

Majorca Daily Bulletin

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“PCR test costs more than a flight to Majorca..” See Letters, Page 2



Spain moves from stick to carrot to persuade later retirement

Spain is planning a new effort to encourage workers to retire later as part of moves to cancel out its social security deficit within two years, after the government concluded that an earlier pension reform has had little impact so far.

Spain has the longest life expectancy in Europe and one of the lowest fertility rates. Its social security budget, with 30 billion euros of annual losses, is set to be the biggest overall contributor to the overall public deficit next year. The country is still in the throes of a profound reform of its earnings-related public pension system launched in 2011. It will gradually increase the legal retirement age to 67 in 2027 from 65 years and 10 months now and introduce rules to tighten access to a full pension. But at the halfway point of this reform, the government has concluded that the measures are having little effect and that more and more Spaniards are using existing leeway to bring their retirement age forward. Last year, almost 16% of voluntary retirements were early, compared to 8% in 2011.

The average retirement age is 64 years and 6 months. Now after getting parliament's backing in late-October for new reforms – a rare case of consensus among Spain's fractious political parties – the government wants to adjust the balance of penalties and incentives so as to persuade Spaniards to decide voluntarily to delay their retirement with a more positive approach.

A definitive draft still has to be approved by the cabinet and then go back again to the Parliament for the final vote. Given that the pension in Spain is capped at 2,683 euros, the existing penalty for early retirement is hardly felt by those on the highest salaries. At the same time, the bonus for retiring later is merely an additional 3.2% average in rewards – compared to around 10% in Britain and 6% in Germany.

You can smoke but at a distance on the street

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Drivers hit the slow lane on Palma ring-road: See Page 4

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