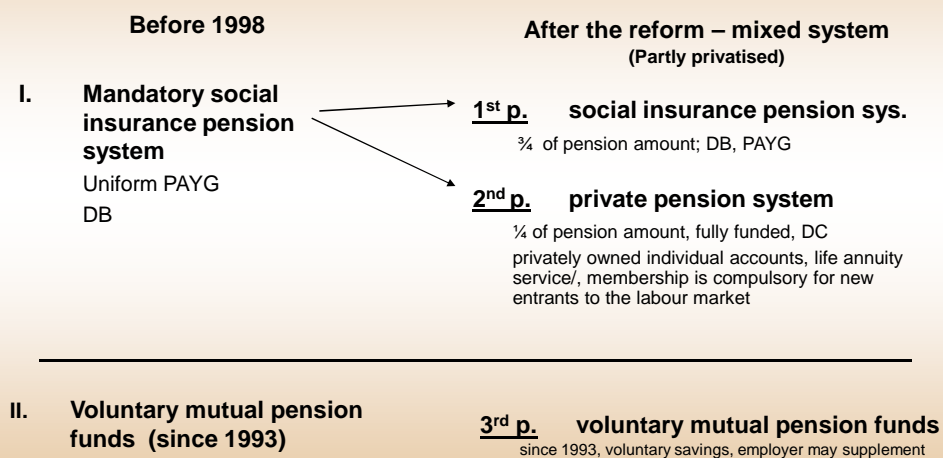


Current situation in the Hungarian pension system

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Krisztina Kiss
Dept. for Pension Insurance
Ministry of Social Affairs and Labour, Hungary

Pension reform in 1998



Change in retirement age

Retirement age (as of 1997) (yrs)			
women		men	
Born before 1 Jan 1940	55	Born before 1 Jan 1938	60
Born in 1940	56	Born in 1938	61
1941	57	Born in and after 1939	62
1942	57		
1943	58		
1944	59		
1945	60		
1946	61		

62 in 2009

ACT 1997

Act 1997 introduces **increase of retirement age** for women by 1 year in every 2 years, men reaching 62 in 2001, linked to the year of birth, reaching **unisex** standard retirement age of **62 in 2009**.

ACT 2009

Act 2009 regulates the new rules on **unisex standard retirement age** in effect as of 1 Jan 2010. As of 2022 the standard unisex retirement age is **65** years of age. For the gradual increase see table below:

Born before 1952	62
Born in 1952	62,5
1953	63
1954	63,5
1955	64
1956	64,5
Born in 1957 and after	65

65 as of 2022

94% retire before standard retirement age.

Effective average retirement age is 58 yrs, including disabled persons is 55 yrs.

Advanced pension rules

in 2009

women from age **59**, **men** from age **60**,
attaining at least **40** yrs service time,
ceasing gainful activity.

Reduced amount: at least **37** years of service time
Reduction per month until reaching 62

1-365 days 0,1%, 366-730 days 0,2%, 731- 1095 days 0,3%.

from 2010

rules are tightened along with increased standard retirement age. Eligibility is linked to the year of birth.

- Men** reaching age **60**, born in 1950 and **women** reaching age **59**, born in 1952 and 1953
attaining at least **40** yrs service time and
ceasing gainful activity.
reduced amount: at least **37** years of service time
Reduction per month until reaching 62 1-365 days 0,1%, 366-730 days 0,2%, 731- 1095 days 0,3%
- 2 years before reaching relevant retirement age advanced pension only with reduced sum!**
eligible are: **men** born after 31 Dec 1950
women born after 31 Dec 1958
attaining at least **37** years of service period and ceasing gainful activity
Reduction: by 0,3% per missing month, if the claimant is 1 year younger than his/her relevant retirement age.
if the claimant is more than 1 year younger than his/her relevant retirement age
the amount is reduced with 3,6% plus 0,4% for every missing month
- Transitional rules apply:**
 - for **women** born in 1954 – 1958, **3 years before** reaching their relevant retirement age;
 - for **men** born in 1952, 1953 who have reached **age 60** and have at least **42** yrs service period;
 - for **men** born in 1954 at age **60,5** and having at least **42** yrs service period.

The amount of pension this case is reduced, the maximum of reduction is 8,4%

Indexation rules

Since 1997 reform **Swiss indexation**
(50% consumer prices, 50% net average wages)

Annual regular **pension increase** in January:

Arithmetical proportion of consumer prices (4,5% in 2009) and net average wages (1,6% in 2009), the predicted increase is set in separate act.
January 2009 increase: **3,1%** (4,5% + 1,6%) : 2 = 3,1%

Further increase in November if calculated increase exceeds the predicted.

Changes in indexation as of 2010 – related to GDP growth

Further increase in November if the planned measures show at least 1% point difference from the real data. If the difference is less than 1% point, beneficiaries receive a lump sum payment.

GDP growth	Consumer price	Net average monthly earnings
X - 3%	100 %	-
3 - 4%	80 %	20 %
4 - 5%	60 %	40 %
5% - X	50 %	50 %

pension for certain jobs

EARLY RETIREMENT DUE TO HAZARDOUS WORKING CONDITIONS

included in the social insurance pension system

exposed to a work of **extreme intensity** / under **extreme exposure to risk of an occupational disease**

2 years shall be granted for

Men 10 yrs, women 8 years in such job
any person – work in a job exposed to **higher than 100 kPa** air pressure for **at least 6 yrs**

1 extra year granted:

men for every **extra 5**, **women** for every **extra 4** yrs in such a job
3 yrs in a job exposed to higher than **100 kPa** air pressure.

extra contribution payment besides mandatory contributions: **13%** (employer's burden)

in 2009 50% paid by the General Budget, 50% by the employer
in 2010 75% paid by employer, 25% by general budget

Until the end of 2010 – job list

e.g. underground jobs, work in pressurized (compressed air) environment, sewer tunnel maintenance work, occupations in hot environment, textile industry, baking industry, cold storage warehouses, occupations exposed to ionizing radiation, transport related work, civil aviation, occupations exposed to explosives, civil employees of the Hungarian Army

Working on further tightening this early retirement option.

cca 20000 persons

pension for certain jobs

EARLY RETIREMENT, THE EMPLOYER PAYS IN ADVANCE THE PENSION UP TO RETIREMENT

The earliest date 5 years before the relevant retirement age **cca 10000 persons**
 The employer pays the pension up to the age of advanced pension
 With service time requirement of advanced pension and adv. pension with reduced sum

This option is not part of the social insurance pension system, it aims employment policy purposes.

**ARMED FORCES - soldiers, policemen, firemen, customs and excise officers,
 prison service, national security officers** **cca 40000 persons**

5 years earlier then the relevant retirement age, service legal relationship should be ceased
 Pension entitlement – at least 25 yrs service time
 if attaining 25 yrs, able to retire regardless of age, providing incapability of service

OCCUPATIONAL PENSIONS - persons performing artistic activities and miners
 artistic activities e.g. ballet dancer, opera singer, singer, wind (instrument) player, actor
 miners working in mines in the territory of Hungary **cca 4000 persons**

Regardless of age, 25 years of service time spent in this type of job
 and receiving no pension of own right

Thank you!