

Spain: New incentives to postpone retirement.

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Spain's government has approved a more flexible pension scheme to encourage workers to voluntarily postpone their retirement beyond the legal retirement age. Those opting for this new formula and delaying retirement for between two and ten years will receive both a 2% pension increase for each delayed pension year and a one-time bonus payment equal to half of what they would receive if they opted solely for the current one-time payment formula.

If the employee delays retirement for 11 years or more, the combined incentive will comprise a lumpsum for five of the 11 delayed years and the 2% pension increase for each of the deferred years. The new blended formula thus includes both the lumpsum bonus effects paid at the later departure date and more generous monthly pension payments by way of a modified calculation basis.

One of the main thrusts of the pension reform that the Spanish government is that the legal retirement age matches the effective retirement age as closely as possible. The legal age of 65 was changed in 2011 to steadily rise to 67 by 2027, and currently stands at 66 years and four months. However, the average effective retirement age is 64 years and 8 months, and it is this gap that the government is trying to reduce. In a bid to balance the financial books, the government is hoping to be able to persuade 55% of workers to postpone their retirement dates by three years, to 68 years.

At the same time, easier access to early retirement will be introduced for people with a disability that exceeds 45%.

Edited by industriAll Europe.