



Greece introduces new mandatory individual retirement account

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From 1 Jan 2022, Greek companies must enroll new hires in a mandatory individual defined contribution (DC) pension fund — the Hellenic Auxiliary Pensions Defined Contributions Fund (TEKA) — under measures aimed at improving pension sustainability and benefits. Greece’s pension system comprises a national pension paid to permanent residents and an earnings-related social insurance pension for employed individuals and certain other categories of persons.

Highlights

- Employees born on or after 1 Jan 1987 who participate in the auxiliary pension scheme of the Unified Agency for Social Insurance (e-EFKA) can switch to the TEKA and cease contributing to the e-EFKA. The transfer must be made between 1 Jan 2023 and 31 Dec 2023.
- Certain employees aged 35 years or younger can also transfer to the TEKA from the current supplementary pension program (ETEAEF). They must be self-employed in the healthcare sector, insured under the Organization of Agricultural Insurances, or exempt from insurance in any other supplementary pension program. Employees aged 35 or older who work in these sectors must remain in the ETEAEF, but can participate in the e-EFKA.
- The TEKA will be a fully funded DC scheme comprising individual accounts that will pay old age, disability, and survivor pensions to eligible individuals.
- The government will guarantee a minimum benefit equivalent to the TEKA scheme member’s total employee and employer contributions, adjusted for inflation.
- TEKA scheme members will be given a predefined investment scheme, approved by the scheme’s board as the most suitable for the average insured member. Members will be offered investment options with different risk profiles, and can change their investment selection once every three years.
- Individuals with a minimum of 15 years of contributions will receive their retirement pension at the normal retirement date as a lifetime annuity, calculated on the TEKA account balance at retirement.

Individuals with fewer than 15 years of contributions at normal retirement age will receive a lump sum payment comprising employee and employer contributions, adjusted for inflation.

- Contribution rates to the TEKA will be the same as for the ETEAEP — employers and employees each contribute 3.25% calculated on monthly earnings or payroll up to €6,500. The contribution amount will reduce to 3% in June 2022.

Related resource

- [Law 4826/2021](#) (Greek) (Official Journal, 7 Sep 2021)

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