



Polish Pensions – current changes

Social Security Subcommittee Meeting

Cologne, 5 October 2023

01

MINIMUM
PENSIONS IN
POLAND

02

13TH AND 14TH
PENSIONS PAID
ANNUALLY

03

POSSIBLE
FURTHER
CHANGES

Minimum pensions

- ◆ Poland has a NDC system, where people who have contributed for at least 25 years (men) and 20 years (women) are eligible to a guaranteed minimum pension level. The minimum pension benefit in principle used to be indexed like general pensions, i.e. the inflation + 20% of the real wage growth, which with time makes it small compared to the average wage
- ◆ However, in 2023 minimum pensions were indexed not by the percentage but with the fixed amount – 250PLN (to be probably 300 PLN in 2024). The 2023 increase of 250 PLN meant increase higher than inflation (18,68% vs 16,10%), compared to 2022 indexation, which was lower than inflation (7% vs 11%).
- ◆ The minimum wage is increased annually on a discretionary basis.

Minimum pensions vs Wages

year	avg wage [PLN]	min wage [PLN]	min pension [PLN]	min pension to avg wage	min pension to min wage
2010	3 225	1 317	701	22%	54%
2011	3 400	1 386	725	21%	53%
2012	3 522	1 500	787	23%	53%
2013	3 650	1 600	826	23%	52%
2014	3 783	1 680	842	22%	50%
2015	3 900	1 750	874	23%	50%
2016	4 047	1 850	882	22%	48%
2017	4 272	2 000	980	23%	50%
2018	4 585	2 100	1 025	22%	49%
2019	4 918	2 250	1 088	22%	49%
2020	5 167	2 600	1 183	23%	46%
2021	5 663	2 800	1 242	22%	45%
2022	6 346	3 010	1 324	21%	44%

Additional payments for the pensioners – 13th and 14th pensions in the year

- ◆ Changes are not large, but can be made quickly. It's hard to predict future.
- ◆ The so called „thirteenth” pensions are paid since 2019. These are equal to the minimum pension amount.
- ◆ The fourteenth pensions are paid since 2021, in 2021 and 2022 the amount was equal to the monthly minimum pension, but paid only to those, whose total monthly pension does not exceed certain amount (around 2500-2900 PLN depending on year)
- ◆ In 2023 the fourteenth pensions will be paid that are higher than the thirteenth in 2023. Pensioners that are already receiving 2900 PLN gross (around 626 EUR) will be receiving the lowered amount (złoty for złoty).

Minimum pensions and additional payments

<u>gross</u> year	min pension monhtly [PLN]	min pension annual [PLN]	13 th [PLN]	14 th [PLN]	total annual [PLN]	% above	y-y incr.
2019	1 100	13 200	1 100		14 300	8,33%	
2020	1 200	14 400	1 200		15 600	8,33%	9,1%
2021	1 251	15 011	1 251	1 251	17 512	16,67%	12,3%
2022	1 338	16 061	1 338	1 338	18 738	16,67%	7,0%
2023	1 588	19 061	1 588	2 650	23 300	22,24%	24,3%

<u>net</u> Year	min pension monhtly [PLN]	min pension annual [PLN]	13 th [PLN]	14 th [PLN]	total annual [PLN]	% above	y-y incr.
2019	888	10 656	888		11 544	8,33%	
2020	981	11 772	981		12 753	8,33%	10,5%
2021	1 069	12 828	1 069	1 069	14 966	16,67%	17,4%
2022	1 218	14 616	1 218	1 218	17 052	16,67%	13,9%
2023	1 445	17 346	1 445	2 200	20 991	21,02%	23,1%

Probable further changes linked to service years eligibility

- ◆ Government plans to introduce the service years linked pensions – the basics that are known include:
- ◆ - service years for women being 38 years and for men 43 years (the first idea was 35 and 40 respectively – in August)
- ◆ - one would need to have an amount allowing for 120% of minimum pension
- ◆ It is not yet known if study time is also accounted for as service years, or if sick leave or child leave and similar are also accounted for etc,
- ◆ This is linked to the fact that in previous years many people started their first job at age around 15 (just after primary school), but currently they need to wait until age of 60/65 to be eligible for pension
- ◆ This change would affect about 70k people (currently Poland has 38mln citizens about 27mln in working age)

THANK YOU