

## Liechtenstein

Exchange rate: US\$1.00 equals  
1.03 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, employed, or self-employed in Liechtenstein.

**Mandatory occupational pension:** All employees covered by social insurance with annual earnings greater than 20,520 francs. Mandatory coverage from age 23 for old-age benefits if the employment contract exceeds 3 months and from age 17 for disability and survivor benefits regardless of the duration of the contract.

Voluntary coverage is possible.

#### Source of Funds

##### Insured Person

**Social insurance:** 3.8% of gross earnings for old-age and survivor benefits and 0.75% of gross earnings for disability benefits.

A nonemployed person pays variable annual contributions according to income, from 228 francs to 7,600 francs for old-age and survivor benefits and from 45 francs to 1,500 francs for disability benefits, plus 3.6% of the total contribution amount for administrative fees.

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 20,520 francs to 82,080 francs minus a tax allowance of 13,260 francs.

Nonemployed persons may contribute voluntarily.

##### Self-employed person

**Social insurance:** A flat rate of 228 francs for old-age and survivor benefits if annual income is 3,000 francs to 6,000 francs; 3.8% to 7.5% of annual income for old-age and survivor benefits if annual income is 6,000 francs to 26,000 francs; 7.6% of annual income for old-age and survivor benefits and 1.5% of annual income for disability

benefits if annual income is greater than 26,000 francs. Self-employed persons pay 3.6% of the total contribution amount for administrative fees.

There is no maximum income used to calculate contributions.

**Mandatory occupational pension:** Voluntary contributions plus the cost of administrative fees.

##### Employer

**Social insurance:** 3.8% of payroll for old-age and survivor benefits and 0.75% of payroll for disability benefits plus 3.6% of the insured person and employer contribution amount for 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 20,520 francs to 82,080 francs minus a tax allowance of 13,260 francs.

##### Government

**Social insurance:** 20% of annual expenditure plus 66.7% of income from the Heavy Vehicle Fee (at least 4.2 million francs a year) for old-age and survivor benefits; any deficit up to 50% of annual expenditure for disability benefits.

**Mandatory occupational pension:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** Age 64 (men and women) with at least 1 year of contributions.

Early pension: Age 60 (men and women).

Deferred pension: The pension may be deferred up to age 70.

Child's supplement: The child must be younger than age 18 (age 25 if a student or in vocational training).

Wife's supplement: Insured men born before 1945 may receive a supplement for a wife born before 1955. The wife must not be entitled to any pension in her own right.

**Old-age pension (mandatory occupational pension):** age 64 (men and women).

Early pension: age 60 (men and women) if eligible for a social insurance early pension.

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 1 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 1 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 in 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 1 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 (social insurance):** For a full pension based on a complete contribution period for the insured's age cohort, 1,140 francs to 2,280 francs a month is paid, depending on the insured's annual average earnings during the total coverage period. The pension is proportionately reduced for an incomplete contribution period according to the insured's age cohort.

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 between both partners for the marriage period.

**Early pension:** The pension is reduced for each year it is awarded before the normal pensionable age (for up to 1 year before, the pension is reduced by 3%; for 2 years, by 7%; for 3 years, by 11.5%; or for 4 years, by 16.5%). For women born before 1952 who retire at age 62, the pension is reduced by 1.5%.

**Deferred pension:** The pension is increased by 5.22% for 1 year of deferral, up to 40.71% for 6 years.

**Child's supplement:** 40% of the minimum old-age pension paid to the insured's age cohort is paid for each child younger than age 18 (age 25 if a student or in vocational training); 50% is paid if the insured's disability pension is replaced by the old-age pension.

**Wife's supplement:** Between 10% and 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 every 2 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 2-year period.

### 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.

**Benefit adjustment:** Benefits are adjusted according to the financial situation of each institution.

### Permanent Disability Benefits

**Disability pension (social insurance):** The full pension is paid based on a complete contribution period for the insured's age cohort. If the level of disability is at least 66.7% (total disability), the pension is 1,140 francs to 2,280 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 between both partners for the marriage period.

If the disability began before age 25 and the insured has at least the minimum required contribution period, 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:** If the assessed degree of disability is 50% to 66.6%, the pension is 50% of the full disability pension; if the assessed degree of disability is 40% to 49%, the pension is 25% of the full pension.

**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:** 50% of the disability pension is paid for each child younger than age 18 (age 25 if a student or in vocational training).

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

**Benefit adjustment:** Benefits are adjusted every 2 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 2-year period.

**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 younger than age 18 (age 20 if a student or in vocational training).

Benefit adjustment: Benefits are adjusted according to the financial situation of each institution.

### **Survivor Benefits**

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

The full pension is paid to a widow(er) with children or a widow(er) without children aged 45 or older at the time of the insured's death who was married to the insured for at least 5 years.

The widow(er) pension ceases on remarriage.

Temporary survivor pension: A pension is paid for 2 years to a widow(er) who was married to the deceased for less than a year and age 40 or older at the time of the insured's death; for 3 years if married for less than a year and younger than age 40 at the time of the insured's death; for 4 years if married for 1 to 5 years and older than age 45 at the time of the insured's death; or for 5 years if married for 1 to 5 years and between ages 40 and 45 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 younger than age 18 (age 25 if a student or in vocational training) 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 2 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 2-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.

Benefit adjustment: Benefits are adjusted according to the financial situation of each institution.

### **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**

#### **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 or employed or self-employed in Liechtenstein.

#### **Source of Funds**

**Insured person:** A variable percentage of covered earnings (the average is between 1.5% and 2%) or a fixed sum (the average is 239 francs for adults and 119.50 francs for young persons aged 17 to 20); children up to age 16 are exempt. The contributions of an insured person between ages 17 and 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:** Voluntary contributions only.

**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:** The government pays 90% of the cost of medical benefits for children younger than age 17 and up to 50% of the costs of medical benefits for other insured persons, and subsidizes contributions 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 3 months of interruption.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is at least 80% of the insured's covered earnings. The benefit is paid after a 2-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:** The benefit is at least 80% of the insured's covered earnings. The benefit is paid for 20 weeks, of which at least 16 weeks must be after the expected date of childbirth.

**Maternity allowance:** A variable tax-exempt lump sum (500 francs to 4,500 francs), based on the taxable income of both spouses (or the taxable income of the woman if she is a lone parent), is paid to a woman who is not eligible for the maternity benefit. If the woman is also 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 per 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; children younger than age 16 do not pay for chronic diseases or for preventive or maternity care.

### **Dependents' Medical Benefits**

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 per 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; children younger than age 16 do not pay for chronic diseases or for preventive or maternity care.

### **Administrative Organization**

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

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

Federation of Health Insurance Funds ensures compliance.

### **Work Injury**

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#### **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 in working capacity of at least 10%, 80% of the insured's earnings is paid after a 1-day waiting period.

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

### **Permanent Disability Benefits**

**Permanent disability benefits:** The full pension is 80% of the insured's earnings and is paid for a reduction in 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 reduction in 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:** The pension is 40% of the deceased's earnings.

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

The pension is paid to a surviving widow(er) or to a separated or divorced spouse (if the deceased was required to pay alimony) if he or she has dependent children, has a disability of at least 66.6%, or is aged 45 or older.

**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:** Each orphan younger than age 18 (age 25 if a student or in vocational training) receives 15% of the deceased's earnings; 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.

Survivors also receive cost-of-living allowances.

**Benefit adjustment:** Benefits are adjusted every 2 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 2-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 1 to 5 times the annual pension, depending on the duration of marriage. Up to 1 year of pension is paid for a marriage that lasted 1 year; 5 years of pension for 5 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**

#### **Regulatory Framework**

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

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

#### **Coverage**

Employed persons and apprentices.

Exclusions: Self-employed persons.

#### **Source of Funds**

**Insured person:** 0.25% of covered earnings.

The maximum annual earnings used to calculate contributions are 97,200 francs.

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

**Employer:** 0.25% of covered payroll.

The maximum annual earnings used to calculate contributions are 97,200 francs.

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

## Qualifying Conditions

**Unemployment benefit:** The insured must have at least 6 months of coverage in the last 2 years before claiming unemployment benefits, must be available for work, and must satisfy any other necessary requirements.

**Short-time work compensation:** The insured has worked for up to 18 months in the last 2 years. The compensation is paid for a temporary work stoppage, a reduction in working hours of at least 2 days a month, or a reduction in working hours due to bad weather for certain professional groups in the construction industry between December 1 and March 15 (with the exception of the period between December 24 and January 6).

## Unemployment Benefits

**Unemployment benefit:** The benefit is 80% of daily covered earning and is paid for up to 250 days in a 2-year period for insured persons up to age 49; 400 days if aged 50 to 59; 500 days if aged 60 to 64. The benefit is 70% of the insured's daily covered earnings if the insured has no dependents, is not disabled, and has daily earnings of more than 130 francs.

Benefits are calculated according to the last salary (in certain cases according to the average salary in the last 6 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:** The worker receives compensation for the period of reduced working time. The benefit is 80% of the insured's covered earnings for the period of lost working time and is paid for up to 3 months. The national unemployment insurance fund pays 80% and the employer pays 20% of the total benefit.

## 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.

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## Family Allowances

### Regulatory Framework

**First law:** 1958.

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

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

## Coverage

All persons residing or employed or self-employed in Liechtenstein.

## Source of Funds

**Insured person:** None for employees.

Nonemployed 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 4% 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 is paid for each of the first two children age 11 or older; 330 francs a month per child for the third and each subsequent child or for twins. The same rules apply to full orphans.

Single-parent supplement: 110 francs a month is paid per child to a single parent.

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

Birth grants are also paid for the adoption of 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.