STUDY ON THE PERSPECTIVE OF THE EVOLUTION OF THE SITUATION OF THE ELDERLY POPULATION IN THE CONTEXT OF THE PANDEMIC CRISIS

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Abstract

The elderly population is in a somewhat controversial sentence in terms of macroeconomic management measures in Romania, compared to some EU directives.

The European Union has established that the elderly population can and must continue to be used depending on the experience gained and the needs of the national economy. This is an aspect that is somewhat controversial in Romania, although some attempts have been made to increase the retirement age for some categories of employees, who work mainly in the field of education and other suitable fields.

On the other hand, the problem of the elderly population comes down to the declining incomes they get from the pension they receive. The aim is to show that this perspective of achieving a decent income for the elderly population is practically at most a theory, because nothing can happen in the practical field.

The pension law theoretically applicable in 2020 and 2021 is practically ignored by the current state administration, which is trying all kinds of adjustments to approve a new pension law, which should be closer to the concrete situation in Romania.

The structure of pensioners after pensions is quite difficult to interpret in concrete terms. Thus, the average pension value for retirees is at most 1,500 RON, but going down we will consider that many retirees, approximately 1,600, have a pension below 732 RON. Objectively discussing with this amount and in the conditions in which the inflation can increase, to somehow take it up, the pensioners have very little possibilities to manage. Of course, the large number of pensioners, over 5.1 million and the pensions they receive, except for the categories of pensioners who receive special pensions, but these are a small percentage, highlight what is intended to demonstrate, namely that the income of the elderly population the third are small enough.

In other words, the income of the elderly population is also affected by the legislation, which stipulates that in the context in which these persons

in the category of pensioners would like to work in a certain field, it must be decided whether to retire or whether he wants to retire.

In the conditions of the pandemic crisis, there is little possibility that the incomes of the elderly, in this case of pensioners, will increase. This is because on the one hand there is the problem of recalculating pensions, which lasts, and on the other hand the increase in pensions has been frozen for 2021, and the indexation to inflation for 2020 is dragging on.

Seeing the living standard of the population at this age, we find that the shopping cart has been reduced even more their quality has decreased even more. In the future, the situation of pensioners and their incomes will be a major problem, which in fact cannot be solved considering that 54% of Romania's Gross Domestic Product is already affected by internal and external debt.

The aim of this article was to highlight the situation of this category, which is not small, of over 5.1 million people, to which will be added other categories that will pass in this category, taking into account that the age pyramid in the country ours is still focused on staff closer to the elderly than on the population in the category of employees.

I believe that what has been demonstrated in this article, analysing the evolution of the number of retirees and their pension income, is a solid point of view, which must be taken into account by all factors, especially decision makers.

Keywords: pensioners, social insurance, European directives, GDP, crises.

JEL classification: I10, P44

Introduction

The article *The situation of the elderly population in the context of the pandemic crisis* started from the fact that the situation of this category of people (pensioners) worsened a lot in the conditions of the health crisis, the coronavirus pandemic. In this context, the pension law, which was in force, was no longer taken into account when setting the consolidated budget for 2021. Thus, from a 40% increase provided by law in September 2020, only a 14% increase and the difference of 26% remained in question that various and diverse forms could also be considered, but not before the end of 2021.

We then inventoried the possibility that the pension law now in force be replaced by another pension law based on recalculations, but which will last maybe three years and thus virtually block the increase of pensioners' incomes.

The article started from the fact that the number of pensioners in 2020 decreased by 29,000 due to mortality compared to 2019, but that they in the

next period of 2021 and later will probably remain at a level approximately equal to now and will be an issue of major importance for this category of people.

In the article I referred to the average number of retirees, I analysed the average monthly pension. I also referred to the average state social insurance pension, as well as the real pension index, which took into account the consumer price index.

We resorted to the presentation of tables and graphical representations to facilitate a more correct understanding and interpretation of the data we discussed, making it easier for the reader to better understand this situation.

I further referred to an analysis and interpretation of the situation of pensioners in 2020 based on data published by the National Institute of Statistics and Eurostat. We found that social insurance pensioners hold a share of almost 100% (99.98%) of the total number of state social insurance pensioners, and in the category of pensions we identified that for the age limit are 78.4% of pensioners Social Security. I dealt with the average insurance pension, performing a complete analysis on the structure of pensioners by main categories, namely state insurance pensions for old age, early retirement, partial early retirement, disability pensions and survivors' pensions.

Based on the data presented in this study, it was strongly revealed that within the structure of the elderly population, the share of disability and survivors 'pensions increased, which remains slightly above 732 RON for disability and 817 RON for survivors' pensions.

Exposing the data in this way, accompanied by tables and synthetic graphs, it is clear that the prospect of the elderly population will be much more difficult in 2021 and in the coming years, especially due to the fact that budgetary resources cannot cover this need for revenue, a context in which not even the indexation of pensions with the inflation rate in 2020 has been achieved.

There are European Union directives that refer to the situation of the elderly population, but it turns out that in Romania it is much more difficult to approve and apply these provisions of European directives. The data in this article can be supplemented by statistical-econometric methods regarding the correlation between the number of employees and pensioners, the correlation of the number of employees with the evolution of the Gross Domestic Product or budget expenditures. Therefore, in this article we have not performed a complete and decisive independent analysis there are possibilities for those interested to make their own analyses and interpretations.

Literature review

Andonov, Hochberg and Rauh (2018) studied the extent to which investment decisions affect the performance of public pension funds. Anghel and Iacob (2020) conducted a study on the categories of pensioners and the size of pensions in Romania. Anghel and Anghelache (2018) highlighted the increased difficulty for the employed population given the large number of existing retirees in Romania. Anghelache, Voineagu and Anton-Carp (2011) presented the algorithm for calculating pensions in Romania. Barr and Diamond (2009) showed that different pension systems bear risks differently and have different effects depending on generation and gender. Cai and Stoyanov (2016) focused on the study of demographic differences between countries. Chen, Beetsma, Ponds, and Romp (2016) focused their research on identifying the benefits of intergenerational risk-sharing through privately funded pensions and public debt. A similar theme is addressed by Draper, Westerhout and Nibbelink (2017). Novy-Marx and Rauh (2011) presented a calculation of the current value of pension debts of employees in the public system. St. Clair and Martinez Guzman (2018) studied the determinants of triggering pension reform. Vogel, Ludwig and Börsch-Supan (2017) addressed a number of issues related to the employment of older workers and the extension of the retirement age.

Methodology

In order to facilitate the understanding of the study, we further reproduced some methodological aspects used by the National Institute of Statistics and Eurostat. Thus, the data collection was done through statistical reports completed by self-registration, by the staff from the specialized departments of the pension funds. In this context, the statistical reports are completed by the National House of Public Pensions (for state social insurance pensioners and pensioners from the former insurance system for farmers), the Ministry of National Defense, the Ministry of Internal Affairs, the Romanian Intelligence Service, the Ministry of Culture and National Identity and the Lawyers' Insurance House.

Regarding the average total shoulder of pensioners, it includes all pensioners in Romania regardless of the pension system, respectively the public pension system and the systems not integrated in the public pension system. Also, the average number of pensioners in the social insurance system includes: state social insurance pensioners, pensioners from the former insurance system for farmers, social insurance pensioners from the Ministry of National Defense, Ministry of Internal Affairs and Romanian Intelligence Service, pensioners of social insurance from the records of the Ministry of

Culture and National Identity and the pensioners of social insurances from the records of the Lawyers' Insurance House.

With regard to the average monthly pension, this is determined by taking into account the amounts for pensions of all categories of pensioners paid by the above-mentioned pension funds and is calculated by relating the amounts due to existing pensioners in payment in the quarter / year to the average monthly number multiplied by 3 (months) and 12 (months) respectively.

Pensions fall into the following categories: old-age pension, early retirement pension, partial early retirement pension, invalidity pension, survivor's pension, social assistance pension and IOVR pensions. Thus, the old-age pension is due to the persons who meet, cumulatively, at the date of retirement, the conditions regarding the standard retirement age and the minimum contribution period or in the specialty, as the case may be, provided by Law no. 263/2010. The early retirement pension is due, at most 5 years before reaching the standard retirement age, to persons who have completed a contribution period at least 8 years longer than the full contribution period provided by Law no. 263/2010. The partial early retirement pension is due, at most 5 years before reaching the standard retirement age, to persons who have completed the full contribution period, as well as to those who have exceeded the full contribution period by up to 8 years. The invalidity pension is due to persons who have lost all or at least half of their work capacity, due to certain conditions specified by the legislation in force. The survivor's pension is due to the children and the surviving spouse, if the deceased supporter was retired or met the conditions for obtaining a pension. Children have the right to a survivor's pension: up to the age of 16, if they continue their studies in a form of education organized according to the law, until their completion, without exceeding the age of 26 and throughout the disability of any degree. . The IOVR pensions are granted to the disabled and war injured, to the descendants of those who died or disappeared in the war, as well as to the descendants of the former disabled and war injured pensioners and are established according to the provisions of Law no. 49/1999 regarding the IOVR pensions. The social assistance type pension is paid from the State Social Insurance Budget, this category of pension being granted based on Law no. 27/1966 on state social insurance pensions and supplementary pension, repealed normative act.

The pension represents the monetary right established by the pension decision; the average net nominal pension for the calculation of the real pension is established by deducting the tax from the amounts due as pensions and the social health insurance contribution. The number of pensioners receiving social allowance for pensioners represents the number of pensioners

in the pension system for which the level of the amount of pension due or in payment is below the level of social allowance according to GEO no. 6/2009.

The real pension expresses the value of goods and services that can be bought, respectively used, with the average nominal pension in a certain period of time, compared to another period, taking into account the evolution of consumer prices and service tariffs. The indicator is determined taking into account the corresponding amounts for pensions paid to state social insurance pensioners, MApN, MAI, SRI pensioners, and the real pension index is calculated as a ratio between the nominal pension index and the consumer price index.

Data, results and discussions

Analysing the situation of the elderly population in 2020, we find that the average number of retirees was 5.128 million people, down 29,000 people from the previous year, and the average number of state social insurance retirees was 4.675 million people, up 3,000 people from the previous year. At the same time, the average monthly pension, determined taking into account the amounts for pensions of all categories of pensioners, was 1500 RON, increasing by 16.1% compared to the previous year. As for the average state social insurance pension, it was RON 1,450, and the ratio between the average net nominal state social insurance pension for full-time old-age contributions and the average net earnings was 52, 0%, higher compared to 48.4% in the previous year. Also, the average real pension index compared to the previous year calculated as the ratio between the nominal pension index for the calculation of the real pension and the consumer price index was 112.2%. The analysed data are structured in table number 1 and presented in graph number 1.

**Average number of pensioners and average monthly pension**

Table 1

	The average number - thousands of people -		Average pension - Ron monthly -	
	2019	2020	2019	2020
TOTAL	**5157**	**5128**	**1292**	**1500**
of which, by retirement level:				
Social Security	**5155**	**5127**	**1293**	**1500**
of which, state social insurance	4672	4675	1247	1450
of which, social insurance by pension categories:				
A) Age limit	3992	4021	1453	1680
B) Early retirement	19	16	1511	1814
C) Partial early retirement	92	91	1179	1440
D) Disability	514	475	671	732
E) Scion	538	524	710	817

Source: INS communique no. 77/30 March 2021

Evolution of the nominal pension index and the consumer price index in the period 2010-2020

Chart 1
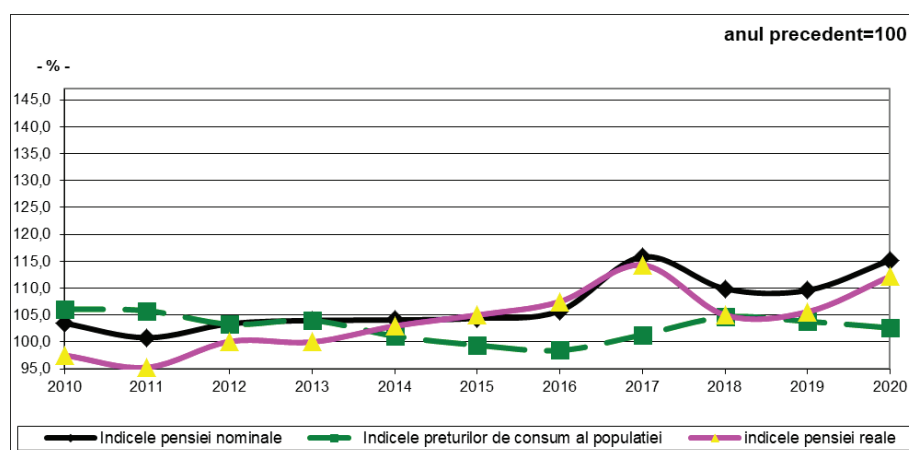
Interpreting the data structured in table number 1 and presented graphically above, we find that in 2020 compared to the previous year, the average number of retirees decreased by 29,000 people, and that of the category belonging to state social insurance increased by 3,000. At the same time, the average monthly pension and the average state social insurance pension increased compared to the same year, by 16.1% and 16.3%, respectively.

Regarding the pensioners of social insurance, they hold the majority share of 99.98% in the total number of pensioners. Also, state social insurance retirees represent 91.18% of the total social insurance pensioners.

Analysing the situation by categories of pensions, we find that the number of pensioners for old age was predominant, namely 78.4% among social security pensioners. Retirees included in the categories of early and partially early pensions represented 2.1%.

Regarding the total ratio between the average number of state social insurance retirees and that of employees, it was 9 to 10. In territorial terms, this ratio shows significant variations from only 4 retirees to 10 employees in Ilfov County, to 16 retirees to 10 employees in Teleorman County, 15 to 10 in Giurgiu and Vaslui and 14 to 10 in Botosani. Also, the average state social insurance pension varied with significant discrepancies in territorial profile, the gap between the minimum and maximum value being 773 RON, with 1,152 RON in Botoșani County, 1,160 RON in Giurgiu, 1,178 RON in Vrancea, compared of 1,925 RON in Hunedoara County, 1,831 RON in Bucharest and 1,720 RON in Brașov County.

Regarding the total number of beneficiaries of the provisions of GEO no. 6/2009 on the establishment of the minimum guaranteed social pension in 2020, it was 968,400 people, of which 800,800 people in the state social insurance system, representing 17.1% out of the total number of pensioners in this category, 152,700 persons among the pensioners from the former system for farmers, representing 57.5% of their total and 14,900 persons from the military system, representing 2.1% of the total in this category.

Conclusions

The article conducted on the study conducted in connection with the situation of the elderly population leads to some relevant conclusions. First of all, it results that both in dynamics and in comparison with the situation of pensioners 'incomes from other European Union member countries, Romania is very far from accessing and complying with European directives, aiming at the expected average level of pensioners' incomes. On the other hand, it is based on the fact that the average gross and net wages are far from being in line with the provisions of the European Union.

A second conclusion is that Romania cannot make efforts to increase the incomes of the elderly population as the budgetary reserves are very limited in the context in which currently 54% of the Gross Domestic Product is burdened by its internal and external debt. Romania. Future loans for various other reasons in the national economy will further complicate the possibility of taking measures to increase the income of the population.

The European Union's recovery and resilience program is also burdened by the fact that these decisions have not yet been taken and it is possible that the practical implementation of this program will be delayed. Let's not forget that in the perspective of the encumbrance of the Gross Domestic Product, the debt can exceed 60-65%, which would make Romania a country that theoretically enters inability to solve internal problems. However, I believe that recovery and resilience programs will not be aimed primarily at allocating them to increase population incomes.

The delay in recalculating the pensions provided for in the future draft law on pensions that the current government wants to adopt will last and will not in any way lead to significant increases in the pensions of the elderly (pensioners).

At the end of the conclusions we can emphasize that it is absolutely necessary to make some efforts so that at least in the categories of pensioners with that pension with a little over 700 or 800 Ron to find a possibility to increase priority and with a more consistent percentage than the rest pensioners. However, even for the elderly (pensioners) the average annual pension of

1,500 RON is insignificant anyway, taking into account the expenses that retirees have to make to ensure their health and a standard of living, because we cannot say a decent level to live.

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