The retirement income of migrants in the Netherlands

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Abstract

Retirement poverty is relatively common among migrants in the Netherlands. Previous research often presented retirement poverty rates for migrants as a single group. However, migrants are a heterogeneous group in terms of migration history and socioeconomic circumstances prior to retirement. We therefore analyze the retirement income of the twenty largest groups of migrants in the Netherlands. We also analyze three different sources of retirement income: state pension (AOW), supplementary pension, and income from abroad. Our results show large differences between migrant groups in terms of sources of income and their relative importance.

In general, migrants from countries that belong to the European Union and from former colonies receive a comparatively high retirement income from all three sources: they receive a higher state pension, a higher income from supplementary pensions, and more income from abroad. On the other hand, migrants from refugee countries receive a low income from all three sources. At the same time, certain groups receive income from specific sources that can be either high or low. For example, Moroccan and Turkish people have a comparatively high state pension (because they have lived in the Netherlands since long), but the amount of supplementary retirement income that they receive is relatively low (because they were often employed in low-paying jobs). Such differences highlight the heterogeneous character of migration histories and career experiences between groups, plus they demonstrate the importance of studying multiple groups and multiple sources of retirement income when trying to understand retirement poverty among migrants.

Samenvatting

Pensioenarmoede komt relatief vaak voor onder migranten in Nederland. In eerder onderzoek werden gepensioneerde migranten vaak als één groep gepresenteerd. Migranten vormen echter een heterogene groep wat betreft migratiegeschiedenis en sociaaleconomische omstandigheden vóór hun pensionering. Daarom analyseren we het pensioeninkomen van de twintig grootste migrantengroepen in Nederland. We analyseren ook drie verschillende bronnen van pensioeninkomen: AOW, aanvullend pensioen en inkomen uit het buitenland. Onze resultaten laten grote verschillen zien tussen migrantengroepen wat betreft inkomstenbronnen en hun relatieve belang.
Over het algemeen ontvangen migranten uit EU-landen en uit voormalige koloniën een relatief hoog pensioeninkomen uit alle drie de bronnen: ze ontvangen een hogere AOW-uitkering, een hoger inkomen uit aanvullende pensioenen en meer inkomen uit het buitenland. Migranten uit vluchtelingenlanden ontvangen daarentegen een laag (of zelfs geen) inkomen uit alle drie de bronnen. Migranten uit Marokko en Turkije hebben een relatief hoge AOW (omdat ze al lang in Nederland wonen), maar het bedrag aan aanvullend pensioeninkomen dat ze ontvangen is juist relatief laag (omdat ze vaak in laagbetaalde banen werkten). Dergelijke verschillen komen door de diversiteit aan migratietrajecten en arbeidsmarktposities en tonen het belang aan van het bestuderen van meerdere groepen gepensioneerde migranten en meerdere bronnen van pensioeninkomen.

1. Introduction

The financial situation of retired migrants (currently: those aged 67 and over) in the Netherlands differs significantly from that of retired Dutch-born citizens: retirement poverty is much more common among migrants. Retirement poverty was estimated to be around 2.5 percent among Dutch-born retirees, while it was over ten times higher for some groups of retired migrants (Scholte & Lammers, 2017). The group of retirement-age migrants who came to the Netherlands at a young age is larger than ever before. Moreover, the group of retired migrants is expected to increase by approximately 50 percent, from 300,000 to 450,000, between 2020 and 2030 (Statistics Netherlands, 2020).

Similar trends can be observed in other Western European countries: the migrant population that reaches the retirement age is growing rapidly, particularly in Finland, Germany, Norway, Portugal, and Spain (Eurostat, 2023). Research also shows that, in these countries, the retirement income of migrants is generally lower than that of non-migrants (Heisig et al., 2018). Additionally, studies show significant differences in retirement income between migrants and native-born citizens in the United States (Ye, 2024) and Canada (Nakhaie et al., 2024). In short, we see that both in the Netherlands and elsewhere, there is a growing group of retired migrants that lives in relatively poor economic conditions.

What we do not know, and what this Industry Paper aims to investigate, is the variation in retirement income between different groups of migrants in the Netherlands. Various studies have analyzed the binary distinction between migrants and non-migrants (e.g. Heisig et al., 2018; Sevak & Schmidt, 2014; Ye, 2024). Instead, we looked at the twenty largest groups of retired migrants in the Netherlands. These groups vary strongly in terms of their year of arrival, migration history, and position in the Dutch labor market. It can therefore be expected that their retirement situation also differs. It may be noted that a study on migrants in Denmark shows differences between, for instance, older Pakistani and Vietnamese migrants (Jakobsen & Pedersen, 2017). Even though the Danish context and the groups studied differ, it clearly indicates the importance of studying variations between migrants from different countries.

For many pensioners in the Netherlands, their retirement income mainly consists of the state pension (the so-called first pillar of the pension system). Secondly, a substantial group has accrued a supplementary pension through their employer (the second pillar) and/or by means of individual pension savings (the third pillar). Thirdly, foreign retirement income may be added to this, particularly in the case of migrants. In this paper we study these different sources of retirement income (state pension, supplementary pensions, and income from abroad). To what extent can migrants offset a lower retirement income from one source with a higher retirement income from another source?

This paper will first outline the context of retired migrants in the Netherlands, by providing a brief historical background on migration patterns and information on the labor market position of migrants. Next, the data used for the rest of this paper will be discussed. Finally, we will present our findings on the three sources of retirement income and combine these into a single metric for monthly retirement income. We expect to find large differences in the various components of retirement income between the different groups of retired migrants. This paper then presents whether this expectation matches with the empirical results.

The context of retired migrants in the Netherlands

In the years immediately following World War II, the Netherlands experienced relatively little immigration: fewer than 100,000 migrants per year (with peaks in migration from Indonesia between 1945 and 1965). However, over the years immigration gradually increased to become a structural feature of the Dutch demographic makeup (Jennissen, 2012; Oostindie & Schoorl, 2010). Over 200,000 people have arrived in the Netherlands every year since 2015 (De Regt et al., 2021).

Researchers in the Netherlands often focus on the five largest groups of migrants from non-European countries of origin: Indonesia, Suriname, the Dutch Caribbean islands, Morocco, and Turkey. The first three countries are tied to the Netherlands through their colonial histories: Indonesia became independent in 1949 and Suriname in 1975; the Dutch Caribbean islands are still part of the Kingdom of the Netherlands with various levels of autonomy (Bakhuis, 2020). For both Indonesia and Suriname, migration to the Netherlands peaked around the time when they gained their independence. It should be noted that many migrants from Indonesia had Dutch roots and were raised in relatively prosperous conditions. Those circumstances make this group an outlier compared to other migrant groups (Oostindie & Schoorl, 2010, 2011). They display a relatively high level of labor market participation, as well as high incomes (Jongen et al., 2020). The socioeconomic position (e.g., educational level) of migrants from Suriname and the Dutch Caribbean is less advantageous compared to migrants from Indonesia (Statistics Netherlands, 2024c).

A second major source of migration to the Netherlands is labor-related. Two of the largest groups of labor migrants are those from Morocco and Turkey; they arrived mainly during the 1960s because of the need for unskilled labor in the Netherlands at that time (Nicolaas et al., 2003). These migrants are still in a disadvantageous position in Dutch society and are overrepresented in lower-paid jobs (Dagevos, 2001; Koot et al., 2019). Many labor migrants, the so-called 'guest workers', decided to remain in the Netherlands and eventually brought their families over from Morocco and Turkey. The labor market participation of Moroccan and Turkish women is substantially lower compared to that of Moroccan and Turkish men (Gielen et al., 2020). Other countries of origin for labor migrants

in the Netherlands include Italy and Spain. However, while many retired migrants from these countries originally came as labor migrants, their immigration motives have changed over time. These now include fleeing from dictatorial regimes and economic crises[1]. Lastly, the Netherlands also has a significant number of labor migrants from Poland. That country's admission to the European Union in 2004 has strongly influenced immigration rates to the Netherlands (Gijsberts et al., 2018; Karpinska & Ooijevaar, 2016). Polish labor migrants are often employed in lower-paid jobs (Gijsberts et al., 2018).

Besides labor migrants, the Netherlands has also experienced a growing number of refugees. Refugees from Iran and Iraq came to the Netherlands during the 1980s (Hessels, 2004b; Van den Tillaart & Warmerdam, 2002), while the 1990s saw an increase in the number of refugees from the former Soviet Union and Yugoslavia (Chkalova et al., 2008; Sprangers & Nicolaas, 2008). In recent decades, Afghanistan's political situation has led to Afghan refugees finding their way to the Netherlands (Hessels, 2004a). Although the arrival of these refugees is more recent when compared with migrants from former colonies and guest workers, they include substantial numbers of middle-aged and older migrants (Statistics Netherlands, 2023); this means that some refugees have also reached the retirement age. Refugees often have a very disadvantageous socioeconomic position in their country of arrival. For example, they are more dependent on government benefits (compared to other migrants, and controlled for years that they live in the Netherlands, see Gielen et al., 2020). Reasons for this include the limited value of diplomas and work experience gained in their home countries and discrimination in the host countries, as well as psychological traumas and language problems (Dagevos et al., 2018).

There is clearly also a substantial number of migrants from other European countries, especially those geographically closest to the Netherlands, namely: Germany, Belgium, France, and the United Kingdom. Immigration from these countries started earlier and continued at a more gradual pace when compared to other countries. As the socioeconomic position of these migrants is generally far better than that of their non-European peers (Scholte & Lammers, 2017), they have received little attention in previous research. However, as these migrants constitute a sizeable percentage of the retired population, this paper also sheds light on their situation.[2]

Finally, among the largest groups of retired migrants in the Netherlands are people from the Asian countries China and Hong Kong. The Netherlands has a long history of immigration from China (Harmsen, 1998), and between 1970 and 2000 many immigrants came to the Netherlands from Hong Kong, for both economic and political reasons (Cheung, 2022).

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1 More information about immigration motives can be found at Statistics Netherlands (2024b).

2 The group of expats from non-European countries, such as the United States or Japan, is too small for the scope of this paper.

Migrants from China have high levels of labor market participation, but they still experience relatively high poverty in the Netherlands (De Regt et al., 2022).

In short, we can identify six clusters of migration countries in the Netherlands, in line with De Regt et al. (2022):
–   former colonies (Aruba, Curaçao, Indonesia, Suriname)
–   labor migration countries from Europe (Italy, Poland, Spain)
–   labor migration countries from outside Europe (Morocco, Turkey)
–   refugee countries (Afghanistan, Iran, Iraq, former Yugoslavia, former Soviet Union)
–   geographically close countries (Belgium, Germany, France, United Kingdom)
–   Asian countries with a strong migration history to the Netherlands (China, Hong Kong)

This categorization is mainly based on migration history and on the position of migrants in Dutch society, aspects that are highly relevant for the topic of the paper. Naturally, it is possible to use other categorizations, based, for instance, on cultural aspects (Jennissen, 2012). However, given that we focus on the financial position of migrants, the socioeconomic similarities between these groups and their migration history are arguably more relevant for this study than cultural similarities.

2. Data

For this paper we used microdata from Statistics Netherlands that contain information on all retirees in the Netherlands. As noted earlier, we analyzed three sources of retirement income: the state pension, supplementary pensions, and income from abroad.[3] We used data from 2020, because it takes several years to gain a full overview of all sources of retirement income. This is especially true for income of persons who are self-employed, as they are allowed more time to provide information about their financial situation to the Dutch tax authorities, which is subsequently made available to Statistics Netherlands.

In this paper, we define individuals as retirees if they were at least 67 years old on January 1, 2020. We focus on first-generation migrants, people who were not born in the Netherlands. For purposes of comparison, we also present statistics on non-migrants (people are non-migrants if they and both of their parents were born in the Netherlands).

This paper does not study second-generation migrants, i.e. those born in the Netherlands from one or two foreign-born parents. The reason for this exclusion is that their situation is significantly different from the first generation in terms of retirement income: because they were born in the Netherlands (and have often lived here their entire lives), their state pension is higher compared to first-generation migrants. Second-generation migrants also tend to have a better labor market position compared with first-generation migrants, which results in higher levels of supplementary retirement income.

This paper focuses on the twenty largest groups of retired migrants (see Figure 1), to ensure a diverse representation of the migrant population. This enabled us to include groups with markedly different migration histories and socioeconomic positions, as explained in the Context. All selected groups are sufficiently large to provide meaningful percentages, making them robust to outliers. Due to their special status as separate countries within the Kingdom of the Netherlands, Aruba and Curaçao are presented separately.[4] Migrants from the former Soviet-Union and former Yugoslavia are presented in relation to their former countries of origin, even if they migrated after those countries fell apart. That is because the data only record the country of birth, making it impossible to distinguish, for example, a Lithuanian migrant from a Russian migrant if such persons were born before 1991.

Figure 1 shows the number of retired migrants by country of origin. The countries are clustered on their migration history. Most retired migrants came from Indonesia (66,000), followed by Suriname (31,000), Germany (25,000), Morocco (23,000) and Turkey (21,000).

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3   More information about these data can be found on the website of Statistics Netherlands (only available in Dutch): AOW state pension, supplementary pensions, and income from abroad.

4   Sint Maarten is also a separate country within the Kingdom of the Netherlands. However, with fewer than 100 retirees born in Sint Maarten, this group is too small for our paper. Bonaire, Saba, and Sint Eustatius are 'public bodies' within the Netherlands; fewer than 100 retirees originate from each of these islands).

Fewer than 10,000 retired migrants came from other countries. By way of comparison, Dutch pensioners number more than 2.5 million.

Figure 1. Number of retired migrants by country of birth, 2020
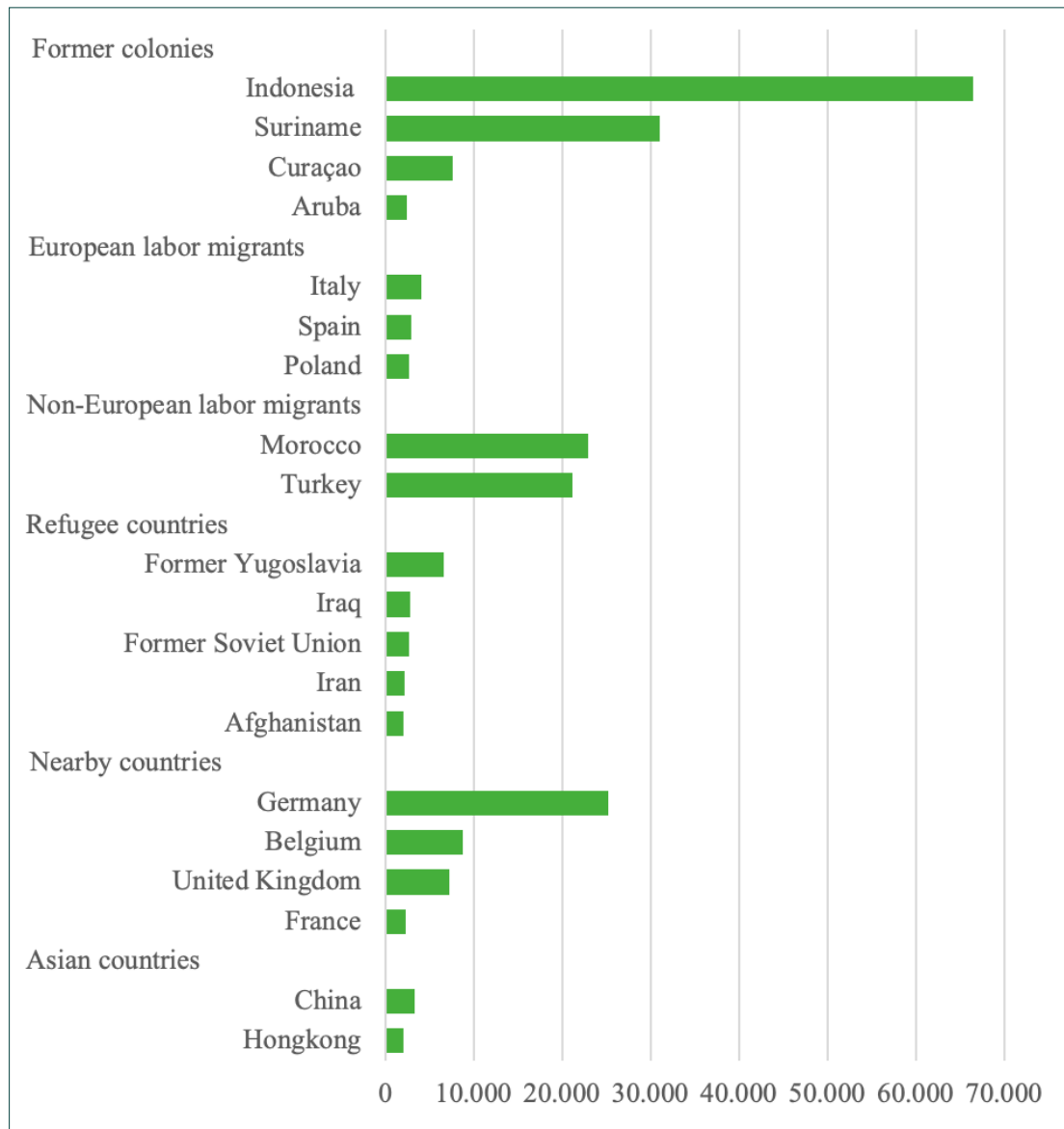
## Pillar 1: AOW state pension

The state pension, the *Algemene OuderdomsWet* (*AOW*), is the main source of income for many pensioners. It is not related to a person's other income sources or their employment history; Social Security recipients also pay (reduced) contributions under this law. The state pension is accrued at 2 percent for each year that a person lived in the Netherlands in the

fifty years prior to the state pension age.[5] As a result, there is a large group that does not receive a full AOW state pension, namely migrants who lived in the Netherlands for less than 50 years prior to the AOW eligibility age (currently 67).

Given that the amount of AOW benefits differs for those living with a partner and those living on their own, presenting the average AOW benefit in euros would skew the results: retired migrants from some countries (e.g., Morocco) are far more likely to live with a partner than those from other countries (e.g., Suriname) (De Regt et al., 2022). For that reason Figure 2 shows the percentage of the full AOW benefits received (100% indicates a full AOW benefit) on average by the largest groups of migrants, compared with that of Dutch retirees.

Figure 2. Average percentage of AOW benefits received by group
Source: Lössbroek et al., 2024
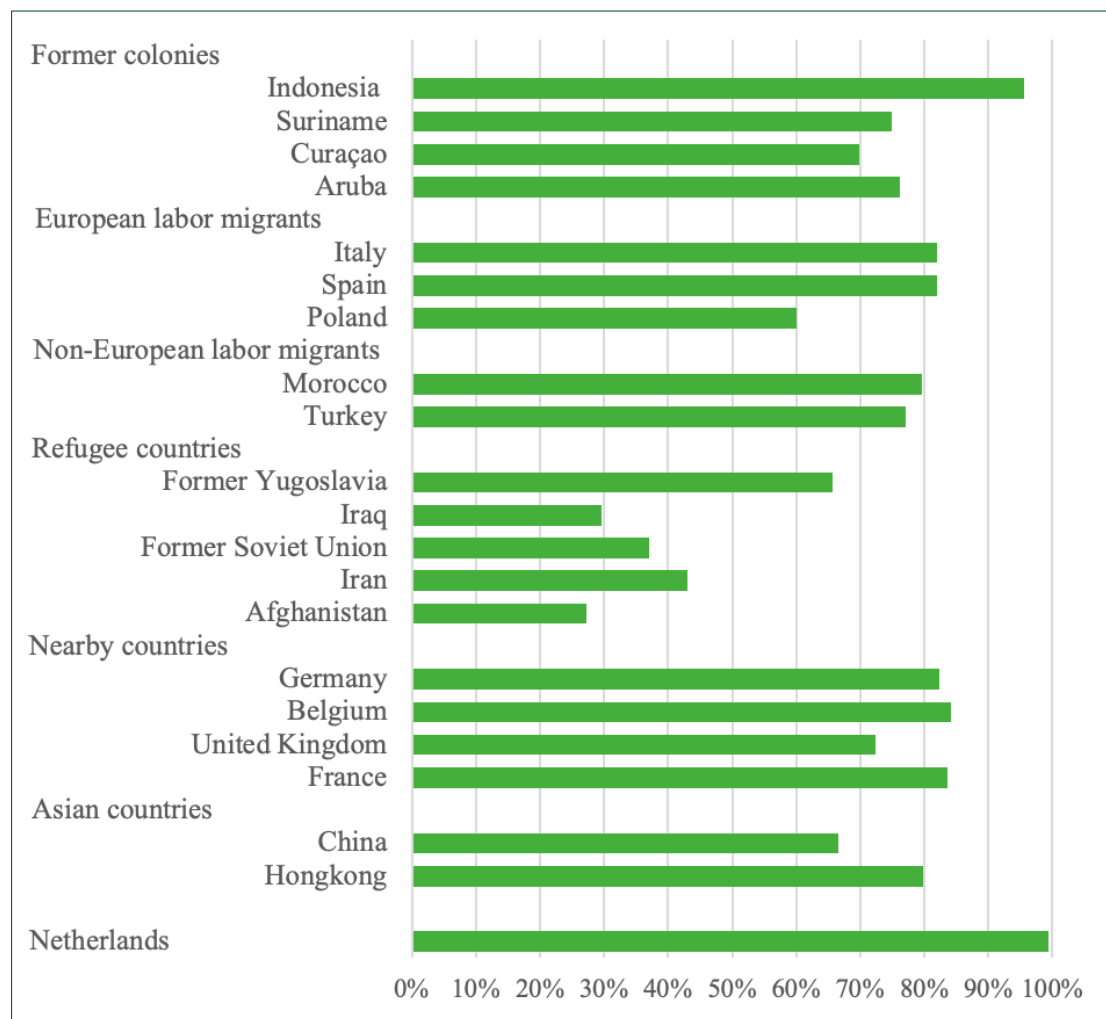
Pensioners from Indonesia receive 96% of the full AOW state pension on average, nearly as much as Dutch pensioners at 99% (those who lived abroad for some time do not receive the full AOW benefit). This high percentage is mainly due to the fact that migration from Indonesia peaked around the time of their independence, meaning that this group of migrants has lived in the Netherlands for a relatively long time –over 60 years– and is thus entitled to high AOW benefits. This contrasts sharply with most pensioners from refugee countries. They arrived more recently and consequently receive lower benefits. This mainly relates to people from Afghanistan and Iraq; on average, they receive less than 30% of the full AOW benefit.

On January 1, 2020, the full net AOW benefit was €1187 for a single person and €812 for each married or cohabiting individual (their retired partner would also receive €812). Even though the amount that people receive is not only influenced by the duration of their stay in the Netherlands but also by household composition, it may be illustrative to provide monthly amounts as an indicator: Indonesian pensioners received €1070 per month on average, while Iraqi and Afghan pensioners received around €400 per month.

### Pillar 2 and Pillar 3: Supplementary pensions

Many retirees receive supplementary pensions in addition to their AOW state pension. These typically come from pension funds set up through contributions made by both the retirees and their employer (pillar 2). Whether or not people receives this kind of retirement income depends on whether they worked for an employer that offers this type of pension scheme.[6] Over 900,000 employees in the Netherlands worked for an employer that did not offer any pension scheme; this was especially true for employees with a comparatively low income (Statistics Netherlands, 2024a). The amount of 'second pillar' income that people receive after retirement depends on their salary while employed.

Besides the first and second pillars, people can also use individual saving products, various types of insurance, and other options for extra income after retirement (pillar 3). These arrangements are made by the individuals themselves and are thus separate from their work history. It was not possible to distinguish between pillar 2 or pillar 3 pensions in the data of Statistics Netherlands. However, those with low pillar 2 pensions generally do not have substantial pillar 3 pensions (Muns & Van Soest, 2023). Figure 3 shows the percentage of retirees who receive supplementary pensions (pillar 2 and/or pillar 3).

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6   It is also possible to receive this kind of retirement income in case of a deceased spouse (if that spouse accrued this kind of retirement income).

Figure 3. Percentage of retirees who receive supplementary pensions
Source: Lössbroek et al., 2024
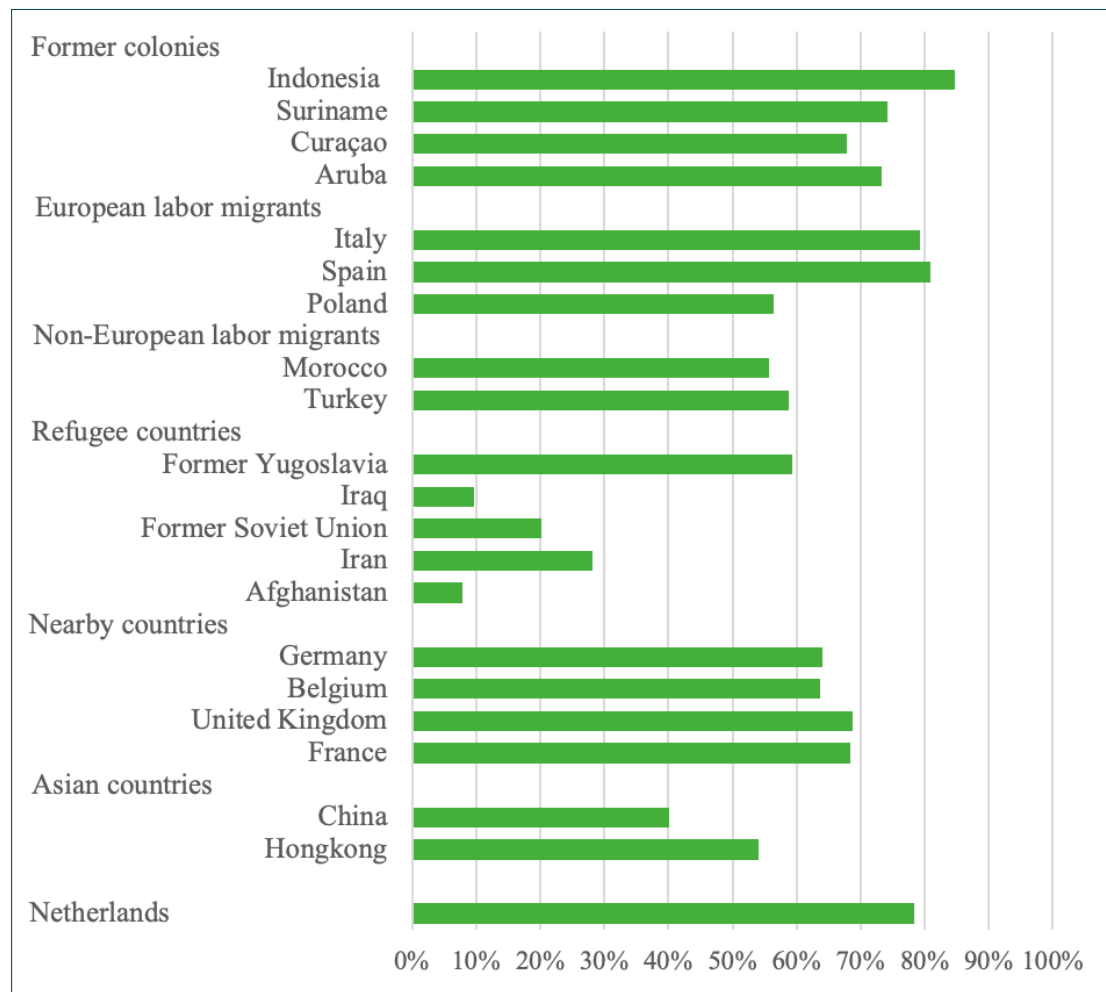
Supplementary pensions are most common among Dutch retirees and retirees from former colonies, nearby countries, and European labor migration countries: in these groups, between 65 and 80% receive some kind of supplementary pension. Conversely, less than one third of retirees from Afghanistan, Iraq, the former Soviet Union, and Iran receive supplementary pensions. This is due to their low level of labor market participation.

There are also large differences in the amount of supplementary retirement income received. The average amounts are highest for pensioners from the United Kingdom (€1,430 per month), Indonesia (€1,350), Belgium (€1,280), and France (€1,260). In contrast, the average monthly amounts are much lower for pensioners from Afghanistan (€270), Turkey (€350), China (€370), and Morocco (€370). This is in line with the differences regarding the position of immigrant groups in the Dutch labor market as described in the Context.

Comparing the *percentage* of people who receive a supplementary pension to the average *amount* of supplementary pension that people receive shows a clear contrast for certain groups. For example, as shown in Figure 3, over 50% of Moroccan and Turkish

pensioners receive a supplementary pension. However, as they often held lower-paid jobs or jobs at organizations that offer less favorable pension schemes, they receive a relatively low supplementary pension income. The most striking difference is between retirees born in Belgium and Turkey. The proportion of those receiving a supplementary pension is comparable (64% and 59%, respectively), but the Belgian retirees receive more than three times the amount that their Turkish counterparts receive.

Income from abroad

As shown in Figures 2 and 3, retired migrants are in a less favorable position compared to native Dutch retirees when it comes to both state pensions and supplementary pensions. However, compared with Dutch retirees, retired migrants are probably more likely to receive income from abroad, which is why we also studied this source of retirement income.

The available data from Statistics Netherlands specify neither the country nor the type of income. However, even though some individuals may have lived in a number of countries before migrating to the Netherlands, it is safe to assume that a large portion of foreign income is received from the migrant's country of origin. It is important to note that the source of this information is a person's tax return.[7]

Figure 4 shows the percentage of retirees who receive income from abroad.

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7   These numbers only capture the foreign sources of income that people report on their annual income tax return. Hence, the percentages presented on foreign income might be an underestimation.

Figure 4. Percentage of retirees who receive income from abroad
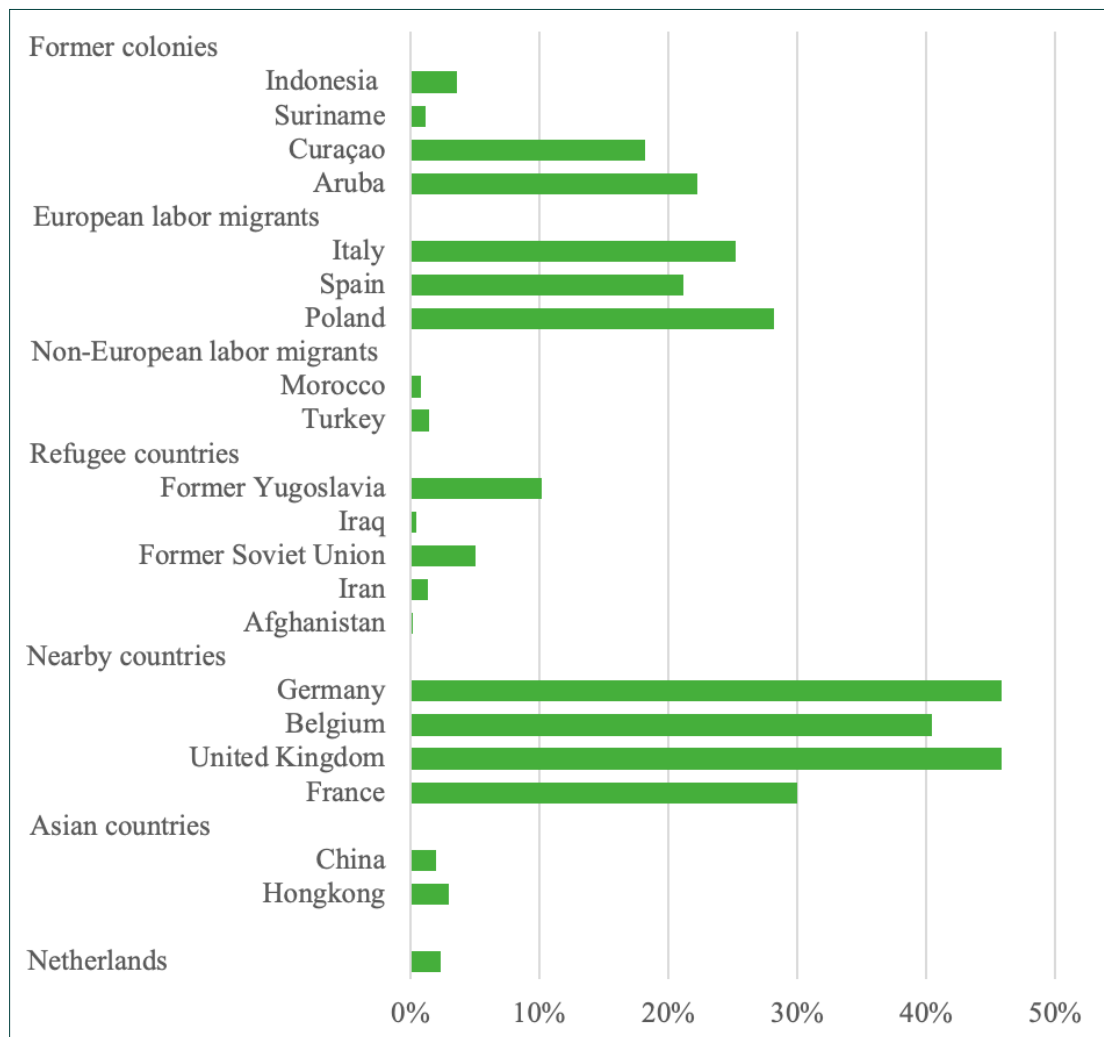Source: Lössbroek et al., 2024

Figure 4 shows that income from abroad is most common among retirees from nearby countries: nearly half of the retired migrants from Germany, Belgium, and the United Kingdom receive income from abroad. Around 20,000 persons commute from the Netherlands to their job in Belgium or Germany, a number noted to be rather stable (Statistics Netherlands, 2024d). This makes it highly plausible that some of the Belgian and German retirees commuted across the border for work while living in the Netherlands. Migrants from other European countries, as well as from Aruba and Curaçao, are also likely to receive pensions from abroad (15–30%).

There are several possible reasons why migrants from some countries are more likely to receive income from abroad compared to others. One explanation involves the migrant's age and/or time of arrival in the Netherlands. For example, Indonesian migrants mainly arrived in the Netherlands several decades ago (see Context) and are therefore less likely to have accrued any pension income in their home country. Another potential explanation

is that the pension systems in various other countries are less structured and/or based on lower incomes. The four countries that are near the Netherlands are all high-income countries, ranked by the Mercer index of 48 pension systems as having 'a sound structure, with many good features'. Pension systems in countries such as China, Poland, and Turkey, on the other hand, are described as having 'major risks and/or shortcomings' or 'major weaknesses and/or omissions' (Mercer, 2024).

In short, the majority of retirees do not receive income from abroad. For those who do, there is great variability in the amounts received. Income from abroad is highest for retirees who were born in Western European countries: on average about €750 per month. Retirees from refugee countries plus Morocco and Turkey are not only less likely to receive income from abroad, but they also tend to receive less: generally between €200 to €400 per month. This is not surprising, as the former group of countries has higher incomes in general compared to the latter.

Monthly retirement income

Figure 2 shows the average percentage of AOW benefits that the various groups receive, Figure 3 shows the average percentage of retirees who receive supplementary pensions by group, and Figure 4 shows the average percentage of migrants who receive income from abroad.

We combined the various sources of retirement income into a monthly amount in Figure 5.[8] By adding up these separate sources of retirement income, we can assess to what extent retirees may, on average, offset a lower income in one component with a higher income in others.

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8   It is important to note that these three components do not include all possible sources of retirement income. For example, they do not include the widow(er)'s pension for those who have lost their partner, nor does it include 'war pensions' for retirees who served or suffered during the World War II in Europe or Asia. Our reason for excluding these components is that they are less dependent on the migration history and the labor market position of migrants, which are the focus of this study. Also, the number of people who receive these kinds of retirement income is relatively limited. As such, they would not substantially change our main conclusions.

Figure 5. Average monthly retirement income in euros

Note: Retirement income is calculated by adding the three components: AOW state pension, supplementary pension, and income from abroad. 95% confidence intervals are displayed for each group.
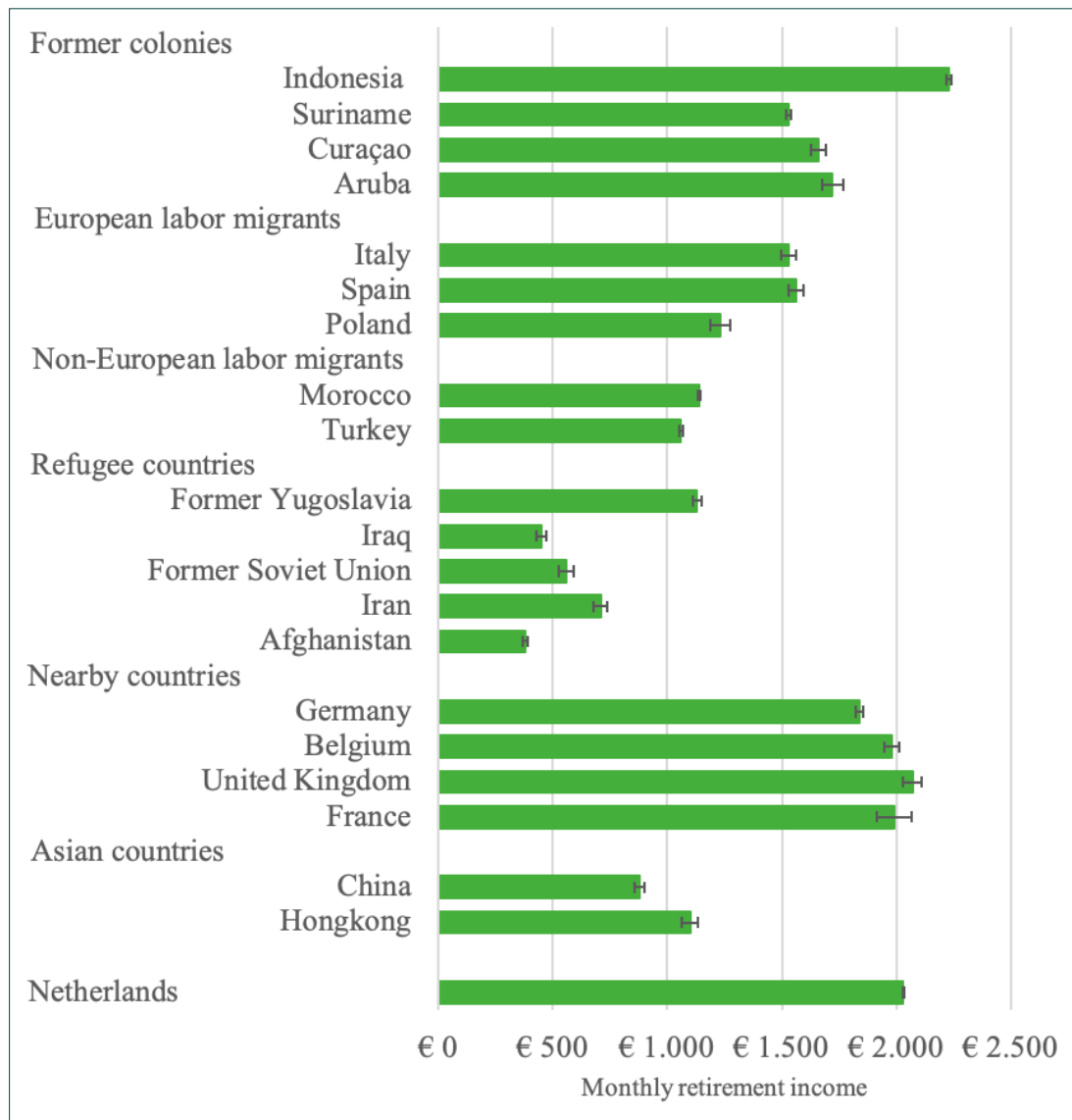
Retirees from France, Germany, Belgium, the United Kingdom, and Indonesia receive the highest average amounts per month: over €1,800. For the latter two countries, this is even higher than the average monthly amount received by Dutch retirees. The middle category, with average monthly retirement incomes ranging between €1,500 and €1,800, includes retirees from the former colonies Aruba, Curaçao, and Suriname, as well as the European former guest worker countries Italy and Spain. Pensioners from the guest worker countries outside Europe (Morocco and Turkey) have a retirement income of around €1,000 per month on average. Finally, retired migrants from refugee countries have the lowest average amount of retirement income: less than €1,000 a month.

For the groups that receive the highest average amounts per month (France, Germany, Belgium, the United Kingdom, Indonesia, and the Netherlands), the retirement income from multiple sources is consistently high: they have high AOW benefits and very often also receive supplementary pensions.[9] Retirees from France, Germany, Belgium and the United Kingdom are also the most frequent receivers of foreign incomes. Indonesian and Dutch retirees rarely receive foreign income, but this is more than offset by the fact that nearly all of them receive full AOW benefits. For migrants from refugee countries we see that they receive on average less state pension, often do not have a supplementary pension, and rarely receive income from abroad. This translates to low levels of retirement income for these migrants. Larger differences in the sources of income are seen for retirees born in other countries. In relative terms, pensioners from Morocco and Turkey, for example, receive a large average amount of state pension and relatively often receive a supplementary pension income as well. However, the average amount of supplementary pension that they receive is relatively low, and they hardly receive income from abroad. This all translates to a relatively low average monthly retirement income.

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9   Migrants from the United Kingdom receive less state pension compared to other European migrants, but their total pension amount is one of the highest. This seems to be mainly due to the fact that they receive a relatively large amount of supplementary pension and income from abroad. High-earning expats may significantly contribute to this result.

3. Conclusion

Our examination of the multiple components of retirement income revealed significant variation in the financial situations of different groups of retired migrants: the clusters of migration countries defined earlier show distinct patterns with regard to retirement income.

The largest cluster is made up of the former Dutch colonies: Indonesia, Suriname, Curaçao, and Aruba. Pensioners from these countries have been in the Netherlands since long and receive on average a relatively large amount of state pension. They also often have a supplementary pension and sometimes foreign income as well.

The second cluster consists of labor migrants from European countries. On average, migrants from Italy and Spain have relatively high AOW benefits and relatively often receive both supplementary pensions and income from abroad. Compared with them, the financial position of retired migrants from Poland is less advantageous, which is in line with their more recent migration history and strong overrepresentation in lower-paid jobs.

The third cluster, Morocco and Turkey, consists largely of migrant workers and their families. Like the above clusters, most of these migrants came to the Netherlands at a young age, so they receive a large part of the full AOW benefit. Their high employment rate means that they relatively often receive a supplementary pension, but because they were often employed in low-paid jobs this is on average relatively small.

A fourth cluster consists of countries from which many migrants arrived in the Netherlands as refugees: former Yugoslavia, Iraq, the former Soviet Union, Iran, and Afghanistan. Most refugees arrived in the Netherlands more recently than labor migrants, which means that they receive a lower state pension. They also seldom receive a supplementary pension or income from abroad, and if they do, it is usually low. Due to that combination, this group has the highest rate of retirement poverty.

A fifth cluster includes Germany, Belgium, the United Kingdom, and France, all nearby countries. This group often receives a high state pension and a supplementary pension, as well as income from abroad. The amounts for supplementary pension and foreign income are also the highest on average.

The final cluster consists of migrants from China and Hong Kong. These have generally been in the Netherlands for quite some time and therefore receive a relatively large proportion of the state pension. However, they are less likely to receive a supplementary pension or income from abroad, and when they do, the amounts involved are usually low.

4. Discussion

Retirement poverty is relatively high among migrants (Scholte & Lammers, 2017). This has been known for years, but this paper shows that there are large differences between the different groups of retired migrants in the sources of retirement income studied. The group with the highest average retirement income (Indonesia) receives over five times more than the group with the lowest average retirement income (Afghanistan). It also highlights the importance of examining the different components of retirement income when trying to understand retirement poverty.

This study, which focused on three main sources of retirement income, showed that labor migrants from outside Europe (Moroccans and Turks), migrants from refugee countries, and migrants from China and Hong Kong have relatively little retirement income based upon those sources. De Regt et al. (2022) showed that older migrants from those groups are also more likely to live in poverty and/or are less likely to own the house that they live in.[10]

This paper provides cues for policymakers who aim to reduce poverty among retired migrants. In order to align policies with the needs of pensioners in an effective way, it is crucial to identify which pension components exhibit the largest shortfalls and for whom. This paper can form the basis for identifying these components and migrant groups.

For example, the results clearly show that the number of years that a migrant lived in the Netherlands strongly influences his or her retirement income, as this directly impacts the amount of state pension that a person receives. Naturally, policymakers have little influence over the timing of migration to the Netherlands. However, it is worth realizing that the pension system can affect to what extent pension differences exist between the various migrant groups. While the Dutch AOW benefits are relatively high compared to the state pensions in other countries, the threshold for receiving it in full is also higher: the accrual period for the Netherlands is 50 years, whereas it is commonly around 40 years in other countries (Lössbroek, 2024). Shortening this period might lead to smaller differences in retirement income between migrant groups, but it should be noted that this would make the AOW system more costly.

The pensions that people receive are impacted not just by their migration history. The position of migrants in the labor market is also important to consider for policymakers

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10 Preliminary studies conducted by the authors (results available upon request) suggest that taking the AIO (supplementary income for the elderly) into account does increase the retirement income of migrants. This is especially true for migrants from refugee countries. However, the effect hereof did not change the main results described in this paper: migrants from refugee countries still receive substantially less retirement income than other migrants. As outlined in the main text, more research is needed on the take-up (or non-take-up) of AIO in order to fully understand to what extent the AIO can mitigate retirement poverty among migrants from refugee countries.

if they aim to reduce retirement poverty. Having a disadvantageous position in the labor market can lead to a more vulnerable position after retirement. For example, refugees are often unemployed, which results in almost no supplementary pension income and consequently high retirement poverty. However, there are also migrants who were employed in lower-paid jobs, so that they receive relatively little supplementary pension. This kind of retirement poverty can only be reduced by policy measures taken before retirement. Specific policy suggestions can be found in the two-pager that two authors (Lössbroek and Fokkema) provide elsewhere.

A suggestion for future research is to consider the gender dimension. The Netherlands is known for having a large gender pension gap in relative terms, with a 46 percent difference in retirement income between men and women (European Commission, 2015). It would be interesting to study the size of this gap among the previously established groups. One might expect, for instance, that the gap is smaller among retirees from countries with a substantially smaller gender pension gap, such as Belgium (27%), Poland (24%), and Spain (33%), but comparable among countries with gender pension gaps similar to the Netherlands, such as France (38%), Germany (45%), and the United Kingdom (42%) (European Commission, 2015). Do smaller gaps in the country of origin also translate into smaller gaps in the Netherlands? In addition, it could be worth studying the influence of other demographic components, such as marital status. To what extent are there differences in the various sources of retirement income between couples and single persons, and are the differences between couples and single persons similar between the migration clusters?

In this study we have focused on migrants in the Netherlands. However, the migration clusters that could be identified in this country (e.g., labor migrants, refugees, and migrants from nearby countries) are also relevant for many other countries. And although the exact composition and size of these clusters might change somewhat in the future,[11] they are expected to stay relevant for understanding retirement poverty in the near future for both the Netherlands and other countries.

This study has shown that, in order to understand retirement poverty, it is important to study the different migration clusters and their retirement income in more detail. We hope that this study will contribute to a better understanding of retirement poverty among migrants.

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11 For example, it is expected that in the "refugees cluster" migrants from Syria might become a relatively large group in the foreseeable future and that new members of the European Union might become more important in the group of retirees with labor as their main motive for migration.

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