

## Czech Republic

Exchange rate: US\$1.00 equals 18.12 koruna.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current law:** 1995 (pension insurance), implemented in 1996.

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

#### Coverage

Employed and self-employed persons, including students, unemployed persons, persons caring for children, needy persons, and military personnel.

Voluntary coverage for unemployed persons and students not compulsorily covered by the 1995 law, persons employed abroad, and persons performing certain kinds of volunteer work. Other persons older than age 18 may voluntarily insure for a maximum of 10 years.

#### Source of Funds

**Insured person:** 6.5% of monthly covered earnings.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

Voluntary contributors pay at least 25% of the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Self-employed person:** 28% of declared monthly covered earnings; a flat-rate of 5,928 koruna if declared earnings for full-time work are less than 25% of the national average monthly wage.

Declared earnings are 50% of the difference between income and expenses. The minimum declared earnings for a part-time, self-employed person are 10% of the national average monthly wage.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Employer:** 21.5% of monthly payroll.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Government:** Any deficit.

#### Qualifying Conditions

**Old-age pension:** Age 62 and 2 months with at least 26 years of coverage (men); age 60 and 8 months with at least 26 years of coverage (women), or less according to the number of children reared; age 65 (men and women) with at least 15 years of coverage. (The retirement age and required years of coverage are gradually increasing until reaching age 65 (men and women) in 2030, with at least 35 years of coverage.)

Persons who receive the old-age pension at the normal retirement age may continue in gainful activity.

**Early pension:** Retirement is possible up to 3 years before the normal retirement age with at least 26 years of contributions. All employment must cease.

**Deferred pension:** The pension may be deferred. There is no age limit.

Old-age pensions are payable abroad.

**Disability pension:** Paid for a total disability (70% loss of earning capacity) or partial disability (from 50% to 69% loss of earning capacity). The insured must have a minimum period of coverage according to the insured's age when the disability began: less than 1 year of coverage if younger than age 20; 1 year if aged 20 to 21; 2 years if aged 22 to 23; 3 years if aged 24 to 25; 4 years if aged 26 to 27; 5 years in the last 10 years from age 28 to 38; 10 years in the last 20 years for those older than age 38.

Czech Social Security Administration assesses the degree of disability.

**Disabled from youth pension:** The full disability pension is paid if the disability began before age 18.

District administrations assess the degree of disability for individuals whose disability began before age 18.

Total disability and partial disability pensioners may engage in gainful activity; the partial disability pension is subject to an earnings test.

Disability pensions are payable abroad if all gainful activity has ceased.

**Survivor pension:** The deceased qualified for a pension, was a pensioner at the time of death, or died as a result of a work injury or an occupational disease.

Eligible survivors include the spouse and children up to age 26. The surviving spouse must have been married to the deceased.

The widow(er)'s pension ceases on remarriage.

Survivor pensions are payable abroad.

**Funeral grant:** Paid for the funeral of a dependent child or his or her parent.

### **Old-Age Benefits**

**Old-age pension:** The monthly pension consists of a flat-rate monthly amount of 2,170 koruna and an earnings-related amount of 1.5% of the personal assessment base per year of coverage.

The personal assessment base is calculated using average gross earnings in the 10 years before retirement (rising by 1 year each year to 30 years). Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 10,500 koruna, earnings used to calculate the pension are as follows: 100% of earnings up to 10,500 koruna; 30% of earnings from 10,500 koruna to 27,000 koruna; and 10% of earnings greater than 27,000 koruna.

The minimum monthly old-age pension is 2,940 koruna, equal to the flat-rate amount plus 770 koruna.

**Early pension:** The pension is reduced by 0.9% for each 90-day period the pension is received before the normal retirement age. This reduction is permanent and continues after the recipient reaches the normal retirement age.

**Deferred pension:** The pension is increased by 1.5% of the personal assessment base for each 90-day period of gainful activity during which the claim for an old-age pension is deferred.

**Benefit adjustment:** Benefits are adjusted every January according to the change in the consumer price index in the 12-month period before the previous July and by at least 33.3% of average real wage growth in the 12-month period before the previous January. Further adjustments are made when the consumer price index changes by at least 5%.

### **Permanent Disability Benefits**

**Disability pension:** The monthly full disability pension consists of a flat-rate monthly amount of 2,170 koruna and an earnings-related amount of 1.5% of the personal assessment base per year of coverage. The projected coverage period is credited from the date the disability began up to the normal retirement age.

The personal assessment base is calculated using average gross earnings in the last 10 years (rising by 1 year each year to 30 years). Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 10,500 koruna, earnings used to calculate the pension are as follows: 100% of earnings up to 10,500 koruna; 30% of earnings from 10,500 koruna to 27,000 koruna; and 10% of earnings greater than 27,000 koruna.

**Partial disability:** The monthly benefit is the flat-rate amount (2,170 koruna) plus 0.75% of the personal assessment base for each year of coverage.

**Disabled from youth pension:** The monthly full disability pension consists of a flat-rate monthly amount of 2,170 koruna and an earnings-related amount of 45% of the annual general assessment base. The annual general assessment base is calculated using the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Benefit adjustment:** Benefits are adjusted every January according to the change in the consumer price index in the 12-month period before the previous July and by at least 33.3% of average real wage growth in the 12-month period before the previous January. Further adjustments are made when the consumer price index changes at least 5%.

### **Survivor Benefits**

**Survivor pension:** The widow(er) receives a monthly flat-rate amount of 2,170 koruna plus 50% of the earnings-related amount paid to the deceased. The pension is paid to all widow(er)s for 1 year; thereafter, only to widows aged 56 or older or widowers aged 58 or older; any age if disabled or caring for a dependent or disabled child or a disabled parent.

The minimum monthly survivor pension for a widow(er) is 2,555 koruna, equal to the flat-rate amount (2,170 koruna) plus 385 koruna.

**Remarriage grant:** The widow(er) pension ceases on remarriage and a lump sum of 12 times the last monthly pension is paid.

**Orphan's pension:** A monthly flat-rate amount of 2,170 koruna plus 40% of the earnings-related amount paid to the deceased is paid to each dependent child. For full orphans, the flat-rate amount is paid for one parent plus 40% of the sum of the earnings-related amount paid to both parents.

The minimum monthly orphan's pension is 2,478 koruna, equal to the flat-rate amount (2,170 koruna) plus 308 koruna.

If the survivor is also entitled to an old-age or disability pension, the amount paid is the greater of the two pensions plus half of the earnings-related amount of the other pension (see Old-Age and Permanent Disability Benefits).

**Benefit adjustment:** Benefits are adjusted every January according to the change in the consumer price index in the 12-month period before the previous July and by at least 33.3% of average real wage growth in the 12-month period before the previous January. Further adjustments are made when the consumer price index changes at least 5%.

**Death grant:** A lump sum of 5,000 koruna is paid to the person who paid for the funeral.

### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision and is responsible for policy development for all areas of social security except health insurance.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers benefits through its central administration and 77 district administrations.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law:** 1888.

**Current laws:** 1991 (health insurance), implemented in 1992; 1991 (medical, dental and pharmaceutical); 1992 (health insurance funds); 1992 (health insurance premiums), implemented in 1993; 1992 (nonstate health care facilities); 1997 (drugs), implemented in 1998; 1997 (public health insurance); 2006 (sickness insurance); and 2006 (labor code).

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

#### **Coverage**

**Cash benefits:** Employed persons. Self-employed persons insured under Old-Age, Disability, and Survivors are covered for sickness and maternity benefits.

**Medical benefits:** All persons permanently residing in the Czech Republic or employees whose employers reside in the Czech Republic.

Voluntary coverage for self-employed persons for medical benefits.

#### **Source of Funds**

**Insured person:** 4.5% of monthly covered earnings (medical benefits); none for cash sickness and maternity benefits.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Self-employed person:** 1.4% of declared monthly covered earnings (cash sickness and maternity benefits) and 13.5% of declared monthly covered earnings (medical benefits); a flat-rate of 5,928 koruna if declared earnings for full-time work are less than 25% of the national average monthly wage.

Declared earnings are 50% of the difference between income and expenses. The minimum declared earnings for a part-time, self-employed person are 10% of the national average monthly wage. The minimum declared earnings used to calculate contributions for medical benefits are 50% of the national average monthly wage.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Employer:** 2.3% of covered monthly payroll (cash sickness and maternity benefits) and 9% of covered monthly payroll (medical benefits).

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Government:** Any deficit (cash sickness and maternity benefits); 13.5% of a monthly reference wage for special categories of persons (medical benefits).

#### **Qualifying Conditions**

**Cash sickness benefits:** The insured must have gross monthly earnings greater than 2,000 koruna or work more than 15 days a month. A doctor's certificate is required from the first day of incapacity. There is no minimum period of employment or residence. There is no waiting period.

**Cash maternity benefits:** The insured must have at least 270 days of coverage in the 2 years before childbirth, have reported a loss of earnings, and be the mother of the child or be the child's substitute caregiver (substitute caregivers may include men). The mother must have undergone medical examination to confirm the pregnancy.

Self-employed persons must have at least 180 days of coverage in the year before childbirth.

**Maternity compensation benefits:** Paid for a loss of income resulting from a change of employment because of the pregnancy or childbirth.

**Medical benefits:** There is no minimum qualifying period.

#### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is paid for up to a year; up to 2 years if recovery is likely.

The benefit is 60% of the daily assessment base from the 4th to the 14th day. Thereafter, 60% of the hourly average earnings base.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 791 koruna plus 60% from 791 koruna to 1,186 koruna plus 30% from 1,186 to 2,371 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,371 koruna.

The hourly average earnings base is calculated as a percentage of the insured's gross earnings: 90% of earnings up to 138.44 koruna plus 60% of earnings from 138.45 koruna to 207.54 koruna plus 30% of earnings from 207.55 koruna to 414.93 koruna.

The maximum gross earnings used to calculate the hourly average earnings base are 414.93 koruna.

The maximum daily assessment base used to calculate sickness benefits is 1,305 koruna.

**Maternity benefit:** The benefit is 60% of the daily assessment base and is paid for 28 weeks (37 weeks for multiple births), including at least 6 weeks before the expected date of childbirth.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 790 koruna plus 60% from 791 koruna to 1,185 koruna plus 30% from 1,186 to 2,371 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,371 koruna.

The maximum daily benefit is 783 koruna.

**Maternity compensation benefit:** The benefit is the difference between the earnings before and after job transfer. The benefit is paid from the transfer day until maternity leave begins; after childbirth, the benefit is paid from the day of returning to the usual job until the end of the 9th month after the date of childbirth.

### **Workers' Medical Benefits**

Benefits include medical treatment in outpatient and inpatient care facilities; emergency and rescue services; preventive care (including in the workplace); medical aid; appliances; stomatologic treatment (diseases of the mouth); spa treatments; the care of children in special medical institutions and convalescent homes; transportation; medical assessments; and examination, autopsy, and transportation of the deceased insured person.

Certain pharmaceutical products are reimbursed in part or in full, according to a schedule in law.

The health insurance system covers transportation costs.

Cost sharing: 30 koruna for a clinical examination by a doctor, specialist, or dentist; 90 koruna for a visit by an emergency service doctor; 60 koruna per day for hospitalization; 30 koruna for each prescribed drug that is at least partially reimbursed by the public health insurance system. Some groups of patients pay nothing.

Medical charges must not exceed 5,000 koruna each.

There is no limit to duration.

### **Dependents' Medical Benefits**

Individuals are insured in their own right.

Benefits include medical treatment in outpatient and inpatient care facilities; emergency and rescue services; preventive care (including in the workplace); medical aid; appliances; stomatologic treatment (diseases of the mouth); spa treatments; the care of children in special medical institutions and convalescent homes; transportation; medical assessments; and the examination of deceased insured persons and autopsy, including the transportation of the dead.

Certain pharmaceutical products are reimbursed in part or in full, according to a schedule in law.

The health insurance system covers transportation costs.

Cost sharing: 30 koruna for a clinical examination by a doctor, specialist, or dentist; 90 koruna for a visit by an emergency service doctor; 60 koruna per day for hospitalization; 30 koruna for each prescribed drug that is at least partially reimbursed by the public health insurance system. Some groups of patients pay nothing.

Medical charges must not exceed 5,000 koruna each.

There is no limit to duration.

### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision for sickness insurance. Regional and district offices administer cash benefits.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers cash sickness benefits through its central administration and 77 district administrations.

Ministry of Health (<http://www.mzcr.cz>) provides general supervision for medical services.

Medical services are provided in state and private outpatient and inpatient care facilities based on contracts with individual insurance companies.

Insurance companies are responsible for benefits in kind, such as medical treatment, hospitalization, or prescription drugs.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1887.

**Current laws:** 2006 (occupational disease and injuries), 1956 (benefits), 1990 (self-employed), 1993 (occupational diseases and injuries), 1994 (labor code), 1995 (pensions), 1995, and 2001 (compensation).

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

### Coverage

Employees; public officials; persons with disabilities; students; blood donors; and certain fire and rescue workers.

Exclusions: Self-employed persons.

Special systems for military and police force personnel.

### Source of Funds

**Insured person:** None.

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

**Employer:** Contributions are paid every 3 months and are calculated from the social insurance tax base of all employees. The premium depends on the type of activity performed.

**Government:** Pays any deficit.

### Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are not covered.

### Temporary Disability Benefits

A lump sum is paid equal to the difference between the insured's average earnings before the work injury or the occupational disease began and the full amount of sickness benefit.

There is no maximum benefit.

### Permanent Disability Benefits

**Permanent disability pension:** The full pension is paid for a total permanent disability (66.7% loss of earning capacity or more). The monthly pension is the average gross earnings in the 3 months before the disability began and is payable up to age 65.

Partial disability: Paid with a loss of earning capacity of 33% to 66.6%.

Czech Social Security Administration assesses the degree of disability.

### Workers' Medical Benefits

All necessary medical expenses are paid.

### Survivor Benefits

**Survivor grant:** A lump sum of 240,000 koruna is paid to the spouse, each orphan up to age 26, and the deceased's parents (in special circumstances).

**Funeral grant:** A lump sum of 5,000 koruna is paid to the person who paid for the funeral.

### Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision for the provision of temporary and permanent disability benefits and survivor grants.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers benefits through its central administration and 77 district administrations.

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

Ministry of Health (<http://www.mzcr.cz>) provides general supervision for the provision of medical benefits.

Insurance companies insure private-sector employers employing at least one employee against liability for damage caused by injuries at work and by occupational diseases.

### Unemployment

#### Regulatory Framework

**First law:** 1991.

**Current law:** 2004.

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

#### Coverage

Citizens of the Czech Republic and the European Union and their dependents. Non-EU citizens who reside permanently in the Czech Republic.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** 1.2% of declared monthly covered earnings; a flat-rate of 5,928 koruna if declared earnings for full-time work are less than 25% of the national average monthly wage.

Declared earnings are 50% of the difference between income and expenses. The minimum declared earnings for a part-time, self-employed person are 10% of the national average monthly wage.

The maximum annual earnings used to calculate contributions are 72 times the national average monthly wage.

The national average monthly wage is 25,752 koruna (4th quarter of 2009).

**Employer:** 1.2% of monthly payroll.

**Government:** Any deficit.

### **Qualifying Conditions**

**Unemployment benefits:** The insured must be registered as a job seeker and have been employed for at least 12 months in the last 3 years.

The employment period can include periods of vocational training up to 6 months; job training, if disabled; periods receiving a total disability pension; periods of basic military or civilian service; and periods providing care for a child up to age 4 (age 18 if seriously disabled).

### **Unemployment Benefits**

The benefit is 65% of the insured's average net monthly earnings in the last quarter for the first 2 months; thereafter, 45%.

60% of average net monthly earnings are paid if undergoing retraining.

The maximum monthly benefit is 13,370 koruna; 14,913 koruna if undergoing retraining.

When entitlement to social insurance unemployment benefits cease, social benefits and allowances are paid.

### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

Benefits are administered by labor offices.

### **Family Allowances**

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#### **Regulatory Framework**

**First law:** 1945.

**Current law:** 1995 (state support), implemented in 2004.

**Type of program:** Universal system.

#### **Coverage**

Families with children. Persons who reside permanently in the Czech Republic, citizens of the European Union and other persons stipulated by law.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### **Qualifying Conditions**

**Child allowance (income-tested):** Paid for dependent children in education (up to age 26) or with disabilities who reside permanently in the Czech Republic. Family income must not exceed 2.4 times the monthly living minimum.

The monthly living minimum is defined as 3,216 koruna for a unmarried person; 2,880 koruna for the first adult in a family; 2,600 koruna for another adult in the family; 1,600 koruna for children younger than age 6; 1,960 koruna for children aged 6 to 15; and 2,250 koruna for children aged 16 to 26.

**Birth grant:** The family must reside permanently in the Czech Republic.

**Parent's allowance:** Paid to parents caring for a child at home.

#### **Family Allowance Benefits**

**Child allowance (income-tested):** A flat-rate amount is paid according to the child's age: 500 koruna for a child younger than age 6; 610 koruna for a child aged 6 to 15; 700 koruna for a child aged 16 to 26.

Child allowances are paid monthly.

**Birth grant:** A lump sum of 13,000 koruna is paid per child.

**Parent's allowance:** The value of the allowance varies according to the child's age: a flat-rate amount of 11,400 koruna is paid each month until the child is aged 24 months; 7,600 koruna from the 25th month to the 36th month; and 3,800 koruna from the 37th month until the 48th month. Parents of a child with a disability receive 7,600 koruna a month for up to 7 years.

Parent's allowances are paid monthly.

#### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

Benefits are administered by labor offices.