

Old Age Pensions Valorization 2023 in the Slovak Republic vis-a-vis Axiological Orientations of Relevant Political Parties

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Abstract

Valorization of old age pensions is always very important issue in the whole globalized world (also) in the Slovak Republic. It is systematically and continuously linked to the axiological orientation of the relevant political subjects, who hold the political power and competence to legislate and implement valorization of pension payments. Naturally, the key question is the space (where) as well as the time (when) the valorization process takes place, whether it is a common government term or an exceptional situation for various reasons. The aim of the paper is to identify the valorization mechanisms of old age pension system (the first pillar) in the Slovak Republic in 2023 vis-à-vis the axiological orientations of the political parties that approved and implemented it. As a methods the secondary analysis of statistical outputs was used in the research paper and also the axiological analysis of the political ideologies.

Keywords: old age pension system, valorization, political parties

Introduction

The old age pension valorization issue from the perspective of social policy legislators is in many respects key to becoming a metamodern legal and democratic state of the 21st century. It has a real impact on the everyday socio-economic quality of life of the target people, i.e. the elderly population, and reflects the way and degree of understanding and implementation of the fundamental principles of social policy—social justice and social solidarity of the respective state in a specific time range. Ultimately, it is always a question of grasping and understanding social justice in terms of the extent to which a person is perceived to be personally responsible for their social position (on the state-citizen axis).

It is polyparadigmatically viewed from many perspectives—political, economic, legal, sociological, and psychological (Geffert, 2021a,b; Geffert – Rovenská, 2022a; Geffert – Rovenská 2022b, Baláž, 2012; Košta, 2017; Bačová – Kostovičová, 2018; a. e). The unifying solution of individual social situations in the lives of (among others) the elderly is their standard of living. The latter (despite its relativity in time and space) is ultimately the impact of the perception and implementation of specific socio-economic measures by the relevant political

actors who have the political power to put them into practice (politics always precedes economics).

1. Slovak Republic Political Situation in Diapason 2020 – 2023

The Slovak Republic, from spatial, temporal, and value perspectives, as a member state of the European Union, is part of the Western civilization, legally, axiologically, politically, economically, and socially. In this context, it is necessary to set and subsequently identify the valorization system of the mandatory pension fund system for the year 2023 under review. This time is the result of the governmental period 2020-2024, and can be politically characterized, inter alia, as very exceptional in the Slovak Republic. The exceptional situation begins basically with the fact that the three different governments were created during a single electoral period, namely - the government of I. Matovič 20.4.2020, the government of E. Heger 4.5.2021, and the government of Ľ. Ódor 15.5.2023 (SR National Council, 2020, 2021, 2023) (the first two were formed around coalitions based on the results of the parliamentary elections in the Slovak Republic 29.2.2020, the third government does not have the support of voters and the parliament, and instead it was appointed by the President of the Slovak Republic—the so called ‘government of experts’). The situation in the Slovak Republic National Council is extremely complicated due to the number of political parties and factions and the association of different MPs therein because many of the political parties did not have properly gone through the 2020 elections. This is also the reason that the support for legislative proposals in the National Council does not come from the initial coalition, and it is relevant to see the votes of specific MPs (who in a given specific vote show a mix of their values and their populist-pragmatic pre-election attitudes).

The economic situation in the European Union, i.e. in the Slovak Republic—when dealing with the pension valorization mechanism—is to a large extent (in the period under review) influenced by the consequences of the COVID pandemic, as well as the Russian military invasion of Ukraine, the expansion of BRICS, the weakening of the dollar as the world reserve currency, and the like (which causes uncommon economic preferences in the given period, such as high inflation, scarcity of goods, high prices of inputs, and the like, which results in a chain of negative social events...). The end of 2023 is also the time when early parliamentary elections will be held in the Slovak Republic (30.9.2023). Following the objective facts above, it can be stated that this is an exceptional and turbulent year, when—in addition to real axiological (ideological) and economic aspects—a pre-election dimension enters the valorization mechanism of pension funds in the Slovak Republic. At this point, it is necessary to note that ideology in this paper is understood objectively in philosophical-political terms (not negatively populist-political) in a neutral fashion as a set of values, not in a Marxist negative sense. (For more details see Šaradín, 2001; Bauer, 1991; Geffert, 2014; Geffert, 2021a,b).

Despite the facts above, as Table 1 shows, from an axiological and ideological point of view, the governments of 2020 to 2023 (the 2020-2024 government period) can be characterized as relatively stable and consistent in terms of values.

Table 1: Values (Ideological Views) of Political Parties of Government Coalition 2020 - 2023 (First and Second Government)

Subjects of the government coalition Government period 2020 – 2023 % in NR SR and mandates/electoral votes	Fundamental value orientation of the political subject/ Political spectrum (political axiology)	International (European) political; value anchoring political subject
<u>OL'ANO</u> 25,02% (53) 721 166	<u>Christian democracy Social conservatism Anti-corruption Pan-Europeanism</u>	<u>European People's Party</u>
<u>SME RODINA</u> 8,24% (17) 237 531	<u>National conservatism Social conservatism The right</u>	<u>Movement for a Europe of Nations and Freedom</u>
<u>SAS</u> 6,22% (13) 179 246	<u>National liberalism Classical liberalism The right</u>	<u>Party of European Conservatives and Reformists</u>
<u>ZA L'UDÍ</u> 5,77% (12) 166 325	<u>Conservative liberalism Centristism</u>	---

Source: Own processing, www.sme.sk a.

The 2020-2023 governing coalitions are axiologically situated in the centre-right part of the political spectrum. Both the government led by I. Matovič's coalition of OL'ANO, SME RODINA, SAS, and ZA L'UDÍ, as well as the coalition of the government of E. Heger in a slightly different inclusion of political parties, were built around the results of the 2020 parliamentary elections (with the replacement of the Prime Minister, both de facto and de jure, a new government was formed, which submitted a new policy statement and asked for the support of the Parliament).

2. Old Age Pensions Valorization in the Slovak Republic 2023

To monitor and meet the stated objective of this paper, it is first necessary to identify the basic valorization mechanisms in the SR in 2023. Pension payments have increased twice in this calendar year (plus two more increases - the freezing and raising of minimum pensions and the introduction of the so-called parental pension)—thus, from a certain point of view, they have been increased four times. The first valorization was implemented on 1 January 2023, when the pension payments were increased by the percentage of the year-on-year increase

in consumer prices for elderly households determined by the Statistical Office of the Slovak Republic (according to pensioners' purchasing behavior), usually calculated for the first half of the calendar year 2021. Since—according to this calculation—the consumer price index for elderly households increased (on average for the first six months of 2022 compared to the identical period in 2021; Table 2) by 11.8%, the corresponding pension payments increased by that value, i. e. by 11.8% (www.employment.gov.sk).

Table 2: Pension Payments Increase Inflation (%)

	2016	2017	2018	2019	2020	2021	2022	2023
Public Expenditure on Pensions from Growth	1,6	2,7	4,6	3,2	4,5	4,6	2,0	10,9
Public Misc Expenditure from Growth	0,1	-0,1	-0,1	1,2	3,0	-0,3	6,2	-2,8
Total Increase in Pension Benefits	1,7	2,5	4,5	4,4	7,6	4,3	8,3	8,1
Pension Inflation	-0,7	1,2	2,5	3,1	2,2	3,0	13,9	11,3

Source: www.rrz.sk

It is an indexation mechanism under Section 82 of Act 461/2003 Coll, on Social Insurance, as amended (www.socpoist.sk). In relation to minimum pension benefits, a special type of valorization started to apply from 1 January 2023, under which this type of pension benefit did not increase at all by the defined date. As for the valorization mechanism linked to the pension inflation above, it is still a result of the government's policies from 2016, i.e. the Fico Government (and the Pelegrini Government from 21.3.2020, which had the same values as the Fico Government, for more details, see Geffert - Rovenská, 2022a, b) comprised of political parties shown in Table 3.

Table 3: 2016-2018 Government Political Coalition Values (Political Axiology)

Subjects of the government coalition Government period 2020 – 2023 % in NR SR and mandates/electoral votes	Fundamental value orientation of the political subject/ Political spectrum (political axiology)	International (European) political; value anchoring political subject
<p><u>SMER-SD</u> 28,28% (49) 737 481</p>	<p><u>Left nationalism Social conservatism</u> <u>Social democracy</u> <u>Center left/left</u></p>	<p><u>Progressive Alliance of Socialists and Democrats</u> <u>Party of European Socialists</u> <u>Socialist International</u></p>
<p><u>SNS</u> 8,64% (15) 225 386</p>	<p><u>National conservatism</u> <u>Economic nationalism</u> <u>Social conservatism</u> <u>Right/extreme right</u> <u>Economically-center-left</u></p>	<p><u>Europe of Freedom and Democracy</u></p>
<p><u>MOST-HÍD</u> 6,50% (11) 169 593</p>	<p><u>National conservatism</u> <u>Center right</u></p>	<p><u>Group of the European People's Party</u> <u>European People's Party</u></p>
<p><u>#SIEĽ</u> 5.60% (10) 146 205</p>	<p><u>Conservatism</u> <u>Center right</u></p>	---

Source: Own processing, www.sme.sk b.

From 1 July 2023, pension benefits will increase due to the re-linking of minimum pension amounts to the subsistence minimum. From 1.7.2023, they were exceptionally valorized by 10.6%. On 21 June 2023, the National Council of the Slovak Republic approved Act 275/2023 Coll, amending Act 461/2003 Coll, on Social Insurance. The changes concerning the increase in minimum pensions will start to apply on 1 October 2023. Calculation of minimum pensions applicable from 1 October 2023: For the first 30 years of the so-called qualifying period of mandatory pension insurance, the amount of the minimum pension is set at 145% of the subsistence minimum applicable on 1 January of the calendar year, and further minimum pension benefit increases are shown in Table 4.

Table 4: Minimum Pension Benefits Applicable from 1 October 2023

Additional Year of Qualified Pension Insurance	Qualifying Period Year from 31 to 39	Subsistence Minimum Increase by 2.5%
Additional Year of Qualified Pension Insurance	Qualifying Period Year from 40 to 49	Subsistence Minimum Increase by 3 %
Additional Year of Qualified Pension Insurance	Qualifying Period Year from 50 to 59	Subsistence Minimum Increase by 5 %
Additional Year of Qualified Pension Insurance	Qualifying Period Year from 60 to 69	Subsistence Minimum Increase by 7.5 %

Source: Own processing according to Mihál 21.7.2023

Amendment to Act 461/2003 Coll, on Social Insurance (352/2022 Coll) introduced a new concept of parental bonus, the so-called 'parental pension benefit', as an additional pension benefit for the elderly. The Social Insurance Institution shall grant it to the recipients of the mandatory pension benefits, disability retirement benefits, or military and law enforcement retirement benefits, after meeting the relevant conditions (more details are given in Act 461/2003 Coll, on Social Insurance). The Social Insurance determines the amount of the parental pension based on the earnings and average wages of the pensioners' children in 2021. It is intended only for elderly whose children are employed. The amount of the parental pension benefit is set at 3% of the child's gross salary - 1.5% share per parent.

The maximum parental pension benefit in 2023 for one parent for one child is €21.80 per month (see Table 5 for more details on the amounts of parental pension for 2023). In this case, the aggregate parental pension payment for the maximum amount of parental pension for 2023 is €261.60. In 2023, the Social Insurance Institution will pay the parental pension benefit in one aggregate payment, and from 2024 onwards it will be paid monthly together with the pension payment.

Table 5: Parental Pension Benefit 2023 per Parent per Child per Month

Child in 2021/Income	Parental Benefit 2023
wage 1447 € and more	21,80 €
wage 1400 € and more	21,00 €
wage 1200 € and more	18,00 €
wage 1000 € and more	15,00 €
wage 800 € and more	12,00 €
woman on maternity leave (state) 655,20 €	9,90 €
minimum wage 623 €	9,40 €
self-employed person min. measuring basis 546 €	8,20 €
nursing (state) 546 €	8,20 €
voluntary insurance 546 €	8,20 €
Part-time 400 €	6,00 €
woman on maternity leave 200 €	3,00 €

Source: www.socpoist.sk

Conclusion and Discussion

Following the above, the valorization of retirement plans is an ongoing issue in an open democratic society based on the fundamental principles of social policy. It affects the quality of life of the elderly. We rate the quality of a Western civilization also by the extent of how it can take care of people who cannot take care of themselves. Several social groups fall into this category, including the elderly.

It can be noted that pensions have been valorized two and possibly four times in the calendar year 2023. The first ordinary valorization of pension benefits was implemented on 1 January 2023. The second exceptional valorization of pension benefits was from 1 July 2023. The other two pension increases comes from unlocking and valorizing minimum pension payments from 1 July and 1 October 2023. Parental pensions can also be seen as an increase in pension benefits based on the number of working kids. All four valorization mechanisms have been briefly described above for the purposes of this paper.

In percentage terms, pension benefits in the Slovak Republic grew by about 22.4% overall. When the parental pension is included in the total, the amount has increased by more than 23% on average. The question remains, is this really a valorization or—given the level of inflation in 2022, which was over 16% and therefore higher than the pension increase—is it not rather an indexation?

The aim of the paper was to identify the valorization mechanisms of old age pension system (the first pillar) in the Slovak Republic in 2023 vis-à-vis the axiological orientations of the political parties that approved and implemented it.

Despite numerous open questions and controversies that can be reached and further developed when following the topic, the fact remains that the pension benefit increase in 2023 was implemented predominantly on a percentage basis, whether it was an ordinary or exceptional valorization, or the parental pension. In relation to the valorization (indexation?) in previous calendar years and electoral periods (see Geffert - Rovenská, 2022a, b for more details), it can be concluded that it is confirmed that centre-right and right government coalitions prefer valorizations based on percentage rather than across-the-board increases in pension benefits. Such value preferences, and indeed understandings of social justice in the welfare state system, are based on Titmus's corporatist, and therefore power-type, understanding of social policy and welfare. In a sense, they favor those who have worked more, earned more and contributed more during their economically active lives (in the case of parental pensions, these are parents who have working children and the pension benefits depend on the amount of the children's earnings). The emphasis is on subjective personal responsibility as opposed to state-wide (re)distribution.

The government of centre-right conservative-liberal political parties in the period 2020 - 2023 formed by OĽANO, SME RODINA, SAS, and ZA ĽUDÍ, although in different forms and variations, remained a value-consistent coalition in terms of the preference of value orientations (in 2023, it is not official but virtual coalition, because the second government created on the basis of the result of the 2020 elections, the Heger Government, was given a vote of no confidence at the end of 2022, precisely on 15.12.2022).

Several factors have to be taken into account in the context of this issue, as well as the fact that the proper valorization process in a given calendar year is always prepared in the previous year. Also, the exceptional valorization mechanisms (even if they are implemented earlier than the standard deadline) are also based on macroeconomic indicators monitored and obtained in previous calendar years (months). The key in a democratic and legal state is always politics and politicians—the MPs who represent this politics, i. e. those who ultimately agree, by the mechanism of majority voting, on the form, the model, and indeed the level of valorization of (also) pension benefits. Although, in a democratic and rule of law state, the majority should respect the will and rights of the minority/minorities, in a parliamentary democracy system the key moment is always the elections, in which the right of the majority (which we may not agree with, but which we must respect to maintain the democratic rules and the social order) is ultimately enforced.

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