Conselho das Finanças Públicas

SOCIAL SECURITY AND CGA BUDGET OUTTURN 2025

EXECUTIVE SUMMARY

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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%).