

Germany

Exchange rate: U.S.\$1.00 equals 1.12 euros (€).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1889.

Current law: 2001.

Type of program: Social insurance system.

Note: Following the unification of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) on October 3, 1990, the social security system of the FRG remained in force and the system of the GDR continued to apply on an interim basis within the former GDR territory. The FRG and GDR systems were merged effective January 1, 1992, at which time Part VI of the Social Act came into force throughout the entire federal territory. In the summary that follows, particular provisions that were in place on January 1, 2002, in the new federal states are preceded by the designation "E".

Coverage

Employed persons (including apprentices), certain self-employed persons, persons caring for a child under age 3, recipients of social benefits (such as unemployment benefits), conscripts or persons doing community service instead of military service, and voluntary care workers.

Special systems for certain self-employed persons, miners, public employees (supplementary insurance), and farmers.

Voluntary affiliation for all others aged 16 or older who are currently exempt from compulsory insurance, including German citizens residing abroad and resident foreigners.

Source of Funds

Insured person: 9.55% of earnings; none if earnings are below •325 a month; self-employed, 19.1%.

Employer: 9.55% of payroll.

Government: Subsidy to compensate for cost of benefits not covered by contributions.

Maximum earnings for contribution purposes are •54,000 a year (E - •45,000).

Qualifying Conditions

Old-age pension: Age 65 with 5 years of contributions. Early retirement is possible from age 63 with 35 years of coverage; from age 60 with 15 years of contributions and unemployed 1 year after age 58 and 6 months or in part-time work for older employees for at least 24 months before age 60; from age 60 for women if they have 10 years of compulsory contributions after

age 40; from age 60 for severely disabled individuals with a minimum of 35 years of coverage.

Partial retirement is available for pensioners under age 65 with partial cessation of employment; if earnings are less than •325 a month, full pension is paid; if earnings are above that amount, partial pension is paid at 2/3, 1/2, or 1/3 depending on the individual's earnings level.

Disability pension: Full reduction in earning capacity (unable to work more than 3 hours a day in any form of employment) or partial reduction in earning capacity (unable to work at least 6 hours a day in any form of employment: for insured persons born before January 2, 1961, unable to work at least 6 hours a day in former occupation). Total of 5 years of contributions and 36 months of compulsory contributions out of last 5 years.

Survivor pension: Deceased had 5 years of contributions or was pensioner at death.

Old-Age Benefits

Old-age pension: The total of individual earnings points (individual's annual earnings divided by the average earnings of all contributors multiplied by the entry factor), multiplied by the pension factor of 1.0 and the pension value. The pension value is the monthly benefit amount for 1 year's average covered earnings, adjusted for changes in wages. From January 1, 2002, to June 30, 2002, the value is •25.31 (E - •22.06). Periods of incapacity for work, unemployment, and schooling after age 17 are also taken into account. The normal entry factor is 1.0 and increases or decreases depending on the age at which the pension is drawn.

For low-income workers with 35 years of coverage, the value of compulsory contributions paid before 1991 is increased to 1.5 times the value, up to a maximum of 75% of the value of contribution for average earnings of all insured persons.

For persons with 25 years of coverage, the value of compulsory contributions paid after 1992 while caring for a child under age 10 is increased to 1.5 times the value, up to the value of contribution for average earnings of all insured.

For early retirement, the entry factor (1.0) is reduced by 0.003 for every calendar month a pension is drawn before age 65.

For deferred retirement, the entry factor (1.0) is increased by 0.005 for every calendar month a pension is drawn after age 65.

Benefit adjustment: Benefits are adjusted annually on July 1 for changes in the pension value in proportion to changes in earnings and the contribution rate.

Permanent Disability Benefits

Disability pension: Same as old-age pension. If disability occurs before age 60, the period from the beginning of the reduction in earning capacity up to age 60 is taken fully into account for the purpose of calculating the pension (for a transitional period until 2004, a shorter time after age 55 is taken into account).

Pension factor for full reduction in earning capacity equals 1.0; for partial reduction, pension factor is 0.5.

The normal entry factor (1.0) is reduced by 0.003 for every calendar month a pension is drawn before age 63 (maximum reduction is 0.108).

Benefit adjustment: Benefits are adjusted annually on July 1 for changes in the pension value in proportion to changes in earnings and the contribution rate.

Survivor Benefits

Survivor pension: Same as disability pension for full reduction in earning capacity; see disability pension, above. Pension factor is 1.0 in the first 3 months, then 0.55 if age 45, disabled, or caring for at least one child (0.6 if married before 2002 and one spouse born before January 2, 1961); otherwise 0.25. Special rules if recently married. Payable to widow or widower.

Orphan's pension: Pension factor is 0.1 for orphan and 0.2 for full orphan. Supplements are paid depending on length of coverage of deceased and other factors. Payable in full if net income is less than limit; for higher income, 40% is offset against pension.

Benefit adjustment: Benefits are adjusted annually on July 1 for changes in the pension value in proportion to changes in earnings and the contribution rate.

Administrative Organization

Federal Ministry of Labor and Social Affairs, general supervision. Different organizations administer benefits for wage earners, salaried employees, and miners.

Sickness funds collect contributions for employees from employers and forward them to pension insurance organizations; others (for example, self-employed) pay directly to the organizations.

Sickness and Maternity

Regulatory Framework

First law: 1883.

Current laws: 1924 (maternity benefits), 1988 (sickness insurance), and 1994 (long-term care).

Type of program: Social insurance system.

Coverage

Compulsory insurance for all wage and salary earners earning up to €40,500 a year; pensioners, students, and persons with disabilities under certain conditions; apprentices and beneficiaries of unemployment benefits.

Special systems for miners, artists, public employees, and self-employed farmers.

Voluntary insurance in particular for persons whose compulsory insurance ends, subject to certain conditions.

Long-term care for all persons covered by the statutory sickness insurance scheme and some special groups subject to

certain conditions. Persons with private sickness insurance must buy equivalent private coverage for long-term care.

Source of Funds

Sickness and maternity

Insured person: On average, 7% of covered earnings, according to fund; no contribution if earning less than €325 a month. Pensioners contribute on average 7% of pension.

Employer: On average, 7% of payroll, according to fund, and 14% for employees earning less than €325 a month.

Government: Subsidy for maternity benefits; benefits for unemployed and persons in authorized training; subsidy for pensioned farmers' and students' health benefits.

Pension insurance organizations: Pay same contribution as, and on behalf of, compulsorily insured pensioners and a contribution subsidy for voluntarily insured pensioners.

Maximum earnings for benefit and contribution purposes are €40,500 a year (adjusted annually to 75% of pension contributions ceiling).

Long-term care

Insured person: In one federal state, 1.7% of earnings; in all others, 0.85% of earnings.

Employer: In one federal state, 0% of payroll; in all others 0.85% of payroll.

Government: Contributes for unemployed, farmers, and students receiving benefits under the Federal Education Support Act (BaföG).

Pension insurance organizations: Pay same contribution as, and on behalf of, compulsorily insured pensioners (0.85%) and a contribution subsidy for voluntarily insured pensioners.

Maximum earnings for contribution purposes (long-term care) are €40,500 a year (adjusted annually to 75% of pension contributions ceiling).

Qualifying Conditions

Cash sickness and medical benefits: Membership in sickness fund. No minimum membership period required for medical benefits.

Cash sickness benefit: Insured persons who are unable to work, are hospitalized, or are taking care of a sick child younger than age 12.

Long-term care benefit: Payable on one of three levels depending on degree and frequency of care required:

1. Substantial need for care with at least one daily procedure required;
2. Severe need for care with daily procedure three times per day required;
3. Critical need for care with round-the-clock care required.

In addition, all three levels require a need for help with housework several times a week. In 2002, to be eligible, the

insured must have coverage in a long-term care fund of at least 7 years; from 2003, at least 8 years.

Sickness and Maternity Benefits

Sickness benefit: Sickness funds pay 70% of gross earnings (up to a maximum of 90% of net earnings) for up to 78 weeks in 3 years for the same illness.

If child is ill, sickness benefit is paid up to 10 working days per child but no longer than 25 days per insured person in each calendar year. If single parent, benefit is payable for 20 working days per child up to 50 days in calendar year.

Maternity benefit: For female fund members with an employment contract, 100% of net earnings (up to •13 per day from sickness fund, remainder paid by employer) is payable 6 weeks before and 8 weeks after expected date of birth; other members receive the same amount as for sickness benefit.

Lump-sum payment of •77 payable per birth if insured is not eligible for maternity benefit.

Long-term care: Carer's allowance is payable in cases in which the insured organize care provision for themselves (for example, care provided by relatives). Allowance is •205, •410, or •665 per month depending on the degree and frequency of care required.

Possibility of combining carer's allowance with benefits in kind (see home care benefits in section on Worker's Medical Benefits, below) provided by professional care workers (carer's allowance decreases in proportion to claimed in-kind benefits).

Social security of carers: Contributions paid to old-age pension insurance by long-term care funds on behalf of unpaid relatives who provide care for at least 14 hours a week for a person needing care at home and who are not employed for more than 30 hours a week. The paid contributions depend on the level of care required. Work injury insurance while providing care. After termination of care, carers have right to cost-of-living allowance in order to facilitate their return to employment.

Workers' Medical Benefits

Benefits provided to patients by doctors, hospitals, and pharmacists under contract with sickness funds. Includes comprehensive medical and dental care, preventive examinations and treatment, laboratory tests, maternity care with midwife or doctor, hospitalization, surgery, appliances, and prescribed medicines. Copayment required for medicines, appliances, hospitalization, and transportation but not for hardship cases (depending on means).

Long-term care (home care benefits): Care at home and housework provided by professional care workers or outpatient care services, appliances and technical assistance (such as home modification), day and night care (including services partially provided by a care establishment), short-term institutional care, care at home if the care is organized by the insured person (see long-term care cash benefits, above) is

temporarily unavailable. Maximum amounts are fixed for the different services.

Claimable in-kind benefits for care at home are •384, •921, or •1,432 depending on level of care required.

Long-term care (institutional care benefits): Costs of care services are covered up to maximum amounts. Insured pay for costs of room and meals.

Dependents' Medical Benefits

Medical benefits: Same as for insured person.

Long-term care: Same as for insured person.

Administrative Organization

Federal Ministry of Health handles general supervision.

Federal Insurance Institute supervises federal health insurance.

Supervision at state level by designated state authorities.

Sickness funds administer contributions and benefits. Separate sickness funds are organized within federations at the national and, if applicable, at the state level. Day-to-day administration of funds is handled by a board of directors who are elected by an administrative council generally consisting of representatives of insured persons and employers.

Regional physicians' associations contract annually with federations of funds on payment for medical services.

Total sum paid by sickness funds to physicians' associations is apportioned by the latter to participating doctors.

Federal Ministry of Labor and Social Affairs handles general supervision of long-term care. Separate funds for long-term care organized by sickness funds and private sickness insurance funds administer benefits. Federal states pay construction costs for long-term care institutions.

Work Injury

Regulatory Framework

First laws: 1884 (work accidents) and 1925 (occupational diseases).

Current law: 1996.

Type of program: Social insurance system.

Coverage

Employed persons, some categories of self-employed, voluntarily insured employers, apprentices, students, children in kindergarten, and family helpers in agriculture.

Special system for civil servants and public employees with similar status.

Source of Funds

Employees: None.

Employer: Contributions vary according to classes of risk. Average contribution is 1.31% of payroll.

Government: Subsidy to agricultural accident insurance and for coverage of students and children in kindergarten.

Maximum earnings for benefit purposes vary; maximum is •84,000 a year.

Qualifying Conditions

Work injury and occupational disease benefits: No minimum qualifying period.

Temporary Disability Benefits

Same as for ordinary sickness, including payment by employer. After termination of the continuous wage payment (in most cases 6 weeks), payment is assumed by the accident insurance fund. Payable from day after insured event to recovery or beginning of pension payment.

Permanent Disability Benefits

Pension is 66.6% of last year's earnings if 100% disabled (full pension). Partial disability pension if loss of earning capacity is 20% or more: percentage of full pension corresponding to loss of earning capacity.

Supplement for severely disabled: 10% of basic pension if loss of earning capacity is 50% or more and person is receiving another pension.

Constant-attendance supplement: •286 to •1,143 a month (E - •246 to •983).

Workers' Medical Benefits

Comprehensive medical care; medical, occupational, and social rehabilitation; appliances and help with housework. Provided exclusively by accident funds.

Agricultural accident insurance covers the provision of assistance to guarantee vital farming operations.

Survivor Benefits

Survivor pension: During first 3 calendar months after death, pays 66.6% of earnings of insured. Thereafter, 40% of earnings of insured if age 45, disabled, or caring for at least one child; otherwise 30% of earnings ("small survivor pension"). As of January 1, 2002, payment of "small survivor pension" is limited to 2 years if survivor is younger than age 40. Payable to widow or widower.

Orphan's pension: 20% of earnings of insured for each orphan under age 18 (under 25 if student or disabled) or 30% if full orphan.

Earnings over a certain limit are offset in the case of beneficiaries over age 18.

Parents and grandparents (depending on means) receive 20% of earnings of insured if single beneficiary, 30% if couple.

Former spouses (if eligible) may receive survivor pension. Amount is split between survivor and former spouse according to length of marriage.

Maximum survivor pension is 80% of earnings of the insured.

Death grant: •4,020.

Administrative Organization

Federal Ministry of Labor and Social Affairs supervises accident prevention and primary care.

Federal Insurance Institute or relevant state authorities supervise other areas.

Accident insurance funds (nonagricultural, agricultural, public authorities) administer scheme. Bipartite management by elected representatives of employers and the insured. Special accident insurance carriers for public employees.

Unemployment

Regulatory Framework

First law: 1927.

Current law: 2002.

Type of program: Compulsory insurance system.

Coverage

Employed persons, including home-workers, apprentices, and trainees; other groups (such as participants in occupational training schemes) are also included to a certain extent.

Excludes negligible employment (mini-jobs).

Source of Funds

Insured person: 3.25% of covered earnings.

Employer: 3.25% of covered earnings.

Government: Loans or subsidies to cover any deficit; also covers cost of unemployment assistance.

Maximum earnings for contribution purposes are •54,000 a year.

Qualifying Conditions

Unemployment benefit: Personally registered at employment office, capable of and available for work; 360 days of insured employment in last 3 years (180 days for seasonal workers).

Unemployment assistance: Based on need, available for workers with 150 days of employment in last year or who have exhausted their statutory unemployment benefit.

In certain cases, the right to unemployment benefit or assistance can be suspended (for up to 12 weeks).

Unemployment Benefits

Unemployment benefit: 67% of net earnings for unemployed with children (60% if no children). Payable for 180 to 960 calendar days according to length of insured employment and age.

Unemployment assistance (means-tested): 57% of net earnings (53% if no children). Duration is 360 calendar days; no limit on duration if payable after unemployment benefit has been exhausted.

Short-time work benefit: Paid to workers who lose working hours for short periods, in particular due to economic reasons.

Bad weather allowance: Paid to construction workers whose work is halted due to bad weather; payable after 100th hour of stoppage between November 1 and March 31 of any year.

Cost-of-living allowance: Paid to participants in occupational training, retraining, and rehabilitation.

Administrative Organization

Federal Ministry of Labor and Social Affairs supervises.

Local employment offices handle placement, career guidance, and administration of benefits.

Sickness funds collect contributions.

Family Allowances

Regulatory Framework

First law: 1954.

Current law: 2002.

Type of program: Universal system.

Coverage

Parents with one or more children.

Full orphans and children who do not know where their parents live.

Source of Funds

Parents: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Child benefit: Child must be under age 18 (under 21 if unemployed; under 27 if in education, if no apprenticeship is available, or if carrying out a voluntary service); no limit if disabled. For children above 18 years of age, the amount of the child benefit depends on their income.

Family Allowance Benefits

Child benefit: •154 a month for first, second, and third child; •179 for each subsequent child. (Lower rates may be paid if children of workers employed in Germany reside in countries where cost of living is lower.) If child supplements from the statutory work accident or pension programs are paid, a child benefit is payable only if it is higher, and then only for the difference.

Administrative Organization

Federal Finance Office administers benefits through the Federal Institute for Labor (through regional and local labor offices) under the title Family Fund, for public employees through their salary payment offices.

Administrative costs are reimbursed by the federal government.