Pension Committee AAE
Slovak Pension System

Sursee
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Slovenská spoločnosť aktuárov

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Slovak Pension System

Future annuity = I. Pillar + II. Pillar + III. Pillar

Slovak Pension System

Demography

The ratio of the number of pensioners to economically active people is growing rapidly.

Zdroj: www.statistics.sk

Retirement age

Men / Childless Women

Retirement age is increasing based on birth year to maximum age 64 from birth year 1965.

Year of birth	Retirement age for Men / Cildless Woman
1957	62 a 6 months
1958	62 a 8 months
1959	62 a 10 months
1960	63 a 2 months
1961	63 a 4 months
1962	63 a 6 months
1963	63 a 8 months
1964	63 a 10 months
1965	**64**
1966	**64**

Benefit for women with children

If a woman (birth after 1965) and has raised:

1. **one child** she will be able to retire at the **age of 63,5** at the latest
2. **two children**, she will be able to retire at the **age of 63** at the latest
3. woman with **three or more children** will have a retirement **age of 62.5** years.

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I. pillar – State Pension System (PAYG)

Retirement benefit for old - age pension

- How is it calculated?

State old-age pension annuity is determined by multiplying:

POMB x ODP x ADH

POMB = average personal salary point

ODP = the sum of the periods of pension insurance

ADH = the current pension value at the date of entitlement to the pension

- actual ADH for year 2021 = 14,2107 €
- ADH is yearly increased by special inflation rate

Firstly (in 2023), the ADH is calculated that the pension compensation after 40 years in pension insurance has pension replacement ratio 60% of the average wage (at POMB 1,0).

Currently pension replacement ratio is around 50%.

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Social Insurance Agency

- Link: https://esluzby.socpoist.sk/ziup/loginchoice.jsp

SOCIÁLNA POISŤOVŇA
ústredie

Informácia o zmenách stavu individuálneho účtu poistenca za rok 2010
vyhotovená ku dňu **24.01.2018**

Rodné číslo poistenca:
Meno, priezvisko, titul: Rodné priezvisko:

Údaje o dôchodkovom poistení

Znak	Poistenie		Počet dní	Prerušenie poistenia		Vymeriavací základ	Odvedené poistné
	Od	Do		Od	Do		
Ds	01.01.2010	31.01.2010				319.58	ÁNO
Ds	01.02.2010	28.02.2010				319.58	ÁNO
Ds	01.03.2010	31.03.2010				319.58	ÁNO
Ds	01.04.2010	30.04.2010				319.58	ÁNO
Ds	01.05.2010	31.05.2010				319.58	ÁNO
Ds	01.06.2010	30.06.2010				319.58	ÁNO
Ds	01.07.2010	31.07.2010				319.58	ÁNO
Ds	01.08.2010	31.08.2010				319.58	ÁNO
Ds	01.09.2010	30.09.2010				319.58	ÁNO
Ds	01.10.2010	31.10.2010				319.58	ÁNO
Ds	01.11.2010	30.11.2010				319.58	ÁNO
Ds	01.12.2010	31.12.2010				319.58	ÁNO
Spolu:			365				

Osobný mzdový bod: 0.4156
Všeobecný vymeriavací základ: 9 228.00
Aktuálna dôchodková hodnota v roku 2010: 9.2246

Access to an electronic service - Individual account:
The insured will apply in person at the branch of the Social Insurance Agency. After verification of identity, he will be assigned an access GRID card, which will enable the use of electronic services of the Social Insurance Agency.

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II. pillar – Founded Pension fund

Basic principles of 2nd Pillar – Fully Funded Pension fund - DC

Savings in II. pillar does not mean leaving the state (I.) pillar.

Personal account in II. pillars.

- The funds in the account are his property, i. unlike the first pillar, it does not lose its savings even in the event of death. During the savings period, it redirects part of its pension insurance contributions from the Social Insurance Agency to the personal pension account in the DSS.

The saver can decide to which fund, or funds will invest.

- The client can freely transfer between companies and funds

Contribution

- part of mandatory contributions is paid into his personal pension account managed by the selected DSS company
- currently 5.25% of gross wages, the ratio is changing annually by 0.25% up to 6.0%, originally in 2003 it was 9.0% then decrease to 4.0% in 2012
- the possibility to pay voluntary contributions

Outpayment phase

- Life annuity
- Survivors' annuity in the first 7 year
- Account Value is transferred to Life Insurance Company as single premium to by life annuity
- Only two Life Insurance Company offer life annuity on Slovak market: Allianz, Generali
- Client get offer letter created electronically by central state information system CIPS with annuity value from all insurance company.

- **Guaranteed** fund
- **Mixed** fund
- **Equity** fund
- **Index** fund
- *One guaranteed and one non-guaranteed fund is mandatory.*

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Age distribution in 2nd Pillar

Age	Numbers	% proportion
from 25	124 976	7,7 %
from 26 to 35	424 988	26,1 %
from 36 to 45	571 712	35,2 %
from 46 to 55	386 327	23,8 %
from 56	118 174	7,3 %
SPOLU	**1 626 177**	**100%**

k 31.12.2020 zdroj: MPSVaR, ŠÚ SR

Age categories up to 35 years - 772 ths. economically active population. *30% of the population still do not have DSS.*

In 2020, new entrants 67 ths

The client can enter until the age of 35.

Annual statement from of pension entitlements from 2nd pillar

- **Since 2021, every client receive a statement with**
  - prognoses of account value
  - prognoses potential life annuity at retirement age
- 3 interest rates scenarios:
  - Pessimistic scenario,
  - Basic scenario,
  - Optimistic scenario
- Expression of annuity even after taking into account inflation at 2%
- *The format of the documents, formulas and parameters for are the same for the whole market exactly according to the state regulation.*

Výpis z osobného dôchodkového účtu sporiteľa

Dôchodková správcovská spoločnosť | Sporiteľ

K 01.08.2021 je hodnota Vášho osobného dôchodkového účtu:	11 114,01 €
Váš predpokladaný dôchodok vyplácaný doživotne bude mesačne:	190 €, čo v dnešných cenách predstavuje 122 €.
Váš predpokladaný dôchodkový vek:	64 rokov

Váš skutočný dôchodkový vek môže byť znížený v závislosti od počtu vychovaných detí.

Prognóza Vášho dôchodku*

	Pesimistický scenár	Základný scenár	Optimistický scenár
Prognóza nasporenej sumy k veku 64 rokov	48 242 €	62 455 €	84 219 €
Predpokladaný mesačný dôchodok	147 €	190 €	257 €

Je dôležité si uvedomiť, že ceny tovarov a služieb postupne rastú. Za predpokladaný mesačný dôchodok vo výške 190 € si po zohľadnení inflácie vo výške 2 % budete môcť kúpiť tovary a služby, za ktoré by ste dnes zaplatili 122 €.

Vaša investičná stratégia je vzhľadom na Váš vek nastavená správne a nie je potrebné ju meniť.

Mandatory direct access to internet “pension” accounts is (contribution history, fees, fund value, statements, documenters).

III. pillar – Occupational Pension fund

Basic principles of 3rd Pillar - Occupational Pension fund - DC

- **Employer-employee** principle
- (saving with employer's contribution)

- **Tax deductibility for** employer's contribution till 6% of salary and 180 EUR of participant's contribution.

Contribution

- **Contributions of the participant any amount**
- **Employer contributions of any amount**
- *Employer's contribution is obligatory in the amount of min. 2% of gross salary for "Risky Occupation"*

Investment

- **Conservative** fund
- **Mixed** fund
- **Equity** fund
- **Index** fund
- **Outpayment** fund

Outpayment phase

- **Fixed annuity** (min 5 years) => DDS Outpayment fund
- **Life annuity** => Life Insurance company
- **Age 62** (or state annuity from I.Pillar or 55 for *risky occupation)*

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Annual statement of pension entitlements from 3rd pillar

- **Since 2019, every client receive a statement with**
  - prognoses of account value
  - prognoses potential fixed 10 years annuity at retirement age or 55 for *risky occupation*
- 3 interest rates scenarios:
  - Pessimistic scenario,
  - Basic scenario,
  - Optimistic scenario
- Expression of annuity even after taking into account inflation at 2%
- *The format of the documents, formulas and parameters for are the same for the whole market exactly according to the state regulation.*

Informácia o dávkach z doplnkového dôchodkového sporenia

Účastník

Váš vek pre doplnkový starobný dôchodok: **55 rokov**

Prognózy Vašej nasporenej sumy a dôchodkových dávok v nominálnom vyjadrení*

Do dovŕšenia **55 rokov**
Budete sporiť: **18 rokov a 9 mesiacov**
prispejete si: **14 591,25 €**
Zamestnávateľ Vám prispeje: **14 591,25 €**

Prognózy nasporenej sumy, dôchodkového veku a dôchodkovej dávky sa môžu líšiť od konečnej hodnoty poberaného mesačného dôchodku.

	Pesimistický scenár	Základný scenár	Optimistický scenár
Prognóza nasporenej sumy k veku **55 rokov**	**60 397 €**	**97 806 €**	**169 325 €**
Predpokladaný mesačný dôchodok vyplácaný počas **10 rokov**	**503 €**	**815 €**	**1 411 €**

Je dôležité si uvedomiť, že ceny tovarov a služieb postupne rastú. Rast cien vo výške 2 % ročne môže po **18 rokoch a 9 mesiacoch** sporenia znížiť kúpnu silu Vášho dôchodku o **31,04 %**. Množstvo tovarov a služieb, ktoré si budete môcť kúpiť, teda v skutočnosti nebude zodpovedať sume **815 €** ale sume **562 €**.

Mandatory direct access to internet “pension” accounts is (contribution history, fees, fund value, statements, documenters).

Orange Envelope – Tracking system

- **Website created independently** by an expert from the University of Economics.
- **Direct link to**
  - Social Insurance Agency
  - all 2nd Pillar and 3rd Pillar companies included
- **Used client's direct access to all his internet "pensions" accounts**

www.oranzovaobalka.sk

Oranžová obálka (orange envelope)

- System for monitoring pension entitlements from all pillars according to valid legislative conditions and scenarios of economic development.

- Traffic light - a comprehensive view of the future pension in terms of the current setting. Indicates whether the client has a retirement strategy set up correctly.

- By changing the setting of savings parameters (amount of contribution and / or change of fund and distribution of savings), the user can influence the amount of the expected (estimated) pension.

- Questions?

- Thank you for your attention.