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Konstantinos Kremalis

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General Overview

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Max Planck Institute for Social Law and Social Policy
Amalienstraße 33, D-80799 Munich, Germany
Tel.: +49 (0)89 38602-0 · Fax: +49 (0)89 38602-490
E-mail: info@mpisoc.mpg.de
http://www.mpisoc.mpg.de

CONTENT OVERVIEW

LIST OF ABBREVIATIONS

ECB	European Central Bank
EFKA	Unified Social Security Fund (= National Social Security Institution)
EKAS	Social Solidarity Benefit
EOPYY	National Health System
EPIKAYP	University Research Institute for Social Insurance, Health, and Assistance
ESM	European Stability Mechanism
ETEAEP	Unified Fund of Subsidiary Insurance and Lump Sum Benefits
IKA-ETAM	(former) Social Insurance Institution for Dependent Workers
KEPE	Public Research Centre
MoU	Memorandum of Understanding
NAT	Social Insurance for Seamen
OGA	Social Insurance for Farmers
VAT	Value Added Tax

1. REGULATORY FRAMEWORK OF THE GREEK SOCIAL SECURITY SYSTEM

The main sources of Greek social security law are: The Constitution (1975/86/2001), international and European social security law and all kinds of legislation (statutory law, emergency law, legislative decrees and legislative acts). Secondary sources of social security law are, especially, the general principles and the jurisprudence.

Article 22 § 5 of the Constitution provides that the social insurance of employees is the responsibility of the State. The legislator specifies this responsibility according to the given economic, political, and social situations. For many decades, the legislator showed a preference for the establishment and the extension of multiple schemes representing different professional groups. Recently, there has been a new trend towards generalized social security systems. Consequently, despite the use of the term "social insurance," the responsibility of the State appears to actually extend to the broader term "social security." The Constitution allows for any kind of social policy measures to be introduced, under the condition that the right to social security will not be extremely restricted, and that the basic social protection will be administered by public social security organisations. It is left at the legislator's discretion to decide on whether the system should provide flat rate or proportional benefits, and whether the benefits level is to correspond to a certain satisfactory amount. There is, namely, no guarantee that the amount of benefits will be proportional to the amount of contributions. Exceptionally, for social reasons, the benefits can be much higher compared to the accumulated lower amount of contributions. Since the constitutional social rights are not enforceable, the right to social security is usually combined with other fundamental rights and principles, such as the preservation of the dignity of the individual (Art. 2 § 1), the free development of the personality (Art. 5 § 2), the right to health protection (Art. 5 § 5 and 21 § 3), and the right to welfare protection (Art. 21), etc.

According to Art. 28 § 1 Const., the ratified international agreements prevail over any contrary national legislation. There are several bilateral agreements between Greece and countries regularly receiving or sending workforce like Germany, Sweden, Belgium, the USA, and others. Among the multilateral agreements most frequently applied are the Social Security (Minimum Standards) ILO Convention 102, as well as the European Code of Social Security and the European Social Charter, which have been adopted by the Council of Europe. Of secondary European social law, implemented more often are Regulation (EC) 883/2004 of the European Parliament and the Council "on the coordination of social security systems", as well as Regulation (EC) 1231/2010, which extends the free movement rules to third-country nationals.

The jurisprudence is not formally recognised as a source of social security law, but it has a major impact on the real meaning of the social insurance provisions, as it is extracted from the given economic and social circumstances.

Most of the general principles of social law, like social solidarity, proportionality, and others, were initially established with case law correcting legislative inefficiencies. Later on, they were integrated into the Constitution and specified in the legal order. These principles have a priority role in the interpretation of social law. Only if the social law principles do not offer a solution for the problem at hand, reference is made to the more general principles of public (constitutional or administrative) law, such as the principle of human dignity, the rule of law principle, the principle of fair administration, the principle of equality, etc.. Moreover, two basic principles govern the field of social assistance: namely the principle of subsidiarity and the principle of individuality of welfare benefits.

2. ACTUAL ECONOMIC, SOCIAL AND POLITICAL SITUATION

The Greek economy averaged a growth of about 4% per year between 2003 and 2007, followed by a recession in 2009 as a result of the world financial crisis, which tightened credit conditions and marked Athens' failure to address a growing budgetary deficit. Greece met the EU's Growth and Stability Pact budget deficit criterion (of no more than 3% of GDP) in 2007-08, but violated it in 2009, with the deficit reaching 15% of GDP. Austerity measures reduced the deficit to about 4% in 2013, including government debt payments. Deteriorating public finances, inaccurate and misreported statistics, and consistent underperformance on reforms prompted major credit rating agencies to downgrade Greece's international debt rating, which led the country into a financial crisis in late 2009.
Under intense pressure from the EU and international market participants, the government adopted a medium-term austerity program that includes cutting public spending, decreasing tax evasion, overhauling the health care and pension systems, and reforming the labour and product markets. Athens, however, faces long-term challenges while continuing to push through the unpopular reforms in the face of widespread unrest from the country's powerful labour unions and the general public.

In 2010, a leading credit agency assigned Greece the lowest possible credit rating as regards debt status. The International Monetary Fund (IMF) and euro zone governments provided Greece with emergency short- and medium-term loans worth US$ 147 billion so that the country could make debt repayments to its creditors. In exchange for the largest bailout ever assembled, the Greek government announced combined spending cuts and tax increases totalling US$ 40 billion over three years, on top of the tough austerity measures already implemented. Greece, however, struggled to meet the targets for 2010 set by the EU and the IMF, especially after Eurostat – the EU's statistical office – revised upward Greece's deficit and debt numbers for 2009 and 2010. European leaders and the IMF agreed in October 2011 to provide Athens with a second bailout package of US$ 169 billion. In exchange for the second loan, Greece promised to invest an additional US$ 7.8 billion in austerity measures during 2013-15. However, the massive austerity cuts have prolonged Greece's economic recession and have depressed tax revenues. Throughout 2013, Greece's lenders called on Athens to step up efforts to increase tax collection, dismiss public servants, privatize public enterprises, and rein in health spending. In June 2013, the Greek prime minister's efforts to meet bailout conditions led to the departure of the Democratic Left from the governing coalition, and the controversial decision was made to shut down and restructure the state-owned television and radio company, ERT. Subsequent reluctance to implement further cuts, and delays in meeting public sector reform targets, prompted Greek lenders to withhold bailout fund disbursements until December 2013. However, investor confidence began to show signs of strengthening by the end of 2013 as leading macroeconomic indicators suggested the economy's freefall had been arrested.

On June 26th, 2015, Greece's new Prime Minister, Alexis Tsipras, announced a plan to put Europe's latest bailout offer to a public vote in a referendum scheduled for July 5th. The plan quickly triggered a nasty chain of events. Euro-zone leaders refused to extend Greece's then current bailout programme beyond June 30th, when it is scheduled to expire, and the European Central Bank (ECB) announced that it would cap its emergency lending to Greek banks. That "emergency liquidity assistance" had been replacing the money leaking out of the Greek banking system as nervous Greeks withdrew their savings. Facing the loss of ECB top-ups, and the prospect of empty vaults, the Greek government declared Monday, June 29th, a bank holiday, and imposed capital controls. But the longer controls persist, the more damage they do. Domestic consumption will plunge as cash-constrained Greeks curtail spending. Foreign investment will slow to a trickle while capital stowed in Greece looks vulnerable to freezing or devaluation according to reports" (The Economist, 26 June 2015).

After months of bruising negotiations with the country's international creditors, Greece was forced in summer 2015 to accept the draconian terms of a new €85 billion three-year bailout. With the country staring bankruptcy in the face, the Greek Parliament approved the package – Greece's third rescue deal in five years. Nearly a third of the 149 MPs in the governing leftist party refused to back the prime minister. Since most of the bailout funds have gone to pay off the country's loans, almost nothing has been invested in economic recovery. And above all, Greece's debt mountain is now almost twice the country's annual economic output – 180% of GDP. Moreover, a "humanitarian crisis" has been created (The Guardian, 15.09.15).

As a partner in the negotiations, the EC has paid particular attention to the new programme's social fairness, to ensure that the adjustment is spread equitably, and to protect the most vulnerable in society, thus improving social cohesion. The EC has published its assessment of the programme's social impact, which concludes that, if implemented fully and timely, the measures foreseen in the programme will help Greece return to stability and growth in a financially and socially sustainable way (Economic and Financial Affairs – Policy and Surveillance 06.01.16).

Examples of the European Stability Mechanism (ESM) support programme for Greece (Memorandum of Understanding 2015) include:

- phasing in a guaranteed minimum income scheme and providing universal health care,
- ensuring that the effort required from everyone is proportionate to their income,
- targeting savings in areas which do not directly affect the wallets of ordinary citizens, such as reduced defence expenditure, or addressing inefficiencies in many areas of public spending,
- challenging vested interests, such as phasing out favourable tax incentives for ship-owners and farmers, or a myriad of exemptions, e.g. ending unjustified subsidies or special VAT rates for some islands,
- supporting the role of the social partners and the modernisation of the collective bargaining system,
- fighting corruption, tax evasion, and undeclared work,
- supporting a more transparent and efficient public administration through moving towards a more independent tax administration, the reorganisation of ministries, and the introduction of a better link between salaries and job responsibilities.

Legislative elections were held on September 2015, following the prime minister's resignation. At stake were all 300 seats in the Hellenic Parliament. This was a snap election, the fourth since 2009, as new elections were not due until February 2019. The election resulted in an unexpected victory of 35.5% for the Coalition of the Radical Left (Syriza) party, which fell six seats short of an absolute majority, and was able to reform its coalition government with the right-wing Independent Greeks (ANEL). Opposition centre-right New Democracy (ND) remained stagnant at 28.1%, despite pre-election opinion polls predicting the possibility of a ND-led government. Far-right Golden Dawn (XA) remained the third political force in the country, rising slightly to 7%, while the PASOK-DIMAR Democratic Coalition rose to fourth place nationally with 6.3%, as a result of the Communist Party of Greece's (KKE) failure to increase its votes (5.6%), while Syriza splinter group Popular Unity fell short of the required 3% threshold and did not win parliamentary representation.

With safety nets strained by the crisis, Greece falls into the bottom ranks internationally at 36th place with regard to social policies. Its score on this measure has improved by 0.4 points compared to 2014. Education outcomes based on PISA scores have remained near or above the OECD average, despite cuts. University quality is very uneven, and a strong mismatch between education and labour-market needs had been evident even before the crisis. Income inequality is high and rising. The crisis has badly exacerbated poverty and social exclusion. A new minimum-income guarantee has been implemented, but remains in its early stages. Cuts have impaired health care services and quality, with mismanagement aggravating problems. Family allowances are small, but child allowances and unemployment programs have been more efficiently targeted. Childcare facilities are underfunded (Bertelsmann Stiftung, 2015 Greece Report).

The Greek public pension system has been developed, as a pay-as-you-go corporatist one, under the pressure of workers' and professionals' organisations in terms of a structure of multiple social insurance schemes. In 1990, there were 327 pension schemes for the main and subsidiary insurance. In 1997, there were 28 main and 200 subsidiary pension schemes. The government initially decided the integration of the weak schemes into the general ones in order to facilitate full integration at a later stage. Thus, by 2013, 60 pension schemes remained. All of them should have been merged by the end of 2014 into a unified system of only four social insurance organisations: for salaried employees (including the private and the public sector), the self-employed (including the so-called liberal professions such as lawyers, doctors, etc.), farmers, and persons employed in commercial shipping (ship crews). In 2015, the supervision of several social insurance organisations was shared between six public authorities: The Ministry of Labour, the Ministry of Finances, the Ministry of National Defence, the Ministry of Maritime Affairs, the Ministry of Citizen Protection, and the Greek Parliament.

The pension policy did not successfully prevent poverty among the elderly, because the majority of pensioners merely received the minimum pension. Greece, therefore, ranks among the five European countries with the worst ratios of poverty for senior citizens. Pension policy also did not meet the intergenerational equity requirements. In response to rising pension spending, which threatened to derail fiscal policy, successive governments from 1990 through to 2010 attempted, but failed to reform the pension system. Unions in favour of existing arrangements that primarily served the interests of middle and old-age groups at the expense of younger generation workers, successfully mobilized to block such reform attempts.

The Greek pension system became financially unsustainable because of the high replacement rates, the early retirement opportunities (in particular for married women with underage children and public sector workers) and the low insurance contributions. In 2011, less than 40% of Greeks aged 55 to 64 were working. As Eurostat data shows, expenditure on pensions jumped from 13.5% of GDP in 2009 to 17.5% in 2012 (the highest level in the EU-28). The continuous decline of Greece's GDP during a recession stretching over five years (2008-2012) partially contributed to the abovementioned increase. After the crisis broke out, some small-scale pension reforms involved lowering replacement levels, raising contributions, preventing early retirement, and merging dozens of small social insurance organisations into few larger ones. However, a decline in social insurance contributions, which resulted from growing unemployment combined with lowered salaries and wages from 2010 to 2014, meant that any stabilization effected would be through a lower level of contributions and benefits.

3. THE SOCIAL SECURITY REFORM ACCORDING TO THE COMMITTEE OF EXPERTS

The Minister of Labour, Social Insurance, and Social Solidarity, established a Committee of Experts to make proposals for a new social security system (Ministerial Decision 37564/D9.10327 of 21 August 2015). After three months, the Committee presented a report named "Towards a New Social Contract about Pensions."

The report confirmed from the very beginning that the existing system is not functional and sustainable, because it is no longer based on socially and economically accepted fundamentals. The challenge was to draft a new social security system taking into consideration the high unemployment rate and lack of resources, the adverse demographic circumstances, the establishment of a social dialogue despite the abolishment of pre-existent privileges, pending approval by the hard-negotiating international creditors, and the argumentation that the new system will be comprehensive and activating the future economy. The relevant objectives appeared almost unattainable. Emphasis has finally been given to the restitution of social justice between the generations, and to the equal distribution of responsibility for the system's sustainability within the same generation.

Several efforts for a system simplification in the past have failed. They had been unprepared, without sufficient transitory periods, and driven by pressure groups. In the years 2011-2013, lowered salaries and the economic recession raised many concerns for the survival of the system. The principal social insurance organisations became dependent on public subsidies: The IKA-ETAM (for employees and workers) had to draw 39%, OGA (for farmers) 89% and NAT (for seamen) 92% from state resources. Gradually, the social security system has been transformed from a social protection mechanism to a financial burden among the public expenditures. Its benefits have not been matched to the level of contributions, and politicians preferred to use this system to satisfy their voters instead of seeking a way to improve it, contrary to what happened in other European countries.

Pension Law 3863/2010 provided a system rationalization by decreasing the pension expenses as a percentage of the GDP by the year 2050. A new calculation of pensions taking into account a person's entire working career was introduced, as well as a considerable increase of the pensionable age. However, these changes are to be applied only after 2020, because of the general opinion that vested rights should be protected. In other words, the rationalizing measures have not had any impact during the period of financial crisis. On the contrary, the fear of cuts forced many people, especially women, to apply for premature pensions. In addition, the increased unemployment rate deprived the system of necessary capital, and a large proportion of the population, especially the self-employed, took advantage of the inefficient inspection system to avoid paying full contributions. As a result, after 2010 the main social security pensions have been reduced ten times, ranging from a 14% decrease on low-level pensions, to a 50% decrease on high-level pensions. The subsidiary pensions are to be paid only if the competent organisation would not face the risk of underfunding.

Due to the pension cuts following the restrictions of the Memoranda of Understanding, signed between the Greek government and the creditors' representatives, an immense feeling of insecurity spread among the insured and retired population. The main function of the previous pension system, as an income replacement mechanism, has been lost for good. Generally speaking, all social insurance amendments made after 2010 constituted selective reforms referring in particular to some long-term issues, thus avoiding the satisfaction of current needs. Social insurance contributions remained the second highest in Europe, and the fight to curtail unemployment was undermined. In recent years, a spirit of devaluating the existing system has appeared and supported the willingness of the young generation to be free from the costly public schemes.

In view of the abovementioned conditions, the Committee of Experts proposed a social policy for strengthening the social justice between the generations, and within the same generation. A new Social Contract, in search of a long-lasting consensus, has been drafted for negotiation in two phases:

A short-term plan would target the functional merging of the remaining social insurance schemes, fostering a harmonization of the contributions and benefits calculation in the framework of a unified system. Obviously, new financial resources should be found in favour of the retired and retiring generation.

A long-term plan would intend the establishment of a new system based on the equality of citizens' treatment. The spirit of intergenerational solidarity should be restituted, and within the same generation, the feeling of social justice should prevail. These objectives, however, can be achieved only in a system with multiple (public and private) pillars, and with a clear understanding of solidarity, so that the social insurance rights again correspond to fulfilled obligations.

More specifically, a pension reform should aim at:

a. Fighting old-age poverty

Social security systems normally aim at preventing poverty for any person in a stable economy. In a widespread financial crisis, however, protection of the older generation against poverty becomes a first priority. In Greece, according to Eurostat data, 23.1% of the population over 65 years lived below the poverty line in 2014.

b. Securing sustainability, intergenerational equality, and social justice in burden-sharing

The system's sustainability, namely the system's capacity to secure the pension level for current and future retirees, is not an end in itself. The Social Contract between generations, following the pay-as-you-go system should be respected, even if the current generation of contribution payers will be charged more compared to their benefits expectation. Also, the case law justified this inconsistency (Decision 2290/2015 of the Greek Council of State (Plenary Session)).

c. Guaranteeing social security sustainability with the availability of public finances

The EC White Paper on Pensions (2012) provides that pension expenditures should comply with the public finances strategy and not vice versa, so that this strategy always restricts the social characteristics of the pensions. Also, the Greek Constitution guarantees a living standard in dignity for pensioners, independent of financial or fiscal priorities and objectives. The pension contribution to the rationalisation of the public finances should also comply with the principle of equal burden-sharing (Article 4 § 5 Const.).

d. Respecting, as much as possible, the living standards acquired during working life

The consuming capacity should feasibly be transferred from a person's working life to the retirement period. Social security does not serve the single goal to protect against poverty. It aims, in parallel, at an average welfare level for the elderly. The maintenance of an acquired social status constitutes a public system duty. It should not be left to the "players" of the free market.

e. Simplifying procedures and promoting administrative efficiency in the system

The simplification of the social security affiliation procedures facilitates the corresponding employer obligations. Moreover, the abolishment of bureaucratic obstacles during administrative investigations makes the recognition and payment of pension benefits easier.

In conformity with the above proposals, the structure of the new system should consist of the establishment of one social insurance organisation (<u>administrative unification</u>), within the setting of unified rules for all insured people (<u>functional unification</u>).

These twofold unification measures correspond to constitutional grounds. The State should treat equally and protect all citizens facing basic social risks. All people should be able to share the advantages of national social solidarity, if needed. Any deviation can be justified on the basis of a subsidiary protection considering one's capacity to pay additional contributions.

An "administrative unification" suggests the operation of one or two social insurance organizations, which all existing main, subsidiary or lump-sum-providing organisations should be incorporated into. For example, the IKA-ETAM must be transformed into a National Social Security Institution (EFKA) without any exemption undermining the unification procedure. The demand for such an administrative unification was first proposed in the year 1929, and afterwards repeated on several occasions without being implemented. In a recent study (2014), the Public Research Centre (KEPE) supported the idea of a horizontally and a vertically organised unification of the social security system. Following our case law, the merging of several public insurance schemes into one legal entity of public law complies with the Constitution only if an actuarial study can prove that this procedure is necessary for the sustainability of the unified or new social insurance organisation.

A "functional unification" suggests the establishment of the same rules regarding affiliation and entitlement conditions, for both existing insurees and newly insured people. Under the above condition (sustainability study), the implementation of the same rules for all insured people is also considered to be in conformity with the Constitution. Usually, pre-existent pensions are recalculated on an equal footing. This recalculation is also compatible with the Constitution if the resulting cuts do not violate the principle of equal participation and the principle of social solidarity. In addition, no pension reduction should endanger the human dignity of a retired person.

More specifically, unified contribution percentages have to be established for both the main and subsidiary pensions, as well as for the lump-sum benefits. Only one distinction could perhaps be justified, namely that between dependent workers and the self-employed. The EFKA should have the authority to confirm and collect all social insurance contributions. In addition, the Hellenic Actuarial Authority (EAA) should have the competence to measure the right percentage of every pension separately, and the aggregate amount of the different pensions should replace the income losses incurred by insured persons. Afterwards, all main and subsidiary pensions should be recalculated according to Law 2084/1992, which regulates a unified method of pension calculation for all newly insured people. Consequently, social solidarity between generations could be restituted, since all new and existing insured pensioners would be submitted to the same conditions of entitlement. Of course, the unification procedure has the disadvantage of extending the problem of missing resources from the deficient social insurance organisations to the efficient ones. This eventuality should be confronted by the State, namely the guarantor of the public social insurance system (Article 22 § 5 Const.).

A minority opinion suggested to establish at least three social insurance organisations, following some professional and insurance particularities: One for dependent employees and workers, one for the self-employed, and one for farmers. Such a distinction cannot do without an independent structure for some common services, including an institution for the collection of contributions, an institution for pension provisions, etc.

<u>The Committee of Experts suggested the following pension system architecture:</u> A pay-as-you-go system based on defined contributions (PAYG - Notional Defined Contributions) supported by a minimum State pension sufficiently funded for its sustainability.

This system is grounded on individual notional accounts. It is distinguished from the capitalisation system in two basic points. Firstly, the legislator specifies a fictitious interest rate, i.e. not the free market one, since the system is to remain public. Secondly, the social security contributions build up a fictitious capital to be used for proportional future pensions, while the real capital serves the payment of current pensions. The system is supported by a social (national) guaranteed pension for those insured people who will not have completed the required insurance periods. The principal idea of the proposed reform corresponds to a social justice policy, and it is apparently simple. Employed persons collect, in their individual accounts, the social security contributions of their entire professional career. Through the already mentioned "State interest rate," the insured person will receive a "State-guaranteed pension." This interest does not only correspond to inflation, but it is usually also linked to the percentage of salaries, or GDP increases, etc. In this way, the investment risk does not affect the future pensioner, as it would happen in a genuine capitalisation system. Insured persons annually receive appropriate information regarding their individual records. In this way, the transparency of vested rights is safeguarded, even if job changes take place one or more times during a person's life.

At the end of the person's working life, the accumulated capital indicates the actual value of all future pension benefits following the methodology of a defined contribution plan. In general, the notional accounts scheme presents sufficient flexibility, since the insured person chooses when to retire in accordance with the generally regulated pensionable age. The relevant scheme is actuarially fair, since the capital is built up from individual contributions, which can be transformed through a technical interest rate into life-long annuities. These are dependent on the life expectancy of the given generation, and on a politically fixed adaptation percentage. Men and women are equally treated, despite the fact that women statistically live longer. State financial support is limited to the coverage of justified circumstances, e.g. periods of unemployment, military service, education of children, etc. The system disposes specific stabilisers to maintain its balance against adverse demographic and financial impacts. Social security contributions are calculated on the basis of taxable income, and collected by the tax authorities.

The reform should provide for a part of the pension to be financed through a certain tax minimum, and also allow for a part that is proportional to contributions paid. The so-called social pension is guaranteed to anyone, but it mainly protects those with periods of unemployment or atypical work. The basic amount of the social pension should not only correspond to economic figures, but it should also consider the long-lasting financial crisis, the existence of a working population below the poverty line, as well as other social factors. This part of the public pension promotes income redistribution in favour of the poor, as well as the safeguarding of the human dignity of the elderly. The Committee of Experts recommended the introduction of a means-tested social pension, but the government insisted on a fixed-amount social pension, even if it can be provided at a very low level. The principle of social solidarity has prevailed.

In parallel, a new capital (fund) has been suggested for the coverage of the system's deficits, especially during the transitory period. This "buffer fund" should be built up from the State budget, property belonging to existing social insurance organisations, as well as taxation on high-level incomes. The question as to which resources should be required would depend on an actuarial study for the years 2016-2050. We have experienced similar attempts in the past, like the creation of the "National Account for the Solidarity of the Generations" at the Bank of Greece, under the supervision of several ministries. This account was aimed at a financial transfer to the benefit of next generation pensions. The issue as to what amount should be transferred had always constituted a socio-political option. The biggest part, today, should be directed at the lowest pensions, in order to reduce the adverse consequences of the financial crisis.

4. THE NEW NATIONAL SOCIAL INSURANCE SYSTEM

4.1. General Objectives

The recent social insurance reform aims at removing social injustices, unnecessary expenses, and administrative problems of the prior system under consideration of two major restrictions – the persisting financial crisis, and the limitations set by Law 4336/2015 (known as the 3rd Memorandum between the Greek Republic and its creditors). Instead of a simple adaptation to the provisions of the previous legislation, which would enlarge the gap between the rich and the poor insured and retired people (according to pure insurance principles), clear preference was given to the solidarity of generations and to the social justice among people of the same generation.

Consequently, this reform introduces unified rules for all past and future pensioners, for all people employed in the private and public sector, and for all dependant workers and the self-employed. Moreover, the establishment of a flat rate national pension without means test requirements promotes income redistribution, the elimination of inequalities, and the provision of minimum living standards for all people in need.

The unification of pre-existent social insurance schemes into one single system will result not only in administrative simplification, but also in transparency regarding the distinction between social insurance and social welfare benefits. An administrative simplification will help the insured more easily comply with their social insurance obligations, and the limitation of bureaucracy will facilitate the access of benefits to insured persons.

The idea to endorse social protection equalisation for the largest part of the population, especially for disadvantaged persons, is based on the concept that basic social risks should be covered in the spirit of social solidarity. Progressively, all contribution calculation percentages will be the same, and they will refer to actual monthly salaries and annual income. As far as pensions are concerned, a unified calculation method is introduced for main and subsidiary pensions, and for old and new pensioners. Also, the basis of the pension calculation and the replacement rates become the same for all. The Introductory Report of the reform legislation declares that the involvement of the pension system in the struggle against the financial crisis has some limits. These include compliance with Art. 4 § 5 of the Greek Constitution, which imposes the equal distribution of the public charges to all citizens, Art. 25 § 1, which refers to the proportionality principle, and Art. 25 § 4, which promotes social solidarity. These restrictions can be raised every time an actuarial justification or a judicial argumentation put in doubt the violation of the constitutional framework.

The introduction of a flat rate national pension, without means test requirements, will guarantee an adequate income replacement for the (until now unprotected) long-term unemployed people, and for those who are working in unsecured flexible or insufficiently paid conditions. Prevention from falling into the poverty gap is one of the fundamentals of social security. During the public debt crisis, the fight against poverty among the elderly becomes an absolute priority. According to 2014 Eurostat data, 23.1% of the Greek population over 65 years lives in poverty.

The system's sustainability for future generations also reflects the constitutional obligations of the Social State (Decision 2290/15 of the Greek Council of State [Plenary Session 2290/15]). The new legislation aims at preventing or reducing the current working generation's burden of paying more social insurance contributions compared to the future pension amount they can expect to receive. Only persons in need will get more in the future compared to their contributions to the system. This results from the social justice principle intended by the flat rate pension. The reform aims at securing the dignity of retired persons and, as much as possible, at helping them to maintain the living standards of the previous years (Art. 22 § 5 Const., as has been interpreted by the aforementioned jurisprudence).

The pensions will be adjusted to an appropriate level, which can be justified by the Greek Constitution, the relevant actuarial studies, and the necessary financial estimations. The very unpopular horizontal pension cuts, which were requested by international creditors, have been avoided and substituted by a list of proportionally calculated income replacement rates. This model should help to strengthen the awareness as regards the insurance principle and to minimise the nonpayment of contributions and the trend towards preretirement. After the pension adjustment in accordance with social justice and solidarity criteria, the recalculated amount of the main pension will perhaps be higher. Then, this new main pension benefit amount will be paid, as an acquired right (individual difference), for at least three years and more, if the financial data of the system improves. We cannot say the same about acquired rights, regarding the continuation of the subsidiary pension level. Although the largest portion of subsidiary pensions will be maintained after the recalculation, higher pensions will be reduced. No one can exclude the possibility that lower pensions will also be decreased or cut, due to the maximum limit of €1,300.00 that has been set for the total payment of the main and subsidiary pensions.

4.2. Unification and Generalization of the Social Insurance Schemes

The State provides social protection within the framework of a Unified Social Security System following the policy objectives for a decent life in terms of equality, social justice, income redistribution, and solidarity between generations. The Unified System includes the National Health System, the National Welfare System (or Social Solidarity System) and the National Social Insurance System.

All citizens residing in Greece have a right to social insurance, health, and social welfare. The State has the duty to maintain the sustainability of the relevant protection schemes and the provision of the appropriate social benefits to all those who fulfil the legal requirements.

The National Social Insurance System is public, generalized, and redistributive. The new reform does not refer to health care services or benefits in kind.

As a principle, the main pensions, i.e. old age, invalidity, and survivors' pension, are composed of two different parts: flat rate national pension payments, and proportional (contribution-related) pension payments.

The basic part of the pension is defined by the State and aims at combatting poverty and social exclusion. It depends on public finances. The proportional part of the pension aims at maintaining previous living standards and varies according to the incomes or salaries submitted to social insurance contributions; and to a percentage (replacement rate), which increases in accordance with the insurance periods during a person's working life. Both parts constitute the monthly paid pension, which is guaranteed and monitored by the State.

Persons who have been permanently and legally residing in Greece for at least 15 years, after turning 15 years of age, and before reaching the pensionable age, are entitled to the basic (flat rate) part of the national pension. The conditions are the same as those required for permission of permanent residence to be granted to third-country nationals (from outside the EU).

At the beginning of the reform, the old age pension amounted to a monthly sum of €384.00 after contributions paid during a 20-year insurance period. This amount is reduced progressively by 2% for each missing year of residency, and amounts to €346.00 for a 15-year insurance period, which is the minimum time required to receive benefits. Moreover, the national old age pension is reduced by 1/200 for each missing month in cases where old-aged persons apply before their pensionable age. The invalidity pension is fully paid (for invalidity over a degree of 80%), but it is reduced to 75% (for invalidity to a degree of between 67% and 79.99%) and to 50% (for invalidity between 50% and 66.99%). The multiplicity of entitlement conditions among the invalidity pension schemes forced the legislator to avoid a unified regulation, and to establish a specific Committee of Experts for recommendations on all necessary amendments to the existing system. On the contrary, entitlement conditions for the survivors' pension have been fully harmonised. Family members will profit significantly from this simplification. The survivors' pension for widows and widowers is granted after the 55th year of age, because thereafter, accessing the labour market is extremely difficult. The required length of the marriage (or marital pact) has been extended to 5 years (previously 3 years), so that abuses due to fictitious behaviours are limited. The national pension is shared among survivors according to the percentage of the inheritance legislation. In the case of pension accumulations (from various professional activities), only one full pension is provided.

The provisionally maintained EKAS, a means-tested minimum benefit provided only to dependent workers, will be progressively abolished. This gradual deregulation follows the need to economise public expenses, and aims at clarifying that means-tested conditions do not fit into a social insurance reform. Some experts, though, believe that sooner or later the scarcity of public means will oblige a future government to reintroduce means-tested conditions for entitlement to the basic national pension.

As regards the proportional part of the pension, all recipients of the national pension are entitled to it. The proportional part of the pension aims at securing an appropriate income level, which relates as much as possible to the previous living standard. The eligible amount is calculated on the basis of three factors. These include 1) the salary of employees and income of self-employed or free professionals submitted to insurance contributions, 2) the addition of all insurance periods and 3) the legally provided percentage (replacement rate) for each year of a person's working life.

The first factor refers to the average monthly salary or the average yearly income for all the years of a person's working life. This estimation takes into consideration not only the real remuneration, but also an adaptation rate linked to salary and income increases in the past, which are calculated by the Greek Authority for Statistics.

Regarding the second factor, all the working periods for which social insurance contributions have been paid are measured as real insurance periods. Also, an inofficial affiliation to a social insurance scheme and payment of contributions for a considerable time in good faith can be accepted as an insurance period. In some socially or economically justified cases, provided by the law, the insured persons can buy certain insurance periods. These are the so-called "fictitious periods," which are fully assimilated with the real insurance periods. A person can also continue to accumulate insurance periods, on a voluntary basis, once his/her occupation has been terminated. In case of a work accident or a professional disease, invalidity or survivors' pension can be provided without additional insurance periods. There are no independent insurance branches corresponding to the risks of work accidents or professional disease.

The third factor is explained in a reference table stipulated by the law. Indicatively, for 0-15 years of work, the replacement rate is 0.77%, for 24-27 years of work, the replacement rate is 1.03%, and for 39 and more years of work, the replacement rate amounts to 2%. There is a certain differentiation in the escalation of the replacement rates in favour of the lower incomes/pensions, and of employment after the pensionable age.

The final pension amount is increased by several supplements, e.g. percentages for handicapped children, or doubling of the pension for blind or dependent recipients. There are also pension increases for family members (following a real marriage or a marital pact) and eventual family welfare allowances depending on the number of children for demographic reasons.

The final pension amount has been decreased, as of 01 January 2016, by 6%. Namely, all retired persons have to pay a contribution for medical treatment provided by the National Health System (EOPYY). For persons eligible for retirement but who decide to continue working, pensions are paid at a rate of 60%, as long as the "retirees" maintain their work or professional activity. If this work or activity belongs to the so-called "public sector", the pension is totally suspended. Generally, all future pensioners will see a reduction of up to 30% of their main pension. This considerable cut is due firstly to the new method of calculation (the calculation base will extend to the entire working life and not to the last 10 years for IKA-ETAM, or the last salary for public servants) and, secondly, to the new reduced replacement rate (40.7% for 40 insurance years).

Two months after submission of the pension application, formerly employed or self-employed persons receive, as an advanced pension payment, 50% of their definitive pension amount. This advance payment is calculated on the basis of the average salary or income of the 12 months prior to the application and cannot be less than 80% of the national flat rate pension.

The introduction of new entitlement conditions for all insured and retired people presumes a pension recalculation under the latest rules, with a provisional maintenance of acquired rights. As of 01 January 2017, the new legislation introduces a dynamic mechanism for the adaptation of benefits. The Minister of Labour and the Minister of Finances decide on the percentage of the pension adjustment within a percentage frame set by two indicators: the Gross Domestic Product and the Consumer Price Index. Every three years, the National Actuarial Authority issues compulsory actuarial studies, which have to be ratified by the Economic Policy Committee of the European Commission. These studies, among others, estimate the volume of the national, proportional, and subsidiary pensions, which should not exceed an increase of 2.5% of GDP by the year 2016 (with 2009 as a reference year). This way, the sustainability of the social security system will be regularly controlled and maintained.

There is great concern as to how to identify sufficient resources for compensating for missing capital during the transitory phase, in order to avoid further pension cuts. The reform legislation considers, along with the resources for the social insurance system, revenue collected from the assets management, the amounts received from surcharges (due to violations in paying contributions), and the 20% of any amount received after the selling or more efficient administration of public property or estates belonging directly or indirectly to the public sector.

In addition to the national (basic minimum) and proportional (earnings-related) pension, the public social insurance system provides subsidiary pensions and lump sum benefits. This additional protection is administered by way of an independent social insurance organisation (ETEAEP), which manages two corresponding obligatory insurance branches.

The subsidiary pension relates to the old age, invalidity, and survivors' main pension, and the lump sum benefit is considered to act as compensation at the end of a person's working life. Both insurance branches are the merging result of several pre-existing subsidiary social insurance schemes covering the public and the private sector. Insurance periods fulfilled in the already merged social security organisations are aggregated with the insurance periods credited by the Unified Fund of Subsidiary Insurance and Lump Sum Benefits (ETEAEP). This legal entity of public law has the financial structure of a pay-as-you-go system based on defined contributions capitalized in individual notional accounts. The same system has been applied as of 01 January 2015 for insured persons who were affiliated to a subsidiary insurance scheme until 31 December 2013, and as of 01 January 2014 for insured persons affiliated to a lump sum scheme until 31 December 2013.

The supervision of existing social insurance organisations is apparently concentrated in the Ministry of Labour, Social Insurance, and Social Solidarity. As a result, contrary to the past, the social protection strategy will be better coordinated. Moreover, a high level advisory board, the National Counsel of Social Security, has been created for working out and following up on the various social policy measures, for information of the public opinion, for the planning of the relevant research, and for efficient communication with international organisations, etc.

4.3. Structure and Financing of Pensions

4.3.1. The Main Pension

The previous general institution for the protection of dependent workers (IKA-ETAM), created in 1934, will in the future not only change its name, i.e. to Unified Social Security Fund (EFKA), but also its structure. It will become one social insurance organisation involving mandatory affiliation and the protection of all employed and self-employed persons and their families. The relevant protection extends to all kinds of periodical or lump sum cash social insurance benefits.

The headquarters of the Unified Social Security Fund in Athens is administrated by the Governor, the Sub-Governors, the Board of Directors, and several organisational units. The assigned Government Commissioner is part of the Board of Directors and has the discretion to provisionally suspend any decision allowing the supervising Minister of Labour to decide upon its conformity to the legislation.

The regional and local service centres of the Unified Social Security Fund are situated in all main cities throughout the country. They refer directly to the Governor. For the collection of social insurance contributions, as well as for the provision of social insurance benefits, two General Directions and several Regional Directions have been developed. Distinguished General Directions are competent to decide on issues concerning the Financial Services, Human Resources, Administrative Support, and E-Governance matters.
Following the previous arrangement of multiple social insurance schemes, the Unified Social Security Fund has maintained the structure of several Directions and Sections corresponding to the old pension organisation, e.g. there is one fund for the pensions of dependent workers, one for the pensions of public servants, one for farmers' pensions, one for pensions of the self-employed, and so on. A distinguished Direction examines any invalidity issues. Moreover, a separate Section deals with international and European insurance matters. The main task of this last Direction is to resolve problems arising from the implementation of multilateral and bilateral International treaties, as well as from the application of European social security law.

The Unified Social Security Fund (EFKA) legally constitutes the general successor to the merged social insurance organisations which were legal entities of public law under the preceding system, and assumes all related rights and obligations. For any specific issues which have not been regulated under the new legislation, the rules governing the previous General Institution (IKA-ETAM) apply accordingly. It has to be underlined that for many important matters, like the ones concerning persons with disabilities or even the establishment of internal regulations, the reforming legislation provides authorization for several Ministerial Decisions or Presidential Decrees.

Exempted from the EFKA are various public pension recipients (around 900,000), who are in fact being compensated by the State for specific reasons, e.g. if they have become victims of terrorist attacks, war veterans, invalids after a State service or mission, etc. The Ministers of Finances and Labour will regulate their protection until their definite affiliation to the Unified Social Security Fund has been established.

The basic (flat rate) part of the national pension is financed, through tax revenue, from the State budget. The proportional part of the same pension is entirely financed through social insurance contributions.

The total employer's and employee's contribution, which amounts to 20% (13.33% for the employer and 6.67% for the employee) is calculated on the basis of all kinds of monthly salaries. There is only an upper limit to the referred calculation basis. This corresponds to ten times the minimum standard salary of a single employed person above the age of 25 years (today €5,860.00). Also, the contribution of the self-employed and the liberal professions amounts to 20% of their real net income for the previous year as it appears in the tax declaration, and can be justified accordingly. The already existing higher or lower percentages will be reduced or increased annually up to 20% by the year 2020. These contributions aim to finance the cost of all pension recipients who are now affiliated to the Unified Social Security Fund. Moreover, from 01 January 2017, the social security contributions for health protection (in cash and kind) amounts to 7.10%, and is shared by employers and employees, based on a range of salaries. Regarding the self-employed, the relevant percentage amounts to 6.95%.

As far as the property of the social insurance system is concerned, a "private" assets management company has been planned in the form of an anonymous society totally owned by the Unified Social Security Fund and supervised by the Ministers of Finances and Labour. This company will be responsible for the administration, management, and investment regarding the real estate of the pre-existent social security organisations. All income received from its activities will constitute additional capital at the disposal of the Unified Social Security Fund. A similar company has also been planned as far as other kinds of property are concerned. This second company will be operating through a mutual fund following the successful example of the two pre-existing (merged) companies. In addition, new capital shall be collected from the fight against contributions avoidance, from ongoing privatisations, etc.

4.3.2. Welfare Benefits

To all retired employees or workers over the age of 65, under certain means-tested conditions, a welfare monthly benefit (EKAS) has been provided from the year 1996 forward. This State-financed cash benefit aimed, initially, at supplementing the low income of the respective pensioners. From 01 January 2016 to 31 December 2019, it will be provided to those affiliated with the Unified Social Security Fund (EFKA) and will afterwards be abolished as it overlaps with the flat rate minimum pension.

To all uninsured people over the age of 67, a generalized means-tested monthly welfare benefit is granted, which is entirely financed by the State. It is the so-called "social solidarity benefit for the non-insured elderly." This amounts today to €360.00 and can be updated through Ministerial Decisions. The entitled persons should not have other pension rights or receive other insurance or welfare benefits from Greece or abroad. They should have legally and continuously resided in Greece for at least 15 years before applying. Their individual yearly taxed income should not exceed €4,320.00, and their family taxed income should not exceed double that amount. Furthermore, the value of their taxable real estate should not exceed €90,000.00, etc. Once the entitlement conditions have been fulfilled, the solidarity benefit is fully paid for those who have resided in the country for at least 35 years. Otherwise, there is a reduction of 1/35 for each missing year of residence.

4.3.3. Subsidiary Pension and Lump Sum Benefits

The unification of the system also extends to the subsidiary social insurance pensions. An independent institution (a legal entity of public law), the so-called Unified Fund of Subsidiary Insurance (ETEAEP), is composed of all the previous public subsidiary insurance schemes, e.g. the subsidiary scheme for private employees, the subsidiary scheme for public servants, the subsidiary schemes for workers in public entities, etc.

The subsidiary pensions are almost exclusively financed by the social insurance contributions of the persons involved (e.g. self-employed, workers/employees and employers, liberal professions, farmers, etc.). From 01 June 2016 to 31 May 2019, the social insurance contributions, based on the total salary, will amount to 3.5% for employees and 3.5% for employers. The self-employed are charged with 7% on their total yearly income. From 01 June 2019 to 31 May 2022, the above-mentioned percentages for each part will be decreased to 3.25% and the percentage payable by the self-employed will be decreased to 6.25%.

The Minister of Labour is authorised to modify upwards or downwards the above percentages, according to the efficiency of the contribution collection. This constitutes a new incentive to reward the lawful payment of contributions on the part of the insured.
Furthermore, protection by way of a subsidiary pension is linked to the "sustainability clause." In other words, its payment at a certain level depends on the maintenance of sufficient (actuarially justified) reserves, on the actual demographic data (death rates), on the development of the main pension level, etc.

The lump sum social insurance benefits, which are provided by the same organisation (ETEAEP), have to be recalculated in relation to the credited insurance periods. Only periods for which the appropriate social insurance contributions have been paid (exclusively by the insured), are taken into account. The relevant contributions amount to 4% of the real salary or income, and they are managed in conformity with the capitalisation system.

According to the new method of calculation, the lump sum benefits level is submitted to a considerable decrease (of up to 35%), compared with the previous system. Although these benefits are the result of a compulsory individual savings procedure, they could not remain untouched by the current trend of using "private property" to improve public finances and satisfy the international creditors.

4.3.4. Trends Regarding the Private Supplementary Pension Schemes

Originally, there was a provision in the draft reforming legislation concerning the amendment of the pension funds law, which dates from 2002. Nevertheless, mainly for political reasons, the definite piece of legislation has been restricted to public social security law and, principally, to pension law.

In the meantime, an open discussion has been started as to the way in which the second pillar (the supplementary or occupational social insurance) should be structured in general. What rather prevails is the preference for an actualisation and improvement of the existing pension funds legislation. These funds have been regulated as legal entities of private law on the basis of a capitalisation system. Only recently, a new trend for the reform of some quite old legislation regarding solidarity funds, dated from 1920, has been gradually emerging. These funds, which are closely connected to the trade unions, provide for the supplementary protection of their members. Last but not least, private insurance companies are considering the drafting of new group life insurance plans with strong social characteristics (see initially Art. 13 § 2 Legislative Decree 400/1970), which would profit from tax exemptions.

All these trends are facing the same difficulty. There is not enough money left for the payment of voluntary contributions, since the obligatory ones (together with the tax obligations) constitute a large part of the monthly salaries and yearly incomes. Two proposals have been set for consideration: either the introduction of an "opting out" mechanism in favour of some certified supplementary pension schemes, or the establishment of a private-public mix cooperation between the Unified Social Security Fund and some generally acknowledged occupational insurance plans. Nevertheless, under the current political and economic circumstances, there are many reservations regarding the efficiency of similar strategies.

The supplementary pension schemes emerged in the last decades of the previous century as a way to escape demographic contingencies and increasing unemployment rates. They are also considered a useful tool for talent retention and for pushing forward the capital markets. European Directive 2003/41/EC of 03 June 2003 describes the necessary requirements for the promotion of occupational social insurance schemes. The relevant Law 3029/2002, however, has not exhausted all the given possibilities, and has thus restricted the material scope of application mainly with regard to the pension funds, i.e. legal entities of private law which today cover only around 50,000 insured people. After the economic crisis, the State could not guarantee to uphold the obligatory second pillar (subsidiary pensions) anymore. Some trade union representatives admit that the private supplementary plans or accounts could constitute an alternative option to the declining subsidiary insurance schemes. Consequently, a social consensus appears in favour of the maintenance of the pay-as-you-go public system for an obligatory first pillar, and of the actualisation of the capital funded private system for a voluntary second pillar. In other words, it is expected that the current reform will soon be completed with a new legislation, which will correct the already identified deficiencies of Law 3029/2002, especially as regards tax inconsistencies.

5. OTHER RELEVANT INFORMATION ON SOCIAL POLICY MEASURES

The Greek Parliament has recently approved the government's "parallel programme", a package of social justice actions meant to soften the negative social impact of the austerity policies agreed upon by international institutions under Greece's third bailout programme. It is believed that in the last elections, voters accepted a new position based on two things: compliance with the agreement (MoU) by the international institutions, and the ongoing attempts to reduce its negative consequences by implementing a series of policies in every field that would improve people's everyday lives and lay down fundamental prerequisites for a new type of State function and economic development. To this effect, a specific law enabled 2.5 million uninsured people, who were unable to enter the public health care system without incurring a hefty financial charge, to be fully covered (Law 4368/2016). For the first time since 2009, public hospitals will once again start recruiting medical staff. In the framework of the EU-financed "humanitarian aid", free electricity and water has been provided to many households, and previous debts have even been erased. In addition to offering free transportation to the unemployed and free supermarket goods to 148,000 people, the government is planning to offer hot meals to 200,000 school students while also setting up a social solidarity income project in 30 municipalities nationwide.

Since the overall pension cuts were not enough to economise the necessary capital to satisfy the international creditors (International Monetary Fund, European Central Bank, etc.), the government decided (www.sofokleousin.gr – 25 April 2016) to set an upper limit for both the main and subsidiary pension payments equal to the net amount of €1,170.00 regarding any individual pension. In the case of underfunding, especially as far as subsidiary pensions are concerned, payments will be automatically reduced and adjusted to the missing capital. For those who have been affiliated with more than one social insurance organisation (e.g. because of their employment or their work permission) and have paid multiple social insurance contributions, receiving or expecting to receive more than one pension benefit, an upper limit of €3,000.00 has been established. Following a law on the authorisation given to the Ministers of Finances and Labour, by the end of 2016 a Ministerial

Decision has to be issued creating a "joined registry" for persons obliged to pay tax and contributions. This will be the starting point for the harmonisation of all procedures regarding the administration, the assessment, and the payment of these two social charges, and the process is to be put in action after 01 July 2017, according to the MoU 2015. There is reason to hope that through such a more efficient tax and contribution collection program, public finances will be improved, and the threat for new cuts burdening retired persons will be eliminated.

Although several recommendations of the Committee of Experts have been taken into consideration, many proposals from other relevant institutions or even public authorities have been disregarded. The public dialogue, which the government opened several months ago despite its political damage, cannot be criticised as superficial. Even just before the voting on the reform package in Parliament, there were substantial corrections and suggestions. Some of them were accepted by the competent Minister, others were refused with the usual argument that resources were not sufficiently available or that the negotiating creditors did not accept improvements impacting public expenses. Two things discussed during the public dialogue are particularly worthy of mention:

1. The Panhellenic Confederation of Public Servants who work in social insurance organisations clarified that only the basic (flat rate) part of the national pension is intended to be increased after 01 January 2017, and updated every three years thereafter. The proportional part will not be altered, so that the pension recipients will be entirely dependent on tax resources in the future. Even the minimum standards, in some cases, will be lower compared to the previous legislation (Law 3863/2010). For example, a retired person over the age of 65 could receive around €700.00 as a minimum pension. According to the new calculations, such an individual will receive €446.00 without any supplement. The increase of social insurance contributions for the self-employed, free professionals, and farmers, based on a yearly income of over €70,000.00 could reach 223% (www.protothema.gr – 07 January 2016). The government tried to resolve similar problems by setting transitory provisions protecting, on some level, the acquired rights.

2. According to Art. 98 of the Constitution, the Court of Audit provides an expert opinion on pension laws. Regarding the constitutionality and the sustainability of the new social insurance law, the Court presented a report with four reservations: 1) The sustainability of the system after this pension reform cannot be evaluated, because the necessary actuarial studies have not been attached to the draft legislation. Therefore, it cannot be estimated whether sustainability could be obtained with less sacrifices, and whether the social charges correspond to the equality principle (Art. 4 § 5 Const.). 2) Public servants and private employees cannot be covered by the same pensions, granted by the same social insurance organisation, and ruled under the same law. 3) The Ministers of Finances and Labour are authorised to regulate topics (e.g. entitlement conditions, pension increases) which should be provided directly by the law (Art. 73 § 2 and 80 Const.). 4) Exemptions from the minimum pension of €384.00 for some categories of insured people, pension reductions of 60% for working pensioners, and unjustified cuts to survivors' pensions are apparently not compatible with the Greek Constitution. Despite these legal and factual arguments, the government decided to proceed with the reform ratification based on the slight parliamentary majority.

Closing remark: The implementation of the necessary social policy measures for the realisation of the new social insurance system is a lengthy procedure. In any case, a compromise should be reached between finding an appropriate benefits level and the approval of current and future sacrifices. At the same time, this compromise should take into consideration the demands of the international creditors without risking an undermining of the Greek legal order, and especially the economic development of the country.

The described "Greek System of Social Security" only reveals a picture of the current reform (at the beginning of May 2016). Later pieces of legislation, normative acts, and administrative circulars will improve, complete, and clarify this system, hopefully in a generally appreciated and comprehensive way.

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Prof. em. Dr. Konstantinos Kremalis
Universität Athen
Anwaltssozietät Kremalis
profkremalis@me.com