

## Germany

Exchange rate: US\$1.00 equals 0.84 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1889 (old-age and disability), implemented in 1891; and 1911 (survivors), implemented in 1914.

**Current law:** 2005 (pension insurance), with 2005 amendment.

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

Note: Following the unification of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) on October 3, 1990, the social security system of the FRG remained in force and the system of the GDR continued to apply on an interim basis within the former GDR territory. The FRG and GDR systems were merged effective January 1, 1992, at which time Part VI of the Social Act came into force throughout the entire federal territory. In the summary that follows, particular provisions that were in place on January 1, 2005, in the new federal states are preceded by the designation "E -".

#### Coverage

Employed persons (including apprentices), certain self-employed persons, persons caring for a child younger than age 3, recipients of noncontributory benefits (such as unemployment benefits), conscripts or persons doing community service instead of military service, and voluntary care workers.

Voluntary coverage for persons aged 16 or older who are exempt from compulsory coverage, including German citizens residing abroad and foreign citizens residing in Germany, unless they are covered under another country's program.

Special systems for certain self-employed persons, miners, public-sector employees (supplementary insurance), civil servants, and farmers.

#### Source of Funds

**Insured person:** 9.75% of earnings; none if earnings are less than €400 a month (voluntary contributions can be made); a reduced contribution is paid if monthly earnings are between €401 and €800.

The maximum annual earnings for contribution purposes are €63,000 (E - €52,800) (€5,250 per month, E - €4,400) in the German Pension Insurance; €77,400 (E - €64,800) (€6,450, E - €5,400 per month) in the German Pension Insurance for Miners-Railwaymen-Seamen.

**Self-employed person:** 19.5% of income.

**Employer:** 9.75% of payroll; 12% of earnings for employees with monthly earnings less than €400; 16.15% of payroll for employees covered under the German Pension Insurance for Miners-Railwaymen-Seamen.

The maximum annual earnings for contribution purposes are €63,000 (E - €52,800) (€5,250 per month, E - €4,400) in the German Pension Insurance; €77,400 (E - €64,800) (€6,450, E - €5,400 per month) in the German Pension Insurance for Miners-Railwaymen-Seamen.

**Government:** A subsidy to compensate for the cost of benefits not covered by contributions.

#### Qualifying Conditions

**Old-age pension:** Age 65 with 5 years of contributions.

Age 60 with an assessed degree of disability of at least 50% and a minimum of 35 years of coverage; age 60 with 15 years of contributions and unemployed for at least 52 weeks after age 58 and 6 months; age 60 with 15 years of contributions for employees in part-time work for at least 24 months before the normal retirement age (this retirement age is increasing from age 60 to age 63 between 2006 and 2008); from age 60 for women born before 1952 with 10 years of contributions after age 40; from age 60 for miners with 25 years of contributions from employment in permanent underground work.

**Earnings test:** The pension payable for pensioners younger than age 65 depends on the level of individual earnings: if monthly earnings are less than €350, the full pension is paid; if earnings are greater than €350, a partial pension is paid at 2/3, 1/2, or 1/3 depending on the level of individual earnings.

**Early pension:** Retirement is possible from age 63 with 35 years of coverage, subject to conditions.

**Deferred old-age pension:** A deferred pension is possible after age 65.

**Disability pension:** Paid for a full reduction in earning capacity (unable to work more than 3 hours a day in any form of employment) or a partial reduction in earning capacity (able to work at least 3 hours but not more than 6 hours a day in any form of employment; for insured persons born before January 2, 1961, unable to work at least 6 hours a day in the usual or a similar occupation). The insured must have a total of 5 years of contributions and 36 months of compulsory contributions in the last 5 years. Special conditions apply for a reduction in earning capacity that is the result of a work injury.

**Survivor pension:** The deceased had 5 years of contributions or was a pensioner at the time of death. The pension is income tested.

**Small widow(er) pension:** Paid to a widow(er) or surviving partner for a maximum of 24 months following the month of

the insured's death. The survivor must not have remarried or entered a new partnership after the insured's death.

**Large widow(er) pension:** Paid to a widow(er) or surviving partner who meets the qualifying conditions for the small widow(er) pension and is aged 45 or older, cares for a child younger than age 18, or is disabled.

Special conditions apply for marriages or partnerships that began after January 1, 2002, and for marriages that began before January 1, 2002, and both spouses were born after January 1, 1962.

**Old-age pension splitting:** Couples can opt for a pension-splitting arrangement instead of receiving entitlement to a survivor benefit if their marriage or partnership began after December 31, 2001; or before January 1, 2002, and both spouses or partners were born after January 1, 1962. Both spouses or partners must have 25 years of coverage and be eligible for a statutory old-age pension. Spouses or surviving partners can request that the entitlements to pension benefits accrued during their marriage or partnership be split.

**Child supplement:** Payable to a widow(er) or surviving partner receiving the large widow(er) pension and rearing a child younger than age 3.

### **Old-Age Benefits**

**Old-age pension:** The pension is calculated on the basis of total individual earnings points multiplied by the pension factor of 1.0 and the pension value. (Special rules apply to persons insured under the German Pension Insurance for Miners-Railwaymen-Seamen.)

Individual earnings points are calculated as individual annual earnings divided by the average earnings of all contributors multiplied by the entry factor. An individual earnings point of 1.0 is awarded if the individual's annual earnings correspond to the average earnings of all contributors. In the case of lower or higher individual annual earnings, a correspondent earnings point of less than or more than 1.0 is awarded.

The pension value is calculated as the monthly benefit amount for 1 year's average covered earnings, adjusted for changes in wages. From July 1, 2003, to June 30, 2006, the pension value is €26.13 (E - €22.97).

The normal entry factor is 1.0 and increases or decreases depending on the age at which the insured is first awarded a pension.

Periods of incapacity for work, unemployment, and full-time education between ages 17 and 25 are also taken into account for pension calculation purposes.

There is no statutory minimum pension.

**Compensation amount for low-income workers:** For low-income workers with 35 years of coverage and with less than 0.0625 earning points on average (calculated on the

basis of months with full contributions), the value of contributions paid before 1991 is increased to 1.5 times the value, up to a maximum of 75% of the value of contributions for average earnings of all insured persons (0.0625 earning points).

For persons with 25 years of coverage, the value of contributions paid after 1992 while caring for a child younger than age 10 is increased to 1.5 times the value, up to the value of contributions for average earnings of all insured persons.

**Early pension:** The entry factor (1.0) is reduced by 0.003 for each calendar month the pension is taken before age 65.

**Deferred pension:** The entry factor (1.0) is increased by 0.005 for each calendar month a pension is deferred after age 65.

**Benefit adjustment:** Benefits are adjusted annually in July according to changes in the pension value. The adjustment formula also includes a durability factor. This factor takes into account changes in the ratio between the number of pensioners and contributors. (Pensions were not adjusted in July 2005.)

### **Permanent Disability Benefits**

**Disability pension:** The total of individual earnings points (individual annual earnings divided by the average earnings of all contributors multiplied by the entry factor) multiplied by the pension factor and the pension value.

The pension factor for a full reduction in earning capacity is 1.0; for a partial reduction, 0.5. (Special rules apply to persons insured under the German Pension Insurance for Miners-Railwaymen-Seamen.)

The pension value is calculated as the monthly benefit amount for 1 year's average covered earnings, adjusted for changes in wages. From July 1, 2003, to June 30, 2006, the pension value is €26.13 (E - €22.97).

If disability occurs before age 60, the period from the onset of the reduction in earning capacity up to age 60 is taken fully into account for the purpose of calculating the pension.

The normal entry factor (1.0) is reduced by 0.003 for every calendar month a pension is awarded before age 63, up to a maximum reduction of 0.108.

The disability pension ceases at age 65 and is replaced by the old-age pension. The old-age pension payable must be at least equal to the disability pension.

**Benefit adjustment:** Benefits are adjusted annually in July according to changes in the pension value. The adjustment formula also includes a durability factor. This factor takes into account changes in the ratio between the number of pensioners and contributors. (Pensions were not adjusted in July 2005.)

## **Survivor Benefits**

**Survivor pension:** The pension payable to a widow(er) or surviving partner is based on the total of the deceased's individual earnings points (individual annual earnings divided by the average earnings of all contributors multiplied by the entry factor) multiplied by the pension factor and the pension value.

The pension factor is 1.0 for the first 3 months after the insured's death; thereafter, 0.25 if the survivor is receiving the small widow(er) pension or 0.55 if receiving the large widow(er) pension and if both spouses or partners were born after January 1, 1962, or if the marriage or partnership began on or after January 1, 2002 (0.6 if the marriage or partnership began before 2002 and one spouse or partner was born before January 2, 1962). (Special rules apply to persons insured under the German Pension Insurance for Miners-Railwaymen-Seamen.)

The pension value is calculated as the monthly benefit amount for 1 year's average covered earnings, adjusted for changes in wages. From July 1, 2003, to June 30, 2006, the pension value is €26.13 (E - €22.97).

The small widow(er) pension is payable for 2 years; an unlimited pension is paid if the marriage or partnership began before January 1, 2002, and the widowed spouse or partner was born before January 2, 1962.

Normally, a widow(er) pension is not paid if the marriage or partnership lasted less than a year. Special rules apply for spouses divorced before July 1, 1977.

Income test: 40% of net income above a specified ceiling is deducted from the widow(er) pension.

Old-age pension splitting: The pension of the surviving spouse or partner is calculated by splitting the pension rights accrued by both members of the couple during their marriage or partnership.

Child's supplement: Additional earnings points are awarded for the large widow(er) pension if the spouse or partner cares for children. Two earnings points are awarded per month for the first child; one earnings points for each additional child.

**Orphan's pension:** The pension factor is 0.1 for a half orphan and 0.2 for a full orphan. Supplements are paid depending on the length of the insured's coverage period and other factors. The pension is payable in full if net income is less than a set limit; for income above the set limit, 40% is offset against the pension. (Special rules apply to persons insured under the German Pension Insurance for Miners-Railwaymen-Seamen.)

Benefit adjustment: Benefits are adjusted annually in July according to changes in the pension value. The adjustment formula also includes a durability factor. This factor takes into account changes in the ratio between the number of pensioners and contributors. (Pensions were not adjusted in July 2005.)

## **Administrative Organization**

Federal Ministry of Labor and Social Policy (<http://www.bmas.bund.de>) provides general supervision.

Federal German Pension Insurance (<http://www.deutsche-rentenversicherung-bund.de>), regional agencies of the German Pension Insurance, and the German Pension Insurance for Miners-Railwaymen-Seamen (<http://www.deutsche-rentenversicherung-knappschaft-bahn-see.de>) provide supervision.

Benefits for employees, workers, and miners are administered by different pension insurance institutions. Since October 1, 2005, administrative responsibilities have been set by a special procedure providing for an equal distribution of the insured among all pension insurance institutions. For certain insured persons, special responsibility lies with the German Pension Insurance for Miners-Railwaymen-Seamen (<http://www.deutsche-rentenversicherung-knappschaft-bahn-see.de>).

Sickness funds collect contributions and forward them to pension insurance institutions.

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## **Sickness and Maternity**

### **Regulatory Framework**

**First law:** 1883 (sickness insurance), implemented in 1884.

**Current laws:** 1924 (maternity), with amendments; 1988 (sickness), with amendments; and 1994 (long-term care), with amendments.

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

### **Coverage**

All wage and salary workers earning up to €47,250 a year (€42,750 if the employee was insured through private sickness insurance before 2003), including the insured's spouse or partner and children up to age 18 (age 25 if a student or an apprentice) if they are not insured in their own right through a sickness or long-term care fund; pensioners; students; persons with disabilities under certain conditions; apprentices; and beneficiaries of unemployment benefits.

Exclusions: Self-employed persons.

Voluntary coverage for persons who were covered previously, subject to certain conditions.

Special systems for miners, artists, public-sector employees, and self-employed farmers.

Long-term care is provided for all persons covered by the statutory sickness insurance system and some special groups subject to certain conditions. Persons with private sickness insurance must buy equivalent private coverage for long-term care.

## Source of Funds

### Sickness and maternity benefits

*Insured person:* Contributions vary according to the fund. The average contribution is 7.55% of covered earnings, up to a ceiling. No contributions are made if monthly earnings are less than €400; a reduced contribution is paid if monthly earnings are between €401 and €800. Pensioners contribute an average 7.55% of the pension. (Pension insurance organizations pay the same contribution as compulsory insured pensioners and subsidize voluntarily insured pensioners.) Students' contributions are 7/10 of average contributions. Insured workers pay an additional contribution of 0.9% of covered earnings to subsidize nonwage labor costs.

The maximum annual earnings for contribution purposes are €47,250 (€42,750 if insured through private sickness insurance before 2003).

*Self-employed person:* Not applicable.

*Employer:* Contributions vary according to the fund. The average contribution is 6.65% of covered earnings, up to a ceiling; 11% of covered earnings for employees with monthly earnings of less than €400.

The maximum annual earnings for contribution purposes are €47,250 (€42,750 if insured through private sickness insurance before 2003).

*Government:* Subsidy for maternity benefits and for pensioned farmers' and students' health benefits. The cost of benefits for unemployed persons and persons in authorized training.

### Long-term care benefits

*Insured person:* 0.85% of earnings in most federal states; 1.35% of earnings in one federal state. Pensioners contribute 1.7% of the pension. Childless insured persons older than age 23 contribute an additional 0.25% of earnings (with the exception of unemployment benefit recipients, persons in civil or military service, and pensioners born before 1940).

The maximum annual earnings for contribution purposes are €47,250 (€42,750 if insured through private sickness insurance before 2003).

*Self-employed person:* Not applicable.

*Employer:* 0.85% of earnings in most federal states; 0.35% of earnings in one federal state.

The maximum annual earnings for contribution purposes are €47,250 (€42,750 if insured through private sickness insurance before 2003).

*Government:* Contributes on behalf of unemployed persons, farmers, and for students receiving benefits under the Federal Education Support Act.

## Qualifying Conditions

**Cash sickness and medical benefits:** Payable to members of sickness funds. No minimum membership period is required for medical benefits.

**Cash sickness benefits:** Payable to insured persons who are caring for a sick child younger than age 12.

**Cash maternity benefits:** Payable to female members of sickness funds.

**Long-term care benefits:** The insured must have at least 5 years of insurance coverage in the last 10 years. Benefit entitlement varies according to the required need for care: a substantial need for care requiring at least one daily procedure (degree of care 1), a severe need for care requiring procedures three times a day (degree of care 2), or a critical need for care requiring round-the-clock care (degree of care 3). In addition, all levels of care must require assistance with housekeeping several times a week.

## Sickness and Maternity Benefits

**Sickness benefit:** The employer pays 100% of earnings for up to 6 weeks; thereafter, sickness funds pay 70% of gross earnings (up to a maximum of 90% of net earnings) for up to 78 weeks in a 3-year period for the same illness. Insured persons who are caring for a sick child receive sickness benefits for up to 10 working days per child but no longer than 25 days per insured person in each calendar year. In single-parent households, the benefit is payable for up to 20 working days per child and for up to 50 days in a calendar year.

**Maternity benefit:** For female members of a sickness fund with an employment contract, the benefit is equal to 100% of average net earnings (up to €13 a day from the sickness fund with the remainder paid by the employer) during the previous 3 months and is payable 6 weeks before and 8 weeks after the expected date of birth; other fund members receive the same amount as for sickness benefit. If net earnings are higher than the payable maximum maternity benefit, the employer must pay the difference as a subsidy.

**Long-term care allowance:** A carer's allowance is payable to insured persons who organize care provision for themselves (for example, care provided by relatives). The allowance is €205, €410, or €665 a month, depending on the degree and frequency of care required.

The carer's allowance may be combined with benefits in kind (see home care benefits under medical benefits, below) provided by a professional care worker (the carer's allowance decreases in proportion to claimed in-kind benefits).

Social security contributions for carers: Contributions are paid toward old-age pension insurance by long-term care funds on behalf of unpaid relatives who provide care for at least 14 hours a week for persons needing care at home and who are not employed for more than 30 hours a week. The paid contributions depend on the level of care required.



Insurance coverage for work injury is also provided. When care giving ceases, former carers have the right to a cost-of-living allowance in order to facilitate their return to employment.

### **Workers' Medical Benefits**

Benefits are provided to patients by doctors, hospitals, and pharmacists under contract with sickness funds. Benefits include comprehensive medical and dental care, preventive examinations and treatment, laboratory tests, maternity care with a midwife or doctor, hospitalization, surgery, appliances, and prescribed medicines.

**Cost sharing:** A copayment is necessary for certain benefits (including medicines, appliances, ambulatory care, hospitalization, and transportation) but not for hardship cases (depending on means).

**Long-term care (home care benefits):** Benefits include care at home and housework provided by professional care workers or outpatient care services, appliances and technical assistance (such as home modification), day and night care (including services partly provided by a care establishment), short-term institutional care, care at home if the care organized by the insured person (see long-term care benefits, above) is temporarily unavailable. Maximum benefit amounts are fixed for the different services.

In-kind benefits for care at home are €384, €921, €1,432, or €1,918, depending on the level of care required.

**Long-term care (institutional care benefits):** The cost of care services is covered up to maximum amounts. The insured pays the cost of room and meals.

### **Dependents' Medical Benefits**

**Medical benefits:** Benefits are provided to patients by doctors, hospitals, and pharmacists under contract with sickness funds. Benefits include comprehensive medical and dental care, preventive examinations and treatment, laboratory tests, maternity care with a midwife or doctor, hospitalization, surgery, appliances, and prescribed medicines.

**Cost sharing:** A copayment is necessary for certain benefits (including medicines, appliances, ambulatory care, hospitalization, and transportation) but not for hardship cases (depending on means).

**Long-term care (home care benefits):** Benefits include care at home and housework provided by professional care workers or outpatient care services, appliances and technical assistance (such as home modification), day and night care (including services partly provided by a care establishment), short-term institutional care, care at home if the care organized by the insured person (see long-term care benefits, above) is temporarily unavailable. Maximum benefit amounts are fixed for the different services.

In-kind benefits for care at home are €384, €921, €1,432, or €1,918, depending on the level of care required.

**Long-term care (institutional care benefits):** The cost of care services is covered up to maximum amounts. The insured pays the cost of room and meals.

### **Administrative Organization**

**Sickness and maternity:** Federal Ministry of Health (<http://www.bmg.bund.de>) provides general supervision.

Federal Insurance Institute (<http://www.bva.de>) supervises federal health insurance institutions and their long-term care funds.

Supervision is provided at state level by designated state authorities.

Sickness funds administer contributions and benefits. Separate sickness funds are organized within federations at the national level and, if applicable, at the state level. Day-to-day administration of funds is handled by a board of directors who are elected by an administrative council generally consisting of representatives of insured persons and employers.

Regional physicians' associations contract annually with federations of funds for payment for medical services.

Physicians' associations apportion the total sum paid by sickness funds to participating doctors.

**Long-term care:** Federal Ministry of Health (<http://www.bmg.bund.de>) provides general supervision of long-term care. Separate funds for long-term care organized by sickness funds and private sickness insurance funds administer benefits. Federal states pay construction costs for long-term care institutions.

### **Work Injury**

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#### **Regulatory Framework**

**First laws:** 1884 (accident insurance), implemented in 1885; and 1925 (occupational diseases).

**Current law:** 1996 (accident insurance), implemented in 1997, with amendments.

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

#### **Coverage**

Employed persons; some categories of self-employed person; voluntarily insured employers; apprentices; students; children in day care institutions or while receiving care by qualified day care personnel; family helpers in agriculture; persons engaged in specified voluntary activities, including blood donors, volunteers, and accident helpers; persons undergoing rehabilitation in hospitals paid by health or pension insurance; and any other persons with a status similar to that of an employee.

Exclusions: Most categories of self-employed person.  
Special system for civil servants and public-sector employees.

### Source of Funds

**Employees:** None.

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

**Employer:** Contributions vary according to the assessed degree of risk. The average contribution is 1.33% (2004).

**Government:** A subsidy for agricultural accident insurance and for the coverage of students, children in day care institutions, and persons engaged in specified voluntary activities. (Insurance coverage for persons engaged in voluntary activities is financed from contributions paid by nonprofit associations, the overall premium income, or tax revenues.)

### Qualifying Conditions

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

### Temporary Disability Benefits

After the continuous wage payment is exhausted (in most cases, after 6 weeks), the accident insurance fund pays benefits. The benefit is payable from the day after the onset of disability from a work injury or an occupational disease until recovery or the award of a pension. If recovery is not anticipated and occupational rehabilitation is not possible, the benefit is paid for a maximum of 78 weeks. The benefit is equal to 80% of the last gross wage but must not exceed the last net income.

A transition benefit is paid during periods of vocational rehabilitation.

For insured persons aged 18 or older, the minimum annual earnings for benefit purposes are €17,640 (E - €14,868).

The maximum annual earnings for benefit calculation purposes vary depending on the accident insurance fund but must not be less than €54,000 or more than €88,800.

### Permanent Disability Benefits

**Permanent disability pension:** If the insured is assessed as totally disabled (100%), the pension is equal to 2/3 of the previous year's earnings.

**Partial disability:** If the assessed loss of earning capacity is 20% or more, a percentage of the full pension is paid in proportion to the assessed loss of earning capacity.

**Severe disability supplement:** An additional 10% of the basic pension is paid if the assessed loss of earning

capacity is 50% or more and the insured is not working and not receiving another pension; if the insured is unemployed, the pension is further increased for a maximum of 2 years.

**Constant-attendance allowance:** From €295 to €1,180 a month (E - €256 to €1,023).

**Benefit adjustment:** Benefits are adjusted at the same time and according to changes made to pensions under Old Age, Disability, and Survivors, above.

### Workers' Medical Benefits

Benefits include comprehensive medical care; medical, occupational, and social rehabilitation; appliances; and help with housework.

### Survivor Benefits

**Survivor pension:** The pension is equal to 2/3 of the deceased's last earnings and is payable for up to 3 calendar months; thereafter, 40% of the deceased's last earnings is paid if the widow(er) is aged 45 or older, disabled, or caring for at least one child (large widow(er) pension). If the widow(er) does not qualify for the large widow(er) pension, a pension amounting to 30% of the deceased's income is paid for up to 24 calendar months (small widow(er) pension).

**Orphan's pension:** Each orphan younger than age 18 (age 27 if a student or in training) receives 20% of the deceased's earnings; 30% for a full orphan.

**Income test:** 40% of net income above a specified ceiling is deducted from the pension payable to survivors older than age 18.

**Widow(er) and orphan grant:** A lump sum equal to 40% of the deceased's earnings is paid if survivors are not eligible for a survivor pension and the deceased had been assessed with a severe loss of earning capacity of at least 50%. The grant is split equally among survivors.

**Other eligible survivors (means-tested):** Single parents and grandparents receive 20% of the deceased's earnings each; 30% if a couple.

Divorced spouses (if eligible) may receive a survivor pension. The amount is split between the surviving spouse and the divorced spouse according to the respective length of the marriage to the deceased.

The maximum survivor pension is 80% of the deceased's earnings.

**Death grant:** €4,200 (E - €3,540).

**Benefit adjustment:** Benefits are adjusted at the same time and according to changes made to pensions under Old Age, Disability, and Survivors, above.

### **Administrative Organization**

Federal Insurance Institute (<http://www.bva.de>) is responsible for the supervision of federal accident insurance institutions.

Federal Ministry of Labor and Social Policy (<http://www.bmas.bund.de>) supervises the field of prevention.

Supreme administrative state authorities responsible for social insurance or authorities assigned by the provincial governments supervise the state accident insurance institutions.

Managed by elected representatives of employers and the insured, accident insurance funds (nonagricultural, agricultural, and public authorities) administer the program.

Agricultural accident insurance provides assistance to guarantee vital farming operations.

Medical benefits are provided exclusively by accident insurance funds.

### **Unemployment**

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#### **Regulatory Framework**

**First law:** 1927 (employment service and unemployment insurance).

**Current law:** 1997 (employment promotion), with amendments.

**Type of program:** Social insurance and social assistance system.

#### **Coverage**

Employed persons, including home workers, apprentices, and trainees. Other groups (including participants in occupational training schemes) are also covered, subject to conditions.

Voluntary coverage for self-employed persons, subject to conditions.

Exclusions: Persons in irregular employment.

#### **Source of Funds**

**Insured person:** 3.25% of covered earnings.

The maximum annual earnings for contribution purposes are €63,000 (E - €52,800).

**Self-employed person:** 6.5% of the monthly reference value (€2,450; E - €2,065).

**Employer:** 3.25% of covered earnings.

The maximum annual earnings for contribution purposes are €63,000 (E - €52,800).

**Government:** Loans or subsidies to cover any deficit and the cost of noncontributory unemployment benefits.

### **Qualifying Conditions**

**Unemployment benefit:** Must have 12 months of insured employment in the last 2 years, be registered at an employment office, and be capable of, available for, and actively seeking employment.

Persons registered as unemployed before January 31, 2006, must have 12 months of insured employment in the last 3 years (6 months for seasonal workers).

In certain cases, the right to unemployment benefit can be suspended (for up to 12 weeks).

#### **Noncontributory unemployment benefit (means-tested):**

Payable to all needy unemployed persons between ages 15 and 65. The person must be ineligible for, or have exhausted the right to, the contributory unemployment benefit, be registered at an employment office, and be capable of, available for, and actively seeking employment. The benefit is also payable to persons living with a needy person capable of work in a supported environment.

If the qualifying conditions are violated, the benefits may be reduced or suspended.

**Short-time work benefit:** Payable to workers who lose working hours as a result of economic restructuring in the workplace.

**Bad weather allowance:** Payable to construction workers whose work is halted because of bad weather.

**Cost-of-living allowance:** Payable to persons registered as unemployed before January 1, 2005, who have participated in occupational training, retraining, and rehabilitation.

### **Unemployment Benefits**

The benefit is equal to 67% of net earnings for unemployed persons with children; 60% if without children. The benefit is payable for 6 to 12 months, according to the length of the insured employment period and the claimant's age. The benefit is payable for 15 months to unemployed persons older than age 55 with 30 months of insured employment; for 18 months with 36 months of insured employment.

For persons registered as unemployed before January 31, 2006, and older than age 45, the benefit is payable for up to 18 months; if older than age 47, up to 22 months; if older than age 52, up to 26 months; or if older than age 57, up to 32 months. Seasonal workers with 6 months of insured employment receive benefits for up to 3 months; with 8 months of insured employment, up to 4 months.

Benefit adjustment: Standard flat-rate benefits are adjusted annually in July according to changes made to pensions under Old Age, Disability, and Survivors, above.

#### **Noncontributory unemployment benefit (means-tested):**

100% of the standard flat-rate benefit is paid for a single person or a single parent (€345, E - €331 monthly); 90% if the claimant has a partner aged 19 or older (€311, E - €298 monthly per person); 80% for children between ages 15 and

18 (€276, E - €265 monthly); 60% for children younger than age 15 (€207, E - €199 monthly).

In addition, support is provided for heating and housing costs.

There is no limit to duration.

Means test: A portion of the beneficiary's income above €100 a month is deducted from the benefit (20% of income between €100.01 and €800.00; 10% of income between €800.01 and €1,200.00 (€1,500.00 if the claimant has children).

Benefit adjustment: Standard flat-rate benefits are adjusted annually in July according to changes made to pensions under Old Age, Disability, and Survivors, above.

**Short-time work benefit:** The benefit is equal to 67% of the difference between previous and current income and is paid for up to 6 months if the worker has children; 60% if without children.

**Bad weather allowance:** The allowance is payable after the 100th hour of stoppage between November 1 and March 31. The allowance is equal to 67% of the difference between previous and current income if the worker has children; 60% if without children.

**Cost-of-living allowance:** A cash benefit is provided.

### Administrative Organization

Federal Ministry of Labor and Social Policy (<http://www.bmas.bund.de>) provides overall supervision.

Federal Employment Agency (<http://www.arbeitsagentur.de>) administers contributory benefits.

Local employment offices are responsible for job placements, career guidance, and the administration of benefits. Other agencies and 69 municipal bodies are responsible for the administration of noncontributory benefits.

Sickness funds collect contributions.

### Family Allowances

#### Regulatory Framework

**First laws:** 1954 (child benefit), implemented in 1955; and 1985 (child rearing allowance).

**Current laws:** 2004 (child-rearing allowance) and 2005 (child benefit).

**Type of program:** Universal and social assistance system.

#### Coverage

Parents with one or more children.

Full orphans and children who have lost contact with their parents.

### Source of Funds

**Insured person:** None.

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

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Child benefit:** The child must be younger than age 18 (age 21 if unemployed, age 27 if in full-time education or voluntary work, no limit if disabled). For children older than age 18, the benefit ceases if the child's own annual income is greater than €7,680.

**Child allowance (means-tested):** Payable to parents with at least one child younger than age 18, who are able to meet their own needs but not those of their children. Must be entitled to receive the child benefit and have earnings between a specified minimum and maximum. Persons receiving other means-tested benefits are not eligible.

**Child-rearing allowance (means-tested):** Payable to parents rearing a child younger than age 2. Parents must be nonemployed, in vocational training, or working not more than 30 hours a week with income not exceeding a specified annual ceiling.

Optionally, parents can receive a higher monthly rate of benefit for 1 year.

The annual income ceiling in the first 6 months for a couple with one child is €30,000 (€22,086 if opting for a 1-year benefit); for single parents with one child, €23,000 (€19,086 if opting for a 1-year benefit). The annual income ceiling after the first 6 months for a couple with one child is €16,500 (€22,086 if opting for a 1-year benefit); for single parents with one child, €13,500 (€19,086 if opting for a 1-year benefit). If income exceeds the annual income ceiling after the first 6 months, the allowance is reduced by at least 5.2% (7.2% if opting for a 1-year benefit) of income above the specified limit.

The income ceiling increases by €3,140 for each additional child.

### Family Allowance Benefits

**Child benefit:** €154 a month is paid for the first, second, and third child; €179 for each subsequent child. (Lower rates may be paid if the children of workers employed in Germany reside in countries where the cost of living is lower.) If a child supplement from a statutory work accident or pension program is also paid, only the portion of the child benefit higher than the supplement is payable.

**Child allowance (means-tested):** Up to €140 per child is paid for a maximum 36 months; if entitled to an allowance for more than one child in the household, a combined total



## Germany

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allowance is paid. The child's own income may reduce the benefit.

**Child-rearing allowance (means-tested):** Up to €300 a month is paid for each child up to age 2. Optionally, parents can receive €450 a month for each child up to age 1.

### ***Administrative Organization***

Federal Ministry for Family, Seniors, Women, and Youth (<http://www.bmfsfj.de>) provides general supervision.

Federal Finance Office (Family Fund) (<http://www.bff-online.de>) administers child benefits and child allowances through regional and local labor offices of the Federal Employment Agency (<http://www.arbeitsagentur.de>).

Child benefits for public employees are administered through salary payment offices.

Federal states are responsible for the realization of the federal child-rearing law. Child-rearing centers administer the program.

Administrative costs are reimbursed by the federal government.