfare benefits were slashed also as a result of the cancellation of the old benefits accrued by subjects with low levels of contribution: *supplementary minimum benefits* (3,038,113) dropped by 143,412 units (**136,496** compared to 2015 and **817,920** compared to 2011; *social additional benefits* (902,946) allocated to low-income subjects, were mainly (70%) provided to women with average annual amounts of 1,526 euros, with a cost equal to 1.378 billion and their number decreased by 178,170 compared to 2011. On the other hand, the number of recipients of the *fourteenth month* (the additional sum) increased by 1,334,449 compared to 2016 under the provisions contained in the Budget Law for 2016 and 2017; this benefit was established under Act 127 of 7/8/2007 and provided to pensioners aged 64 and over whose total pension income was not to exceed 1.5 times the minimum benefits until 2016 and twice the FPLD minimum benefits in 2017 for a total of **3,453,786** subjects, with an average fourteenth (or additional sum) of 483 euros per year, 70% of whom were women, for a total cost of **1.67 billion euros**; the *additional amount of pensions* was provided to 432,559 beneficiaries (- 40,000 vs.in 2016), 70% of whom were women; this benefit was introduced by the 2001 Budget Law (Act n. 388 23/12/2000) in favour of pensioners who do not exceed the FPLD minimum benefits and it cost **65.2 million euros**.

⁴ There may be duplications between beneficiaries of a civil invalidity pension and an attendance allowance.

In 2017, out of these benefits (*Tables 9.5 and 6.6*), **4,082,876** subjects received *pure welfare benefits* (civil invalidity pensions, attendance allowances, social pensions/benefits and veterans' pensions) and **3,941.059** other benefits partially considered as welfare benefits (supplementary minimum benefits and social additional benefits, the former million per month introduced by the Berlusconi Government in 2002), for a **total of 8,023,935** beneficiaries accounting for **50.02%** of *all pensioners* (**16,041,852**), with some inevitable duplications.

Part of these subjects (3,453,786) also received the fourteenth month and part of the 3,038,113 pensioners with supplementary minimum benefits also received the additional amount and additional social benefits. A G7 country with more than 50% of its pensioners who are fully or partially subsidized (people who in 66 years of life were not able to pay even 15 years of regular contributions) should be a wake-up call for policy -makers and supervisory authorities since this situation does not reflect the general economic profile of the country. Moreover, unlike pensions supported by taxes and contributions, these 33.4 billion euros are **fully paid through general taxes** and are tax exempted. As indicated in chapter 2, while the number of pension benefits continues to decrease due to more stringent reforms, welfare benefits significantly increase because of political "promises" and because the organizational "machine", that is, the general welfare registry does not exist. While welfare spending is increasing, no correction was adopted with the latest legal provisions which indeed pushed their growth even more, as can be seen from *Table 9.6*; in fact, in 2017 out of 100 benefits paid out during the year, almost half, that is 49.7% were welfare benefits.

LTC expenditure: The share of welfare expenditure that can be classified as non self-sufficiency expenditure (LTC) is equal to the sum related to civil invalidity pensions and to carers' allowances which, in 2017 amounted to **15.962 billion euros**, equal to **0.93%** of GDP. By also adding health expenditure, the public LTC expenditure accounts for 2% of GDP (RGS estimate).

Table 9.6 – Number of benefits paid in 2015 and 2016

NUMBER OF BENEFITS PAID	2014	2015	2016	2017
Total number of benefits	994,973	1,120,638	1,048,096	1,112,163
Welfare benefits	456,937 (46%)	549,252 (49%)	490,149 (47%)	559,058 (50.3%)
Total number of welfare benefits	538,036 (54%)	571,386 (51%)	557,947 (53%)	553,105 (49.7%)
Welfare benefits MEN	43.34%	39.20%	43.30%	43.24%
Welfare benefits WOMEN	56.66%	60.80%	56.70%	56.76%
The data refer to the INPS benefits except for the ex INPDAP and ex ENPALS funds.				

9.2.3 Expenditure financed by general taxes

The Italian pension system is financed with a purpose tax rate, "*social contributions*" levied on 33% on the gross annual wages of public and private employed workers, on 24% for craftsmen, retailers and farmers, and on 32% for atypical workers. Over the years, in addition to the pension benefits financed by contributions, the social protection system provided for a series of social benefits which were added and introduced by the law without any rationalisation or effective controls, the results of which have been highlighted in the previous paragraphs. In 2005, a proposal was made to set up a "*welfare registry*" in line with the well-functioning *registries for pensions* and *pensioners*; however, nothing has been done so far and this will be the greatest obstacle to the announced "universal income". All these benefits, not supported by social contributions, are paid through *general*

taxes and are generally managed by GIAS, as indicated in chapter 2. **Table 9.5** shows the charges to be borne by general taxes, an important finding for economic and social policy-makers.

The figures in the table are the "transfers" from the State budget to INPS which are provided each year under the Budget Law to cover the expenses (mainly welfare expenses) borne by INPS on the basis of the laws in force. The expenditure items are detailed in the table.

The first item is related to *interventions for pension and welfare charges* of which **a)** GIAS transfers illustrated in **Table 1 a**, equal to **35.582 billion euros**; out 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 deficit for over 7 billion euros per year) or baby pensions in the public sector. **b)** GIAS share of welfare transfers to funds for public employees (see **Tabella 6.6**); **c)** charges for early-retirement measures, including the safeguards for the so-called "esodati" and other advanced benefits.

The second item is related to transfers from GIAS to pension schemes to finance low contributions, total or partial reliefs from contributions (e.g. those provided for under the Jobs Act or for the South) and contribution incentives; these incentives were provided by all Governments as an alternative to tax deductions; however today, these GIAS and GPT measures weigh on the State budget for more than 26 billion (without considering the 10.8 billion for the pension funds for the public administration), followed by wage-support measures for non-active subjects, charges to support low-income families (family allowances) and other minor charges.

Table 9.7 – Expenditure financed by general taxes (millions of euros)

La spesa a carico della fiscalità generale (dati in milioni di euro)	2014	2015	2016	2017
Quota GIAS (tabella 1 a)	33.356,00	36.045,00	35.228,00	35.582,00
Quota GIAS gestioni ex Inpdap (tab 1a nota 3)	7.553,00	9.169,60	8.967,25	9.613,18
Prestazioni assistenziali (1)	23.233,00	23.532,00	24.022,40	25.133,80
Esodati e varie	3.312,00	3.426,00	2.753,35	2.370,11
Totale interventi per oneri pensionistici/assist	67.454,00	72.172,60	70.971,00	72.699,09
Sgavi e altre agevolazioni contributive a sostegno gestioni, a carico Gias	16.087,00	18.052,00	22.603,00	23.315,91
Oneri per il mantenimento del salario per inoccupazione a carico Gias	10.387,00	8.794,00	8.695,00	8.067,00
Oneri a sostegno della famiglia	3.856,00	4.033,00	4.502,00	5.485,00
Oneri a copertura ex contributi previdenziali (tbc)	656,00	622,00	603	583
Totale a carico della fiscalità generale	98.440,00	103.673,60	107.374,00	110.150,00
Incidenza della spesa assistenziale su quella pensionistica pura (al netto delle imposte)	56,8%	59,89%	63,64	65,19
Spesa pensionistica netto tasse ma al lordo Gias pubblici e integrazioni al minimo (per memoria)	173.207,00	173.113,00	168.731,00	168.957,00
Contributo dello Stato per gestione statali	10.800,00	10.800,00	10.800,00	10.800,00

GIAS share (**Table 1a**), GIAS share of ex INPDAP funds (**Table 1a note 3**), Welfare benefits (1), Esodati and others, **Total measures for pension/welfare charges**, Contribution incentives and other facilities paid by GIAS to support funds, Wage support charges paid by GIAS for non-active

subjects, Family allowances, Charges to pay former pension contributions (tbc), **Total to be borne by general taxes, Ratio of welfare expenditure vs. pure pension expenditure (net of taxes)**, Pension expenditure net of taxes but before GIAS transfers to funds for public employees and minimum supplementary benefits, **State contributions to funds for public employees.**

Therefore, the **total cost of these welfare benefits financed by general taxes** amounted to **110.15 billion euros** in 2017 (*107.374 billion in 2016, 103.673 billion in 2015, 98.44 billion in 2014, 93.2 billion in 2013 and 83.5 billion in 2012*). In 6 years, the growth rate of transfers and therefore of welfare expenses (+26.65 billion) was equal to **5.32%**, always excluding the 10.8 billion euros' worth of contributions for public employees; a huge increase, much higher than the inflation rate and GDP and even 6 times higher than that of pension expenditure (0.88%);

These expenses are more than **65% higher than pension expenditure** net of IRPEF and whose benefits are totally exempted from taxes. The impact of this expenditure on GDP is **6.42 GDP points**. These figures should also include the welfare expenses incurred by local authorities that are not charged as such due to national accounting shortcomings, which the Report estimated on the basis of RGS data, (**Table 9.2**), the sums directly provided to households, tax reliefs and deductions. In addition, a new integration income (REI or REI Charter - social inclusion income) has been envisaged for 2018 for those who applied by December 2017, with an allocation of 1.7 billion and more than 2 billion as of 2019. This initiative will lead to a further increase in welfare expenditure to be financed by general taxes as will certainly happen with the new "universal income" that is supposed to include REI.

9.3 Reclassification of social security expenditure

This issue was extensively analysed in Report n. 5; so, in order to avoid repetitions, here we would like to point out that the calculation of the ratio of IVS pension expenditure vs. GDP is fundamental and that overestimated data may lead the EU (but also rating agencies) to ask Italy to implement further cuts to pensions; moreover, this issue is of crucial importance for planning of social policies on a national level. This Report, as the previous ones, repeatedly pointed out that pension expenditure is in balance and is sustainable in the long term, even with appropriate employment and labour policies; It was indeed welfare expenditure that skyrocketed due to unrelenting and perpetuate unsustainable political promises championed by subjects who stubbornly do not want to reclassify expenditure into pension and welfare expenses. In this context, the data annually sent by ISTAT to Parliament and Eurostat show that the expenditure for the IVS function (invalidity, old age and survivors' pensions) is very high: 18.3% in 2012, 18.8% in 2013 and 18.5% for 2014, 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 3.7 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%). According to EUROSTAT, in 2015 Italy spent **17.49%** on pensions, beaten only by Greece (over 18%) while it spent little on housing, family and social exclusion benefits. Hence the question: how these data are calculated, considering the high professional profile of this Institute.

The **INPS-ISTAT** data from the "**INPS Central Registry**" (the only database in Italy) show that, in 2017, IVS expenditure (invalidity, old-age, seniority and survivors' pensions) amounted to **259,431 million euros**. On the basis of the data of social security institutions, the total IVS expenditure reported in **Table 1a** amounts to **256, 425 million euros**; therefore, the ratio to GDP is **14.94%** gross of GIAS and **12.87** net of GIAS. Since the ISTAT data and our data are similar (the difference is only 3 billion related to life annuities, constitutional bodies (1.4 billion) and other indemnities (including part of the TFR/TFS and other supplementary benefits for about 1.6 billion), the ratio should be the same. Then if IVS expenditure does not include supplementary minimum benefits (8.8.29 billion) and the GIAS welfare benefits for public employees equal to **9.613 billion**, the ratio vs. GDP would drop to **11.47%** with the pension benefit component (paid by contributions) gross of IRPEF. Moreover, taxes on pensions are not homogeneous (therefore, it is necessary to calculate the pension benefits actually received by pensioners and not the gross benefits), nor are family support and social exclusion measures often included in the pensions.

9.4 Financing modalities

What is the financing modality of social expenditure that accounts for over 54% of all public expenditure? **Table 9.6** shows the total revenues for the State, composed of contribution revenues and tax revenues as a whole; while the data on contribution revenues are updated to 31/12/2017, for tax revenue the last available figures are for 2016. Therefore, the exercise to understand how total welfare expenditure is financed will be related to the fiscal year 2016, for which all revenue data are available⁵. In order to finance the Italian welfare, whose cost amounted to **451.903 billion euros** in 2016, it is necessary to count on: **a)** obviously all **social contributions** to finance the total costs of pensions net and not gross of the tax burden, hence the need to draw on part of IRPEF financed by the pensioners themselves; **b)** the contributions paid for the temporary benefits (redundancy fund, unemployment, mobility, figurative contributions, ASPI and then NASPI) and those paid to INAIL; **c)** all the revenues from **IRPEF**, **IREF** (corporation tax), **IRAP** (regional tax on production activities) and **ISOS** (substitute tax) to finance welfare benefits and health care, including those paid by local authorities, and also part indirect taxes since **7.68 billion euros** are needed to reach a balance.

⁵ The 2016 IRPEF was stated and paid in 2017 and these data were processed in May 2018; the payments for other taxes related to 2016 were made in 2017 but the data are available only at the end of the year.

Table 9.8 – State revenues (millions of euros)

Tipologia Entrate/anni	2012	2013	2014	2015	2016
Entrate da contributi sociali (1)	172.323	171.911	172.800	176.303	181.225
Entrate tributarie					
DIRETTE (3)					
Irpef ordinaria (imposta al lordo bonus 80 €)	152.270	152.238	151.185	155.429	156.047
Irpef ordinaria (dal 2014 imposta al netto bonus 80€)	152.270	152.238	145.108	146.193	146.679
Ires	33.333	31.107	32.486	33.332	35.373
Imposta sostitutiva (Isost)	9.227	10.747	10.083	11.123	9.022
TERRITORIALI (3)					
Addizionale regionale	10.730	11.178	11.383	11.847	11.948
Addizionale comunale	3.234	4.372	4.483	4.709	4.749
Irapp	34.342	34.767	30.468	29.370	22.773
TOTALE entrate contributive e imposte dirette	415.459	416.320	406.811	412.878	411.769
INDIRETTE (3)	246.110	238.675	248.207	249.324	250.000
altre Entrate (2)	110.162	117.028	121.571	121.839	127.622
Entrate totali	771.731	772.023	776.589	784.041	789.391
Spesa totale per prestazioni sociali (per memoria)	436.064	442.254	445.335	446.235	451.733
(1) Entrate contributive dalla produzione senza i trasferimenti da Stato e altri enti (tabella 1 a);					
(2) Calcolate per differenza dal resto delle altre entrate rispetto al totale entrate (non coincidono con DEF); contengono i contributi Inail (11,625 mld. nel 2016) e GPT (gestione prestazioni temporanee Inps pari per il 2016 a circa 20,8 miliardi)					
(3) Dati desunti da MEF: http://www.finanze.it/export/sites/finanze/it/.content/Documenti/entrate_tributarie_anno/RETeC-pdf ; da Mostacci.it					

Type of revenues /years, From social contributions (1), From taxes, DIRECT taxes (3), ordinary IRPEF (before the 80 E bonus) Ordinary IRPEF (net of the 80 E bonus as of 2014) (A) IRES, Substitutive tax (ISOS), LOCAL taxes (3), Additional regional taxes, Additional municipal taxes, IRAP, TOTAL contribution and tax revenues, INDIRECT taxes (3), Other REVENUES (2), Total revenues, Total expenditure for social benefits; (1) Contribution revenues from employers without State transfers and from other entities (table 1 a);(2) Calculated with respect to other revenues vs. total revenues (not in line with the EFD); they include the INAIL contributions (11.625 billion euros in 2016)and GPT benefits (equal to about 20.8 billion euros in 2016); (3) Data from the Ministry of the Economy and Finance http://www.finanze.it/export/sites/finanze/it/.content/Documenti/entrate_tributarie_anno/RETeC-pdf; from Mostacci.it

Therefore, the rest of public expenditure (education, justice, infrastructure, the administrative machinery, etc...) should be funded with the remaining indirect taxes and other revenues; but since resources are scarce, the State goes on increasing its debt. It is obvious that this situation is not very sustainable in the medium term also because the IRPEF tax statements of the Italians seem to suggest that Italy does not belong to the G7 but a developing country and above all that financing its generous welfare system may be increasingly difficult in the future.

***Personal incomes stated by Italians:** The 2016 total IRPF⁶ stated in the 770 Unico and 730 tax forms amounted to a total of **842.977 billion euros**, + 10 million vs. 832.970 billion in 2015), with an increase by about 1.2%, and 25.7 more than in 2014 (817.264 billion). Out of these incomes, a total of **163.377 billion euros**⁷ *were paid for IRPEF purposes* (net of the 80 euro bonus received by 11,468,245 subjects for a total "discount" on IRPEF equal to 9.367 billion euros), compared to

⁶ 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 Research and Study Centre* 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).

⁷ The total IRPEF stated for 2016 was equal to 172.745 billion euros, but, due to the effect of the 80 euro bonus, it drop to 9.367 billion, with and actual net payment of 163.378 billion. The 80 euro bonus was introduced in 2014 and it became a structural measure in 2015 under the 2016 Stability Law. It is provided to all subjects employed or with similar types of jobs for an amount of 960 euros per year to workers who have an overall income of 24,000 euros; the bonus goes down when the income increases from 24,000 euros to 26.000 euros.

162.750 billion of the previous year, of which **146.680** or **89.78%** of the total for ordinary IRPEF, **11.948 billion** for **additional regional taxes** equal to 7.31% of the total, (stable compared to 2015) and **4.749 billion** or **2.91%** of the total for **additional municipal taxes**, stable compared to 2015.

Considering total income and stated IRPEF equal to 100 in 2008, after 9 years, in 2016, these figures were respectively equal to 107.72 and 103.77. In fact, without the "Renzi" bonus, taxes would have amounted to 109.72. *Since 2013, therefore, while welfare spending has increased, the financial resources coming from ordinary IRPEF taxes have dropped by approximately 6.448 billion euros.*

In detail, out of **60,589,445 Italian resident citizens** on 31/12/2016 (- 76,106 vs. the previous year and -206,167 vs. 2014), **40,872,080** submitted their tax returns (taxpayers/income statements), an increase by 101,803 compared to the previous year and by 155,532 compared to 2014 but even less than the 2008 peak with about 1 million subjects. However, the number of taxpayers who pay at least 1 euro for IRPEF is equal to 30,781,688, - 97,128 than in 2015 and -808,000 than the peak in 2011. In practice, there is an increase in terms of income, a growth in the number of taxpayers who file their tax return, but there is a reduction in the number of those who pay at least 1 euro of personal income tax and in total amount of personal income tax paid. (**Table 9.9**)

Table 9.9 – Statistical analyses – Statements in 2015, Tax year 2014

Irpef 2016, tutti i contribuenti persone fisiche, per scaglioni di reddito al lordo e al netto dell'effetto bonus da 80Euro															
Fasce di reddito complessivo in euro	Numero contribuenti					Rapporto con cittadini (contribuenti x 1,482)	Percentuale n. contribuenti sul totale	Imposta media x cittadino	Bonus spettante		Ammontare al netto Bonus				imposta media x cittadino
		Numero versanti	Ammontare Irpef pagata in migliaia di €	% Ammontare x fascia	Imposta media x contribuente in €				Numero contribuenti	Ammontar e in migliaia di €	Media bonus spettante x contribuente in €	Ammontare in migliaia di €	% Ammontare x fascia	imposta media x contribu ente	
zero od inferiore	759.694	10	0	0,00%	0	1.126.183	1,86%	0	3.176	2.049	645,15	-2.049	0,00%	-3	-2
da 0 a 7.500	9.130.521	2.359.478	739.581	0,43%	81	13.535.235	22,34%	55	984.458	328.883	334,00	410.698	0,25%	45	30
Fino a 7.500 compresi negativi	9.890.215	2.359.488	739.581	0,43%	75	14.661.418	24,20%	50	987.634	330.932	340,00	408.649	0,25%	41	28
da 7.500 a 15.000	8.467.650	6.378.219	7.267.662	4,21%	858	12.552.584	20,72%	579	3.587.485	3.065.305	850,00	4.202.357	2,57%	496	335
da 15.000 a 20.000	5.895.435	5.600.108	14.438.536	8,36%	2.449	8.739.490	14,42%	1.652	2.828.138	2.632.585	930,00	11.805.951	7,23%	2.003	1.351
da 20.000 a 35.000	11.676.299	11.519.769	56.996.547	32,99%	4.881	17.309.138	28,57%	3.293	4.064.988	3.338.892	820,00	53.657.655	32,84%	4.595	3.100
da 35.000 a 55.000	3.161.854	3.147.946	33.634.937	19,47%	10.638	4.687.184	7,74%	7.176	0	0	0,00	33.634.937	20,59%	10.638	7.176
da 55.000 a 100.000	1.329.352	1.325.810	29.157.130	16,88%	21.933	1.970.653	3,25%	14.796	0	0	0,00	29.157.130	17,85%	21.933	14.796
da 100.000 a 200.000	364.258	363.469	16.775.940	9,71%	46.055	539.982	0,89%	31.068	0	0	0,00	16.775.940	10,27%	46.055	31.068
da 200.000 a 300.000	51.298	51.202	4.714.059	2,73%	91.896	76.045	0,13%	61.990	0	0	0,00	4.714.059	2,89%	91.896	61.990
sopra i 300.000	35.719	35.677	9.020.941	5,22%	252.553	52.950	0,0874%	170.366	0	0	0,00	9.020.941	5,52%	252.553	170.366
TOTALE	40.872.080	30.781.688	172.745.333	100%		60.589.445	100%		11.468.245	9.367.714	0,82	163.377.619	100,00%		
IL 44,92% dei contribuenti paga il 2,82% dell'Irpef - il 24,20% dei contribuenti paga 41 € di Irpef (28 € x cittadino) e il 20,72% paga 496 € (335 x cittadino)															
IL 14,42% dei contribuenti versa il 7,23% dell'Irpef con una imposta di 2.003 (1.351 x cittadino, non sufficiente per pagarsi la spesa sanitaria)															
IL 40,66% dei contribuenti paga l'89,95% dell'Irpef															
IL 12,09% dei contribuenti paga il 57,11% dell'Irpef															
IL 4,36% dei contribuenti paga il 36,52% dell'Irpef															
Fonte: Elaborazioni Itinerari Previdenziali su dati Mef relativi alle dichiarazioni dei redditi 2017, ultimo aggiornamento maggio 2018.															

IRPEF 2016: all physical persons by income level before and after the 80 euro bonus; Overall income brackets in euros, Number of taxpayers, Number of payers, Amount of IRPEF paid in thousands of euros, % amount, Average tax per taxpayers in euros, ratio vs. the number of citizens, taxpayers x 1.488, n. of taxpayers as % of the total, average per capita tax, n. of taxpayers, bonus, net amount of the bonus, amount in thousands of euros, men bonus per taxpayer, % amount per bracket, average tax per taxpayer, average per capita tax. Zero or lower from to
 44.92% pay 2.87% of IRPEF; 24.20% pay less than 41 euros as personal income tax (28 euros per capita) and 20.72% pay 496 euros (335 per capita); 14.42% pay 7.23% of IRPEF with a tax of 2,033 (1,351 euros per capita, insufficient to pay for health costs; 40.66% pay 89.95% of IRPEF; 12.09% pay 57.11% of IRPEF; 4.36% pay 36.52% of IRPEF. Source: Data from the Ministry of the Economy and Finance on the 2017 income statements processed by Itinerari Previdenziali; latest update: May 2018.

These indicators do suggest the following:

1) Considering that only 30.781 million Italian citizens out of 60.589 million submit a positive tax return, it is possible to infer that **49.19%** of Italians have no income and hence depend on someone else. There are 759,694 taxpayers who state a zero or negative income (80,000 more than in 2015), while 9,130,521 (22.34% of the total) report a gross income up to **7,500 euros** per year (an average gross amount of 312 euros per month considering the median of 3,750 euro). As a result, each of these taxpayers with incomes up to 7,500 euros pays an average **personal income tax of 41 euros** per year, which means that he or she is entirely supported by the Italian state; then considering the ratio

of taxpayers to citizens (equal to 1.482), the **14,661,418** resident subjects who submit an income statement pay an average per capita personal income tax of **28 euros** per year (30 in 2015);

2) The number of taxpayers who state a gross income **between 7,500 and 15,000** euros per year (an average gross amount of 12,500 euros per year) amounts to 8,467,650, that is 12.55 million resident subjects; the former pay an average annual personal income tax of 496 euros while per capita the amount drops to 335 euros (always net of the bonus).

3) 5.895 million taxpayers (equal to 8,739,000 resident subjects) state a gross income between the **15,000 and 20,000 euros** (17,500 euros on average), who pay an average annual tax of **2,003 euros**, which drops to 1,351 euros per capita; this income bracket too pays a personal income tax that is not sufficient to cover the cost of health care services.

To summarize, **18,357,865** tax payers (equal to 44.92% of the total), of whom **6 million pensioners**, pay only **2.82%** of the whole IRPEF (3.13% in 2015). These taxpayers correspond to 27.214 million resident subjects who, including deductions, **pay on average about 169.5 euros per year** and allegedly very few social contributions, which will have serious repercussions both on the current pension system and on social cohesion in the future; where is the money to pay pensions to this huge number of people? Calculating that the national per-capita health expenditure is equal to about 1,857, for these first 2 income brackets, the difference between the personal income tax paid and the cost of health alone amounts to **49.3 billion** that is borne by other taxpayers; here we focus on health care, but then there are all the other services provided by the State and by local authorities which they receive but that some other subjects will have to pay.

So who pays IRPEF? Who finances the welfare system? How many Italian citizens pay taxes? Starting from the highest income brackets, the tax returns show that, only **0.08%** of tax payers (35,677) state an income **above 300,000 euros** per year and pay **5.52%** of the whole IRPEF (5.19% in 2015); 0.126% state between 200,000 and 300,000 euros, and pay **2.89%** of the whole IRPEF; **1.10%** (451,275 tax payers) state a gross income **above 100,000 euros** (the net income for them is equal to about 52 thousand euros) and pay **18.68%** of IRPEF (18.17 in 2015) of IREPF. The sum of these tax payers and the ones who state a gross income above **55,000 euros** shows that **4.36%** of taxpayers pay **36.53%** of IRPEF (35.89% in 2015) and that **12.09%** (11.28% in 2015) of those with a gross income **above 35,000 euros** pay **57.11%** of the whole IRPEF (56.66% in 2015). *For all these last 5 income brackets, the 2016 tax burden increased compared to the 2 previous years while their expendable income spendable probably decreased, since they cannot access many public services for free because they have "gross" high incomes and therefore are not "protected" (exemption from co-payments, discounted public transport tickets, etc.), the so-called middle class became impoverished and it is obliged to pay more taxes to make up for the mass of people that do not pay them. On the contrary, as illustrated under point 4, the tax burden went down for about 45% of taxpayers.* The paradox is between the two extremes of the stated income brackets: 44.92% of resident subjects pay only 2.82% while 12.09% pay 57.11%; but, for example, the number of cars with a cost exceeding 120,000 euros is ten times the number of those who state a gross income exceeding 240,000 euros (a net amount of 120,000), which clearly shows the blatant inefficiency of the Italian tax system.

A further question referring to the initial premise is: who will pay about **50 billion** euros to cover the costs of the health service of the subjects without an income and the approximately **110**

billion of welfare expenditure? How can pension benefits be paid to subjects who do not state any personal income and therefore who do not pay any contributions?

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.

9.5 The situation in 2018 and the short-term outlook (2019-2023)

It is important to emphasize that in order to evaluate pension expenditure and the ratio of active workers vs. the number of pensioners, which is crucial for the equilibrium of the system, for 2019 and beyond, it is necessary to check the impact of the announced revision of the Monti - Fornero Reform; that is why, we have only focused on 2018 and we have analysed the data from the 2018 INPS accounts, the 2018 updated NADEF and the latest statistical updates and have come to the following conclusions:

- a) *number of pensions*: at the end of the third quarter of 2018, the total number of pensions paid (including early retirement and social allowances but excluding invalidity and veterans' pensions) was equal to 349,621, - **100,000** vs. 2017 with a total of 603,107 benefits paid; at the end of the year, the number of payments is expected to be around **500,000**, with a moderate decrease compared to the previous year. Considering the average number of "cancelled" benefits, the number of pensioners is expected to fall to around **16 million**.
- b) the *average monthly pension* calculated on the basis of the 13 month and on the total number of benefits (22,994,698) is expected to rise from around 960 euros (12,478 euros per year) in 2017 to around **990 euros** (12,870 euros per year), while the average effective pension calculated on the basis of the number of pensioners (16,041,852) is expected to grow to **18,155 euros (1,396 euros per month for 13 months)**, very close to the average wages of the current working population.
- c) the *number of subjects employed as of September 2018* was equal to **23,376,000**; this is the record (in July 2008, before the crisis began, their number was equal to **23,142,000**); of these, 14,946,000 are long-term contracts (15,028,000 in July 2008 and 14,969,000 in July 2017), clearly due to the incentive linked to the Growing Protection Contract (Contratto a tutele crescenti). Short-term contracts amount to 3,143,000; their number was 2,373,000 before the crisis (April 2008) and only as of April 2018 did they exceed 3,000,000. The *overall employment rate* reached **59%**, a record high (the second-best figure dates back to April 2008: 58.9%). *Part time employment* (June 2018 EUROSTAT) accounts for 18.4% of the total (14.2% in June 2008). *Employment rates by gender* are equal to **49.9%** for *women* (an all-time high; before the crisis the best result was 47.5% in April 2008) and to **68.1%** for men (70.5% in May 2008).

Since June 2018, there has been a reduction in recruitment as a whole for all types of jobs: short-term, stable and temporary. The balance between new stable jobs, the stabilisation of short-term contracts and terminations has been turned negative for the first time since the beginning of the year. This is probably the result of the slowdown in the economic cycle and of government measures, starting with the Dignity Decree.

Employment rates by age group:

- 15-24: **17.4%**; **25.1%** in April 2008
- 25-34: **62.1%**; **70.5%** in May 2008
- 35-49 years: **74.1%**; **76.3%** in May 2008
- over 50: **32.3%** (all-time record); **24.7%** in July 2008

Unemployment rate by age group (an indicator that measures how many people in a group are unemployed while looking for work).

- 15-24: **7.8%**; **6.3%** in March 2008
- 25-34: **10.9%**; **6.5%** in March 2008
- 35-49: **6.7%**; **3.9%** in March 2008
- Over 50: **1.8%**; **0.8%** in June 2008

- d) ***pension trend in 2018 and ratio of active workers vs. pensioners:*** In the decade between 2008 and 2017, although longevity increased (in a decade the life expectancy calculated at 65 years rose by 1 year), the number of pensioners decreased by **4.4%**, going from about 16.780 million to 16.042 million (about - 738,000), following the reforms introduced in the last 25 years (more stringent retirement requirements). As a result of more restrictive and harmonised requirements, IVS pensions dropped by **4.66%**, going from 18.627 million in 2008 to 17.758 million in 2017 (about – 869,000), despite the fact that in 2017 there were no changes in pension eligibility criteria, in terms of length of contribution and retirement age, which remained unchanged compared to 2016. On the other hand, in 2018, the age to be entitled to an old-age pension for women employed in the private sector was extended by 1 year (in 2016 and 2017 it was 65 years and 7 months) and reached a threshold of 66 years and 7 months in 2018, the same as that for men. The equalisation of the age requirements of men and women led to a decrease mainly in old-age pensions as of the first nine months of 2018 (for FPLD, INPS recorded a decrease of 35.6%) for this category of benefits, whose main recipients are women with at least 20 years of contributions (not sufficient for early retirement); so, there was almost a lack of the female component and the ***mean age at retirement*** rose from 65 years and 7 months in 2017 to **66 years and 3 months in 2018**. As of 2018, there has already been a clear and generalized decrease (15.2%) in the IVS pensions of the main INPS schemes, even if the data have not been yet finalized. Finally, the eligibility for early retirement in 2018 (42 years and 10 months for men and one year less for women) requires 41 years of contributions under certain conditions for early workers who paid 12 months of contributions before the age of 19.

On the contrary, welfare benefits continue to grow (civil invalidity pensions, attendance allowances and social allowances), while veterans' pensions are decreasing. Between 2008 (about 4.231 million welfare benefits) and 2017 (about 4.504 million), welfare pensions increased by **6.46%**, with a balance of about 273,000 additional benefits over the decade. ***Social allowances starting as of 2018***, are expected to have a downward trend due to more stringent age requirements for both genders, from a retirement age of 65 years and 7 months in 2017, to 66 years and 7 months in 2018, so as to match the requirements for the old age pension.

The ratio of active workers vs. pensioners for 2018 tends to improve; in fact, the mean of the monthly data on employed subjects collected by ISTAT in September 2018⁸, was equal to approximately 23.376 million, more than 1% more compared to 2017 (approximately 23.023 million); moreover, as mentioned above, the 1 year extension of the age requirement for the old age pension for women suggests that in 2018 there may be a decrease in the number of pensioners and if the results remain at these levels for both categories, the ratio is expected to be 1.458 active worker for each pensioner (1.435 in 2017).

e) pension expenditure, contribution revenues and balance: pension expenditure net of GIAS transfers (220,8 billion in 2017) is expected to amount to around 223.4 billion in 2018 and, net of the premise, to 226.3 billion in 2019; GIAS transfers are expected to remain at the 2017 levels, at around **35.5 billion**. *Contribution revenues* are expected to amount to 202.5 billion euros in 2018 and to 205.5 billion euros in 2019, including transfers from GIAS and GPT for notional contributions, reliefs and incentives, net of the State contribution to the fund for public employees, amounting to 10.8 billion euros per year. As a result, it is possible to predict a *negative pension balance*, net of GIAS, of **20.9 billion euros** for 2018 and of **20.8 billion** for **2019**; therefore, according to assessments made under current legislation, there seems to be a slight improvement in the pension balance. The GDP/expenditure ratio for 2018 is expected to be slightly below that of 2017, while 2019 is expected to be characterised on the basis of the considerations in the introduction.

The situation at the end of 2018 shows that *pension expenditure* continues to improve, above all due to the reduction in the number of benefits (due to more stringent retirement requirements) and the cancellation of pensions paid for more than 38 years (see chapter 6); there is also a reduction in the number of pensions mainly financed by GIAS transfers for subjects who retired in the 1980s and 1990s with few contributions, while with the introduction of the pro rata contribution system in 2012, the new pensioners have benefits more related to contributions (unlike the income-based pensions especially before 2000/05) and are entitled to receive their benefits at an older age. There are still several problems to be solved which we described in detail in Report n. 6, such as: **a)** welfare expenditure runs the risk of going out of control also because of the excessive political competition that results in its consistent growth year after year (see the recent increase in the 14th month salary and the introduction of REI, but also the promised universal income and citizenship pensions) without, however, harmonizing the access rules currently in force and introducing effective forms of control through the creation of a *central welfare registry*, which has never been set up, but which could lead to a better allocation of resources and to structural savings of about 5 billion euros per year; **b)** more stringent and effective controls against tax and social security evasion, as is the case in many European countries, where, beyond a certain age, those who do not state any income and do not pay contributions and taxes are controlled.

In 2019, the requirements in terms retirement age and contribution seniority will become more stringent as provided for under the Monti-Fornero Reform (the so-called "automatic expenditure stabilisers" - retirement age related to life expectancy and adjustment of transformation coefficients) (it is the first two-year step); it will be possible to retire with 67 years of age or with 43 years and 3 months of contribution seniority (one year less for women).

⁸ ISTAT: Flash statistics "Employed and unemployed – provisional data –September 2018" – historical series.

Starting from 2020/21, the so-called "*pure income based pensioners*", i.e. those that had more than 18 years of contribution on 31/12/1995, today can be defined as "*semi pure*", will disappear with a contribution-based pension share of around **20%** (one fifth of the benefits); in fact, since 1/1/2012 they have passed to the pro-rata contribution calculation method. As of this date, the "mixed" subjects will start to retire, that is subjects with less than 18 years of contributions on 31/12/95, starting from those with about 17 years; for these pensioners, the share the *contribution-based benefits* will be equal to about **60%**, which will gradually increase from year to year. This group of workers will disappear by around 2036/37 with **99%** of their pension entirely *calculated* with the *contribution system* for the last bracket. The would-be pure contribution-based pensioners (starting from 1/1/1996) will accrue their first retirement requirements as of 2036 (*Figure 9.1*).

****Possible impacts of the revision of the Monti-Fornero Law: the 100 quota option and other measures***

The 2019 Budget Law and the 2019/21 EFD have envisaged the following interventions on the pension system: **a)** the introduction of the *quota 100 system*, that is the sum of 62 + 38, which may be fixed, hence very expensive, or temporary and increased by at least one point every two years (therefore 101 quota as of 2021, 102 quota as of 2023 and so on until 3 years in advance with respect to the statutory retirement age); **b)** the minimum contribution seniority to retire will be fixed and not adjusted at 42 years and 10 months for men and 1 year less for women. **c)** flexible retirement criteria for female workers (resumption of the *women's option* for workers who are 58 years of age on 31/12/2018, 59 years old for self-employed workers, and have 35 years of contributions) and for *early workers* (the provisions of the 2017 Budget Law are maintained, which allow the subjects who worked at least 1 year before reaching 19 years of age to retire with only 41 years of contributions; **d)** probable maintenance of Social APE and of the so-called heavy jobs, introduced by the Gentiloni Government and expired on 31/12/2018, also for 2019 with an estimated cost of about 1 billion euros; finally, changes to the retirement requirements for young subjects with the pure contribution-based system which, however, will not have a significant impact and progressive effect from 2033/36 onwards.

All this may interrupt the ongoing reduction in the number of pensions in order to reach an active workers/pensioners ratio of 1.5% and lead to an increase in expenditure in the following 5/6 years even if, the 100 quota is a voluntary option and therefore the requirements described above under the Monti - Fornero Law remain in force as well as the adjustment of the retirement age to life expectancy.

In the absence of precise rules (which may be included in a Bill), we have produced two estimates:

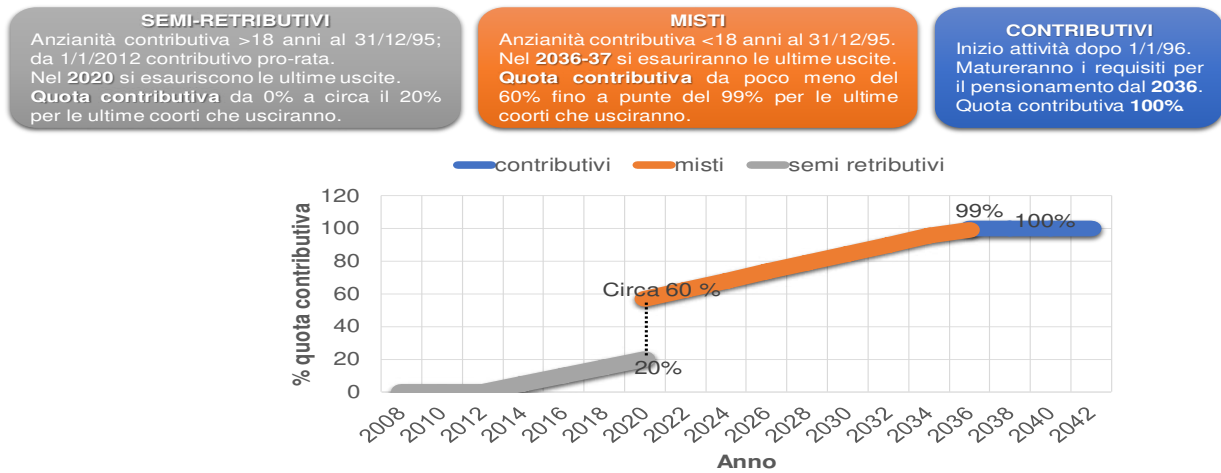
1) the first one based on the temporary and progressive nature of the 100 quota option with the recalculation of benefits with the contribution method, with no more than 2/3 years of notional contributions and with the women's option, early workers and social APE for 2019 and subsequently the progressive introduction of only the 101/102/104 options and the intervention of the "solidarity funds" to replace the 100 quota and APE. In this case, according to the **2019** estimates (with the average pension value of 25,000 euros per year) there will be about **225,000** new pensioners (added to the normal annual flow) who are expected to be reabsorbed over the next 5 years; considering the exit windows that in fact should reduce the average cost to 6 months, the cost would be around **2.3**

billion euros to be added to 1 billion euros' worth of Social APE and 1.5 billion euros' worth for other options; in **2020**, there will be another 50,000; so, the total number of new pensioners is expected to reach 225,000, net of those with 66 years of age the previous year who therefore belong to the ordinary category of pensioners in terms of number and costs and net of the subjects who were due to retire in 2020 but who has already left in 2019, with a cost of about **6 billion**. For the years **2021/22/23**, new flows of about **25,000** pensioners are expected per year (net of those who become eligible under the legal requirements and of the new flows of the ones who were due to retire in the last few years but have already done so); however, the majority of potential recipients will have over 60% of their pension calculated with the contribution-based system, for an additional cost of about **0.6 billion** per year. **So, the financial impact may be equal to 4.8 billion for 2019, to 6 billion for 2020, to 6.6 in 2021, to 7.2 in 2022, to 7.8 in 2023, to 6.3 in 2024, to 4.8 in 2025, to 3.5 in 2026, to 2 in 2027 and to 1.2 in 2028**). As can be seen, as of **2024**, there will be a gradual resorption of the number of new pensioners who, at the same time, are expected to meet the age and contribution seniority requirements and hence fall within the normal cost range (only a small advance option will remain).

2) the second one is the most widely flaunted by the parties but the least likely due to the financial markets, the opposition of the EU Commission, the negative opinion of the IMF and of the rating agencies and above all to the economic slowdown and a GDP growth rate of no more than 1.1% which would lead to a deficit/GDP ratio above 3%; this estimate envisages this measure as a “structural” reform with the cost indicated in *Figures 9.12* and *9.13*. Applying 4 annual exit windows, the **financial impact may be equal to 6 billion for 2019, to 9.2 billion for 2020, to 10.8 billion in 2021, to 12.2 billion in 2022, to 13.8 billion in 2023, to 12.3 billion in 2024, to 10.8 billion in 2025, to 9.5 billion in 2026, to 9 billion in 2027 and to 8 billion in 2028**.

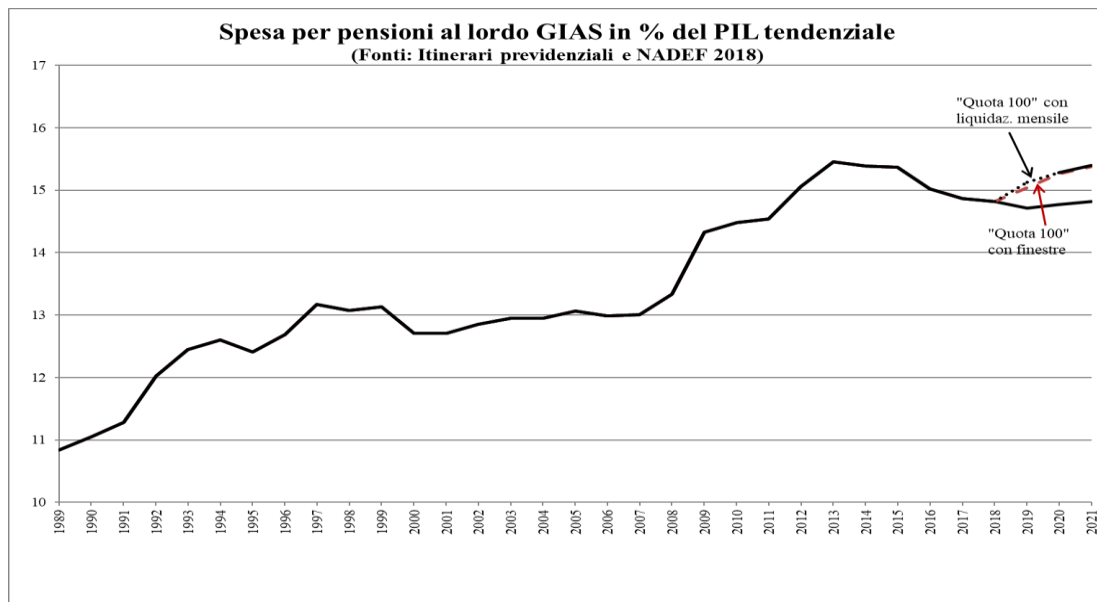
Between 2019 and 2021, the bulk of the beneficiaries of this option will be subjects who expect to retire with an *income-based pension system* (those over 18 years of age on 31/12/95) and who are not subject to reductions due to the calculation of contributions; instead, from 2022 onwards, the bulk of the expenses for early retirement (more than 70%) will be related to individuals with at least **60%** of their benefits calculated with the *contribution-based method*, (which means the application of transformation coefficients and thus a reduction in benefits by more than 12% for the subjects of 62 years of age who are willing to take this option, without taking into account the increase in their benefits related to the contributions to be paid in the following 5 years (*Figure 9.1*).

Figure 9.1 – Retirement periods for the three groups and percentage of contribution-based benefits



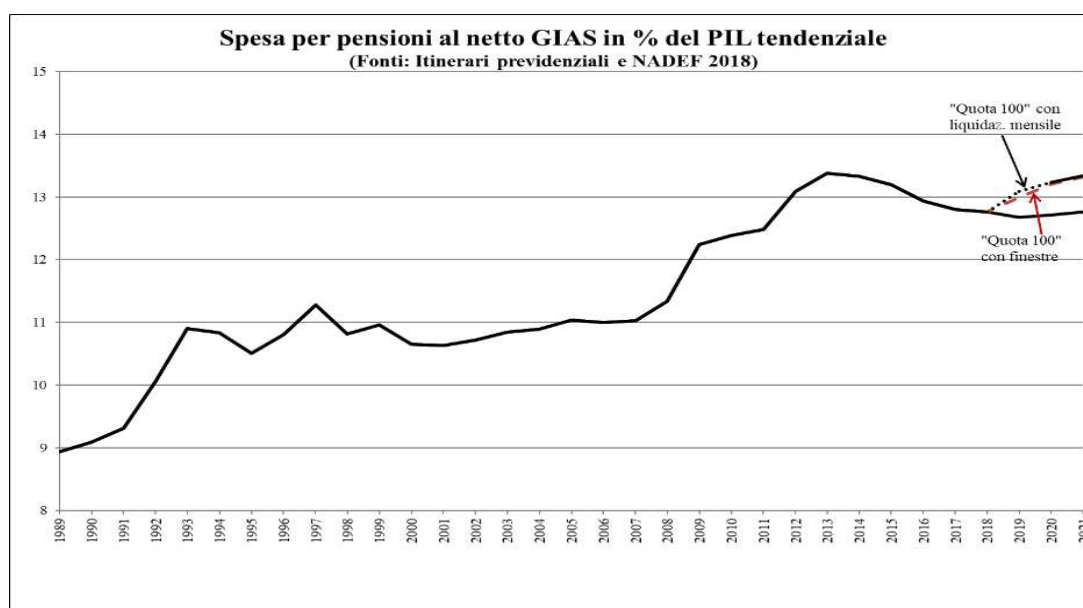
Semi-income based system: Length of contributions > 18 on 31/12/95; as of 1/1/2012 pro-rata system. In 2020, the last subjects will retire. Share with the contribution-based system from 0% to about 20% for the last cohorts who retire. **Mixed system:** Length of contributions < 18 on 31/1/95. In 2036-37, the last subjects will retire. Share of the pension calculated with the contribution-based system from slightly less than 60% up to 90% for the last cohorts who retire; Contribution-based system: Start of the working life after 1/1/96. These subjects will become eligible to retire as of 2036. Share of the pension calculated with the contribution-based system: 100

Figure 9.2 – Pension expenditure before GIAS as % of GDP



Pension expenditure before GIAS as a % of GDP Sources: Itinerari Previdenziali and NADEF, 2018; 100 Quota option with exit windows; paid on a monthly basis

Figure 9.3 - Pension expenditure after of GIAS as a % of GDP

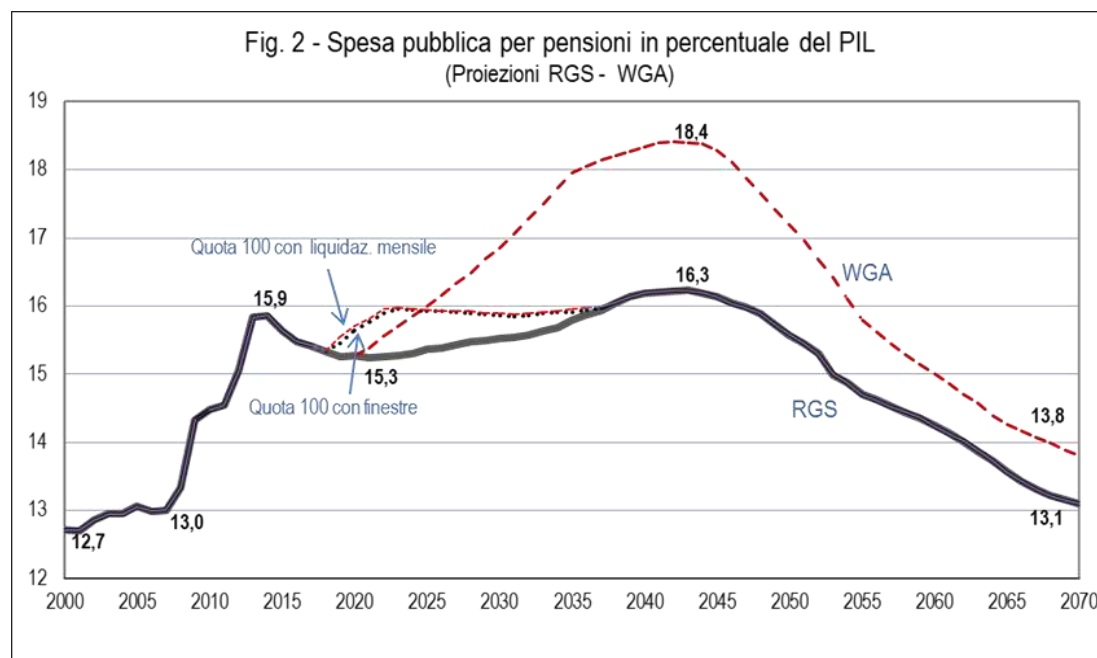


Pension expenditure net of GIAS as a % of GDP Sources: Itinerari Previdenziali and NADEF, 2018 100 Quota option with exit windows; paid on a monthly basis

9.6 Medium-term outlook of pension expenditure

Figure 9.4 shows the RGS projections on the basis of NA.DEF 2018 and of WGA (Working Group on Ageing Populations and Sustainability), that show major discrepancies⁹.

Figure 9.4 - Pension expenditure before GIAS transfers as % of GDP (RGS and WGA UE projections)



Public pension expenditure as % of GDP (RGS-WGA projections); 100 Quota option with exit windows; paid on a monthly basis

⁹ As to the **medium and long-term trends of pension expenditure**, see the conclusions in chapter 9 of Report n. 6 of 2016, presented in February 2018.

The latest update of RGS, which obviously does not take into account the above-mentioned changes to the Fornero Law, states that, on the basis of the projections obtained with the MEF-RGS model (...), since 2014, the pension expenditure/GDP has started declining and then it has become stabilized for over 15 years. This trend is mainly attributable to the gradual process of raising the minimum retirement requirements and the simultaneous application of the system for calculating contributions on a pro rata basis (...). Over the subsequent fifteen years (2030-2044), the ratio of pension expenditure to GDP will increase again as a result of the increase in the number of pensions. This upward trend is due to the baby boomers who shift from the active phase to retirement and to the progressive increase in life expectancy. This latter effect is counteracted by the higher minimum retirement age requirements related to the evolution of survival, which apply to both mixed and contribution-based schemes".¹⁰

The following observations should be made on the RGS forecasts: **1)** expenditure as a percentage of GDP refers to total expenditure including GIAS transfers (and therefore all welfare measures that do not include the supplementary minimum benefits and the GIAS transfers to the fund of public employees that together are worth about one point of GDP); net of GIAS transfer, this expenditure is below 2 points of GDP, that goes to 3 with the supplementary minimum benefits and GIAS for the PA. It is not just an accounting issue because welfare expenditure has never been reformed but it has always been inflated to make up for the reductions in pure pension expenditure produced by the reforms. **2)** Considering the retirement flows of the last 10 years, it is more than likely that all the so-called "baby boomers" (born between 1946 and 1965) will have retired by 2030 so the "hump" highlighted between 2030 and 2045 is not likely to occur and expenditure is expected to remain at around 15.5% of GDP before welfare benefits.

The red dotted line in **Figure 9.4** shows the projections of the Working Group on Ageing (WGA), an ad hoc group that works on projections and comparisons among countries within the framework of the Economic Policy Committee of the European Commission; by adopting some modifications regarding population trends, productivity and employment, it illustrates a pattern with a higher pension expenditure/ GDP ratio¹¹. Compared to the (EUROPOP 2013) projections, EUROSTAT assumed a sharp contraction in the net flow of immigrants in line with ISTAT base 2016. For the first 25 years of the forecast period, the average annual flows go from 360,000 to an average annual flow of less than 190,000, with a contraction of more than 47%. Also as a result of the drop in the fertility rate, by 2060 (the final year of the previous projection), the population decreases by more than 9 million and the elderly dependency ratio increases by more than 8%.

The revision of the hypotheses in the scenario, which is mainly relevant for productivity but also significant in terms of migration flows and employment rates, entails a substantial reduction in the growth prospects for Italy. On the basis of the assumptions of the RGS model, the average annual

¹⁰ Cfr. MEF – RGS, The medium and long term trends of the social security system. Projections processed on the basis of the RGS models updated to 2018, Rome, July 2018, pp. 55-56.

¹¹ The variables of the macroeconomic scenario were processed by the Commission on the basis of the EPC choices and decisions, which, inter alia, envisaged the use of the methodology defined by the OGWG (Output Gap Working Group) for productivity and unemployment rate estimates, and the use of a cohort simulation model developed by the WGA for activity rates.

variation rate of GDP over the entire projection period goes from around **1.4%** in the previous round in 2015, i.e. close to the EU average, to just above **1.2%**.

In the EPC-WGA model, the annual average variation rate even goes down to **0.9%**, i.e. about half of the growth expected for the EU on average in the updated scenarios for the next comparison round on the age-related expenditure. It should be noted that the gap in the average GDP growth rates of the two projections mainly originates in the 2020-2040 period, in which the variation rates projected by the WGA amount to about one third of those calculated in the RGS model; instead, after 2040 and until the end of the projection, the growth envisaged in the two models is again aligned, with even a slight better pattern in the EPC-WGA model. This particular rate of increase in productivity (0.6% per year on average until 2040 and 1.6%, per year on average from 2040 to 2070) and the above-mentioned employment rate trends are reflected in the time profiles of real GDP. While the RGS model shows a relatively constant progression after the post-crisis recovery, in the EPC-WGA projection, GDP growth remains fairly flat until 2040 and then accelerates in line with the RGS patterns, i.e. with similar variation rates but still with the gap created in the first twenty years of the projection. These assumptions are clearly unacceptable for Italy because it would be fully affected by the ageing of the population without any advantage in terms of consumption (silver economy), employment and drastic reduction of unemployment. Finally, **Figure 9.3** shows the increase in expenditure for the hypothetical 100 quota option under our estimate number 2 between 2019 and 2029.

All the new provisions updated at the end of 2018 are reported in Appendix 1, with comments and insights.

Main statistical tables

Table 1a - Contribution revenues, pension expenditure and welfare supplementary benefits (millions of euros)
(1)

Tab. 1a - 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	2017
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	123.792
- 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	120.124
- 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	3.668
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	38.283
- 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	68.700
- 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	-30.417
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	19.401
- 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	21.397
- 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	-1.996
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	1.272
- 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	3.969
- 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	-2.697
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	8.236
- 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	4.476
- 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	3.760
5. Fondo clero																	
- contributi	28	29	30	30	30	30	31	31	32	32	31	33	33	33	31	31	31
- prestazioni	77	83	82	85	90	89	93	96	99	99	99	100	103	102	102	100	97
- saldi	-50	-54	-52	-55	-60	-59	-62	-65	-67	-66	-68	-67	-70	-69	-70	-69	-66
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	7.654
- prestazioni	5	17	22	44	71	116	174	236	302	385	457	467	554	625	711	806	866
- 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	6.788
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	1.172
- prestazioni	863	896	923	962	984	1.016	1.016	1.013	1.025	1.027	1.085	1.104	1.137	1.165	1.198	1.211	1.215
- saldi	-217	-257	-278	-217	-185	-157	-155	-144	-188	-136	-193	-167	-115	-96	-88	-49	-42
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	199.842
- 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	220.843
- 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	-21.001
Quota Gias per le gestioni pensionistiche (4) (5)	26.891	28.677	29.280	29.816	30.100	31.763	31.766	32.626	32.782	33.773	33.705	31.780	33.292	33.356	36.045	35.228	35.582
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	256.425
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	14,94
- 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	12,87

(1) Si tratta di pensioni previdenziali; sono quindi escluse le pensioni assistenziali (assegni e pensioni sociali, pensioni di guerra, pensioni di invalidità civile e di indennità di accompagnamento) e le prestazioni assistenziali (quattordicesima mensilità, maggiorazioni sociali varie, social card) nonché le pensioni indennitarie erogate dall'INAIL. Le entrate contributive delle gestioni previdenziali comprendono l'ammontare dei trasferimenti dallo stato (GIAS) dalla GPT (Gestione prestazioni temporanee) e dalle regioni (cifre minime) per coperture figurative, sgravi e agevolazioni contributive che per il 2011 ammontano a 15.613 milioni di euro, per il 2012 a 18.085 milioni di euro in crescita rispetto ai precedenti anni, per il 2013 a 17.453 milioni, per il 2014 a 16.791, per il 2015 a 15.032,36 milioni, per il 2016 a 15.276,60 milioni e per il 2017 a 14.362,88 (per dettaglio vedasi nel testo). La spesa per prestazioni è al netto dei trasferimenti a carico dello Stato (Gias) o di altre gestioni.

(2) E' escluso il contributo aggiuntivo a carico dello Stato previsto dalla L.335/95, che riguarda prevalentemente la Cassa pensioni dei dipendenti statali, pari a 44 mln. nel 1995, 4.719 mln. nel 1996, 5.538 mln. nel 1997, 6.876 mln. nel 1998, 8.227 mln. nel 1999, 8.724 mln. nel 2000, 8.671 mln. nel 2001, 9.153 mln. nel 2002, 8.789 mln. nel 2003, 8.833 mln. nel 2004, 8.447 mln. nel 2005, 9.147 mln. nel 2006, 10.089 mln. nel 2007, 8.523 nel 2008, 9.104 nel 2009, 9.700 nel 2010, 10.350 nel 2011, 10.500 nel 2012, 10.600 nel 2013, 10.800 nel 2014, 10.800 nel 2015, 10.800 nel 2016 e 10.800 milioni nel 2017.

(3) Nel 2017 le prestazioni erogate ai dipendenti pubblici ammontano a 68.700 mln di cui 9.613,18 mln sono erogati a carico della GIAS, ex art. 2, comma 4, della legge n. 183/2011. Per coerenza con la serie storica dei precedenti esercizi, le prestazioni 2016 includono quindi 9.613,18 mln di euro di GIAS (quota che in passato era posta di fatto a carico dello Stato e che nella nuova gestione INPS viene classificata come GIAS). Pertanto l'importo effettivo delle prestazioni a carico della gestione ammonta a 59.086,82 milioni di euro.

(4) Il dato complessivo della GIAS per prestazioni pensionistiche (35.582 milioni di euro) va integrato con l'ammontare della quota GIAS di cui alla nota 3, per cui il valore totale della GIAS risulta di 45.195,18 milioni di euro (35.582 + 9.613,18).

(5) I principali interventi della GIAS (Gestione per gli interventi assistenziali), riguardano prevalentemente i prepensionamenti, la "quota parte" stabilita dall'art. 37 della legge 88/89, le pensioni di annata e le pensioni di invalidità anteriori alla legge 222/84. Quest'ultima voce fa seguito al nuovo riparto tra spesa previdenziale ed assistenziale stabilito dalla legge 449/97, art.59. I dati disaggregati GIAS sono analizzati nel presente rapporto al capitolo 2.

(a)) la voce "Lavoratori dipendenti privati" comprende gli iscritti a: FPLD, ENPAIS, IPOST, INPGI Sostitutiva e tutti i Fondi Speciali di cui alla tabella B28 e B29, esclusi gli iscritti al Fondo Clero .

(b) la voce comprende tutte le Casse di cui ai D.Lgs. 509/94 e 103/96, ad esclusione di INPGI Sostitutiva e ENASARCO (vedasi tab 1.b, 1.c, 1.d), non comprende altresì le gestioni FASC (Fondo Agenti Spedizionieri e Corrieri), ENPAIA (Ente Nazionale Previdenza per gli Addetti e gli Impiegati in Agricoltura) ed ONAOSI (Opera Nazionale Assistenza Orfani Medici Sanitari Italiani).

(c) la gestione è stata istituita a partire dal marzo 1996.

(d) Il Totale Integrativi comprende i Fondi Integrativi INPS (Fondo Gas, Fondo Esattoriali, Fondo Addetti alle Miniere, Fondo Enti Disciolti e Fondo per il personale del consorzio autonomo del porto di Genova e dell'ente autonomo del porto di Trieste) e i Fondi Integrativi delle Casse 509 (Fondazione Enpaia, Fase ed Enasarco).

(e) i dati relativi agli anni precedenti possono aver subito piccole variazioni dovute ad assestamenti dei bilanci successivi.

1. Private sector employees (a): contributions, benefits, balance; 2. Public sector employees: contributions (2), benefits (3), balance; 3. Self-employed workers; 3.1 Artisans and Retailers: 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 (ENAPIA, FASC and ENASARCO).

Table 2.a - Revenues/expenditure balance and its weight on pension expenditure (1)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	3,05
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	-44,27
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	-9,33
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	-67,95
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	84,02
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	-68,25
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	784,09
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	-3,49
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	-9,51

(1) Vedasi note in tab.1.a

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	103,05
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	55,73
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	90,67
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	32,05
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	184,02
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	31,75
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	884,09
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	96,51
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	90,49

(1) Vedasi note in tab.1.a

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 7a - Former Special Funds - pension revenues and expenditure (absolute and % figures)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	2.230	2.202	2.174
% 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%	-1,3%
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	1.203
% 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%	-0,9%
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	2.535
% 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%	1,3%
Entrate Previdenziali (mln)	1.502	1.463	746	616	688	636	588	715	612	609	650	573	566	550	508	614	474
% 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%	-22,8%
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	1.894
% di variazione	8,0%	5,3%	6,4%	8,5%	6,4%	5,4%	5,5%	4,9%	4,0%	1,7%	1,3%	1,3%	1,4%	2,2%	0,8%	-0,2%	-0,7%
Entrate Previdenziali (mln)	852	848	773	787	785	802	791	746	739	736	688	684	567	606	590	593	565
% 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%	-4,7%
Impdai																	
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	5.566
% 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%	-0,1%
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	1.538
% 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%	-2,7%

Franche il fondo Trasporti per tutti gli altri fondi speciali le contribuzioni dei nuovi assunti a decorrere dall'anno di incorporazione nel FPLD (Impdai 2003, Elettrici 2002, Telefonici 2000) 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; INPDAl: benefit expenditure (millions), % variation; Except for the

Transportation Fund, for all the other special funds, since the merger into FPLD (INPDAl 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 CONTRIBUENTI																
Lavoratori dipendenti privati	12.518.733	12.719.822	12.847.140	12.896.698	12.984.240	13.070.300	13.307.817	13.443.003	13.289.751	13.101.546	13.678.610	13.670.958	13.460.007	13.436.733	14.169.127	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	1.661.027
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
Coltivi diretti, coloni e mezzadri	623.508	599.413	576.006	553.259	535.574	519.094	500.263	486.450	477.016	469.940	463.300	459.760	457.261	453.108	448.409	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 dero	20.790	20.800	20.800	20.800	19.950	19.630	19.910	19.960	19.730	19.980	19.510	19.590	19.420	18.896	17.997	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	2.559.499	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
Coltivi 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 dero	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	150.455	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	6.539,42	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	11.665,66	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	4.677,77	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	4.209,93	4.412,48	4.489,09	4.641,33	4.714,50	4.929,38
Coltivi 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	7.066,72	7.066,72	6.950,94
Fondo dero	1.332,61	1.373,85	1.423,08	1.445,38	1.492,83	1.513,14	1.557,46	1.549,90	1.610,04	1.575,48	1.609,57	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	3.361,59
PENSIONE MEDIA (€) (1)																
Lavoratori dipendenti privati	9.018,15	9.415,54	9.808,20	10.185,77	10.500,36	10.832,78	11.203,07	11.567,57	12.116,53	12.359,60	12.666,08	12.887,35	13.399,84	13.686,06	13.993,36	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	21.848,94	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	10.031,82	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	8.832,46	9.142,58	9.534,55	9.796,51	10.147,93	10.362,19	10.568,00	10.730,64
Coltivi 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	6.999,95	7.031,81	7.155,81	7.580,53	7.730,75	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	9.986,34	10.357,26	10.707,38	10.377,47	10.888,48	11.056,89	11.435,67	11.483,89	11.519,46	11.578,52
di cui Medici	6.069,28	6.184,02	6.250,42	6.430,42	6.440,97	6.319,37	6.305,34	6.527,86	6.628,33	5.653,15	6.649,63	6.700,89	6.936,27	6.980,12	7.010,02	7.140,30
Fondo dero	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	6.524,79	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 SSN, SSN, Istituto Nazionale di Assicurazione, Istituto Geminelli, Enple, Enple, Bor																

(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 Gromalisti, Enpals, Ipost. Per dettaglio vedasi Tab. B28a.

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; (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 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 CONTRIBUENTI (1)																
<i>Lavoratori dipendenti privati</i>	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
<i>Lavoratori dipendenti pubblici</i>	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
<i>Artigiani</i>	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
<i>Commercianti</i>	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
<i>Coltiv.diretti, coloni e mezzadri</i>	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
<i>Liberi professionisti</i>	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
<i>di cui Medici</i>	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
<i>Fondo clero</i>	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
<i>Lavoratori Parasubordinati</i>	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
<i>Totale Integrativi</i>	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																
<i>Lavoratori dipendenti privati</i>	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
<i>Lavoratori dipendenti pubblici</i>	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
<i>Artigiani</i>	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
<i>Commercianti</i>	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
<i>Coltiv.diretti, coloni e mezzadri</i>	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
<i>Liberi professionisti</i>	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
<i>di cui Medici</i>	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
<i>Fondo clero</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Lavoratori Parasubordinati</i>	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
<i>Totale Integrativi</i>	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)																
<i>Lavoratori dipendenti privati</i>	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
<i>Lavoratori dipendenti pubblici</i>	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
<i>Artigiani</i>	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
<i>Commercianti</i>	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
<i>Coltiv.diretti, coloni e mezzadri</i>	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
<i>Liberi professionisti</i>	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
<i>di cui Medici</i>	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
<i>Fondo clero</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Lavoratori Parasubordinati</i>	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
<i>Totale Integrativi</i>	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.																

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 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			
2016		numero di pensioni	pensione media	spesa al netto trasferimenti (1)	numero di contribuenti	contributo medio	redditi e proventi patrimoniali	contributi e trasferimenti (2)
		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
Dipendenti privati INPS		9.014,36	14,36	115.799,48	13.492,72	7,72	0,66	118.246,00
	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
Altri Fondi Dip. Privati		67,23	21,19	1.363,95	162,82	9,34	83,43	1.545,34
	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
Fondi ex Aziende Autonome		145,13	18,06	1.810,49	143,05	9,77	0,14	1.401,67
	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
Autonomi INPS		4.641,68	10,49	25.490,24	4.259,75	4,71	0,79	20.417,91
	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
Liberi Professionisti		366,36	11,58	4.301,83	1.295,71	6,10	1.390,42	7.996,15
	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 contributi	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
<i>Dipendenti privati INPS</i>	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
<i>Altri Fondi Dip. Privati</i>	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
<i>Fondi ex Aziende Autonome</i>	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
<i>Autonomi INPS</i>	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
<i>Liberi Professionisti</i>	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 INPDAI) confluiti in FPLD con contabilità separate. Tuttavia dalla data di confluenza nel FPLD i nuovi iscritti e i relativi contributi sono contabilizzati nel FPLD e non nelle contabilità separate.

Year - Benefit/contribution 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 INPDAI) 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 B29a - Benefits and contributions of the compulsory pension system (in absolute terms)

Tabella B.29.a - Prestazioni e contributi del sistema pensionistico obbligatorio (valori assoluti)							
Anno	numero di pensioni	uscite		numero di contribuenti	entrate		
2017		pensione media	spesa al netto trasferimenti (1)		contributo medio	redditi e proventi patrimoniali	contributi e trasferimenti (2)
	mgl	mgl €	mln €	mgl	mgl €	mln €	mln €
Dipendenti Privati	9.093,95	14,74	120.123,89	14.260,88	7,73	25,77	123.792,00
<i>Dipendenti privati INPS</i>	<i>8.879,28</i>	<i>14,63</i>	<i>116.894,30</i>	<i>13.951,73</i>	<i>7,68</i>	<i>0,53</i>	<i>120.759,02</i>
Fondo Pensioni Lavoratori Dip.	8.243,93	13,35	99.535,71	13.694,00	7,51	0,53	116.218,30
Fondo Trasporti	102,25	21,60	2.174,48	101,90	10,65	-	1.203,22
Fondo Telefonici	74,70	26,36	1.894,25	45,10	12,49	-	565,13
Fondo Elettrici	98,09	26,59	2.534,65	27,67	16,90	-	474,18
Fondo Volo	7,21	45,24	306,59	11,58	8,81	-	144,59
Fondo Imposte di consumo	7,47	18,04	132,30	-	-	-	0,02
Fondo Enti Pubblici Creditizi (4)	-	13,50	-	-	-	-	-
Dipendenti delle FFSS	215,52	22,40	4.750,23	43,29	14,23	-	615,74
Istituto Dirigenti di Azienda	129,13	50,83	5.566,09	28,20	54,31	0,00	1.537,83
<i>Altri Fondi Dip. Privati</i>	<i>67,71</i>	<i>21,28</i>	<i>1.395,18</i>	<i>167,98</i>	<i>9,37</i>	<i>25,24</i>	<i>1.595,55</i>
Istituto Giornalisti	9,40	51,69	513,44	15,01	24,04	19,35	360,88
Ente Lavoratori Spettacolo	58,32	16,38	881,74	152,97	7,93	5,89	1.234,61
<i>Fondi ex Aziende Autonome</i>	<i>146,96</i>	<i>18,20</i>	<i>1.834,41</i>	<i>141,17</i>	<i>10,16</i>	-	<i>1.437,43</i>
Dipendenti delle Poste e Tel.	146,96	18,20	1.834,41	141,17	10,16	-	1.437,43
Dipendenti Pubblici	2.875,42	24,17	68.700,35	3.272,20	11,70	3,37	38.283,36
Cassa Dipendenti Enti Locali	1.085,18	19,92	21.367,51	1.197,00	10,09	0,00	12.075,55
Cassa Insegnanti di Asilo	15,77	18,17	282,42	25,20	7,78	-	196,15
Cassa Sanitari	75,10	58,23	4.211,89	117,00	27,42	3,37	3.208,44
Cassa Ufficiali Giudiziari	3,01	19,90	58,62	4,00	11,86	-	47,45
Dipendenti dello Stato	1.696,37	25,44	42.779,91	1.929,00	11,80	0,00	22.755,77
Autonomi e Professionisti	4.950,68	10,73	29.841,77	5.512,94	5,18	1.349,86	28.909,25
<i>Autonomi INPS</i>	<i>4.569,21</i>	<i>10,66</i>	<i>25.366,06</i>	<i>4.209,09</i>	<i>4,84</i>	<i>0,28</i>	<i>20.673,15</i>
Fondo Artigiani	1.686,50	11,82	11.708,26	1.631,89	5,14	0,02	8.495,14
Fondo Commercialisti	1.400,89	10,94	9.688,63	2.131,90	5,06	0,23	10.905,86
Fondo CDCM (3)	1.441,35	8,04	3.969,17	445,30	2,73	0,03	1.272,16
<i>Liberi Professionisti</i>	<i>381,47</i>	<i>11,52</i>	<i>4.475,71</i>	<i>1.303,85</i>	<i>6,25</i>	<i>1.349,57</i>	<i>8.236,10</i>
Casse priv. 509 (escluso ENPAM)	156,61	18,24	2.911,88	747,26	6,74	902,74	5.126,44
ENPAM	209,11	7,21	1.520,81	363,67	7,28	330,44	2.648,44
Casse priv. 103	15,91	2,70	43,02	192,92	2,39	116,39	461,22
Fondo Clero	12,93	8,14	96,50	17,85	1,72	-	30,64
Gestione Parasubordinati	419,43	2,40	865,78	1.247,00	6,03	115,62	7.654,23
Totale Integrativi	159,50	7,40	1.214,54	319,27	3,64	153,65	1.172,19
Sistema Pens. Obblig. di Base	17.511,91	14,86	220.842,83	24.630,15	7,54	1.648,27	199.841,67

(1) a carico dello Stato o altre gestioni (prevalentemente Gias pari a 25.939,16 milioni per FPLD; 47,89 milioni per il Fondo Trasporti; 89,08 milioni per il Fondo Telefonici; 65,95 milioni per il Fondo Elettrici; 21,49 per il Fondo Volo; 4,70 per il Fondo Imposte di Consumo; 73,67 per il Fondo Dipendenti delle FFSS; 138,84 per l'Istituto Dirigenti di Azienda; 81,51 per ENPALS; 833,60 per il Fondo IPOST; 2.564,04 per il Fondo Artigiani; 1.472,44 per il Fondo Commercialisti; 4.100,68 per il fondo CDCM; 10,05 per il Fondo Clero; 126,98 per la Gestione Parasubordinati; 11,87 per i Fondi Integrativi INPS). Per i soli Dipendenti Pubblici la spesa di 68.700 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, 25 per il 2016 e 34 per il 2017.

(3) nel numero delle pensioni, 1.441.353, sono comprese 262.466 pensioni ante 1/1/1989 in carico alla GIAS, mentre nell'importo di 3.969,16 milioni non sono compresi 1.466 milioni contabilizzati nella GIAS.

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

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 INPDAI) 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 B29b - Benefits and contributions of the compulsory pension system (in %)

**Tabella B.29.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)
	2017							
Dipendenti Privati		133,81	97,04	34,80	63,77	152,17	54,57	0,02
Dipendenti privati INPS		133,70	96,80	34,74	63,64	152,10	54,59	0,00
	Fondo Pensioni Lavoratori Dip.	122,06	85,65	30,78	60,20	142,27	51,13	0,00
	Fondo Trasporti	204,83	180,72	65,57	100,34	180,10	65,35	-
	Fondo Telefonici	351,96	335,19	111,29	165,63	202,38	67,19	-
	Fondo Elettrici	556,15	534,53	173,57	354,51	150,78	48,96	-
	Fondo Volo	321,60	212,04	133,64	62,26	340,58	214,65	-
	Fondo Imposte di consumo	818.733,06	790.644,55	-	-	-	-	-
	Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
	Dipendenti delle FFSS	783,43	771,46	256,07	497,90	154,94	51,43	-
	Istituto Dirigenti di Azienda	372,47	361,94	122,06	457,90	79,04	26,66	0,00
Altri Fondi Dip. Privati		93,82	87,44	29,81	40,31	216,92	73,95	1,58
	Istituto Giornalisti	142,28	142,28	51,29	62,61	227,25	81,93	5,36
	Ente Lavoratori Spettacolo	79,40	71,42	23,96	38,12	187,34	62,86	0,48
Fondi ex Aziende Autonome		186,09	127,62	45,55	104,10	122,59	43,75	-
	Dipendenti delle Poste e Tel.	186,09	127,62	45,55	104,10	122,59	43,75	-
Dipendenti Pubblici		179,45	179,29	59,37	87,87	204,03	67,56	0,01
	Cassa Dipendenti Enti Locali	176,95	176,74	58,20	90,66	194,96	64,20	0,00
	Cassa Insegnanti di Asilo	143,98	143,86	47,21	62,57	229,93	75,46	-
	Cassa Sanitari	131,28	130,84	43,61	64,19	203,83	67,94	0,10
	Cassa Ufficiali Giudiziari	123,53	123,51	40,45	75,18	164,30	53,81	-
	Dipendenti dello Stato	188,00	187,92	62,36	87,94	213,69	70,92	0,00
Autonomi e Professionisti		133,07	103,23	23,02	84,25	122,52	27,33	4,67
Autonomi INPS		164,29	122,70	29,63	101,29	121,14	29,25	0,00
	Fondo Artigiani	170,31	137,82	32,96	103,35	133,36	31,89	0,00
	Fondo Commercianti	103,37	88,84	21,29	65,71	135,20	32,40	0,00
	Fondo CDCM	664,43	312,00	86,31	323,68	96,39	26,67	0,00
Liberi Professionisti		54,94	54,34	10,17	29,26	185,74	34,77	16,39
	Casse priv. 509 (escluso ENPAM)	57,81	56,80	10,76	20,96	271,03	51,35	17,61
	ENPAM	57,42	57,42	10,83	57,50	99,86	18,83	12,48
	Casse priv. 103	9,33	9,33	1,49	8,25	113,13	18,05	25,24
Fondo Clero		347,74	314,95	-	72,44	434,80	-	0,14
Gestione Parasubordinati		13,20	11,31	3,26	33,64	-	9,68	1,51
Totale Integrativi		105,63	103,61	14,83	49,96	207,41	29,69	13,11
Sistema Pens. Obblig. di Base		138,08	110,49	35,32	69,86	158,17	50,56	0,82

(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.

Appendix 1

A summary of the main revision and reform measures of the pension system from 1992 to 2017; retirement requirements under the current regulation

a) Amato reform (Legislative Decree n. 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 n. 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 n. 537/1993 and n.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 n. 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 the so-called quarterly exit windows; 4) more stringent income requirements for supplementary minimum benefits.

e) Prodi - Dini reform (Act n. 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 n. 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) it 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) it 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, thus following the proposal by NUSVAP; 3) it 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 n. 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 1 January 2011, with a delay of 1 year for employees and of 1 year and a half 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 n. 111/2011, which amended Law Decree n. 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 n. 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 n. 214/2011**, which amended Law Decree n. 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 fulfil 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 n. 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 Euros per month) were not adjusted to inflation.
- **solidarity contribution** From January 1 2012 to December 31 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) which modified the Monti-Fornero Law 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 (old-age or early) 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 transposed 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.
-
- 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.
-
- 100% of ISTAT up to three times the INP 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 (n.208 /2015) established the following provisions:

- *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 (N. 232/2016)** introduced 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 premorence. 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 and 710 in 2018). The minimum duration of APE is 6 months. Under the 2018 Budget Law, n. 205/2017, par. 162, Voluntary APE was extended to 2019 (for further details on the features and calculation method of Voluntary APE see www.pensionelavoro.it).

Note: "In the political debate of late 2018, the prevailing approach to Voluntary APE is not to extend this measure after 2019 so as to channel all the available resources to more structured and protected retirement provisions."

- *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 subject 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.

- | |
|---|
| <ul style="list-style-type: none"> 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.

These conditions were then made less stringent for some of the above-mentioned categories from a) to d) under the amended Art 53, par. 1 of L.D. 53/2017, transposed into Act 96/2017, and under the 2018 Budget Law, n. 205/2017; it was necessary to introduce these changes after the first implementation of the new provisions on Social APE.

- **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 2018 Budget Law** envisages a **stable framework for RITA**, which is becoming a structural and no longer an experimental measure to be implemented from 01/05/2017 to 31/12/2018, adding its projections to the body of law (L. decree 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 professional schemes. The criterion for calculating the benefits obtained from the reconciliation facility does not apply the 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 of 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;

The new system applicable to early workers (the so-called Early APE) has been conceived as a stable system, unlike Social APE, that 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; 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 jobs* – Workers with so-called strenuous jobs or night shifts 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 13th month (13th 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 (reduction of the amount by 1% for each year of early retirement with respect to 62 years and 2% for each additional year of early retirement with respect to the first two) and were suspended until 2017 and finally repealed as of 2018.

Table of 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;
- those 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 "assembly 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.

The heavy work categories eligible for the Social APE are:

- 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 workers
- fishermen
- steelworkers (second melting)

NOTE:

In our opinion, these provisions go 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 Eighth Safeguard Measure: It was introduced by the 2017 Budget Law, n. 232/2016, for a target of 30,700 subjects, thus bringing the number of workers involved to over 200.000 (see **Table 2.3**).

This eighth safeguard follows the other previous seven designed to manage the issue of the so-called "esodati". After the introduction of more stringent retirement age requirements (up to 6 years) and length of contribution criteria introduced by the Monti-Fornero Law of 2011, a series of special situations occurred to the subjects, who had to be supported with these safeguard measures so as to be able to retire outside of the scope of the new provisions..

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 and 9,895 in 2018). The 2017 Budget Law increased this upper income limit from 1.5 times to 2 times the minimum pension (from 9,787 to 13,049 euros in 2017) with a significant increase in the number of entitled subjects.

- *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 the current legislation

Like most European countries, the Italian pension system essentially provides two channels for 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 10A2**), 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. Under the Monti-Fornero reform, by 2021, the minimum age requirement for old-age pensions was 67 for all workers, but the ISTAT statistics of October 2017 envisaged an increase of life expectancy by 5 months thus extending the minimum age requirement to **67 years**.

Early retirement (Table 10 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, with 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 2013¹, 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, paragraph 6, Act 335/1995, as amended by Act 247/2007) which takes place every **two years** starting from 2019 for reasons of consistency.

NOTE:

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 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.

¹ 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, OJ 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.

Table 10 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 (no longer applicable) 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	

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 ISTA 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 10 A2 – Evolution of retirement age

<i>Retirement age</i>	<i>Age</i>		
<i>Years</i>	<i>Private sector employees</i>	<i>Public sector employees</i>	<i>Self-employed workers</i>
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 (no longer applicable) 67 years M and F	66 and 11 months M and F (no longer applicable) 67 years M and F	66 and 11 months M and F (no longer applicable) 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 figures 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).

Corporate welfare - The main innovations in terms of corporate welfare mainly concern two areas: tax incentives for **productivity bonuses** with a 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 if workers are involved in the organization of their companies. This limit is still applicable only for contracts prior to April 24, 2017; 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-sufficient (LTC) subjects and for other forms of welfare.

Focus n.2: pension adjustments

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 provided a 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 a gross amount of 2,217,81 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 "Save Italy" 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 transposed into Act 109/2015 and 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.
-
- 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.
-
- 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 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 as of 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 the "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. Under the so-called Milleproroghe Law, the scheduled payment of the balance has been postponed to 2018.

Pension adjustment for 2018 - On the basis of the MEF and ML inter-ministerial 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 indexation and **as of 01/01/2018, pensions will be adjusted to 1.1%** to make up for the loss of the 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 by 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.

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.

- 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.

In practice, a subject who retired in the year 2000 and who had the first adjustment in 2001 lost over 13% in real terms due to the lack of or partial indexations. In the last ten years (a subject who retired in 2018), more than 8%.

Table 10.3 – Adjustment of pensions to inflation over time

Classe importo pensione/ Anno	1996 Prodi	1997-1998 Prodi - Dalema	1999-2001 Amato	2002-2008 Berlusconi (2001/6); Prodi (2006- 2/2008)	2009-2010 Berlusconi (5/2008 - 11/2011)	2011	2012-2013 Monti (11/2011 - 4/2013); Letta (4/2013- 2/2014)	2014 Letta	2015 Renzi (2/2014 - 12/2016)	2016	2017-2018 Gentiloni	2019 Conte
Riferimento normativo		L. 449/97 - 448/98	L. 449/97 - 448/98	L. 388/2000 che richiama L. .448/98	L. 247/2007 e D.L. 81/2008	L. 388/2002	D.L. 201/2011	L. 147/2013	L. 147/2013 e L. 208/2015	L. 147/2013 e L. 208/2015	L. 147/2013 e L. 208/2015	Legge di Bilancio 2019
Fino a 2 volte il TM (1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Da 2 a 3 volte il TM	90%	90%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%
da 3 a 4 volte il TM	75%	75%	75%	90%	100%	90%	0% (4) 40%	90%	95%	95%	95%	97%
da 4 a 5 volte il TM	75%	75%	75%	90%	100%	90%	0% (4) 20%	75%	75%	75%	75%	77%
da 5 a 6 volte il TM	75%	75% (2)	30%	75%	75%	75%	0% (4) 10%	50%	50%	50%	50%	52%
da 6 a 8 volte il TM	75%	75% (2)	30%	75%	75%	75%	0%	13,08 fisso	45%	45%	45%	47%
da 8 a 9 volte il TM	75%	75% (2)	0%	75% (3)	75%	75%	0%	13,08 fisso	45%	45%	45%	45%
Oltre 9 volte il TM	75%	75% (2)	0%	75% (3)	75%	75%	0%	13,08 fisso	45%	45%	45%	40%
inflazione in %	3,90%	1998 2,0%	2001 2,8%	2008 3,3%	2010 1,5%	2,80%	2013 1,2%	0,20%	0,10%	-0,10%	2017 1,2% 2018 1,1%	

(1) Per TM si intende "Trattamento Minimo"; il trattamento al minimo è pari per l'anno 2019 a 513,01 € lordi per 13 mensilità.

(2) In base all'articolo 59 della legge 449/97, per motivi di finanza pubblica **per il 1998**, la rivalutazione per le pensioni superiori a 5 volte il minimo è stata azzerata.

(3) In base all'art. 1, comma 19, Legge 247/2007 (legge Damiano), **per il solo 2008**, la rivalutazione per le pensioni superiori a 8 volte il TM è stata azzerata.

(4) A seguito della sentenza della Corte Costituzionale, con il cosiddetto decreto Poletti (L. 65/2015) a queste 3 classi d'importo è stata riconosciuta la rivalutazione del 40% tra 3 e 4 volte il minimo, 20% da 4 fino a 5 volte il TM e 10% tra 5 e 6 volte il TM; che viene maggiorata del 20% per il periodo 2014/2015 e del 50% dal 2016 in poi, oltre all'incremento perequativo del 2014 con legge n. 147, che verranno corrisposte dall'agosto 2015 in poi.

Under a Decree of the Ministry of the Economy and Finance of November 16 2018, published on the Official Journal on November 26, the pension equalization rate is 1.1% for the period between January 1 to December 31 2018 and in 2019; in fact, the rate for 2018 has not changed with respect

to 1.10% and so there will be no balance in 2019, while the provisional equalization for 2019 will be higher by 1.10%.

The 2019 Budget Law envisaged a review of the indexation mechanism for the three-year period 2019-2021 as indicated in **Table 10.3**.

Moreover, under these amended provisions, as of 2019, there will be a temporary (5 years) reduction of direct old-age, early/seniority pensions calculated with the income-based system for pensioners with benefits above 100,000 euros. This contribution will be determined according to the amount of benefits and on the basis of the following marginal rates, considering the distribution of subjects according to their pension income at September 2018:

Annual gross amount	Marginal reduction rates	Number
100,000 – 130,000	15%	16,644
130,001 – 200,000	25%	6,665
200,001 – 350,000	30%	873
350,001 - 500.000	35%	82
over 500.000	40%	23

The following table shows the savings before and after the tax effects for the period 2019-2023 following the new calculation method and considering a tax rate of 45%.

Year	Before taxes	After taxes
2019	138.4	76.1
2020	144.7	79.6
2021	151.5	83.3
2022	157.7	86.7
2023	163.4	89.9

Table 10.4 – Social benefits

Benefits	2014	2015	2016 – 2017	2018	2019
Minimum benefits	500.88	502.39	501.89	507.42	513.01
Social allowances	447.17	448.52	447.62	453	457.99
Social pension	368.52	369.63	368.89	373.33	377.44
Former Million a month	637.32	638.83	637.82	643.86	648.05
Disability pension	278.91	279.75	279.47	282.54	285.66
Carers' allowance	504.07	508.55	508.83	514.14	519.71
14° month (annual)*					655
Social card (annual)**					480
<p>I dati relativi al 2018 sono rivalutati ad una inflazione pari al 1,1% (DM 20/11/2017); dati 2019 provvisori sulla base dell'inflazione 2018 indicata con Decreto MEF del 19 novembre pubblicato in GU il 26 novembre 2018.</p> <p>*L'importo dipende dal reddito e dagli anni di contribuzione; il valore riportato in tabella rappresenta il livello massimo ** Si intende la carta acquisti ordinaria da 80 euro a cadenza bimestrale.</p>					

Focus 4: evolution of contribution rates

In the last 20 years, contribution rates have evolved since the inter-ministerial decree of 21/02/1996 implemented Art. 3, paragraph 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 for FPLD by an additional 0.50% up to 32%, plus 0.70% for former GESCAL (public housing financing). The 2007 Budget Law (Article 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 temporary workers. 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.

Table 10.5 - 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 (e)
	Totale	di cui a carico del lavoratore	Contributo annuo fisso (euro)	Contributo annuo % (c)	Contributo annuo fisso (euro)	Contributo annuo % (c)			
1960	14.41%	4.75%	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	18.58%	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%	37.46		37.46				
1976	23.31%	7.15%	45.14		45.14				
1977	23.31%	7.15%	51.48		51.48				
1978	23.31%	7.15%	61.52		61.52				
1979	23.31%	7.15%	148.99		148.99				
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%	6.482	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%	442.86	4.00%	441.05	4.20%	8.622	4.249	4.798
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	7.360
1990	25.92%	7.29%		12.00%		12.00%	13.622	9.241	8.566

Years; Historical series of IVS contribution rates and per-capita contributions; Historical series of remuneration/income average annual per capita data (euros);

FPLD(a); artisans; retailers(b); Total paid by the workers; fixed annual contribution (euros) % annual contribution

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%	15.041	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%	17.350	13.303	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%	19.168	15.347	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%		16.89%	21.147	17.883	17.956
2001	32.70%	8.89%		16.40%		16.79%	21.760	17.909	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%	23.507	18.408	18.603
2005	32.70%	8.89%		17.20%		17.59%	24.536	18.804	19.281
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%		20.60%		20.69%	27.258	20.961	20.248
2009	33.00%	9.19%		20.00%		20.09%	28.040	20.898	20.558
2010	33.00%	9.19%		20.00%		20.09%	29.090	19.393	19.335

(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/Data Warehouse relativi al settore Industria s.s.

(e) I valori della serie storica dei redditi sono stimati sulla base dei dati di Rendiconto.

(I)graph of above described, rendered in excel

(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%)
As of 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 returned 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 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-Fornero 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 maternity allowance) to be paid by artisans is 3,662 euros, while that of retailers is 3,676 euros.

Table 10.6 – 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 Contribution charges; 2017 Contribution charges; above/with an upper limit of

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%.

Focus n. 4: calculation of contributions and use of 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?² 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 **101,427 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.

Coefficients: 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-Damian reform (Article 1, paragraph 14, 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 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 (See the following table): 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. Instead, in the years 2019-2021, this coefficient can be obtained between 69 and 70 years, with the need to work for another 4 to 5 years with respect to the provisions of the Dini Law.

² Further details on the calculation method for pensions and on the other rules of the Italian pension system (retirement requirements, indexation, etc.) described in this Appendix are available on the Pensioni&Lavoro website: www.pensionielavoro.it

Table 10.7 - Transformation coefficients of pension annuities

Sviluppo dei coefficienti di trasformazione del montante in rendita pensionistica										
Età alla decorrenza della pensione	1996- 2009	2010 - 2012	% di riduzione rispetto ai precedenti coefficienti	2013 - 2015	% di riduzione rispetto ai precedenti coefficienti	2016 - 2018	% di riduzione rispetto ai precedenti coefficienti	2019 -2020 primo biennale	% di riduzione rispetto ai precedenti coefficienti	% di riduzione rispetto ai coefficienti 1996/2009
57	4,720	4,419	-6,38%	4,304	-2,60%	4,246	-1,35%	4,200	1,08%	11,017
58	4,860	4,538	-6,63%	4,416	-2,69%	4,354	-1,41%	4,304	1,15%	11,440
59	5,006	4,664	-6,83%	4,535	-2,77%	4,468	-1,48%	4,414	1,21%	11,826
60	5,163	4,798	-7,07%	4,661	-2,86%	4,589	-1,55%	4,532	1,24%	12,222
61	5,334	4,94	-7,39	4,796	-2,91%	4,719	-1,61%	4,657	1,31%	12,692
62	5,514	5,093	-7,64	4,94	-3,01%	4,856	-1,70%	4,790	1,36%	13,130
63	5,706	5,257	-7,87	5,094	-3,11%	5,002	-1,81%	4,932	1,40%	13,565
64	5,911	5,432	-8,10	5,259	-3,18%	5,159	-1,90%	5,083	1,47%	14,008
65	6,136	5,620	-8,41	5,435	-3,30%	5,326	-2,01%	5,245	1,52%	14,521
66	6,136	5,620		5,624		5,506	-2,01%	5,419	1,58%	11,685
67	6,136	5,620		5,826		5,7	-2,17%	5,604	1,68%	8,670
68	6,136	5,620		6,046		5,91	-2,25%	5,804	1,79%	5,411
69	6,136	5,620		6,283		6,135	-2,36%	6,021	1,86%	1,874
70	6,136	5,620		6,541		6,378	-2,50%	6,257	1,90%	-1,972
71	6,136	5,620		6,541		6,378		6,513	-2,12%	-6,144

I valori dei coefficienti sono espressi in %; esempio: supponendo che un lavoratore abbia maturato (attraverso il versamento dei contributi e la rivalutazione annuale del montante accumulato alla media quinquennale del Pil) un montante contributivo pari a 300.000 € (retribuzione media annua pari a 28.000 €, lavoratore dipendente) e decida di andare in pensione all'età di 64 anni nel 2019, per calcolare la rata di pensione lorda annua spettante basterà semplicemente moltiplicare l'importo del montante finale per il coefficiente in tabella relativo al 2019 e ai 64 anni di età anagrafica; pertanto: $300.000 \text{ €} \times 5,083\% = 15.249 \text{ €}$ lordi l'anno.

Se lo stesso lavoratore decidesse di andare in pensione a 67 anni, a parità di montante (in realtà se continuasse a lavorare anche in questi 3 anni avrebbe accumulato più montante), l'importo della pensione lorda annua sarebbe: $300.000 \text{ €} \times 5,604\% = 16.812 \text{ €}$ /anno.

Coefficients are expressed in %; for example, supposing that, through the payment of contributions with an annual adjustment of their amount to the GDP five-year average, finally a worker ends up with 300,000 euros' worth of contributions (28,000 euros' worth on annual average remuneration for an employed worker), and that he or she decides to retire at 64 years of age in 2019, in order to calculate the annual gross pension instalment, it will simply suffice to multiply the final amount by the coefficient in the table for 2019 and for 64 years of age, so, $300,000 \text{ euros} \times 5.083\% = 15,249 \text{ euros}$ per year. If this worker decides to retire at 67 with the same amount (actually by continuing to work in these three years, the amount would be higher), the annual gross pension would be equal to: $300,000 \text{ euros} \times 5.604\% = 16,812 \text{ euros}$ per year.

Focus n.5: historical series of pensions paid and of current pensions

Table 10.8 shows the historical series of *pensions paid* every year from 2003 to 2017 and the flow of pensions paid in the third quarter of 2018; Table 10.9 shows current pensions on 1/1/2018.

Table 10.8 - Historical, table of pension benefits paid between 2003 and 2007 and flows of the first 3 months for INPS schemes

Tabella Serie storica pensioni previdenziali liquidate 2003-2017 e flussi primi 3 trimestri solo Inps																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Anno	Vecchiaia				Anzianità/Anticipate				Invalidità				Superstiti				TOT. GENERA LE
	INPS	Ex Inpdap	Ex Enpals	Totale	INPS	Ex Inpdap	Ex Enpals	Totale	INPS	Ex Inpdap	Ex Enpals	Totale	INPS	Ex Inpdap	Ex Enpals	Totale	
2003	236.967			236.967	256.917			256.917	54.074			54.074	221.928			221.928	769.886
2004	217.419			217.419	221.056			221.056	49.300			49.300	192.968			192.968	680.743
2005	246.058			246.058	164.882			164.882	58.159			58.159	211.198			211.198	680.297
2006	253.999			253.999	213.933			213.933	54.054			54.054	194.086			194.086	716.072
2007	240.115			240.115	174.351			174.351	55.086			55.086	190.191			190.191	659.743
2008	160.456	18.926		179.382	213.274	55.676		268.950	56.349	8.060		64.409	197.790	33.417		231.207	743.948
2009	207.919	25.146		233.065	109.385	61.554		170.939	53.208	7.360		60.568	200.470	32.839		233.309	697.881
2010	197.182	23.211		220.393	174.729	66.562		241.291	53.135	8.883		62.018	194.596	34.547		229.143	752.845
2011	145.375	20.701		166.076	149.129	70.395		219.524	49.030	8.230		57.260	196.800	34.947		231.747	674.607
2012	136.386	20.886		157.272	111.688	62.121		173.809	49.964	9.109		59.073	200.107	37.362		237.469	627.623
2013	140.344	11.787		152.131	112.440	33.794		146.234	54.747	7.858		62.605	205.604	33.728		239.332	600.302
2014	117.799	13.546	1.037	132.382	83.681	41.256	186	125.123	56.055	7.458	243	63.756	198.244	36.521	748	235.513	556.774
2015	126.608	13.787	1.050	141.445	158.422	63.908	203	222.533	56.255	7.315	192	63.762	206.684	34.768	1.033	242.485	670.225
2016	105.973	8.886	1.059	115.918	127.626	61.505	338	189.469	57.719	7.400	148	65.267	197.619	37.042	728	235.389	606.043
2017	136.364	14.633	1.276	152.273	160.142	64.250	519	224.911	56.414	7.544	186	64.144	206.138	38.037	984	245.159	686.487
2018 3°	88.025				101.977				29.765				129.854				349.621

Flussi di pensionamento per decorrenza nei primi tre trimestri del 2018 (rilevazione al 2 ottobre 2018) relativi solo a Inps (escluse le gestio ex Inpdap e ex Enpals); dati provvisori.

Vengono inseriti al fine di dare un andamento tendenziale che come si vede è inferiore all'anno precedente (soprattutto per l'innalzamento dell'età di vecchiaia delle donne e anche degli assegni sociali)

Flows of the first 3 months of 2018 (October 2 2018) only related to INPS schemes (excluding ex INPDAP and ex ENPALS); provisional data. They are included to show the trend that is lower with respect to last year (mainly due to the increase in the retirement age for women and in social allowances).

Table 10.9

	INPS	Ex Inpdap	Ex Enpals	Totale
	Vecchiaia			
Maschi	1.669.239	180.121	13.988	1.863.348
Femmine	3.053.395	204.883	10.899	3.269.177
Totale	4.722.634	385.004	24.887	5.132.525
	Anzianità/Anticipate			
Maschi	3.360.071	772.094	11.458	4.143.623
Femmine	977.455	855.104	3.166	1.835.725
Totale	4.337.526	1.627.198	14.624	5.979.348
	Invalidità			
Maschi	483.337	132.797	1.465	617.599
Femmine	464.813	92.773	866	558.452
Totale	948.150	225.570	2.331	1.176.051
	Superstiti			
Maschi	449.933	92.492	1.480	543.905
Femmine	3.272.194	533.786	14.721	3.820.701
Totale	3.722.127	626.278	16.201	4.364.606
	Prepensionamenti			
Maschi	184.773			184.773
Femmine	63.926			63.926
Totale	248.699			248.699
	Assistenziali			
Maschi	1.548.040			1.548.040
Femmine	2.359.447			2.359.447
Totale	3.907.487			3.907.487
Totale Maschi	7.695.393	1.177.504	28.391	8.901.288
Totale Femmine	10.191.230	1.686.546	29.652	11.907.428
Tot. Generale	17.886.623	2.864.050	58.043	20.808.716

Pensions in 2018

Men Women Total Old-age Seniority/Early Disability Survivors Early Retirement Welfare benefits

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"¹

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 incidentally are not pensions)* for people unable to deal with daily activities because of their age.

Honorary Pensions: 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"².

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 Security³

¹ 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.

² Periodical and continuous benefit in cash individually paid by public institutions and private organizations.

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 (in particular the Sicily Region) 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.

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.

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 employment⁴), 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

³ This aggregate is separately referred to all institutions and to individual public institutions. Here only the latter is analysed.

⁴ 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%.

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 funds⁵. 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 in this Report is identical to that used in the Reports drafted until 2012 (years analysed: 2009/10) by the Pension expenditure evaluation unit (NVSP⁶).

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).

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.

⁵ Even *survivors* and *disability* include benefits paid by private institutions.

⁶ From the 1998 Report by NUSVAP: "The data collected and analysed refer to 1989-97 and are related to all the compulsory funds that provide disability, old-age and survivors' pensions. 37 schemes belonging to 19 different entities, some of which were set up during the period observed (such as INPDAP), while others were cancelled (the INPS transportation fund and the Fund for customs shippers. The monitoring pension expenditure of the Nucleus does not include: *indemnity, welfare and honorary pension*, in particular: *the INPS social pensions, the benefits for the vision and hearing impaired and civilian disabled subjects provided by the Ministry of the Interiors, the industrial accident benefits paid by INAIL, ENPAIA* and by *IPSEMA, and the war pensions granted by the Treasury*."

Appendix 3: Contribution-based calculation formula

$$TC_x = \frac{1}{\Delta_x}$$

$$\Delta_x = \frac{\sum_{s=m,f} a_{x,s}^{v(t)} + A_{x,s}^{v(t)}}{2} - k$$

Current average value of direct pensionⁱ:

$$a_{x,s}^{v(t)} = \sum_{t=0}^{w-x} \frac{l_{x+t,s}}{l_{x,s}} \left(\frac{1+r}{1+\sigma} \right)^{-t}$$

Current average value of survivors' pension:

$$A_{x,s}^{v(t)} = \sum_{t=0}^{w-x} \frac{l_{x+t,s}}{l_{x,s}} q_{x+t,s} \left(\frac{1+r}{1+\sigma} \right)^{-t} \Theta_{x+t,s} \eta \delta_s \sum_{\tau=1}^{w-x-t+\varepsilon_s} \frac{l_{x+t+\tau-\varepsilon_s,s}^{ved}}{l_{x+t+1-\varepsilon_s,s}^{ved}} \left(\frac{1+r}{1+\sigma} \right)^{-\tau}$$

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 for 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.