# Germany

Exchange rate: US$1.00 equals 0.70 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:** 2002 (pension insurance).

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

*Note:* Effective 1992, the social security systems of the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) were merged and Part VI of the Social Act came into force throughout the entire federal territory. In the summary that follows, particular provisions that are in place 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 social security 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.

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

### Source of Funds

**Insured person:** 9.95% of monthly earnings; none if earnings are less than €400 a month (voluntary contributions can be made); a reduced contribution is paid if monthly earnings are from €401 to €800.

The maximum annual earnings used to calculate contributions are €66,000 (E–€55,800) if covered by the German Pension Insurance; €81,600 (E–€68,400) if covered by the German Pension Insurance for Miners-Railwaymen-Seamen.

**Self-employed person:** 19.9% of monthly income.

The minimum monthly contribution is €79.60 and the maximum is €1,094.50 (E–€925.35) or a flat-rate amount of €508.45 (E–€431.83), depending on the type of coverage chosen by the self-employed person.

**Employer:** 9.95% of monthly payroll; 15% of earnings for employees with monthly earnings less than €400; 16.45% of payroll for employees covered by the German Pension Insurance for Miners-Railwaymen-Seamen.

The maximum annual earnings used to calculate contributions are €66,000 (E–€55,800) if covered by the German Pension Insurance; €81,600 (E–€68,400) if covered by the German Pension Insurance for Miners-Railwaymen-Seamen.

**Government:** Pays the cost of noninsurance-related benefits.

### Qualifying Conditions

**Old-age pension:** Age 65 with at least 5 years of contributions. For all persons born after 1964, the pensionable age is 67. (For those born before 1965, the normal pensionable age will rise gradually from age 65 to age 67 with at least 5 years contributions from 2012 to 2029. From 2012, a special length of service pension will be paid at age 65 with 45 years of contributions.)

Age 63 (rising gradually to age 65 from 2012 to 2029) with an assessed degree of disability of at least 50% and at least 35 years of coverage. For insured persons born before 1952, age 65 with at least 15 years of contributions and unemployed for at least 52 weeks after age 58 and 6 months, or with at least 15 years of contributions for employees in part-time work for at least 24 months before the normal retirement age, or for women with at least 10 years of contributions after age 40. Age 60 (rising gradually to age 62 from 2012 to 2029) for miners with at least 25 years of contributions from employment in permanent underground work.

Earnings test: The pension paid to pensioners younger than age 65 depends on the level of individual earnings: if monthly earnings are less than €400, the full pension is paid; if earnings are greater than €400, a partial pension is paid at 33.3%, 50%, or 66.7% of the full pension, depending on earnings.

Early pension: Age 63 with at least 35 years of coverage, subject to conditions.

Deferred old-age pension: The pension may be deferred after the normal retirement age.

**Disability pension:** Paid for a full loss of working capacity (unable to work more than 3 hours a day in any form of work) or a partial loss of working capacity (able to work at least 3 hours but not more than 6 hours a day in any form of work; 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 at least 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 at least 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 civil partner for up to 24 months following the month of the insured's death. The survivor must not have remarried or entered a new civil partnership after the insured's death.

Large widow(er) pension: Paid to a widow(er) or surviving civil partner who meets the qualifying conditions for the small widow(er) pension and is aged 45 or older (rising gradually to age 47 from 2012 to 2029), cares for a child younger than age 18, or has a disability.

Orphan's pension: Paid until the orphan reaches age 27; after age 18 the pension is income tested and the orphan must be a student, in training, taking part in a voluntary social or ecological year (in lieu of military service), or have a disability.

Special conditions apply to marriages or civil partnerships that began after 2001 and marriages or civil partnerships that began before 2002 with both spouses or civil partners born after January 1, 1962.

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

Child's supplement: Paid to a widow(er) or surviving civil partner receiving the large widow(er) pension and rearing a child younger than age 3. The supplement is not paid if the spouse died before 2002, or if the marriage took place before that date and at least one spouse was born before January 2, 1962.

## *Old-Age Benefits*

**Old-age pension:** The pension is based on 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 corresponding 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 of average covered earnings, adjusted according to changes in wages. From July 1, 2009, the pension value is €27.20 (E–€24.13).

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

There is no statutory minimum pension.

Compensation amount for low-income workers: For low-income workers with at least 35 years of coverage and with less than 0.0625 earning points on average (calculated based on months with full contributions), the value of contributions paid before 1991 is increased to 1.5 times the value, up to 75% of the value of contributions for average earnings of all insured persons (0.0625 earning points).

For persons with at least 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 the 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 takes into account changes in the ratio between the number of pensioners and contributors and includes a rule preventing absolute decreases in pension benefits.

## *Permanent Disability Benefits*

**Disability pension:** The pension is based on total individual earnings points multiplied by the pension factor and the pension value.

Individual earnings points are calculated as individual annual earnings divided by the average earnings of all contributors multiplied by the entry factor. The pension factor for a full reduction in earning capacity is 1.0; for a partial reduction, 0.5. (Special rules apply to persons covered under the German Pension Insurance for Miners-Railwaymen-Seamen.)

The pension value is calculated as the monthly benefit amount for 1 year of average covered earnings, adjusted according to changes in wages. From July 1, 2007, the pension value is €26.27 (E–€23.09).

If the disability begins before age 60, the period from the date 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 paid 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 takes into account changes in the ratio between the number of pensioners and contributors and includes a rule preventing absolute decreases in pension benefits.

### Survivor Benefits

**Survivor pension:** The pension paid to a widow(er) or surviving civil partner is based on the total of the deceased's individual earnings points multiplied by the pension factor and the pension value.

Individual earnings points are calculated as individual annual earnings divided by the average earnings of all contributors multiplied by the entry factor. 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 civil partners were born after January 1, 1962, or if the marriage or civil partnership began after 2001 (0.6 if the marriage or civil partnership began before 2002 and one spouse or civil partner was born before January 2, 1962). (Special rules apply to persons covered by the German Pension Insurance for Miners-Railwaymen-Seamen.)

The pension value is calculated as the monthly benefit amount for 1 year of average covered earnings, adjusted according to changes in wages. From July 1, 2007, the pension value is €26.27 (E–€23.09).

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

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

Income test: 40% of the survivor's net income above €718.08 (E–€637.03) is deducted from the widow(er) pension from the 4th month of payment.

Old-age pension splitting: The pension of the surviving spouse or civil partner is calculated by splitting the pension rights accrued by both members of the couple during their marriage or civil partnership. The survivor pension is not paid.

Child's supplement: Additional earnings points are awarded for the large widow(er) pension if the spouse or civil partner cares for children. Two earnings points are awarded per month for the first child; one earnings point 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 paid in full until the orphan reaches age 18; thereafter, if the orphan's net income is above €478.72 (E–€424.69), 40% of the orphan's net income above this limit is deducted from the pension. (Special rules apply to deceased's persons who were covered by 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 takes into account changes in the ratio between the number of pensioners and contributors and includes a rule preventing absolute decreases in pension benefits.

### Administrative Organization

Federal Ministry of Labor and Social Policy (http://www.bmas.bund.de) provides general supervision. Federal Insurance Institute (http://www.bva.de) supervises the administrative functions of the German Pension Insurance.

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) administer the program.

Since October 1, 2005, administrative responsibilities have been set by a special procedure providing for a 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.

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

## Sickness and Maternity

### Regulatory Framework

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

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

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

### Coverage

All wage and salary workers earning up to €49,950 a year (€45,000 if the employee was insured through private sickness insurance before 2003), including the insured's spouse or civil 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:* The average contribution is 7.9% 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 of 7.9% of the pension (and pension funds pay an additional 7% of the pension). Students contribute 10.43% of the student bursary amount.

The student bursary amount is €512.

The maximum annual earnings used to calculate contributions are €45,000.

*Self-employed person:* Not applicable.

*Employer:* The average contribution is 7% of covered earnings, up to a ceiling; 13% of covered earnings for employees with monthly earnings of less than €400.

The maximum annual earnings used to calculate contributions are €45,000.

*Government:* Subsidies for maternity benefits, pensioned farmers' health benefits, and noninsurance-related benefits.

### Long-term care benefits

*Insured person:* 0.975% of earnings in most federal states Pensioners contribute 1.95% of the pension. Childless insured persons older than age 23 contribute an additional 0.25% of earnings (with the exception of noncontributory unemployment benefit recipients, persons in civil or military service, and pensioners born before 1940).

The maximum annual earnings used to calculate contributions are €45,000.

*Self-employed person:* Not applicable.

*Employer:* 0.975% of earnings in most federal states.

The maximum annual earnings used to calculate contributions are €45,000.

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

## Qualifying Conditions

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

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

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

**Long-term care benefits:** The insured must have at least 2 years of coverage in the last 10 years. Benefit entitlement varies according to the required need for care: a substantial need for care at least once a day (degree of care 1), a severe need for care at least 3 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 the insured's earnings for up to 6 weeks; thereafter, sickness funds pay 70% of gross earnings (up to 90% of net earnings) for up to 78 weeks in a 3-year period for the same illness.

Voluntarily insured full-time self-employed persons, short-term and irregular employees, artists, and writers may choose a contribution rate based on desired coverage.

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 paid 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 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 paid 6 weeks before and 8 weeks after the expected date of birth (a total of 12 months for premature or multiple births); other fund members receive the same amount as for the sickness benefit. If net earnings are greater than the maximum maternity benefit, the employer must pay the difference as a subsidy.

For female employees who are not members of a sickness fund, Federal States pay maternity benefits equivalent to the sickness benefit.

**Long-term care allowance:** An allowance is paid to insured persons who organize care provision for themselves (for example, care provided by relatives). The allowance is €215, €420, or €675 a month, depending on the degree and frequency of care required.

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

Social security contributions for caregivers: Contributions are paid toward old-age pension insurance by long-term care funds for unpaid relatives who provide care for at least 14 hours a week for persons needing care at home and who are not in paid work for more than 30 hours a week. The paid contributions depend on the level of care required. Coverage for work injury is also provided. When care giving ceases, former caregivers have the right to a cost-of-living allowance to facilitate their return to work.

### Workers' 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 medicine.

Cost sharing: The insured has a copayment for certain benefits (including medicine, 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) is temporarily unavailable. Maximum benefit amounts are fixed for the different services.

In-kind benefits for care at home are €420, €980, €1,470, 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 medicine.

Cost sharing: The patient has a copayment for certain benefits (including medicine, 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) is temporarily unavailable. Maximum benefit amounts are fixed for the different services.

In-kind benefits for care at home are €420, €980, €1,470, 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 patient 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.

Designated state authorities provide supervision at the state level.

Sickness funds administer contributions and benefits. Separate sickness funds are organized within federations at the national level and, if applicable, at the state level.

A board of directors, elected by an administrative council (generally consisting of insured persons and employer representative), handles day-to-day administration of funds.

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

### Regulatory Framework

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

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

**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 receiving care by qualified day care personnel; family helpers in agriculture; persons engaged in specified voluntary activities; 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 1.26% of payroll (2008).

**Government:** A subsidy for agricultural accident insurance and contributions for students, children in day care institutions, and persons engaged in specified voluntary activities. (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 entitlement to the continuous wage payment ceases (in most cases, after 6 weeks), the accident insurance fund pays benefits. The benefit is paid from the day after the disability began for a work injury or an occupational disease until recovery or the award of a transition benefit. If recovery is not anticipated and occupational rehabilitation is not possible, the benefit is paid for up to 78 weeks. The benefit is 80% of the insured's 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 used to calculate benefits are €18,396 (E–€15,624).

The maximum annual earnings used to calculate benefits vary depending on the accident insurance fund but must not be less than €50,400 or more than €84,000.

## Permanent Disability Benefits

**Permanent disability pension:** If the insured is assessed with a total disability (100%), the annual pension is 66.7% of earnings in the year before the disability began.

Partial disability: If the assessed loss of earning capacity is 20% to 99%, a percentage of the full pension is paid according 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 up to 2 years.

Constant-attendance allowance: €307 to €1,228 a month (E–€269 to €1,075) is paid if the insured requires the constant attendance of others to perform daily functions.

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

## 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 66.7% of the deceased's last earnings and is paid 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 of 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 paid to survivors older than age 18.

**Widow(er) and orphan grant:** A lump sum of 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.

All survivor benefits combined must not exceed 80% of the deceased's earnings.

**Death grant:** A lump sum of €4,380 (E–€3,720) is paid.

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

### Administrative Organization

Federal Insurance Institute (http://www.bva.de) supervises 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.

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

Agricultural accident insurance provides assistance to guarantee vital farming operations.

Medical benefits are provided exclusively by accident insurance funds.

## Unemployment

### Regulatory Framework

**First laws:** 1927 (employment service and unemployment insurance) and 2003 (basic unemployment allowance).

**Current laws:** 1997 (employment promotion) and 2010 (basic unemployment allowance).

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

### Coverage

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

Voluntary coverage for self-employed persons, caregivers, and foreign workers (from outside of the EU), subject to conditions.

Exclusions: Persons in irregular employment.

**Social assistance:** Employed and unemployed needy job seekers.

### Source of Funds

#### Insured person

*Social insurance:* 1.4% of covered earnings.

The maximum annual earnings used to calculate contributions are €66,000 (E–€55,800).

*Social assistance:* None.

#### Self-employed person

*Social insurance:* 2.8% of the monthly reference value. The monthly reference value is €2,555 (E–€2,170).

*Social assistance:* None.

#### Employer

*Social insurance:* 1.4% of covered earnings.

The maximum annual earnings used to calculate contributions are €66,000 (E–€55,800).

*Social assistance:* None.

#### Government

*Social insurance:* Loans or subsidies to cover any deficit for social insurance; federal and municipal governments pay the cost of noncontributory unemployment benefits.

*Social assistance:* Federal and local governments pay the total cost.

### Qualifying Conditions

**Unemployment benefit (social insurance):** The insured must have at least 12 months of covered work in the last 2 years, be registered at an employment office, and be capable of, available for, and actively seeking work.

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

**Short-time work benefit (social insurance):** Paid to short-time workers (work sharing) who lose working hours due to economic restructuring in the workplace.

**Short-time transfer allowance (social insurance):** Paid to short-time workers (work sharing) to avoid dismissal due to economic restructuring in the workplace.

**Bad weather allowance (social insurance):** Paid to construction workers whose work is halted because of bad weather.

**Unemployment benefit (social assistance, means-tested):** Paid to all needy job seekers aged 15 to the normal retirement age who are capable of, available for, and actively seeking work, including employed persons seeking more suitable work and social insurance unemployment beneficiaries.

The basic subsistence needs of the beneficiary must not be met by any other benefit.

If the qualifying conditions for the social assistance unemployment benefit are violated, the benefits may be reduced or suspended.

Dependent's supplement: Paid to the dependents of a social assistance unemployment beneficiary, including children and nonemployed persons. Children under age 15 must not work.

### Unemployment Benefits

**Contributory unemployment benefit (social insurance):** The benefit is 67% (60% if without children) of the insured's net earnings. The benefit is paid for 6 to 24 months, according to the length of the covered work period and the claimant's age. The benefit is paid for up to 24 months to unemployed persons older than age 58 with at least 48 months of covered work.

Benefit adjustment: Benefits are adjusted annually in July according to changes made to pensions under Old Age, Disability, and Survivors.

**Short-time work benefit (social insurance):** The benefit is 67% (60% if without children) of the difference between previous and current income and is usually paid for 6 months (up to 24 months).

**Short-time transfer allowance (social insurance):** The allowance is 67% (60% if without children) of the difference between previous and current income and is paid for up to 12 months.

**Bad weather allowance (social insurance):** The allowance is 67% (60% if without children) of the difference between previous and current income. The allowance is paid based on hours of stoppage between November 1 and March 31.

**Unemployment benefit (social assistance, means-tested):** €287, €323, or €359 a month is paid, depending on the person's family composition.

Means test: A portion of the beneficiary's income above €100 a month is deducted from the benefit (20% of income from €100.01 to €800.00; 10% of income from €800.01 to €1,200.00 or €1,500.00 (if the claimant has children). Certain types of income are exempt from the deduction. Benefits are not paid to persons with a certain level of savings.

In addition, support is provided for heating and housing costs and further provisions if needed.

There is no limit to duration.

Dependent's supplement: €215 a month is paid for children younger than age 6; €251 for children aged 6 to 14; €287 for spouses or civil partners under the age of 18 and other relatives who are needy and unable to work; and €323 for an adult spouse or civil partner who is needy and unable to work.

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

### 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 benefits administration.

Committees of employment agencies and 69 authorized local carriers administer 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); 2005 (child benefit); 2007 (parental benefit); and 2009 (income tax).

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

### Coverage

Parents with one or more children.

Full orphans and children who have lost all 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 25 if a full-time student, searching for an apprenticeship or in a voluntary position; no limit for children with a disability that began before age 25). For children younger than age 18, the benefit ceases if the child's own annual income is greater than €8,004.

**Child allowance (income-tested):** Paid to parents with at least one child younger than age 25, who are able to meet their own needs but not those of their children. Must be entitled to the child benefit and have earnings between a specified minimum and maximum. Parents who receive non-contributory unemployment benefits, social benefits, or social assistance, are not eligible for a child allowance

**Parental benefit (income-tested):** Paid to parents with a child younger than age 14 months. A parent with sole custody may receive the parental allowance for up to 12 months after the birth; other parents may share the entitlement for a combined maximum of 14 months (each parent must receive the benefit for at least 2 months).

## *Family Allowance Benefits*

**Child benefit:** €184 a month is paid for the first and the second child; €190 for the third; €215 for each additional child.

**Child allowance (income-tested):** Up to €140 per child is paid for up to 36 months; if entitled to an allowance for more than one child in the household, a combined total allowance is paid. The child's own income may reduce the benefit.

**Parental benefit (income-tested):** At least 67% of the net income of the last 12 months before birth is paid, up to €1,800 (€300 if not employed) a month.

## *Administrative Organization*

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

Federal Revenue Office (http://www.bzst.bund.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 enforcement of federal child-rearing and parental benefit laws. Child-rearing and parental benefit centers administer the program.

The federal government reimburses administrative costs.