



**Comparative Social Security
Benefits Study**

January 2017

Contents

Introduction	3	Lithuania	36
Overview of social security contributions	4	Luxembourg	37
Salary cap	5	Malta	38
Social security contributions	6	Norway	39
Public scheme of voluntary contributions	8	Poland	40
Social security benefits	10	Portugal	41
Pension	11	Romania	43
Child allowance	15	Slovakia	45
Maternity leave	17	Spain	46
Paternity leave	18	Sweden	49
Unemployment	19	Switzerland	51
Medical care	19	Netherlands	53
Country Overview	20	United Kingdom	55
Belgium	23	Iceland	57
Bulgaria	24		
Croatia	26		
Cyprus	27		
Czech Republic	28		
Denmark	29		
Estonia	30		
Germany	31		
Greece	32		
Hungary	33		
Ireland	34		
Italy	35		

Introduction

The objective of this study is to compare social security schemes across the European Economic Area and highlight the most important similarities and differences from the perspective of mobile employees and business in general.

Social security is a continuously changing and dynamic area. It is a topic that is close to every citizen's daily life as it guarantees protection in case one is confronted with a social risk (sickness, unemployment, childcare, disability, old-age, death, ...). As there is no European social security scheme in place, every member state of the European Economic Area has maintained its own national system and each of these systems has its own specificities and characteristics. From a global perspective, European welfare systems are generally characterized as generous.

As EU legislation merely coordinates these national systems to safeguard free movement and no harmonization is imposed, policy design remains very diverse and is embedded in every country's historical, socio-economic and cultural background.

Taking the diversity of national systems into account, Deloitte Belgium has elaborated an in-house overview of all branches of social security in the EEA, providing an

insight in the variety of social security contribution rates and social security benefits throughout the EEA. This study serves as an executive summary of this broader exercise.

In the different chapters of this study, you will find the highlights of our screening of all EEA social security systems as to contribution and benefit levels. Interesting conclusions could be drawn with regard to the different levels of contributions, but you will also find comparative tables regarding entitlement to child allowances, maternity benefits, unemployment benefits and old-age pensions. Social assistance benefits were not taken into account.

Next to our horizontal conclusions, you will find a short description of the different social security systems of the participating countries, giving a broad idea of their main features and specific characteristics.

This comparative study is the result of cooperation between Deloitte Belgium and over 25 other Deloitte Member Firms throughout Europe. As already mentioned, this is merely the summary of a broader exercise regarding social security in the European Economic Area.

We wish you a pleasant read.

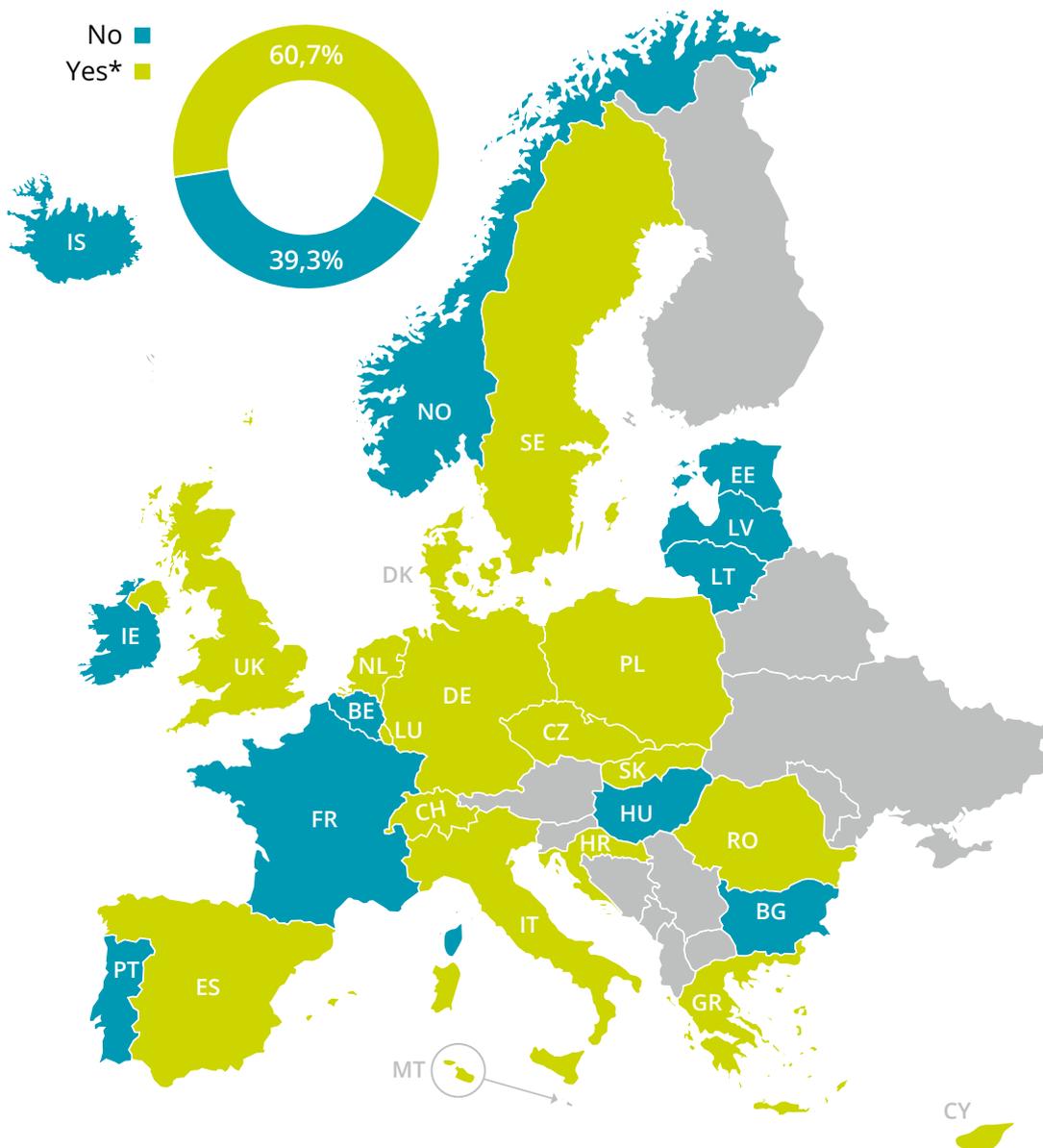
Overview of social security contributions

Before looking into social security benefits throughout Europe, it is of the utmost importance to have an insight in the contribution side. Most EEA countries have a social security system that is financed by a mix of social security contributions and general taxation. Hereunder, you will find an overview of the social security contribution costs across the surveyed countries. Particularly interesting to know is whether those countries apply a maximum salary cap to employer and/or employee social security contributions.

Salary cap

Amongst the participating countries, the division between countries with and countries without a social security cap is almost half-half. In 17 countries, social security contributions are capped. When a maximum level is exceeded, no contributions are due on the portion above the ceiling. A social security cap clearly impacts on employer costs. No specific regional trends can be detected, as countries with a salary cap can be detected throughout Europe.

Is there a salary cap for social security contributions?



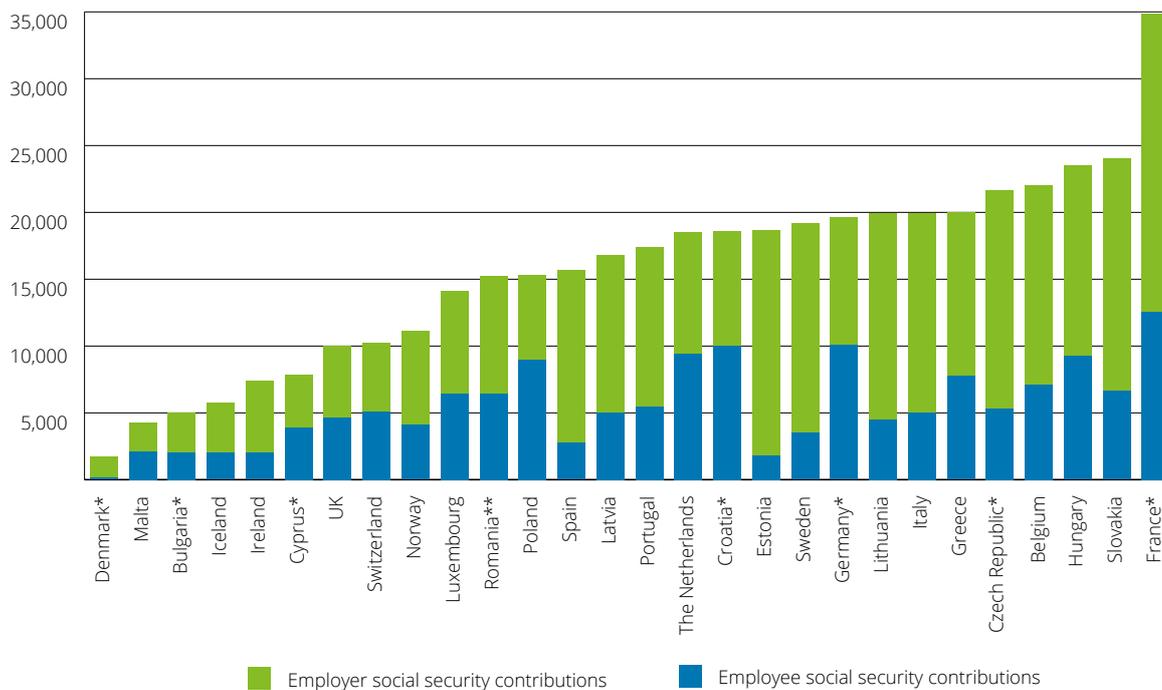
*This also comprises the countries where social security contributions are partially capped, e.g. with a salary threshold applicable for certain contributions and no ceiling for other contributions or with a cap solely on employee or employer's contributions.

Social security contributions

The below estimates of employer and employee social security contributions on salaries of resp. EUR 50,000, EUR 75,000 and EUR 100,000 reveal that Belgium is still one of the most expensive EEA countries as to parafiscal costs, with a social security/gross income (SS/GI) ratio of 43%. Only in Hungary (47% SS/GI) and France (50-70% SS/GI) a higher social security burden can be observed in all scenarios.

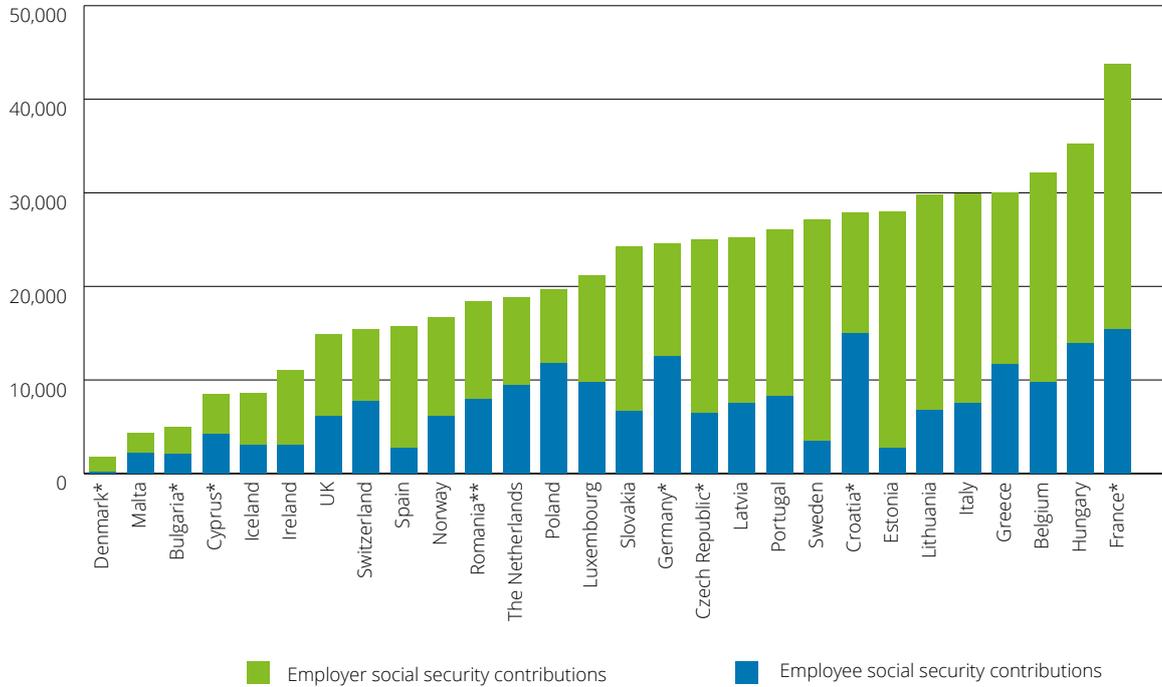
With caps applicable as of a certain salary level, Belgium's neighbouring countries logically take more and more distance as the salary level of employees increases. For a salary of EUR 100,000, the difference in SS/GI ratio between Belgium (43%), Germany (25%) and the Netherlands (19%) is indeed striking. Luxembourg's salary ceiling is set at approx. EUR 115,000. The UK and Switzerland's ratio remains around 20% in all scenarios. Manifest low cost social security countries are Bulgaria (5-10% SS/GI), Cyprus (8-16% SS/GI) and Malta (4-9% SS/GI).

Annual gross income of EUR 50,000

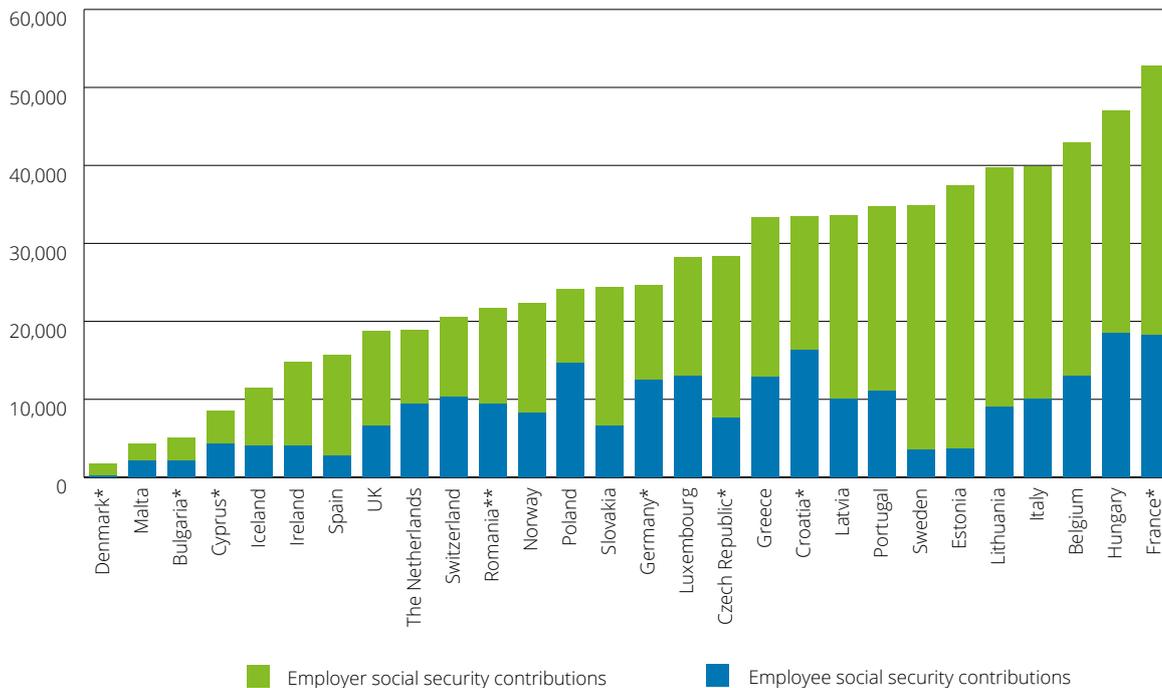


(*) Considering the salary is paid on 12 installments (since there is a monthly cap amount)
 (**) Minimum and average national gross salary for 2015.

Annual gross income of EUR 75,000



Annual gross income of EUR 100,000



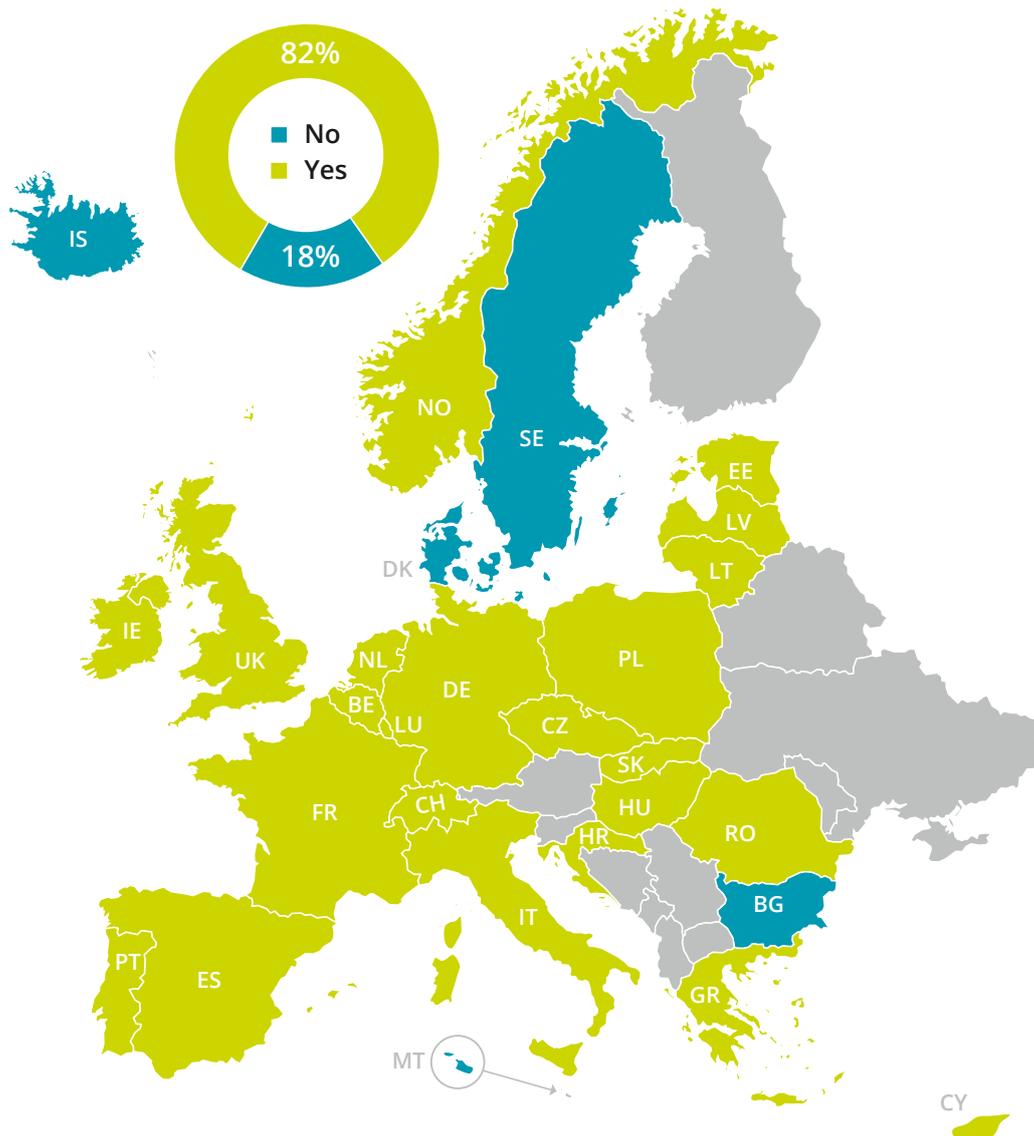
(*) Considering the salary is paid on 12 installments (since there is a monthly cap amount)

(**) Minimum and average national gross salary for 2015.

Public scheme of voluntary contributions

In most countries, employees can be further covered by a voluntary scheme when moving abroad. This can be indispensable for activities in non-treaty countries, where the local scheme often provides severely reduced to no social protection for expats. In some countries, the voluntary scheme is a continued affiliation to the mandatory scheme on a voluntary basis, whereas in other countries the voluntary scheme is a standalone scheme which is disconnected from the mandatory insurance scheme.

Is there a public scheme of voluntary contributions





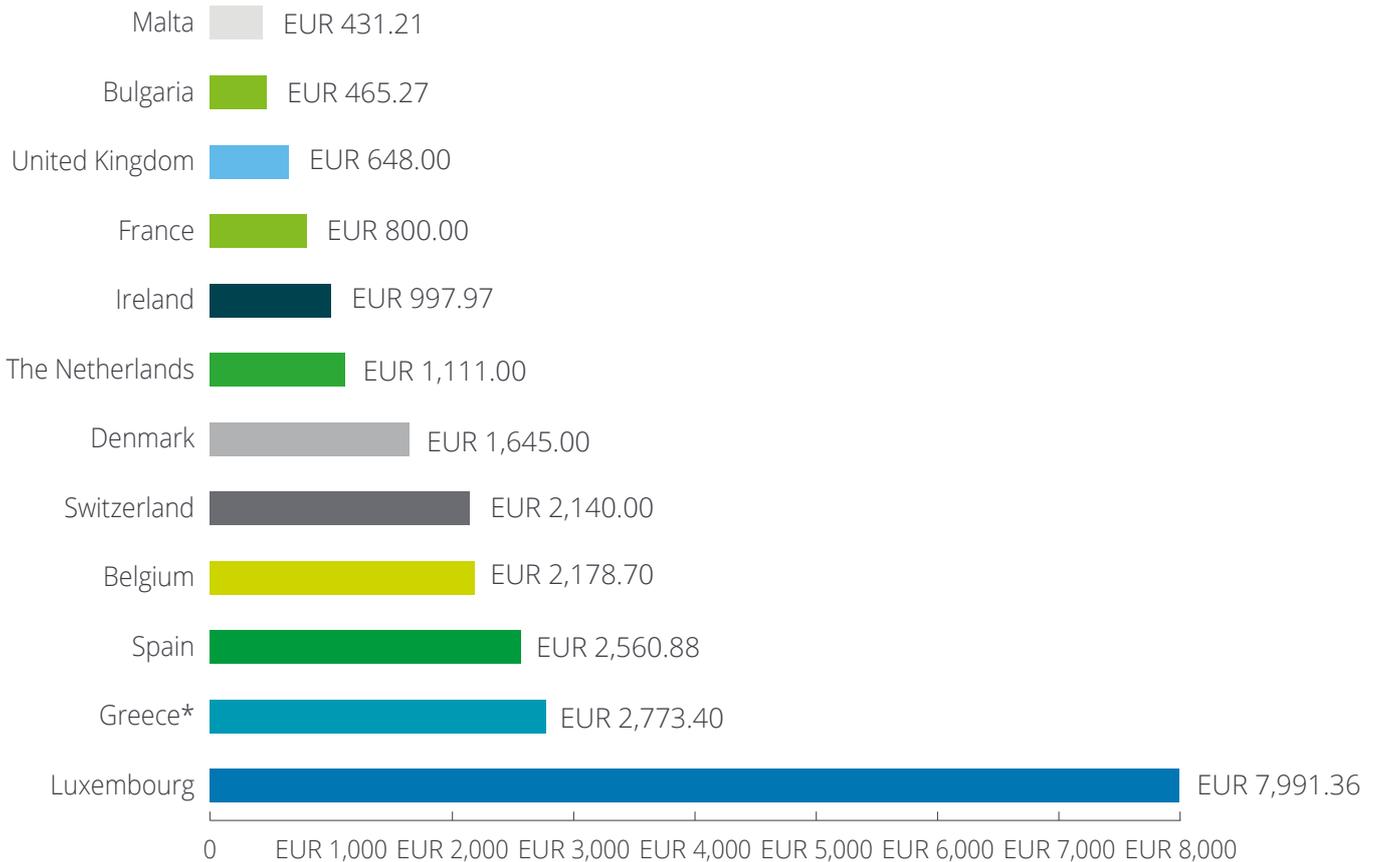
Social security benefits

Pension

Gross monthly maximum pension amount for a single household rate

In nearly half of the participating countries, a maximum pension amount is included in legislation. Luxembourg stands out with very high old age pension benefits.

Gross monthly maximum pension amount for a single household rate.



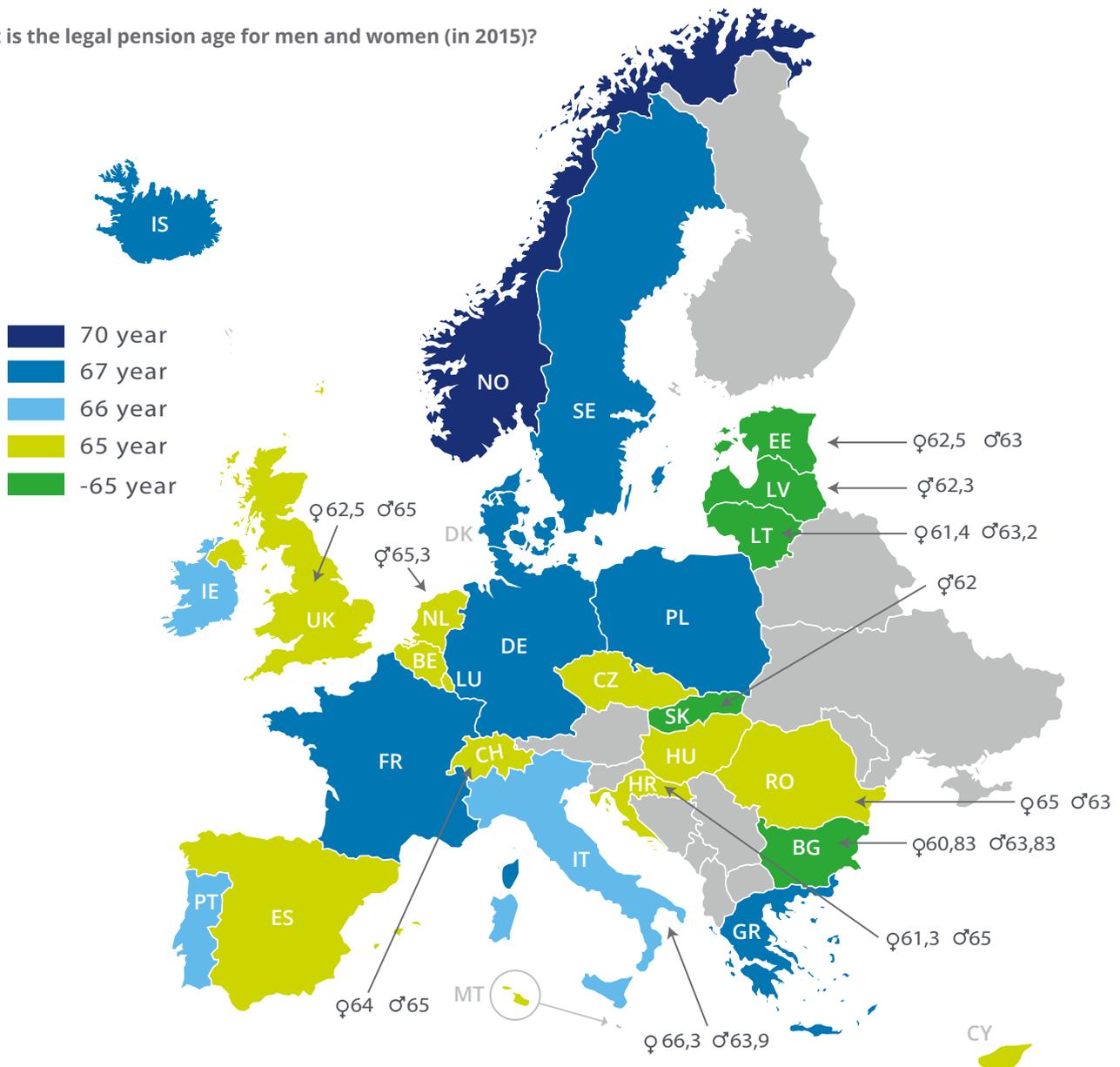
* For Greece, the amount mentioned is for 'new' employees (first insurance date after 1 January 1993). For employees with a first insurance date until 31 December 1992, the amount is 2,373.57 EUR

Legal pension age

The majority of the countries have raised the legal pension age to at least 65 years and some even to 67 years. Currently, Latvia still lags behind with a legal pension age of 62.3 years. Norway is on the other side of the spectrum with 70 years as legal retirement age.

Almost all countries have introduced equal legal retirement ages for men and women. In the countries where a difference remains, the difference in pension age ranges between 0.5 (Estonia) to nearly 4 years (Croatia).

What is the legal pension age for men and women (in 2015)?

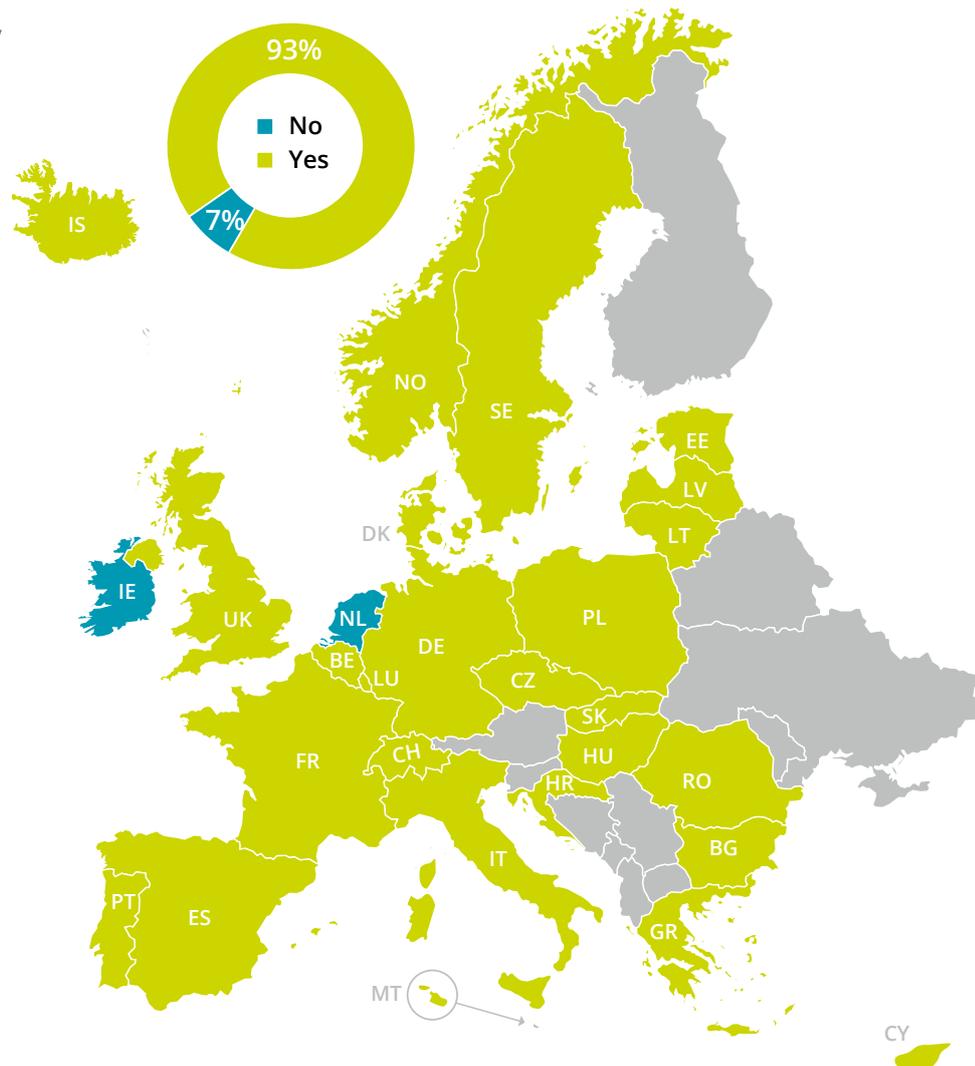


Early retirement age

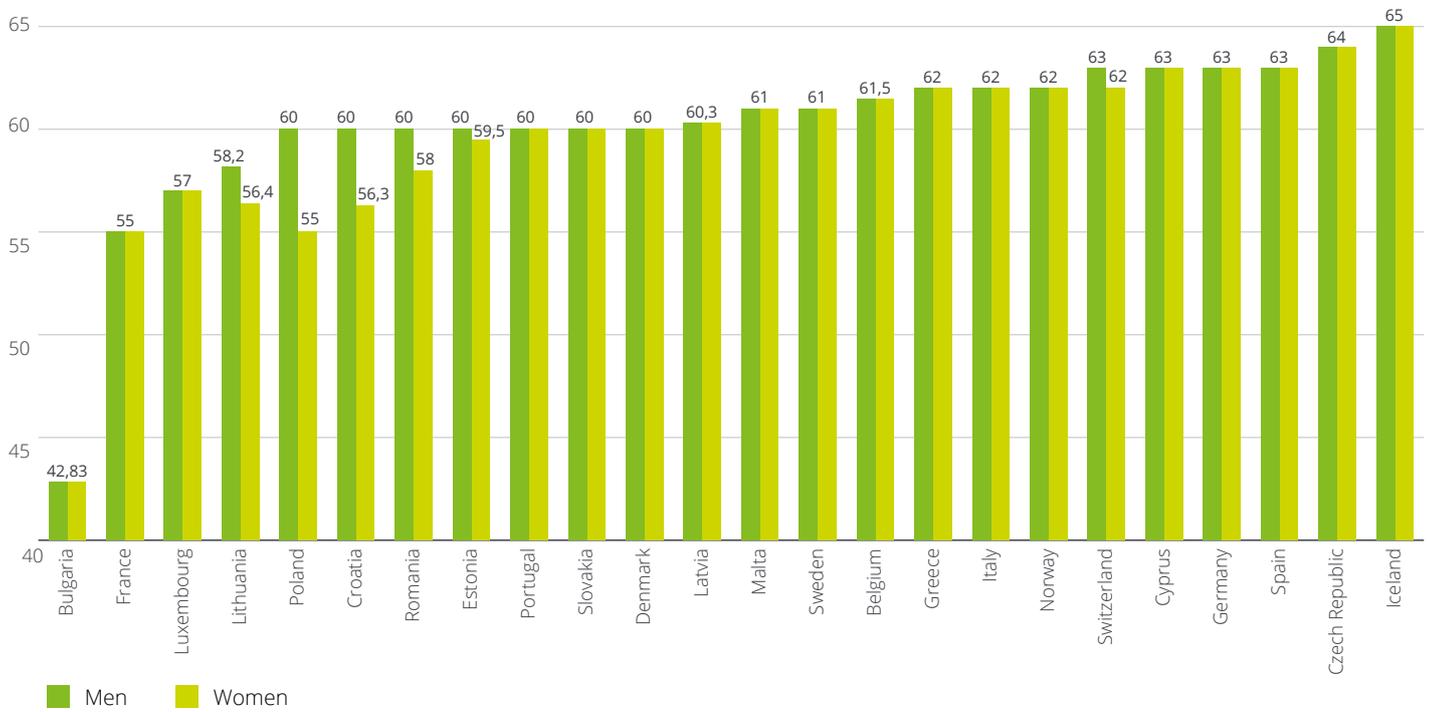
Ireland and the Netherlands are the only countries where early retirement is not possible anymore.

The early retirement age still varies greatly. In most countries this age is brought relatively close to the legal pension age, ranging between 60 and 65. Exceptionally, early retirement is still possible before the age of 60, with Bulgaria clearly standing out. The early retirement ages in the overview merely give an indication of the age as of which early retirement is possible. It should be kept in mind that in most countries other conditions (mostly related to career length) need to be fulfilled to retire before the legal pension age.

In which country is early retirement possible?



What is the age as of which early retirement is possible (in 2015)?

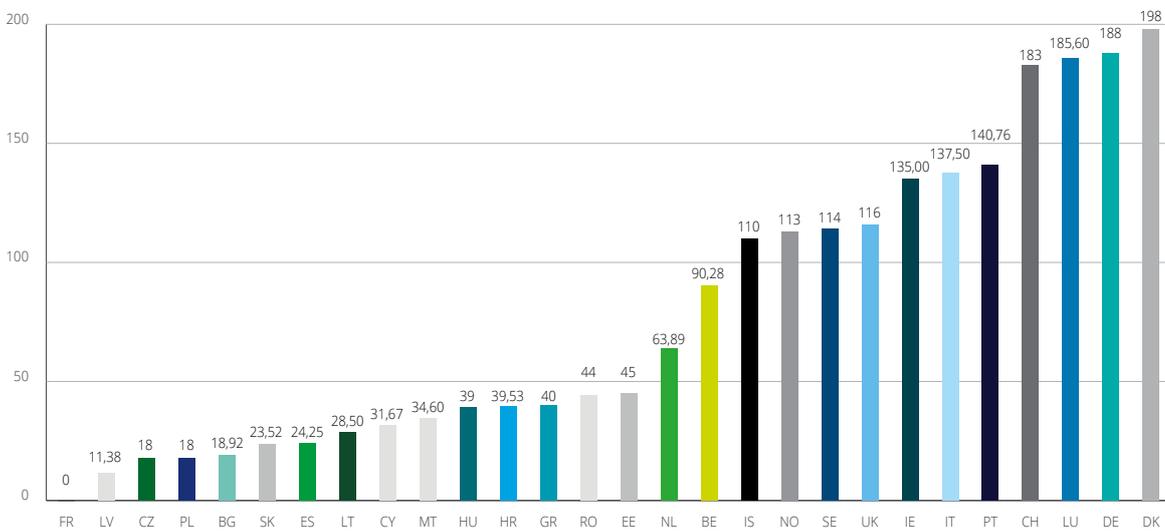


Child allowance

As to child benefits, just like for other social security benefits, a clear dividing line can be drawn within the EEA. Where the amounts in "old" EEA states almost all exceed EUR 100, the newer member states still have benefits sometimes far below EUR 100.

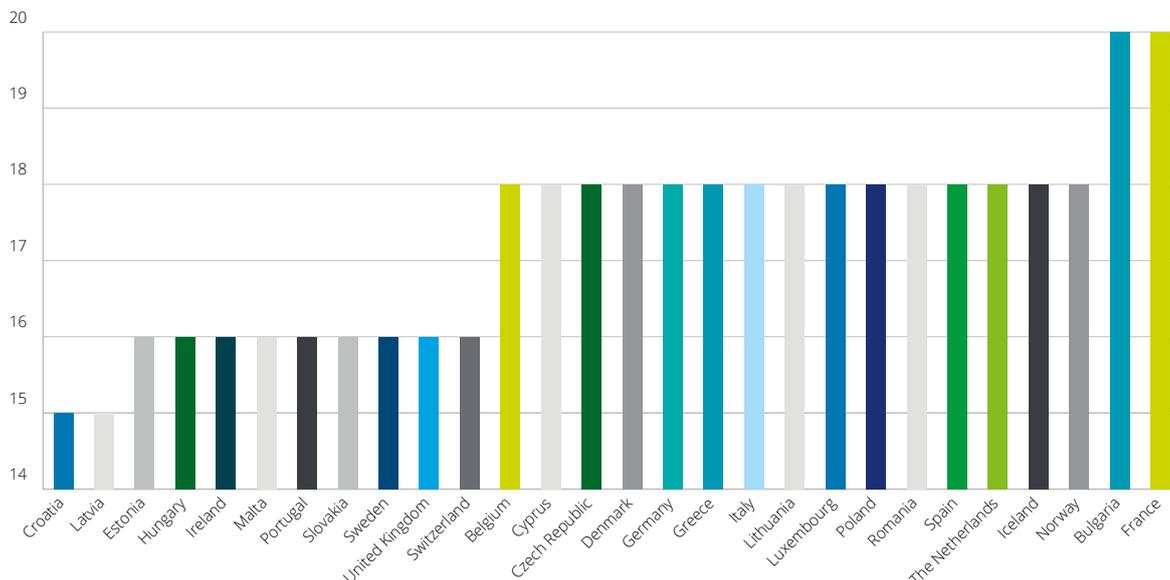
Slightly more than one third of the countries have income related child benefits.

What is the legal monthly amount of child benefits for the first child?



In general, most countries stop paying child benefits around the age of 16 or 18 years. In several countries, payment can be continued when the child continues its studies, up to a maximum age, or in case the child is disabled.

What is the standard maximum age for children for which child allowances can be granted (without conditions of e.g. study)?

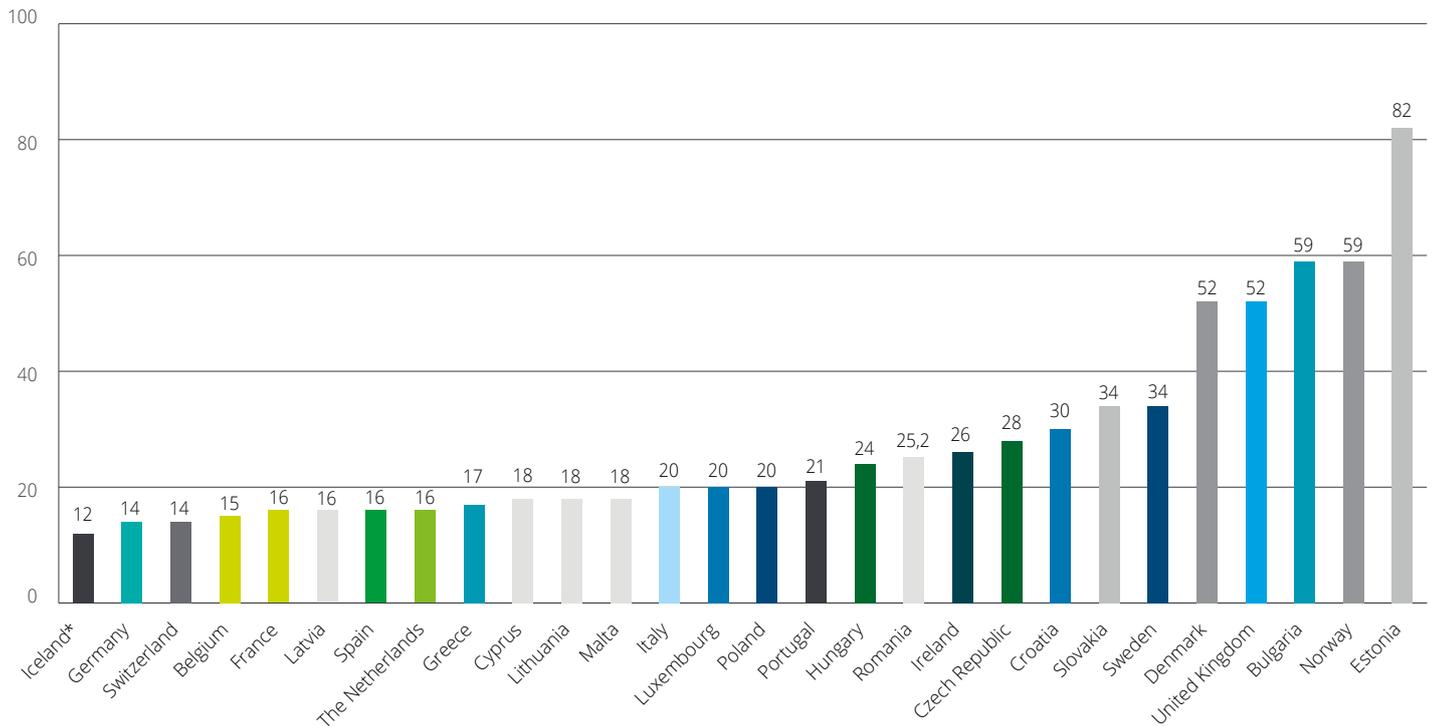


Maternity leave

On average, maternity leave is granted for a total duration of 26 weeks. Very long leave is granted in Estonia (82w), Bulgaria (59w), UK (52w) and Norway (59w). The shortest leaves are granted in Germany and Switzerland (14w) and Belgium (15w).

In Iceland, the maternity leave is three months. Additionally, three extra months can be divided between the mother and the father.

What is the total duration of maternity leave in weeks?

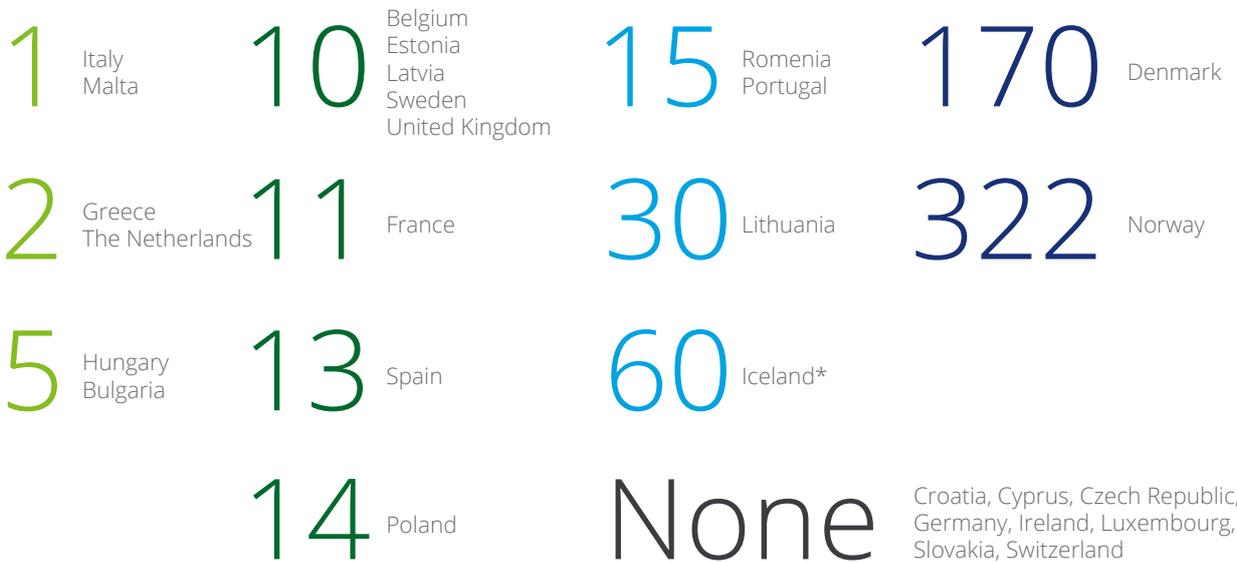


* The maternity leave is three months plus extra three months that mother or father can divide between themselves

Paternity leave

Eight countries have not introduced paternity leave in their social security system. Where it exists, its duration generally amounts to somewhat less or more than one week. Only in Denmark and Norway, the system is very generous with respectively 170 and 322 days leave. In some countries where a separate paternity leave does not exist, a parental leave, available for either mother or father, can be applied for (e.g. Czech Republic, Croatia). In Iceland, the paternity leave is three months. Additionally, three extra months can be divided between the mother and the father.

What is the duration of the granting of paternity benefits (in days)?

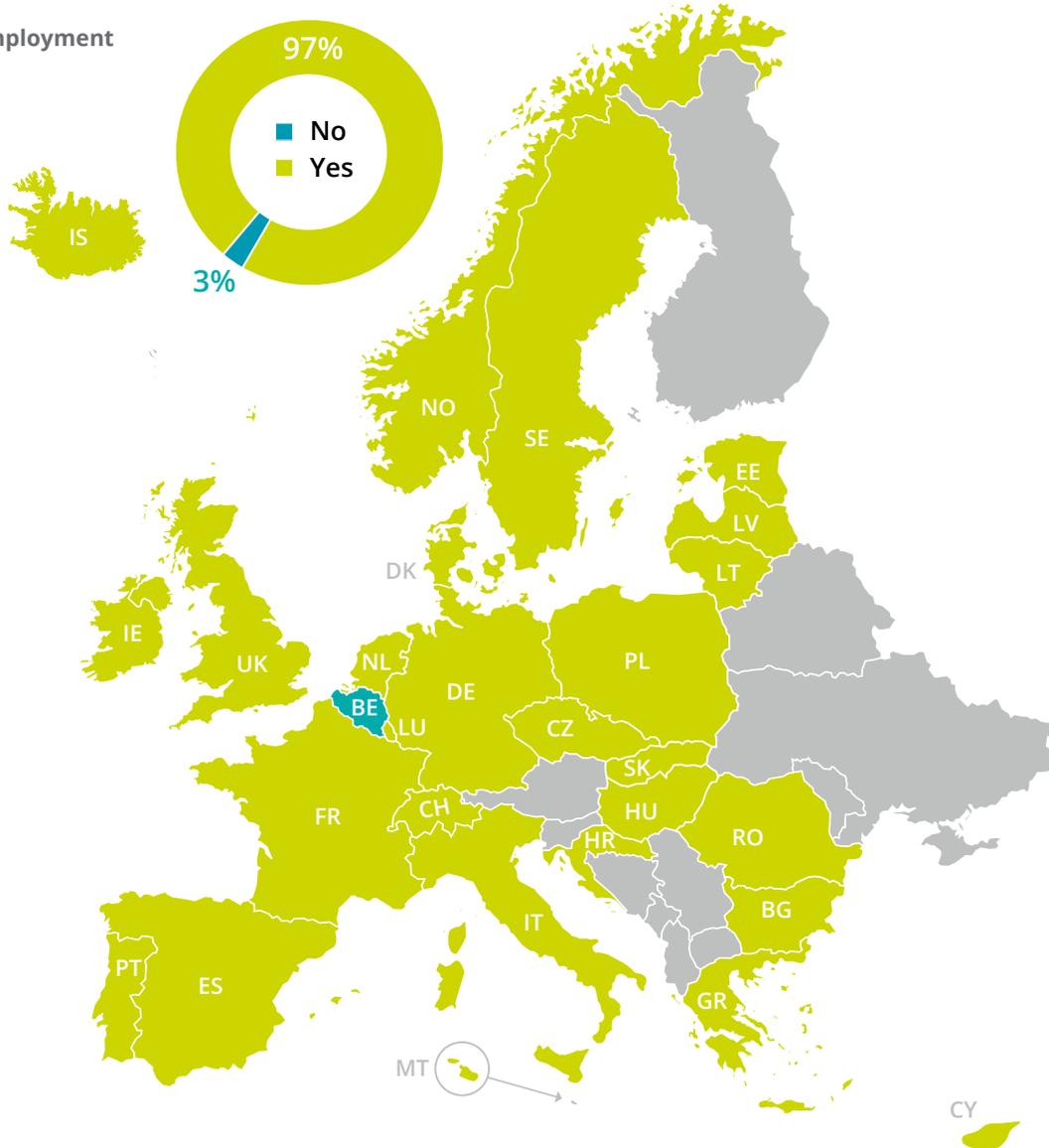


* The paternity leave is three months plus extra three months that mother or father can divide between themselves

Unemployment

Belgium is still the only European country where unemployment benefits can be granted for life.

Is the grant of unemployment limited in time?

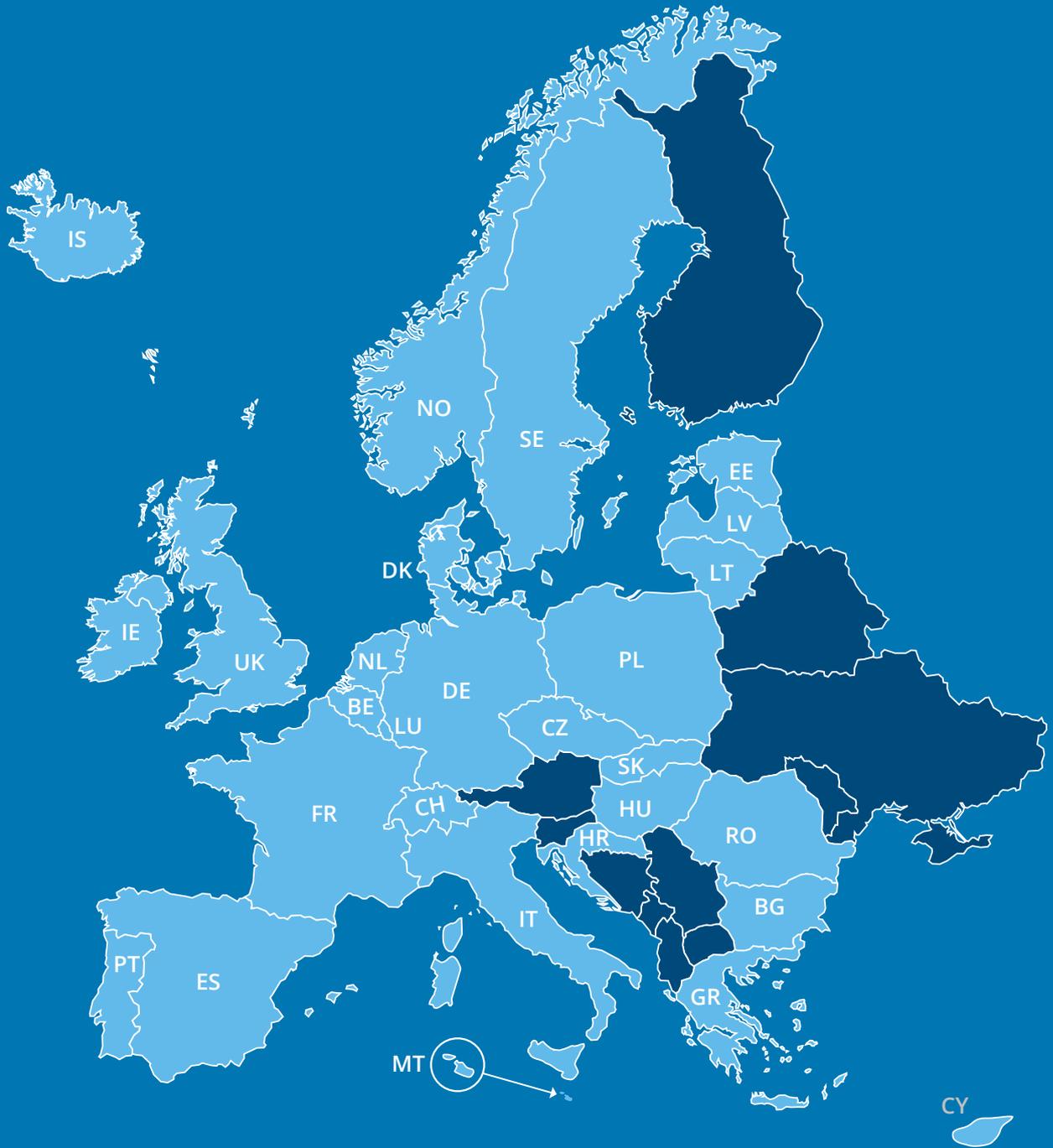


Medical care

In the vast majority of the member states, there is a free choice of medical service provider under the statutory health insurance scheme, except for Romania, Malta, Cyprus, Croatia and Spain.



Country Overview



Belgium



Belgian social security provides for separate rules and separate institutions for the salaried, the self-employed and civil servants.

Contributions

For employed individuals, an employer will in general pay around 32% of contributions (although reductions may apply for lower wages), calculated on an uncapped gross remuneration. The employee will still contribute an extra 13.07%, also calculated on the basis of the uncapped gross salary. Belgium is therefore one of the EU member states with the highest social security costs on wages, especially for higher earners. The current government did however take specific measures in view of lowering employer contributions to around 25% over the years to come.

Self-employed individuals pay on average between 14% and 22% of contributions and a remuneration threshold applies for the calculation of the contributions, resulting in general in significantly lower contributions than those applicable for employees.

Benefits

The Belgian social security scheme for employees includes healthcare, unemployment allowances, child allowances, invalidity benefits (including maternity) and a pension. Apart from unemployment benefits, the same benefits are provided for self-employed persons, although invalidity and pension benefits are lower than those for employees.

Unlike in most other EU member states, Belgian **unemployment benefits** are unlimited in time. They can indeed be granted as long as the unemployment lasts, provided the employee can deliver

proof, upon request, that he/she is actively looking for a job and is taking the required actions to that end. The unemployment benefits are in general lower than the benefits in member states that limit payment of unemployment benefits in time. They are calculated as a percentage of a capped remuneration and in certain situations gradually still decrease somewhat over the first three years of unemployment.

Although unemployment benefits are meant to provide replacement income to employed individuals only, self-employed persons whose professional activity has ended can also claim unemployment benefits. This is possible under the condition that they have been employed under a labour contract during a certain period preceding the start of their self-employed activity and that their self-employed activity ended within maximum 15 years following the start thereof.

Bulgaria

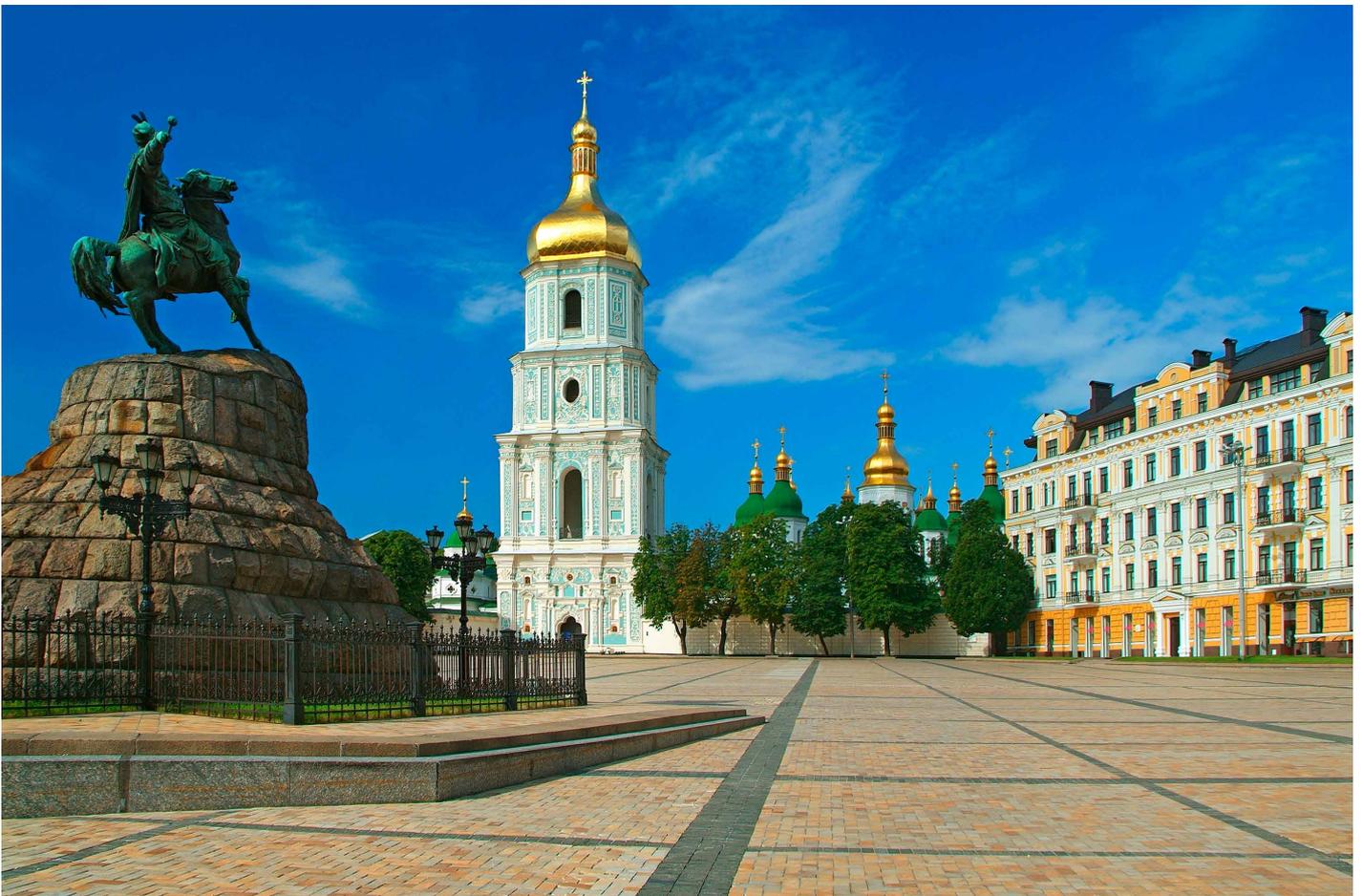
The social security system in Bulgaria went through different periods of changes and development. The most recent stage of development began after the democratic changes in Bulgaria in the 90s. The system acquired a new look and content trying to respond to the new social, economic and political realities, getting closer to the best models of social security systems of the developed countries and being compliant with EU regulations for social security.

Basic principles of the social security system: mandatory character and generality; solidarity of the insured persons; equality of the insured persons; fund organisation of the social security resources.

Contributions

The social security system is financed by national insurance contributions paid by employers, employees, self-employed

persons and in part by the state budget. Employer's rates equal 17.8-18.5% and employee's rates equal 12.9%. Statutory contribution rates for self-employed persons equal 25.80%. The social assistance system is financed only by the state budget.



The Bulgarian social security system mainly consists of two parts:

01. **State Social Security** - a compulsory form of insurance for material protection of the employed persons in case of loss of income. The funds regulate the main social security risks:

- "General (non-occupational) Disease and Maternity" fund - insurance for temporary incapacity for work, temporary reduced working capacity and maternity;
- "Labour Accidents and Occupational Diseases" fund – insurance for labour accidents and occupational diseases, covering disability, death, temporary incapacity for work and temporary reduced working capacity due to labour accident or occupational disease;
- "Unemployment" fund – insurance for risk of unemployment;
- "Pensions" fund¹ - The first pillar of the Bulgarian pension insurance system responsible for protection against disability due to general (non-occupational) disease, old age and death.

The compulsory social security also includes:

- (I) Pension Fund for Teachers (PFT) - The contribution to PFT is determined annually for each separate year and is entirely at the expense of the employer.
- (II) Guaranteed Receivables of Workers and Employees Fund (GRWE) - Guarantees up to a certain amount the rights of workers and employees to receive employment-related remunerations and benefits, accrued to them but unpaid until the employer is declared insolvent. However, for 2015 no contributions shall be made to the GRWE Fund.
- (III) Health Insurance (HI) - Insured persons and contributors participate in the health insurance system with compulsory contributions. In case a situation triggering the insurance occurs, the insured persons obtain medical aid in exchange.

The National Health Insurance Fund (NHIF) is responsible for the process of managing and spending the funds coming from the compulsory health insurance contributions for payment of healthcare activities. A basic package of the latter is guaranteed by the budget of NHIF.

02. Supplementary Social Security

- (I) Supplementary Compulsory Pension Insurance¹ - This is the second pillar of the pension insurance system and entitles individuals born after 31 December 1959 to receive supplementary pension, as well as individuals working under heavier labour conditions (first and second category) to receive pensions for early retirement. Insurance for supplementary pension/pension for early retirement is mandatory provided the respective individuals are insured under the "Pensions" fund of the State Social Security (see above).
- (II) Supplementary Voluntary Pension Insurance¹ - This is the third pillar of the pension insurance system. It provides the possibility for individuals to pay voluntary pension insurance contributions into regulated private pension insurance funds which will entitle them to receive additional income after retirement.
- (III) Supplementary Voluntary Insurance for unemployment and/or professional qualification – Entitles the insured persons to receive indemnity for unemployment and/or funds for education.

1. The pension insurance in Bulgaria is a three-pillar system. The first pillar is State Compulsory Pension Insurance, a part of the State Social Security. The second and third pillars are part of the Supplementary Social Security.

Croatia

In Croatia, the social security scheme is financed by both social security contributions and taxes.

Social security in Croatia includes health and pension insurance, unemployment insurance and family benefits, social benefits and child benefits.

The main principles of these social security schemes are that they are public, general and compulsory. They cover the insured persons and are based on contributions paid by employees, employers and self-employed persons, and are partly financed by the state budget. They are based upon solidarity of members, except for the second pillar of funded pension insurance.

The compulsory primary **health insurance** is administered by the Croatian Institute for Health Insurance (HZZO) and covers the costs of health services prescribed by law. These include services in the case of workplace injury and profession-related illness, compensation for loss of pay during sick leave, maternity or paternity leave, and transport costs linked to the use of health services. Services which are not covered by the basic health insurance are borne by the individual, or are covered by an additional health insurance. Employer contributions for health insurance equal 15% of gross pay. There are no employee contributions.

The **pension insurance** system consists of three pension pillars: the first pillar is the generational solidarity system, the second pillar is the compulsory individual pension insurance, and the third pillar is the voluntary pension insurance. The last two pillars represent individual capitalised savings by the insured person.

The institution in charge of the organisation and implementation of the pension insurance system is the Croatian



Institute for Pension Insurance (HZMO). All employees must contribute to the first two pillars of pension insurance, at the rate of 15% and 5% of gross pay.

An insured person is entitled to old-age pension upon reaching 65 years of age and having completed 15 years of qualifying periods. An exception to this rule is that during the transitional period from 1 November 2010 until 31 December 2029, women who have completed 15 years of qualifying periods are entitled to old-age pension subject to special provisions.

Insured persons who are 60 years of age and have completed 35 years of qualifying periods can be awarded anticipatory pension. An exception to this rule is that during the transitional period from 1 November 2010 until 31 December 2029, women can be granted an anticipatory pension subject to special provisions.

Depending on the degree of reduction of the work ability, the insured person is entitled to invalidity pension due to general incapacity for work or occupational incapacity for work.

Employer contributions for **unemployment** and for **injury at work** equal respectively 1.7% and 0.50% of gross pay.

Child allowance varies according to the monthly net income per family member and the payable allowance for a sole parent is 15% higher than the allowance for a household.

Cyprus

The current Social Insurance Scheme, which entered into force in October 1980, has incorporated the previous flat-rate scheme into a modified structure providing in addition supplementary earnings-related benefits. The Scheme is divided into two parts: the basic part and the earnings-related part.

Persons covered

The Social Insurance Scheme applies to all workers (employed and self-employed). Voluntary contributions are allowed for persons who wish to prolong the insurance after a specific period of compulsory insurance or to persons who work abroad in the service of Cypriot employers.

Compulsorily insured persons

Every worker in Cyprus is compulsorily insured under the Social Insurance Scheme. The compulsory insurance falls into two categories: employees and self-employed. Every person who is employed in the service of an employer (including employees in the private sector, public employees, semi-public employees and apprentices) falls under the category of employees. Every person who is employed in a business of his/her own or performs any activities for his/her own account, such as traders, industrialists, farmers etc., falls under the category of self-employed persons.

Voluntarily insured persons

Every compulsorily insured person, whether employed or self-employed, whose employment is terminated, has the right to continue to be insured under the Cyprus Social Insurance Scheme on a voluntary basis, subject to certain conditions.

Contributions

The Social Insurance Scheme is financed by contributions paid by the employers



(7.8%), the insured employees (7.8%), self-employed persons (14.6%) and the state (4.6%) as a percentage on the insurable earnings. Employer and employee contributions are calculated on a capped remuneration. For self-employed persons, the contributions depend on the type of occupation, with upper and lower weekly limits of gross income.

Furthermore, contributions are made to other specific funds, at various rates.

Liability for the payment of contributions

Employed persons

The employer is liable to pay contributions to the Social Insurance, Annual Holidays with Pay, Redundancy, Human Resource Development and Social Cohesion Funds for each of its employees.

Self-employed persons

A self-employed person is liable to pay social insurance contributions at a rate of 14.6% for each contribution week in which he/she has worked as a self-employed person.

Benefits

The Scheme provides for the following benefits:

- a) Maternity grant
- b) Funeral grant
- c) Maternity allowance
- d) Sickness benefit

- e) Unemployment benefit
- f) Invalidity pension
- g) Old-age pension
- h) Child benefit
- i) Widow's pension
- j) Orphan's benefit
- k) Missing person's allowance
- l) Employment injury benefit, which includes:
 - a. Temporary incapacity (injury benefit);
 - b. Disability benefit; and
 - c. Death benefit.

Employees are entitled to all of the above benefits. Self-employed persons are not entitled to unemployment benefit and employment injury benefits. Voluntary insured persons working abroad are not entitled to employment injury benefits. Other voluntary insured persons are entitled only to maternity and funeral grants and to old-age and survivor's benefits.

In view of coverage for health care, the Cypriot legislation requires registration to the national health system and a contribution period to the social insurance scheme for a minimum period of three years. The extent of the health care coverage is related to income, i.e. some individuals or families benefit from free medical care, others from medical care at reduced fees. The remaining category benefits from government medical services against payment of the set fees prescribed from time to time.

Czech Republic

The social security system in the Czech Republic consists of two separate subsystems, i.e. social insurance and health insurance, and is operated by two different authorities – the Social Insurance Authority and the Health Insurance Companies. The Czech social insurance is governed by the Act on Social Insurance, while the Act on Health Insurance covers health insurance.

Mandatory social security contributions are payable by employers and employees and are composed of contributions to the sickness, pensions (includes old-age and disability insurance), unemployment and health insurance schemes. The contributions for social and health insurance are calculated on the assessment base of the employee. In general, the calculation base is the total income which is subject to tax. However, the social insurance contributions are capped whereas health insurance contributions are uncapped.

The mandatory sickness, pension, unemployment and health insurance contributions paid by the employee are not tax-deductible for the employee.

The System of Health Insurance

- The system of general health insurance covers health care aimed at maintaining or improving the health condition of insured individuals.
- Participation in the insurance system is obligatory (exceptions are specified in the relevant legislation).
- Each individual must be insured with one of the health insurance companies (the insured person may change insurance company once a year).
- The employer makes health insurance payments to the account of the relevant health insurance carrier for individual employees and employers.
- Premiums amount to 13.5% of the assessment base.



- For employees, one third (ie 4.5%) is paid by the employee, the remaining two thirds are compensated for by the employer at his own cost.
- Minimum insurance premiums do apply.

Social Security System - Social insurance

- Social security includes pension insurance, sickness insurance and a contribution to the state employment policy.
- Old age and other pensions are covered by social insurance. Sickness allowances provide social protection in certain situations (e.g., sickness, benefits for childcare or family member care, maternity leave). The contribution to the state employment policy also covers unemployment benefits.
- The pension scheme exists of three pillars:
 - The first pillar – “state pension”: An employee or a self-employed person (entrepreneur) pays pension insurance premiums based on his/her wage; the pension is paid to the employee from a state fund.
 - The second pillar – “pension fund”: Participation is voluntary; the pension is paid from the pension fund in which

the employee is saving up. The second pillar will be abolished in the future.

- The third pillar – “additional pension insurance”: Participation is voluntary; the state pays contributions and allows for the lowering of the tax assessment base of the citizen.

The contributions are as follows:

- Social Insurance Contributions are calculated on an assessment base, of which the maximum for 2015 amounts to CZK 1,277,328.
- Rates for employees: 6.5% social security insurance (capped at CZK 1,277,328 income)
- Employer: 25% social security insurance (capped at CZK 1,277,328 income)
- Rates for self-employed: 29.2% social security insurance (capped at CZK 1,277,328 assessment base)
- For the needs of an employee's social security, no minimum premium is defined.
- Specific provisions apply to self-employed (entrepreneurs) (e.g., principal and secondary activities).

Denmark

Financing

The Danish social security system is mainly financed through the tax system and only to a minor extent through a separate social security contribution. The separate social security contribution paid by the employer and employee amounts annually approximately to respectively EUR 1,600 and EUR 145. Indeed, employee contributions to the mandatory pensions scheme (ATP) equals maximum DKK 1,080 (EUR 145) annually. Employer contributions are twice the amount, DKK 2,160 (EUR 290) annually. In addition, the employer contributes to work injury insurance etc., thus in total for the employer approximately EUR 1,600 annually.

Benefits

Unemployment benefits are part of the social security system, i.e. there exists a public funded unemployment system.

However, it is voluntary to contribute to the private unemployment insurance fund. Only the employee should contribute, if he/she wants to be insured. In order to claim unemployment allowances, the employee must –as a general rule (exceptions apply)- indeed have been a member of an unemployment insurance fund for at least one year and should within the last three years have reported at least 1,924 salary-hours as full-time insured or 1,258 as part time insured. Only working hours

performed while being a member of the unemployment insurance fund count. Unemployment benefits are granted during two years maximum for the privately funded unemployment insurance. If applied, after two years, the individual is moved over to the public social security unemployment system.

Employees becoming a parent are entitled to 52 weeks of paid **maternity leave**, of which two weeks of post-natal leave is allocated to the father and of which 32 weeks of post-natal leave can be divided between father and mother as desired, or can be postponed but must be taken before the ninth birthday of the child.



Estonia



Eligibility for social security and social assistance rights in Estonia is primarily based on residence.

Contributory and non-contributory benefits

The Estonian social protection system is structured around three contributory social security schemes: pension insurance, health insurance and unemployment insurance. Pension insurance and health insurance are financed by a social tax, while unemployment insurance is funded by unemployment insurance contributions. The other schemes - family benefits, State unemployment allowances, national pension, death grants and social benefits for the disabled - are non-contributory, being financed through general State revenues.

Health insurance and **pension insurance** are financed by contributions, i.e. by the social tax (33%) which is payable by the employer. **Unemployment insurance** is financed by an unemployment contribution paid by employers (0.8%) and employees

(1.6%). Social contributions (social tax and unemployment insurance contributions) are collected by the Estonian Tax and Customs Board (Maksu- ja Tolliamet).

The **supplementary pension** scheme, which is a mandatory funded scheme (so called 2nd pillar), is administered by individual pension funds under the supervision of the Ministry of Finance (Rahandusministeerium). Subscription to the funded pension is mandatory for persons born in 1983 or later or for those who have opted in. The funded pension is based on preliminary financing – an employed person pays 2% of his/her gross salary to the fund. The State adds 4% out of the current social tax.

Contributions to the supplementary funded pension scheme (3rd pillar) is voluntary for all persons. The contributor is entitled to receive payments after he/she has turned 55, or in the event that he/she has become fully and permanently disabled and unable to work.

Estonian unemployment benefits are limited in time. An insured person's right to receive an unemployment insurance benefit during the period when he or she is registered as unemployed is indeed limited in function of the length of the period during which the individual was insured. Entitlement period may in this respect vary from 180, 270 or at maximum 360 calendar days.

Germany

German social insurance is a statutory insurance system that provides protection against the major life risks.

The social insurance scheme is primarily financed through contributions paid by employees and employers. Insurance risks are borne collectively by the community of all insured persons. The German social security scheme provides health, long-term care, pension, unemployment and occupational accident insurance coverage. The different insurance funds are self-governing corporations under public law that have joined to form national associations. The funds take full responsibility for fulfilling the tasks assigned to them by law.

Contributions

Mandatory social insurance contributions for employers and employees combined reach on average 40% of gross wages below annually defined ceilings. Employers and employees split most of these charges in equal parts.

The employee's contribution to the social security is withheld directly by the employer from the employee's gross salary. The employer remits the total contributions to the authority on a monthly basis.

Some benefits

German health care insurance provides for a specific 'opting out' system. If the regular salary of the employee exceeds the ceiling of EUR 54,900.00 per year, the employee is indeed exempt from compulsory health and long-term care insurance. In this situation, he/she can opt for either statutory insurances on a voluntary basis or choose a private health and long-term care insurance and thus 'opt out' of the statutory insurances.

Social security rates and ceiling amounts for 2015:

	Contribution rate	Income ceiling for contributions / month
Pension insurance	18.7%	EUR 6,050.00 (former East Germany: EUR 5,200.00)
Unemployment insurance	3.0%	EUR 6,050.00 (former East Germany: EUR 5,200.00)
Health insurance*	14.6%	EUR 4,125.00
Long-term care insurance**	2.35%	EUR 4,125.00

Additional apportionment and accident contributions apply for the employer

*An additional employee contribution rate can be implemented by the health insurance institutions (the average additional rate for 2015 is 0.9%) / **Childless members of the statutory long term care insurance have to pay an additional contribution in the amount of 0.25%

German unemployment benefits are limited in time. The duration of the benefits depends on the duration of compulsory

insurance coverage and on the age of the beneficiary. The maximum period of payment equals 24 months.



Greece

There are many social security organisations in Greece, but IKA (Idryma Kinonikon Asfaliseon) and OAE (Organismos Asfalisis Elefteron Epogelmaton) are the primary ones.

Salaried employees

The majority of salaried employees in Greece are insured with the Social Security Organization for Salaried Employees (I.K.A.). I.K.A. covers the employees for the following parts of social security: pension, supplementary pension, medical care in cash, medical care in kind, and unemployment. The SSC rate for the majority of employees amounts to 40.06% (employer: 24.56%, employee: 15.50%). The social security contributions are calculated up to the upper ceiling of EUR 5,543.55 per month on a 15 months basis for “new” employees (first insurance date after 1 January 1993) and on a 14 month basis for “old” employees (first insurance date until 31 December 1992). However, it is important to note that I.K.A. has hundreds of social security packages/categories that may vary in function of job position (e.g., heavy and health-hazardous occupations).

Freelancers/self-employed persons

Freelancers and self-employed persons are insured with Pension Fund for freelancers (O.A.E.E.). O.A.E.E. covers the insured persons for pension and medical care in kind. Minimum monthly social security contributions for “new” insured persons (first insurance date after 1 January 1993) amount to EUR 210.71 per month whilst minimum monthly social security contributions for “old” insured persons (first insurance date until 31 December 1992) amount to EUR 245.20 per month. For both “new” and “old” insured persons of O.A.E.E., social security contributions are calculated on a 12 months basis.

Other Social Security Funds

Further to I.K.A. and O.A.E.E., several other Social Security Funds exist in Greece. The insurance with these Funds depends on the employee’s job description. In particular, engineers are insured with T.S.M.E.D.E., doctors are insured with T.S.A.Y., and lawyers are insured with the Law Fund. The insurance with the said Funds is compulsory and the respective professional categories are insured with them even if they are not actually employed. Furthermore, engineers, doctors and lawyers are mandatorily insured with the before mentioned Funds, irrespective of the fact of being salaried employees or freelancers.

Pensions

Currently, the basic prerequisite conditions for entitlement to a pension are alternatively the following:

Working days	Age
4,500	67
12,000	62

In the Greek Social Security System a full-time month of employment equals 25 working days, i.e. a full-time year of employment equals 300 working days.

The above-mentioned conditions concern the general rule for pension entitlement in Greece today whilst there are plenty of subcases with different conditions, depending on factors such as the insured person’s current age, the date that he/she has been insured for the first time, his/her total working days until now, the Social Security Funds with which he/she has been insured during his/her life... Furthermore, it should be noted that the prerequisite conditions for pension entitlement in Greece have changed (in particular, they



have been increased) several times since 2010 and they are likely to be amended again in the near future.

Medical care

Social Security Funds in Greece offer medical care coverage to their insured members according to the respective prerequisites (in particular, salaried employees and the members of their families are entitled to medical care, provided that they have completed at least 50 working days in the past year or within the preceding 15 months - the last three months not counting).

Medical care includes, indicatively, visit to doctors, medical examination, cover of certain medicines cost (based on set State rates), hospital care, etc.

Furthermore, salaried employees are entitled to a Sickness Allowance when ill with an ordinary disease.

Hungary

The Hungarian social security system provides benefits for sickness, maternity, old-age, invalidity, survivorship, unemployment, child allowance and family benefits, accidents at work and long term care. The social security is based on the system of national insurance. Everybody who is working either for an employer or as self-employed has to pay a certain percentage of their income as contribution to the national health and pension insurance fund. The contributions provide the basis of the health care system and also the Hungarian pension system. The contributions should be paid on a monthly basis.

In Hungary both the employer and the employee are obliged to pay social security contributions. The Hungarian social security contributions are based on the income received from the legal employer.

The rates applicable on such income are as follows:

Employee part:

- Pension Fund Contribution: 10% of the gross income (uncapped)
- Health care and labour market contributions: 8.5% of the gross income (uncapped)

Employer part:

- Social tax: 27% of gross income (uncapped)
- Training fund contribution: 1,5%

For self-employed persons, the rates are as follows:

- Pension Fund Contribution: 10%
- Health care and labour market contributions: 8.5%
- Social tax: 27%



There is just one type of health insurance in Hungary. The Ministry of Human Resources is responsible for health insurance and the health sector. The Ministry monitors the activities of all insurance providers, health insurance funds, and providers of healthcare services in respect of healthcare benefits. It also investigates complaints relating to the procedures of the health insurance agencies.

Unemployment benefits in Hungary are limited in time, i.e. maximum 90 days. The job-seeker benefit amounts to 60% of the beneficiary's earlier average wage, with a fixed maximum amount. The maximum is 100% of the minimum wage, i.e. HUF 105,000 (EUR 329). If the jobseeker's average wage cannot be determined, the amount of the allowance is calculated on the basis of 130% of the national minimum wage.

Ireland

In Ireland, the social security system is administered by the Department of Social Protection which provides a range of social welfare benefits.

There are three main categories of social welfare benefits, these are:

01. Social insurance payments
02. Social assistance payments
03. Universal payments

Social insurance payments

Payments made under the social insurance scheme are paid out of the Social Insurance Fund, which is financed in part by 'Pay Related Social Insurance' (or PRSI) contributions from employers and employees, self-employed contributors and voluntary contributors. Any deficit in the funds is met by Exchequer subvention.

Entitlement to social insurance benefits is conditional upon the claimants' having a certain number of social insurance (PRSI) contributions paid or credited in



a specific period of time, in addition to the necessary circumstantial conditions. These conditions vary depending on the type of payment. Social insurance payments include: Jobseeker's Benefit, Illness Benefit, Maternity Benefit, Invalidity Pension, Carer's Benefit and State Pension (Contributory).

To help fund these benefits, employed and self-employed persons, over the age of 16 and under pensionable age (currently 66 years) with certain exceptions, must make social insurance contributions. For most employees, the rate of contribution is 4% with an employer contribution of 10.75%. For self-employed contributors the rate is also 4%. There is also a scheme, affiliated to the public mandatory scheme, for making voluntary PRSI contributions. Voluntary contributions can allow an individual to remain insured after he/she has left the mandatory PRSI scheme in order to preserve/increase the individual(s)' entitlements to long-term benefits, such as pensions (voluntary contributions do not cover short-term benefits). For most employees, the rate for voluntary contributions is 6.6% and for self-employed persons (i.e. individuals whose last PRSI contribution was a self-employed contribution), a flat rate of EUR 500 applies.

While the Department of Social Protection is the competent authority for social security purposes, it is the Irish Revenue Commissioners who have responsibility for collecting PRSI contributions in most all cases.

Social assistance payments

Social assistance schemes are financed entirely by the Exchequer. One of the basic requirements to qualify for payment under the social assistance schemes is that the claimant must satisfy a means test. An individual must also be habitually resident

to qualify for social assistance payments in Ireland.

Benefits under the social assistance scheme are designed for individuals who do not have enough PRSI contributions to qualify for the equivalent social insurance-based payments. An example would be a person who becomes unemployed, applies for Jobseeker's Benefit but fails to qualify because he/she does not have enough social insurance contributions. Instead, he/she can apply for Jobseeker's Allowance, which is the means-tested equivalent payment. A means test involves the Department of Social Protection examining all of an individual's sources of income to see whether they fall below a certain level. The method of testing means can vary from payment to payment.

Universal payments

In addition to social insurance and social assistance schemes, the Department of Social Protection also provides universal payments (or services) which are funded entirely by the Exchequer and are paid regardless of a person's income or social insurance record. These payments are dependent on the claimant satisfying specific personal circumstances. An example is Child Benefit where a person must simply have a child dependant living with them, as defined in the social welfare legislation. (Migrant workers from EEA Member States may get Child Benefit if their dependent child is resident in another EEA Member State.) Free travel for those of pensionable age is another example of a universal service where entitlement does not depend on an individual's PRSI record nor does it require that the recipient be means-tested.

Italy

Italian law provides for a comprehensive system of social insurance covering the following: invalidity; old age/retirement; survivor's pensions; sickness and maternity; unemployment and "mobility"; family allowances; health care; work injuries; professional diseases.

The system is controlled by the national government, with various sections administered by separate public institutions, most notably, the National Institute for Social Security (Istituto Nazionale Previdenza Sociale, or INPS).

Employees

INPS is the largest social security and welfare institute in Italy. Private sector employees are ensured at INPS. All companies operating in Italy are registered with INPS. INPS provides a large and articulated range of services, which include services of a social security and welfare character. The former services are determined on the basis of insurance relationships and are financed by contributions from workers and businesses (old-age pension, retirement pension, survivor's pension, invalidity benefit, inability pension). The latter are services of the social state, which have been assigned to INPS (minimum pension, social allowance, social increases, civil disabilities).

The Institute also manages all those non-pension related services aimed at protecting workers who find themselves in special situations at particular times in their working lives (unemployment benefits, the redundancy fund, sickness benefits, maternity benefits and severance pay). In addition to the above, INPS provides to the payment of funds set aside for persons who have low incomes and large families (family allowances, maternity benefits and municipal allowances for the family).



Generally, the employee social security rate is equal to 9,49% (cap equal to EUR 100,324 applicable for workers without seniority at 31.12.1995). Additional 1% is due on income from EUR 46,123 up to EUR 100,324 (cap applicable in case of workers without seniority at 31.12.1995).

However, the amount of social security contributions varies in consideration of other aspects, such as the job qualification. Furthermore, it should be remarked that is the Italian Authority that provides for the effective rates of contributions to be applied.

Non-employees

Self-employed workers are also insured with INPS (the so called "Gestione separata INPS") and have mostly the same rights and obligations described for the employees (sub i). In the category of self-employed workers are included coordinate and continuous workers, professionals not obliged to be insured at the relevant fund of their category (please refer sub iii), occasional workers, etc.

Self-employed social security rate is equal to 27.72% - 28.72%, it depends on the

specific category of self-employed (cap equal to EUR 100,324).

Professional categories

In Italy the professional categories (i.e., focusing mostly on intellectual work), such as lawyers, accountants, architects, engineers, etc., are obliged to be insured with special pension funds (so called "Casse") and each of them has a specific and different regulation that each member of the professional category has to observe.

Moreover, the Italian social security system provides also additional pension funds. The insurance to those funds can be compulsory (e.g., for the executive category) but also voluntary in order to be entitled to receive future benefits.

With reference to the legislation system in Italy, we underline that with particular regard to Laws related to the Social Security System, practice is very important. Therefore, after the entry into force of a national Law, practical clarifications and/or interpretation of the relevant new legislation is still provided.

Lithuania

The basic characteristic of the Lithuanian social security system is that it consists of two parts: insurance and social support. Social security insurance comprises various types of insurance (pension, health, illness and maternity, unemployment, insurance for accidents in the workplace, and professional illness), and it is based on contributions paid by insured persons and/or employers (in some cases an individual can also be insured by the state, e.g., students' health insurance). Social support is based on the actual need to receive support and depends on the financial income of a person (e.g., child allowance is granted only in case the monthly income per family member is lower than the established standard).

Contributions

The employer's social security responsibility is composed of the following contributions to the Social Security Fund, calculated on gross salary sum of employee:

- 23.3% - pensions insurance (old-age and lost work capacity);
- 3.4% - illness and maternity insurance;
- 1.1% - unemployment insurance;
- 3% - health insurance;
- 0.18% - basic contribution rate for accidents in workplace and professional illness insurance;

In total, this equals 30.98%. In addition, the employer pays 0.2% to the Guarantee Fund.

Employee's contributions are composed of 6% for health insurance and 3% for pension insurance, calculated and deducted from the gross salary sum of the employee.

Entitlement to social security insurance benefits

As a rule, the main criteria for entitlement to benefits is: sufficient number of periods during which a person was insured – the exact number depends on the type of insurance. In case such minimum requirements are not met, the state still grants certain limited support.

Residence requirement

Temporary residents in Lithuania from countries which are not EU/EAA members, are also entitled to receive certain social security benefits. However, the extent of social security coverage depends on the legal ground on the basis of which the residence permit has been issued. For example, foreigners residing in Lithuania as highly qualified employees enjoy social security benefits almost to the same extent as permanent Lithuanian residents (exceptions to unemployment benefits and social support apply).

Old-age pension

In Lithuania, a difference in legal pension age still exists between men (63 years and 2 months) and women (61 years and 4 months). Since 2012, the retirement age is annually increasing by four months for women and by two months for men until it reaches 65 for both women and men in 2026.



Luxembourg



Employers, employees and self-employed persons are obliged to pay social security contributions in Luxembourg.

Wage earners

Both employer and employee social security contributions are calculated on an employee's yearly gross remuneration both in cash and in kind and capped to the annual social security ceiling, which amounts to EUR 115,377.84 as at 1 January 2015.

A special regime applies to the dependence insurance contribution due by employees. The base is gross salary, less 25% of the minimum salary (i.e. EUR 480.74 per month as at 1 January 2015). The social security ceiling does not apply. The dependence insurance contribution also applies to net passive income, namely investment, rental and capital gains income, as well as some pension income of resident individuals.

Employer contributions are not considered as a taxable benefit. Employee contributions are tax deductible, with

the exception of the 1.4% dependence insurance contribution.

The employer withholds employee's social security contributions at source on the employee's remuneration and remits the total contributions (employee and employer parts) to the social security authorities.

Self-employed persons

Social security contributions for self-employed persons are calculated on the basis of their net business profit as determined for income tax purposes, or provisionally on the profit for the last tax year assessed. The contributions are capped to the annual social security ceiling, which amounts to EUR 115,377.84 as at 1 January 2015.

A special regime applies to the dependence insurance contribution due by self-employed persons. The base is net business profits, but the social security ceiling does not apply. The dependence insurance contribution also applies to net

passive income, namely investment, rental and capital gains income, as well as some pension income, of resident individuals.

Social security contributions for self-employed persons are tax deductible, with the exception of the 1.4% dependence insurance contribution.

Some benefits highlighted

Health insurance

In Luxembourg there is a free choice of service providers under the statutory health insurance scheme. As a rule, the benefits are reimbursed on the basis of a tariff agreed between the Union of Sickness Funds and the healthcare system provides treatment. The state programme covers 100% of inpatient hospital expenses and 80% of outpatient treatment costs. The cost of drugs is reimbursed at varying rates.

Maternity benefits

To be entitled to maternity leave, the insured person must have completed a mandatory minimum period of six months membership in the 12 months preceding the commencement of maternity leave. Pre-natal leave is eight weeks before the expected date of delivery. Post-natal leave is eight weeks after the actual date of delivery, a period which may be extended to 12 weeks in certain specific cases.

If delivery takes place before the expected date, the part of the pre-natal leave which has not been taken will be added to the post-natal leave, to a maximum of 20 weeks total maternity leave. If delivery takes place after the expected date, the date of leave from work is prolonged correspondingly, with no prejudice to post-natal leave entitlement.

Women carrying out a profession as a self-employed worker in Luxembourg also benefit from maternity leave.

Malta

The Maltese system provides for two basic schemes, known as the Contributory Scheme and the Non Contributory Scheme. In the Contributory Scheme, the basic requirement for entitlement is that specific contribution conditions are satisfied. In the Non Contributory Scheme, the basic requirement is that the conditions of a means test are satisfied.

Non-contributory

The Non-Contributory Scheme which originally was meant to cater for those below the 'poverty line' has over the years evolved into a comprehensive scheme covering types of benefits that supplement each other. This provides for simultaneous coverage in those cases where more than one contingency is present. Moreover, through the process of targeting, this scheme has succeeded in the provision of additional assistance to certain specific categories such as persons with a disability, single parents, as well as family as a single unit.

Contributory

The Contributory Scheme may be said to cater for the other side of the coin. This scheme is universal since it practically

covers all strata of society. The contributory scheme in Malta is a system where an employee or self-employed person pays a weekly contribution as laid down by the Social Security Act. The Maltese system is a "pay as you go" system. This is due to the fact that one contributes during the period that one is gainfully active in order to provide for him/herself when a later contingency such as sickness, unemployment or retirement occurs.

Contributions and benefits

The amount of contribution varies according to the employee's earnings. The lowest rate is EUR 16.63 per week and the highest rate is EUR 34.31 per week for persons born before 1961 and EUR 41.83 per week for persons born as from 1 January 1962.

Self-employed persons, who earn more than EUR 910 yearly, pay monthly contributions that vary from the lowest rate of EUR 28.47 to the highest rate of EUR 51.47 for persons born before 1961 and EUR 62.74 for persons born as from 1 January 1962.

All employed, self-employed as well as unemployed persons may be insured. This is precisely the reason why the scheme provides for the payment of different classes and categories of contributions. Moreover, under certain conditions, the scheme acknowledges the non-payment (crediting) of contributions during a period of a specific contingency, and provides for the crediting in lieu of the payment of contributions.

For entitlement to **unemployment benefits**, the insured person must be registered as unemployed and be capable of and available for work. Unemployment benefits are not paid for a period of six months in case the unemployment is voluntary or in case the unemployment is a result of misconduct.

Child benefits are in principle paid to each family residing in Malta who has children under the age of 16. However, under certain circumstances, children older than 16 can also be entitled to receive child benefits (for example full-time students). The amount of child benefits is linked to the annual reckonable income of the household.



Netherlands



The Dutch social security system covers the following:

- Sickness and maternity;
- Occupational disability insurance; there is no separate insurance scheme in the Netherlands for accidents at work and occupational diseases;
- Old-age pensions;
- Survivors' benefits;
- Unemployment;
- Child benefits.

Contributions

Dual system:

- National insurance ("volksverzekering"), mandatory for residents and for non-residents working on an employment contract in the Netherlands or on the Dutch part of the continental shelf and being subject to Dutch wage tax. During the year, contributions are to be paid through the individual's wage tax. The final national insurance liability is calculated when filing the income tax return. The National insurance contributions are paid by the employee/resident and calculated at a rate of 28.15% on a maximum annual wage of EUR 33,589. This implies that the annual

contributions are capped at EUR 9,455.

- Employee insurance ("werknemersverzekeringen"), for which contributions are fully paid by the employers. Contributions are levied through the wage tax return and paid to the Dutch tax authorities. The employee insurance contributions paid by the employer and are calculated at an average rate of 18,08% on an annual maximum wage of EUR 51,796. This implies that the annual contributions are capped at approximately EUR 9,500.

Additionally, everyone who is subject to Dutch social security needs to take out medical insurance at an annual premium for the basic insurance of EUR 1,288 on average.

Benefits

Old-age pension

The State Pension age was 65 years and three months in 2015, and will be gradually increased to 66 in 2018 and 67 in 2021. As of 2022, the legal retirement age will be linked to life expectancy. No early pension applies.

Pension (annual gross amounts):

- Married and unmarried persons sharing a household, both aged over the legal retirement age: EUR 9,372 for each person.
- Single person: EUR 13,569.

Full pension payable after 50 years of insurance. For every year in which there was no insurance, an amount of 2% of the full pension is deducted.

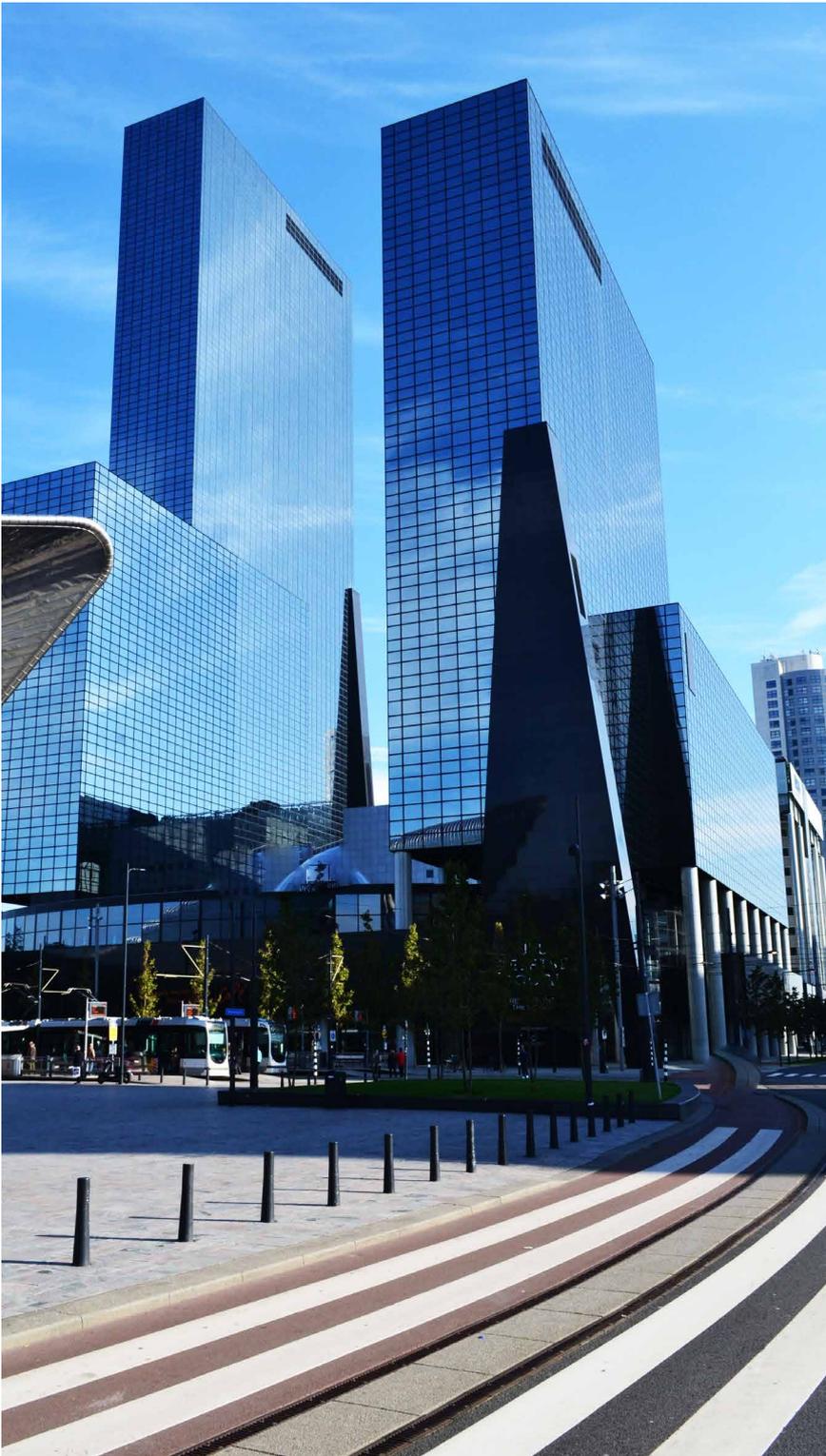
An extensive system of second pillar pension is available either via pension funds for a specific type of business or company pension via insurance companies.

Survivor's benefits

A low amount of survivor's benefits are available for remaining partners who are more than 45% disabled or who raise children. Orphans can also be entitled to benefits. The gross amounts vary between EUR 4,900 and EUR 14,890 per annum

Long-term care

Benefits in kind are available for situations of people who need to be nursed in an institution or who need extensive care at home.



Health insurance

Every person subject to Dutch social security is obligated to take out a Dutch health insurance via a Dutch health insurance company. This insurance provides a decent level of care via a GP, specialist and hospital.

Disability benefits

An employer needs to continue the payment of salary during the first 104 weeks of sickness or disability. After that disability benefits are available depending on the level of disability. A fully disabled person is entitled to a benefit of EUR 38,816 per annum but this will be lower for employees who are not fully disabled.

Unemployment benefits

Unemployment benefits are available for a maximum period of 38 months. As of 2016 this maximum period is gradually reduced to 24 months. The gross amount of the benefit is EUR 38,816 per annum.

Child benefits

Child allowances are available to parents of children younger than 18 years. The amount varies from EUR 197.67 per quarter for the youngest category up to EUR 282.39 per quarter for the oldest category.

Norway



The social security insurance scheme

There are three main social insurance schemes in Norway, the National Insurance Scheme (NIS), the Family Allowance Scheme and the Scheme for cash benefits for families with small children. The NIS includes among other things old age and disability pension, family benefits such as maternity and paternity leave benefits, sickness benefits, as well as health care costs.

According to domestic legislation, employees who perform work in Norway are mandatory members of the NIS from the first day of work in Norway. Individuals who reside or intend to reside in Norway for a period of at least 12 months become residential mandatory members of the NIS. The NIS membership ceases from the first day an employee takes work abroad or if the individual moves from Norway with the intention to stay abroad for periods exceeding 12 months. Norway is bound by different social security agreements with other countries, including the EC Regulation 883/2004.

Income related benefits

Most of the benefits are related to loss of income due to absence from work, such as maternity/paternity leave and sickness, in addition to unemployment benefits. The amount of the benefits available are closely connected to actual previous income. Income exceeding 6 times the Basic Amount (BA), currently NOK 540 408 (May 2015) is in general not taken in to consideration. The retirement age is flexible between 62 and 75, although certain requirements apply for withdrawal of old age pension between 62 and 67.

Non-income related benefits

Family allowances, child benefit and health care is based on NIS membership. All members of the NIS are in general entitled to free accommodation and free treatment in public hospitals. A "cost sharing fee" is charged for services provided by for example family doctors and physiotherapists. The "cost sharing fee" is capped on a yearly basis.

Individuals without previous income may qualify for NIS benefits such as old age

pension and disability pension based on actual NIS membership years, although such benefits is significantly lower.

For NIS members living outside Norway, certain additional requirements may apply in order to keep the benefits.

Financing

The NIS is funded by employee's and employer's contributions and the Norwegian state. In 2015 the employee's contribution rate is 8,2 %. The employer's contribution rate is 14,1%, both calculated on gross remuneration. The employer's contribution is geographically differentiated, with 14,1 % as the highest and most common rate. Special rates apply for voluntary NIS membership abroad. Self-employed individuals pay contributions at the rate of 11,4%.

Benefits received from NIS are in general taxable as personal income, apart from lump sum grants, benefits in kind, family allowances and cash benefits for families with small children.

Poland

Poland's social insurance system encompasses old-age pensions and insurance for disability, illness and work accidents. Health insurance contributions are also levied, which provides insured individuals with access to the Polish public healthcare system.

Contributions

Employees

The social security contributions are paid on gross income and decrease the taxable base, while the health insurance contribution is paid on an after-social security basis and is mostly tax deductible. There are certain types of employment benefits that are social security exempt, for example, the income from investments is not subject to social security.

Self-employed persons

Self-employment is subject to social security and health insurance based on a self-declared basis (not on actual gross income) with a minimum monthly amount of contributions laid down by the social security provisions (regardless of whether any self-employment income is generated in a given month). For individuals who start their self-employment activity for the first time, the minimum social security contributions are lower for the first two years.

Voluntary scheme

In cases where individuals are not subject to obligatory social security or health insurance, they can contribute on a **voluntary basis** to the old-age pension

and disability insurance statutory scheme, as well as to the public health insurance scheme.

Poland has a **three-pillar pension system**

in place under which both the employee and the employer pay contributions to the first and second pillars. Employees can make voluntary payments to third-pillar funds, usually managed by insurers or banks. Fiscal incentives in the third pillar have been created to encourage employees and employers to set up retirement plans.



Portugal

The current social security system was put into place after 1974. Previously, the social security scheme was organised per profession and was not a national system. After 1974, the national social security regime was created by merging and integrating all the micro regimes applicable to each job or profession. This was not absolutely mandatory so several professions continued to have separate regimes. Lawyers and solicitors are still not covered by the general regime and civil servants also still have a separate regime. The banking industry, for example, was only totally integrated in 2012.

The Social Insurance Scheme applies to all workers (employed and self-employed). Voluntary contributions are permitted for Portuguese citizens that are not covered by any mandatory regime. This voluntary scheme is commonly used when individuals go to work abroad in countries that have no social security agreement with Portugal.

Every employee in Portugal is compulsorily insured under the Social Insurance Scheme. The compulsory insurance falls into two categories: employees and self-employed. Every person who is employed in the service of an employer, (including employees in the private sector, employees with a labour contract working for public entities, semi-public employees and board members) fall under the category of employed persons. Every person who is employed in a business of their own or performs any activities for their own account, such as traders, industrials, farmers etc., falls under the category of self-employed persons. Although there are two main regimes, there are also specific rules applicable to certain jobs or roles both for employees and self-employed persons.

Contributions

The Social Insurance Scheme is financed by contributions paid by the employers (23.75%), the insured employees (11%) and self-employed persons (29.6%) on the insurable earnings.

Liability for the payment of contributions

Employed persons

Employers and employees are liable to pay contributions on all regular salary, including benefits in kind. Variable salary or bonuses are also subject to social security contributions if the performance criteria are predetermined. Stock plans are not subject to social security contributions.

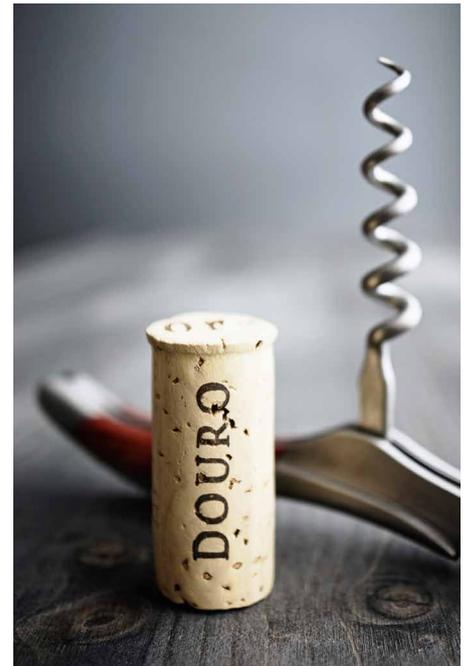
Self-employed persons

Social security is due at a 29.6% rate on income determined by the social security considering progressive brackets. The income is based on 70% of the income related to services and 20% of the income related to the sale of goods. Entities that hire self-employed individuals may have to pay 5% of social security if they represent more than 80% of the self-employed turnover. Self-employed individuals that pay social security under a labour contract are exempt from paying social security as self-employed.

Benefits

The Scheme provides for the following benefits:

- Sickness benefit
- Maternity/paternity allowance
- Unemployment benefit
- Employment injury benefit
- Invalidity pension
- Old-age pension
- Death



Employed persons are entitled to all of the above benefits. Self-employed persons are only entitled to unemployment benefit if there was an entity that was liable to pay the 5% contribution because it represented more than 80% of the individual's turnover.

Voluntary insured persons working abroad are only entitled to death, old-age and invalidity pensions.

Unemployment benefits

To be eligible for unemployment benefits in Portugal, the person must be involuntarily unemployed, capable of working, available for employment, registered with an Employment Centre (centro de emprego), an active job seeker, and not receiving an invalidity or old-age pension.

The right to unemployment benefit has been extended to certain categories of self-employed persons, who receive the benefit under specific conditions.

An insured employee is entitled to unemployment benefit (*subsídio de desemprego*) if he/she has worked for at least 360 days in the 24 calendar months immediately prior to the date of the unemployment.

Unemployment benefit is calculated on the basis of the average monthly earnings (without a ceiling and including income replacement benefits) received during the last 12 months before the termination of an employment contract. The per diem unemployment benefit is 65% of the daily reference earnings, calculated over the 12 months immediately preceding the second month before the date of unemployment, within certain limits. It cannot amount to more than 75% of the net value of

reference earnings or more than 2.5 times the IAS (social support index), and to less than the IAS, unless the worker's reference earnings are below that level. In this case, the amount corresponds to the average payment. The amount of the benefit is reduced by 10% after 180 days of payment.

The duration of payment of unemployment benefit depends on the age of the insured person and the number of months of affiliation in any compulsory social security scheme immediately prior to the date of the unemployment.

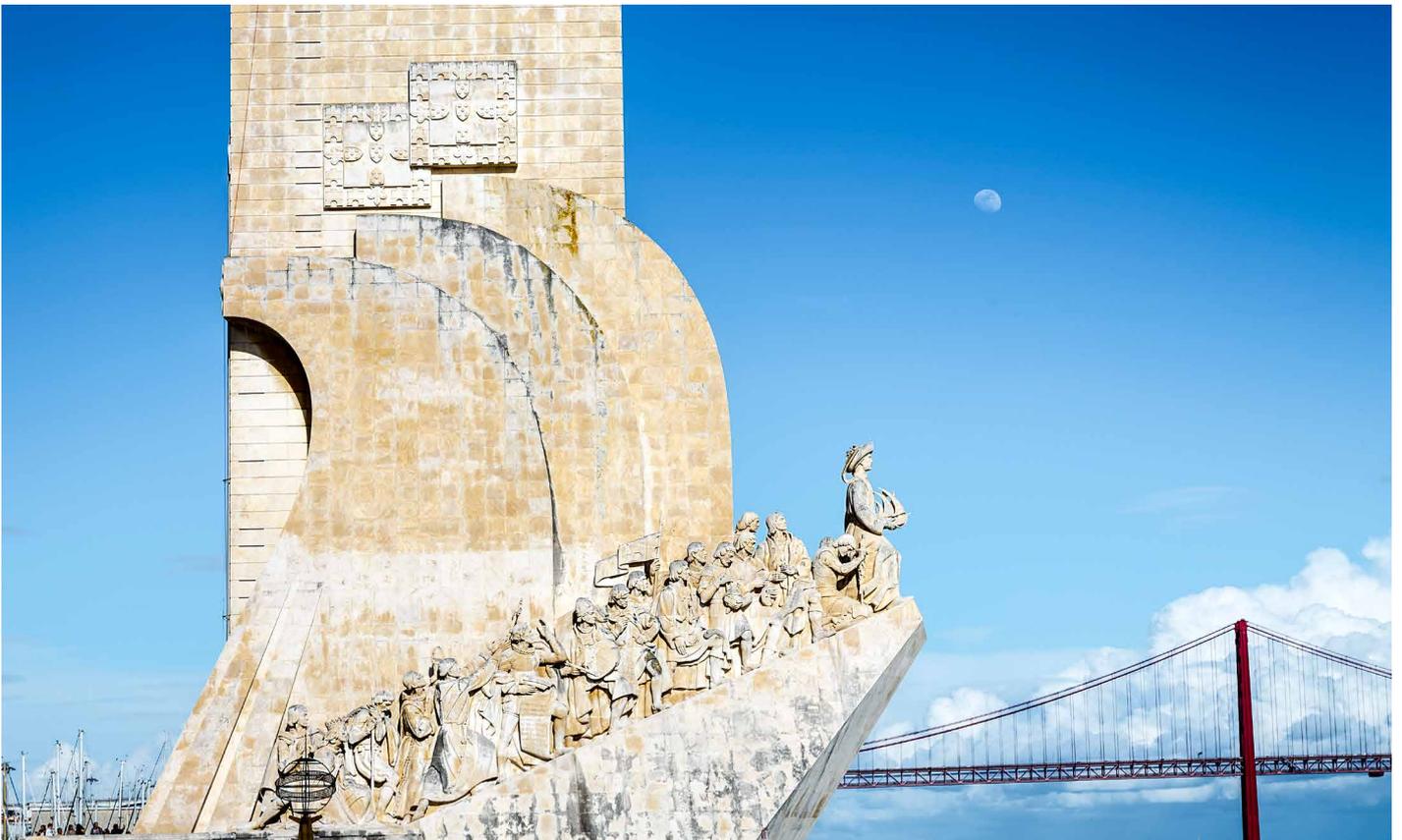
Old-age pension

An employed or self-employed person who reaches the retirement age and meets other specific conditions may qualify for an

old-age pension (*pensão de velhice*). The same conditions apply for those who are insured on a voluntary basis.

The old-age pension may be accessed at any time after the age of 65, as long as the person has accumulated at least 15 years of paid or credited contributions. A completion of 120 days with earnings registration for each calendar year is required in order to be taken into account for pension purposes.

The amount of the old-age pension is calculated on the basis of average monthly earnings adjusted over the person's entire insurance life, up to a maximum of 40 years.



Romania

Romanian social protection is provided by public institutions in close cooperation with private institutions. The public social protection institutions run diverse schemes at both the central and local levels of administration.

At the central level of administration, the ministries, national agencies, or national houses provide protection for individuals related to sickness/health, maternity, invalidity, old-age, survivor, accidents at work and occupational diseases, family/children, and unemployment. At the local level of administration, the offices of the mayor and the county general directorates for social assistance and child protection

cover individuals' needs according to social solidarity and social inclusion principles.

The most significant private social protection institutions are the pension companies. These are new institutions that became operational quite recently and are responsible for providing invalidity, old-age and survivor pensions. On the other hand, private social services providers largely cover the individual's needs for long-term care.

Contributions

Social security contributions on salary income

Contributions are due by both employers and employees. The employee contributions are tax-deductible. They are charged on the entire gross income received by the employee; general and special exemptions apply.

In addition, companies failing to employ the minimum number of employees with disabilities required by law may instead either pay a monthly amount to the Treasury or purchase products or services created or provided by individuals with disabilities.

Social security rates:

Insurance type	Employer	Employee
Social security insurance – pension (old age, invalidity, survivors)	15.8%-25.8% (capped) (depending on working conditions)	10.5% (capped)
	Cap: 5x Average Gross Earnings (as projected for the Annual State Social Insurance Budget) i.e., RON 12,075 (EUR 2,692), (for 2016 RON 13,405 (EUR 3,000)), multiplied by the number of employees.	Cap: 5x Average Gross Earnings (as projected for the Annual State Social Insurance Budget) i.e., RON 12,075 (EUR 2,692), (for 2016 RON 13,405 (EUR 3,000)) per each source of earnings
Health insurance	5.2% (uncapped)	5.5% (uncapped)
	As of 1 January 2017, the health insurance contribution will be capped at the same level as the pension contribution.	As of 1 January 2017, the health insurance contribution will be capped at the same level as the pension contribution.
Unemployment insurance	0.5% (uncapped)	0.5% (uncapped)
Sick leave and sickness benefit insurance	0.85% (capped)	N/A
	Cap: 12x min. gross wage (RON 1,050/EUR 236) (for 2016 RON 1,360/EUR 280)) for each employee	
Accidents at work and occupational diseases insurance	0.15%-0.85% (uncapped) (depending on working conditions)	N/A
Salary payment guarantee fund	0.25% (uncapped)	N/A



Social security contributions on income from self-employment

Income from self-employment is subject to individual health insurance contributions of 5.5%. Pension contribution of 10.5% or 26.3% (depending on the freelancer's choice – payment of individual or full quota) is due on the income derived from self-employment.

Social security contributions due by self-sufficient individuals

Romanian nationals keeping their domicile in Romania and foreign nationals residing in Romania have to pay monthly health insurance contributions of 5.5% of the Romanian minimum wage (RON 1050/ EUR 236) (for 2016 RON 1,250/ EUR 280) provided that they do not derive other income in Romania on which health insurance contributions are due and they are not subject to the social security legislation of a country for which Romania applies international social security arrangements.

Benefits

The Romanian mandatory social security system consists of three main areas: pension, healthcare and unemployment.

Pension and social benefits

The pension system in Romania is composed of three pillars:

- **Pillar I** – is represented by the public state pension system and is based on the principle “pay as you go”. The contribution is mandatory.

- **Pillar II** – is represented by a fixed percentage of the monthly contribution paid, which is wired by the authorities from the contributions to the first pillar to private pension funds. The contribution is mandatory and represents 5% out of the mandatory 10.5% contribution due on gross income.
- **Pillar III** – is represented by the voluntary pension funds, administrated by private companies. The participation to the fund is voluntary and cannot exceed 15% of the monthly salary.

The legal pension age in Romania is 65 for men and 63 for women. In order to benefit of an old-age pension you must contribute to the public system for a minimum period of 15 years. The minimum amount of an old-age pension is RON 400 (approximately EUR 90).

Besides the old-age pension, the Romanian system also covers invalidity pension, anticipated retirement pension, partially anticipated retirement pension, and descendant pension.

The base for the pension contribution is capped at five times the monthly average salary. For year 2015 the value of the monthly average salary is RON 2.415 (EUR 543) (for 2016 RON 2,681(EUR 603)).

In terms of allowances:

- Children are entitled to a monthly state allowance up to age 18 or secondary graduation age. The value of the allowance varies by the age of children

and by the value of the Reference Social Indicator, which is established on an annual basis by governmental decision.

- Families that derive a monthly income lower than the minimum national income are entitled to a family allowance. Its value varies depending on income thresholds, number of dependent children, and the Reference Social Indicator.

For maternity/paternity benefits, there is no difference between the two parents (mother/father), both being entitled to the same benefits. The main condition enabling the parents to receive the state allowances during parental leave is for the parent to derive taxable income for the 12 consecutive months prior to the event and pay the income tax due as per the provisions of the law.

Health system

The Romanian public health care system grants access to general healthcare assistance and emergency services to all insured individuals. The health insurance is based on the mandatory or voluntary contributions within the public system. The assistance does not depend on the value of the contributions although the mandatory health insurance contribution is currently not capped. The public health system is accessible free of charge for non-insured individuals, but only for emergencies.

Unemployment system

The unemployed individuals registered with the Unemployment Agency are entitled to receive an unemployment allowance under certain conditions: contribution period of minimum 12 months within the last 24 months and not deriving income from other sources higher than the Reference Social Indicator. The unemployment benefit is limited in time and the maximum period of coverage is 12 months.

Slovakia

The social insurance system in Slovakia has been newly defined as of January 2004. The Social Insurance Act amends the range of social insurances as well as the organisation of social insurance, the financing of social insurance and the state supervision of social insurance performance.

In Slovakia, the social insurance and health insurance systems are two separate systems covered by separate acts.

The social security system in Slovakia consists of these components:

01. Social insurance
02. Social assistance
03. State social support

The social insurance system includes:

- Pension insurance (old-age insurance, disability insurance)
- Sickness insurance
- Accident insurance
- Unemployment insurance
- Guarantee insurance

The pension insurance scheme has three forms – three pillars:

- 1st pillar – Mandatory system governed by the Social Insurance Authority
- 2nd pillar – Partly voluntary system based on pension savings in pension companies
- 3rd pillar – Voluntary system, additional pension savings.

The social insurance system is financed by contributions paid by:

- Employees
- Employers
- Self-employed persons
- Voluntary insured persons
- The social insurance authority
- The state

Contributions

The employee's rate for the social insurance contributions is 9.4% and the employer's rate is 25.2% from the employment income of the employee. The maximum assessment base is for the year 2015 of EUR 4,120 monthly (except for accident insurance).

The rate for self-employed persons for the social insurance contributions is 33.15%.

The employee's rate for the health insurance contributions is 4% and the employer's rate is 10% from the employment income of the employee. The maximum assessment base is for the year 2015 monthly EUR 4,120.

The rate for self-employed persons for the health insurance contributions is 14%.

Benefits

Health insurance system in Slovakia

The health insurance in Slovakia is divided into mandatory public health insurance and commercial health insurance.

Mandatory public health insurance applies to individuals who have permanent residence in Slovakia and to individuals without permanent residence who work in Slovakia.

Contributions to the health insurance are currently collected by three health insurance companies.

The following persons and institutions are required to make contributions to mandatory insurance:

- Employees
- Employers
- Self-employed persons
- Other persons who are not employees or self-employed persons
- The state



Individual commercial health insurance

Commercial health insurance is provided by various commercial insurance companies.

Old-age pension

An insured person is entitled to an old-age pension under the mandatory social insurance system if he/she has at least 15 years of insurance and has reached retirement age. Since 1 January 2004, the statutory retirement age is 62 for both men and women. This universal retirement age did not come into effect immediately with the enactment of the Social Insurance Act, but has been phased in gradually over a period of ten years (from 2004 to 2014). From 2017 onwards the legal retirement age will gradually increase depending on the growth of life expectancy.

Guarantee insurance

A special feature of the system is that employees can claim a guarantee insurance allowance if their employer becomes insolvent and cannot fulfil their obligations under the Social Insurance Act. The guarantee allowance is payable for a maximum of three months from the last 18 months of employment preceding the start of insolvency. The benefit is paid as a lump sum.

Spain

The social security constitutes an organised system of benefits of a public nature. Basically, the scope of the social security system is to protect people affected by several social risks. In addition, article 41 of the Spanish Constitution guarantees its citizens the right to enjoy a public social security system.

According to the Royal Legislative Decree 1/1994, of 20 June, which approves the Social Security General Law, the Spanish social security system is based on the principles of universality, unity, solidarity and equality.

The Spanish government guarantees people who have met the requirements of the contributory or non-contributory modalities, as well as their dependents, adequate protection against the contingencies and situations contemplated in the Social Security Law.

Currently, the Spanish social security system is based, among others, on the "Agreement Regarding Measures Relating to Social Security". The agreement was reached with the aim to achieve a more caring and efficient social protection system and to guarantee coverage levels, bearing in mind the financial balance and compatibility of social security with employment and wealth creation.

Such agreement is the result of a major coordination effort and involves different activities that influence five of the most important areas of action:

- Adaptation between the system's income and costs.
- Representation of the solidarity principle.
- Initiatives that affect the contributory protection area.
- Actions aimed at promoting the voluntary prolongation of working life.
- Progress in the streamlining and simplification process of the social security system structure.

Currently, the Spanish crisis has increased the unemployment level. Therefore, several measures have been taken in order to adapt the system's income and costs. Among others, the retirement system is progressively increasing the age of retirement as well as the social security contribution base used to calculate the amount of the pension.

In the same manner, certain social security measures have been approved in order to promote the hiring of employees (e.g., establishing social security discounts/allowances, etc.).

Qualification of directors

Employee

Will be considered as employees for social security purposes those directors who comply with all of the following requirements:

01. Have "executive functions" or render other (labour) services for the company.
02. Are remunerated.
03. Do not possess the effective control of the company either directly or indirectly. In this sense, it will be understood in any case that the effective control concur when the shares or participation of the Director accounts for at least half the share capital and will be assumed, unless proved to the contrary, when any of the following circumstances are present:
 - That at least half of the capital of the company is distributed among partners with whom he/she lives and who are related by marriage or blood, kinship or adoption up to twice removed.
 - That his/her participation in the share capital is equal to or more than a quarter of the same, provided that the employee develops management functions.



- That his/her participation in the share capital is equal to or more than a third of the same, provided that they have executive functions.

Self-employed persons

Will be considered as self-employed workers for social security purposes those directors who comply with all of the following circumstances:

01. Have an "executive" position or role within the Board of Directors
02. Possess the effective control of the company either directly or indirectly. It will be understood in any case that this circumstance exists when the shares or participation of the director accounts for at least half the share capital, and will be assumed, unless proved to the contrary, when any of the following circumstances are present:
 - That at least half of the capital of the company is distributed among partners with whom he/she lives with and who are related by marriage or blood, kinship or adoption up to twice removed.
 - That his/her participation in the share capital is equal to or more than a quarter of the same, provided that the employee develops management functions.
 - That his/her participation in the share capital is equal to or more than a third of the same.

No social security qualification

Will be excluded from the Spanish social security system those directors who:

- Are not remunerated and do not have the Company's control
- Are not remunerated, do not have an executive position but do have the Company's control
- Are remunerated, do not have Company's control and do not have an executive position



- Are remunerated, have the Company's control but do not have an executive position.

Regardless the above rules, please take into account that social security qualification of directors is a complicated matter under Spanish legislation and this should be always analysed case by case

Contributions

Overall contributions for common contingencies (common sickness and maternity, invalidity, old-age, survivors

based on common sickness) are 28.3% total, of which 4.7% employee and 23.6% employer contributions. Applied to a maximum ceiling (tope máximo de cotización) of EUR 3,606 per month for 2015.

Self-employed persons are responsible for paying their own social security contributions. There are fixed floor and ceiling contribution bases, and they have to pay contributions calculated on at least the minimum level. They can, however, choose a higher level, up to the maximum,

and can later change it within the set legal limits. Under certain conditions, they can also voluntarily upgrade their protection in order to include insurance against accidents at work and occupational diseases.

Accidents at work and occupational diseases: rates fixed by government decree according to the different levels of risk of activities, industries and jobs. Paid exclusively by the employer.

Unemployment:

- Unemployment insurance: 7.05% total, of which 1.55% employee and 5.50% employer.
- Wage Guarantee Fund (Fondo de Garantía Salarial): 0.2%, paid by the employer.

- Vocational training: 0.7%, of which 0.6% employer and 0.1% employee.

Applied to a maximum ceiling (tope máximo de cotización) of EUR 3,606 per month.

Benefits
Health care

Insured people under the Sistema Nacional de la Seguridad Social [National Social Security System] and their beneficiaries (defined by the social security regulations) are entitled to healthcare.

Some categories of Spanish emigrants and some of their family members can receive healthcare, even though they are not covered by any social protection system.

They have this right when they return temporarily or permanently to Spain and accomplish the requirements established in the social security laws.

Foreigners who are not legal residents in Spain may receive healthcare regarding emergency medical assistance in the event of serious illnesses or accident, irrespective of the cause, until medical discharge.

01. In addition, foreigners who are not legal residents in Spain may receive healthcare regarding pregnancy, birth and postnatal care.
02. Only foreign children will receive the same healthcare as Spanish people.

If you are insured or a beneficiary, you will be entitled to receive healthcare in Spain, which, among others, includes:

Medical care	In public health centres and hospitals, and care at home in the case of elderly people or people with disabilities, if necessary.		
Emergencies	If you need emergency care, you may receive care in any medical centre and be admitted to hospital if necessary. In the event you need an ambulance, you will also be covered.		
Rehabilitation	If you need rehabilitation and have a medical prescription, the national system will cover your costs.		
Medicines	Medicines free of charge	Medicines with some charges	Medicines with full charges
	Beneficiaries of non-contributory benefits and people with disabilities that are beneficiaries of the special system of social and economic benefits ; Unemployed people who have exhausted their entitlement to benefits or an allowance; victims who are receiving treatment based on occupational illnesses or accidents; and people affected by toxic shock syndrome and hospital patients.	Most non-hospitalised patients should pay between 10% and 60% of the full price, depending on their income.	Among others, Spanish healthcare excludes dental prostheses and glasses.

Sweden

From an employer perspective it is important to know that the employer's social security contributions are based on whether or not the employer has a permanent establishment in Sweden.

Permanent establishment

The employer social security contribution is normally 31.42% for Swedish and foreign companies with a permanent establishment in Sweden. The percentage rate is based on the employee's salary and work benefits and will only be paid if the reimbursement exceeds SEK 1 000 per year. The contributions do, however, depend on the age of the recipient. For employees born in 1937 and earlier, the employer does not pay social security fees or special payroll. For employees who were born from 1938-1948, the employer only pays old-age pension of 10.21%. For employees born in 1990 or later, the employer only pays old-age pension and 25% of the rest of the fees, in other words 15.49% in total.

The composition of the employer's social security responsibility can then be divided into different categories;

Composition in 2015:

Old age pension	10.21%
Survivors' pension	1.17%
Sick pay	4.35%
Parental allowance	2.60%
Injured worker's allowance	0.30%
Labor charge	2.64%
Payroll tax	10.15%
Total:	31.42%

Non-permanent establishment

Foreign employers that do not have a permanent establishment in Sweden pay a lower social security contribution than other employers. In 2015 the social security contributions were 21.27% for foreign employers without a permanent



establishment (to be compared with the normal contribution of 31.42%). The contributions for employees born from 1938-1948 and/or in 1990 or later (i.e., employees that by the start of the Swedish calendar year have not turned 26 years old) are lower. Foreign employers do not have to pay the payroll tax.

Other characteristics specific for the Swedish social security system

The internal Swedish social security legislation is based on whether the individual intends or not to reside in Sweden for more than one year. If an individual working abroad intends to move back to Sweden within a year, they will still be covered by the Swedish social security system. Also, the opposite applies, meaning that if an employee moves to Sweden in order to, for example, work, the individual will be covered by the Swedish social security system as from day one if they intend to stay for more than a year and no certificate of coverage is in place.

The Swedish social security system (and the right to the relevant benefits) are either work- or residence based. This means individuals will have the right to minimum standard levels of certain benefits as long as they fulfil the residence criteria, i.e., they have the intention to reside in Sweden for more than one year. Other benefits are work-based, meaning the benefit will differ based on the individual's previous income. However, the amount of these benefits are capped, as well as the contributions made by the employer. Some benefits, such as child support for example, is residence-based meaning a child residing in Sweden will lose the right to the benefit if they (i.e., their parents) intend to reside abroad for more than six months.

Up until the beginning of the 1980s the payroll tax rate was the same for all employers in Sweden, but over the last 30 years there have been some exceptions. First, firms in so-called regional support areas (RSA) in the northern parts of Sweden were twice subjected to reductions

of roughly 10 percentage points in efforts to boost employment in these areas. Second, besides these regional reductions, payroll taxes were cut for small firms in all of Sweden between 1997 and 2008.

Benefits

Parental leave

Sweden has a highly developed and flexible parental leave scheme that allows and encourages both parents to spend time with their children. The mother and the father are together entitled to up to 16 months paid leave per child. Of this, 13 months are paid at 80% of the most recent income up to a ceiling of approximately SEK 444,000 (EUR 51,100) per year in 2014 and the remaining three months are paid at a flat rate of SEK 180 (EUR 21) per day.

Each parent has a personal, non-transferable entitlement to two months of paid parental leave (of the total 16 months). The remaining 12 months can be freely shared between parents. The right to be absent from work full time is restricted to the child's first 18 months. Thereafter parents who want to reduce working hours or be on full leave must use parental benefit days to ensure such a right to parental leave. Parents have the right to decrease their working time by up to 25% without using parental benefit days, until the child is eight years old or finishes the first year of school.

As an economic incentive for mothers and fathers to share childcare more equally, the Swedish government introduced a 'Gender

equality bonus' in 2008. The bonus is linked to the take-up of parental benefit and it amounts to a maximum of SEK 13,500 SEK (EUR 1,570) per child.

Family benefits

Child allowance (barnbidrag) is paid for all children resident in Sweden. There is also an extended child allowance (förlängt barnbidrag) and a large family supplement (flerbarnstillägg). These benefits are not means-tested.

Switzerland

Switzerland has a close-knit network of different types of social security, which offer the persons living and working in the country, and their dependents, a broad protection against risks whose financial consequences could not be covered without an insurance.

The Swiss social security system is divided into five areas:

- Old-age, survivors' and invalidity insurance (three-pillar system)
- Protection against the consequences of illness and accidents
- Income compensation allowances in case of service and in case of maternity
- Unemployment insurance
- Family allowances

These different types of insurance offer protection in the form of pensions, unemployment benefits and family allowances, as well as paying for costs incurred through illness and accidents.

The benefits paid out by the different types of social security are in principle financed by contributions levied on income. For the

health insurance, each person insured pays a premium. The Confederation and the Cantons contribute different amounts to the social security fund of the basic pension and invalidity insurance or finance them either in total (supplementary benefits) or by subsidising premiums for persons with very low income (reduced premiums for health insurance).

Old-age and survivors' insurance is the cornerstone of the Swiss social insurance system. It grants pensions of two basic types: old-age pensions to people of retirement age, and so called survivors' pensions to spouses or dependent children of a deceased insured person. Old-age pensions should enable their beneficiaries to retire with a considerable measure of financial autonomy. Survivors' pensions aim to ensure that families already burdened by the death of a close family member are spared financial hardship.

Invalidity insurance aims to restore or improve the earning capacity of individuals who are disabled as the result of a congenital or other illness, or as the result

of an accident. Individuals will receive an IV pension only when it is determined that their professional (re)integration is impossible. In this system, rehabilitation measures are always preferred above pension payments.

Social health insurance gives everyone living in Switzerland access to adequate health care in the event of sickness, and accident, if they are not covered by accident insurance.

Unemployment insurance provides benefits in the case of loss of employment, shortened working hours, lack of employment due to weather conditions and insolvency on the part of the employer. This insurance also pays for re-integration measures. All persons in gainful employment are obliged to contribute to the unemployment insurance scheme with the exception of some family members of persons working in the agricultural sector and persons who have reached retirement age. The self-employed are not covered by unemployment insurance.

Pensions

There are three levels of old-age benefits in Switzerland, which may be paid to an individual who has reached retirement age:

- Old-age benefits under the basic scheme of the old-age and survivors' insurance (1st pillar), topped up as needed by supplementary benefits;
- Old-age benefits under the occupational pension scheme, a compulsory insurance for the majority of employees (2nd pillar);
- Voluntary private savings plan (3rd pillar) that those insured may take out on an optional basis. This is encouraged through tax incentives. These benefits are governed by contractual provisions and are not detailed in this chapter.



Anybody living or engaged in paid employment in Switzerland (employees, self-employed persons and persons not in work) is insured under the 1st pillar. The old-age pension (1st pillar) is paid when the individual reaches the normal retirement age, i.e., 65 for men and 64 for women, provided that he/she has made at least one full year of contributions.

An individual is entitled to a full pension if he/she has a complete contributions record, i.e., if he/she has the same number of years of contributions as his/her age class. For men this is 44 years and for women 43 years.

If the individual's contributions record is incomplete, he/she is only entitled to a partial pension.

The old-age pension is calculated using the number of years of contributions, which

determines the applicable pensions scale, and the individual's average annual income.

The pension may be paid one or two years in advance (early pension). A rate of reduction is then applied for each year of early payment (6.8% per year).

The individual can also defer the start of the payment of a pension by one to five years, which will then be increased (between 5.2 and 31.5% depending on the number of months of deferment).

Applications for old-age benefits under the first pillar need to be made with the appropriate compensation fund.

If the individual received a personal assistance allowance through his/her invalidity insurance up to retirement age, he/she may continue to receive this.

Invalidity insurance

Long-term care benefits (invalidity allowances) are provided to recipients affected by permanent or long-term incapacity under the legal frameworks of the Federal Law on Old Age and Survivors Insurance (LAVS) and of the Federal Law on Invalidity insurance (LAI). These allowances are provided to people with severe, moderate or mild invalidity, who were estimated to be 44,913 in total.

The amount of the cash benefit varies depending on the degree of disability and whether they reside at home or in an institution. The amount of the benefit, thus, ranges from CHF 1,256 (EUR 998) for those with slight disability to CHF 20,318 (EUR 16,140) for those with severe disabilities. There are no restrictions on the services that can be purchased or financed with this allowance.

United Kingdom

Contributions

Entitlement to contributory UK state cash benefits are funded by payment or crediting of National Insurance Contributions (NIC).

There are four National Insurance Classes:

Who pays

Class 1 Employees earning more than GBP 155 a week and under State Pension age - they're automatically deducted by the employer.

Class 1A or 1B

Employers pay these directly on their employee's expenses or benefits.

Class 2 Self-employed people – exemption for self-employed people who have earning less than GBP 5,965 a year (but they can choose to pay voluntary contributions)

Class 3 Voluntary contributions – payment made to fill or avoid gaps in National Insurance record

Class 4 Self-employed people earning profits over GBP 8,060 a year



Benefits

The table below indicates what state benefits Class of NIC counts towards:

Class 4 contributions paid by self-employed people with a profit over GBP 8,060 do not count towards state benefits.

There are a number of other state benefits whereby entitlement is based on a person's circumstances rather on the payment of NIC, such as medical treatment under the National Health System which is based on residence.

Contributions based benefits

Basic state pension

The earliest an individual can claim is when he/she reaches state pension age. To qualify for full state pension, an individual has to have 30 years of paid NIC (mandatory or voluntary). The maximum amount of basic state pension is GBP 115.95 per week.

Additional state pension

The amount depends on the earnings; and the years of paid national insurance contributions. It is paid automatically with basic state pension to the eligible pensioner.

Benefit	Class 1: employees	Class 2: self-employed	Class 3: voluntary contributions
Basic State Pension	Yes	Yes	Yes
Additional State Pension	Yes	No	No
Contribution-based Jobseeker's Allowance	Yes	No	No
Contribution-based Employment and Support Allowance	Yes	Yes	No
Maternity Allowance	Yes	Yes	No
Bereavement benefits	Yes	Yes	Yes

New State Pension

For people who reach state retirement age on or after 6 April 2016, a new pension scheme will be applicable. The new state pension is based on flat pension, with no additional payments. To receive full pension, an individual will have to have 35 qualifying years while those with less than 10 years will not be eligible for pension.

However, in order to fill in gaps in a person's NI record voluntary contributions (Class 2 or Class 3) can be paid. For tax years from 2006/7 up to 2015/16 voluntary contributions can be paid until April 2023.

Job-Seeker Allowance

This is a flat rate financial benefit received during a period of unemployment.

Employment and Support Allowance

This is a financial benefit received by individuals not able to work (ill or disabled).

Maternity Allowance

This is a cash payment received starting from 11 week before baby is due, and is paid for 39 weeks.

Bereavement Benefit

This is a one-off tax free amount paid for deceased partner.

Other state benefits (non-contribution based)

Medical Treatment

UK residents are entitled to the free hospital treatment, while some prescribed pharmacy products and specialised treatments are chargeable.

Other non-contributory benefits are mainly intended for low or no income population, providing financial support. Some of them, such as **Child benefit** (applicable for any child under 16, or 20 if educated) is not assessed on the earnings basis. However, people with earnings above a set ceiling who are receiving child benefit will have a tax charge.

In order to replace some low income benefits and to make one monthly payment instead, a **Universal credit** is being introduced, and paid instead of certain benefits: jobseeker's allowance; housing benefit (financial help to pay rent); child tax credit (payment for any child under 16, or 20 if educated); ESA; and income support (financial support for low income population).

Iceland

Iceland has an extensive statutory social security system based on solidarity. Its social security system is based on residence and financed through taxes, i.e., tax payments into the treasury made by employers and self-employed persons. The Icelandic social security system covers all branches of traditional social risks. The general scheme is mandatory for residents and covers all benefits.

Iceland's social security system has its origins in the beginning of the 20th century and its design was partly based on New Zealand's pension system from 1938. The current scheme consists of 3 pillars:

- The first pillar is a tax financed public pension scheme that starts to be withdrawn once a certain level of earnings is achieved.
- An important feature of the system is the mandatory character of the second pillar: the occupational or private (but publicly regulated) pension scheme. The mandatory occupational programmes have their origins in 1969, when unions

and employers' organisations signed an agreement on pension schemes. Currently, the occupational pension funds are legally obliged to secure a minimum benefit of 56% of previous pay, granted that a pensioner was contributing to the system for 40 years. Most of the funds follow a hybrid model of defined contributions/defined-benefits schemes and provide pensioners with payments above the minimum level of 56%.

- The third pillar is a voluntary private pension fund involving, in most cases, defined-contributions schemes. Icelanders contributing to the third pillar are eligible for some tax exemptions.

On 11 January 2007, the Ministry of Finance announced the passage of two amendments to Iceland's 1997 Pensions Act, which governs Iceland's mandatory private pensions. The first amendment increases the mandatory minimum employer wage contribution rate by 2 percentage points, leaving the employee rate unchanged. The second amendment

provides guidelines for changing pension benefits to maintain pension fund solvency.

In June 2015, the Icelandic Minister of Social and Housing Affairs submitted a proposal for a new housing benefit to parliament. The aim of the new benefit is to increase the income support for people living in rented accommodation, so that it becomes comparable to the support given to homeowners.

Family policy expenditure was increased during the 2000s, particularly on birth leave and day care/pre-school, but the value of the child cash benefit had declined during the decade leading up to the crisis. This benefit was eventually increased by 30% at the beginning of 2013, in a swift reversal of policy.

Contributions

Social security contributions made by employers, including self-employed persons, for income year 2015 amount to 7.49%. An additional social security contribution for ship owners amounts to 0.65%.

The basis for social security is all taxable income (i.e. as determined by the Tax Act) plus the employer contributions to the employees' pension funds.

The social security consists of the following elements:

01. The Unemployment Fund;
02. A rehabilitation fund, a pension fund for disability of pensioners, a maternity/paternity fund, and the Social Insurance Administration;
03. The Wage Guarantee Fund



Benefits

Unemployment benefits

Employees and self-employed persons are entitled to unemployment benefits if the following conditions are met:

- Unemployed
- Domiciled in Iceland
- Actively seeking employment (and ready to undertake unskilled work)
- Able to work (in Iceland without limitations)
- Have been employed in at least a part-time (25%) position for three months in the past 12 months before applying for unemployment benefits
- Be 18 but not yet 70 years old

The entitlement to benefits is in principle based on an employment ratio during the past 12 to 36 months.

- The unemployment benefits are income-related for three months starting 15 days after the applicant applied for benefits.

Income based benefits are 70% of the average total wage of the applicant up to a certain maximum. When the three month period is over, the applicant receives basic unemployment benefits. Basic unemployment benefits are fixed monthly payments.

- The minimum entitlement to unemployment benefits is 25% of the basic unemployment benefits.
- A jobseeker who has earned the minimum benefit entitlement and has also completed studies can have his studies considered as 13 weeks of work. Part-time studies and courses do not provide extended benefit entitlement.
- For each child of the applicant, special benefits are paid. Child payments are irrespective of the applicant's benefits percentage.
- The unemployment benefits cannot exceed the degree of work that the jobseeker is prepared to take.

Child benefits

Families with children are entitled to various forms of assistance from both central and local authorities. (Income-linked) Child benefits are paid to the supporters of children until the children reach the age of 18. Child benefits are paid during the child's first year, but no benefits are paid in the year that the child reaches the age of 18. Additionally, fixed amounts are paid for each child under the age of 7, irrespective of the income. Child benefits are non-taxable.

Conditions: All persons with a domicile in Iceland and who bear full and unlimited tax obligations and who support a child.

For more information,
please contact:

Filip Van Overmeiren
Senior Associate Lawyer
+32 2 800 71 17
fvanovermeiren@laga.be

Mieke Douchy
Senior Manager
+32 2 600 67 79
adouchy@deloitte.com

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax and legal, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 225,000 professionals, all committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

This survey was made in collaboration with the law firm Laga BV owe CVBA, who have entered into a privileged, multidisciplinary cost-sharing agreement with Deloitte Belastingconsulenten BV owe CVBA.

© January 2017 Deloitte Belgium
Designed and produced by the Creative Studio at Deloitte, Belgium.