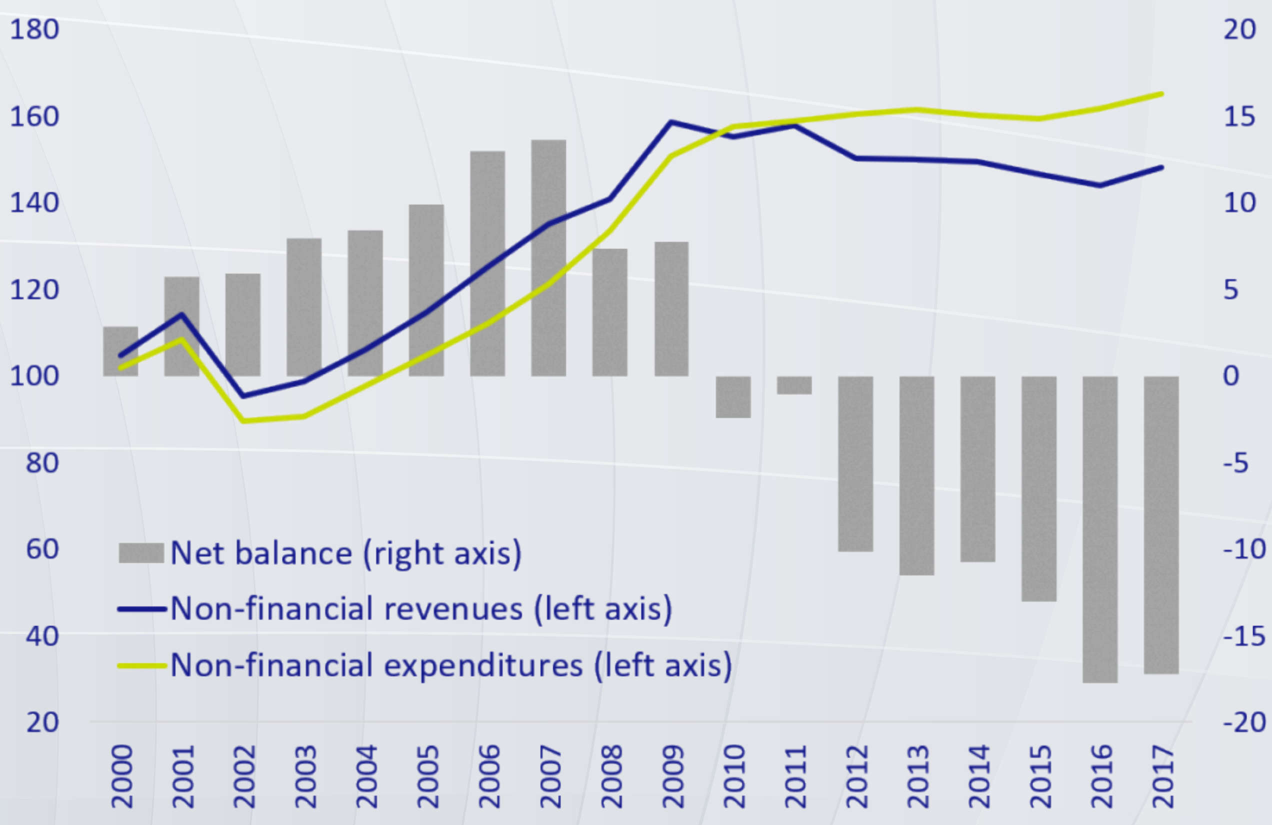
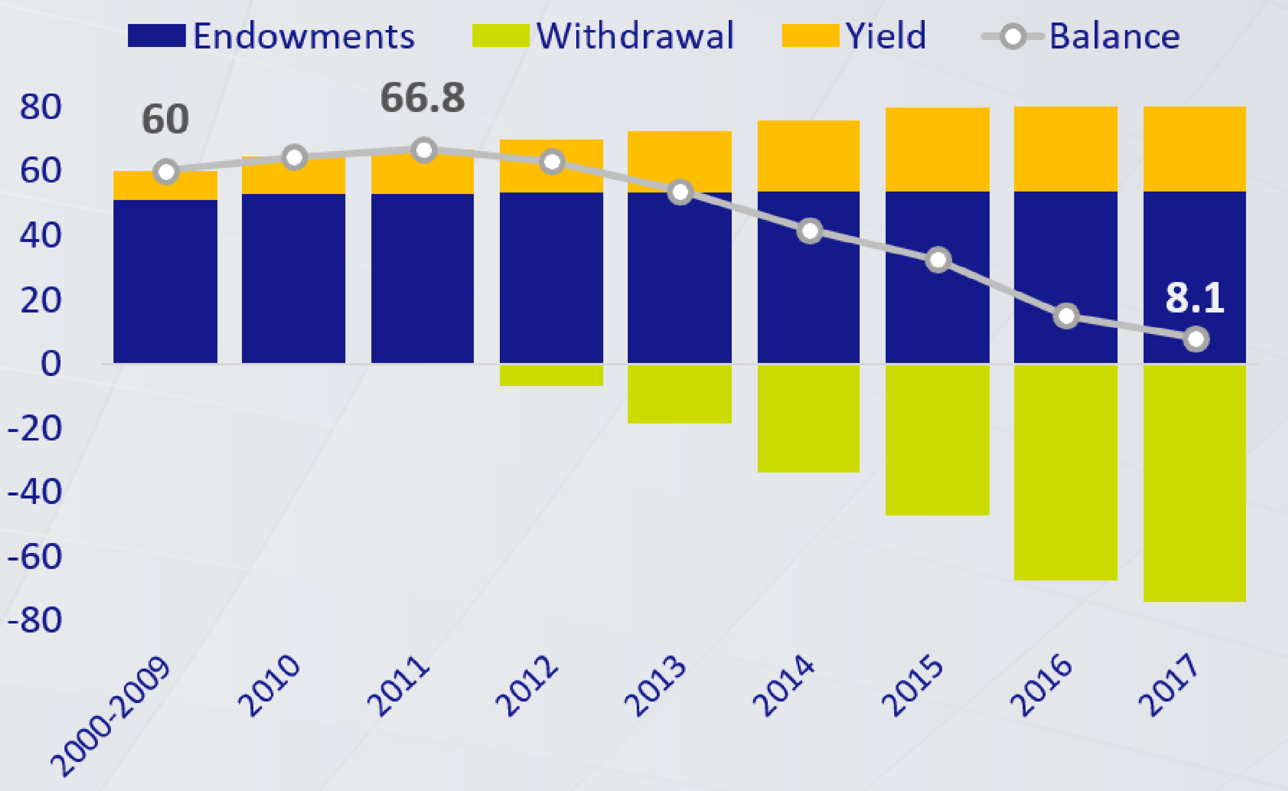
SUSTAINABILITY OF THE PENSION SYSTEM

In 2017, the Social Security deficit reached €18bn (1.5% of GDP) and its Reserve Fund fell to €8bn, down by 87.9% from its record high in 2011

Non-financial income and expenditure of the Social Security
€bn

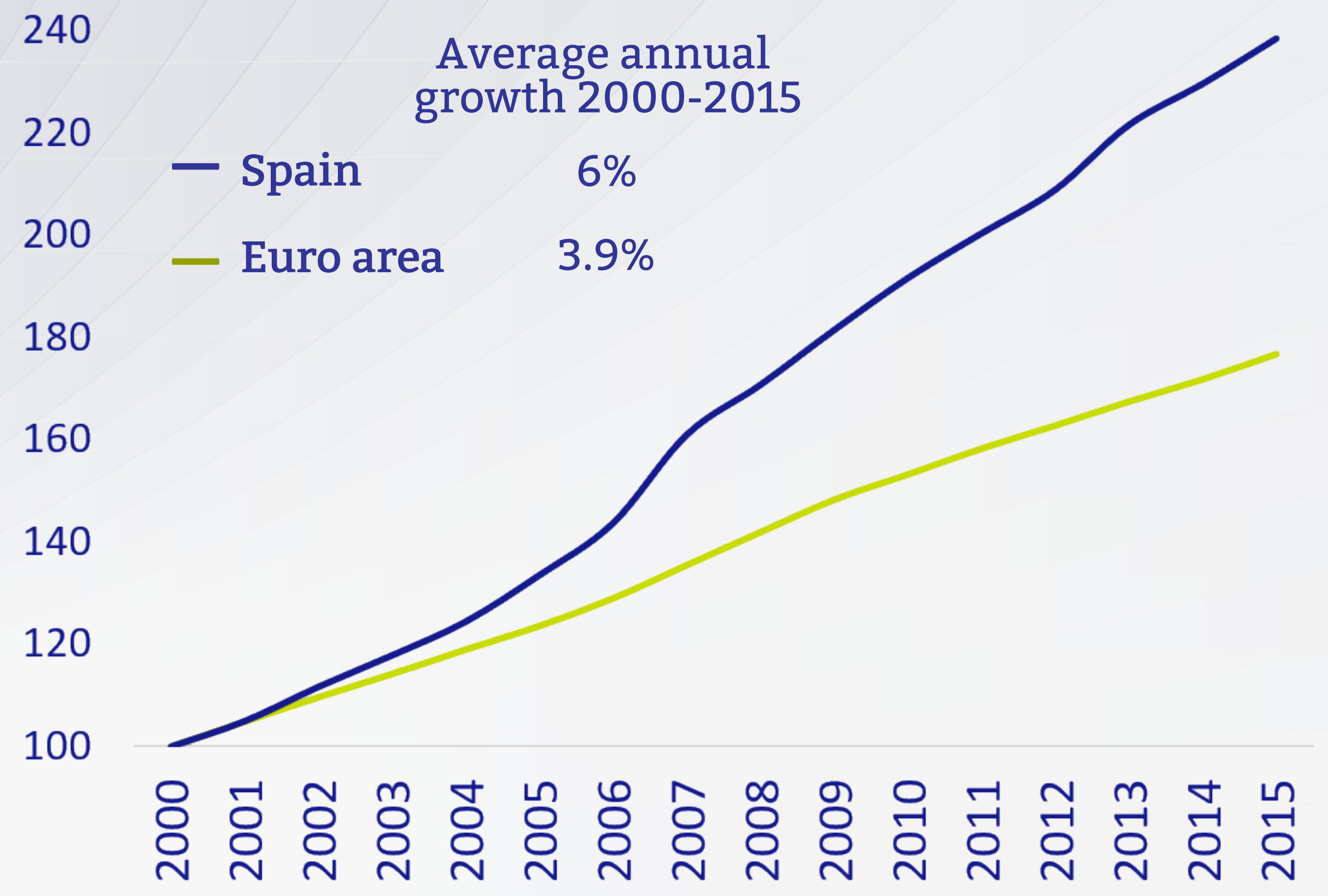


Evolution of the Social Security Reserve Fund
€bn



The future sustainability of the pension system is conditioned by the developments in the affiliates-to-pensioners ratio and by the expenditure on pensions that in Spain, since 2000, has been growing at an annual average of 2.1pp above the Eurozone

Evolution of spending on retirement pensions
Year 2000=100



Affiliates to pensioners ratio
Number of affiliates

On the Melbourne Mercer Global Pension Index 2018, Spain ranks 23rd (out of the 34 countries analysed) in the global retirement income systems, obtaining the worst score in the sustainability pillar

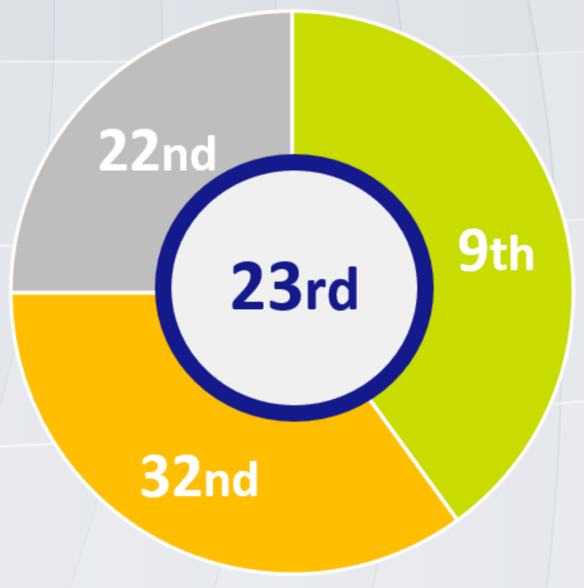
Melbourne Mercer Global Pension Index /34 countries

			*Qualification**
1st	Netherlands	80.3	A
2nd	Denmark	80.2	A
3rd	Finland	74.5	B
4th	Australia	72.6	B
5th	Sweden	72.5	B
...			
23rd	Spain	54.4	C

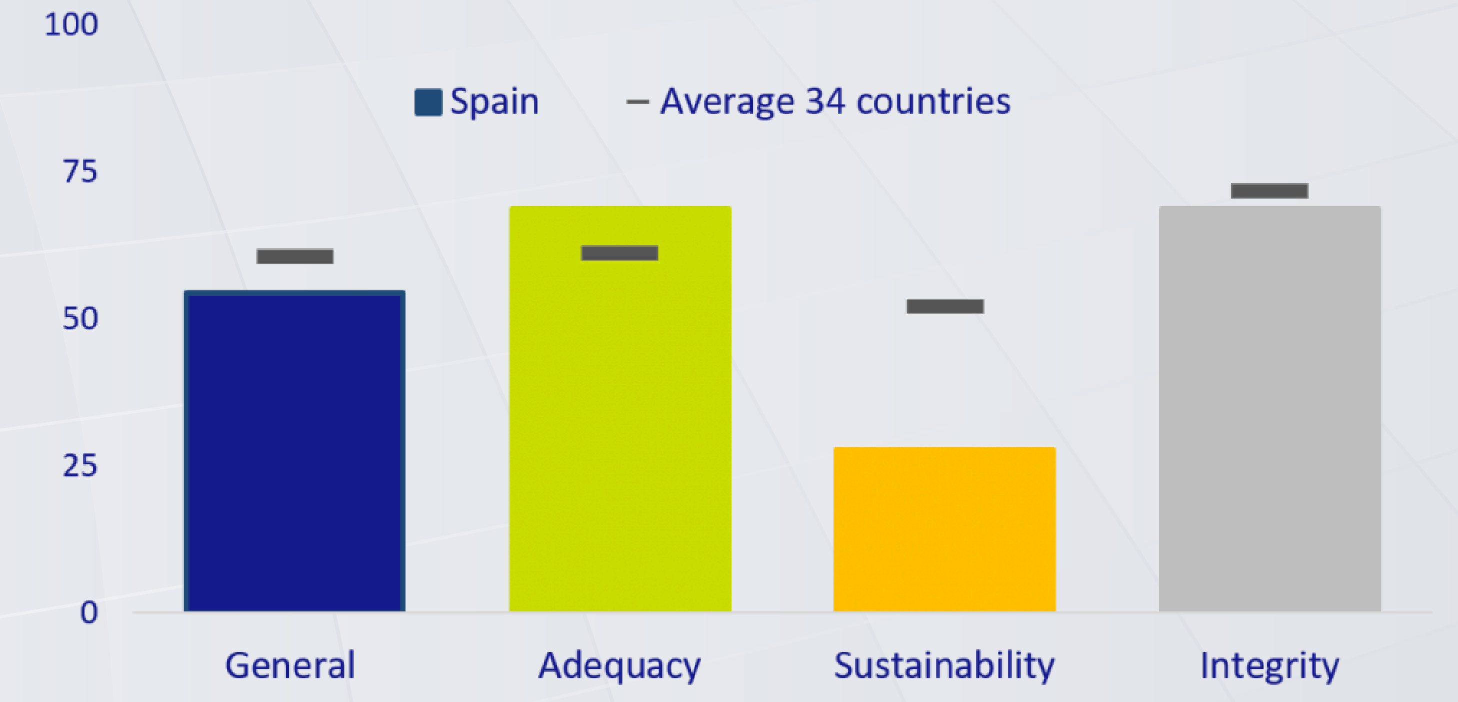
Pillars and best ranked country

Adequacy	Sustainability	Integrity
- System design	- Contributions	
- Savings	- Demography	- Tax collection
- Tax support	- Economic growth	- Protection
- Home ownership	- Government debt	
Germany	Denmark	Finland

Spain Rank
/34 countries



Spain pillars
Score between 0 and 100



Ensuring the long-term feasibility of the pension system requires structural reforms especially in view of the aging of Spanish population

Note: The Melbourne Mercer Global Pension Index represents the weighted average of the three sub-indices: 40% for the adequacy, 35% for the sustainability, and 25% for the integrity

*Index value: A = 80-100; B+ = 75-80; C+ = 60-65; C = 50-60; D = 35-50

Source: Círculo de Empresarios based on Spanish Tax Agency, INE & Mercer, 2018

CÍRCULO DE EMPRESARIOS
ideas for growth