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Gateway Policy Explorer: Retirement Series

Spain

Public Old-Age Social Assistance Plan Details 1992-2021

Authors

David Knapp
Giacomo Rebellato

Contributors

Agar Brugiavini
Jinkook Lee
Drystan Phillips
Maciej Lis[†]

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Preface

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

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

Background — Gateway Policy Explorer: Retirement Series

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

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

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

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

Author and Contributor Disclaimers

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

Spain

Old-Age Social Assistance
Plan details 1992-2021 * †

Non-contributory means-tested old-age social assistance insures a minimum level of income for residents of Spain who have insufficient resources for subsistence, regardless of their contribution history to the Social Security system. From 1992-2020, there were limited reforms to the old-age social assistance system except updating benefit values.

Key Dates
First law: 1990
Major changes since 1992: None

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* 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 1992-2021

Overview

Non-contributory means-tested pension benefits are granted to Spanish citizens in old-age or who are disabled and who have insufficient resources for subsistence under the legally established terms, regardless of their contribution history to the Spanish Social Security system. These benefits include the following systems:

- Non-contributory Retirement Pension (Pension Non-Contributiva de Jubilación)
- Non-contributory Disability Pension (Pension Non-Contributiva de Invalidez)

Management of these non-contributory pensions is handled by regional agencies of the Institute for the Elderly and Social Services (IMSERSO) in each of Spain 17 autonomous communities and 2 autonomous cities (Spain's regional administrative divisions).

In this section, we focus on the non-contributory retirement pension system, which was introduced by Article 2 of Law 26/1990 ([Official State Gazette, 1990](#)). It was incorporated into the revised text of the Social Security Act of 1994 (Royal Legislative Decree 1/1994 - [Official State Gazette, 1994](#)) as Articles 167 to 170 and into the revised text of the Social Security Act of 2015 (Royal Legislative Decree 8/2015 - [Official State Gazette, 2015](#)) as Articles 369 to 372.

Eligibility

Age requirements to start benefits without penalty

- **Full eligibility age (FEA)**
Age 65

Requirements to be eligible to receive benefit

- **Does eligibility depend on the individual's current income (i.e., income tested)?** Answer: Yes
- **Does eligibility depend on the individual's current assets (i.e., asset tested)?** Answer: Yes
- **Details by benefit program:**

Benefit eligibility is based on age, a means-test, and residency requirement, but no previous contribution history is required.

1. Age requirements: 65 years of age or older
2. Income requirements: Personal income below a threshold approved every year in the Budget Law, equal to the maximum value granted as non-contributory pension benefit *Note:* In the case of real estate assets other than the primary residence (defined in Article 85.1 of Law 35/2006 - [Official State Gazette, 2006](#)), the general rule is that these assets are converted to a notional income stream by using 2% of their net value as income (reduced proportionately by the number of days of ownership during the evaluation period).
3. Residency requirements: Resident of Spain for at least 10 years between age 16 and the application date, and 2 years must be consecutive and immediately prior to the application date.

A beneficiary cannot receive a non-contributory retirement pension and any of the following benefits:

- a non-contributory disability pension
- assistance pensions
- minimum income and third party assistance allowances
- family allowance for a dependent child with disabilities

Benefits

- **To receive a benefit, does an individual have to claim it?** Answer: Yes
- **To continue to receive a benefit, does an individual have to remain qualified?** Answer: Yes

Factors effecting computation of benefit entitlement

- **Does the benefit amount depend on the individual's birth year (regardless of age)?** Answer: No
- **Is the benefit adjusted if an individual delays claiming it?** Answer: No
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?** The adjustment for cost of living of non-contributory pensions is carried out yearly. However, their revision is discretionary and does not follow any specific indicator.

Benefit formula

The non-contributory retirement pension supplements an individual's own income so that it is at least the maximum non-contributory retirement pension level, which is fixed and adjusted annually. See [Table 1](#) for details on yearly non-contributory retirement pension values. The benefit is at least 25% of the minimum pension level. See [Formula 1](#) for calculation details.

Note: Pension benefits take the form of 14 payments yearly: 12 of them are paid each month, whilst the extra 2 payments are paid in July and November of each year.

Tables and Formulas

Table 1: Maximum Non-Contributory Pension Benefit

Year	Value
1992	2,343.95 €
1993	2,463.49
1994	2,549.82
1995	2,661.94
1996	2,993.76
1997	3,072.01
1998	3,136.80
1999	3,193.60
2000	3,387.12
2001	3,526.46
2002	3,550.40
2003	3,689.00
2004	3,868.20
2005	3,925.18
2006	4,098.64
2007	4,374.02
2008	4,598.16
2009	4,708.62
2010	4,755.80
2011	4,866.40
2012	5,007.80
2013	5,108.60
2014	5,122.60
2015	5,136.60
2016	5,150.60
2017	5,164.60
2018	5,178.60
2019	5,488.00
2020	5,538.40
2021	5,639.20

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 1: Non-Contributory Retirement Pension Benefits' calculation:

$$B_{SA,i,t} = \begin{cases} \max\left(\frac{B_{SA,Max,y} - I_{i,y}}{14}, 0.25 * \frac{B_{SA,Max,y}}{14}\right) & \text{if } I_{i,y} \leq B_{SA,Max,y} \\ 0 & \text{if } I_{i,y} > B_{SA,Max,y} \end{cases}$$

- $B_{SA,i,t,y}$ = Monthly Non-Contributory Retirement Pension Benefit paid at month t during year y
- $B_{SA,Max,y}$ = Yearly Maximum Non-Contributory Retirement Pension Benefit during year y - See [Table 1](#) for yearly values
- $I_{I,y}$ = Yearly Income of individual i during year y

Source: Authors' interpretation based on Social Assistance legislation published in the Official State Gazette [Boletín Oficial del Estado]

Sources

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>).

Boletín Oficial del Estado [Official State Gazette] (1990). Ley 26/1990, de 20 de diciembre, por la que se establecen en la Seguridad Social prestaciones no contributivas. [Law 26/1990, of December 20, establishing non-contributory benefits in Social Security.], Boletín Oficial del Estado [Official State Gazette], December 20, 1990. [\[Link\]](#)

Boletín Oficial del Estado [Official State Gazette] (1992 - 2021). Collection of *Real Decretos* [Royal Decrees] on *revalorización de las pensiones del sistema de la Seguridad Social* [revaluation of Social Security system pensions], Boletín Oficial del Estado [Official State Gazette], 1992 - 2021.

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. [\[Link\]](#)

Boletín Oficial del Estado [Official State Gazette] (1994). Real Decreto Legislativo 1/1994, de 20 de junio, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social. [Royal Legislative Decree 1/1994, of June 20, approving the consolidated text of the General Social Security Law.], Boletín Oficial del Estado [Official State Gazette], June 20, 1994. [\[Link\]](#)

Boletín Oficial del Estado [Official State Gazette] (2006). Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio. [Law 35/2006, of November 28, on Personal Income Tax and partial modification of the laws on Corporation Tax, on Non-Resident Income and Wealth Tax.], Boletín Oficial del Estado [Official State Gazette], November 28, 2006. [\[Link\]](#)

Boletín Oficial del Estado [Official State Gazette] (2015). Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social. [Royal Legislative Decree 8/2015, of October 30, approving the revised text of the General Social Security Law.], Boletín Oficial del Estado [Official State Gazette], October 30, 2015. [\[Link\]](#)

European Commission (2021). Employment, Social Affairs & Inclusion, Spain: Minimum Income. [\[Link\]](#)

Institute for the Elderly and Social Services [Instituto de Mayores y Servicios Sociales - IMSERSO] (2020). Non-contributory Retirement Pension - Eligibility and Requirements. [\[Link\]](#)

OECD (2005 - 2019). Pensions at a Glance: Country Profiles - Spain. [\[Link\]](#)

Social Security Administration (1993 - 1999). Social Security Programs Throughout the World. [\[Link\]](#)

Social Security Administration (2002 - 2018). Social Security Programs Throughout the World. [\[Link\]](#)

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” + “[”.

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.

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).

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

Full Eligibility Age: The age at which individuals are eligible to receive their full benefit. For dependent benefits or social assistance, the full eligibility age may differ from the statutory retirement age for own old-age pension benefits.

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

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

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

Version information

Current Version: 1.1 (August 2023)

Version History

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

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.