

**REPORT n.7 2020**

# THE ITALIAN PENSION SYSTEM

Financial and demographic trends of the pension  
and welfare system in 2018

*Curated by the Research and Study Centre of Itinerari Previdenziali*

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## ***We thank for their cooperation***

INPS, INAIL, AdEPP and Privatized Schemes for Professionals

## ***This report is published in Italian and English thanks to the support by:***

Arca Fondi SGR, CADIPROF, Cassa Forense, Cassa Italiana di Previdenza ed Assistenza dei Geometri Liberi Professionisti, CIDA – Confederazione Italiana Dirigenti e Alte Professionalità, Confartigianato-INAPA, Confcommercio Imprese per l'Italia, ENPACL, ENPAF, Fondazione ENASARCO, Fondo pensione Fon.Te., Forum ANIA - Consumatori, Helvetia, Unipol Gruppo, Quadrivio Group

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- Labour Market Observatory *Trends in the second quarter of 2019. In-depth analysis of the trend of the Italian labour market: general data, criticalities and outlook for the coming months.*
- Labour Market Observatory *The minimum wage: what are the answers? In-depth analysis of the proposal to introduce the statutory minimum wage in Italy: target audience, effects on wages and possible criticalities.*
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- Observatory on public expenditure and revenues *Quota 100 and the implementation decree on pensions.*
- In-depth analysis *Investing in Italy: boosting the country's potential. Institutional investors and alternative assets: best practices and tools to invest in real economy.*

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## Introduction

This is the 7th 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 national accounts in one single document. These data can then be used by analysts and policy makers to manage pension expenditure which accounts for over 54% 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 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 2012<sup>1</sup> 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 *7th 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 to allow for a comparative analysis on the basis of homogeneous time series<sup>2</sup>. The retrospective analysis is up to 2018, the last year for which there are available and complete 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 institution<sup>3</sup> and the privatized professional pension schemes under Legislative Decrees n. 509 del 1994 and 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 and demographic and economic ratios which determine current account balances and medium and long term outcomes.

The analysis of the results of the individual schemes is preceded by a general evaluation of expenditure trends of the compulsory pension system over a time period of **30 years (hence**

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<sup>1</sup> 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.

<sup>2</sup> Nuvasp, which operated from 1997 until May 2012 within the Ministry of Labour and later the Itinerari Previdenziali Research and Study Centre reprocessed the data in order to compare homogeneous time series.

<sup>3</sup> 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 national accounts".

**unique**). As a result, the Report is able to highlight short, medium and long term trends also in terms of financial sustainability, total expenditure/GDP ratio and adequacy of benefits.

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 governed 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)*** for the income support benefits funded by the production sector and by general taxes, of the accounting data 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 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 up to 2019.

# 1. Trends of the compulsory pension system from 1989 to 2018

Before analysing the individual schemes that make up the Italian compulsory pension system, it is useful to look at their aggregate performance by broad membership categories in terms of contribution and transfer revenues, pension and welfare benefit expenditure and of their overall accounting balances. The period analysed runs from 1989 to 2018 in which numerous reforms of the system were implemented starting with the Amato reform in 1992, which is described in the Appendix 1 to this Report.

## 1.1 The compulsory pension system from 1989 to 2018

At the end of the period, in 2018, the *pension expenditure of compulsory schemes*, i.e., the INPS funds and the Privatized Schemes for professionals (see *Table 1 a*), amounted to **225.6 billion euros**, an increase by 4.75 billion euros (2.15%) compared to the previous year. Considering the welfare benefits provided by GIAS in the form of pensions<sup>4</sup>, pension expenditure amounted to 261.4 billion euros, with a 1.9% growth vs. 2017<sup>5</sup>.

The data show that, in 2018, pension benefit expenditure was characterised by more significant changes with respect to the previous five years when the average annual growth rate was 0.9%; instead the variations were less significant for total expenditure, with a 1.1% increase in the previous five years. This is due to a substantial reduction in the number of benefits provided by GIAS, which increased by 0.7% in 2018 compared to an average of 2.4% in the previous five years.

*Contribution revenues* amounted to **204.7 billion euros** in 2018, + 4.87 billion over the previous year, equal to more than 2.4%. All this strengthens a pattern that has emerged in the last few years that is the realignment of contribution revenues and pension expenditure after the prolonged stagnation due to the crisis, as illustrated *Figure 1.1*.

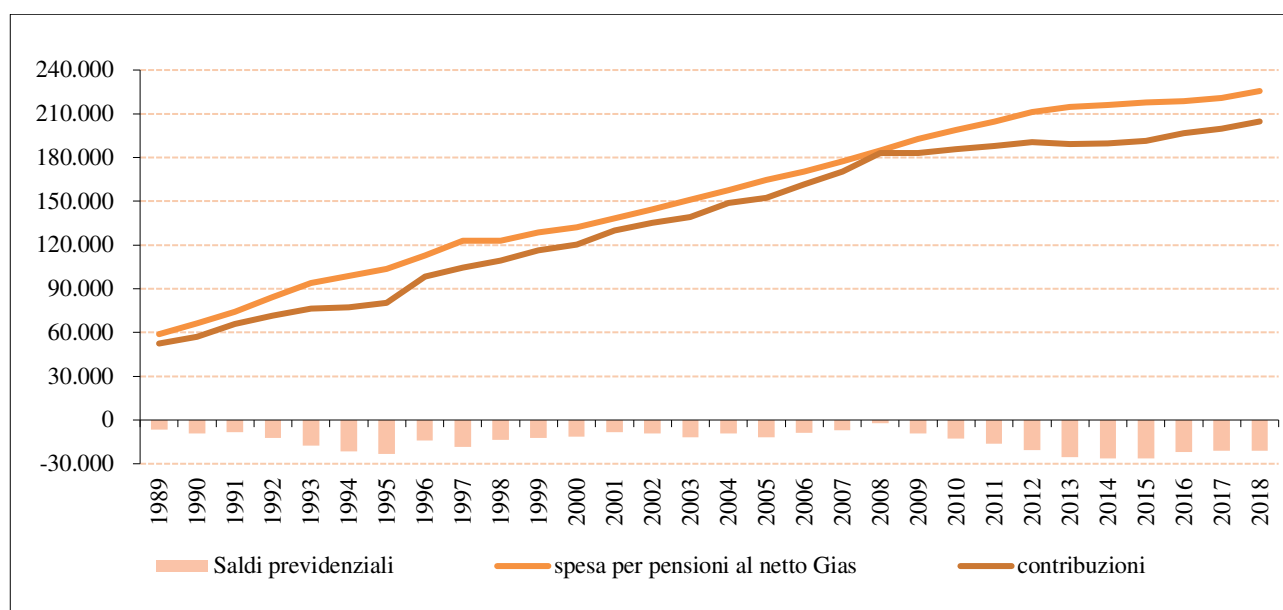
Excluding the welfare expenditure financed by GIAS with **35.8 billion euros** vs. 35.6 billion in 2017, the *balance* between revenues and benefit expenditure is negative by approximately **21 billion euros**. If the welfare expenditure is added to this balance, the deficit not covered by contributions, i.e. from general taxes, is approximately equal to **56.7 billion euros**, substantially the same as in 2017.

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<sup>4</sup> As indicated more in detail in the following chapters, often these are purely welfare benefits that are erroneously categorized as pension benefits.

<sup>5</sup> The definition of “total pension expenditure” is obtained from the notes under Table 1.a. For the definition of “total pension expenditure” provided in this Report, that is in line with that of NUSVAP which ceased to work in 2012, please refer to Appendix 3 and to the MEF-RGS document “Medium-long term trends of the pension and health care system. Forecasts on the basis of the models from the Regional Accounting Office updated up to 2019, Rome, July 2019, “Appendix A”, Pension expenditure; a comparative analysis of definitions”, page 290.

**Figure 1.1 - Pension expenditure, contributions and operating results**



*Balance; Pension expenditure net of GIAS; Contributions*

The almost thirty years analysed in this Report feature very different trends as better described in the following pages. In any case, they show a persistent accounting imbalance in the overall aggregated pension expenditure which is linked to contribution revenues, and in welfare expenditure which is not financed by contributions, but by general taxed, and which accounts for about 3.2 % of GDP. However, as illustrated in Chapter 2, most of this deficit is produced by some schemes that suffer from structural imbalances, partly created by questionable measures taken in the past. Moreover, expenditure here is reported before taxes, which amounted to more than 50 billion in 2018, and which would reduce the actual public spending down to 175 billion if calculated in terms of their cash effect.

Always in **Figure 1**, if we look at the curves for the entire observation period, it is possible to see that the results deteriorated until 1995. For more than ten years, the Dini reform (Act n. 335/1995) produced a substantial alignment of revenues and expenditure, almost financially and economically rebalancing the pension system in 2008<sup>6</sup>. However, in the following years, the prolonged crisis and the resulting reduction in contribution revenues led again to a deterioration of the results, which picked up again as of 2015, thanks to a modest economic recovery.

It is not possible to make quantitative comparisons over a long period of time, since the deficits are expressed in absolute terms and contribution revenues and pension benefit expenditure are expressed in nominal values and are affected by price changes. A more appropriate indicator of the financial imbalance of the pension system should be expressed in relative terms such as, for example, the share of operating deficits out of total pension expenditure.

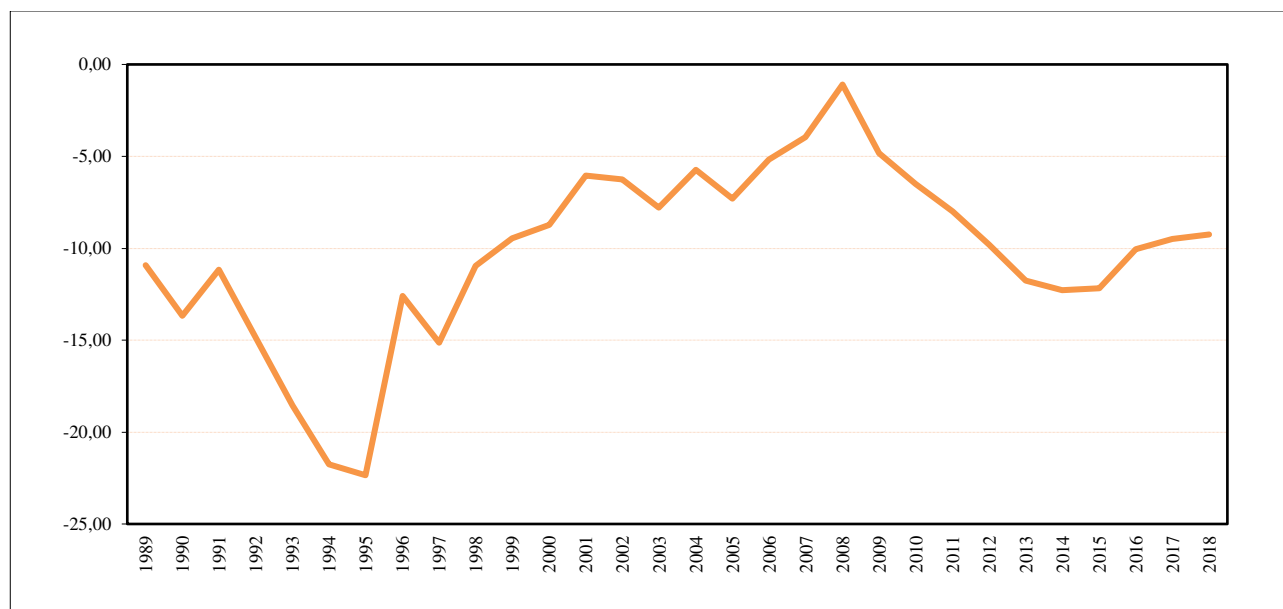
**Figure 1.2** illustrates this ratio; its fluctuations are similar to those of the histograms seen in the previous figure; the data show a significant growth in this deficit ratio in the years of the crisis, with a

<sup>6</sup> Immediately after the Dini reform, the slowdown of the growth of the expenditure was essentially determined by three factors: i) the changes to the pension indexation expenditure; ii) the progressive increase in the retirement age; iii) the containment of disability pensions under Act n. 222 of June 12 1984.

negative peak close to 12.3 % in 2014, but never so bad as in the early 1990s, with a peak in 1995 slightly below 23 % of total pension expenditure.

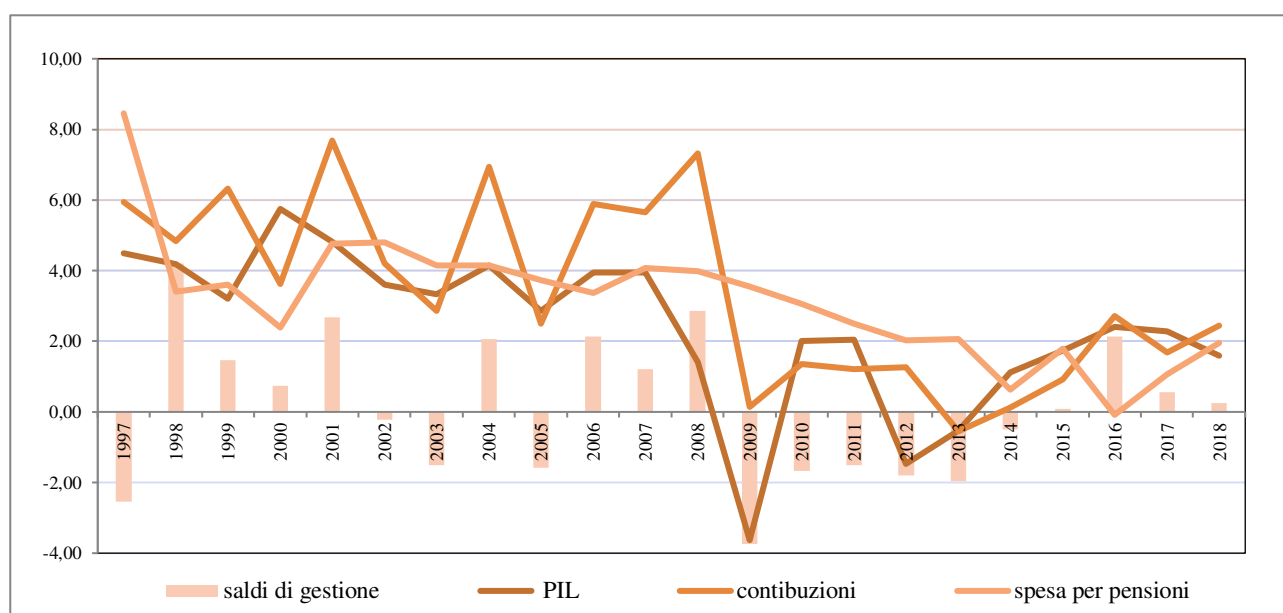
The numerous reforms implemented since the mid-1990s of the last century have therefore been instrumental in keeping expenditure under control, even though there are still some concerns about the short and long term financial equilibrium of the pension system.

**Figure 1.2 - Operating deficit as a % of pension expenditure**



The variables in **Figure 1.3** provide additional information about the operating deficits. Starting from 1997 (the year from which the effects of the first major pension system reform have been measured, apart from some snags), it is possible to see the annual changes in nominal GDP, contribution revenues, pension expenditure and balance results. While, pension expenditure had a steady downward trend as a result of subsequent reforms, contribution revenues were far less stable, fluctuating according to the GDP, sometimes with some delay, pointing to the cyclical nature of this financial flow; in fact, the pension system is expected to experience a greater financial imbalance during an economic slowdown.

**Figure 1.3 - GDP, contributions, pension expenditure and operating results** (annual rate of change)



*Operating results; GDP; Contributions; Pension expenditure*

It is possible to see the cyclical pattern of the operating balances at various times, such as in the low phases of the cycle in 2003 and 2005 and, above all, during the long crisis that began in the second half of the last decade, when revenues started dwindling in 2009 and became negative in 2013. They started picking up only in 2014, with the slight recovery of the economy, but with sluggish rates of change compared to the 1997-2008 period. In fact, the much slower growth in pension expenditure, due to the structural effects of the reforms, had only a partial effect on the balance of the pension system which was undermined by the low GDP growth.

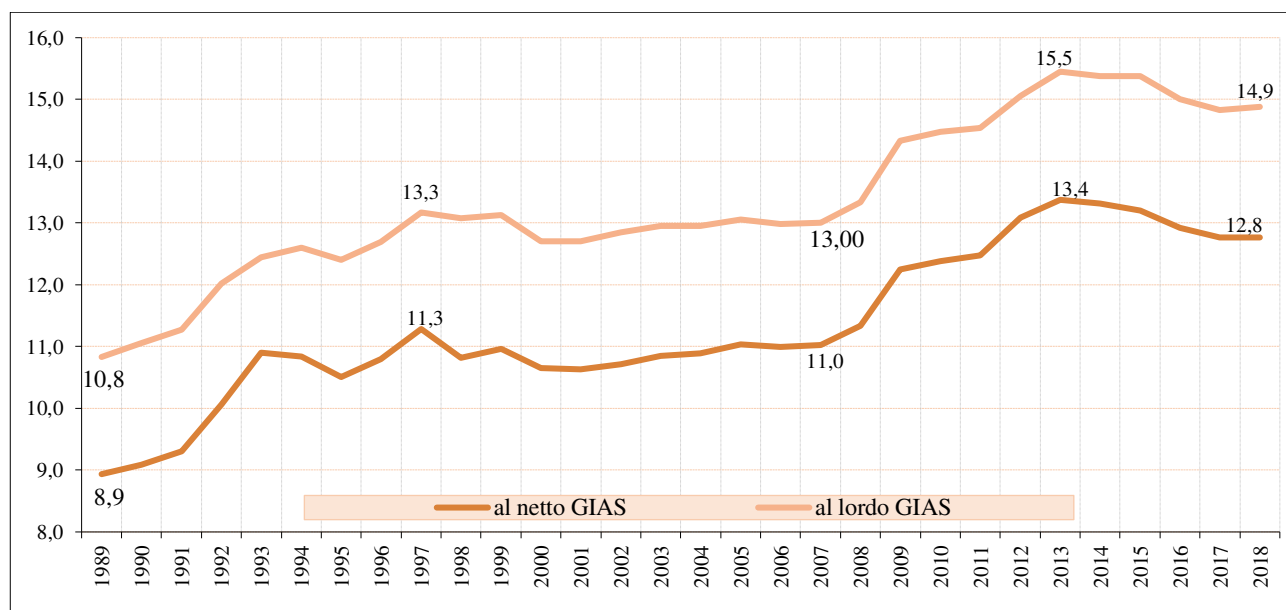
The outcome of the different pension expenditure and GDP trends is reflected in their ratio, i.e. the indicator used in the European comparative analyses on the financial sustainability of pension systems.

This ratio is illustrated in **Figure 1.4**; here pension expenditure is shown with and without welfare benefits. Over the entire period of time, pension expenditure increased with respect to GDP by more than 4%, that is from 10.8% in 1989 to 14.9% in 2017. The increase in this ratio is almost the same if we consider pension expenditure alone, i.e. net of the GIAS transfers, since these transfers appear to account for a fairly stable share of total expenditure, that is about 2% of GDP.

However, the curves also show that the increase in the share of pension expenditure with respect to GDP did not proceed at a constant rate. In fact, in looking at the different periods, it is possible to see that, up to 1997, this share rose rapidly from 10.8% to 13.2%<sup>7</sup> in less than a decade, while it stabilized around 13% in the following decade. During the crisis, this ratio picked up again, reaching 15.4% in 2013, i.e. a growth by over 2% in six years. In the last five years, with the first signs of economic recovery, this ratio showed a slight but significant reversal of its trend, with pension expenditure falling by more than 0.5% of GDP.

<sup>7</sup> 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 n. 335/95).

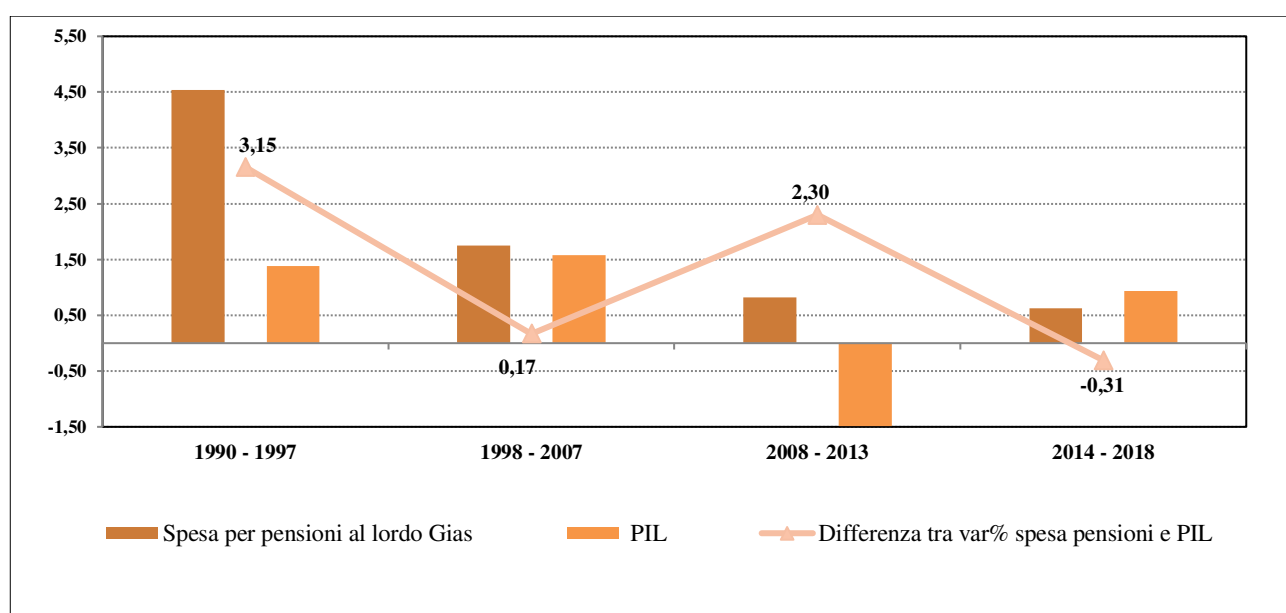
**Figure 1.4 - Pension expenditure as % of GDP (SEC 2010)**



*After GIAS; Before GIAS*

**Figure 1.5** shows the average pension expenditure and GDP rates of change and explains the reasons behind these trends at different time intervals and in quantitative terms.

**Figure 1.5 - Average real GDP and pension expenditure rates of change per year**



*Pension expenditure before GIAS; GDP;*

*Difference between the pension expenditure rate of change and GDP*

This figure shows that from 1989 to 1997, the average growth of GDP in real terms<sup>8</sup> (+ 1.4%) was much lower than the growth of pension expenditure (4.5%). In the second period (from 1998 to 2007), the reforms managed to significantly curb pension expenditure, with an annual average growth rate of

<sup>8</sup> For the GDP, we have used the figures linked to 2020 prices, while for pension expenditure, we have used the consumer price index for households of blue and white-collar workers was adopted.

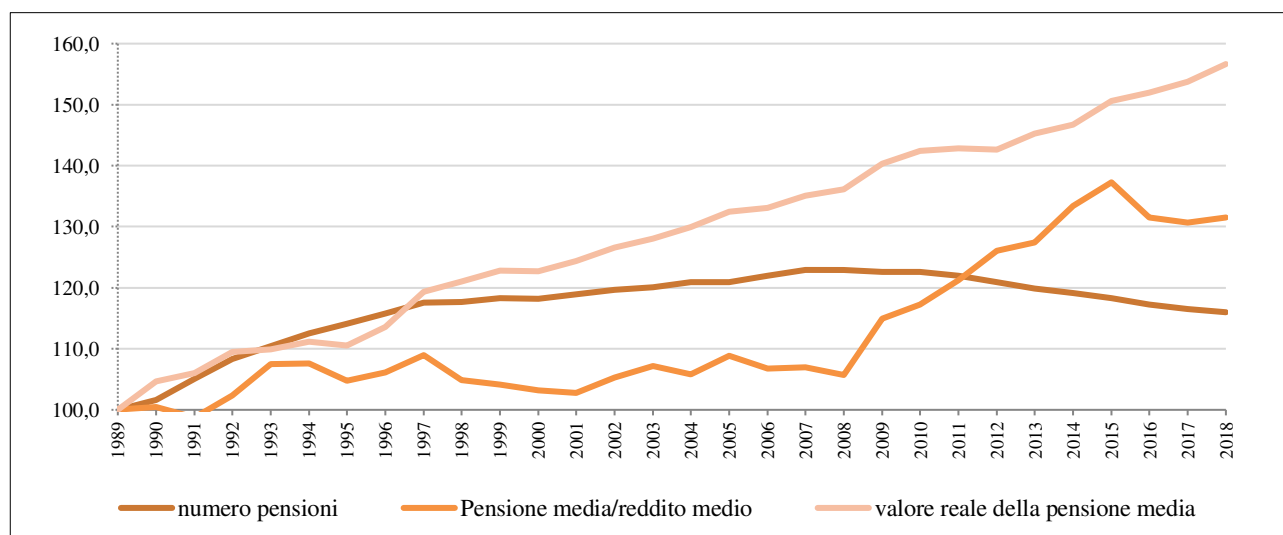
+ 1.7%, similar to that of GDP (+ 1.6%). So, for about a decade, this ratio remained stable, as indicated in **Figure 1.4**.

Since 2008, with the economic crisis, this ratio has picked up again. This change is not actually due to the pension expenditure growth which further diminished from 1.7% to 0.8%, but mainly due to the drop in GDP by 1.5% on average per year in real terms. Finally, in the last period (2014- 2017) characterized by a further drop in pension expenditure by 0.6% per year and a still shaking economic recovery with a GDP growth rate of 0.9% per year, this ratio showed a slight reduction, but remained at almost 2% above the pre-crisis levels.

The “structural” factors which led to the progressive slowdown in the growth of expenditure in the period considered are well illustrated in **Figure 1.6**. First of all, the average pension benefits in real terms show a consistent growth throughout this period.

As clearly indicated by the graphs, the impact of the reforms of the 1990s and, in particular, the different measures designed to raise the retirement age initially led to a slower growth and then to a reduction in the number of pensions paid; this was the main driver in curbing the increase in pension expenditure. Instead, the average pensions in real terms showed a relatively steady growth throughout the period, at twice the rate of GDP growth<sup>9</sup>. These figures are due to the turnover of pensioners, i.e. newly paid pensions with higher career incomes with respect to phased-out ones, and to the gradual increase in the retirement age requirements, with longer seniority profiles, which raised the pension calculation parameters.

**Figure 1.6 - Pensions: number, average income ratio and average real value** (Index: 1989 = 100)



*Number of pensions; Average pension/average income; Average pension real value*

If we also look at the **average pension/average income ratio**, it is possible to see that, after a phase of relative stability, this ratio has started to pick up since 2008, since the beginning of the crisis. This suggests that the deterioration of the economic situation had a negative impact on the income of employed workers; but pension benefits continued to grow because the calculation methods consider a long part of the workers’ career and hence are not related to the economic cycle.

<sup>9</sup> From 1989 al 2018, the growth of the average pension in real terms was equal to 1.5% with respect to a real GDP growth by 0.76% per year.



A further comparative element to assess the role and patterns of pension expenditure with respect to other public expenditure items can be found in **Table 1.1**. The data show that, in the initial phase, the share of pension expenditure out of total public expenditure was still below 30% but was growing at a much higher average rate per year than other main expenditure items. From 1998 to 2007, pension expenditure increased to 32% on average but, thanks to the initial effects of the reforms, it began to grow less than other social benefits and the total current expenditure net of interest rates. In the years of the economic crisis, notwithstanding the several attempts to cut expenditure to stabilise the public debt, the inertial increase in pension expenditure led to a different scenario characterized by a more rapid growth of pension and other social benefits with respect to other expenditure items, especially wages in the public sector. Since 2014, after the acute phase of the crisis, a new scenario has emerged with an accelerated growth of other social expenditure items and pension expenditure broadly in line with the total expenditure patterns, with slight changes with respect to the remuneration of civil servants.

There is no simple explanation for the different public expenditure patterns in the period examined. However, the share of pension expenditure out of total public expenditure and the average rates of change in each period seem to indicate that the economic policy measures adopted in the different phases of the cycle are rapidly reflected in the current expenditure; instead, the measures designed to limit the growth of pension expenditure mainly have a medium/long-term effect, as expenditure is largely conditioned by the pre-existing regulatory framework.

**Table 1.1 - Average annual rates of change** (current prices)

Periods	Pension expenditure as a % of public expenditure net of interest expenditure (mean values for the period)	Average annual rates of change			
		Pension expenditure	Other social benefits	Public expenditure net of interest expenditure	Employees' remuneration
<b>1990-1997</b>	29,6	9,2	5,2	5,9	6,3
<b>1998-2007</b>	32,0	3,8	5,8	4,7	3,3
<b>2008-2013</b>	32,5	2,9	2,9	1,7	0,1
<b>2014-2018</b>	33,2	1,1	3,0	1,2	0,8

As noted above, the rate of GDP growth has a major and somewhat rapid impact on the operating results of pension funds, especially due to the negative impact of the economic slowdown on income and employment and, therefore, on tax revenues.

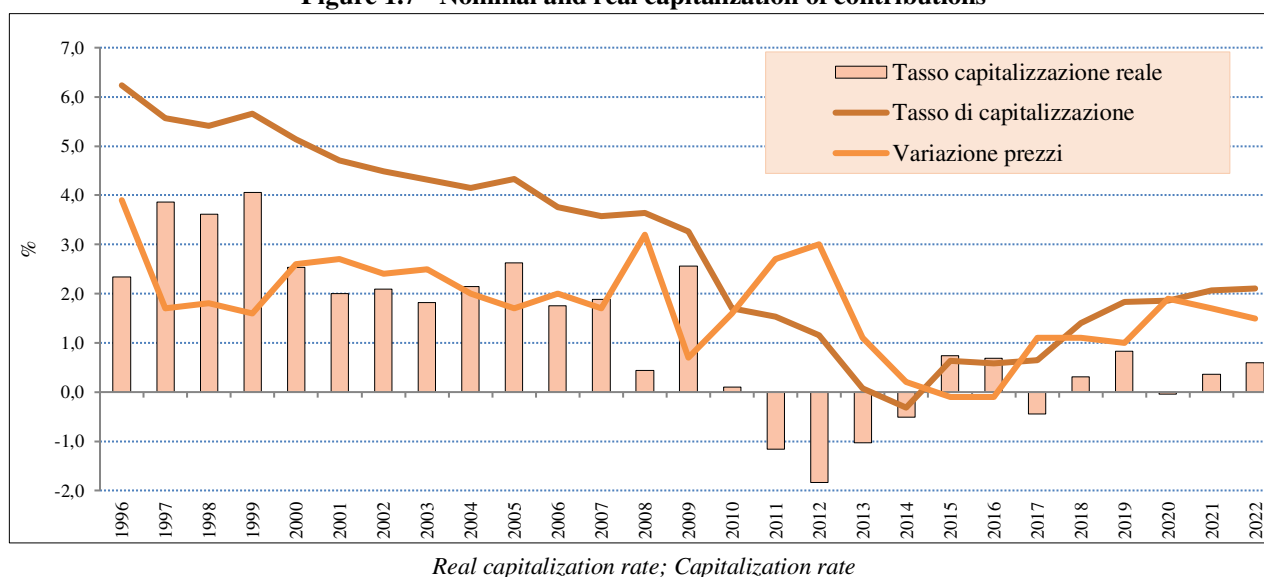
In addition to this effect, which is particularly relevant to short-term balances, the GDP trends have another important impact on the pension system, i.e. on the future adequacy of pension benefits in a system in which an increasing part of these benefits are calculated with the contribution-based system. In fact, with this calculation method, the GDP growth, from which the capitalization rate derives, determines the final value of the amount of contributions<sup>10</sup> and hence of the future amount of benefits

<sup>10</sup> The Dini reform of 1995 established that, in the contribution-based system, the contributions that are paid every year 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

according to retirement age requirements and the transformation coefficients. **Figure 1.7** shows the capitalization rate of this amount as well as the consequences of the Italian GDP growth rate. This growth was not only sluggish during the crisis, but, since the beginning of the new century, it has been consistently below the assumptions made when the new calculation method was introduced<sup>11</sup>.

This Figure illustrates the annual effective rate until 2018 but also the expected rates until 2022, derived from the projections of the last Economic and Financial Document (DEF 2019)<sup>12</sup>. It also includes the real figures obtained by deflating nominal rates with the ISTAT price index for households of workers and employees (FOI without tobacco) until 2018 and with the GDP deflator for the years 2018-2022, also taken from the 2019 DEF.

**Figure 1.7 - Nominal and real capitalization of contributions**



As can be seen, nominal capitalization rates remained above 3% until 2008, before gradually turning negative in 2014<sup>13</sup>. With the slight economic recovery over the last five years, nominal capitalization rates have turned back positive, but, in real terms, they have remained below 1%, with a negative result in 2017 and they are expected to be negative also in 2020. So, there are many reasons for concern. The most recent forecasts point to a generalised slowdown in the economy for the next quarters.

Moreover, if we look at the capitalization rates without price adjustments (dotted line), we can see that, since the beginning of the year 2000, the real increase in the amount of benefits is proceeding slowly,

335/1995).

<sup>11</sup> In the simulations that preceded the Dini Reform (Act n. 335/1995), the assumptions commonly adopted to define the gross substitution rates above 65% of the last remuneration envisaged a contribution rate equal to 33%, the retirement age equal to 63 years, the 1.5% growth of GDP with higher wages by 1% due to the career effect. 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.

<sup>12</sup> Ministry of the Economy and Finance, *Updated Note to the 2019 Document of the Economy and Finance*, Rome, September 2019.

<sup>13</sup> 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».

with greater instability and a high number of years with negative results; all these aspects need to be carefully considered because it is the future adequacy of pension benefits that is at stake. It should also be noted that if wages increase in line with the GDP growth, the substitution rate does not deteriorate; however, low-wage workers will surely become poor pensioners. So, the problem lies not so much in the rules defining the amount of future benefits but rather in the growth of the country and in the trends of wages.

## **1.2 Results of the main schemes and indicators in 30 years of analysis**

As previously pointed out, the numerous reforms launched from the last decade of the last century managed to curb the growth of pension expenditure from more than 4.5% per year in real terms down to less than 1%. However, despite these adjustments, again in 2018, the state had to allocate over 57 billion to finance, through general taxes, the part of pension expenditure not covered by contributions, mainly welfare benefits, paid in full by less than 35% of pensioners.

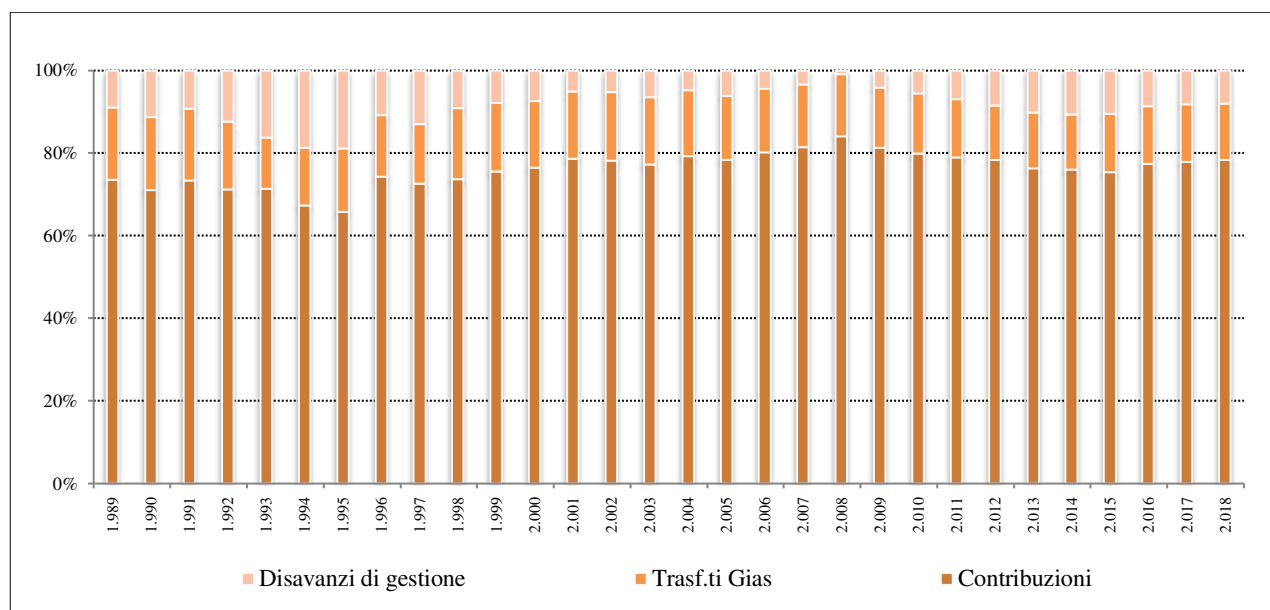
This persistent financial imbalance does not plague the funds of the main categories of workers in a uniform manner and different factors concur to their overall results.

Before analyzing the individual categories of funds, it is useful to look at the aggregate data on the different sources of financing of pension expenditure and its two main components: one of a social security nature, similar to an insurance scheme, which to be financed by contributions; another one of a welfare and solidarity nature, to be financed by general taxes according to social policy choices.

In the Italian pension system, this distinction is not always very clear and the classification of expenditure items continues to raise doubts about their interpretation, even though the scheme designed to fund welfare expenditure (GIAS) has been operational since 1989.

Leaving aside this controversial issue, it is important to distinguish the sources of financing of pension expenditure: the contribution revenues partly derived from the work-related income of pension funds 'members, that is the share of self- financed expenditure of each individual scheme, and the transfers from GIAS designed to repay their current operating deficits and funded through public taxes.

**Figure 1.8 - % composition of the sources of financing of total pension expenditure**



*Operating deficits; Transfers from GIAS; 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 gap between total expenditure and contribution revenues is also due to GIAS transfers which amounted to more than 17% of total pension expenditure in the first part of the period; since 2010, these transfers have consistently accounted for about 14% of total expenditure. Unlike GIAS transfers, operating deficits have a fluctuating pattern. In the years characterized by the worst results (1993-1995), these deficits reached almost 19% of total expenditure, then gradually fell below 1% in 2008 when contributions reached 84.1% of expenditure; they picked up again in the years of the crisis and dropped again in the last period <sup>14</sup>.

By disaggregating the main categories of fund members of the entire pension system, it is possible to adopt the same distinction of the sources of financing of total expenditure (pension and welfare expenditure), in which, as already mentioned, contribution revenues are a "self-financing capacity" indicator, while the items financed by general taxes (GIAS plus deficit) predict the financial imbalance of the funds.

<sup>14</sup> In Figure 1.8, part of benefits of public sector employees (9.355 million in 2018) are borne by GIAS (Art.2, par. 4, of Act n.183/2011). Table 1.a summarizes the revenues, expenses and the balance of the compulsory pension system and, in line with the historical series from 1989, it does not include these transfers as GIAS transfers; in fact, these transfers are incorporated into the operating results. 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 funding for pension expenditure: main categories (2018)**

Categories of insured workers	Total pension expenditure	Contributions	GIAS Transfers	Balance	Contributions	GIAS Transfers	Balance
	Absolute values				As a % of total pension expenditure		
Private sector employed workers	149,549	126,622	27,376	4,450	84.7	18.3	3.0
Public sector employed workers	70,691	40,114	9,355	-21,222	56.7	13.2	-30.0
Artisans	14,689	8,241	2,749	-3,699	56.1	18.7	-25.2
Retailers	11,431	10,588	1,495	652	92.6	13.1	5.7
CDCM	7,865	1,308	4,039	-2,518	16.6	51.4	-32.0
Professionals	4,697	8,502	0	3,805	181.0	0.0	81.0
Atypical workers	1,149	8,090	145	7,087	704.2	12.6	616.8
Clergy Fund	105	30	10	-65	28.8	9.5	-61.7
Total supplementary benefits	1,241	1,214	0,1	-17	97.8	0.8	-1.4

**Table 1.2** shows the disaggregated data for 2018 and highlights a very articulate situation<sup>15</sup>: in four categories of workers (employed workers, retailers, professionals and atypical workers), contribution revenues are higher than total expenditure, hence they have a positive balance; in the funds of employed workers and retailers, contribution revenues are lower than total expenses by 15.3% and 7.4% respectively and their surplus is due to the transfers from the welfare scheme equal to 18.5% and to 13.2% total expenditure.

These funds have been transferred for many reasons; for example, over 600,000 early retirements for employed workers have been charged to this scheme, while they should have been allocated by the "income support" function; the same is true for the 14th month's salary and the minimum supplementary benefits paid on the basis of income. The schemes for professionals managed to finance their total pension benefits without welfare transfers and reached a positive balance equal to 81% of the benefits provided. Their result is due to a high ratio of the number of active workers paying contributions vs. the number of pensions paid; this is typical of professional funds which include still growing categories of workers.

This is even more evident for the fund for atypical workers; in 2017, their contribution revenues were 7.7 times higher than the number of pensions paid and they also received transfers from GIAS equal to 12.6% of the pension benefits provided.

Instead, the other categories of fund members (civil servants, artisans, farmers, clergy and supplementary fund members) had lower revenues with respect to total expenditure, with negative operating results. In relative terms, the fund for farmers (CDCM) features the worst results: the

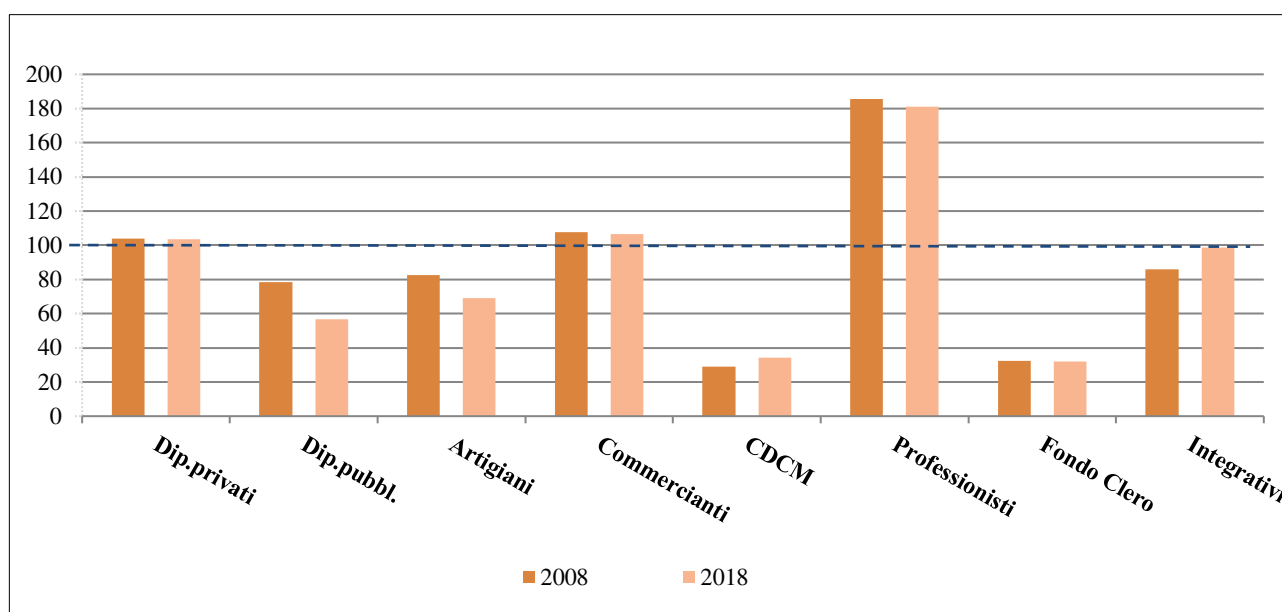
<sup>15</sup> In Table 1.2, the data on contributions are reported in Table 1 a, those on GIAS transfers in BOX1, "GIAS measures" in Chapter 2"; the item "total pension expenditure" only refers to the sum of the contributions paid by enterprises and the sums transferred by GIAS, in that the actual expenditure can be higher or lower as seen in the balance. The column "GIAS transfers" also includes the data related to public-sector employees; see the previous note.

contributions they pay account for 15.8% of the benefits they receive.

A low share of self-financing is also found in the small Clergy Fund whose contribution revenues account for less than 29% of total expenditure, with a negative balance equal to 61.7%. In absolute terms, the deficits that weigh down the most on the results of the entire pension system are those besetting the schemes for civil servants and artisans, whose contribution revenues reach 56.7% and 56.1% of total pension expenditure respectively.

**Figure 1.9** compares the data on self-financing (share of expenditure net of GIAS transfers, i.e., only the share of pension expenditure financed by contributions) of 2018 vs. 2008, the year when the crisis began and, as already mentioned, the year when the public pension system came closest to a balanced situation. For many funds, the substantially stable patterns of the share of pension expenditure financed by contributions suggest the "structural" character of their economic results. As can be seen in the figure, private-sector employees, retailers, professionals and supplementary funds feature shares equal to or greater than 100%, with an upward trend for supplementary funds and a downward trend for retailers and professionals, an aggregate of funds whose contribution revenues are 1.8 times higher than their pension benefit expenditure.

**Figure 1.9 - Percentage funding of pension expenditure through contributions**



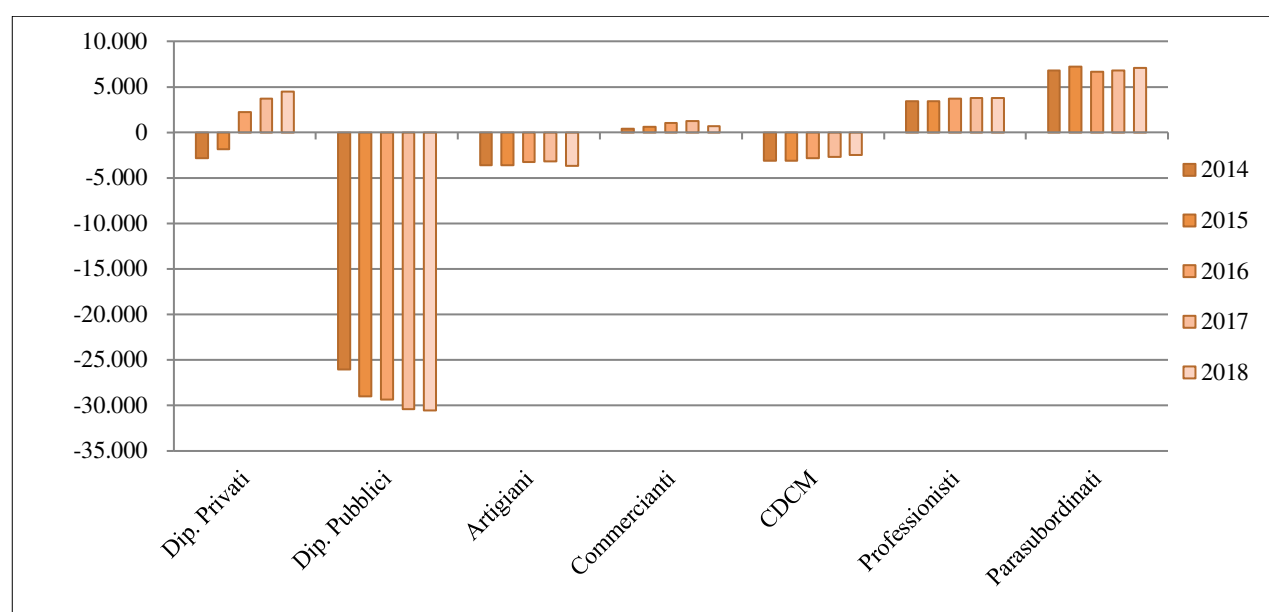
*Private sector; employed workers; Public sector; employed workers; Artisans;  
Retailers; CDCM; Professionals; Clergy Fund; Supplementary benefits*

The lowest share of financing of expenditure through contributions is found in the Clergy and CDCM Funds, with a substantially stable ratio for the former and a moderate improvement for the latter (from 29.1% to 34.2% in ten years).

The situation for the funds of civil servants and artisans is more critical; in the 2008-2018 period, their share of expenditure financed by contributions decreased by almost 22% for the former (from 78.6% to 56.7%) and by 13.6% for the latter (from 82.6% to 69%); the main cause of their growing imbalance was the deterioration of their ratio of the number of active workers paying contributions vs. the number of pensions paid.

The structural nature of the operating results of pension schemes is also evident looking at the accounting imbalances of the last five years (**Figure 1.10**). As can be seen, with the exception of *private-sector employed workers* that moved from negative to positive results, the other main categories always produce the same results. Among the categories with positive results, *professionals* show an upward trend over the years, while *atypical workers* have fairly stable results. The situation for *retailers* is more uncertain; the surplus of their fund may shrink due to the deterioration, between 2014 and 2018, of the parameters that influence these results, i.e. an increase by 1.3% in their ratio of average pension vs. average contribution and a decrease by 5.5% in their ratio of the number of workers paying contributions vs. the number of pensions paid.

**Figure 1.10 - Operating results for the main categories of workers (2014 – 2018)\***



*Private sector employed workers; Public sector employed workers; Artisans Retailers; CDCM; Professionals; Atypical workers*  
Given the smaller size, the figure does not include the Clergy Fund and supplementary benefits.

The three funds that always feature negative results (civil servants, artisans and farmers) have some differences both in terms of their performance and of their balance.

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 it has very low contribution revenues; however, its results are improving due to the reduction in the number of benefits paid.

*Artisans* have been hardly affected; since the onset of the crisis, they have lost 312,000 active members (-16,4%) and have had a 10.8% increase in the number of pensions paid. So, the past governments decided to gradually raise their contribution rate, but, at the moment, this does not seem to be sufficient to offset their growing imbalance.

The category of *civil servants* appears to be the main source of imbalance of the entire pension system. Even though this category has been helped by the law that qualified part of its ordinary operating expenses as welfare expenditure financed by GIAS, thus improving its balance by 30%, the nominal accounting balance for these workers alone is worth about 2.2 times the positive balance of all other

pension funds. That is to say that, if civil servants are excluded, all the other pension funds would have run a surplus of about 9.7 billion euros in 2018, net of welfare transfers. Once again, several factors have to be taken into account.

The most important factor is the lower turnover due to the hiring freeze already implemented before the crisis, which led to a significant reduction in contribution revenues (- 1.6 billion euros from 2008 to 2018). Another factor is related to pension benefit expenditure and to the growth of the average amount of benefits due to the longer periods of contribution linked to stricter retirement age requirements.

### **1.3 Employment, GDP and productivity in the 30 years of analysis and their impact on the pension system**

The history of the Italian pension system can be characterized as a continuous run to increase contribution rates to finance the consistent growth of pension expenditure, especially for civil servants. After the Great Recession of ten years ago, this has become a tiring and almost desperate race following the recent measures that create a shock in terms of number of pensioners (in particular from the public sector), at the very beginning of the first five years of evidence-based ageing of the population.

The flow of contributions is the result of the product between the number of workers and their average wages, while the productivity of the economic system is inferred from the ratio of GDP at constant prices vs. employment. At first glance, productivity and employment trends seem to go in the opposite direction as to the effect they have on the equilibrium of the pension system.

Productivity increases when the GDP grows more than employment. In the short term, if there is a limited growth in employment, the same is true for contributions, with the risk of deteriorating this balance; however, if the GDP grows in a situation of stagnating employment, the system will have more resources to finance any negative balance and, above all, in the medium-term, wages are likely to grow in real terms due to higher productivity. So, long-term productivity is also important for the equilibrium of the pension system.

In the early 1990s, the adjustment of the economy was mainly targeted to the labour market: the major overhaul of industrial employment in the 1980s was followed by that in the service sector and in the public administration. The elimination of the sliding scale for wages, the depreciation of the lira and the joint policies adopted led to a significant increase in productivity for the whole economy (GDP per worker) in the presence of a reduction in real wages and employment.

In the following twenty-five years, real wages and productivity remained fairly aligned, albeit with some fluctuations (Fig. 1.11). The slow growth in productivity was the result of the higher elasticity of employment with respect to GDP due to the introduction of measures designed to make the labour market more flexible and to the drop of employment in the industrial sector. In particular, the stagnation of productivity after the 2014 small rebound has recently been accompanied by the stagnation of real wages. This phenomenon is now very clear, but it has been there for the last three decades, albeit to a lesser extent; this has led to a significantly reduction in the tax base for contributions with respect to the past.

The 1995 reform introduced in the new pension calculation system a "normal" GDP growth assumption of 1.5% per year. However, it was only between 1995 and 2001 that GDP growth was actually higher

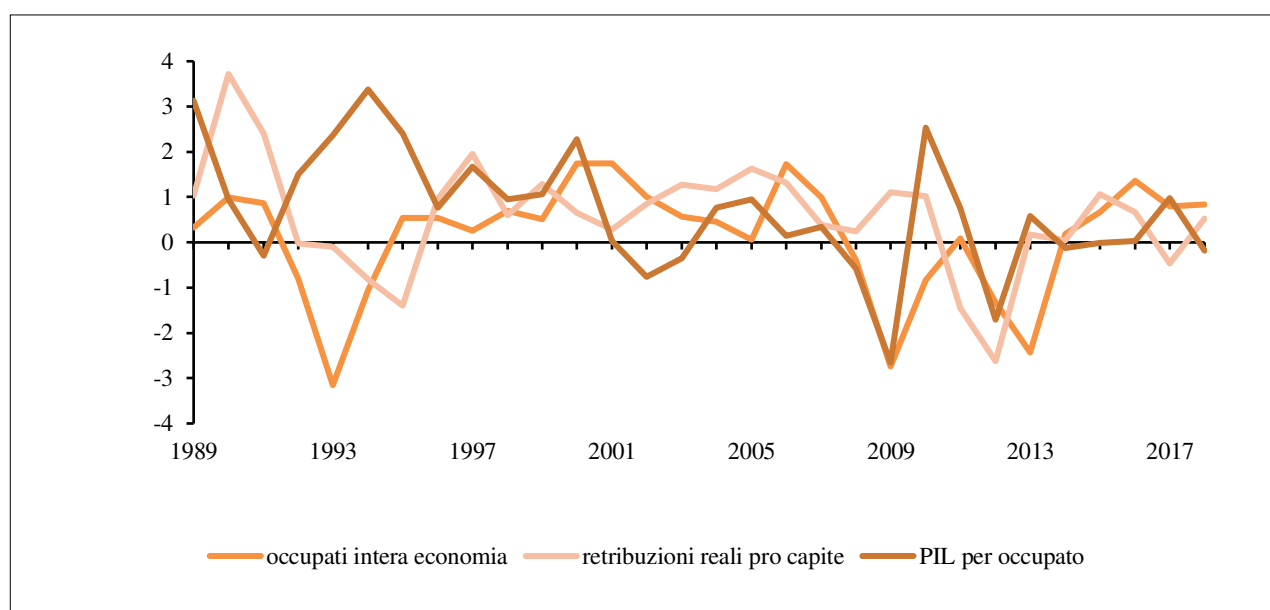


or equal to this projected growth (Fig. 1.12). Later, the GDP downward trend reduced the actual amount of available resources compared to the underlying assumptions of the calculation system for contribution-based pensions.

All these factors are clearly visible in the productivity, employment, real wage and salary trends of the different sectors (Fig. 13-14-15); the industrial sector proves to be the main driver of productivity, that of employment marketable services.

The public sector is a different story; here the productivity in the national accounts is definitely and mainly given by the per capita work-related income in real terms. The 1995 reform highlighted the relationship between contributions and benefits for civil servants in accounting terms, that is the inflow and outflow of expenditure and contribution revenues borne by and simultaneously in favour of the public administration. So, in this way, it is possible to see that this imbalance is largely caused by the progressive reduction in employment in the public sector for more than ten years.

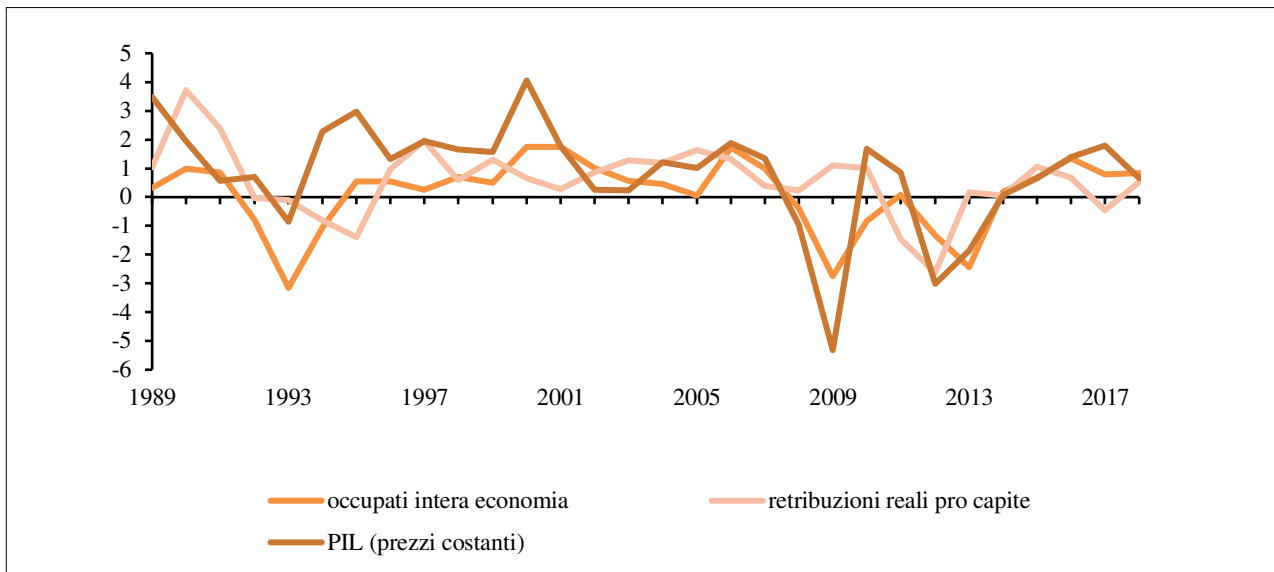
**Figure 1.11 - Employment, wages and productivity (% changes)**



*n. of employed workers in the whole economy; real per capita wages; GDP per employed worker*

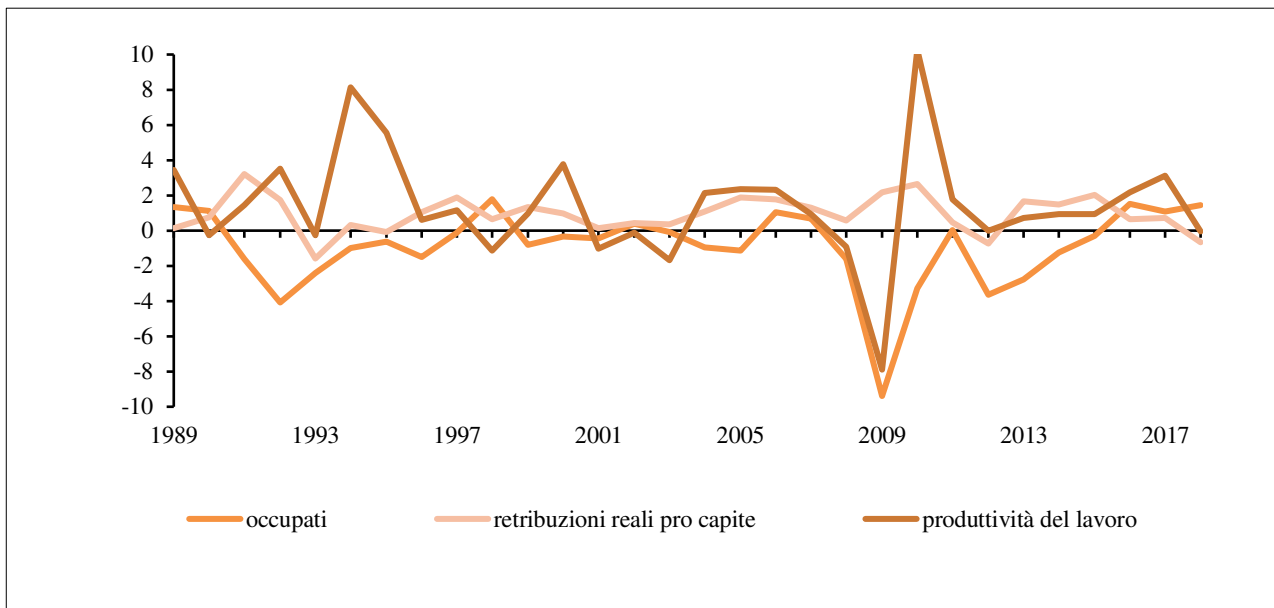
Source: ISTAT

**Figure 1.12 - Employment, wages and GDP (% changes)**



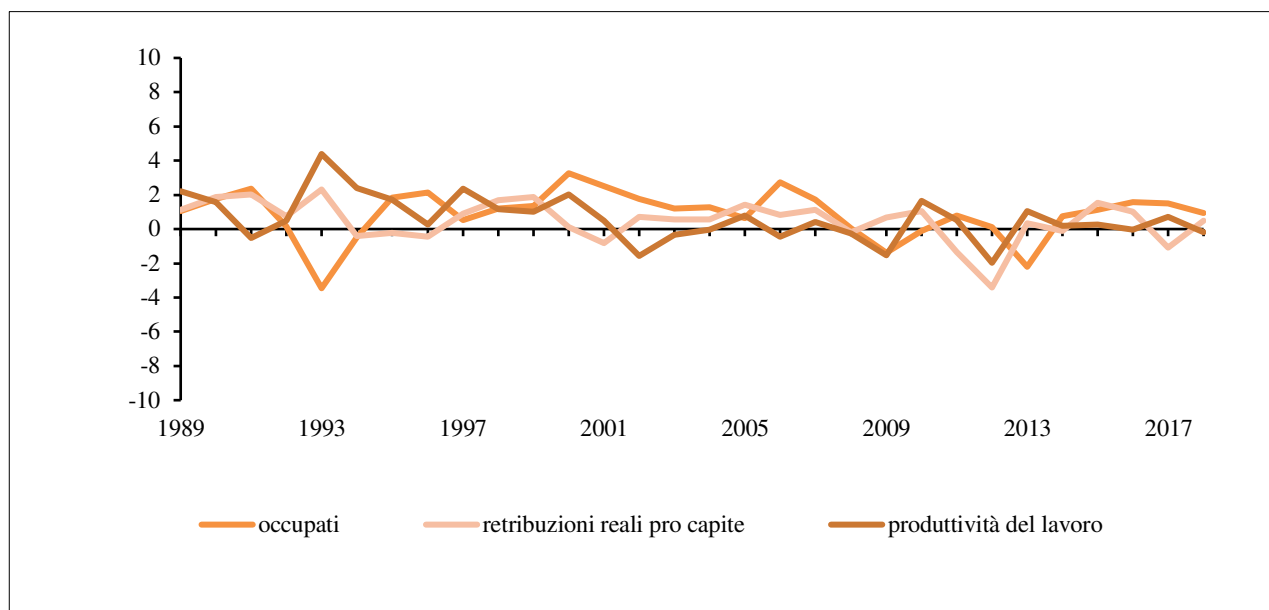
*n. of employed workers in the whole economy; real per capita wages; GDP (constant prices)*  
Source: ISTAT

**Figure 1.13 - Industry in its strict sense: employment, wages and productivity (% changes)**



*n. of employed workers; real per capita wages; labour productivity*  
Source: ISTAT

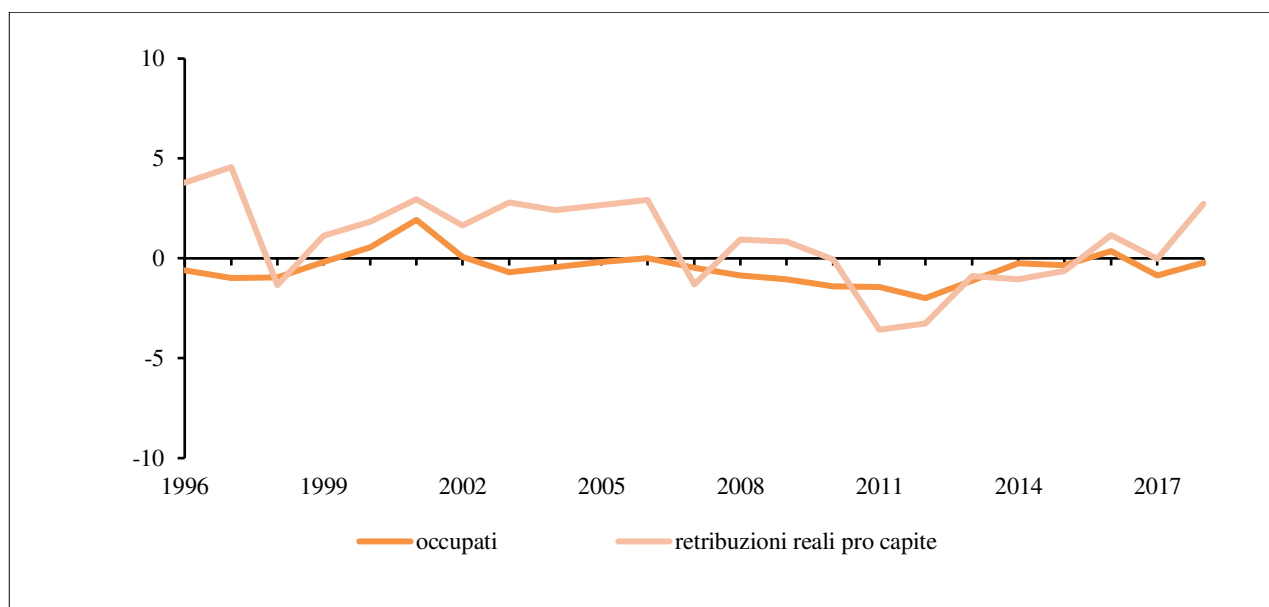
**Figure 1.14 - Saleable services: employment, wages and productivity (% changes)**



*n. of employed workers; real per capita wages; labour productivity*

Source: ISTAT

**Figure 1.15 - Public Administration: employment and wages (% changes)**



*n. of employed workers; real per capita wages*

Source: ISTAT

## 2. The economic and financial results of the compulsory pension system and of its schemes in 2018

The previous Chapter illustrated the historical trends of pension expenditure for the period from 1989 to 2018. This Chapter, under paragraph 2.1, provides an analysis of the 2018 accounting data of the Italian *compulsory pension system*<sup>16</sup> as a whole; instead all its funds and the schemes for professionals will be examined in Chapter 3. The following sections are devoted to the pension schemes managed by INPS (National Social Security Institute), which has become the only public institution managing forms of social security<sup>17</sup>, and the **Scheme for welfare and support measures (GIAS)**. In order to provide a thorough quantitative analysis of the INPS schemes, Chapter 5 will be devoted to the **Temporary Benefit Scheme (GPT)**, which is linked to the FPLD, and to its main scope and income support measures.

### 2.1 The financial and economic results of the compulsory public pension system

The overall economic and financial performance 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, point 4 of *Table 1.a* provides a summary of the "privatized" schemes (Legislative Decrees n. 509/94 and 103/96) which belong to the mandatory system but which are not financed by the State budget (the detailed graphs can be viewed in the specific website section of the Report)<sup>18</sup>.

In 2018, **pension expenditure** for all pension funds (net of the GIAS transfers shown in *Table 1.a*) was equal to **225,593 million euros** (220,843 million in 2017), with an increase by 2.15% compared to 2017, half of which was due to the adjustment of annuities to inflation<sup>19</sup> equal to 1.1% in 2017 and 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, whose average annual nominal amount for the entire public pension system rose from 13,100 euros in 2011 to 13,400 in 2012, 13,780 in 2013, 14,190 in 2014, 14,290 in 2015, 14,600 in 2016, 14,860 in 2017 and to 15,180 in 2018. As highlighted in the previous chapter and as can be seen from "Table 1a", pension expenditure has steadily increased despite a reduction in the number of pensioners (see Chapter 8 for the average pension amounts and for the number of pensioners). In 2018, **contribution revenues**, including 13,988.25 million euros<sup>20</sup> worth of transfers for notional charges, rebates and contribution incentives, amounted to 204,710 million

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<sup>16</sup> The compulsory system also includes the complementary or additional pension funds set up by INPS and by privatized schemes such as ENASARCO that provides pension benefits to commercial agents, ENPAIA that provides supplementary benefits to farm employees and FASC (that provides benefits to shippers and haulers).

<sup>17</sup> Over time, INPS integrated INPDAI (Fund for industrial executives), IPOST (Fund for postal workers), INPDAP (Fund for civil servants) and ENPALS (Fund for show-business and entertainment workers). On the whole, INPS manages about 96% of the whole pension system in Italy; privatized schemes manage the remaining 4% of compulsory pension benefits for chartered professionals.

<sup>18</sup> See the [www.itinerari previdenziali.it](http://www.itinerari previdenziali.it) website.

<sup>19</sup> Since 1997, numerous laws envisaged and then postponed the reduced indexation for pensions above the minimum benefits; finally, under the 2019 budget Law, the adjustment mechanism was further amended (for further details see Appendix 1).

<sup>20</sup> 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).

euros, compared to 199,842 million in 2017, an increase by 2.44%.

Therefore, the **balance between contributions and benefits** is **negative**, as has been the case for many years now; for the year under review, it amounted to **20,883 million euros**, slightly lower than in 2017 (**21,001 million**) and back to the 2012 level. Looking at the last three years, it should be noted that in 2017, the growth in revenues (+1.69%) was stronger than the increase in expenditure (+1.07%) with respect to 2016; similarly, in 2018, a moderate increase in expenditure (+2.15%) was offset by a more substantial increase in revenues (+2.44%) with respect to 2017. This makes it possible, to give a moderately positive assessment of the overall performance of pension funds in the 2016/2018 period. The following considerations can be made for the 2018 deficit of the individual schemes:

**a) Tables 1.a and B.29.a** show that there are 4 INPS schemes with a surplus: the **FPLD** with a surplus equal to 17,815 million euro (16,682 million euro in 2017<sup>21</sup>); the **Fund for retailers** with a surplus of 652 million (1,217 million in 2017); the **Fund for show-business workers (ex ENPALS)** with 301 million (vs. 353 in 2017) and the **Fund for atypical workers** with a positive balance of 7,087 million, a slight increase compared to the 6,788 million of 2017; this substantial surplus derives from the young age of this "separate scheme" which was established in 1996 and consequently from its low number of pensioners. The **Schemes for professionals** too run a surplus (see Chapter 3) with the exception of INPGI (the Fund for Journalists) with an overall positive balance of 3,805 million. These funds for atypical workers and professionals still have a higher number of active workers compared to the number of pensioners. The positive contribution given by these balanced schemes (29,660 million) made it possible to limit the deficit between benefit expenditure and contribution revenues to 20,883 million. Without these surpluses, the deficit of the pension system would reach 50,543 million.

**b)** All the other schemes run a deficit, especially the ex INPDAI fund, the fund for public employees, the fund for artisans and that for farmers, tenant farmers and sharecroppers, the fund for the former Ferrovie dello Stato, as better highlighted in the specific paragraphs. The Fund for civil servants shows an imbalance of **30,578 million**; 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; it is important to stress that, in 2018, benefit expenditure was calculated before the deduction of 9,355 million provided by GIAS; if these two factors are taken into account, the afore-mention imbalance would drop to 10,423 million, 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 by general taxes as well as other transfers coming from the Regions (very few) and from GPT (mainly financed by the contributions paid by enterprises and workers).

These two schemes intervene so as to offset the lower contribution revenues due to 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 9,039.97 million euros' worth of welfare transfers from GIAS and 4,952.27 million

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<sup>21</sup> As better explained later, FPLD is weighed down by the deficits of the special funds merged into it (a total of 8,563 million euros).

euros' worth of transfers from GTP and from other sources, for a total of 13,992.24 million euros.

## 2.2 The INPS social security system

In the last few years, pension expenditure steadily increased while the **number of pension benefits** went down; the same occurred in 2018, with an increase in the number of pension benefits from 17,511,910 to 17,386,280 compared to 2017 and a reduction in the number of pensions by 125,630 equal to 0.72% (see *Table B.30.a*).

The reduction in the number of pension benefits and the moderate increase in their overall amount are closely correlated with the more stringent retirement age requirements introduced by the pension reforms; in 2018, the retirement age for the old-age for all workers reached 66 years and 7 months, while the contribution seniority for early retirement reached 42 years and 10 months for men and of 41 years and 10 months for women. Since 2019, in line with the population longer life expectancy, the retirement age requirement was raised to 67 years, while for early retirement the planned increase to 43 years and 3 months of contributions (one year less for women) was blocked at the previous level by the 2019 Budget Law (Act n.145 of 30/12/2018) and by Law Decree n. 4 of 28/1/2019, which introduced and regulated, among other things, the so-called Quota 100 and Citizenship Income measures. It therefore useful to provide a brief analysis of the pension benefits paid by year, which is crucial to understand the evolution of the pension system.

In 2018, INPS paid out **567,360 pensions** for an annual amount of **8,213.1 million euros** and **567,934 welfare pensions** for an annual amount of **3,108.2 million euros**; these data do not include the pensions paid by the former INPDAP and former ENPALS schemes.

*Tables 2.1* and *2.2* show the trend over time of pension and welfare benefits paid by INPS between 2003 and 2018.

**Table 2.1 - Historical series of pensions paid between 2003 and 2018**

Year	Old-age pensions		Seniority/Early pensions		Disability pensions		Survivors' pensions	
	Number of Pensions	% of total pension benefits	Number of Pensions	% of total pension benefits	Number of Pensions	% of total pension benefits	Number of Pensions	% of total pension benefits
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%
2018	137,881	24.3%	169,566*	29.9%	56,887	10.0%	203,026	35.8%

\* Including 1,848 early pensions. Source: INPS

**Table 2.2 - Comparative historical series of Welfare/Pension benefits (2003-2018)**

Year	Total A		Total B		Total A+ B
	Welfare benefits	As a % of the total	Pension benefits	As a % of the total	
2003	464,851	37.65%	769,886	62.35%	1,234,737
2004	449,783	39.79%	680,743	60.21%	1,130,526
2005	499,465	42.34%	680,297	57.66%	1,179,762
2006	488,962	40.58%	716,072	59.42%	1,205,034
2007	518,880	44.02%	659,743	55.98%	1,178,623
2008	561,497	47.21%	627,869	52.79%	1,189,366
2009	574,570	50.16%	570,982	49.84%	1,145,552
2010	507,859	45.04%	619,642	54.96%	1,127,501
2011	424,153	43.98%	540,334	56.02%	964,487
2012	516,566	50.91%	498,145	49.09%	1,014,711
2013	514,142	50.05%	513,135	49.95%	1,027,277
2014	538,037	54.14%	455,779	45.86%	993,816
2015	571,386	51.05%	547,969	48.95%	1,119,355
2016	557,946	53.30%	488,937	46.70%	1,046,883
2017	553,105	49.73%	559,058	50.27%	1,112,163
2018	567,934	50.03%	567,360	49.97%	1,135,294

Source: INPS

With regard to pensions, in 2018, 24.3% of the total benefits paid out was for old-age pensions (with an average length of contribution of around 65 years and 9 months), 29.9% for seniority pensions, 10.0% for disability pensions and 35.8% for survivors' pensions.

As to welfare benefits, 3.8% was allocated to social allowances and 96.2% to disability benefits (pension and/or carers' allowance, mostly allowances). In the 2003-2018 period, disability pensions

increased from 7% to 10%, while early old-age and seniority pensions plummeted from 30.8% to 24.3% and from 33.4% to 29.9% respectively; survivors' pensions rose from 28.8% to 35.8%. So, welfare benefits grew more than pension benefits.

The comparison between welfare and pension benefits in **Table 2.2** shows that in 2003, pension benefits accounted for **62.35%** of all the pensions paid out vs. **37.65%** of welfare benefits. This ratio changed in the following years until it was reversed in 2012 (50.91% of welfare benefits vs. 49.09% of pension benefits); in 2018, it became almost equal (**50.03% welfare benefits versus 49.97% of pension benefits**).

It is important to stress that the historical series in **Tables 2.1** and **2.2** do not include the pensions paid out by the former INPDAP and former ENPALS schemes that do not provide welfare benefits. With regard to pension benefits, considering the number of benefits provided by the former INPDAP scheme (149,905) and by the former ENPALS fund (3,127), the total number of pension benefits paid out by INPS in 2018 was equal to 720,392 amounting to 12,320 million euros. **Table 2.3** shows the amounts of the INPS pensions on 1/1/2019.

**Table 2.3 - Amounts of INPS, ex INPDAP, ex ENPALS pensions**

	N. of INPS pensions	As a % of the total	N. of INPDAP pensions	As a % of the total	N. of ENPALS pensions	As a % of the total
up to 499.99	4,499,753*	25.3%	60,370	2.1%	24,917	42,7%
from 500.00 to 749.99	6,429,713*	36.1%	131,672	4.5%		
from 750.00 to 999.99	1,699,741	9.5%	284,957	9.8%	12,498	21,4%
from 1,000.00 to 1,249.99	1,266,096	7.1%	342,994	11.8%		
from 1,250.00 to 1,499.99	994,080	5.6%	371,596	12.8%		
from 1,500.00 to 1,749.99	923,903	5.2%	396,851	13.6%		
from 1,750.00 to 1,999.99	548,540	3.1%	297,522	10.2%	15,742	27,0%
from 2,000.00 to 2,249.99	420,975	2.4%	312,673	10.7%		
from 2,250.00 to 2,449.99	288,417	1.6%	234,845	8.1%		
from 2,500.00 to 2,999.99	347,860	2.0%	210,950	7.2%		
from 3,000.00 to 3,499.99	165,417	0.9%	85,996	3.0%	5,159	8,8%
above 3,500	243,181	1.4%	183,352	6.3%		
Total	17,827,676 <sup>22</sup>	100%	2,913,778	100%	58,316	100%

*\*of which 4,797,442 income-based pensioners*

As to the amounts reported in this table under examination, it is interesting to point out that out of 17,827,676 INPS pensions (mainly for private-sector employees and self-employed workers),

<sup>22</sup> The data on the INPS pensions reported in Table 2.3 are taken from the INPS "Summary Statistics" and refer to 1/1/2019; they are different from the ones reported in Table B.30.a, which are taken from the exhibits to the 2018 accounts, and they refer to 31/12/18.



4,797,442 pensions in the first two groups account for 26.9% of the total and are related to income; these are supplementary minimum benefits, additional social benefits, social pensions and allowances, disability pensions; these are mainly welfare benefits (i.e. 43.9% of the 10,929,466 pensions in the first two income groups).

It is also clear that there is a different distribution of public pensions (ex INPDAP) compared to private pensions (INPS): the private pensions in the first two groups (up to 749.99 euros) account for 61.4% of the total, while public pensions only for 6.6%; on the other hand, the last two groups (over 3,000 euros' worth of gross benefits per month) account for 2.3% of private pensions and for 9.3% of public pensions. Finally, from another point of view, due to the enormous media coverage of the "cut" to the so-called golden pensions introduced by the aforementioned 2019 Budget Law, it may be useful to stress that out of a total of 16,004,503 pensioners, 576,123 pensioners (just 3.6% of the total) receive over 3,500 euros' worth of gross pension benefits per month and about 33,200 (0.2% of the total) are entitled to pension benefits exceeding the gross amount of 100,000 euros per year (to be cut under the 2019 Budget Law) (see tables in Chapter 6).

The negative balance between contribution revenues and pension benefit expenditure (*Table 1.a*) of the last years had an impact on the INPS results, leading to a gradual reduction in its **net worth, with a negative balance of 6,906 million on 31/12/2017, which rose up to 47,042 million in 2018** (see *paragraph 2.7 below*).

Finally, the analysis of the overall performance of the INPS schemes shows that the downward trend in the number of pensions (17,511,910 in 2017 and 17,386,280 in 2018) caused by the reforms, including Act n. 214/2011 (Monti-Fornero reform), was expected to grind to a halt in 2019, as a result of the experimental adoption of the Quota 100 option for 3 years and the other measures envisaged to encourage greater labour exit flexibility (see Chapter 8). In fact, the very strict retirement requirements of the reforms have led to the adoption of 8 "safeguard measures"<sup>23</sup> for 203,166 subjects in less than 8 years, to the introduction of social APE (early retirement benefits for long-term unemployed workers, subjects with physical problems, those who care for first degree family members), to incentives for the so-called "early workers" (subjects who start working before 19 years of age) and to voluntary APE (early retirement benefits in the form of a loan for workers with at least 20 years of contributions, with a minimum age of 63 years and eligible for an old age pension within 3 years and 7 months).

Now the Report shifts its focus on the individual schemes managed by INPS and on their contribution revenues, benefit expenditure, accounting balances, main variables (number of members and pensioners, average pension) and on their financial and economic results.

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<sup>23</sup> For further details on the 8 safeguard measures, see Reports n. 5 and 6 on the [www.itinerariiprevidenziali.it](http://www.itinerariiprevidenziali.it) website.

## 2.3 Funds for private sector employees

The **funds for private sector employees** (*Table 1a, n.1*) had a **positive balance of 4,450 million euros** in 2018, thus confirming the marked improvement already obtained in 2016 (+ 2.219 billion euros) and in 2017 (3,668 million); in fact, since then, there has been a positive trend in their contribution revenues (121,193 million euros in 2016, 123,732 million 2017 and **126,622 million in 2018**) and also an increase in their pension benefits but to a lesser extent (118,974 million in 2016, 120,124 million in 2017 and finally **122,172 million in 2018**), thus bringing them a positive balance.

However, these are figures related to all the funds for private-sector employees that include the Fund for employed workers in the private sector (FPLD), the fund for executives in the industrial sector (ex INPDAI), some former special funds (transportation, telephony, electricity) which were merged into FPLD with separate accounts and other schemes (Aviation fund, Tax consumption Fund, FF.SS fund and other minor schemes<sup>24</sup>) which are included in the INPS accounts but with a separate accounting system.

The **aggregate data of the funds for private-sector employees** also include those related to the fund for show-business workers managed by former ENPALS merged into INPS in 2012, to the fund for 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 14,265,746 in 2018, in line with the trend of the last few years (in 2017 it was equal to 14,260,883 according to INPS). Instead, the number of pensions paid slightly decreased from 9,093,950 in 2017 to 8,946,948. Finally, as already pointed out for the pension system in general, the average pension grew from 14,742 euros per year in 2017 to 15,141 euros per year in 2018 (an almost net amount of 1,165 euros per month for 13 months). Here follows the analysis for each individual scheme:

**FPLD** - The pension fund for employed workers is the most important scheme in this "category", without considering the separate accounts of the former special funds merged into its system, with more than **90%** of members and benefits paid. In 2018, it showed a **positive balance of 17,815 million euros**, as the difference between 119,120 million euros' worth of contributions and 101,305 million euros' worth of benefits (*Table B.30.a*), thus confirming the positive trend of the last few years. As to contribution revenues, a great help came from the GPT and GIAS income-support transfers which amounted to 3,204 million euros for GIAS and to 3,988 million euros for GPT for a total of 7,192 million in 2018, down with respect to 7,740 million in 2017. However, the overall result of this fund was negatively affected by the **former Special funds** merged into its system with separate accounts (former INPDAI, Transportation fund, Aviation fund and Electricity fund), which together accounted for a **negative balance of 8,563 million euros** in 2018 (*Tab.B.30. a*) even though the members of these special funds only accounted for **5%** of all private employed workers<sup>25</sup>. As a result, these

<sup>24</sup> The Gas Fund was abolished on 01/12/2015 under ex Act n.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.

<sup>25</sup> 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.

outstanding issues led to a progressive deterioration of the overall financial situation of this fund; in fact, on 31/12/2017, FPLD had **103,367 million euro's** worth of deficit including the results of the abolished transportation, electricity and telephony funds and INPDAI; disaggregated terms: FPLD - 15,665, Transportation -16,225, Electricity -26,394, Telephony - 8,920, ex INPDAI -36,163. The deficits of the former special funds merged into FPLD were mainly caused by the higher benefits provided to their members with respect to those provided by FPLD, especially for the **longstanding pensions**; in fact, over time, starting from the Dini reform of 1995, several legal provisions managed to harmonize the rules of these funds, which previously were much more favorable with respect to those of FPLD in terms of lower contribution rates and pension benefits with higher rates of return. For this reason, too, the Fornero law introduced a solidarity contribution for members and pensioners of some of these Funds from 1/1/2012 until 31/12/2017.

**Transportation Fund:** this fund was dissolved in 1996 following the ministerial decrees of the Dini reform; 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 up to a negative balance of **901 million euros** in 2018 and a capital deficit of **16,225 million**. At the end of 2018, the Fund paid 100,630 pension benefits, a number slightly higher than the number of its active workers (100,600); 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 favorable conditions with respect to the other special funds; its **average pension** is equal to **21,880 euros** vs. 13,720 euros for FPLD members. The most relevant advantages with respect to the 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. Its situation further deteriorated and, in 2018, its negative operating result amounted to **2,157 million euros** and its capital deficit to **26,394 million euros**. At the end of 2018, the number of outstanding pensions was equal to 97,690 and the number of active workers was only 25,400, also because the subjects hired as of the year 2000 are registered with FPLD; the **average pension** was equal to **27,090 euros**, almost twice as much as that provided by FPLD.

**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 2018, its operating result featured a loss of **1,325 million euros** and a capital deficit of **8,920 million euros**. At the end of 2018, the number of pensions was equal to 74,190 and the number of active workers to 44,600 (the subjects hired as of the year 2000 register with FPLD); the average pension was 26,560 euros, almost twice as much as that provided by FPLD.

**Former INPDAI fund:** this fund was dissolved in 2003; notwithstanding its considerable assets, since then, it has always produced negative economic results up to **4,158 million** in 2018, with a capital deficit to **36,130 million euros**. At the end of 2018, the number of outstanding pensions was **129,570** and the number of active workers was limited to 26,810; the average pension was equal to 51,640 euros, correlated with average remuneration levels around 100,000 euros. Since the workers hired as of 2003 have paid their contributions to FPLD, this fund has been badly affected with negative yearly results, the erosion of its initial wealth and the deterioration of its economic and financial situation.

So, it is no longer reasonable to manage these funds with separate accounts; in fact, the registration of the newly-hired workers in these sectors to FPLD has a negative impact on their operating and accounting results; it would be better to wind them up also to avoid misinterpretations.

A final consideration on the economic and financial situation of the **funds for private sector employees**, mainly FPLD and GPT, both financed by workers and employers; these funds have managed to reach a relative financial equilibrium over time thanks to the surplus of GPT, examined in Chapter 5; notwithstanding the economic crisis and the increasing burden of benefits, they maintained a positive result, equal to 4,957 million euros in 2018, with a surplus of 198,869 million euros, thus offsetting the liabilities of FPLD amounting to **103,367 million euros** (including the former Special funds).

## 2.4 Funds for public-sector employees (ex INPDAP)

INPDAP<sup>26</sup> 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 **2018**, the deficit of the funds for public-sector employees amounted to **30,578 million euros**, net of the 10,800 million euros' worth of additional contribution from the State, resulting from **revenues equal to 40,114 million euros** and **expenditure to 70,691 million euros** (including 9,335 million euros paid by GIAS, pursuant to article 2, paragraph 4 of Act n.183/20. In sum, the deficit is in line with the one of the two previous years (29,344 in 2016 and 30,417 in 2017). Pension expenditure grew by 2.90% with an increase by 1,991 million euros vs. 2017, due more to the substitution effect than to inflation. In the year under review, the benefits paid by GIAS amounted to 9,335 million euros against the 9,613 million euros in 2017. However, (as was the case when INPDAP was an autonomous scheme), if the overall contribution by the State is taken into account, that is 10,800 million euros' worth of additional contribution under Act n. 355/1995 (the State did not pay any contributions until the establishment of INPDAP) and 9,335 million euros' worth of benefits transferred from GIAS (for welfare benefits and baby pensions), the revenues would be equal to 50,914 million euros and expenses to 61,336 million euros with a negative balance dropping to 10,422 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 2015: 3,252,300 in 2015, 3,305,000 in 2016, 3,272,200 in 2017 and finally 3,337,500 in 2018; as a consequence, revenues too have remained stable (37,891 in 2015, 38,277 in 2016, 38,283 in 2017 and 40,114 in 2018), while expenditure has steadily grown ((from 66,871 million in 2015 to 67,621 million in 2016, 68,700 in 2017 and finally to 70,691 in 2018); this has produced growing deficits and consequences on the **economic and financial results** that in 2018 featured a **deficit of 9,746 million euros**; this deficit was reduced thanks to 21,698 million euros' worth of funds provided for under Act n. 147 of 2013 (in 2013 the debt was equal to -23,317 million).

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<sup>26</sup> INPDAP, set up in 1994, was merged into INPS under Art. 21 of Legislative Decree n. 138/2011, transposed into Act n. 148/2011.

The situation may change as of 2019 due to the planned resumption of turnover and the retirements related to the "Quota 100" option; as at September 10, 2019, out of 175,999 applications, 55,167 were submitted by members of public-sector pension funds. With reference to the same four-year period considered above, the number of pensions increased from 2,863,744 in 2015 to 2,890,909 in 2016, to 2,875,423 in 2017 and to **2,917,119 in 2018**, a rather stable trend as the trend of the average pension: from 23,374 euros per year in 2015, 23,552 in 2016, 24,168 in 2017 and to **24,458 in 2018**. As to the breakdown of public pensions by category, **Table 2.4** shows that 57.1% of them are seniority and early retirement benefits, 13.7% old-age benefits, 7.6% disability benefits and finally 21.6% are survivors' pensions. **Table 2.5** shows the data of the individual ex INPDAP schemes by number and annual amount of the pensions on 1/1/2019.

**Table 2.4 - Pensions on 1/1/2019**

Pension category	N. of pensions	As % of the total	Overall annual amount (in millions of euros)	As % of the total
Old-age	400,543	13.7	11,792.80	16.4
Seniority/Early	1,663,069	57.1	45,647.40	63.4
Disability	221,303	7.6	5,442.00	7.6
Survivors'	628,863	21.6	9,145.90	12.6
<b>Total</b>	<b>2,913,778</b>	<b>100</b>	<b>72,028.10</b>	<b>100</b>

**Table 2.5 - Pensions at 1/1/2019 by scheme**

Schemes	N. of pensions	Overall annual amount (in millions of euros)
C.P.D.E.L. (Local Authorities)	1,101,363	22,551.7
C.P.I. (Teachers)	16,049	299.9
C.P.S.	78,240	4,619.0
C.P.U.G. (Bailiffs)	3,026	61.2
C.T.P.S. (civil servants)	1,715,100	44,496.3
<b>Total</b>	<b>2,913,778<sup>27</sup></b>	<b>72,028.18</b>

It should be noted that C.T.P.S. alone, which manages the fund for public-sector employees, provides 58.9% of pension benefits for an amount equal to 61.8% of the total, while C.P.D.E.L. (local authority employees) provides 37.8% of the public, that is 31.3% of the total.

A further assessment of existing public pensions can be derived from **Table 2.6** divided by monthly amounts. 16.4% of these pensions have a monthly amount of less than 1,000 euros, 48.4% between 1,000 and 1,999.99, 26.0% between 2,000 and 2,999.99 and finally 9.2% from 3,000 euros and above.

<sup>27</sup> The overall data of the pensions for public employees reported in **Tables 2.4, 2.5** and **2.6**, taken from the INPS "Summary statistics", are slightly different with respect to those illustrated in **Table B.30a**, taken from the exhibits to the 2018 financial accounts.

**Table 2.6 - Pensions on 1/1/2019 by monthly amount**

	<b>Totale</b>	<b>% sul totale</b>
Up to 499.99	60,370	2.1
from 500.00 to 749.99	131,672	4.5
from 750.00 to 999.99	284,957	9.8
from 1,000.00 to 1,249.99	342,994	11.8
from 1,250.00 to 1,499.99	371,596	12.8
from 1,500.00 to 1,749.99	396,851	13.6
from 1,750.00 to 1,999.99	297,522	10.2
from 2,000.00 to 2,249.99	312,673	10.7
from 2,250.00 to 2,449.99	234,845	8.1
from 2,500.00 to 2,999.99	210,950	7.2
from 3,000.00 to 3,499.99	85,996	3.0
3,500.00 and above	183,352	6.2
<b>Total</b>	<b>2,913,778 (8)</b>	<b>100.00</b>

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

The schemes for artisans and retailers showed **3,047 million euros'** worth of deficit between contributions and benefits in 2018, the same as in 2015 but significantly worse than the figures for 2016 (2,260 million euros) and 2017 (1,996 million euros), mainly attributable to the funds for artisans<sup>28</sup>.

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, thus generating very generous benefits not consistent with the contributions actually paid. However, while the fund for retailers has obtained better economic and financial results thanks to new members operating in the service and tourism sectors, the fund for artisans is losing active workers every year, with a deterioration of its financial and economic situation; this is happening notwithstanding the replacement of older pensions with their more favorable calculation rules with pensions with a greater correlation between contributions and benefits and the progressive application of the contribution-based calculation method in the coming years.

Some improvements were also obtained on the level of contributions thanks to the Fornero law, which provided for an annual increase in the contribution rate by 0.45% as of 2013; as a result, in 2019 the contribution rate for artisans rose to **24%** calculated on a corporate income up to 47,143 euros and to **25%** above this limit. For retailers, the same contribution rates apply with an increase by 0.09% to be allocated to the fund for the rationalization of the retail network.

The **Fund for artisans** shows a persistent negative balance that was equal to of **3,699 million euros** in 2018 vs. 3,213 million euros in 2017, with higher expenditure equal to 11,940 million euros, (+232 million euros) compared to the previous year and contribution revenues to 8,495 million euros, up (+53 million) vs. 2017 and contribution revenues amounted to 8,241 million euros, down (-254 million) again compared to 2017. As a result, taking into account amortizations and write-offs, the operating

<sup>28</sup> 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, while they are illustrated separately in *Tables 30a* and *30b*.

result was characterized by a deficit of **6,502 million euros** which resulted in a capital deficit of **69,410 million euros** vs. 66,891 million euros in 2017. 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 1,590,111 (-10.3%) and of a steady increase in the number of pensioners from 1,639,469 in 2013 to the current figure of 1,707,155 (+ 4.13%), *who have by now outnumbered active workers*.

The **Fund for retailers** continues to have positive results; in 2018, it obtained a positive balance equal to **652 million euros**, although more than halved compared to 1,217 million in 2017. In detail, this fund featured **10,588 million euros'** worth of contribution revenues, slightly down compared to 10,906 million euros of 2017, and **9,936 million euros'** worth of benefit expenditure (9,689 in 2017+ 247 million euros). Moreover, the final results include the data of the separate account called "fund for the rationalization of the retail network" created with the Legislative Decree n. 207/1996; after amortizations and write-offs, this fund had a negative operating result of **3,956 million euros** (vs. 2,045 million in 2017). On the whole, on 31/12/2018, **the financial and economic situation** was characterized by a **deficit of 11,497 million euros**. Compared to 2017, the number of pensioners (1,413,582) and of active workers (2,089,700) did not change in a significant way with an active worker/pensioner ratio above the average, equal to **1.48 active workers** for each pensioner.

**Table 2.7** compares the trends of contribution revenues, pension expenditure and balance of the funds for artisans and retailers for the last 5 years.

**Table 2.7 - Historical series of revenues, expenditure and operating results of the Funds for Artisans and Retailers**

		2013	2014	2015	2016	2017	2018
<b>ARTISANS</b>	Contributions	8,090	8,198	8,203	8,442	8,495	8,241
	benefits	11,710	11,739	11,849	11,733	11,708	11,940
	balance	-3,620	-3,541	-3,646	-3,291	-3,213	-3,699
<b>RETAILERS</b>	contributions	9,909	10,147	10,312	10,727	10,906	10,588
	benefits	9,529	9,626	9,713	9,697	9,689	9,936
	balance	380	521	599	1030	1217	652

*Note: contributions mean contribution revenues including transfers net of income and yields from assets; benefits mean the pension installments paid by the fund*

**Fund for Farmers, Tenant farmers and Sharecroppers** - In 2018, this fund (CDCM) continued to have a structural imbalance due to a very low active worker/pensioner ratio and in particular to old favorable and still applicable retirement provisions, with very high benefits compared to contributions, even though the contribution rates for members were re-calculated in 2012. Employment continued to decline even in 2018, with **451,170** active workers against 1,206,000 in 1989, a major drop by 62.6% over these years. The **balance between contributions and benefits** amounted to **-2,518 million euros**, up with respect to - 2,697 in 2017, net of **1,289 million euros'** worth of transfers in 2018 from GIAS which, as of 2011, has started paying the pensions accrued before 1/1/1989. **Contribution revenues**, equal to **1,308 million euros** (1,272 million euros in 2017), accounted for only 34.19% of the **3,826 million euros'** worth of benefits (3,969 million euros in 2017), 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 2018, the number of pensions to be paid by CDCM was equal to 1,398,907, including 232,173 pensions before 1/1/1989; the ratio of 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 active worker), rose to 3.1 in 2018. Therefore, **3,807 million euros'** worth of pension benefits in the agricultural sector are paid by tax payer; this fund also featured a considerable **capital deficit of 87,137 million euros** on 31/12/2018.

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

### **2.6.1 Aviation fund**

This Fund is a special fund managed by INPS with accounting autonomy and it has replaced the general compulsory insurance (AGO) with social security protection for air flight personnel. In 1997, the very generous social security rules in this sector were harmonized 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); in fact, its average pension is 45,540 euros per year (over three times as much that provided by FPLD). Furthermore, it has lower old-age age eligibility criteria (minus 5 years) and a reduction by 1 year for every 5 years of membership and by a maximum of 5 years in the age and contribution seniority requirements for early retirement. This fund has a very negative operational and financial situation both because of the more generous benefits provided with respect to other schemes (which should be revised) and because of the crisis in the airline sector and in particular for the main Italian carrier Alitalia. In 2018, the Fund featured a **negative balance of 151 million** deriving from **165 million euros'** worth of **contribution revenues** and from **316 million euros'** worth of **benefit expenditure**. Its operating results have been consistently negative since 2006 and it has run a capital deficit since 2011. Its deficit amounted to **-1,017 million** in 2018, due to a per capita pension debt of over 54,000 euros, bound to become even worse. It has 11,440 members and provides 7,310 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 income support fund for air transport personnel; this new fund is activated in case of corporate crises in this sector to provide supplementary benefits (ASPL/NASPL benefits and extraordinary redundancy fund benefits) to both flight and ground personnel, about 150,000 people, with much more favorable conditions than ordinary income support measures. In fact, in the hypotheses considered, beneficiaries receive supplementary benefits up to 80% of their 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% levied on taxable wages (2/3 borne by the company and 1/3 borne by the workers) but above all by a municipal surtax of 3 euros on boarding fees applied to each air ticket. In sum, 97% of its revenues derives from this "levy"; in 2017 (the last available data), this tax produced revenues equal to **249.5 million euros** against only 7.2 million paid by company. In 2019, a further rescue plan was launched for Alitalia which, according to the latest data, may lead to more than 11,000 employees to become redundant.

### **2.6.2 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 provides 7,170 pensions for an amount of 124 million



in 2018, paid by the State (Art. 17 PD n. 649/1972) and financed through GIAS.

### 2.6.3 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 2018, the number of pensions paid was equal to 12,640 and the number of members was 17,900 with a ratio of 1.42 active members per pensioner. This Fund is characterized by a low level of coverage by contribution revenues equal to less than one third of the expenditure for pensions net of GIAS; in fact, in 2018 In fact, in 2018, **contribution revenues** amounted to **30 million euros** against **95 million euros'** worth of pension expenditure, again net of GIAS transfers, with a **deficit** of **65 million**. The Fund is characterized by a situation of structural imbalance, even if with a lower economic and financial impact on the pension "system" as a whole; its capital deficit reached **2,216 million euros** with a per capita debt of over 72,000 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 based on income nor on contributions but it is a defined-benefit scheme. Moreover, 70% of pensioners in the Clergy Fund have another pension provided by other schemes.

### 2.6.4 Show-business and Entertainment Fund (ex ENPALS)

The former show-business and entertainment fund, ENPALS, merged into INPS on 01/01/2012. It used to manage 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 2018 accounts featured had a positive balance between contributions and benefits of **301 million euros**, with **contribution revenues** and **membership fees** equal to **1,200 million euros** (1,235 in 2017) against **899 million euros'** worth of **expenditure** (882 million euros in 2017). On 31/12/2017, the number of active workers paying contributions was equal to **158,640** and the number of pensions to **59,030**, most of which (95.6%) paid to members of the Fund for show business and entertainment workers. In the two funds together, old-age pensions account for 68.7%, disability pensions for only 3.9% and survivors' pensions for 27.4%; its active worker/pensioner ratio is among the best at the national level with **2.69 active workers** per pensioner; the average pension amounts to 16,740 euros per year. The operating result for the year was positive, equal to **266 million euros**, with a surplus of **5,092 million euros** on 31/12/2018, better with respect to 2017 (4,826 million euros).

### 2.6.5 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 2018 financial statements show **1,409 million euros'** worth of **contribution revenues**, compared to **1,858 million euros'** worth of **expenditure** with a **deficit** of **499 million euros**, slightly higher with respect to 2017 (397 million euros against 1,437 million euros' worth of revenues and 1,834 million euros' worth of expenditures).

In the last 10 years, the number of active workers paying contributions has steadily decreased while the number of pensioners has increased. In 2018, this fund received its contributions from **134,930**

members (compared to 141,170 the previous year, a drop by 1.05%) and provided pension benefits to 148,150 retirees with respect to 146,960 in 2017 (with an average annual amount of 18,440 euros) and featured a negative **ratio of the number of members vs. the number of pensioners** equal to 0.91%(less than 1 active worker per pensioner). The operating result for the year was in the red for **410 million euros**, with a capital deficit of **44 million** at the end of 2018 (vs. a surplus of 366 million in 2017).

#### 2.6.6 FF.SS. Railways Fund

Following the transformation of Ferrovie dello Stato (FF. SS) into Ferrovie Spa in the year 2000, the fund for railway personnel was merged into INPS as a special fund for the employed workers hired before April 1 2000, for those working for the Ferrovie S.p.A holding company, 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 new fund was already in the red before its consolidation into INPS and each year its major imbalance is **financed** by GIAS transfers paid by the State: 4,157 million in 2011, 4,164 in 2012, 4,246 in 2013, 4,151 in 2014, 4,072 in 2015, 4,133 in 2016, 4,103 in 2017 and **4,196 million in 2018**). This fund is characterized by a completely unbalanced ratio of **active members paying contributions**, equal to **40.200** in 2018 (57,133 in 2011 and 43,290 in 2017) vs. the **number of pensioners** equal to **214,270** (234,400 in 2011 and 215,520 in 2017), with the consequence of transferring the company's restructuring and greater efficiency burden to taxpayers since through the extensive use of early-retirement plans. It should be noted that in this case too, the entire early retirement expenditure is charges as pension expenditure and not as 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 their average pension amount is equal to 22,880 euros. In conclusion, in 2018, this fund was characterized by a very anomalous negative balance equal to **4,210 million euros** between **4,821 million euros'** worth of **expenditure** (4,750 million euros in 2017) and **611 million euros'** worth of **contribution revenues** (616 million euros in 2017). As mentioned above, the annual deficit is financed by GIAS transfers.

#### 2.6.7 Fund for Journalists managed by INPGI

This fund is registered as a privatized scheme (see the following Chapter) but its members fall within the category of employed subjects. Under the law, these workers must be registered in an ad-hoc special "**professional roster**" and therefore they must pay their contributions to INPGI which acts as a substitute for AGO. In 2018, this fund was characterized by a negative result with a deficit of **167 million euros**, vs. 114 million euros in 2017; its contribution revenues amounted to **363 million euros** and pension expenditure to **513 million euros**. For further details, see the tables in the web appendix and in Chapter 3.

#### 2.7 Fund for atypical workers

In order to provide a pension benefits also to the so-called "atypical " workers, i.e. subjects who consistently but not exclusively worked as self-employed without a professional register and without any social security rights, a "**separate scheme**" was set up within INPS under Art. 2, paragraph 26 of Act 335/95.

In 2018, this fund had **1,303,000** members, up with respect to 1,247,000 in 2017 (+ 4.5%); 72% of whom with temporary jobs (940,000, of whom 81,000 retired) and 28% as self-employed professionals (363,000, of whom 25,000 retired). These membership figures have been taken from the 2018 INPS accounts and are related to the subjects who, during the year, paid at least one contribution to the scheme.

This fund, has a significant positive balance between contributions and benefits, which was equal to **7,086 million** euros in 2018. This figure results from **8,090 million** euros' worth of **contribution revenues** and only from **1,004 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, its economic and financial situation is positive, with a surplus equal to **123,696 million euros**. The number of benefits provided amounts to **449,037**, up with respect to 419,431 in 2017, and is still very low and far below the number of active workers paying contributions equal to 1,303,000, as already mentioned. The average amount of benefits is also low (**2,574 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% of the annual taxable income of its members.

Over time, the contribution rate increased to reach **34.23%** 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%, in both cases with a ceiling on which to calculate the pension which was equal to 101,427 euros in 2018

This significant increase in the contribution rates with low benefits is an issue for young workers with term contracts who have to pay higher contributions with respect to artisans and retailers, also considering that many of them are professionals without an official register who often work exactly like members of professional associations. In this case, the disparity of rates is very high: from an average of 14% for members of privatized schemes to about twice as much for those who are not in an official register. A very abnormal situation both in terms of active workers paying contributions and of pensioners that is not found in other funds and which will be hopefully corrected especially because all this scheme is not yet fully integrated into the system.

## **2.8 The INPS Fund for 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 and the same holds true for its financial situation; *thanks to its detailed accounting data, it is possible to reliably separate the pension measures from the welfare measures*, with the former financed by workers and employers (contributions) and the latter by general taxes.

**Revenues:** The total transfers from the State to GIAS amount to **105,666 million euros** compared to 110,150 in the previous year. *The benefits provided are mainly financed through transfers from the*

**State budget**; a modest amount of benefits equal to **1,296 million** (slightly down compared to 1,308 in 2017) comes from the revenues from the contributions paid by employers and workers to finance wage support measures and incentives designed to reduce social security charges and **147 million** from the membership fees of some specific schemes. The financial accounts show that in 2018 the **value of production**, net of current revenue adjustments of **10,997 million euros**<sup>29</sup> in social security charges, amounted to **96,327 million euros** (97,652 million euros in 2017), while the "cost of production" was equal to 96,409 million euros - 82 million euros for adjustments, extraordinary charges and operating taxes. These State transfers are designed to finance the following charges:

- **pension expenditure**: 72,699 million euros (-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); this change is due to the reduction of the contributions needed to finance supplementary wage and mobility benefits;
- **family support measures**: **5,835 million euros** (+6.4% vs. 5,485 million euros last year); this increase is due to higher charges to be financed for the three-year allowance (baby bonus) provided for under Art. 1, par. 248 and 249 of Act n. 205/2017 and for the birth premium under Act n. 232/2016;
- **benefits** deriving from a **reduction in contribution charges** (TBC and maternity leave): **540 million euros** (-7.4% vs. 583 million euros in 2017); this reduction is due to the lower contributions needed to finance these benefits;
- **contribution incentives** and **other facilities**: **17,821 million euros** (-15.2% vs. 21,014 million in 2017; the significant reduction is linked to the provisions in force during the year on the contributions to be paid by the State for newly hired workers with long-term contracts as provided for under Acts n. 190/2014 and n. 208/2015 and under Legislative Decree n. 151/2015;
- **other measures**: **1,603 million euros** (-30.4% vs. 2,302 million euros in 2017); this drop is mainly due to the current legislation on government contributions, including charges to finance the non-application of the minimum taxable amount and the temporary discontinuation of contribution charges as provided for under Act n. 22972015. **Table 2.8** shows the time series of the transfers of financial resources from the State to GIAS in the 2011-2018 period.

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<sup>29</sup> GIAS supports the national production system by **reducing social charges**. The amount of these State transfers is indicated under the item: "Corrective and compensatory revenue items"; in the year under review, it reached **10,997 million**, with a reduction by 2,706 million with respect to the previous year (13,703 million). This drop mainly refers to the halt to the possibility for employers to be exempted from the charges related the newly-hired workers with long-term contracts (three-year rebate, Act n. 190/2014) and from the 40% payment provided for under Act n. 208/2015 (two-year rebate). In the INPS accounting system, the incentivized contributions are charged before calculating these rebates even in the presence of net revenues; therefore, the GIAS accounts analytically report these amounts according to the law, but they do not provide any indication related to the beneficiaries. Pension funds are estimated to receive over 50% of these sums.

**Table 2.8 - Transfers from the State budget to GIAS** (in millions of euros)

	Pension charges	Wage support measures	Family support measures	Benefits from social charge reduction	Social charge reductions and other incentives	Other measures	<b>TOTAL TRANSFERS FROM THE STATE BUDGET</b>
<b>2011</b>	58,271	6,360	3,411	688	14,031	1,141	<b>83,902</b>
<b>2012</b>	63,804	8,333	3,671	696	16,018	1,278	<b>93,800</b>
<b>2013</b>	67,982	9,592	3,992	677	15,488	1,338	<b>99,069</b>
<b>2014</b>	67,454	10,387	3,856	656	14,832	1,255	<b>98,440</b>
<b>2015</b>	72,172	8,794	4,033	622	15,897	2,155	<b>103,673</b>
<b>2016</b>	70,971	8,695	4,502	603	21,203	1,400	<b>107,374</b>
<b>2017</b>	72,699	8,067	5,485	583	21,014	2,302	<b>110,150</b>
<b>2018</b>	<b>72,738</b>	<b>7,129</b>	<b>5,835</b>	<b>540</b>	<b>17,821</b>	<b>1,603</b>	<b>105,666</b>

**Pension benefit expenditure** - It includes the amount of the costs incurred to finance “*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 welfare benefit expenses (social pensions and allowances and extra benefits for people over 65).

**Table 2.9** shows the historical series of the institutional benefits provided in the 2011-2018 period broken down by type of measure.

**Table 2.9 - Institutional benefits provided by GIAS** (in millions of di euros)

	Pension benefits	Wage support benefits	Benefits for family support measures	Expenses for the reduction of social charges	Other charges	<b>TOTAL INSTITUTIONAL BENEFITS</b>
<b>2011</b>	37,849	5,664	3,098	577	6	<b>47,194</b>
<b>2012</b>	42,845	6,760	3,286	593	7	<b>53,491</b>
<b>2013</b>	46,071	7,787	3,525	585	9	<b>57,977</b>
<b>2014</b>	45,956	8,756	3,408	567	8	<b>58,695</b>
<b>2015</b>	50,550	6,713	3,573	542	14	<b>61,392</b>
<b>2016</b>	49,515	6,862	4,057	532	10	<b>60,976</b>
<b>2017</b>	50,638	5,835	4,809	523	10	<b>61,815</b>
<b>2018</b>	<b>50,695</b>	<b>5,112</b>	<b>5,243</b>	<b>490</b>	<b>11</b>	<b>61,551</b>

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: **a)** 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 and financial equilibrium (**Box I**); **b)** payment of pension benefits for some categories (CDCM before 1989, employed workers of former ENPAO, disability pensions before Act n. 222/1984 and others); **c)** provision of welfare benefits such as disability benefits for civilians, carers’ allowances, social pensions and allowances, the fourteenth month and additional amounts.

Under Act n. 88/1989 and many other legal provisions, GIAS has to provide the following **support measures** listed below according to their economic relevance:

- **share of each monthly pension installment**<sup>30</sup> equal to **20,967 million euros**, compared with 20,516 million euro in 2017, net of 2,440 million euros' worth of benefits paid to retired public servants registered with former INPDAP;
- **Share of pension benefits** under Art. 1 of Act n.59/1991(**yearly pensions**), equal to **567 million euros**, down compared to 603 million in 2017;
- **additional benefits** under Art. 5. of Act n. 127/2007 (*fourteenth month*) amounting to **1,689 million euros**, down compared to 1,777 million in the previous year;
- share of **disability pensions** before Act n. 222/1984 amounting to **5,332 million euros** vs. 5,217 million euros in 2017;
- **early retirement benefits** equal to **2,225 million euros**, up from 1,915 million in 2017, provided to 213,443 subjects (**TOTAL equal to 30,780**).

In addition to these charges, it is useful to mention the *current direct pensions paid to farmers, tenant farmers and sharecroppers with effect from 01/01/1989 and their survivors' pensions* amounting to **1,297 million euros**, a significant decrease compared to 1,475 million in the previous year; *the pensions of the abolished ENPAO and the life annuities paid to former employees of the State and of other Public Administrations*. The overall and detailed quantification of all pension charges in financial terms - net of recovered non-eligible benefits - is shown in **Table 1.a** and in **Box 1**; the overall expenditure amounts to **35,824 million euros** compared to 35,582 million in 2017.

These charges must also include:

1) Those related to the funds for public employees (ex INPDAP) introduced by Act n.183/2011 which, as previously stated, provided for GIAS transfers for these schemes too for an amount of **9,355 million euros** compared to 9,613 million euros million in the previous year.

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<sup>30</sup> 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. Under this law, this amount is adjusted every year with the Budget Law, according to the consumer-price index variations for households of blue and white collar workers calculated by ISTAT. Act n. 67 /1988 extended this measure to the schemes for self-employed workers (artisans, retailers and farmers). Act n. 335/1995, under Art. 3, par. 2, innovated the annual adjustment criteria, envisaging a 1% increase of the annual variation of the ISTAT index. Finally, Act n.183/2011, (art.2,par. 4 ) expanded its scope, envisaging a contribution from the State also for the pension benefits provided by the ex INPDAP funds to civil servants. Actually, the income-based calculation method does not include an additional share for the subjects who receive a pension above the minimum benefits; however, the income-based calculation method is to be taken into account for its approach (2% each year with a maximum of 40 years, that is 80% of the average pensionable remuneration [RMP] - 70% with 35 years – with an RMP calculated on the basis of the income stated in the last 10 years for employed workers and 15 years for self-employed workers; in the past, it was the last year for civil servants, the last five years for private-sector employees and 10 years for self-employed subjects. It is clear that, except for a few cases, this method was prone to avoidance and abuses with pension benefits higher than contributions. See the results from the "2001 Brambilla Commission" in the GAO, Ministry of Labour and [www.itineriprevidenziali.it](http://www.itineriprevidenziali.it). With the Amato reform and the later reforms (1994 Berlusconi, 1995 Dini and 1997 Prodi), the reduction of the alignment criteria, the longer calculation period for RMP and the introduction of the contribution-based method, pension benefits are increasingly correlated with the contributions paid; so this share, that should be completely reviewed, will be used to finance the costs of supplementary benefits for specific categories of pensions and for those provided with the income-based system; these types of benefits will reduce over time also the contribution component that will become more relevant.

2) The direct provision of welfare benefits to finance *social pensions, allowances and additional social benefits* as provided for under Art. 38, letter a, of Act n. 488/2001 to subjects above 65 years of age without any income. In 2018, these charges amounted to **4,837 million euros** (net of recovered benefits equal to 177 million), similarly to the costs incurred in the previous year. On January 1, 2019<sup>31</sup>, the number of **social pensions** was equal to **35,191 (4,927 for men and 30,264 for women)**, with an average annual amount of **455 euros** compared with 44,191 <sup>32</sup>at the beginning of the previous year. In 2018, no new pensions were provided because there were practically no more entitled subjects in this group; this benefit expenditure amounted to 287 million, gross of recovered non-eligible benefits. On January 1, 2019, the number of **social allowances**, which replaced the *social pensions* under Act n. 353/1995, was equal to **783,585** (296,083 for men and 487,502 for women), showing a reduction by 4.2% (-34,035 allowances) compared to the number reported at the end of the previous year. The figure includes the social allowances resulting from the transformation of the pensions paid to the disabled civilians and the hearing-impaired subjects when they fulfil their statutory retirement age requirements for the old-age pension. The average social allowance is equal to **443 euros** per month. The monthly benefits paid in the year under review resulted in 4,496 million euros' worth of expenditure, gross of recovered non-eligible benefits.

3) **Pensions for disabled civilians and carers' allowances**<sup>31</sup>: under former Art. 130 of Legislative Decree n. 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 (**pensions for disabled civilians and carers' allowances**). The financial resources transferred to a specific **Fund for pensions for disabled civilians and carers' allowances** ", under former Art. 130 of L.D. of 31/03/1998, amounted to **17,991 million euros** in 2018 vs. 17,610 in 2017. These resources were used to finance **3,395 million euros'** worth for disabled civilians, **347 million** for<sup>32</sup> the for blind and **63 million** for the hearing impaired. Moreover, GIAS provided carers' allowances to the same categories for a total of **14,082 million euros** (**13,140** for disabled civilians, **804** for the blind and **138** for the hearing impaired). At the end of December 2018, the total number of benefits (pension benefits and carers' allowances) amounted to **2,744,018**. Of these, 578,141 were paid to pensioners, who received an average amount of 294 per month; 1,704,757 to subjects eligible for allowances, who received an average amount of 492 euros and 461,120 to subjects entitled to pension benefits and allowances, who received an average of 754 euros. A significant amount of **non-eligible benefits** was recovered equal to **446 million euros** vs. 429 in 2017 (+ 4%).

At the end of 2018, the number of **veterans' pension benefits** (direct and indirect) was equal to 161,181 (vs 175,389 in 2017), for an annual amount of **1,200 million euros**, down with respect to 1,253 million euros in the previous year; these sums are allocated through a specific chapter of the Ministry of the Economy and Finance.

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<sup>31</sup> These charges include: 3,204 million euros of transfers for IVS insurance coverage of wage-support periods, family-support measures, and benefits related to the reduction of social charges; 1,723 million euros' worth of charges to finance the lower revenues of pension funds and on behalf of other entities linked to the reduction of the taxable remuneration amount for contribution purposes; 6,105 million euros' worth of charges to finance the lower revenues due to the contribution incentives for certain categories of workers, for certain sectors and areas of the country; 683 million euros' worth of charges to finance other measures.

**Box 1 shows the *GIAS measures* for each compulsory pension scheme, that is the its “share of benefits” and the amount of its transfers (together with the ones from GPT and the Regions) which increase “contribution revenues”.**

### Box 1 - GIAS measures

IMPORTI A CARICO GIAS PER PRESTAZIONI (valori assoluti espressi in milioni di euro)			TRASFERIMENTI DALLA GIAS E ALTRE GESTIONI (valori assoluti espressi in milioni di euro)				
anni	2017	2018	anni	2017		2018	
	TOT.	TOT.		GIAS	Altri Enti/Gestioni/ Stato	GIAS	Altri Enti/Gestioni/ Stato
<b>DIPENDENTI PRIVATI</b>	<b>27.295,88</b>	<b>27.376,42</b>	<b>DIPENDENTI PRIVATI</b>	<b>9.043,97</b>	<b>4.607,53</b>	<b>8.204,82</b>	<b>4.768,46</b>
Dipendenti Privati	26.380,77	26.438,86	Dipendenti Privati	9.018,71	4.607,53	8.180,85	4.768,46
INPS	25.939,16	26.073,16	INPS	8.847,32	4.571,79	8.041,39	4.745,83
FPLD	47,89	42,36	FPLD	118,23		117,66	
TRASPORTI	89,08	67,29	TRASPORTI	1,67		1,60	
TELEFONICI	65,95	51,66	TELEFONICI	1,44	5,13	1,44	2,28
ELETTRICI	21,49	18,83	ELETTRICI	42,58		11,30	
VOLO	4,70	4,07	VOLO	0,00		0,00	
IMPOSTE CONSUMO			IMPOSTE CONSUMO				
CREDITO*	73,67	59,20	CREDITO*	1,86	30,04	1,86	19,80
FFSS	138,84	122,28	FFSS	5,61	0,56	5,61	0,55
INPDAI			INPDAI				
<b>Altri Fondi dipendenti privati</b>	<b>81,51</b>	<b>85,55</b>	<b>Altri Fondi dipendenti privati</b>	<b>21,52</b>	<b>0,00</b>	<b>20,19</b>	<b>0,00</b>
ISTITUTO GIORNALISTI	0,00	0,00	ISTITUTO GIORNALISTI				
ENTE LA VORATORI SPETTACOLO**	81,51	85,55	ENTE LA VORATORI SPETTACOLO**	21,52		20,19	
<b>Fondi Ex Aziende Autonome</b>	<b>833,60</b>	<b>852,01</b>	<b>Fondi Ex Aziende Autonome</b>	<b>3,74</b>		<b>3,78</b>	
IPOST	833,60	852,01	IPOST	3,74		3,78	
<b>DIPENDENTI PUBBLICI</b>	<b>9.613,18</b>	<b>9.355,25</b>	<b>DIPENDENTI PUBBLICI</b>	<b>92,53</b>	<b>33,87</b>	<b>92,93</b>	<b>20,63</b>
CPDEL	330,69	404,25	CPDEL	34,22	13,95	34,22	10,37
CPI	3,57	4,49	CPI	0,60	0,16	0,60	0,14
CPS	73,56	78,02	CPS	8,53	10,66	8,53	8,96
CPUG	1,02	1,08	CPUG	0,15	0,01	0,15	0,00
CTPS	9.204,34	8.867,42	CTPS	49,03	9,09	49,43	1,16
<b>AUTONOMIE PROFESSIONISTI</b>			<b>AUTONOMIE PROFESSIONISTI</b>	<b>280,54</b>	<b>88,86</b>	<b>420,32</b>	<b>86,45</b>
Autonomi Inps	8.137,16	8.282,28	Autonomi Inps	280,54	0,00	420,32	0,00
ARTIGIANI	2.564,04	2.748,92	ARTIGIANI	114,79		195,90	
COMMERCianti	1.472,44	1.494,66	COMMERCianti	108,15		178,94	
CDCM	4.100,68	4.038,70	CDCM	57,60		45,48	
<b>Liberi Professionisti</b>	<b>0,35</b>	<b>0,05</b>	<b>Liberi Professionisti</b>	<b>0,00</b>	<b>88,86</b>	<b>0,00</b>	<b>86,45</b>
CASSE PRIV 509	0,35	0,05	CASSE PRIV 509		88,86		86,45
ESCLUSO ENPAM	0,00	0,00	ESCLUSO ENPAM				
ENPAM	0,00	0,00	ENPAM				
CASSE PRIV 103	0,00	0,00	CASSE PRIV 103				
<b>FONDO CLERO</b>	<b>10,05</b>	<b>9,97</b>	<b>FONDO CLERO</b>				
<b>GESTIONE PARASUBORDINATI</b>	<b>126,98</b>	<b>145,18</b>	<b>GESTIONE PARASUBORDINATI</b>	<b>134,07</b>		<b>317,86</b>	
<b>INTEGRATIVI INPS</b>	<b>11,87</b>	<b>10,21</b>	<b>INTEGRATIVI INPS</b>	<b>0,04</b>	<b>81,48</b>	<b>0,04</b>	<b>76,72</b>
miniere	5,73	5,59	miniere	0,04	11,19	0,04	11,00
gas	1,43	1,05	gas	0,00		0,00	
esattoriali	1,49	1,43	esattoriali	0,00		0,00	
portuali	1,18	0,80	portuali (1)	0,00		0,00	
enti disciolti	2,04	1,33	enti disciolti (2)		70,29		65,72
<b>ENASARCO</b>	<b>0,00</b>	<b>0,00</b>	<b>ENASARCO</b>				
<b>TOTALE</b>	<b>45.195,48</b>	<b>45.179,37</b>	<b>TOTALE</b>	<b>9.551,15</b>	<b>4.811,74</b>	<b>9.035,97</b>	<b>4.952,27</b>
<b>TOT. GIAS al netto dei DIP. PUBBL.</b>	<b>35.582,30</b>	<b>35.824,12</b>	<b>TOTALE</b>	<b>14.362,88</b>		<b>13.988,25</b>	

\*BENEFIT TRANSFERS FROM GIAS (millions of euros in absolute terms), TRANSFERS FROM GIAS AND OTHER SCHEMES (millions of euros in absolute terms); PRIVATE EMPLOYEES INPS FPLD TRANSPORTATION TELEPHONY ELECTRICITY AVIATION CONSUMER TAXES CREDIT \* FFSS INPDAI Other funds JOURNALISTS SHOW BUSINESS \*\* Funds for former autonomous entities; PUBLIC EMPLOYEES; SELF-EMPLOYED AND PROFESSIONALS; INPS self-employed workers; ARTISANS, RETAILERS, Professionals, 509 PRIV. FUNDS EXCLUDING ENPAM, 103 PRIV. FUNDS, Clergy Fund, Fund for Atypical Workers, INPS supplementary funds, Miners, Gas Workers, Tax collectors, Dockers, Dissolved entities TOTAL, TOT. GIAS net of Public Employees; \*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 833/1978.



## 2.9 INPS's financial and economic situation

After many years of positive financial and economic results, INPS ran into a deficit of 6,906 million euros in 2017 (a sharp deterioration compared to a modest surplus of 78 million euros at the end of 2016; at the end of 2018 too, it featured **a deficit of 7,839 million euros**.

Going back in time, the economic and financial situation has apparently improved; however, a closer look into the figures reveals that, at end of 2014, INPS had a surplus of 18,407 million euros but, as mentioned in paragraph 2.2, it would have run a deficit if it had not been obliged under Act n. 147/2013 to finance 21,698 million euros' worth of deficit of former INPDAP, which was transferred to INPS on 1/1/2012. The surpluses of 2015 (5,870 million euros) and of 2016 (78 million euros) should be read in this light.

As happened in 2017 and in previous years, in 2018 too, the 7,839?? million euros' worth of deficit is the result of the capital deficits of almost all the schemes, except for the fund for atypical workers with a surplus of 123,696 million, the temporary benefit scheme with 198,869 million and former ENPALS with **5,092 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 fund for artisans and the CDCM fund. 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 in advance) and important companies such as Fiat, 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 their operating results in the 2014-2018 period and their financial and economic situation on December 31st of every year.

**Table 2.10 - Economic and financial results of the schemes managed by INPS (in millions of euros)**

GESTIONE E FONDI	2014 - Consuntivo		2015 - Consuntivo		2016 - Consuntivo		2017 - Consuntivo		2018 - Consuntivo	
	Risultato economico di esercizio	Situazione patrimoniale al 31/12/2014	Risultato economico di esercizio	Situazione patrimoniale al 31/12/2015	Risultato economico di esercizio	Situazione patrimoniale al 31/12/2016	Risultato economico di esercizio	Situazione patrimoniale al 31/12/2017	Risultato economico di esercizio	Situazione patrimoniale al 31/12/2018
<b>GESTIONI PENSIONISTICHE AGO</b>										
* FONDO PENSIONI LAVORATORI DIPENDENTI	-7.378	-130.188	-8.775	-138.963	690	-138.274	2.743	-135.531	3.408	-103.367
<i>Fondo pensioni lavoratori dipendenti</i>	485	-47.586	-556	-48.142	9.279	-38.863	11.249	-27.614	11.949	-15.665
<i>Ex fondo trasporti</i>	-1.018	-18.921	-1.064	-19.985	-1.030	-21.016	-1.000	-22.016	-901	-16.225
<i>Ex fondo elettrici</i>	-1.982	-28.002	-1.921	-29.922	-1.945	-31.867	-2.085	-33.952	-2.157	-26.394
<i>Ex fondo telefonici</i>	-1.093	-5.466	-1.313	-6.779	-1.274	-8.053	-1.353	-9.406	-1.325	-8.920
<i>Ex Inpdai</i>	-3.770	-30.213	-3.921	-34.135	-4.340	-38.474	-4.069	-42.543	-4.158	-36.163
<i>Comparto lavoratori autonomi</i>										
* GESTIONE COLTIVATORI DIRETTI, COLONI E MEZZADRI	-4.209	-80.018	-3.897	-83.915	-3.212	-87.127	-3.078	-90.205	-2.892	-87.137
* GESTIONE ARTIGIANI	-5.748	-49.579	-6.510	-56.089	-5.269	-61.358	-5.532	-66.891	-6.502	-69.410
* GESTIONE COMMERCianti	-1.574	-1.630	-2.697	-4.327	-1.476	-5.803	-2.045	-7.848	-3.956	-11.497
* GESTIONE PARASUBORDINATI	7.646	96.676	7.556	104.232	6.777	111.010	5.779	116.789	6.908	123.696
<b>GESTIONI PENSIONISTICHE ESCLUSIVE DELL'AGO</b>										
* GESTIONE SPECIALE DI PREVIDENZA DEI DIPENDENTI DELL'AMMINISTRAZIONE PUBBLICA (*)	-3.194	-4.812	-4.428	-5.740	-7.181	-12.921	-9.260	-22.181	-10.095	-9.746
<b>GESTIONI PENSIONISTICHE SOSTITUTIVE AGO</b>										
* FONDO PREVIDENZA DAZIERI	0	0	0	0	0	0	0	0	0	0
* FONDO PREVIDENZA VOLO	-180	-461	-132	-594	-155	-749	-162	-911	-148	-1.017
* FONDO SPEDIZIONIERI DOGANALI	0	13	0	13	0	13	0	13	0	13
* GESTIONE SPECIALE PER IL PERS. DELLE FERROVIE DELLO STATO	0	1	0	1	0	1	0	1	0	1
* GESTIONE SPECIALE PER IL PERS. DELLE POSTE ITALIANE SpA	-173	1.331	-261	1.069	-353	716	-350	366	-410	-44
* GESTIONE SPECIALE DI PREVIDENZA DEI DIPENDENTI EX ENPALS	208	3.944	127	4.071	488	4.559	267	4.826	266	5.092
<b>GESTIONI PENSIONISTICHE INTEGRATIVE AGO</b>										
* GESTIONE SPECIALE MINATORI	-17	-579	-14	-593	-11	-604	-10	-614	-9	-581
* FONDO PREVIDENZA GAS	-6	137	-5	131	-3	129	-2	127	-10	117
* FONDO PREVIDENZA ESATTORIALI	26	953	-64	890	40	929	31	960	44	1.004
* GESTIONE SPECIALE ENTI DISCIOLTI	0	0	0	0	0	0	0	0	0	0
* FONDO PREVIDENZA PERSONALE ENTI PORTUALI GENOVA E TRIESTE	0	0	0	0	0	0	0	0	0	0
<b>GESTIONI PENSIONISTICHE MINORI</b>										
* FONDO PREVIDENZA CLERO	-72	-2.157	-62	-2.219	-55	-2.274	-51	-2.325	-49	-2.216
* ALTRE GESTIONI	-2	-147	-4	-152	3	-148	-2	-149	1	-138
<b>GESTIONE PRESTAZIONI TEMPORANEE</b>	2.230	183.726	2.687	186.413	3.401	189.814	4.098	193.911	4.957	198.869
<b>ALTRE GESTIONI MINORI</b>	-45	991	181	1.173	99	1.269	593	1.418	646	3.365
<b>ALTRE ATTIVITA'</b>	0	207	0	467	0	895	-1	1.340	0	40
<b>Totale gestioni previdenziali</b>	<b>-12.485</b>	<b>18.407</b>	<b>-16.297</b>	<b>5.870</b>	<b>-6.220</b>	<b>78</b>	<b>-6.984</b>	<b>-6.906</b>	<b>-7.839</b>	<b>-47.042</b>

SCHEMES AND FUNDS, Accounting results, Operating result, Financial results, AGO PENSION SCHEMES ,\*PENSION FUND FOR EMPLOYED WORKERS, Ex transportation fund, Ex electricity fund, Ex telephony fund, Self-employed workers, \* FUND FOR FARMERS, TENTANT FARMERS AND SHARECROPPERS, \* FUND FOR ARTISANS, \* FUND FOR RETAILERS, \* FUND FOR ATYPICAL WORKERS, AGO EXCLUSIVE PENSION FUNDS, \*SPECIAL FUND FOR PUBLIC EMPLOYEES, AGO SUBSTITUTIVE PENSION FUNDS, \* FUND FOR CUSTOMS OFFICERS \* AVIATION FUND, \* FUND FOR CUSTOMS SHIPPERS \* SPECIAL SCHEME FOR FERROVIE DELLOSTATO, \* SPECIAL SCHEME FOR POSTE ITALIANE SpA, \* SPECIAL SCHEME FOR EX ENPALS'EMPLOYEES, AGO SUPPLEMENTARY PENSION, SPECIAL SCHEME FOR MINERS, \* GAS FUND, FUND FOR TAX COLLECTORS \* SPECIAL SCHEME FOR DISSOLVED ENTITIES, \* FUND FOR GENOA AND TRIESTE PORTS' EMPLOYEES, MINOR PENSION SCHEMES, \* CLERGY FUND, \* OTHER FUNDS, TEMPORARY BENEFITS SCHEME, OTHER MINOR FUNDS, OTHERS

### 3. Privatized Schemes for Liberal Professions: general framework and individual results in 2018

In addition to INPS which, as already pointed out, integrated all the public pension funds, the Italian first-pillar pension system also features professional schemes which are managed privately under Decrees n. 509/94 and n. 103/96, which all the mandatory funds for all certified professionals<sup>32</sup>.

Unlike public funds, these schemes have their own financial and economic resources estimated to amount to over 72 billion euros in 2018, which are used to pay pension benefits to their members but also to deal with population shocks or to retirement peaks. All privatized pension schemes for professionals operate according to the **pay as you go system** like the compulsory pension system, even though these schemes have their own resources.

Unlike public pension funds that now work on the basis on the *pro rata* contribution calculation system as of 01/01/2012, not all the schemes regulated by Legislative Decree 509/1994 calculated their benefits with the **income-based system** in 2018.

In these cases, pension benefits are calculated by applying a “proportional” coefficient ranging from 2% to 0.9% of the mean remuneration for retirement purposes (RMP) calculated for a number of years (generally the last 15-25 years). However, after the introduction of the accounting requirement with financial and actuarial sustainability at **50 years** (Art. 24 of Leg. D. n. 201 “Salva Italia” of 06/12/2011 transposed into Act n. 214 on 22/12/2011), some of these schemes have adopted the **contribution-based method** with calculation criteria that are sometimes different from the ones provided for under Act n. 335/95, but with the strict application of the *pro rata* principle to protect the accrued seniority, an anomaly that should be solved by complying with the law.

Since their inception under Act 335/1995, the schemes privatized under Legislative Decree n. 103/1996 calculate their benefits according to the **contribution-based system**. Pension benefits are calculated by multiplying the individual amount of contributions paid by members by an age-related **transformation coefficient** at the time of retirement, which also considers life expectancy. The individual amount of contributions consists of all the subjective contributions paid by the members, which are adjusted every year with the same criteria as the public system, that is with a compound interest on the basis of average five-year rate of change of nominal GDP.

Moreover, in order to increase pension benefits, any positive difference between the financial yield of the assets under management and the capitalization accredited onto the individual accounts is placed into a contingency fund to be used in case of a negative balance. However, in recent years, an increasing number of these schemes have been allowed by the supervising Ministries to adjust their individual

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<sup>32</sup> 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 for 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 and whose members receive a compulsory pension by other Funds. For the same reason, as for ENPAM only the A Quota members are considered, i.e. professionals.

contribution amounts to a higher rate with respect to the one established by law (five-year average of GDP), thus allocating part of the extra-yield accrued on these assets to their members.

These 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%, to finance 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 and their operating costs and partly to supplement pension benefits for their members, when this is admissible. Recently, due to the growth of welfare benefits for their members, many of these schemes have introduced specific contributions to finance these new benefits.

### 3.1 General framework and main indicators

**The number of active members paying contributions** in the privatized schemes is equal to **1,322,481**, with a **132.2%** increase in the period analysed between 1989 and 2018. In 2018, in the schemes under Legislative Decree n. 509/1994 (hereafter referred to as “the 509 schemes”), the number of active workers paying contributions was equal to **1,126,238**, an increase by 0.03% and by 120.3% compared to 1989. The schemes under Legislative Decree n. 103/1996 (hereafter referred to “the 103 schemes”) have **196,243** members with an annual increase by 1.72% and by 245.3% with respect to the initial year of the observation period (year 2000) (*Table 3.1*)

**Table 3.1 - General framework and main indicators**

Schemes	Number of active workers paying contributions	Number of pensioners	Contribution revenues	Benefit expenditure	Accounting balance	Net Assets	Total assets
<b>509/94</b>	1.126.238	389.052	8.420.517.092	5.182.918.343	3.136.784.726	63.553.525.510	66.173.936.150
<b>103/96</b>	196.243	17.403	487.026.905	48.661.695	85.597.186	2.246.315.674	6.369.343.776
<b>Total</b>	1.322.481	406.455	8.907.543.997	5.231.580.038	3.222.381.912	65.799.841.184	72.543.279.926

**The number of pensioners** (which is generally the same as the number of pensions in these funds) increased from 145,428 to **406,455** over the 1989-2018 period, equal to + **168.9%**, 36% higher than the increase in the number of members; the 103, given their recent incorporation, only account for 14.8% of the total number of active workers paying contributions and paid a modest number of benefits in 2018, equal to **17,403** (4.3% of the total). However, although largely attributable to a physiological phenomenon, in 2018 the number of benefits provided by these funds increased 2.5 times more than those provided by the 509 (9.4% vs. 3.7%).

As indicated in the Table, in 2018, **the contribution revenues** of the privatized schemes amounted to about **8,907.54 million euros**, with an increase by **3.6%** compared to 2017 (+2.7% last year). The contributions received by the 509 funds reached **8,421 million euros**, with an increase by 3.5% compared to 2017 (+2.8% last year), vs. **487 million euros** for the 103, with an increase by 5.6% compared to 2017 (+ 3.3% last year).

CONTRIBUTION REVENUES	2018 (mln euros)	Var. 2017-2018	Var. 2014-2018	Var. 2009-2018	Var. 1989-2018
Schemes 509	8,421	3.50%	15.53%	47.61%	710.87%
Schemes 103	487	5.60%	25.27%	77.69%	2789.18%
Total	8,908	3.61%	16.02%	48.99%	744.07%

**Pension expenditure** reached **5,231.6 million euros** in 2018, an increase by **4.9%** vs. 2017 (+ 4.2% last year). The expenditure for the 509 schemes was equal to **5,183 million euros** with an increase by 4.8 compared to 2017 (+4.1% last year), vs. **49 million euros**’ worth of expenditure for the 103 funds with an increase by 13% compared to 2017 (+ 6.8% last year).

<b>PENSION EXPENDITURE</b>	2018 (mln euros)	Var. 2017-2018	Var. 2014-2018	Var. 2009-2018	Var 1989-2018
Schemes 509	5,183	4.79%	18.30%	55.33%	705.68%
Schemes103	49	13.11%	76.19%	484.14%	6920.26%
Total	5,232	4.87%	18.66%	56.40%	712.37%

**The balance between contribution revenues and pension expenditure** improved with respect to 2017 at around **3.68 billion euros**, with a **1.9%** growth (+0.76 % last year). In 2018, the 509 schemes featured a balance equal to **3.24 billion euros**, up by 1.49% (vs. 0.49% last year), while the 103 funds had a balance of **438 million euros**, an increase by 4.82% compared to 418 million in 2017. The summary table below shows the balance over time with a minimal growth for the 509 schemes and a better performance for the 103 since 2009 (for these 3 parameters, please see *Tables 1b, 1c, 1d* and *2b, 2c, 2d*, in the annexes to the Report published in the web section).

<b>REVENUES/EXPENDITURE RATIO</b>	2018 (mln euros)	Var. 2017-2018	Var. 2014-2018	Var. 2009-2018	Var. 1989-2018
Schemes 509	3,238	1.49%	11.36%	36.73%	719.32%
Schemes 103	438	4.82%	21.37%	64.95%	2612.03%
Total	3,676	1.88%	12.47%	39.58%	793.70%

**The total assets** of these pension funds, except for ENASARCO, FASC and ENPAIA, reached approximately **72.5 billion euros** at the end of 2018 with an increase by almost 4.3 billion vs. the previous year<sup>33</sup>. The following paragraph 3.5 provides a brief description of the approach and types of investment mainly in the Italian real economy.

**The average annual contribution** amounted to **6,718 euros**, in 2018, with an increase by **3.05%** compared to 2017. In particular, for the 509 schemes, the average contribution was equal to **7,453 euros** with an increase by 3.15% compared to 2017 while, for the 103 schemes, it amounted to **2,482 euros** with a 3.81% growth with respect to the previous year. This means that the **average contributions** are not really high, especially in the case of the 103 funds; consequently, if they are not supported by supplementary contributions and/or by extra yields, they will generate low pension benefits.

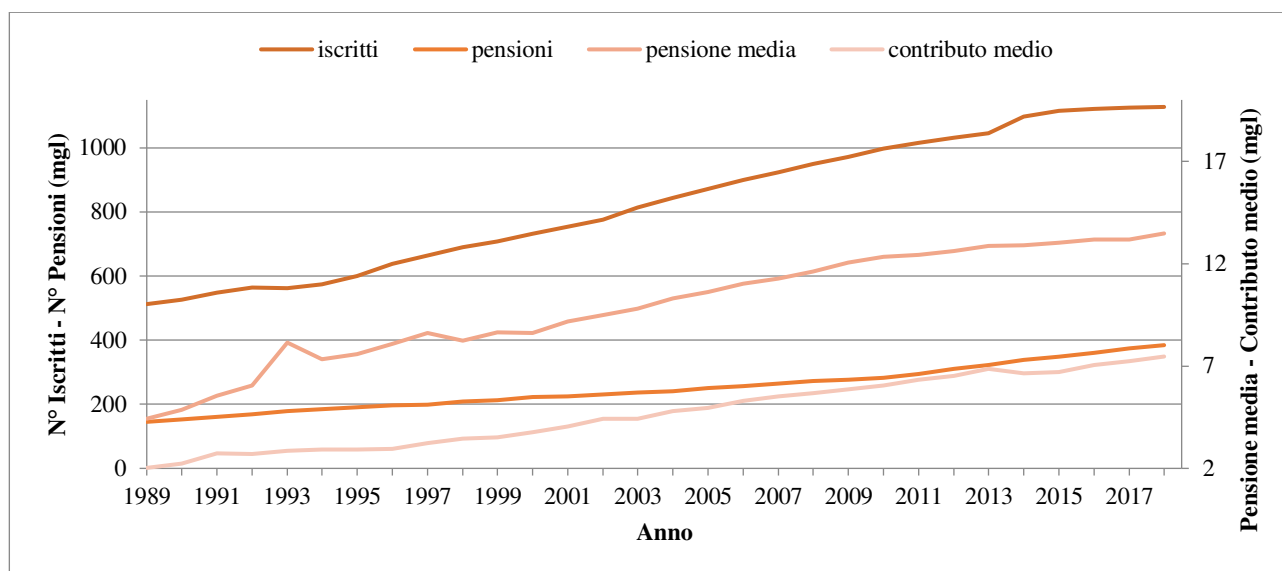
It should be noted, however, that these contributions are the result of much lower contribution rates with respect to those of the public system where the self-employed (artisans, retailers and farming entrepreneurs) pay 24% on average, atypical workers (often uncertified self-employed professionals) over 27% and employed workers pay 33%. Many schemes have tried to solve this problem through a gradual increase in contribution rates for the coming years (*see Figures 3.1 and 3.2*).

**The average pension** amounted to **12,876 euros** in 2018 (almost twice the average contribution) with an increase by 0.92% vs. 2017. For the 509 schemes, the average pension was equal to **13,327.2 euros** (1.79 times the average contribution) with an increase by 1.08% compared to 2017, while, for the 103

<sup>33</sup> The 103 schemes feature a lower net worth with respect to the total of their assets; this is due to the fact that these schemes do not enter the pension-related funds in the liabilities section of their accounts.

funds, it was equal to **2,726 euros** with a 3.39 % growth compared to 2017. The very low average pension benefits provided by the 103 schemes only account for part of the total pension, since these subjects have become eligible to first pillar pensions also in other public funds (*For these first 4 indicators see Tables 4b, 4c, 4d, 5b, 5c, 5d, in the exhibits to the Report published in the web section*). (See Figures 3.1 and 3.2).

**Figure 3.1 - Indicators: number of members, number of pensions, average pension and average contribution in 1989-2018 for Schemes under Leg. Decree n. 509/1994**

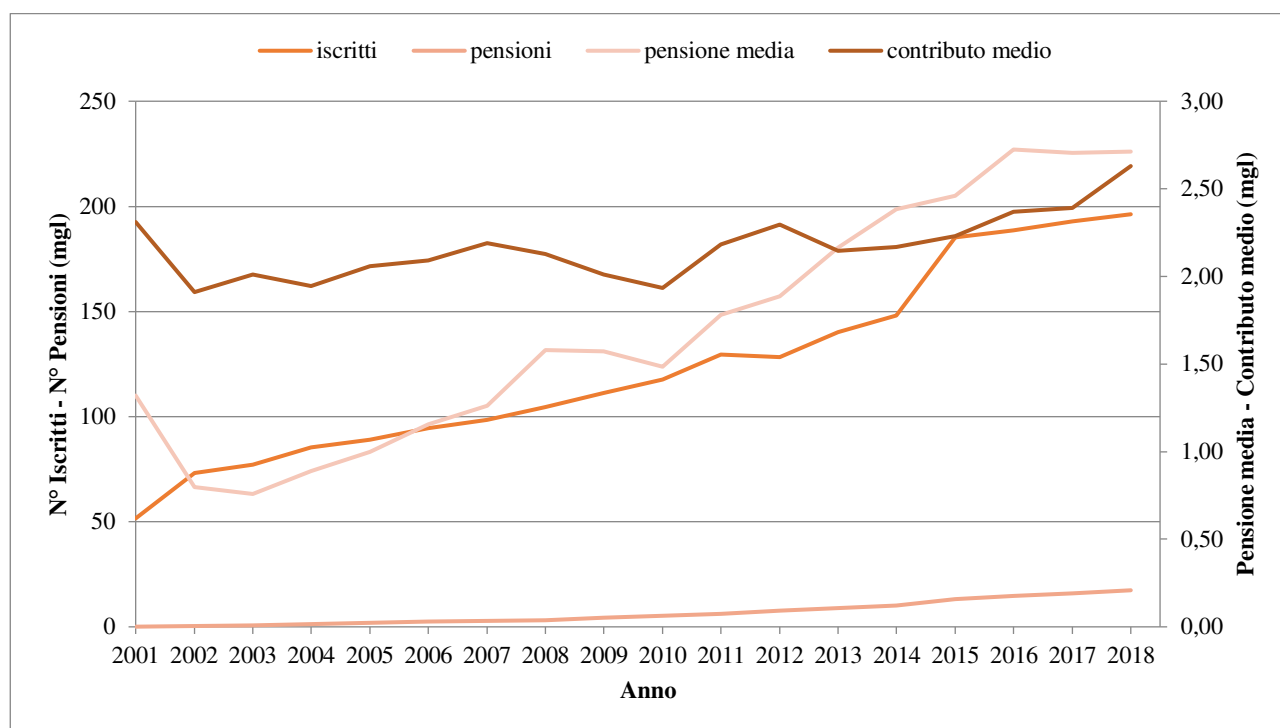


*Members; pensions; average pension; average contributions; year  
N. of members - n. of pensions (thousands); Average pension – Average Contributions (thousands)*

For the 103 Funds (**Figure 3.2**), the number of pensions is always very low in relation to their membership, with a very favourable ratio of active workers vs. pensioners (still more than 11 active workers per pensioner); the average pension and the average contribution grow substantially to the same extent but, this ratio has been decreasing, albeit slightly, since 2017 from 1.127 to 1.131 in 2017 and to 1.151 in 2016.

**Figures 3.1** and **3.2** show the parameters mentioned above for the two groups: the 509 and the 103 Schemes. The graph related to the 509 Schemes shows a substantially linear membership growth up to 2014, followed by a flattening of the curve, while the pension benefits paid out continue to grow due to longer life expectancy and to pension entitlements for more senior members (baby boomers).

**Figure 3.2 - Indicators: number of members, number of pensions average pension and average contribution in 1989-2018, for Schemes under Leg. Decree n. 103/1996**



*Members; pensions; average pension; average contributions; year  
N. of members - n. of pensions (thousands); Average pension – Average Contributions (thousands)*

**The ratio of the number of pensioners vs. the number of active workers** is equal to **0.307** (i.e. 3.26 active workers per pensioner), that is slightly deteriorating over time: from 0.255 pensioners per active worker in 1989 to 0.296 last year and up to the current figure. In detail, the ratio of pensioners vs. active workers is equal to **0.345** (almost 3 active workers per pensioner) for the 509 schemes and to **0.089** (11.24 active workers per pensioner) for the 103 funds. The table below illustrates the trend of this ratio over time which is constantly and physiologically deteriorating due to the aging of the population and to the more mature nature of these schemes (*For this ratio, see Tables 6b, 6c, 6d in the exhibits to the Report published in the web section*).

<b>RATIO OF PENSIONERS vs. ACTIVE MEMBERS</b>	<b>2018</b>	<b>2017</b>	<b>2014</b>	<b>2009</b>	<b>1989</b>
Schemes 509	0.344	0.333	0.309	0.286	0.283
Schemes 103	0.089	0.082	0.060	0.029	0.002
Total	0.306	0.296	0.274	0.256	0.255

**The ratio of the average pension vs. the average contribution** was about **1.911** in 2018, slightly down with respect to last year: in practice, the average pension is twice as much as the average annual contributions. In detail, the ratio was equal to **1,782** for the 509 schemes compared to 1.825 in 2017 and to **1.127** for the 103 funds, down with respect to 1.131% of 2017. The following Table 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*).

<b>AVERAGE PENSION/AVERAGE CONTRIBUTION RATIO</b>	<b>2018</b>	<b>2017</b>	<b>2014</b>	<b>2009</b>	<b>1989</b>
Scheme 509	1.788	1.825	1.877	2.044	2.186
Scheme 103	1.127	1.131	1.010	0.743	22.692
Total	1.917	1.957	1.393	1.470	2.390

**The average economic pension/average contribution** ratio confirms a pension annuity equal to 1.8 times the contributions paid; this depends not only on the generous pension calculation rules used until a few years ago but also, as already mentioned, on very low contributions, especially when compared to those of self-employed workers who are members of public schemes.

**The ratio of contribution revenues vs. pension expenditure** was equal to **1.703** in 2018, slightly less than the previous year. For the 509 schemes, this ratio amounts to **1.625** as against 1.645 in 2017; for the 103 funds, it is equal to 10.008, thus confirming its progressive reduction as of 2008 (vs 10.721 in 2017). The table below illustrates the trend of this ratio over time, highlighting a constant reduction for both groups (*For this ratio, see Tables 3b, 3c, 3d, in the exhibits to the Report published in the web section*).

<b>CONTRIBUTION REVENUES/PENSION EXPENDITURE RATIO</b>	<b>2018</b>	<b>2017</b>	<b>2014</b>	<b>2009</b>	<b>1989</b>
Scheme 509	1.625	1.645	1.724	1.710	1.614
Scheme 103	10.008	10.721	16.383	45.767	24.319
Total	1.703	1.723	1.802	1.792	1.639

### 3.2 Analysis of each individual scheme and main indicators

Before going into the details of sustainability indicators, it should be noted that several measures adopted envisage provisions that have an effect on economic and financial results and also on indicators. Some of these rules have been cancelled by authorities<sup>34 35</sup>, while others are still pending. As to contributions, we are still waiting for the implementation provisions related to the free cumulation of insurance periods under the 2017 Budget Law (Art. 1, paragraph 195, Act n. 232 of 11/12/2016), to be harmonized with the "aggregation" rules accepted by these Schemes in 2005. In the meantime, in order to effectively implement and apply the regulations on the cumulation of insurance periods and following repeated discussions with the Ministry of Labour and Social Policies and INPS, AdEPP signed a Framework Agreement with INPS on February 20, 2018 related to the management of cumulated benefits and to the procedures to pay aggregated and cumulated pensions in the event that the subjects entitled to these benefits have insurance periods also with these Schemes. The

<sup>34</sup> As to these contributions, on July 3, 2018, with Decision n. 04062/2018, the Council of State rejected the appeal by the Ministry of Labour and Social Policies and the Ministry of the Economy and Finance against the application of the supplementary contribution to professional fees charged to public entities. The Court decided that it is legitimate for professional to apply the supplementary contribution to their fees without any distinction and therefore also to the fees charged to the public administration.

<sup>35</sup> 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".



implementation of free cumulation obviously has a significant financial impact on the fiscal sustainability of the system<sup>36</sup>.

**Tables 3.2 and 3.3** show the indicators related to *the sustainability of each scheme in the medium and long term*. The first sustainability indicator of expenditure in the medium and long term is the *pension balance*, i.e. the ratio between the revenues from subjective and supplementary contributions and the cost of pension benefits. The calculation of this indicator does not include other revenues from contributions (in particular those related to recovered sums for omissions, penalties and interests for late payments totalling 138 million euros as indicated in **Tables 3.3** for the 509 schemes and 3.5 and for the 103 funds), the results from assets under management, expenditure on non-pension benefits and the operating costs of the scheme.

In addition to the pension balance, the Tables also show two fundamental sustainability indicators already discussed above: the demographic ratio of the number of pensioners vs. the number of active workers and the economic ratio of the average pensions vs. the average contributions, as well as the % rates of change at 1, 5, 10 years and since the inception of the schemes.

The **contribution revenues/pension expenditure ratio (Table 3.2)** illustrates the difficult situation of the fund for journalists (INPGI) for the 590 Schemes; in fact, this ratio is equal to 0.69 and shows that contribution revenues are not sufficient to finance pension benefit expenditure.

This parameter is again deteriorating, albeit slightly (0.70 in 2017 and even if it benefits from a slower growth of pension expenditure (+3.14 compared to +5.07) and from the reduction in contributions (+0.57 instead of -3.71) as the first effects of the reform started in 2017<sup>37</sup>. The funds for certified accountants, veterinary doctors and lawyers have a good expenditure/revenues ratio at around or above 2, with contribution revenues that are twice as high (2.9 times for CNPADC) compared to pension benefits; the funds for notaries and doctors (CNN and ENPAM) feature a growing balance (1.41 and 1.77 respectively) vs. last year (+0.60% and +1.59%), while the funds for Labour Consultants (ENPACL), Engineers and Architects (INARCASSA) still feature a good ratio (1.49 and 1.6 respectively) but with again a significant deterioration in 2018 (-2.29% and -6.58%).

As to **the ratio of the number of pensioners vs. the number of active workers**, the best results are obtained by the funds for Chartered Accountants (only 11.63 pensioners per 100 active workers) followed by the Fund for Lawyers (11.89) and INARCASSA (20.25); less positive ratios are obtained by INPGI (64.95 pensioners per 100 active workers), by ENPAM (59.66) and by Fund for Notaries (52.82).

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<sup>36</sup> With its Circular n. 140 of 12/10/2017, INPS provided the instructions to apply the cumulation 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.

<sup>37</sup> For further details on the reform, please see Chapter 3 of the VI Report. Additional measures are designed to recalculate the average 2007-2016 remunerations only with the ISTAT adjustment, the introduction of a maximum contribution rate for new members and safeguard clauses for unemployed, redundant or mobility subjects. Finally, the "Lotti Decree" of May 2017 set new rules for early retirement, with the age of the applicant linked to the age for old-age pension requirement and 5 years as the earliest retirement window, in addition to partially funding safety net measures.

Finally, only the Funds for Pharmacists, Veterinary Doctors and Notaries manage to slightly improve this ratio compared to 2017 (from 26.64 to 26.06 and from 53.14 to 52.82 respectively). The progressive worsening of this ratio is clearly due to the aging of the population or to contingencies such as the retirement applications in the National Health Service general practitioners who are not adequately replaced.

**The average pension/average contribution ratio** ranges from 0.95 (ENPAM) to 4.38 (Fund for Layers): so the average pension is almost equal or higher than the average contributions; lawyers receive an average pension that is 4.38 times their average contributions (slightly up with respect to 4.24 in 2017); the average pension for engineers/architects and chartered accountants is 3 times as high, while for accountants and surveyors, there is a minimal reduction in their pension benefits with respect to 2017, i.e. 2.3 times the average contributions. The remaining schemes have lower ratios with very limited downward and upward trends.

**Table 3.2 - Economic and demographic indicators of Schemes under Leg. D. 509/1994, in 2018**  
(millions of euros)

		ENPACL	ENPAV	ENPAF	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM
Spesa per pensioni	2018 (mln €)	117,70	43,21	152,44	820,21	657,43	490,64	232,42	282,01	208,10	529,55	1.649,21
	var. % 17-18	6,29	6,01	1,09	2,24	7,04	0,21	3,38	3,67	0,81	3,14	8,44
	var. % 14-18	24,67	19,37	-4,54	9,87	33,17	8,09	4,32	16,40	5,03	18,38	28,21
	var. % 09-18	89,69	58,53	-1,78	38,38	136,84	39,88	46,35	59,41	20,68	52,97	62,20
	var. % 89-18	1.510,40	4.995,81	45,25	1.195,42	2.795,27	1.835,99	2.465,01	1.852,47	315,56	687,31	1.195,42
Entrate contributive per pensioni	2018 (mln €)	174,98	114,28	266,73	1.575,85	1.066,48	511,70	311,07	825,76	293,07	362,92	2.917,68
	var. % 17-18	3,86	6,40	0,03	-2,52	0,00	-1,32	3,27	4,29	1,32	0,57	10,17
	var. % 14-18	8,05	27,04	2,72	6,87	4,78	19,79	11,80	14,53	16,22	0,87	29,89
	var. % 09-18	79,39	89,28	4,87	78,42	60,35	29,05	23,42	50,56	47,44	-6,51	48,86
	var. % 89-18	1.151,05	3.660,57	158,05	1.497,76	1.111,94	632,33	1.285,23	1.497,76	1.497,76	1.497,76	594,28
Saldo pensionistico	2018 (mln €)	57,28	71,07	114,29	755,64	409,05	21,06	78,65	543,74	84,97	-166,63	1.268,47
	var. % 17-18	-0,82	6,64	-1,34	-7,22	-9,57	-27,22	2,95	4,62	2,60	9,22	12,49
	var. % 14-18	24,67	24,67	24,67	24,67	24,67	24,67	24,67	24,67	24,67	24,67	24,67
	var. % 09-18	61,39	114,59	15,29	160,15	5,56	-53,98	-15,65	46,34	222,66	-496,68	34,47
	var. % 89-18	757,74	3.143,79	-7.292,53	2.039,84	526,50	-52,70	487,18	1.384,09	279,34	-694,17	791,62
Rapporto tra entrate contributive e spesa per pensioni	2018	1,49	2,64	1,75	1,92	1,62	1,04	1,34	2,93	1,41	0,69	1,77
	2017	1,52	2,63	1,77	2,02	1,74	1,06	1,34	2,91	1,40	0,70	1,74
	2014	1,72	2,49	1,63	1,98	2,06	0,94	1,25	2,98	1,27	0,80	1,75
	2009	1,57	2,22	1,64	1,49	2,40	1,13	1,59	3,10	1,15	1,12	1,93
	1989	1,91	3,58	0,98	1,56	3,88	2,76	2,48	3,54	1,45	1,42	1,51
Rapporto pensionati/attivi*100	2018	40,66	22,60	26,06	11,89	20,25	42,54	33,05	11,63	52,82	64,95	59,66
	2017	39,22	22,62	26,64	11,70	18,97	40,57	31,62	11,36	53,14	62,61	57,50
	2014	34,81	22,46	29,85	12,05	15,38	35,36	28,59	10,68	53,87	51,82	51,93
	2009	30,73	22,77	35,12	16,39	8,90	26,69	24,96	10,46	45,44	35,33	43,99
	1989	15,35	35,95	45,22	32,01	26,54	13,70	9,67	27,30	51,89	38,14	28,90
Rapporto pensione media/contributo medio	2018	1,65	1,67	2,19	4,38	3,04	2,25	2,26	2,94	1,34	2,25	0,95
	2017	1,68	1,68	2,12	4,24	3,04	2,33	2,36	3,02	1,34	2,27	1,00
	2014	1,67	1,79	2,06	4,20	3,15	3,01	2,80	3,15	1,46	2,40	1,10
	2009	2,07	1,98	1,74	4,09	4,69	3,31	2,52	3,08	1,91	2,52	1,18
	1989	3,41	0,78	2,25	2,01	0,97	2,65	4,17	1,04	1,33	1,85	2,29

*Pension expenditure; Contribution revenues for pension benefits; Pension balance; Pension expenditure/Contribution revenues ratio; Pensioners/Active worker's ratio Average pension/Average contribution ratio*

The recovered sums for all 509 schemes dropped significantly in 2018 both in absolute terms (-55 million) and as percentage of contributions (-0.63%), probably the sign of lower evasion of contribution charges and of stricter administrative controls.

**Table 3.3 - Recovered sums due to omissions, sanctions and interests for delayed payments by 509/1994 funds in 2018 and in 2019 (millions of euros)**

2018	ENPA CL	ENPA V	ENPA F	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM	TOTALE 509
Contributi prestazioni pensionistiche	175,0	114,3	266,7	1.575,8	1.066,5	511,7	311,1	825,8	293,1	362,9	2.917,7	8.420,5
Recuperi per omissioni, sanzioni ed interessi per ritardati versamenti.	7,4	0,7	0,2	21,7	31,9	4,9	18,5	4,9	0,0	6,9	22,4	119,4
Percentuale	4,23%	0,63%	0,09%	1,38%	2,99%	0,95%	5,93%	0,59%	0,00%	1,90%	0,77%	1,42%

2017	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;  
Percentage*

**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 aging and the retirement of their members.

In fact, the pension expenditure/revenues ratio ranges from 5.58 (more than 6 times with respect to benefits) for industrial experts (EPPI) to almost 14 times and more for psychologists (ENPAP) and slightly above 11 times for biologists (ENPAB). The ratios of 26.11 (2017) for nurses (ENPAPI) and of 137.6 for agricultural technical experts (ENPAIA AGR.) are very positive but not very significant: the former is influenced by the possibility for nurses to work under short-term contracts as of 2013 and the second by its recent start in 2008 and by its limited number of pensions (48) (**Tables 4-103** on the web).

It should be noted that this ratio has improved (0.42%), albeit to a limited extent, only for psychologists.

Therefore, also the ratio of the **number of pensioners** vs. the **number of active workers** is clearly very positive; except for the two special ENPAIA funds that are very small, this ratio ranges from 5.35 pensioners per 100 active workers for the INPGI separate scheme to 5.35 for the fund for nurses (ENPAPI) up to a maximum of 32.35 retirees per 100 active workers in the fund for industrial experts (EPPI); the other schemes have a ratio equal to or 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**. This ratio shows that the average pension is higher than the average contributions by 2.39 times for journalists (the INPGI separate scheme), by 1.53 times for the multi-category fund (EPAP) and by 1.06 times for psychologists; for these last two funds, this ratio is down from 1.58 and 1.14 respectively in 2017 it is slightly up for journalists from 2.33 to 2.39). Other schemes generally feature a good and stable ratio: for industrial experts, the average pension is equal to 53% of the average contributions, for nurses it is 72%, for biologists 85%.

**Table 3.4 - Economic and demographic indicators of Schemes under Leg. D. 103/1996 in 2018**  
(millions of euros)

		EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2
Spesa per pensioni	2018 (mln €)	16,93	9,30	3,67	4,58	0,02	1,06	7,71	5,38
	var. % 17-18	21,25	13,47	0,00	18,92	14,32	7,67	6,60	5,60
	var. % 14-18	91,66	79,11	77,12	109,13	42,76	65,10	60,64	39,11
	var. % 09-18	451,84	423,45	594,65	813,60	-26,27	171,32	419,06	880,58
	var. % 89-18	3.540,94	2.701,88	8.375,91	9.851,83	-	861,18	3.447,78	4.596,18
Entrate contributive per pensioni	2018 (mln €)	99,10	130,17	95,79	52,94	3,00	8,40	55,31	42,31
	var. % 17-18	5,73	13,94	0,00	4,72	12,11	2,81	3,88	-1,15
	var. % 14-18	42,78	40,52	20,14	43,60	56,83	8,10	2,06	-8,55
	var. % 09-18	77,16	98,13	169,78	80,37	123,07	26,61	7,50	50,25
	var. % 89-18	128,48	193,37	265,23	144,50	181,74	54,49	49,65	104,21
Saldo pensionistico	2018 (mln €)	82,17	120,87	92,12	48,36	2,98	7,34	47,59	36,93
	var. % 17-18	3,01	13,98	0,00	3,54	12,09	2,14	3,45	-2,07
	var. % 14-18	35,65	38,23	18,62	39,46	56,94	2,96	-3,63	-12,91
	var. % 09-18	55,42	89,09	163,36	67,63	126,43	17,54	-4,75	33,74
	var. % 89-18	91,50	174,45	251,82	91,50	179,69	37,78	29,54	79,21
Rapporto tra entrate contributive e spesa per pensioni	2018	5,85	13,99	26,11	11,56	137,60	7,92	7,17	7,86
	2017	6,71	13,93	26,11	13,13	140,31	8,29	7,36	8,40
	2014	7,86	17,84	38,50	16,84	125,26	12,09	11,28	11,96
	2009	18,23	36,97	67,24	58,56	45,48	16,97	34,62	51,29
	1989	1320,09	1812,15	1441,19	2634,81	-	49,26	1290,36	4102,59
Rapporto pensionati/attivi*100	2018	32,35	6,75	5,35	10,21	2,48	21,99	9,13	5,33
	2017	28,84	6,31	5,35	8,80	1,44	17,25	8,59	5,11
	2014	21,55	5,28	3,82	6,34	1,23	13,74	6,27	4,25
	2009	7,40	3,51	2,61	2,38	0,39	7,36	3,52	3,17
	1989	-	-	-	-	-	-	-	-
Rapporto pensione media/contributo medio	2018	0,53	1,06	0,72	0,85	0,29	0,57	1,53	2,39
	2017	0,52	1,14	0,72	0,87	0,50	0,70	1,58	2,33
	2014	0,59	1,06	0,68	0,94	0,65	0,60	1,41	1,97
	2009	0,74	0,77	0,57	0,72	5,59	0,80	0,82	0,62
	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; Average pension/average contribution ratio*

As regards recovered sums, in 2018 these sums remained substantially unchanged for all 103 schemes with a slight increase both in absolute value (+ 2 million) and as percentage of contributions (+ 0.19%), probably a sign of ongoing contribution issues but also of more careful administrative controls.

**Table 3.5 - Recovered sums due to omissions, sanctions and interests for delayed payments by 103/1996 funds (in millions of euros)**

2018	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2	TOTALE 103
Contributi prestazioni pensionistiche	99,1	130,2	95,8	52,9	3,0	8,4	55,3	42,3	487,0
Recuperi per omissioni, sanzioni ed interessi per ritardati versamenti.	3,3	5,1	6,2	0,2	0,0	0,2	2,0	1,8	18,7
Percentuale	3,32%	3,91%	6,43%	0,36%	1,00%	2,39%	3,54%	4,22%	3,84%

2017	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; Percentage*

### 3.3 Other sustainability indicators, operating costs and accounting data

The second long-term sustainability indicator is the *overall balance of all income, benefit expenditure and operating expenses*, which gives the most exhaustive picture of the situation of individual Schemes. As of 2014, some additional parameters have been added to the data related to contribution revenues and pension expenditure, that is all the accounting items of these funds: 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 their **accounting balance**, that is their overall economic results and to monitor their performance over time.

In 2018, this balance dropped for both categories of schemes, in particular for the 103 funds. In detail, for the 509 funds, the total accounting balance went down by 0.483 billion euros, equal to 13.3% (0.344 billion in 2017, equal to 8.7%); this decrease was determined by the lower income generated by the assets under management due to the negative trend of the markets, with a significant increase in write-downs of securities as well as by INPGI's losses largely due to the imbalance between contribution revenues and pension benefits. Even worse was the reduction in this balance for the 103 funds, practically halved in 2018: - **86 million** or 50% vs. - 12 million in 2017 or 8.7%. This result derives, as for the 509, from the massive write-downs of securities, in addition to higher contribution adjustments under Act n. 335/95 and greater losses for ENPAB and EPAP at the end of the 2018 fiscal year.

Just for the record, as to projected sustainability of accounts at 50 years<sup>38</sup> (Article 24, paragraph 24, Act n. 214/2011 Monti-Fornero), we do not agree on the requirement to always have a positive pension balance (also questionable from a technical point of view) without considering the income from assets and without the possibility to use part of the same assets to meet temporary pension expenditure increases that frequently occur at times of economic crisis or in changing work scenarios. We wonder

<sup>38</sup> The legislative decree provisions for drafting the technical accounts of the privatized 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 n. 296/2006 and the Interministerial Transposition Decree of 29/11/2007) and then with a projection at 50 years (Article 24, par. 24, Act n. 214/2011, the Monti-Fornero reform)

what the assets are used for. Moreover, assets are constantly growing with serious problems in terms of profitability and maintenance of real values.

Finally, the Report also provides the ratio of operating costs vs. the so-called **production value** (the sum of total revenues and expenditure). In 2018, this ratio improved for both categories of schemes thanks to a reduction in absolute value of operating expenses combined with an increase in the production value mainly due to growth in both contributions and benefits. For the 509 schemes, this index goes from 3.27% in 2017 to 2.63% with an overall reduction in expenditure by around 54 million. The operating expenses of all the 103 funds went down by about 6.5 million, thus bringing this index from 5.03% to 4.18%. **Tables 3.6** and **3.7** below show these indicators: contributions for pension and welfare benefits, other proceeds, pension and welfare benefit expenses, costs, accounting balance, operating expenses and their impact on the value of production.

**Table 3.6 - Other indicators of Schemes under Leg. D. n. 509/1994**  
(millions of euros)

	ENPACL	ENPAV	ENPAF	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM	TOTALE
Contributi prestazioni pensionistiche	174,98	114,28	266,73	1.575,85	1.066,48	511,70	311,07	825,76	293,07	362,92	2.917,68	8.420,52
Contributi prestazioni assistenziali	24,97	2,38	5,65	77,21	14,15	13,87	0,19	13,20	2,19	22,94	14,58	191,35
Rendimenti gestione e altre entrate	47,91	11,27	38,01	410,25	410,25	68,81	7,13	246,27	3,54	57,38	646,85	1.947,65
Totale ricavi	247,86	127,93	310,38	1.998,25	1.490,88	594,38	318,39	1.085,23	298,79	443,24	3.579,11	10.494,45
Spesa prestazioni pensionistiche	117,70	43,21	152,44	820,21	657,43	490,64	232,42	282,01	208,10	529,55	1.649,21	5.182,92
Spesa prestazioni assistenziali	5,63	5,76	11,69	90,54	31,35	7,90	6,21	22,07	39,43	21,03	121,99	363,60
Spese funzionamento altre uscite	28,02	33,77	36,31	282,72	282,72	57,09	71,84	379,63	31,40	54,05	483,51	1.741,04
Totale Costi	151,36	82,75	200,44	1.263,57	971,49	555,64	310,46	683,72	278,92	604,63	2.254,70	7.357,67
Saldo contabile	96,51	45,19	109,94	734,68	519,38	38,75	7,93	401,51	19,87	-161,39	1.324,40	3.136,78
Totale ricavi + prestazioni	371,20	176,91	474,51	2.909,00	2.179,65	1.092,93	557,01	1.389,31	546,32	993,82	5.350,30	16.040,97
Spese di funzionamento	11,44	8,38	14,35	111,50	37,50	29,09	17,40	52,22	9,91	27,97	101,71	421,45
Incidenza sul valore della produzione	3,08%	4,74%	3,02%	3,83%	1,72%	2,66%	3,12%	3,76%	1,81%	2,81%	1,90%	2,63%

*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.*

**Table 3.7 - Other indicators for Schemes under Leg. D. n. 103/1996** (millions of euros)

	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2	TOTALE
Contributi prestazioni pensionistiche	99,1	130,2	95,8	52,9	3,0	8,4	55,3	42,3	487,0
Contributi prestazioni assistenziali	0,0	9,7	2,3	2,4	0,0	0,1	1,0	2,0	17,6
Rendimenti gestione altre entrate	72,9	73,7	72,7	-5,7	1,8	4,7	28,4	4,3	252,8
Totale ricavi	172,0	213,6	170,8	49,6	4,8	13,2	84,7	48,7	757,5
Spesa prestazioni pensionistiche	16,9	9,3	3,7	4,6	0,0	1,1	7,7	5,4	48,7
Spesa prestazioni assistenziali	3,1	16,2	5,1	3,9	0,0	0,1	2,2	0,7	31,3
Spese funzionamento e altre uscite	120,8	157,4	158,3	53,2	4,2	10,9	75,2	12,0	591,9
Totale Costi	140,9	182,9	167,1	61,7	4,2	12,0	85,0	18,1	671,9
<b>Saldo contabile</b>	<b>31,1</b>	<b>30,7</b>	<b>3,7</b>	<b>-12,0</b>	<b>0,6</b>	<b>1,2</b>	<b>-0,3</b>	<b>30,6</b>	<b>85,6</b>
Totale ricavi + prestazioni	192,1	239,1	179,6	58,1	4,8	14,3	94,6	54,8	837,4
Spese di funzionamento	6,0	7,0	8,4	1,7	0,7	0,8	4,7	6,0	35,3
Incidenza sul valore della produzione	3,11%	2,94%	4,69%	2,91%	14,50%	5,57%	4,92%	11,01%	4,21%

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

In order to have a more exhaustive picture it is useful to provide an analysis, albeit short, on the number of members over the years. The latest available data of 2017<sup>39</sup> show that the growth is promoted by the progressive increase in the number of active pensioners (+8.33% compared to + 0.76% vs. 4.35% and 0.47% respectively in 2016), which now account for 4% of the total.

The possibility to pay contributions even after retirement is the result of recent reforms that gradually increase the component of personal contributions in the calculation of pension benefits. Moving on to a demographic analysis of members, it is possible to see the growth of the age group up to 30 years (from 6.9% in 2016 to 7%), the further shrinking of the 30-40 age group (from 22% to 21.5%), the substantial stability of the 40-50 age group (from 29.1% to 28.8%) and the growth of the 50-60 age bracket (from 25.3% to 26%) and the group above 60 years of age (from 16.6% to 16.7%) **which is dragged down by the growth of the group of subjects above over 70 years of age from 2.9% to 3.4%**. These trends are due to pension reform measures, such as more stringent retirement age requirements and the greater balance between pension benefits and contributions, the ageing of the population and the decrease in the number of university students. The number of women continues to grow from 35.6% in 2016 to 35.9% out of the total number of members with a mean age of 44 vs. 49 of men. More in detail, the analysis of the age brackets shows that, for professionals under 40 years of age, the number of men and women is almost the same, with the latter accounting for about 48% of the total. Instead, the differences become increasingly marked in older age groups, dropping to less than 20% above 60 years of age. Gender differences disappear for new members, with 51% of women but no age differences: 31 years of age for women and 34 for men.

The latest regional surveys show that there are no major changes with respect to 2016 with Valle D'Aosta that has the highest percentage of active members per 1000 inhabitants in these schemes, that is 35, followed by Lazio with 30, Sicily, Veneto and Piedmont with 21, the regions with the lowest number of professionals.

<sup>39</sup> VIII AdEPP Report.

### 3.4 Welfare benefits

As already illustrated in the previous Reports, all these funds have introduced other benefits in addition to pensions, such as welfare benefits to support their members, their families and 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. There is a 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 they are mainly provided by the 509 schemes (**Table 3.3.1** and **3.3.2**). A detailed look at the types of benefits mentioned above shows the continuous growth for maternity benefits and health policies while others, especially the professional support ones are more linked to the trend of the economy.

It should also be noted that these benefits do not affect the sustainability of these schemes as they are financed by ad-hoc contributions and partly by supplementary contributions and, above all, they do not entail permanent future commitments.

The comparison with the 2017 data shows that contributions and benefits are substantially stable at the same amount level. As to the welfare benefits provided by the 509 schemes and the observations reported above, in 2018 ENPACL and CIPAG were the only funds that financed these benefits through specific contributions.

**Table 3.8 - Contributions and welfare benefits of Schemes under Leg. D. n.509/1994** (millions of euros)

2017	ENPACL	ENPAV	ENPAF	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM	Totale
Contributi prestazioni assistenziali	26,93	2,73	5,21	67,10	13,29	14,78	0,21	13,71	1,25	22,83	20,54	188,58
Spesa prestazioni assistenziali	7,00	5,92	5,41	93,50	35,54	9,13	5,44	21,62	29,63	29,45	116,99	359,62
2018	ENPACL	ENPAV	ENPAF	CF	INARCASSA	CIPAG	CNPR	CNPADC	CNN	INPGI	ENPAM	Totale
Contributi prestazioni assistenziali	24,97	2,38	5,65	77,21	14,15	13,87	0,19	13,20	2,19	22,94	14,58	191,35
Spesa prestazioni assistenziali	5,63	5,76	11,69	90,54	31,35	7,90	6,21	22,07	39,43	21,03	121,99	363,60

*Contributions for welfare benefits; Welfare benefit expenditure*

Moving on to the 103 schemes, the data shows that in 2018 too, ENPAP mainly provided welfare benefits and that only the Separate Scheme for Journalists was able to finance them through specific contributions.



**Table 3.9 - Contributions and welfare benefits of Schemes under Leg. D. n. 103/1996** (millions of euros)

2017	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2	Totale
Contributi prestazioni assistenziali	0,0	9,7	2,3	2,4	0,0	0,1	1,0	2,0	17,6
Spesa prestazioni assistenziali	2,8	15,6	5,1	3,6	0,0	0,1	2,8	0,7	30,7
2018	EPPI	ENPAP	ENPAPI	ENPAB	ENPAIA AGR	ENPAIA PA	EPAP	INPGI 2	Totale
Contributi prestazioni assistenziali	0,0	9,7	2,3	2,4	0,0	0,1	1,0	2,0	17,6
Spesa prestazioni assistenziali	3,1	16,2	5,1	3,9	0,0	0,1	2,2	0,7	31,3

*Contributions for welfare benefits; Welfare benefit expenditure*

### 3.5 Assets of Privatized Schemes and their evolution<sup>40</sup>

At December 31, 2018, the assets of the 19 privatised schemes amounted to 72,543,279,926 euros. This means that the resources available to these institutional investors continued to show a considerable growth by approximately 3.9 billion euros in absolute terms (3.5 for the 509 schemes and 0.4 for the 103 schemes) and by 5.7% in percentage terms (5.6% for the 509 schemes and 6.7% for the 103 funds)<sup>41</sup>. These assets are managed directly through the acquisition of UCITs, Policies and Sicavs and indirectly through mandates. In this connection, the "2019 Budget Law", under Article 27, has increased the percentage to be allocated to qualified investments from 5% to 8% of the assets. However, the Decree pursuant to paragraph 3 of Article 27 of the aforementioned Legislative Decree 98/2011 is still pending. Its aim is to regulate the financial investments of pension funds, conflicts of interest and the custodian banks, also taking into account the principles set out in Articles 6 and 7 of Legislative Decree n. 252 of December 5, 2005.

The analysis of the 72.543 billion euros' worth of surplus of the 19 privatised schemes (66.574 for the 509 schemes and 6.370 for the 103 funds) clearly shows a preference for direct investments, accounting for 78.36% of the total (77.64% for the 509 schemes and 85.83% for the 103 funds). This is due to the capacity of these schemes to operate as autonomous institutional investors and, therefore, to directly buy and sell the most suitable financial instruments to honour their commitments vis-à-vis their members. In absolute terms, out of the 72.543 billion euros' worth of assets, direct investments amount to 56,844,499,136 euros (51,377,435,191 for the 509 funds and 5,467,063,945 for the 103 schemes), while indirect mandated investments amount to 15,698,780,789 euros (14,796,500,959 for the 509 schemes and 902,279,830 for the 103 funds).

<sup>40</sup> For the analysis of the assets of these Schemes and their evolution, please see the VI Annual Report "Italian Institutional Investors: members, resources and managers in 2017" on the [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it) website.

<sup>41</sup> Art.1, par. 182, of the "2018 Budget Law", (Act n. 205 of December 27, 2017) clarified that these Schemes, now entitled to reclaim their rights, are the owners of the resources entrusted to them by third parties; in any case, these assets are separated from and independent of those of the management companies and cannot be reallocated for other purposes or be seized by the creditors of management companies or by their representatives, nor can they be involved in their insolvency procedures.

**Table 3.10** shows for each Fund the asset classes (absolute and percentage figures) where the 56.8 billion euros are invested directly; UCITs (30%) and AIFs (21.5%) are the most prominent forms of investment in the portfolios of these schemes and together they account for 51.5% of the assets invested directly. The 509 schemes invest more on UCITs (30.6% compared to 21.5% in AIFs) while the 103 funds equally invest on both types (24.8% and 22.2% respectively). As regards indirect investments “mandated” to specialised organisations, the resources allocated in 2018 totalled 15.70 billion euros (down with respect to 16.10 billion in 2017), of which 14.80 billion euros for the 509 schemes and 0.90 billion euros for the 103 funds.

**Table 3.10 - Investments of Privatized Schemes** (millions of euros)

Cassa	Investimenti immobiliari		Investimenti monetari		Investimenti obbligazionari		Investimenti azionari		OICR		Polizze assicurative		FIA		ETF		Altre attività		Investimenti diretti totale
	Importo	%	Importo	%	Importo	%	Importo	%	Importo	Perc.	Importo	%	Importo	%	Importo	%	Importo	%	Importo
CIPAG	192,56	7,7%	22,12	0,9%	0,00	0,0%	77,03	3,1%	844,09	33,8%	0,00	0,0%	398,79	16,0%	0,00	0,0%	963,23	38,6%	2.497,82
CNN	172,27	12,7%	153,87	11,3%	174,04	12,8%	0,38	0,0%	384,55	28,3%	17,34	1,3%	407,66	30,0%	0,00	0,0%	48,84	3,6%	1.358,94
CNPADC	323,26	4,1%	1.121,60	14,1%	587,68	7,4%	150,00	1,9%	3.950,08	49,7%	51,34	0,6%	704,80	8,9%	420,06	5,3%	637,43	8,0%	7.946,25
CNPR	123,21	7,3%	113,70	6,7%	39,32	2,3%	64,31	3,8%	26,00	1,5%	32,00	1,9%	832,74	49,2%	0,00	0,0%	462,81	27,3%	1.694,09
CF	53,09	0,4%	787,80	6,3%	2.938,18	23,5%	1.419,65	11,3%	3.684,88	29,4%	0,00	0,0%	1.659,35	13,3%	319,21	2,5%	1.658,71	13,2%	12.520,87
INARCASSA	17,64	0,2%	244,37	3,0%	1.824,28	22,3%	896,19	10,9%	2.582,30	31,5%	0,00	0,0%	1.191,97	14,6%	0,00	0,0%	1.431,88	17,5%	8.188,62
ENPAF	118,80	4,7%	396,12	15,8%	1.135,32	45,4%	127,93	5,1%	409,60	16,4%	0,00	0,0%	212,13	8,5%	23,96	1,0%	77,91	3,1%	2.501,76
ENPAM	1.029,96	9,4%	412,31	3,8%	679,96	6,2%	235,00	2,1%	2.802,79	25,6%	129,98	1,2%	4.168,47	38,1%	15,00	0,1%	1.457,54	13,3%	10.931,00
ENPAFL	33,62	2,6%	46,73	3,7%	143,59	11,3%	70,33	5,5%	479,84	37,7%	15,00	1,2%	305,61	24,0%	0,00	0,0%	179,11	14,1%	1.273,83
ENPAV	109,33	14,4%	53,66	7,1%	116,66	15,4%	2,70	0,4%	195,56	25,8%	8,18	1,1%	134,33	17,7%	45,76	6,0%	93,06	12,3%	759,26
INPGI	7,06	0,4%	18,61	1,1%	0,00	0,0%	0,00	0,0%	362,18	21,2%	0,00	0,0%	1.012,28	59,4%	0,00	0,0%	304,88	17,9%	1.705,00
<b>Totale 509</b>	<b>2.180,78</b>	<b>4,2%</b>	<b>3.370,89</b>	<b>6,6%</b>	<b>7.639,03</b>	<b>14,9%</b>	<b>3.043,52</b>	<b>5,9%</b>	<b>15.721,86</b>	<b>30,6%</b>	<b>253,84</b>	<b>0,5%</b>	<b>11.028,14</b>	<b>21,5%</b>	<b>823,99</b>	<b>1,6%</b>	<b>7.315,39</b>	<b>14,2%</b>	<b>51.377,44</b>
ENPAB	2,84	0,7%	119,45	29,3%	80,02	19,6%	0,89	0,2%	58,76	14,4%	0,00	0,0%	78,52	19,2%	0,89	0,2%	66,84	16,4%	408,21
ENPAPI	26,34	3,0%	3,21	0,4%	0,00	0,0%	3,98	0,4%	98,74	11,2%	43,42	4,9%	461,89	52,2%	0,00	0,0%	247,45	28,0%	885,01
EPAP	14,35	3,4%	13,21	3,2%	107,64	25,7%	0,00	0,0%	142,01	33,9%	7,99	1,9%	62,42	14,9%	0,00	0,0%	71,30	17,0%	418,91
EPPI	48,68	3,2%	44,50	2,9%	438,65	28,5%	10,00	0,7%	595,00	38,7%	0,00	0,0%	180,32	11,7%	0,00	0,0%	221,02	14,4%	1.538,17
ENPAP	0,00	0,0%	78,04	5,7%	563,85	41,4%	33,48	2,5%	38,32	2,8%	79,31	5,8%	359,97	26,4%	29,05	2,1%	179,43	13,2%	1.361,45
ENPAIA Periti Agrari	0,00	0,0%	10,39	27,7%	14,24	38,0%	1,50	4,0%	0,00	0,0%	0,00	0,0%	4,00	10,7%	1,87	5,0%	5,50	14,7%	37,51
ENPAIA Agrotecnici	5,78	3,3%	68,67	39,4%	46,94	27,0%	10,00	5,7%	14,00	8,0%	0,00	0,0%	11,50	6,6%	0,00	0,0%	17,20	9,9%	174,09
INPGI GS	21,76	3,4%	116,01	18,0%	0,00	0,0%	0,00	0,0%	410,85	63,8%	0,00	0,0%	55,74	8,7%	2,48	0,4%	36,89	5,7%	643,72
<b>Totale 103</b>	<b>119,74</b>	<b>2,2%</b>	<b>453,46</b>	<b>8,3%</b>	<b>1.251,34</b>	<b>22,9%</b>	<b>59,85</b>	<b>1,1%</b>	<b>1.357,68</b>	<b>24,8%</b>	<b>130,71</b>	<b>2,4%</b>	<b>1.214,36</b>	<b>22,2%</b>	<b>34,29</b>	<b>0,6%</b>	<b>845,62</b>	<b>15,5%</b>	<b>5.467,06</b>
<b>TOTALE CASSE</b>	<b>2.300,52</b>	<b>4,0%</b>	<b>3.824,35</b>	<b>6,7%</b>	<b>8.890,38</b>	<b>15,6%</b>	<b>3.103,37</b>	<b>5,5%</b>	<b>17.079,53</b>	<b>30,0%</b>	<b>384,55</b>	<b>0,7%</b>	<b>12.242,50</b>	<b>21,5%</b>	<b>858,28</b>	<b>1,5%</b>	<b>8.161,01</b>	<b>14,4%</b>	<b>56.844,50</b>

*Scheme; Total 509; Total 103; Grand Total; Real-estate investments; Monetary investments; Bonds; Equity; UCITS; Policies; AIFs; ETFs; Other assets, Total direct investments*

Finally, some hints on the investments in the domestic "real economy", i.e. those designed to support the Italian economy in general and, in particular, to boost employment and professional development for the members of these schemes. The total of real-estate and other Italian alternative investments (AIFs), institutional investments in Cassa Depositi e Prestiti, shares in listed and unlisted Italian companies (net of the ones invested in the Bank of Italy), Italian corporate bonds and Minibonds, amounts to 11.3 billion euros (10.2 billion for the 509 schemes and 1.1 billion for the 103 funds), equal to **15.57%** of total assets, a significant result when compared to other investors in the social security framework.

## 4. Accounting equilibrium rates

The “accounting equilibrium rate” is a theoretical indicator of the contribution rate to be applied by a pension scheme in order to have an equilibrium between its contribution revenues and benefit expenditure<sup>42</sup>. If the accounting contribution rate and the effective contribution rate coincide, pension funds have a financial equilibrium. A positive difference between these two rates means a negative balance; instead if the effective contribution rate is higher than the accounting equilibrium rate, the balance is positive.

**Table 4.1 - Accounting equilibrium rates vs. the effective rate (\*)**

Categories	2012					2018				
	$\hat{a}$	p/w	R/L	q	d	$\hat{a}$	p/w	R/L	q	d
Private-sector employees	36.72	0.51	0.72	0.99	-0.37	34.59	0.55	0.63	1.04	1.26
- FPLD Occupational Pension Fund	32.90	0.47	0.70	1.13	4.28	30.64	0.52	0.59	1.18	5.39
- Other private sector occupational funds	83.62	0.74	1.13	0.41	-49.34	119.70	0.79	1.52	0.36	-76.66
Public-sector employees	52.78	0.58	0.91	0.62	-20.06	58.32	0.67	0.87	0.57	-25.23
Artisans	30.26	0.34	0.89	0.71	-8.78	34.91	0.33	1.07	0.69	-10.82
Retailers	20.79	0.33	0.63	1.03	0.62	23.03	0.34	0.68	1.07	1.51
CDCM (farmers)	113.15	0.31	3.65	0.25	-84.86	75.27	0.24	3.10	0.34	-49.55
Professionals	9.45	0.35	0.27	1.91	8.60	10.39	0.34	0.31	1.81	8.42
Atypical workers	1.44	0.09	0.16	16.17	21.84	5.96	0.17	0.34	8.06	42.05
Supplementary funds	16.56	0.36	0.46	0.85	-2.48	15.11	0.30	0.50	0.99	-0.21

(\*) The explanation of the symbols is in the foot note

**Table 4.1** shows the situation of the main categories for the years 2012 and 2018. The first column to the left of each year shows the theoretical accounting equilibrium rates ( $\hat{a}$ ) of each category of members and the last right column the differences ( $d$ ) between the accounting and the effective rates. A positive ( $d$ ) value represents the categories with a surplus that would be in equilibrium even with lower rates; instead, the negative ( $d$ ) value shows to what extent the current rates should be increased to reach an equilibrium.

The three central columns illustrate the structural ratios for each year (average pension vs. average

<sup>42</sup> The “effective average rate” ( $a$ ) is given by the ratio of contribution revenues ( $C$ ) vs. taxable income ( $Y$ ) of members of a fund, that is  $Y = w.L$  ( $w$  average income;  $L$  number of active workers). The “accounting equilibrium rate” ( $\hat{a}$ ) determines the equilibrium between pension revenues and expenditure of a fund. Assuming that only pension-related items are considered excluding welfare-related items (GIAS), administrative costs and the rate of return of the assets, there is an equilibrium when contribution revenues  $C = \hat{a}.w.L$  are equal to pension benefit expenditure  $S_P = p.R$  ( $p$  average pension;  $R$  number of benefits paid). Therefore, the accounting equilibrium rate can be defined as  $\hat{a} = p/w.R/L$ , while the average effective variation ( $d$ ) rate necessary to rebalance the accounts is equal to  $d = (1-q). (p/w.R/L)$ . If the share of pension benefits financed by contributions is given by:  $q = (a.L.w)/(p.R)$ , it is possible to see that the ratio of the effective rate vs. the accounting equilibrium rate is:  $a = \hat{a}.q$ . Therefore, the percentage difference between these two rates is equal to  $d = \hat{a}.(q-1)$ .

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.

These figures determine the negative or positive gap between the two rates, the effective rate and the accounting rate.

The Table clearly shows that there are clearly major differences among the categories and significant changes over time.

Starting from the categories whose average effective rates are always higher than their accounting equilibrium rates (i.e. those that feature  $d$  with a positive sign), two of them (the fund for atypical workers and for professionals) have a positive balance because of their very low ratio of the number of pensions paid vs the number of active workers paying contributions ( $R/L$ ). This is also reflected in the ( $q$ ) figures which indicate that the overall amount of their contribution revenues is much higher than their benefit expenditure.

However, there are significant differences between these two categories. In fact, the *Schemes for Professionals* maintain almost unchanged structural ratios in the period observed.

In addition to the more limited growth of per capita benefits resulting from the reforms adopted by all these funds, this stability derives from the positive employment trends for some professional activities with a higher number of active workers paying contributions with respect to the number of pensions paid.

The situation for *atypical workers* is different since their fund was integrated into the compulsory public pension system not so long ago; in fact, its parameters are characteristic of a young scheme, i.e. low number of pensions compared to the number of active workers paying contributions and low average benefits compared to the average income of their members<sup>43</sup>. The considerable growth in these two ratios from 2012 to 2018 and the reduction in the share of benefit expenditure financed by contribution revenues ( $q$ ) shows that the equilibrium parameters for this fund are changing. Both the low and dwindling value of ( $q$ ) and the slight increase in the average pension/average income ratio ( $p/w$ ) show that the number and type of occupation for this category of workers paying contributions to this scheme are not stable, presumably because of precarious employment conditions or moonlighting<sup>44</sup>. The fairly rapid increase in the number of benefits to be paid out and the simultaneous reduction in the number of active workers paying contributions (the  $R/L$  ratio more than doubled from 2012 to 2018)<sup>45</sup> also point to a possible and relatively quick shrinking of the current operating surpluses that have had significant impact on the balance of the entire pension system in recent years.

The other scheme with a higher accounting rate with respect to its equilibrium rate is that of *retailers*. In fact, in addition to a relatively low average pension/average income ratio, that is a common feature

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<sup>43</sup> 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 n. 335/95) who started working in March 1996.

<sup>44</sup> 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.

<sup>45</sup> The number of members paying their contributors to the special fund for atypical workers reached a peak in 2008 (over 1.8 million) and then progressively dropped by about 30% with a reversal of the trend in 2018 (+ 56,000 vs. 2017).

of all self-employed categories including those with slightly higher average pension benefits, this category has had a more limited reduction in the number of active workers since the beginning of the crisis with respect to artisans<sup>46</sup>.

Among the categories of workers with a relative financial equilibrium, it is important to look at the schemes for *private sector employees* that accounts for 55% of the entire public pension system in terms of number of active workers paying contributions and number of pensions paid. The financial equilibrium of private sector employees generally improved between 2012 and 2018, as shown by the accounting equilibrium rate and the change in the differential (*d*). However, it is necessary to provide some clarifications with regard to this category. In fact, the category of private-sector employees includes the main Italian pension fund, the FPLD, with 96% of subjects employed by private companies, but also a series of smaller schemes<sup>47</sup> that together account for the remaining 4%. By keeping the FPLD separate from the other funds, as in **Table 4.1**, it is possible to see that there are substantial differences between the two groups. FPLD members have a stable equilibrium in their pension flows over the period observed, with an improvement of their accounting rate and of their ratio of contribution revenues vs. pension expenditure.

This equilibrium largely results from the simultaneous reduction in the ratio of the number of pensions paid vs. the number of active workers paying contributions<sup>48</sup> that more than offset the increase in their average pension/ average income ratio. Therefore, they have a higher share of expenditure financed by contributions and a lower accounting equilibrium rate. The (*d*) value proves that the balance of inflows and outflows is positive and improved over the period considered.

In contrast to the FPLD, the other funds for private-sector employees show a general and very poor financial situation due, in some cases, to dwindling employment in this sector; this has negatively affected the ratio of the number of active workers paying contributions vs. the number of pensioners and, in other cases, the financial imbalances (disproportionate pension benefits with respect to the contribution rate) existing at the time of their integration into INPS. However, the different ways in which these funds were integrated into INPS do not allow for the correct calculation of their accounting equilibrium rate. In fact, they have lost their status as autonomous schemes, but, in some cases, their benefit expenditure has been left as if still separate while their contribution revenues have been absorbed by the general occupational pension fund.

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<sup>46</sup> From 2008, the onset of the crisis, to 2018, while the fund for artisans lost 16.4% of active workers paying contributions, the fund for retailers had an increase in their number by 2.3%. From 2013, the year with the maximum number of active workers paying contributions, to 2018, this scheme too experienced a reduction in their number by 4.7%.

<sup>47</sup> 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). Among the funds for private-sector employees, there is (Enpals) whose situation is very different from the other components of the aggregate. In fact, Enpals, has a low ratio of the number of pensions paid vs. the number of active workers paying contributions (0.38 in 2018) and an average pension/average income ratio slightly higher with respect to the one for all private-sector employees. As a result, its accounting equilibrium rate is lower than the effective rate with *d* = 15.7 in 2018.

<sup>48</sup> From 2012 al 2018, FPLD experienced a reduction by 893,000 in the number of pension paid and an increase in the number of its active workers paying contributions by 834,000. These changes are largely due to more stringent retirement age requirements which, in turn, have resulted in higher average pensions due to longer period of contribution. In fact, the *p/w* ratio grew by 4.2% over the same period of time.

The economic and financial situation appears very varied for the funds of the remaining categories. *Supplementary funds* are seemingly not far from a break-even condition between income and expenditure, also with an improvement between the two years analysed mainly due to a reduction in the *p/w* ratio. However, the increase in their ratio of the number of pensions paid vs. the total number of active workers paying contributions has not affected their share of expenditure financed by contributions, which rises to 99% during the period, bringing their effective contribution rate and their accounting rate to an almost identical level.

The situation of the fund for *artisans* is quite different; its accounting equilibrium rate, already almost nine percentage points higher than its effective rate, rose from 30.2% to almost 35% in six years. The wider gap between these two rates, which indicates a progressive deterioration of its operating results, is not due a relative increase in the average pension compared to the average income (the *p/w* ratio has remained almost unchanged), but to a poorer ratio of the number of pensioners vs. the number of active workers. The number of pensioners grew by 5% while the number of active workers further dropped by 13% over the last six years, due to the economic difficulties in this sector.

The gap between the equilibrium rate and the average effective rate is still very wide in the category of *agricultural workers* (CDCM), even though with a significant improvement in terms of equilibrium from 2012 to 2018.

This is the result of a major drop in the equilibrium rate, with a more limited difference with respect to the effective rate (*d*), and of the higher share of benefits financed by contributions (*q*).

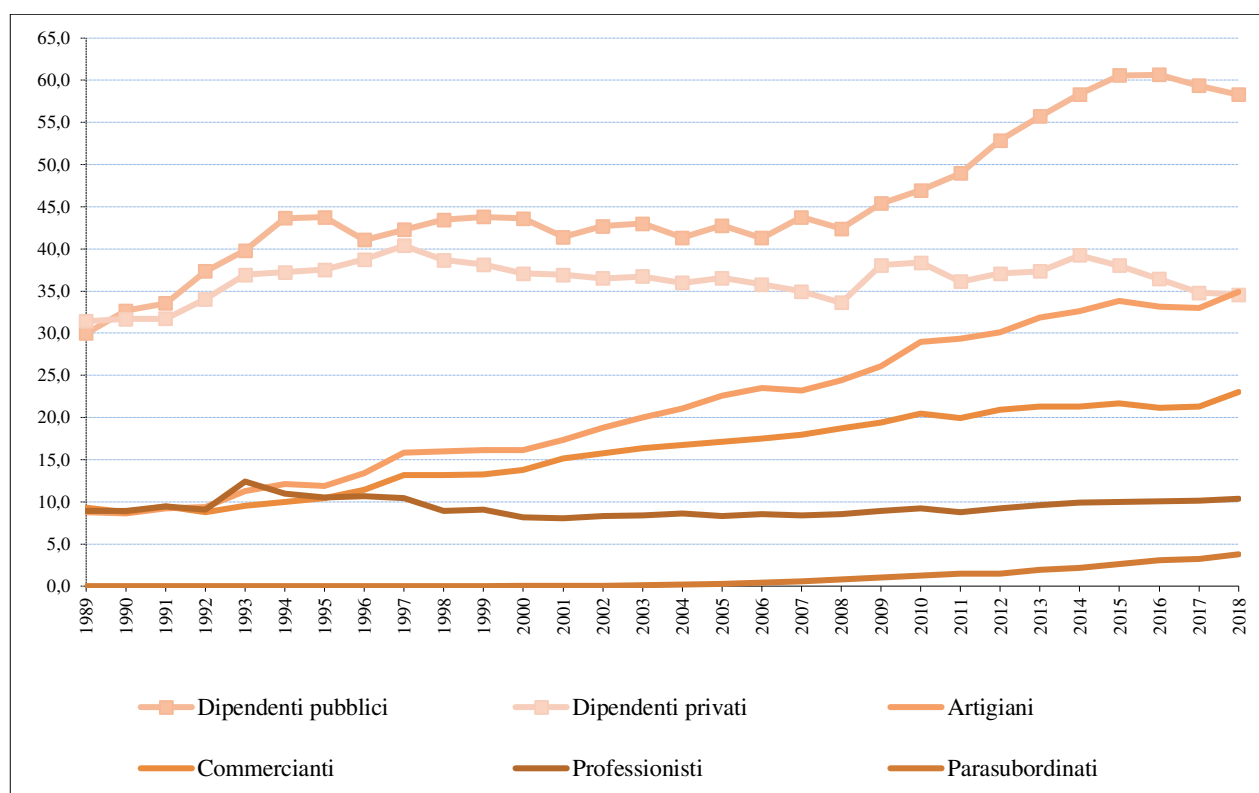
As repeatedly pointed out, this sector has radically changed over the last 50 years, with a dramatic reduction in employment and a very high number of pensions to be paid compared to the number of active workers paying contributions. Therefore, the period from 2012 to 2018 was characterized by the decrease in the value of the average pension compared to average income (from 0.31% to 0.24%) but above all by the reduction in the ratio of the number of pensions to be paid vs. the number of active workers paying contributions (from 3.65 to 3.10) with a major impact on the accounting equilibrium rate.

The financial imbalance in the category of *civil servants* appears to be more limited in structural terms with respect to the fund of agricultural workers. However, due to its sheer size, this category has the greatest impact on the balance of the whole pension system<sup>49</sup>. Moreover, from 2012 to 2018, this compartment featured a slight reduction in the ratio of the number of pensions vs. the number of active workers paying contributions due to the initial recovery of employment over the last three years but a deterioration in the *p/w* ratio, a drop in the share of pension expenditure financed by contributions (*q*) and hence an increase between 5% and 6% of the accounting equilibrium rate and of its difference with the effective rate.

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<sup>49</sup> The total balance of the pension system was -20.882 million in 2018, while that of the public-sector employees is -30.578 million. For further quantitative findings, please see **Table 1.a** of this Report.

**Figure 4.1 - Accounting equilibrium rates net of GIAS**



*Public-sector employees; Private-sector employees; Artisans; Retailers; Professionals; Atypical workers*

**Figure 4.1** illustrates the trends of the accounting equilibrium rates over a longer period than the 2012-2018 observed so far. It shows the equilibrium rates for the main categories, except for those related to the fund for farmers described later in a separate Figure. The graphs show that the funds for public-sector employees and the funds for retailers and for artisans have higher accounting equilibrium rates, especially these last two schemes. In the case of *civil servants*, this increase started with the 2008 crisis and it is presumably and mainly due to the restrictive measures taken by governments to reduce the number of employees and curb wages in the public administration<sup>50</sup>. The last two years have shown a reversal of this trend even if, as already illustrated, the equilibrium rate in 2018 remained significantly higher than in 2012. Since 1995, that is the year in which the funds for self-employed workers created at the end of the 1950s have matured, the funds for *retailers and artisans* have featured a consistent growth in their rates over time.

This trend is a sign of structural imbalances that have not been adequately corrected by the recent contribution rate increases. This is especially true for the fund for artisans which has had a sharp drop in the number of active workers paying contributions, has already mentioned.

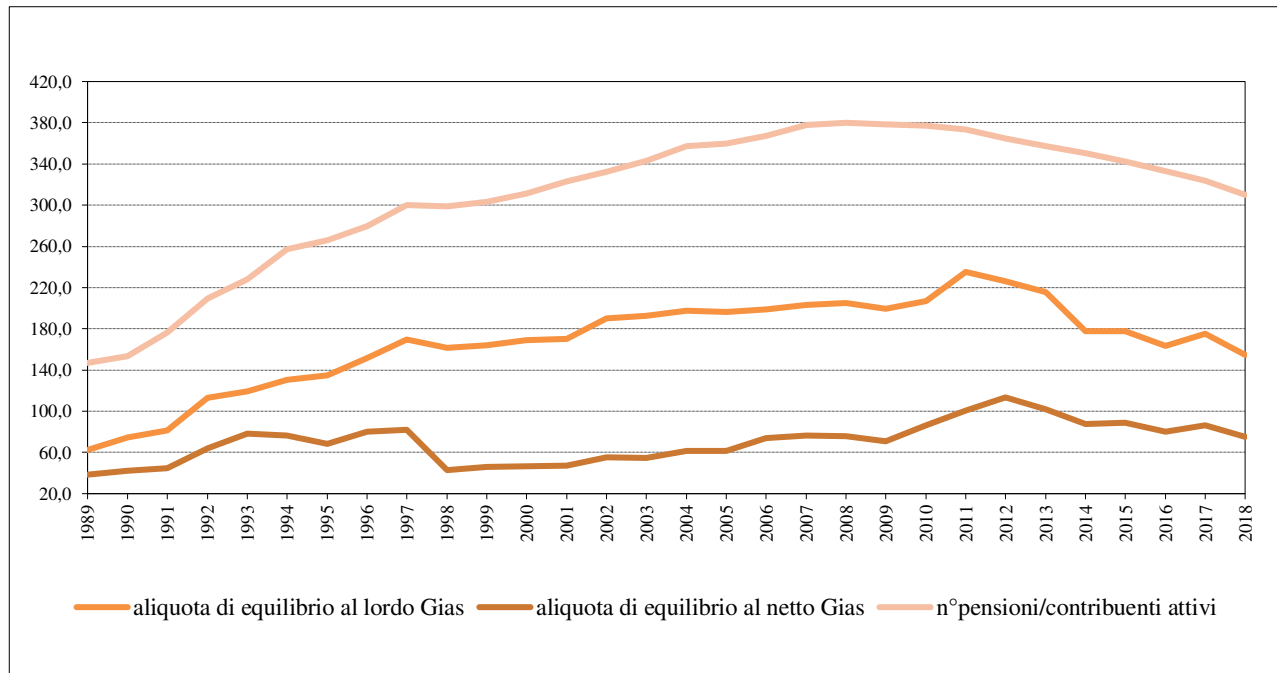
Since 1997, i.e. the years following the Dini reform, the funds for *private-sector employees* as a whole (all private-sector employees but with the substantial role played by the FPLD) have shown a

<sup>50</sup> From 2007 to 2013, public-sector employees lost about 340 thousand active workers paying contributions, largely offset in the last five years (+298,000).

progressive containment of the accounting equilibrium rate, except for some fluctuations in the first years of the crisis, with a temporary drop in contribution revenues.

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, because it started to provide benefits after the year 2000, calculated with the contribution-based method; so, no problems are expected to keep the situation in equilibrium.

**Figure 4.2 - CDCM: equilibrium rates and number of pension/number of active worker ratio**



*equilibrium rate before GIAS; equilibrium rate after GIAS; n. of pension/n. of active worker ratio*

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 deterioration of employment; the ratio of the number of pensions paid vs. the number of active workers progressively increased from about 1.5 in 1989 to a maximum of almost 3.8 pensions per active worker in 2008. Since then, this ratio has started to fall and dropped just above 3.1 in 2017, with a sharp decline in the number of pensions paid, about – 470,000 from 2008 to 2018 due to a reduction in the number of pensions paid (- 450,000) from 2008 to 2018 (-25%) and to a more limited decrease in the number of active workers paying contributions (- 35,000 or -7.2%).

In order to deal with this major demographic imbalance, the fund for farmers has received a large amount of external resources to fund its current deficits through specific transfers from GIAS, as seen in the difference between the equilibrium rates, before and after of GIAS transfers<sup>51</sup>.

<sup>51</sup> Figure 2 shows that the difference between the equilibrium rate before and after GIAS transfers which had a peak in 1998, the year in which a new allocation system was introduced that shifted the responsibility to pay pension benefits (effective before 1989) to farmers to GIAS.



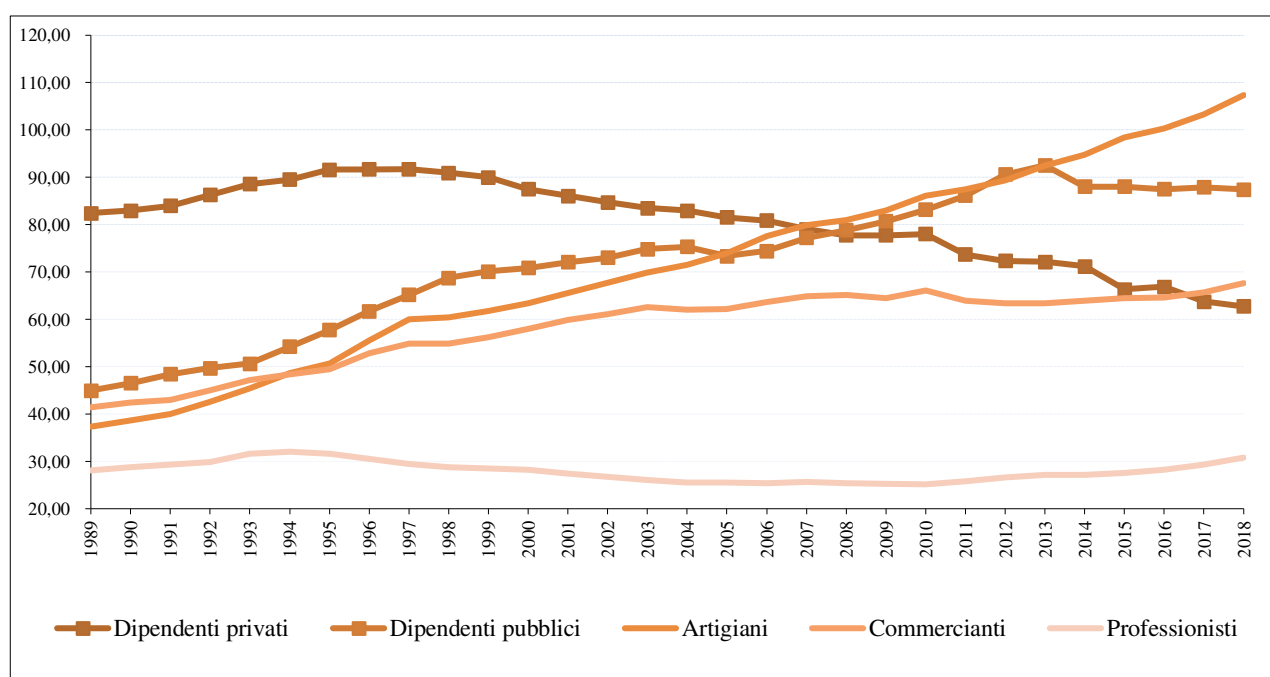
As explained above, the trends in the accounting rates are result from the ones related to two structural ratios, the number of pensions vs. the number of active workers paying contributions and the average pension vs. the average income. The long-term evolution of these ratios is illustrated in the following figures.

As indicated in **Figure 4.3**, which is related to the first of these two structural rations, the trends for all categories went up until 1995, a year that marked a turning point in the reform of the pension system.

After the first phase of reforms, however, different trends began to emerge. The funds for *private-sector employees* show 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 workers paying contributions in 1995 to less than 63 in 2018. Instead, this ratio for *public-sector employees* more than doubled from 45 pensions for every 100 active workers paying contributions in 1989 to the peak of 92 in 2013 and then a drop down to 87.4 in 2018. The growth of this ratio for *artisans* is even more marked, due to the combined effect of the more mature phase of this fund and of the decline in employment; in fact, it rose from 37 pensions per 100 active workers to 107 in 2018. 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 about 68. This was largely due to a steady growth in the number of subjects employed in this sector, even during the crisis, but which started to slow down in the last few years, with signs of deterioration.

Finally, the schemes for professionals still feature a positive trend and more stringent retirement age requirements on average with respect to other categories of workers; therefore, their ratio of the number of pensions vs. the number of active workers has remained low even if with an increase by over 3% in the last three years.

**Figure 4.3 - Ratio of the number of pensions vs. the number of active workers paying contributions**



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

**Figure 4.4**<sup>52</sup> illustrates the long-term trend of the other structural parameter, i.e. the ratio of the average pension net of GIAS transfers vs. the average income of workers paying contributions for the five categories considered. The trends in the graph show that there are two levels for this ratio based on the contribution rates and the methods for calculating the benefits adopted by the funds the various categories<sup>53</sup>.

On top, there are the categories of private and public-sector employees which start from quite distant figures but then tend to converge towards a  $p/w$  ratio between 55% (private-sector employees) and 65% (public-sector employees).

The other aggregate refers to self-employed workers and professionals whose ratio tends to converge towards 33%. Both employed and self-employed workers feature an upward trend in the average pension/average income ratio, which shows an upward trend in the 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.

This trend reflects a turnover effect; in fact, the newly paid pensions accrued in the years of higher growth for the Italian economy have benefited from increasingly higher average figures due to more structured careers. However, this trend may also result from the reforms which, especially in the last decade, have started to have a real impact on the effective retirement age.

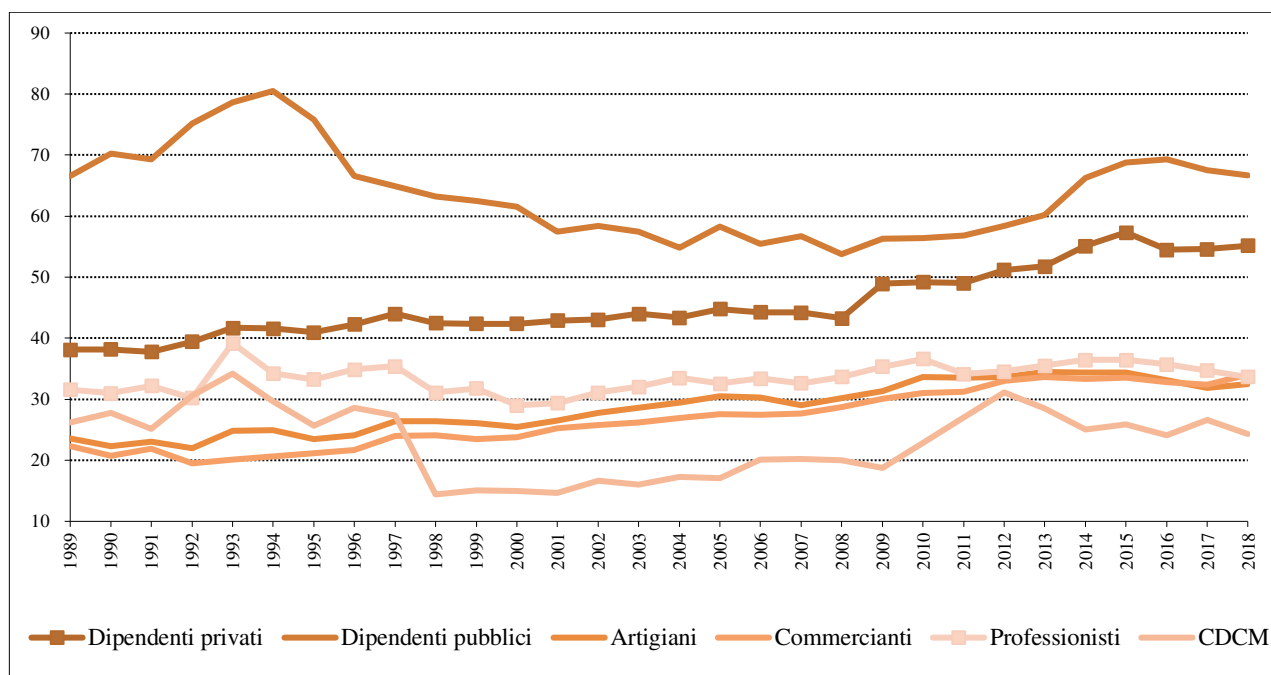
Finally, it can be observed that agricultural workers have a relatively peculiar  $w/p$  ratio, with frequent and relatively more pronounced fluctuations compared to other categories. This ratio is rather low compared to the other categories because the percentage increase in the average pension of these workers, due to the welfare benefits provided by GIAS, exceeds 100%, compared to percentage increases deriving from the same source of about 20% for the other categories.

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<sup>52</sup> Referring to the average pension net of GIAS transfers is in line with the data provided above in **Table 4.1**. However, welfare support measures account for a large part of the total amount of benefits and, in particular, they have a very different impact according to the categories considered. Since the average amount of pension benefits effectively received by pensioners is not provided, this ratio can be considered as representing the rules benefits and the contribution rates of the different categories; instead, it cannot be used to evaluate the adequacy of benefits.

<sup>53</sup> There is a difference between the income-based and the contribution-based method for the calculation of pension benefits, even though this distinction is still negligible for the current stock of pensions. The income-based calculation parameters are different, such as, for example, the one related to the remuneration/income to calculate the so-called “rate of return” of pension benefits in the various funds.

**Figure 4.4 - Ratio of the average pension net of GIAS vs. average income**



*Private-sector employees; Public-sector employees; Artisans; Retailers; Professionals; CDCM*

## 5. Income support benefits in 2018: GPT (Temporary Benefit Scheme) and GIAS, towards a second pillar

The **Temporary Benefit Scheme** (GPT) and FPLD (Occupational Pension Fund) fall within the framework of the *Compartment for employed workers*. Under Art. 24 of Act n. 88 of March 9, 1989, INPS reorganized the economic-financial set up of the main pension, welfare, social and business support schemes and structured them into compartments. GPT has pooled together some pre-existing schemes; it provides income support benefits to private-sector employees in cases of unemployment, sickness and maternity, it grants family allowances (ANF) and pays notional retirement contributions for workers temporarily out of the labour market so as to protect their pension rights and value. These are the main benefits provided:

- a) *NASPI benefits* <sup>54</sup> *and benefits against involuntary unemployment;*
- b) *Guarantee fund benefits for termination of employment (TFR)* and the payment of the last three months of salary on behalf of the insolvent employer, financed directly by a 0.20% contribution paid by enterprises (the contribution does not include the amounts allocated to pension funds);
- c) *supplementary income benefits for workers in the industry and construction sectors;*
- d) *wage subsidies for agricultural workers;*
- e) *Single fund benefits for family and household allowances;*
- f) *sickness and maternity benefits* and any other form of *temporary* insurance other than pensions.

Article 21 of Act n. 88/1989 established a solidarity principle within this *Compartment*, according to which, the INPS Board of Directors may resolve to use any operating surpluses of the GPT scheme, without paying any interests, for the benefit of the FPLD if it runs a deficit, thus allowing it to rebalance its accounts with the GPT surpluses and to have an equilibrium in its economic and financial situation. As a result of the above-mentioned reorganisation, under Article 24, par. 2 of Act n. 88/1989, GPT is financed by the contributions that enterprises previously paid to the pre-existing funds whose assets and liabilities have been transferred to this ad-hoc scheme.

The analysis of income-support benefits, even if they are only targeted to employed workers, is particularly important both for the economy (see the Table on the economic situation in Chapter 8) and for the "*citizenship income*" rules that provide for the integration into the labour market of unemployed

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<sup>54</sup> 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 4 years for at least 13 weeks of contributions against unemployment. The benefits are equal to 75% on the average monthly remuneration of the last 4 years, used to calculate the pension, if it is lower than 1,208.15 euros for 2018. If the average remuneration is higher than the amount indicated above, the benefits are equal to 75% of 1,208.15 euros plus 25% of the difference between the average monthly remuneration and the above-mentioned amount established by the law. In any case, the benefits cannot exceed a maximum amount established by law every year, equal to **1,314.30 euros** in 2018, with a 3% reduction for each month starting from the first day of the 4<sup>th</sup> month in which the benefits have been received (see INPS circular letter n. 94 of 12/5/2015). The Mobility allowance (paid by GIAS) was abolished on 01/01/2017.

subjects or of subjects who have lost their job and for a subsidy of about 780 euros to be revoked if they reject a third job offer.

The analysis of the GPT accounts is illustrated below both in terms of **contribution revenues** from enterprises (that have a clear impact on labour costs) and of income-support **benefit expenditure**.

**Table 5.1** shows the data on the GTP financial accounts of the last 11 years from 2008 to 2018.

**Table 5.1 - GTP in 2008-2018. Economic situation (\*) (millions of euros)**

Anno	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Proventi e corrispettivi	18.832	17.999	18.782	18.833	18.912	19.743	19.994	20.208	20.805	21.719	22.514
Altri ricavi (**)	2.507	2.531	2.370	2.428	2.600	2.444	2.545	2.328	2.436	2.401	2.407
<b>Totale Valore della produzione (A)</b>	<b>21.339</b>	<b>20.530</b>	<b>21.152</b>	<b>21.261</b>	<b>21.512</b>	<b>22.187</b>	<b>22.539</b>	<b>22.536</b>	<b>23.241</b>	<b>24.120</b>	<b>24.921</b>
Spese per prestazioni istituzionali	11.459	13.907	13.550	13.506	14.633	15.149	14.267	13.534	15.006	15.055	14.841
Altri oneri di gestione	4.472	7.117	6.934	6.394	7.901	6.654	6.616	6.644	4.960	5.026	5.141
<b>Totale Costi della produzione (B)</b>	<b>15.931</b>	<b>21.024</b>	<b>20.484</b>	<b>19.900</b>	<b>22.534</b>	<b>21.803</b>	<b>20.883</b>	<b>20.178</b>	<b>19.966</b>	<b>20.081</b>	<b>19.982</b>
<b>Differenza (A) - (B)</b>	<b>5.408</b>	<b>-494</b>	<b>668</b>	<b>1.361</b>	<b>-1.022</b>	<b>384</b>	<b>1.656</b>	<b>2.357</b>	<b>3.275</b>	<b>4.039</b>	<b>4.939</b>
(*) Al lordo di proventi e oneri finanziari e straordinari e imposte di esercizio											
(**) Somme per sanzioni civili e Trasferimenti dalla GIAS (copertura mancato gettito per esoneri o riduzioni di aliquote contributive, variazioni dell'imponibile contributivo e minor gettito contributivo per integrazioni salariali)											

*Year, Proceeds and revenues, Other revenues (\*\*), Total value of production (A), Institutional benefit expenditure, Other operating costs, Total Costs of Production (B), Difference (A) - (B); (\*) Gross of proceeds, financial and extraordinary charges and taxes (\*\*)* Administrative sanctions and GIAS transfers (no resources to finance exemptions or incentives in the payment of contribution charges, changes in the taxable contribution base and lower contribution revenues for wage support benefits).

In the 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. This growth continued over time also thanks to the introduction of two new types of contributions and the changes in the contribution rates introduced in 2015 and related to supplementary wage benefits for all part-time and full-time employed workers, including those with a professional apprenticeship contract.

This increase was significant between 2017 and 2018, equal to **3.7%** (compared to 4.4% in the previous two years). The main changes in terms of contributions are summarized below:

- 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;
- 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 not 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 related to supplementary wage benefits, pursuant to art. 5 of Law Decree n. 148/2015. As of September 24, 2015, an additional contribution has been introduced to be paid by the enterprises applying for supplementary wage benefits; it is 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 limit of 52 weeks in a mobile five-year period;
- b) 12% above the limit referred to in (a) and up to 104 weeks in a mobile five-year period;
- c) 15% beyond the limit referred to in (b) in a mobile five-year period.

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

- reduction and reformulation of ordinary contribution charges intended to finance the ordinary redundancy fund referred to as CIGO (Cassa Integrazione Guadagni Ordinaria) established by Art. 13 of Law Decree n. 148/2015, also with respect to its actual use. As of September 24, 2015, the contribution rates for ordinary supplementary wage benefits are as follows:
  - 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 5.2** and **5.3** show, for each type of benefit, the contributions revenues from employers and workers and the contribution revenues from GIAS transfers to fund changes, exemptions and reductions in the contribution rates in some sectors or production categories and other benefits from 2008 to 2018.

**Table 5.2 - GTP between 2008 and 2018; accrued institutional benefit expenditure** (millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Trattamenti di famiglia	6.224	5.887	6.124	6.201	6.216	6.419	6.454	6.299	6.434	6.833	7.074
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	2.625
- edilizia	687	598	607	567	488	417	459	456	419	387	426
- lapidei industria	28	26	26	25	23	21	23	22	19	20	19
- lapidei artigianato	3	3	2	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	2.178
Cisoa	37	34	38	37	40	38	40	44	41	45	46
Trattamenti di disoccupazione	3.784	3.802	3.948	3.947	4.042	128	135	160	157	150	150
Trattamenti di ASPI/NASPI						4.516	4.678	4.790	5.038	5.297	5.596
Trattamenti economici di malattia	4.214	3.962	4.197	4.247	4.223	4.243	4.351	4.468	4.745	4.968	5.179
Trattamenti economici di maternità	1.088	1.063	1.100	1.095	1.130	1.138	1.121	1.158	1.152	1.214	1.250
Trattamenti di fine rapporto e vari	580	554	582	582	606	599	601	610	646	664	686
Finanziamento fondo di garanzia per omessi o insufficienti contributi datoriali alla previdenza complementare	2	2	2	2	2	2	2	2	2	2	2
<b>Totale</b>	<b>18.854</b>	<b>18.018</b>	<b>18.808</b>	<b>18.852</b>	<b>18.932</b>	<b>19.763</b>	<b>20.032</b>	<b>20.275</b>	<b>20.876</b>	<b>21.778</b>	<b>22.608</b>

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

**Institutional benefits** (Table 5.2) show 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 below 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, this scheme had a surplus of more than 2.3 billion euros.

**Table 5.3 - GPT between 2008 and 2018: active transfers from GIAS to GPT** (millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Trattamenti di famiglia	1.368	1.348	1.323	1.354	1.457	1.448	1.576	1.466	1.572	1.577	1.588
Trattamenti di integrazione salariale ordinaria	208	204	182	195	208	171	152	144	113	99	71
- edilizia	129	136	116	128	137	102	103	96	79	72	49
- lapidei industria	5	5	5	5	5	4	4	4	4	3	4
- lapidei artigianato	0	0	0	0	0	0	0	0	0	0	0
- industria	74	63	61	62	66	65	45	44	30	24	18
Cisoa	64	81	66	66	71	68	72	73	77	79	82
Trattamenti di disoccupazione	165	184	158	164	174	116	59	62	65	68	69
Trattamenti di ASPI/NASPI						49	81	52	43	34	15
Trattamenti economici di malattia	648	649	580	590	631	540	557	494	486	471	458
Trattamenti economici di maternità											
Trattamenti di fine rapporto e vari	22	25	21	22	24	20	17	13	13	10	6
<b>Totale</b>	<b>2.475</b>	<b>2.491</b>	<b>2.330</b>	<b>2.391</b>	<b>2.565</b>	<b>2.412</b>	<b>2.514</b>	<b>2.304</b>	<b>2.369</b>	<b>2.338</b>	<b>2.289</b>

*Description: Family allowances; Wage supplementary benefits construction, stone industry, stone craftsmanship industry, Cisoa,; Unemployment benefits; ASPI/ NASPI benefits; sickness, maternity benefits and termination of employment benefits and others, Total*

The benefit reduction in 2015 is 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<sup>55</sup>. In 2016 and 2017, institutional benefit expenditure amounted to approximately 15,000 million euros.

<sup>55</sup> The benefits settled and paid in 2015 are equal to 15,059 million euros vs. 14,843 million in 2014, with a dell'1.5% increase; These data differ from the accrued ones reported in the tables of this Report since they refer to the financial accrual principle; they are reported only to explain that the significant reduction of the accrued benefit expenditure of 2015 is due to the effect of the accruals and that, instead, this does not occur with a financial accrual approach).

In 2018, this scheme had **a positive balance of 4,9 billion euros** as the difference between total income equal to 24.9 billion euros and expenses to 20.0 billion euros; the increase was approximately by 22.3% compared to 4.0 billion euros in 2017. **Institutional benefit expenditure** (expenses) is analytically shown in **Table 5.4**.

**Table 5.4 - GTP between 2008 and 2018; accrued institutional benefit expenditure** (millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Trattamenti di famiglia	3.831	3.760	3.552	3.670	3.726	3.817	3.676	3.611	3.733	3.693	3.580
Trattamenti di integrazione salariale	365	1.755	1.141	769	1.044	1.146	747	680	519	411	346
Trattamenti di disoccupazione e mini ASpl	3.051	4.198	4.656	4.560	5.233	3.057	1.855	1.102	1.113	1.215	1.133
Trattamenti di ASpl						2.253	3.401	2.301	311	31	14
Trattamenti di NASpl*								1.300	4.907	5.488	5.775
Trattamenti economici di malattia	2.165	2.079	1.992	2.053	2.044	2.017	1.950	1.958	2.036	2.157	2.234
Trattamenti economici di maternità	2.038	2.124	2.088	2.216	2.284	2.292	2.186	1.990	1.878	1.729	1.606
Trattamenti di fine rapporto e vari	446	415	585	672	795	1.087	1.042	1.253	1.217	1.047	891
<b>Totale (A)</b>	<b>11.896</b>	<b>14.331</b>	<b>14.014</b>	<b>13.940</b>	<b>15.126</b>	<b>15.669</b>	<b>14.857</b>	<b>14.195</b>	<b>15.715</b>	<b>15.772</b>	<b>15.579</b>
Recupero prestazioni e altro (B)	437	424	464	434	493	520	590	661	709	717	738
<b>Totale spese per prestazioni (A - B)</b>	<b>11.459</b>	<b>13.907</b>	<b>13.550</b>	<b>13.506</b>	<b>14.633</b>	<b>15.149</b>	<b>14.267</b>	<b>13.534</b>	<b>15.006</b>	<b>15.055</b>	<b>14.841</b>

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

*Description: Family allowances; Wage supplementary benefits; Unemployment benefits and Mini ASpl; ASpl benefits; NASpl (\*) 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 (A); 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 up from 11,459 million euros in 2008 to 14,59 million euros in 2018, a 29.5% 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 2018, the costs for unemployment benefits accounted for 46.6% of total charges, while family allowances accounted for 24.1%. of total institutional expenditure.

**Transfers to FPLD to finance notional contributions** are included in “**other operating charges**” (**Table 5.1**) and account for the bulk of these charges. They are analytically illustrated in the following **Table 5.5**.

In this connection, in its Circular n.11 of January 28 2013, INPS illustrated the **automatic calculation** of notional remunerations to be linked to the events recorded in the workers' individual accounts. INPS decided to give up the *average-based calculation method used to provide its annual structured information and, in line with the current legislation, to refer to the income levels that unemployed workers would have under normal employment conditions*. However, pursuant to Art. 4 of Act n. 218/1952 and subsequent amendments, the ad-hoc report is drafted and attached to the final accounts to show the methodologies, the technical bases and the amounts to be transferred by GPT and by GIAS to FPLD to finance periods of unemployment in the agricultural sector, NASpl benefits and anti-tuberculosis treatments. NASpl benefits account for the largest part of these notional charges.



**Table 5.5 - GTP between 2008 and 2018; notional expenditure** (millions of euros)

Descrizione	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Trattamenti di integrazione salariale:</b>											
industria	139	1.091	622	344	565	583	278	342	297	229	77
edilizia	86	144	139	146	181	195	170	174	90	74	83
lapidei	4	7	7	8	9	10	9	8	5	5	4
<b>Trattamenti di disoccupazione</b>	3.198	4.984	4.908	4.907	5.941						
Aspi						2.431	3.882	2.759	364	46	23
Mini Aspi e agricoli						1.036	585	350	12	3	2
NASpi (Art. 12, D. Lgs. 22/2015)*								953	2.553	3.116	3.364
<b>Altri trattamenti di disoccupazione</b>						1.207	604	436	443	428	435
<b>Totale</b>	<b>3.427</b>	<b>6.226</b>	<b>5.676</b>	<b>5.405</b>	<b>6.696</b>	<b>5.462</b>	<b>5.528</b>	<b>5.022</b>	<b>3.764</b>	<b>3.901</b>	<b>3.988</b>
(*) vedi nota (**) tab. 5.4											

Description, Wage supplementary benefits: industry, construction, stone works; unemployment benefits, Aspi, Mini Aspi and farmers, NASpi (Art. 12, Leg. Decree n. 22/2015)\*; Other unemployment benefits; Total; (\*) see note (\*\*)

In order to have an exhaustive overview of *income-support benefits*, it is also important to consider the benefits paid by **GIAS** (briefly mentioned in chapter 2.6 but without accounting data). In order to avoid descriptive and accounting duplications, this Report only refers to the *income- support benefits* provided by GIAS. Act n. 88/89 has transposed the concept related to the separation of pension charges from other welfare charges incorrectly attributed to the pension sector.

Now, welfare benefits are provided by the “*Scheme for welfare benefits and for support measures for pension funds (GIAS)*” set up under Article 37, which is financed by the State. In particular, this scheme transfers to the Temporary Benefit Scheme (GPT) the sums to offset lower contribution revenues linked to the reduction in social security charges for particular categories of workers, sectors or enterprises including training, solidarity and apprenticeship benefits); it pays part of the family allowances provided for under Act n.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 and part of the NASpi benefits.

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

**Table 5.6** shows the wage-support measures and the transfers to FPLD to finance imputable contributions. The unemployment benefits mainly include: the share of ordinary unemployment benefits not for the agricultural sector, the ASpi, Mini-ASpi and NASpi benefits, the unemployment benefits introduced by Act n. 247/2007 for the agricultural sector, the special unemployment benefits in the construction sector and the allowances for socially relevant activities (ASU).

The 2018 accounting data on benefit expenditure (**Table 5.4**) and contribution revenues (**Table 5.7 below**) show the effects of the provisions introduced by Act n. 92 of June 28, 2012, which repealed the following benefits and their related contributions starting from January 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 5.6 - GIAS between 2008 and 2018; wage support charges (millions of euros)**

A) Prestazioni	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Trattamenti di disoccupazione</b>	1.419	2.191	2.165	2.239	2.621	2.884	3.557	2.717	3.855	3.996	4.172
<i>AspI e mini AspI</i>						1.586	2.921	1.299	195	21	9
<i>NASpI*</i>								770	3.033	3.363	3.568
<i>altri</i>						1.298	636	648	627	612	595
<b>Indennità di mobilità</b>	882	1.144	1.346	1.435	1.685	2.081	2.284	2.108	1.462	863	58
<i>ordinaria</i>	794	1.043	1.169	1.192	1.387	1.716	1.980	1.888	1.334	776	47
<i>in deroga</i>	88	101	177	243	298	365	304	220	128	87	11
<b>Trattamenti Cigs</b>	508	1.121	2.173	1.981	2.449	2.811	2.914	1.856	1.499	892	522
<i>ordinaria</i>	396	825	1.608	1.386	1.634	2.038	2.195	1.489	1.300	772	503
<i>in deroga</i>	112	296	565	595	815	773	719	367	199	120	19
<b>Trattamenti diversi</b>	1	3	1	9	5	11	1	32	44	84	360
<b>Totale</b>	<b>2.810</b>	<b>4.459</b>	<b>5.685</b>	<b>5.664</b>	<b>6.760</b>	<b>7.787</b>	<b>8.756</b>	<b>6.713</b>	<b>6.860</b>	<b>5.835</b>	<b>5.112</b>
B) Coperture figurative e IVS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Trattamenti di disoccupazione</b>	83	316	188	197	271	142	92	67	1.554	1.836	1.972
<b>Indennità di mobilità</b>	679	815	951	1.039	1.219	1.391	1.462	1.412	1.107	701	194
<i>ordinaria</i>	617	742	830	896	948	1.088	1.228	1.249	1.013	637	186
<i>in deroga</i>	62	73	121	143	271	303	234	163	94	64	8
<b>Trattamenti Cigs</b>	387	894	1.750	1.729	1.935	2.082	2.034	1.608	1.315	676	481
<i>ordinaria</i>	302	686	1.228	1.146	1.244	1.550	1.540	1.358	1.182	595	468
<i>in deroga</i>	85	208	522	583	691	532	494	250	133	81	13
<b>Trattamenti NASPI</b>									1.521	1.813	1.960
<b>Trattamenti diversi</b>				6	0	0	0	0	0	0	0
<b>Totale</b>	<b>1.149</b>	<b>2.025</b>	<b>2.889</b>	<b>2.971</b>	<b>3.425</b>	<b>3.615</b>	<b>3.588</b>	<b>3.087</b>	<b>5.497</b>	<b>5.026</b>	<b>4.607</b>
(*) 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 ( <b>NASpI</b> ), 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\*; Others; mobility allowances: ordinary, in derogation; Other benefits; Total; B) Imputable costs and IVS; Unemployed benefits; mobility allowances: ordinary, in derogation; Cigs benefits: ordinary, in derogation; NASpI benefits; Other benefits; Total \*On May 1 2015, Art 1 of Leg. Decree n. 22/2015 introduced a monthly unemployment benefit called New Social Security Employment Benefit (NASpI) to replace AspI and mini AspI benefits envisaged under Art. 2 of Act n. 92 of 2012

So, in 2018, the income support benefits provided by GPT and GIAS (the sum of all the items in **Tables 5.2, 5.3, 5.4** Sections A and B) amounted to 28,548 million euros, net of the operating expenses for these transfers, vs. 29,817 in 2017 with a 4.3% reduction.

**Table 5.7** illustrates the contributions paid by employers: 0.30% for the mobility allowance, 0.80% for special unemployment benefits in the construction sector and 0.90% (0.30% to be paid by workers) for extraordinary wage-support measures.

**Table 5.7 - GIAS between 2008 and 2018; contributions paid by employers and employees**  
(millions of euros)

Anni	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Indennità di mobilità	524	549	706	641	589	579	609	587	485	50	18
Trattamenti Cigs (*)	1.041	977	1.066	1.071	1.085	1.110	1.073	1.083	1.139	1.255	1.278
Trattamenti speciali edili	120	106	109	100	90	79	80	76	75	3	1
<b>Totale</b>	<b>1.685</b>	<b>1.632</b>	<b>1.881</b>	<b>1.812</b>	<b>1.764</b>	<b>1.768</b>	<b>1.762</b>	<b>1.746</b>	<b>1.699</b>	<b>1.308</b>	<b>1.297</b>
(*) 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%)

**Table 5.8** shows the contribution rates to be paid by enterprises for the GPT and GIAS schemes.

**Table 5.8 - Contribution rates for the main sectors in 2018 (as % of taxable remuneration)**

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
<b>Industria in genere</b>																
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
<b>Industria edile (***)</b>																
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
<b>Artigianato</b>	0,70	0,70	0,20	0,20							2,22				3,12	0,90
<b>Artigianato edile (***)</b>																
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
<b>Artigianato lapidei</b>																
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
<b>Credito e Assicurazioni</b>	1,61	1,61	0,20	0,20	0,68	0,68							0,46	0,46	2,95	2,95
<b>Commercio</b>																
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
<b>Commercio CUAF ridotta</b>																
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																

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 Quantitative analysis of income-support benefits and other forms of early-retirement measures

These last few years have been characterized by the economic crisis, the globalization of markets, the rapid changes in technology and production processes, as well as by longer life expectancy and hence

by more stringent retirement-age requirements to reduce the macroeconomic imbalances deriving from a poorly sustainable pension expenditure. So, numerous measures have been adopted to limit, as much as possible and within a context of scarce resources, the risks related to unemployment and the early exit from the labour market. Many of these are **income-support** measures for subjects who have lost their job and for those who have been affected by the gradual extension of their retirement age. This is a summary of the main safety-net interventions<sup>56</sup> adopted:

- **Mobility benefits**, provided until 2017 for a cost equal to 1,563.8 million euros in 2017 (251.7 million euros in 2018) (including derogations and the notional imputed sums to finance them), then replaced by Naspi, with 57% of beneficiaries above 55 years of age;
- **Naspi** (a new measure to fight unemployment and promote mobility) with an annual cost of 14,668.1 million euros in 2018, including notional imputed sums to finance these benefits, with over **1.8 million beneficiaries**, 24% of whom above 50 years of age;
- **Redundancy Fund** (ordinary, extraordinary, derogated and in the field of agriculture), with a cost equal to 1,513.6 million euros in 2018 (including derogations and notional imputed sums to finance these benefits), with over **600,000 beneficiaries** not far from the statutory retirement age. On the whole, 216 million redundancy fund hours were activated in 2018, but only 95.245 million were actually used, equal to about 12 million days for **51,764 full-time workers** or the double for ***part-time workers***;
- Benefits under **Act n. 104/1992**, with a cost of 1,039.2 million euros in 2018 (including notional imputed sums to finance them) for **497,000 beneficiaries** who are not eligible for social APE who do not fulfill the 30-year contribution requirement; most of these subjects are not very young and do not work because they have to take care of their old parents.

In addition to these measures, there are other form of safety-net interventions to promote **early retirement**. In 2018, the cost for these incentives was equal to 2,254,964 euros for da **213,443** beneficiaries. The latest early-retirement measures are designed to derogate from the 2011 Fornero Reform<sup>57</sup> or to make its provisions less stringent:

- **early retirement** linked the **social APE** introduced by the 2017 Budget Law, for subjects with at least 30 years of contributions and with another 3 years to reach their statutory retirement age who have been unemployed without Naspi for at least 3 months, have served as *caregivers* for at least 6 months or whose disability reaches 74%; employed workers who have had strenuous jobs for at least 6 months in the last 7 but with 36 years of contributions; since its inception, this program has received **106,549 applications** up to June 2019 and 70% of these applications have been accepted.
- **Voluntary APE**, introduced with the 2017 Budget Law; it is a measure agreed between the employer and the employed worker; under this package, the workers receives a bridge loan of 43 months before becoming eligible for their old-age pension; this loan is to be repaid in monthly instalments taken from their future benefits over a period of 20 years with a maximum

<sup>56</sup> Source INPS: Statistical Observatory and 2017 and 2018 accounts financial - XVIIIth Annual Report.

<sup>57</sup> Both social and voluntary APE and the other forms of early retirement measures (for early workers, women's option, arduous jobs) introduced by the 2018 Budget Law, are illustrated in detail in the Appendix to this Report.

advance of 3 years and 7 months; this measure is not very popular because it leads to a significant reduction in pension benefits.

- **Woman's option**, already introduced in 2004 but repeatedly extended; it allows female workers over 58 years of age (59 for self-employed women) to retire earlier with at least 35 years of contribution; however, since their benefits are calculated with the contribution-based system, it is not a very popular measure. This early retirement option had a cost of 303,043,256 euros in 2018. Since its inception, this option has received 14,879 applications, of which 11,987 submitted by private-sector workers and 2,892 by public-sector ones. It is an early-retirement measure substantially targeted to women with stable careers.
- **Early retirement** for workers with particularly **strenuous and arduous jobs**, as recently updated by Legislative Decree n. 67\2011. The annual cost for this early retirement measure was equal to 66,747,462 euros in 2018. In particular, these subjects can apply for early retirement if they have had a job falling in the categories indicated below:
  - **arduous jobs** (illustrated in a list provided for under the above-mentioned Legislative Decree n. 67\2011 (for example, working in quarries, exposed to at high temperatures, with night shifts, etc.) for at least half of their working life (or 7 years in the last 10) for pensions as of January 2018. The new requirement for these subjects with particularly arduous jobs in 2019 and until 2026 is a quota of 97.6 with at least 61 years and 7 months of age and 35 years of contribution; instead, the quota is 98.6 for self-employed workers with a minimum age of 62 years and 7 months and 35 years of contribution; other more favourable requirements are envisaged for night shifts.
  - **Strenuous jobs**: the minimum requirement is 66 years and 7 months of age (or 41 and 10 months for women and 42 years and 10 months for men); strenuous jobs are listed in Annex B to the Ministerial Decree under Art. 1, par. 153 of Act n. 205\2017 (2018 Budget Law).

Moreover, the early-retirement measures envisaged under the 2017 Budget Law also include the option for **early workers**; these subjects must have at least one year of contributions related to periods of effective work before the age of 19 and can retire early with 41 years of contribution but with a delay of three months. In this case too, an ad-hoc Ministerial Decree (D.M 5.2.2018) lists the eligibility requirements for this measure: particularly heavy jobs (caregivers, subjects with over 74% disability or unemployed no longer eligible for Naspi and who have been jobless for another three months). The cost of this measure was equal to 296,467,806 euros in 2018 and since its inception until June 2019, it has received 88,400 applications.

- **Isopension**: for subjects working in enterprises with more than 15 employees who have signed an early-retirement agreement financed by their company; they can receive a monthly amount paid by their former employer from the date of termination of their employment until their statutory retirement age. Until 2020, they can obtain their old-age pension 7 years earlier, afterwards and 4 years in advance. However, this measure has not been very successful so far because the administrative procedures are very complex and expensive for companies.
- **100 Quota pension**: from 2019 to 2021, it is possible to retire with at least 62 years of age with a minimum contribution period of 38 years; this option has received about 155,000 applications

since its inception, slightly above half of the 300,000 applications expected.

The high number of early-retirement measures shows that *the Fornero reform has not worked*; in fact, it never happened that a reform had to be corrected by different governments (Letta, Renzi, Gentiloni) with as many as 8 safeguard measures for over **180,000 workers** (including 45,000 of the last Social Ape), with over 36,000 workers on average per year from 2013 to 2018; this is resulting in a social security system with too many exceptions and different rules for particular categories of workers, with the risk of returning to the "pension jungle" tamed after about 20 years of interventions to standardize the rules and rationalize the system. To summarize, in 2018, about 3 million workers received social safety net measures and another 300,000 became eligible for some form of early retirement between 2018 and 2019.

## **5.2 Active and passive labour policies: towards a new public-private model; the second pillar with the system of solidarity, inter-professional and bilateral funds**

*With regard to what has been briefly illustrated in the previous paragraph and taking into account the beneficial role played by the early retirement of certain categories/types of workers for the production system (subjects who are difficult to reintegrate into the new production processes for family, health/fatigue related reasons), it can be argued that the current early retirement system should be entirely reviewed due to its negative impact on public expenditure; new measures should be designed to allow subjects close to their statutory retirement age to leave the labour market earlier (maximum 5 years) in a less "painful" and rational way by supplementing and/or replacing public interventions, starting from the existing instruments such as Solidarity, Interprofessional and Bilateral Funds so as to create a "second pillar" of a private nature (similarly to pension and health funds). However, this system must be significantly rationalized to make it efficient, because it is far too extensive and with too many duplications.*

### ***The existing funds***

Over time, many funds have been set up by the social partners and financed by employers and sometimes by workers, with the aim to provide new complementary forms of protection in addition to the ones<sup>58</sup> provided by the State.

In order to have an idea of the extent of this phenomenon<sup>59</sup> that paved the way to the creation of private and joint funds by means of collective bargaining or by the law, it will suffice to read the following list:

- **13 Solidarity funds**, which provide forms of protection for workers in some sectors (credit, posts, railways, insurance, air and sea transportation and former tax collectors) through special income support, training and retraining measures; for the credit and air transportation sectors in particular, they provide a special allowance 5 years in advance with respect to the retirement eligibility criteria. The Solidarity Funds, including the Supplementary Wage Fund, have 1,715 million euros' worth of contribution revenues per year (of which about 263 million only for early retirement in the air transportation sector);

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<sup>58</sup> Act n. 662/1996 experimentally introduced the sectoral Solidarity Funds within INPS, on the basis of specific and non-compulsory collective agreements, with the aim to provide some benefits.

<sup>59</sup> Source INPS - Dara from 2018.

- **19 Inter-professional Funds** for training activities in the industry, agriculture, service and craft sectors. Their revenues come from charging **0.30%** to the whole amount of wages and salaries paid by employers and amount to 1,027 million euros per year, of which about 685 million euros are paid directly by INPS; these Funds have about 10 million members;
- **over 100 Bilateral Entities** in all sectors which mainly provide training services and, in some but still very limited cases, supplementary sums to the income support benefits paid by INPS; about 10 of these funds provide supplementary benefits to the health benefits provided by the NHS. The number of member companies is about 1,240,000 for a population of about 8.9 million registered workers. In 2018, their revenues from the contributions paid by employers amounted to about 860 million euros.

This shows that there is an over proliferation and overlapping of measures targeted to the same categories of subjects; so, it is necessary to review the number and scope of these funds in order to rationalize the resources and channel them to more relevant social purposes; in fact, these funds have high operating costs due their separate governance structures which ultimately weigh on beneficiaries; moreover, there is no effective control by a "super partes" body which may ensure a unified and efficient management and operating approach.

### *Possible solutions*

These funds may be redesigned in terms of their structure and functions with the aim of managing both active and passive labour policies, including more flexible exit strategies from the labour market. To this end, legislative initiatives and/or memorandums of understanding may be adopted together with the social partners to set up *a multi-functional fund for each economic macro sector* (agriculture, industry, retail, credit, insurance, etc.), by *aggregating/merging* the *bilateral funds* designed to transfer health benefits to the existing health funds for each category (as is already the case) financed by their member companies and to provide incentives in the following fields:

- *training*, including that currently provided by the inter-professional Funds which are also facing an identity crisis (ANPAL tends to absorb them back into the framework of the public administration);
- *new flexible labour exit strategies through ad-hoc "redundancy funds"* to be extended to all enterprises within the economic macro-areas mentioned above and designed to provide income support benefits and an extraordinary early retirement allowance, according to the model already used for the Solidarity Funds operating in the credit industry. These redundancy funds may be financed through: *a)* the resources already allocated to *redundancy funds* by employers and, in part, by workers in the sectors where they already exist; *b)* the *former contribution for mobility* (0.30% of total income) abolished in 2017 under Act n. 92/2012, with about 600 million euros' worth of revenues per year; *c)* a different allocation of *the resources currently provided to interprofessional funds* (0.30% of total wages under Act n. 388/2000 and Act n. 30/2003), with over 1,000 million euros' worth of revenues per year;; *d)* part of *the savings obtained from a more limited use of the current safety net packages* or from *the rationalization of the existing forms of early retirement*.

These redundancy funds should have the following requirements: *a)* in the first phase, they should be used only for companies with **more than 15 employees** so as to limit the burden on smaller enterprises; *b)* the beneficiaries should be identified on the basis of *a priority scale based on the Social APE model*

and within a maximum annual limit of entitlements set by the Government; **c)** early retirement should be allowed not earlier than *five years before the statutory age requirements for ordinary pensions* and should run as of the month after the termination of employment until the month before the date when pension benefits are paid by INPS; **d)** the benefits should be paid for **13 months** according to the calculated benefit amount as if the workers have already reached their statutory retirement age and contribution length requirements on the date in which they leave their job and at the end of the period, INPS should take over as provider of these benefits as stated in the previous point; **e)** employers should finance this allowance for the whole period in which it is granted through *notional contributions* until the beneficiaries reach their statutory pension requirements (related to contributions); **f)** beneficiaries should be *obliged to engage in community services for at least 20 hours per week*, insured by Inail, according to their skills and experience so as to avoid the psychological problems that may arise if they leave the labour market when they are still "young".

### ***First regulatory measures designed to transform Solidarity Funds into Redundancy funds***

A first attempt to use Solidarity Funds with a more far-reaching approach to early retirement was made with the launch of the "100 quota" legislation. In fact, **Art. 22 of Act n. 26 of March 28, 2019**, which transposed Law Decree n. 4/2019, allows workers to retire five years earlier than their statutory retirement age as already happens with the existing Solidarity Funds (banks, insurance, transportation, etc.) and envisages an additional option to retire 3 years earlier with respect to the Quota 100 eligibility requirements.

The issue here is that this 3-year advance provision is targeted for the same group entitled to the 5-year advance option provided by Solidarity Funds and that these Funds are not created to at least partially finance the 100 Quota benefits for the duration of the package. In any case, - ***Solidarity Funds are expressly called to "support" public intergenerational policies.***

Another measure designed to expand the role of Solidarity Funds is provided for under the so-called "Growth Decree" transposed by **Act n. 58 of June, 28 June 2019**. Art. 26 quarter envisages an ad-hoc contract to **allow subjects to retire five years earlier with respect to their statutory requirements if they work for enterprises with at least 1,000 employees**, which intend to engage in a process of technological renewal, reindustrialisation and reorganisation, thus promoting a generational turnover and the possibility to recruit suitably trained personnel. The workers who have a minimum of 60 months (5 years) before their statutory old-age pension requirements (and already have a minimum contribution period of 20 years) or are entitled to early retirement (excluding Quota 100) can be dismissed with this social security option<sup>60</sup>. This measure has been introduced on an experimental basis for 2019 and 2020 and can be activated exclusively by employers who have to finance it. The workers who meet the requirements for this option are entitled to receive a gross allowance accrued at the time of termination of their employment, possibly including Naspi. Finally, under the same provision, this package may also be granted through bilateral solidarity funds, if already established or in the process of being established, without having to amend their statutes.

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<sup>60</sup>As indicated in the technical report attached to this provision, there are 381 companies that may be particularly interested in this option, that is those with over 1000 employees, with an estimated number of beneficiaries of 1.1 million (including the for whom it is possible to only apply the working time reduction envisaged under this package).



*This measure basically acknowledges the role of Solidarity Funds as "Redundancy funds", as previously described, and it allows enterprises to set aside resources since they do not have to continue to bear the early-retirement costs for their employed workers.*

These provisions clearly show that, except for unemployed subjects who can no longer be reintegrated into the production system, early retirement measures are essentially *borne by employers*; therefore, Solidarity/Redundancy Funds now really are the most suitable instruments for these purposes and should be more extensively used and specifically regulated also in view of the revision of the whole system of bilateral funds<sup>61</sup>.

**Table 5.9 - Supplementary Wage Fund FIS**

	2016				2017				2018			
	Entrate contributive a carico dei datori di lavoro e dei lavoratori	Entrate a carico dello Stato e addizionale comunale diritti d'imbarco	Spesa per prestazioni	Spesa per contribuzione correlata	Entrate contributive a carico dei datori di lavoro e dei lavoratori	Entrate a carico dello Stato e addizionale comunale diritti d'imbarco	Spesa per prestazioni	Spesa per contribuzione correlata	Entrate contributive a carico dei datori di lavoro e dei lavoratori	Entrate a carico dello Stato e addizionale comunale diritti d'imbarco	Spesa per prestazioni	Spesa per contribuzione correlata
FONDI DI SOLIDARIETÀ												
POSTE	16		0	0	22		0	0	19		0	0
TRIBUTI ERARIALI	0		29	11	4		22	7	1		16	5
FERROVIE	111		73	32	58		41	14	46		29	12
ASSICURATIVI	46		28	12	58		36	15	65		40	18
SETTORE MARITTIMO (SOLIMARE)	9		0	0	3		0	0	3		0,012	0
TRASPORTO PUBBLICO	27		0	0	18		0,1	0,1	17		0,27	0,16
CREDITO COOPERATIVO	26	0	25	8	40	4	28	12	51	8	38	17
CREDITO ORDINARIO	697	0	525	180	678	53	514	218	1.017	207	858	369
TRENTINO	0		0	0	6		0	0	4		0	0
BOLZANO	0		0	0	3		0	0	6		0	0
ORMEGGIATORI	0,2		0	0	0,2		0	0	0,16		0	0
TRASPORTO AEREO	6	228	91	0	7	250	124	7	7	263	116	13
<b>TOTALE FONDI senza FIS</b>	<b>938,20</b>		<b>771</b>	<b>243</b>	<b>897,20</b>	<b>307</b>	<b>765,1</b>	<b>273,1</b>	<b>1.236,16</b>	<b>478</b>	<b>1.097,28</b>	<b>434,16</b>
FONDO INTEGRAZIONE SALARIALE (FIS)	384		2	1	455		31	18	467		12	8

*Contribution revenues from employers and employees, revenues from the State and additional municipal flight tax, benefit expenditure, contribution expenditure. Solidarity Funds, Posts, Tax collectors, railways, insurance, maritime sector (Solimare), public transportation, cooperative credit institutions, ordinary credit institutions, Trentino, Bolzano, dockers, air transportation; Total without Supplementary Wage Fund (FIS), FIS*

<sup>58</sup> For further details on bilateral funds, please see report, please see report n. 6/2018.

## 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, the Report focuses here 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 councilors; this information is not present in the Registry.

### Pensioners

The Italian pension system is characterized by a reduction in the number of pensioners. In 2018, their dropped from 16,041,852 to **1,004,503**, **52.2%** of whom are women accounting for over 87%<sup>62</sup> of survivors' pensions (with benefits ranging from 60% and 30% according to their income). In 2018, the system lost 37,349 pensioners with respect to 2017 in terms of gender balance, with a **0.23%** rate of change; but the number of retired women dropped by 59,909 with respect to the previous year, while the number of retired men grew by 22,560. The drop in the number of retired women was mainly due to the addition of 1 year to the old-pension age requirements in 2018 (in 2017 it was 65 years and 7 months) designed to apply the same age requirements for both genders (the requirement for men was 66 years and 7 months). The raw retirement rate is given by the number of pensioners with respect to the total population, and it accounts for 26.52% of the resident citizens, i.e. **one out of 3.77 resident citizens is retired** (Table 6.1).

**Table 6.1 - Number of pensioners and raw retirement rate by gender, overall amount, number of pensions, number of pensions per pensioner, average annual amount of pensions and of pension income on December 31 2017 and 2018**

Sesso/anno	Numero pensionati		Tasso di pensionamento grezzo <sup>(1)</sup>		Importo complessivo (milioni di euro)		Numero pensioni		Numero pensioni per pensionato		Importo medio annuo pensioni		Importo medio annuo redditi pensionistici	
	2017	2018	2017	2018	2017	2018 (2)	2017	2018	2017	2018	2017	2018	2017	2018
Maschi	7.622.070	7.644.630	25,90%	26,02%	159.981	163.980	10.086.646	10.140.621	1,32	1,33	15.861	16.171	20.989	21.450
Femmine	8.419.782	8.359.873	27,11%	26,99%	126.955	129.364	12.720.363	12.645.090	1,51	1,51	9.980	10.230	15.078	15.474
<b>Totale</b>	<b>16.041.852</b>	<b>16.004.503</b>	<b>26,52%</b>	<b>26,52%</b>	<b>286.936</b>	<b>293.344</b>	<b>22.807.009</b>	<b>22.785.711</b>	<b>1,42</b>	<b>1,42</b>	<b>12.581</b>	<b>12.874</b>	<b>17.887</b>	<b>18.329</b>

Gender/year, n. of pensioners, raw retirement rate, overall amount, n. of pensions, n. of pensions per pensioner, average amount of benefits per year, average amount of pension-related income per year, men, women; Source: INPS Central Registry of Pensioners and Pensions, the 2018 data are provisional; 1) n. of pensioners/resident population; 2) see Table 6.3 for the breakdown of figures

This decrease began in 2009 and steadily continued due to the latest social security reforms which introduced new exit "windows" and gradually raised all the age and contribution requirements. Between 2008 and 2018 (see **Table 6.2**), the number of pensioners fell by 775,052, with a negative trend for the entire period of - 4.62%.

### Pensions

In 2018, the number of pension and welfare benefits and indemnities had a slight downward trend (- 0,09% vs. 2017) for a total of 22,785,711, in line with the drop in the number of pensioners. Instead,

<sup>62</sup> As to survivors' pensions provided directly by INPS, on 1/1/2019, out of a total of 4.333.567 pensions (INPS, ex INPDAP and ex Enpals), women received 3.787.358 survivors' pensions, equal to 87.4% of the total.

welfare benefits had an upward trend by 1.25%<sup>63</sup>. Between 2008 and 2018, there was an overall reduction in the number of pensioners by 921,584, which corresponds to - 3.89% in the same period of time (11 years). This latest change offsets the negative trend of IVS pensions (-4.98%) and of indemnities (-24.71%) with respect to the general growth of welfare benefits, + 273,000 in the period considered with a positive change of 5.84% (*Table 6.2*).

**Table 6.2 - Number of pensioners and of pensions by category, annual rate of change and rate of change at December 31 from 2008 to 2018**

	Anni											Variazioni ass. e % del periodo 2018/2008
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
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	16.004.503	-775.052
Variazione percentuale annua	-	-0,28	-0,16	-0,23	-0,45	-1,21	-0,82	-0,49	-0,71	-0,14	-0,23	-4,62
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	17.698.960	-927.777
Variazione percentuale annua	-	-0,14	0,11	-0,27	-0,54	-1,29	-0,77	-0,70	-0,93	-0,21	-0,33	-4,98
Numero pensioni indennitarie (2)	951.264	907.501	880.129	847.569	827.272	805.788	786.059	767.844	748.471	732.593	716.213	-235.051
Variazione percentuale annua	-	-4,60	-3,02	-3,70	-2,39	-2,60	-2,45	-2,32	-2,52	-2,12	-2,24	-24,71
Numero pensioni assistenziali (3)	4.129.294	4.216.007	4.147.165	4.135.541	4.138.303	4.132.262	4.166.498	4.195.364	4.242.824	4.316.520	4.370.538	241.244
Variazione percentuale annua	-	2,10	-1,63	-0,28	0,07	-0,15	0,83	0,69	1,13	1,74	1,25	5,84
Totale pensioni	23.707.295	23.723.682	23.647.968	23.552.762	23.435.236	23.169.008	23.042.305	22.926.024	22.786.872	22.807.009	22.785.711	-921.584
Variazione percentuale annua	-	0,07	-0,32	-0,40	-0,50	-1,14	-0,55	-0,50	-0,61	0,09	-0,09	-3,89

Annual percentage variation, N. of pensioners, 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 Registry of Pensioners; Provisional data for 2018.

### **Types of pension, welfare and indemnity benefits:**

In 2018, **22,785,711 pension benefits** were paid out, of which **17,698,960** were as **IVS benefits** (Inps, ex Inpdap and ex Enpals), to which must be added **4,370,538 welfare pensions**, of which 3,366,104 civil invalidity benefits, 843,253 pensions and social allowances, 161,181 direct and indirect veteran pensions, and 716,213 INAIL indemnity benefits (*Table 6.3*).

The data in this Report<sup>64</sup> differ from those in the INPS / ISTAT registry (*Table 6.3*) because they were extracted at different times: on 31/12/2018 from the INPS pension archive and on 07/2019 from the Pension Registry. This may lead to differences in the number and amounts of pension benefits.

For example, if some pensions accrued in 2018, which start to be provided on December 1, 2018, are processed, calculated and settled late in March 2019, the Pension Registry counts them while they are not included among the outstanding pensions on 31/12/2018"; the same example applies, but with the opposite sign, for pensions to be eliminated. Another reason for the difference between the two, which is only relevant for IVS pensions, is that the Pension Registry gathers all private and public schemes, including the approximately 543,000 IVS pensions of the Schemes for professionals, the pensions of supplementary funds, the pensions of the auxiliary military personnel and other IVS benefits. More precisely, in our Report, the total number of IVS pensions "in force on 31/12/2018" is lower than the

<sup>63</sup> The data of the historical series related to welfare benefits, in particular for disabled civilians are different from the ones published in the past because of the revision of the classification procedures implemented by INPS-ISTAT.

<sup>64</sup> Cfr. Table B.30.a, and 1.a.

source data of the Pension Registry by 857,173 units, by 225,022 benefits for disabled civilians and 24,477 benefits related to social pensions and allowances.

As to the amounts of IVS pensions, the Report (see table 1 a) shows the figure of 261.417 billion euro while in table 6.3 this figure was 265.447 billion euro (about 4 billion euro more due to the reasons explained above).

**Table 6.3 - Pension benefits and their overall and average annual amount by type of pension in 2017 and 2018**

Tipologia di pensione	2017						2018					
	Numero pensioni	%	Importo complessivo		Importo medio		Numero pensioni	%	Importo complessivo		Importo medio	
			milioni di euro	%	euro	N.I.			milioni di euro	%	euro	N.I.
<b>Ivs</b>	<b>17.757.896</b>	<b>77,9</b>	<b>259.431</b>	<b>90,4</b>	<b>14.609</b>	<b>116,1</b>	<b>17.698.960</b>	<b>77,7</b>	<b>265.447</b>	<b>90,5</b>	<b>14.998</b>	<b>116,5</b>
<i>Vecchiaia</i>	<i>11.821.797</i>	<i>51,8</i>	<i>203.103</i>	<i>70,8</i>	<i>17.180</i>	<i>136,6</i>	<i>11.844.013</i>	<i>52,0</i>	<i>208.855</i>	<i>71,2</i>	<i>17.634</i>	<i>137,0</i>
<i>Invalità</i>	<i>1.208.098</i>	<i>5,3</i>	<i>14.313</i>	<i>5,0</i>	<i>11.847</i>	<i>94,2</i>	<i>1.158.073</i>	<i>5,1</i>	<i>14.084</i>	<i>4,8</i>	<i>12.161</i>	<i>94,5</i>
<i>Superstiti</i>	<i>4.728.001</i>	<i>20,7</i>	<i>42.015</i>	<i>14,6</i>	<i>8.886</i>	<i>70,6</i>	<i>4.696.874</i>	<i>20,6</i>	<i>42.508</i>	<i>14,5</i>	<i>9.050</i>	<i>70,3</i>
<b>Indennitarie</b>	<b>732.593</b>	<b>3,2</b>	<b>4.209</b>	<b>1,5</b>	<b>5.746</b>	<b>45,7</b>	<b>716.213</b>	<b>3,1</b>	<b>4.176</b>	<b>1,4</b>	<b>5.830</b>	<b>45,3</b>
<b>Assistenziali</b>	<b>4.316.520</b>	<b>18,9</b>	<b>23.296</b>	<b>8,1</b>	<b>5.397</b>	<b>42,9</b>	<b>4.370.538</b>	<b>19,2</b>	<b>23.721</b>	<b>8,1</b>	<b>5.428</b>	<b>42,2</b>
<i>Invalità civile</i>	<i>3.252.624</i>	<i>14,3</i>	<i>17.120</i>	<i>6,0</i>	<i>5.263</i>	<i>41,8</i>	<i>3.366.104</i>	<i>14,8</i>	<i>17.733</i>	<i>6,0</i>	<i>5.268</i>	<i>40,9</i>
<i>Pensioni sociali</i>	<i>888.507</i>	<i>3,9</i>	<i>4.922</i>	<i>1,7</i>	<i>5.540</i>	<i>44,0</i>	<i>843.253</i>	<i>3,7</i>	<i>4.788</i>	<i>1,6</i>	<i>5.678</i>	<i>44,1</i>
<i>Guerra</i>	<i>175.389</i>	<i>0,8</i>	<i>1.253</i>	<i>0,4</i>	<i>7.146</i>	<i>56,8</i>	<i>161.181</i>	<i>0,7</i>	<i>1.200</i>	<i>0,4</i>	<i>7.443</i>	<i>57,8</i>
<b>Totale</b>	<b>22.807.009</b>	<b>100,0</b>	<b>286.936</b>	<b>100,0</b>	<b>12.581</b>	<b>100,0</b>	<b>22.785.711</b>	<b>100,0</b>	<b>293.344</b>	<b>100,0</b>	<b>12.874</b>	<b>100,0</b>

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 2018 data are provisional; Note that the data of the historical series on welfare benefits and, in particular, on disabled civilians are different from the ones published in the last years due to the review of the classification procedures conducted by INPS- ISTAT.

**Number of benefits, number of pensioners, average pension benefits and the gross and net pension income (per pensioner):**

Since the amount of pension benefits and of pension income is extensively studied and analyzed, it is important to provide accurate information on the basis of the following observations. The gross average amount of pension benefits and the average gross and net pension income per pensioner are fundamental to evaluate the adequacy of pensions. The *Tables* below illustrate in detail the number of pensions and the number of pensioners by *amount*, with respect to minimum benefits (507.42 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).

Instead, *Table 6.5* shows the number of pensioners with *their gross and net<sup>65</sup> pension income* for each amount.

**1) The average amount of pension benefits**, calculated on the total number of benefits (22,785,711), is **12,874 per year before taxes** (990 per month before taxes for 13 months). **2)** However, since there are 16,004,503 pensioners receiving these benefits, the average pension per capita income<sup>66</sup> is **18,329 euros** per year before taxes (15,110 per year after taxes), i.e. **1,410 euros** per month before taxes (1,162 per month after taxes) again for 13 months. The latter figure is more accurate even if the former figure

<sup>65</sup> 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 8. Pension income means the sum of pensions and benefits, including welfare benefits, received by each pensioner; as indicated in *Table 8.1*, this means 1.424 pensions for each pensioner.

<sup>66</sup> The average annual pension income is equal to the sum of the amounts of all pension benefits received by a beneficiary per year, be they pension, indemnity and/or welfare benefits.

is more often circulated, thus dividing total expenditure (293,344 million euros) by the number of benefits and not by the number of pensioners.

**Table 6.5** also shows an estimate of the tax burden on the pension income, taking into consideration *personal income taxes (IRPEF)* on the 2018 pension income *equal to 51.5 billion euros* out of a gross pension expenditure of approximately 293.344 billion euros; this would result in *an average total tax rate of 17.6%* (in 2017 it was 17.2%), reducing net pension expenditure to approximately 241.820 billion euros.

With regard to taxation, some clarifications are necessary: first of all, all welfare and income-related benefits (about 8 million, therefore half of pensioners) are not subject to personal income taxes (IRPEF); since the estimated calculation excludes regional and municipal surcharges but also deductions, if the "no tax area" and the tax deductions are taken into account, up to 12,000 euros before taxes, IRPEF is reduced to about 2% (from an estimated 3.7%) and for incomes up to 20,000 euros to about 9% compared to an estimated 12.8%. In fact, according to the results of the survey on personal income taxes for 2017<sup>67</sup>, about 50% of pensioners pay only 8% of IRPEF, while 32% pay more than 75%. Therefore, the predominant part of the tax burden (over 60%) is borne by just over 5.6 million pensioners for a total amount of about 120 billion euros out of 293 billion.

As can be seen, the number of *pensioners* with pension income in excess of 3,045 euros per month before taxes (more than 6 times the minimum benefit, corresponding to an annual gross pension income in excess of 39,579, about 2,300 euros per month after taxes) is equal to 923,027, 5.77% of the total. The *average income* from the salaries of the more than 583,000 current executives, middle managers, civil servants and executives, is about 82,295 euros per year before taxes (about 49,400 euros, net of contributions and personal income taxes, equal to about 3,800 euros per month after taxes). These data confirm that the **number of pensions** exceeding 3,045 euros per month before taxes (699,000) are really correlated to appropriate salaries and contributions; if anything, there are far too many poor or modest incomes that do not reflect the wealth and the standard of living of Italy due to high tax evasion and avoidance. Another interesting finding is the **number of pensions 1 time higher than the minimum** (507.42 euros per month) which is just under 7.9 million, but the number of **pensioners** is about 2,258,000. The same is true for the next amount level (from 507.43 euros to 1,014.84 euros per month before taxes), where there are just over 6.993 million pension benefits, but about 4.147 million pensioners. In fact, pension income is often cumulated for the same individual (32.8% of pensioners) with medium or high pension benefits and additional low benefits (shares of international pensions, supplementary pensions, carers' allowances, supplementary pensions, survivors' pensions, etc.), which are added together and no longer classified as individual pension benefits (pension amounts), but *as pensioners* and therefore as pension income levels (**Table 6.5**) resulting from the cumulation of benefits and pension income; this places the pensioners in higher pension-related income levels with respect to the lower levels in which the individual pensions were placed.

For example, 50,504 pensioners with pension incomes 10 to 11 times the minimum receive between 5,074 and 5,582 euros' worth of benefits per month and before taxes and 9,143 pensioners receive lower pension benefits.

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<sup>67</sup> See the Observatory on public spending and revenues on the 2017 personal income tax statements, created by the Itinerari Previdenziali Research and Study Centre on [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it).

In total, about 14.9 million benefits are under 1,000 euros, equal to 65.4% of pensions, but the number of pensioners is about 6.4 million (40.0% of the total number of pensioners) mainly receiving in whole or in part welfare benefits, so without contributions, (benefits for disabled civilians, social allowances, veterans' allowances or with additional benefits, the 14th month allowances) or supplementary minimum benefits or with "the Berlusconi surcharge" amounting to , 644 euros per month in 2018. Therefore, these subjects have paid few or no contributions during their active life (and at the same time have paid few or no taxes) and who are supported by the community.

From a technical point of view, it is wrong to say 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 to beneficiaries of one or more benefits, rather than to individual benefits; in this case, the number of pensioners receiving the minimum benefits equal to 507.42 euros per month is slightly lower than 2.258 million out of 16 million retirees (less than 14%).

**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 *1.424* pensions, almost 1 and a half pension each. In 2018, **67.2%** of pensioners received **1 benefit**, **24.8% of pensioners received 2 benefits**, **6.7% 3 benefits** and **1.3% 4 or more benefits**.

*Notes to Tables 6.4 and 6.5 - (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 2018 minimum benefits equal to 507.42 euros per month (3) Estimated amounts.*

**Table 6.4 - Number of pensions and their overall gross amount per year (1) and per month (2) in 2018**

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 507,42	7.897.778	32.969.155.336	4.174,48
Da 1 a 2 volte il minimo	Da 507,43 a 1014,84	6.993.220	62.609.045.540	8.952,82
Da 2 a 3 volte il minimo	Da 1014,85 a 1522,26	3.439.374	56.553.824.982	16.443,06
Da 3 a 4 volte il minimo	Da 1522,27 a 2029,68	1.996.584	45.620.505.167	22.849,28
Da 4 a 5 volte il minimo	Da 2029,69 a 2537,10	1.230.691	36.125.918.151	29.354,17
Da 5 a 6 volte il minimo	Da 2537,11 a 3044,52	529.009	18.952.946.082	35.827,27
Da 6 a 7 volte il minimo	Da 3044,53 a 3551,94	249.922	10.611.503.958	42.459,26
Da 7 a 8 volte il minimo	Da 3551,95 a 4059,36	131.738	6.475.421.852	49.153,79
Da 8 a 9 volte il minimo	Da 4059,37 a 4566,78	81.369	4.549.044.400	55.906,36
Da 9 a 10 volte il minimo	Da 4566,79 a 5074,20	62.104	3.881.827.677	62.505,28
Da 10 a 11 volte il minimo	Da 5074,21 a 5581,62	50.504	3.493.775.463	69.178,19
Da 11 a 12 volte il minimo	Da 5581,63 a 6089,04	39.863	3.015.115.788	75.636,95
Da 12 a 13 volte il minimo	Da 6089,05 a 6596,46	24.738	2.034.713.020	82.250,51
Da 13 a 14 volte il minimo	Da 6596,47 a 7103,88	17.733	1.574.164.623	88.770,35
Da 14 a 15 volte il minimo	Da 7103,89 a 7611,30	12.616	1.205.430.339	95.547,74
Da 15 a 16 volte il minimo	Da 7611,31 a 8118,72	8.014	817.633.177	102.025,60
Da 16 a 17 volte il minimo	Da 8118,73 a 8626,14	4.862	527.944.771	108.585,93
Da 17 a 18 volte il minimo	Da 8626,15 a 9133,56	3.268	376.655.487	115.255,66
Da 18 a 19 volte il minimo	Da 9133,57 a 9640,98	2.178	265.330.059	121.822,80
Da 19 a 20 volte il minimo	Da 9640,99 a 10148,40	1.602	205.869.583	128.507,85
Da 20 a 21 volte il minimo	Da 10148,41 a 10655,82	1.295	174.775.180	134.961,53
Da 21 a 22 volte il minimo	Da 10655,83 a 11163,24	1.129	160.017.400	141.733,75
Da 22 a 23 volte il minimo	Da 11163,25 a 11670,66	1.003	148.811.821	148.366,72
Da 23 a 24 volte il minimo	Da 11670,67 a 12178,08	880	136.323.490	154.913,06
Da 24 a 25 volte il minimo	Da 12178,09 a 12685,50	707	114.139.398	161.441,86
Da 25 a 26 volte il minimo	Da 12685,51 a 13192,92	657	110.796.405	168.639,89
Da 26 a 27 volte il minimo	Da 13192,93 a 13700,34	592	103.338.797	174.558,78
Da 27 a 28 volte il minimo	Da 13700,35 a 14207,76	388	70.418.121	181.490,00
Da 28 a 29 volte il minimo	Da 14207,77 a 14715,18	350	65.622.599	187.493,14
Da 29 a 30 volte il minimo	Da 14715,19 a 15222,60	222	43.167.268	194.447,15
Da 30 a 31 volte il minimo	Da 15222,61 a 15730,02	196	39.435.175	201.199,87
Da 31 a 32 volte il minimo	Da 15730,03 a 16237,44	146	30.334.461	207.770,28
Da 32 a 33 volte il minimo	Da 16237,45 a 16744,86	129	27.645.062	214.302,81
Da 33 a 34 volte il minimo	Da 16744,87 a 17252,28	76	16.794.208	220.976,43
Da 34 a 35 volte il minimo	Da 17252,29 a 17759,70	86	19.603.290	227.945,23
Da 35 a 36 volte il minimo	Da 17759,71 a 18267,12	74	17.310.888	233.930,92
Da 36 a 37 volte il minimo	Da 18267,13 a 18774,54	68	16.360.082	240.589,44
Da 37 a 38 volte il minimo	Da 18774,55 a 19281,96	44	10.878.694	247.243,05
Da 38 a 39 volte il minimo	Da 19281,97 a 19789,38	45	11.406.525	253.478,33
Da 39 a 40 volte il minimo	Da 19789,39 a 20296,80	35	9.118.988	260.542,52
Da 40 a 41 volte il minimo	Da 20296,81 a 20804,22	35	9.348.815	267.109,00
Da 41 a 42 volte il minimo	Da 20804,23 a 21311,64	21	5.763.181	274.437,19
Da 42 a 43 volte il minimo	Da 21311,65 a 21819,06	24	6.736.432	280.684,66
Da 43 a 44 volte il minimo	Da 21819,07 a 22326,48	27	7.758.982	287.369,70
Da 44 a 45 volte il minimo	Da 22326,49 a 22833,90	29	8.507.748	293.370,61
Da 45 a 46 volte il minimo	Da 22833,91 a 23341,32	13	3.910.009	300.769,96
Da 46 a 47 volte il minimo	Da 23341,33 a 23848,74	21	6.438.946	306.616,46
Da 47 a 48 volte il minimo	Da 23848,75 a 24356,16	7	2.187.533	312.504,73
Da 48 a 49 volte il minimo	Da 24356,17 a 24863,58	11	3.513.743	319.431,15
Da 49 a 50 volte il minimo	Da 24863,59 a 25371,00	22	7.174.746	326.124,80
Oltre 50 volte il minimo	Oltre 25371,00	212	90.625.340	427.478,02
<b>Totale</b>		<b>22.785.711</b>	<b>293.344.088.779</b>	<b>12.874,04</b>

*Amounts per month (divided by 13); N. of pensioners; Overall gross amount per year; Average gross amount per year; times the minimum benefits, Total.*



**Table 6.5 - Number of pensioners and the overall annual (1) amount of their gross and net pension income in 2018**

Classi di reddito pensionistico mensile (reddito diviso 13)		Numero dei pensionati	Importo complessivo lordo annuo del reddito pensionistico	Importo medio lordo annuo del reddito pensionistico	Importo complessivo netto <sup>(3)</sup> annuo del reddito pensionistico	Importo medio netto <sup>(3)</sup> annuo del reddito pensionistico	Aliquota IRPEF media
Fino a 1 volta il minimo	Fino a 507,42	2.257.655	8.425.540.775	3.731,99	8.425.540.775	3.731,99	0,0%
Da 1 a 2 volte il minimo	Da 507,43 a 1014,84	4.147.311	39.262.311.584	9.466,93	37.825.972.900	9.120,60	3,7%
Da 2 a 3 volte il minimo	Da 1014,85 a 1522,26	3.881.411	63.963.995.013	16.479,57	55.752.231.975	14.363,91	12,8%
Da 3 a 4 volte il minimo	Da 1522,27 a 2029,68	2.592.372	59.276.334.741	22.865,67	48.959.337.936	18.885,92	17,4%
Da 4 a 5 volte il minimo	Da 2029,69 a 2537,10	1.495.624	43.912.774.361	29.360,84	34.685.529.047	23.191,34	21,0%
Da 5 a 6 volte il minimo	Da 2537,11 a 3044,52	707.103	25.373.770.642	35.884,12	19.253.287.438	27.228,41	24,1%
Da 6 a 7 volte il minimo	Da 3044,53 a 3551,94	346.904	14.735.713.675	42.477,79	10.850.121.458	31.277,01	26,4%
Da 7 a 8 volte il minimo	Da 3551,95 a 4059,36	177.152	8.704.203.417	49.134,10	6.268.971.154	35.387,53	28,0%
Da 8 a 9 volte il minimo	Da 4059,37 a 4566,78	105.168	5.874.986.430	55.862,87	4.107.614.079	39.057,64	30,1%
Da 9 a 10 volte il minimo	Da 4566,79 a 5074,20	75.307	4.705.264.273	62.481,10	3.207.358.052	42.590,44	31,8%
Da 10 a 11 volte il minimo	Da 5074,21 a 5581,62	59.647	4.125.177.809	69.159,85	2.769.865.464	46.437,63	32,9%
Da 11 a 12 volte il minimo	Da 5581,63 a 6089,04	48.240	3.651.314.449	75.690,60	2.422.369.200	50.214,95	33,7%
Da 12 a 13 volte il minimo	Da 6089,05 a 6596,46	31.528	2.592.545.008	82.229,92	1.701.649.383	53.972,64	34,4%
Da 13 a 14 volte il minimo	Da 6596,47 a 7103,88	22.055	1.958.895.282	88.818,65	1.272.707.337	57.706,07	35,0%
Da 14 a 15 volte il minimo	Da 7103,89 a 7611,30	16.043	1.532.479.568	95.523,25	987.347.710	61.543,83	35,6%
Da 15 a 16 volte il minimo	Da 7611,31 a 8118,72	10.911	1.113.366.525	102.040,74	712.180.469	65.271,79	36,0%
Da 16 a 17 volte il minimo	Da 8118,73 a 8626,14	7.223	784.605.807	108.626,03	498.929.584	69.075,12	36,4%
Da 17 a 18 volte il minimo	Da 8626,15 a 9133,56	5.165	595.463.525	115.288,19	376.236.919	72.843,55	36,8%
Da 18 a 19 volte il minimo	Da 9133,57 a 9640,98	3.591	437.395.439	121.803,24	275.944.048	76.843,23	36,9%
Da 19 a 20 volte il minimo	Da 9640,99 a 10148,40	2.543	326.673.302	128.459,81	205.042.300	80.630,08	37,2%
Da 20 a 21 volte il minimo	Da 10148,41 a 10655,82	1.922	259.611.265	135.073,50	163.249.121	84.937,11	37,1%
Da 21 a 22 volte il minimo	Da 10655,83 a 11163,24	1.620	229.564.912	141.706,74	143.602.867	88.643,75	37,4%
Da 22 a 23 volte il minimo	Da 11163,25 a 11670,66	1.351	200.305.401	148.264,55	124.364.309	92.053,52	37,9%
Da 23 a 24 volte il minimo	Da 11670,67 a 12178,08	1.178	182.489.084	154.914,33	113.215.589	96.108,31	38,0%
Da 24 a 25 volte il minimo	Da 12178,09 a 12685,50	897	144.834.482	161.465,42	90.262.362	100.626,94	37,7%
Da 25 a 26 volte il minimo	Da 12685,51 a 13192,92	754	126.915.661	168.323,16	81.911.865	108.636,43	35,5%
Da 26 a 27 volte il minimo	Da 13192,93 a 13700,34	680	118.838.639	174.762,70	76.874.994	113.051,46	35,3%
Da 27 a 28 volte il minimo	Da 13700,35 a 14207,76	498	90.233.192	181.191,15	58.167.116	116.801,44	35,5%
Da 28 a 29 volte il minimo	Da 14207,77 a 14715,18	492	92.396.791	187.798,35	62.576.486	127.187,98	32,3%
Da 29 a 30 volte il minimo	Da 14715,19 a 15222,60	349	67.801.223	194.272,85	45.759.649	131.116,47	32,5%
Da 30 a 31 volte il minimo	Da 15222,61 a 15730,02	278	55.938.191	201.216,51	37.115.529	133.509,10	33,6%
Da 31 a 32 volte il minimo	Da 15730,03 a 16237,44	201	41.709.965	207.512,26	27.413.352	136.384,84	34,3%
Da 32 a 33 volte il minimo	Da 16237,45 a 16744,86	175	37.512.159	214.355,20	24.011.091	137.206,23	36,0%
Da 33 a 34 volte il minimo	Da 16744,87 a 17252,28	132	29.184.443	221.094,27	18.127.095	137.326,48	37,9%
Da 34 a 35 volte il minimo	Da 17252,29 a 17759,70	101	23.009.934	227.821,13	14.490.957	143.474,83	37,0%
Da 35 a 36 volte il minimo	Da 17759,71 a 18267,12	93	21.769.232	234.077,76	13.849.775	148.922,31	36,4%
Da 36 a 37 volte il minimo	Da 18267,13 a 18774,54	99	23.832.741	240.734,76	14.911.844	150.624,69	37,4%
Da 37 a 38 volte il minimo	Da 18774,55 a 19281,96	70	17.306.593	247.237,04	10.883.250	155.475,00	37,1%
Da 38 a 39 volte il minimo	Da 19281,97 a 19789,38	64	16.248.469	253.882,33	10.457.232	163.394,24	35,6%
Da 39 a 40 volte il minimo	Da 19789,39 a 20296,80	47	12.233.120	260.279,16	7.918.867	168.486,52	35,3%
Da 40 a 41 volte il minimo	Da 20296,81 a 20804,22	50	13.386.781	267.735,63	8.478.276	169.565,52	36,7%
Da 41 a 42 volte il minimo	Da 20804,23 a 21311,64	37	10.133.339	273.874,02	6.081.167	164.355,87	40,0%
Da 42 a 43 volte il minimo	Da 21311,65 a 21819,06	28	7.850.917	280.389,89	4.947.361	176.691,46	37,0%
Da 43 a 44 volte il minimo	Da 21819,07 a 22326,48	29	8.320.955	286.929,48	5.261.288	181.423,73	36,8%
Da 44 a 45 volte il minimo	Da 22326,49 a 22833,90	39	11.459.293	293.828,03	6.914.398	177.292,26	39,7%
Da 45 a 46 volte il minimo	Da 22833,91 a 23341,32	15	4.501.358	300.090,55	2.770.091	184.672,76	38,5%
Da 46 a 47 volte il minimo	Da 23341,33 a 23848,74	24	7.347.034	306.126,43	4.406.025	183.584,39	40,0%
Da 47 a 48 volte il minimo	Da 23848,75 a 24356,16	15	4.710.959	314.063,91	2.787.696	185.846,43	40,8%
Da 48 a 49 volte il minimo	Da 24356,17 a 24863,58	24	7.681.066	320.044,42	4.581.525	190.896,87	40,4%
Da 49 a 50 volte il minimo	Da 24863,59 a 25371,00	17	5.553.530	326.678,23	3.353.966	197.292,11	39,6%
Oltre 50 volte il minimo	Oltre 25371,00	271	118.596.425	437.625,18	73.443.266	271.008,36	38,1%
<b>Totale</b>		<b>16.004.503</b>	<b>293.344.088.778</b>	<b>18.328,85</b>	<b>241.820.425.639</b>	<b>15.109,52</b>	<b>17,6%</b>

Monthly pension income classes, income by 13, n. of pensioners, overall gross amount of pension income, net overall amount of pension income, average personal income tax rate (IRPEF), Total



### **Not the mean of all pension benefits but the mean for each type of gender-related pension benefit**

In order to accurately calculate the average amounts of benefits, it is necessary to exclude welfare benefits (including supplementary minimum benefits, additional social benefits and the 14th month salary) from these calculations, since they are partially or totally financed by general taxes. This would make it possible to obtain the average amount only of pension benefits financed by contributions, thus avoiding the concern generated by mixing very heterogeneous benefits.

For example, what is the point of calculating the mean of direct pension benefits and survivors' pensions which range from 30% to 60% of direct pension benefits and are sometimes shared with other family members (spouses and children)? Or again, how to justify the inclusion in the mean of social pensions or social allowances (373.33 and 453.00 euros per months respectively in 2018), the minimum supplementary benefits (507.42 euros), the so-called "one million per month" benefits (644 euros), the benefits for disabled civilians (282.5 euros per month), carers' benefits (516.35 euros per month) or the INAIL indemnities for industrial accidents or for occupational diseases (on average 486 euros per month)? Instead, it would be correct to separate these data. In fact, by excluding the first two pension income levels (up to twice the minimum benefits, that is 1,014.84 euros per month before taxes), which are typically welfare benefits<sup>68</sup> for a total of 6,404,966 pensioners (against about 8 million beneficiaries of welfare benefits), the average pension income (financed by contributions) of the remaining 9.6 million pensioners would amount to **25,590.43 euros** per year before taxes (against the official figure of 18,329 euros before taxes) equal to a net amount of about 20,373 euros per year. It is true that 40% of pensioners have pension-related incomes lower than 1014.84 euros per month before taxes, but these 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 means, it is important to remove approximately 643,000 pensioners under the age of 39 (orphans, disabled people or survivors), who receive more than 968,000 benefits, 1.5 benefits per capita on average.

### **Average amount of pension benefits and average gross pension income by gender:**

According to the latest data of the Pension Registry, **women** account for **52.5% of all pensioners**, but receive **44.1% of the total amount of pension benefits before taxes** (163,980 million euros for men and 126,364 million euros for women). In 2018, considering all the IVS pensions featured in the Registry (17,698,960), women received an average pension of **11,550 euros** per year vs. **19,307 euros** for men.

If welfare pensions and indemnities are added to pensions benefits (a total of 22,785,711 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 **15,474 euros** and that of men to **21,450 euros**. **Retired women** have a greater number of *per capita* pensions: on average **1.51 pensions per capita** compared to **1.33** for men.

In fact, women account for 58.6% of beneficiaries of 2 pensions, for 68.9% of beneficiaries of 3 pensions and for 71.7% of recipients of 4 + types of benefits. In 2018, the number of survivors' pensioners was equal to 4,696,874, about two thirds of whom (67.4%) also benefit from other pension

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<sup>68</sup> Often, each pensioner receives two or more allowances (for example disability and carers' allowances, plus other additional benefits and, in some cases, also survivors' pension benefits).

benefits; 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 and of supplementary minimum benefits (women receive 85.7% of the minimum benefits). For all these reasons, retired women are the main beneficiaries of additional benefits, additional social benefits (76.1% of all the beneficiaries of these benefits), the 14<sup>th</sup> month salary 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 euros 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 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. It is also well known that in Italy, women underperform in terms of employment rates (49.5 vs. 67.6 for men in 2018), especially in the South (32.8 vs. 56.4 for men) and of career levels.

### **Welfare benefits**

**Table 6.6** and **D1** (web attachment) show that **4.121 million** benefits have an **entirely welfare nature** (benefits for disabled civilians, carers' allowances, social and veteran benefits) and another **7.392 million** are typical welfare benefits (supplementary minimum benefits, additional social allowances, additional benefits and the fourteenth month's salary) that are designed to supplement pension benefits. 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.

The number of pensioners supported entirely by welfare benefits is equal to **4,121,039**, minus **397,094** retirees who receive disability and carers' benefits; so, by adding **582,730** pensioners only entitled to a disability pension, **1,764,164** subjects who receive only indemnities and **397,094** recipients of both benefits, it is possible to obtain a **total of 2,743,988**. It is necessary to add to these subjects the recipients of social pensions, social allowances and veteran pensions for a total of **3,723,945** people *who are fully supported by the welfare system*.

**Table 6.6 - Number of welfare benefits and their overall and average annual amount by type of benefit**  
**Benefits at December 31 in 2017 and 2018**

Tipo di prestazione	Numero prestazioni assistenziali		Importo annuo (milioni di euro)		Importo medio annuo (euro)	
	2017	2018	2017	2018	2017	2018
Pensioni di invalidità civile	932.289	979.824	3.479	3.696	3.731	3.772
Indennità di accompagnamento	2.113.387	2.161.258	12.483	12.778	5.907	5.912
Pensioni e assegni sociali	861.811	818.776	4.806	4.676	5.577	5.711
Pensioni di guerra	175.389	161.181	1.253,4	1.199,7	7.146	7.443
<i>dirette</i>	<i>66.380</i>	<i>62.707</i>	<i>785,4</i>	<i>762,6</i>	<i>11.832</i>	<i>12.162</i>
<i>indirette</i>	<i>109.009</i>	<i>98.474</i>	<i>468,0</i>	<i>437,1</i>	<i>4.293</i>	<i>4.439</i>
<b>Totale</b>	<b>4.082.876</b>	<b>4.121.039</b>	<b>22.021,6</b>	<b>22.350,2</b>	<b>5.394</b>	<b>5.423</b>
<b>Altre prestazioni assistenziali</b>	<b>7.827.404</b>	<b>7.392.713</b>	<b>11.404,2</b>	<b>10.887,8</b>	<b>1.457</b>	<b>1.473</b>
<i>di cui:</i>						
Integrazioni al minimo	3.038.113	2.909.366	8.292,1	7.866,9	2.729	2.704
Maggiorazioni sociali	902.946	875.449	1.378,0	1.397,6	1.526	1.596
Quattordicesima	3.453.786	3.226.965	1.669,0	1.565,1	483	485
Importo aggiuntivo	432.559	380.933	65,2	58,2	151	153

*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)*

By summing all the **4,165,748 subjects** who are partially supported by welfare benefits (supplementary minimum benefits, additional benefits and allowances), net of duplications, it is possible to reach a total of **7,889,693** people who are supported but who do not pay personal income taxes.

**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' benefits) on a regional level (data taken from the INPS archives on 31 December 2018); it is the 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 in **Table 6.9** for each province on 31/12/2018.

The regions in which there is the highest percentage of **seniority pensioners** (58.5%) are in Northern Italy: Lombardy (20.3%), Veneto, Emilia-Romagna (10.0%) and Piedmont (10,0%), 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 (0.7%) and Molise (0.5%) and those with a special status: Sardinia and 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 (68.4%) compared to the total of pensions in this category, such as Lombardy (17.3%), Lazio (8.5%), Emilia-Romagna (8.2%), Piedmont (8.0%), Veneto (7.6%), Tuscany (7.1%), while in the South, the first in the ranking is Campania (7.1%). The old-age pensions paid throughout Italy account for 96.7% and abroad for 3.3%.

On the other hand, the South of Italy features the highest number of disability pensioners (45.9%), with respect to the total: Calabria (13.7%), Basilicata and Sardinia (12.7%), Apulia (11.35), Campania (11.1%), Molise and Sicily (10.3 and 10.2%). In the Centre, Lazio holds the first position (9.6%). In the North, except for Valle d'Aosta, (7.9) Lombardy accounts for 9.0% of disability pensioners, but only 3.5 benefits out of 100 benefits granted, followed by Emilia-Romagna (6.9%). Looking at the number of **survivors' pensions**, the highest figures are found in Northern and Central Italy. Lombardy (16%), Lazio (8.4%) and Piedmont (8.0%) have the highest number of residents with survivors' pensions. Obviously, these are regions, such as Lombardy, that also have a higher number of inhabitants; in general, out of every 100 benefits provided, survivors benefits account for 22%/ 24% in the North, for 24%/27% in the Centre and 26.5%/30% in the South. 3.0% of surviving spouses live abroad compared to the total of the category. **Table 6.8** illustrates, at the provincial level, the four categories of IVS pensions 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% in 2017 and for 10.0% in 2018, old age drops from 8.6% in 2017 to 8.5% in 2018 due to the additional year for women to obtain an old-age pension (the same as men: 66 years and 7 months); women mainly retire with an old-age pension.) Instead, disability and survivors' rates remain unchanged: 1.9% and 7.0% respectively.

**Table 6.7 - Number of IVS pensions managed by INPS <sup>(1)</sup> by category and region of residence at 31/12/2018**

Regioni	Anzianità	in % sul totale	Vecchiaia	in % sul totale	Invalidità	in % sul totale	Superstiti	in % sul totale	Totale	in % sul totale
Piemonte	606.606	42,2%	424.395	29,5%	56.973	4,0%	348.263	24,2%	<b>1.436.237</b>	8,5%
Valle d'Aosta	15.661	39,3%	11.561	29,0%	3.144	7,9%	9.466	23,8%	<b>39.832</b>	0,2%
Lombardia	1.233.900	41,9%	912.840	31,0%	102.856	3,5%	691.996	23,5%	<b>2.941.592</b>	17,5%
Trentino-Alto Adige	132.607	44,0%	87.945	29,2%	14.573	4,8%	66.539	22,1%	<b>301.664</b>	1,8%
Veneto	609.246	43,4%	403.950	28,7%	54.329	3,9%	337.790	24,0%	<b>1.405.315</b>	8,3%
Friuli-Venezia Giulia	168.293	41,4%	117.152	28,9%	19.543	4,8%	101.039	24,9%	<b>406.027</b>	2,4%
Liguria	182.772	34,6%	174.435	33,0%	31.460	6,0%	139.917	26,5%	<b>528.584</b>	3,1%
Emilia-Romagna	606.848	41,7%	431.322	29,7%	78.683	5,4%	337.359	23,2%	<b>1.454.212</b>	8,6%
Toscana	438.974	37,8%	374.604	32,3%	60.194	5,2%	287.176	24,7%	<b>1.160.948</b>	6,9%
Umbria	99.433	34,9%	85.499	30,0%	28.551	10,0%	71.405	25,1%	<b>284.888</b>	1,7%
Marche	188.090	37,9%	144.882	29,2%	42.238	8,5%	121.429	24,5%	<b>496.639</b>	2,9%
Lazio	431.127	31,9%	446.867	33,0%	109.285	8,1%	366.004	27,0%	<b>1.353.283</b>	8,0%
Abruzzo	125.308	33,8%	110.632	29,8%	34.918	9,4%	100.121	27,0%	<b>370.979</b>	2,2%
Molise	28.644	30,9%	29.146	31,4%	9.600	10,3%	25.419	27,4%	<b>92.809</b>	0,6%
Campania	287.790	25,6%	375.586	33,4%	124.979	11,1%	335.113	29,8%	<b>1.123.468</b>	6,7%
Puglia	286.564	29,7%	313.651	32,5%	109.614	11,3%	256.184	26,5%	<b>966.013</b>	5,7%
Basilicata	39.675	25,4%	53.117	34,1%	19.791	12,7%	43.399	27,8%	<b>155.982</b>	0,9%
Calabria	112.110	23,2%	169.154	35,1%	65.880	13,7%	135.452	28,1%	<b>482.596</b>	2,9%
Sicilia	279.005	27,1%	329.367	32,0%	105.256	10,2%	316.785	30,7%	<b>1.030.413</b>	6,1%
Sardegna	135.666	32,2%	118.317	28,1%	53.408	12,7%	113.667	27,0%	<b>421.058</b>	2,5%
<b>Italia</b>	<b>6.008.319</b>	<b>36,5%</b>	<b>5.114.422</b>	<b>31,1%</b>	<b>1.125.275</b>	<b>6,8%</b>	<b>4.204.523</b>	<b>25,6%</b>	<b>16.452.539</b>	<b>97,7%</b>
Estero	71.173	18,3%	173.803	44,7%	14.078	3,6%	130.194	33,4%	<b>389.248</b>	2,3%
<b>Totale</b>	<b>6.079.492</b>	<b>36,1%</b>	<b>5.288.225</b>	<b>31,4%</b>	<b>1.139.353</b>	<b>6,8%</b>	<b>4.334.717</b>	<b>25,7%</b>	<b>16.841.787</b>	<b>100,0%</b>

*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*

The provincial detail of the total raw 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 (39.9%), Ferrara (38.3%), Vercelli (37.6%), Alessandria (36.0%), Rovigo (35.6%), Savona (35.5%), Ravenna (35.4%), Trieste (35.3%), Asti (34.6%), Belluno (34.5%); by looking at the individual categories for these provinces, it is possible to see that the seniority pension rate, in particular, but also the old age and survivors' pension rates are high, while the percentage of disability pensions is low and ranges from 1.3% in Savona and Asti to 2.2% in Ravenna.

The lowest total IVS rates are in the South, where the population is younger and where welfare benefits prevail. The last 10 provinces are: Naples (16.5%), Catania (18.0%), Barletta-Andria-Trani (18.5%), Palermo (18.8%), Caserta (19.1%), Crotone (20.2%), Caltanissetta (20.3%), Siracusa and Ragusa (20.8%), Agrigento (22.0%). 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 3.3 in Agrigento. The highest percentages for disability pensions compared to the resident population can be found in the South: Lecce (5.0%), Potenza (4.5%), Nuoro and Reggio Calabria (4.3%), Oristano and Benevento (4.1%), Catanzaro (3.9%), Sassari (3.8%) and in two provinces of the Centre: Terni (3.8%) and Pesaro-Urbino (3.7%). 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 pensions managed by Inps<sup>(1)</sup> by province and pension category at December 31, 2018 (total percentage descending order)**

Province (2)	Anzianità	Vecchiaia	Invalidità	Superstiti	Totale	Province(2)	Anzianità	Vecchiaia	Invalidità	Superstiti	Totale
Biella	18,7%	10,2%	1,5%	9,5%	39,9%	Oristano	9,3%	8,3%	4,1%	7,8%	29,5%
Ferrara	16,8%	10,4%	1,8%	9,4%	38,3%	Trento	12,7%	8,6%	1,5%	6,7%	29,4%
Vercelli	16,4%	9,9%	1,7%	9,5%	37,6%	L'Aquila	8,7%	8,8%	3,8%	7,9%	29,3%
Alessandria	13,6%	11,1%	1,9%	9,4%	36,0%	Chieti	10,5%	8,4%	2,4%	7,9%	29,1%
Rovigo	15,0%	9,8%	1,8%	8,8%	35,6%	Monza e Brianza	12,2%	9,3%	1,0%	6,5%	29,0%
Savona	13,5%	11,4%	1,3%	9,2%	35,5%	Potenza	6,4%	10,1%	4,5%	8,0%	29,0%
Ravenna	15,0%	10,3%	2,2%	8,0%	35,4%	Vicenza	12,9%	8,1%	1,2%	6,6%	28,7%
Trieste	13,5%	11,2%	1,5%	9,2%	35,3%	Benevento	7,8%	8,8%	4,1%	7,8%	28,5%
Asti	14,7%	10,1%	1,3%	8,6%	34,6%	Milano	11,5%	9,6%	0,8%	6,6%	28,5%
Belluno	14,6%	10,0%	1,4%	8,5%	34,5%	Teramo	9,8%	8,7%	2,5%	7,4%	28,4%
Gorizia	14,3%	9,6%	1,8%	8,7%	34,3%	Verona	11,8%	8,6%	1,2%	6,6%	28,2%
Genova	11,6%	11,6%	2,0%	9,1%	34,2%	Lecco	6,5%	9,6%	5,0%	7,2%	28,2%
Udine	14,2%	9,7%	1,7%	8,5%	34,0%	Venezia	11,8%	7,9%	1,1%	7,3%	28,1%
Piacenza	13,7%	10,0%	1,9%	8,4%	34,0%	Viterbo	9,3%	8,5%	2,6%	7,7%	28,1%
Siena	13,6%	10,3%	1,8%	8,2%	33,9%	Lodi	12,4%	7,7%	0,9%	7,1%	28,0%
Macerata	13,1%	9,7%	2,8%	8,3%	33,8%	Treviso	12,5%	8,0%	0,9%	6,4%	27,8%
Arazzo	13,6%	10,0%	2,3%	7,8%	33,6%	Bergamo	12,1%	8,3%	1,0%	6,4%	27,7%
Bologna	14,3%	9,7%	1,8%	7,7%	33,5%	Rimini	9,9%	9,2%	1,7%	6,7%	27,4%
Temi	10,7%	10,1%	3,8%	8,7%	33,3%	Padova	12,0%	7,8%	1,0%	6,6%	27,3%
La Spezia	10,9%	9,8%	3,4%	9,1%	33,2%	Prato	10,4%	9,3%	1,1%	6,5%	27,3%
Verbano Cusio Ossola	13,1%	10,3%	1,2%	8,6%	33,2%	Brindisi	8,9%	9,0%	2,5%	6,9%	27,3%
Pavia	13,5%	9,4%	1,6%	8,6%	33,0%	Bolzano-Bozen	12,1%	7,9%	1,3%	5,7%	26,9%
Fodil-Casena	13,8%	9,8%	1,9%	7,5%	32,9%	Brescia	11,5%	7,7%	1,0%	6,5%	26,8%
Cuneo	15,2%	8,8%	1,2%	7,7%	32,8%	Reggio Calabria	6,1%	8,8%	4,3%	7,4%	26,6%
Ancona	13,4%	9,4%	2,0%	8,0%	32,7%	Sud Sardinia	8,3%	7,3%	3,3%	7,5%	26,3%
Cremona	14,7%	8,7%	1,2%	8,0%	32,6%	Messina	6,5%	8,7%	3,6%	7,4%	26,2%
Imperia	11,2%	11,3%	1,8%	8,3%	32,6%	Pescara	9,0%	7,9%	2,1%	7,3%	26,2%
Grosseto	12,2%	9,2%	2,5%	8,6%	32,5%	Vibo Valentia	6,4%	9,2%	3,4%	6,9%	25,8%
Fermo	11,6%	10,2%	2,7%	8,0%	32,5%	Matera	8,2%	8,3%	1,7%	7,3%	25,4%
Lecco	13,9%	10,3%	1,0%	7,1%	32,3%	Avellino	6,6%	8,5%	3,0%	7,2%	25,3%
Novara	13,8%	9,2%	1,2%	7,9%	32,1%	Taranto	7,7%	8,7%	2,2%	6,7%	25,2%
Perugia	11,5%	9,6%	3,1%	7,9%	31,9%	Frosinone	8,4%	7,8%	1,8%	7,3%	25,2%
Isernia	8,9%	10,9%	3,6%	8,6%	31,9%	Sassari	7,7%	7,2%	3,7%	6,7%	25,2%
Pesaro-Urbino	11,3%	9,3%	3,7%	7,5%	31,8%	Catanzaro	6,0%	8,2%	3,9%	7,1%	25,1%
Sondrio	13,2%	8,6%	2,0%	8,1%	31,8%	Cosenza	5,5%	9,2%	2,6%	6,8%	24,1%
Aosta	12,5%	9,2%	2,5%	7,5%	31,7%	Latina	7,8%	7,0%	2,2%	6,2%	23,2%
Modena	13,6%	9,6%	1,5%	7,1%	31,7%	Salerno	5,7%	8,1%	2,6%	6,7%	23,1%
Ascoli Piceno	11,3%	9,3%	3,0%	8,1%	31,7%	Foggia	6,4%	7,3%	2,6%	6,4%	22,6%
Mantova	13,9%	9,1%	1,0%	7,7%	31,6%	Trapani	5,9%	7,2%	2,4%	6,9%	22,3%
Torino	13,1%	9,7%	1,2%	7,5%	31,5%	Cagliari	8,3%	5,9%	2,0%	6,0%	22,1%
Pistoia	12,0%	10,0%	1,8%	7,7%	31,5%	Roma	6,9%	7,6%	1,7%	5,9%	22,1%
Firenze	12,0%	10,5%	1,2%	7,4%	31,1%	Bari	7,5%	6,7%	2,0%	5,9%	22,1%
Massa Carrara	10,3%	9,5%	2,3%	8,8%	31,0%	Enna	5,8%	7,0%	2,1%	7,2%	22,1%
Varese	13,2%	9,6%	1,1%	7,1%	31,0%	Agrianto	5,0%	6,8%	3,3%	7,0%	22,0%
Panna	12,4%	9,2%	1,8%	7,4%	30,8%	Ragusa	6,1%	6,7%	1,8%	6,2%	20,8%
Pordenone	13,4%	8,5%	1,5%	7,2%	30,6%	Siracusa	6,5%	5,8%	2,1%	6,3%	20,8%
Lucca	11,4%	9,9%	1,4%	7,9%	30,5%	Caltanissetta	5,7%	5,8%	2,0%	6,9%	20,3%
Nuoro	8,9%	9,2%	4,3%	7,9%	30,3%	Crotone	4,6%	6,8%	2,7%	6,1%	20,2%
Reggio Emilia	12,4%	9,4%	1,6%	6,9%	30,3%	Caserta	4,7%	6,5%	2,3%	5,6%	19,1%
Como	12,5%	9,4%	1,4%	6,9%	30,2%	Palemo	4,9%	6,4%	1,7%	5,8%	18,8%
Livorno	10,5%	10,0%	1,7%	8,0%	30,2%	Barletta-Andria-Trani	5,8%	5,7%	1,8%	5,2%	18,5%
Pisa	11,2%	10,0%	1,6%	7,5%	30,2%	Catania	5,4%	5,7%	1,2%	5,7%	18,0%
Rieti	10,4%	9,0%	2,6%	8,1%	30,1%	Napoli	4,3%	5,4%	1,7%	5,1%	16,5%
Campobasso	9,6%	9,0%	3,0%	8,2%	29,8%	Italia	10,0%	8,5%	1,9%	7,0%	27,3%

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 for the total of these categories. The top 10 provinces in the ranking by number of IVS pensions are: Rome, Milan, Turin, Naples, Bologna, Brescia, Florence, Bergamo, Genoa and Bari, 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 of IVS pensions managed by Inps<sup>(1)</sup> by province and pension category according to the ranking of all categories at December 31, 2018**

Province <sup>(2)</sup>	Anzianità	%	Vecchiaia	%	Invaldità	%	Superstiti	%	Totale	%
Roma	299.703	5,0%	327.748	6,4%	75.528	6,7%	257.600	6,1%	<b>960.579</b>	5,8%
Milano	372.969	6,2%	312.040	6,1%	26.141	2,3%	214.607	5,1%	<b>925.757</b>	5,6%
Torino	295.743	4,9%	219.289	4,3%	27.548	2,4%	169.816	4,0%	<b>712.396</b>	4,3%
Napoli	132.118	2,2%	166.922	3,3%	51.009	4,5%	158.459	3,8%	<b>508.508</b>	3,1%
Bologna	145.374	2,4%	98.425	1,9%	18.175	1,6%	77.752	1,8%	<b>339.726</b>	2,1%
Brescia	145.695	2,4%	97.870	1,9%	12.707	1,1%	82.444	2,0%	<b>338.716</b>	2,1%
Firenze	121.231	2,0%	106.604	2,1%	11.911	1,1%	74.328	1,8%	<b>314.074</b>	1,9%
Bergamo	134.254	2,2%	92.090	1,8%	10.997	1,0%	71.628	1,7%	<b>308.969</b>	1,9%
Genova	97.689	1,6%	97.190	1,9%	16.690	1,5%	76.480	1,8%	<b>288.049</b>	1,8%
Bari	93.882	1,6%	84.416	1,7%	24.602	2,2%	73.703	1,8%	<b>276.603</b>	1,7%
Varese	117.175	2,0%	85.530	1,7%	9.627	0,9%	63.354	1,5%	<b>275.686</b>	1,7%
Verona	109.590	1,8%	79.454	1,6%	11.102	1,0%	61.442	1,5%	<b>261.588</b>	1,6%
Padova	112.041	1,9%	72.924	1,4%	9.357	0,8%	61.954	1,5%	<b>256.276</b>	1,6%
Salerno	63.005	1,0%	89.013	1,7%	29.036	2,6%	73.004	1,7%	<b>254.058</b>	1,5%
Monza e Brianza	106.159	1,8%	81.014	1,6%	8.853	0,8%	57.020	1,4%	<b>253.046</b>	1,5%
Vicenza	111.131	1,8%	69.523	1,4%	9.969	0,9%	57.138	1,4%	<b>247.761</b>	1,5%
Treviso	110.552	1,8%	71.163	1,4%	7.692	0,7%	56.981	1,4%	<b>246.388</b>	1,5%
Venezia	101.029	1,7%	67.534	1,3%	9.127	0,8%	62.180	1,5%	<b>239.870</b>	1,5%
Palermo	61.842	1,0%	79.893	1,6%	21.674	1,9%	72.499	1,7%	<b>235.908</b>	1,4%
Lecce	51.269	0,9%	76.046	1,5%	39.763	3,5%	56.916	1,4%	<b>223.994</b>	1,4%
Modena	95.906	1,6%	67.340	1,3%	10.410	0,9%	49.963	1,2%	<b>223.619</b>	1,4%
Perugia	75.196	1,3%	62.685	1,2%	20.000	1,8%	51.774	1,2%	<b>209.655</b>	1,3%
Catania	59.669	1,0%	63.233	1,2%	13.414	1,2%	62.538	1,5%	<b>198.854</b>	1,2%
Cuneo	89.375	1,5%	51.427	1,0%	6.733	0,6%	45.080	1,1%	<b>192.615</b>	1,2%
Como	75.005	1,2%	56.362	1,1%	8.615	0,8%	41.097	1,0%	<b>181.079</b>	1,1%
Pavia	73.584	1,2%	51.105	1,0%	8.609	0,8%	46.701	1,1%	<b>179.999</b>	1,1%
Udine	74.835	1,2%	51.052	1,0%	8.849	0,8%	44.864	1,1%	<b>179.600</b>	1,1%
Caserta	43.403	0,7%	59.816	1,2%	20.958	1,9%	51.792	1,2%	<b>175.969</b>	1,1%
Cosenza	38.995	0,6%	65.070	1,3%	18.194	1,6%	47.247	1,1%	<b>170.206</b>	1,0%
Messina	40.642	0,7%	54.586	1,1%	22.657	2,0%	46.553	1,1%	<b>164.438</b>	1,0%
Reggio Emilia	65.872	1,1%	49.815	1,0%	8.619	0,8%	36.654	0,9%	<b>160.960</b>	1,0%
Trento	68.518	1,1%	46.245	0,9%	7.871	0,7%	36.237	0,9%	<b>158.871</b>	1,0%
Ancona	63.100	1,1%	44.151	0,9%	9.172	0,8%	37.755	0,9%	<b>154.178</b>	0,9%
Alessandria	57.424	1,0%	46.739	0,9%	7.932	0,7%	39.450	0,9%	<b>151.545</b>	0,9%
Reggio Calabria	33.415	0,6%	48.264	0,9%	23.680	2,1%	40.570	1,0%	<b>145.929</b>	0,9%
Taranto	44.425	0,7%	50.035	1,0%	12.436	1,1%	38.427	0,9%	<b>145.323</b>	0,9%
Bolzano-Bozen	64.089	1,1%	41.700	0,8%	6.702	0,6%	30.302	0,7%	<b>142.793</b>	0,9%
Foggia	39.591	0,7%	45.656	0,9%	15.920	1,4%	39.621	0,9%	<b>140.788</b>	0,9%
Farma	56.046	0,9%	41.594	0,8%	8.059	0,7%	37.579	0,8%	<b>139.278</b>	0,8%
Ravenna	58.334	1,0%	39.979	0,8%	8.521	0,8%	31.042	0,7%	<b>137.876</b>	0,8%
Latina	44.930	0,7%	40.181	0,8%	12.772	1,1%	35.786	0,9%	<b>133.669</b>	0,8%
Ferrara	58.112	1,0%	35.831	0,7%	6.194	0,6%	32.349	0,8%	<b>132.486</b>	0,8%
Mantova	57.277	1,0%	37.450	0,7%	4.075	0,4%	31.586	0,8%	<b>130.388</b>	0,8%
Forlì-Cesena	54.360	0,9%	38.605	0,8%	7.457	0,7%	29.500	0,7%	<b>129.922</b>	0,8%
Pisa	46.718	0,8%	41.826	0,8%	6.612	0,6%	31.424	0,7%	<b>126.580</b>	0,8%
Sassari	37.581	0,6%	35.320	0,7%	18.080	1,6%	32.708	0,8%	<b>123.689</b>	0,8%
Frosinone	40.841	0,7%	38.116	0,7%	8.554	0,8%	35.565	0,8%	<b>123.076</b>	0,7%
Novara	50.922	0,8%	33.958	0,7%	4.480	0,4%	29.174	0,7%	<b>118.534</b>	0,7%
Lucca	44.161	0,7%	38.429	0,8%	5.294	0,5%	30.587	0,7%	<b>118.471</b>	0,7%
Cremona	52.647	0,9%	31.364	0,6%	4.217	0,4%	28.822	0,7%	<b>117.050</b>	0,7%
Arezzo	46.495	0,8%	34.335	0,7%	7.763	0,7%	26.639	0,6%	<b>115.232</b>	0,7%
Pesaro-Urbino	40.505	0,7%	33.341	0,7%	13.326	1,2%	27.044	0,6%	<b>114.216</b>	0,7%
Chieti	40.357	0,7%	32.404	0,6%	9.184	0,8%	30.298	0,7%	<b>112.243</b>	0,7%
Lecco	46.761	0,8%	34.862	0,7%	3.369	0,3%	23.814	0,6%	<b>108.806</b>	0,7%
Brindisi	34.781	0,6%	35.359	0,7%	9.719	0,9%	27.270	0,6%	<b>107.129</b>	0,7%
Macerata	41.014	0,7%	30.509	0,6%	8.737	0,8%	25.982	0,6%	<b>106.242</b>	0,6%
Avellino	27.725	0,5%	35.533	0,7%	12.558	1,1%	30.157	0,7%	<b>105.973</b>	0,6%
Potenza	23.414	0,4%	36.709	0,7%	16.485	1,5%	29.060	0,7%	<b>105.668</b>	0,6%
Livorno	35.058	0,6%	33.517	0,7%	5.660	0,5%	26.910	0,6%	<b>101.145</b>	0,6%
Savona	37.312	0,6%	31.570	0,6%	3.498	0,3%	25.520	0,6%	<b>97.900</b>	0,6%
Piacenza	39.375	0,7%	28.660	0,6%	5.471	0,5%	23.976	0,6%	<b>97.482</b>	0,6%
Trapani	25.259	0,4%	30.805	0,6%	10.510	0,9%	29.551	0,7%	<b>96.125</b>	0,6%
Pordenone	42.012	0,7%	26.598	0,5%	4.764	0,4%	22.374	0,5%	<b>95.748</b>	0,6%
Agrigento	21.516	0,4%	29.426	0,6%	14.156	1,3%	30.614	0,7%	<b>95.712</b>	0,6%
Cagliari	35.296	0,6%	25.297	0,5%	8.405	0,7%	22.885	0,6%	<b>92.887</b>	0,6%
Rimini	33.469	0,6%	31.073	0,6%	5.777	0,5%	22.544	0,5%	<b>92.863</b>	0,6%
Sud Sardegna	29.227	0,5%	25.460	0,5%	11.431	1,0%	26.159	0,6%	<b>92.277</b>	0,6%
Pistoia	35.063	0,6%	29.300	0,6%	5.334	0,5%	22.400	0,5%	<b>92.097</b>	0,6%
Siena	36.350	0,6%	27.570	0,5%	4.685	0,4%	21.957	0,5%	<b>90.562</b>	0,6%
Catanzaro	21.373	0,4%	29.215	0,6%	13.811	1,2%	25.358	0,6%	<b>89.757</b>	0,5%
Viterbo	29.413	0,5%	26.862	0,5%	8.324	0,7%	24.490	0,6%	<b>89.089</b>	0,5%
Teramo	30.289	0,5%	26.859	0,5%	7.579	0,7%	22.826	0,5%	<b>87.553</b>	0,5%
L'Aquila	26.070	0,4%	26.276	0,5%	11.435	1,0%	23.750	0,6%	<b>87.531</b>	0,5%
Pescara	28.592	0,5%	25.093	0,5%	6.720	0,6%	23.247	0,6%	<b>83.652</b>	0,5%
Rovigo	35.313	0,6%	23.114	0,5%	4.323	0,4%	20.774	0,5%	<b>83.524</b>	0,5%
Siracusa	25.933	0,4%	23.290	0,5%	8.530	0,8%	25.240	0,6%	<b>82.993</b>	0,5%
Trieste	31.561	0,5%	26.184	0,5%	3.427	0,3%	21.656	0,5%	<b>82.828</b>	0,5%
Benevento	21.539	0,4%	24.302	0,5%	11.418	1,0%	21.701	0,5%	<b>78.960</b>	0,5%
Terni	24.237	0,4%	22.814	0,4%	8.551	0,8%	19.631	0,5%	<b>75.233</b>	0,5%
Asti	31.457	0,5%	21.771	0,4%	2.674	0,2%	18.396	0,4%	<b>74.298</b>	0,5%
La Spezia	23.874	0,4%	21.527	0,4%	7.481	0,7%	20.073	0,5%	<b>72.955</b>	0,4%
Barletta-Andria-Trani	22.616	0,4%	22.139	0,4%	7.174	0,6%	20.247	0,5%	<b>72.176</b>	0,4%
Grosseto	27.033	0,4%	20.458	0,4%	5.513	0,5%	18.978	0,5%	<b>71.982</b>	0,4%
Prato	26.777	0,4%	23.978	0,5%	2.893	0,3%	16.736	0,4%	<b>70.384</b>	0,4%
Biella	32.835	0,5%	17.944	0,4%	2.707	0,2%	16.590	0,4%	<b>70.076</b>	0,4%
Belluno	29.590	0,5%	20.238	0,4%	2.759	0,2%	17.321	0,4%	<b>69.908</b>	0,4%
Imperia	23.897	0,4%	24.148	0,5%	3.791	0,3%	17.844	0,4%	<b>69.680</b>	0,4%
Ragusa	19.640	0,3%	21.469	0,4%	5.656	0,5%	19.935	0,5%	<b>66.700</b>	0,4%
Campobasso	21.178	0,4%	19.992	0,4%	6.598	0,6%	18.141	0,4%	<b>65.909</b>	0,4%
Ascoli Piceno	23.333	0,4%	19.177	0,4%	6.258	0,6%	16.824	0,4%	<b>65.592</b>	0,4%
Lodi	28.530	0,5%	17.675	0,3%	2.033	0,2%	16.304	0,4%	<b>64.542</b>	0,4%
Vercelli	28.100	0,5%	16.931	0,3%	2.946	0,3%	16.226	0,4%	<b>64.203</b>	0,4%
Nuoro	18.492	0,3%	19.142	0,4%	9.001	0,8%	16.561	0,4%	<b>63.196</b>	0,4%
Massa Carrara	20.088	0,3%	18.587	0,4%	4.529	0,4%	17.217	0,4%	<b>60.421</b>	0,4%
Sondrio	23.844	0,4%	15.478	0,3%	3.613	0,3%	14.619	0,3%	<b>57.554</b>	0,3%
Fermo	20.138	0,3%	17.704	0,3%	4.745	0,4%	13.824	0,3%	<b>56.411</b>	0,3%
Caltanissetta	14.946	0,2%	15.122	0,3%	5.257	0,5%	17.983	0,4%	<b>53.308</b>	0,3%
Verbano Cusio Ossola	20.750	0,3%	16.336	0,3%	1.953	0,2%	13.531	0,3%	<b>52.570</b>	0,3%
Matera	16.261	0,3%	16.408	0,3%	3.306	0,3%	14.339	0,3%	<b>50.314</b>	0,3%
Gorizia	19.885	0,3%	13.318	0,3%	2.503	0,2%	12.145	0,3%	<b>47.851</b>	0,3%
Rieti	45.240	0,7%	13.960	0,3%	4.107	0,4%	12.563	0,3%	<b>46.870</b>	0,3%
Oristano	14.600	0,2%	13.098	0,3%	6.491	0,6%	12.354	0,3%	<b>46.543</b>	0,3%
Vibo Valentia	10.216	0,2%	14.707	0,3%	5.449	0,5%	10.966	0,3%	<b>41.338</b>	0,3%
Aosta	15.661	0,3%	11.561	0,2%	3.144	0,3%	9.466	0,2%	<b>39.832</b>	0,2%
Enna	9.558	0,2%	11.543	0,2%	3.402	0,3%	11.872	0,3%	<b>36.375</b>	0,2%
Crotone	8.111	0,1%	11.898	0,2%	4.746	0,4%	10.611	0,3%	<b>35.366</b>	0,2%
Isernia	7.466	0,1%	9.154	0,2%	3.002	0,3%	7.278	0,2%	<b>26.900</b>	0,2%

Provinces (2); Seniority; Old-age; Disability; Survivors'; (1) Including the Funds for Public Employees and ex ENPALS (2) Excluding residents abroad and items that cannot be broken down;

Source: INPS Pension Archive



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

In line with the previous editions of the Report, this section finalizes the analysis of the pension system including the benefits provided by the following entities that do not report, on a monthly basis, their data to the Central Register of Active Social Security Positions (hereinafter General Register)<sup>69</sup>: 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) and *F.A.M.A. (Air and Maritime Fund)*, a scheme based in Genoa for maritime agents.

**Table 6.10 - The other pension system**

Ente/Organo Costituzionale	Numero di pensionati	Costo delle pensioni	Pensione media (in euro)
Regione Sicilia: personale	17.741	452.969.993	25.532.382
Camera dei Deputati: personale in quiescenza: di cui reversibilità e grazia 25.320.000	4.700	274.530.000	58.410.638
Camera dei Deputati: vitalizi diretti (1)		78.000.000	
Camera dei Deputati: vitalizi di reversibilità		23.200.000	
Camera dei Deputati: pensioni dirette		16.200.000	
Camera dei Deputati: pensioni di reversibilità		200.000	
Camera dei Deputati: rimborsi al Senato per quota parte di vitalizi e fondo delibera n. 210/2017 (2,5 milioni)	1.540	18.500.000	
Senato: personale	2.500	148.600.000	59.440.000
Senato: vitalizi diretti	851	71.700.000	
Senato: vitalizi di reversibilità	444		
Presidenza della Repubblica: personale	1.783	95.586.500	53.609.927
Corte Costituzionale: vitalizi diretti giudici	24	4.385.463	
Corte Costituzionale: vitalizi di reversibilità giudici	11		
Corte Costituzionale: pensioni dirette personale	147	7.908.664	
Corte Costituzionale: pensioni di reversibilità personale	88		
<b>Totale</b>	<b>29.829</b>	<b>1.191.780.620</b>	

Entity/Constitutional body, Sicily region: personnel, Chamber of Deputies: retired personnel, survivors, direct annuities, survivors' benefits, direct pensions, refunds to the Senate for part of the annuities and fund, decision n. 210/2017; Senate: personnel, direct annuities, survivors' annuities; Presidency of the Republic: personnel, direct annuities to judges, survivors' annuities to judges, direct pension benefits, survivors' pensions; Total (1) Chamber of Deputies: total expenditure 136.1 million euros; estimated (green) number of direct beneficiaries equal to about 1,020 (average amount about 70,000 euros) and survivors to about 520 (average amount about 37,000 euros); Source: 2018 accounts of the Chamber of deputies: data processed by Itinerari Previdenziali. The data in blue refer to 2016. The cost of pensions refers to the gross pension expenditure incurred by these Entities.

<sup>69</sup> 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.



On January 1, 2019, the provisions on the cut to life annuities of former deputies and senators came into force in line with the resolutions adopted by the Executive Board of the Chamber of Deputies and the Senate in July and in October 2018 respectively.

In reality, the annuities were not abolished, but only remodeled on the basis of the contribution system; however, a different contribution system with respect to the one used for pension funds, so much so that many claims have been filed against the decisions taken by the two branches of Parliament. **1,338** allowances for former Members of Parliament have been recalculated since the beginning of the year and for the most part they have been cut; instead, about 67 allowances for former Deputies who have paid contributions for 4-5 governments will not be changed (about 30 for former Senators). In the majority of cases, life annuities have been reduced by 40% to 60%, but with two lower limits: 980 euros for the MPs who served only for a few terms and 1,470 euros which may be cut by more than 50% under the new rules. The Chamber of Deputies is currently paying 1,405 annuities (**Table 6.10**). A cut to these annuities is expected to produce savings for about 40 million euros per year for this Chamber of Parliament.

On the whole, about 2,700 life annuities are provided to former Members of Parliament for a total amount of about 200 million euros. If the figure for the Chamber of Deputies is added to that of the Senate, the savings amount to about 56 million per year, or about 280 million per mandate.

In fact, the life annuities for deputies and senators who have been elected as of January 2012, have been repealed by the "*Regulation on pension benefits for Deputies*" and by the "*Regulation on pension benefits for Senators*". Both measures, introduced before the Monti-Fornero Law, raise the retirement 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 MPs who served in previous mandates, there is a transitional pro-rata system taking into account the share of the annuity accrued until 31/12/2011 and the one to be calculated with the new contribution-based system. Under the resolution of 7/07/2015 (transposing the provisions of Legislative Decree n. 235/2012 - Severino Law), the Executive Board decided to abolish the annuities for former Members of Parliament definitively convicted of particularly serious crimes; in a subsequent resolution of 22/03/2017 (similarly to Article 1, 486, of Act n. 147/2013), the Board established a solidarity contribution for benefits exceeding 70,000 euros; following the ruling of the Supreme Court, said contribution must be temporary.

These data must be complemented with the ones related to the annuities paid by the **Italian Regions**). In 2018, the **Regions** provided **3,300** life annuities (including those for survivors) for a total gross expenditure of approximately **150 million euros** per year. 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.

Under the 2019 Budget Law, the Italian Regions are obliged to cut the life annuities of their former councilors and, in case of non-compliance, the resources that they are supposed to receive by the State will be reduced by 20%, except for the funds for the National Health Service, social policies and for non-self-sufficiency and for local public transportation. On April 3, 2019, the State and the Regions signed an agreement on the adoption of the contribution-based method for recalculating the life annuities of former regional councilors, in line with the provisions applicable to former

parliamentarians. According to the data provided by the regional councils (except for Sicily), the total savings from the contribution-based calculation are expected to reach at least 22 million euros per year.

## 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 by notaries with 78,492 (totally financed by contributions), followed by journalists, company executives, members of the aviation fund (mainly Alitalia), accountants, lawyers, telephone workers and civil servants.

**Table 6.11 - Average pension amounts by category of workers**

CATEGORIES OF WORKERS	Average pension 2017 (1)	Average pension 2018 (1)	Average income 2017 (2)	Average income 2018 (2)	AP/AI 2017 %	AP/AI 2018 %
NOTARIES	78.209	78.492	151.971	150.993	51,46	<b>51,98</b>
DIRIG AZIENDE EX INPDAI	50.827	51.640	161.702	163.745	31,43	<b>31,54</b>
JOURNALISTS	51.692	50.773	66.684	67.938	77,52	<b>74,73</b>
AVIATION FUND	45.237	45.536	19.819	35.237	228,25	<b>129,23</b>
CHARTERED ACCOUNTANTS	35.549	35.376	61.213	61.245	58,07	<b>57,76</b>
LAWYERS	27.155	26.627	38.437	35.133	70,65	<b>75,79</b>
TELEPHONY	26.363	26.556	37.742	39.664	69,85	<b>66,95</b>
CIVIL SERVANTS	25.439	25.643	35.561	36.670	71,54	<b>69,93</b>
ACCOUNTANTS	24.656	24.436	53.015	59.723	46,51	<b>40,92</b>
EX FERROVIE dello STATO	22.397	22.883	42.856	43.532	52,26	<b>52,57</b>
TRANSPORTATION	21.602	21.878	32.544	33.201	66,38	<b>65,90</b>
EMPLOYEES WITH LOCAL AUTHORITIES	19.923	20.279	30.672	31.486	64,96	<b>64,41</b>
ENGINEERS, ARCHITECTS	19.007	19.028	23.981	25.041	79,26	<b>75,99</b>
EX POST (IPOST)	18.201	18.438	28.530	30.557	63,80	<b>60,34</b>
SHOW-BUSINESS WORKERS	16.376	16.739	24.054	28.486	68,08	<b>58,76</b>
PRIVATE-SECTOR EMPLOYEES (FPLD)	13.353	13.723	23.613	24.117	56,55	<b>56,90</b>
SURVEYORS	13.564	13.571	26.082	26.713	52,01	<b>50,80</b>
ARTISANS	11.820	12.078	21.768	21.508	54,30	<b>56,16</b>
LABOUR CONSULTANTS	11.041	11.385	67.929	69.310	16,25	<b>16,43</b>
COMMERCIANTI	10.938	11.264	21.343	20.647	51,25	<b>54,56</b>
CDCM FARMERS	8.038	8.221	10.327	11.266	77,83	<b>72,97</b>
DOCTORS	7.214	7.516	38.618	43.691	18,68	<b>17,20</b>
VETERINARY DOCTORS	5.837	6.394	17.554	17.888	33,25	<b>35,74</b>
PHARMACISTS	6.027	6.116	29.679	29.922	20,31	<b>20,44</b>

*NOTE: excluding the average pensions of professionals*

*NOTE (Table 6.11):* the average pensions of the professionals enrolled in the funds under Legislative Decree n.103/96 are not reported because these schemes are too young and therefore the figures are not very significant. (1) Average pension before GIAS transfers. (2) The payroll figures could be slightly underestimated for two reasons: the lower contributions applicable to certain categories of workers; the provisions related to the contribution calculation method which sets a maximum income ceiling beyond which no contributions are due; in 2019, this ceiling was equal to 102,543 euros. In any case, the difference between the actual and estimated remuneration levels should be minimal since, according to the data on the 2017 personal income tax returns processed in the latest Observatory of the Study and Research Centre of Itinerari Previdenziali on Social Security Routes, there are only about 320,000 workers, out of a total of more than 23 million, who report an income of more than 100,000 euros per year before taxes; of these, about half have a "pure contribution-based system", with the ceiling just mentioned.

### Box 2 - Pensions not yet harmonized

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 integration of INPDAD into INPS, 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 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 characterize 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 *defense, 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.

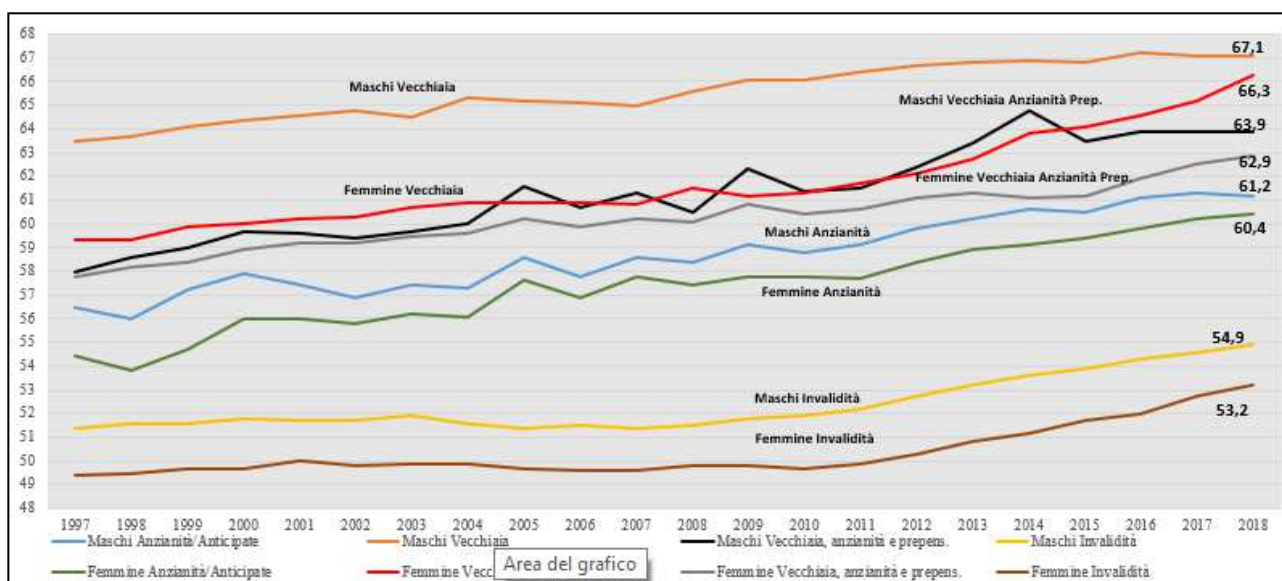
As regards other relevant public employment sectors, it is important to mention the particular benefits for members of Constitutional Bodies and their staff, as well as for administrators and employees of some autonomous regions, in particular of Sicily.

### 6.3 Average effective retirement age

One of the major problems for the Italian pension system is the very high number of exceptions envisaged by the law to the statutory retirement age requirements for certain categories of workers; baby pensions (1969) and early retirement even 10 years in advance with respect to these requirements are the most infamous examples and the evidence is the duration of pensions illustrated in the following section. The latest provisions come from the 2018 and 2019 Budget Laws. Starting from 1992 with the Amato reform, one of the levers used 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 or early retirement benefits. The historical trends from 1997 to 2018 illustrate the *effective* retirement date of the new pensions paid every year by pension category and gender in the following **Table 6.12** and in **Figures 6.1** and **6.2**.

In 1997, the statutory **old-age pension** age requirement was 63 for men and 58 for women, with at least 18 years of seniority; however, the average effective retirement age was 63.5 years for men and 59.3 years for women<sup>70</sup>.

**Figure 6.1 – Mean age at retirement for newly paid INPS (\*) direct pensions by gender and category in 1997-2018**



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 2018, the statutory retirement age, with a seniority of 20 years, rose to 66 and 7 months for women at the same level as men with no distinction in terms of gender, private-sector and public-sector employment and self-employment. In 2018, **the average effective date for the old-age pension** did not change for men with respect to 2017, that is **67.1 years**, while for women it rose by 1 year with respect to 2017, that is from 65.2 to **66.3 years**; it went up to **66.9** years on average and by gender. In 2019, the statutory retirement age for the old-age pension was further increased to 67 years with at least 20 years of contribution.

<sup>70</sup> The age expressed in a decimal form is related to years and tenths of years. For example: 56.5 corresponds to 56 years and 6 months.

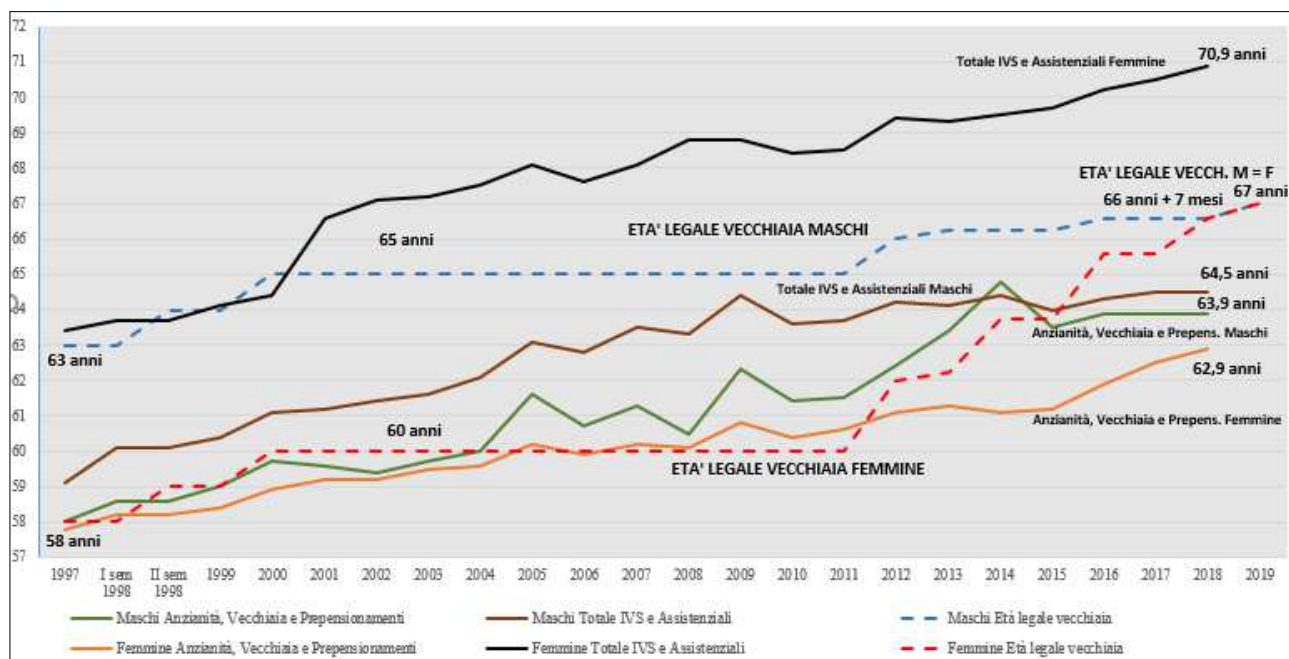
In 1997, a **seniority pension** could be obtained with 35 years of contributions and at least 52 years of age or 36 years of contributions at any age, with a mean age of 56.5 years for men and 54.4 years for women. In 2018, with the new seniority requirements for **early retirement of** (42 years and 10 months for men and of 41 years and 10 months for women, the mean age at retirement rose to 61.2 years for men and to 60.4 years for women, with an average of **61 years**.

Considering the total of the three categories: *seniority*, *old age* and *early retirement*, it is possible to see that in 2018, the average effective retirement age was **63.7 years**. In calculating this average, the *age of men equal to 63.9 years* has more weight with respect to that of *women equal to 62.9*; this apparently low average retirement age for women is the result of a gradual increase in retirement age requirements that picked up momentum in 2014, resulting in a sharp drop in the number of old-age pensions for women and the use of the seniority pension rules as an exit window (the statutory retirement age for women rose from 65 years and 7 months in 2017 to 66 years and 7 months in 2018, then in 2019 it rose to 67 for both genders).

So, having the double exit channel of old age and early retirement, especially men, who have longer seniority and continuous careers, can take advantage of this second opportunity, while women, who generally have shorter seniority and only eligible for old-age pensions, are forced to work longer while waiting to fulfill the statutory age requirements. In 2018, 74.5% of all new old-age and early retirement benefits are provided to men and only 25.5% to women; in 1997, the gender ratio vs. the total of the same pension categories was 69.1% for men and 30.9% for women. If, in addition to the *average effective retirement age for old age or seniority/early retirement benefits*, the average effective retirement age for disability benefits is taken into consideration, i.e. the average effective retirement age for all direct pension benefits, the effective retirement age in 2018 was **62.6 years for men and 61.0 years for women**, with an average of 62.2 years for both genders (in 2017 it was 62.5 years for men and 60.8 years for women, with a total mean of 62.0 years).

Finally, when analyzing the weighted average of the effective retirement age at the start of *all pension categories*, including survivors' pensions and welfare benefits, the average retirement age in 2018 was **67.8 years; 64.5 years for men and 70.9 years for women**, who receive more survivors' benefits.

**Figure 6.2 - Mean age at retirement and statutory age for newly paid INPS(\*) old-age pensions by gender and category in 1997-2018**



Total IVS – welfare benefits for women, statutory retirement age for old-age pensions, seniority, old-age and early retirement benefits, statutory retirement age for old-age pensions for men and for women

Source: INPS – Pension Observatory (\*)excluding ex Inpdap and ex Enpals funds

### ***The comparison with the European Union***

The latest 2017 OECD data estimate the *average effective retirement age* (for old age, seniority and disability pensions) in Europe and show that in many EU countries the effective average age is higher than in Italy.

Portugal has a single statutory retirement age of 66.3 years, which is the highest in the EU with 69.6 years for men, who remain active for another 3.3 years beyond the statutory age, and 65.6 years for women. Portugal is followed by Sweden with a single statutory age of 65, but with a higher effective retirement age: 66.0 for men and 65.1 for women; Ireland (statutory age is 66) with an effective retirement ages of 66.0 for men and 64.2 for women and Estonia which, despite a statutory age of 63, has an effective retirement age of 65.8 for men and 65.2 for women.

On the contrary, in the case of Italy, the OECD still considers the differentiated statutory age of 2017 of 66.6 years for men and 65.6 years for women and shows that, with a rapidly ageing population and the highest public debt/GDP ratio in Europe, Italy has an average effective retirement age well below the statutory age by more than 4 years for the private and public sector: 62.4 years for men and 61.0 years for women. France (single statutory age of 62) has a better demographic situation than Italy and its effective retirement age is 60.5 years for men and 60.6 years for women. Germany (single statutory age of 65) has an ageing population, but half the debt/GDP ratio of Italy; so, it can ensure the long-term sustainability of its social security system; according to the OECD, its effective retirement age is 63.6 years for men and 63.4 years for women.



**Table 6.12 - Historical series 1997 - 2018. Mean age at retirement for newly paid INPS (\*) pensions by retirement date, category and gender**

Anno di decorrenza della pensione	Sesso	Anzianita'			Vecchiaia			Prepensionamenti			Totale Anzianità, Vecchiaia e Prepensionamenti			Invalidità			Superstite			Pensioni/Assegni sociali			Invalidi civili			TOTALE		
		Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media	Numero pensioni	Importo medio mensile	Età media
1997	Maschi	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	445,38	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	Maschi	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	103.543	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	Maschi	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	599,63	51,1	195.202	390,22	69,4	42.536	227,59	66,3				590.188	613,92	62,6
2000	Maschi	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	Maschi	147.992	1.226,22	57,4	67.735	516,62	64,6	2.268	1.479,75	52,6	217.995	1008,37	59,6	33.168	667,06	51,7	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	548,96	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	826,65	59,5	46.811	615,53	51,2	191.166	421,25	69,7	44.253	238,97	66,9	283.413	356,87	68,3	925.947	611,14	64,2
2002	Maschi	163.651	1.269,01	56,9	77.538	534,93	64,8	1.972	1.719,78	52,4	243.161	1038,58	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	526,62	49,6	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	1.208,22	56,7	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	Maschi	213.972	1.905,64	57,4	105.867	502,40	64,5	3.006	1.114,42	54,3	322.845	1609,95	59,7	38.505	861,98	51,9	37.272	323,13	72,9	16.843	288,55	67,0	159.629	361,90	64,5	575.094	1091,35	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	1268,53	59,7	54.074	766,96	51,2	221.928	562,01	69,5	38.956	269,12	66,8	425,895	370,30	69,2	1.234.737	778,22	64,3
2004	Maschi	173.515	1.438,13	57,3	90.955	580,86	65,3	612	1.348,81	53,4	265.082	1143,78	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	505.859	794,08	62,1
	Femmine	47.541	1.082,35	56,1	125.600	459,70	60,9	252	893,76	51,9	173.393	642,68	59,6	14.635	530,25	49,6	157.359	512,75	69,8	20.375	268,20	66,6	258.905	384,09	72,5	624.667	487,92	67,6
	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	629,91	65,1
2005	Maschi	131.969	1.397,12	58,6	112.275	553,71	65,2	525	1.863,60	53,2	244.769	1011,25	61,6	40.642	692,50	51,4	38.391	333,46	73,1	17.399	315,41	66,7	171.883	376,90	69,5	513.084	699,58	61,2
	Femmine	32.913	994,16	57,8	132.973	480,00	60,9	285	1.537,56	52,4	166.171	584,13	60,2	17.517	531,37	49,7	172.807	518,58	70,1	22.986	278,72	66,6	287,197	393,52	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	53,0	410.940	838,54	61,0	58.159	641,46	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	Maschi	164.518	1.493,80	57,8	109.275	511,31	65,1	435	1.955,33	53,2	274.228	1103,03	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	57,8	144.106	497,40	60,9	183	1.558,44	52,6	193.704	659,57	59,9	16.476	530,76	49,6	158.237	534,37	70,4	20.170	287,41	66,7	279,632	395,19	72,5	668.367	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	399,06	70,0	1.205.934	622,65	65,5
2007	Maschi	138.051	1.506,46	58,6	98.001	552,00	65,0	441	2.049,64	53,3	236.052	1111,81	61,3	37.907	726,55	51,4	35.535	349,99	73,5	14.121	330,41	67,0	187.768	394,32	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	52,1	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	239.601	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	313,45	66,9	486,718	399,99	70,1	1.178.623	608,42	66,1
2008	Maschi	167.764	1.667,29	58,4	69.145	560,67	65,6	406	2.196,81	53,7	237.315	1345,77	60,5	38.862	722,24	51,6	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	57,8	90.795	531,05	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	310,30	67,2	319,552	410,30	72,6	626.506	524,70	68,8
	TOTALE	213.274	1.580,76	58,2	159.940	543,82	63,3	516	2.102,94	53,5	373.730	1137,72	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	Maschi	88.638	1.766,40	59,1	76.127	645,49	66,1	52	1.793,25	53,6	166.817	1248,67	62,3	36.597	726,54	51,7	37.775	366,16	74,1	16.594	355,82	66,7	216,167	405,97	66,3	471.950	722,64	64,2
	Femmine	20.747																										

pensioners still alive today (the mean age of the different total figures derives from the weighted average of the age profiles of each pension group). This analysis is very useful both for policy makers but also for citizens who often complain because the retirement age is higher than in the past; there are essentially three reasons for this: a) pensioners live longer and life expectancy over 65 years of age is rising, so the retirement period has a longer duration; b) the baby boomers (the subjects born between 1955 and 1966 with very crowded cohorts) have already started to retire, with a relative increase in pension expenditure because these generations have long-term contribution period and good wages; c) it is necessary to balance the relationship between the length of working life and the length of retirement to avoid affecting the workers (young people in particular) whose contributions are currently used to pay pensions benefits; otherwise, the burden on general taxation or on the enormous public debt may jeopardize the balance of the social security system and the payment of pension benefits to future generations.

If the retirement age is not correlated to life expectancy, there may be risks like the 40-year-long pensions provided many years ago and still being paid today; many workers have been allowed to retire young following the provisions enacted between 1965 and 1990 which allowed married women or with children working in the public sector to retire after 14 years, 6 months and 1 day of useful service, including maternity and university degree redemptions (for example, a graduated woman with two children could work for 8 years and then retire after paying few contributions); civil servants to obtain a baby pension after 19 years, 6 months and 1 day at 35/40 often with supplementary minimum benefits; employed workers of local authorities to retire after 25 years, with only 20-25 years of contributions always including degree, maternity and military service redemptions. Early retirement measures were used as social shock absorbers and their costs were charged as "pension benefits" and not as "income-support benefits", as many EU countries do, and as is the case for other types of social shock absorbers.

Subjects were entitled to a seniority pension before the age of 50 with 30 years of contribution and until 1981, the disability and incapacity benefit requirements were very relaxed. It will take many years to reduce these anomalies, that are still weighing down on the financial and economic health of the pension system; it is therefore imperative to avoid mistakes, including the 100 Quota.

The pensions provided by the INPS pension funds and schemes is illustrated below, with the exclusion of the ex Inpdap fund, that is discussed in a separate section, and the ex Enpals fund which has no longer any data on the retirement dates. A more detailed analysis is provided for the pensions provided by the schemes for self-employed workers and of employed workers (FPLD - which also includes 4 separate schemes, the ex Inpdap, Electricity, Telephony and Transportation funds, and the substitutive fund of Ferrovie dello Stato); finally, as already mentioned, the ex Inpdap fund for civil servants is illustrated separately.

In January 2019, INPS was paying **652,687 pension benefits** with a ***duration of 37 years and more***, to men and women who retired back in ***1980 or earlier***. Last year, it paid 758,372 pension benefits with a reduction by about 14% (compared to 1.1.2018) equal to -105,000 benefits; a figure that mitigates the increase in pension expenditure in these years.

In detail, ***585,980 IVS benefits*** of the ***private sector*** are provided to employed and self-employed subjects (artisans, retailers and farmers), 471,093 to women (80.4%) and 114,767 to men (19.6%). ***Civil***



*servants* receive **66,827 pensions** with a duration of *38 years or more*, 44,734 to women (66.9%) and 22,093 to men (33.1%).

The mean ages identified by the INPS Statistical Observatories, for the individuals who have retired since 1980 and previous years, are the result of the weighting of the mean ages of generations of pensioners who are still alive, with different retirement dates (38 years and more). In the *private sector*, the average retirement age is 43.5 years, 41.7 years for men and 44.0 years for women; the retirement age for disability and survivors' benefits have a significant weight; in the *public sector*, the average age is 42.5 years, 41.1 years for men and 43.2 years for women, with a prevalence of seniority, disability and survivors' pensions still being paid. With regard to these low retirement ages, it should be pointed out that older workers who retired 38 years ago and who died are not included into the calculation of the mean age, which is therefore lower; it provides a snapshot of the average age profiles in 1980 and in earlier years of the young retirees who are still alive. Today the retirement age of workers who retired in 2018 (duration of 0 years) is higher because most of these pensioners were still alive on 1.1.2019, but also because their pension eligibility criteria became more stringent after the reforms. According to the analysis for the private sector, the mean ages by category of pensions (seniority, old age, early retirement, disability and survivors' pensions) of men who retired in 2018 are as follows: 61.3, 67.1, 62.3, 54.8 and 77.0. 1 61,3 - 67,1 - 62,3 - 54,8 - 77,0. For women who retired in 2018, the equivalent average age for each category is 60.4, 66.9, 63.0, 53.0 and 73.9. Just as a note, in 2018, the residual life expectancy at 65 years was 19.3 years for men (i.e. the average life expectancy of a 65-year old man is 84.3 years) and 22.4 years for women (average life expectancy of 87.4 years), with a slight increase compared to 2017 when the residual life expectancy for men was 19.0 years and that for women 22.2 years<sup>71</sup>.

The duration of pensions provided since 1980 or earlier and still in force today, is on average about 44 years the private sector and 44.4 years for men and 43.3 years for women in the public sector. Considering that today for a 65-year old subject, the average duration of pension benefits (current average value of direct and survivor's pensions for men and women) is *just above 19 years* (in the 2019-2020 revision, the reciprocal divider of the coefficient on conversion into annuity for 65 years is 19.064). At present, **5,926,341 IVS benefits are paid for a period of 20 years or more, accounting for 35.3% of total IVS pensions** (approximately 16.05 million). It is interesting to check in the INPS archives if as many pensions have ceased to exist over time so as to maintain the balance of the pension system; the data on ceased benefits of the pension fund for private-sector employed workers suggest that the balance between eliminated and still active pensions can be maintained with a watershed of about 19 years. Women, who live longer, take the lion's share, with 79% of all IVS benefits with a duration of 38 years and more and with 67.3% of those with a duration of over 25 years out of the total by gender; these are mainly disability, survivors' and old age pensions.

The analysis by category (see *Graph 6.3*) shows that in January 2019, in the private sector, there were still more than **236,000 pensions** due to *early retirement* even with 10 years in advance with respect to the general requirements in force over time; these benefits were used very "extensively" until 2002 (the peaks occurred between 1984 and 1992, the year with the highest number) then less extensively

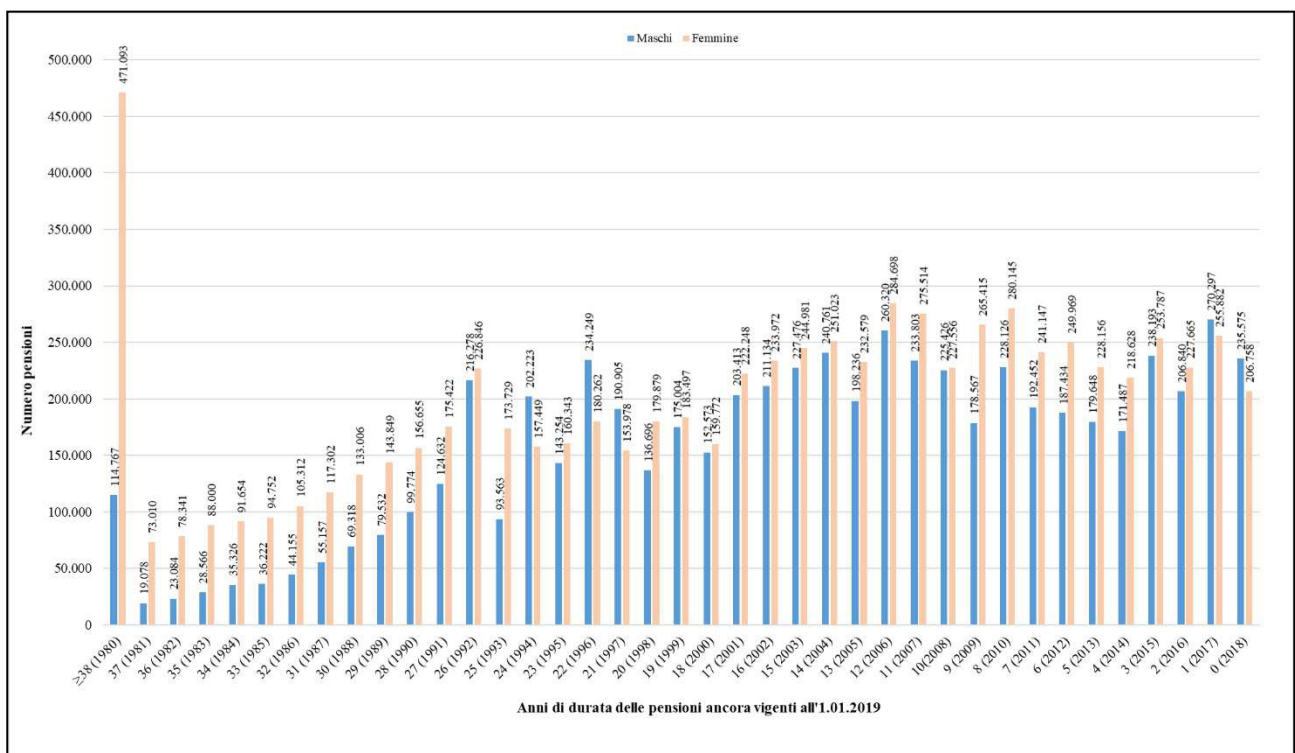
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<sup>71</sup> Here the average age is expressed in a decimal form is related to years and tenths of years. For example: 84.3 years expressed in tenths of year is 84 years, 3 months and 27 days, expressed in years, months and days.

down to few hundreds per year until 2008; their number picked up again up to 1,500 per year (except for 2012 with 2,847 early retirements).

The costs for early retirement have been charged as "pension" charges and not as "income-support" charges, as is the case for other types of social shock absorbers and in line with the practices adopted by many EU countries. Even the current INPS disability pensions (that also include the subcategories of disability allowance, invalidity pension and incapacity pension) have quite long durations (280,581 pensions with durations of 38 years and more, or 30.7% of the total). 4,317,576 pensions are paid to "survivors" (including the subcategories "survivors of insured workers" and "survivors of pensioners" for INPS and for ex INPDAP), of which 230,225 with a duration of 38 or more years (5.3% of the total) and 775,538 with a duration of more than 25 years (18.05% of the survivors).

**Figure 6.3 - Number of pensions as of 1.01.2019 by retirement age  
INPS, PRIVATE SECTOR**



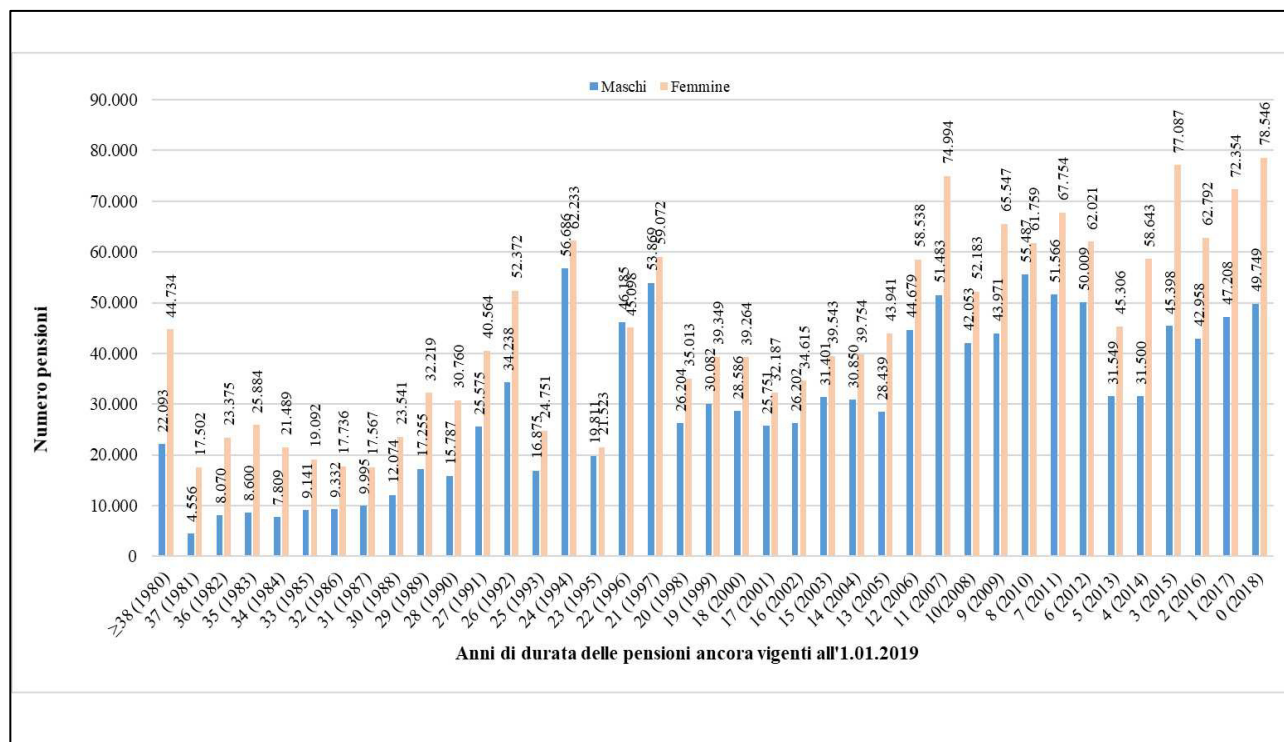
*Women; Men; N. of pensions; Duration of outstanding pensions on 01.01.2019 in years*

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992													
A	12.707	11.074	4.957	2.386	7.246	3.417	9.546	3.928	10.189	3.337	11.770	3.185	15.391	3.465	19.082	3.666	25.642	4.448	34.170	6.198	47.201	7.762	68.225	10.681	135.433	52.607
V	5.077	65.682	2.752	24.426	3.794	29.684	5.410	36.207	7.109	42.047	9.350	52.295	12.323	60.037	16.019	69.588	22.287	80.790	27.323	89.835	37.369	101.406	42.723	107.914	46.270	116.320
P	105	114	1.297	3.078	2.079	2.863	3.133	3.662	9.168	4.323	9.725	5.112	10.366	5.480	13.438	5.705	14.590	6.582	10.910	5.561	7.468	2.000	4.473	894	25.504	5.586
I	84.504	196.077	8.303	18.929	8.138	16.949	8.373	16.377	6.508	12.492	2.843	2.352	3.250	2.699	3.591	2.687	3.508	2.646	3.647	2.716	3.835	2.799	4.079	2.834	4.530	2.765
S	12.374	198.146	1.769	24.191	1.827	25.428	2.104	27.826	2.352	29.455	2.534	31.808	2.825	33.631	3.027	35.656	3.291	38.540	3.482	39.539	3.901	42.688	5.132	53.099	4.541	49.568
Tot	114.767	471.093	19.078	73.010	23.084	78.341	28.566	88.000	35.326	91.654	36.222	94.752	44.155	105.312	55.157	117.302	69.318	133.006	79.532	143.849	99.774	156.655	124.632	175.422	216.278	226.846
Tot. Gen.	585.860	92.088	101.425	116.566	126.980	130.974	149.467	172.459	202.324	223.381	256.429	300.054	443.124													

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005													
A	29.671	3.672	160.715	40.414	83.750	12.749	186.288	37.352	148.785	31.351	86.874	21.424	127.580	28.464	104.206	23.604	135.286	31.155	139.271	36.678	147.397	40.052	155.047	46.172	105.860	28.916
V	50.276	115.512	23.817	57.526	37.286	85.615	30.116	79.183	23.074	54.874	33.554	85.386	31.348	78.834	29.776	57.016	48.786	108.525	51.630	110.434	58.761	111.158	63.440	110.630	67.934	103.194
P	3.906	476	7.275	1.445	11.144	1.090	6.526	523	6.600	344	2.972	721	2.248	1.065	3.116	1.035	2.238	342	1.653	154	847	101	354	151	447	183
I	4.702	2.539	4.936	2.448	5.125	2.322	5.149	2.375	5.649	2.469	6.010	2.664	6.195	2.803	7.090	3.173	7.895	3.549	8.825	3.836	9.662	4.321	10.704	4.752	11.567	5.136
S	5.008	51.530	5.480	55.616	5.949	58.567	6.170	60.829	6.797	64.940	7.286	69.684	7.633	72.331	8.385	74.944	9.208	78.677	9.755	82.870	10.809	89.349	11.216	89.318	12.428	95.150
Tot	93.563	173.729	202.223	157.449	143.254	160.343	234.249	180.262	190.905	153.978	136.696	179.879	175.004	183.497	152.573	159.772	203.413	222.248	211.134	233.972	227.476	244.981	240.761	251.023	198.236	232.579
Tot. Gen.	267.292	359.672	303.597	414.511	344.883	316.575	358.501	312.345	425.661	445.106	472.457	491.784	430.815													

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018													
A	151.710	47.793	130.141	35.776	156.686	44.013	84.792	20.377	132.510	39.456	114.080	33.043	88.529	29.614	70.475	34.110	45.230	43.440	101.588	60.857	85.085	40.379	118.475	45.360	100.505	37.906
V	81.838	132.099	74.979	130.190	38.058	67.925	60.696	123.667	61.201	115.785	42.625	77.838	58.279	82.359	64.437	51.362	77.690	26.320	83.765	32.782	64.619	25.988	89.821	38.492	80.658	20.656
P	460	148	385	83	497	120	783	247	914	338	823	350	2.545	302	1.297	286	1.053	371	1.073	267	776	150	1.255	168	1.516	80
I	12.998	5.830	13.818	6.086	14.428	6.494	14.982	6.548	14.796	6.195	14.548	5.834	15.848	6.013	19.549	7.705	21.999	9.073	22.568	9.553	26.253	12.583	27.118	13.872	23.902	12.499
S	13.314	98.828	14.480	103.379	15.757	109.004	17.314	114.576	18.705	118.371	20.376	124.082	22.233	131.681	23.890	134.693	25.515	139.424	29.199	150.328	30.107	148.565	33.628	157.990	28.994	135.617
Tot	260.320	284.698	233.803	275.514	225.426	227.556	178.567	265.415	228.126	280.145	192.452	241.147	187.434	249.969	179.648	228.156	171.487	181.628	238.193	253.787	206.840	227.665	270.297	255.882	235.575	206.758
Tot. Gen.	545.018	509.317	452.982	443.982	508.271	433.599	437.403	407.804	390.115	491.980	434.505	526.179	442.333													

## Ex INPDAP



Women; Men; N. of pensions; Duration of outstanding pensions on 01.01.2019 in years

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992													
A	6.796	16.591	1.977	5.340	4.105	12.941	5.357	16.638	5.520	15.540	6.395	13.767	6.360	12.021	6.563	11.138	7.837	15.532	11.143	22.609	9.390	19.570	16.873	27.624	23.738	37.133
V	1.391	1.247	201	504	478	1.207	454	985	359	215	528	164	710	247	1.199	355	1.939	879	2.860	1.302	3.198	1.767	4.639	2.415	5.889	3.073
I	13.090	8.007	2.033	2.526	3.301	6.075	2.584	4.598	1.623	388	1.915	477	1.895	366	1.778	465	1.809	1.107	2.633	2.053	2.598	2.395	3.292	3.050	3.730	4.065
S	816	18.889	345	9.132	186	3.152	205	3.663	307	5.346	303	4.684	367	5.102	455	5.609	489	6.023	619	6.255	601	7.028	771	7.475	881	8.101
Tot	22.093	44.734	4.556	17.502	8.070	23.375	8.600	25.884	7.809	21.489	9.141	19.092	9.332	17.736	9.995	17.567	12.074	23.541	17.255	32.219	15.787	30.760	25.575	40.564	34.238	52.372
Tot. Gen.	66.827	22.058	31.445	34.484	29.298	28.233	27.068	27.562	35.615	49.474	46.547	66.139	86.610													

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005													
A	6.592	9.108	45.321	45.157	10.536	6.418	37.293	29.463	44.366	41.523	18.399	17.869	22.156	21.765	20.221	20.463	17.161	13.204	16.928	11.965	20.226	14.261	19.232	14.207	16.697	17.968
V	5.920	3.314	6.477	4.008	5.656	4.134	5.134	3.970	5.300	4.668	3.688	3.741	4.050	3.969	4.339	4.600	4.237	4.115	4.667	6.892	5.836	8.054	6.429	8.453	6.333	8.315
I	3.467	3.655	3.870	3.705	2.539	2.054	2.527	1.348	2.812	1.840	2.554	1.539	2.221	1.468	2.152	1.573	2.451	1.646	2.591	1.859	2.907	2.041	2.725	1.882	2.617	1.502
S	896	8.674	1018	9.363	1080	8.917	1231	10.317	1391	11.041	1563	11.864	1655	12.147	1874	12.628	1902	13.222	2016	13.899	2432	15.187	2464	15.212	2792	16.156
Tot	16.875	24.751	56.686	62.233	19.811	21.523	46.185	45.098	53.869	59.072	26.204	35.013	30.082	39.349	28.586	39.264	25.751	32.187	26.202	34.615	31.401	39.543	30.850	39.754	28.439	43.941
Tot. Gen.	41.626	118.919	41.334	91.283	112.941	61.217	69.431	67.850	57.938	60.817	70.944	70.604	72.380													

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018													
A	30.923	29.521	37.172	43.972	28.496	21.845	27.508	30.214	37.584	26.242	37.362	30.181	34.789	22.205	17.725	13.166	16.143	24.366	27.588	41.427	25.841	31.802	25.518	35.924	29.011	39.547
V	7.680	10.811	7.398	11.558	6.483	9.946	9.128	13.729	9.214	12.495	5.206	13.938	5.034	14.447	3.670	6.803	5.033	8.100	6.246	7.035	5.468	2.393	9.382	6.255	12.228	16.359
I	3.193	1.641	3.774	1.926	3.559	2.132	3.448	2.438	4.563	2.816	4.198	2.406	4.943	2.619	4.428	2.221	4.114	2.367	4.443	2.326	4.472	2.483	4.435	2.522	2.891	1.547
S	2883	16.565	3139	17.538	3515	18.260	3887	19.166	4126	20.206	4800	21.229	5243	22.750	5726	23.116	6210	23.810	7121	26.299	7177	26.114	7873	27.653	5619	21.093
Tot	44.679	58.538	51.483	74.994	42.053	52.183	43.971	65.547	55.487	61.759	51.566	67.754	50.009	62.021	31.549	45.306	31.500	58.643	45.398	77.087	42.958	62.792	47.208	72.354	49.749	78.546
Tot. Gen.	103.217	126.477	94.236	109.518	117.246	119.320	112.030	76.855	90.143	122.485	105.750	119.562	128.295													

Età pensionamento				
	1980		2018	
	Maschi	Femmine	Maschi	Femmine
Settore privato				
Anzianità	52,9	49,8	61,3	60,4
Vecchiaia	55,5	55,3	67,1	66,9
Prepensionamenti	49,7	51,5	62,3	63,0
Invalidità	40,9	43,7	54,8	53,0
Supers titi	29,9	40,2	77,0	73,9
Settore pubblico				
Anzianità	46,6	44,4	62,0	62,7
Vecchiaia	50,9	44,8	66,0	66,7
Invalidità	37,8	42,4	57,2	59,7
Supers titi	32,0	42,4	71,4	73,3
Numero pensioni				
	1980		2019	
	Maschi	Femmine	Maschi	Femmine
Inps	114.767	471.093	235.575	206.758
Ex Inpdap	22.093	44.734	49.749	78.546

*Retirement age Men; Women; Private Sector, Seniority, Old age, Early retirement Invalidity  
Survivors' pensions Public Sector, n. of pensions*

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

In Italy, individuals and households spent over **98,134 billion euros** in 2018 (*Table 7.1*), *before* tax benefits, to supplement public pension, healthcare and welfare benefits. Out of the total, **45.6% (44.78 billion euros)** accounts for health care expenditure both direct (OOP) expenses and intermediated by health-care and health insurance funds (**4.9 billion**); **33.98 billion** to support "non-self-sufficient" subjects at home or in residential care; **16.2 billion** to create a complementary supplementary pension and 3.096 for individual insurance protection.

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

anni	2012	2013	2014	2015	2016	2017	2018		
Tipologia	Spesa privata						Spesa privata	in % del Pil	in % spesa pubblica
Previdenza complementare	12.052	12.414	13.000	13.500	14.256	14.873	<b>16.269</b>	0,92%	1,91%
Spesa per sanità OOP*	27.234	26.240	30.000	32.287	32.081	35.989	<b>40.065</b>	2,27%	4,69%
Spesa per assistenza LTC**	10.000	11.000	9.280	8.900	8.900	10.700	<b>33.982</b>	1,92%	3,98%
Spesa per sanità intermediata***	3.366	4.060	4.060	4.300	3.689	4.901	<b>4.902</b>	0,28%	0,57%
Spesa welfare individuale****	1.000	1.000	2.567	2.963	3.008	3.087	<b>3.096</b>	0,18%	0,36%
<b>Spesa totale</b>	<b>53.652</b>	<b>54.714</b>	<b>58.907</b>	<b>61.339</b>	<b>62.054</b>	<b>69.550</b>	<b>98.314</b>	<b>5,57%</b>	<b>11,52%</b>

\* Il dato 2018 è quello rilevato da ISTAT secondo le nuove regole di verifica puntuale delle singole voci di spesa (ove conosciute e conoscibili) che compongono il paniere delle prestazioni normalmente ricondotte alla spesa OOP pari a 35,741 miliardi, **maggiorati del 12,1% per tenere conto del sommerso**.

\*\* Dal 2015 il dato è calcolato con riguardo alla spesa per assistenza domiciliare e residenziale al netto dei valori dell'indennità di accompagnamento erogata da INPS; dal 2017, nei costi del badantato, si è tenuto conto anche della quota di TFR destinata ai "collaboratori domestici" con compiti di cura e assistenza regolarmente registrati presso INPS; dal 2018, il costo complessivo è anche al netto anche dell'intervento pubblico nel sostegno alla **spesa per ricovero in strutture residenziali** e delle **prestazioni di invalidità civile Inps**. Per il dettaglio delle modalità di calcolo introdotte a partire da questa edizione si rimanda al focus di dettaglio, che segue, sulla non autosufficienza.

\*\*\* Il dato, a partire dal 2018, non è più calcolato in funzione della percentuale di spesa sanitaria intermediata rilevata da OCSE, bensì sommando 2/3 della raccolta premi del ramo 2 danni - malattia ai costi per contributi ai fondi sanitari (quantificati forfettariamente, in assenza di dati ufficiali, aumentando la spesa effettiva dei fondi stessi del 20%; secondo un principio di economicità per cui i contributi dovrebbero essere più elevati delle spese di competenza).

\*\*\*\* La voce tiene conto solo della raccolta premi del ramo assicurativo 1 danni- infortuni.

Fonte: Elaborazione Itinerari Previdenziali su dati COVIP (Previdenza Complementare), ISTAT (Spesa sanitaria OOP), Ministero della Salute e ANIA (Spesa per sanità intermediata), INPS (Spesa per assistenza LTC), ANIA (Spesa per welfare individuale).

Years, type, complementary pension benefits, Total expenditure, OOP health expenditure\*, LTC expenditure\*\*, intermediated health expenditure\*\*\*, individual welfare expenditure \*\*\*\*

\*The 2018 data come from ISTAT that processes them according to the new rules for the precise verification of individual items of expenditure (if known and possible to identify) that make up the basket of benefits normally related to OOP expenditure equal to 37.741 billion euros, + 12.1 of undeclared items; \*\* 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. In 2018, the overall cost is calculated net of public contributions to finance residential home expenditure and the INPS benefits for disabled civilians. For further information, see the following detailed insight into non-sufficient subjects; \*\*\*As of 2019, these data are no longer calculated on the basis of the share of intermediated health-care expenditure identified by the OECD, but by adding 2/3 of the revenues of the health-care insurance line of business to the costs for the contributions to health-care funds (quantified in a flat-rate basis, in the absence of official data, by increasing by 20% their actual expenses; according to a cost-effective principle, on the basis of which contributions should be higher than accrued expenditure); \*\*\*\* 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.

As can be seen, some of the private expenditure figures are significantly higher and apparently not in line with those of previous years. The reason for this is not a sudden increase in expenditure in 2018, but rather a new survey method used from this edition of the Report to estimate non-self-sufficiency expenditure; in previous years, our OOP expenditure data (the result of our evaluation model) were much higher than those reported by ISTAT; now the two data are very similar. We decided to change modify the data collection method for non-self-sufficiency expenditure in order to possibly obtain the most objective and realistic estimate of this item; instead, for the other two items of private expenditure, OOP and intermediated expenses, we proceeded as follows:

- 1) The method to identify LTC expenditure is particularly articulated and has been totally innovated using new data and the results of the major caregiving associations; for further details, see the ad-hoc section and the methodological note.
- 2) The data related to OOP health expenditure (i.e. that directly borne by households, without intermediaries) generally used by research centres are those processed by ISTAT; however, a closer look into the items of total OOP expenditure (35.7 billion euros) shows that the data are underestimated; the reason is, inter alia, that they do not take into consideration the significant “undeclared” share of this expenditure, which must be included;
- 3) To obtain the value of intermediated health care expenditure (see the detailed calculation below), we decided to shift from the percentage data provided by the OECD (but not always clear in their scope) to the data from the Ministry of Health plus those from ANIA. These data are objective but lead to a partial underestimation of the total (not taking into account the health-care expenditure intermediated by the funds that are not in the Ministerial Register, for which there are no data);

Starting from 2014 (the year in which this survey started), the most significant expenditure item has been and still is the "direct" health care expenditure by individuals and households (*out of pocket health care expenditure*); this is a type of expenditure that is not intermediation by health funds or insurance companies, which, according to our estimates, amounts to **40 billion euros**. The figure reported by ISTAT (35,741 billion) and used by the majority of Research Centres, is certainly more reliable than the figure reported before 2016 (when ISTAT changed its reporting approach, that today is linked to precise expenditure items); however, it is still underestimated because, as already pointed out, it does not consider the "undeclared" shares of this expenditure, that are very significant for private expenditure. Therefore, the expenditure estimated by ISTAT has been increased by the undeclared share for the Italian economy (estimated by ISTAT to be **12.1%** for 2017, the last data available); this figure is probably still lower than the actual expenditure because the level of tax-dodging and evasion in health-care expenditure as a whole (dentistry, physiotherapy, rehabilitation, home nursing and specialist services, etc.) and it may be higher than the average national figure, even considering the high demand for these services.

However, for the sake of the analysis, it must be taken into account that part of this expenditure can be deducted under the law. *Net of public contributions and tax benefits (Table 7.2)*, in 2018, individuals and households incurred a net pension, healthcare and welfare expenditure equal to approximately **77.1 billion euros** (if subdivided for the entire Italian population, it is equal to approximately **1,277 euros per capita per year** for each resident citizen).

**OOP expenditure:** According to the tax authorities<sup>72</sup>, the total medical expenses reported by the Italian population in their personal income tax statements to obtain the tax benefits in the form of deductions and detractions amounts to 19.621 billion euros, of which 1.100 billion euros of expenses declared to be deducted and about 18.521 billion euros of expenses declared to be detracted. The total tax savings for households are estimated to be equal to 3.84 billion euros, given by the sum of: **a)** 0.33 billion euros' worth of deductions, with an estimated reduction in the taxable income of eligible subjects by a total amount of 1.1 billion euros if a marginal personal income tax rate of 30% is applied; **b)** 3.51 billion euros' worth of detractions, assuming a 19% tax rebate of total expenses, and therefore assuming that all the beneficiaries have a taxable income and that the tax is sufficiently large to be reduced by 19% of the expenses actually incurred (which is not always possible due to many subjects with no income).

**Table 7.2 - Net and gross private expenditure on complementary and supplementary welfare benefits in 2018 (millions of euros)**

anni	2018	
	Spesa Privata Lorda	Spesa Privata Netta
Tipologia		
Previdenza complementare	16.269	12.271
Spesa per sanità OOP	40.065	36.225
Spesa per assistenza LTC	33.982	22.656
Spesa per sanità intermediata	4.902	3.630
Spesa welfare individuale	3.096	2.508
<b>Spesa totale</b>	<b>98.314</b>	<b>77.290</b>
* Il dato "Spesa per assistenza LTC", come si può verificare nella descrizione di dettaglio, è già depurato delle prestazioni per assegni di accompagnamento, pensioni di invalidità civile, della compartecipazione alla spesa per RSA da parte degli Enti Pubblici e di alcune detrazioni e deduzioni dirette e indirette.		

*Years, Type, complementary benefits, OOP health expenditure, LTC expenditure, intermediated health-care expenditure, individual welfare expenditure, total expenditure; as can be seen in the detailed description, LTC expenditure does not include carers' allowances, pensions for disabled civilians, part of residential care expenditure shared with Public Entities and direct and indirect detractions and deductions.*

Therefore, net of the tax rebates related to the out-of-pocket health-care expenditure incurred by individuals and households, the net OOP expenditure can be estimated at **36.22 billion euros** in 2018 (the difference between 40 billion euros- worth of gross OOP expenditure and 3.84 billion euros- worth of tax benefits). This figure should be added to that of intermediated expenditure related to the contributions to supplementary health funds and insurance premiums, equal to **4.72 billion euros**. As mentioned above, unlike in previous years, intermediated healthcare expenditure is no longer calculated on the basis of the percentage quantified by the OECD, but rather through an analytical approach, by adding **2/3** of the premiums collected in the non-life/health insurance line of business to the cost of contributions to the health funds in the Register of the Ministry of Health; the aim is to avoid duplications, since part of these items may be related to the contributions paid to health funds that are reinsured in whole or in part by insurance companies.

<sup>72</sup> These data refer to the 2018 Tax Statements for the 2017 tax year (analysis of March, 28, 2019).



Since the Ministerial data on the revenues of health funds are not in the public domain, we decided to provide some estimates on the basis of the assumption of a conservative flat-rate increase of the actual expenditure incurred by these funds by 20% (these data were disclosed by the Ministry)<sup>73</sup>.

Contributions to *health funds* can be deducted or detracted from the taxable income; employed workers registered with the funds can deduct **3,615.20 euros per year**, while the members of mutual aid companies can deduct a maximum of **19%** of the contribution for a maximum of **1,300 euros**. In order to calculate the total tax benefits related to health funds, it has been estimated that of the 4.9 billion euros' worth of intermediated expenditure, 3 billion are intermediated by supplementary health funds, which can be deducted by employed workers and detracted by all the other self-employed workers (self-employed and freelance professionals); the remaining part related to insurance (individual and collective policies) features a **19% tax rebate**, if any.

The cost for the tax authorities of the tax rebate granted to members of these funds can be estimated to reach about 600 million euros, considering the weighted average of the personal-income-tax rates in Italy and applying this figure to the estimated amount of contributions. Then, if all the remaining members deduct the entire 19% out of 1,300 euros, which is not possible because not all subjects have to pay taxes or have a taxable income to deduct this entire amount, the State would lose 345 million euros' worth of tax revenues for a total of **900 million euros**. *In this connection, it is necessary to point out that the figure provided the Ministry of Economy and Finance amounts to about twice as much (2 billion euros), with a tax rebate for 6.5 million taxpayers; this amount seems difficult to reconcile with the amount of the estimated contributions (3 billion), unless the total revenues of health funds are proven to be significantly higher than expected (and equal to almost 7/8 billion euros). In fact, in order to be able to deduct 2 billion euros with an estimated average personal income tax rate of 25%, expenditure should be quadrupled, reaching precisely 8 billion euros, as already indicated a figure that is (frankly and apparently far too high).*

The insurance health policies, purchased directly and not through health funds and equal to 1.9 billion euros of premiums, can be assumed to be fully reduced by 19% (which is not possible for the reasons already mentioned in the case of deductions and due to the maximum ceiling of 530 euros to be detracted as provided for under the Consolidated Law on Income Taxes); in this "extreme" case, net expenditure would fall by 0.36 billion euros, and would be equal to 1.53 billion euros for insurance policies. Adding together the **net intermediated health expenditure items** (health funds and insurance policies), the total would be **3,63 billion euros**.

**LTC expenditure** amounts to **23.3 billion euros**, but the way to estimate it has changed as described below; it should be noted that this figure has already been reduced in line with the public funds for carers' and residential care support benefits. Otherwise the gross figure would amount to over 30 billion euros.

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<sup>73</sup> We chose to quantify the contributions of individuals and households to health-care funds, through a 20% flat-rate increase of the expenditure of these funds because, these revenues should logically be higher than the accrued expenses incurred in the year when these contributions have been collected; also by definition and according to a sound and cautious management style.



In 2018, the **complementary pension system** featured a positive growth (+9.4% compared to 2017) up to **16.2 billion euros**. It is a gross figure, without the tax deductions that are designed to reduce the costs for workers.

Since the members of these funds can deduct their contributions to these entities up to a maximum of 5,164.57 euros per year and we do not have the figure related to these deductions for 2018, we have used the one for 2017 (that was lower due to lower revenues), equal to 3.998 billion euros' worth of personal-income-tax deductions); so, the actual complementary expenditure would be reduced to **12.27 billion euros**.

The premium income from insurance policies against accidents remained unchanged with respect to the previous year, in terms of **individual welfare expenditure**, equal to **3 billion euros**. If the policy covers the risk of disability in excess of 5 percent (due to any cause: illness or accident), an amount equal to 19 percent of the premium can be deducted from personal income taxes within the limit of 1291.14 euros. The data of the tax authorities do not provide precise details of the deducted amounts, but merely aggregate deductions for temporary-life insurance policies, disability and LTC policies for a total of 1.44 billion euros. Since not all accident-related policies can be deducted and, in any case, the premium paid for disability policies is often extended to the health component, if the 19% rebate is applied on the total premiums (so, without applying the upper limit of 530 euros), the effect would be to reduce individual welfare expenditure to 2.5 billion euros.

## **7.1 Supplementary health funds**

As illustrated in **Table 7.2**, total private **health-care expenditure** amounts to about 44.78 euros, of which only 10.5% is intermediated through health funds, insurance companies and others.

As to the performance of the Italian supplementary health funds registered with the Ministry of Health, it is important to recall that they are not obliged to join the Register, but this is a necessary condition for their members or the employees of their members (if employers) to deduct their contributions up to a maximum amount of 3,615 euros per year.

According to the latest published data of 2017, the number of registered health funds (**Table 7.3**) was 331 and it was estimated to be 320 in 2018 while waiting for the data of the funds that by 31 July 2019 have sent their registration documentation to the Ministry.

The legal status of most health funds is that of non-recognized associations pursuant to Article 36 of the Italian Civil Code, followed by the status of mutual aid companies pursuant to Act n. 3818/1886. The rest of the funds are recognized associations under Article 12 of the Civil Code (n. 6) and foundations.

According to the provisional data of the Ministry of Health, the amount of resources increased in 2017 to about **2.4 billion euros**, 780 million euros, of which for LTC and dental services under the so-called "Turco" and "Sacconi" Ministerial Decrees, an increase in line with that of previous years. In 2018, with the launch of some important health funds, the resources are expected to reach 2.52 billion euros, of which 890 million euros' worth of tied resources.

As to their membership, since we have no public data from the Ministry, we have conservatively estimated that their number remained the same as the previous year, even though a credible estimate is over **13.5 million members**.

**Table 7.3 - Number of funds in the Register for Health Funds, membership and general amounts**

Fondi attestati	Tipo A	Tipo B	Totale iscritti	di cui dipendenti	di cui familiari	Ammontare generale	Ammontare parziale (20%) *	Ammontare parziale/ ammontare generale
255	47	208	3.312.474	1.647.071	1.250.499	1.614.346.536	491.930.591	30,47%
265	43	222	5.146.633	3.209.587	1.475.622	1.740.979.656	536.486.403	30,82%
276	3	273	5.831.943	3.724.694	1.601.080	1.913.519.375	603.220.611	31,52%
290	4	286	6.914.401	4.734.798	1.639.689	2.111.781.242	690.892.884	32,72%
300	7	293	7.493.824	5.141.223	1.787.402	2.159.885.997	682.448.936	31,60%
305	8	297	9.154.492	6.423.462	2.195.137	2.243.458.570	694.099.200	30,94%
322	9	313	10.616.847	6.680.504	2.160.917	2.329.791.397	753.775.116	32,35%
311	9	302	12.900.000			2.400.000.000	780.000.000	32,50%
320	9	311	13.500.000			2.520.000.000	819.000.000	32,50%

Registered funds, Type A, B, total membership, employed workers, family members, general amount, partial amount, partial/general amount 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 year indicated in the table is the tax year, the actual year to which data are referred to, that are generally extracted a year later following the tax statements of the funds (for example, 2016 is the year examined by the Ministry of Health by the end of 2017); the green figures are estimates still to be confirmed by the Ministry of Health

The figure, even if confirmed, shows that there is still a lot to do to reach out to new members and beneficiaries. In this sense, employment contracts can encourage employed workers and their family members to join the funds. The subjects without collective bargaining contracts should be aware of the importance of individual welfare benefits and hence choose qualified spending intermediaries. A great help may also come from the non-discrimination between employed and non-employed workers in terms of tax incentives. In fact, in order to deduct these expenses from taxes, the latter can only join the A health funds (certified) and are entitled to refunding only for services that are not provided by the National Health Service. But the data suggest that the Italian population does not seem to be too interested also because it is difficult to understand the essential levels of public services provided by a health system that is different from one region to the other.

**Table 7.4 - Members of health funds**

Anno	Lavoratori dipendenti	Lavoratori non dipendenti	Familiari lavoratori dipendenti	Familiari lavorat. non dipendenti	Pensionati	Familiari pensionati	Totale lavoratori	Totale familiari dei lavoratori	Totale pensionati	Totale iscritti
	a	b	c	d	e	f	g=a+b	h=c+d	i=e+f	j=g+h+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
2018										13.500.000

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 data in green are provisional.

Supplementary healthcare continues to live in a regulatory vacuum, with possible pitfalls for the entire sector, considering also the various forms of healthcare often created only to obtain tax incentives that cannot be obtained through directly acquired insurance policies. Hence the spread of ad hoc “rubber stamp” or “smoke screen” health funds " to place a legal entity (the fund) between the user and the insurance company for the sake of tax rebates; savings that could not be obtained through a direct individual or collective insurance policy. At the same time, the absence of transparency rules and the asset management can raise critical issues in the relationship with beneficiaries and the possible failure of one or more supplementary health funds, with a "reputational" blow to the entire sector. Despite the various measures adopted in 2018 and 2019 (see *ex multis* M.D. Labour: 19/1/2018 and 4/7/2019), the so-called "third sector" worksite has not yet been completed; the aim of this project is to change the approach to the governance, transparency and democracy of the entities listed in the first book of the Civil Code that also operate in the supplementary healthcare sector (excluding trade union funds). Consequently, this regulatory vacuum is also connected to a substantial lack of timely supervision of these players, which must be reversed in order to avoid negative consequences and to ensure the correct and orderly functioning of these organizations. Finally, as reiterated also in previous editions of this Report, the sound development of the supplementary healthcare sector can also help the public health system, through coordinated actions and agreements between the NHS and these funds, thus optimizing the work of professionals and the use of the tools as contractual providers of the funds themselves for the provision of their services. In some cases, supplementary health services can be paid directly from the funds to the agreed health networks; this help not only to shed light on the “undeclared” treatment costs, but also to curb these costs since, in logic of scale and by definition these funds are more competent and incisive in managing the economic relations with professionals and facilities.

### 7.1.1 Non-self-sufficiency and LTC

In Italy, there are no reliable data on the actual expenditure of private individuals for non-self-sufficiency. This is due to two concomitant factors: **a)** first it is difficult to establish the number of non-self-sufficient subjects (there is not clear distinction between self-sufficiency and non-self-sufficiency in terms of lost capacity to autonomously fulfil for one or more *activities of daily living*: washing, getting dressed, going out, shopping, cooking, etc.); **b)** the second, inherent to the expenditure for home care, due to the difficulty of identifying the undeclared family assistants or professional caregivers (carers).

Since it is important to provide an estimate, starting from this edition of the Report, we have decided to modify the method to quantify the costs for home and residential care<sup>74</sup>. According to the past calculation method, the average estimated cost per caregiver was multiplied by the number of domestic workers registered with INPS, even if it was well known that the category of domestic workers in INPS also included house helps, not really professional caregivers, but also that the undeclared part of the system was not negligible. So, the inclusion of domestic helpers in the calculation was balanced by the high number of carers not registered with INPS. From this edition onwards, we have decided to refine this calculation, relying on the different existing sources and trying to reconcile the different available information according to a logical approach that we are going to describe.

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<sup>74</sup> The cost for this item means the difference between home and residential care expenditure and the expense items paid by the State and by local authorities as well as the tax rebates for non-self-sufficient subjects and their family members.

The first consideration is about the number of non-self-sufficient subjects over 65 years of age in Italy; in 2015, their number was estimated to be about 2.5 million and the number of those hosted in residential facilities was about 288,000<sup>75</sup>. Given the increase in the number of these subjects compared to 2015, it is possible to estimate an average cost of *residential care* equal to 2,000 euros per month (a total of 24,000 euros per year); multiplied by 288,000, we obtain a total of **6.912 billion euros**.

As far as *home care expenditure* is concerned, it has been estimated that, in 2018, the number of domestic workers was equal to 859,233<sup>76</sup>, with a slight decrease compared to previous years, 46.8% of whom work as carers (402,413). The number of undeclared carers is estimated to be around 700,000, given a range of between 600,000 to 800,000<sup>77</sup>. The calculations have been made considering the sources of expenditure:

- the first is related to the cost incurred by Italian households for *regularly-hired carers*. Estimating an average cost per worker of 19,000 euros<sup>78</sup> (including severance pay, contributions and holidays), plus a cost of about 10,000 euros per year for undeclared family carers who replace the regular ones on days off and holidays, the estimated "declared" home care expenditure amounts to 11.67 billion euros<sup>79</sup>;
- the second is related to the cost for *undeclared full-time carers*. Estimating an annual salary of 22,000 euros (all-inclusive, without calculating board and lodging that is usually and more conveniently offered by households), multiplied by 700,000 workers, expenditure amounts to **15.4 billion euros**.

The sum of these three estimated figures gives a total gross expenditure by individuals and households for home and residential care of **33.98 billion euros**. In order to calculate net expenditure, it is necessary to subtract from these items:

- a) carers allowances equal to 514.14 euros per month in 2018, for a total of 6,169.78 euros per year, paid to 1,080,500 non-self-sufficient elderly people<sup>80</sup> for a total amount of **6.67 billion euros**; to these must be added disability pension benefits, 50% of which are estimated to be provided to these subjects for an amount of **1.85 billion euros**;
- b) the regional voucher to supplement the monthly fee for residential care equal to about 10,000 euro per year (for about 50% of the 288,000 elderly subjects in residential care facilities, as estimated above) for an amount of **1.44 billion euros**;
- c) tax incentives, which amount to approximately **1.5 billion euros**.

The total benefits that, for various reasons, are granted to households amount to **11.464 billion euros**. So, the estimated cost incurred by Italian households is **22.517 billion euros**, excluding the costs for

<sup>75</sup> Data from the ISTAT- Statistiche Report of December 31, 2015 – *Social-welfare and social-health care support measures*.

<sup>76</sup> Source: INPS – Statistiche in breve: Domestic workers, June 2019. The data are related to 2018.

<sup>77</sup> According to the Domina survey (National Employers' Association of Domestic Workers) "*The value of domestic work*", the total number of domestic workers in Italy is about 2 million (the number of undeclared workers is estimated to be about 60%).

<sup>78</sup> The amount of 19,000 was obtained by assuming a monthly salary of 1,500 euros including termination of employment benefits).

<sup>79</sup> This figure was obtained by multiplying the number of regular carers equal to 393,478 by their annual salary including the sums paid to regular carers (a total of 29.000 euros).

<sup>80</sup> See Chapter 6; 50% of 2,161,258 of carers' allowances are provided to non-self-sufficient elderly subjects.

health care, pharmaceutical products and whatever is necessary for the elderly (e.g., diapers, wheelchairs and other equipment not always provided free of charge by local health authorities and municipalities); these costs are in any case included under OOP expenditure. Finally, the LTC and Dread Disease premium income of **109 million euros** and the f LTC non-life premium income of **28.968 million euros**<sup>81</sup> should be added to the 22.517 billion, for a total of 22.656 billion euros' worth of total non-self-sufficiency and LTC expenditure (*Table 7.5*).

**Table 7.5 - Welfare and LTC expenditure**

Non autosufficienza		
Spesa per residenzialità	Costo RSA	6.912.000.000
Spesa per assistenzialità	Costo Badanti Regolari	11.669.977.000
Spesa per assistenzialità	Costo Badanti Irregolari	15.400.000.000
<b>Totale Lordo</b>		<b>33.981.977.000</b>
Importi da sottrarre		
Indennità di accompagnamento		6.670.000.000
Pensione di invalidità		1.850.000.000
Sostegno regionale RSA		1.444.000.000
Detrazioni e deduzioni		1.500.000.000
<b>Totale interventi pubblici</b>		<b>11.464.000.000</b>
<b>Spesa effettiva per le famiglie al netto degli interventi pubblici</b>		<b>22.517.977.000</b>
LTC		
LTC e Dread Disease Ramo IV		109.000.000
LTC ramo II danni		28.968.000
<b>Totale spesa netta privata per assistenza e LTC</b>		<b>22.655.945.000</b>

*Non self-sufficiency, residential care expenditure, health-care expenditure, cost for residential care, cost of regular carers, cost for undeclared carers, Total before taxes; amounts to be subtracted, carers' allowances, disability pension Regional residential care support benefits tax incentives; total public contributions, actual expenditure for households net of public contributions; LTC, LTC and Dread Disease line of business, LTC and non-life line of business, total net private LTC and health-care expenditure.*

### 7.1.2 Individual welfare

Individual welfare expenditure takes into account only the non-life premium income, equal to **3.096 billion euros**. In reality, this figure would rise to **4 billion euros**, if this item were to include at least 33% of health insurance premiums (class 2 non-life insurance), assuming that the remaining 33% refers to premiums paid to companies through group insurance policies underwritten by supplementary health funds (calculating it twice would unjustifiably increase this figure), which have already been included in the calculation of intermediated health expenditure.

## 7.2 The complementary pension system in Italy: a comparison with OECD and non-OECD countries

In 2018, the assets and the membership of complementary pension funds grew to reach 8.740 million (9.002 at the end of June 2019), 7.95 million excluding members registered in more than one fund. Comparing the figure on 31/12/2018 with that of the previous year, it is possible to see that an important

<sup>81</sup> Source ANIA – The Italian insurance sector in 2018-2019.

contribution to the growth of occupational pension funds (+7%) is given by the contractual membership mechanism.

In 2018, a significant growth was observed also for open-ended funds (6.39%) and new-generation PIPs (5.5%), while there was a reduction in the number of pension funds (- 17 vs. the previous year, 50% of which were pre-existing funds) due to mergers and incorporations, which is a good sign for the strength of the system.

In detail, the data provided by COVIP still depict Italy as a country where the members of complementary pension schemes are generally male, domiciled in the north and with an average age over 40. These data are clearly consistent with the macro trends of the Italian labour market.

The total assets of these pension funds now amount to **167.1 billion euros** (180 billion in September 2019), an increase by 2.99% compared to the previous year. Occupational pension funds hold the second position in the ranking with higher assets allocated to benefits (50.410 billion euros and 53.398 billion euros in June 2019), while pre-existing funds exceed 59 billion euros.

**Table 7.6 - Complementary pension funds in 2016, 2017 and 2018: members and resources allocated to benefits (% changes in terms of membership and resources in 2017- 2018)**

Anni	Adesioni						Risorse (in milioni di euro)					
tipo di fondi	2016	2017	2018	var.% 2018/17	giu-19	var.% 2019/18	2016	2017	2018	var.% 2018/17	giu-19	var.% 2019/18
Fondi pensione negoziali	2.596.819	2.804.633	3.002.321	7,05%	3.121.163	3,96%	45.931	49.456	50.410	1,93%	55.417	9,93%
Fondi pensione aperti	1.258.986	1.374.238	1.462.072	6,39%	1.519.607	3,94%	17.092	19.145	19.624	2,50%	22.037	12,30%
Fondi pensione preesistenti	653.352	643.947	650.309	0,99%	651.900	0,24%	57.538	58.996	59.699	1,19%	61.900	3,69%
PIP nuovi	2.881.528	3.104.436	3.275.536	5,51%	3.360.399	2,59%	23.711	27.644	30.704	11,07%	34.002	10,74%
PIP vecchi	411.242	390.311	370.337	-5,12%	370.000	-0,09%	6.931	6.978	6.626	-5,04%	6.600	-0,39%
<b>Totale*</b>	<b>7.785.961</b>	<b>8.299.835</b>	<b>8.740.239</b>	<b>5,31%</b>	<b>9.002.768</b>	<b>3,00%</b>	<b>151.278</b>	<b>162.299</b>	<b>167.145</b>	<b>2,99%</b>	<b>180.011</b>	<b>7,70%</b>

Years, Members, resources (millions of euros, type of fund, occupational funds, open-ended funds, pre-existing funds new PIPs, old PIPs Total\*

\* The data on the outstanding positions in 2016 and in 2017 were realigned to the historical series updated by COVIP in the 2018 Report.

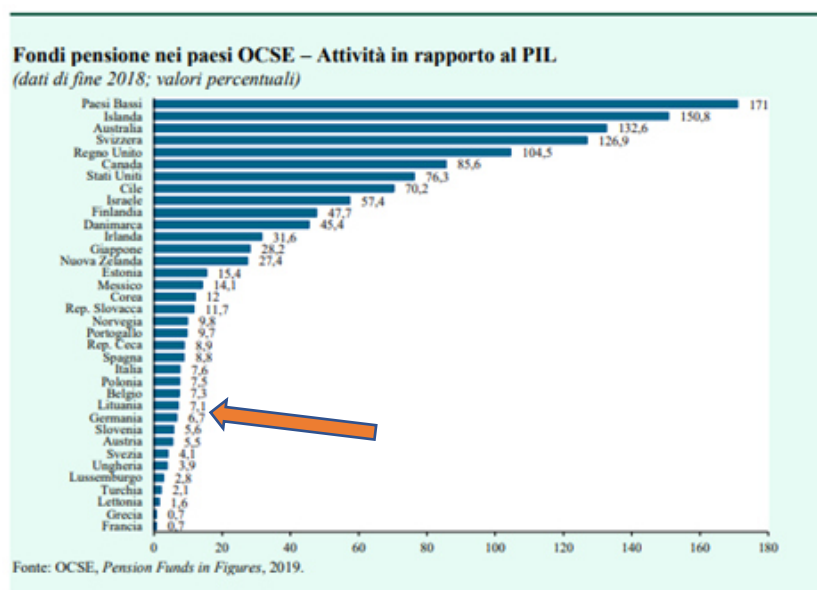
\*\* The total includes FONDINPS. The total number of members does not include duplications, that is members who are in the new and in the old PIPs at the same time; at the end of 2017, about 53,000 individuals, of whom 27,000 were employed workers.

In any case, Italy remains low in the ranking of OECD in terms of the spread of pension funds. **Figure 7.1** shows the ratio of the total assets of pension funds vs. GDP in 2018: Italy, with 7.6%, is ranks 23<sup>rd</sup> in the OECD area. Having said this, the figure would be much more positive in a level playing field, that is by excluding from the comparison: 1) countries with a compulsory supplementary pension system; 2) countries with flat public pensions or with particularly low substitution rates; 3) the historical contribution-based pension models, given that Italy introduced this calculation method only on 1/1/1996.

On a regulatory level, the IORP II Directive was transposed with Legislative Decree n.147/2018, with a significant impact for all corporate pension funds (occupational, pre-existing and open to collective membership). The effects of the transposition of this Directive are mainly felt in terms of governance and transparency, given its audit, risk management and actuarial requirements (for organizations taking biometric risks). When this report was being drafted, COVIP had not apparently published the implementing regulations provided for under the transposition Decree, which are expected to have a

significant impact on the Italian complementary pension schemes.

**Figure 7.1 - Ratio of assets of pension funds vs. GDP in OECD countries in 2018**



Source: Covip, 2018 Report

On 20 June 2019, Regulation (EU) 2019/1238 of the European Parliament and of the Council of June 20, 2019 on the pan-European individual pension product (PEPP) was published in the Official Journal of the European Union, thus adding a new entry to the other existing complementary pension provisions. This is a purely individual and standard product throughout Europe that responds to the mobility requirements of workers within the Union avoiding the transfers of their retirement savings from one country to the other. Individual states will have to ensure that PEPPs feature the same tax incentives envisaged for their domestic pension system; this may lead workers to switch from open-ended funds (individual membership) and from PIPs to this new form of pension.

### 7.3 Corporate welfare in progress

In order to provide a complete overview of the second and third pillar complementary welfare system, since 2017 we have started monitoring the so-called "corporate welfare" as provided for under the Budget Laws for the years 2016, 2017 and 2018, thanks a sudden change in the approach to this subject in 2016. This is a substantial part of the so-called third pillar welfare system, specifically targeted to employed workers and similar occupations (thus excluding self-employed and freelance workers).

The current regulation is the result of several regulatory provisions starting from 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 organization of labour). In the absence of a legal definition, we take up the definition of the Italian Association of Corporate Welfare - AIWA: *"Sums, goods, services and initiatives for workers in kind or in the form of refunds for socially relevant activities that not considered (in whole or in part) as income components to be taxed"*.

In short, the whole set of regulatory provisions designed to curb tax and contribution costs (the so-called "wedge") for the employers and their workers who decide to adopt a new approach to the work contract beyond the mere "work for money" slogan. Under these new provisions, employers provide well-being and welfare-related goods and services, especially when their employees decide to switch from the mere role of workers to the role of main actors committed to the good performance of the company and to its productivity growth and actively involved in certain business decisions. In this sense, one of the most well-known and popular corporate welfare provision is the possibility to convert the "productivity" bonus (paid with money) into goods and services with "zero" taxes and contributions for employers and workers alike. But the scope is much broader.

These are the services that can be provided under corporate welfare contracts or agreements:

- contributions to supplementary health care plans;
- meal vouchers;
- financing of individual costs for collective transport and local public transport services;
- goods and services for educational, recreational, social assistance, health care and worship purposes;
- sums for educational services;
- cost-sharing for the care of elderly and/or non-self-sufficient family members;
- employers' contributions to LTC funds or to insurance policies against serious illnesses;
- complementary pension contributions;
- flexible and fringe benefits (including fuel cards or company cars, not necessarily included in the definition of welfare).

Since there are no official data on the scope of this sector, except for the number of employment contracts that may envisage these benefits (without any information on whether these corporate welfare benefits have been provided or requested by the subjects at issue), we report below the data of AIWA (which has a representative sample of about 80% of this market).

According to data from the Ministry of Labour (see Report of July, 16 2019), there are about 8,000 collective agreements that provide for corporate welfare measures.

The AIWA sample features about 20,000 employers, with a pool of about 1.8 million workers. In terms of number of enterprises (not of workers, as this figure refers to the number of employers and not to the number of employees), the two sectors mainly involved are the industry (47%) and service (27%) sectors; followed by professional firms (2%) and agriculture (1%). The total resources allocated to corporate welfare by the sampled enterprises amount to about 750 million euros. The most popular goods and services are: 1) childcare and educational services; 2) flexible benefits and leisure-time solutions (which do not necessarily take the form of complementary welfare goods or services); 3) supplementary healthcare benefits; 4) public transport; 5) care for elderly or non-self-sufficient family members; 6) complementary pension benefits; 7) contributions and premiums for LTC and serious illnesses.



## 8. The welfare system in 2017, in 2019 and short and medium term projections

In order to help the readers of this report, here are summarized the account data analysed so far, and their references: Table 1.a illustrates pension benefit expenditure (which include supplementary minimum benefits and the GIAS transfers for civil servants) that amounts to 225.6 billion euros, plus 35.82 billion euros' worth of transfers from GIAS, i.e. welfare transfers to pension schemes finance pension benefits; the revenues reported in the financial statements of 31/12/2018 total **261.41 billion euros**. In table 6.3, the INPS-ISTAT data taken from the Central Register of Pensions show a total pension expenditure of **265.45 billion**, i.e. + 4 billion due to the different calculation period; this calculation features corrective items, which make the data equivalent; instead, total expenditure, which also includes other welfare benefits, is equal to **293.34 billion**. In this jumble of figures and considering that this burden is equal to over one third of total public expenditure, it is fundamental for policy makers and national and international bodies to know the cost of the two components in order so as to adopt appropriate social policies and spending monitoring measures; for this reason, after illustrating the main indicators of the pension system, we will proceed to a precise reclassification of pension and welfare expenditure. This Chapter will end with an analysis of the events of 2019 and with a medium-term forecast.

### 8.1 Main indicators

We start with the analysis of the main demographic and economic indicators, which is fundamental for a pay-as-you-go system, measured at the end of 2018 and their trend in the period from 1997 to 2018 contained in our database (*Table 8.1*).

**Pensioners** - In **2018**, there was a drop in the number of pensioners down to 16,004,503, - 37,349 vs. 2017 and – **60,000 vs. 2016**; this is a slight reduction compared to the drop by 115,000 between 2016 and 2015 and by 195,000 in 2014; it has been diminishing for the 11<sup>th</sup> year in a row, with an all-time low in 1997 after the peak in 2008.

This result is certainly due to the combined effect of the elimination of the pensions paid at a young age<sup>82</sup> and which lasted for more than 35 years, and of the reforms of the last 27 years which are producing positive effects on the system.

**Active workers** - At the end of 2018 there were 23,215,000 active workers: 17,896,000 employed workers and 5,319,000 self-employed workers, with an increase by 192,041 (+ 0.8%) over 2017; considering also the increase by 293,085 in the number of these workers between 2015 and 2016, this is the best result ever in Italy, even better than the 2008 record with 23.090 million subjects employed. The **total employment rate** was **58.5%** with an increase by 0.3% compared to the previous year (slightly lower than 58.7% in 2008, but calculated on a population of half a million fewer inhabitants); the **female employment rate** was **49.6%**, the best ever and so was the employment rate for subjects over 50 years (the result of pension reforms) with an all-time high of **60.5%**. The number of subsidized hours for redundant workers (CIG) also dropped in 2018 to 216,009,467 (-38% compared to 2017).

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<sup>82</sup> See the “*Observatory on public expenditure and revenues: average duration of pensions*”; October 2018, created by the Study and Research Centre of Itinerari Previdenziali, Website [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it). On 31/12/2018, there were still about 653,000 benefits being paid after 38 years and about 3.5 million after 26 (see Chapter 6).

The only negative feature was the "total number of hours worked" for employed workers; in fact, although it improved compared to 2015 (104.5 vs. 100 in 2015), it is still lower than the pre-crisis level in 2008 and the same holds true for the annual number of hours worked that is equal to 1,291 (it should range between 1,700 and 1,750).

**Table 8.1 - 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 prestazioni (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° prestazioni per pensionato	1,335	1,330	1,318	1,320	1,349	1,386	1,395	1,398	1,404	1,410
Rapporto abitanti / prestazioni	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	13,28	13,16	12,89
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	1.668.584	16.593.890	16.393.369	16.259.491	16.179.377	16.064.508
N° delle prestazioni (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	1,373	1,360	1,354	1,370	1,388	1,417
N° prestazioni per pensionato	1,414	1,419	1,424	1,422	14,190	1,420	1,422	1,427	1,427	1,430
Rapporto abitanti / prestazioni	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	1.627.406	1.655.355	1.695.590
ANNI	2017	2018	2019							
Costo totale delle prestazioni (1)	220.842	225.593	231.000							
Totale entrate contributive (1)	199.842	204.710	209.200							
Saldo	21.000	20.883	21.800							
Rapporto spesa totale / PIL	12,72	12,78	12,99							
N° dei lavoratori occupati (2)	23.022.959	23.215.000	23.400.000							
N° dei pensionati (3)	16.041.852	16.004.503	16.150.000							
N° delle prestazioni (3)	22.994.698	22.785.711								
N° abitanti residenti in Italia (2)	60.483.973	60.359.546	60.160.000							
N° occupati per pensionato	1,435	1,4505								
N° prestazioni per pensionato	1,433	1,4237								
Rapporto abitanti / prestazioni	2,630	2,649								
Importo medio annuo pensione (3)	12.478	12.874								
Importo corretto pro-capite (3)	17.887	18.329								
PIL(4) (valori a prezzi correnti in mln)	1.736.602	1.765.421	1.777.899							

YEARS, Total cost of benefits (1) 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); 1) 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 updated to September 2019. For 2011, the population surveyed on October 9 2011 was equal to 59,433,744. While the registers reported 60,785,753 inhabitants; at the end of the year 59,394,207.

**Ratio of the number of active workers versus the number of pensioners** - These first two indicators provide at least two important clues for *a pay-as-you-go pension system* such as the Italian system: the first is that both indicators show a historical record in terms of employment with the lowest number of pensioners; the second is the *ratio of the number of active workers vs. the number of pensioners*, which is fundamental for the stability of the Italian pension system; this ratio reached **1.450**, compared to **1.435** in 2017 and 1.417 in 2016; also in this case too, this is an all-time high, very close to **1.5** that was indicated in the previous Reports as the threshold necessary to give greater stability to the system in the medium-long term.

**Number of benefits**<sup>83</sup>: the number of benefits provided is still high; in the period at issue, this figure rose to a peak in 2009 of 23,835,812 due to the considerable increase in welfare benefits (proposed by each government since 1997 and also in previous years); since then, it has decreased until 2016 also due to the reduction in the number of pensions; in 2017 there was an increase by **28,682** compared to the previous year (**22,994,698** compared to 22,966,016) thus interrupting the positive downward trend (- 129,000 in 2016 vs. 2015). In 2018, the number of benefits decreased by about 209,000, down to 22,785,711, thus returning slightly above the level of 2002 (22,650,314) but still far from the all-time low of 1975, with 16,076,304 benefits paid out. As pointed out later, the number of pension benefits is decreasing while the number of welfare benefits is increasing; this is not a very positive trend and policy-makers should respond to the need for a database to monitor the situation.

**Number of benefits for each pensioner** - In 2018, each pensioner (per capita) received **1,424 benefits** on average, slightly down from 1,433 in 2017; despite the steady decline in the number of pensioners, this figure is very high, similar to that of 2013 and even higher than in 1997 (1,335); this means that the number of pensioners decreases less than the number of benefits, that is, almost one and a half pensions; as illustrated in Chapter 6, most of these are survivors' and welfare benefits. The number of benefits would have gone down if, in the last 9 years, governments had introduced some "structural" flexibility criteria in the pension system, very stiffened by the Monti Fornero reform, instead of adopting "buffer" early retirement measures (8 safeguards, social APE financed for 18 months, strenuous jobs that do not exist in the literature and so on, with a considerable increase in costs) and "welfare" measures (14th month salary, inclusion income and so on).

**Ratio of the number of benefits versus the population** - In 2018, one benefit was paid out **2,649 inhabitants**, the best ratio since 1997 when it was 2,631 but with 56,904,379 inhabitants, - 3.5 million with respect to the current situation; this ratio is affected by the gradual reduction in the number of benefits, which is slowed down by the steady decline of the Italian population from 60,782,668 in 2013 to the current 60,359,546. In 2017, this ratio was equal to 2.630. In practice, one benefit per household, which shows how sensitive Italian citizens are to the subject of welfare pensions/benefits.

**Average pension/average income ratio** - We have so far examined a number of economic and demographic indicators which are all positive except for the number of benefits, in the sense of ensuring stability to the pension system; another important economic indicator for the social and financial sustainability of the system is the average pension/average income ratio. Tables 6.a in the Appendix show the trend of this ratio for each type of worker from 1989 to 2018 (30 years of historical series); seen from the "*social sustainability*" perspective, so in terms of *adequacy of benefits*, the system shows a clear improvement for all categories, despite all the reforms that have tried to make benefits more consistent with the contributions actually paid; for example, for private-sector employed workers, this ratio grew from 47.58% in 1989 to 67.5% today (i.e. their average pension is 67.5% with respect to their average income); for public-sector employed workers who were always entitled to high benefits with a limited correlation to contributions (they were linked to the salary of the last year of employment), this ratio remained at 66.73%. This ratio improved also for artisans, retailers and free-lance professionals: 40.1% (vs. 32%), 39.16% (vs. about 30%) and 33.68% (vs. about 31%) respectively.

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<sup>83</sup> We defined them as benefits and not as pensions because, as pointed out later, many are typical welfare measures not finance by contributions.

**Average pension amount:** - This indicator complements the analysis of the "social sustainability" (adequacy) of the system. As highlighted in Chapter 6, two ratios are used to calculate the average pension amount: the first is the ratio of total expenditure vs. the number of benefits; in 2018, it reached 12,874 euros per year (12,478 in 2017 and 12,297 in 2016), with an increase by 3.17% over 2017 (**1.47%** vs. 2016/2017 and 1.33% in 2016/2015). In 22 years (compared to 1997), it grew by 79%. The second ratio is certainly more significant and realistic as it divides total expenditure not by the number of benefits but by the number of pensioners who receive 1.424 benefits each on average, as already illustrated. Therefore, ***the actual average amount of pension income*** went up to 18,329 euros per year compared to 17,887 in 2017 and 17,580 in 2016, **5.3%** more than in previous years, equal to 1,449 euros per month for 13 months, well above the remuneration of many active workers. The last two indicators are therefore positive for pensioners.

## 8.2 General economic outlook

After highlighting the trends of the main economic and demographic indicators, here we provide a broad analysis of pension expenditure within the Italian national accounts for the years from 2012 to 2018, the last available consolidated accounts (**Table 8.2**). The expenditure items included in the "***accounts of the pension system***" are taken from **Table 1a** of this Report for ***pensions***. The amount of ***healthcare expenditure*** is derived from the updated EFD of April 9, 2019, while the ***INAIL*** data and the items related to ***welfare*** and ***temporary benefits*** managed by INPS are taken from their accounts. Welfare expenditure of local authorities was estimated on the basis of data from the General Accounting Office (RGS), ISTAT and from the Lombardy region.

For the remaining expenditure items, the data derive from the 2019 EFD and from NadeF of September 2019; in particular, operating expenses and those for public employees have been re-aggregated on the basis of the distribution of these costs (see note in Table 9.2).

The overall picture provided in the table allows for some considerations. First of all, as can be seen from the reclassified accounts by type of expenditure, contrary to what is often stated (i.e. Italy spends far less on welfare than other EU countries), ***social benefit expenditure*** amounted to **462.114 billion euros** in 2018, equal to **54.14%** of total public expenditure in Italy, an increase by 1.9% over 2017 (**454.216 billion euros**). Compared to 2012, the growth welfare, health and pension expenditure was equal to **8.2%**, while, in the same period, that of GDP was 6% and that of inflation 6.65%.

This type of expenditure is very significant compared to about 45 billion euros for schools, universities and research and 58 billion euros for capital expenditure; a figure that politicians know all too well; in fact, during each election (often 3 or 4 times a year) or with each government (7 in the last 10 years) they promise to increase social spending without ever proceeding to any rationalization.

Public expenditure, including interests on the public debt, reached **853.618 billion euros**, + 1.67% with respect to 2017, with a deficit of 37.5 billion equal to 2.12% of GDP; social expenditure should therefore be more correctly related to the actual contribution and tax revenues, which were equal to 816.113 billion euros in 2018, accounting for 56.6%. Its ratio vs GDP was equal to 26.18%, to which must be added social expenses such as housing, the operating expenses of the central and local entities that provide welfare benefits and "other" expenses, bringing the total to about **30%**, one of the highest levels among the 27 EU member countries. Social expenditure is clearly growing, driven above all by

welfare expenditure which, unlike pension expenditure, has no precise rules and no effective monitoring across the various central and local providers; a burden which will be difficult to sustain in the years to come. Individual expenditure items are examined in detail below.

**Table 8.2 - The pension system in the national accounts**

VOCI DI SPESA (in milioni)	ANNO 2012	2012 in % sul totale	ANNO 2013	2013 in % sul totale	ANNO 2014	2014 in % sul totale	ANNO 2015	2015 in % sul totale	ANNO 2016	2016 in % sul totale	ANNO 2017	2017 in % sul totale	ANNO 2018	2018 in % sul totale
PENSIONI <i>tab 1a</i>	211.088	25,74%	214.626	26,21%	216.112	26,18%	217.897	26,22%	218.479	26,34%	220.843	26,30%	225.593	26,43%
SANITA'	110.422	13,47%	110.044	13,44%	110.961	13,44%	111.240	13,38%	112.372	13,55%	113.599	13,53%	115.410	13,52%
Assistenza + inv. LTC + GIAS (1)	62.941	7,68%	65.515	8,00%	66.500	8,06%	68.979	8,30%	70.050	8,45%	70.138	8,35%	71.995	8,43%
Prestazioni Temporanee (2)	22.534	2,75%	32.013	3,91%	32.139	3,89%	28.356	3,41%	30.804	3,71%	29.129	3,47%	28.548	3,34%
Prestazioni INAIL (3)	10.409	1,27%	10.400	1,27%	9.927	1,20%	9.945	1,20%	10.128	1,22%	9.588	1,14%	9.568	1,12%
Welfare Enti Locali (4)	9.690	1,18%	9.656	1,18%	9.696	1,17%	9.818	1,18%	9.900	1,19%	10.919	1,30%	11.000	1,29%
Retrib. Dip. PA (5)	128.347	15,65%	126.179	15,41%	123.296	14,94%	123.918	14,91%	121.841	14,69%	122.400	14,58%	129.000	15,11%
Spese funzionam. (6)	115.992	14,14%	115.298	14,08%	122.372	14,82%	126.258	15,19%	131.916	15,90%	132.399	15,77%	139.160	16,30%
Spese conto capitale	64.532	7,87%	57.746	7,05%	60.099	7,28%	66.745	8,03%	57.521	6,93%	65.673	7,82%	58.365	6,84%
INTERESSI	84.086	10,25%	77.568	9,47%	74.377	9,01%	68.018	8,18%	66.440	8,01%	65.641	7,82%	64.979	7,61%
<b>Totale spesa prestazioni sociali</b>	<b>427.084</b>	<b>52,08%</b>	<b>442.254</b>	<b>54,00%</b>	<b>445.335</b>	<b>53,95%</b>	<b>446.235</b>	<b>53,69%</b>	<b>451.733</b>	<b>54,46%</b>	<b>454.216</b>	<b>54,10%</b>	<b>462.114</b>	<b>54,14%</b>
<b>TOTALE SPESE FINALI (7)</b>	<b>820.041</b>	<b>100%</b>	<b>818.986</b>	<b>100%</b>	<b>825.479</b>	<b>100%</b>	<b>831.174</b>	<b>100%</b>	<b>829.451</b>	<b>100%</b>	<b>839.599</b>	<b>100%</b>	<b>853.618</b>	<b>100%</b>
Totale entrate	771.731		772.023		776.480		788.607		787.813		799.908		816.113	
<b>SALDO negativo e incidenza sul PIL</b>	<b>48.310</b>	<b>3,0%</b>	<b>46.963</b>	<b>2,93%</b>	<b>48.999</b>	<b>3,01%</b>	<b>42.567</b>	<b>2,57%</b>	<b>42.656</b>	<b>2,52%</b>	<b>41.285</b>	<b>2,38%</b>	<b>37.505</b>	<b>2,12%</b>
<b>PIL serie SEC 2010/incidenza</b>	<b>1.613.265</b>	<b>26,47%</b>	<b>1.604.478</b>	<b>27,56%</b>	<b>1.627.406</b>	<b>27,36%</b>	<b>1.655.355</b>	<b>26,96%</b>	<b>1.695.590</b>	<b>26,64%</b>	<b>1.736.602</b>	<b>26,16%</b>	<b>1.765.421</b>	<b>26,18%</b>

*I dati relativi al bilancio pubblico sono rilevati dal Documento di Economia e Finanza approvato in Consiglio dei Ministri il 9 aprile 2019 i cui dati sono diversi da quelli diffusi il 3 aprile ; rispetto ai dati in tabella, i capitoli di spesa e i consuntivi per il 2016 e il 2017 sono leggermente differenti e non vengono modificati (es: spesa totale 2016 e 2017 = 828.676 e 844.895; entrate tot. 786.020 e 803.610). I dati relativi al PIL e al deficit, sono stati invece aggiornati al DEF 9/4/19.*

**Per il 2018:** Nell'importo di tabella 1.a è ricompresa la gas relativa ai pubblici dipendenti pari a 9.355,25 milioni e l'integrazione al minimo dei lavoratori privati pari a 7.866,9 milioni di €; (1) La voce comprende il totale Gias (35.824,1 milioni + 10,8 mld di contributo Stato alla gestione dip. Pubblici [vedasi tab 1. a]) + spese assistenziali per pensioni e assegni sociali, invalidità e accompagnamento, pensioni di guerra + 14°, importo aggiuntivo e maggiorazione sociale (vedasi tabella 6.6); (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) finanziate dai contributi della produzione e in parte dalla Gias per indennità di mobilità, Cigs e coperture figurative x disoccupazione, mobilità, Cig e Cigs o in deroga (somme non ricomprese negli importi Gias di tabella 1a) tab 5.2 + 5.3 + 5.4; (3) Le prestazioni Inail sono rilevate dai bilanci consuntivi alla voce "spese impegnate"; (4) stima su dati RGS e proiezioni su dati Lombardia sociale.it, esclusa la funzione casa; (5) 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, 34,917 nel 2017, 35,540 nel 2018); lo stesso per il personale di nota 2. (6) Nel DEF sono indicati come "consumi intermedi" al cui importo sono sottratti alcuni oneri della sanità e degli enti previdenziali; (7) 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 2018: Entrate accertate = **11,372 miliardi**; spese per il personale = 695,347 milioni di €; spese impegnate 9,568 miliardi; **Entrate totali GPT 2018**, 24,921 miliardi; INPS costo personale 2,149 miliardi;

*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 = **11.372 billion**; staff expenses = 695,347 million euros; committed expenses = 9.568 billion euros; **Total GPT revenues in 2018** = 24.921 billion euros; INPS personnel costs = 2.149 billion euros.*

### 8.2.1 Health expenditure

Table 8.3 shows health expenditure from 2013 to 2018, which increased by 4.87%, slightly more than inflation (3.55%) reaching 115.41 billion; a modest growth considering the ageing population which has a negative impact on this type of expenditure. However, during the same period, the population

calculated though the census (net of illegal aliens) decreased from 60.78 million to 60.359 million (-0.7%). In particular, staff expenditure dropped both in absolute and real terms while intermediate consumption and shopping expenditure went up. One of the major problems is the already acute shortage of medical specialists, anaesthesiologists, general practitioners and nurses who are becoming old and who are expected to retire in the coming years leaving many vacancies; the Quota 100 option has already led to a reduction of these workers. Therefore, it will be necessary to recruit thousands of doctors and nurses and to eliminate or adjust the zero-admission clause for specialties that does not allow for a correct "replacement rate" and forces many of our brightest graduates to go abroad to get specialized with considerable costs for the community. Moreover, while out of pocket expenditure is growing (see Chapter 7), there is still no framework law on supplementary health care.

**Table 8.3 - Health expenditure from 2013 to 2016**

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	ANNO 2018	2018 in % sul totale
Spesa per il personale	35.735	32,47%	35.487	31,96%	35.158	31,28%	34.907	31,03%	34.917	30,73%	35.540	30,79%
Spesa per consumi intermedi	28.544	25,94%	29.579	26,64%	30.969	27,55%	31.586	28,08%	32.823	28,89%	33.533	29,06%
Spesa per prestazioni acquistate da produttori e sul mercato (1)	39.365	35,77%	39.684	35,74%	39.744	35,36%	39.589	35,19%	39.565	34,82%	40.345	34,96%
Altre componenti di spesa	6.400	5,81%	6.278	5,65%	6.537	5,82%	6.460	5,74%	6.298	5,54%	5.992	5,19%
<b>Totale spesa sanitaria</b>	<b>110.044</b>		<b>111.028</b>		<b>111.224</b>		<b>112.504</b>		<b>113.611</b>		<b>115.410</b>	
incidenza % spesa sanitaria su spesa pubblica totale	<b>818.986</b>	<b>13,42%</b>	<b>825.420</b>	<b>13,44%</b>	<b>826.429</b>	<b>13,46%</b>	<b>830.111</b>	<b>13,55%</b>	<b>839.599</b>	<b>13,53%</b>	<b>853.618</b>	<b>13,52%</b>
<b>INCIDENZA % su PIL serie SEC 2010</b>	<b>1.604.478</b>	<b>6,86%</b>	<b>1.627.406</b>	<b>6,82%</b>	<b>1.655.355</b>	<b>6,72%</b>	<b>1.695.590</b>	<b>6,64%</b>	<b>1.736.602</b>	<b>6,54%</b>	<b>1.765.421</b>	<b>6,54%</b>

expenditure items (in millions), staff expenditure, intermediate consumption, services bought from producers and on the market (1), other expenditure components, **total health expenditure**, as a % of total public expenditure, as a % of GDP, SEC 2010. **NOTE:** Updated Data of the EFD of April 9, 2019 that changed the ones related to the previous EDFs; **(1)** This item includes: 7,581 million for subsidized pharmaceutical expenditure; 6,821 for general practitioners; 25,943 million for hospital, specialized, rehabilitation, supplementary care and other benefits.

## 8.2.2 Pension expenditure trends

It is widely believed that pension expenditure is very high, also on the basis of the data provided by ISTAT to Eurostat, often blurred by the allocation of welfare benefits as pension expenditure; so, we have tried to provide an economic definition of "pension expenditure", i.e. the expenses financed by actual even if insufficient contributions, and of welfare expenditure.

On the basis of the aggregate data in *Table 1. a<sup>84</sup>*, total expenditure on pension benefits amounted to 261.417 billion euros in 2018, that is **225.593 billion euros'** worth of *pension benefits* and **35.824 billion** of GIAS transfers. It is important to stress that "*pension*" expenditure includes supplementary minimum benefits (7.867 billion), additional social benefits (1.397 billion) and the GIAS transfers for civil servants (9.355 billion), but it does not include welfare benefits (disability pensions, carers' allowances, social pensions and allowances and veterans' pensions), as shown in Table 6.6 in Chapter 6, indemnities paid by INAIL and by the State (4.176 billion) and benefits and annuities paid by constitutional bodies and by the Regions (1.191 billion).

**Expenditure for retirement purposes** - In 2018, it reached **225.593 billion euros** against **220.843 billion** in 2017 and 218.503 billion in 2016, accounting for **12.86%** of GDP; **contribution revenues** amounted to **204.710 billion** against **199.842 billion** in 2017 and 196.522 in 2016 with an increase by

<sup>84</sup> The data result from the detailed analysis of the accounts of all pension funds.

4.868 billion (+ 2.44%); contribution revenues do not include the **additional contribution of 10,800 million euros** paid by the State, as provided for under Act n. 335/1995, to finance CTPS (Pension Funds for civil servants); the **negative balance** was lower than in previous years and amounted to **20.883 billion euros**, returning to the 2012 level but still much higher than the average reached between 2000 and 2010. This deficit was weighed down by the fund of public employees, with a deficit of over **30.5 billion euros**, partially offset by the surplus of **4.45 billion euros** obtained by the fund for private-sector employed workers (FPLD, the largest Italian fund for Italian private-sector employed workers runs a surplus of 17.815 billion euros, excluding special funds) and of **7.086 billion euros** for the fund of atypical workers.

In order to define the economic value of pension expenditure for 2018 and previous years (**Table 8.4**) we subtracted from the 225.593 billion euros the 18.618 billion euro related to the GIAS transfer for public employees, the social surcharges and the supplementary minimum benefits for the private sector which are only provided on the basis of income (there is therefore more than one reason to consider these items as welfare expenses that should be between family support items and social exclusion items in the EUROSTAT expenditure by function); moreover, INPS does classify these items as welfare expenditure. So, net expenditure is equal to 206.975 billion euros, that is **11.2 %** of GDP, in line with the average EUROSTAT data. It is also necessary to subtract from contribution revenues the transfers from GIAS and GPT (mainly for notional contributions) amounting to 13.988 billion euros; so, the contributions actually paid by workers and companies amount to 190.722 billion. The deficit fell by 4.63 billion to 16.253 billion euros. However, unlike in many EU or OECD member countries, Italian pensions are subject to ordinary personal income taxes, just like any other form of income; in 2018, this tax burden ranged between **51.5** and **51.959 billion euros**, whose distribution across the schemes is shown in **Table 8.5**.

If we subtract taxes from pension expenditure net of welfare benefits, the real public pension expenditure falls to 155.475 billion, that is **8.81%** of GDP; it is true that workers and employers do not pay taxes on contributions (otherwise they would be subjected double taxation), but the fact is that public expenditure is actually much lower than the nominal expenditure and that, in the end, personal-income-tax expenditure and revenues are mere inflows and outflows without any disbursements by the State.



**Table 8.4 - Accounts of the pension system (millions of euros)**

	2015	Inc % su Pil	2016	Inc % su Pil	2017	Inc % su Pil	2018	Inc % su Pil
Spesa pensionistica (al netto GIAS)	217.897	13,19	218.504	13,00%	220.843	12,72%	225.593	12,78%
Gias per pubblici dipendenti, integrazioni al minimo e maggiorazioni sociali per dipendenti privati	19.915		19.167		19.281		18.618	
<b>Spesa pensionistica netta da assistenza, al lordo Irpef</b>	<b>197.982</b>	<b>11,96</b>	<b>199.337</b>	<b>11,76%</b>	<b>201.562</b>	<b>11,61%</b>	<b>206.975</b>	<b>11,72%</b>
Imposte sulle pensioni	49.394		49.773		50.508		51.500	
<b>Spesa pensionistica al netto assistenza e Irpef</b>	<b>148.588</b>	<b>8,98</b>	<b>149.564</b>	<b>8,82</b>	<b>151.054</b>	<b>8,70%</b>	<b>155.475</b>	<b>8,81%</b>
Entrate contributive	191.333		196.552		199.842		204.710	
Quota GIAS e GPT sulle entrate contributive	15.032		15.276		14.363		13.988	
<b>Entrate al netto della quota GIAS e GPT</b>	<b>176.301</b>		<b>181.276</b>		<b>185.479</b>		<b>190.722</b>	
<b>Saldo tra entrate e uscite nette, al lordo Irpef</b>	<b>-21.681</b>		<b>-18.061</b>		<b>-16.083</b>		<b>-16.253</b>	
<b>Saldo tra entrate e uscite al NETTO tasse</b>	<b>27.713</b>		<b>31.712</b>		<b>34.425</b>		<b>35.247</b>	
<b>PIL</b>	<b>1.655.355</b>		<b>1.695.590</b>		<b>1.736.602</b>		<b>1.765.421</b>	

*Pension expenditure (net of GIAS), GIAS transfers for civil servants, supplementary minimum benefits and additional social benefits for employed workers in the private sector, net welfare expenditure before personal income taxes, pension taxes, Pension expenditure net of welfare benefits and taxes, Contribution revenues, GIAS and GPT shares of contribution revenues, revenues net of GIAS and GPT transfers, Balance between gross revenues and expenses, balance between net revenues and expenses, GDP.*

*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; 2018: supplementary minimum benefits 7.866 bn; additional social benefits 1.397; GIAS transfers for public employees 9.355 bn; Total 18.618 bn.*

A final note: pension expenditure, net of welfare benefits, increased by less than 1.3% on average per year from 2010 to 2018, in line with the inflation rate; this means that pension expenditure is under control and the reforms have managed to stabilize it. For the sake of completeness, it is important to recall that the GIAS transfers (35.824 billion + 9.355 billion for civil servants) were used to pay pension benefits not covered by contributions in the years from 1960 to 1992 (baby pensions, early retirements over 10 years in advance, disability benefits, CDCM, etc.) only to honour some electoral "promises"; Act n.88/89 was designed to correct the situation (see the duration of pensions in Chapter 6).

**Table 8.5 - Details of personal income withholding taxes**

IMPORTI PER RITENUTE IRPEF ORDINARIE			
	Cassa 2018	Cassa 2017	Cassa 2016
INPS	31.028.448.142	30.042.730.846	29.671.000.000
INPDAP	16.113.181.125	15.488.762.757	15.127.000.000
ENPALS	n.d.	197.502.146	196.000.000
<b>Totale</b>	<b>47.141.629.267</b>	<b>45.728.995.749</b>	<b>44.994.000.000</b>
IMPORTI PER RITENUTE IRPEF ADDIZIONALE REGIONALE ORDINARIA			
	Cassa 2018	Cassa 2017	Cassa 2016
INPS	2.348.464.731	2.324.060.744	2.343.254.137
INPDAP	1.063.967.559	1.055.023.817	1.024.560.058
ENPALS	n.d.	14.524.537	14.776.302
<b>Totale</b>	<b>3.412.432.290</b>	<b>3.393.609.097</b>	<b>3.382.590.496</b>
IMPORTI PER RITENUTE IRPEF ADDIZIONALE COMUNALE ORDINARIA			
	Cassa 2018	Cassa 2017	Cassa 2016
INPS	960.600.005	944.959.828	962.087.706
INPDAP	444.408.431	434.610.590	427.505.328
ENPALS	n.d.	5.872.672	5.988.990
<b>TOTALE</b>	<b>1.405.008.436</b>	<b>1.385.443.090</b>	<b>1.395.582.024</b>
<b>Totale Generale</b>	<b>51.959.069.993</b>	<b>50.508.047.936</b>	<b>49.772.172.520</b>

*Pensions – Fund, IRPEF ordinary withholding taxes; regional additional ordinary amounts, municipal additional ordinary amounts; Source INPS*



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 half of the ordinary and additional personal income taxes; considering that the income of public employees is similar to that of private-sector employed workers, it is clear that there is a huge tax and social security evasion in many sectors; this has resulted in low pension benefits, often related to income and hence tax exempted.

Our recent study on tax returns<sup>85</sup> shows that about half of pensioners (8 million out of 16 million) pay less than 9% of the 51.5 billion euros' worth of personal income taxes while 33% pay almost 80%. The bulk of the tax burden (over 36%) falls on a small number of about one million pensioners; the cut to high pensions, illustrated in the Appendix, is applied only to 28,000 pensioners with a gross pension in excess of 100,000 euros. Finally, consider that all benefits with a partial or total welfare nature are taxed while pensions up to three times the minimum benefits (up to 1,522 per month before taxes), pay very low taxes also thanks to deductions, and in any case these taxes insufficient to pay for their public health (1,870 euros per capita on average in Italy). In sum, a large part of the tax burden on pensions is borne by a few pensioners and for the most part by the approximately 950,000 subjects with pensions above 3,050 euros per month before taxes; 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 suggests 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.

**Welfare Expenditure** - This is the real weak point of the social protection system in Italy that is overregulated and without a database that is crucial to monitor and combat frauds; moreover, as already pointed out, with each new government or election campaign, politicians always promise new benefits or the extension of existing ones without ever proceeding to any rationalization. **Table 6.6** in Chapter 6, and **Table d1** (historical series 2011-2018 available in the Report exhibits on the on the [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it) website) provide the overall picture of the expenditure classified as **"welfare"** expenditure which includes: benefits for the disabled civilians, carers' allowances, social pensions and allowances and veterans' pensions; the second part of the table illustrates **other welfare benefits** (supplementary minimum benefits, additional social benefits, the fourteenth month salary and the additional amounts).

**Table 8.6 - Number of welfare benefits**

	2014	2015	2016	2017	2018
Numero di prestazioni assistenziali	3.694.183	4.040.626	4.104.413	4.082.876	4.121.039
Altre prestazioni assistenziali	4.467.266	4.265.233	4.101.043	3.941.059	4.165.748
di cui integrazioni al minimo	3.469.254	3.318.021	3.181.525	3.038.113	2.909.366
<b>Totale pensioni assistite</b>	<b>8.431.449</b>	<b>8.305.859</b>	8.205.456	8.023.935	8.286.787
<b>in % sul totale pensionati</b>	<b>51,86%</b>	<b>51,34%</b>	<b>51,08%</b>	<b>50,02%</b>	<b>51,78%</b>
<b>Totale pensioni in pagamento</b>	<b>16.259.491</b>	<b>16.179.377</b>	<b>16.064.508</b>	<b>16.041.852</b>	<b>16.004.503</b>

Number of welfare benefits, Other welfare benefits, of which supplementary minimum benefits, Total welfare benefits, as a % of the total number of pensioners, Total number of pensions paid; For 2018, other welfare benefits include: supplementary minimum benefits and additional social benefits; they do not include 3,226,965 benefits of 14th month's salary paid only to subsidized pensioners.

<sup>85</sup> See the Observatory on public expenditure and revenues for 2019 **"2017 Personal income statements: amounts, taxpayers, geographical areas and analysis of direct taxes"**, drafted by the Research and Study Centre of Itinerari Previdenziali and available for consultation on the [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it) website.

As shown in *Table 8.6, welfare benefits*, i.e. those totally borne by general taxes, were provided to **4,121,039 subjects**<sup>86</sup>, + **38,163** with respect to last year for a total annual cost of **22.350 billion euros**, a steady growth over the last 8 years. In this period, *pensions for disabled civilians* (979,824) increased by **138,099** (+ 16.4%); *carers' allowances* (2,161,258) increased by **269,013** (+ 14.22%), with a cost of **12.778 billion**. *Social pensions and allowances* (818,776) increased only by 9,513 (+1.17%), with a total cost of **4.676 billion euros**. The number of veterans' pensions (as of 2014, they also include the indemnities under Act n. 210/92) was **161,181** clearly with a physiological and quite constant decrease (-120,954 in 8 years), with a cost of **1.199 billion euros**.

All of the *other welfare benefits* decreased, with the exception of the "14th month's salary", also due to the cancellation of old benefits accrued by individuals with low contribution levels: in detail, the *supplementary minimum benefits* (2,909,366) decreased by 128,747 compared to 2017 and by **946,667** (-24.55%) compared to 2011; the *additional social benefits* (875,449) allocated to low income subjects and mainly provided to women (about 70%) with an average annual amount of about 1,596 euros had a cost of **1.397,6 million euros** and decreased by about 222,000 (-20%) compared to 2011. Instead, on the basis of the forecasts in the latest budget laws, the number of people receiving the *fourteenth month's salary* (+ 31%) increased by 763,385 compared to 2012, for a total of **3,226,965 people**; this benefit, established by Act n. 127 of 7/8/2007 and extended by the 2017 Budget Law is paid to pensioners aged 64 and over whose total pension income, until 2016, was not to exceed 1,5 times the minimum benefits; this upper limit was in 2017 to 2 times the FPLD minimum benefits. The average amount of the fourteenth month salary (or of the additional sum) is 483 euros per year, mainly provided to women (70% ), with total cost of **1.57 billion euros**. The additional pension amount is paid to **380,933 beneficiaries** (- 51,626 vs. 2017 and - 478,800 vs. 2012, equal to -56%) most of whom are women (80%); it was introduced by the 2001 Budget Law (Act n. 388 of 23/12/2000) in favour of pensioners who do not exceed the amount of the FPLD minimum benefits; its cost is **58.2 million euros**.

*Tables 8.6 and 6.6* show all the welfare benefits provided; in 2018, **4,121,039** of these were *benefits*, **3,723,945** of which granted to *fully subsidized beneficiaries* (recipients of *pure welfare benefits*, such as disability benefits, carers' allowances, social pensions/ allowances and veterans' pensions) and **7,392,713** provided to **4,165,784 beneficiaries** entitled to benefits only with a partial welfare nature (supplementary minimum benefits and additional social benefits, the former million per month introduced by the Berlusconi government in 2002, an additional amount with the exclusion of the 14th month's salary which is not included as it is paid to pensioners who generally receive social benefits); the total number of beneficiaries is **7,889,693 beneficiaries**, who account for **49.3%** of the *total number of pensioners*, that is **16,004,503**. It is objectively strange for a country that belongs to the G7 like Italy, to have almost 50% of its pensioners who are totally or partially subsidized (people who in 66 years of life have not even been able to pay 15 years of regular contributions); in fact, this situation is not in line with the economic conditions of the country; moreover, unlike the pensions financed by taxes and contributions, these **33.4 billion euros' worth of benefits are fully financed by tax payers and are not subject to taxation**. As indicated in *Chapter 2*, while the number of pension benefits continues to decrease due to the stringent reforms, welfare benefits continue to grow because of

<sup>86</sup> The duplications related to the subjects who receive disability benefits and carers' benefits have been eliminated. Always to avoid duplications, we have not taken into consideration the 14<sup>th</sup> month salary because the beneficiaries generally receive welfare benefits such as supplementary minimum benefits, additional benefits, additional social benefits and others.

political "promises" and because there is no organizational "machine", i.e. no general welfare register. As can be seen from **Table 8.7**, even in 2018, out of 100 benefits paid out, **50.02%** were welfare benefits. By now, INPS has been transformed from a pension institute into a welfare institute.

**Table 8.7 - Number of pensions paid in 2014-2018**

	2014	2015	2016	2017	2018
<b>Totale prestazioni</b>	<b>994.973</b>	<b>1.120.638</b>	<b>1.048.096</b>	<b>1.112.163</b>	<b>1.135.294</b>
Prestazioni di natura previdenziale	456.937 (46%)	549.252 (49%)	490.149 (47%)	559.058 (50,3%)	<b>567.360 (49,98%)</b>
Prestazioni di natura assistenziale, totali	538.036 (54%)	571.386 (51%)	557.947 (53%)	553.105 (49,7%)	<b>567.934 (50,02%)</b>
<b>Prestazioni di natura assistenziale MASCHI</b>	<b>43,34%</b>	<b>39,20%</b>	<b>43,30%</b>	<b>43,24%</b>	<b>42,65%</b>
<b>Prestazioni di natura assistenziale FEMMINE</b>	<b>56,66%</b>	<b>60,80%</b>	<b>56,70%</b>	<b>56,76%</b>	<b>57,35%</b>

*Total number of benefits, pension benefits, welfare benefits, total; welfare benefits for men, welfare benefits for women; the data refer to INPS benefits, excluding ex Inpdap and ex Enpals funds. In 2018, 53.76% of benefits were paid to men and 4,24% to women.*

***LTC expenditure:*** The share of welfare expenditure that can be classified as long-term care expenditure (LTC) is equal to the sum of benefits for disabled civilians and carers' allowances; in 2018, it amounted to **16.474 billion euros**, equal to **0.94%** of **GDP**. If we add health-care expenditure, the public LTC expenditure accounts for 2% of GDP (about 35 billion euros according to the General Accounting Office), to which must be added the share borne by households illustrated in Chapter 7. In any case, Italy has the highest ageing rate but it does not have the rules and the resources for long-term care.

### 8.2.3 Expenditure financed by general taxes

The Italian pension system is financed with a purpose tax rate, "**social contributions**" which is levied on 33% on the gross annual wages of public and private employed workers, on 24% of those of artisans, retailers and farmers, and on 32% on atypical workers. Over the years, in addition to the pension benefits financed by contributions, the social security system has introduced a series of social benefits which were added and stacked in the law without any rationalization or effective controls; the results of all this have been highlighted in the previous paragraphs.

In 2005, a proposal was put forward to set up a "**welfare registry**" in line with the well-functioning **registries for pensions** and **pensioners**; however, nothing has been done so far, with considerable problems related to the misuse of many care benefits as shown by the 2019 survey of the Guardia di Finanza. All these benefits are not supported by social contributions and they have to be paid through **general taxes**; they are generally managed by GIAS (**Fund for welfare measures**), as indicated in Chapter 2. **Table 9.5** shows the charges to be borne by general taxes; they are the annual transfers from the State budget to INPS as provided for under the Budget Law to pay for the expenses (mainly related to welfare) on the basis of the current legislation.

**Table 8.8 - Expenditure financed by general taxes** (millions of euros)

	2014	2015	2016	2017	2018
Quota GIAS (tabella 1a)	33.356,00	36.045,00	35.228,00	35.582,00	35.824,10
Quota GIAS gestioni ex Inpdap (tabella 1a nota 3)	7.553,00	9.169,60	8.967,25	9.613,18	9.355,25
Prestazioni assistenziali (1)	23.233,00	23.532,00	24.022,40	25.133,80	25.312,90
Pensionamenti anticipati, esodati e varie	3.312,00	3.426,00	2.753,35	2.370,11	2.245,75
<b>Totale interventi per oneri pensionistici/assistenziali</b>	<b>67.454,00</b>	<b>72.172,60</b>	<b>70.971,00</b>	<b>72.699,09</b>	<b>72.738,00</b>
Sgravi e altre agevolazioni contributive a sostegno gestioni, a carico Gias, + interventi diversi	16.087,00	18.052,00	22.603,00	23.315,91	19.424,00
Oneri per il mantenimento del salario per inoccupazione a carico Gias	10.387,00	8.794,00	8.695,00	8.067,00	7.129,00
<b>Oneri a sostegno della famiglia</b>	<b>3.856,00</b>	<b>4.033,00</b>	<b>4.502,00</b>	<b>5.485,00</b>	<b>5.835,00</b>
Prestazioni economiche derivanti da riduzioni di oneri previdenziali (ex tbc)	656,00	622,00	603	583	540
<b>Totale a carico della fiscalità generale</b>	<b>98.440,00</b>	<b>103.673,60</b>	<b>107.374,00</b>	<b>110.150,00</b>	<b>105.666,00</b>
<b>Incidenza della spesa assistenziale su quella pensionistica pura (al netto delle imposte)</b>	<b>56,8%</b>	<b>59,89%</b>	<b>63,64</b>	<b>65,19</b>	<b>67,96</b>
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	174.093,00
<b>Contributo dello Stato per gestione statali</b>	<b>10.800,00</b>	<b>10.800,00</b>	<b>10.800,00</b>	<b>10.800,00</b>	<b>10.800,00</b>

*GIAS share (Table 1a), GIAS share of ex INPDAP funds (Table 1a note 3), Welfare benefits (1), Early-retirement, 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. (1) The figure includes benefits for disabled civilians, carers' allowances, social pensions and allowances, veterans' pensions, additional social benefits, the fourteenth month salary and the additional amount; supplementary minimum benefits are excluded because they are paid by the individual schemes, even if partly refinanced by GIAS.*

The first item is related to measures to finance pension and welfare charges: **a)** GIAS transfers amounting to **35.824 billion euros (Table 1.a)** which include the "share of each pension" paid by the State (the former 100,000 lire in the GIAS Note in Chapter 2) only a few billion euros can be considered "pension expenditure", the rest includes the welfare transfers to the CDCM fund before 1989, benefits to former entities such as Enpao for midwives, disability benefits before Act n. 222/1984 and other charges related to early retirement following company restructurings (postal service, railways, airlines, iron and steel, paper industry, ports which, together, left over 7 billion lire's worth of liabilities per year) and baby pensions for civil servants; **b)** the GIAS welfare transfers to the schemes for public employees; **c)** welfare benefits (*see Table 6.6*); **d)** charges for early pensions, early retirement, safeguards for "esodati" and other advance benefits. The second item is related to the GIAS transfers to funds that have **low contributions**, due to total or partial reductions (for example, the provisions under the Jobs Act or for the South of Italy) and the various contribution incentives granted by all governments as an alternative to tax deductions or tax credits; today these **26 billion euros' worth of GIAS and GPT charges** weigh heavily on the State budget (without considering the 10.8 billion euros for the funds that provide pension benefits to pensioners who worked for the public administration); followed by wage-support measures for unemployed subjects, charges to support low-income families (household allowances) and other minor charges.

In total, therefore, the cost of these welfare interventions financed through general taxes amounted to **105.666 billion** in 2018 compared to **110.15 billion** last year. The transfers borne by taxpayers

increased from **73 billion** in 2008 to **105.666 billion** in 2018, with an annual growth rate of **4.3%**, well above inflation, GDP and even 3 times above the increase in pension expenditure (without considering the 10.8 billion euros paid by the State to rebalance the accounts of the pension fund for public employees who were entitled to baby pensions and very favourable pension calculation methods); this expenditure accounts for **67.96%** of the *cost* of *pensions* net of personal income taxes and for **4.56%** of GDP. Its growth reached 222 billion euros in the period up to 2018, compared to 73 billion in 2008. The welfare expenditure incurred by Local Authorities should be added to these figures; in fact, these items are not included in welfare expenditure due to national accounting issues; however, on the basis of the RGS data (**Table 8.2**), we have estimated the sums directly provided to households, tax relief and deductions. Moreover, in 2018, REI benefits (Integration Income, REI Card, Social Inclusion Income) were provided to the subjects who had applied for this measure by December 2017, with a cost of about 1.7 billion euros; in 2019, REI was replaced by the new Citizenship Income and Citizenship Pension system estimated to cost about 2.5 billion and more than 3 billion euros in the subsequent years.

### 8.3 Reclassification of social security expenditure

In Report n. 5 of 2017, we carried out a reclassification of social expenditure which showed that the pension expenditure as a percentage of GDP was in line with that of Europe. In 2018 (**Table 8.4** and **I.a**), this type of expenditure was equal to 11.72%, net of the share allocated to welfare. If the share is included, this figure amounts to 12.86% without GIAS transfers and to 14.9% with GIAS transfers.

The correct determination of these items is fundamental; in fact, if they are overestimated, the EU (but also the rating agencies) are inclined to ask for further cuts to pensions even though, the real issue for Italy is the skyrocketing number of welfare benefits included in pension expenditure. In this Report, as in previous ones, we have repeatedly highlighted that pension expenditure is balanced and 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.

It should also be pointed out that the levels of taxation on pensions are not homogeneous in the EU or OECD member countries; so, we should calculate the pension benefits actually received by pensioners after taxes, as well as the measures to support families and combat social exclusion that are often included in the pension domain.

### 8.4 How it is financed

What is the financing modality for social expenditure that accounts for over 54% of all public expenditure? **Table 8.9** shows the total revenues for the State, resulting from contribution revenues and tax revenues as a whole; the figure for contribution revenues is updated to 31/12/2018, while that for tax revenues only to 2017. The figure shown in the green is taken from the EFD of April 2019.

**Table 8.9 - State revenues (millions of euros)**

Tipologia Entrate/anni	2012	2013	2014	2015	2016	2017	2018
<b>Entrate contributive (contributi sociali)</b>							
<b>Entrate da contributi sociali</b>	172.323	171.911	172.800	176.303	181.225	185.479	190.722
<b>Contributi Inail</b> (dalla produzione)	12.978	11.278	11.019	11.154	11.032	11.202	11.372
<b>Contributi prestazioni temporanee</b> (dalla produzione)	18.912	19.743	19.994	20.208	20.805	21.719	24.921
<b>TOTALE CONTRIBUTI SOCIALI (1)</b>	<b>204.213</b>	<b>202.932</b>	<b>203.813</b>	<b>207.665</b>	<b>213.062</b>	<b>218.400</b>	<b>227.015</b>
<b>Entrate tributarie</b>							
<b>DIRETTE (3)</b>							
Irpef ordinaria (imposta al lordo bonus 80 €)	152.270	152.238	151.185	155.429	156.047	157.516	
<b>Irpef ordinaria</b> (dal 2014 imposta al netto bonus 80€)	<b>152.270</b>	<b>152.238</b>	145.108	<b>146.193</b>	<b>146.679</b>	<b>147.967</b>	
<b>Ires</b>	30.000	31.107	32.486	33.332	34.125	34.100	
<b>Imposta sostitutiva (Isost)</b>	9.227	10.747	10.083	10.000	9.022	10.645	
<b>TERRITORIALI (3)</b>							
Addizionale regionale	10.730	11.178	11.383	11.847	11.948	11.944	
Addizionale comunale	3.234	4.372	4.483	4.709	4.749	4.790	
Irap	34.342	31.278	30.468	27.656	22.773	22.700	
<b>TOTALE IMPOSTE DIRETTE (4)</b>	<b>239.803</b>	<b>240.920</b>	<b>234.011</b>	<b>233.738</b>	<b>229.296</b>	<b>232.146</b>	<b>238.876</b>
<b>TOTALE entrate contributive e imposte dirette</b>	<b>444.016</b>	<b>443.852</b>	<b>437.824</b>	<b>441.403</b>	<b>442.358</b>	<b>450.546</b>	<b>465.891</b>
<b>INDIRETTE (3)</b>	246.110	238.675	248.849	250.202	242.016	248.384	253.607
<b>altre Entrate correnti (2)</b>	70.024	77.139	75.470	76.085	75.723	79.018	78.666
<b>Entrate totali (5)</b>	<b>771.731</b>	<b>772.023</b>	<b>776.589</b>	<b>784.041</b>	<b>760.097</b>	<b>777.948</b>	<b>798.164</b>
Per memoria Entrate totali nel DEF					786.020	803.610	816.113
<b>Spesa totale per prestazioni sociali (per memoria)</b>	<b>427.084</b>	<b>442.254</b>	<b>445.335</b>	<b>446.235</b>	<b>451.733</b>	<b>454.216</b>	<b>462.114</b>

*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 (ISOST), LOCAL taxes (3), Additional regional taxes, Additional municipal taxes, IRAP, TOTAL contribution and tax revenues, INDIRECT taxes (3), Other REVENUES (2), Total revenues, Total revenues in the EFD, Total expenditure for social benefits; (1) Contribution revenues from employers without State transfers and from other entities and without notional contributions (Table 1 a Report by Itinerari Previdenziali), not in line with the EFD (for example: in 2018: 234.96 billion with notional contributions); (2) Capital income taxes + other current income + other capital proceeds; (3) Data from the EFD and NADEF (Economic and Financial Document and its updated Note) for the years from 2013 to April 2019; 2019 in green, verified by MEF and Mostacci.it; (4) (5) Total obtained from the EFD; the difference between the total revenues resulting from this Document and those in the table depends on the difference between the social security contributions calculated in the Report (about 7.9 billion) and the calculation of personal income taxes net of the 80 €/month bonus: about 9.5 billion euros per year (row 10 and 11).*

In order to finance its 2018 **462.114 billion euros' worth of welfare expenditure**, Italy needs to use:  
**a)** all the **social contributions** paid to the pension system, the contributions for temporary benefits (redundancy fund, unemployment, mobility, imputed contributions, then Aspi and later Napi) and those paid to INAIL; the latter two schemes run a surplus. These contributions are sufficient to finance the total cost of pensions net of personal income taxes (IRPEF), INAIL and GPT benefits; they are not sufficient when the cost of pensions is calculated before IRPEF, welfare and health benefits, including those paid by local authorities; **b)** personal income taxes (**IRPEF**) that are partially financed by pensioners, all corporation taxes (**IREs**), all the regional taxes on production (**IRAP**) and almost all the substitutive taxes (**ISOS**) for a total of 465,891 billion euros' worth of revenues, about 3,8 billion more than the entire welfare expenditure.

Therefore, the rest of public expenditure (education, justice, infrastructures, the administrative machine, etc.) can only be financed by the remaining indirect taxes and other revenues, but since they are still insufficient, Italy incurs into additional "debt". It is obvious that this situation is unsustainable in the medium term due to the far too heavy welfare, but above all due to the high level of tax and



social security contribution evasion and avoidance; this is so clear looking at the personal income tax statements in Italy that seem to be more typical of an emerging country than of a G7 member country.

The *income stated by Italians* for personal income tax purposes<sup>87</sup> increased by 7% in ten years, reaching **838.226 billion euros** in 2017, down compared to the figures of 2016 (**842.977 billion**); the total personal income taxes paid in 10 years increased only by 4% only thanks to regional and municipal surcharges; in fact, ordinary taxes remained stable at around 147.96 billion euros compared to 146.15 billion in 2008 due to the 80-euro bonus (- 960 euros per year). *As a result, since 2013, welfare expenditure has grown while financing through ordinary personal income taxes has diminished.*

In detail, out of **60,483,973 resident citizens** on 31/12/2017 (compared to 69,045 million in 2008) the number of those who submitted their tax returns was equal to **41,211,336** (less than the 41.803 million reached in 2008 but higher than in the last 4 years); but the number of the actual taxpayers, i.e. those who pay at least 1 euro of IRPEF, is 30,672,866, the lowest number in the last 10 years. From these first indicators, it is possible to derive the following considerations: **1)** Considering the number of subjects who submit a positive income tax return, it is possible to assume that about 50% of Italians have no income and therefore depend someone else. **2)** 45.19% of them pay 2.62% of taxes; 24.89% pay 24 euros and 20.30% pay 322 euros per capita of personal income taxes, which is insufficient to pay for their health care costs that are equal to 1870 euros per year per capita; **3)** 1.13% pay 19.35% of taxes while 4.39% pay 37.02% and 12.28% pay 57.88%; so, considering the bonus effect, just over 35% of citizens pay about 90% of all personal income taxes and a substantial part of indirect taxes, especially VAT. **4)** It is therefore a very unbalanced system given that 53 billion a year paid by only 35% of the population are necessary to pay for health care alone for more than 50% of the population who do not pay one euro of personal income taxes or pay very little.

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<sup>87</sup> These data were taken from the Observatory on public expenditure and on revenues for 2019 “*Personal income tax statements by amount, type of taxpayers and geographical area; analysis of indirect taxes*” prepared by the Research and Study Centre of Itinerari Previdenziali, that reprocessed a series of indicators on the basis of the data provided by MEF on the 2017 personal income tax statements submitted in 2018. The observatory is available for consultation on the [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it) website.

**Table 8.10 - Statistical analyses - 2018 financial statements, 2017 tax year**

Classi di Reddito complessivo in euro	Numero contribuenti	al lordo bonus						Imposta media in € x cittadino
		Numero versanti	Ammontare Irpef in migliaia di €	% Ammontare sul totale	Imposta media in € x contribuente	n. abitanti corrispondenti ai contribuenti	Percentuale contribuenti sul totale	
zero od inferiore	1.017.044	10	0	0,00%	0	1.492.668	2,47%	0
da 0 a 7.500	9.240.695	2.353.246	720.065	0,41%	78	13.562.141	22,42%	53
<b>Fino a 7.500 compresi negativi</b>	10.257.739	2.353.256	720.065	0,41%	70	15.054.809	24,89%	48
da 7.500 a 15.000	8.364.569	6.235.054	7.091.451	4,07%	848	12.276.291	20,30%	578
da 15.000 a 20.000	5.805.616	5.504.020	14.153.525	8,12%	2.438	8.520.634	14,09%	1.661
da 20.000 a 35.000	11.721.602	11.542.151	56.957.541	32,69%	4.859	17.203.253	28,44%	3.311
<b>da 35.000 a 55.000</b>	3.254.257	3.236.760	34.352.187	19,71%	10.556	4.776.123	7,90%	7.192
<b>da 55.000 a 100.000</b>	1.340.111	1.335.441	29.105.884	16,70%	21.719	1.966.819	3,25%	14.798
<b>da 100.000 a 200.000</b>	375.154	374.100	17.174.002	9,86%	45.779	550.596	0,91%	31.192
<b>da 200.000 a 300.000</b>	53.997	53.857	4.922.115	2,82%	91.155	79.249	0,13%	62.110
<b>sopra i 300.000</b>	38.291	38.227	9.773.375	5,61%	255.239	56.198	0,09%	173.910
<b>TOTALE</b>	<b>41.211.336</b>	<b>30.672.866</b>	<b>174.250.145</b>	<b>100%</b>		<b>60.483.973</b>	<b>100%</b>	

Before the bonus, Overall income classes in euros, Number of taxpayers, n. of payers, amount of IRPEF paid in thousands of euros, % amount vs. the total, average tax per taxpayer in euros, ratio of the number of citizens vs. the number of taxpayers, ratio of taxpayers vs. the total, average per capita tax in euros; zero or lower, from, from including the negative statements.

Classi di Reddito complessivo in euro	Bonus spettante			Ammontare al netto Bonus			media in € per cittadino
	Numero contribuenti	Ammontare bonus in migliaia di €	Media bonus in migliaia di €	Ammontare Irpef in migliaia di €	% Ammontare sul totale	Media in € x contribuente	
zero od inferiore	7.458	5.455	0,73	-5.455	0,00%	-5	-4
da 0 a 7.500	1.022.598	350.037	0,34	370.028	0,22%	40	27
<b>Fino a 7.500 compresi negativi</b>	<b>1.030.056</b>	<b>355.492</b>	<b>0,35</b>	<b>364.573</b>	<b>0,22%</b>	<b>36</b>	<b>24</b>
da 7.500 a 15.000	3.690.711	3.141.228	0,85	3.950.223	2,40%	472	322
da 15.000 a 20.000	2.870.139	2.665.386	0,93	11.488.139	6,98%	1.979	1.348
da 20.000 a 35.000	4.123.767	3.387.126	0,82	53.570.415	32,53%	4.570	3.114
<b>da 35.000 a 55.000</b>	0	0	0,00	34.352.187	20,86%	10.556	7.192
<b>da 55.000 a 100.000</b>	0	0	0,00	29.105.884	17,67%	21.719	14.798
<b>da 100.000 a 200.000</b>	0	0	0,00	17.174.002	10,43%	45.779	31.192
<b>da 200.000 a 300.000</b>	0	0	0,00	4.922.115	2,99%	91.155	62.110
<b>sopra i 300.000</b>	0	0	0,00	9.773.375	5,93%	255.239	173.910
<b>TOTALE</b>	<b>11.714.673</b>	<b>9.549.232</b>	<b>0,82</b>	<b>164.700.913</b>	<b>100,00%</b>		
<b>IL 45,19% DEI CITTADINI PAGA IL 2,62% DELLE IMPOSTE IL 24,89% DEI CITTADINI PAGA 24€ DI IRPEF ED IL 20,30% PAGA 322€</b>							
<b>IL 14,09% DEI CITTADINI PAGA L' 6,98% DELLE IMPOSTE 1.348€ PRO CAPITE, INSUFFICIENTI PER I COSTI SANITARI</b>							
<b>IL 12,28% DEI CITTADINI PAGA IL 57,88% DELLE IMPOSTE IL 40,73% DEI CITTADINI PAGA L'87,39% DELLE IMPOSTE</b>							
<b>L' 1,13% DEI CITTADINI PAGA IL 19,35% DELLE IMPOSTE IL 4,39% DEI CITTADINI PAGA IL 37,02% DELLE IMPOSTE</b>							
<b>LO 0,09% DEI CITTADINI PAGA IL 5,93% DELLE IMPOSTE LO 0,22% DEI CITTADINI PAGA IL 8,92% DELLE IMPOSTE</b>							

Elaborazioni di Itinerari Previdenziali su dati MEF, Agenzia delle Entrate; aggiornamento 28 marzo 2019

Estimated bonus, after the bonus, overall income classes in euros, n. of taxpayers, amount of the bonus in thousands of euros, bonus average amount, amount of IRPEF in thousands of euros, as a % of the total, per capita average in euros, mean per capita in euros; zero or lower, from, from including the negative statements.

45.19% pay 2.62% of taxes; 24.89% pay less than 24 of IRPEF and 20.30% pay 322 euros; 14.09% pay 6.98% of taxes, insufficient to pay for health care costs equal to 1,348 euro per capita; 40.73% pay 87.39%; 12.28% pay 57.88%; 4.39% pay 37.02%; 0.09% pay 5.93% of taxes; 0.02% pay 8.92% of taxes. Source: Data from the Ministry of the Economy and Finance and from the Tax Authorities processed by Itinerari Previdenziali; latest update: March 28, 2018.

## 8.5 The 2019 and short and medium term outlook

In order to forecast the short and medium-term trends of pension expenditure (which also includes welfare expenditure), it is first necessary to analyse the retirement flows in 2018 and in the first nine months of 2019: **a)** First, as of 1 January 2018, the age requirements for the old-age pension have become the same for all workers and **genders**, that is 66 years and 7 months; this meant 1 year more for women employed in the private sector, compared to 2017, and 6 months for self-employed women (after the increase by 1 year and 10 months for employed women and by 1 year and 4 months for self-employed women between 2014/15 and 2016); **b)** 2018 was also the year of the introduction , of early retirement with 41 years of contributions for the so-called 'early workers' (those who have accrued at least 12 months of contributions before the age of 19) and who are in one of the conditions required

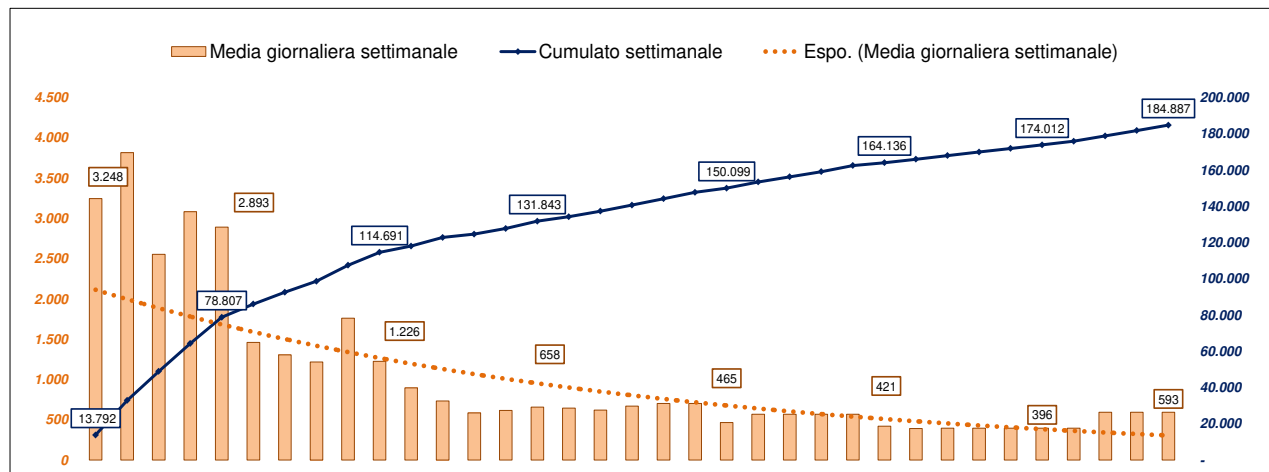


for social APE; **c)** as of 1/1/2019, the age requirement for old-age pensions has been extended by 5 months to reach 67 years for all.

All of the above has obviously slowed down the normal flow of retirements, especially for women, which will be further reduced following the next adjustment to life expectancy scheduled in January 2021. However, in 2019, Decree n. 4 of January 29, 2019, better known as **Quota 100 Decree** came into force and is expected to increase the number of early retirements. In the first 9 months of 2019, the Quota 100 measure received **184,890** applications.

Compared to the first three months after its introduction, there has been a gradual drop in in the number of applications, as can be seen in **Graph 8.5.1**: This graph combines an orange curve related to the absolute number of applications with a blue dotted line related to the daily average number of applications per week, indicated in the columns; the number of applications decreased from about **3,000 per day** on January 30, with peaks of almost **4,000** in the first weeks, to about **500** per day reported in September, after the August break.

**Figure 8.1 - Questions relating to “Quota 100”**



daily mean per week, weekly amount; Source: INPS data processed by the Research and Study Centre of Itinerari Previdenziali (updated to September 2019)

On the basis of the data of the first 9 months related to Quota 100, to the other "experimental" measures and to the rate of applications, it can be estimated that at the end of 2019 the total number of applications for this option will be about 160,000; with the other early retirement measures, the total number of successful applications is about 180,000 (**Table 8.11**).

**Table 8.11 - Flexible retirement measures at September 30 2019**

Misure	Pervenute	% di respinte	ipotesi accolte
Quota 100	184.890	20,00%	147.912
Anticipo senza ADV	96.000	25,00%	72.000
Opzione donna	20.500	23,00%	15.785
Ape sociale 2019	10.000	36,00%	6.400
Precoci 2019	12.000	38,50%	7.380
<b>TOTALE</b>	<b>323.390</b>		<b>249.477</b>
<b>TOTALE senza Anticipo ADV</b>	<b>227.390</b>		<b>177.477</b>
Nei successivi 59 giorni lavorativi si potrebbero avere ulteriori 14.750 domande di cui accettate 11.000 per un totale finale di circa 190.000 prestazioni accolte;			

*Measures, received, % rejected, estimated number of applications accepted, quota 100, advance pension without life expectancy, woman's option, social APE, early workers, total, total without advance and life expectancy;*

Source: INPS data processed by the Research and Study Centre of Itinerari Previdenziali (updated to September 2019)

In the 2020 and 2021, the total number of successful applications is estimated to be around 50,000 per year, considering that about 80% of potential applicants will have at least 65% of their benefits calculated with the contribution-based method and that they would lose about 10% of their pension if they retire 5 years earlier; on top of this, they would not be allowed to work until they reach the statutory retirement age for old-age pensions, thus discouraging the subjects who cannot have a regular job.

**Estimated costs** - In order to make a cost analysis, it is fundamental to evaluate the number of years in early retirement granted by Quota 100, compared to those actually related to the statutory retirement age. **Table 8.12** shows the retirement rates for each age bracket whose median is close to 64 years.

**Table 8.12 - Age analysis of “Quota 100” applicants**

Età dei richiedenti	62	63	64	65	66	67	
% delle domande	11 %	29 %	24 %	20 %	14 %	2 %	100 %
<b>maschi</b>							<b>74,03%</b>
<b>femmine</b>							<b>25,97%</b>

*age of applicants, % of applications, men, women*

Compared to the appropriations envisaged in the Budget Law and in the subsequent decree of 29/1/2019 (**Table 8.13**), the actual costs are expected to be lower for a number of reasons: first of all, the number of applications is much lower than the 600,000/900,000 foreseen by the champions of this measure; moreover, the pure Quota100 (i.e. 62 years of age and 38 of contributions) has been obtained only by 11% of the applicants; on average applicants have become eligible for the 103 quota, with peaks up to 106 quota. The other measures too have a minor impact on expenditure: **a)** the woman's option is off limits for the subjects who have fulfilled their requirements by December 31, 2018 (even though it is possible to apply for the same measure in the subsequent years); however, it results in a reduction of the benefits calculated entirely with the contribution method, equal to about 33% on average; if the cost of the advance is calculated over the entire period, the cost is balanced by the reduction in its amount, so it does not generate any costs; **b)** The social APE lasts for 1 year and is eligible for a very small number of applicants; according to its draft reform, it is expected to be the

only expenditure borne by the State and to be targeted to subjects who no longer have a job; **c)** for *advance pensions* and *early workers*, the freeze to life expectancy adjustment is expected to last 8 years (until December 31, 2026); however, the cost for the advance benefits, considering the quarterly windows, are estimated to be only 2 months in advance with respect to the Fornero requirement until 2021, 3 months in the following two years, then 4 months and 5 months in the following two years (if life expectancy rises) until 2026, the last year also for early workers. Therefore, according to our latest estimates, if there are no extensions or if Quota 100 is replaced with a structural reform as of 2021, the **total cost from 2019 to 2027** (the effect on expenditure produced in 2026 also felt in 2027) for the entire package will be around **27 billion euros**<sup>88</sup>. It is undoubtedly a very high cost that Italy cannot afford and these resources that could have been used differently to boost employment and productivity.

**Table 8.13 - Resources allocated under the 29/1/19 Budget Law and Decree**

Dotazione* "Fondo per la revisione del sistema pensionistico attraverso l'introduzione di ulteriori forme di pensionamento anticipato e misure per incentivare l'assunzione di lavoratori giovani"		
Anno	Legge di Bilancio 2019 (LEGGE 30 dicembre 2018, n. 145)	Decreto (DECRETO-LEGGE 28 gennaio 2019 n. 4 - coordinato con la legge di conversione 28 marzo 2019, n. 26)
2019	3.968	3.968,0
2020	8.336	8.336,0
2021	8.684	8.684,0
2022	8.153	8.143,8
2023	6.999	6.394,1
2024	7.000	3.687,8
2025	7.000	3.027,9
2026	7.000	1.961,9
2027	7.000	2.439,6
2028**	7.000	1.936,6
<b>TOTALE</b>	<b>71.140</b>	<b>48.580</b>
*dati in milioni di euro		
**2028: a decorrere dal		

Resources\* of the "Fund for the revision of the pension system through the introduction of additional early-retirement plans and measures to promote the recruitment of young workers"; year, Budget Law, Law Decree, Total. Source: data processed by the Research and Study Centre of Itinerari Previdenziali

The pension schemes expected to bear higher costs due to these early-retirement measures are shown in **Table 8.14**.

<sup>88</sup> The resources allocated under the law amount to about **4 billion euros for 2019**, enough to cover the costs; **8.3 in 2020** (estimated cost 5.5), **8.6 in 2021** (5.7), **8.1 in 2022**, **6.4 in 2023** then they are expected to decrease up to **2027** (when the early workers' benefits ceased to exist); as of **2028**, **1.93 billion** for each subsequent year (see Table 8.5.3). So, with respect to the resources allocated under the Decree up to 2027, equal to **46.65 billion**, the State will save much more, almost **20 billion euros**; already in 2020, it will be possible to save almost **3 billion** and another **3 in 2021**. In Table 8.5.3, these costs are lower due to the number of ceased benefits.

**Table 8.14 - Categories of INPS funds**

CATEGORIE DI GESTIONE INPS		in %
Privati	Lavoratori Dipendenti	37,00%
	Spettacolo e Sport	0,37%
	Gestione Separata	0,10%
	Fondi Speciali	5,12%
	50% Cumulo	3,61%
Pubblici	Gestione Pubblica	31,15%
	50% Cumulo	3,61%
Commercianti		8,44%
Artigiani		8,57%
Coltivatori Diretti Coloni Mezzadri		2,03%
<b>Totale</b>		<b>100,00%</b>

*private sector: employed workers, entertainment and show-business workers, separate scheme, special funds, 50% cumulation; public sector, public scheme; retailers, artisans, farmers, tenant farmers and sharecroppers, total*

**Table 8.15** shows the **medium-term projections and the effects of Quota 100** in terms of total expenditure projections for pension and welfare benefits, the cost of pension benefits alone, the average amount of benefits per pensioner and the number of pensioners.

**a) number of pensioners:** at the end of the **third quarter of 2019**, the total number of pensions paid out, excluding social allowances, disability and veterans' benefits, and also survivors' pensions (which generally match the number of ceased pensions), was equal to 295,000, - 200,000 vs. 2018 and - 100,000 vs. 2017; at the end of the year, the number of pensions paid out was expected to be around **400,000**, with a slight decrease compared to the previous year. Considering the average number of "ceased" benefits, the number of pensioners should have fallen below 16 million, but as a result of the early benefits of the Quota 100 decree, their number will be higher than last year; after the 2019 peak, it is expected to fall below the threshold of 16 million in 2023 when the early benefits expire (benefits paid 3years in advance should have been paid in 2022 and not in 2019; in fact, this is the year in which they will expire, thus reducing their annual flow.

**Table 8.15 - Short and medium-term estimates of benefits, average and overall benefit amounts\*\***

anno	Spesa per pensioni (**)	numero pensionati	effetto decreto n.4, 29/1/2019 (q100) (*)	liquidate - cancellate (***)	scadenza effetto q100 (****)	con riforma da 1/2021 (2;2 bis)	pensione media per pensionato	rivalutaz. media pensioni (3)	spesa per pensioni (4)
2017	286.938	16.041.852	0				17.887		220.842
2018	293.344	16.004.503	0	-37.349			18.329		225.593
2019 (1)	300.444	16.149.503	180.000	-35.000			18.604	1,50%	231.849
2020	304.690	16.135.703	50.000	-35.000	-28.800		18.883	1,50%	239.167
2021	308.705	16.106.703	50.000	-35.000	-44.000	-20.000	19.166	1,50%	245.559
2022	311.659	16.020.503		-25.000	-61.200	-20.000	19.454	1,50%	250.015
2023	314.375	15.921.303		-25.000	-74.200	-20.000	19.746	1,50%	251.915
2024	317.661	15.850.003		-25.000	-46.300		20.042	1,50%	253.174
2025	321.511	15.805.003		-25.000	-20.000		20.342	1,50%	254.693
2026	323.570	15.780.003		-25.000	-5.500		20.505	0,80%	256.222
2027	325.642	15.755.003		-25.000			20.669	0,80%	257.759
2028	327.831	15.735.003		-20.000			20.834	0,80%	260.337
2029	330.033	15.715.003		-20.000			21.001	0,80%	262.940
2030	332.250	15.695.003		-20.000			21.169	0,80%	265.569
Totale				-352.349	-280.000				

(\*) = dai calcoli in tabella sono escluse le cosiddette anticipate (42 anni e 10 mesi, un anno in meno per le donne), perché, considerata la finestra di 3 mesi che riduce l'anticipo a 2 mesi nel primo biennio fino al 31/12/2021, a 3 mesi per il 2022/23 e 4 mesi nel 24/25 sia l'anticipo che si recupera in un anno e anche meno se il costo, sono modesti anche perché i richiedenti che potranno vantare una anzianità contributiva così elevata, saranno sempre meno, viste anche la discontinuità delle carriere. Il totale delle pre stazioni, al netto delle anticipate è calcolato nel triennio in 280 mila.

(\*\*) = sono anche escluse la "opzione donna" che ha un anticipo medio di 4,3 anni ma che, dato il calcolo della pensione totalmente a contributivo con una riduzione media del 33% circa, non genera costi nel periodo di fruizione della prestazione; inoltre il numero è esiguo (circa 15.000 nel 2019 e circa la metà nel 2020)

(\*\*) Nell'importo in tabella per l'anno 2018 sono inclusi 84,7 miliardi di prestazioni assistenziali; le pensioni previdenziali ammontano (tabella 8.4) a 206.975 al lordo dell'Irpef (circa 51,5 miliardi); si utilizza il dato casellario anziché il costo reale delle pensioni previdenziali al fine di mantenere il numero dei pensionati e la pensione media in linea con quelle del casellario.

(\*\*\*) Le liquidate, al netto delle pensioni di reversibilità che corrispondono ad altrettante cancellate ma hanno un importo medio tra il 55 e il 60% rispetto a quelle dirette, sono in media 400.000 l'anno in linea con i circa 400 mila ingressi nel mercato del lavoro. Si consideri che al 31/12/2018 sono in pagamento 1.370.000 prestazioni da oltre 33 anni che dovrebbero essere tutte cancellate entro il 2030; pertanto la stima della differenza tra liquidate e cancellate è inferiore a quella reale (sottostima)

(\*\*\*\*) Scadenza effetto quota 100 significa che i flussi di pensionamento dell'anno saranno minori perché chi avrebbe dovuto andare in pensione in quell'anno ha anticipato.

(1) le 150 mila pensioni q100 sono così ripartite: 12% con 5 anni di anticipo; 29% con 4 anni; 24% con tre anni; 20% con 2 anni e 15% con un anno; il tutto al lordo della finestra di tre mesi. Nelle 150 mila pensioni sono compresi i cosiddetti "precoci" che anticipano di 1 anno e 7 mesi se maschi e 7 mesi se donne; in totale sono circa 6 mila ogni anno (7.000 nel 2019).

(2) La proposta di riforma prevede: 1) lo STOP di quota 100; 2) l'introduzione in sostituzione di APE sociale, precoci, Opzione donna dei fondi di solidarietà cui si accede con 5 anni di anticipo di età anagrafica rispetto a quella di vecchiaia e 35 anni di contributi; 3) per tutti gli assicurati compresi i contributivi puri: a) l'età di vecchiaia a 67 anni adeguata alla speranza di vita; b) la pensione anticipata a 64 anni di età adeguata alla aspettativa di vita con 39 anni di contributi con un massimo di 3 anni figurativi; c) anzianità di lavoro con 42 anni e 10 mesi per i maschi e 41 anni e 10 mesi per le femmine fissa e non adeguata alla aspettativa di vita con non più di 3 anni di contributi figurativi esclusa la maternità e i riscatti; d) la voce c) si riduce per le donne di 6 mesi ogni figlio con un massimo di 18 mesi e di 3 mesi per ogni anno lavorato prima dei 20 anni; per i maschi in relazione ai congedi parentali (circa 1 mese per figlio con un massimo di 3) e 3 mesi per ogni anno lavorato prima dei 20 anni.

(2bis) Dal 2021 è reintrodotta il "superbonus" per chi prosegue fino a tre anni l'attività lavorativa dopo la maturazione dei requisiti. 60.000 lavoratori nel triennio (vedi dettaglio in allegato)

(3) la rivalutazione media del monte pensioni è data per l'1% dall'effetto ricambio (pensioni cancellate e nuove pensioni) e per lo 0,5% per la rivalutazione media all'inflazione, stimata nel periodo all'1,2% (100% fino a 3 volte il minimo, 90% da 3 a 5 VM e 75% oltre 5 VM); a partire dal 2026 quando l'80% circa della pensione sarà calcolato a contributivo (30 anni dal 1996) si stima che la rivalutazione sarà prevalentemente alla sola inflazione (1,2%) e solo lo 0,3% per effetto sostituzione.

(4) spesa per pensioni al netto della gias (35.824,1 milioni) e dell'assistenza; dato di partenza in tabella 1.a

year, pension expenditure, n. of pensioners, effect of Decree n. 4, benefits paid and cancelled, end of the Quota 100 effect, with the reform as of, average adjustment of benefits, average pension per pensioner, pension expenditure. \* the calculations do not include the so-called **early pensions** (42 years and 10 months, 1 year less for women) because of the 3-month window that restricts the early pension to 2 months in the first 2 years up to 31/12/2021, to 3 months to 2022/2023, to 4 months in 2024/2025. The cost is limited also because of the dwindling number of the of applicants with a very long contribution seniority also due to discontinuous careers; the total number of benefits, net of early benefits, is estimated to be 280,000 in the three-year period. \* The woman's option is excluded too; this option allows women to retire 4.3 years in advance; but it does not generate costs while it is in force because of the application of the contribution-based calculation method which leads to a reduction of benefits by 33%; moreover, the number of applicants is small (about 15,000 in 2019 and about half in 2020). \*\*The amount in the Table for 2018 includes 84.7 billion euros of welfare benefits; pension benefits amount to 206,975 before personal income taxes (Table 8.4) (about 5.1 billion euros). We use the data from the Registry instead of the real cost of pension benefits so as to keep the number of pensioners and the average pension in line with those in the Registry. \*\*\*The benefits paid out, net of the survivor's benefits that match the number of ceased pensions but with an average amount between 55% and 60% with respect to direct pension; their number is about 400,000 a year on average in line with the 400,000 subjects entering the labour market. On 31/12/2018, the number of benefits that have been provided for over 33 years is equal to 1,370,000, all expected to cease by 2030; therefore, the estimated difference between benefits paid and ceased benefits is lower than the real one (underestimate). \*\*\*\* The end of the Quota 100 effect means that the preretirement flows of the year are expected to be lower because the subjects that should have retired during that year have already done so. (1) The "Quota 100" 150,000 pensions are broken down as follows: 12% with 5 years of advance; 29% with 4 years; 24% with 3 years; 20% with 2 years and 15% with 1 year. All of them considering the 3-month window. This figure includes the so-called early workers: men can retire 1 year and 7 months in advance, women 7 months; the total number of these workers is about 6,000 per year (7,000 in 2019). (2) The draft reform provides for 1) a halt to Quota 100; 2) the introduction of special funds for early retirement 5 years in advance and 35 years of contributions with respect to the statutory age for old-age pensions to replace the social APE, early-workers and woman's option measures. (3) For all pension fund members, including those who will retire with a pure contribution-based system; a) the retirement age for the old-age pension is 67 years linked to life expectancy; b) early retirement at 64 linked to life expectancy with 39 years of contributions with a maximum of 3 years of notional contributions; c) seniority with 42 years and 10 months for men and 41 years and 10 months for women not linked to life expectancy with no more than 3 years of notional contributions excluding maternity and surrendered benefits; d) item c) goes down for women by 6 months for each child with a maximum of 18 months and by 3 months for each year of work before 20 years of age; it goes down for men according to parental leave (about 1 month per each child with a maximum of 3) and by 3 months for each year of work before 20 years of age. 2bis) as of 2021, the "super bonus" is going to be reintroduced for those who work for another three years after becoming eligible for retirement. 60,000 workers in the three-year period (see the Appendix). (3) The average adjustment of the pension amount is given by the replacement effect (ceased pensions and new pensions) at 1% and by the average adjustment to inflation estimated to be 1.25 in the period considered (100% up to 3 times the minimum benefits, 90% from 3 to 5 times the minimum benefits; as of 2026, when 80% of subjects will have a contribution-based pension system (30 years after 1996), benefits will be adjusted mainly to inflation (1.2%) and 0.3% will come from the replacement effect. 4) expenditure net of GIAS (34,824.1 million) and of welfare benefits as illustrated in Table 1.a.

b) the average monthly pension for each pensioner is expected to increase in nominal terms in 2019 and 2020 and to continue until 2030 when pensions will be almost entirely calculated with the contribution-based system and the replacement effect will therefore be mitigated.

c) The number of employed subjects at the end of August 2019 was **23,400,000** (+0.6% compared to August 2018), of whom 18,101,000 (+0.9% compared to August 2018) employed workers and 5,299,000 (-0.5% compared to August 2018) self-employed. This is the best result ever (in July 2008, before the start of the crisis, this figure was **23,090,348**); the overall employment rate reached **59.2%**, + 0.5% compared to last August, an all-time high (the second best result dates back to April 2008: 58.9%), while the rate for women reached an unprecedented 50.2%. The employment rate for the over-50s too rose to the record figure of **61.3%** (+ 0.8% compared to last August).

The only negative finding was the overall number of hours worked (employed workers) which is slowly picking up but is still far from the last pre-crisis figure (30 billion and 484 million).

The latest ISTAT surveys set the 2015 figure equal to 100 and estimate the second quarter equal to 111.6 (+1.6% compared to the second quarter of 2018), but the number of hours worked per worker is still 4.8% lower than in the fourth quarter of 2007, the highest result ever achieved. So, if the 2015 index is 100, the number of hours worked per employee was 100.5 in 2010 and 100.7 in the second quarter of 2018 (ISTAT does not calculate the index for 2008, but it must have been much higher considering the higher number of hours worked and the higher employment rate). The index for the second quarter of 2019 was 102.7, - 0.1% vs. the first quarter and - 1% vs. the second quarter of 2018, indicating a stagnant number of hours worked per employee. The number of redundancy hours authorized up to August was 169,424,626 (+13.56% over the same period in 2018), while the number of recipients of unemployment benefits (Naspi, mobility, Discoll) was 1,199.145 (+ 1.18% over the same period in 2018). This figure, like the one related to redundancy fund, shows a change in the trends that start to have an effect also on employment.

d) The active workers/pensioner's ratio - In the 11 years between 2008 and 2018, longevity increased (life expectancy at 65 years grew by more than 1 year); however, the number of pensioners decreased by **4.84%**, from about 16.779 million to 16.004 million (- 775,000 or so) as a consequence of the reforms launched in the last 26 years (more stringent retirement requirements) but also of the rise in employment also in 2019. In 2018, this ratio was equal to **1.4505**, as already illustrated in the last Report, despite the fact that the 4 previous Governments adopted 8 "safeguard" measures and introduced Social APE (advance pension financed by taxpayers) which allowed about 140,000 workers to retire earlier. This virtuous trend would have continued if Decree 4/2019 (Quota 100) had not been introduced, which is not expected to produce any improvements for at least the next 4 years (or for longer periods if other undesirable early-retirement forms are adopted); in fact, if employment rises to 23,400,000 and 23,500,000 at the end of 2019 and at the end of 2020 respectively, the ratio is expected to be **1.449** and **1.456**.

e) Pension expenditure in the short term, contribution revenues and balance - In the five-year period between 2018 and 2022 pension expenditure, net of GIAS transfers estimated to stabilize at around 35/36 billion euros, will peak in 2022 at 250 billion euros, rising from 225.593 billion in 2018 to 231.849 billion in 2019, to 239.167 billion in 2020 and to 245.559 in 2021; later it is expected to grow but not so significantly, after the end of the growth caused by Quota 100. Contribution revenues are expected to reach 209 billion euros in 2019 and around 215 billion euros in 2020, also thanks also to

the increase in employment, including about 14 billion euros' worth of transfers from GIAS and GPT for notional contributions, rebates and benefits but without taking into account the 10.8 billion euros' worth of the annual State contribution to the fund for civil servants. The *pension balance* is expected to be approximately equal to **-22.8 billion** for 2019 and **-24 billion** for 2020 net of GIAS transfers, due to the increase in expenditure caused by Quota 100 in these two years. So, the reduction of the annual deficit that started in 2014 is grinding to a halt. The expenditure/GDP ratio for 2019 and 2020 is estimated to be slightly above the **12.86%** of 2018; this increase will also continue in the following two years.

## 8.6 Long-term trends of pension expenditure

If we do not take into consideration the increase in pension expenditure due to the Quota 100 option and other possible undesirable measures, the reduction in *pension expenditure* is expected to go on in the next decade; this trend is due to the more stringent eligibility criteria stemming from the **2 so-called "automatic expenditure stabilizers"**: the retirement age linked to life expectancy and the adjustment of transformation coefficients to life expectancy and to the phasing out of the almost 1.5 million benefits accrued in 1986 (see Chapter 6) and that have been provided for over 33 years. Instead, welfare expenditure remains very high, as does the number of welfare benefits paid every year (accounting for half of all the benefits and in some years even for a higher percentage with respect to pension benefits; see previous paragraphs). There are still a number of problems that need to be solved and which have been extensively described in the latest Reports: the risk for welfare expenditure to spiral out of control also because of the over competitive race among politicians to increase it from one year to the other, the increase in the number of beneficiaries of the 14th month's salary, the introduction of REI and then of the citizenship pension and citizenship income, social APE and other welfare forms; all this without harmonizing the current access rules or implementing effective forms of control through the **Central Welfare Registry** envisaged by the law but never launched; a plan that may lead to a better allocation of resources, to structural savings for about **5 billion euros per year** and to tighter and more effective controls over tax and social security evasion.

Before drawing the conclusions for this Report to improve the sustainability of the pension system, it seems useful to analyse the projections related to public pension expenditure provided by the General accounting Office (RGS) and by the Working Group on Ageing Populations and Sustainability (WGA).

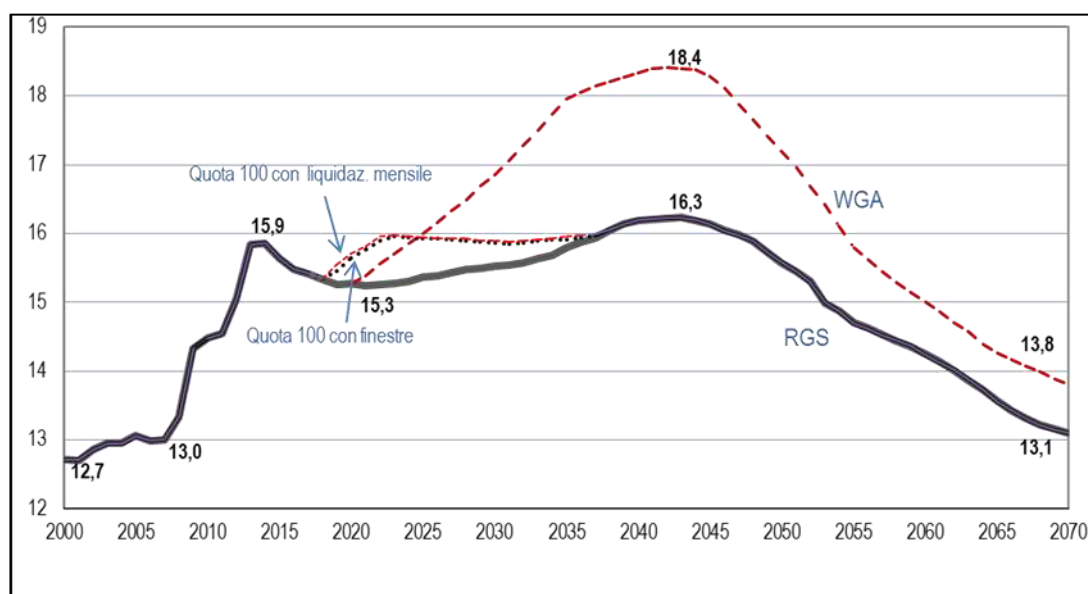
**Figure 8.1** shows the RGS projections based on the 2018 NA.DEF and those of the WGA, which are clearly very different<sup>89</sup>.

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<sup>89</sup> For further insights refer to the Observatory on public expenditure and revenues "Sustainability of pension expenditure with an alternative development approach" presented on November 13, 2019 at CNEL and curated by the Research and Study Centre of Itinerari Previdenziali and available for consultation on the [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it) website in Italian and in English.



**Figure 8.2 - Pension expenditure before GIAS transfers as % of GDP**  
(RGS and WGA EU projections)



*Quota 100, monthly payment; Quota 100, with windows*

As we have seen in Chapter 1, **from 2008 to 2013** the growth of pension expenditure before GIAS slowed down from a 1.7% on average per year in the period **1998/2007** to 0.8% as a result of the economic crisis. Instead, the expenditure/GDP ratio started to grow again due to the slump of GDP, which fell by almost 1.5% in real terms on average over this period. Therefore, the ratio provided by RGS is about 2.6 % higher than the pre-crisis level of 2007, rising from 13.3% to 15.9% (15.45% according to our model) "due to the two recessions of 2008-2009 and 2011".

Starting from 2015, the slight economic recovery reduced the expenditure/GDP ratio to 15.4% in 2016 and 15.3% in **2017-2018** (14.9% in our model; see Table 1.a).

The introduction of Quota 100 put a halt to the downward trend of this ratio, which, however, did not grow much: according to our projections, + 0.35% in the three-year period from 2019 to 2021 before falling to + 0.25 in 2022 and becoming stable in the following years (the RGS estimate is 15.9% that may be achieved if GDP growth remains between 0.1% and 0.4%); the growth is limited by the measures introduced by the reforms, including the reform of the disability pensions (Act n. 222/1984) which reduced these benefits from over 3 million to just over 1.1 million, the subsequent rationalization measures which continue to shrink the stock of pensions and the automatic two-yearly adjustment of the retirement age requirements and the adjustment of benefits through transformation coefficients also linked to life expectancy. Compared to the graph in Figure 8.6.1, the increase is more limited due precisely to the low number of quota 100 recipients compared to the initial forecasts. The effects of Quota 100 will be felt until 2026/2028, albeit in a decreasing manner as shown in Table 8.5.5.

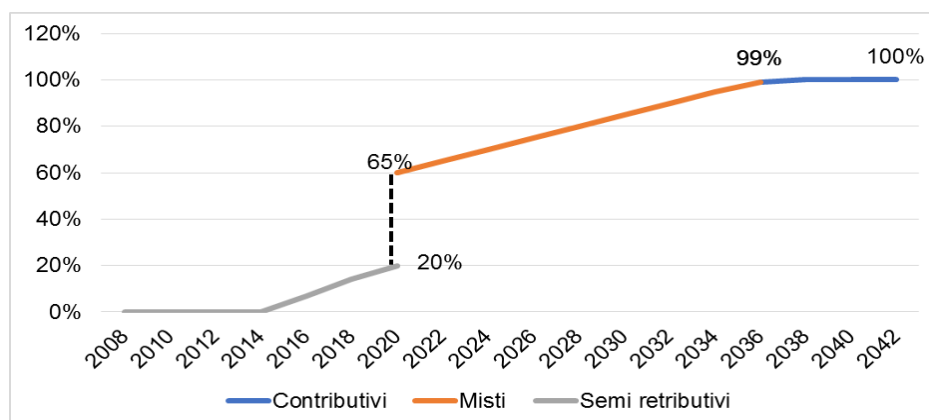
A fundamental issue in the containment of expenditure and also in the scarce appeal of the Quota 100 measure, is that the so-called **"pure income-based" subjects** will gradually phase out as of 2020; subjects with over 18 years of contribution on 31/12/1995 and by now considered as **"semi-income based"** because they have been switched to the pro-rata contribution-based calculation method since 1/1/2012 and therefore have a **contribution-based pension share of around 15/20%**.



As of 2020, about 73% of pensioners will be *"mixed"*, that is subjects with less than 18 years of contributions on 31/12/95, starting with those with about 17 years, with an expected share of the *contribution-based pension* equal to 60/65% that gradually increase from year to year. This group of workers will be phased out in 2036/37 with *contribution-based pension* shares of 99%. The pure contribution-based subjects (who started working on 1/1/1996) will become eligible for retirement as of **2036** (*Figure 8.2*).

According to RGS, in the following 18 years (**2026-2044**), the ratio of pension expenditure vs. GDP will start to grow again due to the increase in the number of pensions for the so-called baby boomers, and will reach 16.3% in 2044. However, the effect of the two automatic stabilizers mentioned above and the increasing number of pensioners in the "mixed" system are not expected to significantly raise the number of pensions or their amount; so, the pension "renewal" effect is expected to be much smaller<sup>90</sup>. All the more so when we consider that 90% of the subjects born until 1956 have already retired (50% those born until 1959) and that those born from 1961 onwards are either in a mixed or pure contribution-based system

**Figure 8.3 - Retirement periods of the three groups**



ex - retributivi	Misti	Contributivi
Anzianità contributiva più di 18 anni al 31/12/95; da 1/1/2012 contributivo pro-rata. Nel 2020 si esauriscono le ultime uscite. Quota contributiva da 0% a circa il 20% per le ultime coorti che usciranno.	Anzianità contributiva minore di 18 anni al 31/12/95. Nel 2036-37 si esauriranno le ultime uscite. Quota contributiva da poco meno del 60% fino a punte del 99% per le ultime coorti che usciranno.	Inizio attività dopo 1/1/96. Matureranno i requisiti per il pensionamento dal 2036. Quota contributiva 100%.

*Contribution-based system Mixed system Semi income-based system; ex income-based subjects: more than 18 year of contributions on 31/12/95; as of 1/1/2012 pro-rata contribution-based system. In 2020 they will be phased out. Contribution-based pension share from 0% to about 20% for the last cohorts. Mixed subjects: less than 18 years of contributions on 31/12/95. In 2036/37 they will be phased out. Contribution-based pension share from slightly less than 60% to 99% for the last cohorts. Contribution-based subjects: who started working after 1/1/1996. They will become eligible for retirement as of 2036. Contribution-based pension share equal to 100%.*

<sup>90</sup> Cfr. MEF – RGS, Medium and long term trends of the social security and health care system. Projections processed on the basis of the RGS models updated to 2018, Rome, July 2018, pp. 55-56 and the RGS Report n. 20/2019.

**Table 8.16 - Percentage distribution of pensioners according to the calculation method and initial employment year and Quota 100 pensions**

Anno	Regime				Totale annuo per	
	ex-Retributivo		Misto		ex-Retributivo	Misto
	I semestre	II semestre	I semestre	II semestre		
2020	27%	27%	73%	73%	27%	73%
2021	15%	11%	85%	89%	12%	88%
2022	7%	5%	93%	95%	6%	94%

*Year, System, Total per year, former income-based system, mixed system, first quarter, second quarter*

The following observations should be made on the RGS forecasts: 1) expenditure as a percentage of GDP refers to total expenditure including GIAS transfers, equal to about 35 billion euros, supplementary minimum benefits and the GIAS transfers to the fund of public employees (another 17 billion euros); according to the reclassification of this Report, expenditure amounts to 11.72%, net of GIAS, of the above mentioned welfare expenses and before personal income taxes 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" between 2030 and 2045 is not likely to occur and expenditure is expected to remain at around 15.5% of GDP, -2 points of GDP before welfare benefits.

Again, according to the RGS (national base scenario) forecasts, after 2044, this ratio rapidly drops to 15.3% in 2050, to 13.8% in 2060 and to 13.1% in 2070, with an almost steady deceleration over the entire period, due to the replacement of mixed pensions with contribution-based ones that may curb average benefits with respect to salary levels, to the phasing out of the baby boom generations and to the adjustment of pension eligibility requirements to life expectancy.

If, as already pointed out, the RGS forecasts seem to overestimate the ratio of pension expenditure to GDP for the above-mentioned reasons, the projection in Figure 8.6.1, the red dotted line 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 does not seem to reflect the real situation in Italy.

By adopting some modifications regarding population trends, productivity and employment, the WGA estimates a much higher ratio of pension expenditure vs. GDP<sup>91</sup>. Compared to the (EUROPOP 2013) projections, EUROSTAT assumed a sharp contraction in the net flow of immigrants for the first 25 years of the forecast period, from an average annual level of 360 thousand units to an average annual level of less than 190 thousand units, with a contraction of more than 47%, in line with the 2016 ISTAT projections.

<sup>91</sup> 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.

In 2060 (last year of the previous projection), also due to the reduction in the fertility rate, the population is expected to drop by over 9 million people and the dependency ratio of elderly subjects to increase by more than 8%.

The revision of the hypotheses in this scenario, which is relevant above all in terms of productivity but also in terms of migration flows and employment rates, means that Italy's growth prospects are substantially reduced. With the assumptions of the RGS model, the GDP average annual rate of change over the entire period goes from a level of around **1.4%** in the previous round in 2015, i.e. from a value close to the EU average, to a level slightly 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 of 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 rates of change 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.

These particular productivity upward trends, 0.6% on average per year until 2040 and 1.6%, from 2040 to 2070, together with the trends of employment rates, are reflected in the time profiles of real GDP. After the recovery from the years of the crisis, the RGS model shows a relatively constant progression of growth, while in the EPC-WGA projection, GDP growth remains fairly flat until 2040 and then accelerates in line with the RGS projections, i.e. with similar rates of change, but always with the gap created in the first twenty years of the projection. It is obvious that these assumptions are unacceptable for Italy because it would have the worst effect from the ageing of the population without any advantage in terms of consumption (silver economy) and employment and a drastic reduction in unemployment.

### *Some possible answers*

**1) From Quota 100 to a structural and final revision of the Monti Fornero Law** - Quota 100 is a partial and not completely correct response to a real problem caused by the Fornero reform; in fact, , unlike the previous reforms which provided for retirement flexibility and a gradual phasing-in of the new age and contribution seniority requirements (all of which extended the requirements by 1 year every 18 months), this reform extended these requirements with immediate effect by almost 6 years and eliminated almost completely the retirement flexibility options. The Fornero reform clearly did not work well: the first "**safeguard**" measure, i.e. the rules to allow for retirement with the pre Fornero requirements, started with the reform; the second was adopted in 2012 and so on until the eighth one in 2016. In total, **120,000** people were safeguarded; moreover, between 2014 and 2016, the extension of the "**woman's option**" (contribution-based pension with 57 years of age, 1 year more for self-employed women, and 35 of contributions) allowed more than **45,000** women. The real anomaly is that even though the three Monti, Letta and Renzi governments were aware of the excessive rigidity of the system (retirement only allowed at 67 years of age or with 42 years and 10 months of contribution seniority, 1 year less for women), they did not have the courage to review this reform but they simply introduced some exceptions. The same happened with Renzi and Gentiloni in 2017 and 2018; since they were unable to adopt a ninth safeguard measure, they introduced the APE (pension advance), heavy jobs and "early workers", thus making the rules even more complex. As a result, between 2017 and 2018, **97,000** workers became eligible for the social APE (fully financed by the State) with 63

years of age and 30 or 36 years of contribution (today referred to as quota 93 or 99); the number of early workers was equal to **74,500** (with 41 years of contribution regardless of age, therefore many under 100). Conclusion, in 7 years, the workers who retired without the Fornero requirements amounted to over **340,000** for a cost that can be estimated at about **30 billion** (the 8 safeguard measures alone cost about 17 billion euros or 15% of the savings foreseen by the Fornero reform); the effective retirement age was also reduced. So, also the subsequent Conte Government of 2018/19 decided to "patch up" the rules by introducing Quota 100; this measure has a series of defects: **a)** it does not cancel the Fornero reform but it is only an experimental and short-time measure (3 years for Quota100 and 8 years for early workers and early pensions) after which the system goes back to the Fornero Law; quota 41, suggested by the League may also be a good solution but it is too expensive; **b)** it does not take into account the specific situations of workers with health problems, dependent family members to be treated, heavy jobs, mobility or unemployment, but it "**frees all**" including those who could still safely work; **c)** it is difficult to achieve for women; in fact, they account for only **26%** of the total and the Woman' Option is very penalizing (a contribution-based pension with a 30% reduction while having quota 95 against a 100% pension with Quota 100); **d)** it does not provide for specific benefits for these categories and not even for "**solidarity funds**" for the industry, retail, crafts and agricultural sectors, on the basis of the model used by banks and insurance companies that have supported for 5 years over 80 thousand workers with 62 years of age and 35 of contributions; these funds could have been used with the full support of the e State, for 5,000 esodati and unemployed subjects for the first year, 3,000 for the second and 2,000 for the remaining 3 years, thus solving all outstanding issues; **e)** a lot of irregular work will be generated with the ban on cumulation that was repealed in 2010. However, flexible retirement criteria are necessary, but above all it is crucial to finalize the reforms with a simple and stable regulatory framework for all income-based, mixed and pure contribution-based pensions; therefore, by maintaining the requirements for the **old age pension** at 67 years of age adjusted to life expectancy and at least 20 years of contributions, the Quota 100, Social APE, Woman's Option and early retirement measures could be replaced by the above-mentioned redundancy funds and by a flexible retirement plan with **64 years of age** (adjusted to life expectancy), with at least **37/38** years of contributions of which no more than 2 notional years (excluding maternity, military service, voluntary redemptions) and the **advance pension** could be stabilized with 42 years of age and 10 months for men (1 year less for women) **with no link to life expectancy** and with no ban on cumulation. It would be useful, on the basis of the Dini model, to provide for working mothers a reduction in the retirement age requirements equal to 8 months for each child with a maximum of 24 months, while for early workers, every year of work before the age of 19 should have a value of 1.25 years (with 4 years of work and 16, 17, 18, 19 years of age, it is possible to retire 1 year in advance). Finally, the indexation of pensions to inflation should be reintroduced: 100% up to three times the minimum benefits, 90% from 3 to 5 five times the minimum benefits and 75% more than 5 times the minimum benefits on the share of the income-based benefits; instead, for the **share calculated with the contribution-based system**, the indexation should be 100% and the unfair cut to high pensions should be eliminated.

**2) Development of redundancy and solidarity funds to promote exit flexibility and generation change<sup>92</sup>**- This is a negotiated model that is not financed by the State but by the mutuality of the sector

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<sup>92</sup> With different names and sometimes conflicting missions, bilateral and/or solidarity funds are found throughout the world of labour, at least in the private market. The Jobs Act envisaged the launch of Solidarity Funds to be operated by INPS for the compartments that lack ordinary safety net measures (mainly the Redundancy Fund). Some compartments have already had these Funds for some time, or Bilateral Funds with different objectives, including income-support measures. The

to which it belongs; it is agreed and implemented within a collective agreement possibly with burden sharing between employers and workers. The only burden borne by the State is of a regulatory nature, i.e. to allow the payment of contributions in favour of subjects who are no longer working. These Funds are allowed to activate the "extraordinary allowances" agreed upon through company or territorial agreements to support long-term contract workers who will reach the age and/or contribution requirements within 5 years from the date of termination of the employment, provided they have 35 years of contribution. The amount of the allowance is approximately equal to the pension benefits workers receive once they have the requirements, including the share of the pension accrued with the contributions they have paid to their fund; they are obliged to serve for three days for socially relevant assignments.

**3) *Fighting tax and contribution evasion and undeclared work*** - Is it credible that, in Italy, only **938,000** subjects have a gross income of more than **75,000 euros** out of 41 million taxpayers and 60 million inhabitants? And that there are only **467,000** with a gross income of **100,000 euros**? Perhaps there is something wrong considering that the wealth of Italians (data of the Bank of Italy) is close to **10,000 billion** and that, according to the OECD, this parameter is higher with respect to

France, Great Britain, Canada and Germany. Is it conceivable that luxury car owners (costing more than 120,000 euros) are 3 to 4 times more than the subjects who state an income of the same amount? Before reducing taxes, it is necessary to find the appropriate resources to avoid worsening the level of debt, which is already at emergency levels; so, two preliminary actions are necessary: **a)** authorize the Tax Authorities (as is the case in many EU countries) to check why 30-year old or older individuals have never submitted a tax return (by simply cross checking tax codes and tax statements); how can they make ends meet? The Authorities would certainly find out a lot, including the members of the 4 criminal organizations and would avoid an unfair tax burden on honest citizens who submit their tax returns every year. These controls are likely to significantly increase the number of taxpayers. **b)** Since it is useless and expensive to increase the number of inspectors, it would be better to introduce cross-checks the owners of luxury goods, cars, houses whose stated income is not compatible with their assets; **c)** If Italian households are allowed to annually deduct 50% of their expenses for house maintenance (plumbing, electricity, construction, upholstery, furniture), for the maintenance of cars, motorcycles and bicycles, small-scale domestic help up to 5,000 euros (to be increased for households with more than 3 members), 25 million people will oblige irregular workers (whose number is still unknown), undeclared workers and "grey" workers to issue an electronic invoice; they will be rewarded with more than a 14th month's salary (2,500 euros) to be financed not through a deficit but by those who today do not pay taxes with a structural advantage for the State of more than **24 billion euros per year**; this may definitively disengage the VAT safeguard clauses. **d)** And if the State wants to reduce the **tax wedge** for households of families, it is just necessary to increase meal vouchers (with a value of 5.16 euros, that have been dormant for more than 20 years), up to 10 euros and introduce transport vouchers; this would result in at least 2.400 euros per year after taxes in the pay slip. **e)** Promote self-employment, currently very penalized, through tax breaks for young people who decide to become farmers and protect their land; correlate social security contributions to the actual turnover of their business, thus allowing these subjects to deduct all start-up costs during the year (much better than the

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solidarity funds of the Credit, Insurance, Post and Railways sectors under Law Decree n. 148/2015, capitalize on the longstanding experience especially of the Redundancy Fund in the banking sector that allowed thousands of redundant workers to retire early, through cost mutualization.

flat tax that generates undeclared work); introduce the super amortization of labour costs for companies that employ workers under 29 years of age, over 56 and women; **f)** improve schools and nurseries and make them affordable and allow for their cost deduction in order to increase the rate of female employment and perhaps also the national fertility rate.

**4) Increase the workforce: demography is not set in stone** - It is not what the WGA or the OECD think (which do not have a model but who re-process Italian data). For example, the very bad demographic projections for Italy in the next 40 years do not take into account: the increase in the fertility rate due to regulatory measures; moreover, if there are really major issues in terms of shortage of labour after closing the doors to illegal immigration, Italy may work on two fronts: **a)** provide a regular permit to the at least 500,000 undeclared workers who can prove they have worked in Italy for at least 5 years (they would pay, together with their employers, a contribution of 20,000 euros in instalments over 10 years without interests to "redeem" the costs incurred by the country at least for health care; there would be 500,000 more workers, reaching a total of 24 million; this would improve the active workers/pensioners ratio, reduce the average age and boost the population. **b)** Launch a "contest" like in Canada if these measures are not enough; the aim is to allow some skilled and qualified subjects (workers, welders, nurses, etc.) who know the Italian language and its Constitution, etc. to come and work in Italy, thus producing the above-mentioned effects. So, demography is not set in stone and neither is the economy: it will suffice to think, for example, of the initiatives that attract foreign pensioners to Italy: more than 300,000 people with good spending capacity may come to Italy and boost the GDP growth. These are just 4 examples that can change the rating of this country.

**All the new provisions updated at the end of 2019 are listed in Appendix 1. with comments and insights**

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>1. Lavoratori dipendenti privati (a)</b>																		
- contributi	79.317,9	83.160,2	85.414,6	91.198,6	92.397,9	95.960,3	102.908,4	111.085,9	111.089,9	112.369,0	115.205,8	117.037,3	116.418,9	115.800,9	117.089,2	121.189,0	123.792,0	126.622,4
- prestazioni	62.944,1	62.724,3	69.706,3	94.073,0	97.409,2	99.417,2	102.877,0	106.766,9	110.359,8	112.541,2	114.881,1	117.771,7	119.259,1	119.494,1	118.976,0	118.973,9	120.123,9	121.172,2
- saldi	- 3.126,2	- 2.568,1	- 4.291,7	- 2.875,4	- 4.111,3	- 2.456,9	- 71,4	4.318,0	739,2	- 172,1	324,7	- 734,4	- 2.840,2	- 3.613,3	- 1.876,8	2.219,1	3.668,1	4.450,2
<b>2. Lavoratori dipendenti pubblici</b>																		
- contributi (2)	32.168,1	32.953,2	33.738,0	35.758,1	36.014,7	39.769,1	38.410,9	41.713,2	41.533,0	41.522,3	40.773,8	39.251,4	38.246,4	38.164,1	37.890,8	38.277,2	38.283,4	40.113,6
- prestazioni (3)	39.722,7	41.560,8	43.114,6	44.323,4	46.152,1	48.107,1	50.656,4	53.079,0	55.883,3	58.401,9	60.631,4	63.015,0	64.304,1	65.059,4	64.871,3	67.620,3	68.700,4	70.691,4
- saldi	- 7.554,7	- 8.607,6	- 9.376,6	- 8.565,3	- 10.137,3	- 8.338,0	- 12.025,5	- 11.365,8	- 14.405,3	- 16.879,6	- 19.857,6	- 23.765,6	- 26.057,7	- 26.875,3	- 28.980,5	- 29.343,5	- 30.417,0	- 30.577,8
<b>3. Lavoratori autonomi</b>																		
<b>3.1. Artigiani e commercianti</b>																		
- contributi	10.945,0	11.154,6	11.543,1	12.123,5	12.884,1	13.543,1	15.910,5	16.458,3	16.967,0	16.865,5	16.748,4	17.771,9	17.898,7	18.345,2	18.515,0	19.189,4	19.401,0	18.828,5
- prestazioni	10.501,4	11.367,8	12.313,2	13.183,4	14.512,6	15.539,9	16.581,2	17.527,3	18.530,9	19.257,9	19.979,5	20.611,3	21.238,4	21.365,4	21.562,1	21.429,3	21.396,9	21.876,1
- saldi	344,6	- 213,2	- 770,2	- 1.059,9	- 1.628,5	- 1.995,9	- 670,7	- 1.070,0	- 1.963,9	- 3.391,3	- 3.211,1	- 2.839,3	- 3.339,7	- 3.020,2	- 3.047,1	- 2.239,9	- 1.995,9	- 3.048,6
<b>3.2. Coltivatori, coloni e mezzadri</b>																		
- contributi	1.048,3	1.022,3	1.040,4	1.034,4	1.084,4	1.025,0	1.005,3	1.012,7	1.085,5	1.054,0	1.067,1	1.129,4	1.161,7	1.212,8	1.222,5	1.248,5	1.272,2	1.307,8
- prestazioni	2.475,2	2.637,3	2.579,3	2.852,8	2.854,8	3.380,0	3.511,0	3.475,5	3.355,8	3.834,5	3.965,7	4.532,9	4.277,2	4.359,2	4.355,5	4.000,9	3.969,2	3.826,1
- saldi	- 1.426,9	- 1.615,0	- 1.539,0	- 1.818,4	- 1.802,4	- 2.355,1	- 2.504,6	- 2.462,8	- 2.269,4	- 2.780,6	- 2.898,6	- 3.403,4	- 3.115,5	- 3.146,4	- 3.132,9	- 2.812,4	- 2.697,0	- 2.518,4
<b>4. Liberi professionisti (b)</b>																		
- contributi	2.950,4	3.325,4	3.491,9	3.918,8	4.201,5	4.655,1	4.980,5	5.273,5	5.590,5	5.916,7	6.376,6	6.697,4	7.155,4	7.317,6	7.557,3	7.996,2	8.236,1	8.502,3
- prestazioni	1.859,0	1.958,8	2.074,2	2.229,5	2.382,8	2.544,0	2.913,3	2.841,8	2.998,8	3.138,3	3.280,8	3.515,4	3.753,2	3.961,6	4.121,1	4.301,8	4.475,4	4.696,8
- saldi	1.111,4	1.366,6	1.417,7	1.690,3	1.818,7	2.121,1	2.289,2	2.435,5	2.591,7	2.778,5	3.095,8	3.182,0	3.402,2	3.356,1	3.436,3	3.694,3	3.760,7	3.805,5
<b>5. Fondo clero</b>																		
- contributi	27,7	28,6	29,6	30,1	29,8	29,7	31,0	30,9	31,8	32,5	31,4	32,6	33,2	32,9	31,2	30,8	30,6	30,4
- prestazioni	77,3	83,0	81,8	84,8	90,1	88,8	93,2	98,9	99,2	102,2	99,1	96,8	103,2	102,2	101,6	99,8	95,5	95,4
- saldi	- 49,6	- 54,4	- 52,2	- 54,7	- 60,4	- 59,1	- 62,2	- 64,9	- 67,5	- 65,4	- 67,7	- 67,2	- 70,0	- 69,3	- 70,4	- 69,0	- 65,0	- 65,1
<b>6. Gestioni e lavoratori parasubordinati (c)</b>																		
- contributi	2.538,8	2.923,7	3.179,4	3.923,3	4.156,4	4.559,4	6.214,7	6.568,8	6.588,9	8.117,1	6.922,5	7.550,5	7.327,1	7.588,3	7.908,4	7.445,4	7.654,2	8.090,4
- prestazioni	5,4	16,6	22,4	43,7	71,3	116,4	174,0	235,8	302,5	384,9	456,8	467,0	553,9	625,0	711,2	806,0	865,8	1.003,8
- saldi	2.533,4	2.907,1	3.157,0	3.879,6	4.085,0	4.443,0	6.040,7	6.334,0	6.286,4	7.732,3	6.465,7	7.083,4	6.773,2	6.943,3	7.197,2	6.639,4	6.788,5	7.086,6
<b>7. Tot. Insignificativi (d)</b>																		
- contributi	645,6	638,9	645,0	745,0	798,6	859,1	891,2	968,3	836,5	891,7	892,1	936,9	1.022,1	1.069,1	1.110,3	1.161,9	1.172,2	1.214,0
- prestazioni	863,2	895,9	902,9	942,0	964,0	1.016,4	1.016,3	1.012,7	1.024,9	1.027,2	1.084,9	1.104,4	1.137,0	1.165,1	1.198,2	1.211,1	1.214,5	1.231,2
- saldi	- 217,6	- 257,0	- 257,9	- 197,0	- 165,5	- 157,3	- 125,1	- 148,4	- 188,4	- 135,5	- 192,8	- 167,4	- 114,9	- 99,0	- 87,9	- 49,2	- 42,3	- 117,2
<b>TOTALE GESTIONI PENSIONISTICHE</b>																		
- contributi	129.763,7	135.205,9	139.082,0	148.733,9	152.447,4	161.410,9	170.523,5	183.012,4	183.283,0	185.770,0	188.017,7	190.407,5	189.543,4	189.591,0	191.334,9	196.522,4	199.841,7	204.710,4
- prestazioni	138.128,3	144.240,4	150.814,8	157.756,6	164.465,9	170.210,1	177.540,4	185.034,8	192.560,2	198.654,7	204.379,3	211.117,4	214.626,1	216.112,0	217.394,9	218.533,6	220.842,5	225.593,2
- saldi	- 8.364,6	- 9.034,6	- 11.732,8	- 9.022,7	- 12.018,6	- 8.799,2	- 7.016,9	- 2.022,4	- 9.307,2	- 12.914,8	- 16.361,6	- 20.709,9	- 25.082,7	- 26.521,0	- 26.060,0	- 21.993,2	- 21.000,9	- 20.882,8
<b>Quota Gias per le gestioni pensionistiche (4) (5)</b>																		
SPESA PENSIONISTICA	165.019,1	172.924,0	180.044,5	187.573,0	194.556,5	201.122,6	206.305,5	217.660,9	225.372,2	232.261,5	238.084,2	242.897,4	247.018,2	249.468,0	253.941,7	253.731,3	258.425,1	261.417,3
Spesa pensionistica in % del PIL																		
- al lordo Gias	12,70	12,85	12,95	12,95	13,06	12,90	13,00	13,34	14,33	14,48	14,54	15,06	15,45	15,38	15,37	15,02	14,87	14,90
- 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	12,93	12,81	12,86

**1. Private sector employees (a): contributions, benefits, balance; 2. Public sector employees: contributions (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, to 15,032.36 million for 2015, to 15,276.60 million for 2016, to 14,362,88 million for 2017 and to 13,988,25 million for 2018 (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 9,700 in 2007, to 10,350 million in 2008, to 9,700 in 2009, to 10,350 million in 2010, to 10,500 million in 2011, to 10,500 million in 2012, to 10,600 million in 2013, to 10,800 million in 2014, to 10,800 million in 2015, to 10,800 million in 2016, to 10,800 million in 2017 e 10,800 in 2018. (3) In 2018, the benefits provided to public employees amount to 70,691 million of which 9,355.25 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 2018 benefits include 9,355.25 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 (35,824.12 million euros) has to be integrated with the GIAS amount analysed in note (3). Therefore, the total value of GIAS amounts to 44,179 million euros (35,824.12+9,355.25). (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	2018
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	3,64
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	-43,26
3.1. Artigiani e commercianti	3,28	-1,88	-6,25	-8,04	-11,15	-12,85	-4,04	-5,11	-10,60	-17,61	-16,17	-13,78	-15,25	-14,14	-14,13	-10,55	-9,33	-13,89
3.2. Coltivatori, coloni e mezzadri	-57,65	-61,24	-59,67	-63,74	-63,77	-69,68	-71,34	-70,86	-68,99	-72,51	-73,09	-75,08	-72,84	-72,18	-71,93	-69,26	-67,95	-65,82
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	84,03	81,02
5. Fondo clero	-64,17	-65,57	-68,80	-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	-68,18
6. Lavoratori Parasubordinati	46.902,20	17.559,17	14.117,84	8.877,43	5.726,29	3.815,48	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	705,95
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	-1,40
<b>TOTALE</b>	-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	-9,26

(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	2018
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	103,64
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	56,74
3.1. Artigiani e commercianti	103,28	98,12	99,75	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	86,07
3.2. Coltivatori, 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	34,18
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	184,03	181,02
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	31,82
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	805,95
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	98,60
<b>TOTALE GESTIONI PENSIONISTICHE</b>	89,94	88,73	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	90,74

(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	2018
<b>Trasporti</b>																		
Uscite Previdenziali (m ln)	1.902	1.926	2.010	2.037	2.084	2.136	2.184	2.233	2.275	2.275	2.281	2.287	2.272	2.258	2.220	2.202	2.174	2.175
% di variazione	3,2%	1,3%	4,3%	1,4%	2,3%	2,3%	2,3%	1,8%	1,8%	0,0%	0,2%	0,3%	-0,6%	-0,6%	-1,7%	-0,8%	-1,3%	0,0%
Entrate Previdenziali (m ln)	1.049	984	1.069	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	1.223
% di variazione	3,0%	-6,2%	7,7%	7,3%	-2,1%	2,9%	3,3%	2,1%	0,8%	4,8%	-2,3%	1,5%	-15,0%	13,5%	-2,6%	1,9%	-0,9%	1,7%
<b>saldo</b>	<b>-853,5</b>	<b>-942,7</b>	<b>-940,4</b>	<b>-900,5</b>	<b>-971,2</b>	<b>-990,9</b>	<b>-1010,7</b>	<b>-1025,7</b>	<b>-1057,3</b>	<b>-999,3</b>	<b>-1033,7</b>	<b>-1020,6</b>	<b>-1196,5</b>	<b>-1033,5</b>	<b>-1026,4</b>	<b>-987,7</b>	<b>-971,3</b>	<b>-951,8</b>
<b>Elettrici</b>																		
Uscite Previdenziali (m ln)	1.863	1.961	2.085	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	2.592
% di variazione	6,3%	5,3%	6,0%	2,9%	2,5%	1,9%	2,2%	1,6%	1,9%	0,6%	1,7%	1,9%	0,3%	0,0%	-0,7%	1,2%	1,3%	2,2%
Entrate Previdenziali (m ln)	1.502	1.463	746	616	688	636	588	715	612	609	650	573	566	550	508	614	474	449
% di variazione	-0,2%	-2,6%	-49,0%	-17,4%	11,0%	-7,7%	-7,3%	21,3%	-14,4%	-0,5%	6,7%	-11,0%	-1,2%	-2,9%	-7,6%	20,9%	-22,3%	-5,3%
<b>saldo</b>	<b>-360,5</b>	<b>-498,3</b>	<b>-1349,4</b>	<b>-1532,5</b>	<b>-1517,6</b>	<b>-1613,3</b>	<b>-1709,9</b>	<b>-1620,3</b>	<b>-1768,2</b>	<b>-1785,0</b>	<b>-1784,1</b>	<b>-1907,6</b>	<b>-1922,2</b>	<b>-1939,2</b>	<b>-1963,1</b>	<b>-1887,0</b>	<b>-2060,5</b>	<b>-2142,5</b>
<b>Telefonia</b>																		
Uscite Previdenziali (m ln)	1.109	1.168	1.244	1.349	1.435	1.512	1.595	1.674	1.741	1.775	1.905	1.825	1.855	1.896	1.911	1.907	1.894	1.913
% di variazione	5,0%	5,3%	6,4%	8,5%	6,4%	5,4%	5,3%	4,9%	4,0%	1,9%	7,3%	-4,3%	1,4%	2,2%	0,8%	-0,2%	-0,7%	1,0%
Entrate Previdenziali (m ln)	852	848	773	787	785	802	791	746	739	736	688	684	567	606	590	583	565	604
% di variazione	-3,3%	-0,5%	-8,9%	1,7%	-0,2%	2,2%	-1,4%	-5,0%	-0,9%	-0,4%	-6,5%	-0,5%	-17,2%	7,0%	-2,7%	0,3%	-4,7%	6,9%
<b>saldo</b>	<b>-257,2</b>	<b>-320,4</b>	<b>-470,4</b>	<b>-562,3</b>	<b>-649,6</b>	<b>-709,8</b>	<b>-804,8</b>	<b>-928,0</b>	<b>-1002,0</b>	<b>-1038,5</b>	<b>-1116,6</b>	<b>-1144,2</b>	<b>-1258,2</b>	<b>-1289,2</b>	<b>-1320,7</b>	<b>-1314,0</b>	<b>-1329,1</b>	<b>-1309,7</b>
<b>INPDAI</b>																		
Uscite Previdenziali (m ln)	3.449	3.720	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	5.638
% di variazione	6,0%	8,1%	4,8%	11,5%	2,0%	4,6%	4,5%	4,4%	4,3%	2,8%	2,1%	2,1%	-1,3%	-0,1%	-0,2%	0,2%	-0,1%	1,3%
Entrate Previdenziali (m ln)	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	1.688	1.581	1.538	1.479
% di variazione	-2,0%	15,8%	4,6%	-14,5%	-11,5%	-8,4%	-4,2%	3,4%	-6,2%	-5,8%	-3,3%	-1,8%	-8,3%	3,8%	-10,7%	-1,2%	-2,7%	-3,8%
<b>saldo</b>	<b>-626,6</b>	<b>-450,4</b>	<b>-489,7</b>	<b>-1431,3</b>	<b>-1886,3</b>	<b>-2285,5</b>	<b>-2599,5</b>	<b>-2732,9</b>	<b>-3109,0</b>	<b>-3383,4</b>	<b>-3564,1</b>	<b>-3713,9</b>	<b>-3809,7</b>	<b>-3736,7</b>	<b>-3892,7</b>	<b>-3989,9</b>	<b>-4025,3</b>	<b>-4159,7</b>

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	2017	2018
<b>NUMERO CONTRIBUENTI</b>																			
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	13.670.938	13.460.007	13.436.733	14.169.127	13.798.592	14.260.883	14.265.746
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	3.272.200	3.337.500
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	1.869.827	1.817.900	1.772.677	1.772.677	1.736.086	1.688.692	1.661.627	1.631.890	1.590.111
Commercianti		1.796.087	1.817.814	1.833.989	1.910.779	1.992.386	2.023.292	2.044.212	2.082.648	2.082.648	2.116.116	2.156.669	2.178.319	2.193.118	2.177.825	2.160.100	2.151.220	2.131.900	2.089.700
Coltivatori, coloni e mezzadri		623.508	599.413	576.006	553.259	535.574	519.904	500.263	486.450	477.016	469.940	463.300	459.760	457.261	453.108	448.409	446.907	445.300	451.170
Liberi professionisti		801.856	846.058	890.596	928.641	965.679	996.081	1.025.622	1.058.815	1.089.759	1.124.079	1.145.148	1.169.294	1.199.591	1.260.100	1.285.940	1.295.712	1.303.853	1.280.604
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	358.375	360.845	362.391	363.670	366.084
Fondo Clero		20.790	20.800	20.800	20.800	19.950	19.630	19.910	19.960	19.730	19.980	19.510	19.590	19.420	18.896	17.997	17.900	17.830	17.900
Lavoratori Paracuratori		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	1.247.000	1.303.000
Totale Integrativi		302.671	303.596	304.429	301.493	299.312	295.632	293.595	288.842	279.557	315.781	310.863	305.352	337.183	340.831	326.992	322.942	319.274	321.763
<b>NUMERO PENSIONI</b>																			
Lavoratori dipendenti privati		10.775.747	10.777.442	10.728.132	10.699.700	10.590.218	10.573.071	10.448.975	10.337.226	10.337.226	10.221.809	10.085.713	9.894.939	9.707.722	9.565.003	9.399.853	9.226.713	9.093.950	8.946.948
Lavoratori dipendenti pubblici		2.366.211	2.397.250	2.431.682	2.464.278	2.490.120	2.539.499	2.612.100	2.648.091	2.690.513	2.738.598	2.784.844	2.812.839	2.812.375	2.838.799	2.863.744	2.890.909	2.875.423	2.917.119
Artigiani		1.207.169	1.231.240	1.302.016	1.353.892	1.407.114	1.459.884	1.512.816	1.541.060	1.568.633	1.571.886	1.618.276	1.624.415	1.639.469	1.643.881	1.661.182	1.666.204	1.686.502	1.707.155
Commercianti		1.076.385	1.110.331	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	1.400.886	1.413.582
Coltivatori, 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	1.536.555	1.487.737	1.441.353	1.398.907
Liberi professionisti		219.602	226.094	232.201	237.627	246.334	253.333	262.846	269.493	275.946	282.803	294.710	311.357	325.358	342.606	353.540	366.363	381.472	393.132
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	209.113	218.406
Fondo Clero		15.313	14.704	14.501	13.941	14.279	14.672	14.785	14.630	14.566	14.487	14.271	14.095	13.863	13.788	13.499	13.152	12.930	12.640
Lavoratori Paracuratori		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	419.431	449.037
Totale Integrativi		145.955	148.956	150.955	152.374	154.158	154.413	153.717	152.305	151.548	150.435	138.486	140.170	157.459	159.082	161.020	161.999	159.495	160.455
<b>CONTRIBUZIONE MEDIA (€)</b>																			
Lavoratori dipendenti privati		5.602.16	5.786.80	5.889.73	6.290.37	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	7.725.50	7.968.38
Lavoratori dipendenti pubblici		9.798.38	10.037.54	10.380.93	10.922.80	10.608.17	11.655.66	11.409.84	12.414.65	12.458.15	12.612.71	12.609.63	12.645.33	12.582.97	11.831.53	11.650.48	11.581.62	11.699.38	12.019.06
Artigiani		2.937.91	2.942.08	3.018.83	3.068.80	3.183.53	3.406.06	4.035.48	4.169.86	4.166.72	3.953.40	4.080.48	4.408.00	4.317.12	4.676.77	4.770.69	4.996.14	5.135.37	5.039.66
Commercianti		3.000.89	3.114.10	3.196.63	3.275.96	3.434.77	3.531.19	4.038.18	4.138.23	4.137.33	4.065.26	4.209.83	4.412.48	4.489.09	4.641.33	4.714.50	4.929.38	5.064.83	4.981.23
Coltivatori, 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	2.727.50	2.797.80
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	6.248.59	6.571.79
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	5.600.67	5.888.30	6.039.48	5.066.72	6.066.72	6.066.72	7.066.72	8.066.72	9.066.72	7.969.96
Fondo Clero		1.332.61	1.375.85	1.423.08	1.445.58	1.492.83	1.531.14	1.557.46	1.549.90	1.610.04	1.577.48	1.609.37	1.664.27	1.707.01	1.739.91	1.735.48	1.722.43	1.716.38	1.696.62
Lavoratori Paracuratori		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	6.030.61	5.965.14
Totale Integrativi		2.019.40	1.975.90	2.002.26	2.334.22	2.526.73	2.577.80	2.782.66	2.850.60	2.830.38	2.684.38	2.828.59	3.026.01	2.994.17	3.100.50	3.357.87	3.561.59	3.656.38	3.738.62
<b>PENSIONE MEDIA (€) (1)</b>																			
Lavoratori dipendenti privati		9.018.15	9.415.94	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	14.741.96	15.140.93
Lavoratori dipendenti pubblici		16.101.03	17.068.16	17.133.78	17.727.85	18.184.07	18.695.57	19.357.32	19.844.19	20.786.44	21.309.37	21.848.84	22.364.81	22.880.38	24.051.61	23.374.24	23.532.26	24.168.29	24.457.70
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	11.820.26	12.078.13
Commercianti		5.966.20	6.363.46	6.751.88	7.108.29	7.477.37	7.817.19	8.171.06	8.504.31	8.932.46	9.142.58	9.534.85	9.796.51	10.147.93	10.362.19	10.568.00	10.730.64	10.937.94	11.264.12
Coltivatori, coloni e mezzadri		5.100.17	5.354.46	5.602.88	5.786.81	5.970.96	6.151.24	6.339.57	6.520.54	6.790.20	6.909.95	7.031.81	7.155.81	7.380.53	7.730.75	7.844.13	7.937.81	8.038.36	8.221.35
Liberi professionisti		8.189.05	8.497.26	8.801.90	9.246.98	9.550.65	9.738.29	9.986.34	10.157.26	10.707.38	10.737.47	10.888.48	11.036.89	11.435.67	11.783.99	11.519.46	11.578.52	11.523.65	11.670.67
di cui Medici		6.069.28	6.184.02	6.340.11	6.450.97	6.440.97	6.319.37	6.302.34	6.237.86	6.628.33	6.553.15	6.649.63	6.700.89	6.936.27	6.980.12	7.010.02	7.140.30	7.214.35	7.515.72
Fondo Clero		5.983.94	6.198.79	6.384.11	6.575.93	6.726.10	6.720.35	7.025.57	7.145.59	7.399.35	7.446.40	7.570.60	7.784.25	8.018.00	8.093.57	8.097.77	8.115.03	8.135.47	8.212.47
Lavoratori Paracuratori		394.42	500.73	603.32	734.10	880.62	955.25	1.071.92	1.278.24	1.417.82	1.565.61	1.683.59	1.832.56	1.977.50	2.074.19	2.159.35	2.264.92	2.396.21	2.573.76
Totale Integrativi		5.805.83	5.924.94	6.156.36	6.346.99	6.333.61	6.453.27	6.524.79	6.592.91	7.506.69	6.731.81	6.315.88	6.510.41	6.846.10	7.076.07	7.208.73	7.296.68	7.395.99	7.442.84
(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, Credito, Dipendenti delle FFSS, Istituto Dirigenti di Azienda, Istituto Giornalisti, Epals, Ipost. Per dettaglio vedasi Tab. B29a.																			

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 5.a - Base-100 indices of number of contributors, number of pensions, average contributions and average pensions**

Tab. 5.a - Indici a base 100 dei contribuenti, numero pensioni, contribuzione media e pensione media	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>NUMERO CONTRIBUENTI</b>																		
<i>Lavoratori dipendenti privati</i>	102,45	104,09	105,13	105,54	106,26	106,96	108,90	110,01	108,76	107,22	111,94	111,88	110,15	109,96	115,95	112,92	116,70	116,74
<i>Lavoratori dipendenti pubblici</i>	96,30	96,30	95,34	95,94	99,59	100,09	99,27	98,36	97,79	96,57	94,85	91,03	89,16	94,62	99,45	96,95	95,99	97,90
<i>Artigiani</i>	98,55	99,00	99,76	101,37	101,88	100,78	101,43	101,43	101,21	99,41	99,08	97,37	94,95	92,99	90,45	89,00	87,41	85,17
<i>Commercianti</i>	110,53	111,87	112,80	111,59	121,49	122,60	124,51	125,80	128,35	128,07	132,72	134,03	134,96	135,71	132,93	132,38	131,19	128,60
<i>Coltivatori, coloni e mezzadri</i>	51,70	49,70	47,76	45,88	44,41	43,04	41,48	40,62	39,57	38,97	38,42	38,12	37,92	37,57	37,18	37,06	36,92	37,41
<i>Liberi professionisti</i>	159,40	168,30	177,16	184,72	191,69	198,14	204,01	210,62	216,77	223,60	227,79	233,59	238,58	241,05	235,80	237,74	239,36	254,74
<i>di cui Medici</i>	121,84	123,42	126,37	128,64	131,44	133,56	135,55	137,34	138,95	139,99	141,72	142,28	142,45	143,01	144,80	145,42	145,93	146,90
<i>Fondo chiaro</i>	81,08	81,12	81,12	81,12	77,81	76,56	77,65	77,85	76,95	77,93	76,09	76,40	75,74	73,70	70,19	69,81	69,62	69,81
<i>Lavoratori Parasubordinati</i>	167,14	197,96	217,97	209,29	213,05	213,23	215,49	217,04	206,20	203,69	207,51	203,46	186,29	181,88	171,75	148,87	148,65	155,30
<i>Totale Ingegnari</i>	108,54	108,67	108,97	107,92	107,14	105,83	105,09	103,59	100,07	113,03	111,27	109,30	120,69	122,00	117,04	115,59	114,28	115,17
<b>NUMERO PENSIONI</b>																		
<i>Lavoratori dipendenti privati</i>	106,96	106,97	106,49	106,20	105,12	104,95	104,43	103,71	102,61	101,46	100,11	98,22	96,36	94,92	93,30	91,58	90,26	88,81
<i>Lavoratori dipendenti pubblici</i>	134,32	136,34	138,59	160,71	162,40	165,62	170,35	172,70	175,47	178,60	181,62	183,46	183,43	185,14	186,76	188,53	187,52	190,24
<i>Artigiani</i>	173,19	179,52	186,80	194,25	201,88	209,45	217,05	221,10	225,05	229,15	233,18	233,06	235,22	236,14	238,33	239,05	241,97	244,93
<i>Commercianti</i>	159,94	165,01	170,47	176,18	182,20	188,60	194,98	197,73	199,81	204,28	204,76	205,24	206,49	206,45	207,03	206,51	208,16	210,04
<i>Coltivatori, coloni e mezzadri</i>	113,59	112,55	111,43	111,51	108,69	107,53	106,71	104,31	101,86	100,02	97,56	94,68	92,15	89,34	86,70	83,96	81,34	78,95
<i>Liberi professionisti</i>	155,19	159,78	164,10	167,93	174,08	179,17	185,75	190,45	195,01	199,86	206,27	220,04	229,93	242,12	249,85	258,91	269,59	279,24
<i>di cui Medici</i>	168,48	174,22	178,96	183,93	191,52	196,34	203,51	206,62	211,31	216,71	223,50	240,76	248,94	256,99	265,97	273,50	290,39	303,30
<i>Fondo chiaro</i>	109,50	105,15	103,70	99,69	102,11	104,92	105,73	104,62	104,16	103,60	102,05	100,79	99,13	98,60	96,53	94,05	92,46	90,39
<i>Lavoratori Parasubordinati</i>	256,50	453,01	713,07	1048,01	1577,86	2421,13	3184,94	3770,17	4199,44	4682,29	5170,24	5564,25	6086,71	6676,29	7284,37	7794,90	8457,98	9051,99
<i>Totale Ingegnari</i>	154,18	157,35	159,48	160,98	162,86	163,13	162,40	160,91	160,11	158,93	146,51	148,09	166,53	168,07	170,11	171,15	168,50	169,49
<b>CONTRIBUZIONE MEDIA</b>																		
<i>Lavoratori dipendenti privati</i>	228,73	236,27	240,48	256,84	260,43	267,82	283,61	302,24	294,06	302,37	298,60	296,92	302,84	302,92	296,03	316,97	315,43	325,35
<i>Lavoratori dipendenti pubblici</i>	278,53	285,33	295,09	310,77	301,55	331,32	324,33	352,90	354,13	358,53	358,44	359,45	357,68	356,32	351,17	329,22	332,37	341,65
<i>Artigiani</i>	285,66	286,06	293,53	298,38	309,54	331,18	394,32	405,44	405,14	394,75	396,75	428,60	439,21	454,73	463,86	485,78	489,32	491,96
<i>Commercianti</i>	290,02	300,96	308,94	316,60	331,95	343,20	390,27	399,94	399,85	392,89	408,86	428,44	433,83	448,56	455,63	476,40	489,49	481,41
<i>Coltivatori, coloni e mezzadri</i>	400,53	404,41	429,03	442,02	457,93	467,96	482,34	491,46	513,52	530,37	598,10	611,82	623,52	638,95	645,71	654,85	663,60	670,39
<i>Liberi professionisti</i>	203,92	217,24	217,37	234,30	243,88	261,09	271,60	279,04	287,59	293,39	311,15	322,70	336,66	327,56	331,94	348,87	357,25	375,72
<i>di cui Medici</i>	214,73	218,43	227,14	263,03	270,75	291,19	308,02	316,64	335,67	349,17	358,13	390,45	359,75	359,75	419,05	478,34	537,64	472,61
<i>Fondo chiaro</i>	237,74	245,10	253,88	257,86	266,32	269,95	277,85	276,31	287,33	281,07	287,12	296,91	304,53	310,41	309,61	307,29	306,24	302,68
<i>Lavoratori Parasubordinati</i>	152,53	147,15	145,33	187,67	194,37	213,04	287,33	301,58	318,37	397,03	331,05	368,19	390,44	413,12	457,23	493,80	504,11	498,64
<i>Totale Ingegnari</i>	164,57	161,02	163,17	190,22	205,91	224,74	226,77	232,31	230,66	218,76	230,51	246,60	244,01	252,67	273,64	290,25	296,34	304,67
<b>PENSIONE MEDIA (1)</b>																		
<i>Lavoratori dipendenti privati</i>	195,58	204,19	212,71	220,90	227,72	234,93	242,96	250,87	262,77	268,04	274,69	279,49	290,60	296,81	303,47	313,67	319,71	328,36
<i>Lavoratori dipendenti pubblici</i>	187,51	198,56	199,55	206,23	211,54	217,49	225,19	230,85	241,81	247,90	254,17	260,17	263,85	279,80	271,92	273,99	281,15	284,52
<i>Artigiani</i>	238,17	254,40	268,86	281,76	294,60	306,72	319,41	331,99	346,95	355,25	368,54	378,47	391,53	398,90	405,93	411,10	418,59	421,72
<i>Commercianti</i>	223,22	238,08	252,61	265,95	279,75	292,47	305,71	318,18	334,19	344,06	357,73	366,52	379,67	387,69	395,39	401,47	409,23	421,43
<i>Coltivatori, coloni e mezzadri</i>	168,16	176,55	184,74	190,80	196,87	202,82	209,03	215,00	223,89	227,84	231,85	233,94	249,95	254,90	258,64	261,73	265,04	271,07
<i>Liberi professionisti</i>	239,64	248,66	257,58	270,60	279,49	285,56	292,24	303,09	313,34	303,68	318,64	323,57	334,65	336,06	337,10	338,83	337,22	341,53
<i>di cui Medici</i>	237,53	241,81	244,41	251,45	251,86	247,11	246,56	255,26	259,19	221,05	260,02	262,02	271,23	272,94	274,11	279,21	282,10	293,89
<i>Fondo chiaro</i>	165,50	171,44	176,57	181,87	186,03	185,87	194,31	197,65	204,65	205,95	209,39	215,29	221,76	223,85	223,97	224,44	225,01	227,14
<i>Lavoratori Parasubordinati</i>	-	100,00	120,49	146,60	175,87	190,77	214,07	255,27	283,15	312,26	336,22	365,97	394,92	414,23	431,24	452,32	478,54	514,00
<i>Totale Ingegnari</i>	178,62	182,39	189,42	195,27	194,86	198,61	200,74	202,84	230,95	207,11	194,32	200,30	210,63	217,71	221,79	224,49	227,55	228,99

(1) Importi delle pensioni in pagamento a fine anno  
(\*) L'indice a base 100 è calcolato a partire dal 1989 (vedi serie tabelle dal 1989 al 2000 al sito).

NUMBER OF CONTRIBUTORS, NUMBER OF PENSIONS, AVERAGE CONTRIBUTIONS (€), AVERAGE PENSION (€) (1)  
Private sector employees, Public sector employees, Artisans, Retailers, Farmers, tenant farmers and sharecroppers, Professionals, Of whom medical doctors, Clergy fund, Atypical workers, Total supplementary benefits  
(1) amounts of benefits to be paid at the end of the year; (\*) the 100-base index has been used since 1989

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

<b>Tab. 6.a - Rapporto numero pensioni/contribuenti e pensione media/reddito medio (valori percentuali)</b>		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>RAPPORTO TRA NUMERO PENSIONI E CONTRIBUENTI (1)</b>																			
<i>Lavoratori dipendenti privati</i>		86,08	84,73	83,51	83,96	81,56	80,89	79,06	77,73	77,78	78,02	73,73	72,38	72,12	71,17	66,34	66,87	63,77	62,72
<i>Lavoratori dipendenti pubblici</i>		72,07	73,02	74,82	73,34	73,35	74,43	77,19	78,81	80,70	83,19	86,12	90,62	92,53	88,01	88,05	87,47	87,87	87,40
<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	103,35	107,36
<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	65,71	67,65
<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	323,68	310,06
<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	29,26	30,86
<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	57,50	59,66
<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	72,44	70,61
<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	33,64	34,46
<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	49,96	49,86
<b>RAPPORTO TRA PENSIONE MEDIA AL NETTO GIASE REDDITO MEDIO</b>																			
<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	54,57	55,15
<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	67,56	66,73
<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	31,89	32,52
<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	32,40	34,04
<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	26,67	24,28
<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	34,72	33,68
<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	18,83	17,28
<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	9,68	10,95
<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	29,69	30,31
<b>RAPPORTO TRA PENSIONE MEDIA AL LORDO GIASE REDDITO MEDIO (2)</b>																			
<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	66,97	67,50
<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	67,56	66,73
<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	38,88	40,01
<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	37,33	39,16
<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	54,21	49,90
<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	34,72	33,68
<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	18,83	17,28
<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	11,10	12,53
<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	29,98	30,56

(1) A titolo esemplificativo per i lavoratori dipendenti privati, per il 2018 sono in pagamento 62,72 prestazioni per ogni 100 lavoratori attivi. Ciò significa che abbiamo 1,594 lavoratori attivi per ogni pensionato; per gli agricoltori CDCM 1 attivo ogni 3 pensionati.

(2) A titolo esemplificativo per i lavoratori dipendenti privati, per il 2018 la pensione media è uguale al 67,50% 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 2018, 62.72 benefits were paid for every 100 active workers, which means 1,594 active workers for each pensioner; (2) For private sector employees, in 2018, the average pension was equal to 67.5% of one active worker.

**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	uscite			entrate			
	numero di pensioni	pensione media	spesa al netto trasferimenti (1)	numero di contribuenti	contributo medio	redditi e proventi patrimoniali	contributi e trasferimenti (2)
2017	mgl	mgl €	mln €	mgl	mgl €	mln €	mln €
<b>Dipendenti Privati</b>	<b>9.093,95</b>	<b>14,74</b>	<b>120.123,89</b>	<b>14.260,88</b>	<b>7,73</b>	<b>25,77</b>	<b>123.792,00</b>
<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	0,00	-	-	0,02
Fondo Enti Pubblici Creditizi (4)	-	13,50	-	0,00	-	-	-
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
<b>Dipendenti Pubblici</b>	<b>2.875,42</b>	<b>24,17</b>	<b>68.700,35</b>	<b>3.272,20</b>	<b>11,70</b>	<b>3,37</b>	<b>38.283,36</b>
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
<b>Autonomi e Professionisti</b>	<b>4.950,68</b>	<b>10,73</b>	<b>29.841,48</b>	<b>5.512,94</b>	<b>5,18</b>	<b>1.349,86</b>	<b>28.909,25</b>
<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 Commercianti	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>4.475,42</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	2.911,59	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
<b>Fondo Clero</b>	<b>12,93</b>	<b>8,14</b>	<b>96,50</b>	<b>17,85</b>	<b>1,72</b>	-	<b>30,64</b>
<b>Gestione Parasubordinati</b>	<b>419,43</b>	<b>2,40</b>	<b>865,78</b>	<b>1.247,00</b>	<b>6,03</b>	<b>115,62</b>	<b>7.654,23</b>
<b>Totale Integrativi</b>	<b>159,50</b>	<b>7,40</b>	<b>1.214,54</b>	<b>319,27</b>	<b>3,64</b>	<b>153,65</b>	<b>1.172,19</b>
<b>Sistema Pens. Obblig. di Base</b>	<b>17.511,91</b>	<b>14,86</b>	<b>220.842,54</b>	<b>24.630,15</b>	<b>7,54</b>	<b>1.648,27</b>	<b>199.841,67</b>

(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 Commercianti; 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 INPDAl) merged into FPLD with separate accounts; however, since their merger into the FPLD, new members and their contributions are registered into the FPLD accounts and not in the separate ones.

**Table B29b - Benefits and contributions of the compulsory pension system (%)**

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 contributi	Rapporto tra pensione media e contributo medio	Rapporto tra provventi patrimoniali ed entrate contributive (2)
	2017						
<b>Dipendenti Privati</b>		<b>133,81</b>	<b>97,04</b>	<b>34,80</b>	<b>63,77</b>	<b>152,17</b>	<b>54,57</b>
<i>Dipendenti privati INPS</i>		<b>133,70</b>	<b>96,80</b>	<b>34,74</b>	<b>63,64</b>	<b>152,10</b>	<b>54,59</b>
Fondo Pensioni Lavoratori Dip.		122,06	85,65	30,78	60,20	142,27	51,13
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
<i>Altri Fondi Dip. Privati</i>		<b>93,82</b>	<b>87,44</b>	<b>29,81</b>	<b>40,31</b>	<b>216,92</b>	<b>73,95</b>
Istituto Giornalisti		142,28	142,28	51,29	62,61	227,25	81,93
Ente Lavoratori Spettacolo		79,40	71,42	23,96	38,12	187,34	62,86
<i>Fondi ex Aziende Autonome</i>		<b>186,09</b>	<b>127,62</b>	<b>45,55</b>	<b>104,10</b>	<b>122,59</b>	<b>43,75</b>
Dipendenti delle Poste e Td.		186,09	127,62	45,55	104,10	122,59	43,75
<b>Dipendenti Pubblici</b>		<b>179,45</b>	<b>179,29</b>	<b>59,37</b>	<b>87,87</b>	<b>204,03</b>	<b>67,56</b>
Cassa Dipendenti Enti Locali		176,95	176,74	58,20	90,66	194,96	64,20
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
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
<b>Autonomi e Professionisti</b>		<b>133,07</b>	<b>103,22</b>	<b>23,01</b>	<b>84,25</b>	<b>122,52</b>	<b>27,31</b>
<i>Autonomi INPS</i>		<b>164,29</b>	<b>122,70</b>	<b>29,63</b>	<b>101,29</b>	<b>121,14</b>	<b>29,25</b>
Fondo Artigiani		170,31	137,82	32,96	103,35	133,36	31,89
Fondo Commercianti		103,37	88,84	21,29	65,71	135,20	32,40
Fondo CDCM		664,43	312,00	86,31	323,68	96,39	26,67
<i>Liberi Professionisti</i>		<b>54,94</b>	<b>54,34</b>	<b>10,16</b>	<b>29,26</b>	<b>185,73</b>	<b>34,72</b>
Casse priv. 509 (escluso ENPAM)		57,81	56,80	10,73	20,96	271,01	51,21
ENPAM		57,42	57,42	10,83	57,50	99,86	18,83
Casse priv. 103		9,33	9,33	1,49	8,25	113,13	18,05
<b>Fondo Clero</b>		<b>347,74</b>	<b>314,95</b>	<b>-</b>	<b>72,44</b>	<b>434,80</b>	<b>-</b>
<b>Gestione Parasubordinati</b>		<b>13,20</b>	<b>11,31</b>	<b>3,26</b>	<b>33,64</b>	<b>-</b>	<b>9,68</b>
<b>Totale Integrativi</b>		<b>105,63</b>	<b>103,61</b>	<b>14,83</b>	<b>49,96</b>	<b>207,41</b>	<b>29,69</b>
<b>Sistema Pens. Obblig. di Base</b>		<b>138,08</b>	<b>110,49</b>	<b>35,31</b>	<b>69,86</b>	<b>158,17</b>	<b>50,55</b>
<p>(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. B29a.</p> <p>(2) a carico dello Stato o altre gestioni (sottocontribuzioni, fiscalizzazione oneri sociali ecc.).</p> <p>(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.</p>							

**Table B.30.a - Benefits and contributions of the compulsory pension system (in absolute terms)**

Tabella B.30.a - Prestazioni e contributi del sistema pensionistico obbligatorio (valori assoluti)							
Anno	uscite			entrate			
	numero di pensioni	pensione media	spesa al netto trasferimenti (1)	numero di contribuenti	contributo medio	redditi e proventi patrimoniali	contributi e trasferimenti (2)
2018	mgI	mgI €	mln €	mgI	mgI €	mln €	mln €
<b>Dipendenti Privati</b>	<b>8.946,95</b>	<b>15,14</b>	<b>122.172,21</b>	<b>14.265,75</b>	<b>7,97</b>	<b>15,45</b>	<b>126.622,40</b>
<i>Dipendenti privati INPS</i>	<i>8.730,20</i>	<i>15,04</i>	<i>118.884,72</i>	<i>13.957,45</i>	<i>7,93</i>	<i>0,14</i>	<i>123.650,72</i>
Fondo Pensioni Lavoratori Dip.	8.099,37	13,72	101.305,25	13.708,40	7,76	0,14	119.119,59
Fondo Trasporti	100,63	21,88	2.175,04	100,60	10,99	-	1.223,23
Fondo Telefonici	74,19	26,56	1.913,00	44,60	13,51	-	604,29
Fondo Elettrici	97,69	27,09	2.591,60	25,40	17,54	-	449,14
Fondo Volo	7,31	45,54	316,08	11,44	13,45	-	165,12
Fondo Imposte di consumo	7,17	18,20	124,36	0,00	-	-	0,02
Fondo Enti Pubblici Creditizi (4)	-	13,84	-	0,00	-	-	-
Dipendenti delle FFSS	214,27	22,88	4.821,01	40,20	15,19	-	610,63
Istituto Dirigenti di Azienda	129,57	51,64	5.638,38	26,81	54,92	0,00	1.478,69
<i>Altri Fondi Dip. Privati</i>	<i>68,60</i>	<i>21,49</i>	<i>1.429,01</i>	<i>173,37</i>	<i>8,90</i>	<i>15,32</i>	<i>1.563,01</i>
Istituto Giornalisti	9,57	50,77	529,55	14,73	24,64	13,05	362,92
Ente Lavoratori Spettacolo	59,03	16,74	899,46	158,64	7,44	2,27	1.200,20
<i>Fondi ex Aziende Autonome</i>	<i>148,15</i>	<i>18,44</i>	<i>1.858,47</i>	<i>134,93</i>	<i>10,41</i>	-	<i>1.408,68</i>
Dipendenti delle Poste e Tel.	148,15	18,44	1.858,47	134,93	10,41	-	1.408,68
<b>Dipendenti Pubblici</b>	<b>2.917,12</b>	<b>24,46</b>	<b>70.691,45</b>	<b>3.337,50</b>	<b>12,02</b>	<b>2,28</b>	<b>40.113,62</b>
Cassa Dipendenti Enti Locali	1.103,45	20,28	22.120,60	1.210,00	10,36	-	12.540,93
Cassa Insegnanti di Asilo	16,05	18,45	295,00	25,50	7,89	-	201,28
Cassa Sanitari	78,22	58,80	4.482,01	118,00	27,46	2,28	3.239,94
Cassa Ufficiali Giudiziari	3,04	20,08	60,65	4,00	12,07	-	48,29
Dipendenti dello Stato	1.716,36	25,64	43.733,19	1.980,00	12,16	0,00	24.083,18
<b>Autonomi e Professionisti</b>	<b>4.900,10</b>	<b>10,98</b>	<b>30.399,12</b>	<b>5.411,59</b>	<b>5,20</b>	<b>1.290,48</b>	<b>28.639,60</b>
<i>Autonomi INPS</i>	<i>4.504,97</i>	<i>10,92</i>	<i>25.702,27</i>	<i>4.130,98</i>	<i>4,77</i>	<i>0,01</i>	<i>20.137,29</i>
Fondo Artigiani	1.707,16	12,08	11.940,12	1.590,11	5,06	0,00	8.241,31
Fondo Commercialisti	1.413,58	11,26	9.936,00	2.089,70	4,98	0,00	10.588,22
Fondo CDCM (3)	1.398,91	8,22	3.826,15	451,17	2,80	0,00	1.307,76
<i>Liberi Professionisti</i>	<i>395,13</i>	<i>11,67</i>	<i>4.696,85</i>	<i>1.280,60</i>	<i>6,57</i>	<i>1.290,47</i>	<i>8.502,31</i>
Casse priv. 509 (escluso ENPAM)	160,93	18,24	3.004,16	745,42	6,78	669,32	5.139,92
ENPAM	218,41	7,52	1.649,21	366,08	7,97	543,46	2.917,68
Casse priv. 103	15,96	2,71	43,28	169,10	2,63	77,68	444,71
<b>Fondo Clero</b>	<b>12,64</b>	<b>8,21</b>	<b>95,43</b>	<b>17,90</b>	<b>1,70</b>	-	<b>30,37</b>
<b>Gestione e Parasubordinati</b>	<b>449,04</b>	<b>2,57</b>	<b>1.003,84</b>	<b>1.303,00</b>	<b>5,97</b>	<b>4,92</b>	<b>8.090,44</b>
<b>Totale Integrativi</b>	<b>160,44</b>	<b>7,44</b>	<b>1.231,15</b>	<b>321,76</b>	<b>3,74</b>	<b>115,52</b>	<b>1.213,95</b>
<b>Sistema Pens. Obblig. di Base</b>	<b>17.386,28</b>	<b>15,18</b>	<b>225.593,19</b>	<b>24.657,49</b>	<b>7,74</b>	<b>1.428,66</b>	<b>204.710,39</b>

(1) a carico dello Stato o altre gestioni (prevalentemente Gias pari a 26.073,16 milioni per FPLD; 42,36 milioni per il Fondo Trasporti; 67,29 milioni per il Fondo Telefonici; 51,66 milioni per il Fondo Elettrici; 18,83 per il Fondo Volo; 4,07 per il Fondo Imposte di Consumo; 59,20 per il Fondo Dipendenti delle FFSS; 122,28 per l'Istituto Dirigenti di Azienda; 85,55 per ENPALS; 852,01 per il Fondo IPOST; 2.748,92 per il Fondo Artigiani; 1.494,66 per il Fondo Commercialisti; 4.038,70 per il fondo CDCM; 9,97 per il Fondo Clero; 145,18 per la Gestione Parasubordinati; 10,21 per i Fondi Integrativi INPS). Per i soli Dipendenti Pubblici la spesa di 70.691 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, 34 per il 2017 e 21 per il 2018.

(3) nel numero delle pensioni, 1.398.907, sono comprese 232.173 pensioni ante 1/1/1989 in carico alla GIAS, mentre nell'importo di 3.826,15 milioni non sono compresi 1.289 milioni contabilizzati nella GIAS.

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

Year 2018- 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; 2.05 for the INPS supplementary funds). For public employees, the expenditure of 67,621 million euros includes GIAS transfers. (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 B.30.B - Benefits and contributions of the compulsory pension system (%)**

Tabella B.30.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)
2018							
<b>Dipendenti Privati</b>	<b>131,55</b>	<b>96,49</b>	<b>34,59</b>	<b>62,72</b>	<b>153,84</b>	<b>55,15</b>	<b>0,01</b>
<i>Dipendenti privati INPS</i>	<b>131,24</b>	<b>96,15</b>	<b>34,60</b>	<b>62,55</b>	<b>153,71</b>	<b>55,32</b>	<b>0,00</b>
Fondo Pensioni Lavoratori Dip.	119,78	85,04	30,64	59,08	143,94	51,86	0,00
Fondo Trasporti	200,57	177,81	65,12	100,03	177,76	65,10	-
Fondo Telefonici	328,57	316,57	108,14	166,35	190,30	65,01	-
Fondo Elettrici	593,43	577,01	191,97	384,59	150,03	49,92	-
Fondo Volo	217,72	191,43	78,43	63,87	299,70	122,79	-
Fondo Imposte di consumo	525.331,29	508.671,40	-	-	-	-	-
Fondo Enti Pubblici Creditizi (4)	-	-	-	-	-	-	-
Dipendenti delle FFSS	799,21	789,52	275,49	533,00	148,13	51,69	-
Istituto Dirigenti di Azienda	391,21	381,31	128,44	483,30	78,90	26,57	0,00
<i>Altri Fondi Dip. Privati</i>	<b>98,17</b>	<b>91,43</b>	<b>25,89</b>	<b>39,57</b>	<b>231,06</b>	<b>65,43</b>	<b>0,98</b>
Istituto Giornalisti	145,91	145,91	52,91	64,95	224,65	81,47	3,60
Ente Lavoratori Spettacolo	83,47	74,94	19,90	37,21	201,39	53,49	0,19
<i>Fondi ex Aziende Autonome</i>	<b>192,93</b>	<b>131,93</b>	<b>45,08</b>	<b>109,80</b>	<b>120,16</b>	<b>41,05</b>	<b>-</b>
Dipendenti delle Poste e Tel.	192,93	131,93	45,08	109,80	120,16	41,05	-
<b>Dipendenti Pubblici</b>	<b>176,23</b>	<b>176,14</b>	<b>58,32</b>	<b>87,40</b>	<b>201,52</b>	<b>66,73</b>	<b>0,01</b>
Cassa Dipendenti Enti Locali	176,39	176,24	58,06	91,19	193,26	63,67	-
Cassa Insegnanti di Asilo	146,56	146,45	48,04	62,93	232,71	76,34	-
Cassa Sanitari	138,34	137,95	46,00	66,29	208,11	69,40	0,07
Cassa Ufficiali Giudiziari	125,59	125,59	40,98	75,93	165,42	53,97	-
Dipendenti dello Stato	181,59	181,58	60,23	86,68	209,48	69,48	0,00
<b>Autonomi e Professionisti</b>	<b>137,50</b>	<b>106,14</b>	<b>23,82</b>	<b>86,53</b>	<b>122,67</b>	<b>27,53</b>	<b>4,51</b>
<i>Autonomi INPS</i>	<b>172,36</b>	<b>127,64</b>	<b>31,18</b>	<b>103,79</b>	<b>122,98</b>	<b>30,04</b>	<b>0,00</b>
Fondo Artigiani	182,58	144,88	34,91	107,36	134,95	32,52	0,00
Fondo Commercialisti	109,81	93,84	23,03	67,65	138,72	34,04	0,00
Fondo CDCM	623,07	292,57	75,27	310,06	94,36	24,28	0,00
<i>Liberi Professionisti</i>	<b>55,81</b>	<b>55,24</b>	<b>10,39</b>	<b>30,86</b>	<b>179,04</b>	<b>33,68</b>	<b>15,18</b>
Casse priv. 509 (escluso ENPAM)	59,45	58,45	11,31	21,59	270,74	52,40	13,02
ENPAM	56,52	56,52	10,31	59,66	94,74	17,28	18,63
Casse priv. 103	9,73	9,73	1,64	9,44	103,14	17,35	17,47
<b>Fondo Clero</b>	<b>347,06</b>	<b>314,22</b>	<b>-</b>	<b>70,61</b>	<b>444,98</b>	<b>-</b>	<b>0,15</b>
<b>Gestione e Parassubordinati</b>	<b>14,78</b>	<b>12,41</b>	<b>3,77</b>	<b>34,46</b>	<b>-</b>	<b>10,95</b>	<b>0,06</b>
<b>Totale Integrativi</b>	<b>103,19</b>	<b>101,42</b>	<b>15,11</b>	<b>49,86</b>	<b>203,40</b>	<b>30,31</b>	<b>9,52</b>
<b>Sistema Pens. Obblig. di Base</b>	<b>136,92</b>	<b>110,19</b>	<b>35,42</b>	<b>69,63</b>	<b>158,25</b>	<b>50,88</b>	<b>0,70</b>
(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. B30a							
(2) a carico dello Stato o altre gestioni (sottocontribuzioni, fiscalizzazione oneri sociali ecc.).							
(3) Sono ex Fondi Speciali e autonomi (nel caso INPDAl) confluiti in FPLD con contabilità separate. Tuttavia dalla data di confluenza nel FPLD i nuovi iscritti e i relativi contributi sono contabilizzati nel FPLD e non nelle contabilità separate.							

Year - Benefit/contribution rate (before GIAS) - Accounting benefit/contribution rate (net of GIAS)(1) - Accounting equilibrium rate (1) - Active workers/pensions ratio - Average pension/average contribution rate - Accounting average pension/average contribution rate - Ratio of contribution revenues vs. assets and income (2) Private sector employees - INPS private sector: employees FPLD, Transportation fund, Telephony fund, Electricity fund, Aviation fund, Tax collectors' fund, Fund for public credit institutions (4), FFSS employees, Institute for corporate executives. Other funds for private sector employees: journalists, show business and entertainment workers. Funds for former autonomous companies: Post and Telephony employees. Public sector employees: Fund for employees of local authorities, Fund for kindergarten teachers, Fund for healthcare workers, Scheme for judicial officials, Fund for State employees. Self-employed workers and professionals - INPS self-employed workers: artisans, retailers, CDCM (3). Professionals: 509 privatized funds (excluding ENPAM), ENPAM, 103 privatized funds. Clergy fund, Fund for atypical workers, Total supplementary benefits, Basic compulsory pension system. (1) except for public employees, this ratio is calculated considering the average pension net of GIAS. For a thorough analysis of GIAS measure please refer to Note 1 of Table B28a. (2) Paid by the State or by other schemes (contribution rebates or incentives for contribution charges, etc.). (3) Former Special Funds or Funds for self-employed workers (like INPDAl) merged into FPLD with separate accounts; however, since their merger into the FPLD, new members and their contributions are registered into the FPLD accounts and not in the separate ones.

## **Appendix 1: *A summary of the main 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 seniority 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 lire 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 allowances) due to start in 2015, but 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 3- 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 3 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.

As of 2021, the adjustment of all the requirements of the pension system is two years instead of three years, and this will also be applied to the procedure for updating the transformation coefficient.

- **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) was 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; 75% of benefits ranging from 4 to 5 times the minimum benefits; 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.

**In 2014 e 2015:**

- 100% of ISTAT up to three times the INPS minimum benefits;
- 20% (40% of the INPS index) above 3 and up to 4 times the minimum benefits;
- 20% (20% of the index) above 4 and up to 5 times the minimum benefits;
- 20% (10% of the index) above 5 and up to 6 times the minimum benefits;
- no adjustment above 6 times the minimum benefits.

**In 2016:**

- 100% of ISTAT up to three times the 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:

**Voluntary 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 premortgage. 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](http://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 if the entitled subjects are:

- a) in an involuntary state of unemployment, no longer receiving the unemployment benefit for at least 3 months and have **at least 30 years of contributions**;
- b) caring for a disabled or a critically ill spouse or first-degree relative living with them at the time of the application and for at least 6 months and have **at least 30 years of contributions**; as of January 2018, this allowance can be also granted to subjects who care a family member or a second-degree relative living with them if their parents or the spouse of the severely disabled individual are at least 70 years of age or suffer from disabling diseases (or have died);
- c) suffering from a working capacity impairment of at least **74%** certified by the ad hoc disability commission and have **at least 30 years of contributions**;
- d) employed on a continuous basis at the effective date of the indemnity in the occupational roles indicated in the **following table** which are so demanding that it is particularly difficult and risky to fulfil these tasks with continuity; or, alternatively, as provided for under the 2018 Stability Law, with a current or past heavy job held for at least seven years in the last 10 years and with at least **36 years of contributions**.

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. As of January 2018, working

mothers have a 1 year discount for each child up to a maximum of 2 years: a working mother with two children is entitled to these benefits with 28 years of contributions (34 if working in a so-called strenuous job). 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.

#### **Types of categories entitled to APE (letter d)**

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  
 I. Porters, handlers and similar workers;  
 L. Non skilled staff for cleaning services;  
 M. Garbage collectors and other waste collectors and separators.

#### Additional categories as of January 2018:

N. Workers in the agricultural, animal husbandry and fishing sectors;  
 O. Employed workers or members of cooperatives in the coastal, inland and offshore fishing sector;  
 P. First and second smelting steel and glass blowing workers exposed to high temperatures;  
 Q. Maritime workers on board and travelling personnel in the maritime and inland transportation sector.

**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);
- inability;
- 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 contributions** (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 4 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), or, as of January 2018, for a family member or a second-degree relative living with them if their parents or the spouse of the severely disabled individual are at least 70 years of age or suffer from disabling diseases or have died);
- 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 is so demanding that it is particularly difficult and risky to fulfil these tasks with continuity or with strenuous and night assignments; as of 2018, seven years of strenuous work in the last ten years are sufficient instead of six years on a continuous basis, as provided for under the 2018 Stability Law which made the previous requirement less stringent.

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.

**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 under the 2018 Budget Law**.

**Table of arduous types of work:**

- in tunnels, quarries or mines: mainly carried out underground on a continuous basis
- in quarries: tasks performed by workers in quarries for the extraction of stone and ornamental materials;
- in tunnels: tasks performed by workers mainly to progress with the excavation upfront on the that have a prevalent and continuous character;

- compressed air tanks;
- work done by divers;
- 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 refractorists, manual casting;
- hollow glass processing: manual blowing of glass;
- 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;
- asbestos removal: tasks carried out with prevalence and continuity.

#### **Night workers mainly with night shifts:**

- 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 smelting). 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:**

- workers in the mining industry;
- building construction and maintenance;
- conductors of cranes or mobile drilling equipment in construction sites;
- tanners of skins and furs;
- conductors of train convoys and traveling personee;
- conductors of heavy vehicles and trucks;
- hospital nursing and midwifery health professions with organized work in shifts;
- personal assistance staff of no self-sufficient subjects;
- kindergarten teachers and nursery school educators;
- freighter unqualified personnel involved in cleaning services, ecological operators and other waste collectors and separators;
- agricultural workers;
- maritime workers;
- fishermen;
- steelworkers (second smelting).

*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 the resources in the welfare expenditure that is out of control.

**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 Report n. 6**). 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 14th month salary, 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.

**Extension of the woman's option** – The new law is addressed to employed women born in the last quarter of 1957 (1958 for self-employed women) who reached the **age requirements by 2015** and who had been excluded from the extension introduced by the 2016 Stability Law.

The rule was then further extended for 2018 and finally for 2019 by Article 16 of Decree-Law No. 4/2019; it allows for retirement with at least 35 years of contributions and 58 years of age for employed workers and 59 for self-employed workers, as an alternative to other forms of retirement, who fulfil their requirements by December 31, 2018. Fulfilling these contribution requirements implies the exclusion of credited notional contributions due to unemployment, sickness and/or equivalent benefits. The INPS Circular n. 11/2019 also specifies that the incentives provided under the Dini Law (Article 1, paragraph 40, of Act n. 335 of 1995) are not applicable to working mothers who retire through the woman's option. In sum, these subjects are not entitled to notional contributions related to periods of absence from work for rearing or care for a child up to the age of six or care for a spouse and parent; the same is true for the 4-month advance for each child (Dini Law) up to a maximum of one year. There is a 12-month window between the accrual of the requirements and the actual receipt of the pension benefits for employed women and 18 months for self-employed ones. The amount of benefits obtained with the woman's option is fully calculated using the contribution-based method, regardless of when the contributions were actually paid (mixed or former income-based system); in most cases, this results in a reduction of about 30% of the pension benefits.

**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.

**u) 2018 Budget Law, Act n. 205/2017** - Since many of the provisions of this law are mainly extensions of the previous Budget Law, in order to avoid repetitions, we have described them in the part devoted to the 2017 interventions and to the new social security measures for 2019, in particular the pension-related ones: a) the two forms of APE with the extension to 2019 of the **voluntary APE** and the introduction of less stringent eligibility for social APE and its extension to certain categories of employed workers, also with an effect on early workers; b) the extension of the **woman's option** (further extended also for 2019) and the one-year incentive for each child for a maximum of two years for working mothers interested in the **social APE**.

**New provisions of the 2019 Budget Law n. 45 of 2018 and the amendments to Law Decree n. 4 of 29 January 2019**

- A series of important innovations in the social security field were first introduced by Act n. 45/2018 of the 2019 Budget Law and then by Law Decree n. 4, of January 28, 2019 "*Urgent provisions on citizenship income and pensions*" transposed into Act n. 26/2019; among the most significant measures: the introduction of the Quota 100 option; the "light" facilitated redemption of a degree or of other periods not covered by contributions; the extension of the social APE and of the Woman's Option, as well as the change in the pension adjustment mechanism. .

**Quota 100** - This is an option introduced by **Law Decree n. 4/2019** that allows workers to retire with at least 62 years of age and at least 38 years of contributions (quota 100); it is an experimental measure in force for 3 years for all workers (employed, self-employed and members of the INPS separate scheme) who become eligible by December 31, 2021 (all contributions accrued are valid, provided that, as specified by INPS, subjects have at least 35 years of effective contribution, net of periods of illness, unemployment and/or equivalent benefits). Once the workers fulfil the retirement and timing eligibility requirements, they can apply for this option by December 31, 2021, even after the expiry of the three-year period (in 2022 and thereafter); they will start receiving their benefits 3 months after becoming eligible due to the predefined quarterly window. It is important to stress that the calculation of the pension benefits does not have an impact on their amount, even though they are likely to be less generous than early retirement benefits due to the shorter period of contribution and to a lower transformation coefficient for the mixed group.

**Redemption of periods not covered by contributions** - Article 20 of Law Decree n. 4/2019, entitled "*Option to redeem periods not covered by contributions*", allows the members of the FLPD and its substitutive funds, of special self-employed-oriented schemes and of the separate scheme to increase their contribution seniority for three years (2019-2021) and on an experimental basis; they are eligible if they had no period of contribution before January 1, 1996 (so-called pure contribution-based

subjects) and have not retired. It must be said that these subjects are not entitled to any benefits based on a minimum contribution seniority but (see the following paragraphs) only to age-related ones; therefore, for them this redemption is not relevant for early retirement; it has an effect only on the amount of benefits. The applicant may redeem, in whole or in part, the periods not already covered by compulsory pension schemes prior to the entry into force of Law Decree n. 4/2019, between the first and the last credited periods. The maximum period workers can apply for is 5 years, even if not in a row. They must not be above 50 years of age. This benefit is calculated by applying the contribution rate to a flat annual income for artisans. In the private sector, the redemption charges may be borne by employers, also through production bonuses and tax deductions from their company's taxable income and without increasing their employees' income for tax and social security contribution purposes. Under paragraph 6, workers up to 50 years of age at the time of their application are allowed to fully or partially redeem the percentage contributions for the years spent to obtain a university degree or a PhD. The cost of the degree redemption with this new method is much lower compared to the redemption under Law Decree n. 184/97 and Act n. 247/2007 for unemployed graduates, taking as a reference the minimum benefits of the Art-Comm scheme multiplied by the taxable rate of the AGO for employed workers (for 2019, the redemption cost is about 5,200 euros per year).

**Pension advance (APE)** - As mentioned above, the **voluntary APE** was extended to 2019 by the 2018 Budget Law (Act n. 205/2017), while the **social APE** was reconfirmed for the year 2019 by Law Decree n. 4/2019, transposed into Act n. 26/2019 and so was the **Woman's Option**. For details, please refer to what has been described for previous years, in particular 2017.

**Citizenship Pension** - The universal income is provided both for people of working age and for the subjects over 67 years of age who are below the poverty line and who can apply for the subsidy called ***Citizenship Pension*** for them, according to the provisions of Law Decree n. 4/2019, transposed into Act n. 26/2019 and with the same access requirements as the universal income, except for some specifications related to their age (over 67 years of age). As for all benefits of a welfare nature, this benefit too is not taxable for personal-income tax purposes and cannot be seized; the amount is equal to a maximum of 780 euros per month for subjects who have no income or to a lower amount as income support measure. This allowance can be increased for each additional member of the family and is also granted to households with seriously disabled or non-self-sufficient family members. In the case of households already receiving the citizenship income, the (citizenship) pension starts from the month following that in which the youngest member of the household reaches the age of 67. In established cases and according to the number of family members, the amount of the citizenship pension may be higher than supplementary minimum benefits (**513.01 euros** per month in 2019), than pensions with additional social benefits and with respect to the increase from the old one-million-per month measure, introduced in 2001 and now amounting to around **660 euros** per month.

Citizenship pensions are also granted to the so-called pure contribution-based pensioners who would not be entitled to these benefits according to Law 335/95; even if the number of these benefits is very small (mainly disability or survivors' benefits), further work is under way to better analyse this option. These benefits are provided also to people over 67 who have no income or pension. In contrast to the supplementary minimum benefits, the right to the citizenship income is based on the Isee indicator which "measures the wealth" of households on the basis of numerous capital and income requirements.

The Citizenship Pension provides for two types of benefits: 1) a benefit designed to supplement the household income for a maximum of 630 euro/month per family member and up to a maximum of 1,323 euros/month for families with more members, which can be increased if there is a seriously disabled or non-self-sufficient family member up to a maximum of 1,386 euros/month, with at least 4 family members; 2) a supplementary benefit equal to 150 euros/month for households paying the house rent or for those living in a house they purchased or built with a mortgage contract signed by one of its members. The total amount may not exceed 1,473 euro/month, that is 630 euros, + a maximum equivalence scale of 2.1 (+ 0.4 for each family member over 18 years of age and + 0.2 for each family member under 18 years of age), + 150 euros for those paying a rent or a mortgage; the minimum amount is 40 euros/month.

The law also provides for the reduction (cut) of pensions over 100,000 per year; (see Focus n.2).

**y) The new provisions of the 2019 Budget Law for 2020:** no particular provisions came out while we were drafting this Report.

### **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 contribution requirements. Moreover, as in the case of civil servants, the employment relationship must be discontinued.

**Old-age pensions** - A) For all workers whose pension is calculated with the *income-based method (pure income-based system until 2011 and contribution-based as of 2012*, above 18 years of contributions on 31/12/1995) and for those included in the *mixed method*, i.e. benefits calculated with the income-based system until 31/12/1995 and with the contribution-based one as of 1/1/1996 (with less than 18 years of contributions on 31/12/1995), the minimum age for **old age retirement**, after the Monti-Fornero Reform for the 2019-2020 period, is **67 years of age, equal for all, men and women in the private and public sectors and for self-employed**. (see table 9.1 A2). As of January 1, 2021 (also in **Table 9.1 A2**) the age requirement should increase by 2 months (67 years and 2 months) for all. Also in the two-year period 2019-2020, the minimum age requirement for the social allowance is equal to the minimum age requirement for old age retirement. In addition to the age requirement, at least 20 years are required to become eligible for an old-age pension. (B) For workers who started working after 1/1/1996, whose pension is fully calculated with the contribution-based method; in addition to a minimum contribution period of 20 years, these subjects can be entitled to an **old-age pension** if they are eligible for a minimum pension of at least **1.5 times the social allowance**, adjusted to the five-year moving average of nominal GDP. This constraint expires when **these subjects reach an age that is 4 years longer than the statutory old age retirement** (71 years in 2019/2020). These requirements are adjusted over time in line with changes in life expectancy. C) Under the Monti-Fornero Reform, as of 2021, the retirement age for all workers is mandated to be at least 67 years of age; but this age requirement has already been reached since 2019.

**Early retirement (see Table 9.1 A1)** - All workers in the income-based, contribution-based and mixed pension system, can retire earlier with respect to their statutory old age retirement requirement (so-called "early retirement") if they have a minimum contribution period; in the 2019/2020 period, it was 43 years and 3 months for men and 42 years and 3 months for women. The contribution requirement

is independent of age and is adjusted over time to changes in life expectancy. However, as mentioned above, Law Decree n. 4 of January 28, 2019, transposed into Act n. 26 of January 28, 2019, blocked this requirement from 2019 to 2026 at 42 years and 10 months for men (one year less for women); however, it introduced a 3-month delay in the effective retirement age (the so-called "mobile window") which effectively reduces this option from 5 to only 2 months. In addition to the above, the **workers who first registered** with the public pension system **in 1996** (i.e. workers fully subject to the contribution-based system) are allowed to have an additional early retirement window: a maximum of 3 years before the statutory old age pension requirement (67 years), if they have at least 20 years of contributions and minimum benefits amounting to at least **2.8 times the social allowance** (for amounts see **Table 10.4**). This amount is indexed to the five-year moving average of nominal GDP.

The requirement of a relatively high minimum pension for early retirement in a contribution-based system replaces, de facto, the minimum contribution requirement of 35 years under the previous legislation. The threshold is designed to ensure a level playing field in the access to retirement and to preserve the level of adequacy of benefits provided for under the previous legislation.

**Adjustment of minimum requirements to life expectancy** – As of 2013<sup>93</sup>, 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.*

**Note to Tables A1 and A2:** until 31/12/2011, it was possible to retire with 61 years of age and 35 years of contributions (or 60 with 36); alternatively, with at least 40 years of contributions regardless of age.

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<sup>93</sup> 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.

In 2010, the so-called "12-month windows" for employed workers and "18-month windows for the self-employed were introduced, which in part increased the requirements by one year (62 years of age and with 35 years of contributions or 61 with 36 and 41 years of seniority for employed workers; +6 months the self-employed). Under the Monti-Fornero law, the minimum age for seniority and old age pensions increased to 66 years (+6 years), while it increased to 42 and 1 month for early retirement for seniority pensions.

**Table A.1 - Seniority (or early) pension requirements**

Anno di pensionamento	Età			
Anni	Dipendenti privati	Dipendenti Pubblici	Categorie tutelate *	Lavoratori autonomi
Fino al 1995	35 anni	20/25 anni **	35 anni	35 anni
1996 – 1997	35 + 52 (36)	20/25 anni **	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)	35 + 60 (40)		35 + 61 (40)
	36 + 59	36 + 59		36 + 60
2011	35 + 61 oppure	35 + 61 oppure		35 + 62 oppure
	36 + 60 (40)	36 + 60 (40)		36 + 61 (40)
Tutti			Assicurati post 31/12/1995	
2012	42 anni e 1 mese (41 anni 1 mese le donne)		63 anni ***	
2013	42 anni e 5 mese (41 anni 5 mesi le donne)		63 anni e 3 mesi	
2014-2015	42 anni e 6 mesi (41 anni 6 mesi le donne)		63 anni e 3 mesi	
2016-2018 (1)	42 anni e 10 mesi (41 anni 10 mesi le donne)		63 anni e 7 mesi	
2019-2020 (1)	43 anni e 2 mesi (42 anni 2 mesi le donne)		63 anni e 11 mesi	
	43 anni e 3 mesi (42 anni e 3 mesi donne)		64 anni	
2021-2022 ****	43 anni e 5 mesi (42 anni 5 mesi le donne)		64 anni e 2 mesi	
2023-2024 ****	43 anni e 8 mesi (42 anni 8 mesi le donne)		64 anni e 5 mesi	
2025-2026 ****	43 anni e 11 mesi (42 anni 11 mesi le donne)		64 anni e 8 mesi	
2027-2028 ****	44 anni e 2 mesi (43 anni 2 mesi le donne)		64 anni e 11 mesi	
2029-2030 ****	44 anni e 4 mesi (43 anni 4 mesi le donne)		65 anni e 1 mese	
2035 ****	44 anni e 10 mesi (43 anni 10 mesi le donne)		65 anni e 7 mesi	
2040 ****	45 anni e 2 mesi (44 anni 2 mesi le donne)		65 anni e 11 mesi	

N.B. Tra parentesi il requisito alternativo che prescinde dall'età anagrafica.

\* Per categorie tutelate si intendono i dipendenti qualificati come operai (e qualifiche equivalenti) e i cosiddetti "precoci", ossia coloro che hanno versato almeno un anno intero di contributi effettivi, derivanti da attività lavorativa, prima dei 19 anni di età, i quali sino al 2005 hanno beneficiato di requisiti più accessibili.

\*\* I requisiti richiesti erano pari a 20 anni (19 anni sei mesi ed un giorno) per i dipendenti dello Stato e 25 anni (24 anni sei mesi ed un giorno) per i dipendenti degli enti locali e Asl. In entrambi i casi era prevista una riduzione di 5 anni a favore delle donne coniugate e/o con prole a carico.

\*\*\* In presenza di un minimo di contribuzione effettiva di almeno 20 anni (non sono considerati utili i contributi figurativi) e a condizione che l'ammontare mensile della pensione sia almeno pari a 2,8 volte l'assegno sociale.

(1) I valori indicati per il 2016-2018 adeguati alla speranza di vita accertata dall'ISTAT e stabilita dal DM 16 dicembre 2014 sono superati dalla nuova previsione ottobre 2017 ISTAT (+ 5 mesi di aspettativa di vita); Con il Decreto Legge n. 4/2019, è data opzione al lavoratore di ottenere la prestazione con 42 anni e 10 mesi per i maschi e un anno in meno per le femmine; tale opzione vale fino al 2026.

\*\*\*\* I valori indicati dal 2021 in poi sono quelli della tabella allegata alla riforma Monti-Fornero.

Retirement year, age, years, private-sector employed workers, public-sector employed workers, protected categories, self-employed workers N.B.: Between parentheses: alternative requirement independent of age. \* Safeguarded categories mean skilled employed workers such as blue collars (and related occupations) and the so-called "early workers" that is those who have paid at least one year of work-related contributions before 19 years of age, who had more flexible criteria until 2005. \*\* The requirements were: 20 years (19 years and 6 months and 1 day) for civil servants and 25 years (24 years, 6 months and 1 day) for employees of local authorities and local health organizations. In both cases, a 5-year reduction was envisaged for married women and/or with dependent children. \*\*\* With at least 20 years' worth of contributions (excluding notional contributions) and provided that the monthly benefits are equal to at least 2.8 times social allowances. (1) The figures for 2016-2018 adjusted to life expectancy and established by MD of December 16 de 2014 have been replaced by the new ISTAT projection in October 2017 (+ 5 life expectancy months). \*\*\*\*The figures indicated since 2021 have been the ones illustrated in the table attached to the Monti-Fornero reform.

**Table A.2 - Evolution of Retirement age**

<i>Anno di pensionamento</i>	<i>Età</i>		
<i>Anni</i>	<i>Dipendenti privati</i>	<i>Dipendenti Pubblici</i>	<i>Autonomi</i>
Fino al 1993	60 uomini e 55 donne	65 uomini e donne	65 uomini e 60 donne
Dal 1/1/1994 al 30/06/1995	61 uomini e 56 donne	65 uomini e 60 donne	65 uomini e 60 donne
Dal 1/7/1995 al 31/12/1996	62 uomini e 57 donne	65 uomini e 60 donne	65 uomini e 60 donne
Dal 1/1/1997 al 30/06/1998	63 uomini e 58 donne	65 uomini e 60 donne	65 uomini e 60 donne
Dal 1/1/1998 al 31/12/1999	64 uomini e 59 donne	65 uomini e 60 donne	65 uomini e 60 donne
Dal 1/1/2000 al 31/12/2009	65 uomini e 60 donne	65 uomini e 60 donne	65 uomini e 60 donne
2010 – 2011	65 uomini e 60 donne	65 uomini e 61 donne*	65 uomini e 60 donne
2012	66 uomini e 62 donne	66 uomini e donne	66 uomini e 63 e 6 mesi donne
2013	66 e 3 mesi uomini 62 e 3 mesi donne	66 e 3 mesi uomini e donne	66 e 3 mesi uomini e 63 e 9 mesi donne
2014-2015	66 e 3 mesi uomini e 63 e 9 mesi donne	66 e 3 mesi uomini e donne	66 e 3 mesi uomini e 64 e 9 mesi donne
<b>2016-2017</b>	<b>66 e 7 mesi uomini e</b>	<b>66 e 7 mesi uomini e donne</b>	<b>66 e 7 mesi uomini e</b>
	<b>65 e 7 mesi donne</b>		<b>66 e 1 mese donne</b>
2018	66 e 7 mesi uomini e donne	66 e 7 mesi uomini e donne	66 e 7 mesi uomini e donne
<b>2019-2020 (1)</b>	<del>66 e 11 mesi M e F</del>	<del>66 e 11 mesi M e F</del>	<del>66 e 11 mesi M e F</del>
	<b>67 anni per M e F</b>	<b>67 anni per M e F</b>	<b>67 anni per M e F</b>
2021-2022 ***	67 e 2 mesi uomini e donne	67 e 2 mesi uomini e donne	67 e 2 mesi uomini e donne
2025	67 e 8 mesi uomini e donne	67 e 8 mesi uomini e donne	67 e 8 mesi uomini e donne
2030	68 e 1 mese uomini e donne	68 e 1 mese uomini e donne	68 e 1 mese uomini e donne
2035	68 e 7 mesi uomini e donne	68 e 7 mesi uomini e donne	68 e 7 mesi uomini e donne
2040	68 e 11 mesi uomini e donne	68 e 11 mesi uomini e donne	68 e 11 mesi uomini e donne
2045	69 e 3 mesi uomini e donne	69 e 3 mesi uomini e donne	69 e 3 mesi uomini e donne
2050	69 e 9 mesi uomini e donne	69 e 9 mesi uomini e donne	69 e 9 mesi uomini e donne
* Per le dipendenti pubbliche il requisito anagrafico di 61 anni è stato disposto dalla legge n. 122/2010, in seguito alla sentenza della Corte di giustizia delle Comunità europee del 13 novembre 2008 (causa C-46/07) che ha riconosciuto al regime Inpdap, l'ente di previdenza dei pubblici dipendenti, natura di regime professionale ed ha quindi ritenuto non legittima la diversa età pensionabile richiesta alle donne.			
(1) La riforma Monti-Fornero prevedeva che a partire dal 2021 l'età del pensionamento fosse non inferiore a 67 anni di età. La nuova previsione ISTAT di ottobre 2017 ha previsto un incremento della aspettativa di vita di 5 mesi portando a 67 l'età minima di pensionamento già dal 2019.			
***I valori indicati dal <b>2021</b> in poi sono adeguati alla speranza di vita sulla base delle stime fornite dall'ISTAT allegate alla riforma Monti-Fornero (legge n.214/2011).			

*Retirement year, age, years, private-sector employees, public-sector employees, self-employed workers, up to, from...to, men and women; \*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 n. 214/2011).*

### **Focus n. 2: pension indexation**

For about 20 years now, the pension system has had an indexation mechanism for the full indexation only for the lowest pension levels and for the partial adjustment of 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.

**For 2014 and 2015:**

- 100% of ISTAT up to 3 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 6 times the minimum.

**For 2016:**

- 100% of ISTAT up to 3 times the INPS minimum benefits;
- 20% above 3 and up to 4 times the minimum benefits;
- 10% above 4 and up to 5 times the minimum benefits;
- 5% above 5 and up to 6 times the minimum benefits;
- no adjustment above 6 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 n. 208/2015** extended the transitional regime in force in 2015 until the end of 2018.



**2012 Indexation**

Amount of benefits in December 2011	Growth
Up to 1,406 euro	+2.7% (100% ISTAT)
From 1,406 to 1,924 euro	+1.08% (40% ISTAT)
From 1,924 to 2,405 euro	+0.54% (20% ISTAT)
From 2,405 to 2,886 euro	+0.27% (10% ISTAT)
Above 2,886 euro	0

**2013 Indexation**

Amount of benefits in December 2012	Growth
Up to 1,443 euro	+3% (100% ISTAT)
From 1,443 to 2,405 euro	+1.2% (40% ISTAT)
From 2,405 to 2,477 euro	+0.6% (20% ISTAT)
From 2,477 to 2,973 euro	+0.3% (10% ISTAT)
Above 2,973 euro	0

**2014 Indexation**

Amount of benefits in December 2013	Growth
Up to 1,487 euro	+1.2% (100% ISTAT)
From 1,487 to 1,982 euro	+0.096 (8% ISTAT)
From 1,982 to 2,478 euro	+0.048% (4% ISTAT)
From 2,478 to 2,973 euro	+0.024% (2% ISTAT)
Above 2,973 euro	0

**2015 Indexation**

Amount of benefits in December 2014	Provisional growth	Final growth
Up to 1,503 euro	+0.30% (100% ISTAT)	+0.20% (100% ISTAT)
From 1,503 to 2,004 euro	+0.285% (95% ISTAT)	+0.190% (95% ISTAT)
From 2,004 to 2,505 euro	+0.225% (75% ISTAT)	+0.015% (75% ISTAT)
From 2,505 to 3,006 euro	+0.0150% (50% ISTAT)	+0.01% (50% ISTAT)
Above 3,006 euro	+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.*

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 was 1.1% for the period between January 1 to December 31 2018 and in 2019; in fact, the rate for 2018 did not change with respect to 1.10% and so no balance is expected in 2019 and the provisional equalization rate is estimated to grow by 1.10%.

The original indexation mechanism was supposed to be reinstated as of 2019, which had a lower impact on the medium-high benefits provided for under Act n. 388/2000; but with the 2019 Budget Law (Act n. 45/2018), the Conte Government again provided a penalizing pension adjustment approach similar to the previous one adopted by the Renzi Government. Therefore, as stated in its Circular n. 122/2018, in December, INPS prepared the pension payments for the year 2019, considering the adjustment to inflation (provisionally estimated to be 1.1% for 2018) envisaged under Act n. 388/2000; so, it had to recalculated all the benefits according to the new indexation scheme which is expected to produce a zero balance for the first two amount levels, a (slightly) positive for the third and negative for all the others. The Conte government measure has a negative impact on **more than 3 million pensioners** out of a total of 16 million, precisely on those who have paid contributions and taxes, namely personal income taxes unlike the over 8 million pensioners totally or partially supported a by the State and the 2 million who have paid little in their lifetime. With its Circular n. 44 of March 22, INPS announced the adjustment system for the 2019-2021 period and the new amount to be paid as of April 2019 for the first three months of 2019. This mechanism is structured as follows:

- 100% inflation for pensions up to 3 times the INPS\* minimum benefits;
- 97% of inflation for pensions of between 3 and 4 times the minimum benefits;
- 77% of inflation for pensions between 4 and 5 times the minimum benefits;
- 52% of inflation for pensions between 5 and 6 times the minimum benefits;
- 47% of inflation for pensions between 6 and 8 times the minimum benefits;
- 45% of inflation for pensions between 8 and 9 times the minimum benefits;
- 40% of inflation for pensions above 9 times the minimum benefits;

*\*For 2019, the minimum benefit was equal to 513.01 euros per month; for 2018, it was 507.41 euros.*

**Table A.3 - Adjustment of pensions to inflation from 1996 to 2019**

Classe importo pensione/Anno	legge di base	1996 Prodi	1997-1998 Prodi - Dalemà	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	legge n. 388/2000		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	D.Ln. 65/2015 in L. 109/2015	L. 147/2013 e L. 208/2015	L. 388/2000
Fino a 2 volte il TM (1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Da 2 a 3 volte il TM	100%	90%	90%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%
da 3 a 4 volte il TM	90%	75%	75%	75%	90%	100%	90%	0% (4) 40%	90%	8%	20%	95%	97%
da 4 a 5 volte il TM	90%	75%	75%	75%	90%	100%	90%	0% (4) 20%	75%	4%	10%	75%	77%
da 5 a 6 volte il TM	75%	75%	75% (2)	30%	75%	75%	75%	0% (4) 10%	50%	2%	5%	50%	52%
da 6 a 8 volte il TM	75%	75%	75% (2)	30%	75%	75%	75%	0%	17,84 fisso	0%	0%	45%	47%
da 8 a 9 volte il TM	75%	75%	75% (2)	0%	75% (3)	75%	75%	0%	17,84 fisso	0%	0%	45%	45%
Oltre 9 volte il TM	75%	75%	75% (2)	0%	75% (3)	75%	75%	0%	17,84 fisso	0%	0%	45%	40%
inflazione in %						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 circa 510 € lordi per 13 mensilità; Le cifre in verde sono provvisorie.  
(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 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.

*Amount of pension/year; Legal framework. Up to ...times the minimum benefits, from...to, inflation, (1)TM means mean minimum benefits that in 2019 amounted to about 510 euros before taxes per 13 months; the figures in green are provisional;(2) Under Art. 59 of Act n. 449/97, for fiscal reason, the adjustment of benefits above 5 times the minimum benefits was brought to zero **in 1998**; (3) Under Art. 1, par. 19 of Act n. 247/2007 (Damiano Law), the adjustment of benefits above 8 times the minimum benefits was brought to zero **in 2008**;(4) Following the judgement of the Constitutional Court, with the so-called Poletti Decree (Act n. 65/2015), the same adjustment applied in 2014 was used for these 3 amount levels, that is 40% between 3 and 4 times the minimum benefits, 20% from 4 to 5 times the minimum benefits, and 10% from 5 to 6 times minimum benefits, which was increased by 20% in 2014/2015 and by 50% as of 2016, in addition to the increase of 2014 under Act n. 147, which were paid as of August 2015.*

As happened in the past, also for the three-year period of 2019-2021, the adjustment will be applied on the total amount of the pension and not on the different brackets, as provided for under Act n. 388/2000; a hypothetical pension of 4,000 euro per month before taxes was supposed to have the 100% adjustment to inflation of pensions up to 3 times the minimum benefits (about 1,522 euros), 90% from 3 to 5 times the minimum benefits (from 1,522 to 2,537 euros) and 75% of the pension share 5 times higher than the minimum benefits (from 2,537 to 4,000 euro). On the other hand, the current Budget Law, which goes on with the poorly constitutional approach of 2018, applies the adjustment of the entire amount: going back to the previous example, this means that all the 4,000 euros' worth of benefits will be adjusted only up to 47% of inflation, a major loss. Considering an inflation rate of 1.1%, in 2019, the increases will be contained between 1.1% actually applied to benefits up to 3 times the minimum and 0.40% for pensions up to 9 times the minimum (**Table A.3**).

The repeated efforts to reduce the indexation of pensions to inflation have seriously damaged pensioners in terms of **loss of purchasing power resulting from the growing gap** between the pension benefits that would have been provided with a 100% adjustment to inflation and those actually paid according to the indexation system adopted by the various governments. It is possible to quantify the loss considering a time span from 2006 to the present: pensions up **8 times the minimum benefits** lost about one year in terms of their purchasing power that is a devaluation of 11%. Considering also the following ten years, these benefits may lose another year due to this limited indexation; the loss was slightly less significant for pensions below 8 times the minimum benefits and higher above this level.

***High (so-called gold) pensions:*** in June 2019, the indexation was accompanied by the "*cut*" of the so-called gold pensions, i.e. those above 100,000 euros per year before taxes, as provided for in under the Budget Law. This is very high cut (tax burden) because benefits are not recalculated on the basis of contributions paid and for 5 years, which is unprecedented. **Table A.4** shows the reduction of the pension benefits calculated on the maximum amount levels. In practice, an annual pension of 130,000 euros before taxes will be cut by 15% out of the 30,000 euros exceeding the 100,000 ceiling, that is a cut of 4,500 euros before taxes. A pensioner entitled to a pension equal to 350,000 euros will have to pay 67,000 euros, that is the sum of the rates applied on the three levels of his or her gross pension; with a pension of 700,000 euros, the reduction will be 199,500, so the new benefits will amount to 500,500 euros for the next five years<sup>94</sup>.

**Table A.4 - Cuts to high pensions**

Number of pensioners *	Gross pension amount per year	Maximum value above the threshold by income classes	Marginal reduction rate	Pension cut	Gross revenues for the State on the mean value
25,380	100,000 - 130,000	30,000	15%	4,500	57,105,000
8,833	130,001 - 200,000	70,000	25%	22,000	97,163,000
1,324	200,001 - 350,000	150,000	30%	67,000	44,354,000
82	350,001 - 500,000	150,000	35%	119,500	4,899,500
23	>500,000 (example, benefits equal to 700,000 €/year before taxes)	200,000	40%	199,500	2,294,250
<b>35,642</b>					<b>205,815,750</b>

*\*estimated on the basis of the data from the Central Registry of Pensioners; in euros.  
Data processed by the Research and Study Centre of Itinerari Previdenziali*

The reduction is applied only to direct pensions calculated with the income-based or mixed method and in proportion to the amounts of pension benefits, without prejudice to the so-called "safeguard clause" (which means that, in any case, the reduction cannot reduce the total amount of the direct pension benefits below 100,000 euros before taxes on an annual basis). The pensions excluded from this cut are survivors' and disability benefits and pensions paid to subjects who die on duty or to victims of terrorist attacks (Act n. 466/1980 and Act n. 206/2004). The Table shows that the number of pensioners affected by the cuts is very low, that is 35,642, or 0.22% of the total. Moreover, the State does not obtain significant gross revenues, obtained by multiplying the estimates of the number of pensioners by their mean annual gross benefits, especially because these are grow benefits; the net

<sup>94</sup> For further details on the adjustment of pensions to inflation and on the recalculation of high pensions, please see the references provided on the website [www.itinerariprevidenziali.it](http://www.itinerariprevidenziali.it) and the articles published on the blog *ilPunto* ([www.ilpuntopensionielavoro.it](http://www.ilpuntopensionielavoro.it)).

revenues are even lower, just over 120 million euros per year and the State will have higher costs as a result of the numerous court appeals against these cuts<sup>95</sup>.

**Table A.5** shows the minimum benefits and welfare benefits per month for the years from 2014 to 2020.

**Table A.5 - Social allowances**

<i>Prestazione</i>	2014	2015	2016 - 2017	2018	2019	2020
Trattamento minimo	500,88	502,39	501,89	507,42	513,01	515,062
Assegno sociale	447,17	448,52	447,62	453	457,99	459,822
Pensione sociale	368,52	369,63	368,89	373,33	377,44	378,950
Ex Milione al mese	637,32	638,83	637,82	643,86	648,05	650,642
Pensione Invalidità civile	278,91	279,75	279,47	282,54	285,66	286,803
Indennità accompagnamento	504,07	508,55	508,83	514,14	519,71	521,789
14° mensilità (annuale)*					660	662,640
Social card (annuale)**					480	481,920
Pensione di cittadinanza ***					756,50	759,526
I dati relativi al 2018 sono rivalutati ad una inflazione pari al 1,1% (DM 20/11/2017); dati 2019 definitivi sulla base dell'inflazione 2018 indicata con Decreto MEF del 19 novembre pubblicato in GU il 26 novembre 2018 e riconfermati con DM MEF del 15 novembre 2019.						
*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						
*** L'importo dipende dal reddito, dal numero dei componenti del nucleo familiare e dal contratto di affitto o di mutuo sulla casa di abitazione; il valore in tabella è una media tra il minimo e il massimo erogabile						
L'incremento delle prestazioni a decorrere dal 1/1/2020 è stato calcolato applicando un'inflazione per il 2019 pari a 0,4% in base al DM MEF del 15 novembre 2019.						

*Minimum benefits, social benefits, ex million per month, pension for disabled civilians, carers' allowance, 14<sup>th</sup> month salary per year, social card (per year)\*, citizenship pension\*\*\*; the data related to 2018 were adjusted to an inflation rate of 1.1% (MD 20/11/2017); 2019 final data on the basis of the 2018 inflation rate under MEF Decree of November 19, published in the OJ and confirmed by the MEF Decree of November 15, 2019. \*\*the amount is related to the income and to the years of contributions; the figure in the table is the maximum level; \*\*\*the ordinary 80-euro card, \*\*\* the amount is related to the income, to the number of family members and to the house rental or loan contract; the figure in the table is the average between the minimum and the maximum allowance; the increase in the benefits as of 1/1/2020 was calculated on the basis of an inflation rate for 2019 equal to 0.4% under the MEF decree of November 15, 2019.*

The Economy and Finance Ministerial Decree of November 15, 2019 confirmed the equalization of pensions for 2019 to 1.1% as provided for in the previous Ministerial Decree of 2018; for 2020, the adjustment to inflation is estimated to be 0.4% for pensions provided as of 1/1/2020.

### **Focus 3: evolution of contribution rates**

Since 1960, contribution rates have been consistently increased (see Table 9.5); the Inter-Ministerial Decree of 21/02/1996, in line with Art. 3, paragraph 23 of Act n. 335 / 1995 (Dini reform), raised the contribution rate for the Fund for employed workers to **32%** (27.57 + 4.43) and simultaneously reduced the rates due for Tbc (0.14%), maternity allowances (0.57%) and family allowances (3.72%).

The employers who had not applied the 4.43% increase of the FPLD rate by 01/01/1996, were allowed

<sup>95</sup> The cut to pensions above 100,000 euros can be considered as an increase between 15% and 40% of taxes on benefits already taxed above 40%. This measure is controversial in principle and in terms of methodology (in particular, regarding the separate scheme for the calculation of the amount of benefits, as well as its five-year term.: in fact, the Constitutional Court will express its opinion; in the past, it repeatedly proved applicants right, considering these measures basically as discriminatory taxes.

to comply with 0.50% incremental instalments every two years as of 01/01/1997 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. As can be seen in **Table 9.5** (3 sections), all the Governments in power in the last **70 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 A.6 - Historical series of I.V.S. contribution rates and per capita contributions**

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%	4,76%	4,02						
1961	14,41%	4,75%	4,02						
1962	16,42%	5,42%	4,02						
1963	19,10%	6,32%	4,02						
1964	18,80%	6,17%	4,02						
1965	18,53%	5,95%	4,02						
1966	18,56%	5,95%	7,71		7,71				
1967	18,10%	6,30%	7,71		7,71				
1968	19,67%	6,55%	7,71		7,71				
1969	20,56%	6,85%	7,71		7,71				
1970	20,56%	6,85%	7,71		7,71				
1971	18,91%	6,30%	7,71		7,71				
1972	19,01%	6,30%	7,71		7,71				
1973	19,01%	6,30%	7,71		7,71				
1974	19,95%	6,30%	15,77		15,77				
1975	20,77%	6,72%	37,48		37,48				
1976	23,31%	7,15%	45,14		45,14				
1977	23,31%	7,15%	51,48		51,48				
1978	23,31%	7,15%	61,52		61,52				
1979	23,31%	7,15%	148,95		148,19				
1980	23,90%	7,15%	223,49		221,68				
1981	24,01%	7,15%	328,06		328,77				
1982	24,17%	7,15%	310,73	4,00%	308,92	4,20%	6,462	3,588	4,072
1983	24,51%	7,15%	392,48	4,00%	390,67	4,20%	7,535	3,974	4,499
1984	24,51%	7,15%	442,86	4,00%	441,05	4,20%	8,622	4,249	4,796
1985	24,51%	7,15%	487,38	4,00%	486,05	4,20%	9,548	4,792	5,297
1986	24,51%	7,15%	617,16	4,00%	615,35	4,20%	10,166	5,857	6,531
1987	24,51%	7,15%	648,21	4,00%	646,40	4,20%	11,044	6,267	6,785
1988	24,51%	7,15%	672,93	4,00%	673,54	4,20%	11,824	6,718	6,973
1989	25,92%	7,29%	701,75	4,00%	699,94	4,20%	12,630	7,346	7,350
1990	25,92%	7,29%		12,00%		12,00%	13,622	9,241	8,566

Fonte: ISTAT, 1990, p. 8.



## Serie storica delle aliquote contributive I.V.S. e dei contributi capitari

1991	26.09%	7.46%		12.75%		12.75%	14.947	10.196	10.020
1992	26.49%	7.86%		13.50%		13.50%	16.041	11.961	11.579
1993	26.97%	8.34%		14.29%		14.29%	16.706	12.840	12.482
1994	26.97%	8.34%		15.00%		15.00%	17.330	13.503	14.024
1995	27.16%	8.40%		15.00%		15.00%	18.007	14.290	14.242
1996	32.70%	8.89%		15.00%		15.09%	18.718	15.445	15.315
1997	32.70%	8.89%		15.00%		15.39%	19.185	15.547	15.146
1998	32.70%	8.89%		15.80%		16.19%	19.758	16.237	16.166
1999	32.70%	8.89%		16.00%		16.39%	20.323	17.122	17.551
2000	32.70%	8.89%		16.20%		16.59%	21.147	17.853	17.956
2001	32.70%	8.89%		16.40%		16.79%	21.760	17.509	16.218
2002	32.70%	8.89%		16.60%		16.99%	22.327	17.964	17.979
2003	32.70%	8.89%		16.80%		17.19%	22.910	18.191	18.048
2004	32.70%	8.89%		17.00%		17.39%	23.807	18.405	18.603
2005	32.70%	8.89%		17.20%		17.59%	24.536	18.804	19.251
2006	32.70%	8.89%		17.40%		17.79%	25.401	19.590	19.526
2007	33.00%	9.19%		19.50%		19.59%	26.221	20.766	20.190
2008	33.00%	9.19%		20.00%		20.09%	27.255	20.861	20.248
2009	33.00%	9.19%		20.00%		20.09%	28.040	20.895	20.558
2010	33.00%	9.19%		20.00%		20.09%	29.090	19.593	19.935

(a) Aliquote medie dell'anno calcolate tenendo conto delle mensilità aggiuntive, (b) La gestione commercianti è iniziata nel 1996.

(c) Per l'anno 1990 l'aliquota è quella in vigore dal 1° luglio. Per gli anni 1991, 1992 e 1993 si riportano le aliquote medie dell'anno.

(d) Fonte: Elaborazione su dati dell'Industria in s.s. tratti da "Annuario di Contabilità Nazionale" per il periodo 1960/1969 e "Relazione Generale sulla situazione economica del Paese" per il periodo 1970-1999. A decorrere dall'anno 2000 i dati sono il risultato di elaborazioni dirette su dati Istat-DataWareHouse relativi al settore Industria s.s.

(e) I valori della serie storica dei redditi sono stimati sulla base dei dati di Rendiconto.

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*Years; Historical series of IVS contribution rates and per-capita contributions; Historical series of remuneration/income average annual per capita data (euros); FPD(a); artisans; retailers(b); Total paid by the workers; fixed annual contribution (euros), % annual contribution; (a) average rates per year calculated considering the monthly additions, (b) the Fund for retailers started operating in 1996, c) for 1990, the rate is the one which came into effect on July 1st. The average rates per year are reported for 1991, 1992 and 1993. (d) Source: processing of data on industry in 5.5 taken from the "National Accounting Directory" for 1960/1969 and from the "general Report of the economic situation of the country" for the period 1970-1999. As of the year 2000, the data have been the result of the direct processing of 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.

**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) equal to an annual amount of 46,630.00 euros per year (see INPS Circular n.13/2018, point 5 on the starting date of the additional rate).

**Artisans and retailers** - The Monti-Fornero reform provided for a progressive increase in the contribution rate by 0.45%, starting from 2013 up to 24% in 2018. This means that in 2018, artisans who joined the scheme before 1996 paid a contribution rate of 24% out of their business income up to 46,630 euros and 25% on the share of income between 46,630 and 77,717 euros, that is the taxable ceiling for 2018. While for retailers registered with the scheme before 1996, the contribution rate rose by 0.09% in 2018 to finance the rationalization of the commercial network (to promote the so-called shop scrapping); that is, they have to pay 24.09% out of their income up to 46,630 euros and 25.09% on the amount between 46,630 and 77,717 euros. On the contrary, for artisans and retailers without contribution seniority on December 31, 1995, who registered with a fund as of January 1996 or later, the annual ceiling (that cannot be subdivided into months) was equal to 101,427.00 euros. As a result, the artisans with a full contribution-based method, had to pay a rate of 24.00% on their business income up to 46,630.00 euros and 25.00% on the share of income between 46,630.00 and 101,427.00 euros (equal to 54,797.00 euros). Similarly, the workers who joined the fund for retailers after December, 31 1996 had to pay a rate of applied 24.09% on their business income up to 46,630.00 euro and 25.09% on the share of income between 46,630.00 and 101,427.00 euro. In 2018, the minimum taxable income for calculating the contribution rate was equal to 15,710 euros, so the minimum contribution (including maternity allowance) to be paid by artisans was 3,777.98 euros, while that of retailers was 3,791.98 euros.

**Table A.7 - Contribution rates and upper limits**

Soggetti interessati	Carico contributivo 2017	Carico contributivo 2018	Carico contributivo 2019
Lavoratori dipendenti (1)	9,19% sino a 46.123 euro 10,19% da 46.123 euro	9,19% sino a 46.630 euro 10,19% da 46.630 euro	9,19% sino a 47.143 euro 10,19% da 47.143 euro
Artigiani (2)	24,17% sino a 46.123 euro 25,17% da 46.123 a 76.872 euro	24,62% sino a 46.630 euro 25,62% da 46.630 a 77.717 euro	24,62% sino a 47.143 euro 25,62% da 47.143 a 78.572 euro
Commercianti (3)	24,26% sino a 46.123 euro 24,64% da 46.123 a 76.872 euro	24,71% sino a 46.630 euro 25,71% da 46.630 a 77.717 euro	24,71% sino a 47.143 euro 25,71% da 47.143 a 78.572 euro
Parasubordinati (Collaboratori e figure assimilate) e Associati in partecipazione iscritti in via esclusiva alla Gestione Separata, non assicurati obbligatoriamente ad altra Gestione né pensionati (8)	32,72% entro il massimale di 100.324 euro(4)	34,23% entro il massimale di 101.427 euro(5)	34,23% entro il massimale di 102.543 euro(5)
Professionisti (lavoratori autonomi) titolari di partita IVA iscritti alla Gestione Separata, non assicurati obbligatoriamente ad altra Gestione né pensionati (8)	25,72% entro il massimale di 100.324 euro(6)	25,72% entro il massimale di 101.427 euro(6)	25,72% entro il massimale di 102.543 euro(6)
Parasubordinati (Collaboratori e figure assimilate) e Professionisti titolari di partita IVA già assicurati obbligatoriamente ad altra Gestione o pensionati (8)	24,00% entro il massimale di 100.324 euro(7)	24,00% entro il massimale di 101.427 euro(7)	24,00% entro il massimale di 102.543 euro(7)
(1) Per i lavoratori dipendenti le aliquote indicate in tabella sono esclusivamente quelle Ivs a carico del lavoratore; per le aliquote complessive, anche a carico del datore di lavoro e comprese quelle per le contribuzioni minori, si rimanda al capitolo 5; per i lavoratori dipendenti iscritti dal 1996, cosiddetti "contributivi puri", il versamento è nei limiti del massimale annuo;			
(2) Le aliquote relative alla prima fascia di retribuzione sono composte per il 2017 dal 23,55% di aliquota contributiva e di computo della pensione, aumentata dal 2018 al 24,00%, cui si aggiunge lo 0,62% per maternità per effetto di quanto disposto dall'art. 49, comma 1, della legge 23 dicembre 1999, n. 488, e ss.mm.ii. Per i redditi superiori alla prima fascia di retribuzione annua pensionabile l'aliquota contributiva e di computo aumenta di un punto percentuale;			
(3) Le aliquote relative alla prima fascia di retribuzione sono composte per il 2017 dal 23,55% di aliquota contributiva e di computo della pensione, aumentata dal 2018 al 24,00%, cui si aggiunge lo 0,62% per maternità per effetto di quanto disposto dall'articolo 49, comma 1, della legge 23 dicembre 1999, n. 488, e ss.mm.ii. e dallo 0,09% a titolo di aliquota aggiuntiva istituita dall'articolo 5 del decreto legislativo 28 marzo 1996 n. 207, prorogato fino al 2018 e poi reso permanente dal 2019 dall'articolo 1, comma 284, della legge 30 dicembre 2018, n. 145 ai fini dell'indennizzo per la cessazione definitiva dell'attività commerciale. Per i redditi superiori alla prima fascia di retribuzione annua pensionabile l'aliquota contributiva e di computo aumenta di un punto percentuale;			
(4) Composta dal 32% di aliquota contributiva e di computo della pensione, dallo 0,50% per la tutela della maternità, assegni al nucleo familiare e della malattia e dallo 0,22% di aliquota aggiuntiva allo 0,50% precedente ai sensi dell' art.7 del D.M. 12 luglio 2007 in attuazione di quanto previsto dal comma 791, articolo unico, della legge n. 296/2006;			
(5) Composta dal 33% di aliquota contributiva e di computo della pensione, dallo 0,50% per la tutela della maternità, assegni al nucleo familiare e della malattia, dallo 0,22% di aliquota aggiuntiva allo 0,50% ai sensi dell' art.7 del D.M. 12 luglio 2007 in attuazione di quanto previsto dal comma 791, articolo unico, della legge n. 296/2006 e, infine, dallo 0,51% per contribuzione aggiuntiva Dis-Coll. Per i soggetti per i quali non è prevista la contribuzione Dis-Coll l'aliquota complessiva si riduce al 33,72%;			
(6) Composta dal 25% di aliquota contributiva e di computo e dallo 0,72% (pari alla somma dello 0,50%+0,22%) di cui alla precedente nota (5);			
(7) Aliquota contributiva e di computo della pensione ai sensi dell'articolo 1 della legge 27 dicembre 2013, n. 147 (legge di stabilità 2014), al comma 491 ha modificato quanto già disposto in base al combinato dell'articolo 2, comma 57, della legge 28 giugno 2012, n. 92, e dell'articolo 46-bis, comma 1, lett. g), del decreto-legge 22 giugno 2012, n. 83, convertito con modificazioni dalla legge 7 agosto 2012, n. 134;			
(8) La ripartizione dell'onere contributivo tra collaboratore e committente è stabilita nella misura rispettivamente di un terzo (1/3) e due terzi (2/3) con obbligo del versamento per l'azienda committente. Invece per i professionisti l'onere è a carico degli stessi.			

*Subjects; Employed workers (1); Artisans (2); Retailers (3); Atypical workers and members of partnerships registered with the separate scheme, not members of other funds and not retired (8); Professionals and free-lancers with a VAT number, registered with the separate scheme, not members of other funds and not retired (8); Atypical workers and professionals with a VAT number, registered with other funds or retired (8). Contribution charges; above/with an upper limit of.*



**Atypical workers** - In 2018, the contribution rate due by atypical workers and by "partnership members" registered with the separate scheme only reached 33%. For professionals and freelancers with a VAT number, registered with the separate scheme and not with other funds and not retired, the contribution reached 25%. Instead, the contribution rate for short-term contract workers and professionals already insured or retired remained at 24%. In 2018, the maximum taxable income for contribution purposes for members of the separate scheme was equal to 101,427.00 euros per year and the minimum to 15,710.00 euros.

#### **Focus n. 4: contribution-based calculation methods 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. Subsequently, the Ministerial Decree of June 15, 2018 determined once again the coefficients to be used but not every three years, as had been the case since 2010, but every two years, that is 2019 - 2020. Compared to the three-year period between 2016 and 2018, the new coefficients provide for a reduction, depending on the retirement age, ranging from a minimum of 1.08% to a maximum of 1.90%, and by as much as 2.12% for workers who retire at 71 years of age (see **Table 9.7**). The Ministerial Decree of 2018 was the first to present a statistically calculated autonomous coefficient for subjects who retire above 70 years of age, whereas in previous three-year periods, the transformation coefficient for the subjects over 70 was that for the maximum age of 70. The contribution calculation method is the pivot of the 1995 Dini reform, under which benefits were closely linked to the contributions paid over the entire working life and they were no longer linked to the latest remuneration as was the case with the income-based system.

**How it works**<sup>96</sup> 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.

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<sup>96</sup> 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](http://www.pensionielavoro.it).

**Table A.8 - Coefficients of transformation of the amount of benefits into annuities**

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:  $300,000 \text{ euros} \times 5.604\% = 16,812 \text{ euros per year}$ .*

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**. This means, for example, 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 (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.

***Focus n.5: historical series of pensions cancelled, paid out and of current pensions***

**Table A.9** shows the historical series of the *pensions paid* every year from 2003 to 2018 and the flow of pensions paid in the third quarter of 2019.

**Table A.9 - Historical series of IVS pension benefits paid between 2003 and 2007 and flows of the first 3 months of 2019 (INPS schemes)**

Anno	Vecchiaia e Pre pensionamenti				Anzianità/Anticipate				Invalidità				Superstiti				TOT.
	INPS	Ex Inpdap	Ex Enpals	Totale	INPS	Ex Inpdap	Ex Enpals	Totale	INPS	Ex Inpdap	Ex Enpals	Totale	INPS	Ex Inpdap	Ex Enpals	Totale	GENERALE
2003	236.967	n.d.	n.d.	236.967	256.917	n.d.	n.d.	256.917	54.074	n.d.	n.d.	54.074	221.928	n.d.	n.d.	221.928	769.886
2004	217.419	n.d.	n.d.	217.419	221.056	n.d.	n.d.	221.056	49.300	n.d.	n.d.	49.300	192.968	n.d.	n.d.	192.968	680.743
2005	246.058	n.d.	n.d.	246.058	164.882	n.d.	n.d.	164.882	58.159	n.d.	n.d.	58.159	211.198	n.d.	n.d.	211.198	680.297
2006	253.999	n.d.	n.d.	253.999	213.933	n.d.	n.d.	213.933	54.054	n.d.	n.d.	54.054	194.086	n.d.	n.d.	194.086	716.072
2007	240.115	n.d.	n.d.	240.115	174.351	n.d.	n.d.	174.351	55.086	n.d.	n.d.	55.086	190.191	n.d.	n.d.	190.191	659.743
2008	160.456	18.926	n.d.	179.382	213.274	55.676	n.d.	268.950	56.349	8.060	n.d.	64.409	197.790	33.417	n.d.	231.207	743.948
2009	207.919	25.146	n.d.	233.065	109.385	61.554	n.d.	170.939	53.208	7.360	n.d.	60.568	200.470	32.839	n.d.	233.309	697.881
2010	197.182	23.211	n.d.	220.393	174.729	66.562	n.d.	241.291	53.135	8.883	n.d.	62.018	194.596	34.547	n.d.	229.143	752.845
2011	145.375	20.701	n.d.	166.076	149.129	70.395	n.d.	219.524	49.030	8.230	n.d.	57.260	196.800	34.947	n.d.	231.747	674.607
2012	136.386	20.886	n.d.	157.272	111.688	62.121	n.d.	173.809	49.964	9.109	n.d.	59.073	200.107	37.362	n.d.	237.469	627.623
2013	140.344	11.787	n.d.	152.131	112.440	33.794	n.d.	146.234	54.747	7.858	n.d.	62.605	205.604	33.728	n.d.	239.332	600.302
2014	117.828	13.546	1.037	132.411	83.652	41.256	186	125.094	55.643	7.458	243	63.344	198.153	36.521	748	235.422	556.271
2015	126.670	13.787	1.050	141.507	158.386	63.908	203	222.497	55.883	7.315	192	63.390	206.601	34.768	1.033	242.402	669.796
2016	106.065	8.886	1.059	116.010	127.558	61.505	338	189.401	57.294	7.400	148	64.842	197.514	37.042	728	235.284	605.537
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	139.729	30.877	1.458	172.064	167.718	72.947	609	241.274	56.887	7.233	177	64.297	203.026	38.848	883	242.757	720.392
2019 3° trim. (1)	51.667	n.d.	n.d.	51.667	148.723	n.d.	n.d.	148.723	29.574	n.d.	n.d.	29.574	131.106	n.d.	n.d.	131.106	361.070

(1) Rilevazione al 2 ottobre 2019 dei flussi di pensionamento IVS nei primi tre trimestri del 2019, relativi solo ad Inps (sono esclusi gli assegni sociali, nonché le gestioni ex Inpdap e ex Enpals) - Dati provvisori.  
Fonte: Inps - Monitoraggio flussi di pensionamento 3° trim. 2019 e Osservatorio pensioni Inps liquidate

*Old-age pensions, seniority/early retirement benefits, disability pensions, survivors' pensions, year, Data of October 2 2019 related to the flows of the first 3 months of 2019 for INPS schemes (excluding ex INPDAP and ex ENPALS and social allowances); provisional data; Source: INPS – monitoring of the pension flows in the 3<sup>rd</sup> quarter of 2019 and Observatory of INPS pensions paid out*

**Table A.10** shows the current pensions on 1/1/2019

**Table A.10 - Current pensions on 1/1/2019**

	<b>INPS</b>	<b>Ex Inpdap</b>	<b>Ex Enpals</b>	<b>Totale</b>
	<b>Vecchiaia</b>			
Maschi	1.666.270	184.081	14.576	1.864.927
Femmine	2.959.581	216.462	10.701	3.186.744
<b>Totale</b>	<b>4.625.851</b>	<b>400.543</b>	<b>25.277</b>	<b>5.051.671</b>
	<b>Anzianità/ anticipate</b>			
Maschi	3.392.095	782.842	11.506	4.186.443
Femmine	1.010.281	880.227	3.271	1.893.779
<b>Totale</b>	<b>4.402.376</b>	<b>1.663.069</b>	<b>14.777</b>	<b>6.080.222</b>
	<b>Invalidità</b>			
Maschi	481.425	130.175	1.433	613.033
Femmine	432.994	91.128	838	524.960
<b>Totale</b>	<b>914.419</b>	<b>221.303</b>	<b>2.271</b>	<b>1.137.993</b>
	<b>Superstiti</b>			
Maschi	448.795	95.978	1.436	546.209
Femmine	3.239.918	532.885	14.555	3.787.358
<b>Totale</b>	<b>3.688.713</b>	<b>628.863</b>	<b>15.991</b>	<b>4.333.567</b>
	<b>Pre pensionamenti</b>			
Maschi	174.959	-	-	174.959
Femmine	61.500	-	-	61.500
<b>Totale</b>	<b>236.459</b>	<b>-</b>	<b>-</b>	<b>236.459</b>
	<b>Assistenziali</b>			
Maschi	1.578.732	-	-	1.578.732
Femmine	2.381.126	-	-	2.381.126
<b>Totale</b>	<b>3.959.858</b>	<b>-</b>	<b>-</b>	<b>3.959.858</b>
	<b>Totale</b>			
<b>Maschi</b>	<b>7.742.276</b>	<b>1.193.076</b>	<b>28.951</b>	<b>8.964.303</b>
<b>Femmine</b>	<b>10.085.400</b>	<b>1.720.702</b>	<b>29.365</b>	<b>11.835.467</b>
<b>Totale</b>	<b>17.827.676</b>	<b>2.913.778</b>	<b>58.316</b>	<b>20.799.770</b>
<i>Fonte: INPS - Osservatori statistici delle pensioni 1.1.2019</i>				

*Men, women, total, survivors, early retirement, welfare benefits total; Source: Statistical observatories of pensions on 1/1/2019*