

## Liechtenstein

Exchange rate: US\$1.00 = 0.94 Swiss francs.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current laws:** 1952 (old age and survivors), implemented in 1954; 1960 (disability); and 1988 (mandatory occupational pensions).

**Type of program:** Social insurance and mandatory occupational pension system.

#### Coverage

**Social insurance:** All persons residing in Liechtenstein.

**Mandatory occupational pension:** All employees covered by social insurance with annual earnings greater than 20,520 francs.

Voluntary coverage for nonemployed person.

#### Source of Funds

##### Insured Person

**Social insurance:** 3.8% of gross earnings (old age and survivors) and 0.75% of gross earnings (disability).

A nonemployed person contributes annually according to income, 234 francs to 7,800 francs (old age) and 45 francs to 1,500 francs (disability) plus 3.6% of the total contribution amount for administrative fees, depending on the plan.

There are no maximum earnings used to calculate contributions.

**Mandatory occupational pension:** At least 6% of covered earnings plus up to 50% of the cost of administrative fees.

Covered earnings include income from 20,880 francs to 83,520 francs minus a tax allowance of 13,920 francs.

##### Self-employed person

**Social insurance:** A flat rate of 234 francs (old age and survivors) for annual income up to 3,000 francs; 7.8% of annual income (old age and survivors) and 1.5% of annual income (disability) if annual income is greater than 3,000 francs plus 3.6% of the total contribution amount (administrative fees).

There is no maximum income used to calculate contributions.

**Mandatory occupational pension:** Voluntary contributions plus administrative fees.

#### Employer

**Social insurance:** 4.0% of payroll (old age and survivor) and 0.75% of payroll (disability) plus 3.6% of the combined insured person and employer contribution amount (administrative fees).

There are no maximum earnings used to calculate contributions.

**Mandatory occupational pension:** At least 8% of total payroll or 6% of covered earnings for each insured employee plus up to 50% of the cost of administrative fees.

The employer's contribution must be at least equal to the value of the insured person's contribution. Covered earnings include income from 20,880 francs to 83,520 francs minus a tax allowance of 13,920 francs.

#### Government

**Social insurance:** Contributes 50 million francs annually, adjusted according to changes in prices.

**Mandatory occupational pension:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** Age 64 with at least one year of contributions.

Early pension: Age 60.

Deferred pension: The pension may be deferred until age 70.

Child's supplement: The child must be younger than age 18.

Wife's supplement: May be paid to insured men born before 1945 with a wife born before 1955 who is not entitled to any pension in her own right.

**Old-age pension (mandatory occupational pension):** Age 64.

Early pension: Age 60 if the social insurance pension is taken early.

Deferred pension: The pension may be deferred.

##### Disability pension

**Disability pension (social insurance):** The insured is assessed with a permanent loss of at least 67% of working capacity and has at least one year of contributions.

Partial disability: A reduced pension is paid if the insured is assessed with a permanent loss of 40% to 66% of working capacity and has at least one year of contributions.

Disability supplement: Paid for insured persons younger than age 45 when the disability began.

Child's supplement: Paid for each dependent child younger than age 18 (age 20 if a student or in vocational training).

**Disability pension (mandatory occupational pension):** The disability must begin before the normal pensionable age. The degree of disability is assessed according to the loss

of earning capacity. The pension ceases when the insured reaches the normal pensionable age.

Partial disability: A reduced pension is paid if the insured is assessed with a partial disability.

### Survivor pension

*Survivor pension (social insurance):* The insured had at least one year of contributions.

Eligible survivors are the spouse, a divorced spouse entitled to alimony, and orphans younger than age 18 (age 25 if a student or in vocational training).

*Survivor pension (mandatory occupational pension):* Eligible survivors are the spouse, a divorced spouse entitled to alimony, and orphans younger than age 18 (age 25 if a student or in vocational training).

### Old-Age Benefits

#### Old-age pension

*Old-age pension (social insurance):* The pension depends on the number of years of contributions required for the insured's age cohort and the insured's annual earnings. 1,160 francs to 2,320 francs a month is paid. The pension is proportionately reduced for an incomplete contribution period.

Annual average earnings are calculated based on employment income, contributions made while nonemployed, and recognized care-giving periods for children or persons in need of care. If married, the annual average earnings are split equally among both partners for the marriage period.

Early pension: The pension is reduced for each year it is awarded before the normal pensionable age. For persons born after 1955 and before 1996, the pension is reduced by 3% for one year, 7% for two years, 11.5% for three years, or 16.5% for four years. For persons born in 1996 or later, the pension is reduced by 5.5% for one year, 10.6% for two years, 15.2% for three years, and 19.5% for four years.

Deferred pension: The pension is increased by 5.22% for one year of deferral, up to 40.71% for six years.

Child's supplement: 40% of the minimum old-age pension paid to the insured's age cohort is paid for each child.

Wife's supplement: From 10% to 35% of the old-age pension is paid, according to the insured's age cohort.

Christmas bonus: 100% of the monthly pension is paid in December.

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price index; may be adjusted annually if the annual consumer price index increases by more than 3%.

*Old-age pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations.

The minimum pension is based on the insured's accumulated capital and the annuity rate of the pension institution. Annuity rates are defined by plan regulations.

### Permanent Disability Benefits

#### Disability pension

*Disability pension (social insurance):* The full pension is paid based on a complete contribution period for the insured's age cohort. For an assessed degree of disability of at least 67% (total disability), the pension is 1,160 francs to 2,320 francs a month, depending on the insured's annual average earnings during the total coverage period.

Annual average earnings are calculated based on employment income, contributions made while nonemployed, and recognized care-giving periods for children or persons in need of care. If married, the annual average earnings are split equally among both partners for the marriage period.

If the disability began before age 25 and the insured has at least one year of contributions, the disability pension paid must be at least 133.3% of the minimum rate of the full pension paid for the insured's age cohort.

A reduced pension is paid for an incomplete contribution period.

Partial disability: 50 percent of the full disability pension is paid for an assessed degree of disability from 50% to 66.6%; 25 percent of the pension for an assessed degree from 40% to 49%.

Disability supplement: The supplement is proportional to the value of the insured's average annual income and is set by the government.

Child's supplement: 40% of the disability pension is paid for each child.

Christmas bonus: 100% of the monthly pension is paid in December.

Benefit adjustment: Benefits are periodically adjusted according to changes in the consumer price index; may be adjusted annually if the annual consumer price index increases by more than 3%.

*Disability pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations. The full pension must be at least 30% of the insured's covered earnings.

Partial disability: A reduced pension is paid.

Child's supplement: Up to 6% of covered earnings is paid for each child.

### Survivor Benefits

#### Survivor pension

*Survivor pension (social insurance):* 80% of the pension the deceased received or would have been entitled to receive is paid.

The full pension is paid to a widow(er) with children or without children if aged 45 or older at the time of the insured's death and married to the insured for at least five years.

The widow(er) pension ceases on remarriage.

Temporary survivor pension: A pension is paid for up to five years to a widow(er) married to the deceased for up to five years at the time of the insured's death.

For a surviving separated or divorced spouse, the total pension paid is the value of any alimony owed to him or her.

Partial survivor pension: A reduced pension is paid for an incomplete contribution period.

*Orphan's pension (social insurance):* Each orphan receives 40% of the pension the deceased received or was entitled to receive; full orphans receive a pension for each insured parent.

Partial orphan's pension: A reduced pension is paid for an incomplete contribution period.

Benefit adjustment: Benefits are adjusted every two years according to changes in the consumer price and wage indexes; may be adjusted annually if the annual consumer price index increases by more than 4% or postponed if the increase is less than 5% in a two-year period.

*Survivor pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations. The survivor pension must be at least 18% of the insured's covered earnings for the spouse and 6% of the insured's covered earnings for each orphan.

In the case of a death of an old-age or disability pensioner, the survivor pension is 60% of the deceased's pension for the spouse and 20% for each orphan.

The survivor pension ceases if the surviving spouse remarries.

### Administrative Organization

**Social insurance:** Old Age, Survivor, and Disability Insurance Institutes (<http://www.ahv.li>) administers the program.

**Mandatory occupational pension:** Financial Market Authority (<http://www.fma-li.li>) supervises and regulates pension institutions and ensures compliance.

Private pension institutions, under government supervision, administer the mandatory occupational pension plans.

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1910.

**Current laws:** 1971 (sickness), implemented in 1972, and 1981 (maternity), implemented in 1982.

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

#### Coverage

**Cash sickness and maternity benefits:** Employed persons aged 15 or older.

Voluntary coverage for self-employed persons.

**Medical benefits:** All persons residing in Liechtenstein.

#### Source of Funds

**Insured person:** A variable percentage of covered earnings (the average is 1.5% to 2% a month) or a fixed sum (the average is 259 francs a month for persons aged 21 or older and 129.50 francs a month for young persons aged 17 to 20); children up to age 16 are exempt. The contributions of an insured person from ages 17 to 20 must not be more than half the value of the contributions of an adult.

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Self-employed person:** Participation is voluntary.

**Employer:** The contribution must be at least 50% of the insured person's contribution.

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Government:** 90% of the cost of medical benefits for children younger than age 17 and up to 50% of the cost of medical benefits for other insured persons; a subsidy for low-income insured persons.

#### Qualifying Conditions

**Cash sickness benefits:** The insured must contribute to a health insurance fund.

**Cash maternity benefits:** Must have been a member of a health insurance fund for at least 270 days with no more than three months of interruption.

#### Sickness and Maternity Benefits

**Sickness benefit:** At least 80% of the insured's covered earnings is paid after a two-day waiting period for a total of up to 720 days in 900 consecutive days.

Partial sickness benefit: A reduced sickness benefit is paid for a partial incapacity of at least 50%.

**Maternity benefit:** At least 80% of the insured's covered earnings is paid for at least four weeks before and 16 weeks after the expected date of childbirth.

**Maternity allowance:** A lump sum of 500 francs to 4,500 francs, based on the taxable income of both spouses (or the woman's taxable income for a single parent), is paid to a woman ineligible for the maternity benefit. If eligible for the maternity benefit and the amount is lower than the

maternity allowance, the difference between the allowance and the maternity benefit is paid.

### **Workers' Medical Benefits**

Medical benefits include primary and specialist treatment, hospitalization, ambulance services, pharmaceuticals, maternity care, and convalescence.

Medical services are provided by approved doctors, public hospitals, private hospitals, clinics under contract with health insurance funds, and by members of other health professions such as nurses or physiotherapists.

There is normally no limit to duration.

**Cost sharing:** The insured pays a set fee of 200 francs a calendar year plus 10% of all costs exceeding the set fee, up to 800 francs. Cost-sharing rates are halved for pensioners and adolescents age 16 to 20; no cost for the care of children younger than age 16, chronic diseases, prevention, or maternity care.

### **Dependents' Medical Benefits**

**Medical benefits for dependents:** Individuals are insured in their own right and there is no family coverage.

Medical benefits include primary and specialist treatment, hospitalization, ambulance services, pharmaceuticals, maternity care, and convalescence.

Medical services are provided by approved doctors, public hospitals, private hospitals, clinics under contract with health insurance funds, and by members of other health professions such as nurses or physiotherapists.

There is normally no limit to duration.

**Cost sharing:** The patient pays a set fee of 200 francs a calendar year plus 10% of all costs exceeding the set fee, up to 800 francs. Cost-sharing rates are halved for pensioners and adolescents age 16 to 20; no cost for the care of children younger than age 16, chronic diseases, prevention, or maternity care.

### **Administrative Organization**

Office for Health (<http://www.ag.llv.li>) supervises and regulates Health Insurance Funds and ensures compliance.

Health Insurance Funds accredited by the government and the Federation of Health Insurance Funds administer contributions and benefits.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1910.

**Current law:** 1990 (accident insurance), implemented in 1991.

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

### **Coverage**

Employed persons.

Voluntary coverage for self-employed persons.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Contributions vary according to the extent of coverage required and the assessed degree of risk.

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Employer:** Contributions vary according to the assessed degree of risk.

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Government:** None.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

If the insured has an assessed loss of working capacity of at least 10%, 80% of the insured's earnings is paid after a one-day waiting period.

The maximum annual earnings used to calculate benefits are 126,000 francs.

### **Permanent Disability Benefits**

**Permanent disability benefits:** 80% of the insured's earnings is paid for a loss of working capacity of more than 50%.

The maximum annual earnings used to calculate benefits are 126,000 francs.

**Partial disability:** 50% of the pension is paid for a loss of working capacity of 25% to 50%.

**Constant-attendance allowance:** An allowance is paid if the insured requires the constant attendance of others to perform daily functions.

**Integrity damage grant:** The grant is paid for a permanent and major physical or mental disability that was the result of an accident. The value of the lump sum, up to 126,000 francs, depends on the assessed degree of disability.

### **Workers' Medical Benefits**

All necessary expenses and care are fully covered.

There is no limit to duration.

## Survivor Benefits

**Survivor pension:** 40% of the deceased's earnings is paid to a surviving widow(er) or to a separated or divorced spouse (if the deceased was required to pay alimony) with dependent children, an assessed degree of disability of at least 66.6%, or aged 45 or older.

The maximum annual earnings used to calculate benefits are 126,000 francs.

**Survivor pension for a divorced spouse:** The pension is 20% of the deceased's earnings or the value of the alimony owed to the separated or divorced spouse (whichever is lower).

**Orphan's pension:** 15% of the deceased's earnings is paid for each orphan; 25% for a full orphan.

The maximum annual earnings used to calculate benefits are 126,000 francs.

All survivor benefits combined must not exceed 70% of the deceased's covered earnings (90% if a divorced spouse is also receiving a survivor pension). If survivors also receive pensions under Old Age, Disability, and Survivors, the difference between 90% of the deceased's covered earnings and the value of the other pensions is paid.

**Benefit adjustment:** Benefits are adjusted periodically according to changes in the consumer price and wage indexes. Pensions may be adjusted if the annual consumer price index increases by more than 3% or postponed if the increase is less than 5% in a two-year period.

**Survivor allowance:** A lump sum is paid to a surviving spouse or to a divorced or separated spouse who is not eligible for a pension. The lump sum is from one to five times the annual pension, depending on the duration of marriage; one year of pension is paid for a marriage that lasted one year; five years of pension are paid for five years of marriage or more.

## Administrative Organization

Office for Health (<http://www.ag.llv.li>) supervises and regulates Accident Insurance Funds and ensures compliance.

Registered Compulsory Accident Insurance Funds administer contributions and benefits.

## Unemployment

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### Regulatory Framework

**First law:** 1969 (unemployment), implemented in 1970.

**Current law:** 2010 (unemployment insurance).

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

### Coverage

Employed persons and apprentices.

Exclusions: Self-employed persons.

### Source of Funds

**Insured person:** 0.50% of covered earnings.

The maximum annual earnings used to calculate contributions are 126,000 francs (10,500 francs a month).

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

**Employer:** 0.50% of covered payroll.

The maximum annual earnings used to calculate contributions are 126,000 francs (10,500 francs a month).

**Government:** Under certain conditions, up to 20% of the cost of benefits; up to 20% of the cost of any deficit.

### Qualifying Conditions

**Unemployment benefit:** The insured must have at least 12 months of coverage in the last two years before claiming unemployment benefits, be available for work, and satisfy any other necessary requirements.

**Short-time work compensation:** The insured has worked for up to 18 months in the last two years. The compensation is paid for a temporary work stoppage, a reduction in working hours of at least two days a month, or a reduction in working hours due to bad weather for certain professional groups in the construction industry from December 1 to March 15 (except for the period between December 24 to January 6).

### Unemployment Benefits

**Unemployment benefit:** 80% of the insured's covered earnings is paid for up to 260 days to an insured person up to age 49 with at least 24 months of contributions; 400 days for 1.5 years if aged 50 to 59; 500 days for 22 months if aged 60 to 64. The benefit is 70% of the insured's covered earnings if the insured is not disabled, has no dependents aged 25 years or younger, and has daily earnings up to 140 francs.

Benefits are calculated according to the last salary (in certain cases according to the average salary in the last six to 12 months).

**Dependent's supplement:** 10 francs a day is paid for one dependent; 5 francs a day for each additional dependent.

The maximum benefit is 85% of the insured's daily covered earnings (including supplements for dependents).

**Short-time work compensation:** 80% of the insured's covered earnings for the period of lost working time and is paid for up to three months. The national unemployment insurance fund pays 60% and the employer pays 20%. Compensation will be paid in case of seasonal work interruption of a minimum two days a month (three days if caused by bad weather) from December 1 to March 15.

### **Administrative Organization**

Office for the Economy (<http://www.avw.llv.li>) supervises and regulates the National Unemployment Insurance Fund and ensures compliance.

National Unemployment Insurance Fund administers contributions and benefits.

### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1958.

**Current law:** 1985 (family allowance), implemented in 1986.

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

#### **Coverage**

All residents of Liechtenstein.

#### **Source of Funds**

**Insured person:** None for employed persons; unemployed persons make variable contributions of 63 francs to 2,100 francs, depending on their assets and income, plus an additional 4% of the contribution amount for administrative fees.

**Self-employed person:** 2.1% of gross earnings plus 3.6% of the contribution amount for administrative fees.

There are no maximum earnings used to calculate contributions.

**Employer:** 2.1% of payroll plus 3.6% of payroll for administrative fees.

There are no maximum earnings used to calculate contributions.

**Government:** Any deficit.

### **Qualifying Conditions**

**Family allowances:** Paid for children younger than age 18.

#### **Family Allowance Benefits**

**Family allowance:** 280 francs a month is paid for each of the first two children younger than age 11; 330 francs a month for each of the first two children aged 11 or older; 330 francs a month for the third and each subsequent child or for twins.

**Single-parent supplement:** 110 francs a month is paid to a single parent for each child.

**Birth grant:** 2,300 francs is paid for each child; 2,800 francs for each child for multiple births.

Birth grants are also paid for adopting a child younger than age 5.

If eligible parents receive family allowances from another country that are paid at a rate lower than those paid in Liechtenstein, only the difference between the amounts is paid.

### **Administrative Organization**

National Family Allowances Fund (<http://www.ahv.li>) administers the program.