


# Saudi Arabia

## Saudi Arabia: Pension system in 2014

The mandatory public pension consists of an earnings-related old-age pension and an old-age settlement.

## Key indicators: Saudi Arabia

		Saudi Arabia	OECD
Average worker earnings (AW)	SAR	183 989	150 161
	USD	49 020	40 007
Public pension spending	% of GDP		7.9
Life expectancy	At birth	75.4	80.0
	At age 65	15.5	19.3
Population over age 65	% of population	3.0	16.2

StatLink  <http://dx.doi.org/10.1787/888933302047>

## Qualifying conditions

The old-age pension age is 60 years for men and 55 years for women with at least 120 months of paid or credited contributions credited contributions. Retirement at any age is possible with 300 months (25 years) of contributions.

## 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. 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 1 984 per month.

### 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

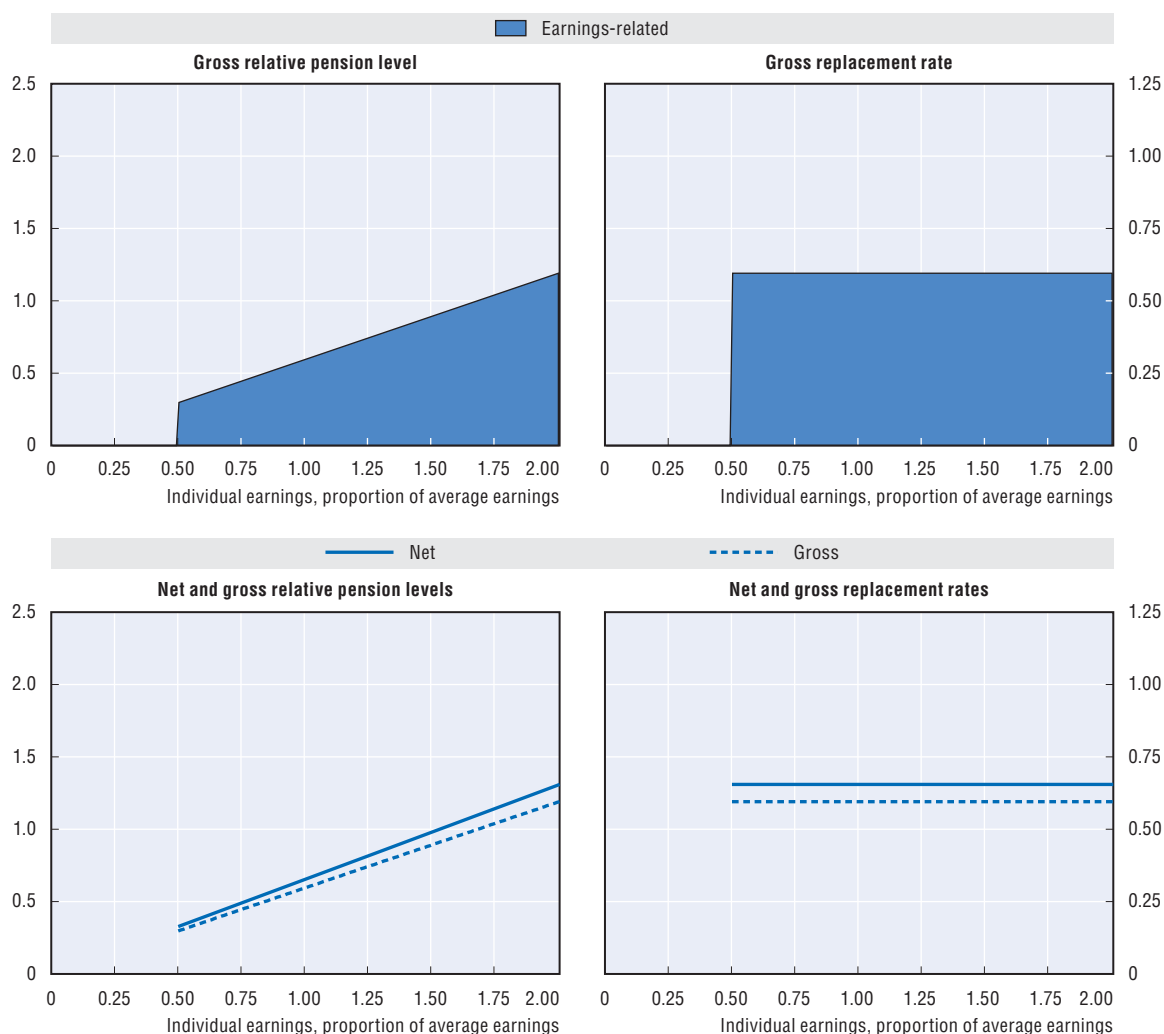
### Early retirement

At any age with at least 300 months of contributions and if no longer covered by the programme.

### Late retirement

It is not possible to defer the pension.

## Pension modelling results: Saudi Arabia in 2039, retirement at age 45



## Baseline scenario: Wages indexation of basic pension benefits

Men Women (where different)	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	3
Gross relative pension level (% average gross earnings)	29.8	44.7	59.6	89.3	119.1	174.8
Net relative pension level (% net average earnings)	32.7	49.1	65.4	98.2	130.9	192.1
Gross replacement rate (% individual gross earnings)	59.6	59.6	59.6	59.6	59.6	58.3
Net replacement rate (% individual net earnings)	65.4	65.4	65.4	65.4	65.4	63.9
Gross pension wealth (multiple of individual gross earnings)	14.8	14.8	14.8	14.8	14.8	14.5
Net pension wealth (multiple of individual gross earnings)	14.8	14.8	14.8	14.8	14.8	14.5

Assumptions: Real rate of return 3%, real earnings growth 1.25%, inflation 2%, and real discount rate 2%. All systems are modelled and indexed according to what is legislated. Transitional rules apply where relevant. DC conversion rate equal 85%. Labour market entry occurs at age 20 in 2014. Tax system latest available: 2014.

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