

**“MIPAA meets SDG 1
– responses to old-age poverty in the UNECE region”
Intervention by Mr. Philipp Charwath,
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Madam Chair,

Ladies and gentlemen,

I would like to thank you for your invitation to this side event. It is a great pleasure for me to take part in the discussion on MIPAA and the sustainable development goal 1 on ending poverty and to report about policy measures to fight poverty of old persons in Austria.

In target 1.3 of the SDGs Member States agreed to implement nationally appropriate social protection systems for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable. Social protection is particularly important for children, persons with disabilities, unemployed persons, older persons and other vulnerable groups.

Ladies and gentlemen,

The Austrian welfare state with its broad social protection coverage is an effective “trouble-shooter” in times of crisis: Austria is among the few countries in Europe where poverty is not on the rise. Without transfer payments from public spending, 44% of the Austrian population would be at risk of poverty. Thanks to pensions and other welfare benefits, the at-risk-of-poverty rate in Austria is down to 14%. The fight against old-age poverty figures prominently also in the program of new Austrian government appointed on 18 December 2017.

Like many other UNECE member states, Austria has in recent years initiated a series of reforms of its pension system in order to ensure its long-term sustainability. As in many other countries, the system is a statutory pension insurance system. Great care has been taken, however, to minimize the effects of reforms on the most vulnerable segments of retirees.

The equalization supplement in the statutory pension insurance in Austria is a crucial instrument in the Austrian pension system ensuring that every person receiving a pension has a minimum income above the poverty threshold. Low pensions under the statutory pension insurance system are topped up to reach a threshold value. This is a manifestation of the principle of solidarity of the Austrian pension insurance system. If the total pension including other net income and creditable amounts are below this threshold, an equalization supplement amounting to the balance is due. Alongside the income of the pensioners in question, also spouses’ or partners’ incomes are taken into account. A number of benefits, such as long-term care or housing assistance benefits, as well as property, are exempted from being offset against the equalization supplements.

As of 1 January 2018, the monthly reference rate, to which lower pensions are raised, is 909.42 Euro for singles and 1,363.52 Euro for couples (spouses/registered partners), 14 times

a year. Moreover, a supplement of 140.32 Euro is granted for each child unless the child has a net income exceeding 438.05 Euro per month. There also is a premium for people who have contributed to the pension system for at least 30 years (equalization supplement of 1,000 Euro).

The government plans to increase the minimum pension for people with 40 years of contributions to 1,200 Euro as well as for married couples (*with one partner of 40 years of contributions*) to 1,500 Euros.

Retired men are relatively well protected from the risk of poverty – only 11% are affected. The risk of poverty is slightly higher for women, the rate being 14%. Women living alone are exposed to a somewhat higher risk of poverty. Due to a gender pay gap in Austria, women have lower incomes and thus also lower pension benefits. Prolonged absences from the labor market due to child-rearing and care activities and/or part-time work exacerbate this effect.

In order to absorb any negative impact of the pension reforms on women (in particular the increase of contributory periods from 15 to 45 years to be considered in calculations of the assessment basis), and to compensate for the disadvantages suffered by women in the labor market, the following gender-specific measures have been adopted under the recent pensions reforms:

- The assessment basis for periods of child-rearing is 1,776.70 Euro (in 2017). This amount corresponds roughly to women's average income from gainful activity and is valorised every year. Pensionable periods of child-rearing total up to four years per child and up to five years in case of multiple births.
- The minimum number of contribution years in gainful employment required for an old-age pension is seven years, with a minimum insurance record of 15 years being required. Periods of nursing care for a disabled child or for a close relative who has qualified for the long-term care allowance, as well as periods of family hospice leave (taken to nurse a seriously ill or dying relative) are also eligible as periods of gainful activity.
- To improve the social law situation of mothers who are exclusively engaged in the care of a disabled child, they are given the option of voluntary non-contributory pension insurance until the child turns 40.
- The introduction of voluntary 'pension splitting' (i.e. with the spouse) for periods of child-rearing under the Austrian social insurance system breaks new ground for women, enabling them to build up and enhance pension entitlements of their own.

Owing to the formerly low female employment participation approximately one third of women aged 60 plus do not qualify for old-age pension benefits of their own. For many of them, a so-called "surviving dependent's" pension is pivotal for their subsistence in old age.

Ladies and gentlemen,

Let me now focus on another essential element, and often a very costly one: At the end of the life-span, the issue of care should not be an issue of wealth or poverty. Providing care for – primarily – older people is a key social policy issue in Austria. Care should be affordable for all people. In Austria, there are various policy measures which aim to support people in need of care regardless of their financial situation. I would like to mention two crucial measures:

- Long-term care benefits are earmarked benefits for the sole purpose of covering care-related additional expenses. As the actual costs of care exceed the relevant long-term care benefits in most cases, they are to be regarded as a lump-sum contribution towards care costs. This type of benefit enables individuals in need of care to be somewhat independent and remain (longer) in their familiar environment. The amount of long-term care benefits is exclusively based on actual care and assistance requirements. Long-term care benefits are awarded irrespective of the root cause of care needs, but also irrespective of income, property or age of claimants. Claimants are legally entitled to long-term care benefits. There are seven categories of long-term care benefits.
- Caring and nursing family members taking care leave have a legal entitlement to care leave benefits under certain conditions. Care leave benefits for a close family member or an individual in need of care may be drawn for one to three months during care leave or part-time care leave, depending on the period of leave agreed with the employer. The rate of care leave benefits is income-related and basically equal to the rate of unemployment benefits if the claimant does not work at all.

These are a few of the specific policy interventions of Austria in order to fight against old-age poverty and to provide older people with a dignified standard of living.

To this, I would however like to add a couple of other policy measures that contribute greatly to reducing old-age poverty, but that are often taken for granted in our countries or not mentioned in this context, since they may not be targeted specifically at older people.

One of the most important contributors to reducing old-age poverty is the free (basically) universal health care system that Austria – and many other European countries – have. If you compare that to the costs of medical care e.g. in the USA, the difference becomes evident.

But there are lots of other relevant fields of intervention in this context: the accessibility and affordability of public transport; building codes; new intergenerational housing models that are being developed and implemented by architects and the private sector. Furthermore, one of the most important measures to be taken now, but with great benefits in the future, is the availability of affordable child-care facilities which makes it possible for both parents to work and to achieve the full inclusion of women in the labor market. In the long run, this ensures that women have a pension of their own rather than relying on theirs partners or the state.

This final point also nicely shows how the whole social policy framework is interlinked. The supposedly opposed interests of younger and older people are actually closely linked.

Thank you very much for attention!