

Czech Republic

Exchange rate: US\$1.00 equals
25.71 koruna (CZK).

Old Age, Disability, and Survivors

Regulatory Framework

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

Current law: 1995.

Type of program: Social insurance system.

Coverage

Employees, members of assimilated groups, including certain groups of students, farmers, artists, the unemployed, carers, military personnel, and the self-employed.

Voluntary coverage is available to certain categories of persons, including persons employed abroad.

Source of Funds

Insured person: 6.5% of earnings.

Self-employed person: 28% of declared earnings.

Employer: 21.5% of payroll.

Government: Any deficit.

The maximum assessment base for self-employed persons is 40% of declared earnings.

Qualifying Conditions

Old-age pension: Age 61 and 6 months (men) or age 56 to 60 (women), according to the number of children raised.

Since January 1, 1996, the retirement age has been gradually increasing by 2 months per year for men and by 4 months per year for women. The target retirement age of 63 will be reached after December 31, 2012, for men and for women without children. For women with children the retirement age will be age 59 to 62 according to the number of children raised. Retirement will be based on 25 years of insurance; 15 years if aged 65.

Early pension: Retirement is possible up to 3 years before the normal retirement age. All employment must cease.

Deferred pension: The pension is increased for every 90 days of economic activity during which the claim for an old-age pension is postponed.

Disability pension: Total disability (66% loss of earning capacity) or partial disability (33% loss of earning capacity) with at least 5 years of insurance in the last 10 years (up to 4 years if under age 28).

Survivor pension: The deceased qualified for a pension or was a pensioner at the time of death.

Old-Age Benefits

Old-age pension: A flat-rate basic amount (1,310 CZK) plus an earnings-related percentage amount based on the personal assessment base (PAB) and the number of years of insurance.

PAB: Currently based on average gross earnings over the last 18 years preceding retirement. Originally based on 10 years preceding retirement, this period is being extended by 1 year every year until it reaches a total of 30 calendar years. The value of the old-age pension is calculated using 1.5% of the personal assessment base per year of insurance (no maximum). The calculation of the personal assessment base includes a percentage of monthly earnings:

- 100% of earnings up to 7,500 CZK,
- 30% of earnings from 7,500 CZK to 19,200 CZK, and
- 10% of earnings over 19,200 CZK.

The minimum pension is 2,080 CZK, equal to the flat-rate basic amount (1,310 CZK) plus 770 CZK.

Temporarily reduced early pension: Available up to 2 years prior to the normal retirement age provided that the insured person has a minimum of 25 years of insurance and has received a partial or a full disability pension for at least 5 years and entitlement to a disability pension has expired within 5 years of reaching the normal retirement age. The pension is reduced by 1.3% of the personal assessment base for every (even incomplete) period of 90 days prior to the normal retirement age, but the pension is fully restored upon reaching the normal retirement age.

Permanently reduced early pension: Available up to 3 years prior to the normal retirement age; the actual date of retirement is left to the insured's discretion. The insured must have at least 25 years of contributions. The pension is reduced by 0.9% for every (even incomplete) 90-day period preceding the normal retirement age. This reduction is permanent and continues after the recipient reaches the normal retirement age.

Deferred pension: For every 90 days of economic activity during which the claim for an old-age pension is postponed, an increase of 1.5% of the personal assessment base is provided.

Permanent Disability Benefits

Disability pension: The full disability pension is calculated as a flat-rate basic amount (1,310 CZK) plus an earnings-related amount calculated using 1.5% of the personal assessment base per year of insurance. The projected insurance period is credited from the onset of disability up to the normal retirement age.

The minimum disability pension is 2,080 CZK, equal to the flat-rate basic amount (1,310 CZK) plus 770 CZK.

There is no maximum disability pension.

Partial disability: A flat-rate basic amount (1,310 CZK) plus 0.75% of the personal assessment base for every year of insurance.

The minimum partial disability pension is 1,695 CZK, equal to the flat-rate basic amount (1,310 CZK) plus 385 CZK.

There is no maximum partial disability pension.

Survivor Benefits

Widow(er) pension: A flat-rate basic amount (1,310 CZK) plus 50% of the earnings-related amount of the deceased's pension. The pension is payable to all widow(er)s for 1 year; thereafter, only to widows aged 55 or widowers aged 58; any age if disabled or caring for a dependent or disabled child or for a disabled parent.

Orphan's pension: A basic amount of 1,310 CZK plus 40% of the earnings-related amount of the deceased's pension for each dependent child (for full orphans, the basic amount is payable only once).

The value of the pension is increased in cases of disability. In the case of partial incapacity (up to 33% loss in earning capacity), the value is increased by 20% of the subsistence minimum; in the case of a major but not total incapacity (between 34% and 65% loss in earning capacity), by 40%; or in the case of total incapacity (66% or more loss in earning capacity), by 75%.

In the case of a claim for another pension (old-age or disability pension), the amount paid is the highest pension plus half of the earnings-related amount of the other pension.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision and is responsible for policy development for all areas of social security except health insurance.

Social Security Administration collects and administers contributions and delivers benefits through its Central Administration and 76 District Administrations.

Sickness and Maternity

Regulatory Framework

First law: 1888.

Current laws: 1956 (cash sickness benefits), 1968 (maternity benefits), and 1997 (public health insurance).

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

Coverage

Cash benefits: Employees, members of industrial production cooperatives, and advanced students. For self-employed persons, sickness insurance is voluntary.

Medical benefits: All permanent residents in the Czech Republic or employees whose employer resides in the Czech Republic.

Source of Funds

Insured person: 1.1% of earnings (cash sickness and maternity benefits) and 4.5% of earnings (medical benefits).

Self-employed person: 4.4% of declared earnings for cash sickness and maternity benefits and 13.5% of declared earnings for medical benefits.

Employer: 3.3% of payroll (cash sickness and maternity benefits) and 9% of payroll (medical benefits).

Government: Any deficit for cash sickness and maternity benefits and medical benefits; total cost for special categories of covered people.

The maximum assessment base for self-employed persons is 40% of declared earnings.

Qualifying Conditions

Cash sickness benefits: Compulsory for all employees; voluntary for the self-employed. Only those with gross earnings over 400 CZK a month or working more than 7 days a month are insured. A doctor's certificate is required from the first day of illness. Neither a minimum period of employment nor any minimum period of residence is required. There is no waiting period.

Cash maternity benefits: 270 days of insurance in the 2 years preceding childbirth, loss of earnings, childbirth or taking substitute care of a child (substitute carers may include men), and medical confirmation of pregnancy.

Cash medical benefits: Currently insured. There is no minimum coverage period. Eligibility continues for 6 weeks after coverage ceases.

Sickness and Maternity Benefits

Sickness benefit: For the first 3 days, 50% of the daily assessment base; from the 4th day, 69%. The benefit is payable from the first day of incapacity for up to 1 year; up to 2 years if recovery is likely.

Daily assessment base: The calculation of the daily assessment base includes a percentage of gross earnings:

- 90% for the first 14 days of illness and 100% from the 15th day for gross earnings up to 480 CZK.
- 60% for gross earnings from 480 CZK up to 690 CZK.
- Gross earnings over 690 CZK are exempt.

The maximum daily assessment base for calculating sickness benefit is 558 CZK for the first 14 days of illness and 606 CZK for the rest of the period of illness.

Maternity benefit: 69% of the daily assessment base (as calculated for cash sickness benefit from the 15th day) is payable for 28 weeks (37 weeks for a single mother and for multiple births) including at least 6 weeks before the expected date of childbirth.

The maximum maternity benefit is 419 CZK a day.

Workers' Medical Benefits

Health care is provided free of charge under the scope and conditions stipulated by law. Benefits includes medical treatment in outpatient and inpatient care facilities; emergency and rescue services; preventive care; the provision of drugs, medical aid, and appliances; stomatologic treatment (diseases of the mouth); spa treatment; the care of children in special medical institutions and convalescent homes; preventive care provided in enterprise and factory surgeries; transportation of the sick; refunding of travel costs; medical assessment; and the examination of deceased insured persons and autopsy including the transportation of the dead. There is no limit to duration.

Dependents' Medical Benefits

Health care is provided free of charge under the scope and conditions stipulated by law. The Czech health insurance system is based on individual insurance for each person.

Administrative Organization

Social Security Administration collects and administers contributions and delivers cash sickness benefits through its Central Administration and 76 District Administrations.

Organizations with more than 25 employees pay sickness benefits.

Ministry of Labor and Social Affairs provides general supervision for sickness insurance. Subsidiary offices, on a regional and district level, administer cash benefits.

Ministry of Health provides general supervision for medical services.

Medical services are provided in state and private outpatient and inpatient care facilities on the basis of contracts set up with individual insurance companies.

Work Injury

Regulatory Framework

First law: 1887.

Current laws: 1956 (short-term benefits), 1990 (self-employed), and 1995 (pensions).

Type of program: Employer-liability system.

Coverage

Employees and eligible survivors.

Source of Funds

Insured person: None.

Employer: The purchase of insurance premiums.

Government: Any deficit between the insurance cover provided by the employer and the awarded compensation paid to the insured.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

Lump-sum benefits are provided.

Permanent Disability Benefits

Compensation for loss of earnings is payable up to age 65.

Workers' Medical Benefits

Medical expenses are paid.

Survivor Benefits

Survivor maintenance grant: A lump sum of 50,000 CZK for a spouse; a lump sum of 80,000 CZK for an orphan.

Alimony for a survivor: Reimbursement of costs.

Medical expenses: Reimbursement of treatment-related costs.

Funeral grant: The reasonable cost of a funeral.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision for the provision of temporary and permanent disability benefits and survivor pensions.

Social Security Administration collects and administers contributions and delivers benefits through its Central Administration and 76 District Administrations.

Administrative roles are also played by two insurance companies and by large-scale employers.

Ministry of Health provides general supervision for the provision of medical benefits.

Unemployment

Regulatory Framework

First law: 1991.

Current laws: 1992 and 1997, with 2002 amendment.

Type of program: Social insurance system.

Coverage

Czech Republic citizens (and foreign citizens permanently resident in the Czech Republic) who are at least 15 years old and capable of working.

Source of Funds

Insured person: 0.4% of earnings.

Employer: 3.2% of payroll.

Government: Any deficit.

Qualifying Conditions

Unemployment benefit: Registered as looking for work and employed for at least 12 months in the past 3 years.

Employment periods include vocational training, job training undertaken by a disabled person, basic military service or alternative civil service, providing care for a child up to age 3 (or up to age 18 if seriously disabled), time spent caring for a relative, any period during which a job seeker was paid a full disability pension, and periods accredited by the Ministry of the Interior for long-term voluntary service.

Unemployment Benefits

50% of earnings during the first 3 months; 40% for next 3 months; 60% in case of retraining.

The maximum benefit is 10,250 CZK a month; 11,480 CZK in the case of retraining.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

Labor offices administer benefits.

Family Allowances

Regulatory Framework

First law: 1945.

Current law: 1995.

Type of program: Universal system.

Coverage

Families with children.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances: Dependent children (up to age 26 if a student).

Family Allowance Benefits

Family allowances: Income-tested allowances. If family income is below 1.1 times the living minimum, the benefit is equal to 32% of the child living minimum for each child; if family income is from 1.1 times to 1.8 times the living minimum, 28% of the child living minimum for each child; if family income is from 1.8 times to 3 times the living minimum, 14% of the child living minimum for each child; if family income is over 3 times the living minimum, there is no entitlement.

Birth grant: Paid at five times the child living minimum for one child; at six times for two children; 10 times if there are three or more children.

Parents' allowance: If caring at home for a child up to age 4, the allowance is 1.1 times the adult living minimum.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

Labor offices administer benefits.