

Table presenting households' pension entitlements (T2900)

The table includes resident households' stock of pension entitlements in the Hungarian social insurance pension scheme and the elements of changes in stock for the years 2015-2021.

EU member states must report the data in the table to Eurostat. 2015 was the first year when data had to be reported two years after the reference period. As data reporting must be repeated every three years, the Magyar Nemzeti Bank sent data on period 2016-2018 in 2020. In 2023 the data transmission had to be completed for the period 2019-2021. Due to the database update, in 2023 the entire time series for the years 2015-2021 were reported to the Eurostat.

The table is not included in core national accounts, it only complements them, therefore the income, savings and assets of households and the general government published in national accounts remain unchanged due to the data regarding state pension entitlements recorded in the table.

The table shows the entitlements in the social security system. Only a small portion of the entitlements in the social security system is recorded in the financial accounts under households' other receivables. The data in the table covers the full stock of pension entitlements in the social security system, regardless of whether or not is it shown in the financial accounts.

Table columns

The table columns present the receivables vis-à-vis the different sub-systems of the Hungarian social security pension system and summarise the different types of receivables.

Column H in the table contains the pension entitlements in the social security system. In Hungary, there are no other types of pension entitlements (at least they are not widespread); therefore, the other columns in the table are not relevant only if they are accumulative columns such as column I. Showing the receivables vis-à-vis the entire social security system, the value in Column I is identical with that in column H.

Table rows

Row 1 in the table shows the opening stock of pension entitlements in the period, while row 10 presents the closing stock in the period. Changes in stock are separated to transactions, revaluations and other changes in volume in the table, similarly to the methodology behind financial accounts. Transactions are recorded in rows 2-7, revaluations in row 8, and other changes in volume in row 9.

Pension entitlements in the social security system (column H)

In the table pension entitlements in social security are related to the following payments: old-age pensions, benefits to those under retirement age (excluding annuities to ballet dancers, as they are insignificant in volume), invalidity and rehabilitation care, survivor's pension (excluding parental pension as it is insignificant in volume), orphan's pension, agricultural cooperative annuities, accident annuity, invalidity annuity, household allowance and income allowance, as well as other allowances.

Basically households earn pension entitlements in social security by paying social security contributions. The persons receiving pension and those, who are not yet pensioners, but earn pension entitlements by paying social security contribution, have such entitlements.

The full stock of pension entitlements in social security is not included in core national accounts; an estimation was made with regards to its value through modelling. The model takes into consideration the known factors affecting the stock of pension entitlements, and also uses assumptions to assess changes in specific variables in the future. The

below study offers an in-depth description of the model: Christoph Freudenberg-Tamás Berki -Ádám Reiff: A LongTerm Evaluation of Recent Hungarian Pension Reforms, which can be accessed via the link below:

<https://www.mnb.hu/en/publications/studies-publications-statistics/working-papers-1-1/wp-2016-2-christophfreudenberg-tamas-berki-adam-reiff-a-long-term-evaluation-of-recent-hungarian-pension-reforms>.

Row 1 in column H shows the opening stock of households' receivables vis-à-vis social security, while in row 10 the closing stock of assets is recorded.

Row 2 in column H presents the increase in pension entitlements due to social security contributions and it equals to: rows 2.1+2.3+2.4-2.5.

Row 2.1 in column H shows total amounts, which are paid by employers to the social security system to cover pensions. Data from the national accounts, submitted by HCSO.

Row 2.2 in the column cannot be completed.

Row 2.3 in column H1 shows total amounts, which are paid by households to the social security system to cover pensions. Data from the national accounts, submitted by HCSO.

Row 2.4 in column H shows of the inside yield of the system, which is the opening stock of entitlements multiplied by the applied discount rate.

Row 2.5 in column H shows the operating costs of the social security system. Given, however, that pension entitlements in social security are in no way affected by the operating costs of the institution taking care of disbursement, a zero is entered in this row similarly to the practices used by other countries.

Row 3 in column H shows other (actuarial) change in entitlements in social security pension scheme. Row to be defined on a residual basis. Economic content: the part of the present value of pension entitlements resulting from contribution payments in the reference year exceeding actual payments; the effect of the difference of the assumptions used during calculations and the actual data from the reference year ('experience effects').

In row 4, column H1, payments of social security pension benefit are shown. Data from the national accounts, submitted by HCSO.

Row 5 shows the changes in entitlements due to social security contributions and pension benefits, and equals to: rows 2+3-4.

Row 6 in column H shows the transfers of entitlements between schemes. Seeing that such a transfer did not take place in the reference period a 0 is displayed in this row.

Row 7 in column H shows the changes in entitlements due to negotiated changes in scheme structure. The effect of changes in regulations related to the social security pension system must be shown here (e.g. the effects of retirement age modifications, changes in indexation, regulations governing contribution payments, other reforms.) In the 2015-2021 period, such measures were implemented in 2020 and 2021, which regulated the payment of the 13th monthly pension. (The gradual age limit extension between 2013 and 2022 was ratified in 2009; and therefore, these effects had been initially considered.)

Row 8 in column H shows the changes in entitlements due to revaluations, which reflect the changes in the most crucial assumptions of actuarial calculations. These assumptions are discount rate, wage growth and inflation. In the course of our calculations, for the years 2019-2021, we used the macro projections of the Ageing Working Group created in 2023, and effective from 2024, for the years 2016-2018, we used the macro projections of the Ageing Working Group created in 2020, and effective from 2021, which differs from the Ageing Working Group assumptions of 2015 used in the previous data release. The effects of the changes in the assumptions were recorded in this row in 2016 and in 2019 in line with Eurostat's guidelines. The effect of the reduction of real discount rate from 3 percent to 2 percent also appears in this row in 2016.

Row 9 in column H shows changes in entitlements due to other changes in volume, which originate in changes in demographic and other model assumptions excluded from row 8. In the course of our calculations, Europop's 2021 demographic calculations were used for the years 2019-2021, Europop's 2018 demographic calculations were used for the years 2016-2018, which is also different from Europop's 2015 projection used in the previous data release. In line with Eurostat's request, changes in liabilities reflecting the changes in the demographic projection, are calculated in full for the year 2016 and 2019. In this row, the decline in the number of persons becoming entitled for disability pension, starting from 2017 for methodological reasons, is calculated for the year 2016, which also significantly affected our estimate of our future liabilities.

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