GATEWAY TO GLOBAL AGING DATA

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Gateway Policy Explorer: Retirement Series

Italy

Public Own Old-Age Benefit Plan Details

1992-2022

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Preface

This document is intended for researchers who want to understand the evolution of policy or the policy in place at a particular point in time. This document is not intended for financial advice or to aid in decision-making. The authors have made significant effort to identify and collect historical information pertaining to these policies, to accurately represent these policies, and to communicate how policies may interact to determine legal requirements, eligibility for benefits, and/or benefits levels. The policies presented in this document focus on rules applicable to most individuals aged 50 and older from 1992. Many systems include special policies or alternative eligibility rules for specific groups. We encourage all users to complete their own review of literature in this area depending on the research questions they have in mind.

If you have feedback or questions or identify an error, please contact policy@g2aging.org.

Background — *Gateway Policy Explorer: Retirement Series*

The *Gateway Policy Explorer* (http://g2aging.org/policy-explorer) is part of the Gateway to Global Aging Data (http://g2aging.org) project. The *Retirement Series* captures historical policy that affects the birth cohorts of respondents in the surveys covered by the Gateway. It was motivated by the rapid evolution of policies affecting older people across the world. As the Health and Retirement Study (HRS) began in 1992 and many of the international network of studies (HRS-INS) cover more than a decade, understanding the policies in place at the time of the survey has become more demanding for researchers.

Why are we tracking past policy? Individuals make choices based on current policies and the outcomes we see today may reflect responses to past policies. When interpreting the survey responses of individuals, an understanding of the policy environment under which those individuals operate is critical. The collection of contextual information in the *Gateway Policy Explorer* aims to support researchers who want to understand or use policy changes in their research and provide context for longitudinal or cross-country differences. Over the period 2023–2026 the *Gateway Policy Explorer* will be expanded to include information on retirement, long-term care, education, and other policies affecting the life cycle.

The key dimensions to the *Gateway Policy Explorer: Retirement Series* are country and time. We prioritize data collection for each country based on its first interview wave and are continuing to expand our data collection back in time to 1992, the earliest survey date in the HRS-INS.

A separate document, like this one, is developed for each country and each broad category of policies covered in the *Gateway Policy Explorer: Retirement Series*.

Author and Contributor Disclaimers

† The opinions expressed here are those of authors and do not necessarily reflect the views of the OECD or of its member countries.

Italy

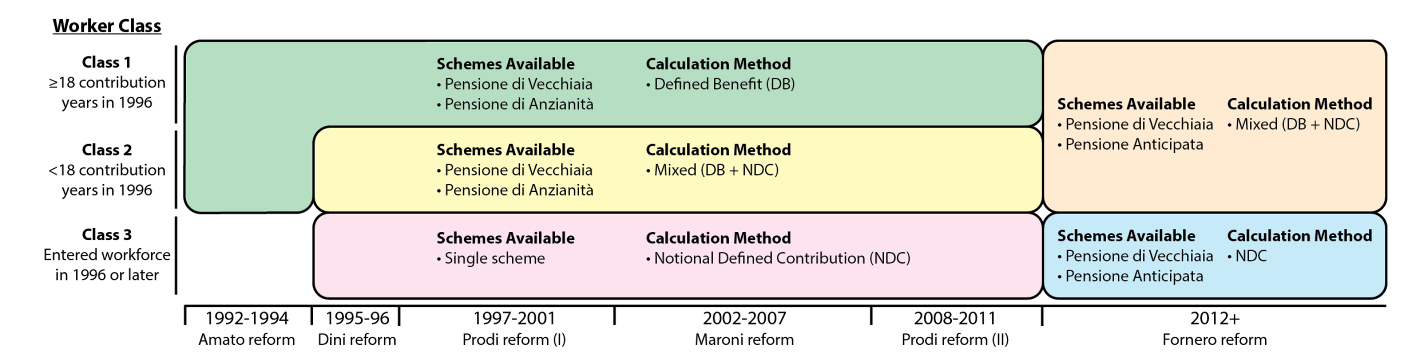
Own Old-Age Benefits
Plan details 1992-2022 * †

The Italian pension system had a number of major reforms between 1992 and 2012. It applies different pension eligibility and benefit rules for workers based on when they began contributing to the system. Workers first contributing to the Italian pension system after 1995 have notional defined contribution plans. Workers first contributing before 1996 may receive a benefit that blends the previous defined benefit formula with benefits from a notional defined contribution plan. Old-age pension benefits are administered by Italy's National Social Security Institute (INPS).

Key Dates
First law: 1919
Major changes since 1992: 1992, 1995, 1997, 2004, 2007, 2011, 2019

The figure below presents an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Figure 1: Policy changes 1992-2021



Source: Authors' interpretation of historical policy changes.
Note: The horizontal axis represents the time period included in this document divided into key reform periods. The vertical axis represents the different pension benefit "classes" that are defined by work history in 1996.

Contents

* If you have questions or suggestions, please contact policy@g2aging.org.
† Detailed information and definitions are provided in tables, formulas and a glossary at the end of this document. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: "Alt" + "←"; In Adobe Acrobat on a MAC: "command" + "←"; In Preview on a MAC: "command" + "[".

Chapter 1: Policy enacted 1992-1995

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits are based on a pay-as-you-go defined benefit (DB) pension design, meaning benefits paid at retirement were based on a formula consisting of contribution years, final average earnings and a multiplier. Before 1992, eligibility to receive benefits depended on age and years of contribution (60 for men and 55 for women with 15 contribution years) or only contribution years (35 contribution years). During this period, old age benefits had two main eligibility tracks. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Policy changes during this period
Legislative Decree 503/1992 (Gazzetta Ufficiale, 1992), known as the "*Amato Reform*" - enacted on December 30, 1992, and effective from January 1, 1993 - introduced the following substantial reforms to the old-age benefit system:

- Introduced, for a specific eligibility track named "Pensioni di Vecchiaia", a gradual increase in the retirement age of 5 years for men and women and a gradual increase in the required contribution years from 15 to 20. These increases were phased-in between 1992 and 2002.
- The average earnings period used in computing final average earnings was expanded from 5 years prior to retirement to the last 10 years prior to retirement.
- Benefit indexation shifted from being based on average wages to consumer prices.

Other reforms during this period include:

- Legislative Decree 373/1993 (Gazzetta Ufficiale, 1993) - enacted on August 10, 1993, and effective from October 8, 1993 - excluded from the computation of average earnings for pension purposes those years with earnings below 20% of an individual's final average earnings. This eliminated years of particularly low earnings from the computation of final average earnings, increasing benefit levels for individuals with sporadic earnings histories. The years excluded from this computation cannot exceed 25% of the reference years.

Contributions

- **Employee contribution rate**
  8.14% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: No maximum
- **Employer contribution rate**
  18.93% of covered earnings.
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: No maximum

  Note: Plus 0.6% for commercial or 1.2% for industrial basic contribution (employers in certain industries pay a special contribution and employers in certain economically distressed areas are relieved of part of contribution)
- **Self-employed contribution rate**
  Unknown

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 60 for men in 1992, gradually increasing to age 65 by 2002; Age 55 for women in 1992, gradually increasing to age 60 by 2002 (see Table 2 for age requirements by initial eligibility year). Earlier ages are possible:
  - No minimum age with 35 contribution years

- **Does SRA vary by birth year?** Answer: Yes
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are two benefit eligibility tracks and each has different age and contribution requirements. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

An individual is eligible to start receiving old-age pension benefits if they satisfy all the requirements of one of the eligibility tracks available.

Eligibility Track V: "Pensioni di Vecchiaia"

- Age requirements: Age 60 for men in 1992, gradually increasing to age 65 by 2002; Age 55 for women in 1992, gradually increasing to age 60 by 2002 - See Table 2 for age requirements by initial eligibility year
- Contribution requirements: One of the following conditions must be satisfied —
  - 15 contribution years in 1992 and gradually increasing to 20 years by 2001 (paid or credited) - See Table 3 for contribution requirements by initial eligibility year
  - 15 contribution years if contributions were made before December 1992 (paid or credited)

Eligibility Track A: "Pensioni di Anzianità"

- Age requirements: None
- Contribution requirements: 35 contribution years (paid or credited [1])

Notes:

- For all eligibility tracks, retirement is not compulsory after reaching the SRA for the *Pensioni di Vecchiaia* eligibility track, but employers have the right to dismiss employees after they have reached this age.

[1] For those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility for the *Pensioni di Anzianità* eligibility track. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility for starting benefits early at a permanently reduced rate varies by eligibility track:
  Eligibility Track V: Early claiming not available
  Eligibility Track A: Any age with 20 contribution years
- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.

- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions.

  Additionally, 6 months of contributions can, upon request, be credited towards the child's mother's contribution years, in case of childcare needs until they have reached the age of 8.
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

  For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

  At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

Benefit formula for claiming at SRA

Pension benefits are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
  Eligibility for starting benefits early at a permanently reduced rate varies by eligibility track:
  Eligibility Track V: Early claiming not available
  Eligibility Track A: Any age with 20 contribution years

- **Adjustment formula**
  Benefits reductions for starting benefits early at a permanently reduced rate varies by eligibility track:
  Eligibility Track V: Early claiming not available
  Eligibility Track A: Early retirement is not accessible with more than 15 years of missing contributions. Pension benefits are reduced depending on the required number of years needed to reach contribution years requirements. See Formula 2 for calculation details and Table 7 for reduction factors applied based on the number of missing contribution years at the time of claiming benefits.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Benefits are not paid if working.
- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Additional Benefit Adjustments

- **Adjustment 1**: Indexation to prices
- **Adjustment 1 details**: Indexation to prices became partial above an income threshold of three times the minimum.

Chapter 2: Policy enacted 1996-1997

Policy change in 1996

Law 335/1995 (Gazzetta Ufficiale, 1995), known as the "*Dini Reform*" - enacted on August 8, 1995, and effective from January 1, 1996 - introduced the following substantial reforms to the old-age benefit system:

- Changed the structure of the pension system. The new system shifted from a defined benefit (DB) pension design to a notional defined contribution (NDC) pension design. Under this design, contributions earn a rate of return related to nominal GDP growth. At retirement, the accumulated notional capital is converted into an annuity taking into account average life expectancy at retirement. Starting in 1996, new workers' future benefits were to be based on the NDC plan. Benefits for workers with less than 18 years of contribution in 1996 were based on a blended version of the NDC plan and the previous DB plan. Benefits for workers with at least 18 contributions years were based on the previous DB plan.
- Eligibility for a pension benefit was simplified into a single track for workers who did not contribute to the pension system prior to 1996. The earliest retirement age was 57 with greater annual benefits for each year the worker delayed retirement until age 65. Distinctions by gender were eliminated. Individuals contributing to the pension system prior to 1996 continued to have multiple eligibility tracks based on age and/or contribution years with planned phased increases in age and contribution year requirements from 1996 to 2008.

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits, after the 1995 Dini Reform, are based on a combination of a pay-as-you-go defined benefit (DB) pension system and a notional defined contribution (NDC) system. Eligibility for benefits from these systems depends on a workers' contribution history at the start of 1996. We divide these cohorts into benefit "classes" where the benefit eligibility requirements and the computation of the benefit differ by class. Workers with at least 18 contribution years on January 1, 1996 had their benefit determined by the DB system (Class 1), while new workers had their benefit determined by the NDC system (Class 3). Workers not satisfying the conditions for either of these groups were eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system (Class 2).

Benefits in the DB system are based on a formula consisting of contribution years, final average earnings and a multiplier. Benefits in the NDC system are based on accumulated contributions that earn a rate of return based on Italy's GDP growth that are converted into a lifetime income stream when a beneficiary claims their old-age benefit.

During this period, old age benefits had two main eligibility tracks. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Contributions

- **Employee contribution rate**
  8.34% of covered earnings, in 1995 and 1996, increased to 8.89% from 1997 onwards:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Employer contribution rate**
  21.3% of covered earnings in 1996. Effective January 1, 1997, this was reduced to 19.36% for employees hired before January 1, 1997 and increased to 23.8% for employees hired on or after January 1, 1997, and the following minimum and maximum covered earnings apply:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

- **Self-employed contribution rate**
  20% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 62 for men in 1996, gradually increasing to age 65 by 2002; Age 57 for women in 1996, gradually increasing to age 60 by 2002 (see Table 2 for age requirements by initial eligibility year). Earlier ages are possible:
  - No minimum age or age 52 in 1996, depending on career history and benefit class —The age requirement is gradually increasing to age 57 by 2008 (see Table 9 for age requirements by initial eligibility year)
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on January 1, 1996)
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are three benefit classes based on contribution years as of January 1, 1996. Some benefit classes have multiple tracks to become eligible for benefits. Each track may have its own age and contribution requirements. All benefit classes have a common definition for contribution years. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

An individual is eligible to start receiving old-age pension benefits if they satisfy all the requirements of one of the eligibility tracks available for their benefit class.

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Eligibility Track 1V: "Pensioni di Vecchiaia"

- Age requirements: Age 62 for men in 1996, gradually increasing to age 65 by 2002; Age 57 for women in 1996, gradually increasing to age 60 by 2002 - See Table 2 for age requirements by initial eligibility year
- Contribution requirements: One of the following conditions must be satisfied —
  - 17 contribution years in 1996 and gradually increasing to 20 years by 2001 (paid or credited) - See Table 3 for contribution requirements by initial eligibility year
  - 15 contribution years if contributions were made before December 1992 (paid or credited)

Eligibility Track 1A: "Pensioni di Anzianità"
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: None
- Contribution requirements: 36 contribution years (paid or credited [1]), but the contribution requirement is gradually increasing to 40 years by 2008 - see Table 9 for contribution year requirements by year

Option (ii)

- Age requirements: Age 52 in 1996, but the age requirement is gradually increasing to age 57 by 2008 - see Table 9 for age requirements by year
- Contribution requirements: 35 contribution years (paid or credited [1])

Class 2: Individuals with less than 18 contribution years on January 1, 1996

Eligibility Track 2V: "Pensioni di Vecchiaia"
Same as Eligibility Track 1V

Eligibility Track 2A: "Pensioni di Anzianità"
Same as Eligibility Track 1A

Class 3: Individuals entering the workforce after January 1, 1996

Eligibility Track 3
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: Age 57 [2]
- Contribution requirements: 5 contribution years (paid contributions only)
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Option (ii)

- Age requirements: None
- Contribution requirements: 40 contribution years
- Other requirements: The calculated pension benefit at the time of retirement, for retirees aged less than 65, must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale. No minimum requirements of this kind for retirees aged 65 and older.

Notes:

[1] In this case, for those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track for Class 1 and Class 2 workers.

[2] For workers in Class 3, retirement age is flexible between 57 and 65 years of age but the multiplier applied at younger ages is smaller.

- For all eligibility tracks, retirement is not compulsory after reaching the SRA for the *Pensioni di Vecchiaia* eligibility track, but employers have the right to dismiss employees after they have reached this age.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility for starting benefits early at a permanently reduced rate varies by eligibility track and pension benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  Eligibility Track 1V: Early claiming not available
  Eligibility Track 1A:
  Option (i)

  - Age requirements: None
  - Contribution requirements: Depends on the number of contribution years accrued on January 1, 1996
    * Between 19 and 21 contribution years on January 1, 1996: Minimum 32 contribution years at time of starting benefits
    * Between 22 and 25 contribution years on January 1, 1996: Minimum 31 contribution years at time of starting benefits
    * More than 25 contribution years on January 1, 1996: Minimum 30 contribution years at time of starting benefits

  Option (ii)

  - Age requirements: Age 52 in 1996, gradually increasing to age 57 by 2008 - see Table 9
  - Contribution requirements: 20 contribution years

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  Eligibility Track 2V: Early claiming not available
  Eligibility Track 2A:
  Option (i): Early claiming not available
  Option (ii): Same as Eligibility Track 1A, Option (ii)

  Class 3: Individuals entering the workforce after January 1, 1996
  Early claiming not available

- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes (indirectly through year first contributed to pension)
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.
- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions. For all classes' benefit formula, increased contribution years can yield higher pension benefits.

  Additionally, 6 months of contributions can, upon request, be credited towards the child's mother's contribution years, in case of childcare needs until they have reached the age of 8.
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

  For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

  At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

Benefit formula for claiming at SRA

Conditional on satisfying at least one eligibility track within a pension benefit class, individuals receive benefit amounts according to the following, benefit class-specific, rules:

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Pension benefits are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 2: Individuals less than 18 contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:

- Service prior to December 1995 is calculated using the DB Formula for Class 1
- Service after December 1995 is calculated using the NDC Formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 3: Individuals entering the workforce after January 1, 1996

The pension benefit is calculated as the present value of lifetime contributions at the time of retirement multiplied by a transformation coefficient. The rate of return on pension contributions is determined by the nominal gross domestic product (GDP) growth rate (as a five-year moving average). The transformation coefficient is based on the probability of death, the probabilities of leaving a widow or widower behind and the expected duration of years that a survivor's benefit will be withdrawn. As a consequence, benefits are strongly related to retirement age - the lower the age, the lower the pension. See:

- Formula 3 for the NDC benefit formula
- Table 11 for the transformation coefficients used to determine benefit levels based on claiming age (1996-2008)

For this class, if the pension benefit computed above is less than a specified minimum, it is not raised to minimum pension levels.

Class 1 and Class 2 retirees can have their pension benefits calculated entirely on an NDC calculation method, as in the case of Class 3, if they have accrued at least 15 years of contributions (5 of which after 1995) at the time of retirement. This choice is irreversible.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
  Eligibility for starting benefits early at a permanently reduced rate varies by eligibility track and pension benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  Eligibility Track 1V: Early claiming not available
  Eligibility Track 1A:
  Option (i)
  - Age requirements: None
  - Contribution requirements: Depends on the number of contribution years accrued on January 1, 1996
    * Between 19 and 21 contribution years on January 1, 1996: Minimum 32 contribution years at time of starting benefits
    * Between 22 and 25 contribution years on January 1, 1996: Minimum 31 contribution years at time of starting benefits
    * More than 25 contribution years on January 1, 1996: Minimum 30 contribution years at time of starting benefits

  Option (ii)
  - Age requirements: Age 52 in 1996, gradually increasing to age 57 by 2008 - see Table 9
  - Contribution requirements: 20 contribution years

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  Eligibility Track 2V: Early claiming not available
  Eligibility Track 2A:
  Option (i): Early claiming not available
  Option (ii): Same as Eligibility Track 1A, Option (ii)

  Class 3: Individuals entering the workforce after January 1, 1996
  Early claiming not available

- **Adjustment formula**
  Benefits reductions for starting benefits early at a permanently reduced rate varies by eligibility track and pension benefit class:

  Class 1 workers
  Eligibility Track 1V: Early claiming not available
  Eligibility Track 1A:
  Option (i): Early retirement is not accessible with more than 7 years of missing contributions. Pension benefits are reduced depending on the required number of years needed to reach contribution years requirements. See Formula 4 for calculation details and Table 12 for reduction factors applied based on the number of missing contribution years at the time of claiming benefits.
  Option (ii): Early retirement is not accessible with more than 15 years of missing contributions. Pension benefits are reduced depending on the required number of years needed to reach contribution years requirements. See Formula 4 for calculation details and Table 7 for reduction factors applied based on the number of missing contribution years at the time of claiming benefits.

  Class 2 workers
  Eligibility Track 2V: Early claiming not available
  Eligibility Track 2A:

Option (i): Early claiming not available
Option (ii): Same as Eligibility Track 1A, Option (ii)

Class 3 workers
Eligibility Track 3: Early claiming not available

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes (Class 2 and 3 beneficiaries only)
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Eligibility for starting benefits after the SRA at a permanently greater rate varies by eligibility trackand pension benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  Eligibility Track 1V: Delaying claiming not available
  Eligibility Track 1A: Delaying claiming not available

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  Eligibility Track 2V: Delaying claiming not available
  Eligibility Track 2A: 65 years of age

  Class 3: Individuals entering the workforce after January 1, 1996
  Eligibility Track 3: 65 years of age

- **Adjustment formula**
  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  No increases

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  The NDC portion of the benefit (i.e., the benefit calculated based on Formula 3) increases until age 65 based on the transformation coefficients in Table 11

  Class 3: Individuals entering the workforce after January 1, 1996
  Benefits increase until age 65 based on the transformation coefficients in Table 11

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Reductions in pension benefits based on work are equal across all classes and eligibility tracks, and depend on a worker's age and type of employment:
  - For pensioners with less than 63 years of age
    Employees cannot work and receive a pension benefit. For employers and autonomous workers, pension benefits are reduced due to earnings by 50% of income above the minimum pension (i.e., for every 2€ earned, current benefits are reduced by 1€).
  - For pensioners with more than 63 years of age
    For all workers (employees, employers and autonomous workers) pension benefits are reduced due to earnings by 50% of income above the minimum pension (i.e., for every 2€ earned, current benefits are reduced by 1€).

  See Formula 5 for calculation details for applicable cases.
  Note: Benefit reductions due to work are implemented after payment via the tax system.

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Chapter 3: Policy enacted 1998-2004

Policy change in 1998

Law 449/1997 (Gazzetta Ufficiale, 1997), known as the "*Prodi Reform I*" - enacted on December 27, 1997, and effective from January 1, 1998 - introduced the following substantial reforms to the old-age benefit system:

- Increased the requirements for benefit eligibility tracks based solely on contribution years by accelerating the phase-in periods previously introduced by the "*Dini Reform*"
- Increased the contribution percentage for self-employed workers
- Harmonized pension rules for different categories of workers: gradually brought public-sector workers' eligibility rules into alignment with those for private-sector workers
- Temporarily froze pension benefits' adjustment for benefits above a certain threshold
- Eliminated provisions for early retirement with reduced benefits for all benefit classes and eligibility tracks

Other reforms during this period include:

- Legislative Decree 151/2001 (Gazzetta Ufficiale, 2001) - enacted March 26, 2001 and effective from April 27, 2001 - increased the optional parental leave period, redeemable for pension contribution purposes, for childcare needs from 6 to 10 months, before the child reaches 8 years of age, and extended the provision to fathers.

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits, after the 1995 Dini Reform, are based on a combination of a pay-as-you-go defined benefit (DB) pension system and a notional defined contribution (NDC) system. Eligibility for benefits from these systems depends on a workers' contribution history at the start of 1996. We divide these cohorts into benefit "classes" where the benefit eligibility requirements and the computation of the benefit differ by class. Workers with at least 18 contribution years on January 1, 1996 had their benefit determined by the DB system (Class 1), while new workers had their benefit determined by the NDC system (Class 3). Workers not satisfying the conditions for either of these groups were eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system (Class 2).

Benefits in the DB system are based on a formula consisting of contribution years, final average earnings and a multiplier. Benefits in the NDC system are based on accumulated contributions that earn a rate of return based on Italy's GDP growth that are converted into a lifetime income stream when a beneficiary claims their old-age benefit.

During this period, old age benefits had two main eligibility tracks. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Contributions

- **Employee contribution rate**
  8.89% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Employer contribution rate**
  23.81% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Self-employed contribution rate**
  22.2% of covered earnings:

- Minimum earnings for contribution purposes: See Table 1
- Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 63 for men in 1998, gradually increasing to age 65 by 2002; Age 58 for women in 1998, gradually increasing to age 60 by 2002 (see Table 2 for age requirements by initial eligibility year). Earlier ages are possible:
  - No minimum age or age 54 in 1998, depending on career history and benefit class —The age requirement is gradually increasing to age 57 by 2008 (see Table 13 for age requirements by initial eligibility year)
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on January 1, 1996)
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are three benefit classes based on contribution years as of January 1, 1996. Some benefit classes have multiple tracks to become eligible for benefits. Each track may have its own age and contribution requirements. All benefit classes have a common definition for contribution years. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

An individual is eligible to start receiving old-age pension benefits if they satisfy all the requirements of one of the eligibility tracks available for their benefit class.

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Eligibility Track 1V: "Pensioni di Vecchiaia"

- Age requirements: Age 63 for men in 1998, gradually increasing to age 65 by 2002; Age 58 for women in 1998, gradually increasing to age 60 by 2002 - See Table 2 for age requirements by initial eligibility year
- Contribution requirements: One of the following conditions must be satisfied —
  - 18 contribution years in 1998 and gradually increasing to 20 years by 2001 (paid or credited) - See Table 3 for contribution requirements by initial eligibility year
  - 15 contribution years if contributions were made before December 1992 (paid or credited)

Eligibility Track 1A: "Pensioni di Anzianità"
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: None
- Contribution requirements: 36 contribution years in 1998 (paid or credited [1]), but the contribution requirement is gradually increasing to 40 years by 2008 - see Table 13 for contribution year requirements by year

Option (ii)

- Age requirements: Age 54 in 1998, but the age requirement is gradually increasing to age 57 by 2008 - see Table 13 for age requirements by year
- Contribution requirements: 35 contribution years (paid or credited [1])

Class 2: Individuals with less than 18 contribution years on January 1, 1996

Eligibility Track 2V: "Pensioni di Vecchiaia"
Same as Eligibility Track 1V

Eligibility Track 2A: "Pensioni di Anzianità"
Same as Eligibility Track 1A

Class 3: Individuals entering the workforce after January 1, 1996

Eligibility Track 3
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: Age 57 [2]
- Contribution requirements: 5 contribution years (paid contributions only)
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Option (ii)

- Age requirements: None
- Contribution requirements: 40 contribution years
- Other requirements: The calculated pension benefit at the time of retirement, for retirees aged less than 65, must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale. No minimum requirements of this kind for retirees aged 65 and older.

Notes:

[1] In this case, for those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track for Class 1 and Class 2 workers

[2] For workers in Class 3, retirement age is flexible between 57 and 65 years of age but the multiplier applied at younger ages is smaller.

- For all eligibility tracks, retirement is not compulsory after reaching the SRA for the *Pensioni di Vecchiaia* eligibility track, but employers have the right to dismiss employees after they have reached this age.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: No

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum)**: Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes (indirectly through year first contributed to pension)
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.
- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions. For all classes' benefit formula, increased contribution years can yield higher pension benefits.

  Additionally, 6 months of contributions can, upon request, be credited towards the child's mother's contribution years, in case of childcare needs until they have reached the age of 8. From April 2001 onwards, the number of credited months is increased such as 10 months of contributions can, upon request, be credited towards either the child's mother or father's contribution years, in case of childcare needs until they have reached the age of 8.
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

  Law 449/1997 temporarily froze pension benefits' adjustment for cost of living, if benefits exceeded a certain threshold:
  - In 1998, if pension benefits are above five times the minimum pension benefits stated in Table 14, the full amount of benefits is not adjusted for cost of living. However, pension benefits above this threshold, but lower than the threshold incremented by the amount of cost-of-living adjustment, are adjusted for the portion of benefits below the incremented threshold.
  - From 1999 to 2001,
    * If pension benefits are above eight times the minimum pension benefits stated in Table 14, the full amount of benefits is not adjusted for cost of living
    * If pension benefits are between five and eight times the minimum pension benefits, the full amount of benefits is adjusted for cost of living at a rate equal to 30% of the adjustment index
    * If pension benefits are below five times the minimum pension benefits, the full amount of benefits is adjusted for cost of living

Benefit formula for claiming at SRA

Conditional on satisfying at least one eligibility track within a pension benefit class, individuals receive benefit amounts according to the following, benefit class-specific, rules:

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Pension benefits are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 2: Individuals less than 18 contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:
- Service prior to December 1995 is calculated using the DB Formula for Class 1
- Service after December 1995 is calculated using the NDC Formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 3: Individuals entering the workforce after January 1, 1996

The pension benefit is calculated as the present value of lifetime contributions at the time of retirement multiplied by a transformation coefficient. The rate of return on pension contributions is determined by the nominal gross domestic product (GDP) growth rate (as a five-year moving average). The transformation coefficient is based on the probability of death, the probabilities of leaving a widow or widower behind and the expected duration of years that a survivor's benefit will be withdrawn. As a consequence, benefits are strongly related to retirement age - the lower the age, the lower the pension. See:
- Formula 3 for the NDC benefit formula
- Table 11 for the transformation coefficients used to determine benefit levels based on claiming age (1996-2008)

For this class, if the pension benefit computed above is less than a specified minimum, it is not raised to minimum pension levels.

Class 1 and Class 2 retirees can have their pension benefits calculated entirely on an NDC calculation method, as in the case of Class 3, if they have accrued at least 15 years of contributions (5 of which after 1995) at the time of retirement. This choice is irreversible.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes (Class 2 and 3 beneficiaries only)
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Eligibility for starting benefits after the SRA at a permanently greater rate varies by eligibility trackand pension benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  Eligibility Track 1V: Delaying claiming not available
  Eligibility Track 1A: Delaying claiming not available

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  Eligibility Track 2V: Delaying claiming not available
  Eligibility Track 2A: 65 years of age

  Class 3: Individuals entering the workforce after January 1, 1996
  Eligibility Track 3: 65 years of age

- **Adjustment formula**
  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  No increases

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  The NDC portion of the benefit (i.e., the benefit calculated based on Formula 3) increases until age 65 based on the transformation coefficients in Table 11

  Class 3: Individuals entering the workforce after January 1, 1996
  Benefits increase until age 65 based on the transformation coefficients in Table 11

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Reductions in pension benefits based on work are equal across all classes and eligibility tracks, and depend on a worker's age and type of employment:
  - For pensioners with less than 63 years of age
    Employees cannot work and receive a pension benefit. For employers and autonomous workers, pension benefits are reduced due to earnings by 50% of income above the minimum pension (i.e., for every 2€ earned, current benefits are reduced by 1€).
  - For pensioners with more than 63 years of age
    For all workers (employees, employers and autonomous workers) pension benefits are reduced due to earnings by 50% of income above the minimum pension (i.e., for every 2€ earned, current benefits are reduced by 1€).

  See Formula 5 for calculation details for applicable cases.
  Note: Benefit reductions due to work are implemented after payment via the tax system.

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Chapter 4: Policy enacted 2005-2007

Policy change in 2005

Law 243/2004 (Gazzetta Ufficiale, 2004), known as the "*Maroni Reform*" - enacted on August 23, 2004, and effective from October 6, 2005 - introduced the following substantial reforms to the old-age benefit system:

- Increased age and contribution year requirements in "Pensioni di Anzianità" (i.e., Benefit Eligibility Tracks 1A and 2A) starting on January 1, 2005:
  - Minimum contribution years needed to retire through these eligibility tracks will be raised from 38 in 2004 to 40 in 2008
  - Minimum age needed to retire through these eligibility tracks will be raised from 57 in 2004 to 62 in 2014
- Increases in the period a worker needs to wait between reaching the minimum thresholds and benefit claiming (known as the time for the worker's exit window to open): doubling from 4.5 to 9 months on average.
- Allowed people who continued working after reaching pension age the right to a monthly "bonus" in their payroll, equivalent to 32.7% of the salary (i.e. the amount of the contribution due). This benefit was non-taxable. This was extended through 2008.
- Introduced an experimental eligibility track called "Opzione Donna", which provides the possibility for female workers who have accrued 35 contribution years and 57 years of age for employees or 58 years of age for self-employed workers to have earlier access to pension benefits, on condition that they opt for the full contribution-based NDC calculation system.

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits, after the 1995 Dini Reform, are based on a combination of a pay-as-you-go defined benefit (DB) pension system and a notional defined contribution (NDC) system. Eligibility for benefits from these systems depends on a workers' contribution history at the start of 1996. We divide these cohorts into benefit "classes" where the benefit eligibility requirements and the computation of the benefit differ by class. Workers with at least 18 contribution years on January 1, 1996 had their benefit determined by the DB system (Class 1), while new workers had their benefit determined by the NDC system (Class 3). Workers not satisfying the conditions for either of these groups were eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system (Class 2).

Benefits in the DB system are based on a formula consisting of contribution years, final average earnings and a multiplier. Benefits in the NDC system are based on accumulated contributions that earn a rate of return based on Italy's GDP growth that are converted into a lifetime income stream when a beneficiary claims their old-age benefit.

During this period, old age benefits had two main eligibility tracks. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Contributions

- **Employee contribution rate**
  8.89% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Employer contribution rate**
  23.81% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Self-employed contribution rate**
  22.2% of covered earnings:

- Minimum earnings for contribution purposes: See Table 1
- Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65 for men, 60 for women, although earlier ages are possible:
  - No minimum age or age 57 in 2004, depending on career history and benefit class —The age requirement is gradually increasing to age 62 by 2014 (see Table 15 for age requirements by initial eligibility year)
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on January 1, 1996)
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are three benefit classes based on contribution years as of January 1, 1996. Some benefit classes have multiple tracks to become eligible for benefits. Each track may have its own age and contribution requirements. All benefit classes have a common definition for contribution years. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

An individual is eligible to start receiving old-age pension benefits if they satisfy all the requirements of one of the eligibility tracks available for their benefit class.

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Eligibility Track 1V: "Pensioni di Vecchiaia"

- Age requirements: Age 65 for men; Age 60 for women
- Contribution requirements: One of the following conditions must be satisfied —
  - 20 contribution years
  - 15 contribution years if contributions were made before December 1992 (paid or credited)

Eligibility Track 1A: "Pensioni di Anzianità"
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: None
- Contribution requirements: 38 contribution years in 2005 (paid or credited [1]), but the contribution requirement is gradually increasing to 40 years by 2008 - see Table 15 for contribution year requirements by year

Option (ii)

- Age requirements: Age 57 in 2005, but the age requirement is gradually increasing to age 62 by 2014 - see Table 15 for age requirements by year
- Contribution requirements: 35 contribution years (paid or credited [1])

Class 2: Individuals with less than 18 contribution years on January 1, 1996

Eligibility Track 2V: "Pensioni di Vecchiaia"
Same as Eligibility Track 1V

Eligibility Track 2A: "Pensioni di Anzianità"
Same as Eligibility Track 1A

Class 3: Individuals entering the workforce after January 1, 1996

Eligibility Track 3
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: Age 57 [2]
- Contribution requirements: 5 contribution years (paid contributions only)
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Option (ii)

- Age requirements: None
- Contribution requirements: 40 contribution years
- Other requirements: The calculated pension benefit at the time of retirement, for retirees aged less than 65, must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale. No minimum requirements of this kind for retirees aged 65 and older.

Notes:

[1] In this case, for those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track for Class 1 and Class 2 workers

[2] For workers in Class 3, retirement age is flexible between 57 and 65 years of age but the multiplier applied at younger ages is smaller.

- For all eligibility tracks, retirement is not compulsory after reaching the SRA for the *Pensioni di Vecchiaia* eligibility track, but employers have the right to dismiss employees after they have reached this age.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: No

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum)**: Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes (indirectly through year first contributed to pension)
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.
- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions. For all classes' benefit formula, increased contribution years can yield higher pension benefits.

  Additionally, 10 months of contributions can, upon request, be credited towards either the child's mother or father's contribution years, in case of childcare needs until they have reached the age of 8.
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

  For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

  At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

Benefit formula for claiming at SRA

Conditional on satisfying at least one eligibility track within a pension benefit class, individuals receive benefit amounts according to the following, benefit class-specific, rules:

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Pension benefits are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 2: Individuals less than 18 contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:

- Service prior to December 1995 is calculated using the DB Formula for Class 1
- Service after December 1995 is calculated using the NDC Formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 3: Individuals entering the workforce after January 1, 1996

The pension benefit is calculated as the present value of lifetime contributions at the time of retirement multiplied by a transformation coefficient. The rate of return on pension contributions is determined by the nominal gross domestic product (GDP) growth rate (as a five-year moving average). The transformation coefficient is based on the probability of death, the probabilities of leaving a widow or widower behind and the expected duration of years that a survivor's benefit will be withdrawn. As a consequence, benefits are strongly related to retirement age - the lower the age, the lower the pension. See:

- Formula 3 for the NDC benefit formula
- Table 11 for the transformation coefficients used to determine benefit levels based on claiming age (1996-2008)

For this class, if the pension benefit computed above is less than a specified minimum, it is not raised to minimum pension levels.

Class 1 and Class 2 retirees can have their pension benefits calculated entirely on an NDC calculation method, as in the case of Class 3, if they have accrued at least 15 years of contributions (5 of which after 1995) at the time of retirement. This choice is irreversible.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes (Class 2 and 3 beneficiaries only)
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Eligibility for starting benefits after the SRA at a permanently greater rate varies by eligibility trackand pension benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  Eligibility Track 1V: Delaying claiming not available
  Eligibility Track 1A: Delaying claiming not available

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  Eligibility Track 2V: Delaying claiming not available
  Eligibility Track 2A: 65 years of age

  Class 3: Individuals entering the workforce after January 1, 1996
  Eligibility Track 3: 65 years of age

- **Adjustment formula**
  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  No increases

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  The NDC portion of the benefit (i.e., the benefit calculated based on Formula 3) increases until age 65 based on the transformation coefficients in Table 11

  Class 3: Individuals entering the workforce after January 1, 1996
  Benefits increase until age 65 based on the transformation coefficients in Table 11

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Reductions in pension benefits based on work are equal across all classes and eligibility tracks, and depend on a worker's age and type of employment:
  - For pensioners with less than 63 years of age
    Employees cannot work and receive a pension benefit. For employers and autonomous workers, pension benefits are reduced due to earnings by 50% of income above the minimum pension (i.e., for every 2€ earned, current benefits are reduced by 1€).
  - For pensioners with more than 63 years of age
    For all workers (employees, employers and autonomous workers) pension benefits are reduced due to earnings by 50% of income above the minimum pension (i.e., for every 2€ earned, current benefits are reduced by 1€).

  See Formula 5 for calculation details for applicable cases.
  Note: Benefit reductions due to work are implemented after payment via the tax system.

- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Additional Benefit Adjustments

- **Adjustment 1**: Incentive to continue work (non-pension incentive)
- **Adjustment 1 details**: Between 2004 and 2008, people who continued working after reaching pension age had the right to a monthly "bonus" in their payroll, equivalent to 32.7% of the salary (i.e. the amount of the contribution due). This benefit was non-taxable.
- **Adjustment 2**: Optional NDC benefit adjustment for women
- **Adjustment 2 details**: Law 243/2004 introduced an experimental eligibility track called "Opzione Donna", which provides the possibility for female workers who have accrued 35 contribution years and 57 years of age for employees or 58 years of age for self-employed workers to have earlier access to pension benefits, on condition that they opt for the full contribution-based NDC calculation system.

Chapter 5: Policy enacted 2008-2011

Policy change in 2008

Law 247/2007 (Gazzetta Ufficiale, 2007), known as the "*Prodi Reform II*" - enacted on December 24, 2007, and effective from January 1, 2008 - introduced the following substantial reforms to the old-age benefit system:

- Changed the conditions for "Pensioni di Anzianità" (i.e., Benefit Eligibility Tracks 1A and 2A) by establishing a "quota" eligibility rule that is satisfied when the sum of the age and contribution years exceeds a threshold value. In 2009, the quota for "Pensioni di Anzianità" was 95 with at least 59 years of age.

Other reforms during this period include:

- Decree-Law 78/2009 (Gazzetta Ufficiale, 2009) - enacted on and active from July 1, 2009 - which:
  - Created a new statutory retirement age for public sector workers (65 years).
  - Changed the mechanism for the future revisions of the NDC transformation coefficients which, before this reform, were expected not to change over time unless otherwise stated in specific laws. This reform made the update of these coefficients automatic every 3 years based on the average life expectancy calculated on ISTAT data.
- Decree-Law 78/2010 - Art. 12 (Gazzetta Ufficiale, 2010) - enacted on and active from May 31, 2010 - introduced periodic revisions of age and contribution requirements for benefit eligibility based on the average life expectancy calculated on ISTAT data on the 5-year period prior to the adjustment. The first adjustment was set to take place from January 1, 2015 and was limited to a maximum increase of 3 months. Values for the adjustments of these requirements are published within 12 months before the expected adjustment takes place through Ministerial Decrees.

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits, after the 1995 Dini Reform, are based on a combination of a pay-as-you-go defined benefit (DB) pension system and a notional defined contribution (NDC) system. Eligibility for benefits from these systems depends on a workers' contribution history at the start of 1996. We divide these cohorts into benefit "classes" where the benefit eligibility requirements and the computation of the benefit differ by class. Workers with at least 18 contribution years on January 1, 1996 had their benefit determined by the DB system (Class 1), while new workers had their benefit determined by the NDC system (Class 3). Workers not satisfying the conditions for either of these groups were eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system (Class 2).

Benefits in the DB system are based on a formula consisting of contribution years, final average earnings and a multiplier. Benefits in the NDC system are based on accumulated contributions that earn a rate of return based on Italy's GDP growth that are converted into a lifetime income stream when a beneficiary claims their old-age benefit.

During this period, old age benefits had two main eligibility tracks. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Contributions

- **Employee contribution rate**
  9.19% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Employer contribution rate**
  23.81% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1

  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Self-employed contribution rate**
  22.2% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65 for men, 60 for women, although earlier ages are possible:
  - Age 57 in 2008, age 59 in 2009, and gradually increasing to age 61 in 2013 for wage workers and age 62 for self-employed workers - see Table 16 for details by year)
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on January 1, 1996)
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are three benefit classes based on contribution years as of January 1, 1996. Some benefit classes have multiple tracks to become eligible for benefits. Each track may have its own age and contribution requirements. All benefit classes have a common definition for contribution years. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

An individual is eligible to start receiving old-age pension benefits if they satisfy all the requirements of one of the eligibility tracks available for their benefit class.

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Eligibility Track 1V: "Pensioni di Vecchiaia"

- Age requirements: Age 65 for men; Age 60 for women (The age requirement for women governmental workers increased to age 65 after the 2010 Sacconi reform)
- Contribution requirements: One of the following conditions must be satisfied —
  - 20 contribution years
  - 15 contribution years if contributions were made before December 1992 (paid or credited)

Eligibility Track 1A: "Pensioni di Anzianità"
Before 2009 there are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: None
- Contribution requirements: 40 contribution years (paid or credited [1])

Option (ii)

- Age requirements: Age 57 in 2008, but the age requirement is gradually increasing to age 62 by 2014 - see Table 15 for age requirements by year
- Contribution requirements: 35 contribution years (paid or credited [1])

From 2009 there is one eligibility option for this eligibility track —

- Age requirements: Age 59 in 2009, gradually increasing to age 61 in 2013; Age requirements differ for self-employed workers - See Table 16 for minimum age requirements by initial eligibility year and employee type
- Contribution requirements: Must have sufficient contribution years [1] to satisfy a quota of 95 (i.e., age + contribution years $\geq$ quota value), gradually increasing to a quota of 97 in 2013; Quota differs for self-employed workers - See Table 16 for quota requirements by initial eligibility year and employee type

Class 2: Individuals with less than 18 contribution years on January 1, 1996

Eligibility Track 2V: "Pensioni di Vecchiaia"
Same as Eligibility Track 1V

Eligibility Track 2A: "Pensioni di Anzianità"
Same as Eligibility Track 1A

Class 3: Individuals entering the workforce after January 1, 1996
Eligibility Track 3
There are two alternative eligibility options for this eligibility track —
Option (i)

- Age requirements: Age 57 [2]
- Contribution requirements: 5 contribution years (paid contributions only)
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Option (ii)

- Age requirements: None
- Contribution requirements: 40 contribution years
- Other requirements: The calculated pension benefit at the time of retirement, for retirees aged less than 65, must be at least 1.2 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale. No minimum requirements of this kind for retirees aged 65 and older.

Notes:

[1] In this case, for those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track for Class 1 and Class 2 workers

[2] For workers in Class 3, retirement age is flexible between 57 and 65 years of age but the multiplier applied at younger ages is smaller.

- For all eligibility tracks, retirement is not compulsory after reaching the SRA for the *Pensioni di Vecchiaia* eligibility track, but employers have the right to dismiss employees after they have reached this age.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: No

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum)**: Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes (indirectly through year first contributed to pension)
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.
- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions. For all classes' benefit formula, increased contribution years can yield higher pension benefits.

  Additionally, 10 months of contributions can, upon request, be credited towards either the child's mother or father's contribution years, in case of childcare needs until they have reached the age of 8.

- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

  For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

  At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

Benefit formula for claiming at SRA

Conditional on satisfying at least one eligibility track within a pension benefit class, individuals receive benefit amounts according to the following, benefit class-specific, rules:

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Pension benefits are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 2: Individuals less than 18 contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:
- Service prior to December 1995 is calculated using the DB Formula for Class 1
- Service after December 1995 is calculated using the NDC Formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 3: Individuals entering the workforce after January 1, 1996

The pension benefit is calculated as the present value of lifetime contributions at the time of retirement multiplied by a transformation coefficient. The rate of return on pension contributions is determined by the nominal gross domestic product (GDP) growth rate (as a five-year moving average). The transformation coefficient is based on the probability of death, the probabilities of leaving a widow or widower behind and the expected duration of years that a survivor's benefit will be withdrawn. As a consequence, benefits are strongly related to retirement age - the lower the age, the lower the pension. See:
- Formula 3 for the NDC benefit formula
- Table 17 for the transformation coefficients used to determine benefit levels based on claiming age (2008-2012)

For this class, if the pension benefit computed above is less than a specified minimum, it is not raised to minimum pension levels.

Class 1 and Class 2 retirees can have their pension benefits calculated entirely on an NDC calculation method, as in the case of Class 3, if they have accrued at least 15 years of contributions (5 of which after 1995) at the time of retirement. This choice is irreversible.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes (Class 2 and 3 beneficiaries only)
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Eligibility for starting benefits after the SRA at a permanently greater rate varies by eligibility trackand pension benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996

Eligibility Track 1V: Delaying claiming not available
Eligibility Track 1A: Delaying claiming not available

Class 2: Individuals less than 18 contribution years on January 1, 1996
Eligibility Track 2V: Delaying claiming not available
Eligibility Track 2A: 65 years of age

Class 3: Individuals entering the workforce after January 1, 1996
Eligibility Track 3: 65 years of age

- **Adjustment formula**
  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  No increases

  Class 2: Individuals less than 18 contribution years on January 1, 1996
  The NDC portion of the benefit (i.e., the benefit calculated based on Formula 3) increases until age 65 based on the transformation coefficients in Table 11 (before 2008) and Table 17 (from 2008)

  Class 3: Individuals entering the workforce after January 1, 1996
  Benefits increase until age 65 based on the transformation coefficients in Table 11 (before 2008) and Table 17 (from 2008)

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  After Law 133/2008, reductions in pension benefits based on work depend on a worker's pension class:

  Class 1 and Class 2 - Individuals first contributing to the pension system before January 1, 1996
  Pension income is not affected by work income for all workers (employees, employers and autonomous workers).

  Class 3 - Individuals first contributing to the pension system after January 1, 1996
  Pension income is not affected by work income if one of the following conditions is satisfied:
  1. 65 years of age for men, 60 years of age for women
  2. 40 contribution years
  3. Age 61 and 35 contribution years

  If these requirements are not met, the old-age benefit is not paid.
- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Additional Benefit Adjustments

- **Adjustment 1**: Incentive to continue work (non-pension incentive)
- **Adjustment 1 details**: Between 2004 and 2008, people who continued working after reaching pension age had the right to a monthly "bonus" in their payroll, equivalent to 32.7% of the salary (i.e. the amount of the contribution due). This benefit was non-taxable.
- **Adjustment 2**: Optional NDC benefit adjustment for women
- **Adjustment 2 details**: Law 243/2004 introduced an experimental eligibility track called "Opzione Donna", which provides the possibility for female workers who have accrued 35 contribution years and 57 years of age for employees or 58 years of age for self-employed workers to have earlier access to pension benefits, on condition that they opt for the full contribution-based NDC calculation system.

Chapter 6: Policy enacted 2012-2018

Policy change in 2012

Decree-Law 201/2011 (Gazzetta Ufficiale, 2011), known as the "*Fornero Reform*" - enacted on December 6, 2011, and effective from December 7, 2011 - introduced the following substantial reforms to the old-age benefit system:

- Harmonized benefit eligibility tracks across pension benefit classes —The benefit eligibility age was raised to the same level for both men and women working in the private sector
- Increased the minimum contribution requirements for "Pensione di Vecchiaia" from 5 to 20 contribution years for all retirees. However, under the same eligibility track, the reform introduced a provision for which one can enter retirement at 70 years of age with 5 years of paid contributions.
- Ended the use of a quota rule in determining eligibility under "Pensioni di Anzianità" (i.e., Benefit Eligibility Tracks 1A and 2A) and replaced these eligibility tracks with a new harmonized eligibility track across all benefit classes (including Class 3) called Pensione Anticipata.
- Moved the effective year for starting adjustments to age and contribution requirements based on increases in life expectancy from 2015 to 2012. The reform increased the statutory retirement age for "Pensione di Vecchiaia" eligibility track:
  - For men, 66 years in 2012, increasing to 66 years and 3 months in 2013
  - For women, 62 years in 2012 gradually increasing to 63 years and 9 months in 2014

  The reform also increased the age and contribution requirements for "Pensione Anticipata" eligibility track:
  - For men, age 63 with 42 years and 1 months of contributions in 2012, gradually increasing to age 63 and 3 months and to 42 years and 6 months of contributions in 2014
  - For women, age 63 with 41 years and 1 months of contributions in 2012, gradually increasing to age 63 and 3 months and to 41 years and 6 months of contributions in 2014
- All new benefit entitlements for workers in Class 1 would be in the NDC system
- Increased and extended to all workers the minimum calculated pension requirements to access retirement: in order to receive pension benefits, the calculated pension benefit should be at least 1.5 times the value of the Assegno Sociale for the year of retirement
- Introduced periodic revisions of NDC transformation coefficients. Values are published through Ministerial Decrees from the Ministry of Labor of Social Policy, which extended the range of the transformation coefficients from ages 57-65 to ages 57-70 in 2013, and to ages 57-71 in 2019.

Other reforms during this period include:

- Ministerial Decree of December 16, 2014 (Gazzetta Ufficiale, 2014) - active from January 1, 2016 - following the provisions on increases in life expectancy as calculated by ISTAT:
  - Increased the statutory retirement age for "Pensione di Vecchiaia" eligibility track to 66 years and 7 months for men and 65 years and 7 months for women from 2016
  - Increased the age and contribution requirements for "Pensione Anticipata" eligibility track to 63 years and 7 months of age, and to 42 contribution years and 10 months for men and to 41 contribution years and 10 months for women from 2016
- Legislative Decree 80/2015 (Gazzetta Ufficiale, 2015) - enacted on June 15, 2015 and active from June 25, 2015 - increased the window for optional paid parental leave up until 12 years of age of the child
- Article 1 Comma 194 of Law 232/2016 (Gazzetta Ufficiale, 2016) - enacted on December 11, 2016 and active from January 1, 2017 - eliminated the reduction of pension benefits for Class 1 and Class 2 retirees below 62 years of age
- Ministerial Decree of December 5, 2017 (Gazzetta Ufficiale, 2017) - active from January 1, 2019 - following the provisions on increases in life expectancy:
  - Increased the statutory retirement age for "Pensione di Vecchiaia" eligibility track to 67 years for both men and women from 2019
  - Increased the age for "Pensione Anticipata" eligibility track to 64 years of age from 2016

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits, after the 1995 Dini Reform, are based on a combination of a pay-as-you-go defined benefit (DB) pension system and a notional defined contribution (NDC) system. Eligibility for benefits from these systems depends on a workers' contribution history at the start of 1996. We divide these cohorts into benefit "classes" where the benefit eligibility requirements and the computation of the benefit differ by class. Workers with at least 18 contribution years on January 1, 1996 had their benefit determined by the DB system (Class 1), while new workers had their benefit determined by the NDC system (Class 3). Workers not satisfying the conditions for either of those groups were eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system (Class 2). For Class 1 workers still in the labor force, the 2011 Fornero reform made all new entitlements after 2011 accrue in the NDC system.

Benefits in the DB system are based on a formula consisting of contribution years, final average earnings and a multiplier. Benefits in the NDC system are based on accumulated contributions that earn a rate of return based on Italy's GDP growth that are converted into a lifetime income stream when a beneficiary claims their old-age benefit.

During this period, old age benefits had two main eligibility tracks. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

An individual satisfying either track was eligible for a monthly pension benefit.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person's pension benefit "class", which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Contributions

- **Employee contribution rate**
  9.19% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Employer contribution rate**
  23.81% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Self-employed contribution rate**
  22.2% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 66 for men (any sector) and women in public sector; Otherwise, age 62 for women in 2012, gradually rising to age 67 for both men and women by 2019 (see Table 18 for age requirements by initial eligibility year). Earlier ages are possible:
  - No minimum age or age 63, depending on career history and benefit class
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on January 1, 1996)
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are three pension classes based on contribution years at the start of 1996:

- Class 1: Individuals with 18 or more contribution years on January 1, 1996
- Class 2: Individuals with less than 18 contribution years on January 1, 1996
- Class 3: Individuals entering the workforce after January 1, 1996

Following the 2011 Fornero Pension reform, eligibility tracks for all pension classes were harmonized from 2012. For beneficiaries starting their benefits prior to 2012, eligibility rules were substantively different —Interested readers should consult previous time periods in this resource. There are two benefit eligibility tracks and each has different age and contribution requirements. All benefit classes have a common definition for contribution years. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

Eligibility Track V: "Pensioni di Vecchiaia"

- Age requirements: Age 66 for men (any sector) and women in public sector; Otherwise, age 62 for women in 2012, gradually rising to age 67 for both men and women by 2019 (see Table 18 for age requirements by initial eligibility year)
- Contribution requirements (paid or credited): One of the following conditions must be satisfied —
  - 20 contribution years (paid or credited)
  - 15 contribution years if contributions were made before December 1992 (paid or credited) and Class 1 worker
  - 5 contribution years if the worker was age 70 or older in 2012, 70 and 3 months in 2013 to 2015, or 70 and 7 months from 2016 (paid contributions only)
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.5 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Eligibility Track A: "Pensione Anticipata" (*Replaces Previous Eligibility Track A: "Pensioni di Anzianità"*)

There are two alternative eligibility options for this eligibility track based on a worker's pension class —

Option (i)

- Age requirements: None
- Contribution requirements:
  - Men: 42 years and 1 month of contributions in 2012, gradually rising to 42 years and 10 months in 2016 (paid or credited)—See Table 18 for increases in contribution requirements by eligibility year
  - Women: 41 years and 1 month of contributions in 2012, gradually rising to 41 years and 10 months in 2016 (paid or credited)—See Table 18 for increases in contribution requirements by eligibility year
- Class requirements: Available to all benefit classes
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.5 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Option (ii)

- Age requirements: Age 63 in 2012, gradually rising to age 63 and 7 months by 2016 (see Table 19 for age requirements by initial eligibility year)
- Contribution requirements: 20 contribution years (paid)
- Class requirements: Class 3 workers
- Other requirements: The calculated pension benefit at the time of retirement must be at least 2.8 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Notes:

[1] In this case, for those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track for Class 1 and Class 2 workers. After 2014 (Circolare INPS 180/2014), unemployment and sick leave periods cannot count as credited contribution periods.

- Women have the right to continue working until the SRA established for men in the *Pensioni di Vecchiaia* Eligibility Track. For both men and women, retirement is not compulsory after this threshold, but employers have the right to dismiss employees after they have reached this age.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes (only through 2016)

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type
- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement
- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes (indirectly through year first contributed to pension)
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.
- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions. For all classes' benefit formula, increased contribution years can yield to higher pension benefits.

  Additionally, 10 months of contributions can, upon request, be credited towards either the child's mother or father's contribution years, in case of childcare needs until they have reached the age of 8. From 2015, these credited contribution periods can be requested until the child has reached the age of 12.
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

  For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

  At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

Benefit formula for claiming at SRA

Conditional on satisfying at least one eligibility track within a pension benefit class, individuals receive benefit amounts according to the following, benefit class-specific, rules:

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:
- For contributions before 2012
  Pension benefits from service before 2012 are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.
- For contributions from 2012
  Pension benefits from service on or after 2012 are calculated using the NDC formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 2: Individuals less than 18 contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:
- Pension benefits from service before 1996 are calculated using the DB Formula for Class 1

- Pension benefits from service on or after 1996 are calculated using the NDC Formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 3: Individuals entering the workforce after January 1, 1996
The pension benefit is calculated as the present value of lifetime contributions at the time of retirement multiplied by a transformation coefficient. The rate of return on pension contributions is determined by the nominal gross domestic product (GDP) growth rate (as a five-year moving average). The transformation coefficient is based on the probability of death, the probabilities of leaving a widow or widower behind and the expected duration of years that a survivor's benefit will be withdrawn. As a consequence, benefits are strongly related to retirement age - the lower the age, the lower the pension. See:

- Formula 3 for the NDC benefit formula
- Table 17 for the transformation coefficients used to determine benefit levels based on claiming age (2008-2012)
- Table 20 for the transformation coefficients used to determine benefit levels based on claiming age and policy period (From 2013)

For this class, if the pension benefit computed above is less than a specified minimum, it is not raised to minimum pension levels.

Class 1 and Class 2 retirees can have their pension benefits calculated entirely on an NDC calculation method, as in the case of Class 3, if they have accrued at least 15 years of contributions (5 of which after 1995) at the time of retirement. This choice is irreversible.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes (only through 2016)
- **Is so, what is the earliest eligibility?**
  Eligibility for starting benefits early at a permanently reduced rate varies by eligibility track and pension benefit class:
  - Eligibility Track V: Early claiming not available
  - Eligibility Track A
    * Before 2017: 57 years of age (for workers in Class 1 and Class 2 only)
    * From 2017: Early claiming not available

- **Adjustment formula**
  Benefit reductions for starting benefits early at a permanently reduced rate varies by eligibility track and pension benefit class:

  Class 1 and Class 2 workers
  - Eligibility Track V: Early claiming not available
  - Eligibility Track A:
    * Before 2017: The DB component of the benefit in Formula 1 is reduced by 1% for every year below 62 years of age and by 2% for every year below 60 years of age. Early claiming with less than the contribution years required to start benefits is not available.
    * From 2017: No penalization based on age

  Class 3 workers
  - Eligibility Track V: Early claiming not available
  - Eligibility Track A: Early claiming not available

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Age 70
- **Adjustment formula**
  There are different separate adjustments for delaying claiming past eligibility for full benefits, varying on the benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996
  Women workers eligible for full benefits who delay their retirement after the age of 60 (up to the age of 65 and before reaching 40 contribution years) will have their benefit calculated in Formula 1 increased by 0.5% per additional year. No increase is provided if they retire before the age of 60, although their NDC portion of the benefit still increases based on the transformation coefficients, as described below.

  Class 2: Individuals with less than 18 contribution years on January 1, 1996

Workers in Class 2 have two separate options to increase their pension benefits due to delayed retirement:

- Women workers eligible for full benefits who delay their retirement after the age of 60 (up to the age of 65 and before reaching 40 contribution years) will have their benefit calculated in Formula 1 increased by 0.5% per additional year. No increase is provided if they retire before the age of 60, although their NDC portion of the benefit still increases based on the transformation coefficients, as described below.
- For all workers, the NDC portion of the benefit (i.e., the benefit calculated based on Formula 3) increases until age 65 based on the transformation coefficients in Table 17 (2008-2012) and Table 20 (From 2013)

Class 3: Individuals entering the workforce after January 1, 1996
Benefits increase until age 65 based on the transformation coefficients in Table 17 in 2012, and until age 70 based on the transformation coefficients in Table 20 from 2013

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Reductions in pension benefits based on work depend on a worker's pension class:

  Class 1 and Class 2 - Individuals first contributing to the pension system before January 1, 1996
  Pension income is not affected by work income for all workers (employees, employers and autonomous workers).

  Class 3 - Individuals first contributing to the pension system after January 1, 1996
  Pension income is not affected by work income if one of the following conditions is satisfied:
  1. 65 years of age for men, 60 years of age for women
  2. 40 contribution years
  3. Age 61 and 35 contribution years

  If these requirements are not met, the old-age benefit is not paid.
- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Additional Benefit Adjustments

- **Adjustment 1**: Optional NDC benefit adjustment for women
- **Adjustment 1 details**: Law 243/2004 introduced an experimental eligibility track called "Opzione Donna", which provides the possibility for female workers who have accrued 35 contribution years and 57 years of age for employees or 58 years of age for self-employed workers to have earlier access to pension benefits, on condition that they opt for the full contribution-based NDC calculation system.

Chapter 7: Policy enacted 2019-2022

Policy change in 2019

Decree-Law 4/2019 (Gazzetta Ufficiale, 2019a) - enacted January 28, 2019, and effective from January 29, 2019 - introduced the following substantial reforms to the old-age benefit system:

- Introduced a new experimental eligibility track for the three-year period between 2019 and 2021 called “Quota 100”, a “quota” eligibility rule that is satisfied when the sum of the age and contribution years exceeds the value of 100, with at least 62 years of age and 38 contribution years. Benefits are granted to workers who had satisfied the requirements for this eligibility track before December 31, 2021.
- Extended the experimental eligibility track introduced in 2005 for women called “Opzione Donna”, and changed its eligibility rules. This measure provides the possibility for female workers who have accrued 35 contribution years and 58 years of age for employees or 59 years of age for self-employed workers to have earlier access to pension benefits, on condition that they opt for the full contribution-based NDC calculation system.

Other reforms during this period include:

- Ministerial Decree of November 5, 2019 (Gazzetta Ufficiale, 2019b) - active from January 1, 2021 - and Ministerial Decree of October 27, 2021 (Gazzetta Ufficiale, 2021a) - active from January 1, 2023 - froze the periodic adjustments in age and contribution requirements for all eligibility tracks, due to the decrease in life expectancy calculated by ISTAT.
- Law 234/2021 - Budget Law 2022 (Gazzetta Ufficiale, 2021b) renewed only for 2022 the provisions for the experimental eligibility track “Quota 100” under the name “Quota 102”, increasing the age requirements from age 62 to age 64.

Overview

Italy provides old-age benefits to workers that satisfy certain age and contribution requirements. The Italian pension system grants benefits based on age, disability, and survivorship. Italian old-age pension benefits, after the 1995 Dini Reform, are based on a combination of a pay-as-you-go defined benefit (DB) pension system and a notional defined contribution (NDC) system. Eligibility for benefits from these systems depends on a workers’ contribution history at the start of 1996. We divide these cohorts into benefit “classes” where the benefit eligibility requirements and the computation of the benefit differ by class. Workers with at least 18 contribution years on January 1, 1996 had their benefit determined by the DB system (Class 1), while new workers had their benefit determined by the NDC system (Class 3). Workers not satisfying the conditions for either of those groups were eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system (Class 2). For Class 1 workers still in the labor force, the 2011 Fornero reform made all new entitlements after 2011 accrue in the NDC system.

Benefits in the DB system are based on a formula consisting of contribution years, final average earnings and a multiplier. Benefits in the NDC system are based on accumulated contributions that earn a rate of return based on Italy’s GDP growth that are converted into a lifetime income stream when a beneficiary claims their old-age benefit.

During this period, old age benefits had two main eligibility tracks and a newly introduced alternative experimental eligibility track. Details regarding eligibility by sex, age, contribution history, and benefit class are available in following sections.

An individual satisfying any eligibility track is eligible for a monthly pension benefit.

See Figure 1 for an overview of the reforms and policy changes that took place during the time periods included in this document. It identifies policy differences by a person’s pension benefit ”class”, which is determined by work history at the start of 1996. For each class, the figure summarizes the eligibility tracks available and applicable benefit calculation methods at different points in time.

Contributions

- **Employee contribution rate**
  9.19% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

- **Employer contribution rate**
  23.81% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996
- **Self-employed contribution rate**
  22.2% of covered earnings:
  - Minimum earnings for contribution purposes: See Table 1
  - Maximum earnings for contribution purposes: See Table 8, only appliable to Class 3: Individuals entering the workforce after January 1, 1996

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 67 (see Table 18 for age requirements by initial eligibility year). Earlier ages are possible:
  - No minimum age or age 64, depending on career history and benefit class
- **Does SRA vary by birth year?** Answer: No (Indirectly by work history on January 1, 1996)
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

There are three pension classes based on contribution years at the start of 1996:

- Class 1: Individuals with 18 or more contribution years on January 1, 1996
- Class 2: Individuals with less than 18 contribution years on January 1, 1996
- Class 3: Individuals entering the workforce after January 1, 1996

There are three benefit eligibility tracks and each has different age and contribution requirements. All benefit classes have a common definition for contribution years. Contribution years can be either "paid" through work, or "credited" in cases specified by law (e.g., for military service, higher education, missing employers contributions, etc.). Depending on the case, these credited years can be redeemed for free or after paying a fee.

Eligibility Track V: "Pensioni di Vecchiaia"

- Age requirements: Age 67
- Contribution requirements (paid or credited): One of the following conditions must be satisfied —
  - 20 contribution years (paid or credited)
  - 15 contribution years if contributions were made before December 1992 (paid or credited) and Class 1 worker
  - 5 contribution years if the worker was age 71 or older (paid contributions only)
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.5 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Eligibility Track A: "Pensione Anticipata" (*Replaces Previous Eligibility Track A: "Pensioni di Anzianità"*)
There are two alternative eligibility options for this eligibility track based on a worker's pension class —
Option (i)

- Age requirements: None
- Contribution requirements:
  - Men: 42 years and 10 months of contributions (paid or credited)
  - Women: 41 years and 10 months of contributions (paid or credited)
- Class requirements: Available to all benefit classes
- Other requirements: The calculated pension benefit at the time of retirement must be at least 1.5 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Option (ii)

- Age requirements: Age 64
- Contribution requirements: 20 contribution years (paid)
- Class requirements: Class 3 workers
- Other requirements: The calculated pension benefit at the time of retirement must be at least 2.8 times the value of the Assegno Sociale for that year. See Table 10 for yearly values of Assegno Sociale.

Eligibility Track Q: "Quota 100"[2] (Gazzetta Ufficiale, 2019 - Art. 14-26)

- Age requirements: Age 62 in 2019, increasing to 64 in 2022
- Contribution requirements: 38 years (minimum 35 years of paid contributions)

Notes:

[1] In these cases, for those individuals who had no contribution years on December 31, 1992, a maximum of 5 credited contribution years is allowed for determining eligibility. There are no maximum limits on the amount of credited contribution years for the *Pensioni di Vecchiaia* eligibility track for Class 1 and Class 2 workers. After 2014 (Circolare INPS 180/2014), unemployment and sick leave periods cannot count as credited contribution periods.

[2] The right to start claiming benefits under the new "Quota 100" eligibility track acquired by December 31, 2021 can also be exercised after that date. The age requirement is not adjusted for increases in life expectancy, unlike other eligibility tracks. However, Law 234/2021 provisionally extended this eligibility track until December 31, 2022, under the name "Quota 102", which increased the age requirements.

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: No

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes (indirectly through year first contributed to pension)
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Years of military service can be credited as contribution years. These years are not automatically credited. The individual has to present an application to INPS.
- **Does an individual receive credits for number of children?** Answer: Yes
  Women, with at least 5 years of contributions accrued at the time of childbirth, are automatically credited with 5 months of contributions. For all classes' benefit formula, increased contribution years can yield to higher pension benefits.

  Additionally, 10 months of contributions can, upon request, be credited towards either the child's mother or father's contribution years, in case of childcare needs until they have reached the age of 8. From 2015, these credited contribution periods can be requested until the child has reached the age of 12.
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of unemployment are automatically credited as contribution periods for individuals receiving unemployment insurance benefits. The amount of credited contribution periods due to unemployment is equal to the duration of the receipt of unemployment insurance benefits.

  For benefits calculation purposes, the unemployed individual's earnings during this period of credited contributions are equal to the average of the monthly earnings in the 4 years preceding the start of receipt of unemployment insurance benefits.

  At the time of retirement, pension benefits are calculated considering two different cases, one including these periods of credited contributions and one excluding them. The highest amount resulting from the calculation from these two cases is then awarded to the retiree.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI (country-specific measure, calculated by ISTAT under the name "FOI") —See yearly monetary revaluation factors in Table 6

Benefit formula for claiming at SRA

Conditional on satisfying at least one eligibility track within a pension benefit class, individuals receive benefit amounts according to the following, benefit class-specific, rules:

Class 1: Individuals with 18 or more contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:

- For contributions before 2012
  Pension benefits from service before 2012 are calculated based on a mutiplier times final average earnings times the number of contribution years. The pension benefit cannot exceed 80 percent of final average earnings. The multiplier is progressive (i.e., high income earners have a lower income replacement rate) and varies for public and private sector employees. See Formula 1 for the DB benefit formula, with multipliers stated in Table 4 and Table 5.
- For contributions from 2012
  Pension benefits from service on or after 2012 are calculated using the NDC formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 2: Individuals less than 18 contribution years on January 1, 1996

Pension benefits are the sum of the entitlements accrued under the DB and NDC systems:

- Pension benefits from service before 1996 are calculated using the DB Formula for Class 1
- Pension benefits from service on or after 1996 are calculated using the NDC Formula for Class 3

If the pension benefit computed above is less than a specified minimum, it is raised to minimum pension levels. See policy document: *Italy, Public Old-Age Social Assistance Plan Details* for further details.

Class 3: Individuals entering the workforce after January 1, 1996

The pension benefit is calculated as the present value of lifetime contributions at the time of retirement multiplied by a transformation coefficient. The rate of return on pension contributions is determined by the nominal gross domestic product (GDP) growth rate (as a five-year moving average). The transformation coefficient is based on the probability of death, the probabilities of leaving a widow or widower behind and the expected duration of years that a survivor's benefit will be withdrawn. As a consequence, benefits are strongly related to retirement age - the lower the age, the lower the pension. See:

- Formula 3 for the NDC benefit formula
- Table 20 for the transformation coefficients used to determine benefit levels based on claiming age and policy period

For this class, if the pension benefit computed above is less than a specified minimum, it is not raised to minimum pension levels.

Class 1 and Class 2 retirees can have their pension benefits calculated entirely on an NDC calculation method, as in the case of Class 3, if they have accrued at least 15 years of contributions (5 of which after 1995) at the time of retirement. This choice is irreversible.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Age 70
- **Adjustment formula**
  There are different separate adjustments for delaying claiming past eligibility for full benefits, varying on the benefit class:

  Class 1: Individuals with 18 or more contribution years on January 1, 1996

  Women workers eligible for full benefits who delay their retirement after the age of 60 (up to the age of 65 and before reaching 40 contribution years) will have their benefit calculated in Formula 1 increased by 0.5% per additional year. No increase is provided if they retire before the age of 60, although their NDC portion of the benefit still increases based on the transformation coefficients, as described below.

  Class 2: Individuals with less than 18 contribution years on January 1, 1996

  Workers in Class 2 have two separate options to increase their pension benefits due to delayed retirement:

  – Women workers eligible for full benefits who delay their retirement after the age of 60 (up to the age of 65 and before reaching 40 contribution years) will have their benefit calculated in Formula 1 increased by 0.5% per additional year. No increase is provided if they retire before the age of 60, although their NDC portion of the benefit still increases based on the transformation coefficients, as described below.

– For all workers, the NDC portion of the benefit (i.e., the benefit calculated based on Formula 3) increases until age 65 based on the transformation coefficients in Table 20

Class 3: Individuals entering the workforce after January 1, 1996
Benefits increase until age 71 based on the transformation coefficients in Table 20

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Reductions in pension benefits based on work depend on a worker's pension class and eligibiltiy track:

  Class 1 and Class 2 - Individuals first contributing to the pension system before January 1, 1996
  – Eligibility Track V and Eligibility Track A: Pension income is not affected by work income for all workers (employees, employers and autonomous workers).
  – Eligibility Track Q: Pension benefit payments are stopped if occasional work income exceeds a threshold of €5,000, or if the work income is deemed as non-occasional.

  Class 3 - Individuals first contributing to the pension system after January 1, 1996
  – Eligibility Track V and Eligibility Track A: Pension income is not affected by work income if one of the following conditions is satisfied:
    1. 65 years of age for men, 60 years of age for women
    2. 40 contribution years
    3. Age 61 and 35 contribution years

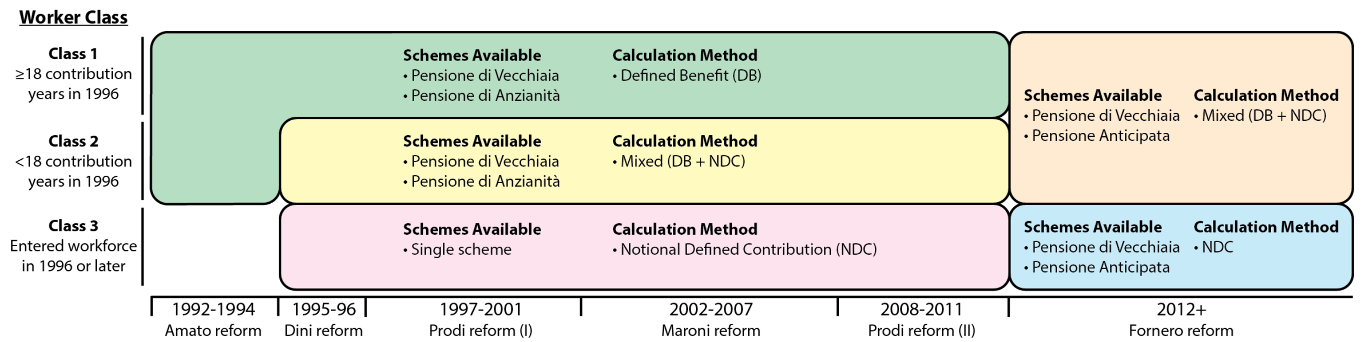
    If these requirements are not met, the old-age benefit is not paid.
  – Eligibility Track Q: Pension benefit payments are stopped if occasional work income exceeds a threshold of €5,000, or if the work income is deemed as non-occasional.
- **If benefits are reduced while working, does it effect future benefits?** Answer: No

Additional Benefit Adjustments

- **Adjustment 1**: Optional NDC benefit adjustment for women
- **Adjustment 1 details**: Decree-Law 4/2019 extended the provision for the experimental eligibility track called "Opzione Donna" and changed its eligibility rules. The measure provides the possibility for female workers who have accrued 35 contribution years and 58 years of age for employees or 59 years of age for self-employed workers to have earlier access to pension benefits, on condition that they opt for the full contribution-based NDC calculation system.

Tables and Formulas

Figure 1: Policy changes 1992-2021



Source: Authors' interpretation of historical policy changes.

Note: The horizontal axis represents the time period included in this document divided into key reform periods. The vertical axis represents the different pension benefit "classes" that are defined by work history in 1996.

Table 1: Minimum Covered Earnings for Benefit Purposes

Year	Weekly Value	Yearly Value
1992	116.32 €	6,048.99 €
1993	119.35	6,206.36
1994	124.43	6,470.62
1995	129.41	6,729.51
1996	136.40	7,093.14
1997	141.72	7,369.75
1998	144.13	7,494.90
1999	146.72	7,629.72
2000	149.07	7,751.64
2001	152.94	7,953.06
2002	157.08	8,168.16
2003	160.85	8,364.20
2004	164.87	8,573.24
2005	168.17	8,744.84
2006	171.03	8,893.56
2007	174.46	9,071.92
2008	177.42	9,225.84
2009	183.28	9,530.56
2010	184.39	9,588.28
2011	186.97	9,722.44
2012	192.40	10,004.80
2013	198.17	10,304.84
2014	200.35	10,418.20
2015	200.96	10,449.92
2016	200.76	10,439.52
2017	200.76	10,439.52
2018	202.97	10,554.44
2019	205.20	10,670.40
2020	206.23	10,723.96
2021	206.23	10,723.96
2022	209.53[1]	10,895.56[1]

Note:

[1] Provisional values

Sources: Authors' collection of data deriving from publications of Circulars on Renewal of Equalization Tables, published yearly by INPS [Istituto Nazionale della Previdenza Sociale - National Institute of Social Security], 1992-2022. Values until 2001 have been converted from Italian Liras (ITL) into Euros (EUR) following the conversion rate: 1 EUR = 1,936.27 ITL.

Table 2: Phasing-in of New Age Requirements for "Pensioni di Vecchiaia" after 1992 Amato Reform

Year of initial eligibility	Male	Female
Before 1994	60	55
1994	61	56
1995	61	56
1996	62	57
1997	62	57
1998	63	58
1999	63	58
2000	64	59
2001	64	59
From 2002 onwards	65	60

Source: Legislative Decree n. 503/1992 - Amato Reform (Gazzetta Ufficiale, 1992)

Table 3: Phasing-in of New Contribution Requirements for "Pensioni di Vecchiaia" after 1992 Amato Reform

Year of initial eligibility	Years of contributions
Before 1993	15
1993	16
1994	16
1995	17
1996	17
1997	18
1998	18
1999	19
2000	19
From 2001 onwards	20

Source: Legislative Decree n. 503/1992 - Amato Reform (Gazzetta Ufficiale, 1992)

Formula 1: Calculation of Old-Age Benefit from the Defined Benefit (DB) System

$$B_{OA(DB),i,t,t_c} = \Big((r^A_{i,t} \times n^A_{i,t} \times W^A_{i,t}) + (r^B_{i,t} \times n^B_{i,t} \times W^B_{i,t}) \Big) \times ADJ_t$$

- $B_{OA(DB),i,t,t_c}$ = Individual i's monthly old-age benefit from the INPS DB system at time t if claimed at time t_c and i qualified for full benefits
- r^A_{i,t_c} and r^B_{i,t_c} = Multiplier based on individual i average earnings at the time of claiming t_c and whether i is a governmental worker —
  - Period A: contribution years accumulated before December 31, 1992
  - Period B: contribution years accumulated after December 31, 1992
  - Progressive percentage in Table 4 (based on average earnings in Table 5) for non-governmental workers
  - 2.33% for the first 15 years of contributions and 1.8% afterwards for governmental workers, until December 31, 1997. Afterwards, same progressive percentages as non-governmental workers
- n^A_{i,t_c} and n^B_{i,t_c} = Number of contribution years made by i to INPS at the time of claiming t_c. $n^A_{i,t_c} + n^B_{i,t_c}$ can be maximum 40 years
- W^A_{i,t_c} and W^B_{i,t_c} = Individual i's reference earnings accumulated until the time of claiming t_c:
  - W^A_{i,t_c}: Average of the last 5 years' earnings prior to claiming benefits for private employees and of the last 10 years prior to claiming benefits for autonomous workers before December 31, 1992
  - $W^B_{i,t}$: Average of the last 10 years' earnings proprior to claiming benefits for private employees and of the last 15 years prior to claiming benefits for autonomous workers after December 31, 1992

  Each year, prior earnings are adjusted based on the CPI and an additional 1%
- ADJ_t = Adjustment factor at time t based on *FOI* monetary revaluation factors in Table 6

$$ADJ_t = \frac{ADJ_{t_c}}{ADJ_t}$$

  Where:
  - ADJ_{t_c} = Revaluation factor from time of claiming t_c to 2020
  - ADJ_t = Revaluation factor from time t to 2020

Note: There are no maximum earnings for contribution and benefit purposes

Source: Amato Reform - Legislative Decree n. 503/1992 of December 30, on Regulations for the Reorganization of the Social Security System of Private and Public Workers [Riforma Amato - Decreto Legislativo n.503/1992 del 30 Dicembre, sulle Norme per il Riordinamento del Sistema Previdenziale dei Lavoratori Privati e Pubblici]

Table 4: Progressive Percentages for Accrual Rates of Reference Earnings by Average Earnings

Income	For contributions accrued before December 31, 1992	For contributions accrued after January 1, 1993
Earnings up to AE (AE = Average Earnings, see Table 5)	2%	2%
Earnings up to 1.33 × AE	1.50%	1.6%
Earnings up to 1.66 × AE	1.25%	1.35%
Earnings up to 1.90 × AE	1%	1.1%
Earnings over 1.90 × AE	1%	0.9%

Source: Legislative Decree n. 503/1992 - Amato Reform (Gazzetta Ufficiale, 1992)

Table 5: Average Earnings for the DB System Benefits' Calculation:

Year	Average Earnings
1992	26,918 €
1993	27,617
1994	28,677
1995	29,737
1996	31,283
1997	32,533
1998	32,565
1999	33,714
2000	34,220
2001	35,144
2002	36,093
2003	36,960
2004	37,884
2005	38,603
2006	39,297
2007	40,083
2008	40,725
2009	42,111
2010	42,364
2011	42,957
2012	44,161
2013	45,530
2014	46,076
2015	46,169
2016	46,123
2017	46,123
2018	46,630
2019	47,143
2020	47,332
2021	47,379
2022	48,137

Note: Average Earnings' values are expressed in annual measures.
Sources: Authors' collection of data deriving from publications of Circulars on Renewal of Equalization Tables published yearly by INPS [Istituto Nazionale della Previdenza Sociale - National Institute of Social Security], 1992-2022. Values until 2001 have been converted from Italian Liras (ITL) into Euros (EUR) following the conversion rate: 1 EUR = 1926.37 ITL.

Table 6: Adjustment Factors Based on Consumer Price Index for Families of Workers and Employees (*FOI*)

Year	Value
1980	4.838
1981	4.076
1982	3.503
1983	3.047
1984	2.755
1985	2.537
1986	2.391
1987	2.286
1988	2.178
1989	2.043
1990	1.925
1991	1.809
1992	1.718
1993	1.647
1994	1.585
1995	1.504
1996	1.448
1997	1.423
1998	1.398
1999	1.376
2000	1.342
2001	1.307
2002	1.276
2003	1.245
2004	1.221
2005	1.201
2006	1.177
2007	1.157
2008	1.121
2009	1.113
2010	1.096
2011	1.067
2012	1.036
2013	1.024
2014	1.022
2015	1.023
2016	1.024
2017	1.013
2018	1.002
2019	0.997
2020	1.000

Note: Each year's value represents the value used to convert the year-specific monetary values into 2020 monetary values (Baseline 2020=100)

Sources: ISTAT (2021). National Indices of Consumer Prices for Families of Workers and Employees - Monetary Revaluation Tables.

Formula 2: Formula for Reduced Pension Benefit If Benefits Started Early (1992-1995)

$$B_{OA(early),i,t,t_c} = B_{OA,i,t,t_c} \times (1 - n \times p)$$

- $B_{OA(early),i,t,t_c}$ = Final reduced old-age pension benefit paid to individual i at time t if claimed early at time $t_c \leq t$
- B_{OA,i,t,t_c} = Old-age pension benefit paid to individual i at time t if claimed at time $t_c \leq t$ —See Formula 1 for calculation details
- n = Number of missing contribution years to satisfy contribution requirements for Eligibility Track A, where $n \leq 15$
- p = Reduction percentages applied based on number of missing contribution years n —See yearly values in Table 7

Source: Legislative Decree 503/1992 (Gazzetta Ufficiale, 1992).

Table 7: Reduction Percentages for Early-Retirement in 1992 Amato Reform

Years missing to reach the 35-year contribution requirement	Reduction percentage
1	1
2	3
3	5
4	7
5	9
6	11
7	13
8	15
9	17
10	20
11	23
12	26
13	29
14	32
15	35

Source: Legislative Decree n. 503/1992 - Amato Reform (Gazzetta Ufficiale, 1992)

Table 8: Maximum Covered Earnings for Contribution Purposes (NDC system)

Year	Annual Value
1996	68,172 €
1997	70,831
1998	72,035
1999	73,332
2000	74,506
2001	76,443
2002	78,402
2003	80,391
2004	82,402
2005	84,049
2006	85,478
2007	87,188
2008	88,670
2009	91,597
2010	92,147
2011	93,622
2012	96,056
2013	99,034
2014	100,123
2015	100,324
2016	100,324
2017	100,324
2018	101,427
2019	102,543
2020	103,055
2021	103,055
2022	104,704[1]

Notes:

[1] Provisional values

- Maximum covered earnings for contribution purposes apply only to the NDC fraction of benefits and are only provided in annual values.

Sources: Authors' collection of data deriving from publications of Circulars on Renewal of Equalization Tables, published yearly by INPS [Istituto Nazionale della Previdenza Sociale - National Institute of Social Security], 1992-2022. Values until 2001 have been converted from Italian Liras (ITL) into Euros (EUR) following the conversion rate: 1 EUR = 1,936.27 ITL.

Table 9: Phasing-in of New Requirements for Pensions Under the 1995 Dini Reform

Year of initial eligibility	Age	Years of contributions
1996	52	36
1997	52	36
1998	53	36
1999	53	37
2000	54	37
2001	54	37
2002	55	37
2003	55	37
2004	56	38
2005	56	38
2006	57	39
2007	57	39
2008 and later	57	40

Note: Years of contributions column refers to Option (i) for Eligibility Tracks 1A and 2A. Age column refers to Option (ii) for Eligibility Tracks 1A and 2A.

Source: Law n. 335/1995 - Dini Reform (Gazzetta Ufficiale, 2015

Table 10: Social Allowance (Assegno Sociale) - Maximum Benefit Levels

Year	Monthly	Yearly
1996	247.90 €	3,222.70 €
1997	257.56	3,348.28
1998	261.95	3,405.35
1999	318.32	4,138.16
2000	332.39	4,321.07
2001	341.35	4,437.55
2002	350.57	4,557.41
2003	358.99	4,666.87
2004	367.97	4,783.61
2005	375.33	4,879.29
2006	381.72	4,962.36
2007	389.36	5,061.68
2008	395.98	5,147.74
2009	408.66	5,312.58
2010	411.53	5,349.89
2011	418.12	5,435.56
2012	429.41	5,582.33
2013	442.30	5,749.90
2014	447.17	5,813.21
2015	448.07	5,824.91
2016	448.07	5,824.91
2017	448.07	5,824.91
2018	453.00	5,889.00
2019	457.99	5,953.87
2020	460.28	5,983.64
2021	460.28	5,983.64
2022	476.65[1]	6,079.45[1]

Notes:

[1] Provisional values

- Yearly social assistance pension benefits take the form of 13 monthly payments

Sources: Authors' collection of data deriving from publications of Circulars on Renewal of Equalization Tables, published yearly by INPS [Istituto Nazionale della Previdenza Sociale - National Institute of Social Security], 1992-2022. Values until 2001 have been converted from Italian Liras (ITL) into Euros (EUR) following the conversion rate: 1 EUR = 1,936.27 ITL.

Formula 3: Calculation of Old-Age Benefit from Notional Defined Contribution (NDC) System

$$B_{OA(NDC),i,t,t_c} = \left(\beta_{i,t_c} \times PV_{i,t}\right) \times ADJ_t$$

- $B_{OA(NDC),i,t,t_c}$ = Individual i's monthly old-age benefit from the INPS NDC system if claimed at time t_c and i qualified for full benefits
- β_{i,t_c} = Coefficient that depends on the age in which individual i claims benefits in time t_c:
  - See Table 11 for coefficients active between 1995 and 2007
  - See Table 17 for coefficients active between 2008 and 2012
  - See Table 20 for coefficients active between 2013 and 2018
- $PV_{i,t}$ = Present value at time of claiming t_c of i's lifetime contributions:

$$PV_{i,t_c} = \sum_{s=x}^{t_c-1} (\tau w_{i,s})(\gamma_s)$$

Where:

  - x_i = 1996 for if individual i is in Class 2 or Class 3; 2012 if individual i is in Class 1 and $t \geq 2012$ (i.e., after 2011 Fornero Reform)
  - τ = Reference contribution rate:
    - 33% for employees
    - 20% for autonomous workers
  - $w_{i,s}$ = Individual i's earnings in year $s < t_c$
  - γ_{s,t_c} = Cumulative accrual factor for earnings in year s as of year t_c, where $s < t_c$:

$$\gamma_{s,t_c} = \prod_{j=s}^{t_c} (1 + \mu_j)$$

  Where:

    - γ_{s,t_c} = Cumulative accrual factor for earnings in year s as of year t_c, where $s \leq t_c$
    - μ_j = 5-year moving average (ending in t_c) of the annual rates of growth of nominal GDP
- ADJ_t = Adjustment factor at time t based on *FOI* monetary revaluation factors in Table 6

$$ADJ_t = \frac{ADJ_{t_c}}{ADJ_t}$$

Where:

  - ADJ_{t_c} = Revaluation factor from time of claiming t_c to 2020
  - ADJ_t = Revaluation factor from time t to 2020

Note: Reference contribution rates are not equal to the contribution rates actually paid

Source: Formula based on Law 335/1995 (effective January 1, 1996) and following reforms

Table 11: Transformation Coefficients After 1995 Dini Reform

Age of retirement	Transformation coefficient
57	4.7200
58	4.8600
59	5.0006
60	5.1630
61	5.3340
62	5.5140
63	5.7060
64	5.9110
65	6.1360

Source: Law n. 335/1995 - Dini Reform (Gazzetta Ufficiale, 2015

Formula 4: Formula for Reduced Pension Benefit If Benefits Started Early (1996-1997)

$$B_{OA(early),i,t,t_c} = B_{OA,i,t,t_c} \times (1 - n \times p)$$

- $B_{OA(early),i,t,t_c}$ = Final reduced old-age pension benefit paid to individual i at time t if claimed early at time $t_c \leq t$
- B_{OA,i,t,t_c} = Old-age pension benefit paid to individual i at time t if claimed at time $t_c \leq t$ —
  - For workers in Class 1, see Formula 1 for calculation details
  - For workers in Class 2, see Benefit Formula section and Formula 1 and Formula 3 for calculation details
  - For workers in Class 3, early claiming is not available
- n = Number of missing contribution years to satisfy contribution requirements for full benefits
- p = Reduction percentages applied based on number of missing contribution years n —
  - Eligibility Track 1A - Option (i): See yearly values in Table 12
  - Eligibility Tracks 1A/2A - Option (ii): See yearly values in Table 7

Source: Law 335/1995 (Gazzetta Ufficiale, 1995).

Table 12: Reduction Coefficients for Early Retirement During the Phasing-In Period of the 1995 Dini Reform

Years missing to reach the contribution year requirement	Reduction percentage for early retirement benefits
1	1
2	3
3	5
4	7
5	9
6	11
7	13

Note: The contribution year requirement was initially 35 years but was gradually raised to 40 years
Source: Law n. 335/1995 - Dini Reform (Gazzetta Ufficiale, 2015

Formula 5: Reduction in Own Old-Age Benefits If Beneficiary Continues to Work

$$B_{OA(MT),i,t} = MINP_t + \text{max}\left(B_{OA,i,t} - MINP_t - \frac{EARN_{i,t}}{2}, 0\right)$$

- $B_{OA(MT),i,t}$ = Means-tested monthly old-age pension benefit of individual i receiving work income at time t
- $B_{OA,i,t}$ = Monthly old-age pension benefit of individual i at time t
- $MINP_t$ = Monthly minimum pension level at time t —See Table 14 for values by year
- $EARN_{i,t}$ = Monthly earnings from work of individual i at time t

Source: Authors' interpretation.

Table 13: Phasing-In Requirements (Based on 1997 Prodi Reform)

Year of initial eligibility	Age	Contribution years
1998	54	36
1999	55	37
2000	55	37
2001	56	37
2002	57	37
2003	57	37
2004	57	38
2005	57	38
2006	57	39
2007	57	39
2008 and later	57	40

Note: Years of contributions column refers to Option (i) for Eligibility Tracks 1A and 2A. Age column refers to Option (ii) for Eligibility Tracks 1A and 2A.
Source: Law n. 449/1997 - Prodi Reform I (Gazzetta Ufficiale, 1997)

Table 14: Minimum Pension (Trattamento Minimo) - Maximum Benefit Levels

Year	Monthly	Yearly
1992	290.82 €	3,780.62 €
1993	298.38	3,878.98
1994	311.09	4,044.14
1995	323.53	4,205.95
1996	341.02	4,433.21
1997	354.32	4,606.10
1998	360.33	4,684.32
1999	366.81	4,768.58
2000	372.31	4,840.08
2001	382.36	4,970.67
2002	392.69	5,104.97
2003	402.12	5,227.56
2004	412.18	5,358.34
2005	420.43	5,465.59
2006	427.58	5,558.54
2007	436.14	5,669.82
2008	443.56	5,766.28
2009	457.76	5,950.88
2010	460.97	5,992.61
2011	468.35	6,088.55
2012	481.00	6,253.00
2013	495.43	6,440.59
2014	500.88	6,511.44
2015	501.89	6,524.57
2016	501.89	6,524.57
2017	501.89	6,524.57
2018	507.42	6,596.46
2019	513.01	6,669.13
2020	515.58	6,702.54
2021	515.58	6,702.54
2022	523.83[1]	6,809.79[1]

Notes:

[1] Provisional values

- Yearly pension benefits take the form of 13 monthly payments

Sources: Authors' collection of data deriving from publications of Circulars on Renewal of Equalization Tables, published yearly by INPS [Istituto Nazionale della Previdenza Sociale - National Institute of Social Security], 1992-2022. Values until 2001 have been converted from Italian Liras (ITL) into Euros (EUR) following the conversion rate: 1 EUR = 1,936.27 ITL.

Table 15: Phase-In of New Age Requirements in Seniority Pensions (2004 Maroni reform)

Year of initial eligibility	Age	Contribution years
2004	57	38
2005	57	38
2006	57	39
2007	57	39
2008	60	40
2009	60	40
2010	61	40
2011	61	40
2012	61	40
2013	61	40
2014 onwards	62	40

Note: Years of contributions column refers to Option (i) for Eligibility Tracks 1A and 2A. Age column refers to Option (ii) for Eligibility Tracks 1A and 2A.
Source: Law n. 243/2004 - Maroni Reform (Gazzetta Ufficiale, 2004)

Table 16: Requirements for the 2007 "Quota" system

Year of initial eligibility	Employees	Self-employed
2009-2010	95 (at least age 59)	96 (at least age 60)
2011-2012	96 (at least age 60)	97 (at least age 61)
2013 onwards	97 (at least age 61)	98 (at least age 62)

Source: Law n. 247/2007 - Prodi Reform II (Gazzetta Ufficiale, 2007)

Table 17: Transformation Coefficients (2007 Prodi Reform; Effective from 2008)

Retirement age	Transformation coefficient
57	4.419
58	4.538
59	4.664
60	4.798
61	4.940
62	5.093
63	5.257
64	5.432
65+	5.620

Source: Law n. 247/2007 - Prodi Reform II (Gazzetta Ufficiale, 2007)

Table 18: Adjustment of Retirement Ages Based on Increases in Life Expectancy

Year	Age (Male)	Age (Female)	Contribution years (Male)	Contribution Years (Female)
2012	66 years	62 years	42 years and 1 month	41 years and 1 month
2013	66 years and 3 months	62 years and 3 months	42 years and 5 months	41 years and 5 months
2014	66 years and 3 months	63 years and 9 months	42 years and 6 months	41 years and 6 months
2015	66 years and 3 months	63 years and 9 months	42 years and 6 months	41 years and 6 months
2016	66 years and 7 months	65 years and 7 months	42 years and 10 months	41 years and 10 months
2017	66 years and 7 months	65 years and 7 months	42 years and 10 months	41 years and 10 months
2018	66 years and 7 months	65 years and 7 months	42 years and 10 months	41 years and 10 months
2019	67 years	67 years	42 years and 10 months	41 years and 10 months
2020	67 years	67 years	42 years and 10 months	41 years and 10 months
2021	67 years	67 years	42 years and 10 months	41 years and 10 months
2022	67 years	67 years	42 years and 10 months	41 years and 10 months
2023	67 years	67 years	42 years and 10 months	41 years and 10 months
2024	67 years	67 years	42 years and 10 months	41 years and 10 months

Notes:

- Age columns refer to the adjusted age requirements for the Eligibility Track “Pensione di Vecchiaia” based on increases in life expectancy
- Contribution years columns refer to the adjusted contribution requirements for the Eligibility Track “Pensione Anticipata” based on increases in life expectancy

Sources: Decree-Law 78/2010 - Art. 12 (Gazzetta Ufficiale, 2010), Law n. 214/2011 (Gazzetta Ufficiale, 2011), Ministerial Decree of December 16, 2014 (Gazzetta Ufficiale, 2014), Ministerial Decree of December 5, 2017 (Gazzetta Ufficiale, 2017), Ministerial Decree of November 5, 2019 (Gazzetta Ufficiale, 2019), Ministerial Decree of October 27, 2021 (Gazzetta Ufficiale, 2021)

Table 19: Adjustment of Retirement Ages for Eligibility Track A - Option (ii) Based on Increases in Life Expectancy (2012 - 2024)

Year	Age
2012	63 years
2013	63 years and 3 months
2014	63 years and 3 months
2015	63 years and 3 months
2016	63 years and 7 months
2017	63 years and 7 months
2018	63 years and 7 months
2019	64 years
2020	64 years
2021	64 years
2022	64 years
2023	64 years
2024	64 years

Sources: Decree-Law 78/2010 - Art. 12 (Gazzetta Ufficiale, 2010), Law n. 214/2011 (Gazzetta Ufficiale, 2011), Ministerial Decree of December 16, 2014 (Gazzetta Ufficiale, 2014), Ministerial Decree of December 5, 2017 (Gazzetta Ufficiale, 2017), Ministerial Decree of November 5, 2019 (Gazzetta Ufficiale, 2019), Ministerial Decree of October 27, 2021 (Gazzetta Ufficiale, 2021)

Table 20: Transformation Coefficients (2011 Fornero Reform; Effective from 2012)

Age of Retirement	Coefficients for period 2013 - 2015	Coefficients for period 2016 - 2018	Coefficients for period 2019 - 2020	Coefficients for period 2021 - 2022
57	4.304	4.246	4.200	4.168
58	4.416	4.354	4.304	4.289
59	4.535	4.447	4.414	4.399
60	4.661	4.589	4.532	4.515
61	4.796	4.719	4.657	4.639
62	4.940	4.856	4.790	4.770
63	5.094	5.002	4.932	4.910
64	5.259	5.159	5.083	5.060
65	5.435	5.326	5.245	5.220
66	5.624	5.506	5.419	5.391
67	5.826	5.700	5.604	5.575
68	6.046	5.910	5.804	5.772
69	6.283	6.135	6.021	5.985
70	6.541	6.378	6.257	6.215
71+	6.541	6.378	6.513	6.466

Source: Law-Decree 201/2011 (Gazzetta Ufficiale, 2011) and following amending decrees from the Ministry of Labor and Social Policy

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Glossary of terms

This section summarizes key definitions from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: "Alt" + "←"; In Adobe Acrobat on a MAC: "command" + "←"; In Preview on a MAC: "command" + "[".

Annuitable System: A pension system that provides a periodic payment for life after the benefit begins.

Assegno Sociale: Old-age, non-contributory social assistance program started in 1996 that provides a monthly benefit to all Italian and EU citizens residing in Italy over the age of 65 who do not receive old-age pension benefits, based on certain income conditions. This program replaced Pensione Sociale in 1996, based on the 1995 Dini Reform.

Cash Balance System: A pension system that provides each individual an account that is drawn down over time.

Claimable Benefit: A pension where the beneficiary must actively file a claim for benefits with the government's pension authority.

Benefit Class 1: Workers with at least 18 contribution years on January 1, 1996. These workers have their old-age benefit determined by the DB system.

Benefit Class 2: Workers with non-zero but less than 18 contribution years on January 1, 1996. These workers are eligible to retain their entitlements in the DB system accumulated through 1995, but all future entitlements were accrued in the NDC system.

Benefit Class 3: New workers making their first social insurance contributions on or after January 1, 1996. These workers have their old-age benefit determined by the NDC system.

Benefit Class 1 after 2011 Fornero Reform: Workers with at least 18 contribution years on January 1, 1996. After 2011 Fornero Reform, these workers are eligible to retain their entitlements in the DB system accumulated through 2011, but all future entitlements were accrued in the NDC system.

Benefit Class: The 1996 Dini Reform created a separate old-age benefit system for workers based on their work history. Based on a person's work history on January 1, 1996, we define three distinct "classes" of workers and each class has its own benefit eligibility rules and formulas. This terminology is not used by INPS, but helps the authors to concisely convey information about old-age benefit plan design.

Cost-of-Living Adjustments (COLA): Adjustments after an individual begins receiving benefits that increase benefit payments, typically in line with consumer prices or average earnings.

Covered earnings: The amount of salary or income on which the social security contributions payable by the employee and the employer are calculated. For employees, covered earnings are equal to gross wages deriving from employment. For autonomous workers, covered earning are equal to gross income subject to personal income tax (IRPEF).

Defined Benefit system (DB): An old-age benefit system where a worker's benefits paid at retirement are based on a defined formula typically consisting of contribution years, a measure of final average earnings and a multiplier (sometimes known as an accrual factor).

Earliest eligibility: Earliest age and/or years of contributions required to be eligible to start receipt of a particular type of benefit. Earliest eligibility is the same as statutory eligibility in countries where there is no benefit penalty for claiming before the statutory retirement age.

Eligibility Track A (1992-2011): "Pensioni di Anzianità": Translated as "seniority pension," pensioni di anzianità is an eligibility track for unreduced old-age benefits that is based primarily on contribution years, although options with age requirements were introduced from 1996.

Eligibility Track A (2012-2022): "Pensione Anticipata": Translated as "early pension", pensione anticipata is an eligibility track for unreduced old-age benefits that is based primarily on contribution years, although Class 3 beneficiaries also have an age requirement. This eligibility track is not to be confused with Early Retirement with reduced benefits. Pensione anticipata substituted the previous eligibility track "Pensioni di Anzianità", preserving similar minimum requirements and characteristics.

Eligibility Track Q: "Quota 100": Quota 100 is an experimental eligibility track for unreduced old-age benefits, active for workers who have accrued 62 years of age and 38 years of contributions during the three-year period between 2019 and 2021.

Eligibility Track V: "Pensioni di Vecchiaia": Translated as "old-age pension", pensioni di vecchiaia is an eligibility track for unreduced old-age benefits that is based primarily on age with a minimal number of required contribution years.

Eligibility Track 3: : New eligibility track for unreduced old-age benefits introduced by Dini Reform (Law 335/1995), exclusive to workers entering the workforce after January 1, 1996. This eligibility track presents two requirements' options to start benefit, one based primarily on age with a minimal number of required contribution years (broadly similar to the "Pensioni di Vecchiaia" eligibility track, and the other based primarily on contribution years (broadly similar to the "Pensioni di Anzianità" eligibility track).

Eligibility Track: Requirements for an individual to start receiving an unreduced old-age pension benefit. An individual typically must satisfy only one eligibility track.

Imposta sul Reddito delle Persone Fisiche - IRPEF: Personal income tax in Italy

Italian National Institute of Statistics (Istituto Nazionale di Statistica - ISTAT): The Italian National Institute of Statistics is a public research institution responsible for the production of official statistical data in Italy.

Latest claiming age: Latest age where a benefit may be claimed such that benefit payments are increased as an incentive for delaying the start of benefits past the statutory retirement age. Latest claiming age is the same as statutory retirement age in countries where there is no benefit to delayed claiming. Not applicable for non-claimable benefits.

Lump Sum Benefit: A pension system that provides an individual with a one-time or limited number of payments. Lump sum benefits are distinct from annuitable or cash balance benefits because they do not continue past a specified time frame. Lump sum benefits use varies by country, but they are sometimes used as death benefits, incentives to delay claiming, or payments to individuals with an insufficient contribution history to be eligible for annuitable benefits.

National Income Measure: In some pension systems, the benefit is dependent on a national income measure, such as average wages. We indicate a pension system depends on the national income measure if the benefit paid is determined by a national income measure (as opposed to an individual's earnings history). For example, the benefit level for the United Kingdom Basic State Pension depends on a level set by the government and does not depend on an individual's earnings. This distinction does not include systems that adjust annual benefits based on a national income measure or index past earnings using a national income measure.

National Social Security Institute (Istituto Nazionale della Previdenza Sociale - INPS): The administering agency of Italy's social insurance and assistance benefits.

Notional Defined Contribution system (NDC): An old-age benefit system where a worker's contributions earn a rate of return determined by the government. At retirement, the accumulated contributions and returns are converted into a lifetime monthly benefit. The system is notional in that a worker does not have an individual account accruing returns, just a commitment from the government to provide the benefits as designed.

Progressive Benefit: A benefit is progressive if people with lower earnings have a greater replacement rate for their contributions.

Qualified Benefit: A benefit is qualified if an individual must continue to meet certain standards, such as a means test, to continue receipt of benefits.

Statutory Retirement Age (SRA): The age at which individuals are eligibile to receive their full benefit. In the United States, this is known as the normal retirement age. In the United Kingdom, this is known as the state pension age.

Version information

Current Version: 2.0 (August 2023)

Version History

- 1.0 (May 2022): First version
- 2.0 (August 2023): Major revisions to early claiming/retirement rules across all policy periods, added reforms and revised eligibility rules for the policy period 2012-2018 (Chapter 6), extended policy details from 2019 through 2022 (Chapter 7), revised Table 4 values, and updated formatting

Additional resources

The following resources provide additional details for the interested reader:

FNP (CISL) – Federazione Nazionale Pensionati. Available at https://www.pensionati.cisl.it/pubblicazioni/
Features: FNP (CISL) is the National Association of Pensioners and Elders formed by CISL union (Italian Confederation of Workers' Trade Unions). This association helps pensioners and elders to apply and present the adequate documentation for their application to all the old-age social security services and schemes. It also investigates and presents reports, data and documentation for the purpose of informing the general population on their rights and duties regarding pensions and social assistance.

Gazzetta Ufficiale della Repubblica Italiana. Available at: https://www.gazzettaufficiale.it/
Features: Official database for the Italian legislation, laws and acts over the years.

INPS Acts and Documentation's database. Available at: https://www.inps.it/inps-comunica/atti
Features: Official database of acts, internal communications and official documents from the Italian institute of social security (INPS – Istituto Nazionale della Previdenza Sociale) over the years. It contains useful documents and data on all aspects of the Italian pension system. Readers can find relevant circulars and documentations on the database by searching keywords and filtering by reference dates.

PensioniOggi.it. Available at: https://www.pensionioggi.it/
Features: Online portal, constituted by labor and welfare lawyers and registered accountants, that investigates the Italian pension system and provides summaries, tables and explanations on different topics, both specific and general.