

## Liechtenstein

Exchange rate: US\$1.00 equals 1.27 Swiss francs.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current laws:** 1954 (old age and survivors), 1960 (disability), and 1989 (mandatory occupational pensions).

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

#### Coverage

**Social insurance:** All residents and employed and self-employed nonresidents.

**Mandatory occupational pension:** All public and private-sector employees with annual earnings above 25,320 francs (in 2003). Coverage is mandatory from age 23 for old-age benefits if the employment contract exceeds 9 months and from age 17 for disability and survivor benefits regardless of the duration of the employment contract.

Voluntary coverage is possible for excluded employees and the self-employed.

#### Source of Funds

##### Social insurance

**Insured person:** Employees contribute 3.8% of salary (old age and survivors), plus 0.6% (disability).

**Self-employed person:** 7.6% of income (old age and survivors), plus 1.2% (disability). The self-employed pay an additional 4% of their individual contribution amount for administrative costs.

**Nonemployed person:** Variable contributions depending on assets and income. The nonemployed pay an additional 4% of their individual contribution amount for administrative costs.

**Employer:** 3.8% of the payroll (old age and survivors), plus 0.6% (disability), plus an additional 4% of the employer contribution amount for administrative costs.

**Government:** 20% of annual expenditure, plus 2/3 of income from the Heavy Vehicle Fee (old age and survivors) and any deficit up to 50% of annual expenditure (disability).

##### Mandatory occupational pension

**Insured person:** The combined insured person and employer contribution must be no less than 10% of the covered salary. Normally, the covered salary includes earnings between 12,660 francs and 75,960 francs (in 2003).

**Employer:** The combined insured person and employer contribution must be no less than 10% of the covered salary.

Normally, the covered salary includes earnings between 12,660 francs and 75,960 francs (in 2003).

**Government:** None.

#### Qualifying Conditions

##### Old-age pension

**Social insurance old-age pension:** Age 64 (men) or age 63 (women) with 1 year of contributions. The pensionable age for women will increase to age 64 by 2009.

**Early pension:** Age 60 (men and women).

**Mandatory occupational old-age pension:** Age 64 (men and women).

**Early pension:** Age 60 (men and women) if eligible for a social insurance early pension.

##### Disability pension

**Social insurance disability pension:** For a full pension, a permanent loss of at least 66.6% of work capacity and 1 year of contributions.

**Partial pension:** For a half pension, a 50% to 66.6% reduction in the capacity to work and 1 year of contributions. For a quarter pension, a 40% to 49% reduction in the capacity to work and 1 year of contributions.

**Mandatory occupational disability pension:** The onset of disability is before the pensionable age for the old-age pension. The degree of disability is assessed in relation to the loss in earning capacity. The pension ceases when the insured reaches retirement age.

##### Survivor pension

**Social insurance survivor pension:** The insured had 1 year of contributions.

**Mandatory occupational survivor pension:** Survivor benefits are paid to the insured's spouse and orphans under age 18 (age 25 if a student, no limit if disabled). The pension ceases when the deceased would have attained retirement age.

#### Old-Age Benefits

##### Old-age pension

**Social insurance old-age pension:** For a full pension based on a complete insurance period for the age cohort (defined by the year of birth), the pension is between 1,055 francs and 2,110 francs a month depending on the yearly average earnings during the total insurance period.

The yearly average earnings are calculated on the basis of employment income, contributions made while nonemployed, and recognized care-giving periods for children or persons in need of care. If married, the yearly average earnings are divided equally between both partners for the marriage period.

**Child supplement:** 40% of the old-age pension for each child under age 18 (age 25 if a student or in vocational training).

Partial pension: Awarded for an incomplete contribution period.

Early pension: The reduced value of the pension depends on when the pension is first drawn. The rate at which the early pension is reduced is lower for women born in, or before, 1951.

Deferred pension: The pension increase is from 5.22% for a 1-year deferral to 40.71% for the maximum deferral of 6 years.

Christmas bonus: 100% of the monthly pension, payable in December.

Benefit adjustment: Periodic adjustment of pensions for changes in the consumer price index and wage index (in principle, every 2 years). If the price index increases by more than 4% in a year, the adjustment may be brought forward.

*Mandatory occupational old-age pension:* Benefits may be paid as a pension for life or as a lump sum, depending on plan regulations.

The minimum pension is based on the insured's accumulated capital and the annuity rate of the pension institution. Annuity rates are defined by plan regulations.

Benefit adjustment: Pensions are adjusted according to the financial situation of each institution.

## **Permanent Disability Benefits**

### **Disability pension**

*Social insurance disability pension:* The full pension is based on a complete insurance period for the age class (defined by the year of birth). If the level of disability is at least 66.6% (total disability), the pension is between 1,055 francs and 2,110 francs a month depending on yearly average earnings during the total insurance period.

The yearly average earnings are calculated based on employment income, contributions made while nonemployed, and for recognized care-giving periods for children or persons in need of care. If married, the yearly average earnings are divided equally between both partners for the marriage period.

Partial disability: If the level of disability is between 50% and 66%, the award is 50% of the full pension; if the level of disability is between 40% and 49%, the award is 25% of the full pension.

Child supplement: 50% of the disability pension for each child under age 18 (age 25 if a student or in vocational training).

Partial pension: Awarded for an incomplete contribution period.

Christmas bonus: 100% of the monthly pension, payable in December.

Benefit adjustment: Periodic adjustment of pensions for changes in the consumer price index and wage index (in principle, every 2 years). If the price index increases by more than 4% in a year, the adjustment may be brought forward.

*Mandatory occupational disability pension:* Benefits may be paid as a pension or as a lump sum, depending on plan regulations. The full pension must be at least equal to 30% of covered earnings.

Partial disability: A reduced pension is paid for a partial disability.

Dependent supplement: 6% of covered earnings for each child under age 15 (age 25 if a student, no limit if disabled).

Benefit adjustment: Pensions are adjusted according to the financial situation of each institution.

## **Survivor Benefits**

### **Survivor pension**

*Social insurance survivor pension:* The full pension is based on a complete insurance period for the age cohort (defined by the year of birth) and is 80% of the deceased's hypothetical pension. The full pension is payable to a widow(er) with children, as well as to a widow(er) without children but who is aged 45 or older at the time of the insured's death and who was married to the insured for at least 5 years.

In cases in which the age and marriage qualifying conditions are not met in full, a pension is paid for a limited period of 2 to 5 years (according to the age of the surviving spouse and the duration of the marriage).

Partial pension: Awarded in cases in which the insured had an incomplete contribution period.

*Social insurance orphan's pension:* 40% of deceased's hypothetical pension is paid for each orphan under age 18 (age 25 if a trainee or a student).

Partial pension: Awarded in cases in which the insured had an incomplete contribution period.

Benefit adjustment: Periodic adjustment of pensions for changes in the consumer price index and wage index (in principle, every 2 years). If the price index increases by more than 4% in a year, the adjustment may be brought forward.

*Mandatory occupational survivor pension:* Benefits may be paid as a pension or as a lump sum, depending on plan regulations. The survivor pension must be at least equal to 18% of covered earnings for the spouse and 6% of covered earnings for each orphan. The pension ceases when the insured would have attained retirement age, with the surviving spouse receiving a lump sum equal to the value of the insured's vested old-age pension rights.

Benefit adjustment: Pensions are adjusted according to the financial situation of each institution.

## **Administrative Organization**

**Social insurance:** Old Age, Survivor, and Disability Insurance Institute administers the program.

**Mandatory occupational pension:** Mandatory occupational pension plans are administered by private pension institutions under government supervision.

Office for Economy supervises and regulates pension institutions and ensures compliance with legal requirements.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1910.

**Current laws:** 1971 (sickness) and 1981 (maternity).

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

### Coverage

**Cash benefits:** Employed persons.

Voluntary insurance for other defined categories.

**Medical benefits:** All residents and persons employed in Liechtenstein.

### Source of Funds

**Insured person:** A variable percentage of salary (the average is between 1.5% and 2%) or a fixed sum.

**Employer:** A variable percentage of payroll (the average is between 1.5% and 2%).

**Government:** Varying contributions are made toward the cost of medical benefits payable to health insurance funds according to the age and gender makeup of each fund.

The maximum annual earnings for contribution and benefit purposes are 106,800 francs.

### Qualifying Conditions

**Cash sickness benefit:** Membership in a health insurance fund.

**Cash maternity benefit:** 270 days of membership in a health insurance fund without interruptions of longer than 3 months.

### Sickness and Maternity Benefits

**Sickness benefit:** 80% of covered earnings. The benefit is paid after a 2-day waiting period for a total of 720 days in 900 consecutive days.

The maximum sickness benefit is 267 francs a day.

**Maternity benefit:** 80% of covered earnings is payable for 20 weeks, of which at least 16 weeks are after the expected date of childbirth.

The maximum maternity benefit is 267 francs a day.

### Workers' Medical Benefits

Provided by approved doctors, public hospitals, private hospitals, and clinics contracted with health insurance funds and by recognized sanatoriums.

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

**Cost sharing:** Cost sharing by patients includes a set fee of up to 800 francs per calendar year and a 10% copayment for all costs exceeding the set fee. Cost-sharing rates are halved for pensioners and adolescents over age 15 but under age 20; no cost sharing for children under age 16 or for preventive and maternity care.

There is no limit to duration.

### Dependents' Medical Benefits

Same as for the insured person. Individuals are insured in their own right because they have separate insurance coverage.

### Administrative Organization

Registered Compulsory Health Insurance Funds administer contributions and benefits.

## Work Injury

### Regulatory Framework

**First law:** 1910.

**Current law:** 1989.

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

### Coverage

Employed persons.

Voluntary coverage for the self-employed.

### Source of Funds

**Insured person:** Employed persons make no contributions.

**Self-employed person:** A contribution according to the extent of coverage and the assessed degree of risk.

**Employer:** Premiums according to the assessed degree of risk.

**Government:** None.

The maximum annual earnings for contribution and benefit purposes are 106,800 francs.

### Qualifying Conditions

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

### Temporary Disability Benefits

80% of earnings, covered up to a maximum of 106,800 francs a year. The benefit is payable after a 2-day waiting period.

The maximum benefit is 293 francs a day.

### Permanent Disability Benefits

80% of earnings, covered up to a maximum of 106,800 francs a year for total disability.

Partial disability: A percentage of the full pension according to the degree of disability.

There is no minimum limit for each level of disability (in practice, 10% is the minimum limit).

**Constant-care allowance:** The value of the allowance depends on the level of dependency and care required.

**Physical integrity damage grant:** Cash lump sum depending on the degree of damage.

### **Workers' Medical Benefits**

Expenses are covered in full.

There is no limit to duration.

### **Survivor Benefits**

**Survivor pension:** 40% of earnings, covered up to a maximum of 106,800 francs a year. The pension is payable to a surviving widow(er) or to a divorced spouse (if the deceased was required to pay maintenance) if he or she has dependent children, is at least 2/3 disabled, or is aged 45 or older.

**Orphan's pension:** 15% of earnings (25% for a full orphan), covered up to a maximum of 106,800 francs a year. The pension is payable for each child under age 18 (under age 25 if a student).

The maximum survivor pension is 70% of the deceased's covered earnings (90% if a divorced spouse is also receiving a survivor pension). If survivors are eligible for pensions under the Old Age, Disability, and Survivor program and if the survivor benefit under work injury is higher, only the differential amount is paid. Beneficiaries receive cost-of-living allowances that are incorporated into the pension.

Benefit adjustment: As a general rule, pensions are adjusted every 2 years.

**Survivor allowance:** Payable to a surviving spouse or to a divorced or separated spouse who has no right to a pension. The allowance is a variable lump sum, depending on the duration of marriage (from 1 to 5 times the annual pension).

### **Administrative Organization**

Registered Compulsory Accident Insurance Funds administer contributions and benefits.

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### **Unemployment**

#### **Regulatory Framework**

**First and current law:** 1969.

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

#### **Coverage**

Employed persons.

### **Source of Funds**

**Insured person:** 0.25% of salary.

**Employer:** 0.25% of payroll.

**Government:** Under certain conditions the government covers up to 20% of the cost of benefits. The government also meets up to 20% of the cost of any deficit.

The maximum annual earnings for contribution and benefit purposes are 97,200 francs.

### **Qualifying Conditions**

**Unemployment benefit:** Six months of insurance coverage. The insured is available for work and satisfies any other necessary requirements.

### **Unemployment Benefits**

80% of daily covered earnings. The daily benefits are payable for 250 days (400 days for unemployed persons aged 50 to 59 and 500 days for those aged 60 to 64) in a 2-year period.

Dependent supplement: 10 francs a day for one dependent; 5 francs a day for each additional dependent.

The maximum benefit is 85% of daily covered earnings.

### **Administrative Organization**

National Unemployment Insurance Fund administers contributions and benefits.

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### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1958.

**Current law:** 1986.

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

#### **Coverage**

All residents and nonresident employees and self-employed persons.

### **Source of Funds**

**Insured person:** Employed persons make no contributions.

**Self-employed person:** 2.1% of gross earnings. The self-employed pay an additional 4% of their individual contribution amount for administrative costs. (The nonemployed make variable contributions depending on their assets and income and pay an additional 4% of their individual contribution amount for administrative costs.)

**Employer:** 2.1% of payroll and an additional 4% of their contribution amount for administrative costs.

**Government:** Any eventual deficit.

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## **Qualifying Conditions**

**Family allowance:** Children under age 18.

## **Family Allowance Benefits**

**Family allowances:** 260 francs a month per child for the first two children if under age 11; 310 francs per child for the first two children over age 10; 310 francs per child for the third and each subsequent child.

**Single-parent allowance:** 100 francs a month per child (payable in addition to family allowances).

**Birth grant:** 2,100 francs per child; 2,600 francs per 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 payable.

## **Administrative Organization**

National Family Allowances Fund administers contributions and benefits.