

## Czech Republic

Exchange rate: US\$1.00 equals  
23.96 koruna (CZK).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1906 (salaried employees) and 1924 (wage earners).

**Current law:** 1995 (pension insurance), implemented in 1996, with 2002 and 2003 amendments.

**Type of program:** Social insurance system.

#### Coverage

Employed and self-employed persons, including students; unemployed persons; persons caring for children; indigent persons; and military personnel.

Voluntary coverage for unemployed persons and students (if not compulsorily covered by the 1995 law), persons employed abroad, and persons performing certain kinds of volunteer work. Other persons older than age 18 may voluntarily insure for a maximum of 10 years.

There are no special systems for any specified groups of employees.

#### Source of Funds

**Insured person:** 6.5% of monthly earnings; the voluntarily insured contribute 28% of 9,100 CZK.

There are no minimum earnings for contribution purposes.

There are no maximum earnings for contribution purposes.

**Self-employed person:** 28% of monthly declared earnings.

Declared earnings are equal to 50% of the difference between income and expenses; a flat-rate 4,709 CZK if declared earnings for a full-time self-employed person are less than half of 50% of the average monthly wage. The minimum declared earnings for a part-time self-employed person are 10% of the average monthly wage, or 1,884 CZK.

The maximum annual earnings for contribution purposes are 486,000 CZK.

**Employer:** 21.5% of monthly payroll.

There are no minimum earnings for contribution purposes.

There are no maximum earnings for contribution purposes.

**Government:** Any deficit.

#### Qualifying Conditions

**Old-age pension:** Age 61 and 6 months with 25 years of insurance for men. Age 55 and 8 months to age 59 and 8 months with 25 years of insurance for women, according to the number of children reared.

Age 65 (men and women) with 15 years of insurance.

The retirement age is to be gradually increased by 2 months for men and 4 months for women each year until it reaches age 63 for men (2015) and women without children (2028) and from ages 59 to 62 for women with children.

**Early pension:** Retirement is possible up to 3 years before the normal retirement age. All employment must cease.

**Deferred pension:** The old-age pension may be deferred. The minimum deferral period is 90 days. There is no maximum deferral period.

**Pension supplement:** The old-age pension is increased if the pensioner is disabled.

Old-age pensions are payable abroad.

**Disability pension:** Payable for a total disability (66% loss of earning capacity) or partial disability (33% loss of earning capacity). The insured must have a minimum period of insurance coverage, subject to the insured's age at the onset of disability: less than 1 year of insurance if younger than age 20; 1 year if aged 20 to 22; 2 years if aged 22 to 24; 3 years if aged 24 to 26; 4 years if aged 26 to 28; or 5 years if older than age 28.

Czech Social Security Administration assesses the degree of disability.

**Disabled from youth pension:** The full disability pension is paid if it began before age 18.

District administrations assess the disability if it began before age 18.

**Pension supplement:** The disability pension is increased according to the assessed degree of disability.

Disability pensions are payable abroad if all gainful activity has ceased.

**Survivor pension:** The deceased qualified for a pension or was a pensioner at the time of death or died as a result of a work injury or an occupational disease.

Eligible survivors include the spouse and children up to age 26. The surviving spouse must have been married to the deceased.

A same-sex partner who cohabited with the deceased is not eligible.

**Pension supplement:** The survivor pension is increased if the survivor is disabled.

Survivor pensions are payable abroad.

## Old-Age Benefits

**Old-age pension:** The pension consists of two elements: a basic flat-rate monthly amount of 1,470 CZK and an earnings-related amount calculated on the basis of 1.5% of the personal assessment base per year of insurance. There is no maximum for the earnings-related amount.

The personal assessment base is based on average gross earnings in the 10 years before retirement. This period is to be extended by 1 year each year until it reaches a total of 30 calendar years. Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 9,100 CZK, earnings for pension calculation purposes are considered as follows: 100% of earnings up to 9,100 CZK; 30% of earnings from 9,100 CZK to 21,800 CZK; and 10% of earnings over 21,800 CZK.

The minimum monthly old-age pension is 2,240 CZK, equal to the flat-rate basic amount (1,470 CZK) plus 770 CZK.

There is no maximum old-age pension.

Persons who first receive the old-age pension at the normal retirement age may continue in gainful activity.

**Temporarily reduced early pension:** Payable up to 2 years before the normal retirement age provided that the insured has a minimum of 25 years of insurance and has received a partial or a full disability pension for at least 5 years and that entitlement to a disability pension has expired within 5 years of reaching the normal retirement age. The pension is reduced by 1.3% of the personal assessment base for every (even incomplete) period of 90 days the pension is received before the normal retirement age, but the insured's full pension is paid upon reaching the normal retirement age.

**Permanently reduced early pension:** Payable up to 3 years before the normal retirement age; the actual date of retirement is left to the insured's discretion. The insured must have at least 25 years of contributions. The pension is reduced by 0.9% for every (even incomplete) period of 90 days the pension is received before the normal retirement age. This reduction is permanent and continues after the recipient reaches the normal retirement age.

Gainful activity must cease for persons receiving the temporarily or permanently reduced early pension.

**Deferred pension:** The pension is increased by 1.5% of the personal assessment base for every 90 days of gainful activity during which the claim for an old-age pension is deferred.

**Pension supplement:** If the insured is partially disabled, the value of the benefit is increased by 20% of the subsistence minimum; by 40% for a severe but not total disability; or by 75% for a total disability.

**Benefit adjustment:** Benefits are adjusted every January according to at least 100% of the change in the consumer

price index in the 12-month period before the previous July and by at least 1/3 of average real wage growth in the 12-month period before the previous January.

## Permanent Disability Benefits

**Disability pension:** The monthly full disability pension consists of two elements: a basic flat-rate monthly amount of 1,470 CZK and an earnings-related amount based on 1.5% of the personal assessment base per year of insurance. The projected insurance period is credited from the onset of disability up to the normal retirement age.

The personal assessment base is based on average gross earnings in the last 10 years. This period is to be extended by 1 year each year until it reaches a total of 30 calendar years. Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 9,100 CZK, earnings for pension calculation purposes are considered as follows: 100% of earnings up to 9,100 CZK; 30% of earnings from 9,100 CZK to 21,800 CZK; and 10% of earnings over 21,800 CZK.

The minimum monthly disability pension is 2,240 CZK, equal to the flat-rate basic amount (1,470 CZK) plus 770 CZK.

There is no maximum disability pension.

**Partial disability:** The monthly benefit is equal to the flat-rate basic amount (1,470 CZK) plus 0.75% of the personal assessment base for every year of insurance.

The minimum monthly partial disability pension is 1,855 CZK, equal to the flat-rate basic amount (1,470 CZK) plus 770 CZK.

There is no maximum partial disability pension.

**Disabled from youth pension:** The monthly full disability pension is calculated as a flat-rate basic amount (1,470 CZK) plus an earnings-related amount. The earnings-related amount is equal to 45% of the annual general assessment base, calculated using the national average monthly wage. The personal assessment base is based on average gross earnings in the last 10 years.

Total disability pensioners may engage in gainful activity; the partial disability pension is subject to an earnings test.

**Pension supplement:** If the insured is partially disabled, the value of the benefit is increased by 20% of the subsistence minimum; by 40% for a severe but not total disability; or by 75% for a total disability.

**Benefit adjustment:** Benefits are adjusted every January according to at least 100% of the change in the consumer price index in the 12-month period before the previous July and by at least 1/3 of average real wage growth in the 12-month period before the previous January.

## Survivor Benefits

**Survivor pension:** The widow(er) receives a monthly flat-rate basic amount (1,470 CZK) plus 50% of the earnings-related amount paid or payable to the deceased. The pension is payable to all widow(er)s for 1 year; thereafter, only to widows aged 55 or older or widowers aged 58 or older; any age if disabled or caring for a dependent or disabled child or for a disabled parent.

The minimum monthly survivor pension for a widow(er) is a flat-rate basic amount (1,470 CZK) plus 385 CZK.

There is no maximum survivor pension.

**Remarriage grant:** The widow(er) pension ceases on remarriage, and a lump sum equal to 12 times the last monthly pension is paid.

**Orphan's pension:** A monthly flat-rate basic amount (1,470 CZK) plus 40% of the earnings-related amount paid or payable to the deceased is paid to each dependent child. For full orphans, the basic amount is payable only once, plus 40% of the sum of the earnings-related amount paid or payable to both parents.

The minimum monthly orphan's pension is a flat-rate basic amount (1,470 CZK) plus 308 CZK.

There is no maximum orphan's pension.

If the survivor is also entitled to an old-age or disability pension, the amount paid is equal to the highest pension plus half of the earnings-related amount of the other pension.

**Pension supplement:** If partially disabled, the value of the benefit is increased by 20% of the subsistence minimum; by 40% for a severe but not total disability; or by 75% for a total disability.

**Benefit adjustment:** Benefits are adjusted every January according to at least 100% of the change in the consumer price index in the 12-month period before the previous July and by at least 1/3 of average real wage growth in the 12-month period before the previous January.

**Death grant:** A lump sum of 5,000 CZK is paid to the person who paid for the deceased's funeral.

## Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision and is responsible for policy development for all areas of social security except health insurance.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers benefits through its central administration and 77 district administrations.

## Sickness and Maternity

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### Regulatory Framework

**First law:** 1888.

**Current laws:** 1956 (sickness insurance), implemented in 1957, with 1993 amendment; 1968 (maternity benefits, maternity leave, and child benefits); 1991 (health insurance), implemented in 1992; 1991; 1992 (health insurance funds); 1992 (health insurance premiums), implemented in 1993, with 2005 amendment; 1992 (nonstate health care facilities); 1997 (drugs), implemented in 1998; and 1997 (public health insurance), with 2005 amendment.

**Type of program:** Social insurance (cash benefits) and universal (medical benefits) system.

### Coverage

**Cash benefits:** Employed and insured self-employed persons.

Sickness insurance is voluntary for self-employed persons. (Insured self-employed persons are only entitled to sickness and maternity benefits).

**Medical benefits:** All persons permanently residing in the Czech Republic or employees whose employer resides in the Czech Republic.

### Source of Funds

**Insured person:** 1.1% of monthly gross earnings (cash sickness and maternity benefits) and 4.5% of monthly gross earnings (medical benefits).

There are no maximum earnings for contribution purposes.

**Self-employed person:** 4.4% of monthly declared earnings (cash sickness and maternity benefits) and 13.5% of monthly declared earnings (medical benefits).

Declared earnings are equal to 50% of the difference between income and expenses; a flat-rate 4,709 CZK if declared earnings for a full-time self-employed person are less than half of 50% of the average monthly wage. The minimum declared earnings for a part-time self-employed person are 10% of the average monthly wage, or 1,884 CZK.

The maximum annual earnings for contribution purposes for a self-employed person are 486,000 CZK.

**Employer:** 3.3% of monthly payroll (cash sickness and maternity benefits) and 9% of monthly payroll (medical benefits).

There are no maximum earnings for contribution purposes.

**Government:** Any deficit for cash sickness and maternity benefits and medical benefits; 13.5% of a monthly reference wage equal to 3,520 CZK for special categories of persons.

## Qualifying Conditions

**Cash sickness benefits:** The insured must have gross earnings greater than 400 CZK or work more than 7 days a month. A doctor's certificate is required from the first day of incapacity. There is no requirement for a minimum period of employment or residence. There is no waiting period.

**Cash maternity benefits:** The insured must have 270 days of insurance in the 2 years before childbirth, must have reported a loss of earnings, and must be the mother of the child or be the child's substitute carer (substitute carers may include men), and the mother must have undergone medical examination to confirm the pregnancy.

**Maternity compensation benefits:** Payable if the insured's earnings are reduced after transferring to another job as the result of pregnancy or childbirth.

**Medical benefits:** There is no minimum qualifying period.

## Sickness and Maternity Benefits

**Sickness benefit:** The benefit for the first 3 days is equal to 25% of the daily assessment base; thereafter, 69%. The benefit is payable from the first day of incapacity for up to a year (up to 84 days per year for old-age or disability pensioners who are employed); up to 2 years if recovery is likely.

The calculation of the daily assessment base is based on a percentage of gross earnings: 90% of gross earnings for the first 14 days of incapacity; from day 15, 100% of gross earnings up to 510 CZK, plus 60% of gross earnings from 510 CZK up to 730 CZK. Gross earnings greater than 730 CZK are exempt.

The maximum daily assessment base for the calculation of sickness benefits is 591 CZK for the first 14 days of incapacity; thereafter, 642 CZK.

**Maternity benefit:** The benefit is equal to 69% of the daily assessment base and is payable for 28 weeks (37 weeks for a single mother and for multiple births), including at least 6 weeks before the expected date of childbirth.

The calculation of the daily assessment base is based on a percentage of gross earnings: 100% of gross earnings up to 510 CZK, plus 60% of gross earnings from 510 CZK up to 730 CZK. Gross earnings greater than 730 CZK are exempt.

The maximum daily benefit is 443 CZK.

**Maternity compensation benefit:** The benefit is equal to the difference between the earnings before and after job transfer. The benefit is paid from the transfer day until maternity leave begins; after childbirth, the benefit is paid from the day of returning to the usual job until the end of the 9th month after the date of childbirth.

## Workers' Medical Benefits

Health care is provided free of charge under the scope and conditions stipulated by law. Benefits includes medical treatment in outpatient and inpatient care facilities; emergency and rescue services; preventive care; the provision of drugs, medical aid, and appliances; stomatologic treatment (diseases of the mouth); spa treatment; the care of children in special medical institutions and convalescent homes; preventive care provided in enterprise and factory surgeries; transportation of the sick; medical assessment; and the examination of deceased insured persons and autopsy, including the transportation of the dead.

Certain pharmaceutical products are reimbursed in part or in full, according to the schedule in law.

The health insurance system covers transportation costs.

There is no limit to duration.

## Dependents' Medical Benefits

Health care is provided free of charge under the scope and conditions stipulated by law. The Czech health insurance system is based on individual insurance for each person.

There is no limit to duration.

## Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision for sickness insurance. Regional and district offices administer cash benefits.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers cash sickness benefits through its central administration and 77 district administrations.

Organizations with more than 25 employees pay sickness benefits.

Ministry of Health (<http://www.mzcr.cz>) provides general supervision for medical services.

Medical services are provided in state and private outpatient and inpatient care facilities on the basis of contracts set up with individual insurance companies.

Benefits in kind, such as medical treatment, hospitalization, or prescription drugs, are the responsibility of insurance companies.

## Work Injury

### Regulatory Framework

**First law:** 1887.

**Current laws:** 1956 (benefits), with amendments; 1990 (self-employed); 1993 (occupational diseases and injuries); 1994,

with 2000 and 2004 amendments; 1995 (pensions); 1995; and 2001 (compensation), with 2003 amendment.

**Type of program:** Social insurance system.

### Coverage

Employees, public officials, disabled persons, students, members of voluntary fire brigades and mining rescue corps, members of cooperatives, Red Cross workers, members of rescue services, and blood donors.

Exclusions: Self-employed persons.

Special systems for military and police force personnel.

### Source of Funds

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** Premiums are paid every 3 months and are calculated from the social insurance tax base of all employees. The premium depends on the type of activity performed.

**Government:** Pays any deficit between the insurance coverage provided by the employer and the compensation awarded to the insured.

### Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are not covered.

### Temporary Disability Benefits

A lump sum is paid equal to the difference between the insured's average earnings before the work injury or the onset of the occupational disease and the full amount of sickness benefit (see Sickness and Maternity, above).

There is no maximum benefit.

### Permanent Disability Benefits

**Permanent disability pension:** The full pension is paid for a total permanent disability (66% loss of earning capacity). The monthly pension is equal to average gross earnings in the 3 months before the onset of disability and is payable up to age 65.

Partial disability: Payable with at least a 33% loss of earning capacity.

Czech Social Security Administration assesses the degree of disability.

### Workers' Medical Benefits

All necessary medical expenses are paid.

### Survivor Benefits

**Survivor grant:** A lump sum of 50,000 CZK is paid for a spouse; a lump sum of 80,000 CZK for an orphan up to age 26; and a lump sum of 50,000 CZK for the deceased's parents (in special circumstances).

The cost of alimony payments may be paid to an eligible divorced survivor.

The cost of any medical treatment provided to the deceased is reimbursed.

**Funeral grant:** The reasonable cost of a funeral is paid to the person who paid for the funeral.

### Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision for the provision of temporary and permanent disability benefits and survivor pensions.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers benefits through its central administration and 77 district administrations.

Administrative roles are also played by two insurance companies and by large-scale employers.

Ministry of Health (<http://www.mzcr.cz>) provides general supervision for the provision of medical benefits.

Insurance companies insure private-sector employers employing at least one employee against liability for damage caused by injuries at work and by occupational diseases.

### Unemployment

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#### Regulatory Framework

**First law:** 1991.

**Current law:** 2004, with 2005 amendment.

**Type of program:** Social insurance system.

#### Coverage

Citizens of the Czech Republic and the European Union and their dependents. Non-EU citizens who reside permanently in the Czech Republic.

There are no special systems for any specified groups of employees.

#### Source of Funds

**Insured person:** 0.4% of monthly earnings.

There are no maximum earnings for contribution purposes.

**Self-employed person:** 1.6% of monthly declared earnings.

Declared earnings are equal to 50% of the difference between income and expenses; a flat-rate 4,709 CZK if

declared earnings for a full-time self-employed person are less than half of 50% of the average monthly wage. The minimum declared earnings for a part-time self-employed person are 10% of the average monthly wage, or 1,884 CZK.

The maximum annual earnings for contribution purposes for self-employed persons are 486,000 CZK.

**Employer:** 1.2% of monthly payroll.

**Government:** Any deficit.

### Qualifying Conditions

**Unemployment benefits:** The insured must be registered as a jobseeker and have been employed for at least 12 months in the last 3 years.

The employment period can include periods of vocational training up to 6 months, job training if disabled, periods receiving a total disability pension, periods of basic military or civilian service, periods providing care for a child up to age 4 (age 18 if seriously disabled), and periods providing care for persons older than age 80, subject to conditions.

### Unemployment Benefits

The benefit is equal to 50% of average net monthly earnings in the last quarter for the first 3 months; thereafter, 45%.

60% of average net monthly earnings are paid if undergoing retraining.

The maximum monthly benefit is 11,050 CZK; 12,376 CZK if undergoing retraining.

When entitlement to unemployment benefits is exhausted, social benefits and allowances are paid.

### Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

Benefits are administered by labor offices.

### Family Allowances

#### Regulatory Framework

**First law:** 1945.

**Current law:** 1995 (state support), with 2003 amendment, implemented in 2004.

**Type of program:** Universal system.

#### Coverage

Families with children.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Child allowance:** Dependent children in education (up to age 26) who reside permanently in the Czech Republic.

### Family Allowance Benefits

**Child allowance (income-tested):** If family income is below 1.1 times the living minimum, the benefit is equal to 32% of the child living minimum for each child; if family income is from 1.1 times to 1.8 times the living minimum, 28% of the child living minimum for each child; if family income is from 1.9 times to 3 times the living minimum, 14% of the child living minimum for each child; if family income is over 3 times the living minimum, there is no entitlement.

The monthly child living minimum is equal to 1,750 CZK for children younger than age 6, 1,950 CZK for children aged 6 to 10; 2,310 CZK for children aged 11 to 15, and 2,530 CZK for children aged 16 to 26.

Child allowances are paid monthly.

**Birth grant:** The grant is equal to five times the child living minimum for one child, six times for two children, and 10 times if there are three or more children.

The monthly child living minimum is equal to 1,750 CZK for children younger than age 6, 1,950 CZK for children aged 6 to 10; 2,310 CZK for children aged 11 to 15, and 2,530 CZK for children aged 16 to 26.

**Parent's allowance:** If caring at home for a child up to age 4 (age 7 for a child suffering from a long-term incapacity), the allowance is 1.54 times the adult living minimum.

The adult living minimum is equal to 4,420 CZK for a person older than age 26 and living alone.

Parent's allowances are paid monthly.

### Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

Benefits are administered by labor offices.