

## Liechtenstein

Exchange rate: US\$1.00 = 0.89 francs.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current laws:** 1952 (old age and survivors), implemented in 1954; 1960 (disability); and 1988 (mandatory occupational pensions).

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

#### Coverage

**Social insurance:** All residents of Liechtenstein.

**Mandatory occupational pension:** All employed persons covered by social insurance with annual earnings greater than 20,880 francs and nonemployed residents of Liechtenstein.

#### Source of Funds

##### Insured Person

**Social insurance:** 3.8% of gross earnings (old age and survivors) and 0.75% of gross earnings (disability).

A nonemployed person contributes annually according to income, 234 francs to 7,800 francs (old age) and 45 francs to 1,500 francs (disability) plus 4.2% of the total contribution amount (administrative fees).

There are no maximum earnings used to calculate contributions.

**Mandatory occupational pension:** At least 6% of covered earnings plus up to 50% of the cost of administrative fees.

Covered earnings include income from 20,880 francs to 83,520 francs minus a tax allowance of 13,920 francs.

##### Self-employed person

**Social insurance:** A flat rate of 234 francs (old age and survivors) for annual income up to 3,000 francs plus 4.2% of the total contribution amount (administrative fees); 7.8% of annual income (old age and survivors) and 1.5% of annual income (disability) for annual income greater than 3,000 francs plus 4.2% of the total contribution amount (administrative fees).

There is no maximum income used to calculate contributions.

**Mandatory occupational pension:** Voluntary contributions plus administrative fees.

#### Employer

**Social insurance:** 4.0% of payroll (old age and survivors) and 0.75% of payroll (disability) plus 4.2% of the combined insured person and employer contribution amount (administrative fees).

There are no maximum earnings used to calculate contributions.

**Mandatory occupational pension:** At least 8% of total payroll or 6% of covered earnings for each insured employee plus up to 50% of the cost of administrative fees.

The employer's contribution must be at least equal to the value of the insured person's contribution.

Covered earnings include income from 20,880 francs to 83,520 francs minus a tax allowance of 13,920 francs.

#### Government

**Social insurance:** Contributes 50 million francs annually. The government's contribution is adjusted annually according to changes in prices.

**Mandatory occupational pension:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** Age 64 with at least one year of contributions. The number of years of contributions required for a full benefit depends on the insured's age cohort.

Early pension: Age 60.

Deferred pension: The pension may be deferred until age 70.

Child's supplement: The child must be younger than age 18.

**Old-age pension (mandatory occupational pension):** Age 64.

Attendance allowance: Age 65 with a moderate degree of helplessness (requires help with most daily chores) or severe degree (requires the constant attendance of others to perform daily functions).

Early pension: Age 60 if the social insurance pension is taken early.

Deferred pension: The pension may be deferred.

##### Disability pension

**Disability pension (social insurance):** Must have an assessed permanent loss of at least 67% of working capacity and at least one year of contributions.

Partial disability: Must have an assessed permanent loss of 40% to 66% of working capacity and at least one year of contributions.

Disability supplement: Paid for insured persons younger than age 45 when the disability began.

Child's supplement: Paid for each dependent child younger than age 18 (age 20 if a student or in vocational training).

Attendance allowance: Paid to a caregiver who cares for a person aged 2 to 65 years with a mild degree of helplessness (requires permanent help with at least two daily chores), moderate degree (requires help with most daily chores), or severe degree (requires the constant attendance of others to perform daily functions).

*Disability pension (mandatory occupational pension):* The disability began before age 64. The degree of disability is assessed according to the loss of earning capacity. The pension ceases when the insured reaches age 64.

### Survivor pension

*Survivor pension (social insurance):* The insured had at least five years of contributions and the widow(er) aged 45 or older at the time of death was married to the deceased for at least five years.

Eligible survivors include the spouse, a divorced spouse entitled to alimony, and orphans younger than age 18 (age 25 if a student or in vocational training).

Temporary survivor pension: Paid to a widow(er) married to the deceased for less than five years at the time of death.

*Survivor pension (mandatory occupational pension):* Eligible survivors include the spouse, a divorced spouse entitled to alimony, and orphans younger than age 18 (age 25 if a student or in vocational training).

### Old-Age Benefits

#### Old-age pension

*Old-age pension (social insurance):* 1,160 francs to 2,320 francs a month is paid, depending on the insured's annual average earnings and the number of years required for the insured's age cohort. The pension is proportionately reduced for an incomplete contribution period.

Annual average earnings are calculated based on employment income, contributions made while nonemployed, and recognized care-giving periods for children or persons in need of care. If married, the annual average earnings are split equally among both spouses for the marriage period.

Attendance allowance: For a moderate degree of helplessness, 696 francs a month is paid; for a severe degree, 928 francs is paid.

Early pension: The pension is reduced for each year it is taken before age 64. For persons born in 1955 and earlier, the pension is reduced by 3% for one year, 7% for two years, 11.5% for three years, or 16.5% for four years. For persons born in 1956 or later, the pension is reduced by 5.5% for one year, 10.6% for two years, 15.2% for three years, and 19.5% for four years.

Deferred pension: The pension is increased by 5.22% for one year of deferral, up to 40.71% for six years.

Child's supplement: 40% of the minimum old-age pension paid to the insured's age cohort is paid for each child.

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

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price index; may be adjusted annually if the annual consumer price index increases by more than 3% in one year.

*Old-age pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations. Annuity rates are defined by plan regulations.

### Permanent Disability Benefits

#### Disability pension

*Disability pension (social insurance):* 1,160 francs to 2,320 francs a month is paid with a full contribution period for the insured's age cohort and an assessed degree of disability of at least 67% (total disability), depending on the insured's annual average earnings during the total coverage period.

Annual average earnings are calculated based on employment income, contributions made while nonemployed, and recognized care-giving periods for children or persons in need of care. If married, the annual average earnings are split equally among both spouse's for the marriage period.

If the disability began before age 25 and the insured has at least one year of contributions, the disability pension paid must be at least 133.3% of the minimum rate of the full pension paid for the insured's age cohort.

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

Partial disability: 50% of the full disability pension is paid for an assessed degree of disability from 50% to 66.6%; 25% for an assessed degree from 40% to 49%.

Disability supplement: The benefit amount depends on the value of the insured's average annual earnings.

Child's supplement: 40% of the minimum disability pension is paid for each child.

The minimum disability pension is 1,160 francs a month.

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

Attendance allowance: For a mild degree of helplessness, 464 francs is paid a month; for a moderate degree, 696 francs is paid; for a severe degree, 928 francs is paid.

Benefit adjustment: Benefits are periodically adjusted according to changes in the consumer price index; may be adjusted annually if the annual consumer price index increases by more than 3% in one year.

*Disability pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations. The full pension must be at least 30% of the insured's annual covered earnings.

Partial disability: A reduced pension is paid according to the assessed degree of disability.

## Survivor Benefits

### Survivor pension

*Spouse's pension (social insurance):* 80% of the old-age or disability pension the deceased received or was entitled to receive is paid.

The full pension is paid to a widow(er) with children or without children if aged 45 or older at the time of the insured's death and married to the insured for at least five years.

The spouse's pension ceases on remarriage.

Temporary spouse's pension: A pension is paid for up to five years.

For a surviving separated or divorced spouse, the total pension paid is the value of any alimony owed to him or her.

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

*Orphan's pension (social insurance):* Each orphan receives 40% of the old-age or disability pension the deceased received or was entitled to receive; full orphans receive a pension for each insured parent.

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

Benefit adjustment: Benefits are periodically adjusted according to changes in the consumer price index; may be adjusted annually if the annual consumer price index increases by more than 3%.

*Spouse's pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations. Must be at least 18% of the insured's covered annual earnings. 60% of the deceased's old-age or disability pension is paid if the deceased was a pensioner at the time of death.

The spouse's pension ceases on remarriage.

*Orphan's pension (mandatory occupational pension):* Benefits may be paid as an annuity or as a lump sum, depending on the plan's regulations. Must be at least 6% of the insured's annual average earnings for each orphan. 20% of

the deceased's old-age or disability pension is paid if the deceased was a pensioner at the time of death.

Average annual earnings are calculated based on employment income, contributions made while nonemployed, and recognized care-giving periods for children or persons in need of care.

## Administrative Organization

**Social insurance:** Old Age, Survivor, and Disability Insurance Institute (<http://www.ahv.li>) administers the program.

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

Private pension institutions, under government supervision, administer the mandatory occupational pension plans.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1910.

**Current laws:** 1971 (Sickness and maternity), implemented in January 1972, and 1981 (Maternity Allowance), implemented in January 1982.

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

### Coverage

**Cash sickness and maternity benefits:** Employed persons.

Voluntary coverage for self-employed persons.

**Medical benefits:** All residents of Liechtenstein.

### Source of Funds

**Insured person:** An average of 1.5% to 2% of covered monthly earnings or an average of 296 francs a month for persons aged 20 or older; an average of 148 francs a month for persons aged 16 to 20 (may not exceed half the value of an adult's contributions); no contribution for children up to age 16.

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Self-employed person:** Participation is voluntary.

**Employer:** At least 50% of the insured person's contribution.

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Government:** 50% of the cost of medical benefits (90% for children younger than age 16); a subsidy for low-income insured persons.

### **Qualifying Conditions**

**Cash sickness benefits:** Must contribute to a health insurance fund.

Partial sickness benefit: Must be at least 50% incapacitated

**Cash maternity benefits:** A member of a health insurance fund for at least 270 days (with no more than three months of interruption) prior to pregnancy.

### **Sickness and Maternity Benefits**

**Sickness benefit:** At least 80% of the insured's covered earnings is paid after a two-day waiting period for up to 720 days in 900 consecutive days.

Partial sickness benefit: A reduced sickness benefit is paid.

**Maternity benefit:** At least 80% of the insured's covered earnings is paid for at least four weeks before and 16 weeks after the expected date of childbirth.

**Maternity allowance:** A lump sum of 500 francs to 4,500 francs, based on the taxable income of both spouses (or the woman's taxable income for a single parent), is paid to a woman ineligible for the maternity benefit. If eligible for the maternity benefit and the amount is lower than the maternity allowance, the difference between the allowance and the maternity benefit is paid.

### **Workers' Medical Benefits**

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

Medical services are provided by approved doctors, public hospitals, private hospitals, clinics under contract with health insurance funds, and by members of other health professions such as nurses or physiotherapists.

There is no limit to duration.

**Cost sharing:** The insured pays 200 francs each calendar year plus 10% of all costs exceeding the set fee, up to 800 francs. Pensioners pay half the insured's cost; no cost for insured persons younger than age 20, chronic diseases, prevention, and maternity care.

### **Dependents' Medical Benefits**

Individuals are insured in their own right and there is no family coverage.

### **Administrative Organization**

Office for Health (<http://www.ag.llv.li>) supervises and regulates Health Insurance Funds and ensures compliance.

Health Insurance Funds accredited by the government and the Federation of Health Insurance Funds administer contributions and benefits.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1910.

**Current law:** 1990 (accident insurance), implemented in 1991.

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

#### **Coverage**

Employed persons.

Voluntary coverage for self-employed persons.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Contributions vary according to the required coverage and the assessed degree of risk.

The maximum annual earnings used to calculate contributions are 126,000 francs.

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

The maximum annual earnings used to calculate contributions are 126,000 francs.

**Government:** None.

#### **Qualifying Conditions**

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

#### **Temporary Disability Benefits**

If the insured has an assessed loss of working capacity of more than 50%, 80% of the insured's earnings is paid after a one-day waiting period for an assessed loss of working capacity of more than 50%; 50% for an assessed loss of 25% to 50%.

The maximum annual earnings used to calculate benefits are 126,000 francs.

#### **Permanent Disability Benefits**

**Permanent disability benefits:** 80% of the insured's earnings is paid for a total loss of working capacity.

The maximum annual earnings used to calculate benefits are 126,000 francs.

**Constant-attendance allowance:** An allowance is paid if the insured requires the constant attendance of others to perform daily functions.

**Integrity damage grant:** A lump sum of up to 126,000 francs is paid for a permanent and major physical or mental disability that was the result of an accident, depending on the assessed degree of disability.

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price. Pensions may be adjusted if the annual consumer price index increases by more than 3% in one year.

### **Workers' Medical Benefits**

All necessary expenses and care are fully covered. There is no limit to duration.

### **Survivor Benefits**

**Spouse's pension:** 40% of the deceased's earnings is paid to a surviving widow(er) or to a separated or divorced spouse (if the deceased was required to pay alimony) with dependent children, an assessed degree of disability of at least 66.6%, or aged 45 or older.

The maximum annual earnings used to calculate benefits are 126,000 francs.

**Spouse's pension for a divorced spouse:** 20% of the deceased's earnings or the value of the alimony owed to the separated or divorced spouse (whichever is lower) is paid.

**Orphan's pension:** 15% of the deceased's earnings is paid for each orphan; 25% for a full orphan.

The maximum annual earnings used to calculate benefits are 126,000 francs.

All survivor benefits combined must not exceed 70% of the deceased's covered earnings (90% if a divorced spouse is also receiving a spouse's pension). If survivors also receive pensions under Old Age, Disability, and Survivors, the difference between 90% of the deceased's covered earnings and the value of the other pensions is paid.

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price. Pensions may be adjusted if the annual consumer price index increases by more than 3% in one year.

**Spouse's allowance:** A lump sum is paid to a surviving spouse or to a divorced or separated spouse who is ineligible for a pension. The lump sum is from one to five times the annual pension, depending on the duration of marriage; one year of pension is paid for a marriage that lasted one year; five years of pension are paid for five years of marriage or more.

### **Administrative Organization**

Office for Health (<http://www.ag.llv.li>) supervises and regulates Accident Insurance Funds and ensures compliance.

Registered Compulsory Accident Insurance Funds administer contributions and benefits.

## **Unemployment**

### **Regulatory Framework**

**First law:** 1969 (unemployment), implemented in 1970.

**Current law:** 2010 (unemployment insurance).

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

### **Coverage**

Employed persons and apprentices.

Exclusions: Self-employed persons.

### **Source of Funds**

**Insured person:** 0.5% of covered earnings.

The maximum annual earnings used to calculate contributions are 126,000 francs (10,500 francs a month).

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

**Employer:** 0.5% of covered payroll.

The maximum annual earnings used to calculate contributions are 126,000 francs (10,500 francs a month).

**Government:** Under certain conditions, up to 20% of the cost of benefits; up to 20% of the cost of any deficit.

### **Qualifying Conditions**

**Unemployment benefit:** Must have at least 12 months of coverage in the last two years before claiming unemployment benefits, be available for work, and satisfy any other necessary requirements.

**Short-time work compensation:** The insured has worked for up to 18 months in the last two years. The compensation is paid for a temporary work stoppage, a reduction in working hours of at least two days a month, or a reduction in working hours due to bad weather for certain professional groups in the construction industry from December 1 to March 15 (except for the period from December 24 to January 6).

### **Unemployment Benefits**

**Unemployment benefit:** 80% of the insured's covered earnings is paid for up to 260 days to an insured person under age 50 with at least 24 months of contributions; 400 days for 1.5 years if aged 50 to 59; 500 days for 22 months if aged 60 to 64. The benefit is 70% of the insured's covered earnings if the insured is not disabled, has no dependents aged 25 years or younger, and has daily earnings up to 140 francs.

Benefits are calculated according to the last salary (in certain cases according to the average salary in the last six to 12 months).

Dependent's supplement: 10 francs a day is paid for one dependent; 5 francs a day for each additional dependent.

The maximum benefit is 85% of the insured's daily covered earnings (including supplements for dependents).

**Short-time work compensation:** 80% of the insured's covered earnings for the period of lost working time is paid for up to three months. The national unemployment insurance fund pays 60% and the employer pays 20%. The benefit is paid for an interruption of seasonal work from December 1 to March 15 for at least two days a month (three days if caused by bad weather).

### **Administrative Organization**

Office for the Economy (<http://www.avw.llv.li>) supervises and regulates the National Unemployment Insurance Fund and ensures compliance.

National Unemployment Insurance Fund administers contributions and benefits.

### **Family Allowances**

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#### **Regulatory Framework**

**First law:** 1958.

**Current law:** 1985 (family allowance), implemented in 1986.

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

#### **Coverage**

All residents of Liechtenstein.

#### **Source of Funds**

**Insured person:** None for employed persons; nonemployed persons make variable contributions of 63 francs to 2,100 francs, depending on their assets and income plus 4.2% of the total contribution amount for administrative fees.

**Self-employed person:** 1.9% of gross earnings plus 4.2% of the total contribution amount for administrative fees.

There are no maximum earnings used to calculate contributions.

**Employer:** 1.9% of payroll plus 4.2% of payroll for administrative fees.

There are no maximum earnings used to calculate contributions.

**Government:** Any deficit.

### **Qualifying Conditions**

**Family allowances:** Paid for children up to age 18.

**Single-parent supplement:** Paid for children up to age 18. The parent must be single, widowed or divorced and live alone.

**Birth grant:** Paid for each birth (including stillbirth), or for adopted children younger than age 5.

### **Family Allowance Benefits**

**Family allowance:** 280 francs a month is paid for each of the first two children younger than age 10; 330 francs a month for each of the first two children aged 10 or older; 330 francs a month for the third and each subsequent child or for twins.

**Single-parent supplement:** 110 francs a month is paid to a single parent for each child.

**Birth grant:** 2,300 francs is paid for each child; 2,800 francs for each child for multiple births.

If eligible parents receive family allowances from another country that are paid at a rate lower than those paid in Liechtenstein, only the difference between the amounts is paid.

### **Administrative Organization**

National Family Allowances Fund (<http://www.ahv.li>) administers the program.