

NATIONAL STRATEGY

2025-2035

for Poverty Reduction
and Social Inclusion.



Elderly, Poverty and Inclusion

Working Paper to the National Strategy for Poverty Reduction and Social Inclusion: 2025-2035

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ARP	At-Risk of Poverty
CBM	Central Bank of Malta
COICOP	Classification of Individual Consumption According to Purpose
COLA	Cost of Living Adjustment
EC	European Commission
EU	European Union
EUROPOP	European Population projections by Eurostat
GNMP	Guaranteed National Minimum Pension
HBS	Housing Budgetary Survey
HICP	Harmonised Index of Consumer Prices
MPI	Maximum Pension Income
MS	Member State
NMWP	National Minimum Wage Pension
NSO	National Statistics Office
OECD	Organisation for Economic Co-operation and Development
PAYG	Pay-As-You-Go
p.p.	Percentage Points
PPP	Voluntary Personal Private Pension
SPC-ISG	Social Protection Committee-Indicators Sub-Group
NEI	National Equivalised Income
Md NEI	Median National Equivalised Income
STiK	Social Transfers in Kind
SILC	Statistics on Income and Living Conditions
TCNs	Third Country Nationals
VORPS	Voluntary Occupational Retirement Pension
YOY	Year-on-Year

Note

This Working Paper makes considerable reference to Supplementary Paper Number 01 to the 2020 Strategic Pension Review (2019) – particularly concerning:

Section 03.4: Poverty in Old Age

Section 03.5: Contributory Old Age Benefits.

Dr Brinkworth authored this Supplementary Paper, Number 01.

Data presented in this Supplementary Paper is marked up to 2017 (Column in 'orange' in most cases). Data beyond 2017, which extends the time series and analysis on which this Working Document is based, was presented by the National Statistics Office (NSP) to the Poverty Strategy Drafting Team in December 2023.



01. Introduction

Malta is currently experiencing a decline in fertility rates compared to other advanced digital societies, resulting in a demographic shift characterised by a decrease in the proportion of younger individuals and an increase in working-age adults and older citizens. This population ageing phenomenon is not only a consequence of lower birth rates but is also influenced by an extended and healthier lifespan. Within this ageing demographic, Maltese women exhibit a notable longevity advantage over men, with a rate of 85.0% compared to 81.0% for men (2021 figures).¹ Consequently, women form the majority of the elderly population at advanced ages.

As Malta evolves into an ageing society, several challenges emerge. Ensuring a high quality of life for retirees becomes paramount, particularly in the face of increasing longevity and a diminishing working-age population. This situation places considerable pressure on the fiscal sustainability of Malta's pension system and income support measures for the elderly. Additionally, there is a growing need to address human capital demands from economic stakeholders and provide comprehensive support in areas such as residential, community, and long-term care.

Furthermore, the rise in age-related health conditions, including but not limited to Parkinson's and dementia, presents additional challenges. These conditions impact the health and care system, and the informal care families provide. Navigating these multifaceted challenges requires a strategic and comprehensive approach to maintaining the well-being and resilience of Malta's ageing population.

Specifically addressing the challenges of ageing, Principle 15 of the European Pillar of Social Rights advocates for the right to old age income and pensions. In alignment with the objectives outlined in the European Pillar of Social Rights Action Plan, the 2021 Pension Adequacy Report, a collaborative effort by the Social Protection Committee and the European Commission, reinforces national initiatives to ensure sufficient pensions and minimum income. The report assesses the adequacy of current and future pensions, focusing on their effectiveness in sustaining the financial well-being of individuals throughout their retirement and preventing old-age poverty.

Moreover, strategic measures become imperative to counter challenges in a rapidly ageing population. Unless mitigated by proactive measures, Malta may confront:

- (a) Active participation strategies, including facilitating the utilisation of older individuals' expertise and skills for mutual benefit in the broader economy. This includes considerations such as the importation of economic migrants to support critical social and economic sectors, with a focus on fostering their integration and assimilation.
- (b) Implementing pro-natal policies aimed at increasing the fertility rate, which currently stands at 1.1, ranking among the lowest globally, if not the lowest.

Failure to address these factors exposes Malta to the social consequences of an ageing population. It poses the risk of declining government revenue due to a reduced number of working-age taxpayers. Additionally, lower macroeconomic multiplier impacts may result from decreased consumption within a significant portion of Malta's population.

The primary objective of this Working Paper is to evaluate the existing conditions of elderly poverty and inclusion. It is essential to emphasise that this document will not duplicate discussions on elderly poverty and inclusion found in other national strategic or policy documents, such as the National Strategic Policy for Active Aging: 2023-2030, recently published by the Ministry for Active Ageing. This exclusion holds unless the Working Paper (a) aims to build upon discussions articulated in these national documents or (b) deems the discussions in such documents as fundamentally crucial to shaping the national strategy for Poverty and Inclusion.

¹ Accessed on 17th January 2024: <https://data.worldbank.org/indicator/SP.DYN.LE00.MA.IN?locations=MT>.

02. Malta's Elderly Demographics and Projected Ageing Demographic Impact

02.1 Malta's Elderly Demographics as per the 2021 Census

The Table below presents Malta's demographic profile by sex and age as presented in the 2021 census. As demonstrated in the Working Paper titled '*Migrants, Poverty and Inclusion*', the Census found that more than 1 in 5 residents were foreign, with 115,449 non-Maltese persons residing in Malta.² However, in determining the impact of Malta's elderly demographics and projected ageing effects, it is essential to differentiate between Maltese citizens or naturalised persons on the one hand and economic migrants from the European Union (EU) or Third Country Nationals (TCNs) on the other. The Census shows that 75,527 Maltese persons are under 19 –18.7%, compared to 14,452 or 12.5% of migrants. On the other hand, 30.0%, or 121,062, of Maltese persons are 60 years and over, compared to 6.8%, or 7,868 of migrants.³

Table 01: Malta's demographic profile by sex and age - 2021 census⁴

Age	Maltese		Non Maltese	
	Sex			
	Male	Female	Male	Female
0-9	19,284	17,823	4,248	3,913
10-19	19,771	18,649	3,535	2,756
20-29	24,106	22,698	16,012	9,625
30-39	28,593	27,369	22,228	15,166
40-49	28,643	27,175	12,217	8,016
50-59	24,838	24,282	5,820	4,045
60-69	27,346	27,832	2,581	1,967
70-79	21,326	23,866	1,450	1,092
80-89	6,921	10,674	346	319
Over 89	892	2,205	44	69
	201,540	202,573	68,481	46,968
	404,113		115,449	

Table 02 presents the number of Maltese persons by sex who are 65 years and over. The cohort of the population that is 80 years and above constitutes 14.5% of the total 65 + old population, with females being 9 percentage points (p.p.) more than males.

Table 02: Number of Maltese Persons by Sex who are 65 years+ - Census 2021⁵

Age	Sex		Total	Percentage of Population Age Cohort on Total 65+ population		Total %
	Male	Female		Maltese	Female	
65-69	27,346	27,832	55,178	48.4	43.1	45.8
70-79	21,326	23,866	45,192	37.8	37.0	37.3
80-89	6,921	10,674	17,595	12.3	16.5	14.5
Over 89	892	2,205	3,097	1.6	3.4	2.6
	56,485	64,577	121,062			

² Pg 9, Migrants, Poverty and Inclusion, Working Paper, V4.1, Poverty and Inclusion Strategy Drafting Team, November 2023.

³ Ibid.

⁴ Accessed on 19th November 2023: <https://nso.gov.mt/wp-content/uploads/Chapter-2.xlsx>.

⁵ Ibid.

02.2 What is Malta's True Ageing Demographic Trajectory and its Impacts on Strategic and Policy Design relating to the Elderly

The EUROPOP 2019, based on the Ageing Working Report 2021, projected that Malta's population would reach 706,915 by 2070. This projection was 48% higher than that forecasted in EUROPOP 2013, which projected the population in 2060 at 475,000. This significant difference between the population projections was due to a change in the assumption relating to the migrant population that Eurostat applied for the underlying assumptions and projection methodologies on which the 2021 Ageing Report was based. Eurostat established that migrants to Member States (MS) during the projected 2021 to 2100 period would take root and establish first-generation families in the MS they migrated to. Additionally, migrants who established their family roots in an MS as a first-generation family would likely have a higher fertility rate compared to locals living in an MS. In the recently published underlying assumptions and projection methodologies on which the 2024 Ageing Report is to be based, it seems that Eurostat has adopted a far more aggressive assumption concerning Malta. **Table 03** presents the impact of the assumptions relating to Net Migration between EUROPOP 2019 and EUROPOP 2023⁶ – an additional net migrant population of 89,000.⁷

Table 03: Total Net Migration– Difference between EUROPO 2023 and EUROPOP 2019⁸

	Net migration ('000)						
	2022	2070	2022 ⁽¹⁾	sum 2022-2070	sum 2022-2070 ⁽²⁾	sum 2025-2070	sum 2025-2070 ⁽²⁾
BE	86	8	0.7%	766	6.5%	627	5.3%
BG	164	6	2.4%	410	8.1%	220	4.4%
CZ	442	7	4.1%	606	5.9%	54	0.5%
DK	47	2	0.8%	123	2.0%	27	0.4%
DE	1349	22	1.6%	3,324	4.1%	547	0.7%
EE	43	1	3.2%	106	8.9%	47	4.0%
IE	60	1	1.2%	35	0.5%	-105	-1.6%
EL	10	-6	0.1%	-546	-6.4%	-570	-6.6%
ES	399	25	0.8%	2,329	4.9%	789	1.7%
FR	204	18	0.3%	883	1.3%	334	0.5%
HR	19	4	0.5%	185	6.1%	172	5.7%
IT	154	34	0.3%	1,791	3.3%	984	1.8%
CY	14	0	1.5%	-55	-5.0%	-82	-7.5%
LV	40	1	2.1%	119	10.1%	90	7.7%
LT	86	3	3.1%	322	17.7%	218	11.9%
LU	10	1	1.5%	129	16.3%	94	11.9%
HU	22	2	0.2%	48	0.5%	-43	-0.5%
MT	2	0	0.3%	89	12.5%	57	8.1%
NL	182	9	1.0%	860	4.8%	417	2.3%
AT	76	9	0.9%	427	4.6%	271	2.9%
PL	982	-3	2.6%	500	1.6%	-613	-2.0%
PT	64	20	0.6%	709	8.4%	575	6.8%
RO	143	7	0.8%	640	4.7%	596	4.4%
SI	7	1	0.3%	72	3.7%	44	2.3%
SK	92	0	1.7%	98	2.1%	-8	-0.2%
FI	64	0	1.1%	138	2.7%	6	0.1%
SE	36	2	0.3%	74	0.6%	-132	-1.0%
NO	8	3	0.2%	40	0.6%	-17	-0.3%
EA	2960	152	0.8%	11,781	3.5%	-4,505	1.3%
EU	4796	175	1.1%	14,182	3.3%	4,614	1.1%

(1) Difference in total net migration in 2022 as a percentage of EUROPOP2019 population projection for 2022.
(2) Difference in total net migration (2022-2070) as a percentage of EUROPOP2019 population projection for 2070.
Source: European Commission based on EUROPOP2023 and EUROPOP2019 (Eurostat).

⁶ **Total immigration in EUROPOP2023 consists of three components:** 01. **Immigration derived from past immigration trends.** This is the largest component of immigration and is modelled separately for (i) immigration from non-EU countries and (ii) immigration from EU countries. The model is split into two periods: 2023-2027 and 2028-2100. For the years 2023 to 2027, the values are derived from a linear interpolation between the nowcast level of 2022 and the average of past immigration used to estimate expected immigration in 2027 (average of 2003-2022; 2013-2022 for Member States that joined since 2004). As of 2027, immigration levels are estimated through linear interpolation between the long-term average and the immigration per capita value for the EU in 2027. 02. **A working-age feedback mechanism.** In case of a decline in the working-age population (people aged 15-64), 10% of the decrease is assumed to be compensated by additional non-EU immigration. 03. **In 2022 and 2023, inflows of displaced people from Ukraine under temporary protection.** The large influx of displaced people from Ukraine following the Russian war of aggression triggered the activation of the *Directive on Temporary Protection* in March 2022. The rights of beneficiaries of temporary protection include a residence permit for the entire duration of the protection (one to three years) and the possibility to move to another Member State before the issuance of a residence permit. People fleeing Ukraine under temporary protection are included in the base population for the purpose of population projections. The stocks of beneficiaries of temporary protection at the end of December 2022 was used to measure the total inflow of refugees in 2022. For 2023, the total inflow of people under temporary protection is projected to be 15% of the inflows observed in 2022. There are no further inflows estimated after 2023, nor further inflows due to family reunions. **Total emigration in EUROPOP2023 results from two projection components:** 01. **Emigration derived from past emigration trends.** It is modelled similarly to immigration (see above). 2027 emigration levels are converted into country-specific probabilities of emigration that are assumed to linearly converge between 2027 and 2100 towards the EU average (2013-2022). 02. **Outflows in 2024-2033 of Ukrainian refugees who arrived under temporary protection in 2022-2023.** Surveys indicate that a relevant share of displaced people from Ukraine intends to stay in their current host country. (2) The emigration projections assume that 33% of refugees will remain permanently in the host country, with 67% returning. The return period is modelled over 10 years, such that the number of returns per year decreases linearly, until 33% of the total inflows in 2022-2023 is left in 2033.

⁷ Pg 29, 2024 Ageing Report: Underlying assumptions and projection methodologies, Institutional Paper 257, Directorate-General for Economic and Financial Affairs, European Commission, 2023.

⁸ Pg 20, Ibid.

As seen from Table 04 below, the cumulative net migration in Malta as a percentage of the 2022 population will be 64.6, the highest amongst MS and way off the EU average of 14.0.

Table 04: Project of Net Migration Flows – Ageing Report 2024: 2022-2070⁹

	Net migration ('000)				Net migration (% of population)				
	2022	2030	2050	2070	2022	2030	2050	2070	2022-70 (%2022) ⁽¹⁾
BE	116	37	32	29	1.0	0.3	0.3	0.2	15.1
BG	160	-3	13	16	2.3	0.0	0.2	0.3	9.1
CZ	471	-2	26	25	4.4	0.0	0.2	0.2	13.6
DK	55	12	12	13	0.9	0.2	0.2	0.2	11.7
DE	1631	250	266	236	1.9	0.3	0.3	0.3	17.6
EE	45	1	4	4	3.4	0.1	0.3	0.3	15.5
IE	93	17	14	12	1.8	0.3	0.2	0.2	16.0
EL	22	-4	8	20	0.2	0.0	0.1	0.2	3.3
ES	677	221	196	194	1.4	0.4	0.4	0.4	23.6
FR	275	80	83	99	0.4	0.1	0.1	0.1	6.6
HR	14	2	7	10	0.4	0.1	0.2	0.3	7.0
IT	348	270	240	240	0.6	0.5	0.4	0.4	20.9
CY	18	0	2	2	2.0	0.0	0.2	0.2	9.7
LV	33	-7	0	2	1.7	-0.4	0.0	0.1	-3.3
LT	82	-8	3	6	2.9	-0.3	0.1	0.3	4.8
LU	15	8	5	4	2.3	1.0	0.6	0.4	45.2
HU	48	19	25	26	0.5	0.2	0.3	0.3	12.3
MT	11	9	6	4	2.2	1.6	0.8	0.5	64.6
NL	235	45	42	42	1.3	0.2	0.2	0.2	14.3
AT	104	36	37	35	1.1	0.4	0.4	0.4	20.2
PL	1001	-44	62	69	2.6	-0.1	0.2	0.2	7.0
PT	82	16	27	39	0.8	0.2	0.3	0.4	13.3
RO	79	-38	6	28	0.4	-0.2	0.0	0.2	-0.1
SI	15	6	6	6	0.7	0.3	0.3	0.3	14.8
SK	96	-1	9	8	1.8	0.0	0.2	0.2	6.7
FI	77	11	14	13	1.4	0.2	0.2	0.3	13.1
SE	99	50	42	32	0.9	0.5	0.3	0.3	20.7
NO	36	27	27	26	0.7	0.5	0.4	0.4	23.8
EA	3990	990	1001	1002	1.1	0.3	0.3	0.3	15.6
EU	5902	985	1187	1212	1.3	0.2	0.3	0.3	14.0

(1) Cumulative net migration as % of 2022 population.
Source: EUROPOP2023 (Eurostat).

Table 05 presents the projected total population for 2022 to 2070. Whereas many MS are projected to experience a fall in their population, that of Malta, on the other hand, is projected to increase significantly – by 37% up to 2045, decelerating to 13 between 2045-2070, a total of 54%. This is the highest project population increase, followed by Luxembourg at 49% and Sweden at 23%, with the EU averaging a negative 4%.

Table 05: Project Total Population – Ageing Report: 2022-2070¹⁰

	Total population (annual average - millions)			% change		
	2022	2045	2070	2022-2045	2045-2070	2022-2070
BE	11.7	12.5	12.7	7%	2%	9%
BG	6.9	6.0	5.3	-13%	-12%	-23%
CZ	10.7	10.7	10.6	0%	-2%	-2%
DK	5.9	6.1	6.2	4%	1%	5%
DE	83.9	85.0	84.2	1%	-1%	0%
EE	1.4	1.3	1.3	-1%	-2%	-3%
IE	5.1	5.9	6.1	15%	3%	19%
EL	10.4	9.2	7.8	-12%	-16%	-25%
ES	47.7	50.5	47.7	6%	-6%	0%
FR	68.0	70.7	69.7	4%	-1%	2%
HR	3.9	3.4	3.0	-12%	-11%	-22%
IT	59.0	58.1	53.3	-2%	-8%	-10%
CY	0.9	1.0	1.0	7%	2%	9%
LV	1.9	1.5	1.3	-19%	-17%	-33%
LT	2.8	2.4	2.0	-15%	-17%	-29%
LU	0.7	0.9	1.0	33%	12%	49%
HU	9.7	9.3	9.0	-4%	-3%	-7%
MT	0.5	0.7	0.8	37%	13%	54%
NL	17.7	18.8	18.7	6%	0%	6%
AT	9.0	9.3	9.3	3%	1%	6%
PL	38.1	35.2	31.8	-8%	-9%	-16%
PT	10.4	9.8	9.0	-5%	-9%	-14%
RO	19.0	16.8	15.0	-12%	-11%	-21%
SI	2.1	2.1	2.0	0%	-5%	-5%
SK	5.5	5.2	4.8	-4%	-8%	-12%
FI	5.6	5.5	5.2	-1%	-5%	-6%
SE	10.5	11.9	12.9	13%	8%	23%
NO	5.4	6.1	6.5	12%	7%	20%
EA	348.2	354.1	341.1	2%	-4%	-2%
EU	449.1	450.1	431.9	0%	-4%	-4%

Source: European Commission based on EUROPOP2023 (Eurostat).

⁹ Pg 20, Ibid.

¹⁰ Pg 21, Ibid.

Table 06 presents the composition of the EU population by age group. Of note is that between 2022 and 2070, it is projected that Malta's 0 to 9 and 20 to 64-year-old population will fall by 2.6% and 11.8%, respectively. On the other hand, the 65+ cohort will increase by 10.6% and the 80+ cohort by 8.1%. In all age cohorts, the decreases / increases in the projections are bleaker than that of the EU average. In the 65+ age cohort, Malta ranks after Lithuania at a 15.7 p.p. increase, with the Netherlands at 14.4 p.p.

Table 06: Composition of the population by age group¹¹

	2022				2070				pps change 2022-2070			
	(0-19)	(20-64)	(65+)	(80+)	(0-19)	(20-64)	(65+)	(80+)	(0-19)	(20-64)	(65+)	(80+)
BE	22%	58%	20%	6%	19%	53%	28%	11%	-3.3	-5.1	8.5	5.8
BG	19%	59%	22%	5%	18%	51%	31%	14%	-1.4	-7.8	9.2	9.0
CZ	21%	58%	20%	4%	19%	53%	27%	12%	-1.7	-5.3	7.0	7.6
DK	22%	58%	20%	5%	20%	51%	29%	11%	-2.3	-6.3	8.6	5.8
DE	19%	59%	22%	7%	19%	52%	29%	12%	0.1	-6.8	6.7	4.4
EE	22%	58%	20%	6%	18%	52%	30%	13%	-3.3	-6.2	9.5	7.3
IE	26%	59%	15%	4%	18%	52%	29%	12%	-7.8	-6.2	14.0	8.7
EL	19%	58%	23%	7%	17%	50%	33%	16%	-1.8	-8.5	10.2	9.1
ES	19%	61%	20%	6%	16%	51%	33%	15%	-3.7	-9.3	12.9	8.8
FR	24%	55%	21%	6%	20%	51%	29%	13%	-3.7	-4.5	8.2	6.5
HR	19%	59%	23%	5%	16%	52%	32%	13%	-3.4	-6.3	9.7	7.6
IT	17%	59%	24%	8%	15%	51%	34%	15%	-2.6	-7.2	9.8	6.9
CY	21%	62%	17%	4%	18%	53%	29%	12%	-3.2	-9.4	12.6	7.8
LV	21%	58%	21%	6%	18%	51%	31%	15%	-3.5	-6.8	10.3	8.9
LT	20%	60%	20%	6%	15%	49%	36%	15%	-4.5	-11.1	15.7	9.6
LU	21%	64%	15%	4%	18%	53%	29%	11%	-3.0	-11.4	14.4	7.2
HU	20%	60%	21%	5%	19%	52%	28%	11%	-0.4	-7.4	7.8	6.8
MT	18%	63%	19%	4%	15%	51%	34%	12%	-2.6	-11.8	14.4	8.1
NL	21%	59%	20%	5%	19%	52%	29%	11%	-2.4	-6.7	9.1	6.1
AT	19%	61%	20%	6%	18%	52%	30%	12%	-1.6	-8.7	10.3	6.3
PL	21%	60%	19%	4%	17%	50%	32%	15%	-3.2	-9.8	13.0	10.7
PT	18%	58%	24%	7%	17%	50%	34%	15%	-1.0	-8.8	9.8	7.8
RO	22%	59%	20%	4%	19%	52%	29%	13%	-2.9	-6.5	9.5	8.6
SI	20%	59%	21%	6%	17%	52%	30%	14%	-2.2	-6.7	8.8	8.1
SK	21%	61%	18%	3%	19%	51%	30%	14%	-1.8	-10.9	12.7	10.5
FI	21%	56%	23%	6%	16%	51%	32%	13%	-4.4	-4.7	9.0	7.3
SE	23%	56%	20%	5%	20%	53%	27%	11%	-3.1	-3.4	6.4	5.3
NO	23%	59%	18%	4%	18%	53%	29%	11%	-4.8	-5.8	10.6	6.9
EA	20%	58%	22%	6%	18%	52%	31%	13%	-2.3	-6.9	9.2	6.5
EU	20%	59%	21%	6%	18%	52%	30%	13%	-2.3	-7.0	9.3	7.0

Source: European Commission based on EUROPOP2023 (Eurostat).

The assumptions adopted by Eurostat concerning net migration impact Malta's population. In fact, under the new assumptions, Malta is expected to reach the 700,000 person mark forecasted under EUROPOP 2019 to be reached in 2070 by 2045 and will increase to 800,000 by 2070.¹²

Table 07 below presents the projected dependency ratios for 2022 to 2070. As can be seen from this Table, whilst the old age dependency ratio¹³ up to 2045 is at 32.8, the lowest amongst MS, this explodes to 65.4 in the years leading to 2070. A similar trend can be seen in the very old dependency ratio¹⁴, accelerating by 4.3 p.p. between 2022 and 2045 and 13 p.p. between 2045 and 2070. However, Malta will not have, at 94.3, the highest total dependency ratio amongst MS. It will, at 36.1, experience the most significant change over 2022-2070.

¹¹ Pg 22, Ibid.

¹² Pg 21, Ibid.

¹³ The old-age dependency ratio measures the relationship between the elderly population (defined as individuals aged 65 and above) and the working-age population (defined as individuals aged 20 to 64). It is expressed as a ratio. This ratio indicates how many elderly individuals there are for every 100 working-age individuals. A higher old-age dependency ratio indicates that there are proportionally more elderly individuals compared to the working-age population.

¹⁴ The very old dependency ratio is similar to the old age dependency ratio but focuses on the relationship between the population aged 80 and above (the "very old" population) and the working-age population (individuals aged 20 to 64).

Table 07: Dependency Ratios (%) – Ageing Report: 2022-2070¹⁵

	Old-age dependency ratio (65+/20-64)				Very old-age dependency ratio (80+/20-64)				Total dependency ratio ((0-19 & 65+)/20-64)				
	2022	2045	2070	2022-2070 (pps change)	2022	2045	2070	2022-2070 (pps change)	2022	2045	2070	2022-2070 (pps change)	
BE	33.7	44.9	53.0	19.2	9.5	16.4	21.3	11.8	72.0	81.1	88.7	16.6	BE
BG	36.6	53.6	60.3	23.6	8.0	15.1	26.8	18.8	69.6	87.1	95.5	25.9	BG
CZ	34.9	48.9	51.5	16.6	7.3	14.2	22.4	15.0	71.2	85.0	88.1	16.9	CZ
DK	35.4	46.8	56.5	21.1	8.8	16.4	21.2	12.4	73.4	85.3	94.7	21.2	DK
DE	37.4	49.2	55.0	17.6	12.3	18.7	22.4	10.1	69.0	83.4	90.8	21.9	DE
EE	34.9	46.2	57.3	22.4	10.3	15.6	25.6	15.4	72.0	79.8	92.5	20.5	EE
IE	25.7	42.4	55.6	29.8	6.2	13.0	23.4	17.2	70.2	79.1	90.5	20.3	IE
EL	39.0	68.7	66.0	27.0	12.2	23.7	32.4	20.2	70.9	102.2	99.8	28.9	EL
ES	33.3	60.1	64.5	31.2	10.0	20.2	29.0	19.0	64.9	90.1	94.6	29.8	ES
FR	38.2	51.6	57.8	19.7	10.9	19.9	24.8	13.9	81.0	92.8	97.2	16.2	FR
HR	38.9	53.1	62.2	23.3	9.4	18.2	25.2	15.8	72.0	83.6	92.8	20.9	HR
IT	40.8	64.9	65.5	24.7	13.0	23.2	28.2	15.2	70.6	93.9	94.4	23.8	IT
CY	26.7	38.8	55.5	28.8	6.4	13.3	22.4	16.0	61.1	71.9	90.0	28.8	CY
LV	36.0	53.2	61.0	25.0	10.4	18.1	29.2	18.8	72.3	86.1	95.4	23.0	LV
LT	33.1	53.7	72.4	39.3	9.3	18.6	31.0	21.6	65.7	82.4	103.1	37.5	LT
LU	23.1	36.3	55.4	32.3	6.1	11.3	21.0	14.9	56.0	69.2	89.6	33.6	LU
HU	34.5	47.7	54.3	19.8	7.8	13.2	21.9	14.1	67.4	83.1	91.1	23.6	HU
MT	30.5	32.8	65.4	34.9	6.8	11.1	24.1	17.4	58.2	57.9	94.3	36.1	MT
NL	34.3	46.3	56.3	22.0	8.3	16.9	21.1	12.8	70.3	82.9	92.4	22.0	NL
AT	32.0	48.4	57.0	25.0	9.6	17.2	23.2	13.6	63.7	80.9	90.9	27.3	AT
PL	31.9	47.9	63.7	31.9	7.1	16.1	29.8	22.6	65.9	79.4	98.1	32.2	PL
PT	40.7	65.9	67.8	27.0	11.9	23.6	29.8	17.9	71.3	99.0	101.8	30.5	PT
RO	33.5	52.2	55.8	22.3	7.6	14.5	25.1	17.5	70.5	89.3	91.9	21.3	RO
SI	36.1	54.5	57.5	21.5	9.5	19.2	26.3	16.7	69.3	87.2	90.9	21.6	SI
SK	28.5	48.4	59.7	31.2	5.5	14.7	27.5	21.9	62.7	83.0	97.7	35.0	SK
FI	41.2	47.8	62.4	21.3	10.5	18.7	25.6	15.1	78.2	79.9	94.3	16.1	FI
SE	36.0	41.2	50.4	14.4	9.6	14.4	20.2	10.6	77.2	79.6	88.4	11.2	SE
NO	31.2	43.1	54.4	23.2	7.6	14.8	21.3	13.7	69.7	77.4	88.0	18.4	NO
EA	36.9	54.1	59.6	22.7	11.1	19.7	25.3	14.2	71.1	88.3	93.9	22.9	EA
EU	36.1	52.8	59.1	23.0	10.3	18.7	25.3	14.9	70.7	87.1	93.8	23.1	EU

Source: European Commission based on EUROPOP2023 (Eurostat).

02.2.1 How realistic are Eurostat's Projected Ageing Demographic's Strategic and Policy Design

The census data reveals a notable demographic trend among Malta foreigners, with the majority being males (59.3%) and generally younger than their Maltese counterparts. The average age for foreigners is 34.9 years, contrasting with the average age of 43.6 years for Maltese individuals.¹⁶ These statistics on gender and age underscore the likelihood that economic motives drive a significant proportion of migrants in Malta. This pattern appears to have persisted over time.

Examining the age distribution further, only 3.0% of the total migrant population in Malta falls within the 60-year-old and above category, as indicated in Table 01. Additionally, this age group constitutes merely 2.7% of the population aged 60 years and above, totalling 128,930 individuals. The relatively low representation of elderly non-Maltese individuals strongly implies that the number of migrants establishing first-generation families in Malta and subsequently ageing over time is minimal.

Undoubtedly, the migrant population has witnessed a substantial increase, as illustrated in the data from 2014 to 2021. However, an intriguing revelation emerges, indicating that a considerable segment of this migrant population is transient. This prompts a crucial inquiry into the cohort size comprising economic migrants, who are inherently transitional, compared to migrants actively seeking to make Malta their permanent home. The distinction between these two groups, namely economic migrants and those aspiring to establish roots in Malta through citizenship or long-term residency, becomes pivotal for a nuanced understanding of the evolving demographic landscape over time.

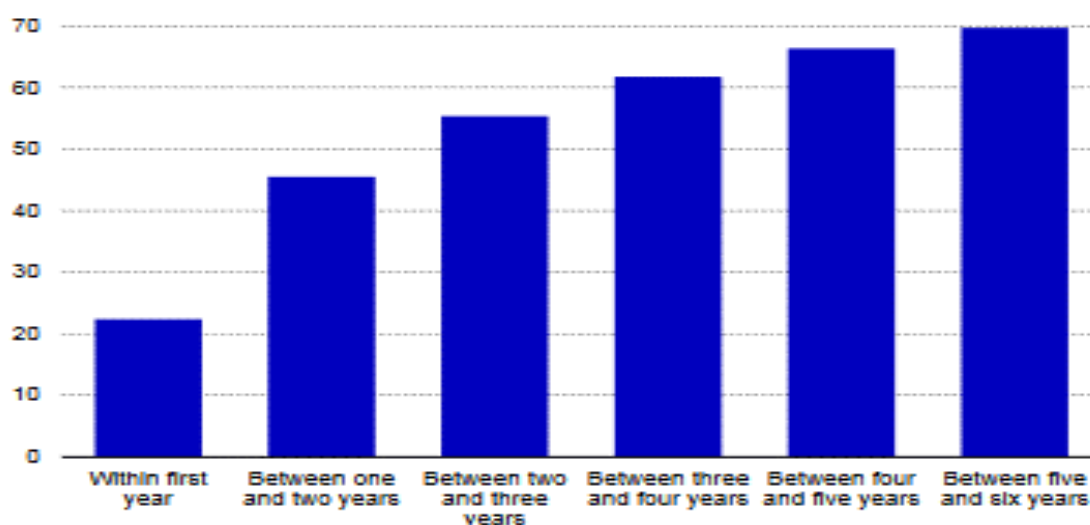
This understanding carries significant implications within Malta's population dynamics, particularly when considering the ageing demographic trajectory and its consequent impact on policy formulation. A population profile characterised by hosting larger first, second, third, and subsequent generations of settlers necessitates specific policy responses. For instance, planning for the demand and provision of age-related care services and ensuring the adequacy and sustainability of pensions becomes crucial in addressing the needs of an ageing population.

¹⁵ Pg 9, Migrants, Poverty and Inclusion, Working Paper, V4.1, Poverty and Inclusion Strategy Drafting Team, November.

¹⁶ Ibid.

Conversely, if the population profile consists of a substantial but transient demographic cohort of migrants, a distinct set of policy considerations and instruments becomes essential. The Central Bank of Malta (CBM) sheds light on this aspect in a paper titled '*The Length of Stay of Foreign Workers in Malta.*' According to the CBM, between 2002 and 2017, an average of 25% of engaged foreign workers exited the labour market within the same year, while 45% left after a period ranging from one to two years. Only 30% of non-Maltese workers remain in the Maltese labour market for more than six years after their initial engagement. This trend highlights Malta's pronounced out-migration rate compared to other advanced economies. The Organisation for Economic Co-operation and Development (OECD) notes that between 20% and 50% of immigrants in other countries either return home or move to third countries within five years of arrival. In contrast, over 60% of foreign workers in Malta exit the Maltese labour market within two years of their arrival.¹⁷

Figure 01: Average Exit Rates of Migrants as a Percentage of New Entrants



Sources: Jobsplus; author's calculations.

The 2024 Ageing Report, as referenced earlier, along with its underlying assumptions and projection methodologies, serves as a framework designed for comparative projections of cost, sustainability, and adequacy impacts across the 28 MS in various age-related expenditure policy areas including pensions, health care, long-term care, and education.

While applying the 2024 Ageing Report's underlying assumptions and projection methodologies is essential for local policy impact assessments, especially in areas such as the influence of net migration on Malta's demographics, it may not necessarily capture the full spectrum of actual socio-economic conditions in Malta. It is acknowledged that Malta reports to the European Commission (EC) in adopting the 2024 Ageing Report's underlying assumptions and projection methodologies for age-related expenditure policy areas.

However, Malta should view the 2024 Ageing Report framework as a baseline for its internal policy design and assessment. This should be complemented by a more nuanced socio-economic metrics dashboard, incorporating granular data and assumptions that better reflect Malta's current state of affairs. Such an approach will contribute to a more realistic evaluation of policy option outcomes and outputs, enhancing the effectiveness of policy considerations.

¹⁷ Pp. 35-42, Borg I., The length of stay of foreign workers in Malta, Quarterly Review 2019:2, Central Bank of Malta. Accessed on 19th December 2023: file:///C:/Users/Admin/Downloads/foreign-workers-Malta.pdf.

03. Elderly Persons and Poverty

03.1 Beneficiaries of Contributory and Non-Contributory Pensions

Following the pension reforms in 2007, the statutory retirement age underwent phased increases for both males and females, progressing from 61 to 65 years of age based on an individual's date of birth. As of 2023, the statutory retirement age stands at 64 years, with a further increase to 65 years scheduled for 2027.

There exist two primary types of pensions. The first is the contributory pension, an earnings-based pension contingent upon meeting specific criteria, including fulfilling a designated number of contributions. This pension is two-thirds of a maximum pension income ceiling (MPI). Additionally, as part of the contributory insurance scheme, the social security system offers various other pensions such as widow/er's and invalidity pensions, among other benefits. Individuals not meeting the qualifying criteria for a contributory pension are entitled to a means-tested old-age non-contributory pension.

Table 08 below outlines the beneficiaries receiving different contributions from 2020 to 2022. In 2022, 98,105 individuals received a contributory pension, reflecting a 5.2% increase (4,868 persons) over 2020. The largest share of contributory pensions pertains to retirement pensions, accounting for 43.1% in 2023, a marginal increase from 43.0% in 2020. Among retirement pensions, two-thirds pensions hold the majority, constituting 78.11% in 2022, 59,932 recipients, and 33.6% of all pensions.

Widows/ers receive a pension as a vested right from their spouse, cohabitant, or civil partner. This pension, being the rightful claim of the contributing spouse, does not constitute part of a family's community assets. The number of widow/ers receiving such pensions increased by 19.8% between 2020 and 2022, reaching 14,122 recipients, constituting 7.6% of all pensioners.

Persons receiving various minimum pensions—retirement, invalidity, and widows—experienced a marginal increase from 2020 to 2023, rising by 1.2% to 18,551 individuals. In 2022, recipients of these minimum pensions comprised 10.8% of all pension recipients. Within this category, the largest subgroup consisted of individuals receiving the National Minimum Pension, witnessing a 14.4% increase from 7,160 in 2020 to 8,190 in 2022.

Table 08: Contributory Pensions and Number of Beneficiaries: 2020-2023¹⁸

Description	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2022
	Beneficiaries	Beneficiaries	Beneficiaries
Contributory Benefits	-	-	-
Pensions in respect of retirement	-	-	-
Retirement Pension	5,773	5,733	4,745
National Minimum Pension	7,160	8,009	8,190
Increased Retirement Pension	1,154	1,080	566
Two-Thirds Pension	53,489	55,565	57,932
Increased National Minimum Pension	2,649	2,831	2,660
Decreased National Minimum Pension	69	73	72
Pensions in respect of invalidity	-	-	-
Invalidity Pension	132	114	106
Increased Invalidity Pension	57	47	37
National Minimum Invalidity Pension	3,122	2,932	2,733
Decreased National Minimum Invalidity Pension ¹	2	2	2
Pensions in respect of Widowhood	-	-	-

¹⁸ Accessed on 20th December 2023: https://nso.gov.mt/wp-content/uploads/NR2023_056-Table-1-1.ods.

Widows' Pension	204	154	146
Early Survivors' Pension	1,990	1,916	1,606
Survivors' Pension	9,794	10,908	12,516
National Minimum Widows' Pension	5,840	5,436	4,968
Benefits in respect of Industrial Injuries and Gratuities	-	-	-
Injury Benefit	1,564	1,456	1,603
Injury Pension	223	212	202
Injury Gratuity	15	16	21

Concerning the non-contributory means-tested Old Age pension, the number of beneficiaries has been falling since 2020 – from 4,903 to 4,297: a decrease of 606 beneficiaries or 12.36 in 2020.¹⁹

03.2 Contributory Pension Income

Table 09 illustrates the adjustments to the weekly maximum income for married and single individuals receiving various contributory retirement pensions and the Widow's Pension. These adjustments result from (a) budgetary measures and (b) recommendations implemented by the government following the Pension Strategic Reviews conducted in 2005, 2010, 2015, and 2020.

Key recommendations stemming from the Strategic Reviews spanning 2005 to 2020 encompass the following:

- Individuals born on or after January 1, 1962, without entitlement to a Service Pension are granted a Guaranteed National Minimum Pension set at a rate not less than 60% of the national median income.
- Individuals born in and before 1961, eligible for the MPI used in calculating the 2/3 pension income, receive a full Cost of Living Adjustment (COLA) to increase their pension income.
- Individuals born on and after 1962, with the MPI used for the 2/3 pension income calculation, witness an increase in their pension income through an indexation mechanism of 70% wage inflation and 30% retail inflation.
- The maximum income of a Widow/er's pension, previously conditional on the widow/er being in active employment for entitlement to the full 6/6th of the spouse's pension, has been gradually increased since 2021. By 2027, any widow will receive their deceased spouse's full 6/6th pension entitlement.

Table 09: Increases to the Weekly Maximum Income for Persons retiring in 2010, 2015 and 2024

	2010	2015	2016	2020	2021	2022	2023	2024
	€ / Weekly							
Retirement Pension								
Married								
Two-Thirds Pension - Full Rate	219.83	229.15		244.22	248.64	253.06	262.26	T-282.04 ¹ S-354.86 ¹
Two-Thirds Pension – Min. Rate		199.6		211.00	49.31	50.64	53.4	56.62
Guaranteed National Min. Pension			140.00	161.00	166	171	183.5	198.5
Single								
Two-Thirds Pension - Full Rate		229.14		244.22	248.64	253.06	262.26	T-282.04 ¹ S-354.86 ¹

¹⁹ Accessed on 21st December 2023: https://nso.gov.mt/wp-content/uploads/NR2023_056-Table-3-1.ods.

Two-Thirds Pension – Min. Rate		173.40		184.97	44.59	45.91	48,67	51.89
Guaranteed National Minimum Pension (GNMP)			140.00	157.00	162	167	179.5	194.5
Widow's Pension								
National Minimum Widow's Pension (NMWP)			130.30	144.20	148.62	153.04	162.24	172.97
Widow's Pension			102.08	115.98	120.40	124.82	134.02	144.75

Note: 1: 'T' refers to persons born between 1952 and 1961 categorised as 'Transitionals' under the 2007 pension reforms, whilst 'S' refers to persons born in and after 1962 categorised as 'Switchers' under the said reforms.

03.3 Saving Accumulation and De-accumulation

A person's financial life cycle model posits that a person's savings and consumption patterns vary significantly throughout a person's life cycle, which typically consists of different stages such as childhood, adolescence, adulthood, and old age. During early adulthood, as persons establish career and financial independence, consumption is a lifestyle directed at purchasing a car, travelling, and potentially debts accrued for education. As persons move from late adulthood to early mid-adulthood, the main expenditure is related to the two largest sources of structured expenditure during their life: (a) the bringing up of a family and (b) the payment of home mortgages or rental expenditure. Theoretically, this period is where the average person is least likely to save due to the reduced disposable income following the mortgage payment, home-related expenditures, and education.

In late adulthood, as the mortgage is paid and children have started to generate their income, a person is likely to increase their ability to save – as previous income leads to mortgage payment (not if in rental accommodation), and education / schooling expenditure is now freed up. As people move into retirement, their consumption patterns change. There is an increased consumption of medical-related expenditure, a shift from earning to pension income, and de-accumulation of assets and savings to bring the quality of life enjoyed whilst in employment.

Table 10 below simulates the Housing Budgetary Survey (HBS) 2022 expenditure by age group of reference person and Classification of Individual Consumption According to Purpose (COICOP), HBS2015 and the HICP. Expenditure for a household where both persons are aged 65+ compared to a household aged 18-64 with no children shows that consumption increases significantly in food, housing and utilities, and health whilst decreasing significantly in transport and miscellaneous goods and services.

Of note is the expenditure profile of a household with two children compared to that of a pensioners household. Housing, utilities, education, and transport constitute 27.8% of their total consumption – a significant part of which will result in increased disposable income as the mortgage is paid and children become financially independent.

Table 10: Housing Budgetary Survey (HBS) 2022 Comparing Reference Persons by Age²⁰

	Age group of reference person = 18-64			Pensioners (65+) with nobody living with them
	No children	1 Child	2 or more children	
	%	%	%	%
Food and non-alcoholic beverages	20.45	19.71	21.90	30.23
Alcoholic beverages and tobacco	2.65	1.74	1.79	2.39
Clothing and footwear	6.68	7.50	7.96	4.89

²⁰ NSO report prepared on 4th January 2024.

Housing, water, electricity, gas and other	8.61	7.57	7.04	12.51
Furnishing, household equipment and maintenance	7.51	7.71	6.47	7.92
Health	4.89	4.22	4.92	9.43
Transport	14.95	15.84	13.87	6.87
Communication	3.68	3.63	3.36	3.74
Recreation and Culture	7.81	8.52	8.40	6.16
Education	1.87	4.03	6.92	0.18
Restaurants and hotels	9.59	8.56	7.37	7.12
Miscellaneous goods and services	11.30	10.97	10.00	8.58
Total	100	100	100	100

*estimated by using the inflation by COICOP 2015/2022

A paper published by the Central Bank of Malta (CBM) titled 'Saving Behaviour in Malta: Insights from the Household Budgetary Survey' concluded that:²¹

01. There is no significant difference in the saving behaviour of the youngest households relative to the benchmark household aged 40-54. This is consistent with the lifecycle financial model that theoretically states that households are less likely to save if they have children due to the structured costs of education and financially supporting their children. On average, a female gives birth to the firstborn child when she is 30-32 years of age – approximating the 20-year or so life journey of the child to a young adult who is financially independent.
02. Households whose reference person is aged 55-64 are up to 3 percentage points (p.p.) more likely to be 'moderate savers' or 'high savers' and correspondingly less likely to be in the dissaving categories. This is also consistent with the lifecycle financial model discussed earlier.
03. The eldest households have similar patterns for high and moderate dissaving to young-to-middle-aged households but are close to 15 p.p. more likely to be in the highest saving rate category. This indicates that the elderly are more likely to save overall and are particularly likely to be strong savers. This conclusion challenges the financial lifecycle.

This study was published by the CBM in 2021 and is based on 2008 and 2015 data. Thus, three observations are made concerning its conclusions. These are:

01. The CBM research finds that retirees, contrary to the theoretical financial lifecycle model, which, as stated earlier, assumes that persons in retirement will de-accumulate their savings to maintain a good quality of life, were, in terms of their median saving rate patterns, actually saving during their retirement.²² Research carried out in preparing the Poverty Strategy by government entities, NGOs, etc., shows the recent significant increase in inflation, primarily concerning food, and the significant increases in mortgage and rental values placing considerable pressure on household disposable income. This research suggests that low-income and low-middle-income households face difficulties making ends meet.
02. As discussed in the forthcoming section, whilst compared to the target to persons in the labour market on the national average wage and over, enrolment in PPP and VORPS schemes is low – the 30-39 age cohort at 35.1% and 33.7%, respectively, are the largest cohorts who have invested in these retirement schemes. Whilst there is no data available on the mean annual contribution value (up to €3,000 annually qualifies for a 25% tax credit) or on how many households have

²¹ Pg 32, Abela, G., and Gatt, W., saving behaviour in Malta: Insights from the Household Budgetary Survey, WP/02/2021, Central Bank of Malta, 2021.

²² Ibid.

suspended payment to these schemes due to the challenges mentioned in 01 above, this find goes contrary to the financial lifecycle model discussed earlier.

03. Savings trends are primarily captured through the HBS. A limitation of the HBS when determining saving levels and how these could counter the gap between income earned in employment and the retirement pension income is that it excludes a person’s or household’s financial wealth. The Table below presents the conditional median in the 4th wave household finance and consumption survey by the CBM in 2023.²³

As discussed in the Working Paper titled ‘Affordable and Social Housing’, 74.6% of Maltese persons own their principal residence.²⁴ Regarding savings and wealth accumulation, three-fourths of Maltese persons invest their wealth in property. As shown in **Table 11**, the median value of a main residence for the 65-74 and over 75 age cohorts is €300,000. Of note is that many Maltese own a second home – either as a summer residence or for rental purposes. The median value of a second home is €150,000 and €175,000 for the 65-74 and over 70 age cohorts, respectively.

Table 11: Conditional Median of Value of Household Real Assets of Persons Aged 65 and Over²⁵

	Main Residence	Other Real Estate	Vehicles	Valuables	Total Real Assets
	€				€
65-74 years	€300,000	150,000	3,750	1,750	300,000
Over 75 years	€300,000	175,000	2,500	1,000	287,000

03.4 Bridging the Gap between Income generated from employment and income in retirement

As mentioned in the previous section, the strategic goal of the 2004 reform, one retained by subsequent reforms since, was to secure an adequacy footprint for future generations equivalent to that enjoyed by pensioners who were to retire between 2004 and 2010 - an Average Pension Replacement Rate (APRR) of 54% (Pensions Working Group, 2005) as a minimum goal – given that this goal was below the two-thirds (67%) social contract promised by the Two-Thirds Pension.

The primary reason for the compression of the APRR was that the MPI ceiling on which the two-thirds is calculated increased only by €1,165 over 24 years (€48.5 annually). Over the same period, however, salaries grew at a far more significant pace. Since the 2007 reforms, indexation measures to the MPI and retirement income have been introduced. These were categorised on the COLA-based index for persons born in and before 1961 and an indexation mechanism of 70% wage inflation and 30% retail inflation for persons born in and after 1962. The 2020 Strategic Review proposed that the indexation mechanism is also applied to that population born in and before 1961. In the 2024 budget, the government announced the implementation of this measure.

The Table below presents how the MPI increased indexation to inflation or a hybrid of wage and inflation following the 2007 reforms. It is to be noted that between 2007 and 2013, the MPI was increased by COLA only. In 2014, the two types of indexations for the two population categories were implemented as planned in the 2005 Strategic Review.

²³ Pg 51, Antonaroli, V., et al, Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, Central Bank of Malta, WP/01/23, 2023.

²⁴ Pg 10, Affordable and Social Housing, Working Paper, Poverty Strategy Drafting Team, V1.0, 31st October 2023.

²⁵ Pg 50, Antonaroli, V., et al, Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, Central Bank of Malta, WP/01/23, 2023.

Table 12: Impact on the Maximum Pensionable Income Resulting from the Different Indexation Mechanisms

Year	Switcher (born on and after 1962)		Transitional (born between 1952 and 1961)	
	MPI €	Increase in MPI €	MPI €	Increase in MPI €
2013	20,900		17,630	
2014	21,431	531	17,812	182
2015	21,749	318	17,842	30
2016	22,137	388	17,933	91
2017	22,803	666	18,024	91
2018	23,701	898	18,271	247
2019	24,194	493	18,561	290
2020	24,986	792	19,017	456
2021	25,258	272	19,362	345
2022	25,986	728	19,706	344
2023	26,831	845	20,423	717
2024	27,679	848	22,000	1,577

In real terms, the maximum pension entitlement for a person born on:

- And after 1962: €18,452, or €354.85 a week.
- On and before 1961: €14,667 or €282.05 a week.

Table 13 provides a comparative analysis of several contributory pensions with the average wage from 2010 to 2023. Despite the pension income increases outlined in **Table 09**, the percentage of retirement pension income concerning the average salary decreased from 78.8% to 61.0% during this period. This decline is primarily attributed to the fact that the adjustment to retirement income by the full COLA alone was insufficient to maintain the 78.8% relationship in 2010. From 2011 to 2021, Malta faced low inflation. Conversely, with robust economic growth and increased demand for human capital, wages experienced an upward trajectory. The 2015 Strategic Review's primary thrust concerning state pensions was improving the retirement income levels for pensioners at the lower end of the retirement pension income spectrum. Most of the measures proposed were implemented, together with a considerable number of budget measures carried out in this regard. One crucial measure was positioning the Guaranteed National Minimum Pension (GNMP) at 70.0% of the retirement pension income (full rate). For persons born in or after 1962, the GNMP is established at 60% of the national median income.

Table 13: Relationship of Contributory Pensions with the Average Wage²⁶

	2010	2015	2020	2023
Average Wage	€14,505.00	€16,786.00	€19,488.00	€22,176.00
Retirement Pension (full rate)	€11,431.16	€11,915.80	€12,699.44	€13,537.52
% of Average Wage	78.8	71.0	65.2	61.0
GNMP			€8,892.00	€10,322.00
% of Average Wage			45.6	46.5
NMWP			€7,498.40	€8,436.80
% of Average Wage			38.5	38.0
Widows Pension			€6,030.96	€6,969.04
% of Average Wage			30.9	31.4

²⁶ Data provided by the Department of Social Security, December 2023.

In terms of addressing the adequacy conundrum of achieving a state retirement income when compared to income earned whilst in employment, the following continue to be issues of concern:

- Persons whose income is below the MPI will receive the full two-thirds – or 67% - of their wage or salary, a satisfactory pension replacement rate. The concern is that the social security contribution is paid only on the *basic* salary or wage. Many employees across all income levels have compensation packages that include overtime, performance bonuses, travel allowances, etc., which are all excluded for pension income calculation purposes. Given the poor knowledge nationwide amongst the population of how the pension system works, many may assume that they are paying a contribution to the MPI and hence meet the qualifying criteria for the maximum pension income when, in fact, this is not the case. Given that most people do not apply for pension entitlement forecasts – though this is on the increase – or use tools prepared by Gemma, a person may become cognisant of what their pension income will be on the threshold of retirement or worse, only when they retire.
- The state pension is not designed to provide a pension income close to the income received while employed. This fundamental issue affects retirees' quality of life, particularly those who earn beyond the maximum pensionable income ceiling. This results from the social security contribution paid on an MPI, not the full basic salary or wage. The negative impact is particularly true on persons' whose wage or income exceeds the MPI ceiling on which an individual's social security contribution is paid. As seen from the figure below, a person born in or after 1962 with a basic wage or salary of €50,000 will receive a pension income, where the APRR is only 35.7% of the wage or salary earned before retiring.

Figure 14: Impact of Maximum Pension Income of Persons Born in or after 1962 earning a basic wage above the ceiling

Maximum Pension Income	€27,679				
Maximum Annual Pension	€18,452				
Salary	€18,452	€27,679	€30,000	€40,000	€50,000
Pension in proportion to salary	0.67	0.67	61.51	46.13	36.90
	%				

Table 15 presents the median value of income from retirement and other sources of income for age cohorts 55+. The income sources in retirement are low as for most of the current generation of elderly persons the primary source is the state retirement pension and social transfers. The retirement nest egg in terms of financial investments is also low. Taking note of the median value of real household assets presented in **Table 11**, it is evident that most persons' wealth stems from investments made in their main residence and other real estate.

This means that when persons retire, the majority are likely to be capital-rich (real asset) but cash-poor unless they are working. This raises the critical concern that pension reforms have struggled with since 2004 – how to ensure that persons in retirement achieve a fair level of adequacy in retirement by bridging the gap between income earned in employment and the state pension, given that they do not have liquid assets which they can fall onto to bridge that gap.

Table 15: Median Value / Conditional Median Value of Income and Financial Assets of Elderly Persons

Age	Income ²⁷				Financial Assets ²⁸			
	Income form Pensions	Regular Social Transfers	Income from Financial Investments	Rental Income	Deposits	Securities	Shares	Voluntary Pension Schemes
	€							
55-64	8,795	901	300	-	13,750	13,500	37,500	-
65-74	11,104	660	300	2,500	15,000	20,000	32,500	-
Over 75	10,541	696	300	-	17,510	16,210	16,000	-

Table 16 presents respondents' responses to the question in Malta's OECD/INFE financial knowledge survey regarding how they will fund their retirement. Whilst the question presented required a multiple response, it should be noted that:

- 35.9% and 32.2% of the 60-69 and 70-79 age cohorts stated that they would withdraw income from their savings.
- 36.5% and 37.1% of the 60-69 and 70-79 age cohorts stated that they would sell their financial assets.
- 27.8% and 19.9% of the 60-69 and 70-79 age cohorts stated that they would complement their pension from income generated from financial and non-financial assets.

Of interest is that only 12.4% and 5.2% of those in the 60-69 and 70-79 age cohorts stated that they complement their pension income by continuing to work.

Table 16: Funding their Retirement – (multiple response question)²⁹

Counts Break % Respondents	Total	Age							Gender	
		18-19	20-29	30-39	40-49	50-59	60-69	70-79	Male	Female
Total	1005	22	173	228	182	140	145	115	526	479
You have a government pension/old age benefit	752 (74.8%)	-	92 (53.2%)	132 (57.9%)	161 (88.5%)	125 (89.3%)	140 (96.6%)	102 (88.7%)	385 (73.2%)	367 (76.6%)
Withdraw from you savings	406 (40.4%)	-	68 (39.3%)	107 (46.9%)	97 (53.3%)	45 (32.1%)	52 (35.9%)	37 (32.2%)	275 (52.3%)	131 (27.3%)
Continue to work	328 (32.6%)	3 (13.6%)	56 (32.4%)	110 (48.2%)	101 (55.5%)	34 (24.3%)	18 (12.4%)	6 (5.2%)	232 (44.1%)	96 (20.0%)
Sell your financial assets (eg. government bonds, stocks, etc)	294 (29.3%)	-	31 (17.9%)	70 (30.7%)	71 (39.0%)	30 (21.4%)	50 (34.5%)	42 (36.5%)	195 (37.1%)	99 (20.7%)
You have a private pension plan	188 (18.7%)	-	22 (12.7%)	45 (19.7%)	61 (33.5%)	37 (26.4%)	18 (12.4%)	5 (4.3%)	89 (16.9%)	99 (20.7%)
From income generated by your financial or non-financial assets (e.g. dividends, rents from property, etc)	112 (11.1%)	-	10 (5.8%)	33 (14.5%)	38 (20.9%)	29 (20.7%)	40 (27.6%)	32 (27.8%)	103 (19.6%)	79 (16.5%)
I don't have a financial plan	123 (12.2%)	19 (86.4%)	53 (30.6%)	48 (21.1%)	3 (1.6%)	-	-	-	56 (10.6%)	67 (14.0%)

²⁷ Pg 50, Antonaroli, V., et al, Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, Central Bank of Malta, WP/01/23, 2023.

²⁸ Pg 52, Ibid.

²⁹ Fsadni, M., Financial literacy in Malta – Research Study: A synopsis of the salient findings, commissioned by the Gemma, Ministry for Social Policy and Children's Rights, 2024.

80.7% and 80.9% of the respondents in the 60-69 and 70-79 age cohorts can face a major expense. This is presented in **Table 17**.

Table 17: Persons' ability to face a major expense, equivalent to their monthly income, without borrowing³⁰

Counts Break % Respondents	Total	Age							Gender	
		18-19	20-29	30-39	40-49	50-59	60-69	70-79	Male	Female
Total	1005	22	173	228	182	140	145	115	526	479
Yes	669 (66.6%)	2 (9.1%)	94 (54.3%)	139 (61.0%)	134 (73.6%)	90 (64.3%)	117 (80.7%)	93 (80.9%)	389 (74.0%)	280 (58.5%)
No	254 (25.3%)	19 (86.4%)	67 (38.7%)	75 (32.9%)	37 (20.3%)	22 (15.7%)	21 (14.5%)	13 (11.3%)	126 (24.0%)	128 (26.7%)
Don't Know	49 (4.9%)	1 (4.5%)	11 (6.4%)	11 (4.8%)	7 (3.8%)	10 (7.1%)	4 (2.8%)	5 (4.3%)	10 (1.9%)	39 (8.1%)
I don't have any personal income	33 (3.3%)	-	1 (0.6%)	3 (1.3%)	4 (2.2%)	18 (12.9%)	3 (2.1%)	4 (3.5%)	1 (0.2%)	32 (6.7%)

The pension reforms have since 2004 emphasised the importance of introducing complementary channels to the state pension that enable people to save specifically for their retirement. Initially, recommendations were directed towards the introduction of a mandatory second pension. This was met with outright rejection across the polity. The 2010 Strategic Review recommended that the government should, at least as a first step, introduce a voluntary private pension for both personal and occupational purposes.

The recommendations relating to the design of such a voluntary framework were only adopted by the incoming administration following a change of government in 2013. By late 2015, the personal private pension (PPP) framework was introduced, and in 2017, the occupational retirement pension (VORPS) framework was introduced. In both instances, the fiscal incentives were not sufficiently attractive to nudge individual persons on the one hand and employees and employers on the other to invest for their retirement through these schemes. Following a review carried out in 2017, the fiscal incentives were established as follows:

- Investment by an individual: An annual tax credit of up to 25% of a maximum contribution ceiling of €3,000 on payment of the saving contribution is provided, and when the pension plan matures, a person can withdraw tax-free up to a maximum of 30% of the accumulated retirement fund as a lump sum.
- Payment of a contribution by the employer on behalf of an employee: An annual tax credit of up to 25% of a maximum contribution paid by the employee of up to €3,000 is provided to the employer, of which up to €2,000 of the contribution by the employer is treated as a profit and loss expenditure item.

Since the PPP and VORPS schemes launch, take-up has increased year-on-year (YOY). Assuming an investment by an individual in a PPP with a monthly investment of €88 (€1,056 annually) from the age of 25 to 65 years (40 years) with an investment rate of 2.0% and an inflation retirement rate of 2.0%, the retirement accumulated savings, apart from the fiscal incentives received during this period, will have a gross value of €65,060 (a net value after accounting for inflation of €41,000). This example shows that the value of a PPP becomes an integral part of the retirement plan for those who invest in a PPP or a VORPS at a young age to bridge the gap between income earned during employment and the state pension income. Of note is that in the Fourth wave household finance and conception survey carried out by the CBM, the conditional median value of voluntary pension scheme and life insurance was €36,000 for those aged between 35-44 and €29,000 for those aged between 54-54.³¹

³⁰ Ibid.

³¹ Pg 53, Antonaroli, V., et al, Household Finance and Consumption Survey in Malta: Results from the Fourth Wave, Central Bank of Malta, WP/01/23, 2023.

Table 18 presents the number of persons enrolled in a PPP at tax base 2022 – 18,555. This is a significant increase in the persons registered in PPP given that at tax base 2021, this stood at 13,672 – a rise of 4,883 scheme members or 35.7% on tax base 2021. Females constitute 45.2% of the persons enrolled. Only 8.5% of persons who are 29 years and younger have enrolled in PPP. Positively, the largest population cohort enrolled in a PPP is those aged between 30 and 35 years, at 35.1%, of whom 46.2% are females. The cohort aged 40-45, of whom 16.7% are enrolled in a PPP, is likely to be a mix of new savers who registered when they were younger when the scheme was launched in 2015 and substitute savers. New savers are defined as persons who directed savings into their retirement scheme, whilst substitute savers held financial assets like fixed-term deposits transferred into the PPP scheme due to the attractiveness of the fiscal incentives, particularly given the 0% or so returns on their previous investments. The age cohort 51-68, at 22.9%, are predominately substitute savers – the fact that they have invested so late in their life cycle will not accumulate a large retirement egg nest.

Table 18: Members in Voluntary Private Pension Schemes – Tax base 2022

	M	F	Total	%
19-29	848	737	1,585	8.5
30-35	1,752	1,538	3,290	
36-40	1,748	1,474	3,222	35.1
40-45	1,730	1,376	3,106	16.7
46-50	1,684	1,412	3,096	16.7
51-68	2,402	1,854	4,256	22.9
Total	10,164	8,391		
			18,555	

Table 19 presents membership in VORPS as at tax base 2022 – 3,061. Again, this is a significant increase on tax base 2021, where membership stood at 1,685 – a rise of 82% on tax base 2021. Nevertheless, the actual number of enrolled employees in VORPS, or access to VORPS, remains very low, given that a large number of enterprises have not introduced such schemes, strongly suggesting that nudging employers to introduce VORPS and employees to enrol in them voluntarily through fiscal incentives is not working.

Table 19: Members in Voluntary Occupational Retirement Schemes – Tax base 2022

	M	F	Total	%
19-29	160	208	368	12.0
30-35	218	302	520	
36-40	236	277	513	33.7
40-45	264	351	615	20.1
46-50	235	263	498	16.3
51-68	254	293	547	17.9
Total	1,367	1,694		
			3,061	

03.5 Poverty in Old Age and Gender

The At-Risk of Poverty (ARP) rate for individuals aged 65 and above in Malta has exhibited notable fluctuations between 2006 and 2022. The lowest ARP rate was recorded in 2013, standing at 14.9%. Since then, there has been a consistent upward trend, reaching its highest point at 30.0% in 2022. As elaborated in the discussion below, dependence on the male spouse's retirement pension income is prevalent in many pensioner households where both spouses have surpassed the retirement age.

Table 20: At Risk of Poverty Rate for Persons aged 65+³²

2013	2016	2017	2018	2019	2020	2021	2022
%							
14.9	23.9	24.9	25.4	27.7	26.3	28.1	30.0

Malta's retirement pension system operates on a Pay-As-You-Go (PAYG) model. The inherent nature of the PAYG system introduces gender discrimination, as individuals can only attain a full pension by accumulating the required number of contributions throughout their employment history. Before the 2007 reforms, Malta's contributory accumulation period was set at 30 years, with subsequent adjustments based on the individual's date of birth: 35 years for those born between 1952 and 1961, 40 years for those born between 1962 and 1968, and 41 years for those born in 1969 and after that. The PAYG system reflects the traditional family model, where uninterrupted career paths are more common for males. Due to religious and traditional norms, females, primarily until recently, were often expected to leave their employment to take on family responsibilities.

The resulting career breaks for females in Malta, particularly for the current generation of women aged 65 and over, have led to either a lower pension if they initially worked or dependence on the Widow/er's pension, which historically constituted 5/6th of the retirement pension of their spouse. This gender-based disparity results in a pension gap between men and women. For a more in-depth exploration of this issue, please refer to the detailed discussion in the Working Paper titled '*Gender Equality, Inclusion, and Poverty*'.³³

Furthermore, as highlighted in the introduction of this 'Working Paper', females in Malta exhibit a longevity rate that is 4 years higher than males. Consequently, females are more susceptible to income challenges, given that family assets may have been depleted over an extended retirement period averaging 19 years. All factors considered a female over 65 is likely to experience a higher At-Risk of Poverty (ARP) rate than her male counterpart. As depicted in **Table 19**, this trend has been evident in Malta since 2015, with the ARP gap between females and males widening from 0.6 percentage points in 2015 to 6 percentage points in 2022.

Table 21: At-risk of poverty rate of 65+ by sex³⁴

ARP rate, 65+			
ARP	Total, 65+	Males, 65+	Females, 65+
2009	19.7	21	18.7
2010	18.2	19.5	17.1
2011	17.6	19.5	16
2012	17.3	19	15.9
2013	14.9	15.9	14.2
2014	17	17.2	16.9
2015	21.3	21	21.6
2016	23.9	22.5	25.2
2017 ³⁵	24.9	23.1	26.4
2018	25.4	22.9	27.5
2019	27.7	25.9	29.3

³² Prepared by NSO. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_pnp1__custom_8792030/default/table?lang=en

³³ Gender Equality, Inclusion and Poverty, Working Paper V0.3, Poverty and Inclusion Strategy Drafting Team, December 2023.

³⁴ Prepared by NSO. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_pnp1__custom_8792030/default/table?lang=en.

³⁵ **Note:** This Working Paper will in this section of the document make constant reference to Supplementary Paper Number 01 to the 2020 Strategic Pension Review (Brinkworth, 2019). The baseline data used by Dr Brinkworth in this Supplementary Paper is 2017. For the purposes of this Working Paper the data is extended to the latest possible.

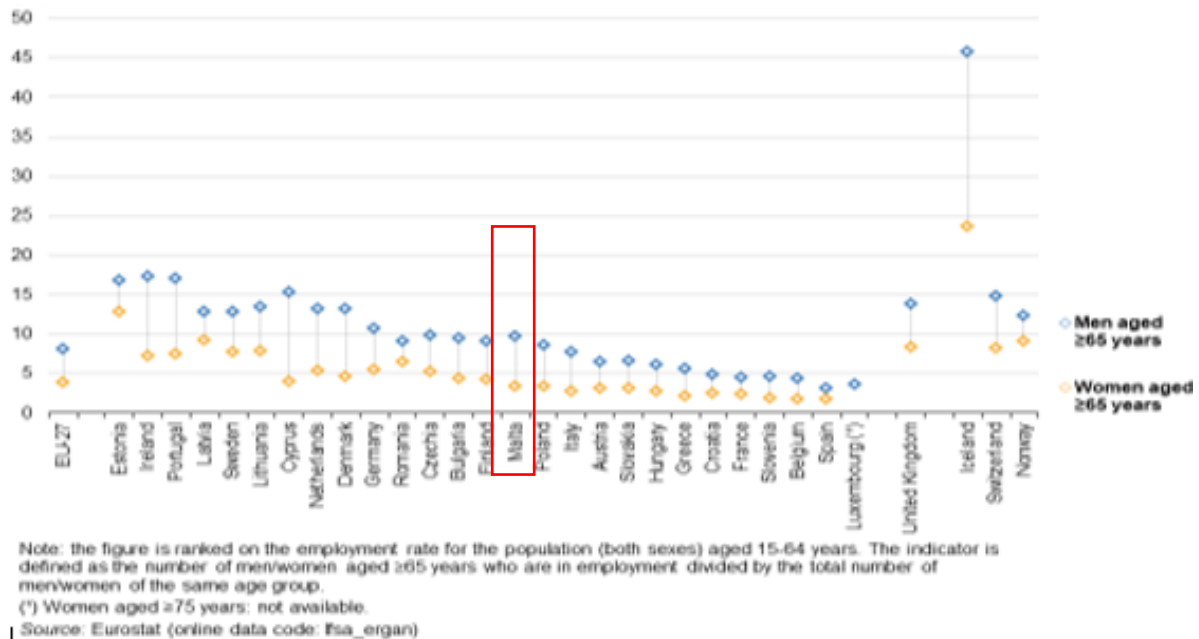
2020	26.3	24.7	27.8
2021	28.1	25.9	30.1
2022	30	26.8	32.8

The above-referenced Working Paper discusses measures introduced by different administrations over the past 20 years to render the pension system less gender discriminatory, labour activation measures directed to support female employment, etc. A female's working life increased by 3.9 from 30.5 to 34.8 years.³⁶ Of interest is that the mean exit age for females increased from 58.5 years in 2012 to 62.5 years in 2020, compared to that of males, which increased from 60.3 to 63.4 over the same period.³⁷

This surge is predominantly attributed to the revised statutory retirement ages implemented during the 2007 pension reforms. Initially set at 60, lower than the male retirement age of 61, the female retirement age has gradually increased to 62 and 63 years through planned stages. In 2023, the statutory retirement age was further raised to 64 years.

It is noteworthy that Eurostat data reveals an intriguing aspect, indicating that approximately 4% of women aged 65 years and over were employed.

Figure 02: Employment rate of Women Aged 65 years and over - 2019³⁸



The elevated At-Risk of Poverty (ARP) rate observed among the current generation of females aged 65 and above is expected to diminish significantly over time. This transformation is anticipated as the generation of females under 40 years of age retires. Furthermore, this positive shift is likely to have a cascading effect on the household income of younger generations when they retire, as they are more likely to possess their retirement pension.

Table 22 below leads to several key observations, including:

- The Gender differences in the ARP of 65+ showed that males were at a higher ARP than females till 2013, consistent with the trend presented in **Figure 02** above. From 2015 onwards, women in this cohort were at a higher ARP, with the gap between males and females reaching 18.06 in 2022.

³⁶ Pg 12, Gender Equality, Inclusion and Poverty, Working Paper V0.3, Poverty and Inclusion Strategy Drafting Team, December 2023.

³⁷ Prepared by NSO. Source: Labour Force Survey Dataset. December 2023.

³⁸ Accessed on 21st December 2023: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Ageing_Europe_-_statistics_on_working_and_moving_into_retirement

Table 22: Gender level of replacement rate of working income with pension in retirement

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	Gender differences in the risk of poverty, 65 years or over, tespn240	8.7	-9.1	-1.6	3.2	9.54	7.64	3.82	-0.07	-6.29	-13.91	-16.64	-18.27	-17.23	-11.80	-17.50	-18.06
2	Median relative income of elderly people 65+, tespn020	0.78	0.73	0.77	0.81	0.79	0.80	0.80	0.77	0.75	0.72	0.71	0.72	0.71	0.77	0.76	0.72
3	Median relative income of elderly people 60+, tespn060	0.79	0.75	0.8	0.83	0.83	0.84	0.82	0.80	0.77	0.75	0.74	0.74	0.74	0.80	0.78	0.75
4	Gender differences in the relative income of older people, 60 years or over, tespn270	-0.33	-0.22	-0.09	-0.15	-0.19	0.00	0.04	0.15	0.09	0.09	0.15	0.23	0.20	:	0.24	0.14
5	Gender differences in the relative income of older people, 75 years or over, tespn270	-0.25	-0.06	0.04	0.01	0.02	-0.01	0.03	0.09	0.03	0.03	-0.07	0.03	0.05	:	-0.01	0.04
6	Aggregate replacement ratio, total, ilc_pnp3	0.47	0.41	0.45	0.44	0.48	0.46	0.56	0.56	0.54	0.54	0.56	0.60	0.58	0.57	0.55	0.53
7	Aggregate replacement ratio, males, ilc_pnp3	0.49	0.43	0.44	0.42	0.48	0.47	0.56	0.56	0.54	0.55	0.55	0.60	0.57	0.59	0.56	0.50
8	Aggregate replacement ratio, females, ilc_pnp3	0.43	0.39	0.43	0.43	0.46	0.45	0.46	0.51	0.49	0.46	0.51	0.51	0.47	0.46	0.46	0.45
9	Gender differences in aggregate replacement ratio, ilc_pnp3**	0.06	0.04	0.01	-0.01	0.02	0.02	0.10	0.05	0.05	0.09	0.04	0.09	0.10	0.13	0.10	0.05
10	Aggregate replacement ratio for pensions (excluding other social benefits), total, tespn070	0.47	0.41	0.45	0.44	0.48	0.46	0.56	0.56	0.54	0.54	0.56	0.60	0.58	0.57	0.55	0.53
11	Aggregate replacement ratio for pensions (excluding other social benefits), males, tespn070	0.49	0.43	0.44	0.42	0.48	0.47	0.56	0.56	0.54	0.55	0.55	0.60	0.57	0.59	0.56	0.50
12	Aggregate replacement ratio for pensions (excluding other social benefits), females, tespn070	0.43	0.39	0.43	0.43	0.46	0.45	0.46	0.51	0.49	0.46	0.51	0.51	0.47	0.46	0.46	0.45

tespn240 is defined as the absolute difference between males and females in ARP rate for single-person households. Data available from 2011 onwards

tespn060 is defined as the ratio of the median equivalised disposable income of persons aged 60 and over to the median

disposable income of persons aged between 0-59. Data available from 2011 onwards

tespn020 is defined as the ratio of the median equivalised disposable income of persons aged 65 or over and the median equivalised disposable income of persons aged between 0 and 64. Data

tespn270 is defined as the absolute difference between males and females in the relative income ratio which is the ratio

between the median equivalised disposable income of persons aged 60 or over and the median equivalised disposable income of

persons aged between 0 and 59. Data available from 2011 onwards

tespn070 is defined as the ratio of the median individual gross pensions of 65-74 age category relative to median individual

gross earnings of 50-59 age category, excluding other social benefits, derives the same results as ilc_pnp3. Data available from 2007 onwards

** - calculated by the author

Data extracted on 05/12/2023

1	https://ec.europa.eu/eurostat/databrowser/view/tespn240/default/table?lang=en
2	https://ec.europa.eu/eurostat/databrowser/view/tespn020__custom_8826837/default/table?lang=en
3	https://ec.europa.eu/eurostat/databrowser/view/tespn060__custom_8826912/default/table?lang=en
4	https://ec.europa.eu/eurostat/databrowser/view/tespn270__custom_8826976/default/table?lang=en
5	https://ec.europa.eu/eurostat/databrowser/view/tespn270__custom_8827012/default/table?lang=en
6	https://ec.europa.eu/eurostat/databrowser/view/ilc_pnp3__custom_8827089/default/table?lang=en
7	https://ec.europa.eu/eurostat/databrowser/view/ilc_pnp3__custom_8827124/default/table?lang=en
8	https://ec.europa.eu/eurostat/databrowser/view/ilc_pnp3__custom_8827159/default/table?lang=en
10	https://ec.europa.eu/eurostat/databrowser/view/tespn070__custom_8827251/default/table?lang=en
11	https://ec.europa.eu/eurostat/databrowser/view/tespn070__custom_8827290/default/table?lang=en
12	https://ec.europa.eu/eurostat/databrowser/view/tespn070__custom_8827324/default/table?lang=en

- The gender difference in the relative income of people who are 60 and over fluctuates considerably over the period reviewed, standing at 0.14 in 2022.
- The gender difference in the relative income of persons aged 75 and over is less pronounced, and except for 2007, where it stood at -0.25, it has since fluctuated within the 0% and 1% bracket, standing at 0.04 in 2022.
- Since 2006, the gender differences in aggregate replacement ratio (variations between men and women in terms of the ratio of retirement income to pre-retirement income) have fluctuated within the 0%-1% bracket, with three exceptions, the latest being 2021, where it stood at 0.10%, and in 2022 standing at 0.05%.
- The aggregate replacement ratio for pensions excluding other social benefits (that is, the extent an individual's pension income replaces its pre-retirement earnings without taking into account other sources of benefits) for females has always been lower than that of males, with, at times gaps of quasi 0.1% such as in 2021. In 2021, the gap fell by 0.05 and to 0.45 in 2022.

03.6 Poverty in Old Age

Supplementary Paper Number 01 to the 2020 Strategic Pension Review indicated a declining trend in the At-Risk of Poverty (ARP) rate from 2009 to 2017. This decline was observed in both the overall population and the 65+ age group when adjusting for the impact of inflation, with the ARP indicator anchored in 2008.³⁹ The data presented in this Supplementary Paper has been extended to cover 2022. As illustrated in **Table 23**, the previously mentioned declining trend in the At-Risk of Poverty (ARP) rate persists for the total population and the 65+ age group from 2018 to 2022. The ARP rate, anchored in 2008, stands at 4.3% for both population profiles. In comparison, while the EU average ARP rate decreased by 1.7 percentage points and 4.3 percentage points for the total population and the 65+ population, respectively, between 2009 and 2019, during the same period, the corresponding ARP rates in Malta experienced more significant declines, falling by 7.5 percentage points and 11.7 percentage points, respectively.

Table 23: At-Risk-of-Poverty Rate anchored in 2008⁴⁰

	EU 27MS Total	EU27MS 65+	MT Total	MT 65+
2009	16.3	17.8	14.8	19.5
2010	16.3	15.8	16.8	20.3
2011	17.5	16.9	15.7	17.9
2012	18.1	16.1	13.8	15.7
2013	19	16.6	14.4	12.1
2014	19.4	16.7	11.4	9.6
2015	18.6	15.9	9.7	10.2
2016	17.5	15	9.2	11.1
2017	15.9	13.7	8.3	8.8
2018	15.5	13.9	8.1	7.4
2019	14.6	13.5	7.3	7.8
2020			6.4	6.1
2021			6	4.9

³⁹ Pg 10, Brinkworth, M, M., Pensioners' income and exposure to the risk of poverty, 2019, Supplementary Paper, Number 01, Pension Strategy Group, 2019.

⁴⁰ NSO report. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_li22b__custom_8794855/default/table?lang=en. Note: because of changes in membership among the States, some data aren't available

2022			4.3	4.3
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The Persistent At-Risk of Poverty (ARP) rate is an even more insightful tool when assessing policy measures targeted at the most vulnerable over time, specifically within the ARP subgroup rather than the entire ARP group. This indicator reflects the percentage of individuals in the ARP category who fell below the ARP threshold in the current year and at least two of the preceding three years.⁴¹ Table 22 illustrates the Persistent At-Risk of Poverty (ARP) Rate for the EU average and Malta's total population, including those aged 65 and above. The persistent ARP rate for Malta's total population experienced a gradual increase from 8.4% to 13.3% between 2011 and 2022, stabilising around 13.0% between 2019 and 2022, with a notable exception in 2020, where it decreased significantly to 10%. Concerning the 65+ Maltese population, there was a substantial decline from 14.9% to 7.9% between 2011 and 2014. However 2015, this rate surged to 12.5% and has continued to rise, reaching 26% in 2022, indicating a significant increase of 13.5% between 2015 and 2022. In contrast, the EU average for the total population and those aged 65 and above have demonstrated a relatively stable persistent ARP rate, fluctuating marginally between the lower range of 9% and the higher range of 10%.

Table 24: Persistent At-Risk-of-Poverty Rate by age group⁴²

	EU 27 MS Total	EU27MS 65+	MT Total	MT 65+
2011	9.8	10.8	11.4	14.9
2012	10.3	10.7	9.7	13.7
2013	10	9.7	8.4	7.9
2014	10.3	9.2	10.7	7.9
2015	10.9	9.3	12.7	12.5
2016	10.9	9.2	10.7	12.1
2017	10.8	9.9	10.8	16.6
2018	10.9	10.2	10.9	17.8
2019	10.7	10.4	13.3	20.7
2020	:	:	10	20
2021	:	:	13.1	22.4
2022	:	:	13.3	26

The Supplementary Paper previously mentioned suggests that the trend and magnitude of the issue concerning AROP, as highlighted in the Table above and notably intense since 2017, could serve as crucial benchmarks for assessing the number of elderly individuals potentially susceptible to 'close-to-real' poverty.⁴³ This Working Document further emphasises the significance of examining distribution below the AROP threshold, given the relative nature of poverty measurement and its correlation to the overall median disposable income of the entire population. It underscores that the income threshold established by the Social Protection Committee-Indicators Sub-Group (SPC-ISG) was not designed to mirror destitution. Hence, to capture the dispersion around the income threshold, a set of three thresholds — 60% Md, 50% Md, and 40% Md National Equivalised Income (NEI) — was introduced.⁴⁴

Table 25 presents the relative median At-Risk of Poverty (ARP) gap compared to the 60% Median National Equivalised Income (Md NEI). Notably, in 2022, the percentage of individuals aged 65 and above with income below 60% Md NEI is 12.6%, lower than the corresponding figure for the total

⁴¹ Pg 10, Brinkworth, M, M., Pensioners' income and exposure to the risk of poverty, 2019, Supplementary Paper, Number 01, Pension Strategy Group, 2019..

⁴² NSO report. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/tessi022_custom_8795074/default/table?lang=en. Note: because of changes in membership among the States, some data aren't available.

⁴³ Pg 11, Brinkworth, M, M., Pensioners' income and exposure to the risk of poverty, 2019, Supplementary Paper, Number 01, Pension Strategy Group, 2019.

⁴⁴ Ibid.

population, standing at 16.5%. Interestingly, there were only three instances between 2010 and 2012 where the 65+ population had a higher 60% Md NEI gap than the total population. However, regarding the 65+ age group, the 60% Md NEI gap has increased by 2.3 percentage points between 2018 and 2022, reaching its lowest point at 10.3%.

Table 25: Relative median ARP gap when compared to the 60% Median National Equivalised Income

	Total population ⁴⁵	Elderly pop.65+ ⁴⁶
2009	16.2	15.5
2010	17.3	18.6
2011	17.7	19.4
2012	16.1	17.4
2013	18.9	14.3
2014	17.9	11.2
2015	17.5	13.1
2016	15.9	11.6
2017	17.5	12.7
2018	17	10.3
2019	17.1	11.5
2020	16	11
2021	18.3	10.9
2022	16.5	12.6

The reference Supplementary Paper states that in any country there will always be cohorts of the population on the bottom of the income distribution curve, which does not mean that these cohorts will be deprived.⁴⁷ The Paper adds that raising the income levels of those cohorts in the lower income deciles would alleviate some of the most pressing family situations in the country and that, statistically speaking, those below the median of the median threshold should be brought closer to the median.⁴⁸

As discussed in **Appendix 3** of the Working Paper titled **'Measuring Poverty and Determining a Minimum Income for a Quality of Life and Decent Living for Low-Income Households in Malta'** the poverty indicators the European Commission (EC) applied do not incorporate social transfers in kind (STiK). Relying solely on the Statistics on Income and Living Conditions (SILC) thus renders it challenging to gauge the actual poverty level for the population generally and those aged 65+ specifically, as Malta has extensive and generous STiK-related benefits.

The referenced Supplementary Paper indicates that an important indicator is the measurement of transition income within a year by decile, given that a decline from the upper deciles to the lower ones can be caused either by a reduction of disposable income or by the process of equivalisation. This Working Document adds that in a state of play with record low levels of unemployment, the lowest two deciles are expected to be mainly populated by persons with the lowest rates of contributory pensions or those on non-contributory Age Pension and other types of social benefits.⁴⁹ **Table 26** presents transitions relating to the 1st income decile –moving up to the 2nd decile or falling from the 2nd decile to the 1st decile.

⁴⁵ NSO report. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/sdg_10_30__custom_8796174/default/table?lang=en.

⁴⁶ NSO report. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/ILC_PNS5__custom_8796351/default/table?lang=en.

⁴⁷ Pg 14, Ibid

⁴⁸ Ibid.

⁴⁹ Measuring Social Transfers in Kind, Working Paper, V3.0, Poverty and Inclusion Strategy Drafting Team, July 2023.

Table 26: Transitions Between the 1st and 2nd Income Deciles⁵⁰

	Transition from 1 st to 2 nd Decile	Transition from 2 nd to 1 st Decile	Transition Gap
2013	20.6	21.7	-1.1
2014	16.1	26.2	-10.1
2015	17.5	20.9	-3.4
2016	17.9	21.7	-3.8
2017	17.4	20.8	.3.4
2018	13.4	17.8	-4.4
2019	16.4	18.7	-2.3
2020	16.6	24.9	-8.3
2021	16.4	15.1	1.3
2022	13.9	19.1	-5.2

As seen from **Table 26**, except for 2021, more people shifted from the 2nd higher-income decile to the 1st lower decile. This Working Paper replicates the methodology applied in the Supplementary Paper but includes data for 2018 to 2022 to determine whether the transition gap is because the income bracket for the 1st decile has been going up, and hence capturing a larger population cohort, or because persons in the 2nd decile were experiencing a fall in disposable income and thus slipped down the income distribution table.

During the period reviewed, the 5th and 10th percentile income brackets' equivalised income increased yearly between 2008 and 2022 – with two exceptions in 2008 and 2010. Two instances when this did not happen were in 2008 and 2010, where the 5th percentile equivalised income was below the median of the median ARP income threshold for the 60+ population compared to the median of the median ARP threshold for the 60+ cohort. Between 2008 and 2022, the low-end gap of 5% as a percentage of the median of the median ARP for the 60+ cohort was 3.2%. Between 2018 and 2022, the low-end 5% gap stood at an average of 4.1%.

Table 27: Low-End Gap Figures for persons aged 65+: 2008-2022⁵¹

ARP, 60+	5th percentile equivalised income	10th decile equivalised income	Median of the Median ARP threshold	'Low end' Gap 5%	'Low end' Gap 5% as % of the median of the Median ARP threshold
	€	€	€		
2008	3736	4559	3791	-54.87	-1.45
2009	4522	5369	4452	69.63	1.56
2010	3968	5295	4109	-140.64	-3.42
2011	4715	5669	4697	17.36	0.37
2012	5115	6094	5070	45.1	0.89
2013	5583	6542	5286	296.6	5.61
2014	6,125	7,033	5,619	505.14	8.99
2015	6,245	7,032	5,934	311.31	5.25
2016	6,183	7,038	5,920	263.38	4.45

revised figured

revised figured

revised figured

⁵⁰ Accessed on 21st December 2023: https://ec.europa.eu/eurostat/databrowser/view/ilc_di30a__custom_9101707/default/table?lang=en.

⁵¹ NSO report. Source: SILC.8.0%

2017	6,523	7,407	6,206	317.11	5.11	<i>revised figured</i>
2018	6,718	7,587	6,191	527.71	8.52	
2019	6,772	7,731	6,541	231.28	3.54	
2020	7,131	8,321	7,069	62.77	0.89	
2021	7,399	8,582	7,165	233.29	3.26	
2022	7,943	9,037	7,622	321.00	4.21	

The majority of people in retirement today are probably dependent on one retirement pension only – mainly as explained earlier, most women who are 65+ today did not work for a sufficiently long time to qualify for a contributory pension, and private pension schemes were closed down following the social security reforms in 1979 (only recently introduced: in 2015, voluntary personal pensions; and in 2017 voluntary occupational retirement pensions). The spending profile of households aged 65+ and younger is different, with the latter likely to have high expenditure on education, clothing, rent / mortgage, entertainment and utilities. The financial life cycle journey considers the adult stage between 30 to 48 years of age to be the most taxing on a household’s disposable income as it is during this stage that they experience the two most considerable structural costs in their lifetime – mortgage (though a rental will be carried over to their retirement) and bringing up a family. After that, a household is best placed to save, with de-accumulation of those savings occurring once they enter the retirement stage.

Within the context of the financial lifecycle journey, the referenced Supplementary Paper argues that “much more can be learnt about a true hardship of older persons, pensioners included, if the focus is on 40% Md NEI. The 60% Md NEI almost completely masks the intensity of the exposure to ARP.”⁵² **Table 28** presents the dispersion around the ARP threshold for persons aged 65+. The Table shows that while 30% of persons in the 65+ category are ARP, the percentage falls to 10.8% when the 50 Md NEI is applied and even more substantially to 3.3% when the 40% NEI is applied. The data suggests that the overall impact on income distribution below 60% Md NEI is positive – though all three NEI categories experienced an increase since 2015.

Furthermore, the data shows that in 2022, the percentage of persons aged 65+ between the 50% and 60% Md NEI bracket was 64.0% - though it has experienced a fall of 3.3 p.p. in 2021. Be that as it may, the cohort of persons in this bracket, which can be termed to be at ‘minimal risk of poverty’⁵³ increased significantly between 2011 and 2022 – from 44.9% to 64.0%: an increase of 19.1 p.p. or 42.6% on 2011. This suggests that the measures introduced since 2011 on pension reform, income support measures for the elderly, etc., had a positive redistributive impact.⁵⁴

Table 28: Dispersion Around ARP Threshold for Persons Aged 65+: 2011-2022⁵⁵

	% of persons 60% Md NEI	% of persons 50% Md NEI	% of persons 40% Md NEI	Between 50% and 60% Md NEI
	%	%	%	%
2011	17.6	9.7	4.2	44.9
2012	17.3	9	4.2	48.0
2013	14.9	6.8	2.6	54.4
2014	17	5.8	1.6	65.9
2015	21.3	8.4	2.3	60.6
2016	23.9	8.9	2.3	62.8

⁵² Pg 27, Brinkworth, M, M., Pensioners’ income and exposure to the risk of poverty, 2019, Supplementary Paper, Number 01, Pension Strategy Group, 2019.

⁵³ Pg 28, Ibid.

⁵⁴ Pg 29, Ibid.

⁵⁵ NSO report. Data extracted on 01/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/tespn120_custom_8799223/default/table?lang=en. Data available from 2011 onwards.

2017	24.9	9.3	2.6	62.7
2018	25.4	8.3	2.4	67.3
2019	27.7	9.9	2.7	64.3
2020	26.3	9.1	2.4	65.4
2021	28.1	9.2	3	67.3
2022	30	10.8	3.3	64.0

The referenced Supplementary Paper underlines that whilst the percentage of persons aged 60 + in the 40% Md NEI is low, the certainty is that their monetary hardship is more pronounced if coupled with other difficulties – disability, poor health, supporting others, less abled family members, etc.⁵⁶ The Paper adds that reaching these families and individuals is imperative to see who they are regarding social needs and how they can be helped further. The total 60+ 40% Md is significantly lower than that for the 60% 60 Md. Both experienced a decrease, the former between 2006 and 2014, where it fell from 7.2% to 1.8%, and the latter between 2006 and 2014, where it fell from a high of 23.3% to 14.9% in 2013. After that, however, both indicators marked an increase. Concerning the 60+ 40% Md, this increased to 3.2%. Although this is still far lower than the high of 7.6% in 2006, it constitutes an increase of 1.4 p.p. in 2014. Concerning the 60+ 60% Md, this exceeded the 20% mark in 2015 and has fluctuated in the 20% bracket, reaching a high of 27.4% in 2022.

Table 29: ARP Rates for Persons Aged 60 and Over at 60% and 40% of the Media Nationalised Equivalised Income⁵⁷

	60% Md	60%Md	40% Md	40% Md
	Total population 60% Md	Total 60+ 60% Md	Total population 40% Md	Total 60+ 40% Md
2006	14.2	23.3	4.2	7.2
2007	15.1	20.7	3.7	6.3
2008	15.3	23.2	4.4	6.6
2009	14.9	19.5	2.7	3.6
2010	15.5	17.8	3.7	5.6
2011	15.6	16.3	3.1	3.8
2012	15.1	15.9	2.8	3.8
2013	15.8	14.9	3.2	2.8
2014	15.8	17.1	2.4	1.8
2015	16.6	20.8	3.2	2.3
2016	16.5	22.2	3	2.4
2017	16.7	23.3	2.8	2.6
2018	16.8	24.2	3.5	2.6
2019	17.1	26.1	3	2.6
2020	16.9	24.4	3.8	2.7
2021	16.9	26.1	4.6	3.6
2022	16.7	27.4	3.6	3.2

⁵⁶ Pg 30, Ibid.

⁵⁷ NSO report. Data extracted on 04/12/2023. Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_li02__custom_8826356/default/table?lang=en. Data available from 2011 onwards.

03.6 Contributory Old Age Beneficiaries

Table 30 below assesses indicators relating to median equivalised income and relative ARP gap concerning contributory benefits for persons aged 65+. The old-age contributory benefits considered include the two-thirds pension and other forms of retirement pension, including the service pension. The period review is from 2014 to 2022 (2018 missing).

Table 30: Contributory Benefits for Persons Aged 65+

	2014			2015			2016			2017		
	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)
Median equivalised income	€11,073	€10,915	€11,275	€11,617	€11,486	€11,797	€10,983	€11,187	€10,880	€11,766	€11,958	€11,597
Threshold: 60% Median equivalised income	€6,644	€6,549	€6,765	€6,970	€6,892	€7,078	€6,590	€6,712	€6,528	€7,060	€7,175	€6,958
Median income of persons below the threshold	€5,950	€5,858	€6,209	€6,089	€6,177	€6,014	€5,972	€6,005	€5,964	€6,347	€6,409	€6,326
Number of persons below median income of persons below the threshold	2133	1370	660	2707	1809	926	2890	1638	1226	2723	1786	1085
Relative ARP gap	10.44	10.24	8.21	12.63	10.38	15.03	9.37	10.53	8.64	10.10	10.67	9.09
Median of ARP to Median ratio	43.74	53.85	55.07	52.42	53.77	50.98	54.38	53.68	54.82	53.94	53.60	54.55

source : EU-SILC

Contributory pensions

	2019			2020			2021			2022		
	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)	Contributory old-age benefit	Contributory old-age benefit (males)	Contributory old-age benefit (females)
Median equivalised income	€12,549	€12,758	€12,171	€13,852	€13,867	€13,642	€14,118	€14,131	€14,073	€14,478	€14,785	€14,130
Threshold: 60% Median equivalised income	€7,529	€7,655	€7,303	€8,311	€8,320	€8,185	€8,471	€8,478	€8,444	€8,687	€8,871	€8,478
Median income of persons below the threshold	€6,598	€6,683	€6,583	€7,180	€7,153	€7,126	€7,459	€7,306	€7,628	€7,678	€7,893	€7,374
Number of persons below median income of persons below the threshold	3542	2376	1279	4231	2126	1785	3997	2405	1548	3558	2219	1323
Relative ARP gap	12.37	12.69	9.86	13.61	14.03	12.94	11.94	13.83	9.66	11.62	11.02	13.02
Median of ARP to Median ratio	52.58	52.38	54.09	51.83	51.58	52.24	52.84	51.70	54.21	53.03	53.39	52.19

source : EU-SILC

Notes:

: Data not published due to unreliable survey estimates as a result of:

1. Less than 20 reporting households; or
2. The non-response for the item concerned exceeds 50 per cent;

[] Figures to be used with caution: figures with between 20 and 49 reporting households or with non-response for the item concerned that exceeds 20 per cent and is

The following observations are made on the data presented in Table 208:

- The median equivalised income for the old age contributory benefits increased from €11,073 in 2014 to €14,478; since 2016, females have had contributory old age benefit median equivalised income lower than that of males.
- The 60% median equivalised threshold increased significantly for both males and females since 2014, from €6,644 (€6,549 for males and €6,765 for females) to €8,687 in 2022 (€8,871 for males and €8,478) for females.
- The median income of persons below the median also increased since 2014 from €5,950 (€5,858 for males and €6,209 for females) to €7,678 in 2022 (€7,893 for males and €7,374) for females.
- The number of persons below the median income of persons below the threshold has steadily increased since 2014 (2,133), peaking at 4,231 in 2020. In 2022, the number of persons below this threshold fell to 3,558.
- The ratio of males to females below the median income of persons below the threshold is more or less 2:1.

- The relative ARP gap⁵⁸, that is, the assessment of the depth of poverty for individuals or households whose income falls below the poverty threshold, has fluctuated between 10 p.p. to 13 p.p. lower than the 60% Md NEI threshold. This indicator does not show a clear trend on whether the gap is more prevalent with females than males. In 2022, for example, the gap concerning females was 13.02 p.p. - 2 p.p. higher than that of males; however, in 2021, the gap relating to males at 13.83 p.p. was 4.17 p.p. higher than that of females.
- The ARP median ratio has been relatively stable since 2015, fluctuating in the low 50s range. Nevertheless, similar to the relative ARP gap, there is no consistency in its relationship concerning males and females. For example, in 2021, the gap concerning females was 2.50 p.p. higher than that of males, whilst in 2022, it was 1.20 p.p. higher.

Table 31 below presents the relative ARP gap for 2014 to 2022 (except for 2018) concerning contributory pensioners aged 65+ and the total population. The ARP gap has fluctuated considerably, reaching a low of 9.4 p.p. in 2016 and a high of 13.6 p.p. in 2020. In 2022, this stood at 11.6 p.p. Be that as it may, the relative ARP gap for persons aged 65+ has been lower than that for the total population. This indicates pensioners' lower exposure to the risk of poverty - partly because of a more equitable distribution of pension income in old age than in the working age cohorts.⁵⁹

Table 31: Relative ARP Gap for Contributory Pensions aged 65+ compared to that of the Total Population⁶⁰

Year	65 + Contributory Old Age Beneficiaries	Total Population	Difference
2014	10.44	17.80	7.36
2015	12.63	17.30	4.67
2016	9.37	15.90	6.53
2017	10.10	16.70	6.60
2019	12.37	17.09	4.72
2020	13.61	15.96	2.35
2021	11.94	18.27	6.33
2022	11.62	16.51	4.90

Table 32 compares the ARP threshold of the MD NEI relating to contributory old age benefits to that of the total population. Both Md NEI increased between 2014 and 2022. Contributory old age benefits increased by €2,045, from €6,644 to €8,687, whilst the total population increased by €3,208, from €7,685 to €10,893.

Nevertheless, the MD NEI relating to the total population increased more between 2014 and 2022: 41.74% compared to 30.75% of the contributory old age benefits. The YoY increase of the Md NEI for the total population between 2015 and 2022, with one exception in 2021, is consistently higher than that of contributory old age benefits. In 2016 and 2022, the difference in the increase between the two exceeds €400.

⁵⁸ The relative median ARP gap is calculated as the difference between the median equivalised disposable income of people below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold (cut-off point: 60 %Md NEI income).

⁵⁹ Pg 30, Brinkworth, M, M., Pensioners' income and exposure to the risk of poverty, 2019, Supplementary Paper, Number 01, Pension Strategy Group, 2019.

⁶⁰ NSO report. Source: SILC. December 2023.

Table 32: ARP Threshold comparison of Median National Equivalised Income relating to contributory old age benefits to the Median National Equivalised Income of the total population

	2014	2015	2016	2017	2019	2020	2021	2022
60% Md NEI contributory old age benefits	€6,644	€6,970	€6,590	€7,060	€7,529	€8,311	€8,471	€8,687
60% Md NEI total population	€7,685	€8,131	€8,170	€8,713	€9,212	€9,744	€10,222	€10,893
Y-to-Y increase in threshold: contributory		€326	-€380	€470	€469	€782	€159	€216
Y-to-Y increase in threshold: total population		€446	€39	€543	€499	€532	€478	€672
		€120	€419	€73	€30	-€250	€318	€455

The figures below provide the number of beneficiaries and not the number of persons who live and share the contributory pensions with them. The overall distribution of pensioners living on contributory old-age benefits by income decile is of note.⁶¹ The following observations are made:

- The most significant number of contributory old age pensioners are in the 2nd income decile (19,488 or 18.94%), followed by the 4th income decile with 13.51% (13,903) and followed closely by the 1st income decile with 13,683 or 13.30%.
- The number of contributory old age pensioners in the 5th income decile and lower is 70,940 or 68.94% of the total cohort, whilst those in the 6th income decile and lower is 78.13% (80,401 persons).

Table 33: Contributory Old Age Pensioners by National Equivalised Income Decile⁶²

NEI Income Deciles	Persons 2014	Persons 2015	Persons 2016	Persons 2017	Persons 2019	Persons 2020	Persons 2021	Persons 2022	% of Persons in each Decile	2014-2022	% of the Increase
1st decile	4,465	6,241	8,808	8,265	9,561	9,671	10,289	13,683	13.30	9,218	26.8
2nd decile	9,920	10,239	13,469	15,006	17,632	18,706	19,711	19,488	18.94	9,568	27.8
3rd decile	11,091	11,505	14,503	15,244	14,131	12,833	12,845	13,202	12.83	2,111	6.1
4th decile	9,625	8,399	10,276	9,952	14,280	12,455	13,562	13,903	13.51	4,278	12.4
5th decile	8,403	9,454	10,412	9,998	9,388	10,659	11,037	10,663	10.36	2,260	6.6
6th decile	6,495	6,848	6,857	8,449	9,787	9,290	10,166	9,461	9.19	2,966	8.6
7th decile	5,537	6,044	6,140	6,486	6,531	8,918	8,810	7,981	7.76	2,444	7.1
8th decile	5,500	5,020	5,812	5,263	5,329	6,805	5,772	6,043	5.87	543	1.6
9th decile	3,724	3,794	4,046	3,889	3,762	4,222	3,803	4,826	4.69	1,102	3.2
10th decile	3,749	3,878	4,440	4,385	3,657	4,563	4,359	3,652	3.55	97	-0.3
Total	68,510	71,422	84,762	86,938	94,057	98,124	100,355	102,903	100.00	34,393	100.0

- The 2nd decile experienced the largest increase of contributory old age pensioners falling within its bracket – an increase of 27.8% or 9,568 persons between 2014 and 2022. This cohort increased significantly between 2014 and 2019 by 7,712 persons, a growth of 77.7%. While persons falling in the 2nd decile have continued to grow since 2020, this has been at a slower pace of 4.2%. Of

⁶¹ Pg 40, Brinkworth, M, M., Pensioners' income and exposure to the risk of poverty, 2019, Supplementary Paper, Number 01, Pension Strategy Group, 2019.

⁶² NSO report. Source: SILC. December 2023.

note is that the number of persons in the 2nd decile in 2022, when compared to 2021, fell by 223 persons or 1.13%

- The 1st decile experienced a significant increase of contributory old age pensioners falling within its bracket: from 10,289 to 13,683 or by 3,394 persons (a 33.0% increase). It is further noted that between 2014 and 2017, this cohort of contributory old-age pensioners almost doubled.
- The number of contributory old age pensioners in the 4th income decile bracket increased significantly between 2017 and 2019 by 4,328 persons or 43.49%. This fell sharply in 2020 to 12,455 persons before rebounding somewhat with 13,903 persons in this income decile bracket in 2022.
- The number of contributory old age pensioners in the 3rd income decile bracket also experienced a significant increase between 2015 and 2016, from 11,505 to 14,503 persons. It peaked at 15,244 persons in 2017 before falling to 12,845 in 2021, rebounding slightly in 2022 to increase to 13,202.

Table 34 compares the number of pensions with a contributory old age benefit in 2017 and 2022. The following is to be noted between 2017 and 2022:

- The number of persons in terms of total population in the 1st income decile increased significantly from 9.5% to 13.3%, in the 2nd income decile increased to 18.9% from 17.3%, in the 4th income decile increased from 11.4% to 13.5%.
- The number of persons in terms of total population in the 3rd income decile fell from 17.5% to 12.8%, whilst that concerning the 5th income decile fell from 11.5% to 10.4%.
- In 2017, pensions in the total population was only 9.5%. In 2022, this stood at 13.3%.
- In 2017, the largest number of pensioners was in the 3rd income decile (15,244); in 2022, it stood in the 2nd income decile (19,488) at 18.9%.

Table 34: Comparison of the Number of pensions that have a contributory old age benefit: 2017 and 2022⁶³

	2017		2022	
	Frequency	%	Frequency	%
1st decile	8,265	9.50%	13,683	13.3
2nd decile	15,006	17.30%	19,488	18.9
3rd decile	15,244	17.50%	13,202	12.8
4th decile	9,952	11.40%	13,903	13.5
5th decile	9,998	11.50%	10,663	10.4
6th decile	8,449	9.70%	9,461	9.2
7th decile	6,486	7.50%	7,981	7.8
8th decile	5,263	6.10%	6,043	5.9
9th decile	3,889	4.50%	4,826	4.7
10th decile	4,385	5.00%	3,652	3.5
Total	86,938	100.00%	102,903	100.0

⁶³ NSO report. Source: SILC. December 2023.

- In 2017 persons in the 1st income decile stood at 9.5% (8,265), ranking first in terms of the lowest percentage of persons in the 6th income deciles below, compared to 2022, where persons in the 1st income decile (13.3% and 13,683 persons) stood third behind people in the 2nd income decile (18.9% and 19,488 persons) and the 4th income decile (13.5% and 13,903 persons).
- In 2022, persons in the 5th income decile and under were, in terms of the total population, marginally higher by 1.69 p.p. (68.93% in 2022 and 67.25% in 2017). Concerning persons in the 6th income decile and under here, this cohort was marginally higher in 2022 – by 1.17 p.p. (78.13 in 2022 and 76.07% in 2017).