SOCIAL SECURITY AND CGA BUDGET OUTTURN 2025

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The Portuguese Public Finance Council is an independent fiscal institution established by Article 3 of Law No. 22/2011 of 20 May, which introduced the fifth amendment to the Budgetary Framework Law (Law No. 91/2001 of 20 August, republished by Law No. 37/2013 of 14 June). The final version of the CFP's Statutes was approved by Law No. 54/2011 of 19 October.

The CFP commenced its activities in February 2012, with the mission of conducting an independent assessment of the consistency, compliance and sustainability of fiscal policy, promoting its transparency, in order to contribute to the quality of democracy and economic policy decisions and to the strengthening of the State's financial credibility.

This Report was prepared on the basis of information available up to 19 May 2026.

A spreadsheet file containing the figures underlying all the charts and tables in this report is available at www.cfp.pt, in the publications section. The main public finance concepts used in this Report are explained in the CFP Glossary, available online.

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EXECUTIVE SUMMARY

Social Security budget execution in 2025

In 2025, the Social Security surplus reached a peak of 6,657 million €, excluding operations relating to the European Social Fund (ESF) and the Fund for European Aid to the Most Deprived (FEAD). This result represents an improvement of 1,062 € million compared to 2024, resulting from effective revenue growth (+3,481 million €) exceeding the increase in expenditure (+2,419 million €). Excluding the effect of the Recovery and Resilience Plan (RRP) as well, the surplus would be slightly higher, at 6,672 million €. In terms of breakdown by system, as in previous years, the fiscal surplus recorded results from the contribution of the Social Security System (Pay-as-you-go and Capitalisation), which recorded a surplus of 6,712 million €, whilst the Social Protection System for Citizenship showed a deficit of 55 million €.

Effective Social Security revenue, adjusted for the ESF and the FEAD, maintained a robust growth trajectory, recording an increase of 8.4% compared with the previous year. Excluding transfers relating to the RRP amounting to 207 million €, in addition to the European funds mentioned above, effective revenue would stand at 44,603 million €. The trend in effective revenue was essentially driven by social contributions (+8.9%), which reflected the combined effects of labour market developments and changes in wage policy, resulting in a 6.1% increase in average earnings per worker and a 2.1% rise in the employed population, as well as a 2.3% increase in the number of taxpayers, with more than half of this growth attributable to foreign nationals. A breakdown of the annual change in the number of taxpayers reveals a structural shift in the Portuguese labour market. Since 2022, the net growth in taxpayers has been largely driven by the foreign population, whose share has almost quadrupled over the last decade, rising from 5.1% in 2015 to 19.7% in 2025.

Effective social security expenditure, excluding the effects of the ESF and the FEAD, grew by 2,419 million € (+6.8%) in 2025, standing 123 million € above the forecast set out in the initial OSS/2025. Excluding the impact of expenditure associated with the RRP (222 million €), in addition to the European funds mentioned above, effective expenditure would have been 37,931 million €.

The year-on-year increase was largely due to higher expenditure on pensions (+1,291 million €) and social welfare (+404 million €), components which together account for 70% of the change in the aggregate. The trend in pension expenditure reflects increases across all types of pension, such as old-age, survivors' and disability pensions, as well as the extraordinary pension adjustment and the measure relating to the extraordinary pension supplement, the total value of which amounted to 354 million €. The growth in social welfare expenditure results from the updating of the Commitment and Cooperation Agreements with the social and solidarity sector for the 2025–2026 biennium. Finally, it is worth noting the trend in extraordinary pension and supplement adjustments, whose share of effective expenditure has been increasing since the first allocation in 2017 (77 million €), reaching 1,001 € million in 2025 (15 million € more than in 2024).

Compared to the forecast in the Social Security Budget for 2025 (OSS/2025), the fiscal surplus was 1,114 million € higher. This difference is due to revenue being 1,237 million

€ higher than the budgeted figure, driven mainly by contribution revenue, whose positive performance offset the increase in expenditure, which exceeded the amount initially forecast in that fiscal planning document by only 123 million €.

Civil Servants pension scheme budget execution in2025

The Caixa Geral de Aposentações (CGA) recorded a fiscal deficit of 120 million € in 2025, which represents an improvement on the 202 million € deficit in 2024. Nevertheless, the result fell short of the forecast in the State Budget for 2025 (SB/2025), which projected a deficit of 107 million €, resulting in an unfavourable deviation of 12 million €. This difference reflects expenditure that was 54 million € higher than budgeted, not fully offset by the more favourable performance of effective revenue, which exceeded the estimate by 41 million €.

The CGA's effective revenue totalled 12,910 million € in 2025, 715 million € more than in the previous year. This growth was driven primarily by an increase in the State Budget contribution intended to ensure the system's financial balance (6,962 million €; +421 million €).

Contributions collected also increased by 197 million € (4.6%), in line with the growth in the total payroll subject to deductions (+4.3%), despite a 3.6% decrease in the average number of members.

In 2025, the CGA's effective expenditure amounted to 13,030 million €, 633 million € more than in the previous year. This increase was mainly due to the growth in expenditure on pensions and allowances for which the CGA itself is responsible (+534 million €). In the case of these benefits, this increase reflected the rise in the average number of retirees and pensioners, as well as the increase in the average monthly value of retirement and pension benefits, from 1,592 € in 2024 to 1,649 € in 2025, resulting mainly from the pension indexation that took place in 2025.

In 2025, the ratio between active subscribers and retirees worsened again, standing at 0.70 at the end of the year, down from 0.73 recorded in 2024. This trend is explained by the persistent decline in the working population covered by the CGA scheme, which has shown an average annual rate of decrease of 2.9% since 2015, whilst the number of pensioners and retirees has remained relatively stable. This dynamic stems from the closure of the scheme to new enrolments since 1 January 2006.

Trends in total pension expenditure between 2015 and 2025

This report analyses total public expenditure on pensions for the first time, providing an overview of this expenditure between 2015 and 2025. This expenditure reached 37,589 million € in 2025, representing a cumulative increase of 12,123 million € (or +47.6%) since 2015. Analysis as a percentage of GDP reveals that the share of this expenditure fell from 14.2% to 12.3% between 2015 and 2025. The trend in this ratio is explained by the fact that nominal GDP recorded a significantly higher growth rate (+71%) than the growth in pension expenditure (+47.6%).

INTRODUCTION

This report analyses the fiscal implementation of Social Security and the Civil Servants' Pension Fund (CGA) in 2025, based on information available up to 19 May 2026 and using as a reference the forecasts set out in the State Budget for 2025 (OE/2025), approved by Law No. 45-A83/2024 of 31 December. The structure and methodology adopted remain consistent with previous editions, ensuring the comparability of the main aggregates over time.

The analysis is conducted from the perspective of fiscal budgetary accounting, based on the final data contained in the Social Security Account (CSS) and the General State Account (CGE). However, when assessing the evolution of revenue and expenditure in the Social Security System, flows associated with the European Social Fund (ESF) and the Fund for European Aid to the Most Deprived (FEAD) are excluded, thereby neutralising their impact on the system's balance, in line with the treatment adopted in national accounts. For this reason, the figures presented in this report differ from those published in the Summary of Fiscal Execution by the Fiscal Entity (EO), in the CGE and by the Institute for Social Security Financial Management (IGFSS).[1] For a more detailed description of the Social Protection Systems, please refer to CFP Note No. 2/2014.

The report was drawn up on the basis of information provided by the IGFSS and the CGA, supplemented by access to the Fiscal Management Information System (SIGO), made available by the EO, and by the General State Account. Employment and wage statistics published by the National Statistics Institute (INE) and the Bank of Portugal (BdP) were also taken into account, with particular relevance to the breakdown of trends in contribution revenue, as well as Social Security statistics.

The report is organised into three sections. The first focuses on Social Security, analysing the evolution of revenue, expenditure and the balance, broken down by system – Social Security and Social Protection of Citizenship – and presenting the financial situation of the FEFSS separately. The second section is devoted to the CGA, covering the composition of revenue, the trend in expenditure, the fiscal trajectory of the budget balance and the amount of accumulated reserves. The final section provides a compilation of total public expenditure on Social Security and CGA pensions.

[1] Despite the adjustment relating to the neutrality of EU funds, the balance recorded in the Social Security System does not match the balance recorded in the national accounts, since, amongst other adjustments, it does not include the time adjustment made by the National Statistics Institute (INE) to social contributions. This adjustment in the national accounts aims to align the revenue from social contributions collected by Social Security with the point in time at which the economic activity giving rise to the contribution obligation took place.

1. SOCIAL SECURITY

In this chapter, the aggregates of Social Security revenue and actual expenditure are presented net of transfers relating to the European Social Fund (ESF) and the Fund for European Aid to the Most Deprived (FEAD), eliminating the time lags between revenue and expenditure that affect the system's balance. This adjustment allows the structural fiscal developments of Social Security to be isolated, since ESF and FEAD flows correspond to expenditure in which the system acts merely as an intermediary, thereby bringing the fiscal aggregates closer to the figures recorded in the national accounts.

Sections 1.1 to 1.3 (inclusive) of this chapter concern, unless otherwise indicated, the analysis of the revenue, expenditure and balance aggregates for the Social Security system as a whole. Section 1.4 will analyse the public schemes that make up the social security system, namely the Social Protection System for Citizens (and its subsystems) and the Pay-As-You-Go Pension Scheme. Finally, Section 1.5 will analyse the capitalisation component of the Pension System, in particular the Social Security Financial Stabilisation Fund.

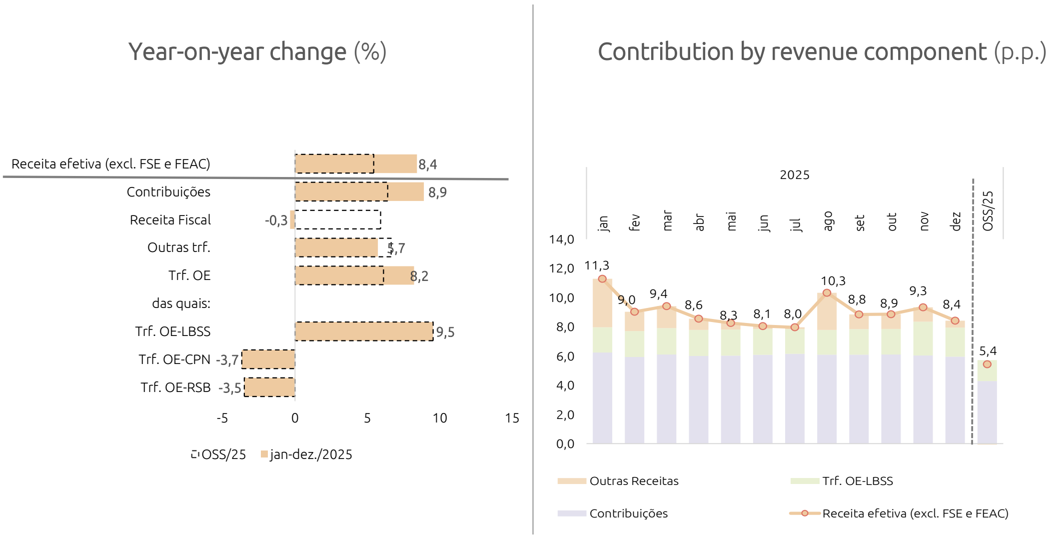
1.1 Revenue trends

In 2025, actual Social Security revenue continued to show robust growth, despite a slowdown compared with the previous year. Actual revenue adjusted for the ESF and the EAF increased by 8.4%, reaching €44,810 million (€3,482 million more than in 2024). Contributions and dues were the main driver of this growth, accounting for 6 percentage points of the year-on-year change, with an increase of 8.9% (+€2,464 million). Also worth noting is the growth in revenue from transfers from the State Budget (OE) to comply with the Basic Social Security Law (LBSS) (+€822 million), i.e. to finance non-contributory expenditure, with these transfers contributing 2 percentage points to the change in actual revenue. (Chart 1, right-hand panel). In 2025, transfers associated with the RRP channelled to Social Security amounted to €207 million, representing an increase compared to the €154 million recorded in the previous year – reflecting the gradual completion of the measures financed by this instrument within the system, in a programme whose implementation extends until 2026. Excluding the effect of the RRP, actual revenue would stand at €44,603 million.

The 8.9% growth in revenue from contributions and dues exceeded the 6.4% increase underlying the OSS/2025 – repeating the pattern of underestimation of this item in the fiscal planning process. In 2025, social contributions accounted for 67.3% of actual revenue, slightly increasing their relative share compared with the previous year. The continued robust growth in this revenue reflected the combined effects of labour market developments and changes in wage policy, reflecting a 6.1% increase in average earnings per worker and a 2.1% rise in the employed population, as well as a 2.3% increase in the number of contributors. More than half of this growth was attributable to foreign nationals. Contribution revenue also benefited from an average 1.4% growth in public sector employment (10,781 people in net terms), as new workers have been registered with Social Security since 2006.

At the same time, there was a significant improvement in the enforced collection of Social Security debts, which amounted to €945 million in 2025, an increase of €152 million (+19.2%) compared to 2024.

Chart 1 – Evolution of Social Security revenue excluding the ESF and FEAD



Source: IGFSS. CFP calculations. | Notes: Trf. OE – State Budget Transfer; LBSS – Basic Social Security Law; CPN – National Public Counterpart; RSB – Substitute Banking Scheme. Tax revenue comprises: (i) State Budget transfer relating to social VAT; (ii) revenue from social gaming; (iii) revenue from the special tax on online gaming; (iv) State Budget transfer relating to the CIT surcharge; and (v) State Budget transfer relating to the property tax surcharge. Other transfers include transfers from other entities and transfers from abroad. The "OSS/25" forecast corresponds to the underlying annual change in the 2025 State Budget compared to the actual figures for 2024.

Current transfers (excluding the ESF and FEAD) grew by 7.9%, deviating from the forecast in the 2025 State Budget (6.2%). This increase of €829 million is explained by the transfer from the State Budget to comply with the Basic Social Security Law (LBSS), amounting to €9,442 million, intended to finance the non-contributory component of the system, the component with the greatest weight in total State Budget transfers, which grew by 9.5%. In 2025, current transfers accounted for 25.2% of the system's actual revenue.[2]

In 2025, tax revenue allocated to Social Security recorded a slight decrease compared with the previous year, totalling €1,908 million (€6 million or 0.3% less than in 2024). This trend resulted from a combination of opposing movements: on the one hand, a reduction in revenue from the CIT allocation, which stood at €376 million (€73 million less than the previous year); and, on the other, an increase in revenue from social VAT (+€58 million), which funds benefits under the family protection subsystem. The IMI surcharge and revenue from social and online gaming[3] remained relatively stable (+€6 million and +€3 million, respectively). Tax revenue fell short of the budget by €120

[2] It should also be noted that in 2025, although there is still a slight impact from the measures adopted in previous years in the context of COVID (€1.6 million), their corresponding effect on the revenue side was nil. Measures related to the geopolitical shock had a greater impact (€287 million), including extraordinary rent support (€281.9 million), financed by tax revenue through the IHRU to the tune of €285.6 million.

[3] This revenue results from a transfer made by Santa Casa da Misericórdia de Lisboa and Turismo de Portugal, respectively.

million, with the shortfall concentrated in lower CIT receipts and social gaming revenue (Table 1). Transfers relating to the IMI and CIT surcharges[4] are intended to diversify the sources of Social Security funding and are allocated to the Social Security Financial Stabilisation Fund (FEFSS). Finally, reference is made to the solidarity surcharge on the banking sector, the revenue from which reached €4 million, €31 million less than in 2024, as a result of the Constitutional Court's declaration of unconstitutionality of this contribution.[5]

As for the amounts actually assessed, in 2025 the Tax and Customs Authority (AT) settled gross amounts of €375.6 million relating to the allocation of CIT and €159.6 million relating to the IMI surcharge. Transfers to the FEFSS are made after deduction of collection costs and the forecast deductions from the IMI surcharge and CIT assessments, which may explain the difference between the gross amounts assessed by the AT and the net amounts actually channelled into the fund. In the case of CIT allocations, transfers were in line with the AT's figures; however, for the IMI surcharge, there was a discrepancy of €5.5 million between the calculated amount and the amount actually transferred. Compared to the budget, the most significant shortfall was in CIT (€97 million below the figure set out in the 2025 State Budget), which may reflect both the dynamics of corporate profits and any effects of changes to the CIT base.

1.1.1 Trends in social security contributions between 2015 and 2025: key determinants and the role of immigration in financing the social security system

Social Security contributions and levies have shown strong growth in recent years, outpacing the growth of their macroeconomic drivers – wages and employment. This trend can be explained by three main factors: labour market dynamics, changes in wage policy – notably the successive increases in the Guaranteed Minimum Monthly Wage (GMMW) – and, increasingly, the contribution of the foreign population.

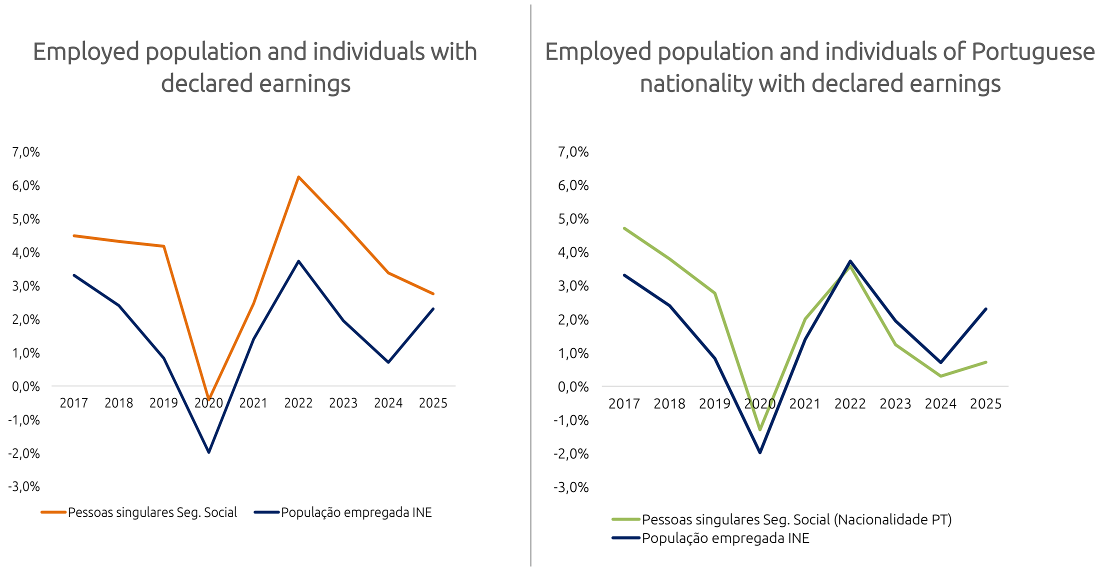
In 2024, Portugal exceeded one million taxpayers of foreign nationality, with a further increase recorded in 2025. In that year, the number of taxpayers of foreign nationality reached 1,115,541, an increase from the 1,048,174 recorded in 2024, and representing 19.7% of the total number of individuals paying tax.

Chart 2 compares the evolution of the employed population with that of individuals with declared earnings, distinguishing the total from the Portuguese nationality component. The growth in the number of individuals with declared earnings has consistently outpaced that of the employed population (left-hand panel), and this difference disappears when the comparison is restricted to taxpayers of Portuguese nationality (right-hand panel).

[4] Allocation to the Social Security Financial Stabilisation Fund (FEFSS) of 2 percentage points of the rates provided for in the CIT Code.

[5] For further information on the declaration of unconstitutionality, see Judgment No. 478/2025.

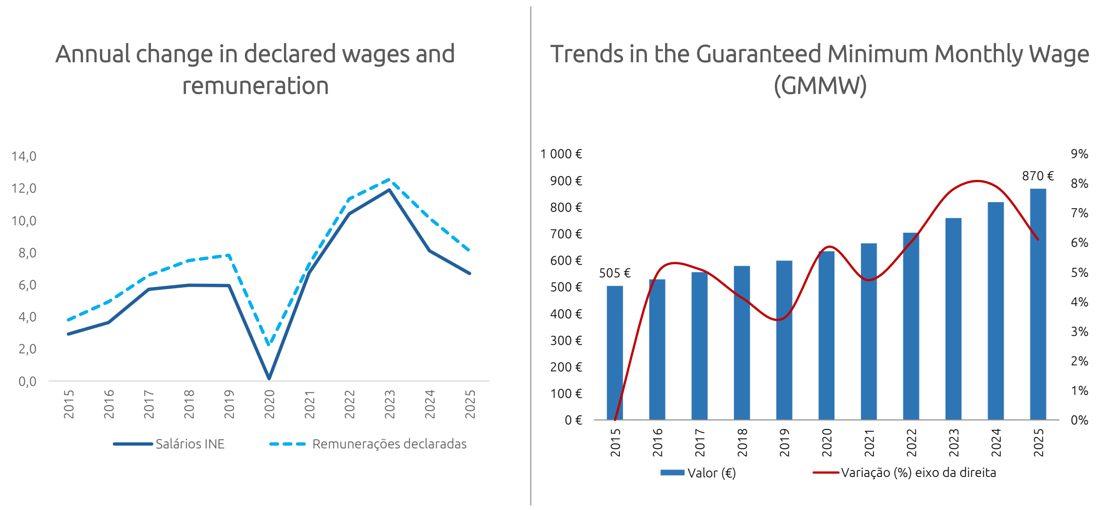
Chart 2 – Annual change in the employed population and individuals with declared earnings (%)



Source: Social Security Statistics and INE. CFP calculations.

The rise in wages has also underpinned the growth in contributions. Wages per worker rose by 4.8% in 2025, reflecting: (i) the effect of economic growth (1.9% in 2025); (ii) the unemployment rate remaining at historically low levels (6%, 0.4 percentage points lower than in 2024); (iii) the lagged impact of inflation on wage negotiations; and (v) the increase in the Guaranteed Minimum Monthly Wage (GMMW) by €50, from €820 to €870, with effect from January 2025. This last factor has a particularly significant impact on the contribution base, given that the foreign workforce is concentrated in the lower wage brackets. Between 2015 and 2025, average wages recorded a cumulative increase of 87.4%, whilst the RMMG grew by 72.3% (Chart 3). For the same period, this trend compares with an average productivity growth of 0.5%.

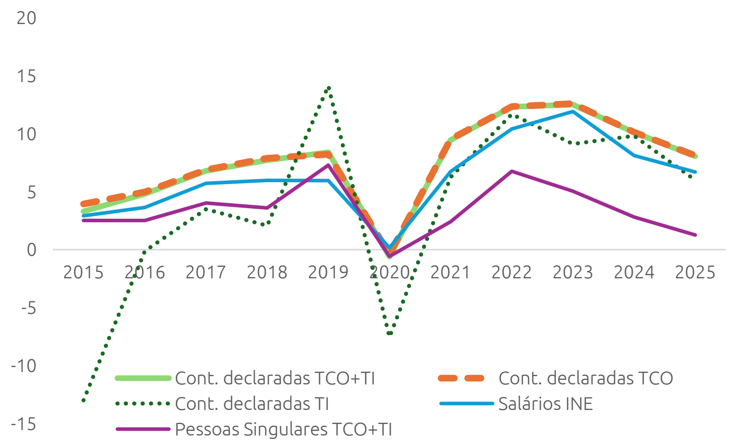
Chart 1 – Wage and remuneration trends (%)



Source: Social Security Statistics and INE. CFP calculations.

Social Security data show that social contributions from employees (TCO) are growing systematically faster than wages, which, in turn, are growing faster than the change in the number of individuals (Chart 4). Between 2015 and 2025, contributions from TCOs increased by 115.2%, rising from €13.7 billion to €29.5 billion. Over the same period, contributions from self-employed workers (TI), although of a smaller absolute value, also showed a positive trend, rising from €453 million to €759 million, an increase of 67.7%, which was particularly marked from 2019 onwards following the reform of the self-employed contribution scheme.

Chart 4 – Change in the value of contributions declared by employers (%)

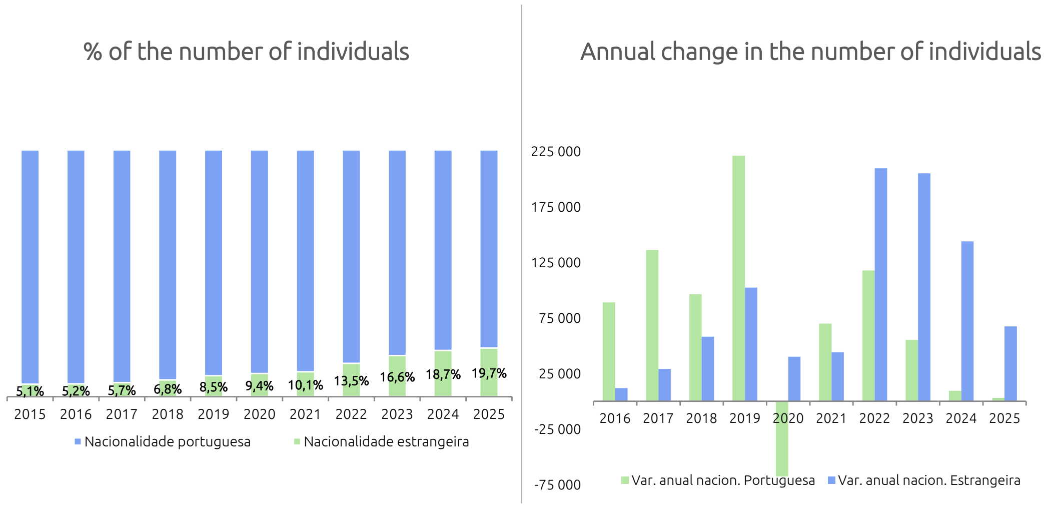


Source: Social Security Statistics. CFP calculations.

Contribution from the foreign population

A breakdown of the annual change in the number of taxpayers reveals a structural shift in the Portuguese labour market. Since 2022, the net increase in the number of taxpayers has been largely driven by the foreign population. In 2024, whilst the number of taxpayers of Portuguese nationality grew by 9,314 (+0.2%), those of foreign nationality added 143,817 new taxpayers (+15.9%). In 2025, the growth gap widened, with taxpayers of Portuguese nationality increasing by just 3,054 (+0.1%), compared to 67,367 (+6.4%) for those of foreign nationality. The proportion of foreign taxpayers has almost quadrupled over the last decade, rising from 5.1% in 2015 to 19.7% in 2025. The data show that, without the influx of foreign workers, the total number of active Social Security contributors would have practically stabilised in 2024 and 2025 (Chart 5).

Chart 2 – Breakdown of registered individuals of Portuguese and foreign nationality with earnings declared to Social Security (%)



Source: Social Security Statistics. CFP calculations.

The positive balance between contributions and social benefits for foreign workers has been widening over time. Between 2015 and 2025, contributions from foreign nationals have risen significantly, from €481 million to €4,149 million (an increase of 763.1%), whilst social benefits received under the contributory scheme grew less, rising from €77 million to €430 million (460.3%). The accumulated net balance ([6]) between 2015 and 2025 totals €16.3 billion (right-hand panel of the**Erro! A origem da referência não foi encontrada.**). TheTable 6 , attached, breaks down the social benefits received by the foreign-national population, by scheme and type of benefit, between 2015 and 2025. In the upper part of the table, we find a breakdown of contributory benefits received by foreign workers. The foreign population has a structurally more favourable ratio of benefits to contributions than that observed for the total population, reflecting its younger age profile and the fact that it is still in the early stages of its contributory careers.

On the other hand, at the bottom of the sameTable 6 , there is also a breakdown of non-contributory benefits, i.e. those awarded to foreign beneficiaries in financial need who do not have sufficient 'contributions' to access the protection guaranteed under the social security (or contributory) system. In this case, the figure rose from €55 million in 2015 to €392 million in 2025 (an increase of 613%).

[6] The net balance reflects the difference between the contributions declared by employers in respect of the foreign-national population and the social benefits under the contributory scheme received by the foreign-national population.

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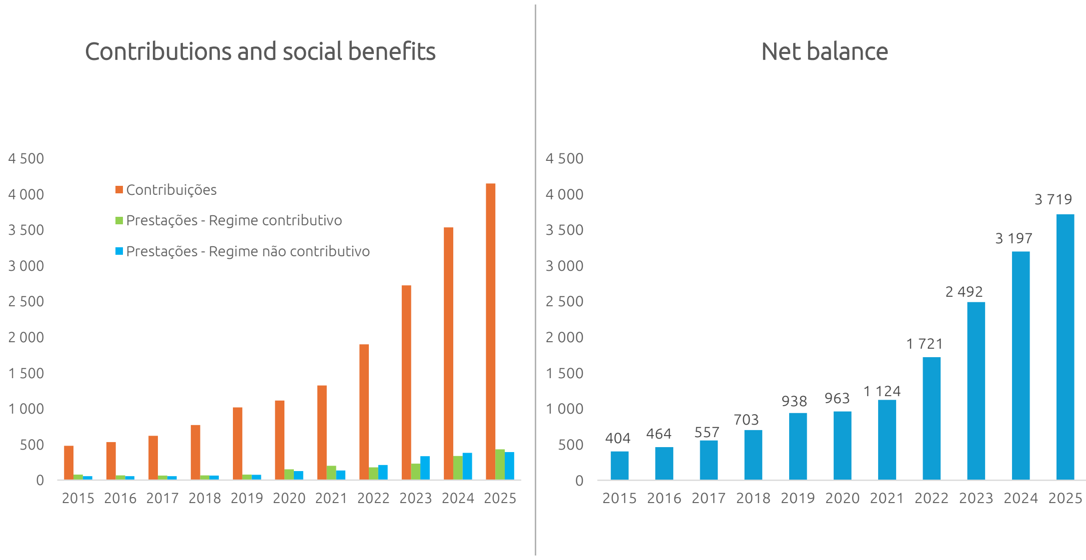
Chart 6 – Trend in the value of contributions declared by employers and social benefits for the foreign-born population (€m)



Source: Social Security Statistics. CFP calculations. Note: The net balance reflects the difference between the contributions declared by employers relating to the foreign-born population and the social benefits from the contributory scheme received by the foreign-born population.

The diversity of migration origins is striking. The Brazilian community constitutes the largest group, followed by the group of countries known as South-East Asia (Bangladesh, India, Nepal, Pakistan and Thailand) and the Portuguese-speaking African countries (PALOP). Of particular note is the sharp increase in contributors from Brazil and Southeast Asia between 2016 and 2025 (**Erro! A origem da referência não foi encontrada.**).[7]

Contributions from workers of Brazilian origin rose from €89.8 million in 2015 to €1,477.5 million in 2025. Their share of total contributions from foreign nationals rose from 18.7% to 35.6%, and their share of the overall total rose from 0.6% to 4.9%, over the same period.

[7] It should also be noted, albeit on a smaller scale in absolute terms, that the number of individuals of US nationality with earnings declared to Social Security has shown a trend of continuous growth in the period between 2015 and 2025, reflecting an average growth of 17.6%.

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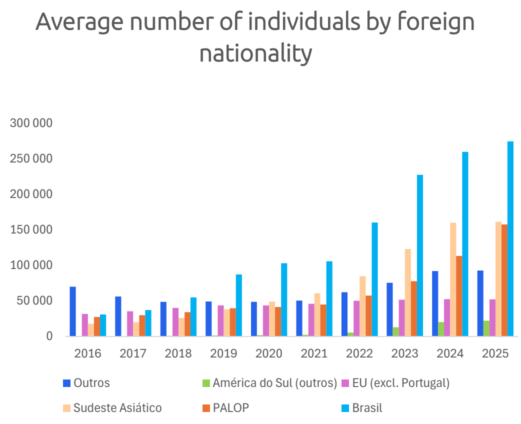
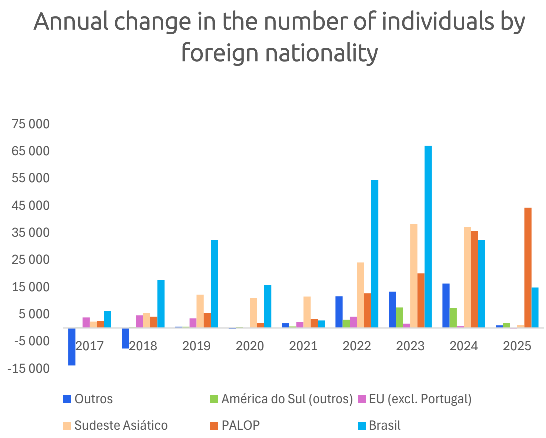
Chart 7 – Trend in the number of individuals with declared earnings by foreign nationality
(number of individuals)





Source: Social Security Statistics. CFP calculations. Note: The group designated as South America (others) comprises the following countries: Argentina, Bolivia, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname and Uruguay. The group designated as Southeast Asia comprises the following countries: Bangladesh, India, Nepal, Pakistan and Thailand. The group designated as PALOP comprises the following countries: Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe.

Data from Social Security Statistics suggest that the foreign population is currently a key determinant of the current financing of the Social Security System. The positive net contribution has been growing steadily up to 2025. However, its long-term sustainability will depend on Portugal's ability to ensure the effective integration of these workers. It is important, however, to note two caveats: on the one hand, as foreign workers accumulate years of contributory service, deferred benefits, namely old-age and survivors' pensions, will tend to increase, and the currently favourable balance may narrow in the coming decades.

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Table 1 – Social Security fiscal execution in 2025

AGREGADOS E COMPONENTES ORÇAMENTAIS	PREVISÃO	EXECUÇÃO			
	Milhões de Euros	Milhões de Euros		Var. homóloga (%)	
	OSS25	CSS/24	CSS/25	CSS/25	Ctvh (p.p.)
Receita efetiva (excl. FSE e FEAC)	43 573	41 329	44 810	8,4	8,4
Receita Corrente - da qual:	43 566	41 327	44 809	8,4	8,4
Contribuições e quotizações	29 461	27 688	30 152	8,9	6,0
Receita fiscal	2 028	1 915	1 908	-0,3	0,0
IVA social	1 143	1 085	1 143	5,3	0,1
Receitas de jogos sociais	232	205	216	5,8	0,0
Receita Imposto Especial Jogo "On Line"	25	28	20	-30,2	0,0
Adicional ao IMI	156	148	154	4,2	0,0
Adicional ao IRC	473	449	376	-16,3	-0,2
Transferências correntes - das quais:	11 116	10 471	11 300	7,9	2,0
Transferências do OE - das quais:	9 761	9 199	9 956	8,2	1,8
Transf. do OE para cumprimento da LBSS	9 214	8 620	9 442	9,5	2,0
Transf. do OE relativo ao Adicional à Contrib. Setor Bancário	41	34	4	-88,8	-0,1
Transf. do OE - CPN	107	110	106	-3,7	0,0
Transf. do OE - RSB	371	382	369	-3,5	0,0
Transferências da CGA - pensões unificadas	225	207	222	7,4	0,0
Transferência de outras entidades	553	922	922	0,0	0,0
Outras transferências correntes	577	143	200	39,9	0,1
Outra receita corrente	962	1 253	1 448	15,6	0,5
Receita de capital	7	2	1	-29,0	0,0
Despesa efetiva (excl. FSE e FEAC)	38 030	35 734	38 153	6,8	6,8
Despesa Corrente - da qual:	37 867	35 661	38 056	6,7	6,7
Prestações Sociais	31 764	30 622	32 434	5,9	5,1
Pensões - das quais:	24 330	23 573	24 864	5,5	3,6
Sobrevivência	3 250	3 121	3 284	5,2	0,5
Invalidez	1 340	1 290	1 369	6,2	0,2
Velhice	18 271	17 375	18 426	6,1	2,9
Benefícios dos Antigos Combatentes	52	50	52	2,6	0,0
Pensão velhice do Regime Substitutivo Bancário	371	382	368	-3,5	0,0
Parcela de atualização extraordinária de pensões	1 033	986	1 001	1,5	0,0
Suplemento extraordinário de pensão	0	360	354	-1,7	0,0
Complemento Solidário para Idosos	407	399	535	34,3	0,4
Abono de Família	1 403	1 359	1 397	2,8	0,1
Subs. e complemento por doença	986	920	1 001	8,7	0,2
Subs. desemp., social de desemp. e apoio ao emprego	1 605	1 591	1 688	6,1	0,3
Prestação Social para a Inclusão e complemento	788	712	803	12,8	0,3
Prestações de parentalidade	957	891	1 009	13,3	0,3
Rendimento Social de Inserção	374	358	342	-4,5	0,0
Medidas Excecionais e temporárias (COVID)	15	3	2	-54,5	0,0
Outras prestações	900	815	793	-2,8	-0,1
Ação Social	3 697	2 954	3 358	13,7	1,1
Subsídios de Formação Profissional	107	41	96	133,5	0,2
Transferências para a CGA - pensões unificadas	655	635	661	4,1	0,1
Outras despesas correntes	1 644	1 410	1 508	7,0	0,3
Despesa de Capital	165	74	97	30,6	0,1
Saldo global (excl. FSE e FEAC)	5 543	5 595	6 657		
Saldo global (excl. FSE, FEAC e PRR)	5 065	5 591	6 672		
Por memória:					
Receita Efetiva - da qual:	45 046	42 192	46 110	9,3	9,5
Trf. FSE e FEAC	1 473	863	1 300	50,5	1,1
PRR	575	154	207	34,4	0,1
Despesa Efetiva - da qual:	39 387	36 656	39 387	7,4	7,6
Trf. FSE e FEAC	1 355	921	1 233	34,0	0,9
PRR	100	151	222	47,1	0,2
Saldo Global	5 659	5 536	6 723		

Source: EO and IGFSS. CFP calculations. Notes: Ctvh – contribution to the year-on-year rate of change; and OSS/2025 – Law No. 45-A/2024 of 31 December. Totals may not necessarily correspond to the sum of the components due to rounding.

1.2 Expenditure trends

Effective social security expenditure**, excluding the effects of the ESF and the FEAD, rose by €2,419 million (+6.8%) in 2025**, coming in €123 million above the forecast set out in the initial OSS/2025. The year-on-year increase was largely due to higher expenditure on pensions and social welfare, components which together account for 70% of the change in the aggregate. Excluding the impact of expenditure associated with the RRP (€222 million), actual expenditure would have been €37,931 million. In 2025, support measures for families, businesses and institutions in the social and solidarity sector remained in place, initially adopted to mitigate the effects of the geopolitical shock, with expenditure amounting to €287 million (see details on the webTable 5 , attached).

The growth in actual expenditure in 2025 primarily reflects the following developments, with a particular focus on social benefits:

- **Pensions (+€1,291 million; +5.5%)**[8] – reflecting increases in all types of pension, such as old-age pensions (€1,051 million; +6.1%), survivors' pensions (€163 million; +5.2%), disability pensions (€79 million; +6.2%), as well as the extraordinary pension adjustment (€15 million; +1.5%).

  The trend in pension expenditure was influenced by the regular indexation of pensions, carried out in accordance with Ministerial Order No. 372-B/2024/1 of 31 December. Accordingly, for the year 2025, statutory and regulatory disability and old-age pensions under the General Social Security Scheme, as well as retirement, old-age and disability pensions under the Convergent Social Protection Scheme, were adjusted in accordance with the following percentages: (i) pensions up to €1,045 were increased by 3.85%; (ii) for pensions above €1,045 and below €1,567.50, the adjustment was 3.35%; (iii) for pensions exceeding €1,567.50 and below €3,135, the adjustment rate was 2.1%; and (iv) for pensions exceeding €3,135, a rate of 1.85% was applied. Finally, it should be noted that pensions exceeding €6,270 were not adjusted. In addition, there is the permanent extraordinary increase and the extraordinary pension supplement, resulting from discretionary decisions, not arising from the normal adjustment rules defined for the social security system. Specifically, there is a permanent extraordinary increase of +1.25 percentage points for pensions up to €1,567.50 (3 IAS). And, in parallel, the extraordinary pension supplement, paid in September, constituting a one-off benefit regulated by Decree-Law No. 86-A/2025 of 18 July, the total value of which amounted to €354 million. This[9] supplement was granted to disability, old-age and survivors' pensioners in the social security system, to retirement, old-age and survivors'

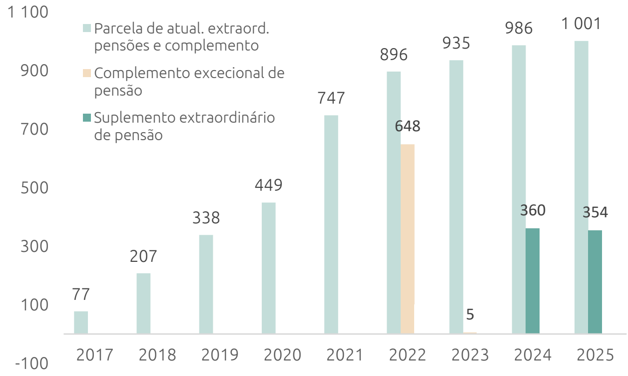
[8] The pension expenditure item includes old-age, disability and survivors' pensions, veterans' benefits, dependency supplements, the extraordinary pension adjustment component, pensions from the Bank Substitute Scheme and the BPN substitute scheme, pension supplements from CARRIS, STCP and INE, as well as the exceptional pension supplement. With regard to the Banking Substitute Scheme, Social Security acts as an intermediary, processing the expenditure which only becomes effective upon receipt of the corresponding transfer from the State Budget.

[9] The amount of the supplement was determined on the basis of the total monthly amount of pensions received by the pensioner: (i) €200 for pensioners with pensions of €522.50 or less; (ii) €150 for pensioners with pensions of more than €522.50 and equal to or less than €1,045; and (iii) €100 for pensioners with pensions of more than €1,045 and equal to or less than €1,567.50.

pensioners under the convergent social protection scheme, and to pensioners in the banking sector, whose total monthly pension amount (and respective extraordinary adjustment amounts) was equal to or less than three times the value of the IAS,[10] with the aim of offsetting the cumulative impact of the cost of living and the low level of pensions.

Expenditure on extraordinary pension and supplement adjustments[11] has been rising, reaching €1,001 million in 2025, compared with €77 million in the year of their first allocation in 2017. In detail, the extraordinary pension component stood at €916.7 million (+0.1% compared to 2024), whilst the extraordinary pension supplement amounted to €84.2 million (+19.4% compared to 2024). For the second consecutive year, the Government opted to grant an extraordinary pension supplement. In 2025, the total amount paid in extraordinary adjustments amounted to €1,355 million (Chart 8).

Chart 3 – Extraordinary increases in pensions and supplements (in €m)



Source: IGFSS. CFP calculations.

The behaviour of pension expenditure is determined by a combination of price and volume effects. In 2025, the following factors contributed to its evolution: (i) the regular indexation of pensions; (ii) the increase in the number of pensions and the composition effect; and (iii) to a lesser extent, the extraordinary pension supplement. Pension expenditure grew by 5.5% (12.4% in 2024), with the average pension value increasing by 5.4% in 2025, rising from €533.4 to €561.1.[12] With regard to the volume effect, the total number of pensions recorded an average increase of 0.8%, reflecting the average increase

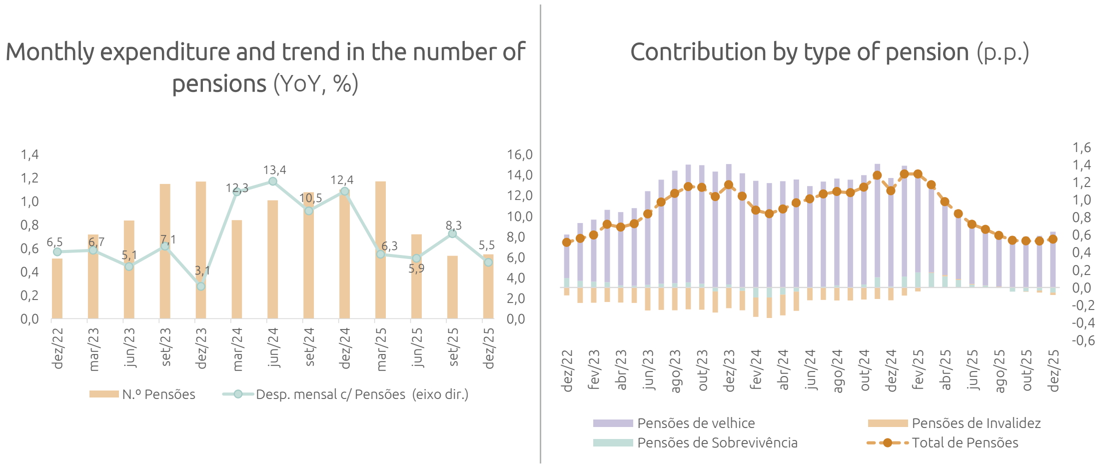
[10] The IAS (Social Support Index) stood at €522.50 in 2025, updated by Ministerial Order No. 6-B/2025/1 of 6 January.

[11] The supplement included under "Extraordinary adjustment and supplement" refers to the Extraordinary Supplement for minimum pensions, applicable to pensioners receiving new minimum pensions with a start date from 1 January 2019, as a means of aligning the amounts of these pensions with the extraordinary adjustments that took place in 2017 and 2018. This is a specific supplement, separate from other pensions, which is now also subject to annual adjustment in accordance with the rule, which for 2025 is set out in Article 2(3) of Ministerial Order No. 372-B/2024/1 of 31 December. We recommend consulting "The pension adjustment model in Portugal: the exception that proves the rule".

[12] The average old-age pension increased by 5.1%, from €615.2 to €646.7. Disability and survivor's pensions increased by 4.3% (from €483.1 to €503.6) and 5.3% (from €315.2 to €331.8), respectively.

in the number of old-age pensions (+1.1%) and survivors' pensions (+0.2%), given that the average number of disability pensions decreased by 0.2%. Old-age pensions remain the dominant component (69.9% of the total), followed by survivors' pensions (24.7%) and disability pensions (5.5%). It should also be noted that the standard retirement age rose by three months compared to 2024, to 66 years and 7 months ([13]), which is likely to have contributed to the slight slowdown in the average number of pensions (Chart 4).

Chart 4 – Cumulative year-on-year change in pension expenditure



Source: IGFSS and Social Security. CFP calculations. | Note: YoY – year-on-year rate of change.

- **Social Action (+€404 million; +13.7%)** – this stems from the update of the Commitment and Cooperation Agreements with the social and solidarity sector for the 2025–2026 period, as set out in the Memorandum of Understanding with the Ministry of Labour, Social Security and Solidarity (MTSSS), signed on 6 September 2023, including the expansion of the network of crèches;[14](,)[15]

- **Solidarity Supplement for the Elderly (+€136.8 million; +34.3%)** – reflects the combined effects of price and volume. On the price side, the reference value was updated by 4.99% from January 2025[16] (in 2024, the 9.1% update applied only from June), as part of the objective of gradual convergence towards a monthly value of €820. This update contributed to the increase in the average amount paid per beneficiary (+34.7%). In terms of volume, the change in the means test, with the exclusion of children's income, broadened the pool of beneficiaries, resulting in a 39.7% increase in the average number of beneficiaries. The total amount of the CSI of €535.4 million can be broken down into current transfers to households, amounting to €509.2 million, and

[13] Regulated by Ministerial Order No. 414/2023 of 7 December.

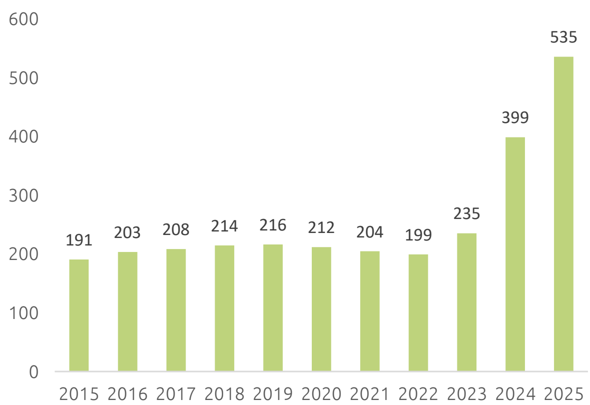
[14] The expansion of the solidarity network of nurseries was established by Ministerial Order No. 190-A/2023 of 5 July. The extension of free access to licensed nurseries in the private for-profit sector is regulated by Ministerial Order No. 305/2022 of 22 December.

[15] The Social Action heading includes the sum of €152 million relating to social responses under the RRP, compared with €106 million in 2024.

[16] The aforementioned changes are set out in Ordinance No. 311/2024/1 of 3 December.

Additional Health Benefits (BAS), which reached €26.2 million, of which €25.7 million corresponds to the 100% state-funded portion of the cost of medicines not covered by the state.

Chart 10 – Evolution of the Solidarity Supplement for the Elderly (in € million)



Source: IGFSS. CFP calculations.

- **Parental benefits (+€118.6 million; +13.3%)** – as a result of the increase in the average benefit, notably the rises in the initial parental allowance (+9.0%), the allowance for clinical risk during pregnancy (+9.3%) and the allowance for caring for a child due to illness or accident (+4.7%);

- **Unemployment benefits (+€97 million; +6.1%)** – justified by the increase in the average number of beneficiaries receiving benefits (+2.7%) and the rise in the average amount per beneficiary (+6.8%), in line with growth in wages and the IAS. Conversely, there were (i) reductions in expenditure on wage compensation for temporary suspension of contracts (traditional *layoffs*) of €10.9 million, with a 28.3% decrease in the number of beneficiaries; (ii) social allowance and unemployment supplement, which fell by €7.5 million, reflecting the reduction in the number of beneficiaries; and (iii) expenditure on wage guarantees (-€3.8 million);[17]

- **Social Inclusion Benefit and supplement (+€91.1 million; +12.8%)** – reflects the increase in the number of beneficiaries (+9.5%) and the update of the reference value of the basic component (+2.8%), pursuant to Ministerial Order No. 113/2025/1 of 14 March;

- **Sickness benefits and supplements (+€81 million; +8.7%)** – resulting from an 8.7% increase in the average benefit; and

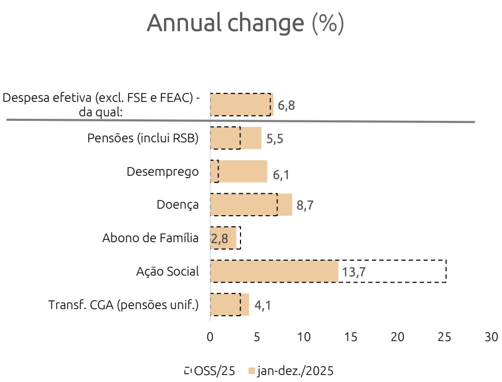
[17] The wage guarantee covers the payment of debts owed to employees by employers facing insolvency or financial difficulties.

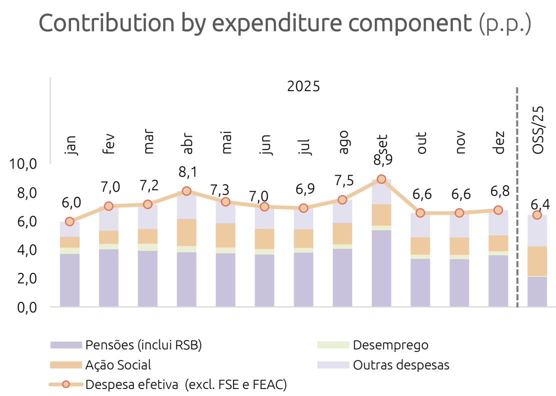
- **Child benefit (+€38 million; +2.8%)** – reflects the 2.1% increase in the amounts allocated across all income brackets and their respective increases,[18] together with the growth in the number of beneficiaries (+2.4%);

Conversely, there was a €16 million (-4.5%) decrease in expenditure on social integration benefits, reflecting the reduction in the number of beneficiaries (-4.9%).

In 2025, social benefits accounted for 85% of total actual expenditure, with pension expenditure being the largest share, corresponding to 65.2% of that total.

Chart 11 – Evolution of Social Security expenditure





Source: IGFSS. CFP calculations. | Notes: RSB – Substitute Scheme for Bank Employees. The "OSS/25" forecast corresponds to the underlying annual change in the 2025 State Budget compared to the actual figures for 2024.

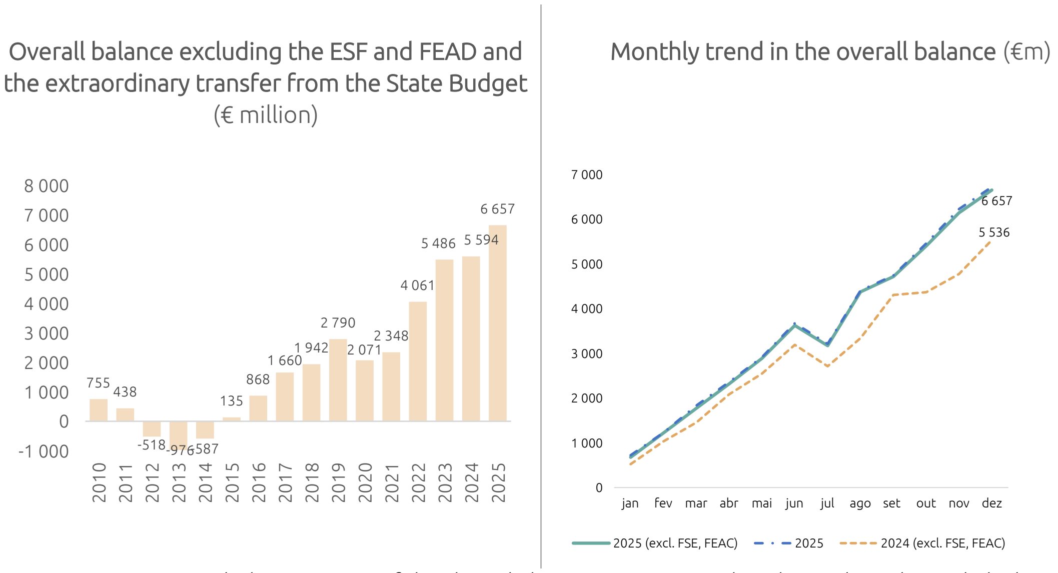
[18] Pursuant to Ordinance No. 112/2025/1 of 14 March.

1.3 Fiscal balance

In 2025, Social Security recorded its highest surplus, reaching €6,657 million, excluding operations relating to the ESF and the FEAD. This result represents an improvement of €1,062 million compared to 2024 (Chart 12). This result stems from the fact that the growth in actual revenue (+€3,481 million) exceeded the increase in expenditure (+€2,419 million). Compared with the OSS/2025 forecast, the fiscal surplus exceeded the forecast by €1,114 million, explained essentially by revenue collection being €1,237 million above budget, driven mainly by the performance of contribution-based revenue, whilst expenditure exceeded the initially forecast amount by only €123 million.

Compliance is thus ensured with the provisions of Article 27(2) of the Fiscal Framework Law (LEO), which stipulates that “The social security sub-sector must present a zero or positive overall balance, unless the economic situation during the period to which the budget refers justifiably prevents this”.[19] Finally, it should be noted that, excluding the effect of the RRP, which has a greater impact on expenditure (€222 million) than on revenue (€207 million), the balance would be even more favourable, standing at €6,672 million.

Chart 12 – Cumulative trend in the Social Security fiscal balance (in € million)



Source: IGFSS. CFP calculations. Note: Left-hand panel: the years 2012 to 2017 have been adjusted to exclude the effects of extraordinary transfers from the State Budget to finance the Social Security system’s deficit, which began during the Economic and Financial Adjustment Programme; and Right-hand panel: the month of July is influenced by the effects of holiday allowances paid to pensioners (effect on expenditure), as well as the impact on contributions relating to the payment of holiday pay (effect on revenue), which is payable between the 10th and the 20th of the month following that to which the remuneration relates, except in the case of specific schemes, such as that for bank employees. This payment explains the deterioration in the balance compared with the previous month, a pattern regularly observed in the July fiscal execution data each year.

The Social Security fiscal position in 2025 continued to reflect the impact of measures adopted in previous years in the context of the geopolitical shock, amounting to €287

[19] The overall balance for the purposes of the LEO includes transfers to the ESF and FEAC, which may distort the objective of the rule if these funds are not spent in the year in which the revenue is received.

million, as detailed in the attached Table 5 . With regard to its financing, a transfer of €285.6 million was made to fund the most significant measure, the extraordinary rent support amounting to €281.9 million.

1.4 Implementation by system and subsystem

The Basic Social Security Law (Law No. 4/2007 of 16 January, amended by Law No. 83-A/2013 of 30 December) establishes the two social protection systems provided by the public component of Social Security, setting out the forms of social protection provided by it and their method of financing.

The Citizenship Social Protection System encompasses universal, non-contributory social protection, providing social benefits that reduce citizens' exposure to the risk of poverty and social and professional exclusion, and is divided into three subsystems: (i) Solidarity subsystem; (ii) Family protection subsystem; and (iii) Social action subsystem.

The Social Security System, which is contributory in nature, provides protection through benefits designed to replace lost employment income when legally defined contingencies occur, and therefore depends on the existence of a prior contributory relationship. In addition, the Special Schemes System was established in 2012 within the OSS, covering pensions whose liabilities, previously covered by pension funds in the banking sector and others, were transferred to the Social Security sphere.

Fiscal execution by system makes it possible to distinguish the evolution of expenditure on contributory benefits from non-contributory expenditure. Expenditure under the Social Protection System for Citizens is non-contributory in nature and is therefore a responsibility of the State, which is why it is mainly financed by transfers from the State Budget, as is the case in other areas of public policy. Conversely, expenditure under the Social Insurance System is contributory in nature, with revenue from contributions and premiums constituting its main source of funding. The State's responsibilities under the Social Protection System for Citizenship cover risks not covered by the Social Insurance System, notably the risk of poverty.

One of the financial principles enshrined since 2000 in successive Social Security Framework Laws is the principle of selective adequacy, which aims to ensure a clear demarcation of financial responsibilities in relation to each component of the Social Security System and, in particular, to prevent a situation that characterised the system in its early decades following 25 April 1974, in which employers' contributions and workers' contributions were used to finance non-contributory benefits that had been created in the meantime.

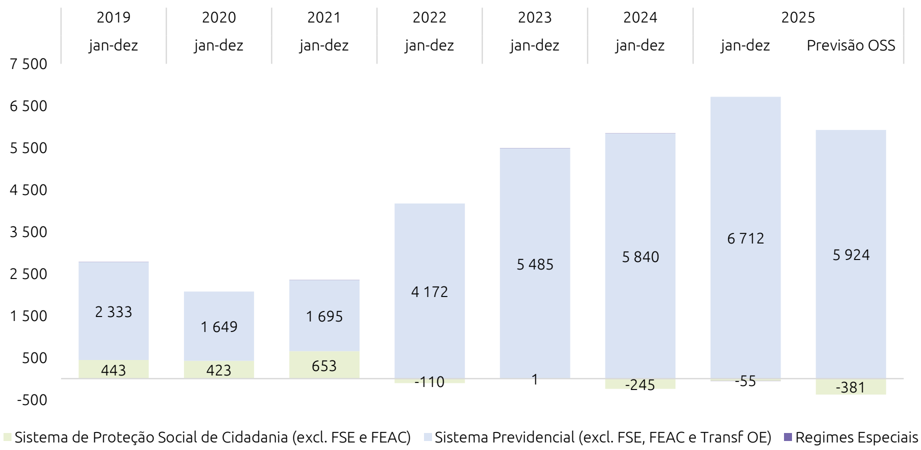
The Social Security fiscal surplus in 2025 is based entirely on the contribution of the Pension System which , excluding the impact of EU funds,[20] recorded a surplus of €6,712 million (Chart 13). The Social Protection System for Citizens[21] recorded a deficit

[20] The figure is obtained by the difference between the ESF and FEAC transfers received (-) and expenditure on vocational training and current subsidies supported by the ESF and current subsidies supported by the FEAC (+), as perTable 2 .

[21]The Social Protection System is mainly financed by current transfers from the State Budget, unlike the Social Security System. Consequently, any deficits in this System and, consequently, in the subsystems that constitute it, result from an underestimation of expenditure legally borne by the State Budget or from the consolidation of balances.

of €55 million , resulting from insufficient transfers from the State Budget and tax revenues earmarked under the Basic Law on Social Security in relation to actual expenditure.

Chart 5 – Fiscal balance by system excluding the ESF and the FEAD (in € million)



Source: IGFSS. CFP calculations.

The Social Security System's surplus exceeded the forecast in the 2025 State Budget by €788 million and improved by €872 million compared to 2024. Both subsystems comprising the Social Security System contributed to the surplus – Pay-as-you-go (€5,468 million) and Capitalisation (€1,243 million). In the Pay-as-you-go Social Security System, the surplus was driven by a significant increase in social contributions (+€2,464 million), the exclusive allocation of which to this system makes them the central pillar of the contributory system's self-financing and sustainability. Maintaining this surplus position is particularly important, as the annual surpluses generated by the Social Security System constitute the main source of funding for the FEFSS.

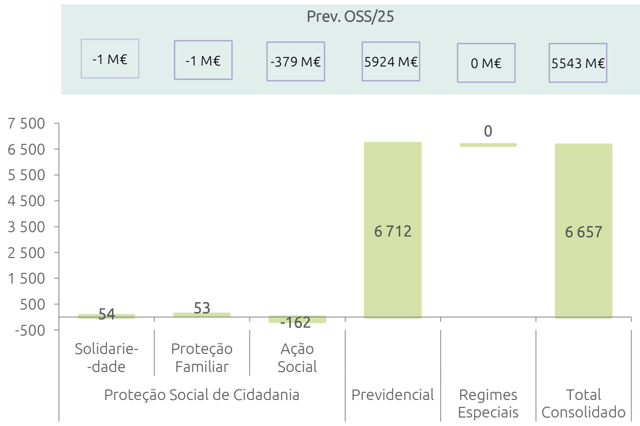
The deficit recorded in the Social Protection System reflects developments in the Social Action subsystem. The main source of funding for this system is current transfers from the Central Government. Analysing the subsystems:

- The Social Action Subsystem, excluding the ESF and FEAC, recorded a deficit of €162 million, which is still lower than the €379 million forecast in the 2025 State Budget. This result, compared to the budgeted figure, is explained mainly by lower spending on certain current expenditure items, namely expenditure on social responses under the RRP, expenditure financed by 'social games' within the scope of social action, and operational programmes supported by national public funding.

- Conversely, the Solidarity Subsystem ended 2025 with a surplus of €54 million. This result is explained by the positive impact of the difference between the transfer made by the Ministry of Finance relating to the extraordinary pension supplement (€393 million) and the total amount of this expenditure (€354 million), as well as by transfers between subsystems, in particular from the Family Protection and Social Action subsystems.

- The Family Protection Subsystem recorded a surplus of €53 million, reflecting a higher volume of current transfers than forecast in the 2025 State Budget (+€39.9 million), as well as lower current expenditure than forecast in this fiscal planning document (-€14.1 million) (Table 2). Transfers from the State Budget to this subsystem account for almost all of its revenue, notably the allocated tax revenue – Social VAT – and various current transfers from the Central Government, which are used to pay social benefits such as child allowance, disability benefits and care allowances.

Chart 6 – Contribution of subsystems to the fiscal balance excluding the ESF and the FEAD (in €m)



Source: IGFSS. CFP calculations. | Note: The balances shown exclude revenue from the ESF and FEAD that does not finance the system's own expenditure, nor transfers supported by it. The totals may not necessarily correspond to the sum of the individual figures due to rounding.

Table 2 – Social Security fiscal execution by system
(from the perspective of Fiscal Accounting)

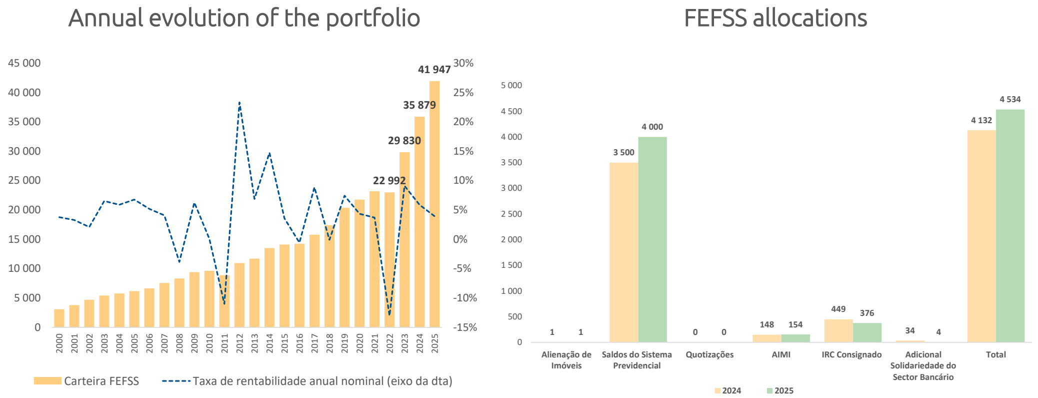
	CSS/24	OSS/25		CSS/25		
	M€	M€	t.v.a. (%)	M€	t.v.a. (%)	Grau de execução (%)
Sistema Previdencial (excluindo FSE)						
Receita efetiva - *da qual*:	**30 107**	**31 683**	**5,2**	**32 679**	**8,5**	**103,1**
Contribuições e quotizações	27 688	29 461	6,4	30 152	8,9	102,3
Transferências do OE	322	320	-0,6	317	-1,5	99,1
Rendimentos	810	656	-19,0	877	8,3	133,7
Transferências da CGA (pensões unificadas)	207	225	8,8	222	7,4	98,7
Outras receitas	1 080	1 021	-5,4	1 111	2,9	108,8
Despesa efetiva - *da qual*:	**24 267**	**25 759**	**6,1**	**25 968**	**7,0**	**100,8**
Pensões	18 260	19 215	5,2	19 461	6,6	101,3
Parcela de atualização extraordinária de pensões	655	680	3,7	660	0,8	97,1
Transferências para a CGA (pensões unificadas)	635	655	3,2	661	4,1	100,9
Subsídio de desemprego	1 236	1 229	-0,5	1 355	9,7	110,3
Subsídio por doença	920	986	7,2	1 001	8,8	101,5
Subsídio de parentalidade	871	936	7,4	990	13,7	105,8
Transf.ª p/ emprego, higiene e form. profissional	950	1 075	13,2	1 031	8,6	95,9
Medidas excecionais | Covid-19	2	13	440,5	1	-37,9	11,5
Outras despesas	738	970	31,5	807	9,4	83,2
Saldo global	**5 840**	**5 924**		**6 712**		
Sistema Previdencial - Repartição	4 584	4 632		5 468		
Sistema Previdencial - Capitalização	1 256	1 292		1 243		
Sistema de Proteção Social de Cidadania (excluindo FSE e FEAC)						
Receita efetiva - *da qual*:	**10 837**	**11 515**	**6,3**	**11 758**	**8,5**	**102,1**
Transferências do OE - LBSS	8 409	9 005	7,1	9 232	9,8	102,5
IVA Social	1 085	1 143	5,3	1 143	5,3	100,0
Receitas de jogos sociais e de jogo "On Line"	205	232	13,4	216	5,8	93,3
Receita Imposto Especial Jogo "On Line"	28	25	-12,3	20	-30,2	79,6
Transferência para "Apoio extraordinário à renda"	306	331	8,3	286	-6,6	86,2
Transferência do Min. Finanças - Suplemento extraordinário de pensão	399	0	-100,0	394	-1,3	-
Outras receitas	804	779	-3,1	862	7,1	110,5
Despesa efetiva - *da qual*:	**11 082**	**11 896**	**7,3**	**11 813**	**6,6**	**99,3**
Ação Social	3 087	4 044	31,0	3 556	15,2	88,0
Complementos sociais	2 255	2 367	4,9	2 326	3,1	98,3
Pensões	364	356	-2,3	349	-4,2	98,0
Pensões por antecipação da idade da reforma	437	424	-2,9	450	3,0	106,1
Parcela de atualização extraordinária de pensões	261	266	2,2	257	-1,5	96,3
Complemento Solidário para Idosos	399	407	2,0	535	34,3	131,6
Complemento extraordinário para pensões de mínimos	71	87	23,7	84	19,4	96,5
Complemento extraordinário de solidariedade	19	20	4,4	20	5,9	101,5
Suplemento extraordinário de pensão	360	0	-	354	-1,7	-
Abono de família	1 359	1 403	3,2	1 397	2,8	99,6
Prestações por deficiência	725	769	6,1	784	8,1	101,9
Prestações por dependência	450	481	6,8	474	5,2	98,6
Subsídio social de desemprego	179	180	0,4	175	-2,7	97,0
Rendimento Social de Inserção	358	374	4,5	342	-4,5	91,4
Complemento ao apoio extraordinário para crianças e jovens	2	5	142,3	0	-90,3	4,0
Apoio Extraordinário à Renda	308	331	7,5	282	-8,6	85,1
Medidas excecionais | Covid-19	1	2	86,2	0	-91,5	4,5
Outras despesas	447	380	-14,9	428	-4,2	112,6
Saldo global	**-245**	**-381**		**-55**		
Sistema de Regimes Especiais						
Receita efetiva	**391**	**383**	**-2,2**	**378**	**-3,3**	**98,9**
Transferência do OE - R.S. Bancário	382	371	-2,9	369	-3,5	99,4
Transferências - CGA - Pensões BPN	3	4	57,9	3	23,2	78,0
Transferências - CGA - Complementos de Pensão - CARRIS	6	7	14,2	6	-4,5	83,6
Transferências - CGA - Complementos - STCP	0,1	0,1	-3,8	0,1	-22,4	80,6
Transferências - CGA - Complementos - INE	0,2	0,2	19,0	0,3	77,8	149,4
Despesa efetiva - *da qual*:	**391**	**383**	**-2,1**	**378**	**-3,2**	**98,9**
Regime Substitutivo Bancário	382	371	-2,9	368	-3,5	99,4
Benefícios diferidos - BPN	3	4	61,7	3	28,4	79,4
Complementos de Pensão - Carris	6	7	15,4	6	-2,6	84,4
Complementos de Pensão - STCP	0,1	0	-3,6	0	-22,3	80,6
Complementos de Pensão - INE	0,2	0	21,0	0	80,8	149,4
Saldo global	0	0		0		

Source: IGFSS and CFP calculations. | Notes: YoY – Year-on-year rate of change. Totals may not necessarily correspond to the sum of the figures due to rounding.

1.5 Social Security Financial Stabilisation Fund

[22]**In 2025, the FEFSS portfolio reached €41,947 million, reinforcing its role as a reserve designed to guarantee the coverage of pension expenditure for a minimum period of two years.**[23] The €6,068.5 million increase in the value of the FEFSS portfolio compared with the previous year resulted from a combination of allocations received from the pay-as-you-go pension system (€4,000 million), tax revenues earmarked for the FEFSS (€533 million, divided between CIT, the IMI surcharge and the Solidarity Surcharge on the Banking Sector) and the appreciation of the asset portfolio (€1,534.3 million). The latter represented a nominal return of 3.9%, down from the 5.9% and 9.1% recorded in 2024 and 2023, respectively (Chart 15, left-hand panel).

Chart 7 – FEFSS performance (in € million)



Source: IGFCSS. CFP calculations. | Note: The 'Total' column corresponds to the sum of the Social Security System balances, contributions, AIMI, CIT, the banking sector solidarity surcharge, and property disposals.

Since its creation in 1989, the FEFSS has been utilised only once, in 1993, in the form of a loan, which was fully repaid in the following financial year. Even during the period of deficit in the social security system under the Economic and Financial Assistance Programme, there was no drawdown of the fund. In recent years, the social security system's surpluses have established themselves as the main source of funding – particularly from 2022 onwards, as annual balances reached successive record highs.[24] As a result, the FEFSS ended 2025 with a portfolio of €41.9 billion, equivalent to around 24.8 months of pension expenditure, already exceeding the legal minimum coverage target of two years.

Chart 16 illustrates the evolution of the actual composition of the FEFSS portfolio since 2010. Throughout the entire time horizon, the Portuguese government debt class

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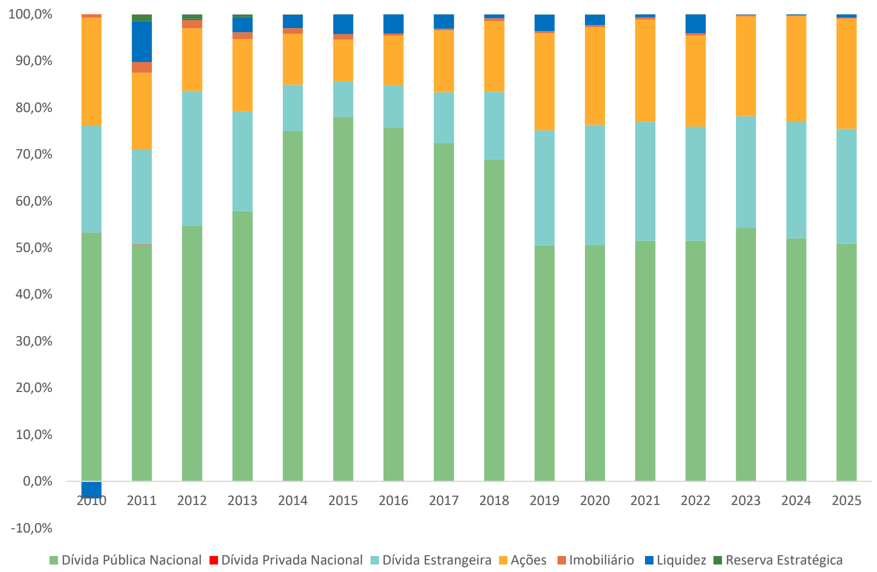
[22] The allocated revenue consists of the surcharge on the Municipal Property Tax (IMI), the CIT and the solidarity surcharge on the banking sector.

[23] The FEFSS aims to guarantee an amount equivalent to pension payments to beneficiaries for a minimum period of two years, in accordance with Article 16(2) of Decree-Law No 367/2007 of 2 November.

[24] For further details on the evolution of the financing, accumulation and use of the FEFSS, see Nazaré da Costa Cabral and Noémia Goulart (2024), "The Social Security Financial Stabilisation Fund", CFP Occasional Publication No. 2/2024.

maintained a dominant position, having recorded a significant increase between 2014 and 2018.[25] After 2019, foreign public debt regained prominence, exceeding the levels observed prior to 2014, a trend also seen in the equity component. At the end of 2025, Portuguese public debt accounted for 50.8% of the portfolio and foreign debt for 24.7%. As regards the other components, equities accounted for 23.6%, whilst the liquidity component and real estate assets accounted for 0.7% and 0.2%, respectively.

Chart 16 – Composition of the FEFSS portfolio (%)



Source: IGFCSS. CFP calculations.

Finally, it should be noted that, in the year under review, the portion of contributions from employees provided for by law was not transferred to the FEFSS, as was the case in 2023.

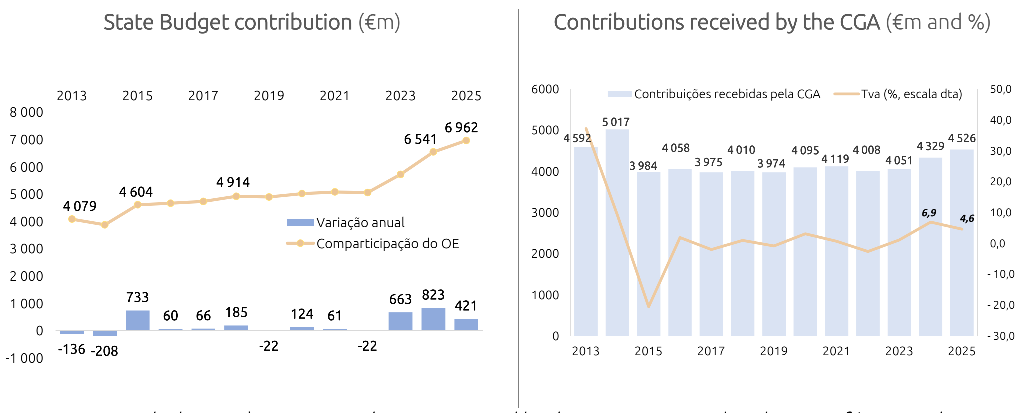
[25] The increase stems from the amendment introduced by Ministerial Order No. 216-A/2013.

2. GENERAL PENSION FUND

2.1 Revenue trends

In **2025, the CGA's actual revenue increased by €715 million compared with the previous year, amounting to €12,910 million.** This change was primarily due to the €421 million increase in transfers from the State Budget compared with 2024. The State Budget's contribution is intended to ensure the CGA's financial balance, and in 2025 it grew at a slower rate than in the two previous years (left-hand panel of the**Erro! A origem da referência não foi encontrada.**).[26] At the same time, the funds transferred by the State Budget as compensation for pension payments also increased compared to 2024, totalling €635 million (€50 million more than in the previous year), mainly as a result of the financing of the extraordinary supplement for CGA pensioners in 2025.[27]

Chart 17 – Evolution of CGA revenue



Source: EO. CFP calculations. | Notes: contributions received by the CGA correspond to the sum of 'Dues and contributions' (including the Extraordinary Solidarity Contribution – CES) and compensation for pension payments; YoY – year-on-year rate of change.

Contributions to the CGA increased in 2025, driven by contributions from employers and subscribers' contributions. The amount received by the CGA totalled €4,526 million, reflecting an increase of €197 million (or 4.6%) compared to the previous year, as shown in the right-hand panel of the**Erro! A origem da referência não foi encontrada.** . This trend was mainly driven by the increase in employer contributions and subscriber contributions (+€148 million). This increase reflected, on the one hand, the possibility for entities to make contribution payments in the same month or the following month[28]

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[26] The increase mainly reflects the regular and extraordinary pension adjustments in 2025. The extraordinary adjustment corresponded to an additional increase of 1.25 percentage points applied to pensions equal to or less than three times the value of the IAS, in addition to the regular annual adjustment provided for in the statutory pension adjustment scheme.

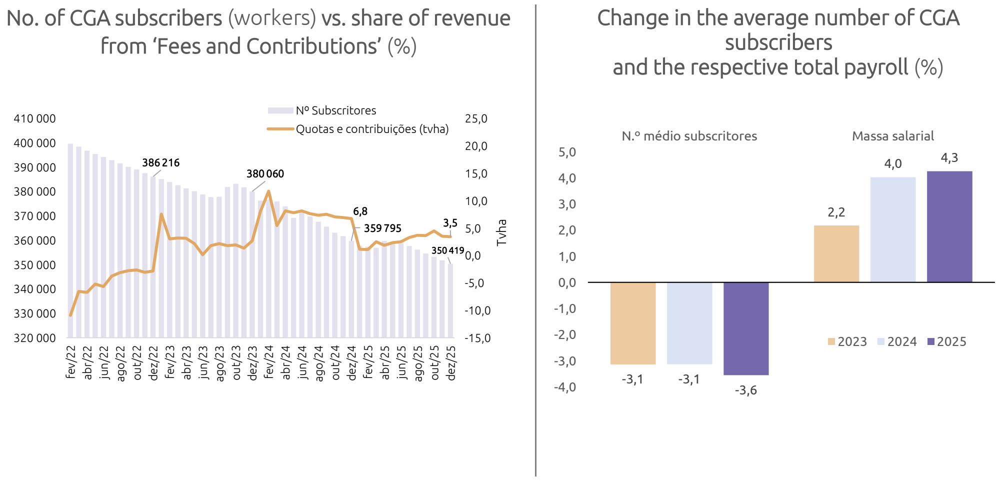
[27] Under Decree-Law No. 86-A/2025 of 18 July, the extraordinary pension supplement, the amount of which ranged from €100 to €150 to €200 depending on the pension level, was paid in September 2025.

[28] Contributions may be paid by organisations to the CGA by the 15th of the month following the month to which they relate.

and, on the other hand, the combined effect of amounts collected through tax enforcement proceedings and any amounts regularised relating to previous periods.

The increase in revenue from contributions and dues was driven by growth in the total wage bill. This growth stood at 4.3% (right-hand panel of the**Erro! A origem da referência não foi encontrada.**), following pay rises and the continuation of career progression and promotions within the civil service. Despite a 3.6% decrease in the average number of CGA members (volume effect), to 356,195 (13,125 fewer than in 2024), the total wage bill (price effect) continued to grow.

Chart 18 – Evolution of the number of subscribers, contributions and total payroll



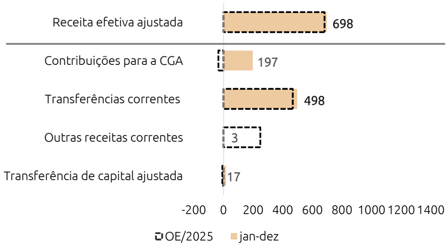
Sources: State Budget and CGA. CFP calculations. | Note: the figures in the left-hand panel correspond to the position at the end of each year; the total for "Dues and Contributions" does not include revenue from the Extraordinary Solidarity Contribution (CES); y-o-y – year-on-year change.

In 2025, the CGA's actual revenue recorded a sharper increase than forecast in the 2025 State Budget. The increase was 5.9%, compared with the 5.5% increase considered in that forecast (right-hand panel of theChart 8), resulting in a favourable deviation of €41 million. This positive result recorded in contributions to the CGA (+€231 million) was, to a large extent, offset by the unfavourable deviation observed in "other current revenue" (-€245 million).[29] This deviation results from the day-to-day management of the CGA's securities portfolios, in response to market conditions observed during the period. Nevertheless, the overall deviation remained favourable, reflecting the positive contributions from other revenue items, notably transfers from the State Budget (+€30 million), as shown inTable 3 .

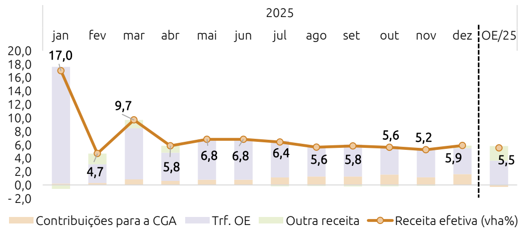
[29] Following the transfer of responsibilities to the CGA regarding pension and other liabilities of public enterprises and public limited companies, various special reserves have been established since 1998, to which the amounts transferred to the CGA as financial compensation have been allocated. These amounts were invested in Portuguese government bonds, with the investment income added to them, so as to ensure the financial equilibrium of the CGA in relation to the liabilities in question until their extinction. Section 2.4 presents an analysis of the CGA's reserve funds.

Chart 8 – Evolution of CGA revenue components in 20 2025

Year-on-year change (adjusted figures, € million)



Main contributors to revenue growth (p.p.)



Source: EO and CGA. CFP calculations. | Notes: "other current revenue" includes the change in revenue from the collection of fees, fines and other penalties, from property income and from the sale of current goods and services; The "OE/25" forecast corresponds to the underlying annual change in the 2025 State Budget compared to the 2024 outturn.

Table 3 – Fiscal implementation of the Civil Service Pension Fund
(fiscal budgetary accounting perspective, in €m)

Designação	2024 Execução	OE/2025 Previsão	2025 Execução	Desvios de execução	Variação 2024/2025 M€	Tva (%)	Ctva (p.p.)	Por memória: OE/25 (%)
Receita efetiva	12 195	12 869	12 910	41	715	5,9	5,9	5,5
Contribuições para a CGA	4 329	4 295	4 526	231	197	4,6	1,6	-0,8
Quotas e Contribuições	4 269	4 221	4 417	196	148	3,5	1,2	-1,1
Compensação por pagamento de pensões	60	74	110	35	49	82,1	0,4	23,3
Transferências correntes - das quais:	7 764	8 232	8 262	30	498	6,4	4,1	6,0
Transferências do OE	7 126	7 568	7 598	30	472	6,6	3,9	6,2
Comparticipação do OE	6 541	6 962	6 962	0	421	6,4	3,5	6,4
Compensação por pagamento de pensões	585	605	635	30	50	8,6	0,4	3,5
Transferências da Seg. Social	635	655	661	6	26	4,1	0,2	3,2
Outras receitas correntes	94	342	97	-245	3	3,2	0,0	264,6
Transferência de capital	8	0	25	25	17	205,3	0,1	-100,0
Despesa efetiva	12 397	12 976	13 030	54	633	5,1	5,1	4,7
Transferências Correntes - das quais:	12 357	12 914	12 985	71	628	5,1	5,1	4,5
Transf. para as Famílias	12 114	12 647	12 726	78	612	5,0	4,9	4,4
Pensões e Abonos - Resp. CGA	10 854	11 331	11 388	57	534	4,9	4,3	4,4
Pensões e Abonos - Resp. Estado	570	587	621	33	51	9,0	0,4	3,1
Pensões e Abonos - Resp. Outras Entidades	691	729	717	-12	27	3,9	0,2	5,6
Transferências para Seg. Social	239	261	255	-7	16	6,6	0,1	9,4
Outras despesas correntes	40	62	45	-18	5	11,3	0,0	55,4
Saldo global	-202	-107	-120	-12	83			

Source: EO and CGA. CFP calculations. | Notes: "other current revenue" corresponds mainly to property income, but also includes fees, fines and other penalties, sales of goods and services, and other current revenue; "other current expenditure" includes staff costs, purchases of goods and services, interest and other expenditure; current transfers to Social Security include expenditure on unified pensions, paid by Social Security; YoY – year-on-year rate of change; Contribution to YoY – contribution to the year-on-year rate of change. Totals may not necessarily correspond to the sum of the components due to rounding.

2.2 Expenditure trends

The CGA's actual expenditure increased in 2025, driven by growth in transfers to households. Expenditure amounted to €13,030 million, €633 million more than in 2024, reflecting mainly the increase in expenditure on pensions and allowances for which the CGA itself is responsible (+€534 million). In turn, expenditure on pensions and allowances financed by the State increased by €51 million, whilst expenditure for which other entities were responsible rose by €27 million. It is also worth noting the payment of the extraordinary supplement granted to pensioners under Decree-Law No. 86-A/2025 (the total expenditure for which amounted to €33.4 million in 2025).

The increase in expenditure on pensions and allowances for which the CGA is responsible is explained by a combined effect of price and volume. The average number of pensioners increased from 490,084 in 2024 to 497,247 in 2025, corresponding to an average increase of 7,163 beneficiaries. This trend results from an increase of 9,267 pensions for 'old age and other reasons', partially offset by a reduction of 2,104 disability pensions. In 2025, the average number of 'old-age and other' pensions (437,415) was the highest in the last five years, and the average number of disability pensions (61,936) the lowest. In addition to the volume effect, there was a price effect, resulting in a 3.6% increase in the average monthly value of retirement and old-age pensions, from €1,592 in 2024 to €1,649 in 2025 (+€57), mainly due to the indexation of pensions in 2025.[30]

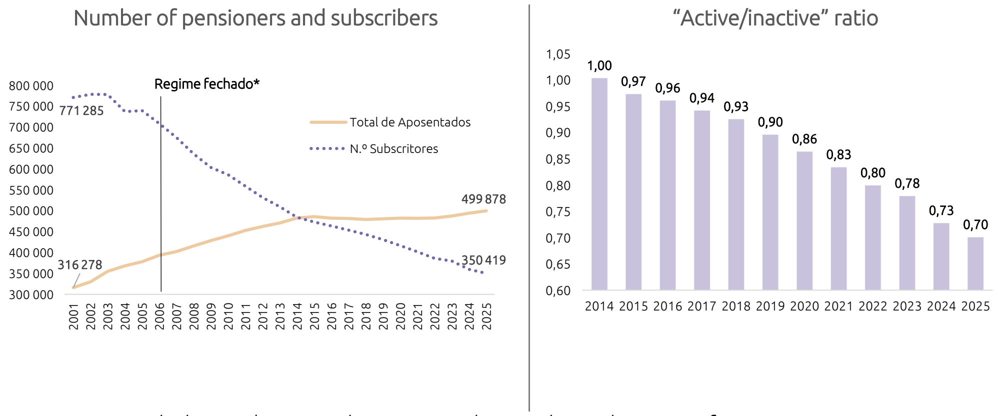
In 2025, expenditure arising from the award of new pensions (excluding 'survivors' and 'other' pensions) fell slightly compared with the previous year. Expenditure totalled €38.3 million, €0.6 million less than in 2024. The observed reduction resulted from the decrease in expenditure on new 'old-age and other' pensions (-€0.7 million), partially offset by the slight increase in expenditure on new disability pensions (+€0.1 million). In 2025, 21,769 new retirement and old-age pensions were awarded, 912 fewer (-4%) than in the previous year. The weighted average value of these pensions increased by 2.5%, or €53, rising from €1,707 in 2024 to €1,760 in 2025.[31] According to information provided by the CGA, this increase was mainly due to new pensions awarded to retirees from central government, whose average value was €2,521 (+2.5% compared to 2024) and which accounted for 44.3% of the total new retirement and early retirement pensions awarded by the CGA in 2025. Of particular note is the increase in the share of unified pensions paid by the National Pensions Centre (which have considerably lower pension amounts) in the total number of new pensions awarded by the CGA during the year, from 11.6% in 2024 to 13.4% in 2025.

As in previous years, the ratio of contributors to pensioners fell again in 2025, highlighting the worsening structural imbalance in the system. The negative difference

[30] The automatic ordinary adjustment was generally carried out by applying percentages ranging from 2.02% to 2.8%, depending on the benefit level, pursuant to Article 2 of Ministerial Order No. 480-B/2025/1 of 30 December, in compliance with Article 4 of Law No. 53-B/2006 of 29 December and Article 6 of Law No. 52/2007 of 31 August. In addition, an extraordinary pension supplement was granted, paid in September 2025. Under Decree-Law No. 86-A/2025 of 18 July, this one-off extraordinary supplement was intended to offset the impact of inflation on pensioners' incomes. The amount of the supplement was determined on the basis of the monthly pension received, ranging from €100 to €200.

between the number of CGA contributors and the number of pensioners has been widening, rising from 134,559 at the end of 2024 to 149,459 at the end of 2025, as shown in the left-hand panel of the**Erro! A origem da referência não foi encontrada.** . This trend reflects the ongoing impact of the closure of the CGA scheme to new subscribers since 1 January 2006.[32] It has, since then, been a 'closed group'. Consequently, the ratio of active members to inactive members has continued to decline, standing at 0.70 active members for every pensioner (excluding recipients of 'survivor's, industrial accident and other' pensions) at the end of 2025, as shown in the right-hand panel of the following chart.[33]

Chart 20 – Trends in the number of subscribers and pensioners
(as at 31 December)



Source: CGA. CFP calculations. | Notes: * the CGA ceased to enrol contributors as of 1 January 2006, pursuant to Article 2 of Law No. 60/2005 of 29 December; the "active/inactive" ratio represents the proportion of CGA subscribers in the total number of pensioners (excluding recipients of "survivor's, industrial accident and other" pensions).

Box 1 - Trends in retirement schemes at the CGA

The trend observed in the period 2021–2025 is consistent with the trends already documented by the CGA in its 2023 Annual Report and Accounts. Voluntary non-early retirements constitute, throughout the entire period analysed, the dominant type among all new pensions awarded by the CGA, and their share has been consistently increasing, rising from 54.8% in 2021 to 64.1% in 2025. This growth largely reflects the fact that an increasing number of members are choosing to remain in employment until they meet the full eligibility criteria for a pension, thereby avoiding the penalties associated with early retirement.

The reduction in the share of early retirements over the period results, in turn, from the progressive tightening of the eligibility conditions for this scheme. The 2023 Annual Report and Accounts already recorded a significant decrease that year compared with the previous

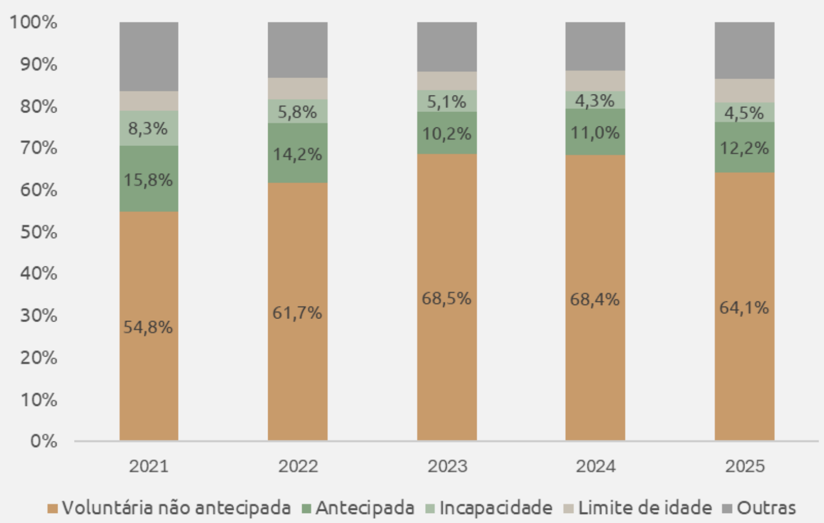
[32]Workers who entered into a legal employment relationship from that date were enrolled in the general Social Security scheme, under the terms of Law No. 60/2005 of 29 December, thereby temporarily benefiting the Social Security system's balance, given that these new workers were still some way off the age required for retirement. It should be noted that these workers enrolled in Social Security also benefit from protection in the event of immediate contingencies, generating costs for the system.

[33]The average annual rate of decline in the working population covered by the CGA scheme has been 2.9% since 2015, whilst the number of pensioners and retirees has remained relatively stable.

financial year, anticipating the trend that is confirmed in 2024 and 2025. It should be noted that the introduction in 2023 of a new form of early retirement due to disability, intended for policyholders with a degree of disability of 80% or more and a minimum age of 60, did not alter this picture significantly, given the still very small number of pensions awarded under this scheme.

Corroborating this interpretation, in 2023 the average age at retirement stood at 66.1 years, a figure close to the standard retirement age in force that year (66 years and 4 months).

Chart 21 – Analysis of trends in retirement arrangements at the CGA



Source: CGA Annual Report and Accounts, 2023. Notes: The voluntary retirement category corresponds to non-early retirements, which do not depend on a disability assessment. Retirement due to age limits refers to the retirement of members aged 70, or with lower legal limits, in accordance with the applicable legislation. The "Other" category includes compulsory retirements and unified pensions paid by the National Pensions Centre (CNP). The latter correspond to pensions awarded by the CNP under Decree-Law No. 361/98 of 18 November, which establishes the unified pension scheme.

The increase in CGA expenditure in 2025 exceeded the growth implied in the 2025 State Budget. Actual expenditure rose by 5.1%, higher than the 4.7% envisaged in that budget, as shown in the right-hand panel of the**Erro! A origem da referência não foi encontrada.** . Consequently, there was an unfavourable deviation of €54 million (Table 3), explained mainly by the implementation of measures not fully covered in the fiscal planning.

According to information provided by the CGA, the following measures are of particular note:

i) The actual impact of the annual adjustment of pensions under the convergent social protection scheme, pursuant to Ministerial Order No. 372-B/2024/1 of 31 December, and of pensions for permanent disability and death resulting from an accident at work, pursuant to Ministerial Order No. 6-A/2025/1 of 6 January, both with effect from 1 January 2025;

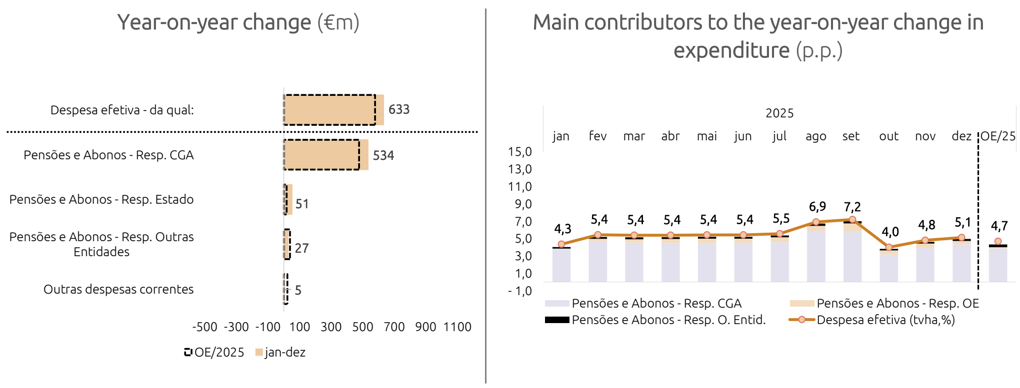
ii) The extraordinary adjustment of retirement, old-age and survivors' pensions, up to three times the value of the IAS, pursuant to Article 62 of Law No. 45-A/2024 of 31 December, with effect from 1 January 2025, through the application of an increase of 1.25 percentage points to the rate of the regular annual pension adjustment, carried out in January 2025, included in the context of the approval of the 2025 State Budget;

iii) The adjustment of the amounts of the fixed component of the hazard pay supplement in the security forces received by GNR military personnel and PSP police staff, pursuant to Decree-Law No. 50-A/2024 of 23 August;

iv) The revision of military service allowances, affecting the retirement pensions of Armed Forces personnel, in accordance with Decree-Law No. 62/2024 of 30 September, with effect from 1 July 2024;

v) The updating of diplomats' pensions, following the implementation of the new career structure, pursuant to Decree-Law No. 21/2025 of 18 March.

Chart 22 – Trends in CGA expenditure components for 20 –2025



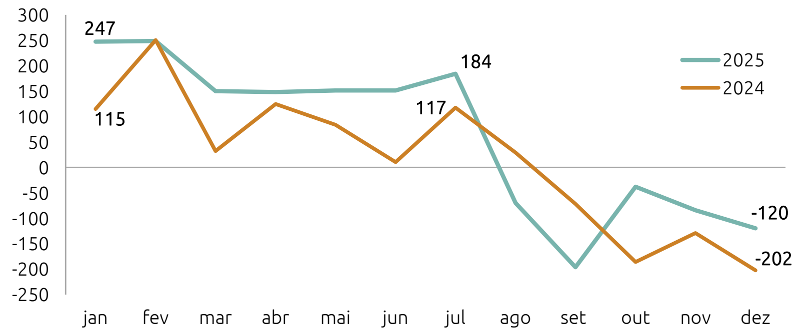
Source: EO. CFP calculations. | Notes: in the left-hand chart, 'other current expenditure' includes staff costs, procurement of goods and services, interest and other expenditure; 'OE/25' corresponds to the underlying annual change in the 2025 State Budget compared with the 2024 outturn; YoY – year-on-year rate of change.

This is an automatic translation that has not yet been reviewed. Only the Portuguese version is authentic.

2.3 Fiscal balance

In fiscal budgetary accounting, the CGA balance improved in 2025. The deficit fell from €202 million in 2024 to €120 million in 2025.[34] Nevertheless, the result fell short of the forecast in the 2025 State Budget, which projected a deficit of €107 million, resulting in an unfavourable deviation of €12 million. This deviation stemmed from actual expenditure exceeding the budgeted figure by €54 million, not fully offset by the positive deviation in actual revenue (+€41 million).

Chart 23 – Evolution of the CGA's overall balance
(fiscal budgetary accounting perspective, in € million)



Source: EO.

2.4 CGA reserve funds

The reduction in the CGA's reserve funds in 2025 was mainly concentrated in the funds associated with CGD and PT. At the end of 2025, the CGA had 20 special reserve funds, created as part of the transfer of pension liabilities to its remit, of which 14 held assets totalling €6,568 million (2.1% of GDP), as shown in the left-hand panel of Chart 23.[35] This figure includes the "Special Reserve – CGD II" (€3,044 million), established in 2023 following the integration into the CGA of the liabilities of the defunct pension funds of CGD and BNU, this being the largest reserve fund. Also noteworthy are the "Special Reserve – CGD", amounting to €734 million, and the "Special Reserve – PT", which stood at €2,089 million at the end of the year. Compared to 2024, the total amount of reserve funds decreased by €562 million, with the CGD, CGD II and PT funds accounting for 89% of this change (-€501 million), as shown in the right-hand panel of the Chart 24.

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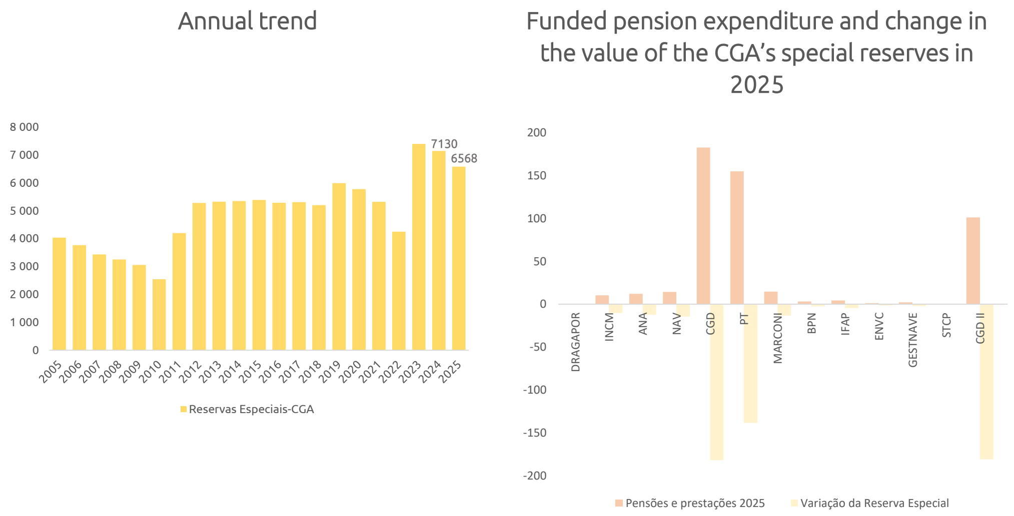
[34] According to information provided by the CGA, in 2025, the use of part of the 2024 management balance was authorised, with around €134.1 million being used to pay pensions. Had this amount been financed by transfers from the State Budget rather than through the use of management surpluses, the CGA's fiscal deficit in 2025 would have been lower.

[35] For further details on the purposes, rules of use and accumulation of the CGA's reserve funds, please refer to the aforementioned occasional publication by Cabral and Goulart (2024).

Chart 9 – Evolution of CGA's special reserves (in € million)



Source: CGA. CFP calculations.

In 2025, expenditure from reserve funds consists mainly of pension expenditure and other social benefits. In 2025, these costs amounted to €502.5 million, €18.7 million more than in the previous year. Of this amount, 87% corresponds to benefits from CGD, CGD II and PT (€439 million), whose expenditure increased by €18 million compared to 2024, and which are primarily responsible for the recorded change (right-hand panel of theChart 9). Also noteworthy are the losses due to fair value reductions in financial investments, which totalled €211 million, €82 million more than in 2024, with a significant contribution from the CGD II reserve fund (€66.5 million), given its size. In 2025, no special reserve was closed due to the exhaustion of the respective assets.[36]

Income from reserve funds in 2025 came from various sources, notably pension cost offsets and financial results.
Pension cost offsets constituted the main source of income, amounting to €561.9 million (70% of the total). This was followed by interest on securities, at €129.8 million (16%), and employees' and employers' contributions, which totalled €64.7 million (8%). In none of the special reserves did the latter exceed pension and social security costs. In individual terms, the CGD II reserve fund was the main source of income, accounting for 40% of the total (€318 million, +18.4% compared to 2024), a trend explained mainly by the increase in pension expense compensation, which amounted to €180.9 million. The reserves of CGD and PT also stood out, each accounting for around 25% of total income. Taken together, the funds of CGD, CGD II and PT accounted for 90% of the total income from CGA's special reserves. There was also growth in income from the portfolios of Marconi, IFAP and INE, whilst the reserves of BPN and INCM showed decreases, although they remained significantly smaller than those of the main reserves.

[36] Between 2011 and 2023, the special reserves of CTT, BNU, Macau and INDEP, RDP I and RDP II were wound up, as was the Military Pension Fund, which was exhausted in the very year of the transfer, in 2014. The liabilities for the payment of pensions and other charges associated with these reserves are now covered by funds from the CGA's own revenue or by funds from the State Budget.

3. TRENDS IN TOTAL PENSION EXPENDITURE BETWEEN 2015 AND 2025

This chapter aims to analyse the evolution of total pension expenditure in public accounts. In the two previous chapters, a separate analysis was carried out of Social Security and CGA pension expenditure, which does not provide an overall view of this expenditure. Although both schemes together constitute the public expenditure on contributory and non-contributory pensions, institutional practice in Portugal has favoured a separate analysis of this expenditure, given their distinct origins and purposes. Thus, this aggregate analysis makes it possible to assess the overall value and scale of the resources allocated to the social protection of pensioners – one of the items with the greatest impact on public finances – and its evolution over time.

Public expenditure on pensions is set to rise by a cumulative total of €12,123 million between 2015 and 2025 (+47.6%). When analysing the change in this expenditure, pensions under the contributory scheme account for the largest share, both in Social Security and in the CGA, with growth of 71.9% and 30.6%, respectively (Table 4). In the case of the Social Security system, pensions under the contributory scheme have been increasing their share of total pensions, from 46.8% in 2015 to 54.5% in 2025. Within these, pensions from the social security system stand out the most. As regards the CGA, the contributory scheme is also the most significant, although its share is set to decrease between 2015 and 2025 (from 33.6% to 32.2%).

Analysis as a percentage of nominal GDP reveals that the share of this expenditure falls from 14.2% to 12.3% between 2015 and 2025. This result stems from the denominator effect, i.e. the fact that GDP recorded a significantly higher growth rate (+71%) than the growth in pension expenditure.

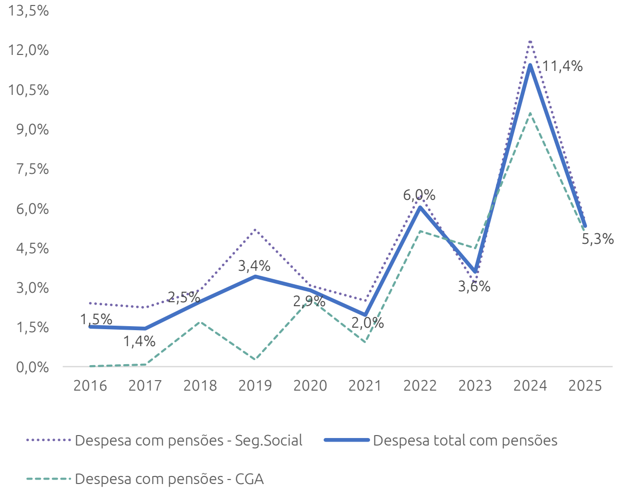
Table 4 – Evolution of total public expenditure on pensions (€m)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Segurança Social											
Despesa com pensões	15 944	16 327	16 694	17 179	18 071	18 627	19 093	20 336	20 973	23 573	24 864
Contributivo	11 924	12 315	12 730	13 392	14 228	14 854	15 359	15 956	17 301	19 307	20 500
Previdencial	11 437	11 836	12 256	12 925	13 773	14 410	14 929	15 539	16 897	18 916	20 122
Outros regimes	488	479	474	466	456	444	430	417	404	391	378
Não contributivo	4 019	4 012	3 964	3 787	3 842	3 773	3 735	4 380	3 672	4 266	4 364
Caixa Geral de Aposentações											
Despesa com pensões e outros abonos	9 522	9 524	9 532	9 694	9 720	9 969	10 061	10 577	11 052	12 114	12 726
Contributivo	9 253	9 247	9 260	9 384	9 354	9 572	9 645	9 802	10 557	11 525	12 085
Não contributivo	269	278	272	310	366	397	415	775	495	588	640
Despesa total com pensões	25 466	25 852	26 226	26 873	27 791	28 595	29 154	30 913	32 025	35 687	37 589
Despesa total com pensões em % PIB	14,2%	13,9%	13,4%	13,1%	13,0%	14,2%	13,5%	12,7%	11,8%	12,3%	12,3%
por memória											
Pensões Unificadas - Transf. p/ CGA (Sist.Prev.)	515	528	530	537	545	551	552	562	594	635	661
Pensões Unificadas e outras - Transf. p/ SS	128	130	134	139	147	142	158	166	184	207	222

Source: IGFSS and EO. CFP calculations. Notes: The amount of pension expenditure under the Social Security system does not include the transfer of unified pensions to the CGA, just as the amount of expenditure calculated for the CGA does not include the transfer of unified pensions to the SS. The 'Other schemes' comprise: the Bank Substitute Scheme, BPN old-age and survivors' pensions, CARRIS old-age, survivors' and disability pension supplements, STCP old-age and disability pension supplements, and INE old-age and disability pension supplements. Pensions under the CGA's non-contributory scheme include expenditure on pensions for which the State is responsible and expenditure on other allowances (for which the CGA, the State and other entities are responsible; it has not been possible to exclude, from the latter, the negligible impact of family benefits). The totals may not necessarily correspond to the sum of the individual items due to rounding.

Breaking down the total change across two time horizons, it can be seen that: (i) between 2016 and 2021, the average change in pension expenditure stood at 2.3%; which compares with (ii) the period between 2022 and 2025, for which the average change stood at 6.6% (Chart 10).

Chart 10 – Annual change in total public pension expenditure (y-o-y, %)



Source: IGFSS. Calculations: CFP.

Between 2015 and 2025, the annual changes in pension expenditure result essentially from a set of five factors:

- Indexation in accordance with the statutory formula:[37] In accordance with Law No. 53-B/2006, the automatic indexation of pensions is based on the CPI excluding housing and on real GDP growth, differentiated across three brackets indexed to the IAS. Between 2008 and 2025, that is, over 17 years, the statutory formula was effectively applied in only 10 years, having been suspended in the remaining years. Following the freeze on adjustments between 2011 and 2015, the automatic adjustments provided for by law were resumed from 2016 to 2021, with these adjustments being relatively low (the highest being 1.8% for pensions up to €857.80, in 2018), justified by the low level of inflation and the impact of the pandemic on economic growth. In 2022, the regular adjustment took place once again, as well as an extraordinary adjustment for the lowest-value pensions. The historical peak occurred in 2024, with increases of between 5% and 6%, as a result of the full application of the calculation formula.;[38]

- Extraordinary adjustments and supplements: between 2017 and 2022, extraordinary adjustments were granted, based on the total value of the pensions received by pensioners.[39] In 2023, there was also an interim increase

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[37] For further details, see: Pension adjustment model in Portugal: the exception that proves the rule.

[38] The legal reference indicators for the 2024 adjustment were 4.3% for inflation (CPI excluding housing) and 5.18% for average real GDP growth over the previous two years.

[39] This adjustment applies only to pensions under the social security system and the convergent social protection scheme (paid by the Caixa Geral de Aposentações).

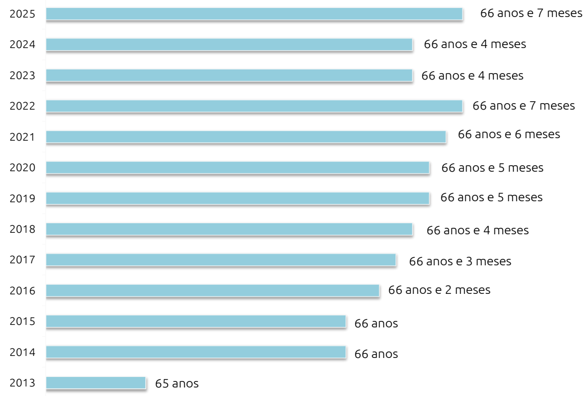
in July (3.57% for pensions up to €5,765.16), with a permanent impact on pension expenditure. And in 2024 and 2025, an extraordinary pension supplement was granted, with amounts of €100, €150 or €200, depending on the total amount received by the pensioner, with an impact limited to that year only, and not adding to the pension amount which is updated annually.[40] In 2025, the permanent extraordinary increase of +1.25 percentage points was also approved for pensions up to €1,567.50 (3 IAS);

- statutory retirement age (SRA): since 2014, the SRA has been indexed to average life expectancy at age 65. With the exception of the years 2015, 2023 and 2024, the SRA has increased every year since 2013 (Chart 26). In 2023, for the first time, the ILR fell by three months as a result of the impact of the COVID-19 pandemic on average life expectancy; this age remained unchanged in 2024, before rising again in 2025;

- number of pensioners (volume effect): net inflow of new pensioners, the trend of which is determined by population ageing and changes in the statutory retirement age; and

- composition effect on pension expenditure: exerts upward structural pressure on expenditure, as the average value of new pensions exceeds that of pensions that have ceased, reflecting the entry of new pensioners with longer contribution histories and higher wages.

Chart 26 – Changes in the Statutory Retirement Age (2013–2025)



Source: Annual regulations. Note: In 2026, the statutory retirement age is 66 years and 9 months, and in 2027 it will be 66 years and 11 months.

[40] The extraordinary pension supplements for 2024 and 2025 were regulated by Decree-Law No. 50-B/2024 of 23 August and Decree-Law No. 86-A/2025 of 18 July.

4. APPENDICES

4.1 Annex of Tables

Table 5 – Implementation of measures adopted in response to the geopolitical shock affecting expenditure in the Social Security sub-sector in 2025 (€m)

Impacto total na despesa efetiva (M€)	287,0
Subsistema de Solidariedade	286,8
Apoio extraordinário a famílias mais vulveráveis	3,9
Complemento excecional de pensão	0,0
Apoio extraordinário a titulares de rendimentos e prestações sociais	1,0
Apoio extraordinário por pessoa dependente	0,0
Apoio extraordinário à renda	281,9
Subsistema de Proteção Familiar	0,2
Complemento ao apoio extraordinário para crianças e jovens	0,2

Source: IGFSS and General State Account for 2025 (CGE/2025). CFP calculations. Totals may not necessarily correspond to the sum of the components due to rounding.

Table 6 – Breakdown of social benefits received by the foreign-born population (€m)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Desemprego	56	45	39	37	43	100	139	105	142	219	274
Maternidade, Paternidade e adoção	13	14	15	18	21	26	30	38	58	83	111
Doença	8	9	10	12	15	24	31	36	32	37	46
Total das prestações do regime contributivo	77	67	64	67	79	151	200	179	231	339	430
Prestações familiares	39	38	39	43	53	63	70	95	164	215	260
Apoio extraordinário ao pagamento da renda									76	95	51
Rendimento social de inserção	9	10	9	10	9	10	13	30	33	33	31
Prestação social para a inclusão				2	4	6	7	9	13	18	24
Complemento social de idosos	2	2	2	2	2	2	2	2	3	5	8
Ação social - atendimento e acompanhamento	2	2	2	2	2	3	4	4	3	5	5
Assistência a descendentes	0	0	1	1						3	4
Apoio extraordinário efeitos inflação								34	34		
Apoio extraordinário às famílias mais vulneráveis								28			
Apoio extraordinário à redução da atividade económica						22	16				
Apoio extraordinário ao rendimento dos trabalhadores							15				
Apoio extraordinário de proteção social						7					
Prorrogação do subsídio social de desemprego						3					
Fundo de garantia de alimentos devidos a menores	1	1	1	1	1	1					
Fundo de garantia salarial	1	1	1		1						
Outras	1	1	1	2	3	10	9	9	11	9	8
Total das prestações do regime não contributivo	55	54	56	63	76	127	134	210	336	382	392
Total das prestações soaiais	132	122	119	130	154	278	334	389	567	721	822

Source: Social Security Statistics. CFP calculations. Totals may not necessarily correspond to the sum of the components due to rounding.

4.2 List of Charts

4.3 List of Tables