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## Post-Crisis, Greeks Face Longer Work Lives

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By Editor Test    *Wed, May 12, 2010*

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As part of the fallout from their country's bailout by stronger European economies, Greeks will have to delay retirement by a couple of years.

To prevent Greece's state pension system from collapse, the Greek government yesterday proposed legislation to cut benefits, introduce penalties for early retirement, raise the retirement age, and change the formula for calculation pensions, IPE.com reported.

The bill will go to the Greek parliament later this week and could be adopted into legislation by mid-June. The country's pension gap is €4bn for 2010, while its budget deficit is 13.7% of GDP, or more than four times higher than eurozone rules allow.

The reforms raise the effective retirement age to 63½, from 61½. The statutory retirement ages in Greece are currently 65 years and 60 for women working in the public sector.

Today, the police, harbor workers, security services and journalists for the state TV and radio can retire in their 50s, because they are entitled to a pension after 35 years of social security contributions.

Starting in 2013, these privileges will be abolished. An employee will have to work at least 37 years to qualify for a full pension and there will be strong incentives to work for 40 years.

From 2018, a basic pension of €360 a month for everybody will be instituted. Pension for all retirees will drop up to 15%, in both the public and private sectors. Retirees will receive 12, not 14, payments per year, as Easter, Christmas and summer bonuses will be replaced by low flat-rate payments.

Retirees will also lose 6% of their pension for every year of early retirement they take. Final pensions will replace no more than 65% of the pensioner's monthly salary when in working life, down from the current 70%.

Dr Jens Bastian, researcher at Hellenic Foundation for European & Foreign Policy (ELIAMEP), said Greece had too many early retirees.

"Especially in the public sector, some professions can retire only after 35 years. Many of these retirees continue to work after their retirement, and often their employment is unrecorded, so they get a generous pension and block entry to young people to the work market," he said.

According to Bastian, the current unrest reflected a conflict between generations. "However, the government has now adopted a crystal clear policy it does not support early retirement," he added.

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