

## Czech Republic

Exchange rate: US\$1.00 = 19.26 koruna.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current law:** 1995 (pension insurance), implemented in 1996.

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

#### Coverage

Employed and self-employed persons, including students, unemployed persons, child caregivers, needy persons, and military personnel.

Voluntary coverage for unemployed persons and students 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.

#### Source of Funds

**Insured person:** 6.5% of monthly covered earnings.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,137 koruna.

**Self-employed person:** 28% of declared monthly covered earnings; a flat-rate of 5,928 koruna if declared earnings for full-time work are less than 25% of the national average monthly wage.

Declared earnings are 50% of the difference between income and expenses. The minimum declared earnings for a part-time self-employed person are 10% of the national average monthly wage.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,137 koruna.

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

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,137 koruna.

**Government:** Any deficit.

#### Qualifying Conditions

**Old-age pension:** Age 62 and 6 months with at least 28 years of coverage (men); age 61 and 4 months with at least 28 years of coverage (women), or less according to the number of children raised; age 67 and 6 months (men) and 66 and 4 months (women) with at least 18 years of coverage. (The retirement age is gradually increasing to age 65 (men and women) in 2030 and the required years of coverage is gradually increasing to 35 years in 2019).

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

**Early pension:** Retirement is possible up to three years before the normal retirement age with at least 29 to 31 years of contributions (depending on the year when normal retirement age is reached).

Gainful activity must cease for persons receiving the early pension.

**Deferred pension:** The pension may be deferred. There is no age limit.

Old-age pensions are payable abroad.

**Disability pension:** Paid for a third degree disability (70% loss of earning capacity), second degree (from 50% to 69% loss of earning capacity) or first degree (from 35% to 49% loss of earning capacity). The insured must have a minimum period of coverage according to the insured's age when the disability began: less than one year of coverage if younger than age 20; one year if aged 20 to 21; two years if aged 22 to 23; three years if aged 24 to 25; four years if aged 26 to 27; five years in the last 10 years from age 28 to 38; 10 years in the last 20 years for those older than age 38. The full disability pension is paid if the disability began before age 18.

District administrations assess the degree of disability for individuals whose disability began before age 18.

Disability pensioners may engage in gainful activity without any limitations.

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

**Survivor pension:** The deceased was qualified for a pension, 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.

The widow(er)'s pension ceases on remarriage.

Survivor pensions are payable abroad.

**Funeral grant:** Paid to the person who paid for the funeral of a dependent child or to the parent of a dependent child, on condition that the deceased was a permanent resident of the Czech Republic on the date of death.

## Old-Age Benefits

**Old-age pension:** The monthly pension consists of a flat-rate amount of 2,270 koruna and an earnings-related amount of 1.5% of the personal assessment base for each year of coverage.

The personal assessment base is the average gross earnings during the insured's working career (only earnings since 1986 are taken into account). Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 11,060 koruna, earnings for pension calculation purposes are considered as follows: 100% of earnings up to 11,060 koruna; 28% of earnings from 11,061 koruna to 29,159 koruna; 16% of earnings from 29,160 to 100,548 koruna; and 8% of earnings exceeding 100,548 koruna.

**Early pension:** The pension is reduced by 0.9% for each 90-day period for those retiring less than 360 days before normal retirement age; 1.2% if retiring 360 to 720 days before normal retirement age; and 1.5% if retiring more than 720 days before normal retirement age. This reduction is permanent and continues after the recipient reaches the normal retirement age.

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

**Benefit adjustment:** Benefits are adjusted every January according to the change in the consumer price index in the period ending the previous August and by 33.3% of average real wage growth in the year ending the previous January. Further adjustments are made when the consumer price index changes by at least 5%.

## Permanent Disability Benefits

**Disability pension:** The monthly full disability pension consists of a flat-rate amount of 2,270 koruna and an earnings related amount of 1.5% of the personal assessment base for each year of coverage for a third degree disability; 0.75% for a second-degree disability; or 0.50% for a first-degree disability. The projected coverage period is credited from the date the disability began up to the normal retirement age.

The personal assessment base is the average gross earnings during the insured's working career (only earnings since 1986 are taken into account). Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 11,060 koruna, earnings for pension calculation purposes are as follows: 100% of earnings up to 11,060 koruna; 28% of earnings from 11,061 koruna to 29,159 koruna; 16% of earnings from 29,160 to 100,548 koruna; and 8% of earnings exceeding 100,548 koruna.

**Disabled from youth pension:** The full disability pension consists of a flat-rate monthly amount of 2,270 koruna and an earnings-related amount of 45% of the annual general assessment base. The annual general assessment base is calculated using the national average monthly wage.

The national average monthly wage is 25,137 koruna.

**Benefit adjustment:** Benefits are adjusted every January according to the change in the consumer price index in the period ending the previous August and by 33.3% of average real wage growth in the 12-month period before the previous January. Further adjustments are made when the consumer price index changes by at least 5%.

## Survivor Benefits

**Survivor pension:** The widow(er) receives a monthly flat-rate amount of 2,270 koruna plus 50% of the earnings-related amount the deceased received or was eligible to receive. The pension is paid to all widow(er)s for one year; thereafter, only to widow(er)s whose age is at least four years less than the normal retirement age applicable to men of the same year of birth; at any age if assessed with a third-degree disability, or caring for a dependent child or parent, or for a child with a disability.

**Orphan's pension:** A monthly flat-rate amount of 2,270 koruna plus 40% of the earnings-related amount the deceased received or was eligible to receive is paid to each dependent child. For full orphans, the flat-rate amount plus 40% of the sum of the earnings-related amount for each parent is paid.

If the survivor is also entitled to an old-age or disability pension, the amount paid is the greater of the two pensions plus half of the earnings-related amount of the other pension (see Old-Age and Permanent Disability Benefits).

**Benefit adjustment:** Benefits are adjusted every January according to the change in the consumer price index in the period ending the previous August and by 33.3% of average real wage growth in the year ending the previous January. Further adjustments are made when the consumer price index changes by at least 5%.

**Funeral grant:** A lump sum of 5,000 koruna is paid.

## 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

### Regulatory Framework

**First law:** 1888.

**Current laws:** 1991 (health insurance), implemented in 1992; 1991 (medical, dental, and pharmaceutical); 1992 (health insurance funds); 1992 (health insurance premiums), implemented in 1993; 1992 (nonstate health care facilities); 1997 (drugs), implemented in 1998; 1997 (public health insurance); 2006 (sickness insurance); and 2006 (labor code).

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

### Coverage

**Cash benefits:** Employed persons. Self-employed persons insured under Old-Age, Disability, and Survivors are covered for sickness and maternity benefits.

**Medical benefits:** All persons permanently residing in the Czech Republic or employees whose employers are based in the Czech Republic.

Voluntary coverage for self-employed persons.

### Source of Funds

**Insured person:** 4.5% of monthly covered earnings (medical benefits); none for cash sickness and maternity benefits.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,137 koruna.

**Self-employed person:** 2.3% of declared monthly covered earnings (cash sickness and maternity benefits) and 13.5% of the assessment base (50% of annual income minus costs incurred to achieve, secure and maintain such an income).

The minimum annual assessment base is 12 times half the national monthly average wage.

The maximum annual assessment base is 72 times the national monthly average wage.

The national average monthly wage is 25,137 koruna.

**Employer:** 2.3% of covered monthly payroll (cash sickness and maternity benefits) and 9% of covered monthly payroll (medical benefits).

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,137 koruna.

**Government:** Any deficit (cash sickness and maternity benefits); 723 koruna a month for certain groups of insured persons (medical).

### Qualifying Conditions

**Cash sickness benefits:** The insured must have gross monthly earnings greater than 2,000 koruna or work more than 15 days a month. A doctor's certificate is required from the first day of incapacity. There is no minimum period of employment or residence.

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

Self-employed persons must have at least 180 days of coverage in the year before childbirth.

**Maternity compensation benefits:** Paid for a loss of income resulting from a change of employment because of pregnancy or childbirth.

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

### Sickness and Maternity Benefits

**Sickness benefit:** 60% of the daily assessment base is paid from the 22nd day of sickness up to a year; up to two years if recovery is likely. Employer pays at least 60% of the hourly average earnings for each working day from the fourth to the 21st day of sickness (from the first day in case of quarantine).

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 838 koruna, 60% from 839 koruna to 1,257 koruna and 30% from 1,258 to 2,514 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,514 koruna.

The hourly average earnings base is calculated as a percentage of the insured's gross earnings: 90% of earnings up to 138.44 koruna plus 60% of earnings from 138.45 koruna to 207.54 koruna plus 30% of earnings from 207.55 koruna to 414.93 koruna.

The maximum gross earnings used to calculate the hourly average earnings base are 414.93 koruna.

The maximum daily assessment base used to calculate sickness benefits is 1,305 koruna.

**Maternity benefit:** 70% of the daily assessment base is paid for 28 weeks (37 weeks for multiple births), including at least six weeks before the expected date of childbirth.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 100% of gross earnings up to 838 koruna, 60% from 839 koruna to 1,257 koruna and 30% from 1,258 to 2,514 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,514 koruna.

The maximum daily benefit is 1,027 koruna.

**Maternity compensation benefit:** The benefit is the difference between the earnings before and after job transfer and 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 ninth month after the date of childbirth.

### **Workers' Medical Benefits**

Benefits include medical treatment in outpatient and inpatient care facilities, emergency and rescue services, preventive care (including in the workplace), medical aid, appliances, stomatology treatment (diseases of the mouth), spa treatments, the care of children in special medical institutions and convalescent homes, transportation, and medical assessments.

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

The public health insurance system covers also transportation costs, if prescribed by a doctor.

Cost sharing: 30 koruna for a clinical examination by a doctor, specialist, or dentist; 90 koruna for a visit by an emergency service doctor; 100 koruna a day for hospitalization; 30 koruna for a medical prescription. Certain groups of insured persons do not pay some of these fees.

Cost sharing is limited to 5,000 koruna a year; 2,500 koruna a year for children and persons over age 65.

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

### **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.

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 based on contracts with individual insurance companies.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1887.

**Current laws:** 1956 (benefits), 1990 (self-employed), 1993 (occupational diseases and injuries), 1994 (labor code),

1995 (pensions), 1995 and 2001 (compensation), and 2006 (occupational disease and injuries).

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

### **Coverage**

Employed persons, persons with disabilities, and students.

Exclusions: Self-employed persons.

Special systems for military and police personnel.

### **Source of Funds**

**Insured person:** None.

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

**Employer:** Contributions are paid quarterly 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.

### **Qualifying Conditions**

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

First degree disability is 35% to 49% loss of working capacity; second degree is 50% to 69% loss; and third degree is a loss of 70% or more.

### **Temporary Disability Benefits**

For first or second degree disabilities, a lump sum is paid equal to the difference between the insured's average earnings before the work injury or the occupational disease began and the full amount of sickness benefit.

There is no maximum benefit.

### **Permanent Disability Benefits**

**Permanent disability pension:** The full pension is paid for a third degree disability. The monthly pension is the average gross earnings in the calendar quarter before the disability began and is paid up to age 65 or up to retirement age if greater than 65.

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 240,000 koruna is paid to the spouse, each orphan up to age 26, and the deceased's parents (in special circumstances).

**Funeral grant:** See Old Age, Disability and Survivors.

### **Administrative Organization**

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

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

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

Insurance companies insure private-sector employers with at least one employee against liability for work-related injuries and occupational diseases.

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### **Unemployment**

#### **Regulatory Framework**

**First law:** 1991.

**Current law:** 2004.

**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.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 1.2% of declared monthly covered earnings; a flat-rate of 5,928 koruna if declared earnings for full-time work are less than 25% of the national average monthly wage.

Declared earnings are 50% of the difference between income and expenses. The minimum declared earnings for a part-time self-employed person are 10% of the national average monthly wage.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,137 koruna.

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

**Government:** Any deficit.

#### **Qualifying Conditions**

**Unemployment benefits:** Must be registered as a job seeker and have been insured for at least 12 months in the last two years.

The 12-month insured period can include periods of job training, periods receiving third degree disability pension; periods of basic military or civilian service; and periods caring for a child up to age 4.

### **Unemployment Benefits**

65% of the insured's average net monthly earnings in the last quarter is paid for the first two months; 50% for the following two months; 45% thereafter. 60% of the insured's average net monthly earnings is paid if undergoing retraining. If the insured person voluntarily ceases employment without a valid reason, 45% of the insured's average net monthly earnings in the last quarter is paid for the entire period of support.

The maximum monthly benefit is 13,762 koruna; 15,422 koruna if undergoing retraining.

When entitlement to social insurance unemployment benefits cease, social benefits and allowances are paid.

### **Administrative Organization**

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

Labor offices administer benefits.

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### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1945.

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

**Type of program:** Universal system.

#### **Coverage**

Families with children. Persons who reside permanently in the Czech Republic, citizens of the European Union and other persons stipulated by law.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

#### **Qualifying Conditions**

**Child allowance (income-tested):** Paid for dependent children (up to age 26 if a student or disabled) who live in a family with an income under 2.4 times the family monthly living minimum.

The family monthly living minimum is 3,410 koruna for an individual; 3,140 koruna for the first adult in a family; 2,830 koruna for another adult in the family; 1,740 koruna for children younger than 6 years; 2,140 koruna for children aged 6 to 15; and 2,450 koruna for dependent children aged 16 to 26.

**Birth grant (income-tested):** Paid for the birth of the first child to families with an income below 2.4 times the family monthly living minimum.

**Parental allowance:** Paid to parents who are insured for the sickness benefit and are caring full-time for their youngest child.

### **Family Allowance Benefits**

**Child allowance (income-tested):** A flat-rate amount is paid according to the child's age: 500 koruna for a child younger than age 6; 610 koruna for a child aged 6 to 15; 700 koruna for a child aged 16 to 26.

Child allowances are paid monthly.

**Birth grant:** A lump sum of 13,000 koruna for the first live-born child is paid; 19,500 koruna for live-born twins.

**Parental allowance:** The benefit is the daily assessment base and may be paid until the child is age 4. The benefiting parent may choose the amount and the period of the allowance under certain conditions. Choice of the amount of

the parental allowance can be changed once every quarter. The total amount of the benefit for the whole period cannot exceed 220,000 koruna.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 838 koruna, 60% from 839 koruna to 1,257 koruna and 30% from 1,258 to 2,514 koruna.

The maximum gross earnings for daily assessment base calculation purposes are 2,514 koruna.

If the daily assessment base cannot be set for either of the two parents, parental allowance is paid at fixed monthly amounts of 7,600 koruna until the child reaches 10 months; 3,800 thereafter until the child is age 4.

Parental 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.