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Key Figures

€1 billion is the deficit of the Social Insurance Fund (IKA)

€540 million is the deficit of the Social Insurance Organization of Freelance Professionals (OAEE)

€13 billion are the liabilities to the Insurance Funds

41% is the weighted-average pension reduction since 2010

6€ billion is the cost of tax evasion on an annual basis

22% of pensioners face the danger of poverty (lack of necessary resources to satisfy basic human needs)

A new, modern social security system in Greece

The existing social security system in Greece is characterized by legal and administrative fragmentation along with a complicated institutional structure, adversely affecting its effective operation. It doesn't treat all insured parties on equal terms, while discrepancies arise in the benefits provided.

A major aim of the Pension Reform under way is the unification - for the first time - of rules applicable to all parties, so as to develop a fair and rational social security system characterized by stability and functionality.

This will be done in a way so as for the restricted resources of funds to be properly allocated without further pension reductions, enabling the policy currently promoted to ensure the sustainability of the social security system.

The new legislation will be applied to ensure control, cost reduction and deficit shrinking, which deteriorated due to the prolonged financial crisis. Part of this venture will be the development of the funds' movable and immovable property in order to attain immediate financial benefit.

The reform of the social security system is based on a fully documented actuarial report, which is based on new economic data. Within this framework, we will pursue the unification of the many existing social security funds into a single authority.

This single authority will strengthen the sustainability of funds, given the existing lack of united supervision and revenue-cost systems, while it will reinforce the fight against tax evasion and uninsured work.

The proposed reform sees to the non-reduction of pensions – both main pensions and additional annuities – so as to protect the elderly and alleviate new employees against unfair and oversized contributions.



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The problem of the PENSION SYSTEM IN NUMBERS

11 successive reductions
of pensions since
2010

13 bn euros lost from the PSI (bond haircut)

1 bn euros the deficit of the
Social Insurance Fund (IKA)

540 mn euros the deficit of the Social
Insurance Organization of
Freelance Professionals (OAEF)

1:1.7 the ratio of pensioners / insured

930 different forms of insurance
coverage for the IKA insured

30% the reduction in the income
of employees

up to **48%** reduction in pensions paid from
2010 onwards.





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CHANGES

IN THE NEW PENSION SYSTEM



- **WE ENACT** a national pension equal to **60% of the average income**, financed directly by the budget regardless of contributions, which functions as a poverty shield.
- **WE PREVENT** new **horizontal cuts**.
- **WE INTRODUCE** for the first time a **growth clause** allowing for a **pension raise perspective**.
- **WE LEGISLATE** a Social Solidarity Allowance for Elders **for those with fewer than 15 years of insurance**.
- **WE CONNECT** the final pension amount **with the total years of insurance**.
- **WE CREATE** incentives for everyone to seek **a longer stay in active employment**.
- **WE REINFORCE** the national pension with a contributory pension, **based on a redistributive system** of defined benefits protecting the **poor and the disadvantaged**.
- **WE SECURE** the **long-term sustainability** of the pension system.
- **WE GUARANTEE** both national and contributory pension **disbursements**.
- **WE CREATE** **one single** pension fund for all, **with fair and uniform rules** regarding contributions and benefits.
- **WE GUARANTEE** **no cuts** in pensions and even an increase in some **low pensions**.
- **WE GUARANTEE** **a level of dignified subsistence** for all insured.
- **WE ABOLISH** all unfair and unjustified **age discrimination**.





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BANKRUPT PENSION FUNDS

The chronicle of destruction from 1950 until today

- MANDATORY DEPOSIT** of the Funds' reserves to the Bank of Greece, with **minimal or almost zero interest**, without planning and without taking into account the rate of **inflation** for a very long time. 
- GAMING** of the **20%** of the reserves in the Stock Market with the help of law 2076 / 1992.
- DAMAGING** involvement of the Funds in the so-called "new" bank products and the stock exchange derivatives at the time of the "**bubble**" of the stock market. 
- COMPLETION** of the destruction with a haircut on the bonds of the Funds (the so-called **PSI** of 2012).  losses of **13bn euros**.
- CONSTANT SALARY CUTS** of more than **30%** in the public and private sectors, with consequences.  an economy in a constantly **replenished recession** and **reduction** of social security contributions.
- BURST OF UNEMPLOYMENT** in all sectors of the economy from **25%** to **50%** resulting in a shortfall in contributions of **5,22bn euros** annually. 
- Enormous **WAIT IN THE PAYMENT OF PENSIONS AND LUMP SUMS** due to the failed reforms.
- DETERIORATING RATIO** of the **pensioners** – **economically active population** to an unsustainable **1:1.7 ratio**. 
- DOUBLING** of partial, rotating and undeclared employment of more than **25%**, with losses of at least **6bn euros/ year**.
- INABILITY** of **self-employed** to pay **contributions**, by more than **50%**.
- REDUCTION** by **4%** of **employer contributions** since 2012.
- CLIENTELISM** and **subordination** of social benefits to **politics**. 

