GATEWAY TO GLOBAL AGING DATA

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Gateway Policy Explorer: Retirement Series

Spain

Public Own Old-Age Benefit Plan Details

1992-2021

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Version: 1.1 (August 2023)

This project is funded by the National Institutes of Health, National Institute of Aging, R01 AG030153.

Please cite as "Gateway to Global Aging Data (2024). *Gateway Policy Explorer: Spain, Public Own Old-Age Benefit Plan Details, 1992-2021*, Version: 1.1 (August 2023), University of Southern California, Los Angeles. https://doi.org/10.25553/gpe.ret.oa.esp"

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.

Spain

Own Old-Age Benefits

Plan details 1992-2021 * †

Spanish public old-age benefits for non-governement employees are based on a mandatory contributory public pension. This system, known as Pensión de Jubilación, is a pay-as-you-go system with a defined benefit formula based on contribution history and lifecycle earnings. Pension benefits are paid after meeting age and contribution requirements and there exists a means-tested minimum pension benefit for low earners. The design of this pension system has remained largely consistent between 1992 and 2020, although incentives for longer careers, delayed retirement, and alternative benefit eligibility tracks have been introduced over this period.

Key Dates

First law: 1919

Major changes since 1992: 1997, 2002, 2007, 2011

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 1992-1996

Overview

The Spanish contributory public pension system for most employees known as the General Social Security Regime (*Regimen General de la Seguridad Social*) is administered by the National Institute of Social Security (*Instituto Nacional de la Seguridad Social - INSS*). It provides a defined benefit based on contribution and earnings history.
A number of retirement benefit systems exist for specific groups of employees, including special regimes for government, agriculture, mining and marine sector workers, as well as self-employed workers. Contribution rates, eligibility rules and the determination of benefits vary across these systems. For example, a separate system exists for certain state and government officials (Clases Pasivas del Estado), which - for some specific occupational classes depending on their contribution history - provides a flat-rate benefit, among other defined benefit provisions.

The pension system has a single benefit eligibility track known as Ordinary Retirement (Jubilación Ordinaria), available at the statutory retirement age with a minimum number of contributory years.

Reforms during the current policy period
In 1992, the Spanish pension system displayed the main features that were implemented during the pension reform that took place in 1985, when the minimum contribution years was raised from 10 to 15 years and the number of years used to calculate the regulatory base (base reguladora) was increased from 2 to 8 years prior to retirement. Despite previous reforms, the financial strain of the Spanish pension system on public finances led to the Toledo Pact (Pacto de Toledo) in 1995, an important agreement between social stakeholders to shape the direction of pension reforms. The Toledo Pact established that every five years, this same group of stakeholders would meet to recommend changes to the Spanish pension system.

Contributions

- **Employee contribution rate**
  4.9% of covered earnings before 1995
  4.7% of covered earnings on or after 1995
  Notes:
  - The definition of covered earnings varies based for the 11 occupational classes. See Table 1 and Table 2 for yearly values of minimum and maximum earnings for contributions purposes, depending on the insured's occupational class, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Employer contribution rate**
  24.4% of covered earnings before 1995
  23.6% of covered earnings on or after 1995
  Notes:
  - The definition of covered earnings varies for the 11 occupational classes, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Self-employed contribution rate**
  28.8% of covered earnings before 1995
  28.3% of covered earnings in 1995 and afterwards
  Notes:
  - Autonomous/self-employed workers can choose a value for their covered earnings that ranges from the minimum to the maximum values shown in Table 4. This value of covered earnings represents the contribution base for which the contribution rate is applied to. See also Table 4 for applicable contribution rates by year
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65
- **Does SRA vary by birth year?** Answer: No
- **Does SRA vary by sex?** Answer: No

Contribution requirements to be eligible to receive benefit

During this time period there was one primary eligibility track for full benefits.

Eligibility Track 1: Ordinary Retirement

- Age requirements: Age 65
- Contribution requirements: 15 years of contributions (2 years of contributions must be accrued in the last 8 years (96 months) previous to starting benefits)

Other Eligibility Tracks

- The retirement age of 65 can be reduced for certain groups whose professional activity is arduous, toxic, dangerous or unhealthy; age 64 if employer replaces retiree with youth seeking first employment.

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

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Age 60, if contributions started prior to 1967.
- **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: Policy in place at claiming age
- **Is the formula for computing benefit entitlement progressive?** Answer: Progressive
- **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: No
- **Does an individual receive credits for number of children?** Answer: Yes
- **Does an individual receive credits for unemployment?** Answer: *Unknown at this time*
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  A unique measure used by INSS based on wages, prices, and other economic factors.

Benefit formula for claiming at SRA

Pension benefits are calculated based on the retiree's regulatory base (*"base reguladora"*). The regulatory base is defined as an average of the selected years that comprise the contribution base (*"base de cotización"*) indexed to the year benefits are started. The contribution base is defined as the gross monthly wage, including pro-rata bonuses and other forms of compensation. See Formula 1 for details on the calculation of the regulatory base.

Eligibility Track 1: Ordinary Retirement

If an individual qualifies for the Eligibility Track 1 (Ordinary Retirement), the monthly benefit is calculated by multiplying the regulatory base by 50%, plus 3% per year of contribution between 16 and 25 years, plus 2% per year of contribution between 26 and 35. At 35 years of contribution and after, the monthly pension benefits are calculated at 100% of the regulatory base. See

Formula 2 for calculation specifics. See Table 5 for a summary of the percentages applied to the regulatory base to calculate the monthly pension benefits based on the years of contribution.

If the calculated pension benefit falls below a certain threshold equal to the minimum pension, the monthly pension is raised to the minimum pension level. For yearly values of minimum pensions, see Table 6 for individuals who are 65 or older, and Table 7 for individuals aged less than 65. Minimum pensions are paid only to those individuals whose income (defined as the sum of all earnings and incomes subject to the Personal Income Tax - *Impuesto a la Renta de las Personas Físicas, IRPF*) is below the income levels stated in Table 8.

Notes:
- Pension benefits take the form of 14 payments yearly: 12 of them are paid each month, while the extra 2 payments are paid in July and November of each year.
- During this policy period, the enforcement of earnings and income requirements for minimum pension is believed to be limited. Therefore, individuals with higher income levels may have their old-age benefit increased to the minimum pension level even if they did not fully satisfy the earnings and income requirements.
- There is an implicit maximum for pension benefits created by the annual maximum contribution set in Table 2, which limits the maximum amount of the regulatory base. Additionally, yearly pension benefits are also capped at the maximum levels stated in Table 9.

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?**
  Age 60, if contributions started prior to 1967.
- **Adjustment formula**
  Eligibility Track 1: Ordinary Retirement
  If an individual does not meet the age requirements for the Eligibility Track 1 (Ordinary Retirement), old age benefits may be started as early as age 60, but the monthly pension benefit is reduced by 8% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 3 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)

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**
  Eligibility Track 1: Ordinary Retirement
  A beneficiary can receive income from self-employed/autonomous work as long as the annual earnings do not exceed the Minimum Interprofessional Salary (see Table 10 for values). If a beneficiary earns above this threshold, then their old-age benefits are stopped.

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

Chapter 2: Policy enacted 1997-2001

Policy change in 1997

Law 24/1997 on the Consolidation and Rationalization of the Social Security System (Official State Gazette, 1997) - enacted on July 15, 1997 and active from July 16, 1997 - introduced the following substantial reforms to the old-age benefit system:

- Increased in the number of years used to calculate the regulatory base of pensions from 8 (96 months) to 15 (180 months)
- Introduced a different revaluation method of pensions on the basis of CPI projections, and their revision based on deviations from CPI increases recorded in November
- Created a reserve fund to cover the system's future needs using Social Security surpluses.

The reform followed the guidelines provided in 1995 by the Toledo Pact (Pacto de Toledo), an important agreement between social stakeholders to shape the direction of future pension reforms. The Toledo Pact established that, every five years, this same group of stakeholders would meet to recommend changes to the Spanish pension system.

Overview

The Spanish contributory public pension system for most employees known as the General Social Security Regime (*Regimen General de la Seguridad Social*) is administered by the National Institute of Social Security (*Instituto Nacional de la Seguridad Social - INSS*). It provides a defined benefit based on contribution and earnings history.

A number of retirement benefit systems exist for specific groups of employees, including special regimes for government, agriculture, mining and marine sector workers, as well as self-employed workers. Contribution rates, eligibility rules and the determination of benefits vary across these systems. For example, a separate system exists for certain state and government officials (Clases Pasivas del Estado), which - for some specific occupational classes depending on their contribution history - provides a flat-rate benefit, among other defined benefit provisions.

The pension system has a single benefit eligibility track known as Ordinary Retirement (Jubilación Ordinaria), available at the statutory retirement age with a minimum number of contributory years.

Contributions

- **Employee contribution rate**
  4.7% of covered earnings
  Notes:
  - The definition of covered earnings varies based for the 11 occupational classes. See Table 1 and Table 2 for yearly values of minimum and maximum earnings for contributions purposes, depending on the insured's occupational class, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Employer contribution rate**
  23.6% of covered earnings
  Notes:
  - The definition of covered earnings varies for the 11 occupational classes, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Self-employed contribution rate**
  28.3% of covered earnings
  Notes:
  - Autonomous/self-employed workers can choose a value for their covered earnings that ranges from the minimum to the maximum values shown in Table 4. This value of covered earnings represents the contribution base for which the contribution rate is applied to. See also Table 4 for applicable contribution rates by year

– The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65
- **Does SRA vary by birth year?** Answer: No
- **Does SRA vary by sex?** Answer: No

Contribution requirements to be eligible to receive benefit

During this time period there was one primary eligibility track for full benefits.

Eligibility Track 1: Ordinary Retirement

- Age requirements: Age 65
- Contribution requirements: 15 years of contributions (2 years of contributions must be accrued in the last 8 to 15 years (96 to 180 months) prior to starting benefits) —see Table 11 for phase-in by policy period

Other Eligibility Tracks

- The retirement age of 65 can be reduced for certain groups whose professional activity is arduous, toxic, dangerous or unhealthy; age 64 if employer replaces retiree with youth seeking first employment.

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

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Age 60, if contributions started prior to 1967.
- **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: Policy in place at claiming age
- **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: No
- **Does an individual receive credits for number of children?** Answer: Yes
- **Does an individual receive credits for unemployment?** Answer: *Unknown at this time*
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI

Benefit formula for claiming at SRA

Pension benefits are calculated based on the retiree's regulatory base (*"base reguladora"*). The regulatory base is defined as an average of the selected years that comprise the contribution base (*"base de cotización"*) indexed to the year benefits are started. The contribution base is defined as the gross monthly wage, including pro-rata bonuses and other forms of compensation. See

Formula 1 for details on the calculation of the regulatory base. Law 24/1997 (Official State Gazette, 1997) changed how benefits are computed starting in 1998.

Eligibility Track 1: Ordinary Retirement
If an individual qualifies for the Eligibility Track 1 (Ordinary Retirement), the monthly benefit is calculated by multiplying the regulatory base by 50%, plus 3% per year of contribution between 16 and 25 years, plus 2% per year of contribution between 26 and 35. At 35 years of contribution and after, the monthly pension benefits are calculated at 100% of the regulatory base. See Formula 2 for calculation specifics. See Table 5 for a summary of the percentages applied to the regulatory base to calculate the monthly pension benefits based on the years of contribution.

If the calculated pension benefit falls below a certain threshold equal to the minimum pension, the monthly pension is raised to the minimum pension level. For yearly values of minimum pensions, see Table 6 for individuals who are 65 or older, and Table 7 for individuals aged less than 65. Minimum pensions are paid only to those individuals whose income (defined as the sum of all earnings and incomes subject to the Personal Income Tax - *Impuesto a la Renta de las Personas Físicas, IRPF*) is below the income levels stated in Table 8.

Notes:

- Pension benefits take the form of 14 payments yearly: 12 of them are paid each month, while the extra 2 payments are paid in July and November of each year.
- During this policy period, the enforcement of earnings and income requirements for minimum pension is believed to be limited. Therefore, individuals with higher income levels may have their old-age benefit increased to the minimum pension level even if they did not fully satisfy the earnings and income requirements.
- There is an implicit maximum for pension benefits created by the annual maximum contribution set in Table 2, which limits the maximum amount of the regulatory base. Additionally, yearly pension benefits are also capped at the maximum levels stated in Table 9.

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?**
  Age 60, if contributions started prior to 1967.
- **Adjustment formula**
  Eligibility Track 1: Ordinary Retirement
  If an individual does not meet the age requirements for the Eligibility Track 1 (Ordinary Retirement), old age benefits may be started as early as age 60 at a reduced rate, but this benefit option is only available to worker contributing to INSS before 1967. The reduced rate depends on whether the worker stops work involuntarily:
  – Involuntary retirement and on or after 1998: if a worker has 40 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by 7% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 4 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
  – Otherwise: the monthly pension benefit is reduced by 8% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 3 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)

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**
  Eligibility Track 1: Ordinary Retirement
  A beneficiary can receive income from self-employed/autonomous work as long as the annual earnings do not exceed the Minimum Interprofessional Salary (see Table 10 for values). If a beneficiary earns above this threshold, then their old-age benefits are stopped.

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

Chapter 3: Policy enacted 2002-2006

Policy change in 2002

Law 35/2002 on Measures for the Establishment of a Gradual and Flexible Retirement Scheme (Official State Gazette, 2002) - enacted on July 12, 2002 and active from July 13, 2002 - introduced the following substantial reforms to the old-age benefit system:

- Increased pension benefits for those who delayed benefits past statutory retirement age (age 65 at the time of the law's passage)
- Introduced a Partial Retirement eligibility track for all individuals, provided certain requirements were met
- Introduced a supplemental option for eligibity track 1 (Ordinary Retirement) called Flexible Retirement, which allows retirees to receive work income after retirement for individuals that are at least 61 and were registered with INSS after January 1, 1967, provided certain other requirements were met
- Restricted early retirement benefits for workers first contributing on or after 1967 to the involuntarily unemployed with long contribution histories
- Introduced delayed-retirement incentives, such as the pension amount may exceed 100% for those who retire at age 65 or older and who have at least 35 years of credited contributions

The reform followed the guidelines provided in 2000 by the renewal of the Toledo Pact (Pacto de Toledo).

Additional reforms during the policy period include:

- Law 28/2003 (Official State Gazette) - enacted on September 29, 2003 and active from October 1, 2003 - allocated the majority of each year's contribution or Social Security budget surpluses to the a new Social Security Reserve Fund.

Overview

The Spanish contributory public pension system for most employees known as the General Social Security Regime (*Regimen General de la Seguridad Social*) is administered by the National Institute of Social Security (*Instituto Nacional de la Seguridad Social - INSS*). It provides a defined benefit based on contribution and earnings history.
A number of retirement benefit systems exist for specific groups of employees, including special regimes for government, agriculture, mining and marine sector workers, as well as self-employed workers. Contribution rates, eligibility rules and the determination of benefits vary across these systems. For example, a separate system exists for certain state and government officials (Clases Pasivas del Estado), which - for some specific occupational classes depending on their contribution history - provides a flat-rate benefit, among other defined benefit provisions.

The pension system provides a number of benefit options based on typical old-age pension requirements - age and years of contribution - but also provides a number of alternative eligibility tracks based on reductions in work hours or job loss. These options are:

- Ordinary Retirement (Jubilación Ordinaria), available at the statutory retirement age with a minimum of years of contributions
- Partial Retirement (Jubilación Parcial), available until a worker reaches the statutory retirement age for Ordinary Retirement, if the reduced effort is linked to the hiring of an unemployed worker
- Flexible Retirement (Jubilación Flexible), available for individuals having satisified age and contribution requirements for starting benefits under Ordinary Retirement that want to combine receiving a part of their pension with part-time work.

Contributions

- **Employee contribution rate**
  4.7% of covered earnings
  Notes:
  - The definition of covered earnings varies based for the 11 occupational classes. See Table 1 and Table 2 for yearly values of minimum and maximum earnings for contributions purposes, depending on the insured's occupational class, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law
- **Employer contribution rate**

23.6% of covered earnings
Notes:
  - The definition of covered earnings varies for the 11 occupational classes, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Self-employed contribution rate**
  28.3% of covered earnings
  Notes:
  - Autonomous/self-employed workers can choose a value for their covered earnings that ranges from the minimum to the maximum values shown in Table 4. This value of covered earnings represents the contribution base for which the contribution rate is applied to. See also Table 4 for applicable contribution rates by year
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

Eligibility

Age requirements to start benefits without penalty
- **Statutory retirement age (SRA)**
  Age 65
- **Does SRA vary by birth year?** Answer: No
- **Does SRA vary by sex?** Answer: No

Contribution requirements to be eligible to receive benefit
During this time period there were two eligibility tracks for full benefits.

Eligibility Track 1: Ordinary Retirement
- Age requirements: Age 65
- Contribution requirements: 15 years of contributions (2 years of contributions must be accrued in the last 15 years (180 months)

Eligibility Track 2: Partial Retirement
- Age requirements: Age 60
- Contribution requirement: 15 years of contributions (2 years of contributions must be accrued in the last 15 years (180 months)
- Other requirements: If the retiree has not reached the statutory retirement age for Eligibility Track 1, this retirement should be linked to a hand-over contract, that is, the part-time hiring of an unemployed worker.

Other Eligibility Tracks
- The retirement age of 65 can be reduced for certain groups whose professional activity is arduous, toxic, dangerous or unhealthy; age 64 if employer replaces retiree with youth seeking first employment.

Alternative eligibility requirements that permit starting benefits early, but with a penalty
- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility Track 1: Ordinary Retirement
  - For workers contributing prior to 1967:
    * Age Requirement: Age 60
    * Other Requirements: Same as full benefits
  - For workers not contributing prior to 1967:
    * Age Requirement: Age 61
    * Contribution Requirements: 30 contribution years
    * Other Requirements:

- Involuntarily unemployed
- Has been registered as unemployed for at least 6 months immediately prior to the date in which they started to receive retirement benefits

Eligibility Track 2: Partial Retirement
No early retirement option

- **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: Policy in place at claiming age
- **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: No
- **Does an individual receive credits for number of children?** Answer: Yes
- **Does an individual receive credits for unemployment?** Answer: Yes
  During periods of unemployment benefit receipt, the government pays all of the employers' contribution and 35% of the employee's contribution to the pension insurance scheme. The remaining 65% of the employee's contribution is paid by the worker. The base salary for contributions is the average salary in the six months prior to unemployment. The duration depends on the number of contribution days during the prior six years, varying between four months and two years. The unemployment assistance which is paid thereafter does not create any pension credits, except for workers age 52 or older. For these workers, old age pension contributions are paid by the government up to the SRA. These contributions are levied on the minimum base of 631.20€ per month, as of 2006.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI

Benefit formula for claiming at SRA

Pension benefits are calculated based on the retiree's regulatory base (*"base reguladora"*). The regulatory base is defined as an average of the selected years that comprise the contribution base (*"base de cotización"*) indexed to the year benefits are started. The contribution base is defined as the gross monthly wage, including pro-rata bonuses and other forms of compensation. See Formula 1 for details on the calculation of the regulatory base.

Eligibility Track 1: Ordinary Retirement
If an individual qualifies for the Eligibility Track 1 (Ordinary Retirement), the monthly benefit is calculated by multiplying the regulatory base by 50%, plus 3% per year of contribution between 16 and 25 years, plus 2% per year of contribution between 26 and 35. At 35 years of contribution and after, the monthly pension benefits are calculated at 100% of the regulatory base. See Formula 2 for calculation specifics. See Table 5 for a summary of the percentages applied to the regulatory base to calculate the monthly pension benefits based on the years of contribution.

If the calculated pension benefit falls below a certain threshold equal to the minimum pension, the monthly pension is raised to the minimum pension level. For yearly values of minimum pensions, see Table 6 for individuals who are 65 or older, and Table 7 for individuals aged less than 65. Minimum pensions are paid only to those individuals whose income (defined as the sum of all earnings and incomes subject to the Personal Income Tax - *Impuesto a la Renta de las Personas Físicas, IRPF*) is below the income levels stated in Table 8.

Eligibility Track 2: Partial Retirement

If an individual qualifies for the Eligibility Track 2 (Partial Retirement), monthly benefits are calculated in the same way as Eligibility Track 1 benefits, but are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). See Formula 5 for details on the lower benefit due to Partial Retirement. Lower benefits only remain in force until the worker satisfies the eligibility requirements for full-benefits under Eligibility Track 1, at which point, they become full benefits according to the benefit calculation for Eligibility Track 1.

Notes:

- Pension benefits take the form of 14 payments yearly: 12 of them are paid each month, while the extra 2 payments are paid in July and November of each year.
- During this policy period, the enforcement of earnings and income requirements for minimum pension is believed to be limited. Therefore, individuals with higher income levels may have their old-age benefit increased to the minimum pension level even if they did not fully satisfy the earnings and income requirements.
- There is an implicit maximum for pension benefits created by the annual maximum contribution set in Table 2, which limits the maximum amount of the regulatory base. Additionally, yearly pension benefits are also capped at the maximum levels stated in Table 9.

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 Track 1: Ordinary Retirement
  - For workers contributing prior to 1967:
    - Age Requirement: Age 60
    - Other Requirements: Same as full benefits
  - For workers not contributing prior to 1967:
    - Age Requirement: Age 61
    - Contribution Requirements: 30 contribution years
    - Other Requirements:
      - Involuntarily unemployed
      - Has been registered as unemployed for at least 6 months immediately prior to the date in which they started to receive retirement benefits

  Eligibility Track 2: Partial Retirement
  No early retirement option

- **Adjustment formula**
  Eligibility Track 1: Ordinary Retirement
  If an individual does not meet the age requirements for the Eligibility Track 1 (Ordinary Retirement), old age benefits may be started as early as age 60 at a reduced rate, but this benefit option depends on whether the worker was contributing to INSS before 1967 and whether the worker stopped work involuntarily.
  - For workers contributing prior to 1967:
    - Involuntary retirement:
      - Before 2003: If a worker has at least 40 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by 7% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 4 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
      - On or after 2003: If a worker has at least 30 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by a fixed percentage between 6% and 8% for each year below the SRA of Eligibility Track 1 (Ordinary Retirement). See Formula 6 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
    - Otherwise: the monthly pension benefit is reduced by 8% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 3 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
  - For workers not contributing prior to 1967:

* Involuntary retirement:
  - Before 2003: Benefits before SRA are not an option
  - On or after 2003: If a worker has at least 30 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by a fixed percentage between 6% and 8% for each year below the SRA of Eligibility Track 1 (Ordinary Retirement). See Formula 6 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
* Otherwise: Benefits before SRA are not an option

Eligibility Track 2: Partial Retirement
Benefits before SRA are not an option.

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**

  Eligibility Track 1: Ordinary Retirement
  If an individual qualifies for the Eligibility Track 1 (Ordinary Retirement), the baseline pension amount may exceed 100% for those who retire at age 65 or older and who have at least 35 years of credited contributions. The pension is increased by 2% for each year of deferral after age 65 if the retiree has reached 35 years of paid contributions. If not, the additional increase will be computed to the pension benefit only after reaching 35 years of paid contributions. See Formula 7 for calculation details.

  Eligibility Track 2: Partial Retirement
  This eligibility track is not consistent with delaying benefits past the SRA for Eligibility Track 1 (Ordinary Retirement)

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

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**

  Eligibility Track 1: Ordinary Retirement
  This eligibility track includes one option to work and receive benefits before 2003 and two options from 2003. These options depend on type of work (e.g., self-employed or employee), work income, and work effort.

  1. Limited Self-Employment: A beneficiary can receive income from self-employed/autonomous work as long as the annual earnings do not exceed the Minimum Interprofessional Salary (see Table 10 for values). If a beneficiary earns above this threshold, then their old-age benefits are stopped.
  2. Flexible Retirement: Introduced by Law 35/2002 (effective from 2003), this option allows a beneficiary to combine work income (for both employees and self-employed/autonomous workers) with pension income after satisfying the eligibility requirements for Eligibility Track 1 (Ordinary Retirement) and starting benefits. The working day must be 25% to 50% of the pre-benefit working day. Pension benefits are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). Employees pay contributions to the pension system based on their earned income.

  Eligibility Track 2: Partial Retirement
  By design, this eligibility track allows a worker to combine work income with pension income. The working day must be 25% to 85% of the pre-benefit working day. Pension benefits are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). Employees pay contributions to the pension system based on their earned income. If a beneficiary earns exceeds these limits, then their old-age benefits are stopped.

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

Additional Benefit Adjustments

- **Adjustment 1**: Childcare credits for contribution years
- **Adjustment 1 details**: Up to two years of maternity leave (out of the labor force due to newborn childcare) can be credited as contribution years.

Chapter 4: Policy enacted 2007-2010

Policy change in 2007

Law 40/2007 on Social Security measures (Official State Gazette, 2007) - enacted on December 4, 2007 and active from December 5, 2007 - introduced the following substantial reforms to the old-age benefit system:

- Changed the computation of the effective days of contribution for benefit eligibility
- Increased the minimum age limit for the Partial Retirement eligibility track from 60 to 61, making it conditional on the worker having at least 6 years of tenure in the same firm and a contribution period of 30 years

The reform followed the guidelines provided in 2005 by the renewal of the Toledo Pact (Pacto de Toledo).

Overview

The Spanish contributory public pension system for most employees known as the General Social Security Regime (*Regimen General de la Seguridad Social*) is administered by the National Institute of Social Security (*Instituto Nacional de la Seguridad Social - INSS*). It provides a defined benefit based on contribution and earnings history.
A number of retirement benefit systems exist for specific groups of employees, including special regimes for government, agriculture, mining and marine sector workers, as well as self-employed workers. Contribution rates, eligibility rules and the determination of benefits vary across these systems. For example, a separate system exists for certain state and government officials (Clases Pasivas del Estado), which - for some specific occupational classes depending on their contribution history - provides a flat-rate benefit, among other defined benefit provisions.

The pension system provides a number of benefit options based on typical old-age pension requirements - age and years of contribution - but also provides a number of alternative eligibility tracks based on reductions in work hours or job loss. These options are:

- Ordinary Retirement (Jubilación Ordinaria), available at the statutory retirement age with a minimum of years of contributions
- Partial Retirement (Jubilación Parcial), available until a worker reaches the statutory retirement age for Ordinary Retirement, if the reduced effort is linked to the hiring of an unemployed worker
- Flexible Retirement (Jubilación Flexible), available for individuals having satisified age and contribution requirements for starting benefits under Ordinary Retirement that want to combine receiving a part of their pension with part-time work.

Contributions

- **Employee contribution rate**
  4.7% of covered earnings
  Notes:
  - The definition of covered earnings varies based for the 11 occupational classes. See Table 1 and Table 2 for yearly values of minimum and maximum earnings for contributions purposes, depending on the insured's occupational class, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Employer contribution rate**
  23.6% of covered earnings
  Notes:
  - The definition of covered earnings varies for the 11 occupational classes, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Self-employed contribution rate**
  28.3% of covered earnings
  Notes:

- Autonomous/self-employed workers can choose a value for their covered earnings that ranges from the minimum to the maximum values shown in Table 4. This value of covered earnings represents the contribution base for which the contribution rate is applied to. See also Table 4 for applicable contribution rates by year
- The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65
- **Does SRA vary by birth year?** Answer: No
- **Does SRA vary by sex?** Answer: No

Contribution requirements to be eligible to receive benefit

During this time period there were two eligibility tracks for full benefits.

Eligibility Track 1: Ordinary Retirement

- Age requirements: Age 65
- Contribution requirements: 15 years of contributions (2 years of contributions must be accrued in the last 15 years (180 months) - see note on policy change regarding definition of a contribution year).

Eligibility Track 2: Partial Retirement

- Age requirements: Age 60 before 2008, but gradually increasing to age 61 by 2014. See Table 12 for age requirements by policy period.
- Contribution requirements: 15 contribution years before 2008, but gradually increasing to 30 years by 2012 (unless the insured voluntarily contributed to a labor mutual benefit society before 1967) including 2 years of contributions in the last 15 years. See Table 13 for contribution requirements by policy period.
- Other requirements: An individual must also satisfy all of the following conditions based on policy period —
  Before 2008
  - If the retiree has not reached the statutory retirement age for Eligibility Track 1, this retirement should be linked to a hand-over contract, that is, the part-time hiring of an unemployed worker.

  From 2008
  - Must continue to work at the same firm. Work effort must be limited to 25% to 85% of the individual's work effort prior to starting benefits under this eligibility track. The upper limit is gradually decreasing from 85% to 75% between 2008 and 2012. See Table 14 for the upper limit by policy period.
  - Have 2 years of tenure in the firm in 2008 and gradually increasing to 6 years from 2012. See Table 15 for the tenure requirement by policy period.
  - If the retiree has not reached the statutory retirement age for Eligibility Track 1, this retirement should be linked to a hand-over contract, that is, the part-time hiring of an unemployed worker.

Other Eligibility Tracks:

- The retirement age of 65 can be reduced for certain groups whose professional activity is arduous, toxic, dangerous or unhealthy; age 64 if employer replaces retiree with youth seeking first employment.

Note:
Law 40/2007 (Official State Gazette, 2007) changed the computation of the minimum contribution years necessary to start benefits. Previously the reference for contribution years was based on the number of months worked. This reform required that the actual number of work days (excluding days of extraordinary pay - such as vacation and sick days) would be used to calculate contribution years. See Table 16 for the phased-in number of effective workdays required by policy period.

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

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility Track 1: Ordinary Retirement
  - Involuntary Early Retirement: If a person stops working involuntarily (e.g., due to a layoff), then they must satisfy all the following requirements —
    - Age Requirements: Age 60 for workers contributing prior to 1967; Age 61 otherwise
    - Contribution Requirements: 30 contribution years
    - Other Requirements:
      - Involuntarily unemployed
      - Has been registered as unemployed for at least 6 months immediately prior to the date in which they start benefits
  - Voluntary Early Retirement: If a person chooses to stop working and start the receipt of pension benefits, then they must satisfy all the following requirements:
    - Age Requirements: Age 60 for workers contributing prior to 1967; Age 63 otherwise
    - Contribution Requirements: 33 contribution years

  Eligibility Track 2: Partial Retirement
  No early retirement option

- **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: Policy in place at claiming age
- **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: No
- **Does an individual receive credits for number of children?** Answer: Yes
- **Does an individual receive credits for unemployment?** Answer: Yes
  During periods of unemployment benefit receipt, the government pays all of the employers' contribution and 35% of the employee's contribution to the pension insurance scheme. The remaining 65% of the employee's contribution is paid by the worker. The base salary for contributions is the average salary in the six months prior to unemployment. The duration depends on the number of contribution days during the prior six years, varying between four months and two years. The unemployment assistance which is paid thereafter does not create any pension credits, except for workers age 52 or older. For these workers, old age pension contributions are paid by the government up to the SRA. These contributions are levied on the minimum base of 699.90€ per month, as of 2008.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  CPI

Benefit formula for claiming at SRA

Pension benefits are calculated based on the retiree's regulatory base (*"base reguladora"*). The regulatory base is defined as an average of the selected years that comprise the contribution base (*"base de cotización"*) indexed to the year benefits are started. The contribution base is defined as the gross monthly wage, including pro-rata bonuses and other forms of compensation. See Formula 1 for details on the calculation of the regulatory base.

Eligibility Track 1: Ordinary Retirement

If an individual qualifies for the Eligibility Track 1 (Ordinary Retirement), the monthly benefit is calculated by multiplying the regulatory base by 50%, plus 3% per year of contribution between 16 and 25 years, plus 2% per year of contribution between 26 and 35. At 35 years of contribution and after, the monthly pension benefits are calculated at 100% of the regulatory base. See Formula 8 for calculation specifics. See Table 5 for a summary of the percentages applied to the regulatory base to calculate the monthly pension benefits based on the years of contribution.

If the calculated pension benefit falls below a certain threshold equal to the minimum pension, the monthly pension is raised to the minimum pension level. For yearly values of minimum pensions, see Table 6 for individuals who are 65 or older, and Table 7 for individuals aged less than 65. Minimum pensions are paid only to those individuals whose income (defined as the sum of all earnings and incomes subject to the Personal Income Tax - *Impuesto a la Renta de las Personas Físicas, IRPF*) is below the income levels stated in Table 8.

Eligibility Track 2: Partial Retirement

If an individual qualifies for the Eligibility Track 2 (Partial Retirement), monthly benefits are calculated in the same way as Eligibility Track 1 benefits, but are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). See Formula 5 for details on the lower benefit due to Partial Retirement. Lower benefits only remain in force until the worker satisfies the eligibility requirements for full-benefits under Eligibility Track 1, at which point, they become full benefits according to the benefit calculation for Eligibility Track 1.

Notes:
- Pension benefits take the form of 14 payments yearly: 12 of them are paid each month, while the extra 2 payments are paid in July and November of each year.
- During this policy period, the enforcement of earnings and income requirements for minimum pension is believed to be limited. Therefore, individuals with higher income levels may have their old-age benefit increased to the minimum pension level even if they did not fully satisfy the earnings and income requirements.
- There is an implicit maximum for pension benefits created by the annual maximum contribution set in Table 2, which limits the maximum amount of the regulatory base. Additionally, yearly pension benefits are also capped at the maximum levels stated in Table 9.

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 Track 1: Ordinary Retirement
  - Involuntary Early Retirement: If a person stops working involuntarily (e.g., due to a layoff), then they must satisfy all the following requirements —
    * Age Requirements: Age 60 for workers contributing prior to 1967; Age 61 otherwise
    * Contribution Requirements: 30 contribution years
    * Other Requirements:
      - Involuntarily unemployed
      - Has been registered as unemployed for at least 6 months immediately prior to the date in which they start benefits
  - Voluntary Early Retirement: If a person chooses to stop working and start the receipt of pension benefits, then they must satisfy all the following requirements:
    * Age Requirements: Age 60 for workers contributing prior to 1967; Age 63 otherwise
    * Contribution Requirements: 33 contribution years

  Eligibility Track 2: Partial Retirement

  No early retirement option

- **Adjustment formula**

  Eligibility Track 1: Ordinary Retirement

  If an individual does not meet the age requirements for the Eligibility Track 1 (Ordinary Retirement), old age benefits may be started as early as age 60 at a reduced rate, but this benefit option depends on whether the worker was contributing to INSS before 1967 and whether the worker stopped work involuntarily.
  - For workers contributing prior to 1967:

    * Involuntary retirement:
        - Before 2003: If a worker has at least 40 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by 7% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 4 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
        - On or after 2003: If a worker has at least 30 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by a fixed percentage between 6% and 8% for each year below the SRA of Eligibility Track 1 (Ordinary Retirement). See Formula 6 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
    * Otherwise: the monthly pension benefit is reduced by 8% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 3 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
- For workers not contributing prior to 1967:
    * Involuntary retirement:
        - Before 2003: Benefits before SRA are not an option
        - On or after 2003: If a worker has at least 30 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by a fixed percentage between 6% and 8% for each year below the SRA of Eligibility Track 1 (Ordinary Retirement). See Formula 6 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
    * Otherwise: Benefits before SRA are not an option

Eligibility Track 2: Partial Retirement
Benefits before SRA are not an option.

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**

  Eligibility Track 1: Ordinary Retirement
  If an individual qualifies for the Eligibility Track 1 (Ordinary Retirement), the baseline pension amount may exceed 100% for those who retire at age 65 or older and who have at least 35 years of credited contributions. The pension is increased by 2% for each year of deferral after age 65 if the retiree has reached 35 years of paid contributions. If not, the additional increase will be computed to the pension benefit only after reaching 35 years of paid contributions. See Formula 7 for calculation details.

  Eligibility Track 2: Partial Retirement
  This eligibility track is not consistent with delaying benefits past the SRA for Eligibility Track 1 (Ordinary Retirement)

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

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**

  Eligibility Track 1: Ordinary Retirement
  This eligibility track includes two options to work and receive benefits. These options depend on type of work (e.g., self-employed or employee), work income, and work effort.

  1. Limited Self-Employment: A beneficiary can receive income from self-employed/autonomous work as long as the annual earnings do not exceed the Minimum Interprofessional Salary (see Table 10 for values). If a beneficiary earns above this threshold, then their old-age benefits are stopped.
  2. Flexible Retirement: A beneficiary can combine work income (for both employees and self-employed/autonomous workers) with pension income after satisfying the eligibility requirements for Eligibility Track 1 (Ordinary Retirement) and starting benefits. The working day must be 25% to 50% of the pre-benefit working day. Pension benefits are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). Employees pay contributions to the pension system based on their earned income.

Eligibility Track 2: Partial Retirement

By design, this eligibility track allows a worker to combine work income with pension income. The working day must be 25% to 85% of the pre-benefit working day. The upper limit is gradually decreasing from 85% to 75% between 2008 and 2012. See Table 14 for the upper limit by policy period. Pension benefits are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). Employees pay contributions to the pension system based on their earned income. If a beneficiary earns exceeds these limits, then their old-age benefits are stopped.

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

Additional Benefit Adjustments

- **Adjustment 1**: Childcare credits for contribution years
- **Adjustment 1 details**: Up to two years of maternity leave (out of the labor force due to newborn childcare) can be credited as contribution years.

Chapter 5: Policy enacted 2011-2021

Policy change in 2011

Law 27/2011 on the Updating, Adaptation and Modernization of the Social Security System (Official State Gazette, 2011) - enacted on August 1, 2011 and active from August 2, 2011 - introduced the following substantial reforms to the old-age benefit system:

- Introduced a gradual increase in the statutory retirement age from 2013 for Ordinary Retirement from 65 to 67 years of age
- Introduced a gradual increase in the period considered to calculate the regulatory base (Base Reguladora) of retirement pensions from 2013, from 15 to 25 years
- Increased a gradual increase in the number of contribution years that are required to be entitled to a full pension (i.e., to 100% of the regulatory base of the pension) from 2013, from 35 to 37 years
- Changed the unit of measure in the calculation of pension benefits from years of contribution to months of contribution.
- Changed eligibility rules for early retirement.

The reform followed the guidelines provided in 2010 by the renewal of the Toledo Pact (Pacto de Toledo).

Additional reforms during the policy period include:

- Royal Decree-Law 5/2013 (Official State Gazette, 2013a) aiming to promote longer working lives - enacted on March 15, 2013 and active from March 16, 2013 - gradually increased the eligibility ages for partial and early retirement, consistent with gradual increases in the statutory retirement age for Ordinary Retirement passed in Law 27/2011 (Official State Gazette, 2011).
- Law 23/2013 (Official State Gazette, 2013a) - enacted on December 23, 2013 and active from January 1, 2014 - introduced two different factors that would change the annual revaluation of pension benefits:
  - Revaluation factor: factor replacing the consumer price index for the indexation of benefits
  - Sustainability factor: factor aimed at linking benefit change to the financial status of the Spanish pension system.
- Royal Legislative Decree 8/2015 on Approving the Revised Text of the General Social Security Law (Official State Gazette, 2015) - enacted on October 30, 2015 and active from January 2, 2016 - introduced the notion of Active Retirement (*Pensión de jubilación y envejecimiento activo*) which allows beneficiaries to combine work and pension income if they qualify for 100% of their regulatory base.
- Royal Decree 28/2018 (Official State Gazette, 2018) - enacted on December 28, 2018 and active from January 1, 2019 - reverted the changes introduced by Law 23/2013 (Official State Gazette, 2013b) on the annual revaluation of pension benefits. From 2019, pension benefits are indexed according to the Consumer Price Index (CPI) of the preceding calendar year.

Note: The Sustainability Factor, intended to be applied from 2019 onwards, had never been applied during this or any of the following policy periods, given a following reform that removed its application. See the "Additional Benefit Adjustments" section for further details.

Overview

The Spanish contributory public pension system for most employees known as the General Social Security Regime (*Regimen General de la Seguridad Social*) is administered by the National Institute of Social Security (*Instituto Nacional de la Seguridad Social - INSS*). It provides a defined benefit based on contribution and earnings history.
A number of retirement benefit systems exist for specific groups of employees, including special regimes for government, agriculture, mining and marine sector workers, as well as self-employed workers. Contribution rates, eligibility rules and the determination of benefits vary across these systems. For example, a separate system exists for certain state and government officials (Clases Pasivas del Estado), which - for some specific occupational classes depending on their contribution history - provides a flat-rate benefit, among other defined benefit provisions. A process of harmonization between *Clases Pasivas del Estado* and the General Social Security Regime is still underway: no govement employee hired after 2011 is covered by this regime, although those already covered by this regime maintain their coverage status.

The pension system provides a number of benefit options based on typical old-age pension requirements - age and years of contribution - but also provides a number of alternative eligibility tracks based on reductions in work hours or job loss. These options are:

- Ordinary Retirement (Jubilación Ordinaria), available at the statutory retirement age with a minimum of years of contributions
- Partial Retirement (Jubilación Parcial), available until a worker reaches the statutory retirement age for Ordinary Retirement, if the reduced effort is linked to the hiring of an unemployed worker
- Flexible Retirement (Jubilación Flexible), available for individuals having satisified age and contribution requirements for starting benefits under Ordinary Retirement that want to combine receiving a part of their pension with part-time work.

Contributions

- **Employee contribution rate**
  4.7% of covered earnings
  Notes:
  - The definition of covered earnings varies based for the 11 occupational classes. See Table 1 and Table 2 for yearly values of minimum and maximum earnings for contributions purposes, depending on the insured's occupational class, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Employer contribution rate**
  23.6% of covered earnings
  Notes:
  - The definition of covered earnings varies for the 11 occupational classes, as described in Table 3
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

- **Self-employed contribution rate**
  28.3% of covered earnings
  Notes:
  - Autonomous/self-employed workers can choose a value for their covered earnings that ranges from the minimum to the maximum values shown in Table 4. This value of covered earnings represents the contribution base for which the contribution rate is applied to. See also Table 4 for applicable contribution rates by year
  - The reported contribution rates finance not only old-age benefits, but also survivor benefits (widows and orphans) and other provisions (maternity and paternity leave, etc.). However, how the contribution rates are separated between the different provisions is not specified by law

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Differs based on with a long contribution history:
  - Without a long contribution history: Age 65 in 2012 and gradually rising from 2013 to 2027 to age 67
  - With a long contribution history: Age 65

  Note:
  A long contribution history is defined as 35 contribution years before 2012 and gradually increasing to 38.5 years from 2013 to 2027
- **Does SRA vary by birth year?** Answer: Yes
- **Does SRA vary by sex?** Answer: No
- **Details by birth year**: See Table 17 for SRA by policy year

Contribution requirements to be eligible to receive benefit

During this time period there were four eligibility tracks for benefits, an increase from two eligibility tracks prior to Law 27/2011 (Official State Gazette, 2011). The additional eligibility tracks represent variants on previous eligibility tracks with one providing benefit eligibility based primarily on old age while the other benefit eligibility track enables benefits to start at earlier ages if the worker has a long contribution history.

Eligibility Track 1A: Ordinary Retirement

- Age requirements: Age 65 before 2013 and gradually increasing to 67 from 2013 to 2027. See Table 17 for the gradual increase in age requirements by policy period.
- Contribution requirements: 15 contribution years (2 contribution years must be accrued in the last 15 years). Contribution years are based on the number of months worked. See Table 16 for number of effective workdays required by policy period.

Eligibility Track 1B: Ordinary Retirement with Long Contribution History

- Age requirements: Age 65
- Contribution requirements: 35 contribution years before 2013 and gradually increasing to 38 years and 6 months from 2013 to 2027. See Table 17 for the gradual increase in contribution requirements by policy period.

Eligibility Track 2A: Partial Retirement

- Age Requirements: Age 61 before 2013 and gradually rising to age 65 from 2013 to 2027. See Table 18 for the gradual increase in age requirements by policy period.
- Contribution Requirements: 27 contribution years in 2011; 30 contribution years in 2012; 33 contribution years from 2013
- Other requirements: An individual must also satisfy all of the following conditions —
  1. Must continue to work at the same firm. Work effort must be limited to 25% to 78% in 2011 (25% to 75% from 2012) of the individual's work effort prior to starting benefits under this eligibility track
  2. Have 5 years of tenure in the firm in 2011 (6 years of tenure from 2012)
  3. If the retiree has not reached the statutory retirement age for Eligibility Track 1, this retirement should be linked to a hand-over contract, that is, the part-time hiring of an unemployed worker.

Eligibility Track 2B: Partial Retirement with Long Contribution History

- Age Requirements: Age 61 before 2013 and gradually rising to age 63 from 2013 to 2027 (unless the insured voluntarily contributed to a labor mutual benefit society before 1967). See Table 18 for the gradual increase in age requirements by policy period.
- Contributions Requirements: 27 contribution years in 2011; 30 contribution years in 2012; 33 years and 3 months in 2013 and gradually increasing to 36 years and 9 months between 2013 and 2027. See Table 18 for the gradual increase in contribution requirements by policy period.
- Other requirements: An individual must also satisfy all of the following conditions —
  1. Must continue to work at the same firm
  2. Work effort must be limited to 25% to 78% in 2011 (25% to 75% from 2012) of the individual's work effort prior to starting benefits under this eligibility track
  3. Have 5 years of tenure in the firm in 2011 (6 years of tenure from 2012)
  4. If the retiree has not reached the statutory retirement age for Eligibility Track 1, this retirement should be linked to a hand-over contract, that is, the part-time hiring of an unemployed worker.

Other Eligibility Tracks:

- The retirement age of 65 can be reduced for certain groups whose professional activity is arduous, toxic, dangerous or unhealthy; age 64 if employer replaces retiree with youth seeking first employment.

Note: Both the new and the partially retired employees in both Partial Retirement schemes will contribute fully to the pension system. Prior to the current 2011 reform, partially retired only contributed proportionally to the working day effectively worked.

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

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**

  Eligibility Track 1A and 1B: Ordinary Retirement
  - Involuntary Early Retirement: If a person stops working involuntarily (e.g., due to a layoff), then they must satisfy all the following requirements —
    * Age Requirements: Age 60 for workers contributing prior to 1967; Otherwise, age 61 before 2013 and gradually increasing to age 63 from 2013 to 2027. See Table 18 for the gradual increase in age requirements by policy period.
    * Contributions Requirements: 27 contribution years in 2011; 30 contribution years in 2012; 33 years and 3 months in 2013 and gradually increasing to 36 years and 9 months between 2013 and 2027. See Table 18 for the gradual increase in contribution requirements by policy period.
    * Other Requirements:
      1. Involuntarily unemployed
      2. Has been registered as unemployed for at least 6 months immediately prior to the date in which they start benefits
  - Voluntary Early Retirement: If a person chooses to stop working and start the receipt of pension benefits, then they must satisfy all the following requirements:
    * Age Requirements: Age 60 for workers contributing prior to 1967; Age 65 otherwise
    * Contribution Requirements: 35 contribution years

      Note: Before 2013, there is no distinction between starting benefits under the voluntary early retirement eligibility track with reduced benefits and the full-benefit Ordinary Retirement eligibility track for workers with a long contribution history. However, from 2013 to 2027, the contribution requirement for the voluntary early retirement eligibility track with reduced benefits remains constant, while the contribution requirements increase for full-benefits.

Eligibility Track 2A and 2B: Partial Retirement
No early retirement option

- **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: Policy in place at claiming age
- **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: No
- **Does an individual receive credits for number of children?** Answer: Yes
- **Does an individual receive credits for unemployment?** Answer: Yes
  During periods of unemployment benefit receipt, the government pays all of the employers' contribution and the employee's contribution is paid by the worker. The base salary for contributions is the average salary in the six months prior to unemployment. The duration of the benefits depends on the number of contribution days during the prior six years, varying between four months and two years. The unemployment assistance which is paid thereafter does not create any pension credits, except for workers age 55 or older. For these workers, old-age pension contributions are paid by the government up to the SRA. These contributions are levied on the minimum base of 748.20€ per month, as of 2012.

- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  Varies by year:
  - Before 2015: benefits are adjusted annually by CPI.
  - From 2015 to 2018: benefits are adjusted taking into consideration the new factor introduced by Law 23/2013:
    - Revaluation Factor: Based on average earnings but is reduced if the number of pensions being paid increases, the average benefit level increases, or the net income of the social security system is negative. Additionally, the revaluation factor can never be less that 0.25% or greater than 0.5% + the growth in consumer prices. *Note*: See Law 23/2013 for detailed information on the computation of the revaluation factor.
    - From 2019 onwards: benefits are adjusted annually by CPI.

Benefit formula for claiming at SRA

Pension benefits are calculated based on the retiree's regulatory base (*"base reguladora"*). The regulatory base is defined as an average of the selected years that comprise the contribution base (*"base de cotización"*) indexed to the year benefits are started. The contribution base is defined as the gross monthly wage, including pro-rata bonuses and other forms of compensation. See Formula 1 for details on the calculation of the regulatory base. Law 27/2011 changed how benefits are computed starting in 2013.

Eligibility Track 1A and 1B: Ordinary Retirement
If an individual qualifies for the Eligibility Track 1A or 1B (Ordinary Retirement):

- Before 2013: The monthly benefit is calculated by multiplying the regulatory base by 50%, plus 3% per year of contribution between 16 and 25 years, plus 2% per year of contribution between 26 and 35. At 35 years of contribution and after, the monthly pension benefits are calculated at 100% of the regulatory base. See Formula 8 for calculation specifics. See Table 5 for a summary of the percentages applied to the regulatory base to calculate the monthly pension benefits based on the years of contribution.

- On or after 2013: The monthly benefit is calculated by multiplying the regulatory base by 50%, and by specific percentages stated in Table 19 until 37 years of contributions. At 37 years of contributions and after, the monthly pension benefits are calculated at 100% of the regulatory base. See Formula 9 for calculation specifics, along with Table 20 for reference months and divisor factors during a phase-in period from 2013-2022.

If the calculated pension benefit falls below a certain threshold equal to the minimum pension, the monthly pension is raised to the minimum pension level. For yearly values of minimum pensions, see Table 6 for individuals who are 65 or older, and Table 7 for individuals aged less than 65. Minimum pensions are paid only to those individuals whose income (defined as the sum of all earnings and incomes subject to the Personal Income Tax - *Impuesto a la Renta de las Personas Físicas, IRPF*) is below the income levels stated in Table 8.

Eligibility Track 2A and 2B: Partial Retirement
If an individual qualifies for the Eligibility Track 2A or 2B (Partial Retirement), monthly benefits are calculated in the same way as Eligibility Track 1A/1B benefits, but are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). See Formula 5 for details on the lower benefit due to Partial Retirement. Lower benefits only remain in force until the worker satisfies the eligibility requirements for full-benefits under Eligibility Track 1A/1B, at which point, they become full benefits according to the benefit calculation for Eligibility Track 1A/1B.

Notes:
- Pension benefits take the form of 14 payments yearly: 12 of them are paid each month, while the extra 2 payments are paid in July and November of each year.
- From 2013 onwards, benefits are calculated by considering months of contributions, instead of years.
- There is an implicit maximum for pension benefits created by the annual maximum contribution set in Table 2, which limits the maximum amount of the regulatory base. Additionally, yearly pension benefits are also capped at the maximum levels stated in Table 9.

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 Track 1A and 1B: Ordinary Retirement
  - Involuntary Early Retirement: If a person stops working involuntarily (e.g., due to a layoff), then they must satisfy all the following requirements —
    * Age Requirements: Age 60 for workers contributing prior to 1967; Otherwise, age 61 before 2013 and gradually increasing to age 63 from 2013 to 2027. See Table 18 for the gradual increase in age requirements by policy period.
    * Contributions Requirements: 27 contribution years in 2011; 30 contribution years in 2012; 33 years and 3 months in 2013 and gradually increasing to 36 years and 9 months between 2013 and 2027. See Table 18 for the gradual increase in contribution requirements by policy period.
    * Other Requirements:
      1. Involuntarily unemployed
      2. Has been registered as unemployed for at least 6 months immediately prior to the date in which they start benefits
  - Voluntary Early Retirement: If a person chooses to stop working and start the receipt of pension benefits, then they must satisfy all the following requirements:
    * Age Requirements: Age 60 for workers contributing prior to 1967; Age 65 otherwise
    * Contribution Requirements: 35 contribution years
      Note: Before 2013, there is no distinction between starting benefits under the voluntary early retirement eligibility track with reduced benefits and the full-benefit Ordinary Retirement eligibility track for workers with a long contribution history. However, from 2013 to 2027, the contribution requirement for the voluntary early retirement eligibility track with reduced benefits remains constant, while the contribution requirements increase for full-benefits.

  Eligibility Track 2A and 2B: Partial Retirement
  No early retirement option

- **Adjustment formula**
  Eligibility Track 1A and 1B: Ordinary Retirement
  If an individual does not meet the age requirements for the Eligibility Track 1A or 1B (Ordinary Retirement), old age benefits may

be started as early as age 60 at a reduced rate, but this benefit option depends on whether the worker was contributing to INSS before 1967 and whether the worker stopped work involuntarily.

1. Involuntary retirement:
   - Before 2013: If a worker has at least 30 years of contributions and can demonstrate early retirement was a consequence of involuntary termination of their employment contract, then the monthly pension benefit is reduced by a fixed percentage between 6% and 8% for each year below the SRA of Eligibility Track 1 (Ordinary Retirement). See Formula 6 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
   - On or after 2013: Pension benefits are reduced by 6% to 8% for each year before the relevant SRA based on the worker's total contribution years. See Formula 10 for calculation details and Table 21 for reduction percentages of involuntary early retirement based on contribution years.
2. Otherwise:
   - Before 2013:
     * For workers contributing prior to 1967: the monthly pension benefit is reduced by 8% for each year below the SRA for Eligibility Track 1 (Ordinary Retirement). See Formula 3 for calculation details. The reduction in pension benefits for starting benefits early is permanent (i.e., the reduction percentages continue to be applied also after reaching the SRA)
     * For workers not contributing prior to 1967: Benefits before SRA are not an option
   - On or after 2013: Pension benefits are reduced by 6.5% to 8.0% for each year before the relevant SRA based on the worker's total contribution years. See Formula 10 for calculation details and Table 21 for reduction percentages of voluntary early retirement based on contribution years.

Eligibility Track 2A and 2B: Partial Retirement
Benefits before SRA are not an option.

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**

  Eligibility Track 1A and 1B: Ordinary Retirement

  If an individual qualifies for the Eligibility Track 1A or 1B (Ordinary Retirement), the monthly pension amount may increase for those who continue to work after the SRA for Eligibility Track 1A (i.e., age 65 to 67).
  - Before 2013: The pension is increased by 2% for each year of deferral after age 65 if the retiree has reached 35 years of paid contributions. If not, the additional increase will be computed to the pension benefit only after reaching 35 years of paid contributions. See Formula 7 for calculation details.
  - On and After 2013: The pension is increased by different percentages based on age and contribution years:
    * 2.00% for each year after SRA for workers who have contributed between 15 and 25 years
    * 2.75% for each year after SRA for workers who have contributed between 25 and the contribution year threshold for 100% of the regulatory base (35 to 37 years). See Table 6 for contribution year threshold.
    * 4.00% for each year after SRA for workers who have contributed more than the contribution year threshold for 100% of the regulatory base (35 to 37 years). See Table 6 for contribution year threshold.

    See Formula 11 for calculation details.

  Eligibility Track 2A and 2B: Partial Retirement

  This eligibility track is not consistent with delaying benefits past the SRA for Eligibility Track 1A (Ordinary Retirement)

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

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**

  Eligibility Track 1A and 1B: Ordinary Retirement

  These eligibility tracks include two options before 2016 and three options from 2016 to work and receive benefits. These options depend on type of work (e.g., self-employed or employee), work income, and work effort.
  1. Limited Self-Employment: A beneficiary can receive income from self-employed/autonomous work as long as the annual earnings do not exceed the Minimum Interprofessional Salary (see Table 10 for values). If a beneficiary earns above this threshold, then their old-age benefits are stopped.

2. Flexible Retirement: A beneficiary can combine work income (for both employees and self-employed/autonomous workers) with pension income after satisfying the eligibility requirements for Eligibility Track 1 (Ordinary Retirement) and starting benefits. The working day must be 25% to 50% of the pre-benefit working day. Pension benefits are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). Employees pay contributions to the pension system based on their earned income.
3. Active Retirement: From 2016 onwards, beneficiaries qualifying for 100% or more of their regulatory base can continue work and receive 50% of their monthly pension benefit (i.e., the benefit reduction is a fixed percentage and not based on the level of work effort). Employees pay contributions to the pension system based on their earned income. Once work stops, the benefit reduction ends.

Eligibility Track 2A and 2B: Partial Retirement
By design, this eligibility track allows a worker to combine work income with pension income. The working day must be 25% to 78% of the pre-benefit working day. The upper limit is gradually decreasing from 78% to 75% between 2011 and 2012. See Table 14 for the upper limit by policy period. The reduction in working hours can be up to 75% in cases where the new worker is hired on a full-time basis under a contract of indefinite duration; otherwise, the reduction of the working day must be between 25% and 50%. Pension benefits are lowered proportionally to the change in the current length of the working day relative to the working day before starting benefits (i.e., if a worker reduces work effort to 25% of their effort before starting benefits under this eligibility track, then their benefit is lowered by 25%). Employees pay contributions to the pension system based on their earned income. If a beneficiary earns exceeds these limits, then their old-age benefits are stopped. Once work stops, the benefit reduction ends.

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

Additional Benefit Adjustments

- **Adjustment 1**: Childcare credits for contribution years
- **Adjustment 1 details**: Up to two years of maternity and paternity leave (out of the labor force due to newborn childcare) can be credited as contribution years.
- **Adjustment 2**: Application of Sustainability Factor
- **Adjustment 2 details**: The newly introduced Sustainability Factor (Law 23/2013) was conceived to link benefit adjustments to the State's financial situation and to the country's demographic evolution, to ensure the sustainability of public pensions. An intergenerational equity factor adds life expectancy to annual adjustments. The application of this factor was intendend to be introduced for pension benefits starting in 2019, applied once —when the first pension benefit of a retiree is paid at the SRA. However, further reforms eliminated this provision, and the factor had never been applied during this and following policy periods.

Tables and Formulas

Table 1: Minimum Contribution Bases by Year, by Professional Class

Year	Class 1 (1)	Class 2 (1)	Class 3 (1)	Class 4-7 (1)	Classes 8-11 (2)
1992	589.60 €	488.98 €	424.98 €	394.68 €	13.16 €
1993	613.21	508.46	441.92	410.55	13.69
1994	634.49	526.12	457.25	457.25	14.16
1995	656.67	544.52	473.30	439.58	14.65
1996	679.56	563.63	489.89	454.91	15.16
1997	697.23	578.23	502.69	467.17	15.57
1998	711.84	590.31	513.32	477.08	15.90
1999	724.64	600.95	522.52	485.74	16.19
2000	739.06	613.03	532.98	495.65	16.52
2001	753.85	625.29	543.62	505.75	16.86
2002	768.90	637.80	554.40	516.00	17.20
2003	784.20	650.70	565.50	526.50	17.55
2004	799.80	663.60	576.90	537.30	17.91
2005	836.10	693.60	603.00	598.50	19.95
2006	881.10	731.10	635.70	631.20	21.04
2007	929.70	771.30	670.80	665.70	22.19
2008	977.40	810.90	705.30	669.90	23.33
2009	1,016.40	843.30	733.50	728.10	24.27
2010	1,031.70	855.90	744.60	738.90	24.63
2011	1,045.20	867.00	754.20	748.20	24.94
2012	1,045.20	867.00	754.20	748.20	24.94
2013	1,051.50	872.10	758.70	753.00	25.10
2014	1,051.50	872.10	758.70	753.00	25.10
2015	1,056.90	876.60	762.60	762.60	25.22
2016	1,067.40	885.30	770.10	764.40	25.48
2017	1,152.90	956.20	831.60	825.60	27.52
2018	1,199.10	994.20	864.90	858.60	28.62
2019	1,466.40	1,215.90	1,057.80	1,050.00	35.00
2020	1,466.40	1,215.90	1,057.80	1,050.00	35.00
2021	1,547.00	1,282.80	1,116.00	1,108.33	37.00

Notes:

1 Monthly values

2 Daily values

- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Ministerial Orders on Contributions (1992 - 2021) developing the legal regulations on Social Security contributions, unemployment, unemployment protection, unemployment protection, wage guarantee fund and vocational training, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 2: Maximum Contribution Bases by Year, by Professional Class

Year	Classes 1-4 ([1])	Classes 5-7 ([1])	Classes 8-11 ([2])
1992	1,931.77 €	1,231.29 €	37.21 €
1993	2,032.20	1,514.55	50.49
1994	2,103.24	1,567.56	52.25
1995	2,176.80	1,622.37	54.08
1996	2,253.07	1,679.17	55.97
1997	2,311.67	1,722.80	57.43
1998	2,360.17	1,936.64	64.55
1999	2,402.73	2,074.57	69.15
2000	2,450.87	2,222.24	74.07
2001	2,499.91	2,380.37	79.35
2002	2,574.90	2,574.90	85.83
2003	2,652.00	2,652.00	88.40
2004	2,731.50	2,731.50	91.05
2005	2,813.40	2,813.40	93.78
2006	2,897.70	2,897.70	96.59
2007	2,996.10	2,996.10	99.87
2008	3,074.10	3,074.10	102.47
2009	3,166.20	3,166.20	105.54
2010	3,198.00	3,198.00	106.60
2011	3,230.10	3,230.10	107.67
2012	3,262.50	3,262.50	108.75
2013	3,425.70	3,425.70	114.19
2014	3,597.00	3,597.00	119.90
2015	3,606.00	3,606.00	120.20
2016	3,642.00	3,642.00	121.40
2017	3,751.20	3,751.20	125.04
2018	3,751.20	3,751.20	125.04
2019	4,070.10	4,070.10	135.67
2020	4,070.10	4,070.10	135.67
2021	4,070.10	4,070.10	135.67

Notes:

[1] Monthly values

[2] Daily values

- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Ministerial Orders on Contributions (1992 - 2021) developing the legal regulations on Social Security contributions, unemployment, unemployment protection, unemployment protection, wage guarantee fund and vocational training, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 3: Occupational classes

Class number	Class name (Spanish)	Class name (English)
1	Ingenieros y Licenciados. Personal de alta dirección no incluido en el artículo 1.3.c del Estatuto de los Trabajadores	Engineers and Graduates. Senior management personnel not included in Article 1.3.c of the Workers' Statute.
2	Ingenieros Técnicos, Peritos y Ayudantes Titulados	Technical Engineers, Experts and Qualified Assistants
3	Jefes Administrativos y de Taller	Administrative and Studio Managers
4	Ayudantes no Titulados	Non-graduated assistants
5	Oficiales Administrativos	Administrative Officials
6	Subalternos	Subordinates
7	Auxiliares Administrativos	Administrative Assistants
8	Oficiales de primera y segunda	First and second skill-class workers
9	Oficiales de tercera y Especialistas	Third skill-class workers and Specialists
10	Peones	Unskilled workers
11	Trabajadores menores de dieciocho años, cualquiera que sea su categoría profesional	Workers below 18 years of age, whatever their professional category is

Sources: Authors' collection of information from publications of Ministerial Orders on Contributions (1992 - 2021) developing the legal regulations on Social Security contributions, unemployment, unemployment protection, unemployment protection, wage guarantee fund and vocational training, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 4: Minimum and Maximum Contribution Base and Contribution Rates for Autonomous Workers

Year	Minimum	Maximum	Contribution Rate
1992	449.50 €	1,931.77 €	28.80 %
1993	503.41	2,032.20	28.80
1994	563.81	2,103.24	28.80
1995	591.94	2,176.81	28.30
1996	612.67	2,253.07	28.30
1997	639.72	2,311.67	28.30
1998	664.60	2,360.17	28.30
1999	681.19	2,402.73	28.30
2000	698.14	2,450.87	28.30
2001	712.02	2,499.91	28.30
2002	726.30	2,574.90	28.30
2003	740.70	2,652.00	28.30
2004	755.40	2,731.50	29.80
2005	770.40	2,813.40	29.80
2006	785.70	2,897.70	29.80
2007	801.30	2,996.10	29.80
2008	817.20	3,074.10	29.80
2009	833.40	3,166.20	29.80
2010	841.80	3,198.00	29.80
2011	850.20	3,230.10	29.80
2012	850.20	3,262.50	29.80
2013	858.60	3,425.70	29.80
2014	875.70	3,597.00	29.80
2015	884.40	3,606.00	29.80
2016	893.10	3,642.00	29.80
2017	893.10	3,751.20	29.80
2018	919.80	3,751.20	29.80
2019	944.40	4,070.10	30.00
2020	944.40	4,070.10	30.00
2021	944.40	4,070.10	30.00

Notes:

- Monthly values.
- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Ministerial Orders on Contributions (1992 - 2021) developing the legal regulations on Social Security contributions, unemployment, unemployment protection, unemployment protection, wage guarantee fund and vocational training, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Formula 1: Regulatory Base Calculation (1992 - 2020)

$$RB_{i,t} = \frac{1}{DF_t} \times \left(\sum_{h=1}^{M_t} (C_{i,h} \times ADJ_{h,t}) \right)$$

- $RB_{i,t}$ = Regulatory base of individual i if benefit claimed at time t
- $C_{i,h}$ = Contribution base (approximately equal to gross wage plus extra pay) for the h-month prior to claim date t, limited by the minimum and maximum earnings for contribution purposes levels stated in Table 1 and Table 2 for employees (depending on their occupational class, as described in Table 3), and in Table 4 for autonomous workers.
- M_t = Number of months/days included in the computation of the regulatory base at time t. Time-specific factors are reported in Table 11 for values through 2012 and in Table 20 for values from 2013 onwards.
- $ADJ_{h,t}$ = Monthly adjustment for historical values based on either (1) a unique index for each time period $h \leq t$ ($INDEX_h$) produced by INSS reflecting wages, consumer prices, and other economic factors, or (2) CPI changes for each time period $h \leq t$ (CPI_h), depending on the time of retirement:

$$ADJ_{h,t} = \begin{cases} 1 & \text{if h } \leq \text{24 months before } t \\ \frac{INDEX_t}{INDEX_h} & \text{if h > 24 months before } t \text{ and t < 1998} \\ \frac{CPI_t}{CPI_h} & \text{if } h > 24 \text{ months before } t \text{ and t } \leq \text{1998} \end{cases}$$

- DF_t = Divisory factor at time t. Time-specific factors are reported in Table 11 for values through 2012 and in Table 20 for values from 2013 onwards.

Sources:

- Formula effective until 1997 is based on Article 49 of Decree 3158/1966 (Official State Gazette, 1966).
- Policy change from 1998 is based on Article 4 of Law 24/1997 (Official State Gazette, 1997) and effective January 1, 1998.
- Policy change from 2013 based on Article 4 of Law 27/2011 (Official State Gazette, 2011) and effective January 1, 2013.

Formula 2: Pension Benefit Formula (1992 - 2007)

$$B_{OA,i,t,t_c} = RB_{i,t_c} \times \left(0.5 + 0.03 \times Y1_i + 0.02 \times Y2_i\right) \times \frac{INDEX_t}{INDEX_{t_c}}$$

- B_{OA,i,t,t_c} = Monthly old-age pension benefit paid to individual i at time t if claimed at time $t_c \leq t$
  - If $B_{OA,i,t,t_c} < MIN_i$ and income requirements in Table 8 are met, then $B_{OA,i,t,t_c} = MIN_i$
    - MIN_i is the minimum pension benefit as specified in Table 6 and Table 7
  - If $B_{OA,i,t,t_c} > MAX_i$, then $B_{OA,i,t,t_c} = MAX_i$
    - MAX_i is the maximum pension benefit as specified in Table 9
- RB_{i,t_c} = Individual i's regulatory base if benefit is claim at time t_c. See Formula 1 and Formula2 for details, respectively, on the calculation applied before and after 1997.
- $Y1_i$ = Individual i's contributory years y_i exceeding 15:

$$Y1_i = \begin{cases} 0 & \text{if } y_i < 16 \\ y_i - 15 & \text{if } y_i \in [16, 24] \\ 10 & \text{if } y_i \geq 25 \end{cases}$$

- $Y2_i$ = Individual i's contributory years y_i exceeding 25:

$$Y2_i = \begin{cases} 0 & \text{if } y_i < 26 \\ y_i - 25 & \text{if } y_i \in [26, 34] \\ 10 & \text{if } y_i \geq 35 \end{cases}$$

- MIN_i = Minimum Pension as specified in Table 6 and Table 7, if income requirements in Table 8 are met
- $INDEX_t$ = Benefit indexation factor used by INSS (varies by year, see "Factor effecting computation of benefit entitlement for details")
- Note: Old-age pension benefits are paid through 14 monthly payments; annual pension benefits, therefore, are calculated by multiplying monthly benefits by 14

Sources:

- Formula effective until 1997 is based on Article 27 of Decree 3158/1966 (Official State Gazette, 1966).
- Policy change from 1998 is based on Article 5 of Law 24/1997 (Official State Gazette, 1997) and effective January 1, 1998.

Table 5: Summary of Percentages Applied to Regulatory Base to Calculate Benefit

Contribution years:	Rate
15	50 %
16	53
17	56
18	59
19	62
20	65
21	68
22	71
23	74
24	77
25	80
26	82
27	84
28	86
29	88
30	90
31	92
32	94
33	96
34	98
35+	100

Sources: Authors' elaboration

Table 6: Minimum Pension for Individuals Aged 65 and Older

Year	Married with Dependent Spouse	Single	Married with Independent Spouse
1992	4,461.19 €	.	3,791.42 €
1993	4,688.79	.	3,984.95
1994	4,853.29	.	4,124.63
1995	5,067.01	.	4,306.37
1996	5,289.89	.	4,496.11
1997	5,427.56	.	4,613.07
1998	5,541.57	.	4,710.25
1999	5,691.34	.	4,837.73
2000	5,944.61	.	5,047.66
2001	6,188.70	.	5,255.18
2002	6,355.72	.	5,397.00
2003	6,603.52	.	5,607.56
2004	6,788.46	.	5,764.64
2005	7,436.94	.	6,226.36
2006	7,920.36	.	6,537.72
2007	8,484.84	.	6,905.08
2008	9,222.50	.	7,399.70
2009	9,746.66	7,861.70 €	7,651.70
2010	10,152.80	8,229.20	7,805.00
2011	10,388.00	8,419.00	7,985.60
2012	10,690.40	8,664.60	8,218.00
2013	10,904.60	8,838.20	8,383.20
2014	10,932.60	8,860.60	8,404.20
2015	10,960.60	8,883.00	8,426.00
2016	10,988.60	8,905.40	8,449.00
2017	11,016.06	8,927.80	8,471.40
2018	11,044.60	8,950.20	8,493.80
2019	11,359.60	9,206.40	8,737.40
2020	11,807.60	9,569.00	9,081.80
2021	11,914.00	9,655.80	9,164.40

Notes:
- Yearly values.
- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Royal Decrees on Revaluation (1992 - 2021) of Social Security pensions and other public social benefits, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 7: Minimum Pension for Individuals Aged less than 65 years

Year	Married with Dependent Spouse	Single	Married with Independent Spouse
1992	3,903.75 €	.	3,308.87 €
1993	4,103.17	.	3,477.00
1994	4,247.05	.	3,600.00
1995	4,434.27	.	3,758.60
1996	4,629.90	.	3,791.00
1997	4,750.64	.	4,026.18
1998	4,850.77	.	4,110.74
1999	4,982.03	.	4,221.81
2000	5,241.19	.	4,437.21
2001	5,456.64	.	4,619.86
2002	5,686.24	.	4,814.18
2003	5,995.08	.	5,075.56
2004	6,344.24	.	5,371.24
2005	6,950.30	.	5,801.60
2006	7,402.08	.	6,091.68
2007	7,929.74	.	6,433.98
2008	8,619.24	.	6,895.00
2009	9,122.82	7,339.92 €	7,129.92
2010	9,515.80	7,697.20	7,273.00
2011	9,735.60	7,875.00	7,441.00
2012	10,018.40	8,104.60	7,658.00
2013	10,220.00	8,267.00	7,812.00
2014	10,246.60	8,288.00	7,831.60
2015	10,273.00	8,309.00	7,851.20
2016	10,299.80	8,330.00	7,872.20
2017	10,326.40	8,351.00	7,893.20
2018	10,353.00	8,372.00	7,914.20
2019	10,649.80	8,612.80	8,141.00
2020	11,069.80	8,953.00	8,461.60
2021	11,170.60	9,034.20	8,538.60

Notes:

- Yearly values.
- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Royal Decrees on Revaluation (1992 - 2021) of Social Security pensions and other public social benefits, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 8: Income Requirements for Minimum Pension

Year	Without dependent spouse	With dependent spouse
1992	4,156.93 €	4,891.27 €
1993	4,368.93	5,140.72
1994	4,521.85	5,320.65
1995	4,720.81	5,506.87
1996	4,720.81	Missing
1997	4,720.81	5,650.56
1998	4,945.27	5,768.71
1999	5,034.29	5,872.54
2000	5,180.37	6,042.94
2001	5,392.77	6,290.71
2002	5,538.39	6,460.56
2003	5,754.37	6,712.53
2004	5,915.49	6,900.49
2005	6,122.53	7,142.00
2006	6,330.69	7,384.83
2007	6,495.29	7,576.84
2008	6,761.61	7,887.49
2009	6,923.90	8,076.80
2010	6,923.90	8,076.80
2011	6,923.90	8,076.80
2012	6,993.14	8,157.57
2013	7,063.67	8,239.15
2014	7,080.73	8,259.75
2015	7,098.43	8,280.40
2016	7,116.18	8,301.10
2017	7,116.18	8,301.10
2018	7,133.97	8,321.85
2019	7,347.99	8,571.51
2020	7,638.00	8,909.00
2021	7,707.00	8,990.00

Notes:

[1] Value not known.
- Yearly values.
- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Royal Decrees on Revaluation (1992 - 2021) of Social Security pensions and other public social benefits, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 9: Maximum Pension Entitlements

Year	Value
1992	19,658.11 €
1993	20,660.66
1994	21,383.77
1995	22,324.64
1996	23,306.91
1997	23,912.90
1998	24,415.06
1999	24,854.53
2000	25,575.71
2001	26,624.36
2002	27,343.40
2003	28,409.78
2004	29,205.40
2005	30,227.00
2006	31,255.56
2007	32,068.26
2008	33,383.14
2009	34,184.50
2010	34,526.80
2011	34,970.74
2012	35,320.45
2013	35,673.68
2014	35,762.86
2015	35,852.32
2016	35,941.92
2017	36,031.80
2018	36,121.82
2019	37,231.74
2020	37,566.76
2021	37,904.86

Notes:
- Yearly values.
- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Royal Decrees on Revaluation (1992 - 2021) of Social Security pensions and other public social benefits, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Formula 3: Formula for Reduced Pension Benefit If Benefits Started Early (1992-1997) and Not Due to Involuntary Retirement (1998-2012)
$$B_{OA(early),i,t,t_c} = B_{OA,i,t,t_c} \times (1 - n \times 0.08)$$ • $B_{OA(early),i,t,t_c}$ = Final old-age pension benefit for Early Retirement paid to individual i at time t if claimed 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 $t_c \leq t$ • n = Number of years of age before the SRA of 65 years (max. 5 years, EEA = 60 years) • NA

Note:
This formula is applicable for:
- Until Law 24/1997: All workers
- After Law 24/1997: Workers who entered the workforce before January 1, 1967

Source: Law 24/1997 (Official State Gazette, 1997)

Table 10: Minimum Interprofesional Salary - Salario Minimo Interprofesional

Year	Yearly	Monthly
1992	4,735.36 €	338.24 €
1993	4,924.78	351.77
1994	5,096.42	364.03
1995	5,275.62	376.83
1996	5,462.38	390.17
1997	5,606.30	400.45
1998	5,724.88	408.92
1999	5,828.48	416.32
2000	5,947.20	424.80
2001	6,068.30	433.45
2002	6,190.80	442.20
2003	6,316.80	451.20
2004	6,447.00	460.50
2005	7,182.00	513.00
2006	7,572.60	540.90
2007	7,988.40	570.60
2008	8,400.00	600.00
2009	8,736.00	624.00
2010	8,866.20	633.30
2011	8,979.60	641.40
2012	8,979.60	641.40
2013	9,034.20	645.30
2014	9,034.20	645.30
2015	9,080.40	648.60
2016	9,172.80	655.20
2017	9,907.80	707.70
2018	10,302.60	735.90
2019	12,600.00	900.00
2020	13,300.00	950.00
2021	13,510.00	965.00

Notes:

- Yearly values take the form of 14 monthly payments.
- Values until 2001 have been converted from Spanish Pesetas (ESP) into Euros (EUR) following the conversion rate: 1 EUR = 166.386 ESP.

Sources: Authors' collection of data from publications of Royal Decrees (1992 - 2021, c) which establish the Minimum Interprofessional Salary, published yearly in the Official State Gazette [Boletín Oficial del Estado], 1992 - 2021.

Table 11: Divisory Factor and Number of months in Regulatory Base's calculation after Law 24/1997

Period	Number of months	Divisory factor
1992 - July 14, 1997	96	112
July 15,1997 - December 1997	108	126
1998	120	140
1999	132	154
2000	144	168
2001	156	182
2002	180	210

Source: Law 24/1997 (Official State Gazette, 1997).

Formula 4: Formula for Reduced Pension Benefit If Benefits Started Early Due to Involuntary Retirement (1998-2002)

$$B_{OA(early),i,t,t_c} = B_{OA,i,t,t_c} \times (1 - n \times 0.07)$$

- $B_{OA(early),i,t,t_c}$ = Final old-age pension benefit for Early Retirement paid to individual i at time t if claimed 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 $t_c \leq t$
- n = Number of years of age before the SRA of 65 years (max. 5 years, EEA = 60 years)
- *Note*: Applicability after Law 24/1997:
  - 40 years of paid contributions
  - Entered the workforce before January 1, 1967
  - Involuntarily unemployed

Source: Law 24/1997 (Official State Gazette, 1997).

Formula 5: Reduced Pension Benefits with Partial Retirement

$$B_{OA(partial),i,t,t_c} = B_{OA,i,t,t_c} \times (1 - R)$$

- $B_{OA(partial),i,t,t_c}$ = Old-age pension benefit amount paid to individual i at time t if claimed at time $t_c \leq t$ and if i is working and started benefits based on Eligibility Track 2 (Partial Retirement)
- B_{OA,i,t,t_c} = Old-age pension benefit paid to individual i at time t if claimed at time $t_c \leq t$
- R = Reduction coefficient strictly proportionate to the reduction of the workday (i.e., if the workday is 25% of the pre-benefit level, then R=0.25)

Sources: Law 35/2002 (Official State Gazette, 2002)

Formula 6: Formula for Reduced Pension Benefit If Benefits Started Early Due to Involuntary Retirement (2003-2020)

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

- $B_{OA(early),i,t,t_c}$ = Final old-age pension benefit for Early Retirement paid to individual i at time t if claimed 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 $t_c \leq t$
- n = Number of years of age before the SRA of 65 years (max. 4 years, EEA = 61 years)
- p = Reduction percentage based on years of contributions:
  - 0.080 with 30 years
  - 0.075 with 31 to 34 years
  - 0.070 with 35 to 37 years
  - 0.065 with 38 to 39 years
  - 0.060 with 40 years or more

Source: Law 35/2002 (Official State Gazette, 2002).

Formula 7: Formula for Increased Pension Benefit If Benefit Start Delayed (2003-2012)

$$B_{OA(delay),i,t,t_c} = B_{OA,i,t,t_c} \times (1 + n \times 0.02)$$

- $B_{OA(delay),i,t,t_c}$ = Final old-age pension benefit for Late Retirement paid to individual i at time t if claimed 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 $t_c \leq t$
- n = Number of years after the age in which 35 years of contributions are reached (minimum 65 years of age)

Source: Law 35/2002 (Official State Gazette, 2002).

Table 12: Age Requirements for Partial Retirement by Policy Period

Policy Period	Age requirement
2008	60 years
2009	60 years and 2 months
2010	60 years and 4 months
2011	60 years and 6 months
2012	60 years and 8 months
2013	60 years and 10 months
2014	61 years

Source: Law 40/2007 (Official State Gazette, 2007).

Table 13: Contribution Years Requirements for Partial Retirement by Policy Period

Policy Period	Contribution Years
2008	18
2009	21
2010	24
2011	27
2012	30

Source: Law 40/2007 (Official State Gazette, 2007).

Table 14: Work Effort Upper Limit for Partial Retirement by Policy Period

Policy Period	Upper Limit
2008	85%
2009	82
2010	80
2011	78
2012	75

Source: Law 40/2007 (Official State Gazette, 2007).

Table 15: Tenure Requirements for Partial Retirement by Policy Period

Policy Period	Tenure
2008	2 years
2009	3 years
2010	4 years
2011	5 years
2012	6 years

Source: Law 40/2007 (Official State Gazette, 2007).

Table 16: Minimum Contribution Requirements for Eligibility Track 1 (Ordinary Retirement)

Policy Period	Days
January 2008 - June 2008	4,700
July 2008 - December 2008	4,777
January 2009 - June 2009	4,854
July 2009 - December 2009	4,931
January 2010 - June 2010	5,008
July 2010 - December 2010	5,085
January 2011 - June 2011	5,162
July 2011 - December 2011	5,239
January 2012 - June 2012	5,316
July 2012 - December 2012	5,393
From January 2013	5,475

Source: Law 40/2007 (Official State Gazette, 2007).

Formula 8: Pension Benefit Formula (2008 - 2012)

$$B_{OA,i,t,t_c} = RB_{i,t_c} \times \left(0.5 + 0.03 \times Y1_i + 0.02 \times Y2_i\right) \times \frac{INDEX_t}{INDEX_{t_c}}$$

- B_{OA,i,t,t_c} = Monthly old-age pension benefit paid to individual i at time t if claimed at time $t_c \leq t$
  - If $B_{OA,i,t,t_c} < MIN_i$ and income requirements in Table 8 are met, then $B_{OA,i,t,t_c} = MIN_i$
    - MIN_i is the minimum pension benefit as specified in Table 6 and Table 7
  - If $B_{OA,i,t,t_c} > MAX_i$, then $B_{OA,i,t,t_c} = MAX_i$
    - MAX_i is the maximum pension benefit as specified in Table 9
- RB_{i,t_c} = Individual i's regulatory base if benefit is claim at time t_c. See Formula2 for details.
- $Y1_i$ = Individual i's contributory years y_i exceeding 15:

$$Y1_i = \begin{cases} 0 & \text{if } y_i < 16 \\ y_i - 15 & \text{if } y_i \in [16, 24] \\ 10 & \text{if } y_i \geq 25 \end{cases}$$

- $Y2_i$ = Individual i's contributory years y_i exceeding 25:

$$Y2_i = \begin{cases} 0 & \text{if } y_i < 26 \\ y_i - 25 & \text{if } y_i \geq 26 \end{cases}$$

- MIN_i = Minimum Pension as specified in Table 6 and Table 7, if income requirements in Table 8 are met
- $INDEX_t$ = Benefit indexation factor used by INSS (varies by year, see "Factor effecting computation of benefit entitlement for details")
- Note: Old-age pension benefits are paid through 14 monthly payments; annual pension benefits, therefore, are calculated by multiplying monthly benefits by 14

Source: Law 40/2007 (Official State Gazette, 2007).

Table 17: Age and Contribution Year Requirements for Ordinary Retirement Eligibility Tracks (2013-2020)

Policy Period	Age Requirement (Eligibility Track 1A)	Contribution Years Requirement (Eligibility Track 1B)
Before 2013	65 years	35 years
2013	65 years and 1 month	35 years and 3 months
2014	65 years and 2 months	35 years and 6 months
2015	65 years and 3 month	35 years and 9 months
2016	65 years and 4 months	36 years
2017	65 years and 5 month	36 years and 3 months
2018	65 years and 6 months	36 years and 6 months
2019	65 years and 8 month	36 years and 9 months
2020	65 years and 10 month	37 years
2021	66 years	37 years and 3 months
2022	66 years and 2 months	37 years and 6 months
2023	66 years and 4 months	37 years and 9 months
2024	66 years and 6 months	38 years
2025	66 years and 8 months	38 years and 3 months
2026	66 years and 10 months	38 years and 3 months
2027	67 years	38 years and 6 months

Note: Values before 2013 are included for reference.
Source: Law 27/2011 (Official State Gazette, 2011).

Table 18: Age and Contribution Year Requirements for Partial Retirement Eligibility Tracks (2011-2020)

Policy Period	Age Requirement (Eligibility Track 2A)	Contribution Years Requirement (Eligibility Track 2A)	Age Requirement (Eligibility Track 2B)	Contribution Years Requirement (Eligibility Track 2B)
2011	60 years and 6 months	27 years	60 years and 6 months	27 years
2012	60 years and 8 months	30 years	60 years and 8 months	30 years
2013	61 years and 2 months	33 years	61 years and 1 month	33 years and 3 months
2014	61 years and 4 months	33 years	61 years and 2 months	33 years and 6 months
2015	61 years and 6 months	33 years	61 years and 3 months	33 years and 9 months
2016	61 years and 8 months	33 years	61 years and 4 months	34 years
2017	61 years and 10 months	33 years	61 years and 5 months	34 years and 3 months
2018	62 years	33 years	61 years and 6 months	34 years and 6 months
2019	62 years and 4 months	33 years	61 years and 8 months	34 years and 9 months
2020	62 years and 8 months	33 years	61 years and 10 months	35 years
2021	63 years	33 years	62 years	35 years and 3 months
2022	63 years and 4 months	33 years	62 years and 2 month	35 years and 6 months
2023	63 years and 8 months	33 years	62 years and 4 month	35 years and 9 months
2024	64 years	33 years	62 years and 6 month	36 years
2025	64 years and 4 months	33 years	62 years and 8 month	36 years and 3 months
2026	64 years and 8 months	33 years	62 years and 10 month	36 years and 6 months
2027 onwards	65 years	33 years	63 years	36 years and 9 months

Note: Values from 2013 based on Law 27/2011 and effective January 1, 2013. Values before 2013 are included for reference.
Source: Law 27/2011 (Official State Gazette, 2011).

Table 19: Benefit Forumula Reference Period and Percentage Values (2013-2020)

Policy Period	Reference period for 100% of regulatory base	$M1_i$	P1	$M2_i$	P2
Before 2013	35.0 years (420 months)				
2013 - 2019	35.5 years (426 months)	Contributory months between 180 and 343 (180+163)	0.0021	Contributory months between 343 and 426 (343+83)	0.0019
2020 - 2022	36.0 years (432 months)	Contributory months between 180 and 286 (180+106)	0.0021	Contributory months between 286 and 432 (286+146)	0.0019
2023 - 2026	36.5 years (438 months)	Contributory months between 180 and 229 (180+49)	0.0021	Number of contributory months between 229 and 438 (229+209)	0.0019
On and after 2027	37.0 years (444 months)	Contributory months between 180 and 428 (180+248)	0.0019	Number of contributory months between 428 and 444 (428+16)	0.0018

Notes: Values before 2013 are included for reference. Period M1 starts after 15 years (180 months) of contributions, minimum requirement for accessing old-age retirement).

Example: $50\% + M1_i \times P1 + M2_i \times P2 = 100\%$ if contribution years equal the reference period. For example, in 2020, the reference period is 36 years or 432 months. Thus an individual who works 432 months would achieve the maximum number of months between 180 months and 286 months (i.e., 106, $M1_i \times P1 = 22.26\%$) and the maximum number of months between 286 and 432 months (i.e., 146, $M2_i \times P2 = 27.74\%$).

Source: Law 27/2011 (Official State Gazette, 2011).

Formula 9: Pension Benefit Formula (2013-2020)

$$B_{OA,i,t,t_c} = RB_{i,t_c} \times \big(0.5 + P1 \times Y1_i + P2 \times Y2_i\big) \times \frac{INDEX_t}{INDEX_{t_c}}$$

- B_{OA,i,t,t_c} = Monthly old-age pension benefit paid to individual i at time t if claimed at time $t_c \leq t$
  - If $B_{OA,i,t,t_c} < MIN_i$ and income requirements in Table 8 are met, then $B_{OA,i,t,t_c} = MIN_i$
    - MIN_i is the minimum pension benefit as specified in Table 6 and Table 7
  - If $B_{OA,i,t,t_c} > MAX_i$, then $B_{OA,i,t,t_c} = MAX_i$
    - MAX_i is the maximum pension benefit as specified in Table 9
- RB_{i,t_c} = Individual i's regulatory base if benefit is claim at time t_c. See Formula3 for details.
- $M1_i$ = Individual i's contributory months M_i after 15 years of contributions and before the start of contributory period $M2_i$; see phase-in ranges in Table 19
- $M2_i$ = Individual i's contributory months M_i after $M1_i$; see phase-in ranges in Table 19
- $P1$ = Percentage applicable for period $M1_i$, phased-in (see Table 19)
- $P2$ = Percentage applicable for period $M2_i$, phased-in (see Table 19)
- MIN_i = Minimum Pension as specified in Table 6 and Table 7, if income requirements in Table 8 are met
- $INDEX_t$ = Benefit indexation factor used by INSS (varies by year, see "Factor effecting computation of benefit entitlement for details")
- Note: Old-age pension benefits are paid through 14 monthly payments; annual pension benefits, therefore, are calculated by multiplying monthly benefits by 14
- Example calculation for individual i retiring in 2013 with 35 years (420 months of contributions) and an indexed Regulatory Base of 2,000 Euros: $B_{OA,i,t,t_c} = 2,000 \times \big(0.5 + 0.0021 \times 163 + 0.0019 \times 77\big) = 1,977.20$

  Note: The calculated benefit is subject to the minimum and maximum caps aforementioned

Source: Law 27/2011 Art. 4 (Official State Gazette, 2011).

Table 20: Divisory Factor and Number of Months in Regulatory Base Calculation (2013-2020)

Year	Number of Months	Divisory Factor
Before 2013	180	210
2013	192	224
2014	204	238
2015	216	252
2016	228	266
2017	240	280
2018	252	294
2019	264	308
2020	276	322
2021	288	336
2022	300	350

Note: Values before 2013 are included for reference.
Source: Law 27/2011 (Official State Gazette, 2011).

Formula 10: Formula for Reduced Pension Benefit If Benefits Started Early and Not Due to Involuntary Retirement (2013-2020)

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

- $B_{OA(early),i,t,t_c}$ = Final old-age pension benefit for Voluntary Early Retirement paid to individual i at time t if claimed 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 $t_c \leq t$
- n = Number of years of age before the SRA (max. 4 years)
- p = Reduction percentage in Table 21

Source: Law 27/2011 (Official State Gazette, 2011).

Table 21: Reduction Percentages for Early Retirement (2013-2020)

Contribution Years	Involuntary Early Retirement	Voluntary Early Retirement
Less than 38.5	0.075	0.080
Between 38.5 and 41.5	0.070	0.075
Between 41.5 and 44.5	0.065	0.070
More than 44.5	0.060	0.065

Source: Law 27/2011 (Official State Gazette, 2011).

Formula 11: Formula for Increased Pension Benefit If Benefit Start Delayed (2013-2020)

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

- $B_{OA(delay),i,t,t_c}$ = Final old-age pension benefit for Late Retirement paid to individual i at time t if claimed 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 $t_c \leq t$
- n = Number of years above the SRA at the time of retirement
- p = Increase percentage based on years of contributions:
  - 0.04 with more than 37 years
  - 0.0275 with 25 to 37 years
  - 0.02 with 15 to 25 years

Source: Law 27/2011 (Official State Gazette, 2011).

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This section records key sources consulted when we collected the institutional details reported in this document. Archived versions of these sources are available at the Gateway Policy Explorer website (http://g2aging.org/policy-explorer).

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Note: Readers can find relevant legislation on the Boletín Oficial del Estado legislation database by searching the keyword "cotización Seguridad Social" and filtering by reference dates. Values for 2020 are carried forward from 2019, while those for 2021 constitute an exception and are published in Law 11/2020. See the Archived Source for yearly publications. [Link]

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Note: Readers can find relevant legislation on the Boletín Oficial del Estado legislation database by searching the keyword "revalorización" and filtering by reference dates. Values for 2013 and 2014 constitute exceptions and are published in a different set of laws, namely Royal Decree-Law 29/2012 and Royal Decree 1045/2013. See the Archived Source for yearly publications. [Link]

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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.

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

Claimable Benefit: A benefit where the beneficiary must actively file a claim for benefits with the government’s administering authority.

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: Covered earnings are defined as the pre-tax (gross) monthly wage or earnings of a worker, including prorated and extra payments. Covered earnings constitute the base on which the worker pays contributions to the Social Security System. In Spain, covered earnings are commonly referred to as Contribution Base (Base de Cotización).

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

Flexible Retirement (Jubilación Flexible): Eligibility track that allows retirement for individuals having satisified age and contribution requirements for starting benefits under Ordinary Retirement that want to combine receiving a part of their pension with part-time work.

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.

Minimum Interprofessional Salary (Salario Minimo Interprofesional): The minimum interprofessional salary sets the minimum amount of compensation that the worker receives in relation to the legal working day. The Government regulates its value annually, after consultation with the most representative Trade Union Organizations and business associations, both for permanent and temporary workers, taking into account the Consumer Price Index, the average national productivity levels, the increase in labor participation and the general economic situation.

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 Institute of Social Security (Instituto Nacional de la Seguridad Social - INSS): Spanish National Institute of Social Security.

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.

Ordinary Retirement (Jubilación Ordinaria): Eligibility track that allows retirement at the statutory retirement age with a minimum of years of contributions.

Partial Retirement (Jubilación Parcial): Eligibility track that allows retirement prior to the the statutory retirement age for Ordin.ary Retirement, if the reduced effort is linked to the hiring of an unemployed worker.

Passive Class Scheme of the State (Clases Pasivas del Estado): The Passive Class Scheme of the State is part of the special Social Security Scheme for State Officials and guarantees protection against the risks of old age, disability, death and survival of certain groups that provide or have provided services to the State.

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.

Regulatory Base (Base Reguladora): Average earnings for contribution purposes, calculated on a set number of consecutive years over a set period of time and indexed to the year benefits are started.

Statutory Retirement Age (SRA): The age at which individuals are eligible 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.

Toledo Pact (Pacto de Toledo): Report drafted by the "Toledo-Pact Agreements, Follow-up and Evaluation Commission", a permanent commission preceded by the government's Budget Committee. The report is drafted in collaboration with different social stakeholders, and has the aim of analyzing both the background of the Social Security system, and the factors that could condition its future evolution. The Toledo Pact was first published in 1995 containing fifteen reform recommendations, and has been renewed every 5 years including new reform recommendations.

Version information

Current Version: 1.1 (August 2023)

Version History

- 1.0 (May 2022): First version
- 1.1 (August 2023): Updated formatting

Additional resources

The following resources provide additional details for the interested reader:

Boletín Oficial del Estado. Available at: https://www.boe.es/
Features: Official database for the Spanish legislation, laws and acts over the years.

Instituto Nacional de la Seguridad Social (National Institute of Social Security) website. Available at: https://www.seg-social.es/
Features: Official website for the Spanish National Institute of Social Security (Instituto Nacional de la Seguridad Social). It contains useful documents and data on all aspects of the Spanish pension system.