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Social Insurance Age Transfers in Poland

POINTA

National Transfer Accounts
and National Time Transfer Account
for Poland

agenta

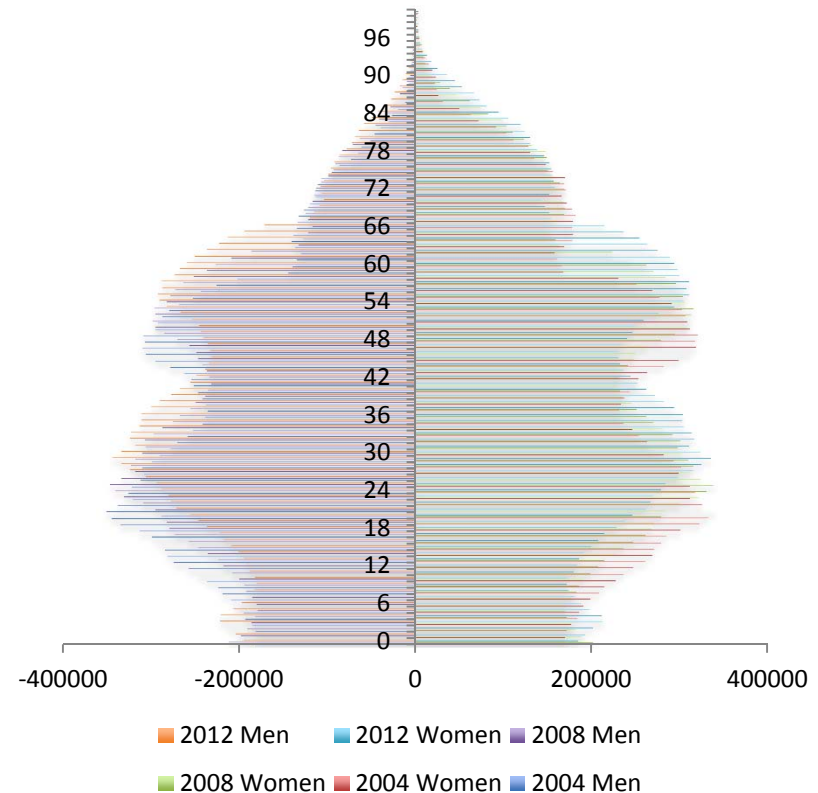
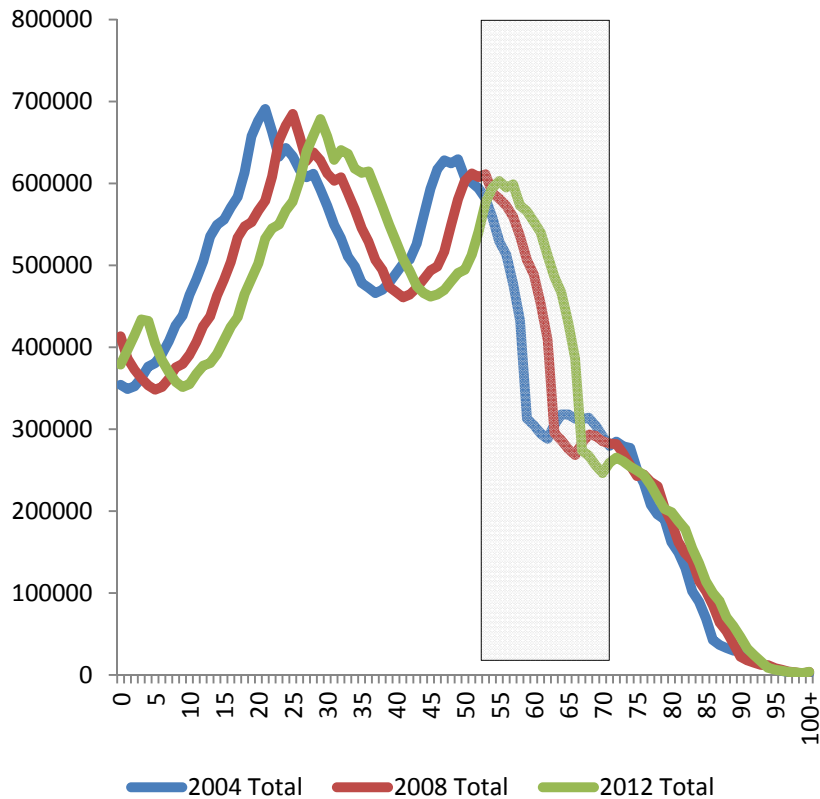
Ageing Europe – An Application of
National Transfer Accounts for Explaining
and Projecting Trends in Public Finances

**Tenth Meeting of Working Group on Macroeconomic Aspects of Intergenerational Transfer:
International Symposium on Demographic Change and Policy Response
Peking University. Beijing. China. November 10-14. 2014.**

Outline

- Demographic situation in Poland
- Social insurance in Poland: Basic facts
- Benefits and revenues of social insurance system by age groups and gender
- Who receives what kind of benefits?
- Change of pension expenditure age profiles over time
- Summary

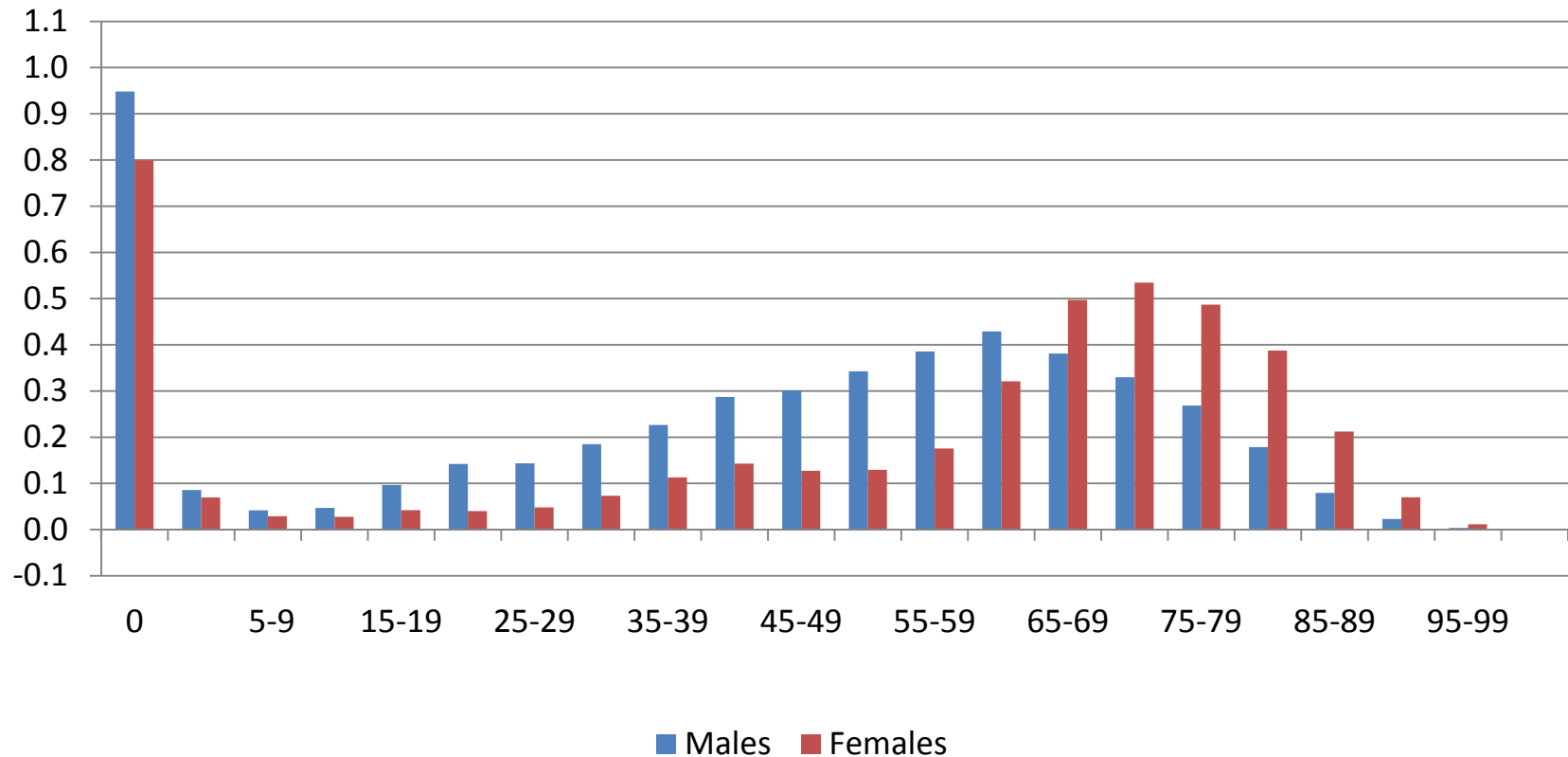
Population aging combined with waves of baby booms and baby busts



- Gradual shift of post-war baby-boom generation toward retirement age
- Increased size of transfers from social insurance to retired population
- Lower mortality and fertility after 1989

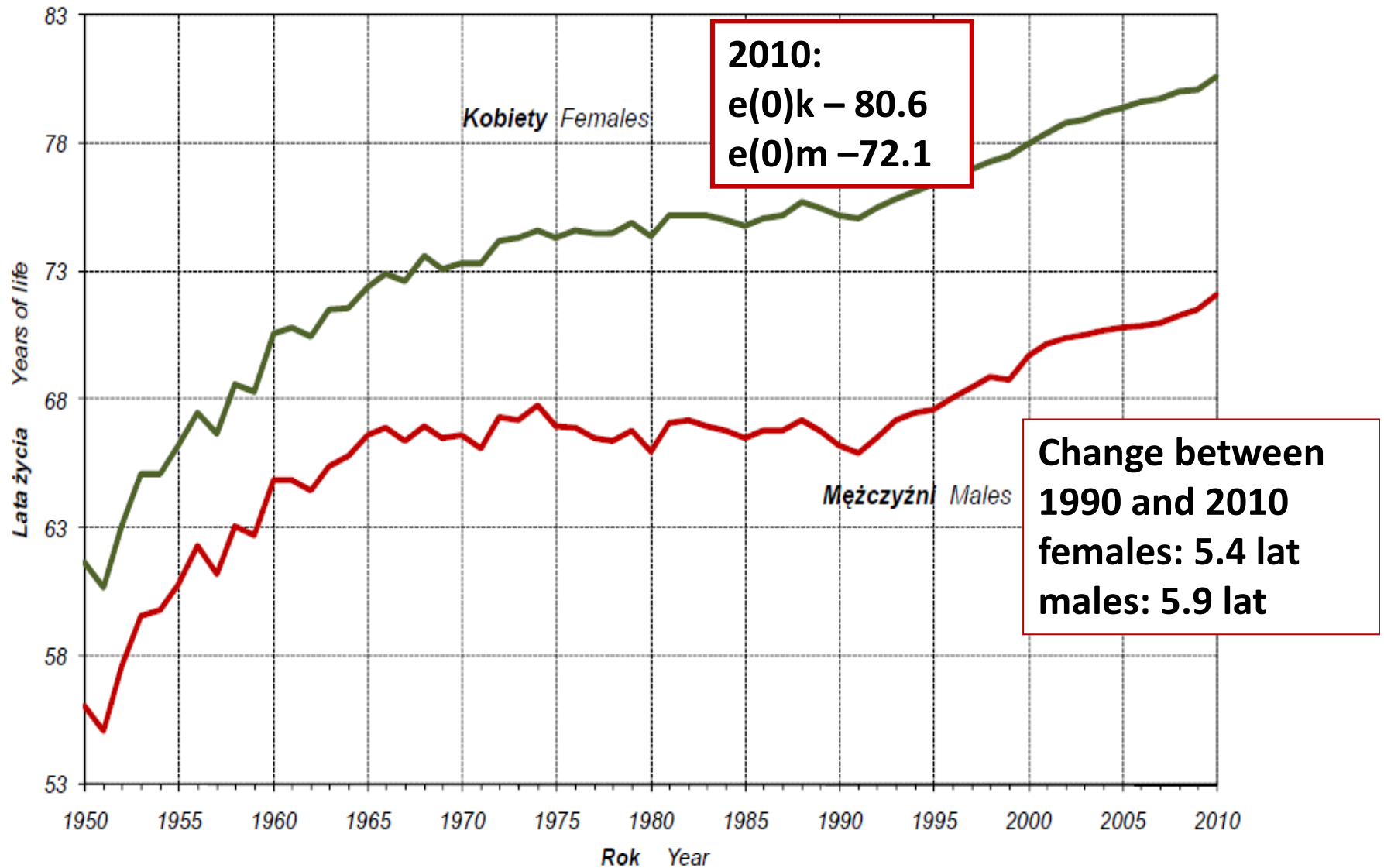
Source: GUS

Decomposition of changes in life expectancy (e0) in Poland 1991–2005



Source: I.E.Kotowska. W.Wróblewska. 2014. Zmiany demograficzne – pomiar procesów i ocena skutków społeczno-ekonomicznych. in: T.Panek (red.). Statystyka społeczna. s.111.

Average life expectancy in Poland (e0)



Social insurance in Poland

- One of the largest cash-transfer systems covering all employees and self-employed
- Financed from contributions and government subsidies

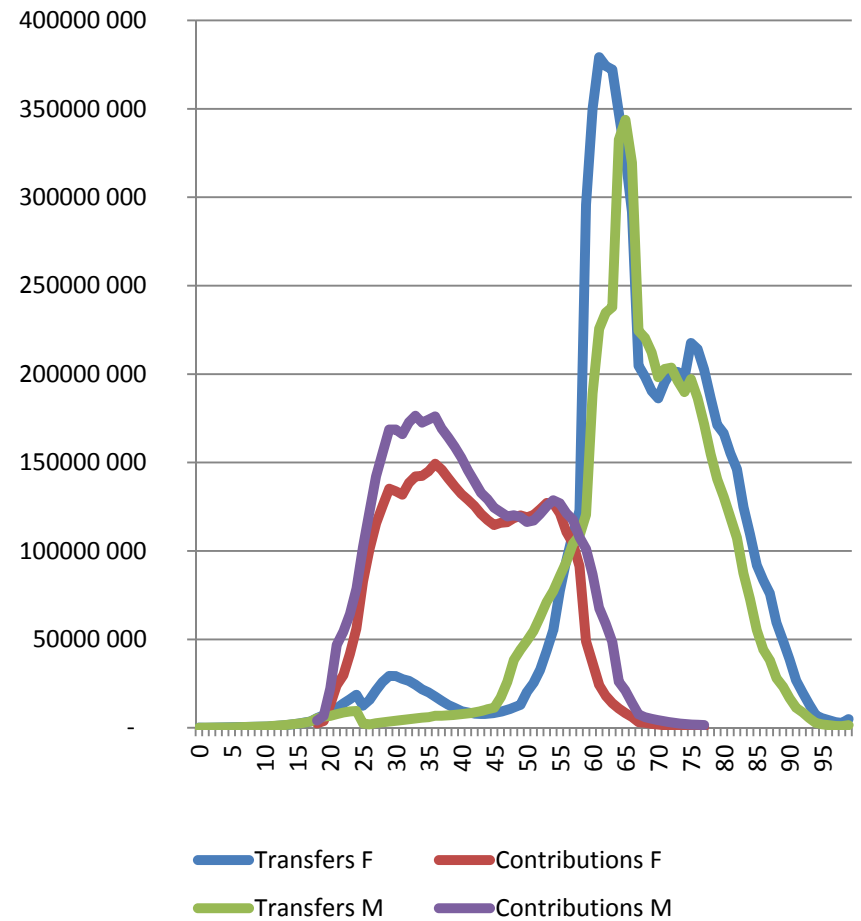
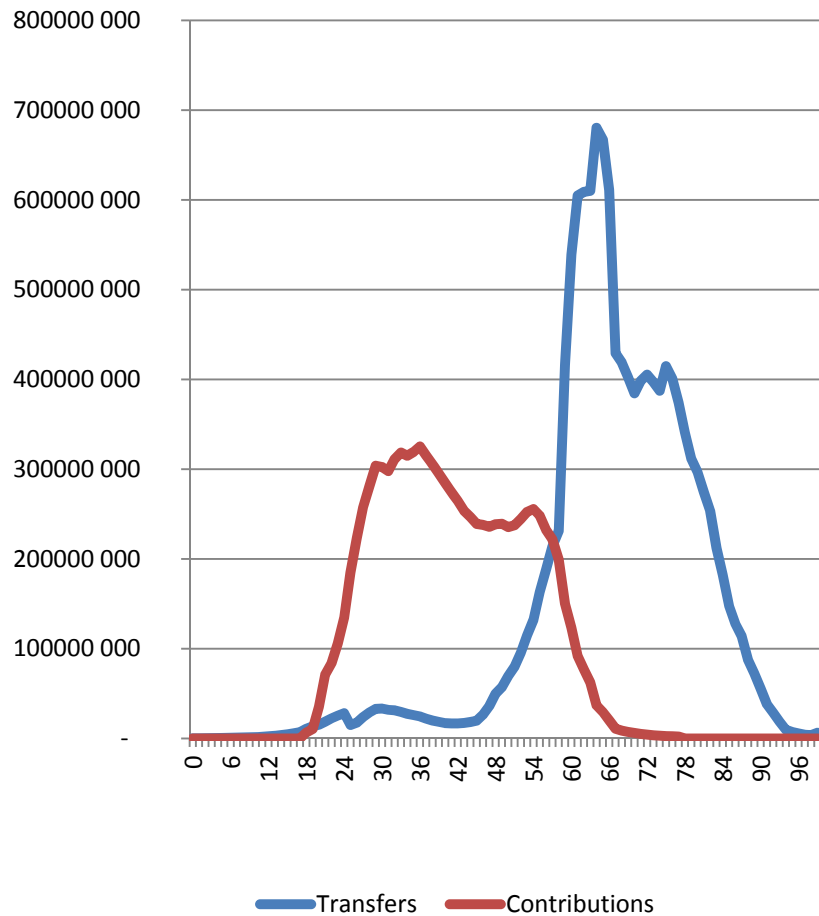
	Insured people ('000)	Pensioners ('000)	Total expenditure (% GDP)	Pension expenditure (% GDP)	% of expenditure covered by contributions
2004	12,857	7,175	11.8	10.8	71.2
2008	14,513	7,414	10.4	9.6	61.1
2012	14,604	7,351	10.7	9.8	69.4

Source: ZUS

Data analysed

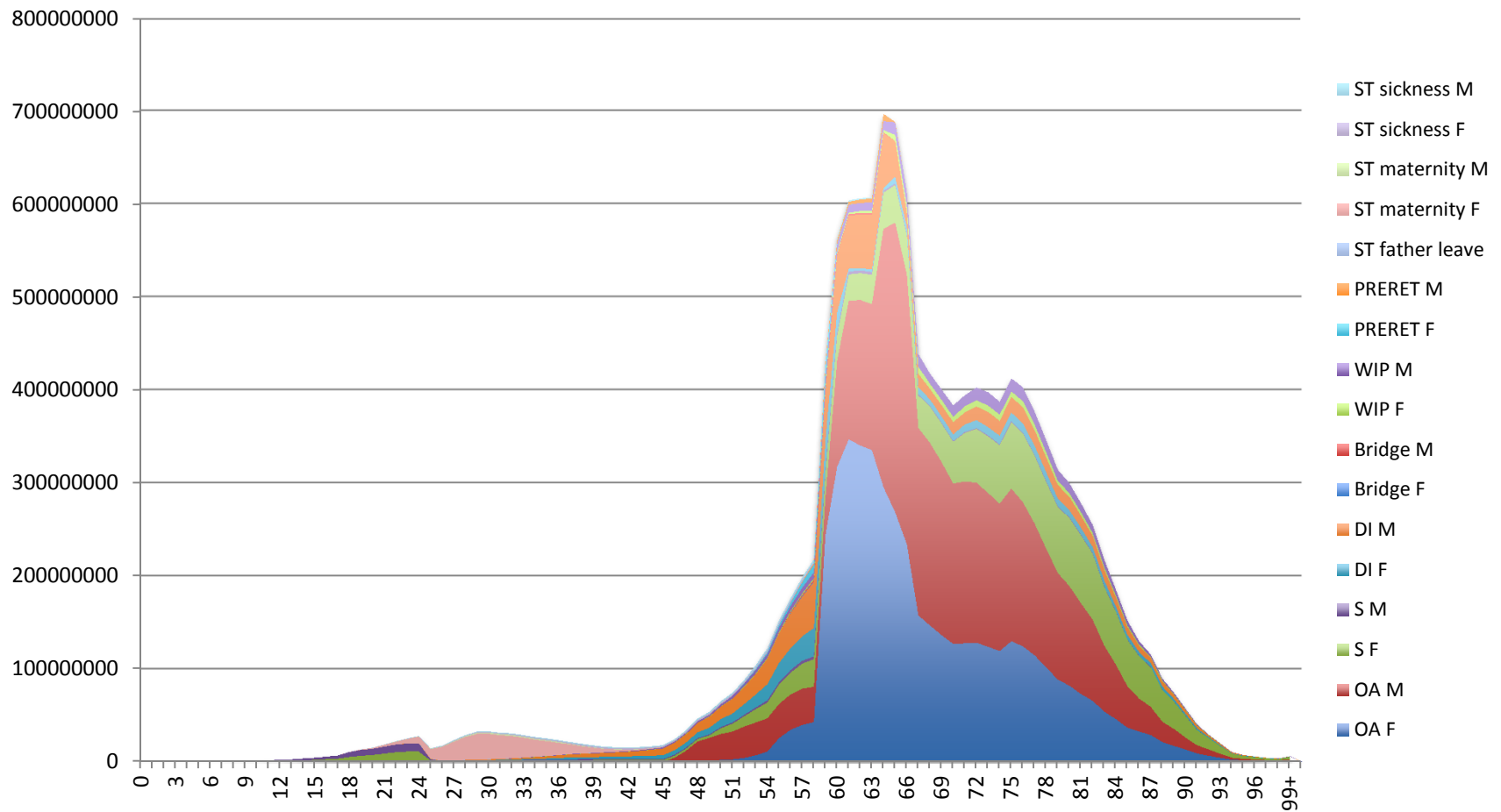
- Part of the development of NTA profiles for Poland
- Data availability
 - 2012 by age cohort and gender
 - Data on transfers including
 - Pensions: Old-age, disability, survivors
 - Pre-retirement transfers (non-contributory)
 - Short-term benefits: maternity and sickness benefits
 - Data on contribution revenue based on the information on wage levels covered by social insurance
 - 2004 and 2008 by age cohort and sex
 - data on pension transfers (old-age, disability and survivors)
 - Data on transfers: As of December of a given year (monthly data)
 - Data on contributions: Annual data, re-calculated to monthly level

2012: All transfers vs. contributions



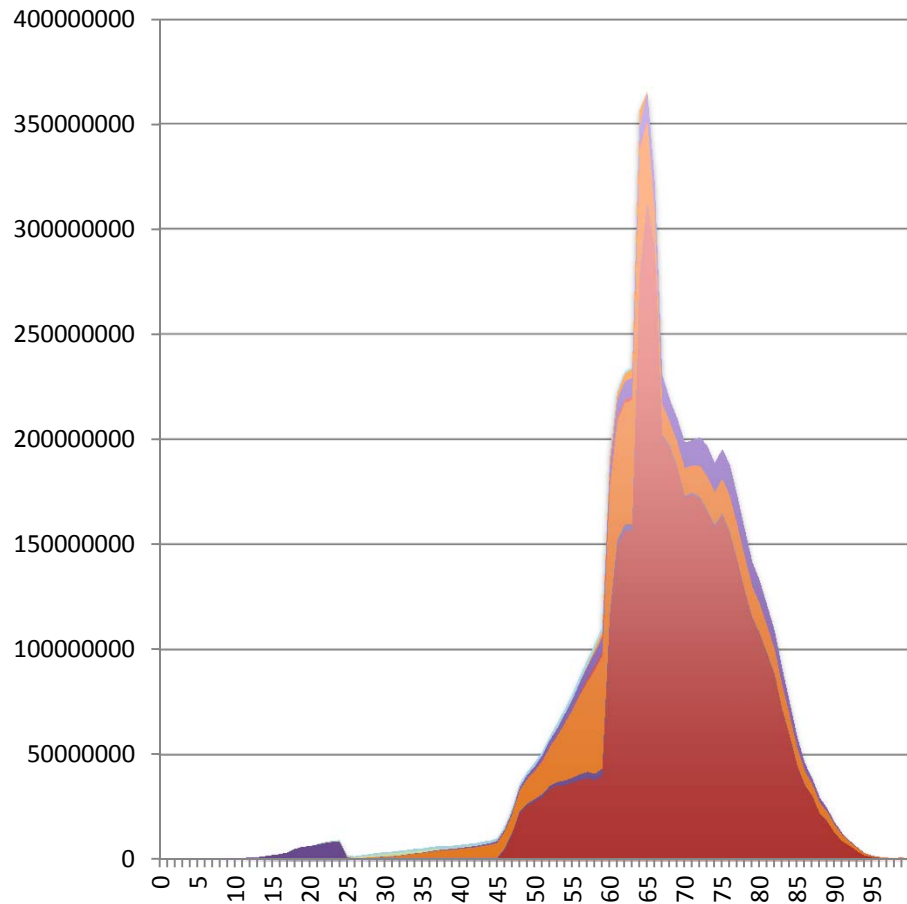
Source: own calculations

2012: Transfers by type

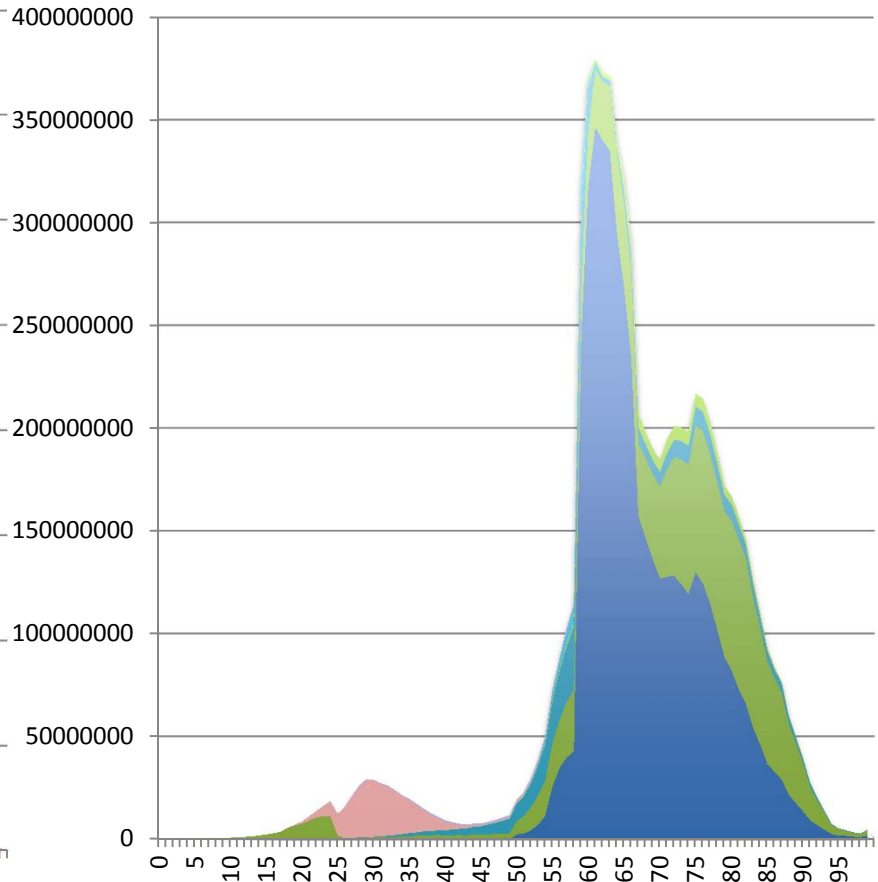


Source: own calculations

2012: Transfers by type and sex



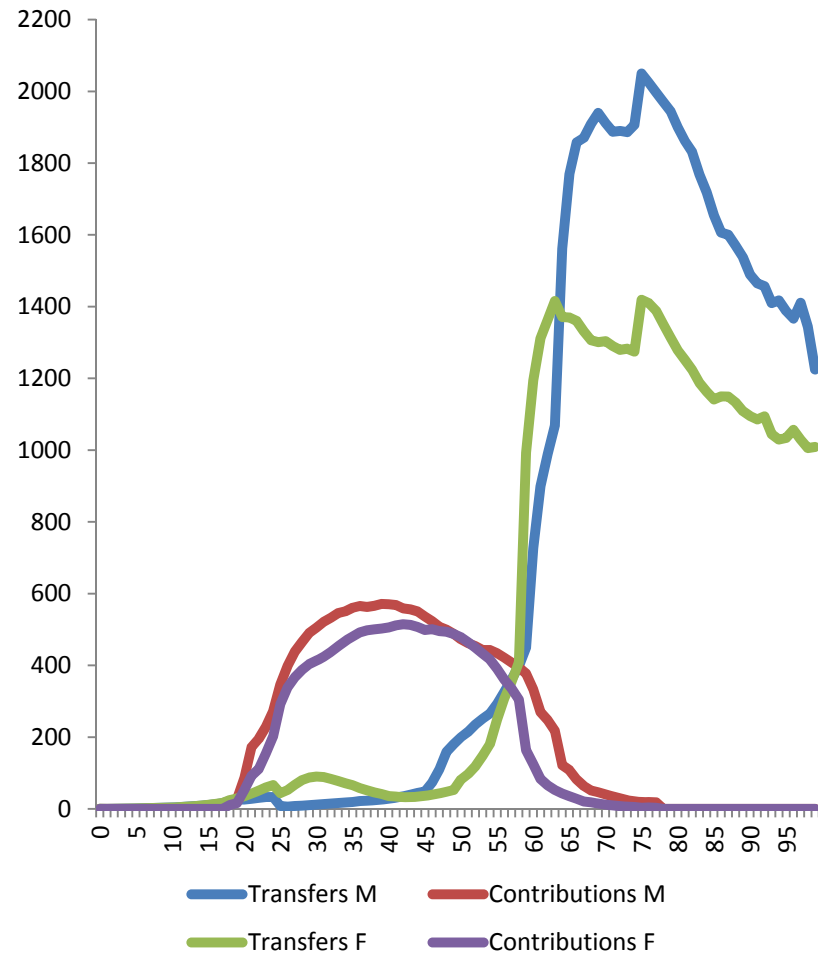
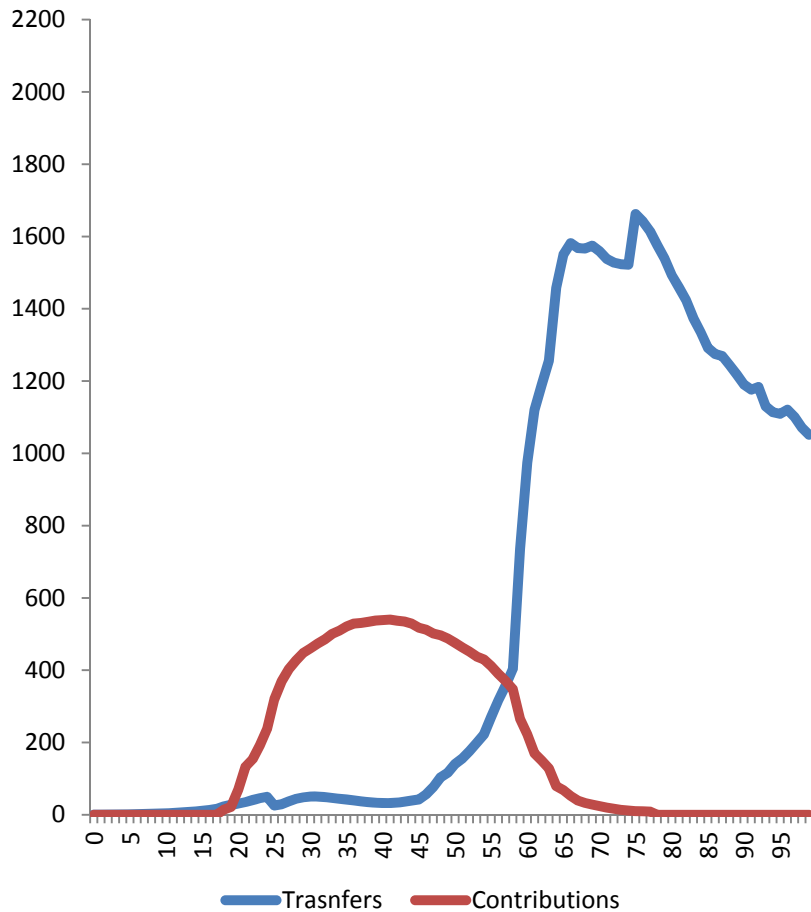
- OA M
- Bridge M
- ST father leave
- S M
- WIP M
- ST maternity M
- DI M
- PRERET M
- ST sickness M



- OA F
- WIP F
- DI F
- S F
- PRERET F
- ST maternity F
- Bridge F
- ST sickness F

Source: own calculations

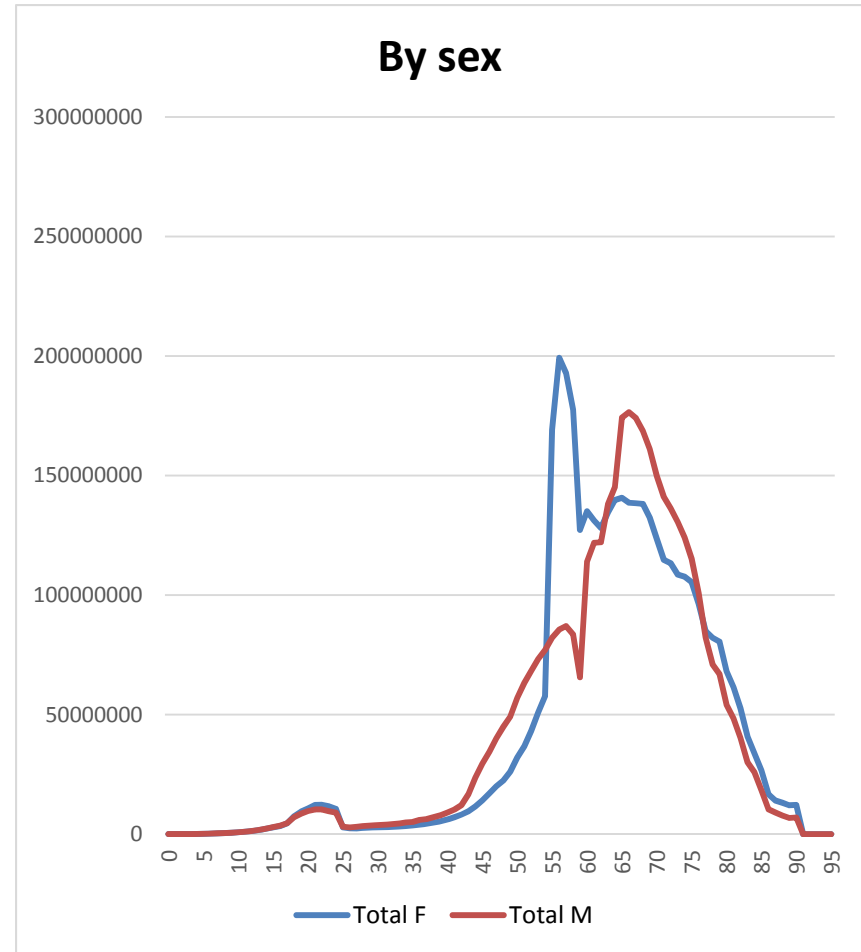
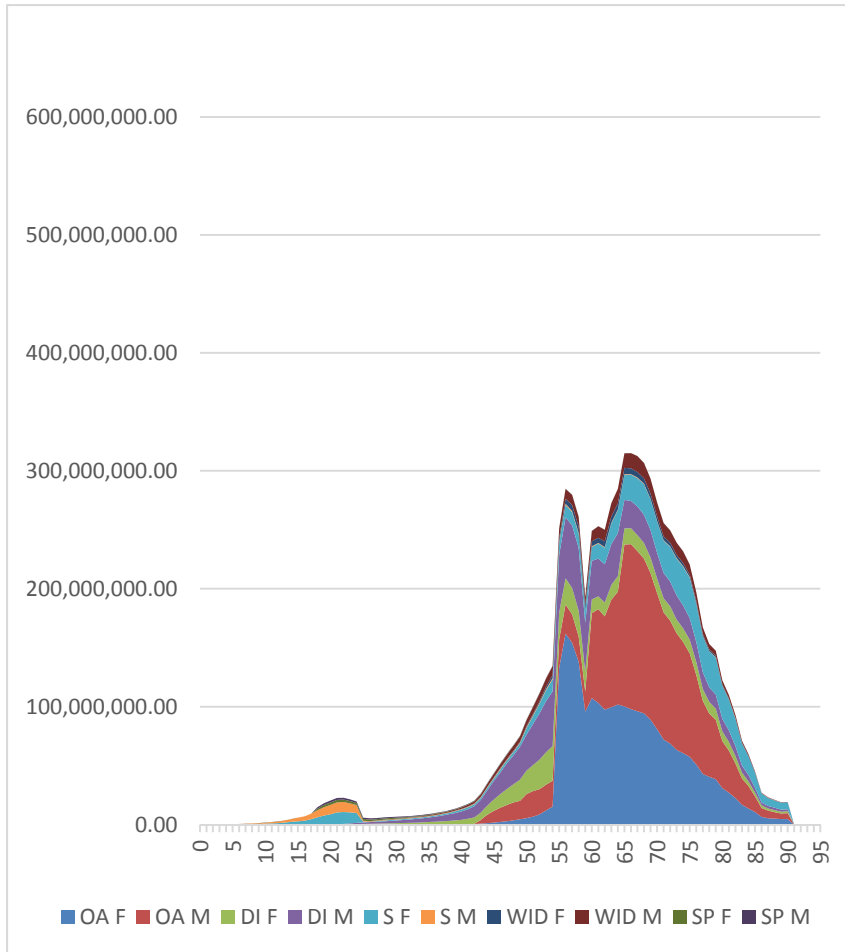
2012: Transfers per capita



Note: per capita transfers calculated for the entire population

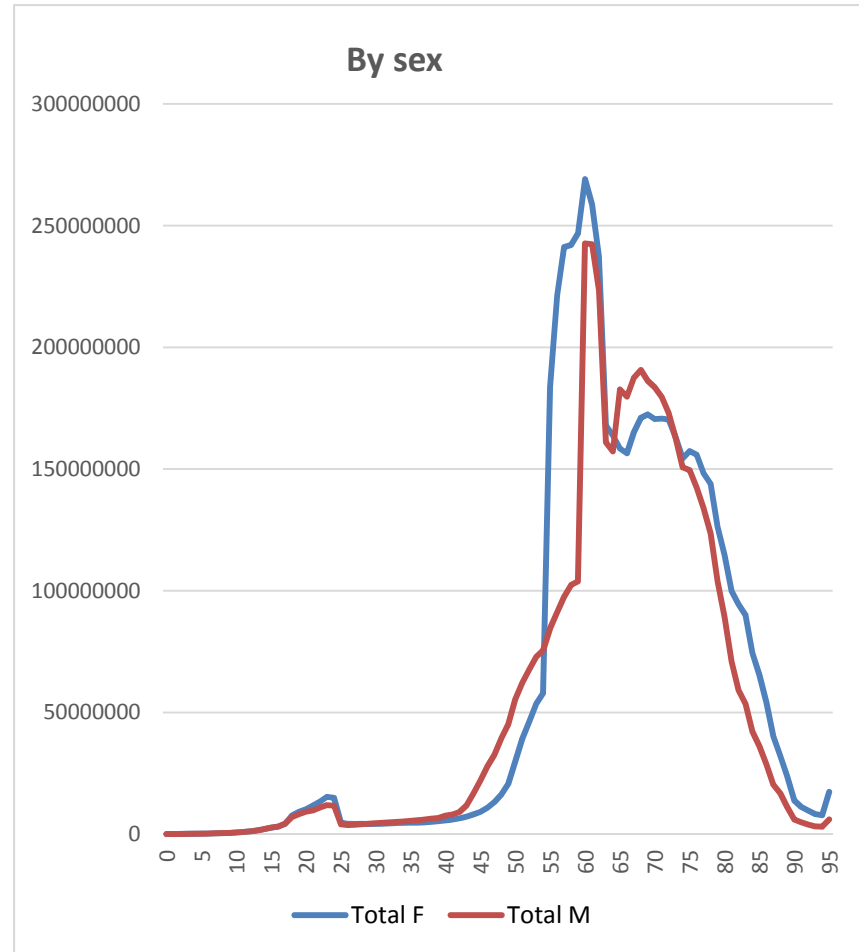
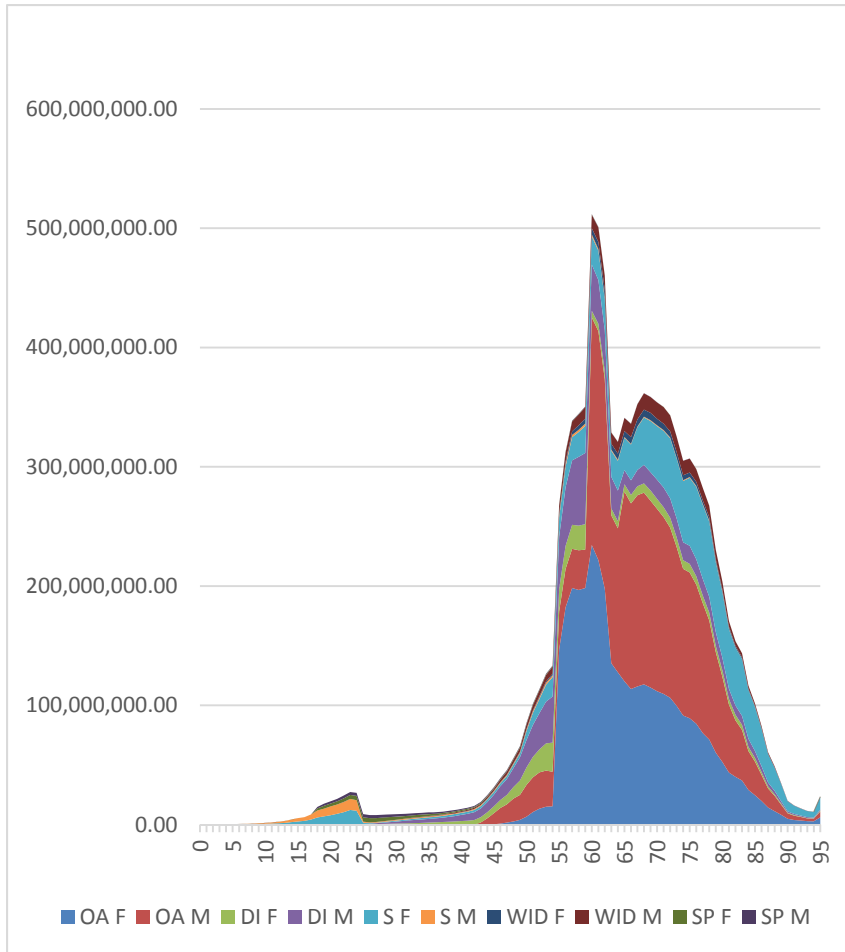
Source: own calculations

2004 transfers



Source: own calculations

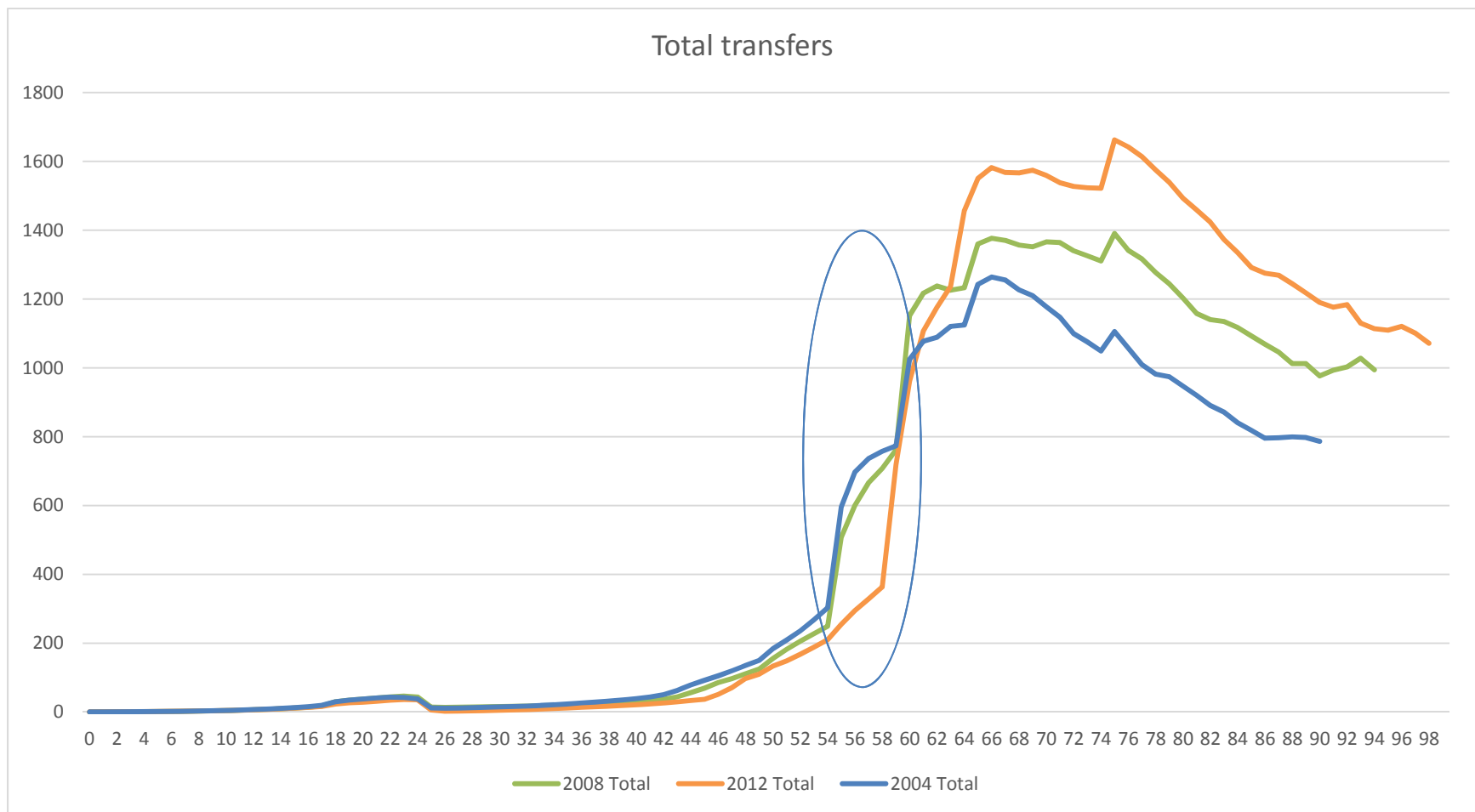
2008 transfers



Source: own calculations

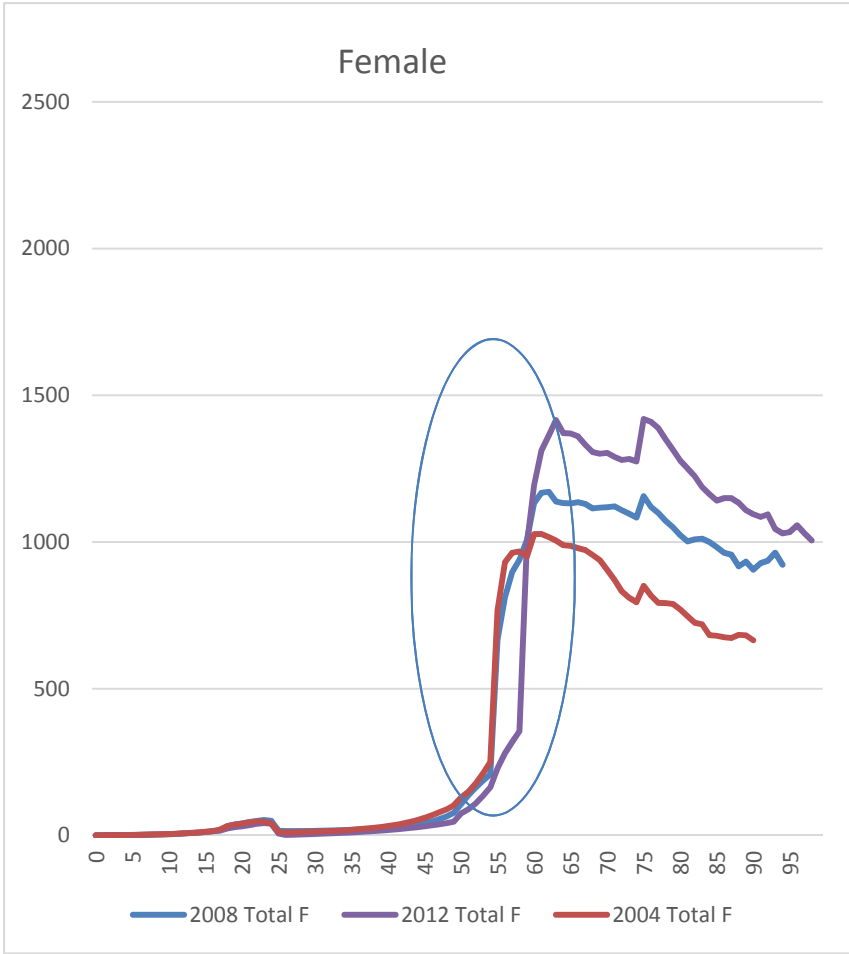
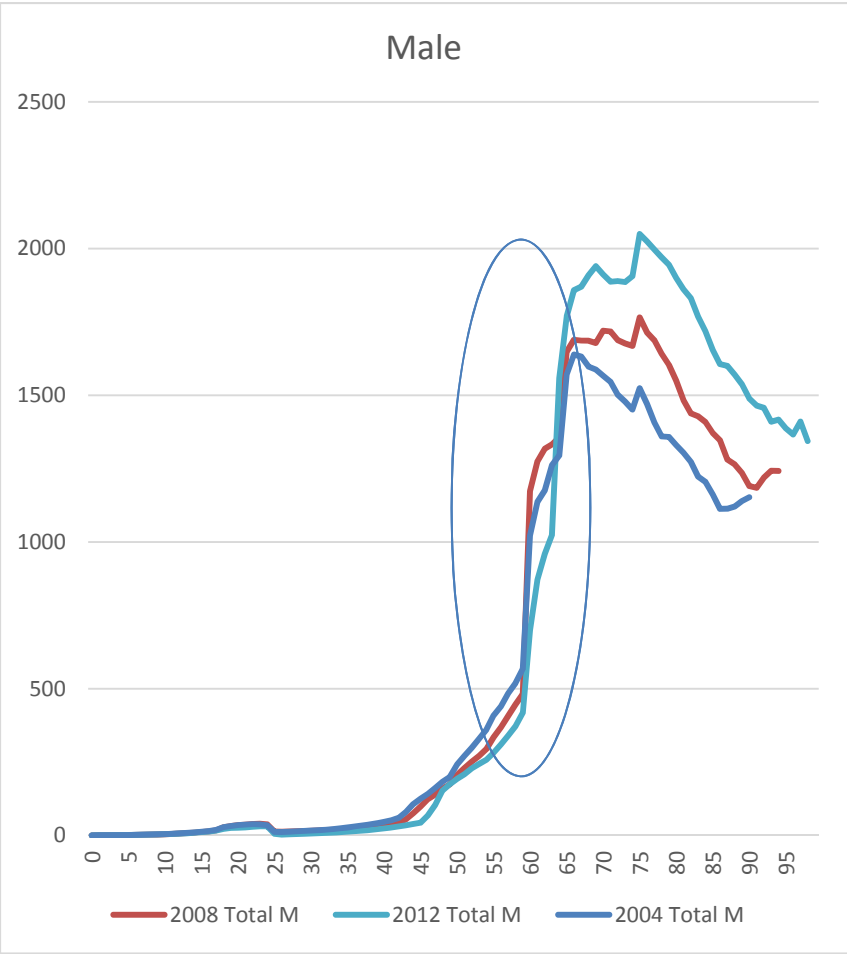
Comparison: Evolution of per-capita transfers over time

(real prices of 2012)



Source: own calculations

Comparison of transfers per capita by sex (real prices of 2012)



Source: own calculations

Summary

- Demographic shift leads to increased expenditure due to aging of the post-war baby-boom generation
- Pensions are the main source of transfers from social insurance
 - Disability and survivor pensions increase prior to legal retirement age
 - Survivor pensions to widows are an important transfer for women 70+
- 2008 reform of early-retirement transfers led to a shift of age profiles of transfers for ages 55–60