

«Quota 100» three years after its launch

A joint INPS-UPB analysis examines how many and which workers have taken advantage of the early retirement programme

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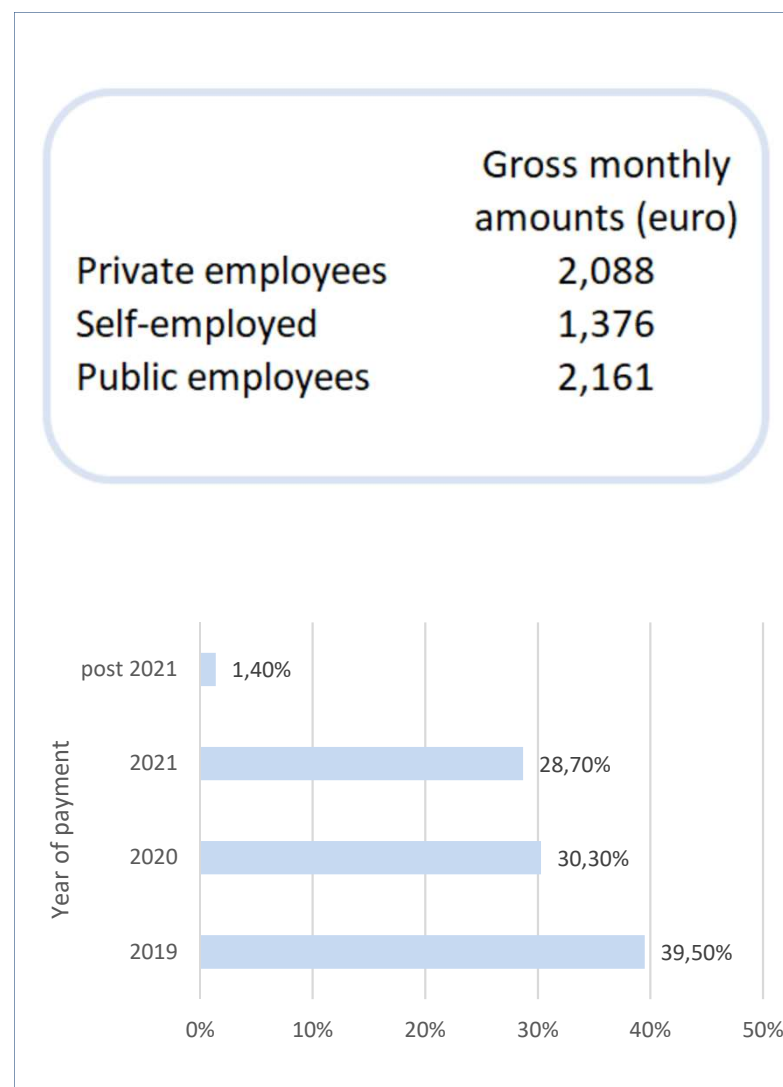
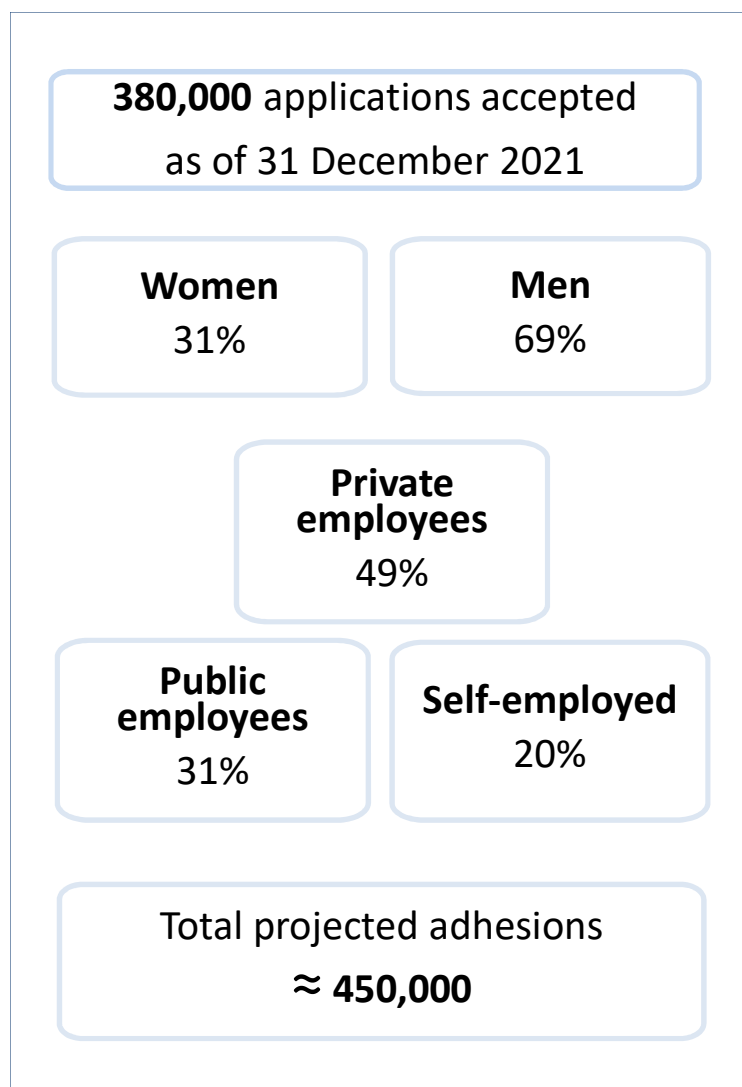
What is «Quota100»

- Employees and self-employed who, in 2019-2021, reach the combined requirements:
age of at least **62 y** and seniority of at least **38 y**
- Pensioners have to wait additional three/six months before receiving the first instalment (so called «finestre»)
- *Q100* pensions cannot be combined with working incomes (till the perfection of standard requirements)
- **Main goal:** (re)introduce some, albeit temporary, flexibility in the exit

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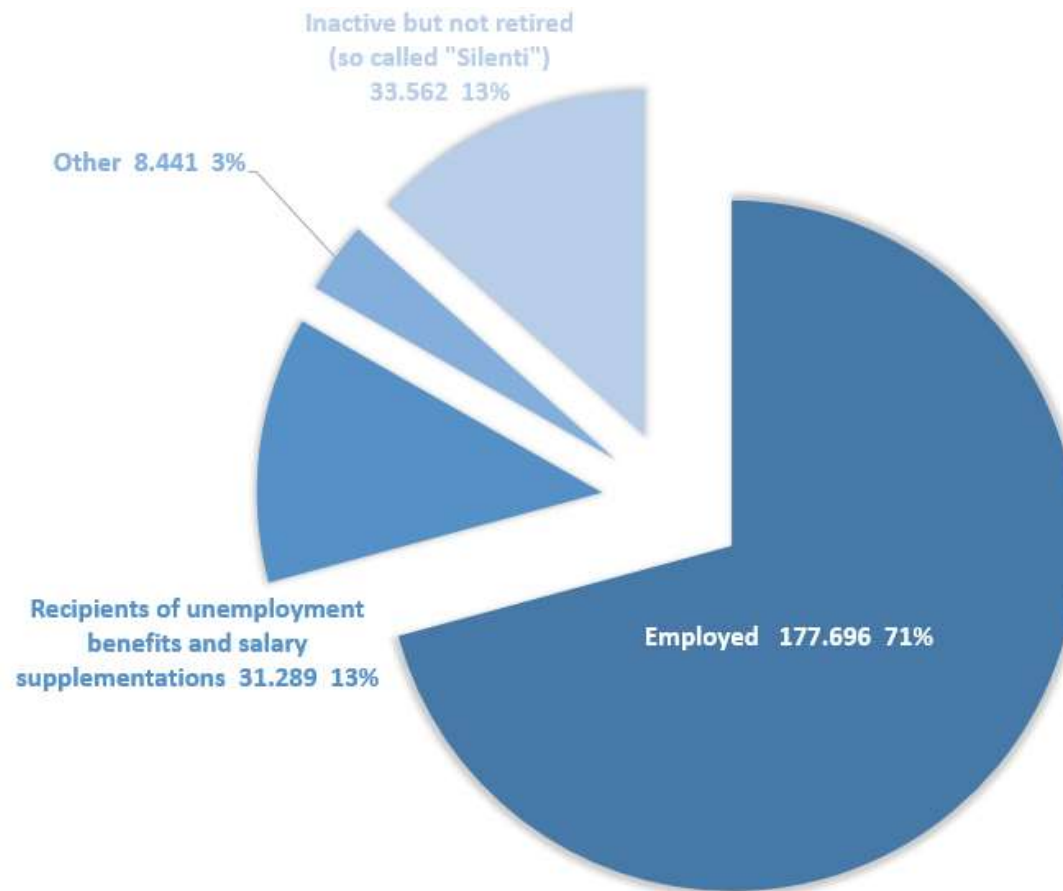
- Descriptive statistics based on INPS monitoring
- Monitoring vs. TR of DL 4/2019
- Logit analysis of the determinants of the decision to retire using the *Q100*

Data from INPS monitoring



Data from INPS monitoring

Retirees in the private sector with *Q100* by last occupational status



Including public employees, the employed count for 81%, recipients of unemployment benefits and salary supplementations count 8%, the inactive not retired count 9%, and the rest 2%.

Data from INPS monitoring

Age and seniority at the first payment (effective date)

Seniority	Age					Total
	62	63	64	65	66	
38	10,3	6,3	4,9	3,7	1,6	26,8
39	9,4	3,7	3,0	2,3	1,1	19,5
40	10,8	4,1	3,1	2,5	1,1	21,6
41	10,7	3,9	3,0	2,2	1,1	20,9
42	5,6	2,1	1,7	1,2	0,6	11,2
Total	46,8	20,1	15,7	11,9	5,5	100,0

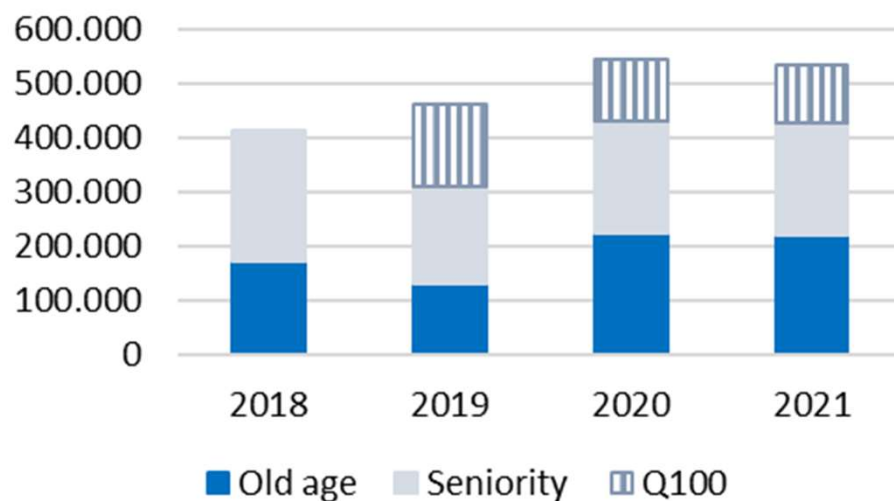
The joint distribution by age and seniority at the effective date shows that **approximately 63 percent of beneficiaries made use of Q100 with at least one of the two requirements** equal to the minimum threshold (62 years of age or 38 years of seniority).

Average age = **63,1 y**

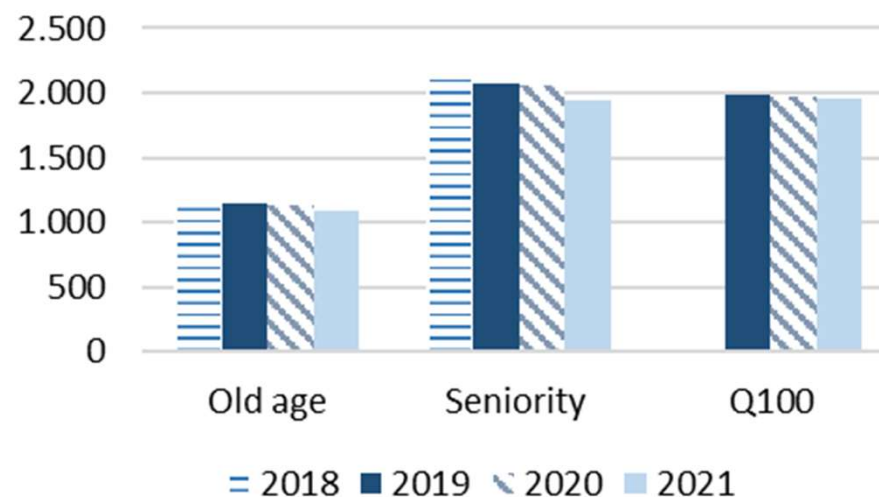
Average seniority = **39,6 y**

Data from INPS monitoring

New pensions by category and effective date



Gross monthly amounts, by category and effective date



Comparison of take-up rates

For those meeting eligibility requirements in 2019

	TR DL 4/2019	INPS monitoring ⁽¹⁾
<i>In year eligibility requirements are met</i>		
Inactive but not retired	100	40
Active - private sector	85	
Active - public sector	70	36
<i>In second year</i>		
Inactive but not retired	0	13
Active - private sector	40	
Active - public sector	45	18
<i>In third year</i>		
Inactive but not retired	0	3
Active - private sector	40	
Active - public sector	45	6

Take-up rates are: **39%** in 2019, **14%** in 2020 and **4%** in 2021, for an overall value of **49%** in the three years

Monitoring vs. Technical Report

- **Take-up less than forecast** 
(374,000 vs. 678,000, with effective date in 2019-2021)

- **Pension benefits in line with forecasts**

- **Duration of benefits greater than expected** 

In the TR, the take-up rate is not broken down by duration of maximum possible anticipation, while actual data show a take-up rate of **4** per cent for people who can anticipate at most by **1 month**, rising steadily to a peak of **74** per cent for people who can anticipate at most by **20-25 months**

Actual data show the propensity to use **90%** of the maximum possible anticipation



- In 2019-2021, expenditure was €12.3 billion (including application backlog), **€1,7 billion** less than the estimates presented in the TR as corrected with the 2019 Update and the 2020 Budget Act (€14 billion compared with)
- Over the longer period 2019-2025, expenditure projected based on monitoring amounts to €23.2 billion, **€5.8 billion** less than the estimates



Econometric analysis - Logit

Which variables had the greatest impact on take-up of the pension programme?

Pool: Sample of people who became eligible for *Q100* in 2019 (about 37,000 individuals) enriched with information from INPS monitoring on *Q100* (using fiscal identification numbers)

Individual characteristics: gender, age and contributory history at the earliest moment of eligibility for *Q100*, region of residence, employment status, pension fund, last annual working income, decision on opting for *Q100* in 2019-2021

	Variable	Composition
Gender	Male	71%
	Female	29%
Age	62	33%
	63	25%
	64	19%
	65	15%
	66	8%
	67	5%
Years of contributions	38	26%
	39	20%
	40	21%
	41	20%
	42	13%
Geographical area	North	42%
	Centre	23%
	South	35%
Status	Active	93%
	Unemployed	4%
	Voluntary contributors	0%
	Inactive but not retired	2%
	Retired	1%
INPS pension fund	Private sector employees	33%
	Agricultural workers	3%
	Artisans	13%
	Retail traders	14%
	Cen. govt. employees (excluding schools)	6%
	Local govt. employees	19%
	Public school employees	13%
	Other	1%
Income decile	1° - 10°	-
Early exit decile	1° - 10°	-

Findings: marginal probabilities

Regressors:

gender, seniority, activity
status, pension fund, decile
of income, decile of
anticipation, interaction
gender/pension fund,
interaction income
deciles/seniority

To understand which
variables most impact take-
up for *Q100*, we need to look
at **marginal probabilities**:

How does the probability of
opting for *Q100* change as
specific variables change

		Baseline		1st variant		2nd variant		3rd variant		4th variant	
Status	Age	-0.042	***	0.002							
	Contribution history	-0.026	***	0.034	***	0.032	***	0.031	***	0.032	***
	Unemployed	0.212	***	0.218	***	0.220	***	0.217	***	0.213	***
	Voluntary contributors	0.378	***	0.391	***	0.389	***	0.387	***	0.399	***
	Inactive but not retired	0.185	***	0.135	***	0.137	***	0.136	***	0.142	***
Gender	Women	-0.066	***	-0.019	***	-0.022	***	-0.031	***	-0.025	***
INPS pension fund	Agricultural workers	-0.219	***	-0.216	***	-0.217	***	-0.213	***	-0.217	***
	Artisans	-0.161	***	-0.159	***	-0.163	***	-0.154	***	-0.153	***
	Retail traders	-0.169	***	-0.169	***	-0.173	***	-0.167	***	-0.166	***
	Cen. govt. employees (excluding schools)	-0.212	***	-0.228	***	-0.225	***	-0.227	***	-0.235	***
	Local govt. employees	-0.090	***	-0.108	***	-0.104	***	-0.096	***	-0.105	***
	Public school employees	-0.106	***	-0.109	***	-0.107	***	-0.122	***	-0.136	***
Income deciles	2°	0.070	***	0.069	***	0.068	***	0.071	***	0.070	***
	3°	0.132	***	0.134	***	0.132	***	0.130	***	0.136	***
	4°	0.123	***	0.127	***	0.124	***	0.121	***	0.127	***
	5°	0.141	***	0.145	***	0.141	***	0.135	***	0.143	***
	6°	0.136	***	0.141	***	0.138	***	0.128	***	0.137	***
	7°	0.160	***	0.165	***	0.162	***	0.149	***	0.156	***
	8°	0.134	***	0.136	***	0.132	***	0.127	***	0.131	***
	9°	0.036	***	0.041	***	0.037	***	0.030	***	0.048	***
	10°	-0.085	***	-0.078	***	-0.083	***	-0.093	***	-0.080	***
Deciles of early exit compared with ordinary requirements	2°			0.089	***	0.089	***	0.087	***	0.087	***
	3°			0.134	***	0.133	***	0.131	***	0.135	***
	4°			0.217	***	0.217	***	0.214	***	0.218	***
	5°			0.252	***	0.251	***	0.247	***	0.252	***
	6°			0.292	***	0.290	***	0.287	***	0.290	***
	7°			0.330	***	0.327	***	0.323	***	0.327	***
	8°			0.352	***	0.348	***	0.345	***	0.349	***
	9°			0.360	***	0.354	***	0.351	***	0.356	***
	10°			0.361	***	0.354	***	0.349	***	0.355	***
Area	South					-0.009					
	North					0.010					
	Regional per capita GDP							-0.00000361	***		
	Regional relative poverty rate							-0.005	***		

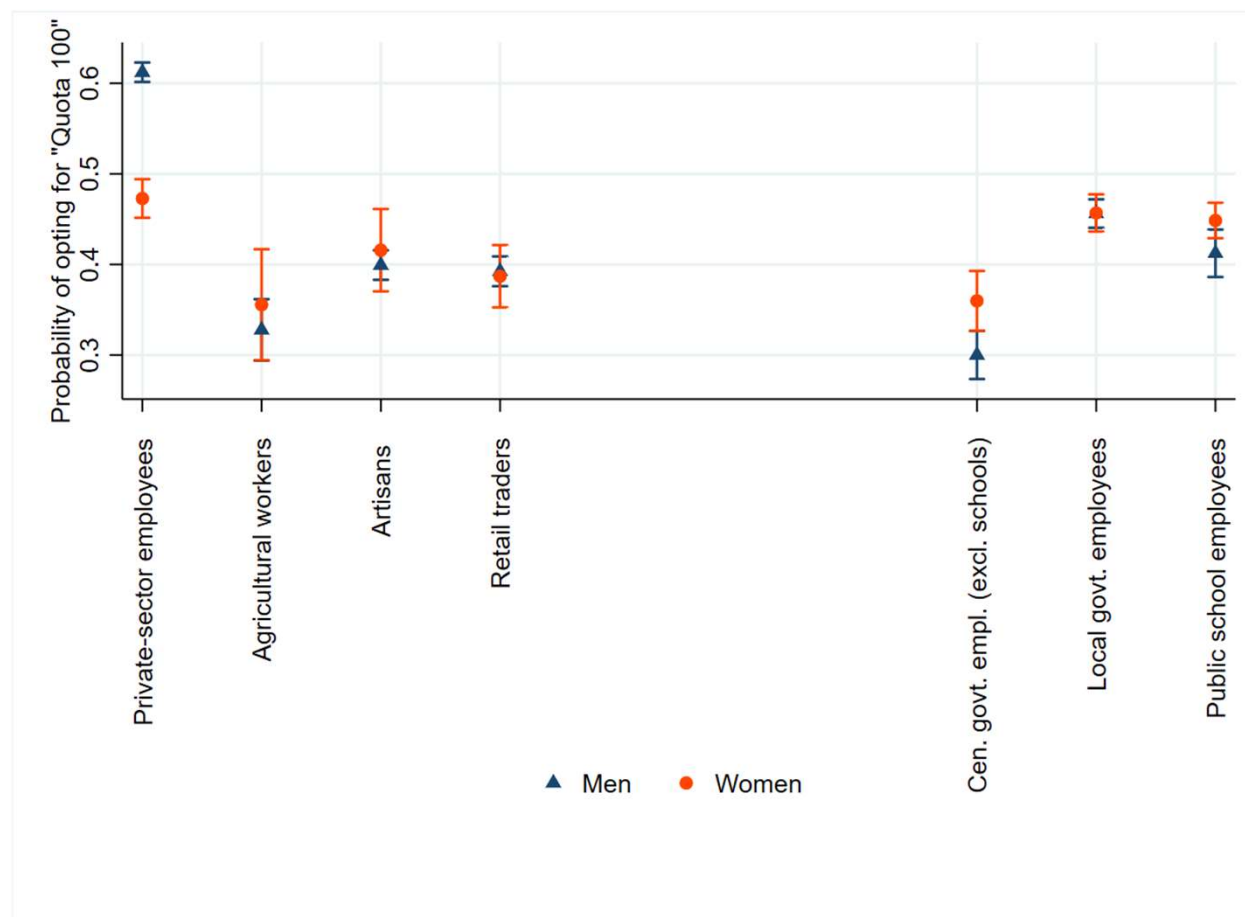
Probabilities by segment and gender

Highest probabilities:

private-sector employees

Lowest probabilities: Central Government employees and agricultural workers

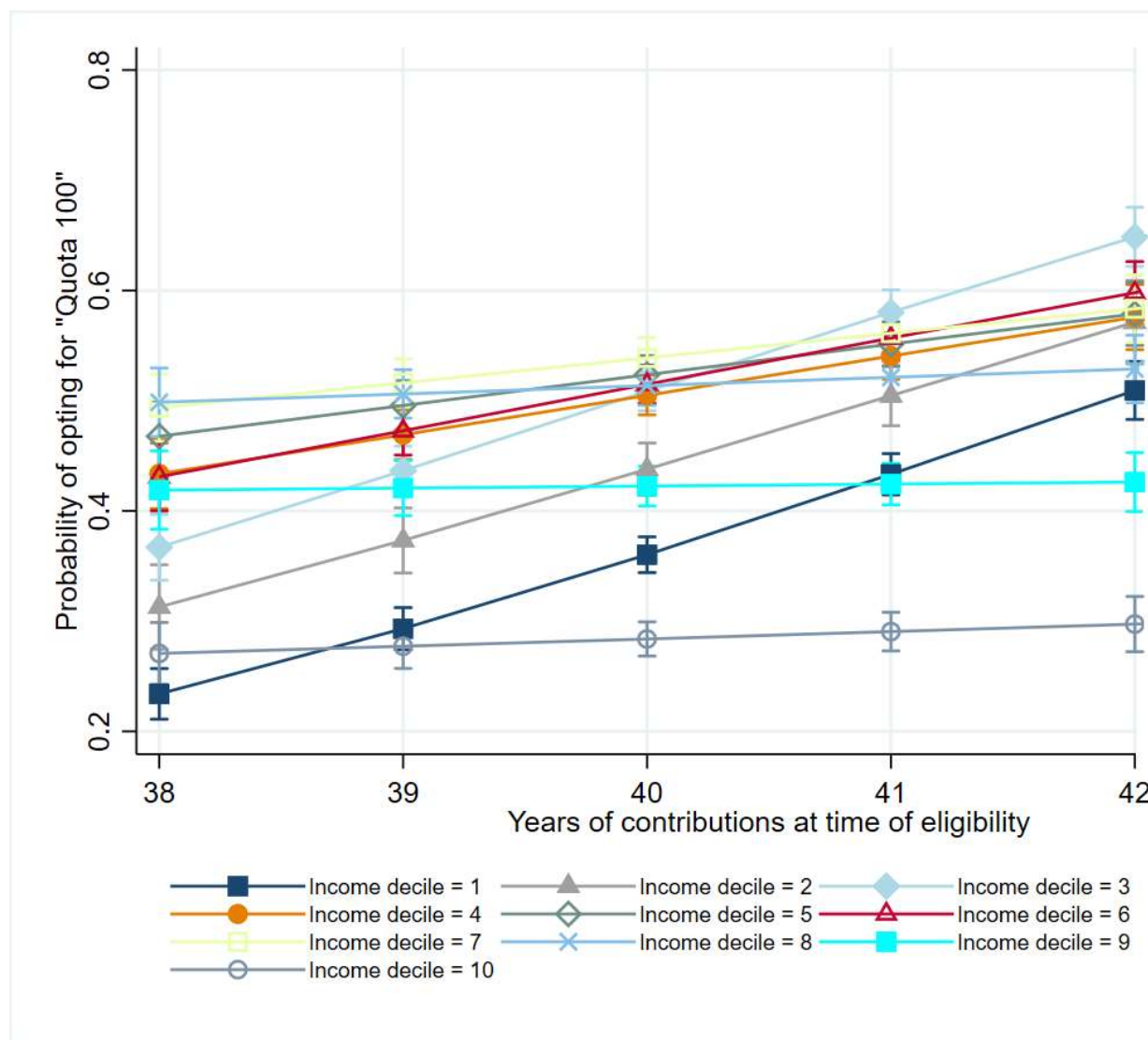
Only **male private-sector employees** (the largest category) are **more likely to retire than women**; in the other categories the probabilities of retirement are similar, with women being slightly more likely to retire



Probabilities by income decile and contributory history

The **probability increases as the number of years of contributions increases** (effect attributable to short careers impacting benefits) ...

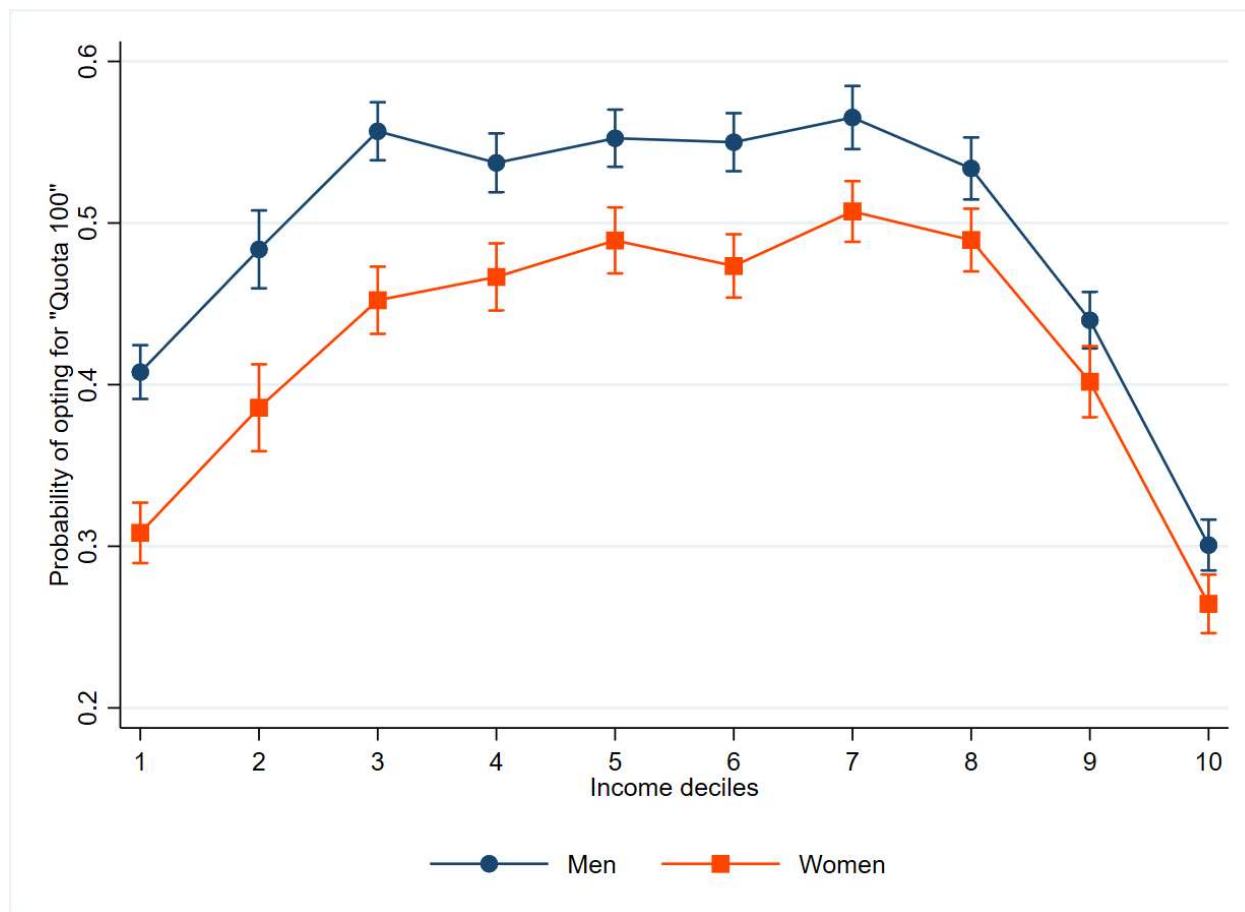
... **except for high-income workers** (less concerned about the amount of benefits)



Probabilities by income decile and gender

The probability curve is hump-shaped: it rises until the third decile, levels off and then declines for the last two deciles, falling below that for the first decile:

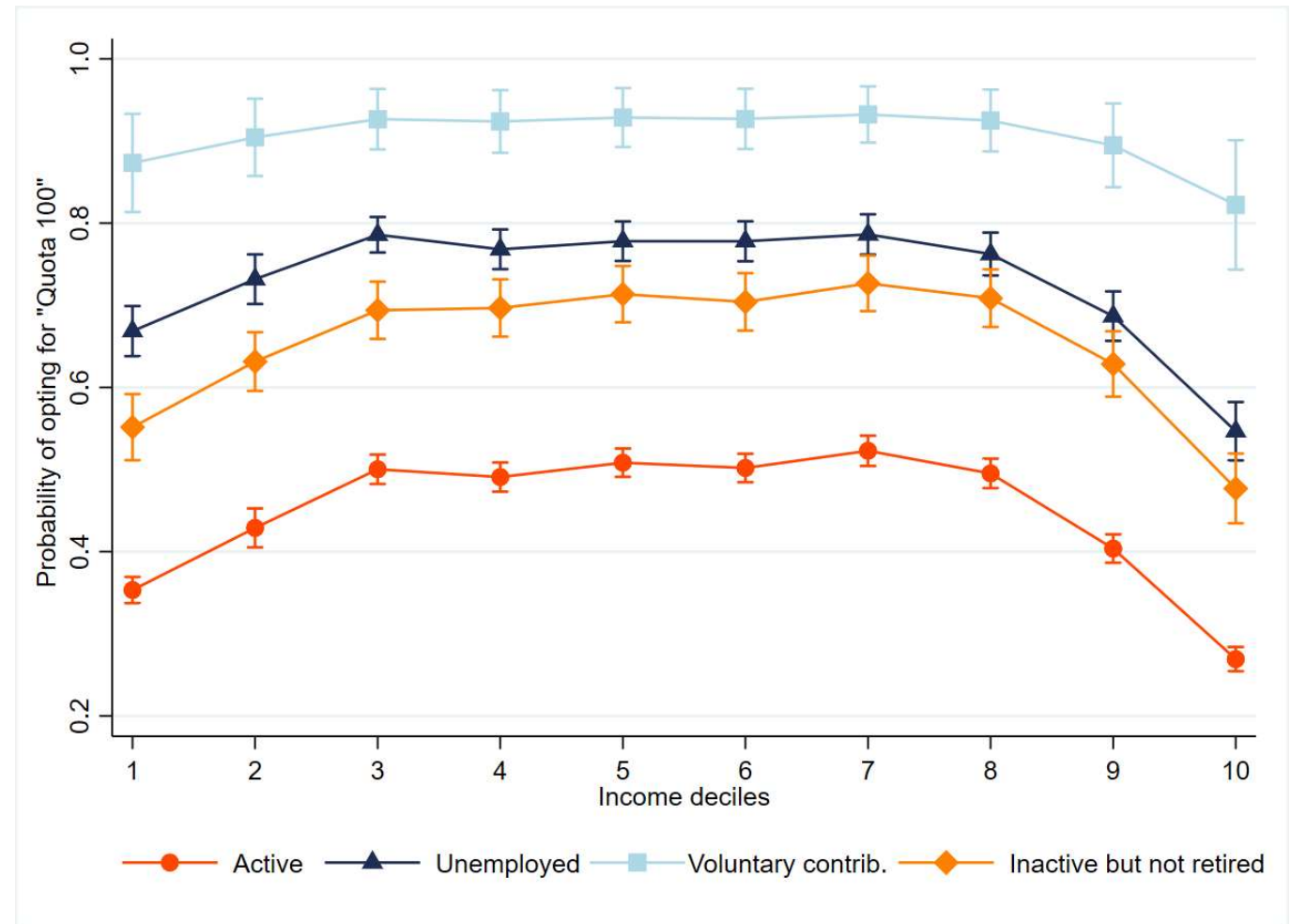
- Growing incomes generate higher pensions and high pensions make early exit more affordable
- Highest incomes are associated with gratifying and better paying jobs that encourage postponing retirement



Probabilities by income decile and employment status

Compared with the active population, **voluntary contributors, the unemployed and the inactive but not retired are more likely to retire with Q100**

→ possibility of acquiring an income



Some conclusions

- Retirees with Q100 numerous albeit less than forecast
- Expenditure less than forecast but by a smaller percentage than for retirees (duration of benefits compensates)
- However, it was the first time a Technical Report tried to adopt take-up rates different from 100%
- Estimated probabilities can help future design of flexible retirement (net of special circumstances in which Q100 was introduced and stayed available)

Annex if there are some seconds left

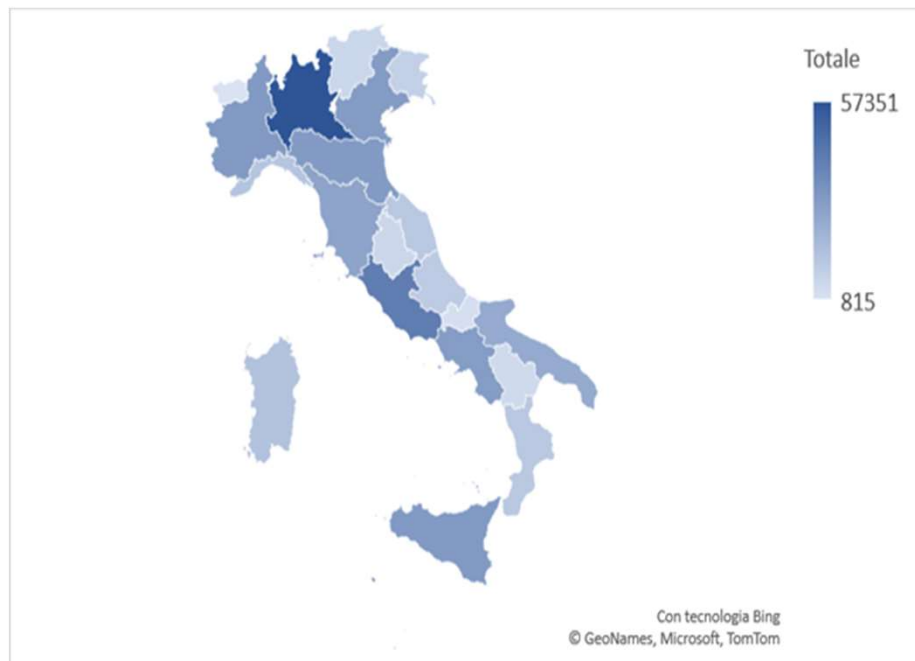




Data from INPS monitoring

Geographical distribution at regional level

Number of retirees with Q100



% of employed



In 2019-2021, retirees with Q100 are more numerous in the North. Expressed as percent of the employed, the incidence is on the contrary larger in the South. However, take-up rates are substantially homogeneous across territories. As regressor in a Logit model, the Region of residence reveals not statistically significant when used in combination with other characteristics.

Take-up rates

For those meeting eligibility requirements in 2019

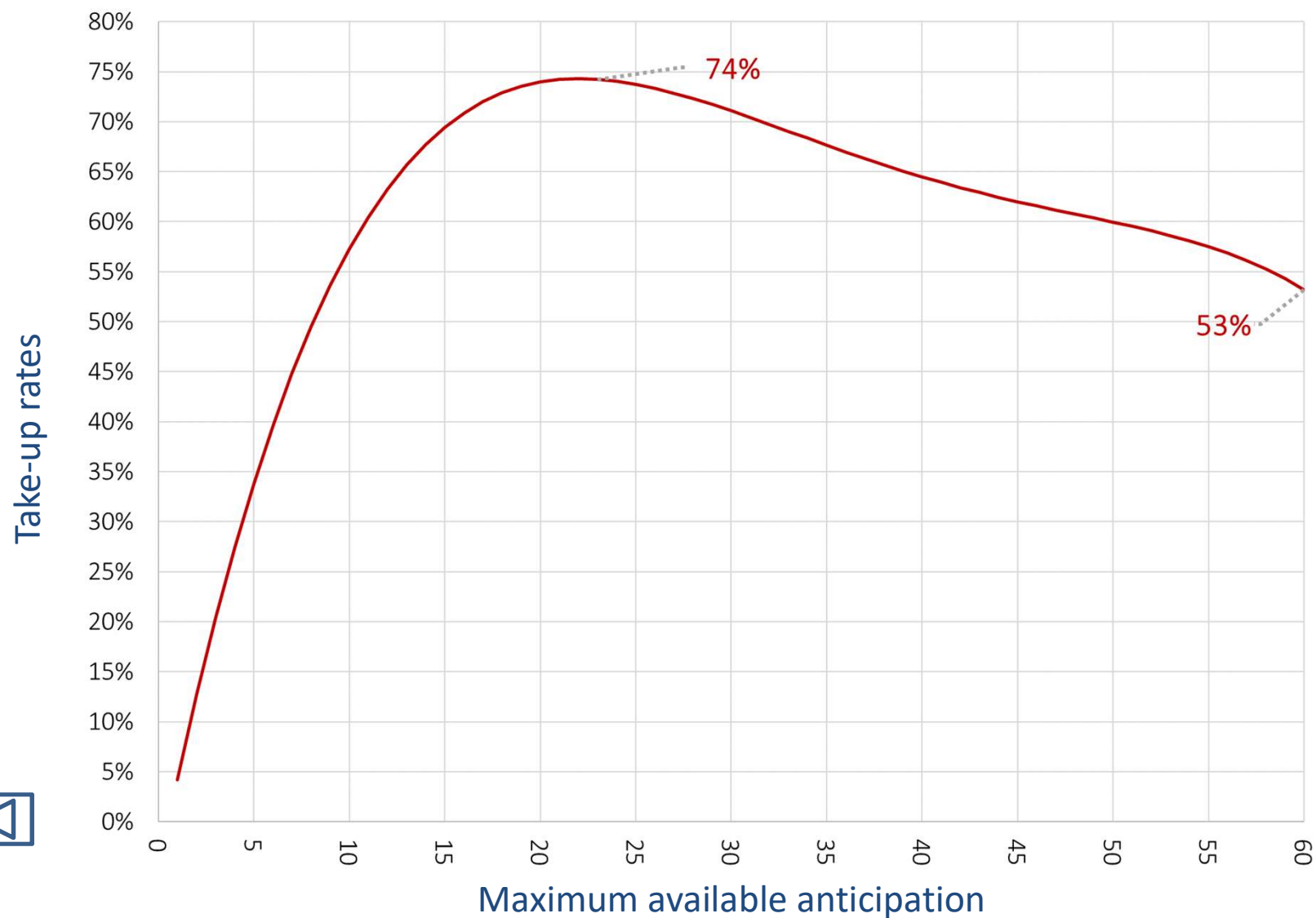
Age (y)	Seniority (y)					Total
	38	39	40	41	42	
62	53	56	53	47	39	50
63	56	56	53	47	39	51
64	52	53	52	45	37	49
65	39	44	45	44	35	42
66	19	26	28	32	34	26
Total	48	51	49	45	38	49

Income quintiles	Active workers	Unemployed	Voluntary contributors	Non active & non retired	Total
1	35	60	75	58	37
2	52	74	91	57	55
3	52	73	86	62	53
4	51	87	75	74	52
5	37	89	95	90	38
Total	45	73	87	60	49



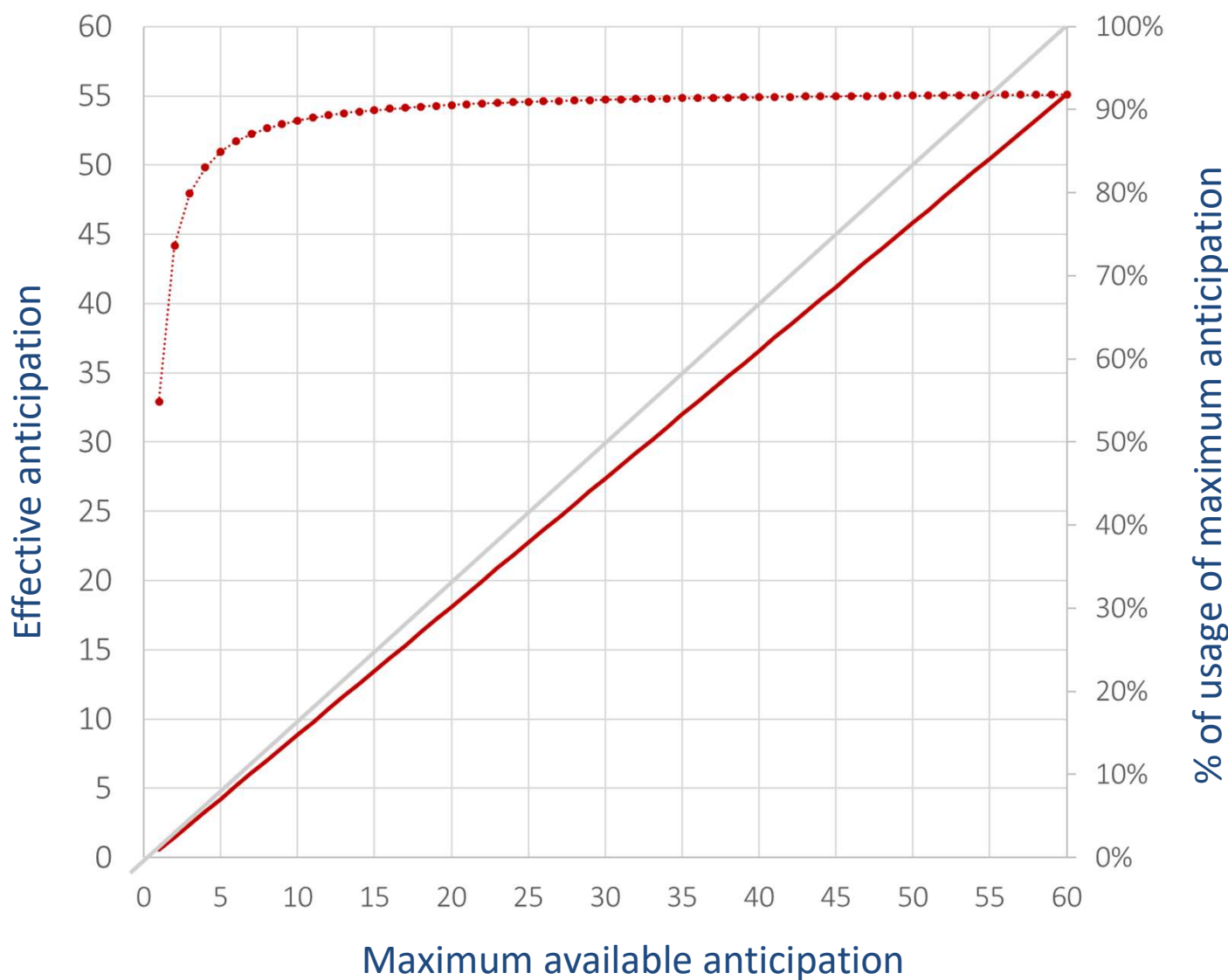
Data from INPS monitoring

Take-up rates per maximum number of months of anticipation



Data from INPS monitoring

% of usage of anticipation per maximum number of months of anticipation



Expenditure

at 31 December 2021 and projected to 2025

The projection includes the application backlog and prudentially uses the growth rates set out in the TR (they take account of the continuation of the accumulated stock of *Q100* pensions, their gradual transformation into ordinary old-age or early retirement pensions, the lower value of the latter as a result of opting for *Q100* and new *Q100* pensions)

	Technical Report DL 4/2019	2019 Update	2020 Budget Act	TR adjusted for Update and BA	INPS monitoring data	Expenditure (column (e) plus application backlog and projection to 2025)	Difference with TR DL 4/2019	Difference with 2020 BA
	(a)	(b)	(c)	(d) = (a) + (b) + (c)	(e)	(f)	(g) = (a) - (f)	(h) = (d) - (f)
2019	3,453	-1,200		2,253	1,794	1,794	1,659	459
2020	7,334	-1,700	-300	5,334	4,901	4,901	2,433	433
2021	7,763	-400	-900	6,463	5,148	5,648	2,115	815
2022	7,310			7,310	<i>n.d.</i>	5,318	1,992	1,992
2023	5,034			5,034	<i>n.d.</i>	3,663	1,372	1,372
2024	2,324			2,324	<i>n.d.</i>	1,691	633	633
2025	251			251	<i>n.d.</i>	183	68	68
Total	33,469	-3,300	-1,200	28,969	11,843	23,198	10,272	5,772

Two major considerations:

- The take-up rate assumptions in the TR are appropriately conservative (there were no precedents)
- We cannot rule out a priori the possibility that in coming years the take-up rates could be higher than those seen so far (both those for the first year of eligibility and those deferred for one or more years)

