

Metadata:

Pension entitlements in national accounts

0. Registration entry for subjects

0.1 Name

Pension entitlements

0.2 Subject area

National accounts

0.3 Responsible authority; office, division, person etc.

Statistics Iceland

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0.4 Purpose and history

Statistics on accrued-to-date liabilities of the social security pension scheme (Table 29) are a part of the implementation of ESA2010, the EU national accounts framework. Representatives of member states took part in a working group on demographic development (Ageing working group). It was considered important to estimate the accrued-to-date pension entitlements within the EU and agree on methodology. Most member states, along with Iceland, are publishing these statistics for the first time in 2018.

0.5 Users and application

Statistics on pension entitlements in national accounts provide a picture of the stock of pension liabilities within the economy at each point in time, referring to in this case to Pillar II pension schemes and estimation of Pillar I accrued-to-date pension entitlements of social insurance. This data provides information on the magnitude of pension entitlements at each point in time, and especially important in relation to age and other demographic development.

0.6 Sources

Data is sourced from following:

- Annual accounts of pension funds, gathered by the Financial Supervisory Authority (FME).

- Data on pension payments from the Icelandic Social Insurance Administration.
- Actuarial information provided by the Association of actuarians in Iceland.
- Demographic statistics from Statistics Iceland.

0.7 Legal basis for official statistics

See Act No. 163/2007 regarding Statistics Iceland.

0.8 Response burden

None

0.9 EEA and EU obligations

According to Act No. 2223/96, it is stated that national accounts should be coherent and comparable within the member states of the EU and the EEA.

Publication and transmission of pension entitlements data are in line with the Regulation (EC) No. 1392/2007 of the European Parliament and of the Council. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:324:0001:0078:EN:PDF>

1. Contents

1.1 Description of content

The Icelandic pension system can be separated into three main pillars, social security pension scheme (Pillar I), mandatory occupational pension schemes (pillar II) and voluntary pension funds (Pillar III).

The statistics on pension entitlements in national accounts takes the first two pillars into account, social security pension scheme (Pillar I) and occupational pension schemes (Pillar II).

The Icelandic social security pension scheme is funded by company payroll taxes, and provides income tested old age pension payments, generally from the age of 67. „Old age pension“ that was included in our calculations considers base pension, income and single household supplements of pensioners in accordance with the EU national accounts framework and methodologies. Survivor's pension and disability pension for recipients under the pension age is therefore not considered in the calculation of pension entitlements of social insurance. The method of accrued-to-date (ADL) was utilised to estimate the pension entitlements of social insurance, and its input are liabilities towards those who have gained entitlement at that point in time. This methodology does not consider any possible entitlements accumulated in the future by current right-holders in the scheme, nor of any new individuals possibly entering the scheme. It provides only a point-in-time estimate of the accumulation of entitlements at the end of the reference year. The results do not provide a indication of financial sustainability of the social insurance pension system, as it is not a funded scheme.

The other main pillar of the pension system covered is the involuntary occupational pension schemes (Pillar II), which is classified into two main categories, defined benefit funds for general government employees where the value of pension pay-outs are guaranteed by the government and defined contribution funds for non-general government employees where pension payments are dependent on valuation of invested funds. Data on pension liabilities of occupational pension funds has historically been available due to legal requirements of registered pension funds, but such an arrangement has not been for pension in social insurance. The main outcome from producing these statistics is estimating the accrued-to-date liabilities of the social insurance pension scheme, from the recently developed methods of EU's national accounts framework.

1.2 Statistical concepts

Statistics on the stock and flow of pension entitlements in national accounts in Iceland are separated into following categories:

- Social security pension scheme (Almannatryggingar)
- Occupational pension funds for:
 - General government employees (DB)
 - Non-general government employees (DC)

Stock and flow of pension entitlements:

1. **Pension entitlements: Opening balance**
2. D61: Increase in pension entitlements due to social contributions (D6111+D6121+D6131+D6141-D61SC)
 - 2.1. D6111: Employer actual social contributions Hækkun á lífeyrisskuldbindingum vegna breytinga á tryggingafræðilegum forsendum.
 - 2.2. D6121: Employer imputed social contributions
 - 2.3. D6141: Household social contribution supplements
3. D61SC: Less: Pension scheme service charges
4. D619: Other (actuarial) change of pension entitlements in social security pension schemes
5. D62: Reduction in pension entitlements due to payment of pension benefits
6. D8: Changes in pension entitlements due to social contributions and pension benefits (D61+D619-D62)
7. D81: Transfers of pension entitlements between schemes
8. D82: Change in entitlements due to negotiated changes in scheme structure
9. K7: Changes in entitlements due to revaluations
10. K5: Changes in entitlements due to other changes in volume
11. **Pension entitlements: Closing balance (Opening Balance+D8+D81+D82+K7+K5)**

More information on concepts and methodology are available on Eurostat's [website](#)

2. Time

2.1 Reference periods

The reference period is the calendar year.

2.2 Process time

The first publication of statistics for pension entitlements in national accounts in Iceland according to ESA2010 European national accounts framework was in 2018. Publication frequency is expected to be every three years, in synchronisation with other EU member countries.

2.3 Punctuality

Published according to Statistics Iceland advance release calendar.

2.4 Frequency of releases

Final statistics are published with a three year time lag ($t+36$). The transmission of statistics to international organizations will take place at the same time. The statistics on pension entitlements will be accessible in Icelandic and English on the official webpage of Statistics Iceland.

3. Reliability and security

3.1 Accuracy and reliability

Data is sourced from annual accounts of pension funds, gathered by the Financial supervisory authority (FME), and data on pension payments made by the Icelandic Social Insurance Administration. No remarks are made in regards to authenticity and accuracy of the data.

3.2 Sources of errors

Inaccuracy of various data sources can affect the accuracy of statistics in national accounts. However, the conceptual consistency and, over time, the uniform adaptation of sources and systematic balancing contribute to the reduction of the inaccuracy.

3.3 Measures on confidence limits/accuracy

No specific measurements on confidence limits and accuracy have been conducted.

4. Comparison

4.1 Comparison between periods

It is expected that the statistics and calculation of pension entitlements in national accounts will be comparable between periods, as international standards are followed. Some differences between periods can occur due to changes in sources or methods.

4.2 Comparison with other statistics

Comparability to foreign statistics is quite common, given that same methodologies and standards are used. However, pension systems between countries may vary which leads to difficulty in comparison.

4.3 Coherence between preliminary and final statistics

No preliminary figures are published.

5. Access to information

5.1 Forms of dissemination

- News, released on Statistics Iceland's website.
- Statistics, categorised statistical web tables.
- Eurostat and OECD databases, accessible on their websites.

5.2 Basic data; storage and usability

Source data is stored at Statistics Iceland. Access to more detailed data than has already been published is granted on an individual basis. In these cases the main principle is to uphold the confidentiality of the data in guidance with Statistics Iceland Rules of Procedure for Treating Confidential Data, which can be accessed on Statistics Iceland's website.

5.3 Reports

European system of accounts, ESA 2010:

<http://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF>

5.4 Other information

Eurostat provides on its website further information on pension entitlements in national accounts and links to other national publications within Europe:

<http://ec.europa.eu/eurostat/web/pensions/overview>