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ANALYSIS OF THE EVOLUTION OF THE NUMBER OF PENSIONERS AT NATIONAL AND REGIONAL LEVEL

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Abstract: *Pension systems are going through a period of crisis all over the world. Many countries in the European Union, among others, have impressive costs—generally over 8-10% of GDP—just to keep a component of the social insurance system afloat, namely that of providing the necessary income after exit from the labor market. However, the situation is much more difficult, more complex, especially in perspective. In the conditions of the “peculiarities of the inherited pension system” and the factors that inevitably affect the century we are passing through (the aging of the population, the reduction of the active population, the macroeconomic problems mainly of the countries in transition, etc.) the budget necessary to ensure the payment of pensions as a share of the GDP is anticipates that it will double in 40-50 years. Most countries have already started pension reform processes or at least are planning such changes / for the next periods. Although the problems are apparently the same, the directions of change, even if sometimes convergent, are different. A decade ago, the primary reform approach discussed and implemented was generally parametric (modification of retirement ages, replacement rates, etc.). The present study describes the framework in which previous or anticipated changes have taken place and are likely to take place in the future, in order to be able to design a coherent and effective policy in the field of pensions. Pension systems globally—across various levels of development, political experiences, and governance systems—face challenges that will inevitably become chronic in the coming years.*

Keywords: *pension categories, number of pensioners, defined contributions, social security*

JEL Classification: *H55, J32 C6, C63, G2, G23*

1. Introduction

At the moment, there is an almost explicit consensus in the Western capitalist world: at least a partial transition to the private sector is the key to the viability

of pension systems. Romania has not yet taken this step, but it cannot afford to delay this reform for a long time. On the other hand, the transition, electoral interests and other objective or subjective factors have created and maintained serious inequities in Romania's public pension system.

The socio-demographic and economic processes that characterize the last period (the aging of the population, the reduction of the active population, the macroeconomic problems mainly of countries in transition, etc.) and that will be accentuated in the coming decades transform the problem of social protection of the elderly and especially the problem of administration more efficient pension systems in a fundamental challenge for both developed and transition countries.

For Romania, the problem is aggravated by the alarming delay of the reform, by the wrong decisions, by the lack of vision and coherent strategies in the field. In this context, in addition to the major problems of all ex-communist countries that have registered an economic decline and a reduction in the number of employees (those who support the pension system through contributions), Romania is also faced with the incompleteness of the pension system which is summarized below in pillar I, the privately administered occupational and voluntary components being still in the project stage and requiring several years until implementation and the appearance of effects. Also, phenomena encountered in other countries in transition (and even in Western developed countries in the last decades) such as early retirements and the decrease of the real average retirement age or the support of pillar I with budget funds were much more pronounced in our country and led to an exaggerated increase in the number of pensioners and to an alarming reduction in the real average retirement age.

2. Evolution of the number of pensioners in Romania after 1990

Romania registered spectacular increases after 1990, in terms of the number of pensioners. The dissolution of large state-owned enterprises brought a massive wave of early retirements, which led to an almost doubling of the number of retirees between 1990 and 2000 (the number of retirees increased from 3679 thousand people in 1990 to 6153 thousand people in the year 2000, the year in which a record number of pensioners was recorded - figure 1). Since 2000, the number of pensioners has registered an annual decrease, reaching the level of 5228 thousand people in 2020.

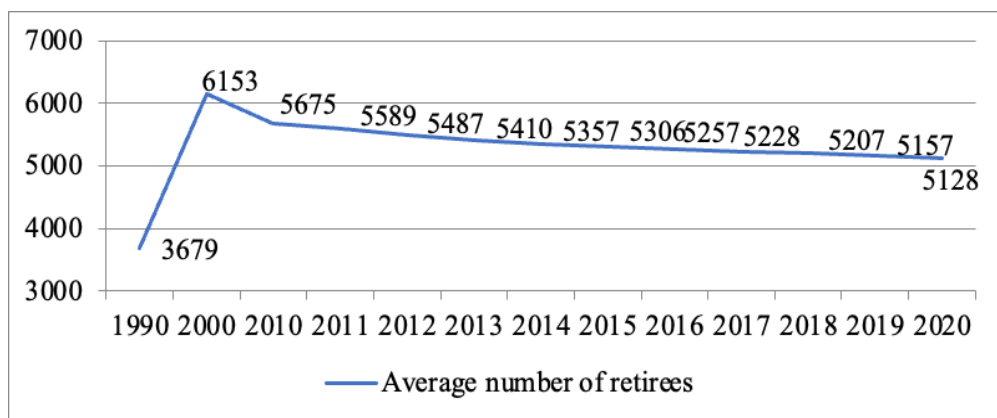


Figure 1. Evolution of the average number of pensioners (thousands of people)

Source: National Institute of Statistics, TEMPO online database, <http://statistici.INSSE.ro:8077/tempo-online>

The increase in the number of pensioners was achieved simultaneously with a decrease in the number of employees (Figure 2). If in 1990 there were 2.5 employees to one pensioner, after the year 2000 there are more pensioners than employees. The most dramatic situation occurred in 2011, since then the situation has improved somewhat, the number of employees registering an increase (by approximately 597 thousand people), and the number of pensioners a decrease (by approximately 361 thousand people).

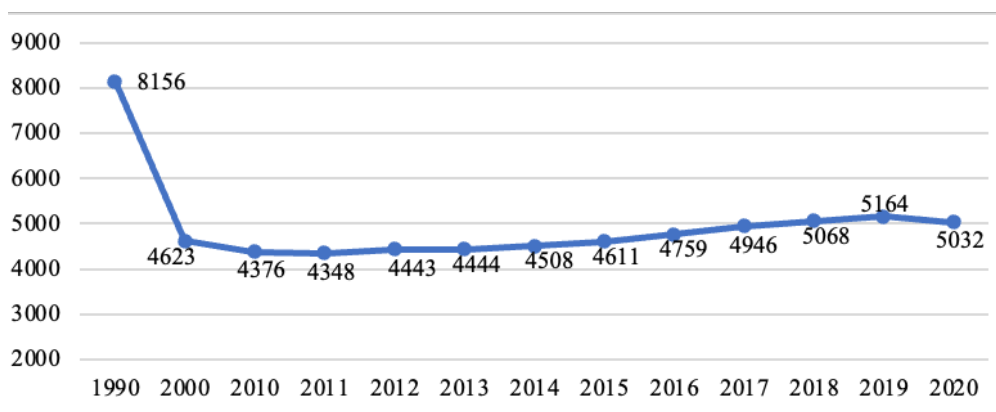


Figure 2. Evolution of the average number of employees (thousands of people)

Source: National Institute of Statistics, TEMPO online database, <http://statistici.INSSE.ro:8077/tempo-online>

Analyzing the evolution of the number of pensioners by category (figure 3), we can note that between 1990 and 2020 all four categories of pensioners: the average number of pensioners, social insurance pensioners, social insurance pensioners (without farmers), insurance pensioners social - farmers, have registered important increases. Between 2000 and 2010, three of the mentioned categories registered decreases in terms of the average number. The exception is the category of social security pensioners (without farmers), which registered a fairly significant increase. Starting from 2011 to 2020, all four categories of pensioners analyzed have registered decreases, even if these decreases are not very significant. Even if there have been decreases in the average number of pensioners, they remain numerically higher than the number of employees. This creates increased pressure on the social security budget which continues to be in deficit year after year.

For this reason, the current legislation in the field has led to the increase of the retirement age for women and to the discouraging of early retirements. All these measures were taken in order to reduce the pressure on the budget provided for the payment of pensions.

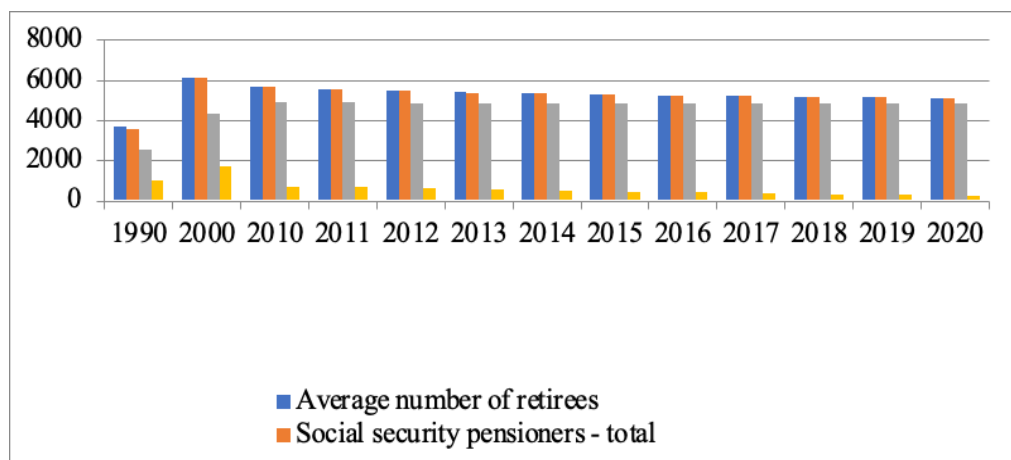


Figure 3. Evolution of the number of pensioners by category

Source: National Institute of Statistics, TEMPO online database, <http://statistici.INSSE.ro:8077/tempo-online>

Table 1 shows the percentage increase in the number of pensioners (by category), percentage calculated compared to 1990. In the categories “with early retirement” and “with partial early retirement”, the percentage was calculated compared to 2010, due to the lack of data until that year. Analyzing these data, it can be seen that the category “with early retirement” had the

largest increase, which registered an increase of 255.6%, followed by the category “with full contribution period”, with an increase of 237, 3%. These two categories of pensioners registered an increase of more than double the existing figure at the beginning of the analyzed period. The categories “for age limit” (increase of 195%) and “with incomplete contribution period” (increase of 125.3%), recorded lower, but still numerically significant increases.

The only category that recorded a decrease was the category “with partial early retirement” where the decrease was really significant (-35.8% percentage). The decrease in this category was registered as an effect of the measures taken after 2010, to discourage and penalize this category of retirement which has become unattractive. All the evolutions of these retirement categories resulted in the increase of the total average number of retirees by 142% in 2020 compared to 1990, after having recorded a maximum of 167.2% in 2000.

Table 1. The evolution of the number of pensioners according to the contribution period

	1990	2000	2010	2015	2017	2018	2019	2020
Average number of retirees	3679	6153	5675	5306	5228	5207	5157	5128
Increase compared to 1990	100,0	167,2	154,3	144,2	142,1	141,5	140,2	139,4
For the age limit	1859	3087	3309	3500	3629	3685	3717	3776
Increase compared to 1990	100,0	166,1	178,0	188,3	195,2	198,2	199,9	203,1
With full contribution internship	1160	2247	2282	2602	2753	2830	2888	2973
Increase compared to 1990	100,0	193,7	196,7	224,3	237,3	244,0	249,0	256,3
With incomplete contribution period	699	840	1027	898	876	855	829	803
Increase compared to 1990	100,0	120,2	146,9	128,5	125,3	122,3	118,6	114,9
With early retirement	- ¹	- ²	9	23	23	21	19	16
Increase compared to 2010	-	-	100	255,6	255,6	233,3	211,1	177,8
With partial early retirement	-	-	123	86	79	88	92	91
Increase compared to 2010	-	-	100,0	69,9	64,2	71,5	74,8	74,0

Source: National Institute of Statistics, TEMPO online database, <http://statistici.insse.ro:8077/tempo-online>

1 There is no data

2 There is no data

Figure 4 shows the evolution of the number of retirees by reason of disability, in total and by retirement levels. As can be seen, the total number of pensioners in this category had a spectacular increase until 2010, a year in which almost 8 times more pensioners were registered than in 1990. After reaching the maximum this year, the number of pensioners of invalidity registered fairly important decreases year by year until 2020, still remaining much higher compared to 1990. An increase was recorded, however, in the number of pensioners with III degree of invalidity. If until 2012, the number of pensioners with II degree of disability was much higher than the number of pensioners with III degree of disability, after this year the ratio reversed.

The decrease in the number of disability pensioners was also due to the fact that many abuses were discovered in this type of retirement. And for this type of pensions, measures were taken aimed at discouraging the registered abuses, by increasing the legal penalties given to those who did not respect the legislation and granted these pensions to people who did not fit into these categories.

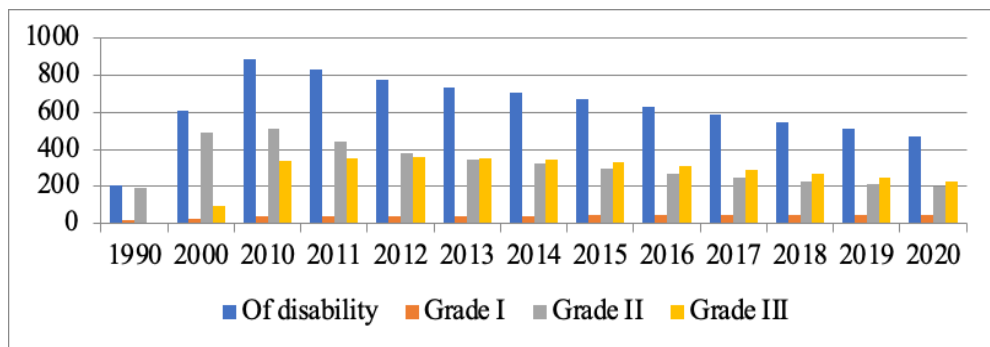


Figure 4. Evolution of the number of disability pensioners (thousands of people)

Source: National Institute of Statistics, TEMPO online database, <http://statistici.INSSE.ro:8077/tempo-online>

Figure 5 shows the evolution of other categories of pensioners: social insurance pensioners - religious and social insurance pensioners - lawyers. Data were not recorded for these two categories until 1996. These two categories registered different increases: social security pensioners - religious (increase by 181.5%) and social security pensioners - lawyers (increase by 331, 5%).

The second analyzed category “social security pensioners - lawyers”, registered a very large increase due to some sets of very attractive measures for the retirement of these social categories. These measures are still in force and will, in the next period, favor the increase in the number of pensioners in this category.

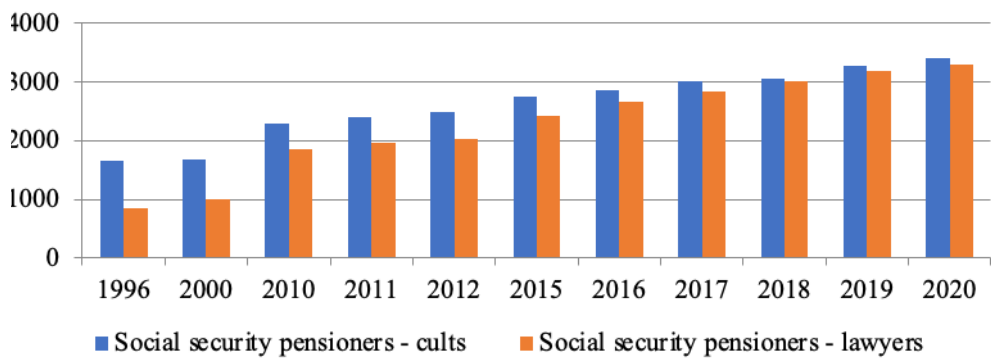


Figure 5. Evolution of the number of other categories of pensioners

Source: National Institute of Statistics, TEMPO online database, <http://statistici.INSSE.ro:8077/tempo-online>

An important analysis is also that of the evolution of the number of pensioners in the development regions of Romania (Table 2). Romania is divided into 8 development regions as follows:

1. North-West Region
2. Central Region
3. North – East Region
4. South – East Region
5. South Region – Muntenia
6. Bucharest - Ilfov region
7. South-West Oltenia Region
8. West Region

We achieved an evolution of the weight of the number of pensioners from each region in the total registered at the country level. From the analysis carried out, two types of regions are distinguished:

- regions where the share of the number of pensioners in the national total decreased, and among these regions we list: the Center, Bucharest Ilfov and West regions;

- regions in which the share of the number of pensioners in the national total has increased, and among these regions we list: North-West, North-East, South-East, South Muntenia and South-West Oltenia regions.

The regions where the total number of pensioners decreased are the most developed regions of Romania, and the regions where the share of the number of pensioners in the national total increased are the less developed regions but which have an older population than the other regions where - have registered decreases.

The region that recorded the largest decrease in the number of pensioners in the national total is the Bucharest Ilfov region with a decrease of - 4.2%, and the region that recorded the largest increase in the number of pensioners in the national total was the South region - East with an increase of + 2.4%.

Table 2. Evolution of the share of the number of pensioners on the development regions of Romania

	1990	2000	2015	2017	2018	2019	2020
TOTAL	2380038	4246061	4682624	4678090	4684479	4672043	4674927
percent of the total	100,0	100,0	100,0	100,0	100,0	100,0	100,0
NORTH-WEST region	302374	554251	614969	613348	613361	612171	613117
percent of the total	12,7	13,1	13,1	13,1	13,1	13,1	13,1
CENTER region	314094	516946	575135	578473	581455	581011	582570
percent of the total	13,2	12,2	12,3	12,4	12,4	12,4	12,5
NORTH-EAST region	293032	596839	702124	702398	704230	702280	702249
percent of the total	12,3	14,1	15,0	15,0	15,0	15,0	15,0
SOUTH-EAST region	236758	479474	570089	577144	580128	580442	582213
percent of the total	9,9	11,3	12,2	12,3	12,4	12,4	12,5
SUD-MUNTENIA region	363185	692175	727700	721277	718912	713874	711854
percent of the total	15,3	16,3	15,5	15,4	15,3	15,3	15,2
BUCHAREST - ILFOV region	383802	558416	558332	557151	557722	556698	557437
percent of the total	16,1	13,2	11,9	11,9	11,9	11,9	11,9
SOUTH-WEST OLTENIA region	211363	422882	482401	478541	478792	476512	476062
percent of the total	8,9	10,0	10,3	10,2	10,2	10,2	10,2
WEST region	275430	425078	451874	449758	449879	449055	449425
percent of the total	11,6	10,0	9,7	9,6	9,6	9,6	9,6

Source: National Institute of Statistics, TEMPO online database, <http://statistici.insse.ro:8077/tempo-online>

Regarding the gender distribution of the number of pensioners, it can be stated that the economic and social development of Romania in the

second half of the century resulted in a higher share of men in the number of state social insurance pensioners until year 2009, in other words, during that period men were predominantly employed, women choosing the status of housewives. The change in this ratio occurred in the first half of 2009, a year in which, in addition to lower female mortality at older ages, the number of women entering retirement exceeded the number of men.

Starting from 2018, the number of male pensioners will be higher than the number of female pensioners, the difference cannot compensate for the effects of differential mortality, clearly lower for women, and the share of women in the total number of social security pensioners is to increase moderately but steadily, from 51 % how much I am today.

3. Conclusions

This paper tried to review the main aspects related to the evolution of the number of pensioners in Romania after 1990. Following the analysis of the evolution of the number of pensioners, the following conclusions can be identified:

- Romania registered spectacular increases after 1990, in terms of the number of pensioners. The dissolution of large state-owned enterprises brought a massive wave of early retirements, which led to an almost doubling of the number of retirees between 1990 and 2000;

- the increase in the number of pensioners was achieved simultaneously with a decrease in the number of employees. If in 1990 there were 2.5 employees to one pensioner, after the year 2000 there are more pensioners than employees;

- the evolution of the number of pensioners on grounds of disability, in total and by retirement levels, had a spectacular increase until 2010, a year in which almost 8 times more pensioners were registered than in 1990;

- in the category of pensioners due to disability, many abuses were discovered so that measures were taken to discourage the registered abuses, by increasing the legal penalties given to those who did not comply with the legislation and granted these pensions to people who did not fit into these categories;

- regarding the distribution of the number of pensioners by region, two situations are observed:

- regions in which the share of the number of pensioners in the national total has increased, and among these regions we list: the North - West, North - East, South - East, South Muntenia and South - West Oltenia regions;

- regions in which the share of the number of pensioners in the national total decreased, and among these regions we list: the Centru, Bucharest Ilfov and West regions;
- The region that recorded the largest decrease in the number of pensioners in the national total is the Bucharest Ilfov region with a decrease of - 4.2%, and the region that recorded the largest increase in the number of pensioners in the national total was the South region – East with an increase of + 2.4%;

Regarding the gender distribution of the number of pensioners, it can be stated that the economic and social development of Romania in the second half of the century resulted in a higher proportion of men in the number of state social insurance pensioners until in 2009, in other words, men were predominantly employed during that period, women choosing the status of housewives. The change in this ratio occurred in the first half of 2009, a year in which, in addition to lower female mortality at older ages, the number of women entering retirement exceeded the number of men.

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