

## The situation of the pensioners in Portugal

If one speaks of the situation of the pensioners in Portugal one has to present two remarkable realities of the actual situation which are related to the low pensions which three quarters of the pensioners receive and to the loneliness in which a lot of them live.

According to the statistic data of the INE ( National Institute of Statistics) and of the Ministry of Social Solidarity , there were in Portugal, **in November 2010**:

1 879 321 – pensioners of Social Security by age  
291 448 – pensioners of Social Security by invalidity  
448 752 – pensioners of the General Fund of retirement by age (Public Function)  
2 671 752 = the total sum of pensioners by age and invalidity, of the general regime of Social Security and of the General Fund of retirement that correspond more or less to 25% of the Portuguese population.

In **November 2010** the numbers and the amounts of pensions of the Social Security:

1 694 192 – are in the general plan and receive an average pension of €413.56  
170 259 – are in the regulatory plan for agriculture and receive €224.62  
26 715 – are in the plan of social pensions and receive €187.18  
5 960 – are in the transitory agricultural plan and receive €187.18

The numbers and amounts of the same pensions in **January 2011**:

1 704 131 – are in the general plane and the average pensions goes up to €424.76  
168 259 – are in the regulatory agricultural plan and the pension goes up to €227.43  
26 669 – are in the plan of social pensions and the pension goes up to €189.52  
5 874 – are in the transitory agricultural plan and the pension goes up to €189.52  
289 678 – are in the plan of invalidity and the average pension is €314.75

The amount of the pension of the general plan, **in 2011**, took in account the contributions during the carrier:

Less than 15 years – the minimum amount of the pension is €246.36  
From 15 to 20 years – the minimum amount of the pension is €274.79  
From 21 to 30 years – the minimum amount of the pension is €303.23  
30 years of more than 30 years – the minimum of the pension is €379.04

The number of pensioners of age and invalidity of the Social Security by stages of pensions in **the year 2009**:

24 182 – with a pension up to €106.12  
174 030 - with a pension between €106.13 and 246.35  
1 177 070 - with a pension between €246.36 and €419.21  
170 684 - with a pension between €419.22 and €628.82  
213 438 – with a pension between €628.83 and €2 515.31  
9 665 – with a pension between €2 545.31 and €5 594.32  
455 – with a pension higher than €5 594.34

## Some reflections

From 2008 on the evolution of the minimum pension both in the private sector and in the public sector was determined by the IAS (Index of Social Aids). The IAS that was created in 2006 by the Social Dialogue, was supported by the trade unions. Its objective is to disconnect the growth of pensions from the evolution of the SMN (National Minimum Salary). This permits that the SMN goes forward in such a way that it goes better together with the recuperation of the purchasing power of the workers.

The IAS depends on the evolution of the GDP and the inflation. This means that in a period of recession or depression, such as we are now going through, there is a insignificant evolution. Currently all pensions of retirement are frozen, except the lowest pensions that have increased hardly as I have mentioned earlier. The amount of the IAS is since 2009 €419.22. And this is the reference amount for the pensions and for all social aids as unemployment support, the subvention of social insertion, etc.

An other aspect to be mentioned in the evolution of pensions in Portugal is **the sustainability factor** that was created in 2006 as part of the reform of the social security system. This factor relates the amount of the pension to the average life expectancy. This means that as the average life expectancy increases, the labour time has to increase or instead the amount of the pension. has to be reduced.

To assign the amount of the pension to the worker, both in the general plan of social security and in the General Fund of Retirements, the career of contributions is always held in account, with penalties and bonuses, holding also in account the age on which one switches and the number and amount of income years.

The public Social Security in Portugal is, between others, responsible for the protection of citizens in sickness, old age, invalidity, widowhood and orphanage, and also in unemployment and in all other situations of lack or of decrease of means of subsistence or of the capacity to work.

The main sources of financing the social security are:

- **The contributions of workers and enterprises**, which were in 2010 equal to 55,6% of the income
- **The transfers of the state** and of other public entities
- **The General Plan** which is financed by the contribution of workers and enterprises has spent 66% of the expenses on pensions of retirement (49,82), on invalidity (6,83) and on survival (9,55)
- **The non-contributory and social action plan** are financed by the state

The latest reform of the public system of Social Security, which was effectuated between 2005 and 2006, had the objective to make viable the continuation of public and universal social protection, in the light of the changes which occurred in society as such: the aging of the population, the disequilibrium of citizens active in work and pensioners, the degree of variability of the economic cycles (the cycles of growth which are smaller and smaller against the recessive cycles), the increase of unemployment, the precocious leave out of the labour market, - these are amongst others the principal factors of this reform.

However we cannot leave to highlight one or other factor which is in our opinion also a source of financial disequilibrium, such as: the lack of fulfilment of enterprises to pay

contributions, the work which is done in informal economy and in illegality, no to speak of the lowering of the TSU – the unique social tax - which is demanded in the memorandum of the Troika. There was a lot of discussion about the inefficiency of this measure to increase the competitiveness of the economy of enterprises. One still has to highlight the great interest of some economic groups – mainly assurance companies – in the privatisation of a part of the public system, mostly in the most profitable sectors.

Coming back to the life situation of the pensioners, I must emphasize that the low pensions they receive are the cause of a significant part of the poverty in Portugal falling on the head of the most aged population. Currently one sees that there are pensioners who don't buy the medicines they need for their health problems at their age, or they decrease the doses recommended by the doctors in order to have medicines for the days to come. And we didn't even speak of the examinations and the physiotherapeutic services that are not done because they cut the right to financial help in the transport of sick people and of the most poor elder people. There are also more and more demands addressed to social institutions to become food, for payment of invoices of housing, water and electricity.

The loneliness and the isolation of older people is another reality with some dramatic situations in recent times – several older persons are found in their houses without their family or the neighbours knowing it. In the great cities and even in the deserted interior of the country the question of loneliness and desertion of a lot of older people is debated. There are some answers of the civil society, of the state and of the church, with creative experiences showing the way how different generations can live together. But these answers are not sufficient.

On the other side we have a new situation nowadays. A lot of pensioners, even those with small pensions, are helping their children economically who are unemployed, their grand children who are studying and who don't manage to get on the labour market. So they are helping the main victims of this economic crisis.

The LOC/MTC continues to defend in public the importance of the system of public and universal Social Security as a warrant of justice in the redistribution of wealth and because this system is a fundamental pillar for inclusion and social equity for all citizens. The promotion of debates and reflections which are periodically made by LOC/MTC always has the target to become aware of the importance of the system of social security and of the responsibility of each citizen concerning their rights and duties.