



COUNTRY FRAMING REPORT

Lithuania

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Overview of Social gerontology research in Lithuania

S. Mikulioniene in her textbook *Social Gerontology* (2011) makes an overview of research made in the field of gerontology in Lithuania. She states that even if there were incidental research in Lithuania in the second half of XX century, social gerontology issues became field of interest of social researchers only after Independence reconstitution in Lithuania. S. Mikulioniene groups main investigations in several topics which are presented below.

Older workers in labour market. L.Okunaviciute-Neveauskiene (2008), J. Moskvina (2007, 2009), A. Pocius (2005) investigated older workers motivation to work, their need for professional training and consultation, their situation in labor market, possible political measures. T.Medaiskis, B. Gruzevskis, S. Mikulioniene (2007) discussed challenges to labor market caused by aging population.

Social welfare of elderly. The emphasis in this field is on pension system and its reforms (R. Lazutka, 2004, 2007; D. Skuciene 2004a, 2004b, 2006, 2007, 2008; A. Bartkus, 2010; V. Poskute, 2000; A. Bitinas, 2008, etc.), needs, provision, quality of social services for elderly people (L. Zalimiene, 2005, 2007; R. Bikmaniene, 2005; R. Bikmaniene, A.Sileika, 2004; R. Naujaniene, 2008, etc.), social policy issues related to elderly (L. Dromantiene, V. Kanopiene, 2004; J. Aidukaite, 2005; S. Mikulioniene, V. Kanopiene, 2006a, 2006b, etc.), gerontological social work and nonformal support (R. Naujaniene, 2002, 2007; N. Veckiene, 2002; M. Rubazeviciene, 2007; V. Uzaite, R. Naujaniene, 2006; R. Bandzeviciene, V. Dauderys, 2008; J Pivoriene, 2002, 2007, etc.).

Image and identity. S. Mikulioniene (2002, 2003, 2006, 2008a, 2008b) investigated images of elderly and attitudes toward these images. Identity of elderly and social construction of aging body was researched by G. Rapoliene (2007, 2008, 2009, 2010), G. Rapoliene, A. Juozulynas (2010).

Discrimination on the base of age was researched by S. Mikulioniene (2003, 2006, 2008a, 2008b), G. Navaitis (2008).

Demography of aging was a topic of S. Mikulioniene (1995, 2002, 2003, 2006, 2008a, 2008b).

Solidarity between generations was investigated by M. Gedvilaite-Kordusiene (2009a, 2009b, 2011).

Lifelong learning. M. Tereseviciene et al (2006), I. Zemaitaityte (2007) in their textbooks analyze adult education; including elderly motivation for learning, L. Dromantiene et al (2009) did the research about adults' participation in formal education system. There are methodological books about adult education methods and programs (A. Beksta, 2010; T. Tomilinas, M. Narbutas, 2010; D. Luksyte et at. 2010).

Psychological development of adults, including elderly, is described by R. Zukauskiene (2007), J. Kairys (2002).

Life quality related with health issues. F. Stepukonis (2006, 2008, 2009) analyzed relations between age, health and illness. Life quality of elderly research were done by J. A. Juozulynas et al (2009), T. Svensson, F. Stepukonis (2007), V. Alekna et al (1999, 2001). Needs of elderly in poor health were investigated by V. Lesauskaite (2009), L. Spirgiene, J. Macijauskiene (2008), A. Jurgelenas at al. (2007). Care of persons with dimension and Alzheimer issues were analyzed by J. Macijauskiene (2006), V. Zydziunaite (2007).

Introduction

In demographic terms, Lithuania suffers from a declining and ageing population. The absolute number of Lithuanians will drop to 2.9 million in 2050. In addition to low fertility rates, negative net migration will have a serious impact. In 2004, Lithuania saw the highest rate of emigration among the EU member states that joined the same year. The dependency ratio will climb from 22.5% today to 44.9% in 2050, which is seven percentage points lower than the EU-25 average. Public pension expenditure in Lithuania will increase from 6.7% of GDP today to 8.6% in 2050. These values are roughly four percentage points lower than the corresponding values for the EU-25 average.

In 2014, the share of the population who reached the age at which it is entitled to old-age pensions accounted for 22 per cent of all people living in the country, i.e. 210,900 men aged 63 and above and 440,100 women aged 61 and above. During the same year, the average number of beneficiaries of state social insurance old-age pensions (hereinafter referred to as old-age pensions) was 598,500 people and the average old-age pension having the necessary record of social insurance amounted to EUR 249.42. In 2014, beneficiaries of old-age pensions accounted for 55 per cent of all beneficiaries of state social insurance pensions. The calculated amount of old-age pensions made up 75 per cent of all expenditure of state social insurance pensions. Disability, loss of breadwinner and retirement pensions are no longer provided (those pensions that have been awarded previously continue until the end of the established period). As a result, the number of beneficiaries of these types of pensions has been decreasing every year (The Social Report 2014–2015. Ministry of Social Security and Labour, Vilnius, 2015).

Pension System Design

Lithuania's first steps towards pension reform were taken in 1995, following a major economic crisis in the early 1990s. The first reform focused on making parametric changes to the first pillar and increasing the system's sustainability. Another two pillars were added to the system in 2004, comprising funded schemes and supplementary pension provision.

Contrary to most other CEE countries, Lithuania's second pillar is not mandatory. It is made up of individual defined contribution (DC) accounts, but employees are free to choose whether to join or not. Acceptance of second pillar pensions has been strong and participation has increased rapidly. The third pillar is fairly underdeveloped and consists of voluntary pension funds or life insurance products.

The First Pillar - Public Pensions

The reform implemented a two-tier system in the first pillar. There is a basic flat-rate pension that depends on years of service. The second part of the public system is supplemental and earnings related. It is based on a formula comprising years of service, individual wages and average income. Adjustments for the earnings-related component are made in line with average economy-wide earnings, while the basic pension is determined by the government in an ad-hoc manner.

In principle, all employees are covered by the system, but the actual coverage rate is 83% of the workforce. Some categories of the self-employed are free to join. In order to receive a full pension, 30 contributory years are required and the minimum qualifying period is 15 years. Those who do not reach the minimum qualifying period are entitled to a social assistance pension, which amounts to 90% of the basic pension.

Social contributions in Lithuania are high, amounting to 30.7% of gross wages. 23.7% of these contributions are allocated to pensions. Employers pay 21.2% of gross wages for pensions, and employees contribute 2.5%. Possibilities for early retirement were re-introduced in 2004 after having been abolished in 1995, but they only apply to people who have been unemployed for a long time. If people retire early, their pension benefits are reduced. Staying in the workforce longer than the minimum retirement age is rewarded with 8% benefit increases per extra year.

The Second Pillar – Voluntary Individual Accounts

Second pillar pension funds were introduced in 2004. In 2002, the decision was made to make the second pillar voluntary. Once the decision to join the voluntary system has been made, it is irreversible. The only conditions for joining are that members are insured by the state social insurance scheme and are below the retirement age. Pension funds are established as companies. They have a supervisory board, a management board and a shareholder assembly. Similar to mandatory second pillar systems in other Eastern European states, contributions to the second pillar are diverted from social security contributions to pension funds

The Third and the Fourth Pillar – Voluntary Pension Savings

Third pillar pensions are fairly underdeveloped in Lithuania. Private individual pensions were introduced in 2004. Individuals and their employers can contribute to voluntary pension funds. Contributions are tax-free up to 25% of annual income, and any amount above that level is taxed at a reduced rate of 15% (rather than the regular rate of 27%).

In 2006, the Lithuanian parliament passed a law that enables the creation of occupational pension schemes and group life contracts. This could become something of a fourth pillar in the future, but a scheme has yet to be created.

Outlook

It took Lithuania almost ten years to put the basic parameters of its three-pillar pension system in place. Due to the recent introduction of voluntary occupational pensions, Lithuania could have a four-pillar system in the future. Contrary to all other CEE states with a funded second pillar, Lithuania chose not to make its second pillar mandatory. The fast take-up of second pillar pensions, which was supported by a massive advertising campaign, shows that voluntary solutions can also work.

To achieve a balanced structure, the third pillar needs to be developed further. Its development might be a question of time and rising income, but tax incentives are currently too weak to get it off the ground. Nevertheless, pension reforms in Lithuania have resulted in a much more sustainable system with a widely accepted funded element.

<http://www.pensionfundsonline.co.uk/content/country-profiles/lithuania/87>

Care policies – taking care of (family) related person

Legislative measures regarding care of related persons in the Republic of Lithuania can be divided into two groups.

The first group is manifested as a legal duty to maintain family related persons. The duty of maintenance is directed to improve the financial situation of elderly persons, which is considered as one of the most acute problems. That obligation is ensured by its constitutional status, namely,

the duty of children to take care of their parents in their old age is established in Art. 38 of the Constitution of the Republic of Lithuania. The duty of maintenance is regulated in more detailed way in the third book "Family Law" of the Civil Code (hereinafter - CC). However, the CC does not directly establish the obligation to maintain the family related person. The obligation of maintenance, first, is associated with the necessity, i.e. with the actually existing lack of income and property. Second, the CC identifies specifically defined subjects that can claim maintenance: spouses, parents of adult children and grandparents of adult grandchildren.

Firstly, the law assigns mutual maintenance obligation to spouses. Art. 3.27 of the CC provides the duty of spouses to support each other financially and contribute toward the needs of the other spouse in proportion to their respective capabilities. The law specifies only one criteria of the obligation to provide maintenance - one of the spouses is unable to make a sufficient contribution toward the common needs of the family due to objective reasons. This obligation remains even if the spouses no longer live together. Spousal maintenance obligation ends if the marriage is dissolved by the death of one of the spouses, by termination or is declared to be invalid. If the marriage ends because of the death of the spouse, the other spouse's interests continue to be conducted in accordance with the law of succession. If the marriage ends by divorce or is declared invalid, the duty of maintenance can be established by the court (Articles 3.47 and 3.72). In addition, the duty of maintenance is attributable only to spouses, but does not arise for partners (the law regulating the partnership is not enacted in the Republic of Lithuania).

Secondly, the law assigns the duty of maintenance to children. It is provided in Art. 3.205 of the CC that duty of maintenance arises if children are adult and parents have lost earning capacity (legal literature and court decisions indicate that lost earning capacity means that they are old-age pensioners or disabled) and are in the need of support. The Article 3.205 of the CC specifies the enforcement of the duty of maintenance. Priority is given to the maintenance paid according to the mutual agreement between the children and parents. However, if the maintenance is not provided voluntarily it shall be paid on the basis of the court order. The Civil Code provides the criteria for determining the amount of maintenance. First, the court must take into account to the financial and marital situation of the children's family and that of the parents as well as other important circumstances of the case. Furthermore, the court shall take into account the duty of all adult children to maintain their parent(s) irrespective of whether the action for maintenance has been brought against all the children or only against one of them. The Article 3.206 of the CC provides two cases when right to maintenance is lost. Firstly, if the court establishes that the parents had failed in their duties in respect of their minor children, secondly, if the children had been separated permanently from their parents due to the fault of the parents. The obligation of maintenance is personal and extinguishes upon the death of an adult child, who had to provide maintenance.

Thirdly, Art. 3.237 of the CC provides the duty of adult grandchildren to maintain their grandparents who are not fit for work and are in the need of support. Criteria in this case should be interpreted analogous to the abovementioned obligation of adult children to maintain their parents. Also, the additional criteria is established, which provides duty of adult grandchildren to maintain their grandparents if they have such possibility. After the death of grandchildren, the duty to maintain the grandparents terminates.

The number of listed family members, from which older persons may require maintenance, is finite. So older people do not have legal basis to claim maintenance from the other person, for example elder brothers or sisters, because this duty is provided only for minor sibling who is in need of support and deprived of parents or their maintenance. Affinity also does not give rise to legal duty

of maintenance.

The second group of care policy measures is directed to support or foster the care of family members in the strict sense. Such measures mainly is regulated in the Law on Social Services (2006). It is in line with the National Strategy of Overcoming the Consequences of Ageing (2004), particularly, with the task to ensure that elderly people could continue living in their homes, families and communities as long as possible. One of the groups which are indicated as recipients of practically all social services are elderly persons, who are described as persons who have attained the pensionable age and who, by reason of their age, have partially or completely lost the abilities to independently care for his private (family) life and to participate in society. Though social services are provided by the specialized institutions, i.e. by social care establishments, they directly or indirectly affect the care provided by family members. Social services are divided into general social services and special social services. The ground for the division is that general social services³ can be provided without permanent assistance by specialists, whereas special social services require such assistance. Special social services further are divided into social attendance and social care.

Social attendance means the totality of the services aimed at providing to a person (family) complex assistance not requiring permanent attendance by specialists. Assistance at home, development and maintenance of social skills, temporary lodging as well as other services are regarded as social attendance (Art. 8.3, 8.4).

Social care means the totality of the services aimed at providing to a person (family) complex assistance requiring permanent attendance by specialists. Social care shall, according to its duration, be divided into day, short-term and long-term care (Art. 8.5, 8.6). Short-term care deserves a special emphasis, because it encompass help to family members as well as help to guardians (custodians) who temporarily or during working days are not able to provide care for their elderly family members (because of illness, work, holiday, family responsibilities or other reasons). In that case, the respite care is provided. Respite care can be provided in-home or out-of-home. In-home respite care could be provided not less than 8 hours a day, up to a month. Out-of-home respite care is provided not less than 12 hours a day, up to 6 months or up to 5 days a week.

In addition, some separate provisions of the Labor Code of the Republic of Lithuania grants employees who are taking care for their family members with a preferential treatment. First, according to Art. 135.1 in the event of reduction in the number of employees for economic or technological reasons or due to structural reorganisations at the workplace, the right of priority to retain the job shall be enjoyed by the employees who care for other family members who have reached old-age retirement age and who have been assessed in accordance with the procedure established by legal acts as having high or medium special needs.

Second, Art. 146.1 establishes that part-time daily working time or part-time weekly working time shall be set at the request of an employee nursing a sick family member according to a conclusion of a health care institution.

Third, Art. 184.1 determines that unpaid leave shall be provided at the employee's request to an employee taking care of a sick family member for a period recommended by a health institution.

³ The activities described as general social services are: information, counselling, mediation and representation, social and cultural services, organisation of transportation, organisation of catering, provision of necessary clothes and footwear as well as other services (Art. 7.2 of the Law on Social Services).

Lastly, the Law on Sickness and Maternity Social Insurance of the Republic of Lithuania establishes that sickness allowances are granted to the persons for nursing sick family members. This allowance is granted if it is necessary to nurse a sick family member (Art. 5.1). In this case, the payment of the allowance from the State Social Insurance Fund resources shall be started from the first day of nursing the sick family member but no longer than for 7 calendar days (Art. 10.1).

References

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