

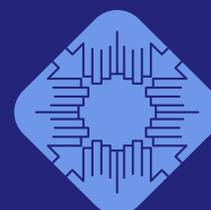
Labor Rights in Iran

Retirees in the Maze of Poverty



A Special Report

November 2021



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Introduction

Iranian society is getting older. In 2020, 6.5% of Iran's population was over 65 years old and considered "elderly." The government estimates that in the next 15 years, this age group will make up about 11% of the country's population.

The Ministry of Cooperatives, Labor, and Social Welfare has announced the elderly population (65 years and older) as 5,693,000 in 2021, which is about 6.7% of the total population of Iran.¹

The government has not released exact figures on the number of elderly people in Iran covered by pension funds. Last year, the Tamin news agency, affiliated with the Social Security Organization (SSO), reported that only 43% of the country's population aged 60 and over were under the umbrella of the SSO. This number comprises over 75% of the total population with a pension. With the remaining 57% of the population aged 60 and over, fewer are covered by other pension funds.

Iran's social security system is in crisis due to a change in population composition over the past decade and ongoing economic problems such as inflation, recession, a decline in the working population, and structural corruption. The Islamic Consultative Assembly and the Ministry of Cooperatives, Labor, and Social Welfare have repeatedly stated that pension funds are "bankrupt" or "on the verge of bankruptcy." These government agencies are calling for a speedy review of social security and pension laws.

1 [Tamin](#), October 2, 2021

Overview of the Pension System in Iran

In Iran, the retirement age is 60 for men and 55 for women. Anyone can retire after 30 years of paying insurance premiums, regardless of how old they are. In the 1990s and 2000s, as the job-seeking population increased, the government introduced early retirement to facilitate the entry of the young labor force.

Eighteen pension funds, consisting of four for retirees from government and public jobs and 14 for retirees from special jobs, are responsible for pensions. The largest is the Social Security Organization Pension Fund, followed by the Civil and Military Pension Fund and the Armed Forces Pension Fund.

The table below shows the pension funds and the composition of the population covered by them.

Fund Name	Members	Status
Social Security Pension Fund	Labor law beneficiaries, self-employed, voluntary insured	Public / non-governmental
Civil and Military Pension Fund	State employees covered by the Civil Service / Management Law / Academic faculty members,	
Judges of the judiciary / Employees of the Ministry of Foreign Affairs /		
Permanent employees of all municipalities except Tehran / Contract government employees / Employees of the Ministry of Roads and Transportation	Governmental	
Armed Forces Pension Fund	Armed Forces / Employees of the Ministry of Defense / Other support staff for the Armed Forces	Governmental
Rural and Nomadic Insurance Fund	Villagers and nomads of townships with a population of less than 20,000	Non-governmental / public
Ministry of Intelligence	Ministry of Intelligence staff	Government
Steel Employees	Steel industry staff	Specialized
Oil Employees	Official staff of the Ministry of Oil	Specialized
National Iranian Copper Industries	Iranian Copper Industries staff	Specialized
Futurist Fund	Staff of the Industrial Renovation Company of Iran / Auto industry employees	Specialized with governmental board
Central Bank	Central Bank staff	Specialized
Central Insurance	Central Insurance staff	Specialized
Iran Insurance	Iran Insurance staff	Specialized
Bank Employees	Bank employees	Specialized
IRIB	Official staff of the Islamic Republic of Iran Broadcasting	Specialized

Tehran Municipality	Official staff of Tehran Municipality	Specialized
Shipping and Maritime	Official staff of the Ports and Maritime Organization	Specialized
Homa	Airline staff of the Islamic Republic	Specialized
Attorneys at Law	Attorneys at law	Specialized

The total number of retirees and pensioners covered by Iranian pension funds at the end of the Iranian calendar year 1399 (March 2021) was reported to be 6,890,000 people. More than two-thirds are covered by the two most significant funds, the Social Security Organization Pension Fund Pension Fund (4,228,899 people) and the Civil and Military Pension Fund (1,507,048 people). The Armed Forces Pension Fund is the third-largest fund with 700,000 pensions. Other funds cover a total of 460,000+ people.²

The SSO is Iran's most comprehensive insurance and social security fund. It covers over 75% of the insured population. At the end of the Iranian calendar year 1399 (March 21, 2021), this fund paid pensions to 2,208,302 retirees, 959,860 survivors of the deceased, and 141,558 individuals with disabilities.³

By the end of the Iranian calendar year 1399, the Civil and Military Pension Fund had covered 1,220,926 retirees, more than 270,000 survivors of the deceased, and 13,421,000 individuals with disabilities.⁴

The Social Security Fund of the Armed Forces covers a population of more than 700,000 retirees and survivors of deceased employees. The share of other pension funds in total is a little more than 400,000 people, of which 96,000 are covered by the Rural and Nomadic Insurance Fund and 80,000 are members of the Steel Workers' Pension Fund.⁵

² [Social Security Organization in the Mirror of Statistics](#), August 2021

³ [Iran Labor News Agency \(ILNA\)](#), quoting the SSO's Statistics Center, May 31, 2021

⁴ [Civil and Military Pension Fund](#)

⁵ [Social Security Organization in the Mirror of Statistics](#)

Widespread Poverty of Retirees

55% of the elderly in Iran do not receive a pension. According to the president of the Elderly Association, up to 35% of this age group live below the poverty line.



Social Security Fund pensioners

Poverty does not only affect the uninsured elderly, but also retirees covered by the Social Security Organization (SSO), the Civil and Military State Pension Fund, the steel industry, and several other micro-funds, who are unable to support themselves due to low incomes.

The Supreme Audit Court of Iran has announced in the budget deduction report that only 11% of retirees receive more than 10 million tomans per month (about \$334 at current rate of 1 USD = 30,000 tomans). 89% of retirees have a monthly salary of between 5 and 10 million tomans, a figure lower than the minimum subsistence basket estimated by the wage committee of the Supreme Labor Council. In November 2021, this committee estimated the subsistence basket at 11.5 million tomans.⁶

According to a study by the Saba Institute, affiliated with the Civil and Military State Fund, 86% of retirees covered by the fund do not meet their living expenses, and they are forced to seek a bank loan, or borrow from relatives.⁷

The living conditions of retirees covered by the SSO are even worse. Up to 60% of

6 [Fars News Agency](#), September 29, 2021

7 [Radio Zamaneh](#), September 19, 2021

them receive less than 5 million tomans per month, even after implementing the second stage of monthly salary adjustment. According to officials from government-affiliated organizations, 6 out of 10 retirees receive a minimum wage.⁸ The status of the two funds that cover the largest number of retirees reflects the deplorable living conditions of many older people and retirees in Iran, which has led to widespread and continuous protests in recent years.

8 See references 6 and 7

Demands

In the first seven months of this year (the year 1400 of the Iranian calendar beginning March 21, 2021), retirees from the Social Security Fund, the Steel Fund, the Radio-Television Fund, the Shiraz Telecommunications Company Fund, the Tehran Bus Company Fund, and Islamic Republic Airlines Fund rallied several times in Tehran and other Iranian cities. The main demands of the retirees are to adjust retirement salaries, eliminate discrimination in the payment of pensions, provide full and free health insurance, and increase retirement salaries based on the actual inflation rate and livelihood basket.

The table below lists the protests of various retirees since the beginning of the Iranian calendar year 1400 (March 21, 2021).

Protest group	Demands	Protest Type
Social Security Fund retirees	<ul style="list-style-type: none"> • Wage adjustment • Complete and free health insurance • Salary increases in line with the real inflation rate and livelihood basket • Payment of government debt to the Social Security Organization • Change the method of electing the board of trustees of the Social Security Organization • Transfer of shares of "Shasta" companies to workers and retirees (Social Security Investment Company, for short: Shasta) • Eliminate discrimination between retirees of government funds and retirees of other public funds • Stop the sale of shares of the Workers' Welfare Bank • Allow worker and retiree representatives to participate in the Supreme Social Security Council 	<ul style="list-style-type: none"> • Rally in front of Parliament • Rally in different cities • Correspondence with Parliament • Correspondence with the CEO of the Social Security Pension Fund
Steel retirees	<ul style="list-style-type: none"> • Wage adjustment • Salary increases in line with the real inflation rate and livelihood basket • Eliminate discrimination between retirees of government funds and retirees of other public funds 	Weekly rally in different cities
Iranian Airlines retirees	<ul style="list-style-type: none"> • Increase retirement salaries • Pay bonuses for years of service • Payment of wage arrears 	Rally in Tehran

Retired teachers	<ul style="list-style-type: none"> • Salary adjustment • Approval of the wage ranking bill • Salary increase based on the actual inflation rate and livelihood basket • Prohibit the repression of trade union activists and end their prosecution on trumped-up charges 	Rallies in different cities
Retirees of Shiraz Telecommunication Company	<ul style="list-style-type: none"> • Payment of wage arrears 	Rally
Retirees of the Islamic Republic Broadcasting Company	<ul style="list-style-type: none"> • Salary adjustment • Salary increase based on the actual inflation rate and livelihood basket • The right to complete and free medical treatment 	Rally in Tehran
Retirees of the Tehran Bus Company	<ul style="list-style-type: none"> • Pay bonuses for years of service 	Rally in Tehran

Imposing Poverty on Retirees

Over the past decades, the government's fiscal policy included wage suppression, non-payment of debt to pension funds (especially the Social Security Fund), clearing its debt with the stocks of loss-making companies, and reducing social welfare programs. These policies have left the Social Security Organization (SSO) and other subordinated pension funds in a permanent "risk state." The government's debt to the SSO has reached more than 340 trillion tomans (\$11 billion USD - at the current rate of 1 USD = 30,000 tomans). In its budget law, the government has committed to pay only part of the debt over five years. As in the past, a large portion of the government's debt will be paid by transferring shares in state-owned enterprises or selling special concessions such as providing petrochemical feed to social security funds. Over the past two decades, this practice has turned the SSO and its affiliates into the scheming rogue backyard of the government's political and factional groups.



Steel Fund pensioners

The four pension funds covered by the SSO own shares in 541 companies. In 270 of these companies the pension funds have a stake of more than 50%; in 190 of the companies, they have a stake of between 5% and 50%. The SSO is a shareholder in 265 companies alone, possessing managing shares in 178 companies and non-management shares in 87 companies. Most of these companies were transferred to the pension funds in the form of government debt relief. The number of board members and directors of these companies, often among the close relatives and political associates of top government officials, is estimated at 1,700. However, the establishment of pension funds has not improved the living conditions of retirees. In September 2021, payments were delayed to civil and military pensioners and the Social Security Fund members. This indicates that the country's two largest pension funds are facing a severe shortage of liquidity and therefore unable to pay retirees on time.⁹

In November 2021, Iran's state labor news agency (ILNA) quoted Akbar Shaukat, a labor

9 [Radio Zamaneh](#), 23 August 2021

member of the SSO's Board of Trustees, reporting that the organization's debt to the Workers' Welfare Bank was 60 trillion tomans (about \$2 billion USD).¹⁰

The government's solution to financing the SSO is to require the organization to divest enterprises and change labor and social security laws to the detriment of workers and retirees.

Following the failure of the so-called "Parametric Reform of the Social Security Laws," formulated in 2021 by the 10th Parliament, another group of MPs introduced a new bill titled "Empowerment and Sustainability of the Social Security Organization," which pursues the same goals of the Parametric Reform Plan.¹¹ (Under the Parametric Reform Plan, the retirement age would increase, more stringent conditions would apply to "harmful jobs," and the method of calculating the average retirement pension would change. In short, the bill would reduce the pensions and benefits and increase the retirement age.) The new plan calls for a change in the way pensions are calculated, an increase in the retirement age, an increase in workers' share of premiums, and changes in the rules and regulations related to harmful jobs, all of which are detrimental changes to the workers. The passage of the new plan will undoubtedly create more difficult conditions for workers and social security retirees. In recent decades, the government has reduced the coverage and capacity of these intergenerational institutions (and, of course, other pension funds) by imposing costs on them. Not only does the government not pay its share of the premiums to the SSO, but it has created 26 additional commitments for the SSO, most of which relate to the families of prisoners of war and those killed in the Iran-Iraq war. Other anti-labor measures taken by the government against the Social Security Pension Fund include the creation of insurance incentives and exemptions for small workshops and the forgiveness of employers' debts under the pretext of supporting production.

In addition, the decline in formal employment in the labor market has reduced the population of compulsory insurers and, consequently, has decreased the income from premiums of the SSO and other pension funds. According to government agencies, about 58% of the working population is employed in informal employment.

Last year, the SSO had about 14.5 million primary insurers, of which about 70% had compulsory insurance.

The table below shows the groups insured by the Social Security Organization:

Insured Group	Population	Percentage
Compulsory insured	10,151,792	70.43
Optional insurers	708,656	4.92
Self-employed	1,171,357	8.13
Drivers	886,837	6.15
Weavers	274,179	1.90
Construction workers	833,453	5.78
Porters	42,851	0.30

¹⁰ [Iran Labor News Agency](#), October 26, 2021

¹¹ [Radio Zamaneh](#), May 4, 2021

Servants of mosques	28,726	0.20
Beekeepers	3,022	0.02
Workshop employers	140,072	0.97
Unknown	173,810	1.21
Total	14,414,755	100.00

Stonewalling by the Government and Parliament Against Pension Equalization

In June 2021, Iran's former cabinet submitted a bill to the Islamic Consultative Assembly (parliament) to make wage equalization permanent. The bill stipulates that the minimum wage for retirees of other funds covered by the Social Security Organization must be equal to the minimum wage for retirees of the Civil and Military Fund. In this bill, the financing for implementing the plan is entrusted to the pension funds themselves. The government is only obliged to pay 89 trillion tomans (about \$3 billion USD) of social security claims for the equalization plan in the annual budget.

Simply put, the government has not set aside a separate budget to match the salaries of Social Security retirees and has even avoided paying the organization's overdue claims all at once.

After the new cabinet took office in August 2021, lawmakers who had advocated for wage equalization in the past, in separate statements, reversed their position and said the plan would "increase liquidity" (for wage earners) and "increase the government's budget deficit," therefore increasing the inflation rate. Elias Naderan, Tehran's MP, said on a television program, "Without coordination with the parliament, without providing financial resources, and in disregard to the country's economic situation, the Planning and Budget Organization suddenly decided to increase the salaries of several groups by 50%. This decision causes the government to pay more than 300 trillion tomans to the country's retirees this year and more than double this amount to working wage earners. It means that, no matter how much financial resources we acquire, we will still face a deficit if we only spend it on wages and benefits."¹²

The head of the Planning and Budget Organization also called the ranking of teachers' salaries and the equalization of retirees' salaries "illegal" and announced the suspension of the two plans.¹³

In line with these statements, at least 100 MPs have called for removing the urgency clause in the bill that makes the pension equalization permanent.¹⁴ The parliament's presidium has not yet formally approved the removal of the urgency clause but has delayed its review process.

At the same time, the prosecution of retirees and union activists has intensified. Esmail Gerami, a pensioner activist who was arrested in March 2021, was sentenced to five years. Mahboubeh Farahzadi was summoned to court again after being detained in a rally in Alborz province and released.

During the rallies of retirees in different cities, many protesters were arrested in Rasht and Isfahan. According to Iranian domestic media, the detainees were later released.

12 [Radio Zamaneh](#), July 11, 2021

13 [Radio Zamaneh](#), 30 August 2021

14 [Iran Labor News Agency](#), October 17, 2021

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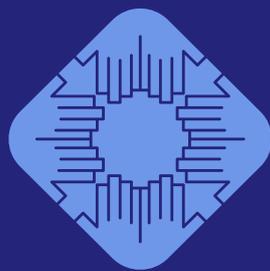
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