

Pension Watch glossary

Welcome to Pension Watch glossary. This glossary brings together key terms and concepts related to pensions, social protection, income security, and ageing. It is intended as a tool supporting a common understanding of terminology across research, policy, and advocacy for anyone using Pension Watch data and resources.

If you have any queries, please email: pensionwatch@helpage.org

“Ageing” countries

A country is classified as ‘ageing’ when people aged 65 and over make up more than 7% of the total population.

Beneficiary

Individual or household receiving social protection benefits at a point in time; e.g. an individual who receives a social pension. From a rights perspective, HelpAge International does not generally use the term ‘beneficiary’ because we recognise people as rights-holders entitled to social protection. We often use the term ‘recipients’ instead.

Contributory pension

A pension based on payments made during a person’s working life and often linked to formal employment. The benefit amount received depends on how much, how regularly and for how long contributions were made.

Eligibility criteria

The rules used to decide who can receive a social protection benefit, such as a social pension. These may include age, gender, disability, income level, employment history, or residency status.

GDP (Gross Domestic Product)

The total monetary value of all goods and services produced within a country in a given period. GDP is commonly used to measure the size of an economy. In Pension Watch, GDP is used to show the cost of social pensions in relation to the size of a country’s economy, putting the cost of a social pension in relation to the country’s wealth and making it easier to compare across countries.

GDP per capita

Gross Domestic Product (GDP) divided by the total population of a country. It represents the average economic output per person and is often used to compare living standards and economic capacity across countries. In Pension Watch, GDP per capita is used to assess social pension transfer values and adequacy relative to the average income level.

GNI (Gross National Income)

Gross National Income (GNI) is the total income earned by a country's residents and businesses in a given period, including income received from abroad.

GNI per capita

Gross National Income (GNI) divided by the total population of a country. It represents the average income per person in a country, and it is used by the World Bank to classify countries into income groups.

Gender pension gap

The difference in pension coverage and benefits between older women and older men. It reflects inequalities in employment, pay, care responsibilities throughout the life course. Some pension systems do more to address these inequalities than others, for example by recognising unpaid care or by providing adequate minimum benefit levels.

Income country classification

The World Bank classifies countries into income groups based on Gross National Income (GNI) per capita. In 2026/27, low-income countries are defined as those with a GNI per capita of \$1,135 or less in 2024; lower middle-income countries are those with a GNI per capita between \$1,136 and \$4,495; upper middle-income countries are those with a GNI per capita between \$4,496 and \$13,935; high-income countries are those with more than a GNI per capita of \$13,935.

Informal employment

Informal employment refers to work that is not regulated or protected by labour laws or social security systems. It can take place in informal enterprises or within formal businesses. Workers in informal employment often lack employment contracts, paid leave, pensions, or other social protection benefits. Because contributory pensions are usually linked to formal employment, social pensions are an important way of ensuring income security in older age for people who have spent their working lives in the informal economy.

Intersectionality

A way of understanding how different characteristics (such as age, gender, ethnicity, disability, sexuality, and income) interact and overlap with each other, creating discrimination and disadvantage, including affecting people's access to pensions and social protection. As access to a contributory pension is generally limited to people with a history of long-term formal employment, discrimination in education, employment and care systems can result in higher levels of poverty for marginalised groups.

Life-course approach

A way of understanding people's lives as a continuous process shaped by experiences, opportunities, and inequalities from birth to older age. Similarly, in social protection, a life-course approach seeks to provide a continuum of protection across all stages of life. The aim of a life-course perspective on social protection is to proactively prevent and addressing risks as they build up and to ensure smooth transitions between important stages in life (e.g. birth and parenthood, education to work or retirement). A life-course approach is also sometimes referred to as a life-cycle approach.

Means testing or poverty-targeting

Means-testing a social protection benefit, such as a social pension, means providing it only to people whose income or assets fall below a certain threshold. This is contrary to universal social protection programmes, which, in the case of a social pension, are provided to all older people of a certain age regardless of income. Another term for means-testing is poverty-targeting.

Monthly transfer amount as % of the World Bank poverty line

This indicator shows the size of a monthly social pension transfer compared to the international poverty line set by the World Bank. In other words, it shows how far a pension goes in helping an older person meet basic needs as defined by the poverty line, and whether it is likely to be sufficient to lift someone above poverty line. A higher percentage indicates a more adequate benefit.

Pension adequacy

The extent to which a pension provides enough income to ensure a decent standard of living in older age. Adequacy can be measured using different indicators such as replacement rates (the percentage of a worker's pre-retirement income that is paid out by a pension upon retirement) or whether pension income keeps people above different poverty lines.

Pension coverage

The percentage of people who are protected by a pension system or receiving pension benefits, whether through contributory pensions or tax-funded non-contributory social pensions. The coverage of pension systems can be evaluated by looking at active contributory to a pension scheme or those who currently receive benefit.

Poverty lines

Poverty lines generally reflect the daily costs for a person to meet their basic needs. People living below the poverty line are considered unable to meet basic needs such as food, shelter, and healthcare. As of June 2026, the World Bank's international poverty line for low-income countries is set at \$3 per person per day. The World Bank also benchmarks thresholds for middle-income countries: \$4.20 per day for lower-middle-income and \$8.30 per day for upper-middle-income countries

Public expenditure on social pensions or social pension cost

Government spending on non-contributory social pensions. It is usually expressed as a share of GDP or total public spending

Social assistance

Non-contributory (tax-financed) social protection programmes, such as social pensions, are sometimes referred to as social assistance. Some use the term social assistance only for means-tested (or poverty-targeted) social protection programmes, while others use it as a general term for non-contributory (tax-financed) social protection programmes.

Social insurance and social security

These terms are generally used interchangeably to describe contributory social protection schemes, which are linked to formal employment. In most cases, workers and employers contribute a percentage of a workers' wage into a fund, which pays out a benefit under certain circumstances, such as work injury, unemployment, maternity and paternity, as well as reaching older age.

Social pension or non-contributory pension

Regular state-provided and tax-financed cash transfers to older people, where eligibility is not dependent on past pension contributions or earnings. Also known as non-contributory pensions.

Social protection

Social protection refers to the set of public measures, systems, policies, and programmes that protect people against poverty, manage risks and shocks across the life course, and secure access to essential services. It aims to prevent and reduce poverty and vulnerability, strengthen resilience, and promote equity and opportunity. Social protection is generally understood to include contributory programmes (called social insurance or social security), non-contributory programmes (sometimes called social assistance) and active labour market programmes that seek to improve employment outcomes. In most countries around the world, pensions are the largest component of social protection systems.

Social Protection floor

A Social Protection Floor is a system that guarantees income security and access to basic services across the life course. ILO Recommendation 202 calls on all countries to establish social protection floors that at least provide basic income security for all older persons, children and persons in active age unable to earn sufficient income. Providing essential healthcare for all is also a part of a Social Protection Floor.

Targeting errors (inclusion/exclusion errors)

Targeting errors occur when means-tested or poverty-targeted social protection programmes do not reach the intended recipients. Exclusion errors occur when people who are eligible are wrongly left out of a programme, while inclusion errors occur when people who are not eligible receive benefits. Targeting errors can reduce the effectiveness and fairness of social protection programmes.

Universal social pensions

Universal social pensions are provided to all people at a certain age, with age and citizenship or residence as the only eligibility criteria.