Hungary
Exchange rate: U.S.$1.00 equals 274.24 forints.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1928.
Type of program: Social insurance and private insurance systems.

Note: Persons who became insured before June 30, 1998, or who became insured after this date but before reaching the age of 42, can choose between the social insurance system or the mixed system of social insurance and private insurance.

Coverage

Employees, members of handicraft and agricultural cooperatives, self-employed entrepreneurs, apprentices of professional training schools, outside workers, artistic performers, lawyers, public notaries, the clergy, and recipients of unemployment benefits.

Persons not covered by compulsory insurance, including independent farmers, can acquire entitlement to pension coverage by virtue of an agreement with the pension insurance institute.

Source of Funds

Insured person (social insurance system): 8% of gross earnings; self-employed entrepreneurs, 18% of contributable earnings.

Insured person (mixed system): 2% for social insurance and 6% for a private pension fund.

Employer: 18% of payroll.

Government: Any deficit in the social insurance system.

Maximum earnings for contributions purposes: Twice average earnings.

The above contributions for the social insurance system also finance work injury benefits and disability pensions.

Qualifying Conditions

Old-age pension: Age 62 (men and women) and 20 years of service; age 60 for men born before 1938 and age 61 for those born in 1938; age 55 for women born before 1940, gradually rising to age 61 for women born in 1946.

Men who were age 60 and women who were age 55 before January 1, 1991, and who have completed 10 years of service up to that year are entitled to a full pension.

Disability pension: 67% loss of working capacity and improvement not expected within 1 year. The person must be not working or have income that is now significantly less than it was prior to the onset of the disability.

Survivor pension: Insured was a pensioner or met the employment requirement for the disability pension at the time of death.

Old-Age Benefits

Old-age pension (social insurance): Equal to 43% of pensionable net earnings since January 1, 1988, with 15 years of coverage. The value of the pension is raised by 2% for each additional year up to 63% for 25 years; thereafter by 1% each year up to 74% for 36 years and by 1.5% for each further year of service over 36 years.

Benefit adjustment: Annual adjustment in January according to the average estimated annual change in consumer prices and in the national net average wage level.

Old-age pension (private insurance): Insured’s contributions plus accrued interest. At retirement, the insured purchases an annuity; a lump-sum payment is available for 15 years of contributions.

Permanent Disability Benefits

Disability pension (social insurance): For a degree of disability of at least 67%, the pension is 51% of average net earnings since January 1, 1988, with less than 2 years of coverage; the pension is raised in steps to 63% of average net earnings for up to 25 years of coverage. Thereafter, entitlement is equal to that of the social insurance old-age pension (above). For total disability, the amount of the pension is raised by an additional 5% of average net earnings.

Constant-attendance allowance: 10% of average net earnings.

Minimum pension: According to three categories of disability, the minimum pension is 20,100 forints (Group I), 21,080 forints (Group II), or 21,960 forints (Group III).

Benefit adjustment: Annual adjustment in January according to the average estimated annual change in consumer prices and in the national net average wage level.

Disability pension (private insurance): There is no benefit provision.

Survivor Benefits

Survivor pension (social insurance): 50% of the pension of the insured, payable to a widow (widower) who at the time of the spouse’s death was age 55 (age 60 for a widower), disabled, or caring for 2 children. Paid to other widows or widowers for 1 year only.

Orphan’s pension (social insurance): 30% of the pension of the insured for each orphan under age 16 (age 25 if a student, no limit if disabled). For an orphan with a disabled parent, the award is 60% of the pension of the deceased insured.

Minimum orphan allowance is 85% of the minimum old-age pension.
Other eligible survivors (dependent parents): 20% of the deceased’s pension.

Maximum survivor pension: 100% of pension of deceased.

Minimum survivor pension: 7,260 forints a month for a widow(er) and full orphans and 6,920 forints for orphans.

Benefit adjustment: Annual adjustment in January according to the average estimated annual change in consumer prices and in the national net average wage level.

Survivor pension (private insurance): There is no benefit provision.

Administrative Organization

Central Administration of National Pension Insurance administers benefits through its local branches.

National Health Insurance Fund collects contributions through its local branches.

Sickness and Maternity

Regulatory Framework

First law: 1891.
Type of program: Social insurance system.

Coverage

Cash sickness benefit: Employees, members of cooperatives, apprentices of skilled labor, the self-employed, and outdoor workers.

Cash maternity benefits: All pregnant employed or self-employed women who have worked for at least 180 days in the 2 years prior to childbirth.

All resident women in Hungary are entitled to in-kind benefits.

Medical benefits: All insured persons entitled to cash sickness benefits, pensioners, unemployment beneficiaries, recipients of social assistance and allowances, beneficiaries of pensions provided by churches, regular students (if Hungarian citizens), and all dependent family members and children.

Source of Funds

Insured person: 3% of gross earnings.
Employer: 11% of payroll.
Government: Any deficit. The government reimburses the National Health Insurance Fund for the cost of the child care fee.

The maximum earnings for contribution purposes are 5,080 forints per day.

The above contributions also finance short-term work injury cash benefits and medical care for work injuries.

Qualifying Conditions

Cash sickness benefit: Currently insured, or a loss of earning capacity due to illness within 3 days after the cessation of insurance.

If the insured person has less than 1 year of continuous insurance, sickness benefit is proportional.

Maternity benefit (maternity and confinement allowance): Currently insured, or the expected date of childbirth is within 42 days after the cessation of insurance, and has 180 days of insurance during last 2 years.

Maternity benefit (child care fee): 180 days of insurance in the 2 years prior to childbirth.

Medical benefits: Provided also for beneficiaries of cash sickness and maternity benefits; supported family members of the insured person; pensioners; beneficiaries of unemployment benefits, social assistance, and allowances; beneficiaries of pensions provided by churches; regular students; and dependent children.

Sickness and Maternity Benefits

Cash sickness benefit: 60% of daily average net earnings or 70% with 2 years of continuous employment. Benefit is payable from the first day of incapacity for up to 1 year (or for the length of the continuous insurance period immediately prior to the onset of illness, if less).

The employer must pay for first 15 days. Social security pays from the 16th day onward.

Maternity and confinement allowance: 70% of daily average net earnings of the previous calendar year. In the absence of earnings, the current minimum wage is used. Benefit is payable for the period of maternity leave (4 weeks before and 20 weeks after the expected date of childbirth).

Child care fee: A maximum limit of 83,000 forints a month.

Workers’ Medical Benefits

Medical benefits: Medical services are provided directly to patients through the facilities of the public health services in contractual relationship with the health insurance scheme. Benefits include preventive care; general and specialist care, including basic dental care; hospitalization; maternity care; medical rehabilitation; sanatorium care; and ambulance services.

Medicines, appliances, dental prosthetics, orthodontic services, and spa treatment are provided upon the payment of variable rates of compensation by the patient.

Life-saving medicines, and medicines for maternity and infant care are provided free of charge.

Travel expenses are covered by the health insurance scheme. There is no limit to duration.
Dependents' Medical Benefits

Medical benefits for dependents: Same as for insured.

Administrative Organization

National Health Insurance Fund, with county health insurance funds, administers cash sickness and maternity benefits. Hungarian Tax Authority collects contributions. Medical care is provided by public medical services organized and administered by the self-governing local municipalities. Ministry of Health provides medical services through some central hospitals and institutes.

Work Injury

Regulatory Framework

First law: 1900 (agriculture) and 1907.
Type of program: Social insurance system.

Coverage

Employees, members of cooperatives, apprentices in industrial training, artisans, the self-employed, independent farmers, artistic performers, and lawyers.

Source of Funds

Insured person: See Old Age, Disability, and Survivors and Sickness and Maternity, above.
Employer: See Old Age, Disability, and Survivors and Sickness and Maternity, above.
Government: See Old Age, Disability, and Survivors and Sickness and Maternity, above.

Qualifying Conditions

Work injury benefits: Total disability (incapacity for any paid work) or partial disability (67% loss of working capacity). No minimum qualifying period. Work injury allowance is granted for work-connected disability of more than 15%. Benefit is payable for only 2 years if the loss of working capacity is less than 25%.

Temporary Disability Benefits

Temporary disability benefit: 100% of average net earnings. Benefit is payable from the first day of incapacity for up to 1 year. In some cases, benefit entitlement can be extended to 2 years by Medical Experts Institute.

Permanent Disability Benefits

Permanent disability pension: See disability pension under Old Age, Disability, and Survivors, above.

Workers’ Medical Benefits

Medical benefits: Same as for sickness benefit (above), but medicines and appliances are free of charge.

Survivor Benefits

Survivor pension: 50% of the pension of the insured. The pension is payable to a widow who at husband’s death was age 55, disabled, or caring for two children. Otherwise, paid to other widows for 1 year only. The pension is also payable to a dependent and incapacitated widower.
Orphan's pension: 25% of the pension of insured for each orphan under age 16 (age 25 if a student); 50% of the pension of the deceased insured for an orphan with a disabled parent.
Maximum survivor pensions: 125% of the pension of deceased.
Minimum survivor pension: 7,260 forints a month for a widow(er) and full orphans and 6,920 forints for orphans.

Administrative Organization


Unemployment

Regulatory Framework

First law: 1957.
Type of program: Unemployment insurance.

Coverage

Wage earners and salaried employees.

Source of Funds

Insured person: 1.5% of gross earnings.
Employer: 3% of payroll.
Government: None.
Qualifying Conditions

Unemployment benefit: Insurance coverage for at least 200 days in the last 4 years. Involuntary unemployed without entitlement to an old-age or disability pension. Actively seeking employment.

Preretirement unemployment assistance: Unemployed persons can apply for an advanced pension if they are within 5 years of the pensionable age and have been receiving unemployment benefit for at least 180 days; or will be age 62 within 3 years of the termination of unemployment benefit and have 20 years of insurance coverage and no prospect of finding suitable employment.

Early pension: Unemployed with 20 years of insurance coverage.

Unemployment Benefits

Unemployment benefit: 65% of the gross average salary of the previous calendar year for a maximum of 270 calendar days.

Minimum benefit: 90% of the minimum old-age pension.

Maximum benefit: Twice the minimum old-age pension.

Preretirement unemployment assistance: Calculated in the same way as the old-age pension (social insurance), above.

Early pension: The employers pays the insured person the equivalent of the old-age pension for 1 year.

Administrative Organization

Ministry of Labor provides general supervision.

Family Allowance Benefits

Family allowances: For the first child, 3,800 forints a month; for two children, 4,700 forints a month per child; and for three or more children, 5,400 forints a month per child.

Family allowance (single parents): For the first child, 4,500 forints a month; for two children, 5,400 forints a month per child; for three or more children, 6,300 forints a month per child.

For a child who has long-term illness or is seriously disabled, 10,500 forints a month per child.

For a child in a foster home or living with foster parents, 5,400 forints a month per child.

Child care allowance: The minimum pension up to age 3.

Maternity grant: A lump sum of 150% of the minimum pension paid to the mother after the birth of a child.

Administrative Organization

Ministry of Health, Social and Family Affairs provides general supervision.

Territorial Public Finance Offices.

Family Allowances

Regulatory Framework

First law: 1938.


Type of program: Universal system.

Coverage

All residents with one or more children.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances: Family must include one or more children under age 16 (age 20 if enrolled in a primary or secondary school) or disabled.