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Italian measures for the protection from poverty in older age

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In-depth policy discussion

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- ✓ The percentage of households in **absolute poverty** with a breadwinner aged between 45 and 55 rose from 2.4% in 2005, to nearly 10% in 2020
- ✓ In the age class 55-64 the growth was from 1.9% to 6.6%
- ✓ Households with a breadwinner aged 45-54 and 55-64 in a condition of **relative poverty** rose from 7.7% in 2002 to almost 10% in 2020 and from 7.6% to 8.2%, respectively
- ✓ From 2005 to 2020, **relative poverty** in the 65+ age group remained more or less stable around 5%
- ✓ In the same age group, **absolute poverty** markedly decreased, from 15% in 2002 to 7.6% in 2020

Source: Ministry of Labour and Social Policies, INAPP (2022), Report for Italy for the Fourth Review and Appraisal Cycle of the implementation of the Madrid International Plan of Action on Ageing and its Regional Implementation Strategy (MIPAA/RIS) 2018-2022, Rome, <https://unece.org/mipaa20-country-reports>



Italian basic income measures

- ✓ 2017: Insertion Income (Reddito di Inserimento - REI)
- ✓ 2019: Citizenship Income (Reddito di Cittadinanza - RdC)
- ✓ Citizenship pension (Pensione di Cittadinanza - PdC) for people 67+



Citizenship Income - RdC

- ✓ RdC was an **economic benefit** addressing households, consisting of two components:
 - 1) support to income, according to the composition of the household and the entitlement to other benefits;
 - 2) an annual amount equal to the rent of the house, up to a maximum of Euro 3,360 (Euro1,800 for the PdC)

- ✓ **Conditionality:** immediate availability for working and subscription of a tailored guidance plan for labour market and social inclusion

Source: Ministry of Labour and Social Policies, INAPP (2022), Report for Italy for the Fourth Review and Appraisal Cycle of the implementation of the Madrid International Plan of Action on Ageing and its Regional Implementation Strategy (MIPAA/RIS) 2018-2022, Rome, <https://unece.org/mipaa20-country-reports>



Citizenship Pension

Potential beneficiaries: Italian and EU citizens who have lived in Italy for 10 years. Without subsistence income at retirement age. Residency permit in case of non-EU nationals

Funding: National budget (taxes)

Management: National Social Security Institute (INPS)

Eligibility criteria:

- ✓ all members of the family aged 67+ (exception for persons with disabilities or in need of LTC)
- ✓ means-tested (annual income below EUR 9,360)
- ✓ savings up to EUR 6,000 + EUR 2,000 for any additional member of the family, up to EUR 10,000 (unless members with disability or in need of LTC);
- ✓ real estate properties up to EUR 30,000 (except family home)

Types of income support:

- ✓ up to EUR 630/month for a single person (annual amount up to EUR 7,560); equivalence parameters to cover more members
- ✓ up to EUR 150/month (up to EUR 1,800/year) for rent or mortgage costs

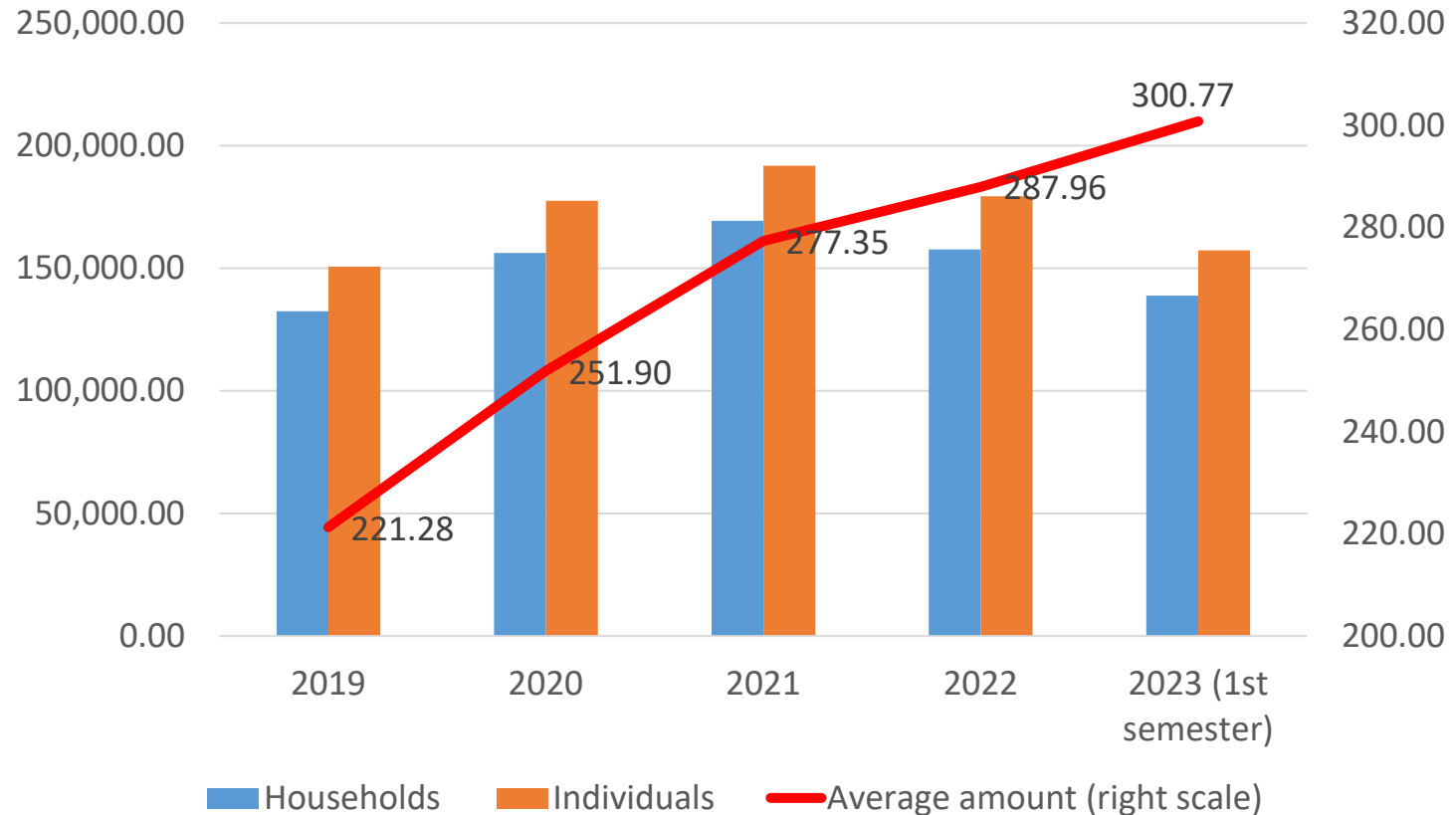


Citizenship Pension – relation with other measures

- ✓ Allowed jointly with unemployment income support measures
- ✓ Working family members are allowed (income parameters are recomputed)
- ✓ Self employment allowed (income parameters are recomputed)



Citizenship Pension - Beneficiaries



Source: INPS, July 2023



Citizenship Pension – beneficiaries in June 2023

	Households %	Individuals %	Average amount
Italian citizens	93,0	93,0	280,12
EU citizens	1,8	1,8	442,88
non-EU citizens with residency permit	5,0	5,0	446,64
Family members of the previous categories and holders of international protection	0,1	0,1	409,37

Source: INPS, July 2023



The relationship with other measure addressing poverty in older age

- ✓ Welfare benefits provided by the Italian pension system de facto already guaranteed all 70+ a minimum income level (643 euros for thirteen months in 2020)
- ✓ Some exceptions involved persons not eligible for social allowances and/or for retirement due to their age or contribution
- ✓ The ratio between the average value of the pension and the average salary (after taxes) went from 40% at the end of 1970s to 80% in 2017
- ✓ The share of families with a retired breadwinner in relative poverty was around 50% at the end of the 1970s and 15% in 2017

Source: Massimo Baldini, Carlo Mazzaferro, Stefano Toso (2019), La pensione di cittadinanza. Un'occasione persa?, [eticaeconomia.it](https://eticaeconomia.it/la-pensione-di-cittadinanza-unoccasione-persa/), January, <https://eticaeconomia.it/la-pensione-di-cittadinanza-unoccasione-persa/>



The new legislation

- ✓ From January 2024, the citizenship pension measure will be abolished
- ✓ Families with children, persons with disabilities, 60+ members, members in disadvantaged conditions under care and assistance programs of local social and health services will be entitled for a new measure named **Inclusion Allowance**, providing economic support and social and job inclusion
- ✓ **Inclusion Allowance** supports the family income up to 6,000 euros per year, or 7,560 euros per year if family members are all aged 67+ or they live together with other family members with serious disability
- ✓ To this amount the cost of the rent of the house can be added, up to a maximum of €3,360 per year, or 1,800 euros per year if family members are all aged 67+ or they live together with other family members with serious disability



Inclusion Allowance – services provision

- ✓ Social services carry out a multidimensional assessment of the needs of the family, aimed at the subscription of an **Inclusion agreement**
- ✓ Family members aged between 18 and 59, eligible for work, apply to employment centers for the subscription of a **tailored service agreement**
- ✓ Participation in training and active labour market measures provided in the **Inclusion agreement** are mandatory for adult family members, who have parental responsibility





Thank you!



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