

## THE EVOLUTION OF THE NUMBER OF PENSIONERS IN ROMANIA

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**Abstract:** *Pension systems are going through a crisis in the world. Many of the countries of the European Union, but not only, have impressive costs - generally over 8-10% of GDP, just to keep on the waterline a component of the social insurance system, respectively, that of granting the necessary income after the exit from the labor market. However, the situation is much more difficult, more complex, especially in perspective. Given the “particularities of the inherited pension system” and the factors that inevitably affect the century we are going through (population aging, reduction of the active population, macroeconomic problems mainly of the countries in transition, etc.) the budget necessary to ensure the payment of pensions as a share of GDP is anticipates that it will double over 40-50 years. Most countries have already started pension reform processes or at least plan for such changes /for the coming periods. Although the problems are apparently the same, the directions of change, though sometimes convergent, are different. 10 years ago, the main path of reform discussed and implemented was generally the parametric one (changing the retirement ages, the replacement rates, etc.) Zamfir (1999). The present paper has tried to review the main aspects related to the evolution of the number of pensioners in Romania since 1990.*

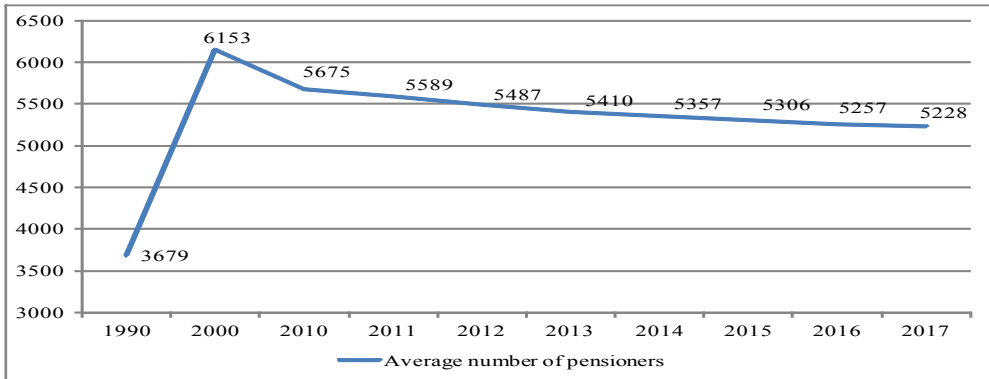
**Keywords:** *number of pensioners, pensioners by category, development regions*

**JEL Classification:** *J26, J32*

Romania registered spectacular increases after 1990, in terms of the number of pensioners (Barr, 1995). The abolition of large state-owned enterprises brought a massive wave of early retirement, which almost doubled the number

of retirees between 1990 and 2000 (the number of retirees increased from 3679 thousand people in 1990, to 6153 thousand people in the year 2000 in which a record number of the number of pensioners was registered - figure 1). Since 2000 the number of pensioners has registered an annual decrease, reaching in 2017 to reach the level of 5228 thousand people.

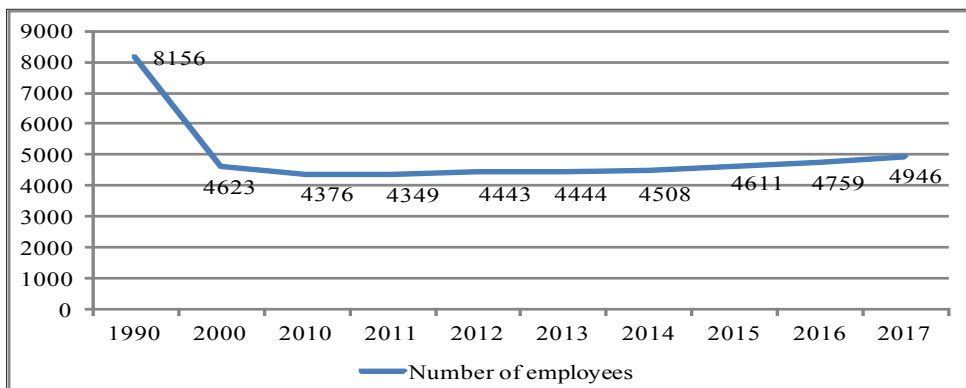
Figure 1. Evolution of the average number of pensioners (thousands)



Source: National Institute of Statistics (1991-2018), Statistical Yearbooks

The increase in the number of pensioners was achieved simultaneously with a decrease in the number of employees (Figure 2). If there were 2.5 employees in a pensioner in 1990, after 2000 there are more retirees than employees. The most dramatic situation was registered in 2011, since then the situation has improved somewhat, the number of employees registering an increase (with approximately 597 thousand people), and the number of pensioners decreasing (with about 361 thousand people).

Figure 2. Evolution of the average number of employees (thousands)

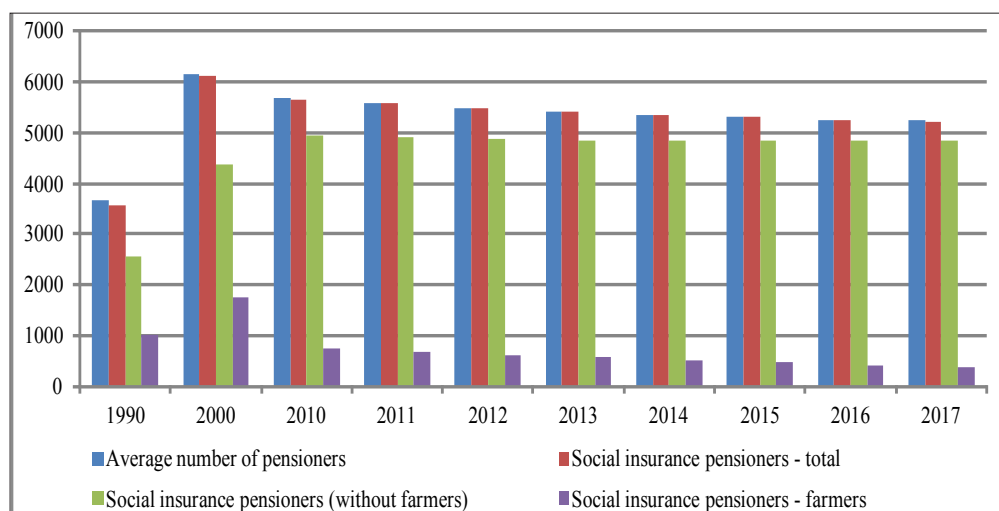


Source: National Institute of Statistics (1991-2018), Statistical Yearbooks

Analyzing the evolution of the number of pensioners by category (figure 3), we can note that between 1990 and 2017 all four categories of pensioners: the average number of pensioners, social security pensioners, social security pensioners (without farmers), insurance pensioners social - farmers, have registered significant increases. Between 2000 and 2010, three of the categories mentioned decreased in terms of the average number. The exception is the category of social security pensioners (without farmers), which has registered a quite significant increase. From 2011 to 2017, all four categories of pensioners analyzed decreased, even if these decreases are not very significant. Even if there have been decreases in the average number of pensioners, they remain numerically above the number of employees. This creates increased pressure on the social insurance budget, which continues to be deficient year on year.

For this reason, the current legislation in the field has led to an increase in the retirement age for women and the discouragement of early retirement. All these measures were taken in order to reduce the pressure on the budget for the payment of pensions.

Figure 3. Evolution of the number of pensioners by category



Source: National Institute of Statistics (1991-2018), Statistical Yearbooks

Table 1 shows the percentage increase of the number of pensioners (by categories), percentage calculated as compared to 1990. In the categories „with early retirement” and „with partial retirement”, the percentage was calculated compared to 2010, due to the lack of data until that year. Analyzing these data it is found that the highest growth registered had a category „with early

retirement”, which registered an increase of 255.6%, followed by the category „with full contribution period”, with an increase of 237, 3%. These two categories of pensioners increased by more than double the number existing at the beginning of the period analyzed. The categories „for old age” (increase of 195%) and „with incomplete contribution period” (increase of 125.3%), have registered lower increases, but still important numerically.

The only category that registered a decrease was the category „with partial early retirement” where the decrease was even important (-35.8% percent). The decrease in this category was recorded as an effect of the measures taken after 2010, to discourage and penalize this category of retirement which has become unattractive (Lambriu, Chirițoiu, and Jacques, 2003)

All the evolution of these categories of retirement resulted in an increase of the total average number of pensioners by 142% in 2017 compared to 1990, after registering a maximum of 167.2% in 2000.

Table 1. Evolution of the no. of pensioners according to the contribution period

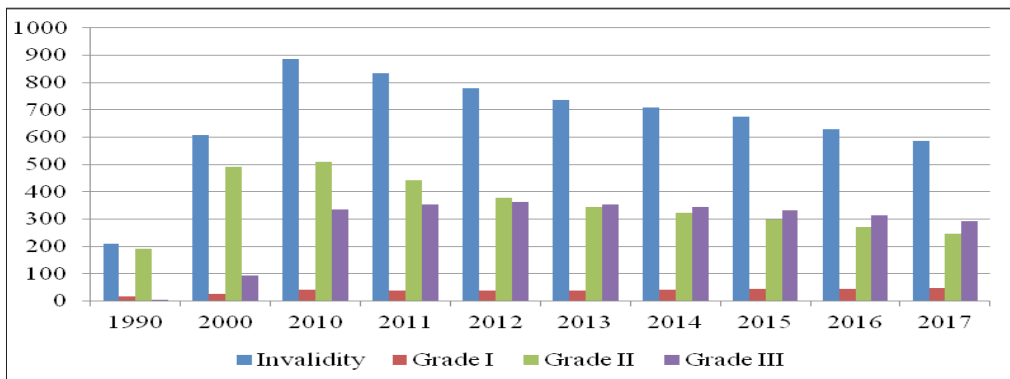
	1990	2000	2010	2011	2012	2013	2014	2015	2016	2017
Average number of pensioners	3679	6153	5675	5589	5487	5410	5357	5306	5257	5228
growth compared to 1990	100,0	167,2	154,3	151,9	149,1	147,1	145,6	144,2	142,9	142,1
For the age limit	1859	3087	3309	3350	3383	3418	3453	3500	3566	3629
growth compared to 1990	100,0	166,1	178,0	180,2	182,0	183,9	185,7	188,3	191,8	195,2
With a full contribution period	1160	2247	2282	2607	2579	2516	2537	2602	2675	2753
growth compared to 1990	100,0	193,7	196,7	224,7	222,3	216,9	218,7	224,3	230,6	237,3
With an incomplete contribution period	699	840	1027	743	804	902	916	898	891	876
growth compared to 1990	100,0	120,2	146,9	106,3	115,0	129,0	131,0	128,5	127,5	125,3
With early retirement	-	-	9	9	11	14	19	23	23	23
growth compared to 2010	-	-	100	100,0	122,2	155,6	211,1	255,6	255,6	255,6
With partial early retirement	-	-	123	125	114	101	96	86	75	79
growth compared to 2010	-	-	100,0	101,6	92,7	82,1	78,0	69,9	61,0	64,2

Sursa: National Institute of Statistics (1991-2018), Statistical Yearbooks

Figure 4 shows the evolution of the number of pensioners on grounds of invalidity, on total and on degrees of retirement. As you can see the total number of retirees in this category had a spectacular increase until 2010, the year in which there were almost 8 times more retirees compared to 1990. After reaching this year's maximum, the number of retirees disability has registered quite significant decreases from year to year 2017, however, remaining much higher compared to 1990. However, an increase registered the number of pensioners with the III degree of invalidity. If by 2012, the number of pensioners with the second degree of invalidity was much higher than the number of pensioners with the third degree of invalidity, after this year the report was reversed.

The decrease in the number of invalidity pensioners was also registered due to the fact that many abuses of this type of retirement were discovered. And at this type of pensions, measures were taken to discourage the registered abuses, by increasing the legal penalties granted to those who did not comply with the law and they granted these pensions to persons who did not fall into these categories (National Research Council, 2001).

Figure 4. Evolution of the number of invalidity pensioners (thousands)

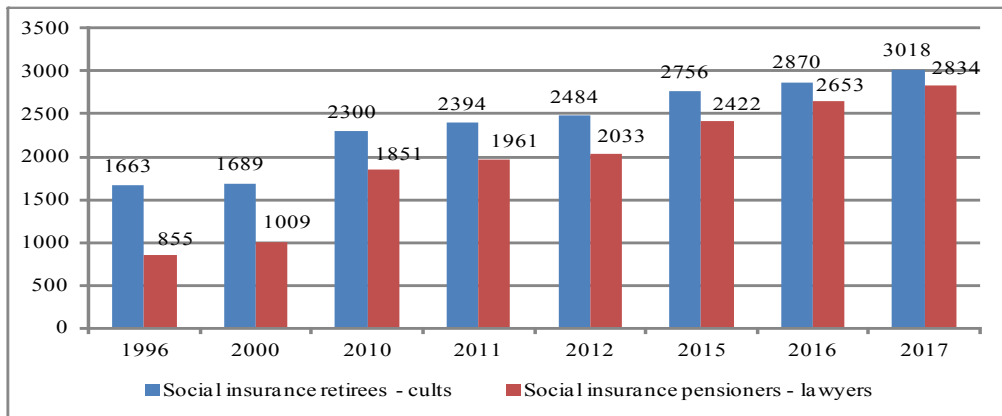


Source: National Institute of Statistics (1991-2018), Statistical Yearbooks

Figure 5 shows the evolution of other categories of pensioners: social insurance retirees - cults and social insurance retirees - lawyers. There were no data for these two categories until 1996. These two categories registered different increases: social insurance pensioners - cults (181.5% increase) and social insurance pensioners - lawyers (331 increase, 5%).

The second category analyzed „social security pensioners - lawyers”, registered a very large increase due to very attractive sets of measures for the retirement of these social categories. These measures are still in force and will cause the number of pensioners in this category to increase in the next period.

Figure 5. Evolution of the number of other categories of pensioners



Source: National Institute of Statistics (1991-2018), Statistical Yearbooks

An important analysis is also the evolution of the number of pensioners in the development regions of Romania (Table 2). Romania is divided into 8 development regions as follows:

1. North-West region
2. The Center Region
3. North-East region
4. South-East region
5. South Region - Muntenia
6. The Bucharest - Ilfov region
7. South - West Oltenia Region
8. West region

We have made an evolution of the share of the number of retirees from each region in the total registered at the country level (World Bank, 2003). Two types of regions are distinguished from the analysis:

- regions where the share of the number of pensioners in the national total has decreased, and of these regions we list: the Centru, Bucharest Ilfov and West regions;
- regions where the share of the number of pensioners in the national total has increased, and among these regions we list: the North - West, North-East, South - East, South Muntenia and South - West Oltenia regions.

The regions where the number of pensioners decreased in the total number are the most developed regions of Romania, and the regions where

the share of the number of pensioners in the national total has increased are the regions that are less developed but have an older population than the other regions where - there were decreases.

The region with the largest decrease in the number of retirees in the national total is the Bucharest Ilfov region with a decrease of - 4.2%, and the region that recorded the largest increase in the number of retirees in the national total was the South region - East with an increase of + 2.4%.

Table 2. Evolution of the share of the number of pensioners in the development regions of Romania

	1990	2000	2010	2011	2012	2015	2016	2017
<b>TOTAL</b>	2380038	4246061	4766566	4743756	4702120	4682624	4677708	4678090
percentage of total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
<b>NORD-VEST region</b>	302374	554251	629598	625239	619971	614969	613768	613348
percentage of total	12,7	13,1	13,2	13,2	13,2	13,1	13,1	13,1
<b>CENTRU region</b>	314094	516946	580462	580325	575948	575135	576690	578473
percentage of total	13,2	12,2	12,2	12,2	12,2	12,3	12,3	12,4
<b>NORD-EST region</b>	293032	596839	712120	709347	703308	702124	701761	702398
percentage of total	12,3	14,1	14,9	15,0	15,0	15,0	15,0	15,0
<b>SUD-EST region</b>	236758	479474	559197	562093	561305	570089	573816	577144
percentage of total	9,9	11,3	11,7	11,8	11,9	12,2	12,3	12,3
<b>SUD-MUNTENIA region</b>	363185	692175	754929	748721	739667	727700	724259	721277
percentage of total	15,3	16,3	15,8	15,8	15,7	15,5	15,5	15,4
<b>BUCURESTI - ILFOV region</b>	383802	558416	571179	566970	560567	558332	557229	557151
percentage of total	16,1	13,2	12,0	12,0	11,9	11,9	11,9	11,9
<b>SUD-VEST OLTENIA region</b>	211363	422882	503035	496421	489482	482401	479831	478541
percentage of total	8,9	10,0	10,6	10,5	10,4	10,3	10,3	10,2
<b>VEST region</b>	275430	425078	456046	454640	451872	451874	450354	449758
percentage of total	11,6	10,0	9,6	9,6	9,6	9,7	9,6	9,6

Source: National Institute of Statistics (1991-2018), Statistical Yearbooks

Regarding the gender distribution of the number of pensioners, it can be stated that the economic and social development of Romania in the second half of the century resulted in a higher share of men in the number of state social security pensioners until In 2009, in other words, at that time employees were predominantly men, women choosing the status of housewife. The change in this report took place in the first half of 2009, in which, in addition to female mortality at lower ages, the number of pension entries in terms of the number of women exceeded the number of men.

As of 2018, the number of male pensioners will be greater than the number of female pensioners, the difference cannot offset the effects of differential mortality, significantly lower in women, and the share of women in the total number of social insurance pensioners is expected to increase moderately but steadily, from 51 % how many are today.

## **Conclusions**

The present paper has tried to review the main aspects related to the evolution of the number of pensioners in Romania since 1990. Following the analysis of the evolution of the number of pensioners, the following conclusions can be identified:

- Romania registered spectacular increases after 1990, in terms of the number of retirees. The abolition of the large state-owned enterprises brought a massive wave of early retirement, which almost doubled the number of retirees between 1990 and 2000;
- the increase in the number of pensioners was achieved simultaneously with a decrease in the number of employees. If in 1990 there were 2.5 employees per pensioner, after 2000 there are more retirees than employees;
- the evolution of the number of pensioners due to invalidity, total and by degrees of retirement had a spectacular increase until 2010, year in which there were registered almost 8 times more retirees compared to 1990;
- in the category of pensioners due to invalidity reasons, many abuses were discovered so that measures were taken to discourage the registered abuses, by increasing the legal penalties granted to those who did not comply with the law and granting these pensions to persons who did not fall into these categories;
- regarding the distribution of the number of pensioners by regions, two situations are noted:



- ✓ a regions in which the share of the number of pensioners in the national total has increased, and among these regions we list: the North - West, North - East, South - East, South Muntenia and South - West Oltenia regions;
- ✓ a regions in which the share of the number of pensioners in the national total has decreased, and of these regions we list: the Centru, Bucharest Ilfov and West regions;
- The region that recorded the largest decrease in the number of pensioners in the national total is the Bucharest Ilfov region with a decrease of - 4.2%, and the region that recorded the largest increase in the number of pensioners in the national total was the South region. - East with an increase of + 2.4%;
- Regarding the gender distribution of the number of pensioners, it can be stated that the economic and social development of Romania in the second half of the century resulted in a higher share of men in the number of state social security pensioners up to In 2009, in other words, at that time, employees were predominantly men, women choosing the status of housewife. The change in this report took place in the first half of 2009, in which, in addition to female mortality at lower ages, the number of pension entries in terms of the number of women exceeded the number of men.

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