

## Liechtenstein

Exchange rate: US\$1.00 equals 1.12 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), with 2005 amendment.

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

#### Coverage

**Social insurance:** All persons residing or employed or self-employed in Liechtenstein.

**Mandatory occupational pension:** All employees covered by social insurance with annual earnings greater than 19,350 francs. Coverage is mandatory 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 employment contract.

Voluntary coverage is possible.

#### Source of Funds

##### Social insurance

**Insured person:** 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, between 228 francs and 7,600 francs for old-age and survivor benefits and between 45 francs and 1,500 francs for disability benefits, plus an additional 3.6% of the total contribution amount for administrative costs.

There are no maximum earnings for contribution purposes.

**Self-employed person:** A lump sum of 228 francs for old-age and survivor benefits if annual income is between 3,000 francs and 6,000 francs; 3.8% to 7.5% of annual income for old-age and survivor benefits if annual income is between 6,000 francs and 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.

There is no maximum income for contribution purposes.

Self-employed persons pay an additional 3.6% of their total contribution amount for administrative costs.

**Employer:** 3.8% of payroll for old-age and survivor benefits and 0.75% of payroll for disability benefits, plus an addi-

tional 3.6% of the total contribution amount for administrative costs.

There are no maximum earnings for contribution purposes.

**Government:** 20% of annual expenditure, plus 2/3 of income from the Heavy Vehicle Fee equal to 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

**Insured person:** At least 6% of covered earnings. Normally, covered earnings include income between 19,890 francs and 79,560 francs, minus a tax allowance of 13,260 francs. In addition, the insured pays up to 50% of the cost of administrative fees.

Nonemployed persons may contribute voluntarily.

**Self-employed person:** Voluntary contributions, plus the cost of administrative fees.

**Employer:** At least 8% of total payroll or 6% of covered earnings for each insured employee.

The employer's contribution must be at least equal to the value of the insured person's contribution. Normally, covered earnings include income between 19,890 francs and 79,560 francs, minus a tax allowance of 13,260 francs. In addition, the employer pays at least 50% of the cost of administrative fees.

**Government:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** Age 64 (men) or age 63 (women) with at least 1 year of contributions. The pensionable age for women will increase gradually to age 64 by 2009.

Early pension: Paid from age 60 (men and women).

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

Child's supplement: Paid for each child younger than age 18 (age 25 if a student or in vocational training).

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

**Mandatory occupational old-age 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 full pension is paid with at least 1 year of contributions and a permanent loss of at least 67% in working capacity.

**Partial pension:** A half pension is paid with at least 1 year of contributions and a permanent loss of 50% to 67% in working capacity. A quarter pension is paid with at least 1 year of contributions and a permanent loss of 40% to 49% in working capacity.

**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).

**Mandatory occupational disability 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.

### 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).

**Mandatory occupational survivor pension:** Eligible survivors are the spouse 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):** For a full pension based on a complete contribution period for the insured's age cohort (defined by the year of birth), the pension is between 1,105 francs and 2,210 francs a month depending on the annual average earnings during the total coverage period.

Annual average earnings are calculated on the basis of 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.

**Child's supplement:** 40% of the minimum old-age pension payable 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 disability pension is replaced by the old-age pension.

**Wife's supplement:** Between 10% and 35% of the old-age pension, according to the insured's age cohort.

**Partial pension:** A reduced pension is paid for an incomplete contribution period, according to the insured's age cohort.

**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 the maximum deferral of 6 years.

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

**Benefit adjustment:** Benefits are adjusted every 2 years for changes in the consumer price index and wage index; may be adjusted annually if the annual consumer price index increases by more than 4%. If the consumer price index increases by less than 5% in a 2-year period, the adjustment may be postponed.

**Mandatory occupational old-age 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

**Disability pension (social insurance):** The full pension is based on a complete contribution period for the insured's age cohort (defined by the year of birth). If the level of disability is at least 67% (total disability), the pension is between 1,075 francs and 2,150 francs a month depending on the insured's annual average earnings during the total coverage period.

Annual average earnings are calculated 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 payable for the insured's age cohort.

**Partial disability:** If the assessed degree of disability is between 50% and 66.6%, the pension is equal to 50% of the full pension; if the assessed degree of disability is between 40% and 49%, the pension is equal to 25% of the full pension.

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

**Disability supplement:** The supplement is proportional to the value of average annual income. The supplement 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 for changes in the consumer price index and wage index; may be adjusted annually if the annual consumer price index increases by more than 4%. If the consumer price index increases by less than 5% in a 2-year period, the adjustment may be postponed.

*Mandatory occupational disability 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 equal to 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

*Survivor pension (social insurance):* The full pension is based on a complete contribution period for the insured's age cohort (defined by the year of birth) and is equal to 80% of the pension paid or payable to the deceased.

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 a limited 2-year period to a widow(er) who was married to the deceased for less than a year; 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 between 1 and 5 years and older than age 40 at the time of the insured's death; or for 5 years if married for between 1 and 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 payable is equal to the value of any alimony owing 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 paid or payable to the deceased; 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 for changes in the consumer price index and wage index; may be adjusted annually if the annual consumer price index increases by more than 4%. If the consumer price index increases by less than 5% in a 2-year period, the adjustment may be postponed.

*Mandatory occupational survivor 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 equal to 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 a recipient of an old-age or disability pension, the survivor pension is equal to 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>) administer the program. The institutes are responsible for registering insured persons, regulating and collecting contributions, and providing benefits.

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

Mandatory occupational pension plans are administered by private pension institutions under government supervision.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1910.

**Current laws:** 1971 (sickness), implemented in 1972, with amendments; 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 amount is 221 francs for adults and 110.50 francs for young persons between ages 17 and 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 for contribution purposes are 126,000 francs.

**Self-employed person:** Voluntary contributions only.

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

The maximum annual earnings for contribution purposes are 126,000 francs.

**Government:** Varying contributions are made toward the cost of medical benefits and are paid to health insurance funds according to the age and gender balance of each fund. The government covers 90% of the cost of medical benefits for children younger than age 17 and covers up to 50% of the costs of medical benefits for the other insured persons. The government subsidizes contributions for insured persons with low incomes.

### Qualifying Conditions

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

**Cash maternity benefits:** The insured must have 270 days of membership in a health insurance fund without an interruption of membership longer than 3 months.

### Sickness and Maternity Benefits

**Sickness benefit:** The benefit is equal to at least 80% of the insured's covered earnings. The benefit is paid after a 2-day waiting period for a total of 720 days in a period of 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 equal to 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 (between 500 francs and 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 if the maternity benefit payable is lower than the maternity allowance, only the difference between the allowance and the maternity benefit is paid.

### Workers' Medical Benefits

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.

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

There is normally no limit to duration.

**Cost sharing:** Cost sharing by patients includes a set fee of 200 francs per calendar year and a 10% copayment for all costs exceeding the set fee up to a maximum of 800 francs. Cost-sharing rates are halved for pensioners and adolescents older than age 16 but younger than age 20; there is no cost sharing for children younger than age 16, 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 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.

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

There is normally no limit to duration.

**Cost sharing:** Cost sharing by patients includes a set fee of 200 francs per calendar year and a 10% copayment for all costs exceeding the set fee up to a maximum of 800 francs. Cost-sharing rates are halved for pensioners and adolescents older than age 16 but younger than age 20; there is no cost sharing for children younger than age 16, 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 recognized by the government and the Federation of Health Insurance Funds administer contributions and benefits.

Federation of Health Insurance Funds ensures compliance.

### 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:** A contribution is made according to the extent of coverage required and the assessed degree of risk.

The maximum annual earnings for contribution and benefit purposes are 126,000 francs.

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

The maximum annual earnings for contribution and benefit purposes 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%, the benefit is equal to 80% of the insured's earnings. The benefit is paid after a 1-day waiting period.

The maximum annual earnings for benefit calculation purposes are 126,000 francs.

## Permanent Disability Benefits

**Permanent disability benefits:** The full pension is equal to 80% of the insured's earnings and is paid for a reduction in working capacity of more than 50%.

The maximum annual earnings for benefit calculation purposes are 126,000 francs.

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

Constant-care allowance: Paid if the insured requires constant care or assistance to complete daily tasks.

**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 depends on the assessed degree of disability, up to a maximum of 126,000 francs.

## Workers' Medical Benefits

All necessary expenses and care are covered in full.

There is no limit to duration.

## Survivor Benefits

**Survivor pension:** The pension is equal to 40% of the deceased's earnings.

The maximum annual earnings for benefit calculation purposes 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, is at least 66.6% disabled, or is aged 45 or older.

**Survivor pension for a divorced spouse:** The pension is equal to 20% of the deceased's earnings. The pension is paid up to the value of the alimony owed to the separated or divorced spouse.

**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 for benefit calculation purposes 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, only the difference between 90% of the deceased's covered earnings and the value of the other pensions is payable. (Survivors also receive cost-of-living allowances.)

Benefit adjustment: Benefits are adjusted every 2 years for changes in the consumer price index and wage index; may be adjusted annually if the annual consumer price index increases by more than 4%. If the consumer price index increases by less than 5% in a 2-year period, the adjustment may be postponed.

**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 varies from one to five times the annual pension, depending on the duration of marriage. The maximum lump sum for a marriage that lasted 1 year is equal to 1 year's pension; 5 years' pension is paid for 5 years of marriage.

## 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.

### Source of Funds

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

The maximum annual earnings for contribution purposes are 97,200 francs.

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

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

The maximum annual earnings for contribution purposes are 97,200 francs.

**Government:** Under certain conditions, the government finances up to 20% of the cost of benefits. The government also 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 a maximum of 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 equal to 80% of daily covered earning and is paid for up to 250 days for insured persons up to age 49 (400 days if aged 50 to 59; 500 days if aged 60 to 64) in a 2-year period. The benefit is equal to 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 may be calculated according to the average salary in the last 6 to 12 months.

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

The maximum benefit is equal to 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 equal to 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.

---

### 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:** Employees make no contributions.

Nonemployed persons make variable contributions of between 63 francs and 2,100 francs, depending on their assets and income.

Nonemployed persons pay an additional 4% of their individual contribution amount for administrative costs.

**Self-employed person:** 2.1% of gross earnings.

Self-employed persons pay an additional 4% of their individual contribution amount for administrative costs.

There are no maximum earnings for contribution purposes.

**Employer:** 2.1% of payroll and an additional 3.6% of payroll for administrative costs.

There are no maximum earnings for contribution purposes.

**Government:** Any deficit.

#### Qualifying Conditions

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

#### Family Allowance Benefits

**Family allowance:** 280 francs a month per child is paid for the first two children younger than age 11; 330 francs a month per child is paid for the first two children older than age 10; 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 contributions and benefits.