

# Immigration makes Spanish pensions system more sustainable

June 26 2009

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Immigration makes Spanish pensions system more sustainable. Credit: Heart Industry

Researchers from the University of Valladolid have constructed a demographic and economic simulation model called 'Carrión', which projects the costs of pensions, Social Security contributions and GDP up until 2060. The model also includes detailed scenarios about the behaviour of people migrating to Spain currently and in the future, in relation to the length of time they stay, their fertility, salaries and employment rate.

The new study, led by the senior professor Zenón Jiménez-Ridruejo and published in the specialist journal *Hacienda Pública Española*, evaluates the stability of the Spanish pensions system and carries out a detailed analysis of the effect of immigration on the accounts of the [Social](#)

[Security](#) system.

One of the most striking results is that by 2055 the contributions/pensions ratio of immigrants "will have a net value in excess of that of native-born people", Jiménez-Ridruejo tells SINC. The researcher says that, through this demographic and economic [simulation model](#), his team has provided the first projection of the contribution made by migrants to the Spanish pensions system, both in terms of contributions and pensions expenditure.

In order to construct the model, the team of analysts produced "projections of gross arrivals and returns based on an estimate using panel data and the information available, and adjusting this to a future ageing population of resident foreigners". These data included information on the fertility rates of migrant women, migrants' first jobs, and the relationship between relative employment and relative human capital.

"When we studied the budgetary structure of the Social Security system we saw that in order to remain solvent the system needs contributions to be 1.75 higher than expenditure on retirement pensions", says Jiménez-Ridruejo. This difference goes towards payments for widows and widowers and surviving relatives and short-term incapacity benefits. The research concludes that the contribution made by migrants is much greater than that of native Spaniards, but that these two levels will converge by 2055.

The study also shows a more pronounced increase in the fertility rate, which will reach almost two children per woman, and that the [pension](#) load will start to decline after 2020. This will primarily be due to the rejuvenation of the population, implying reduced increases in the dependency rate, an indicator that "could even start to decline by 2055".

Source: FECYT

Citation: Immigration makes Spanish pensions system more sustainable (2009, June 26) retrieved 17 April 2024 from <https://phys.org/news/2009-06-immigration-spanish-pensions-sustainable.html>

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