

Saudi Arabia

Saudi Arabia: Pension system in 2008

Employees in the public and private sectors. Voluntary coverage for persons who are self-employed, are working abroad, or no longer satisfy the conditions for compulsory coverage.

Key indicators

		Saudi Arabia	OECD
Average earnings	SAR	32 600	152 500
	USD	8 700	40 600
Public pension spending	% of GDP		7.0
Life expectancy	At birth	73.1	78.9
	At age 65	79.5	83.1
Population over age 65	% of working-age population	5.3	23.6

Qualifying conditions

Age 60 (men) or age 55 (women) with at least 120 months of paid or credited contributions (credited contributions must not exceed 60 months).

Age 55 (men) with at least 120 months of contributions if engaged in arduous or unhealthy work.

Benefit calculation

Old-age pension

The pension is based on 2.5% of the insured's average monthly earnings during the last two years for each year of contributions, up to 100%.

The minimum monthly earnings for benefit calculation purposes are SAR 1 500 (SAR 1 200 for self-employed persons). The maximum monthly earnings for benefit calculation purposes are SAR 45 000.

The average monthly earnings for benefit calculation purposes must not exceed 150% of the insured's monthly earnings at the beginning of the last five-year contribution period.

If the insured's monthly earnings decrease during the last two years before retirement, special provisions apply to adjust the average monthly earnings used for benefit calculation purposes.

The minimum pension is SAR 1 725.

Old-age settlement

A lump sum is paid equal to 10% of the insured's average monthly earnings during the last two years before retirement for each month of the first five years of contributions plus 12% for each additional month.

Variant careers

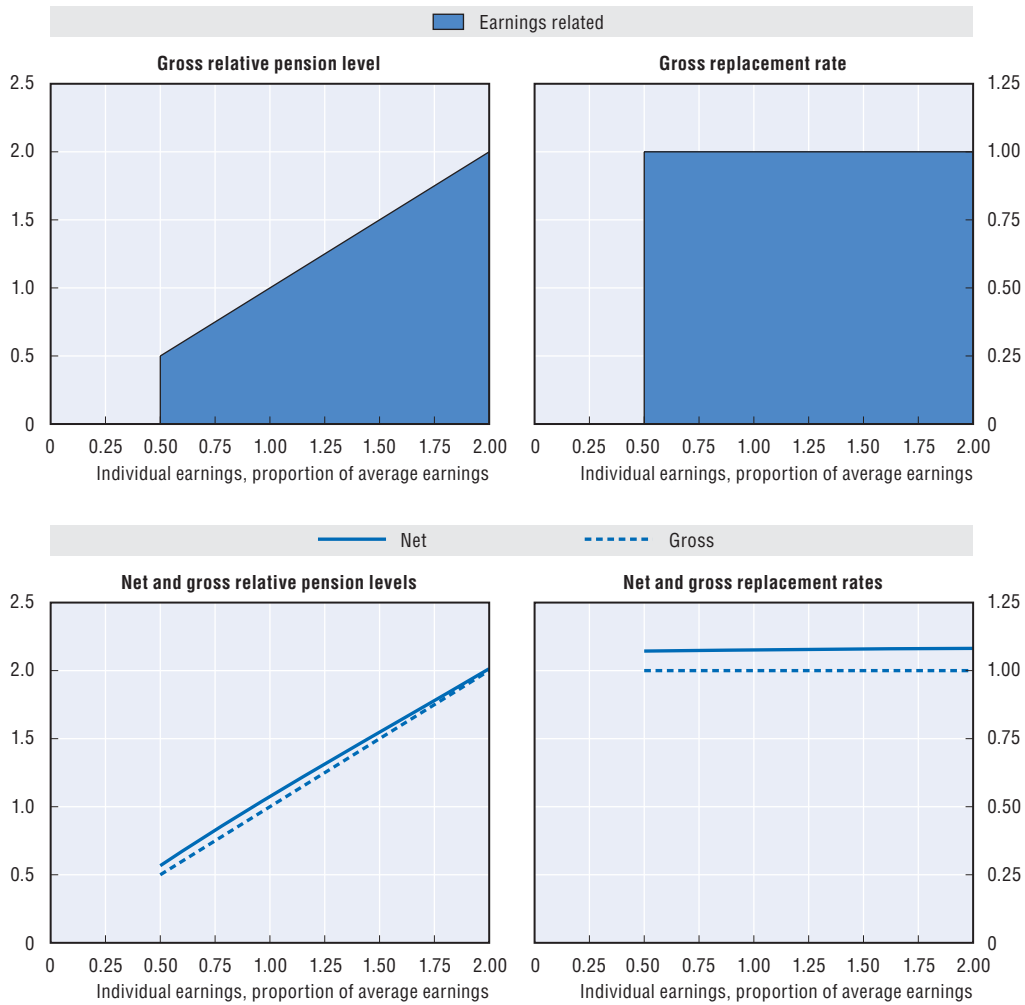
Early retirement

At any age with at least 300 months of contributions and if no longer covered by the programme; at least 120 months of contribution if sentenced to prison for one or more years.

Late retirement

It is not possible to defer the pension.

Pension modelling results: Saudi Arabia



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level	81.0	50.0	75.0	100.0	150.0	200.0
(% average gross earnings)	70.9	43.8	65.6	87.5	131.3	175.0
Net relative pension level	88.8	56.7	82.9	107.6	154.7	201.4
(% net average earnings)	78.6	50.1	73.1	95.2	137.1	178.1
Gross replacement rate	100.0	100.0	100.0	100.0	100.0	100.0
(% individual gross earnings)	87.5	87.5	87.5	87.5	87.5	87.5
Net replacement rate	107.4	107.2	107.4	107.6	108.0	108.2
(% individual net earnings)	95.1	94.8	94.7	95.2	95.7	95.7
Gross pension wealth	16.4	16.4	16.4	16.4	16.4	16.4
(multiple of individual gross earnings)	18.8	18.8	18.8	18.8	18.8	18.8
Net pension wealth	14.2	14.7	14.3	13.9	13.3	13.0
(multiple of individual gross earnings)	16.5	17.0	16.5	16.2	15.5	15.1

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