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Financial Implications of the Pension Legislation Package II

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The Pension Level Stabilization and Generation Capital Act adopted by the Federal Cabinet on 29 May 2024 introduces numerous structural changes to the statutory pension insurance system which have a direct impact on its funding. In addition to further maintaining the pension level maintenance threshold at 48 percent (the so-called “stop line”) and introducing a funded component to stabilize the pension insurance contribution rate, rules for the adjustment of federal subsidies will be modified and the minimum reserve of the general pension insurance will be increased from 0.2 to 0.3 monthly expenditures. This article presents and explains the financial effects of each measure on the pension insurance system. These explanations complete the summary account of expected impacts on pension insurance funding presented in the draft legislation.

Life Courses, Retirement Planning, and Well-Being: Influence of (Non-)Employment Histories and Pension Entitlements on Life Satisfaction

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In view of the significant role of aspects of subjective well-being in assessing a country's prosperity and the population's quality of life, this article focuses on an empirical study of the previously overlooked influence of personal retirement planning on overall life satisfaction and the central role of (non-)employment histories in this context. The data of the "Life Courses and Retirement Provision" (LeA) study suggest that periods of employment and accrual of future pension entitlements tend to positively correlate with satisfaction, while periods of non-employment are negatively associated. These differences are also reflected in various biography types. Life courses and retirement planning are particularly relevant for satisfaction with income and overall living standards but least relevant for job satisfaction.

Should We Stay or Should We Go (when retired)? Migration of Turkish Compared to Italian and Greek Migrants

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This article explores two questions based on data from retirement benefits and recipients' statistics: Are there any differences in the extent of retirement migration and the old-age pension amounts paid by the German Pension Insurance to individuals with Turkish, Italian, and Greek citizenship? Can we identify socioeconomic factors which have an influence on different forms of retirement migration? The findings reveal that after transitioning to retirement, more than seven out of ten individuals with Italian citizenship relocate to their country of origin whereas it is roughly every second person of pensioners with Greek citizenship, while for those with Turkish citizenship barely one in five pensions is transferred to Turkey. Furthermore, we found that across all groups above-average pension payments from the statutory pension insurance encourage the pensioners to maintain their residence in Germany. The opposite is true in cases of low pension entitlements. However, the stability of political and economic conditions in the country of destination also plays a significant role.