

# Social Protection in Austria

Benefits, expenditure and financing 2018

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# Foreword



Minister of Labour, Social Affairs, Health and Consumer Protection Beate Hartinger-Klein  
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Dear Reader,

The Austrian welfare state stands for the creation of social justice and security. Austria is committed to being a liberal and humane society, and is obliged towards its inhabitants to mitigate risks related to old age, disabilities, ill health, accidents, unemployment and fateful occurrences, and to provide suitable assistance.

The main task of the welfare state is to relieve distress and provide security. To this end, various instruments are available to us in the form of social benefits and services. One of these is the minimum income, the fair distribution of which prevents poverty. Nevertheless, it should primarily have the role of a temporary measure until a person has been swiftly reintegrated into the labour market, and should not be viewed as a long-term benefit, because those who work and have made their contribution for Austria should be better off than others who do not or have not done so. The rising number of claimants and increasing costs reveal, however, that these goals have not yet been achieved. This is a point which we need to work on in the future in order to find long-term solutions.

One of our declared goals is that Austria should remain an important business location with a stable labour market. This also includes levels of participation in the world of work. Employment is a key factor in the life of every human being, as it enables them to be independent and make a valuable contribution towards the development of society. I will therefore endeavour to make sure that as many people as possible receive the opportunity to earn their own living and thus be financially independent.

However, self-determination should also not end when it comes to long-term care. Ensuring dignified and high-quality care and supporting persons in need of care and people with disabilities are great challenges which we need to tackle. Here again, independence must be at the forefront of all measures.

As in all fields, the welfare state is subject to constant change. Economic, political and social developments require us to react to them in a targeted way with reforms and specific measures. Only in this way we can guarantee that social benefits and services are designed in a sustainable and efficient way for the good of all Austrians.

It is a matter of great importance to me to present the Austrian welfare state, its benefits, expenditure and financing to you in the form of this publication. I would therefore like to take this opportunity to thank all those who were involved in drawing up this overall picture of the Austrian welfare state.

With kindest regards,

Beate Hartinger-Klein  
Minister of Labour, Social Affairs, Health and Consumer Protection

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# Preliminary remarks

This publication represents an overall assessment of the Austrian social system. At the forefront are social expenditure, social benefits and their financing. The most important social benefits are presented in the individual chapters. Numerous references to websites and service points offering further information facilitate research and/or more in-depth information on the respective topic.

Given that data and figures change regularly and that the publication should nevertheless provide a reflection of social protection which is as up-to-date as possible, we encourage you to use the links in the boxes to websites offering further information. On these sites you can find the respective current data, the current legal status quo, and up-to-date figures.

This publication reflects the legal status quo as at 1 January 2018.

As not only the benefits of the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection (BMASGK) (including pensions and benefits for surviving dependants, social compensation, unemployment and long-term care) are described here, other ministries were also invited to illustrate the benefits and services of their respective fields.

At this point we wish to thank the following ministries for providing the respective information on the following benefits: the Federal Chancellery, Division V Families and Youth (benefits for children and families) and Division III, Women's affairs and Equality, the Ministry of Finance (tax credits) and the Federal Ministry for the Civil Service and Sport (pensions for civil servants). The responsibility for the content of the respective chapters thus lies with the relevant ministries.

The publication Social Protection in Austria is available in German and English.

The German and English versions usually appear every two years; however, the current version was published earlier due to the Austrian Presidency of the Council of the European Union 2018.



# **Social policy and social benefits: an overview**





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# According to their phase of life or living situation, the welfare state supports citizens entitled with targeted benefits and services.

## 1.1 Features of social policy

### What are social benefits?

Social benefits have a strong effect with regard to the avoidance of poverty. If there were no social benefits, and households only obtained income from employment and other private sources, according to EU-SILC<sup>1</sup> 2016 the household incomes of 45 percent of the population would be below the at risk of poverty threshold (for an explanation see the following box). Due to pensions and social benefits, however, the figure is only 14 percent.

### Social benefits reduce the risk of poverty

According to Statistics Austria, 18 percent of the Austrian population in 2016 (1,542,000 persons) was at risk of poverty or exclusion. They had a low household income, had to accept considerable limitations in key areas of life, or lived in households with a low level of participation in the labour market. Although the number of those affected by poverty or social exclusion has fallen since 2008, there is nevertheless a high risk of social disadvantages for certain sectors of the population. These include one-parent households, households with large numbers of children, the long-term unemployed, persons with foreign citizenship, and persons with low qualifications. A total of 356,000 children and young people (20% of those under the age of 20) lived in households at risk of poverty or social exclusion in 2016 and were thus excluded from social participation in many areas.

Additional data and information on living conditions in Austria, poverty and the risk of exclusion (EU-SILC) can be found in German on the website of the Ministry of Social Affairs and in the brochures of the same name, [www.sozialministerium.at](http://www.sozialministerium.at) > Soziales/KonsumentInnen > Soziale Themen > Soziale Sicherheit > Sozialpolitische Analysen and on the website of Statistics Austria [www.statistik.at](http://www.statistik.at) > Social Statistics > Poverty and Social Inclusion

<sup>1</sup> EU-SILC (European Union Statistics on Income and Living Conditions) is a survey via which information is collected annually on the income and living conditions of private households in the European Union. Of particular interest in EU-SILC are people's housing conditions, their expenditure on accommodation, the equipment found in households, the employment situation and the income of the members of the household, but also education, health and levels of satisfaction. From this information, conclusions can be drawn about the living conditions of different sectors of the population, and about poverty or social exclusion. These results form an important basis for social policy in Austria and in the EU as a whole.

The risk of poverty refers to a low household income in relation to that of the median of the population; in Austria that was – according to EU-SILC 2016 – the amount of EUR 1,185 per month for single persons plus EUR 592 per month for every additional adult in the household and EUR 355 per month for every child under the age of 14. This amount is also referred to as the at-risk-of-poverty threshold.

Social policy in Austria not only makes an essential contribution to the prevention and avoidance of poverty. In addition, it creates the conditions for social cohesion and helps people cope with the current social, demographic and economic change processes. As an automatic stabiliser, social policy not only mitigates the social consequences of economic crises; it also stabilises the economy. By supporting disadvantaged persons, so-called investive social policy (such as active labour market policy) leads to more equal opportunities, better conditions for personal development, and financial autonomy.

A short description of social expenditure, the 30 social protection systems in Austria, on the relationship between cash benefits and benefits in kind, and on financing can be found in Chapter 2 Social benefits: expenditure, taxes and financing.

#### **How are social benefits measured?**

The European System of Integrated Social Protection Statistics (ESPROSS) was developed to measure social benefits. With this system, which was developed at the end of the 1970s by Eurostat and the Member States of the European Union, a uniform framework for coherent comparisons of the social benefits of European countries for private households and their financing was created.

ESPROSS is based on the concept of social protection; i.e. covering precisely defined risks and needs with regard to health, invalidity, old age, families, unemployment and social exclusion. With this system, the revenue and expenditure of social protection organisations or systems is recorded (see the overview in the box below).

<b>Functions of social protection in dealing with different life situations/risks</b>	
Old age	These are all social cash benefits and benefits in kind (except health expenditures and survivors' pensions) for people over normal retirement age (60 for women, 65 for men).
Surviving dependants	This includes survivors' pensions – i.e. benefits for widows/widowers, orphans and children who have lost one parent – from the various social systems for all age groups (also for persons over normal retirement age).
Health	This includes public health expenditures for all age groups.
Disability	Among these are invalidity-related social benefits for persons of working age (the equivalent benefits for those over the normal retirement age appear in the function 'old age').
Family/children	These include social cash benefits and benefits in kind for children and young people (without health-related and education-related services) and family benefits for parents or guardians.
Unemployment	These are social benefits related to actual or impending unemployment (not only the benefits of the unemployment insurance system).
Other	This is part of the spending which serves to combat social exclusion, such as socially-induced housing benefits, and the minimum income benefits of the provinces. The majority of means-tested benefits such as the equalisation supplement in the pension insurance system or unemployment assistance appear in the functions old age and unemployment.

Source: Ministry of Social Affairs 2017, own presentation on the basis of the Statistics Austria/ ESPROSS database

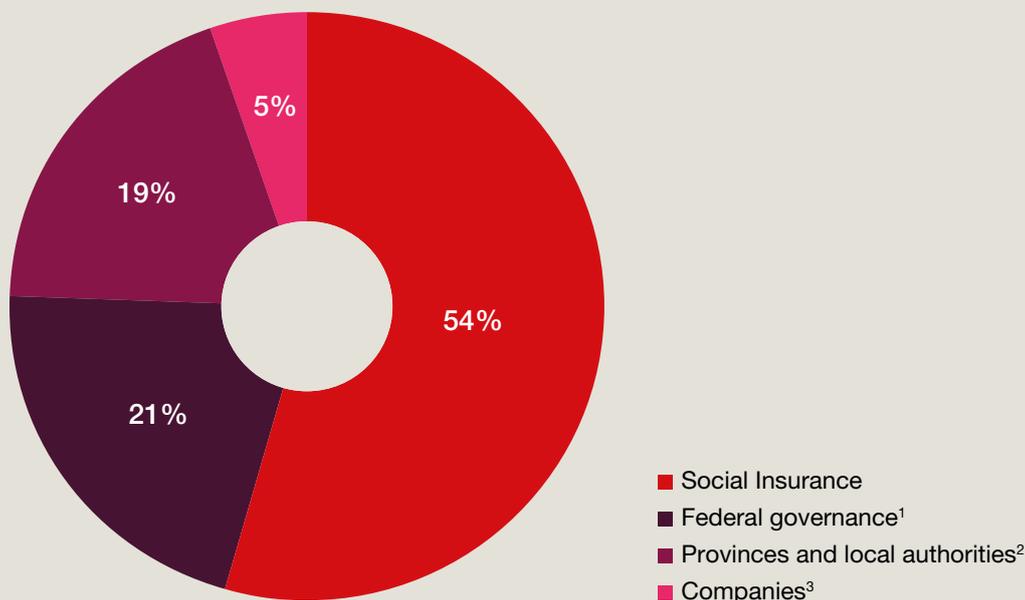
## 1.2 How does the social security system work?

Overall, the Austrian social security system is characterised by a mixture of centralised and decentralised elements. The benefits granted according to social insurance law – which are the responsibility of the central government level – predominate (for more information see social benefits: expenditure, taxes and financing), as do benefits without means testing for the entire resident population (universal benefits).

Regional authorities (the provinces, local authorities, town and city councils) are responsible above all for part of the health care system, housing, most social services, child care facilities and minimum income benefits.

In 2016, social expenditure amounted to a total of EUR 107 billion. Of this, the social insurance system accounted for 54 percent, the federal government for 21 percent, the provinces and local authorities for 19 percent, and companies for five percent.

### Social expenditure according to institutional authorities, in percent, 2016



Source: Ministry of Social Affairs December 2017, own presentation on the basis of the Statistics Austria/ESPROSS database figures for the year 2016

<sup>1</sup> Federal government: 30 social protection systems (see <http://ec.europa.eu/eurostat> > Statistics by Theme > Population and social conditions)

<sup>2</sup> Provinces and local authorities: health services of the provinces and local authorities, social benefits and services of the provinces and local authorities, nursery schools

<sup>3</sup> Companies: company pension schemes and continued pay in case of illness

The social partners play a key role in the political opinion-making and legislative processes in Austria.

Decisions on social policy are usually based on consensual solutions reached with the statutory interest groups of the Chamber of Labour, the Economic Chamber, the Agricultural Chamber and the Federation of Austrian Trade Unions. The Federation of Austrian Industries usually plays a role in the decision-making process too.

The executive committees of the social insurance institutions, the Public Employment Service and other bodies are largely made up of representatives of the social partner organisations.

Other interest groups such as the Senior Citizens' Council, the associations of people with disabilities, and NGOs which are active in the social sector have become increasingly influential in recent years. Experts from a wide range of specialist fields are also being more frequently involved in the processes of preparing and implementing decisions within the framework of reform commissions and other bodies.

And last but not least, the institutions of the European Union provide impulses for the further development of the social security system.

<b>The structure of the social protection systems in Austria</b>	
<b>Social protection systems</b>	<b>Features and examples</b>
Social insurance, health insurance, pension insurance and work accident insurance	Conditions for access and the levels of cash benefits in old age and in the case of invalidity are predominantly linked to the person's (previous) employment and income status; insurance rights extend beyond this (e.g. co-insurance for family members in the health insurance system).
Unemployment insurance	Unemployment insurance covers benefits in the case of impending or existing unemployment (within the framework of the Public Employment Service); e.g. unemployment benefit, unemployment assistance and active labour market policy measures.
Universal systems	Universal benefits are those which are granted to the entire resident population independently of the claimant's current or previous income and employment status or the basis principles of social insurance law, such as family allowance and tax credits for children, childcare allowance, long-term care and the benefits in kind of the health care system.
Means-tested benefits	Means-tested benefits include benefits to which claimants are only entitled if they are considered to be suffering from hardship after examination of their income and assets. Examples of this are minimum income benefits in pension insurance (equalisation supplements), unemployment assistance in unemployment insurance, the minimum income benefits paid by the provinces, and grants for pupils and students.
Social protection for civil servants	In certain fields, different social protection provisions apply to civil servants (particularly pensions and unemployment insurance). These are regulated by the laws governing the employment of civil servants.
Social compensation	Social compensation covers certain life circumstances or risk situations for which the state assumes a special level of responsibility. The relevant legislation on protection for special victims regulates benefits for victims of wars, military service and crime as well as persons who have suffered damage due to vaccinations.
Protection according to labour law	Protection according to labour law includes financial support in the case of illness and pregnancy or regulations on working hours and rest periods.
Forms of company pension schemes	These are pension types which, in addition to the statutory retirement pension, are financed by employers (e.g. pension funds, direct pension commitments).
Social services	There are a range of social services in various fields, such as the provision of advice (on violence, drugs, homelessness etc.), services related to families and children, residential and nursing homes or employment facilities for people with special needs.

Source: Ministry of Social Affairs, own presentation, December 2017

## 1.3 Benefits from the social protection system

### 1.3.1 The Austrian social insurance system

The Austrian social insurance system is based on compulsory insurance contributions, the solidarity principle<sup>2</sup>, and self-governance. It is predominantly financed by the contributions of employers and employees according to a pay-as-you-go system<sup>3</sup> (pension insurance, health insurance and work accident insurance).

There are a total of 21 social insurance institutions for health, pension and work accident insurance. These institutions are all members of the umbrella organisation, the Federation of Austrian Social Insurance Institutions (see the following table).

Information about the Federation of Austrian Social Insurance Institutions:  
[www.hauptverband.at](http://www.hauptverband.at)

#### **Important tasks of the Federation of Austrian Social Insurance Institutions include:**

- long-term planning;
- drawing up guidelines (uniform implementation);
- centralised data administration;
- the conclusion of contracts, for example with doctors and other occupational groups in the health sector;
- comparing the key figures of different insurance institutions;
- representing the social insurance institutions externally;
- acting as a contact point for cross-national issues.

Further information on the social insurance system: [www.sozialversicherung.at](http://www.sozialversicherung.at)

<sup>2</sup> The solidarity (principle) means that contributions paid by a person do not need to be of the same amount as benefits received: in effect the healthy thus support the sick, the young the elderly, single persons support families with large numbers of children, higher earners support those with little income, and those in employment support pensioners. There is no exclusion of persons because they represent a high risk, and nobody's insurance cover is terminated due to them receiving excessively high levels of benefits.

<sup>3</sup> In the pay-as-you-go system contributions paid are directly used to finance the benefits provided.

Organisation of the social insurance institutions		
Umbrella organisation of the Federation of Austrian Social Insurance Institutions		
Work accident insurance	Health insurance	Pension insurance
General Work Accident Insurance Institution (AUVA) <sup>1</sup>	9 regional health insurance funds 5 Company health insurance funds	The Pension Insurance Institution
	Social Insurance Institution for Businesses	
Insurance Institution for Railways and Mining (VAEB) <sup>1</sup>		
Social Insurance Institution for Farmers		
Insurance Institution for Public Sector Employees		
		Insurance Institution of Austrian Notaries Public

Source: Federation of Austrian Social Insurance Institutions, Ministry of Social Affairs, January 2018.

<sup>1</sup> The VAEB provides accident insurance cover for railway workers itself, while the AUVA provides it for the mining sector.

The social insurance institutions are structured according to the area of their work, occupational groups and/or the region they are responsible for.

The most significant institutions are the Pension Insurance Institution, the nine regional health funds in the individual provinces, the General Work Accident Insurance Institution, the social insurance institutions for the self-employed (for businesses and for farmers), and the Insurance Institution for Public Sector Employees.

The management of the individual social insurance institutions is carried out via self-governing bodies which are largely composed of representatives of the social partners. These bodies act autonomously within the framework of the legal provisions, whereby most of the entitlements of the insured are regulated by law.

The social insurance system covers almost all of the working population with the exception of some smaller groups. Alongside the Insurance Institution for Public Sector Employees, there are also work accident and health care institutions at provincial and local authority levels. These health care institutions are, however, not social insurance institutions. In addition, in recent years a large part of so-called atypical employment relationships<sup>4</sup> have become part of the social insurance system, either with compulsory contributions and benefits, or on an optional basis.

<sup>4</sup> Atypical employment relationships include marginal part-time employees, persons on quasi-freelance contracts, the so-called new self-employed, agency workers and those on temporary contracts.

### **Benefits based on social insurance law**

Protection in old age, in invalidity and for surviving dependants

The key objective of the statutory pension insurance scheme is to maintain a suitable standard of living and to ensure that people have the opportunity to participate in the economic, political and cultural life of society.

The conditions which have to be fulfilled to obtain a pension, which types of old age, invalidity and survivor's pensions there are, and the average pension amounts paid etc. are set out in **Chapter 10 Pensions and similar benefits in old age and for surviving dependants** and in **Chapter 9 Benefits in the case of invalidity and accidents**.

Chapter 10 also includes information about company pension schemes, which are generally understood as being pensions which are financed by an employer as a supplement to the statutory pension.

For civil servants, different regulations apply in certain fields of social protection (see Chapter 10 Pensions and similar benefits in old age and for surviving dependants). Depending on the employer (federal government, provinces, local authorities and others), the individual regulations differ. Civil servants are not insured against unemployment and do not have pension insurance. Instead they have direct entitlements vis-à-vis their employer.<sup>5</sup>

## **1.3.2 Protection provided by labour law**

The legislation aims to balance the need for protection of employees with the desire for flexibility on the part of employers.

For employees, these include financial security in the case of illness and pregnancy, company pension provision, specific regulations for working parents (e.g. care leave), special protection against redundancy for individual groups of workers, notice periods, regulations on working hours and rest periods etc.

At the same time, employees are strongly integrated into decision-making processes and the implementation of social policy measures. The collective agreements for different sectors bindingly regulate wages and working conditions for all of the employees in a sector.

Occupational health and safety standards are comparatively high in Austria.

### **Labour law provisions and protection against discrimination: Chapter 3**

<sup>5</sup> Most civil servants are covered by health and work accident insurance (Insurance Institution for Public Sector Employees), while a part of them is catered to by separate health care institutions. Pensions and health care for civil servants are financed via their contributions; the larger part comes from the state budgets of the regional health insurance funds. Retired civil servants also pay a pension insurance contribution. Civil servants' pensions are paid out by the Insurance Institution for Public Sector Employees (BVA). An increasingly large number of public sector employees (contracted employees as well as civil servants) are subject to the same social insurance laws as employees in the private sector.

### 1.3.3 Means-tested benefits

Means-tested benefits are primarily benefits for which claimants' income and/or assets are verified.

The pension insurance system provides for means-tested minimum benefits. For example, the equalisation supplement in the pension insurance system has the objective of raising pension incomes to a threshold value (the equalisation supplement reference rate).<sup>6</sup>

In the unemployment insurance system, the long-term unemployed are entitled to unemployment assistance if they are suffering financial hardship.

The minimum income benefits of the provinces, which represent a modern version of previous so-called 'open' social assistance, are the last safety net in the social security system. The minimum income schemes are designed to support all those persons who can no longer manage to earn a living themselves. The benefit levels are re-assessed on an annual basis by the provinces (see Chapter 5).

Housing benefits and student grants can also be mentioned here. With the exception of unemployment assistance, means-tested benefits are financed from tax revenue.

**Minimum income (minimum income schemes by the provinces, equalisation supplement, unemployment assistance): Chapter 5**

#### Unemployment insurance

The implementation of the unemployment insurance system is not the responsibility of the social insurance institutions, but that of the Public Employment Service (AMS), which is also responsible for active labour market policy.

The Public Employment Service is currently divided into one federal, nine provincial and 98 regional organisations.<sup>7</sup> At all these levels the social partners are involved in the management, and at each organisational level they play a decisive role in designing labour market policy (employment programmes of the provinces), and in the financial controlling of the organisation. At a federal level the administrative board plays an important role.

The managing bodies are responsible for carrying out the work of the Public Employment Service: at a federal level the provincial manager, and at a regional level the head of the regional office. The respective management is supported by the local offices.

The unemployment insurance system is predominantly financed by the wage-related contributions of employers and employees.

**Unemployment: benefits, financing, claimants and expenditure: Chapter 4**

<sup>6</sup> The term equalisation supplement reference rate describes a reference amount which is used in Austria for various social protection benefits (e.g. pensions, unemployment ...). The respective amount is usually adjusted on an annual basis and amounts to EUR 909.42 per month in 2018 for single persons. Further details can be found in the respective chapters. The net equalisation supplement reference rate (EUR 863.04 for 2018) is the equalisation supplement minus the health insurance contributions of 5.1 percent.

<sup>7</sup> Source: www.ams.at

## 1.3.4 Laws on support for special victims – social compensation

There are separate social protection systems for certain life circumstances or risk situations for which the state assumes a special level of responsibility. The so-called legislation on support for special victims (social compensation) provides for special benefits for the victims of wars or damage caused during military service, and for the victims of fascism, crime and damage caused by vaccinations. These are predominantly benefits in the form of pensions.

These systems are administered by the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection or its agency, the Sozialministeriumservice, previously known as the Federal Social Welfare Office, and its nine provincial offices and the General Work Accident Insurance Institution. Financing is wholly from the budget of the federal government.

**Laws on support for special victims: Chapter 5 Minimum income benefits and Chapter 9 Benefits in the case of invalidity and accidents**

## 1.3.5 Universal systems

Under certain circumstances, people can face increased costs of living. When the entire resident population is principally entitled to social benefits in certain situations, and when these benefits are available regardless of the person's employment status and income levels (with exceptions), these are referred to in social protection as universal systems.

The three most significant of these cash benefits are family allowance with its tax credits for children, childcare allowance, and long-term care benefit.

### **Benefits for families**

For example, family allowance is a general cash benefit which is paid out independently of income and whose level depends largely on the age and number of children in a family. It is financed from the Family Burdens Equalisation Fund (FLAF), which is predominantly funded by wage-related contributions paid by employers and partly from general tax revenue. Family allowance is paid out by the local tax offices. Family allowance is supplemented by a uniform tax credit amount (tax credit for children) which is paid out together with family allowance. This tax credit can be claimed for all children regardless of the employment status of their parents.

**Benefits for families/children: Chapter 6**

Alongside this, there are numerous other cash benefits and benefits in kind from the federal government, the provinces and local authorities:

### **Health insurance cover**

Insurance cover in the health insurance system includes all those in employment and co-insured persons (e.g. family members) as well as persons claiming minimum income benefits. Statutory health insurance is therefore to a considerable extent a universal system.

8.82 million<sup>8</sup> persons or 99.9 percent of the population are currently insured in the social health insurance system.

The financing of the health insurance system is primarily provided by the wage-related contributions of employers and employees and from the contributions of the self-employed and pensioners, and partly also from general tax revenue. In the case of civil servants it is also financed via the social insurance contributions of the state as an employer.

Alongside the health insurance system, the regional health insurance funds (the federal government, the provinces and local authorities) are also important actors as the organising bodies and co-financing agencies of inpatient health care. In the hospitals sector, financing takes place via health insurance contributions and from general taxation.

#### Health care/benefits in the case of illness: Chapter 7

#### **Benefits for persons in need of care**

All persons in need of care are entitled – under certain conditions – to long-term care benefit, which is financed from tax revenue.

The level of this cash benefit is solely dependent on the extent of the need for care. Recipients of pensions submit their applications to the relevant health insurance institution. This is the institution which also pays their pension.<sup>9</sup>

#### Benefits for persons in need of care: Chapter 8

<sup>8</sup> Figure for the year 2016; source: Handbook of the Austrian Social Insurance System, 2017

<sup>9</sup> These are, for example:

- in the case of a full pension from the work accident insurance scheme this is the accident insurance institution, except for the sector where the General Work Accident Insurance Institution is responsible for the granting of a full pension, in which case it is the Pension Insurance Institution;
- in the case of persons receiving pensions according to the General Social Insurance Act (ASVG) and of recipients of pensions from income support for war victims or those who have suffered damage to their health during military service, and for pensions awarded on the basis of the Vaccination Compensation Act, it is the Pension Insurance Institution;
- in the case of federal pensioners, recipients of a civil servant's pension from the federal government, a civil servant's pension from a province or local authority, post office and telecommunications and post bus workers who cannot be made redundant as well as members of the Constitutional Court it is the BVA pension service;
- working people, co-insured family members (e.g. as a housewife or child) and recipients of a minimum income or rehabilitation benefit can apply to the Pension Insurance Institution for long-term care benefit.

Source: [www.help.gv.at](http://www.help.gv.at)

## 1.3.6 Social services

The term social services refers to numerous measures in the fields of advice, care and support.

Essential social services include labour market policy measures, child care (outside schools), residential and nursing homes for the elderly, day centres and outpatient services, residential and/or employment facilities for people with special needs, and providing advice and support to persons with special problems. The latter include, for example, women at risk of violence and their children, persons who are addicted to drugs or other substances, people who are homeless or at risk of homelessness, persons with considerable debts, released prisoners or asylum seekers.

Responsibility for social care facilities is predominantly borne by the provinces, local authorities, towns and cities (with the exception of labour market-related measures). The regional authorities partly run social services autonomously, while some services are commissioned from non-profit organisations, associations or private operators. In the fields of child care and residential and care homes for the elderly, the public sector plays a dominant role.

Other service providers include private organisations and non-profit organizations, which partly come from large tradition-based organisations (church-related associations, organisations closely linked to political parties and other national charities), and numerous smaller facilities.

Unlike most cash benefits and health services, there is no individual legal right to the majority of social services.



# **Social benefits and services: expenditure, taxes and financing**

2



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<b>2. SOCIAL BENEFITS AND SERVICES: EXPENDITURE, TAXES AND FINANCING</b>	<b>27</b>
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**In this chapter, social expenditure is classified according to ESPROSS, the European System of Integrated Social Protection Statistics. In order to make a description of benefits and expenditure possible from several aspects, social expenditure is displayed according to its functions (life situations) and the 30 schemes in Austria as well as according to cash benefits and benefits in kind and their financing.**

## 2.1 Overview

ESPRESSO is based on the concept of social protection; i.e. the coverage of precisely defined risks and needs with regard to health, invalidity, old age, families and unemployment. With this system, the revenue and expenditure of social protection organisations or systems is recorded.

This lays down that only expenditure with a redistributive character should appear as ESPRESSO social expenditure. This means that no private expenditure without a redistributive character should appear (i.e. no private expenditure, no saving or life insurance schemes, no private co-payments, and no company social benefits). In addition, there are demarcations to other public systems (e.g. vis-à-vis tax redistribution which is not primarily socially induced, public spending on education, subsidies for the construction of housing etc.).

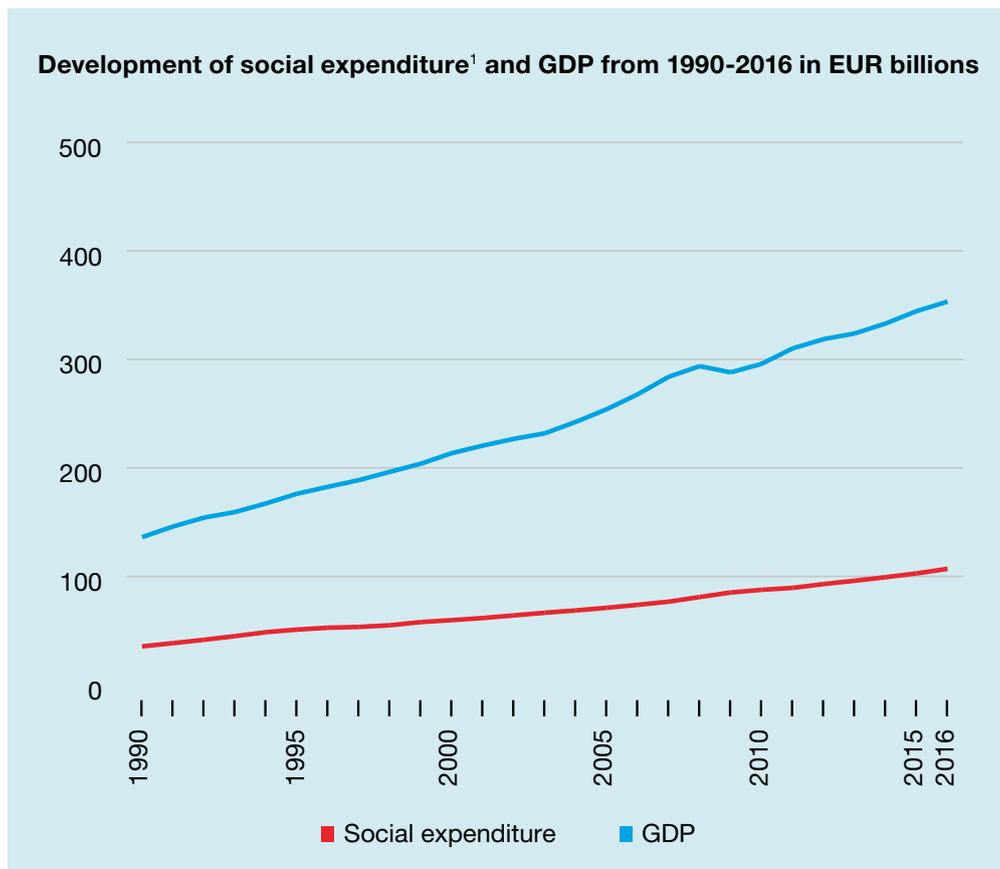
In the year 2016, 30 percent of the annual added value of the economy was spent on public social and health care benefits and services. The major part of social benefits and services are related to old age. Spending on health care accounts for a quarter of all benefits and services.

An overview of social protection according to the EU concept can be found on the websites of the:

- Ministry of Social Affairs: [www.sozialministerium.at](http://www.sozialministerium.at) > Soziales/ KonsumentInnen > Soziale Themen > Soziale Sicherheit > Sozialpolitische Analysen (information in German)
- Statistics Austria: [www.statistik.at](http://www.statistik.at) > People & Society > Social Statistics > Social Protection According to EU Concept
- Eurostat: <http://ec.europa.eu/eurostat/> > Statistic by theme > Population and social conditions > Social Protection

## 2.2 Development of social expenditure and the social expenditure-to-GDP ratio

The social expenditure/GDP ratio is the total of all expenditure of a state on social matters in a calendar year as a percentage of gross domestic product (GDP). The social expenditure/GDP ratio can be used to determine the weighting of social benefits and services compared to the overall economic performance of a state.

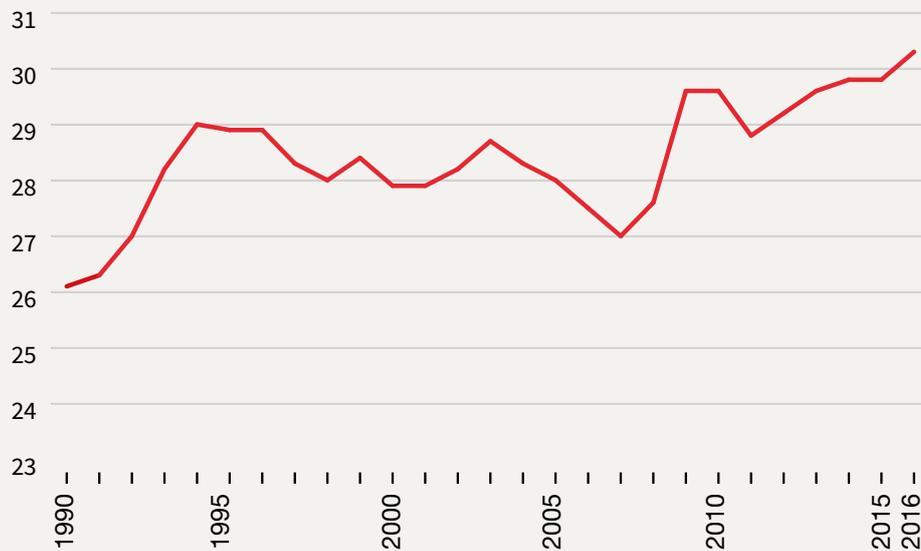


Source: Ministry of Social Affairs, Statistics Austria on the basis of the ESPROSS database (as at: November 2017), own presentation by the Ministry of Social Affairs, December 2017

<sup>1</sup> Social expenditure includes expenditure on social benefits and services as well as administrative and other spending which cannot be assigned. However, it does not include transfers to other systems (redirected social contributions and other transfers). 1980-1994: gross domestic product at current prices according to ESA 1995, national accounts as at March 2014; 1995: GDP at current prices according to ESA 2010, national accounts as at July 2016; 1996-2016: gross domestic product at current prices according to ESA 2010, national accounts as at September 2017

In the first half of the 1990s, strong growth of the social expenditure/GDP ratio can be observed (from 26.1% to 29% between 1990 and 1994) due to the extension of social benefits and services. From 1995 to 2001, the social expenditure-to-GDP ratio fell below 28 percent. In spite of fiscal consolidation since the year 2000, there were significant improvements in benefits and services until 2003, including family benefits and social services. This led, together with a levelling off of GDP growth and labour market-related additional expenditure, to an increase in the social expenditure-to-GDP ratio to 28.7 percent in 2003.

Development of the social expenditure/GDP ratio from 1990-2016<sup>1</sup>, in percent



Source: Ministry of Social Affairs, Statistics Austria on the basis of the ESPROSS database (as at: November 2017), own presentation by the Ministry of Social Affairs, December 2017.

<sup>1</sup> Social expenditure includes expenditure on social benefits and services as well as administrative and other spending which cannot be allocated. However, it does not include transfers to other systems (redirected social contributions and other transfers). 1980-1994: gross domestic product at current prices according to ESA 1995, national accounts as at March 2014; 1995: GDP at current prices according to ESA 2010, national accounts as of July 2016; 1996-2016: gross domestic product at current prices according to ESA 2010, national accounts as at September 2017

Largely due to the economic upturn, the social expenditure-to-GDP ratio fell by 2007 to its lowest level since 1992 (in both cases 27%). In 2008 it initially rose slightly to 27.6 percent, and in the crisis year 2009 (where GDP fell a considerable 1.9%), it increased significantly to 29.6 percent. It also remained at this level in 2010. Since the beginning of the crisis, the political will to mitigate the negative consequences of the financial crisis on the standard of living of the population has been a dominant factor. The necessary measures, such as marked increases in expenditure on unemployment benefits, are reflected in the rise of the social expenditure/GDP ratio. The social expenditure/GDP ratio fell by 2011 to 28.8 percent. Since 2012 (29.2%), the social expenditure/GDP ratio has increased; and in 2016 reached its highest level until now with a figure of over 30 percent for the first time (30.3%).

The most important reasons for the rise in the social expenditure/GDP ratio since the years of the financial crisis have thus been the below-average economic growth (compared to past figures) and the related increase in unemployment as well as the rise in expenditure to combat poverty and social exclusion.

## 2.3 The structure of social expenditure

The goal of social expenditure is to provide targeted support to entitled persons in a range of different life situations.

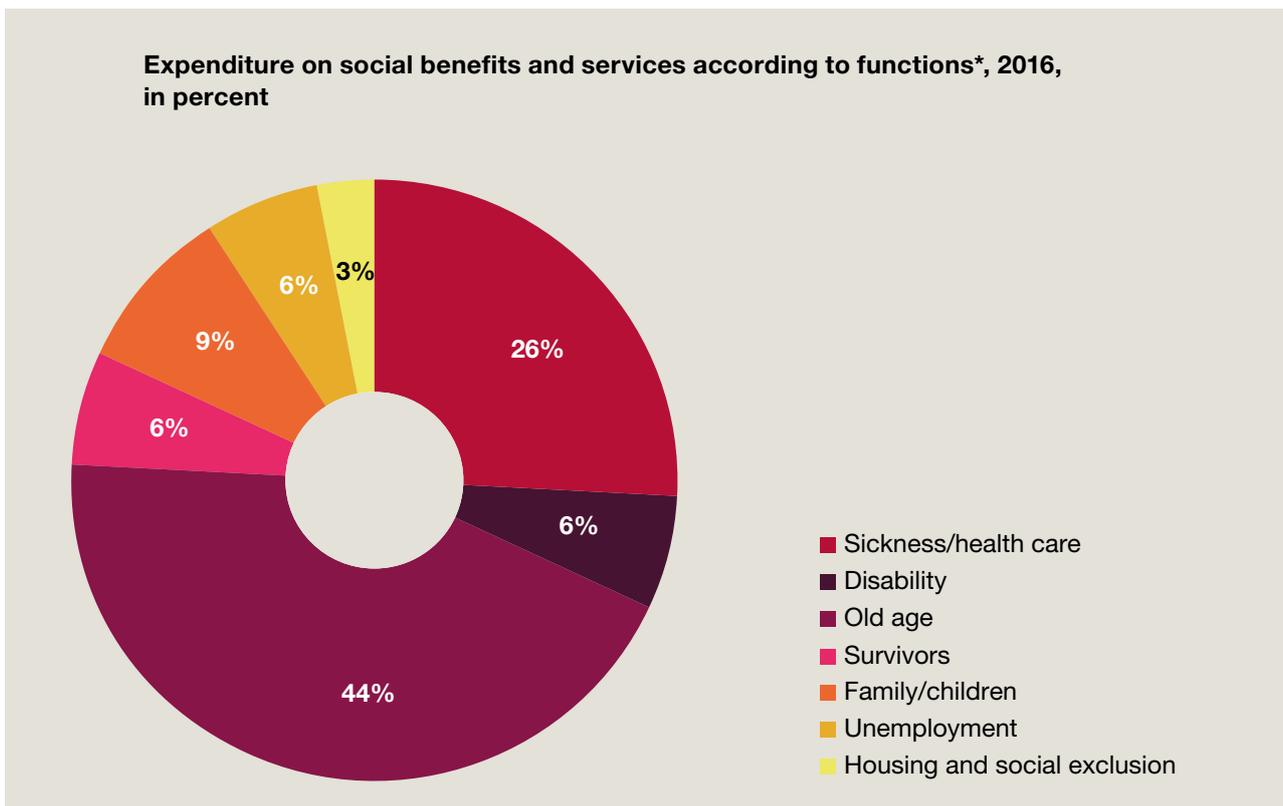
According to interests it is possible to view social expenditure from various perspectives. Its portrayal according to life situations is just as informative as its sub-division into cash benefits and benefits in kind or a sub-division into special kinds of benefits. The Depart-

ment of General Social Policy Issues of the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection portrays these different focuses as follows:

## 2.3.1 Social benefits and services according to functions and living situations

Social benefits and services which entitled persons receive in various life situations are described as 'functions' or 'risks' in the ESPROSS system.

Viewed from the perspective of 2016, 44 percent of all social expenditure is accounted for by the function old age (e.g. pensions), around 26 percent by benefits and services related to health care (e.g. long-term care benefit, inpatient and outpatient care), just under nine percent by family benefits, and six percent each by benefits for surviving dependants (e.g. widow's and widower's pensions) and invalidity (e.g. invalidity pensions) and by unemployment-related benefits (e.g. unemployment benefit). A total of three percent is spent on housing and social exclusion (e.g. housing benefits, minimum income benefits etc.).



Source: Ministry of Social Affairs, Statistics Austria on the basis of the ESPROSS database (as at: November 2017), own portrayal by the Ministry of Social Affairs, December 2017.

\* In ESPROSS, various life situations are summarised as 'functions' or 'risks'. The function of a social benefit or service is related to the main purpose for which this social protection is granted. The expenditure items when structured according to functions are the sum total of the social benefits and services without transfers between the social systems (redirected social contributions, other transfers) and other expenditure. The European System of Integrated Social Protection Statistics (ESPRESS) defines social benefits and services as "transfers to households or individuals, in cash or in kind, intended to relieve them from the financial burden of a number of risks or needs."

# 2

## 2.3.2 The attribution of benefits and services according to 30 social protection schemes

In order to provide an overview, social benefits and services are divided into 30 different social protection schemes in Austria. In this way they can be compared within the EU. All of the social benefits and services provided in a state are illustrated. The expenditure and financing of these schemes are recorded annually by Statistics Austria.

**Social expenditure according to social protection schemes without transfers<sup>1</sup>, in EUR millions, 2016**

Social protection system		Cash benefits <sup>2</sup>	Benefits in kind <sup>2</sup>	Social contributions rerouted to other schemes	Other transfers to other resident schemes	Administration costs and other expenditure <sup>3</sup>	Total
01	Statutory pension insurances system	36,484	1,091	2,022	0	1,071	40,669
02	Pensions from public bodies	11,411	0	358	0	0	11,770
03	Laws on support for special victims (social compensation)	105	68	6	0	0	179
04	Night-time Heavy labour Act	52	1	2	0	0	54
05	Company pension schemes	2,546	0	0	0	0	2,546
06	Work accident insurance	722	448	227	0	216	1,613
07	Long-term care benefits and services from the federal government	2,516	14	59	0	0	2,588
08	Statutory health insurance system	1,520	9,388	0	5,173	1,018	17,100
09	Health benefits and services of the federal government	0	385	0	503	0	888
10	Health benefits and services of the provinces	0	10,135	0	0	0	10,135
11	Health benefits and services of local authorities	0	1,169	0	950	0	2,119
12	Social health insurance institutions	12	357	0	72	34	475
13	Continued pay during illness	2,805	0	0	0	0	2,805

Social protection system		Cash benefits <sup>2</sup>	Benefits in kind <sup>2</sup>	Social contributions rerouted to other schemes	Other transfers to other resident schemes	Administration costs and other expenditure <sup>3</sup>	Total
14	Unemployment insurance	4,282	1,258	1,854	159	274	7,826
15	Compensation Tax Fund, Billion for the Disabled	0	212	0	0	0	212
16	Bankruptcy Contingency Fund	220	0	47	0	17	284
17	Bad weather compensation	57	0	0	0	1	58
18	Family Burdens Equalisation Fund (FLAF)	4,753	12	1,604	0	18	6,387
19	Child tax credits	1,336	0	0	0	0	1,336
21	Housing benefits	0	344	0	0	0	344
22	Social benefits and services of the provinces	820	4,598	40	672	39	6,169
23	Social benefits and services of local authorities	165	1,109	0	1,171	96	2,541
24	Nursery schools	0	2,110	0	0	205	2,315
25	Refugees – federal government	0	369	0	327	0	695
26	Exemptions from charges	0	104	0	0	1	105
27	Various aid funds	151	0	0	0	1	151
28	Probation services and guardianship	0	75	0	0	0	75
29	Allowances for school-children and students	231	0	0	0	0	231
30	Tax credits	540	0	0	0	0	540
<b>All social protection systems<sup>4</sup></b>		<b>70,727</b>	<b>33,250</b>	<b>6,218</b>	<b>9,025</b>	<b>2,992</b>	<b>106,969</b>

Source: Federal Ministry of Labour, Social Affairs, Health and Consumer Protection/Statistics Austria, ESPROSS database as at: November 2017

<sup>1</sup> Total amount of social benefits and other expenditure without transfers between individual systems.

<sup>2</sup> Cash benefits are benefits provided in the form of cash and which do not require proof of actual expenditure on the part of the recipient. In contrast, benefits in kind are provided as goods or services which are either granted directly or as a reimbursement. Reimbursements are payments with which recipients are either wholly or partially reimbursed for proven expenditure for specific goods and services.

<sup>3</sup> 'Other costs' is a summary of all expenditure which cannot be otherwise assigned (e.g. interest).

<sup>4</sup> The total value is without redirected social contributions and other transfers. Scheme 20 (scheme for the direct payment of family allowance to their employees by public bodies) expired in June 2008. Since then, these bodies have had to pay an employer's contribution to the Family Burdens Equalisation Fund (Social Protection System 18).

# 2

## 2.3.3 Cash benefits and benefits in kind

An important feature of social benefits and services is whether they are paid directly to the entitled persons (e.g. pensions, long-term care benefit, unemployment benefit), or whether they are available as benefits in kind (e.g. outpatient or inpatient services, support or advisory facilities).

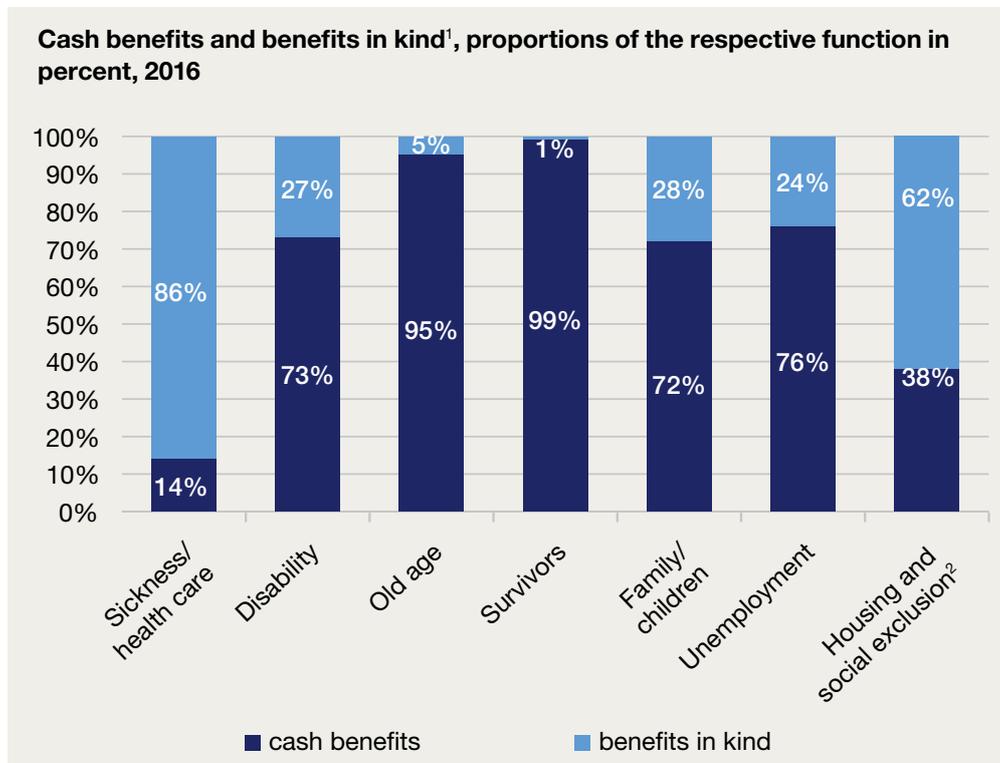
Cash benefits primarily serve to provide income replacement for times of unemployment or inability to work (old age, invalidity, etc.) and to cover additional financial requirements (e.g. for parents, or when there is a need for care).

Benefits in kind provide support primarily in situations where there is a need for it, and do so by making relevant offers available (e.g. in the case of illness, a need for care or disability, for child care etc.).

In the case of some life situations which require protection, whether cash benefits or benefits in kind are preferred depends on values: for example, should the cost of support for child care needs or for people requiring nursing care be covered by cash benefits for the affected persons or households, or by state subsidies for the facilities providing care?

Mostly it is a combination of both types of benefits/services. In Austria, cash benefits tend to be preferred more than in other EU countries.

Overall, two thirds of all social benefits and services are paid in cash, and just under a third are benefits in kind. The following table illustrates this relationship between different types of expenditure in EUR millions and in percentages of the respective functions/risks.



Source: Ministry of Social Affairs, Statistics Austria on the basis of the ESPROSS database (as at: November 2017), own presentation by the Ministry of Social Affairs. December 2017.

**Cash benefits and benefits in kind<sup>1</sup> according to functions, in EUR millions and/or in proportions in percent, 2016**

	Cash benefits		Benefits in kind		Total
	in EUR millions	in %	in EUR millions	in %	in EUR millions
Sickness/ health care	3,601	5	22,970	69	26,571
Disability	4,815	7	1,825	5	6,640
Old age	43,466	61	2,235	7	45,700
Survivors	6,004	8	39	0	6,044
Family/children	7,103	10	2,790	8	9,893
Unemployment	4,559	6	1,469	4	6,028
Housing and social exclusion <sup>2</sup>	1,179	2	1,923	6	3,101
<b>Total</b>	<b>70,727</b>	<b>100</b>	<b>33,250</b>	<b>100</b>	<b>103,976</b>

<sup>1</sup> Figures for 2016, without administrative costs, transfers to other systems (redirected social contributions, other transfers), and other expenditures; ESPROSS differentiates between the eight functions and life situations listed in the table ('risks' in ESPROSS) upon which social protection is based. The function of a social benefit or service is related to the main purpose for which this social protection is granted.

The figures do not include redirected social contributions, i.e. payments made from one social protection system to another system in order to acquire social protection or to preserve it (example: the contributions paid for its benefit recipients by the Pension Insurance Institution to the health insurance system).

Detailed information is provided by the ESPROSS manual, and brief information and a brief definition can be found in the tables on the individual functions (on the website of the Ministry of Social Affairs). Any diverging total amounts are a result of rounding up or down.

<sup>2</sup> This field summarises housing benefits, cash benefits and benefits in kind from the minimum income scheme, tax credits etc.

**Cash benefits are dominated by integration into working life**

The Austrian welfare state is among those characterised by a conservative/corporatist nature (cf. EspingAndersen), which can be recognised among other things by the strong connection between social security and employment. This means that, for example, the conditions for access and the levels of cash benefits in the case of unemployment, old age and invalidity are predominantly linked to the person's previous employment and income status. The larger part of these cash benefits – i.e. more than 60 percent – is spent according to ESPROSS on the function 'old age'. This is mostly related to pensions from the statutory pension insurance system. Ten percent of cash benefits are allocated to the function 'family/children'. Just under nine percent is accounted for by survivors' pensions, and just under seven percent by cash benefits for invalidity/infirmity. Around six percent are cash benefits in the case of unemployment (e.g. unemployment benefit), around five percent are cash benefits for sickness/health care, and just under two percent are accounted for by benefits for housing and social exclusion.<sup>10</sup>

<sup>10</sup> Calculations by the Ministry of Social Affairs on the basis of Statistics Austria/ESPRESS database, data for 2016, as at 7 November 2017.

### A third of all social benefits and services are benefits in kind

The proportions of benefits in kind vary greatly between the different social sectors. They range between 69 percent for benefits and services for illness/health care and eight percent for those for families/children to six for benefits for housing and social exclusion, five percent for invalidity and four percent for unemployment. Expenditure on benefits in kind in the case of survivors' pensions are just above zero percent.

Benefits in kind for old age amount to seven percent: one of the principles of policy for senior citizens in Austria is to give older people in need of assistance the opportunity to decide themselves on the optimum form of care by providing them with transfer payments. The greater part of expenditure in the function illness/health care is accounted for by outpatient and inpatient health care.

### Ten percent are means-tested benefits

Means-tested and non-means-tested social benefits in EUR millions and percent, 2016					
	non-means-tested		means-tested		Total in EUR millions
	in EUR millions	in %	in EUR millions	in %	
Sickness/ health care	26,413	28.1	158	1.6	26,571
Disability	4,869	5.2	1,772	17.6	6,640
Old age	43,234	46.0	2,466	24.5	45,700
Survivors	5,719	6.1	325	3.2	6,044
Family/children	8,896	9.5	997	9.9	9,893
Unemployment	4,553	4.8	1,475	14.7	6,028
Housing and social exclusion <sup>2</sup>	240	0.3	2,862	28.5	3,101
<b>Total</b>	<b>93,923</b>	<b>100.0</b>	<b>10,053</b>	<b>100.0</b>	<b>103,976</b>

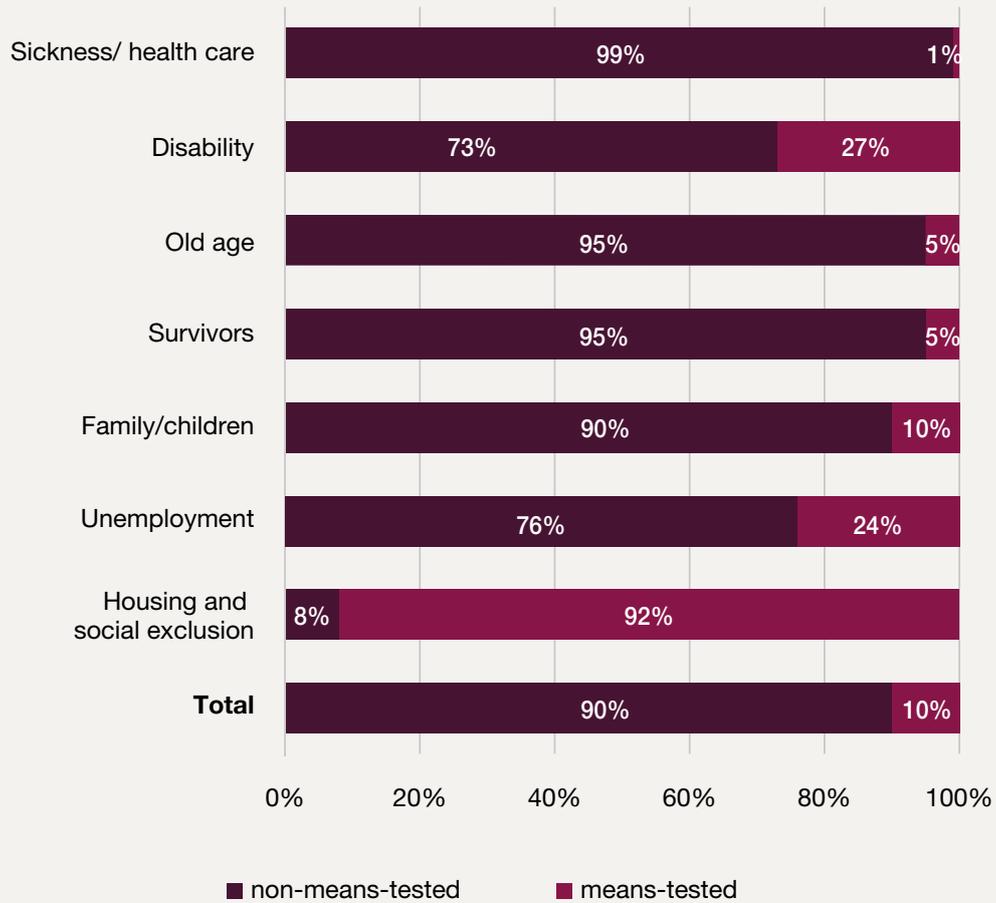
<sup>1</sup> Without administrative costs, transfers to other systems (redirected social contributions, other transfers), and other expenditure;

Most social benefits, specifically 90 percent, are not subject to checks on income or assets. Ten percent of all social benefits are, however, means-tested or 'needs tested' benefits. This means that in the case of hardship the income and/or assets of the person or the household are checked before the benefit can be granted.

Of social benefits totalling EUR 103.98 billion in 2016, a sum of around EUR 10.05 billion was accounted for by means-tested benefits.

These include benefits such as the equalisation supplement, unemployment assistance or the minimum income benefits of the provinces.

**Means-tested and non-means-tested social benefits<sup>1</sup>, percentage shares, 2016**



Source: Ministry of Social Affairs, Statistics Austria on the basis of the ESPROSS database (as at: November 2017), own presentation by the Ministry of Social Affairs

<sup>1</sup> Without administrative costs, transfers to other systems (redirected social contributions, other transfers), and other expenditure;

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## 2.4 Social security contributions

The following table shows the contribution rates for pension insurance, health insurance, work accident insurance and unemployment insurance for employed persons.

In 2018, 37.75 percent of the wages of employees subject to contributions was paid to the social insurance system: 22.8 percent for pension insurance, 7.65 percent for health insurance and 1.3 percent for work accident insurance. Alongside the social insurance contributions, six percent has to be paid for unemployment insurance.

These social insurance contributions are due up to a specific income level. This so-called ceiling on insurable earnings amounts to an annual EUR 5,130 (14 times a year) for employees in 2018.

Employer's contributions which are solely based on social insurance law have to be paid, for example, for wage compensation in the case of insolvencies, for company pension schemes and for night-time heavy labour. Only employees have to pay a contribution for the Chamber of Labour.

In addition, both employees and employers pay wage-related contributions towards subsidies for housing construction, and building workers pay a contribution towards the bad weather compensation scheme.

Separate contribution rates apply to farmers, the self-employed and civil servants.

<b>Contribution rates for employees<sup>1</sup> in % of wages subject to contributions, 2018</b>			
	<b>Employee's share</b>	<b>Employer's share</b>	<b>Total</b>
Pension insurance	10.25	12.55	22.80
Health insurance	3.87	3.78	7.65
Work accident insurance	0.00	1.30	1.30
Unemployment insurance	3.00	3.00	6.00
<b>Total</b>	<b>17.12</b>	<b>20.63</b>	<b>37.75</b>
Wage compensation in the case of insolvency	0.00	0.35	0.35
Chamber of Labour levy	0.50	0.00	0.50
Contribution to the subsidisation of house building	0.50	0.50	1.00

	Employee's share	Employer's share	Total
Only for certain groups of employees and/or for specific sectors			
Contribution towards company pension schemes <sup>2</sup>	0.00	1.53	1.53
Contribution towards bad weather compensation <sup>3</sup>	0.70	0.70	1.40
Contribution toward night-time heavy labour <sup>4</sup>	0.00	3.40	3.40
Contribution to the Social and Further Training Fund <sup>5</sup>	0.00	0.35	0.35
Employers' levy for marginal part-time workers <sup>6</sup>	0.00	16.40	16.40
Contribution for those insured in marginal part-time employment relationships <sup>7</sup>	14.12	0.00	14.12

Own presentation of the Ministry of Social Affairs from data and tables of the Federation of Austrian Social Insurance Institutions, January 2018.

<sup>1</sup> Contribution rates for white-collar and blue-collar workers: Diverging regulations may apply to agricultural workers, mine workers, salaried employees in mining and quasi-freelancers. (For further information see the Federation of Austrian Social Insurance Institutions.)

<sup>2</sup> Applies to employment relationships based on a private law contract which began after 31 December 2002, and for quasi-freelancers from 1 January 2008.

<sup>3</sup> Only for workers for whom the bad weather regulations in the construction industry apply.

<sup>4</sup> Only for employees for whom the Night-time Heavy Labour Act applies.

<sup>5</sup> This contribution has to be paid by the agency for agency (temporary) workers in cases where the conditions according to Section 22d of the Temporary and Agency Workers Act are present.

<sup>6</sup> An employer's contribution only has to be paid for marginal part-time employees working in the company if the total of their wages exceeds EUR 657.08 (figure for 2018) per calendar month.

<sup>7</sup> Marginal part-time employees whose total income from employment in several employment relationships subject to the General Social Insurance Act (ASVG) exceeds the marginal earnings threshold (annual contribution) are charged the employees' portion of social insurance contributions by their health insurance fund.

## 2.5 The financing of social benefits and services

An overall view of all social systems reveals that in 2016, EUR 38,6 billion was financed via budget funding of the regional administrative bodies, EUR 37.9 billion by employers' contributions, and EUR 27.5 billion by contributions of the insured themselves (see the diagram on the financing of social expenditure).

The proportion of contributions paid by employers has been falling continuously for more than three decades now (in 1980 the figure was 38.6%). The contribution of the state has risen since 2001. At 36.6 percent in 2012, the proportion borne by the state reached its highest level since 1985. Since 2012 the proportion paid from general tax revenue has remained consistently high. The social insurance contributions of employees, the self-employed and pensioners amount to a relative constant 25 percent of the financing volume.

In the table on the following page, the larger social systems are grouped according to their source of funding:

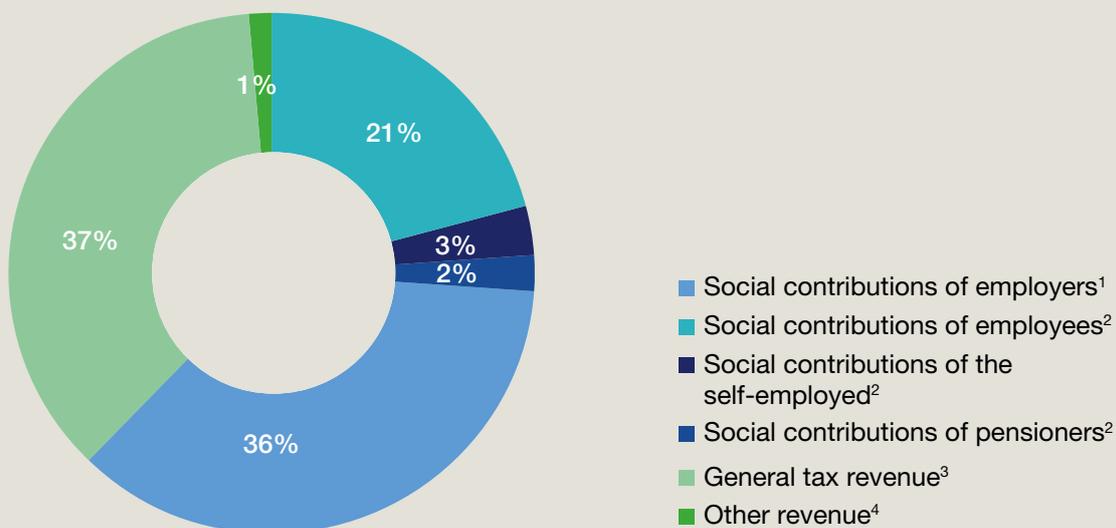
the largest purely budget-financed social benefits and services are, for example, long-term care benefits and child tax credits.

Whereas just under a third of social benefit systems, such as federal childcare allowance and child tax credits, are financed solely from general tax revenue, the financing of a quarter of the systems is derived either wholly (continued pay in case of illness) or predominantly (company pension schemes, work accident insurance and the equalisation of family burdens) from employers' and employees' contributions. More than two thirds of the financing of the statutory pension system comes from employers' and employees' contributions.<sup>11</sup>

Benefits under labour law are financed solely by employers (particularly continued pay in case of illness up to a certain duration of illness, which is entirely financed in this way). Benefits paid when a company becomes insolvent, company pensions and benefits related to accidents at work are also largely financed by employers.

Transfers between the different systems constitute an essential part of the financing of the state pension insurance and health insurance systems. They include, for example, health insurance and pension insurance contributions for persons claiming benefits from unemployment insurance. The cost of family policy-related benefits are reimbursed to the relevant institutions from the Family Burdens Equalisation Fund.

**Financing of social expenditure in 2016, in percent**



Source: Ministry of Social Affairs, Statistics Austria on the basis of the ESPROSS database (as at: December 2017)

<sup>1</sup> In accordance with ESPROSS, this is actual "expenditure to ensure the entitlement of employees, former employees and their family members to social benefits and services" and imputed employer's contributions.

<sup>2</sup> The contributions of employees, the self-employed and pensioners are categorised as those of "protected persons" in ESPROSS. These are contributions paid to social protection systems by individuals and private households to obtain or safeguard their entitlement to social benefits and services.

<sup>3</sup> Expenditure of the public sector for state-run contribution-free systems and the financial support of the public sector for other social protection systems.

<sup>4</sup> Income from assets and other non-assignable revenue.

<sup>11</sup> Source: [www.statistik.at](http://www.statistik.at), September 2017

# Labour law and protection against discrimination

3



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**Labour law regulates legal issues arising in connection with an employment relationship. Employment relationships are structured by an employment contract which is concluded between the employee and the employer. Employment contracts are embedded in a network of various labour law provisions via legislation, regulations, collective agreements and company agreements. This chapter deals with key labour law provisions which are relevant for this purpose and with protection against discrimination in Austria.**

### **3.1 Collective agreements**

In the specific design of wage structures and working relationships, the social partnership plays an important role, both within companies and at regional and national levels. There are interest groups which are relatively centrally organised and which usually conclude collective agreements at a sectoral level. Alongside wages and salaries, these agreements regulate essential aspects of working conditions such as flexible working hours, periods of notice and bonuses. In this way, uniform standards in terms of wages and working conditions are achieved in a sector via a collective agreement, thus contributing towards fair competition.

Unlike in other countries, collective agreements in Austria apply to all employees within a sector, regardless of whether they are trade union members or not. As only a part of employees are organised in trade unions, this external effect has an important function in that it makes it difficult for employers to exert downward pressure on wage levels. The terms of collective agreements have a direct effect on individual employment contracts and cannot be limited or repealed to the detriment of employees either by the provisions of individual contracts or by company agreements. However, more favourable agreements for employees can normally be concluded.

At the end of June 2017, the social partners agreed on the following with regard to the achievement of a nationwide minimum wage of at least EUR 1,500 gross per month as follows: A general agreement was reached which provides for a minimum wage amounting to EUR 1,500 gross per month to be laid down by the year 2020 in those collective agreements where the lowest minimum wage is still below this limit. An evaluation of this is planned for 2020.

An agreement has already been reached in the following areas:

- The hospitality sector (staged plan to reach a level of EUR 1,500 gross per month by 31 December 2018)
- Hairdressing (staged plan to reach a level of EUR 1,500 gross per month by 1 April 2019)
- Cardboard industry (raising of the minimum wage to EUR 1,500 gross since 1 May 2017)
- Haulage company employees (minimum wage of EUR 1,700 gross already achieved)

In the case of employment relationships where due to the lack of a body on the employers' side which is authorised to conclude collective agreements no such agreements can be made (around two percent<sup>12</sup>), the law provides – alongside the declaration of the generally binding nature of collective agreements – for the authorities to set minimum wage levels via regulations.

## 3.2 Works councils and works agreements

Works councils are important representative bodies for employees in companies. Legislation lays down that a works council has to be established in every company in which there are at least five long-term employees. Infringements of this obligation are, however, not penalised. Works council members are independent of trade unions in their work, although over 90 percent of them are simultaneously also union members. Works council members enjoy special protection against redundancy and dismissal.

Company agreements constitute the most important instrument for the participation of employees. The right to conclude works agreements can, however, only be exercised via the works council. Legal provisions and collective agreements establish a framework for the areas which can be regulated by company agreements. Company agreements are directly effective for all those employed in a company. The legal possibilities to assert the right to conclude company agreements vary considerably depending on the content of the company agreement. In addition, works councils possess a wide range of legally regulated information, monitoring and advisory rights vis-à-vis the management of the company.

Further information on labour law provisions can be found on the website of the Labour Inspectorate: [www.arbeitsinspektion.gv.at](http://www.arbeitsinspektion.gv.at)

## 3.3 Working hours

### **Statutory normal working hours**

Essentially, daily normal working time may not exceed eight hours, and normal weekly working time may not exceed 40 hours. Normal working hours agreed upon via collective agreements can also be lower. In many sectors of the economy, normal weekly working hours are less than 40 hours due to collective agreements.

<sup>12</sup> Source: OECD Employment Outlook 2017

### **Flexible working hours arrangements via collective agreements**

Deviations from the normal working hours as laid down by the Working Hours Act can be agreed upon by the parties to a collective agreement or by means of company agreements. The Working Hours Act, for example, facilitates a considerable degree of flexibility with regard to normal working hours. This makes it possible, for example, to negotiate issues related to workplace safety or attractive opportunities for time off in lieu together with extended flexibilisation – this can be carried out within the framework of collective agreements or company agreements if the collective agreement in question authorises companies to do so. If a collective agreement cannot be concluded due to the lack of an entity with the legal capacity to do so on the employer's side, a company agreement takes the place of a collective agreement.

### **Room for manoeuvre of the parties to a collective agreement when designing flexible working hours**

Collective agreements can specify flexible models for averaging working hours within the framework of the Working Hours Act and can extend both the length of normal working hours per day as well as the permissible normal working hours per week. Within a certain period of time (the reference period for the averaging of working hours), average normal working hours may not be exceeded. At the end of the reference period, occasions upon which average weekly working hours have been exceeded are normally considered overtime work. It can be principally stated that the larger the continuous periods of leisure time which have to be granted as compensation, the more flexibly working hours arrangements can be designed. A reference period for averaging working hours of up to 52 weeks can be specified via a collective agreement, and this can be even longer if it is in connection with periods of leisure time lasting several weeks (a sabbatical).

Within the respective reference period, daily normal working hours can be set at a level of up to ten hours. Normal weekly working hours can be extended to up to 48 hours, and, if the reference period for averaging purposes is no longer than eight weeks, up to 50 hours.

The parties to the collective agreement are, however, also permitted to extend normal working hours to up to ten hours a day in connection with the introduction of a four-day week or if longer periods of leisure time are facilitated.

### **Overtime**

If statutory normal working hours are exceeded, these hours are principally understood as overtime, for which a wage supplement of 50 percent or time off in lieu are due. Employees may only be called upon to work overtime if it is permitted and if interests which are worthy of consideration do not oppose it. Exceeding shorter agreed normal working hours is considered to be what is referred to as additional work.

### **Part-time work**

If the agreed weekly working hours amount to less than the statutory weekly working hours or the weekly working hours agreed upon in a collective agreement, this is considered part-time work. Part-time employees may not be disadvantaged in comparison with full-time employees because of their part-time work, unless there are objective reasons for this. Employees may only be called upon to work additional hours if this is permitted, if there is an increased need for labour, and if interests which are worthy of consideration do not oppose it. They are then due a wage supplement of 25 percent.

### Statutory maximum working hours

Total working hours (= normal working hours + overtime work) may normally only amount to ten hours per day, and may not exceed an average of 48 hours a week within the reference period for the averaging of working hours laid down by law or by a collective agreement, whereby up to 50 hours per week can be worked in individual weeks. Exceeding these maximum levels constitutes an offence on the part of the employer unless permissible deviations are provided for by law. For example, in the case of a temporary special need for labour to prevent an unreasonable financial disadvantage, company agreements can allow overtime of up to twelve hours a day and 60 hours a week for a maximum of 24 weeks of a calendar year if other measures cannot be reasonably expected. An offence is only given when these limits are exceeded.

### The hours worked in Austria<sup>13</sup>

On average in 2016, the normal weekly working hours per week for all persons in work (employed and self-employed) amounted to 36.6 hours, while the average<sup>14</sup> normal weekly hours of the employed alone were 35.7 hours per week. The actual working time per week among employees was 30.7 hours in 2016.

In 2016, part-time work was again typical for women. An average of 47.7 percent of women worked part-time in 2016, whereas this was only the case with 11.8 percent of men.

An average of 1.4 overtime hours were worked by employees taken as a whole. A total of 683,200 persons, i.e. around a fifth (19%) of all employees, carried out overtime work in their main job in 2016 (in 2015: 671,800 persons or 19%). A total of 186,200 persons worked ten or more hours of overtime. On average, they worked 7.2 overtime hours or (in the case of part-time work) additional hours per week and person.

#### Employees according to weekly hours actually worked, annual average for 2016, in percent

	Total (proportions in % of all persons in gainful employment)	Up to 11 hours	12–24 hours	25–35 hours	36–40 hours	41–59 hours	60+ hours
Total	100.0	16.7	12.5	16.6	36.2	16.1	1.9
Women	47.4	19.9	19.9	22.2	27.7	9.4	0.9
Men	52.6	13.7	5.8	11.6	43.8	22.2	2.9

Source: own calculation/presentation of the Ministry of Social Affairs on the basis of Statistics Austria, Microcensus of the Workforce 2016, annual average over all weeks. Population in private households without persons on military service and civilian alternative service, without persons on parental leave (in an ongoing employment relationship), according to the ILO (employees: blue-collar workers, white-collared employees, public-sector workers; including quasi-freelancers). Number of hours worked by employees in their main jobs (minor deviations are caused by rounding up or down);

<sup>13</sup> Source: Statistics Austria, July 2017

<sup>14</sup> Micro-census of the workforce (annual average of every week), 21.3.2017

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## 3.4 Entitlement to holidays

There is a fixed statutory minimum amount of holidays in Austria; the legal basis for this is the Holidays Act. Every employee is entitled to five weeks holiday (25 working days in the case of a five-day working week or 30 working days in the case of a six-day working week) per working year. If an employee has worked for the same company for longer than 25 years, he/she is legally entitled to holidays of six weeks duration (30 working days in the case of a five-day week and 36 working days in the case of a six-day working week). The Holidays Act ensures that previous periods of service with another employer as well as certain periods of education at schools and in higher education (up to a certain maximum level) are taken into account in the periods of service required for a greater amount of holidays.

Employees who carry out strenuous work during the night are entitled to additional holidays (depending on their period of service), which can amount to up to six working days per year.

In order to protect employees in an ongoing employment relationship, holidays have to be consumed, and it is not permitted for employers to compensate employees for not taking their holidays by giving them money instead.

Further details on the **Holidays Act** can be found in German at [www.sozialministerium.at](http://www.sozialministerium.at) > Arbeit/Behinderung > Arbeitsrecht > Urlaub&Freistellung

## 3.5 Family-specific provisions in labour law

An overview of family benefits can be found in Table 6.1 in Chapter 6 Benefits for families/children.

### **Maternity protection provisions**

Regulations to protect mothers-to-be have the purpose of preventing dangers to the lives of pregnant employees and their unborn children. They include a ban on work which is damaging for the organisms of the mother-to-be or the unborn child as well as the prohibition of work on Sundays, public holidays and overtime for pregnant women and nursing mothers. For eight weeks before and eight weeks after the birth of their child, women may not be employed at all. This is extended to at least twelve weeks after premature births, multiple births or birth by caesarean section.

Additional information on maternity protection can be found in German on the website of the Labour Inspectorate in the area Personengruppen > Werdende und stillende Mütter > Mutterschutz: [www.arbeitsinspektion.gv.at](http://www.arbeitsinspektion.gv.at)

### **Leave from work until the child's second birthday**

According to the Maternity Protection Act (MSchG) and the Parental Leave for Fathers Act, employees are entitled to take unpaid leave to care for a baby or small child until

the child has reached the age of two, whereby the mother and the father can share the parental leave twice (in other words, the period of leave can be divided into a total of three parts; e.g. mother/father/mother). During this period, parents can claim childcare allowance. The duration of payment of childcare allowance is, however, dependent on the duration of parental leave and on the method of receiving the benefit which is chosen, and can be shorter or longer than parental leave; see Chapter 6 Benefits for families and children.

Parental leave is conditional on the employee living in the same household as the child.

### **Part-time work for parents**

In firms with more than 20 employees, parents of young children are entitled to work part-time until the child's seventh birthday at the latest, or until the child has started school if this is later. This entitlement is dependent on the employment relationship having existed for at least three years. The beginning and the duration of part-time employment as well as the number of hours worked and the place of work are arranged with the employer. If no agreement is reached, legal action can be taken against the employer at the Labour and Social Court. The court makes a decision after taking the interests of both parties into consideration. If there is no entitlement to part-time employment for parents, part-time work until the child's fourth birthday at the latest can be agreed upon. The parents can both work part-time simultaneously. This entitlement may only be used once per child by each parent.

Guidelines on labour law aspects of parental leave and part-time employment for parents are available in German at [www.sozialministerium.at/broschuerenservice](http://www.sozialministerium.at/broschuerenservice)

### **Protection against redundancy and dismissal**

Pregnant women may only be made redundant for specific reasons, such as the closure of a company or the lasting reduction of its operations, whereby in such cases the agreement of the Labour and Social Court is usually required. An employee in an employment relationship with an indefinite contract may not be made redundant in the following periods: from the beginning of pregnancy until four months after birth of the child, or four weeks after the end of parental leave or part-time work in accordance with the Maternity Protection Act (until a maximum of four weeks after the child's fourth birthday). In the case of part-time employment beyond the child's fourth birthday, redundancy which is specifically for the reason of the parent having taken up part-time employment is not permitted.

Protection against dismissal for fathers begins with his declaration of wishing to take parental leave or carry out part-time work, and at the earliest four months before starting parental leave or part-time employment, but not, however, before the birth of the child, and lasts until four weeks after the end of parental leave or part-time employment, and at most until four weeks after the child's fourth birthday. If part-time employment continues beyond the child's fourth birthday, there is also protection against dismissal for this motive.

### **Family hospice leave/family hospice part-time employment**

Family hospice leave or family hospice part-time employment enable employees to support and accompany dying family members or severely ill children. The health and pension insurance cover of persons who take leave in order to care for and accompany dying family members or seriously ill children is assumed by the state for this period. During family hospice leave or family hospice part-time employment, there is a legal

entitlement to care leave benefit.<sup>15</sup> In addition, if the fixed minimum income level is not reached, financial support is granted from the Family Hospice Hardship Fund (see also Chapter 6 Benefits for families and children and Chapter 8 Benefits for those in need of care).

The contributions paid depend on the level of income of the household. More detailed information on the calculation of benefits related to family hospice leave and family hospice part-time employment can be found in German at [www.frauen-familien-jugend.bka.gv.at](http://www.frauen-familien-jugend.bka.gv.at) > Familien > Finanzielle Unterstützungen > Familienhospizkarenz-Zuschuss and [www.sozialministerium.at](http://www.sozialministerium.at) > Arbeit/Behinderung > Arbeitsrecht > Karenz & Teilzeit > Familienhospizkarenz und Familienhospizteilzeit

### **Care leave/part-time work for caregivers<sup>16</sup>**

For employees there is the opportunity to agree upon care leave or part-time work for caregivers with their employer (see also Chapter 8 Benefits for those in need of care). Care leave and part-time work for caregivers can be agreed upon in writing in accordance with the Federal Long-Term Care Benefit Act for the care and/or support of close relatives who were initially awarded long-term care benefit (by means of an official decision) from care stage 3, or from care stage 1 in the case of those suffering from dementia or close relatives who are still minors. This can be agreed upon if the employment relationship has existed without interruption for at least three months. The duration of care leave and part-time work for caregivers is set at one to three months. Within the framework of part-time employment for caregivers, the reduced weekly working time may not be lower than ten hours. Principally, care leave or part-time employment for caregivers can only be agreed upon once for the same person who is providing care/support. A new agreement on care leave or part-time employment for caregivers is only permissible once in the case of an increase in the long-term care benefit stage of the person who is being cared for/supported.

During care leave or part-time employment for caregivers, there is a legal entitlement to care leave benefit. This is conditional on the employee having been subject to full social insurance in accordance with the General Social Insurance Act (ASVG) for at least an uninterrupted three month-period directly before taking advantage of care leave or part-time employment for caregivers. In addition, protection under social insurance law is provided during this time (contribution-free health and pension insurance).

Further details on long-term care leave and part-time employment for long-term care can be found in German at [www.sozialministerium.at](http://www.sozialministerium.at) > Arbeit/Behinderung > Arbeitsrecht > Karenz & Teilzeit > Pflegekarenz und Pflegeteilzeit

<sup>15</sup> According to Sections 14a, 14b und 15a of the Act on the Adaptation of Employment Contracts, employees have the opportunity to change their working hours or take leave from their employment relationship for a certain duration in order to care for and accompany dying family members or severely ill children. The regulations on family hospice leave/family hospice part-time employment do not apply to quasi-freelancers, persons who work under conditions similar to those in 'quasi-subordinate' employment, or the so-called new self-employed.

<sup>16</sup> According to Sections 14a, 14b und 15 of the Act on the Adaptation of Employment Contracts, employees have the opportunity to reduce their working hours under certain conditions or to take leave from their employment relationship for a certain duration in order to care for or support family members. In this way, a sabbatical within an ongoing employment relationship is facilitated which has consequences under labour law. The regulations on care leave/part-time employment for caregivers do not apply to quasi-freelancers, persons who work under conditions similar to those in 'quasi-subordinate' employment, or the so-called new self-employed.

## 3.6 Part-time work for occupational reintegration

For people who are in an employment relationship and have been physically or mentally ill for a longer period, there has been the opportunity since 1 July 2017 to agree upon part-time employment for reintegration into working life. In order to facilitate reintegration into everyday working life, employees can, after a long illness, now temporarily reduce their working hours and thus gradually return to the work process. After reporting themselves fit for work, the aim is to maintain the person's health and consolidate their ability to work over the long term, which has considerable advantages for both the employee and the employer.

In order to secure the financial position and social insurance law status of the persons in question, accompanying legal measures have been laid down. Alongside their pay from part-time work, which has been reduced in relation to the decrease in working hours, employees are entitled to reintegration benefit from social health insurance funding.

In order to provide an overview, the Ministry of Social Affairs has produced a brochure (in German) which contains all the necessary information in relation to part-time employment for reintegration as well as references to the most important regulations in connection with part-time employment for reintegration plus pointers towards further sources of information. The brochure "Wiedereingliederungsteilzeit" can be ordered from the Brochure Service of the Ministry of Social Affairs: [www.sozialministerium.at](http://www.sozialministerium.at) > Service/Medien > Infomaterial > Downloads > Broschüre „Wiedereingliederungsteilzeit“

## 3.7 Educational leave and part-time work for educational purposes

Educational leave enables employees to take a period of leave for initial or further training purposes lasting between two and twelve months. The minimum duration of employment in order to conclude an agreement on educational leave is six months. Employees cannot force their employer to agree to this leave; however, if leave is agreed upon they benefit from special protection against dismissal for this specific reason. For the duration of educational leave, the employee receives a cash benefit from unemployment insurance at the same level as they would obtain as unemployment benefit (referred to as further training benefit, see Chapter 4 Benefits in the case of unemployment) if evidence of participation in further training or further education measures amounting to 16<sup>17</sup> or 20 hours a week can be provided. If an employee takes leave for reasons other than initial or further training, entitlement to benefits from unemployment insurance is conditional on the employer hiring a replacement worker for the duration of the leave.

<sup>17</sup> 16 hours are specified for people who have child-care obligations for children under the age of seven if there are no options to find child care which is available for a greater number of hours per week.

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Apart from this option, part-time employment for educational purposes can also be agreed upon. In this case further training or education can take place alongside part-time work. In order to be able to agree upon part-time employment for educational purposes with an employer, it is necessary – as in the case of educational leave – that the employment relationship has already existed for an uninterrupted six months. The duration of part-time employment for educational purposes must be at least four months and a maximum of two years. An essential element for the agreement on part-time employment for educational purposes is the permissible level of reduced working hours: working hours must be reduced by at least a quarter but by no more than half of the previous normal working hours.

The weekly working time during part-time employment for educational purposes must be a minimum of ten hours or more. For the duration of part-time employment for educational purposes there is an entitlement to a related benefit (see Chapter 4 Benefits in the case of unemployment) as long as the person in question has – before part-time employment for education – been in an employment relationship which is subject to compulsory unemployment insurance for at least six months with a constant number of working hours. The latter is due to the fact that otherwise the extent of the reduction of working hours and the amount of part-time employment for education benefit due cannot be assessed. Another condition is that the employee has to provide evidence of their participation in further education/training measures amounting to at least ten hours a week for what is essentially the duration of part-time employment for education.

Further information on educational leave and part-time employment for education can be found in German at [www.sozialministerium.at](http://www.sozialministerium.at) > Arbeit/ Behinderung > Arbeitsrecht > Karenz & Teilzeit > Bildungskarenz und Bildungsteilzeit

## 3.8 Labour law provisions in relation to unemployment

### **Protection against wrongful dismissal**

Principally, an employer can terminate an employment relationship at any time without giving reasons if the periods of notice and deadlines laid down by law, a collective agreement or an individual employment contract are adhered to. If there is an important reason, such as unjustified absence from work, the employment relationship can be terminated without a period of notice (dismissal). The statutory periods of notice which have to be adhered to by employers are longer for white-collar than for blue-collar workers.

Periods of notice in the case of termination by the employer		
Period of service with the company	Minimum period for white-collar workers	Minimum period for blue-collar workers as defined by the Industrial Code
under two years	six weeks	statutory 14 days; extension or reduction are possible via a collective agreement or an individual employment contract.
after two years	two months	
after five years	three months	
after 15 years	four months	
after 25 years	five months	

Source: Ministry of Social Affairs, 2017

The employer is obliged to inform the works council of every redundancy it intends to carry out. The works council can make a statement on this within a week and demand consultation with the employer. If the works council is expressly opposed to the intended redundancy, it can be challenged by the works council or the employee if it is viewed as socially unjustified. Dismissals for proscribed reasons (e.g. due to the employee's engagement in trade union activities) or discriminatory dismissals can be challenged by the employee themselves, even if the works council has agreed to the intended dismissal.

If five workers are made redundant in a company with at least 20 employees, the employer and the works council can conclude an agreement on the alleviation of the social consequences of redundancies carried out for operational reasons (redundancy programme). If the employer is not willing in this case to conclude a company agreement, the works council has the opportunity to enforce it via a court-like body in which the social partners participate.

The Public Employment Service (AMS) has to be notified of the following intended redundancies at least 30 days before the first redundancy is announced:

- of at least five employees in companies with more than 20 and less than 100 employees;
- of at least five percent of employees in companies with 100 to 600 employees;
- of at least 30 employees in companies with more than 600 employees;
- of at least five employees who have reached the age of 50.

Particular groups of employees enjoy special protection against wrongful dismissal. They include members of works councils, pregnant women, mothers after birth, parents during parental leave or part-time employment for parents, disabled persons receiving special support<sup>18</sup> and persons carrying out military or alternative civilian service. In each case, the agreement of the authorities is required.

The Public Employment Service then has to hold immediate consultations and urge that the persons affected continue to be employed in the same or another company.

<sup>18</sup> see chapter 3.11

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## 3.9 Entitlements in the case of termination of an employment relationship

When an employment relationship is terminated, employees have various entitlements under labour law, particularly to severance pay (old scheme), compensation for unused holidays, pro-rata special payments and compensation for termination of the employment contract.

### The old severance pay scheme

Employees whose employment relationship goes back to before 2003 and who have not changed over to the company pension scheme which has existed since 2003, are entitled to severance pay when their employment relationship ends. They need to have spent a specific minimum period in the company and have their employment contract terminated by the employer, or retire after an employment relationship lasting at least ten years. The amount of severance pay depends on the duration of the employment relationship and lies between two and twelve gross monthly salaries. The monthly amount corresponds to a twelfth of the employee's annual salary including special payments, regular overtime hours, bonuses etc.

Old severance pay scheme – the amounts	
Period of service with the company	Old severance pay scheme
after three years' work	two monthly wages
after five years' work	three monthly wages
after ten years' work	four monthly wages
after 15 years' work	six monthly wages
after 20 years' work	nine monthly wages
after 25 years' work	twelve monthly wages

Source: Ministry of Social Affairs, 2017

### New severance pay: the company pension scheme

Given that on the one hand only a relatively small proportion of employees has actually acquired an entitlement to severance pay by the end of their employment relationship, and on the other hand that the idea was to strengthen company pension schemes (as a second pillar of the pension system), the severance pay system was replaced by the new pension provision scheme for employees and the self-employed (also referred to as new severance pay). Persons whose employment relationship began before 2003 can choose between the old severance pay legislation and the new company pension schemes. Changing over from the old to the new system requires an agreement with the employer, however. From 2003 onwards, employers have to pay for all employees entering into a new employment relationship a contribution of 1.53 percent of their earnings into one of the company pension funds. The pension funds have to invest the contributions in accordance with the legal provisions. Quasi-freelancers are also covered by the company pension scheme if their employment relationships are subject to compulsory social insurance.

After the end of their employment relationship – after a total of at least three years of contributions paid – employees are entitled to freely dispose of their contributions plus the interest accrued, unless the employment relationship was ended by the employee giving notice, by dismissal or by unjustified early termination on the part of the employee. But also in this case – unlike in the old severance pay regulations – previous contributions are not lost, but can be claimed when the next employment relationship where there is an entitlement to freely dispose of the amount ends (e.g. when the employment contract is terminated by the employer). After the end of an employment relationship, the amount which has been saved can be left in the fund and, for example, withdrawn once the person retires. The money can also be transferred to a private additional pension scheme or to a pension fund. The returns on investment obtained are not subject to capital gains tax. However, six percent tax has to be paid on the amount paid out, as in the case of severance pay. If the pension option is chosen, no tax is due.

#### **Financial compensation for unused holidays**

When an employment relationship is terminated, the employee is entitled to a compensation payment for unused holidays. As a rule this is a pro-rata payment for holidays which have not been consumed. However, as a consequence of the compensation payment, any entitlement which the person may have to unemployment benefit is suspended for the period of unused holidays which they have been compensated for.

#### **Pro-rata special payments**

If the collective agreement or employment contract provides for a 13<sup>th</sup> and 14<sup>th</sup> monthly wage, when the employment relationship ends the employee usually has to be paid the proportion of this money due for the period of the year during which they have worked for the company. Almost all employees are entitled to these special payments.

#### **Compensation for termination**

Under certain conditions (e.g. termination by the employer which did not respect periods of notice or deadlines), the employer has to pay – as compensation for termination – all of the entitlements which would have arisen if the termination of the employment relationship had been carried out properly (e.g. termination with the correct period of notice and the right deadline).

As of the Federal Law Gazette no. 153/2017, the minimum period of employment previously required in section 20 para. 1 of the Salaried Employees Act for the application of the termination regulations has been removed; this provision has to be applied to all white-collar workers as of 1 January 2018, regardless of the extent of their employment.

## **3.10 Entitlements according to labour law in the case of illness and accidents**

If an employee cannot do their work due to illness or an accident, they have a legal entitlement to receive continued pay from the employer for a certain duration. This depends on how long an employee has been working in a company. The longer they have been employed there, the longer their entitlement to continued pay. After the end of full continued pay, the employee continues to have a right to payment corresponding to half of their original pay. In addition, employees are also entitled to sickness benefit (see Chapter 7 Health care/benefits and services in the case of illness).

### Full continued pay according to period of service with a company

Period of service with the company	Continued pay
up to five years	six weeks
from the sixth to the 15 <sup>th</sup> year	eight weeks
from the 16 <sup>th</sup> to the 25 <sup>th</sup> year	ten weeks
from the 26 <sup>th</sup> year	twelve weeks

Source: Ministry of Social Affairs, 2017

In the case of inability to work due to an accident at work or an occupational disease, a differentiation is made between white-collar and blue-collar workers. In the case of white-collar workers, the length of entitlement to continued pay rises from six weeks to a maximum of eight weeks – otherwise, the same rules apply as those for illness, in particular the entitlement to half pay for the duration of a further four weeks. In the case of blue-collar workers, the maximum length of continued pay is eight weeks, which is extended to ten weeks after 15 years of service with a company. In this case they have no right to continued pay corresponding to half of their original pay. (see Chapter 7 Health care/benefits and services in the case of illness and Chapter 9 Benefits and services in the case of invalidity and accidents at work).

From 1 July 2018, continued pay in the case of illness is paid for eight weeks to both blue-collar workers and white-collar workers after completion of their first year's service with a company. In addition, from this point in time onwards the simpler and clearer regulations regarding a recurrence of illness which already applied to blue-collar workers are now also valid for white-collar workers.

From 1 July 2018, employers are obliged – even if there has been a mutually agreed termination of the employment relationship – to carry on with continued pay in the case of illness also after the end of the employment relationship in certain cases.

#### Caring for sick family members

Employees have a statutory entitlement to paid leave from work when they have to care for a sick family member<sup>19</sup> who lives in the same household. Since 1 January 2013, parents also have a right to care leave to look after sick children, regardless of whether the child lives in a joint household with its parents or not. Within a period of one year, employees are entitled to a total of one week's paid care leave. In the case of the illness of a child under the age of twelve living in the same household, there is an entitlement to a second week's leave per year. If this entitlement to care leave has been used up, the employee can use their holidays to care for a child without requiring the agreement of their employer. Taking holidays in this way without the consent of the employer is not a reason for dismissal.

<sup>19</sup> Spouses, civil partners or co-habiting partners, biological children, adopted and foster children, biological children of a spouse or civil partner and living in the same household, grandchildren, parents or grandparents;

## 3.11 Digression – the Disability Employment Act

The Disability Employment Act (BEinstG) aims to achieve the objective of sustainably integrating people with disabilities into working life and is based on three main elements:

- firstly, the law recognises that employers have an obligation to employ people with disabilities receiving special support;
- secondly, their employment relationships are characterised by special protection (see the details below about protection against dismissal), and
- thirdly, the Disability Employment Act facilitates extensive financial subsidies for people with disabilities, and particularly for employers of employees with disabilities.

The Disability Employment Act uses the term “disabled person receiving special support” (registered disabled persons). These persons can obtain the status of those receiving special support upon application if they are citizens of the EU, the EEA or Switzerland, if the degree of their disability is at least 50 percent, and if they are available for work. Recognised asylum seekers and third country nationals who have been granted residential status in Austria and are allowed to take on employment can also apply if they have the same status as Austrian citizens. The degree of disability is established via a medical report.

### Protection against wrongful dismissal

As employees with disabilities could more easily be in danger of losing their jobs, and at the same time can find it more difficult to find a new job as a consequence of lower mobility, people with disabilities receiving special support have increased protection against dismissal. The employment relationship of a disabled person receiving special support can only be terminated with legal effect after obtaining the approval of the Disabled Persons Committee or the Federal Administrative Court, unless – in exceptional cases – agreement to a termination which has already been announced is issued retrospectively. In the procedure for the approval of termination, the various interests at stake are weighed up, taking all of the relevant circumstances of the individual case into account and then deciding whether it is more unreasonable for the employee to lose their job or for the employer to continue to employ the disabled person.

This special protection against dismissal applies to employment contracts with persons who already had the status of a disabled person receiving special support and which were concluded for the first time after 1 January 2011. Special protection only takes effect four years after the beginning of such an employment relationship. There are exceptions, for example in the case of work accidents. An easing of the terms of special protection against dismissal has been agreed upon in consultation with the social partners and the associations of people with disabilities.

### Obligation to hire people with disabilities

All employers in the private and public sectors in Austria are obliged to take on one person with a disability for every 25 employees. Particularly disadvantaged groups of people with disabilities (e.g. blind persons, older people with severe disabilities, wheelchair users) are counted twice when fulfilment of the employment obligation is checked. If an employer does not comply with their obligation to employ people with disabilities, or not to a sufficient extent, they have to pay a certain sum, the so-called compensation tax. This is intended to compensate employers for the reduction in competitiveness which they might possibly experience as a result of employing people with disabilities

(in some case higher absenteeism and reduced productivity). The level of the compensatory tax is adjusted annually by order of the Minister of Social Affairs. For the year 2018 it amounts to EUR 257 for companies with 25-99 employees, EUR 361 for those with 100 and more employees, and EUR 383 for those with 400 and more employees – in each case the amount is payable per month and unfilled obligatory post. The revenue from the compensatory tax goes into a special fund (Compensatory Tax Fund). This fund is administrated by the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection and is a separate legal entity. The money in the fund is earmarked, particularly for the promotion of measures for the integration into the world of work of people with disabilities within the framework of projects, individual subsidies to employers who take on people with disabilities and direct subsidies to those affected.

For the year 2015, compensatory taxes of around EUR 149 million were charged. As of 31 December 2016, around 103,000 persons belonged to the group of disabled persons receiving special support; in 2015 a total of around 100,000 obligatory posts were recorded at the companies which were subject to the obligation to hire people with disabilities. Of these obligatory posts, more than 62,000 were occupied by disabled persons receiving special support (= around two percent of employees). Around 38,000 obligatory posts remained vacant. The obligation to employ people with disabilities was thus fulfilled to an extent of 65 percent. In 2015, of a total of 19,393 employers with an obligation to hire people with disabilities, only 22.4 percent actually fulfilled their obligation, so over three quarters of employers failed to do so. In spite of the obligation of employers to hire them, somewhat more than a third of all disabled persons receiving special support in Austria were not in work in 2015.

## 3.12 Protection against discrimination

### 3.12.1 Equal treatment

The Equal Treatment Act contains a comprehensive ban on discrimination in connection with employment relationships. This ban also extends to forms of indirect discrimination, such as the disadvantaging of part-time employees (from a labour law perspective) compared with full-time employees. Alongside direct and indirect discrimination, the Equal Treatment Act also prohibits harassment and sexual harassment. The law also provides protection against discrimination by association; i.e. protection against discrimination also covers those persons who have a close relationship to the person who is protected against discrimination.

#### Indirect and direct discrimination

Direct discrimination means that a person is or has been, for example, treated worse than another person due to their gender or age in a comparable situation. Indirect discrimination is when a general regulation or measure which – although it applies to everyone – creates a disadvantage for certain persons (e.g. women or older people).

The Equal Treatment Act prohibits direct and indirect discrimination due to gender, family status, ethnic origin, religion or views, age or sexual orientation.

The **imperative of equal treatment in connection with an employment relationship** forbids discrimination (see above) in the following cases:

- when an employment relationship is established;
- when wages are being determined;
- when granting voluntary social benefits which do not constitute pay;
- with regard to measures concerning training, further training and retraining;
- in the case of career advancement, particularly promotion;
- with regard to other employment conditions, and
- when an employment relationship is terminated.

This also applies in **other parts of the world of work**, namely:

- in access to careers advice, vocational training, further training and retraining outside an employment relationship;
- in the involvement in an employees' or employers' organisation;
- in the founding, establishment or extension of a company as well as when taking up or extending any other kind of self-employment.

In addition, nobody may be directly or indirectly discriminated against outside the world of work due to their ethnic origin. This applies to the following fields:

- with regard to social protection (including social security and health care services);
- with regard to social advantages;
- with regard to education, and
- in their access to and the provision of goods and services which are available to the public, including living space.

In addition, nobody may be discriminated against – directly or indirectly – due to their gender in their access to and the provision of goods and services which are available to the public, including living space.

Companies over a certain size<sup>20</sup> are obliged to present an income report in order to achieve greater transparency in relation to wages. In addition, companies are obliged to indicate the minimum pay they are offering in job advertisements, whereby infringements are subject to fines.

The Equal Treatment Act provides for the following penalties:

- reimbursement of the lost assets<sup>21</sup>, i.e. direct loss and lost profit or the creation of a discrimination-free situation;
- and – in both cases – in addition the reimbursement of the non-material damage<sup>22</sup> for the personal disadvantage suffered.

In the case of a discriminatory termination or non-extension of a fixed-term employment relationship, the person affected can challenge the termination or apply for the verification of the existing employment relationship. The person can also opt to accept the termination or non-extension and to sue for damages.

<sup>20</sup> Since 2014 for companies with more than 150 employees;

<sup>21</sup> Lost assets according to the Equal Treatment Act include disadvantages related to monetary assets (e.g. loss of pay) and lost profit (i.e. the loss of potential profits).

<sup>22</sup> Non-material damage is damage to intangible objects such as a person's health, autonomy, honour or dignity. Among other things, the Equal Treatment Act also provides protection for the legal right to be able to move freely without discrimination in working life.

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The office of the Ombudsman for Equal Treatment offers free and confidential advice and support to those affected. In the case of offences against the Equal Treatment Act, an application for the examination of the discrimination can be made to the Equal Treatment Commission. If the employer is not willing to end an infringement of the principle of equal treatment, legal action can be taken against them at the Labour and Social Court. Asserting claims due to discrimination is also possible regardless of proceedings which might be taking place at the Equal Treatment Commission.

## 3.12.2 Protection against discrimination for people with disabilities

As a result of the Disability Equality Package, comprehensive measures were introduced in 2006 to promote the equal participation of people with disabilities in the world of work and in daily life.

Particular elements of the Disability Equality Package are:

- the Federal Act on Equal Treatment for People with Disabilities (banning discrimination in 'everyday life');
- a comprehensive amendment of the Disability Employment Act (ban on discrimination in employment);
- an amendment to the Federal Disability Act (creation of the Ombudsman for the Disabled).

With the amendment to the Disability Employment Act, a legal right to equal treatment in the world of work was realised.

The Federal Disability Equality Act also created protection against discrimination in 'everyday life'. The Act contains a ban on the discrimination of people with disabilities in the field of the federal administration as well as in access to goods and services, as far as the latter are available to the general public.

This protection against discrimination is not only for people with disabilities, but also for persons who have a close relationship to disabled people. It not only protects close relations who are discriminated against due to the disability of family member, but also other persons close to the disabled person, such as their teachers or personal assistants.

The ban on discrimination in the legislation on the equal treatment of people with disabilities also extends to indirect discrimination, direct discrimination (e.g. due to physical barriers), harassment and instructions given by others to discriminate. When determining whether a disadvantage due to barriers constitutes discrimination, it should be examined whether the cost and/or effort required to eliminate the barriers would represent a disproportionate burden. If it is possible to take advantage of subsidies from public funding for the corresponding measures, this should be considered when assessing their reasonability. The core element of protection against discrimination is the possibility to exercise the right to reimbursement of the material or non-material damage suffered.

In the field of employment, the creation of a discrimination-free situation can be sought.

As part of the so-called inclusion package which came into effect on 1 January 2018, the right to take out an injunction in cases of harassment due to a disability was introduced. In addition, this package of legislation extended the right to initiate a class action to establish discrimination – which was previously limited to the Austrian National Council of Disabled Persons – was extended to the ombudsman for the disabled and the Association for Assertion of the Rights of Victims of Discrimination. In the case of large companies, the opportunity to bring an injunction and to eliminate existing discrimination was additionally introduced. The assertion of claims in court has to be preceded, however, by obligatory arbitration proceedings at the Sozialministeriumservice. The arbitration procedure is free of charge. The goal of free arbitration proceedings is to come to an amicable agreement. As part of this process, free external mediation is also offered as an alternative means of solving conflicts.

Since 1 January 2006, there have been a total of 2,443 arbitration cases (as at 30 November 2017). 2,347 of these (96%) had already been resolved on the reference date.

Somewhat more than half of all applications (1,255 cases) were related to the Federal Disability Equality Act (BGStG), while 1,188 cases were related to the Disability Employment Act (BEinstG). Of the completed cases, a settlement was reached in 1027 cases (43.76% of completed cases), while there was no settlement in 1036 cases (44.14%). In 284 (12.1%) cases the request for arbitration was withdrawn. Such withdrawals are usually due to a previous settlement. A total of 96 proceedings (3.93% of all cases) were still ongoing on the reference date. In 29 cases (1.19%) an external mediator was enlisted to provide assistance.

Since 2006 the proportion of cases related to the Federal Disability Equality Act rose from an initial 32 percent to 55 percent in 2016, while the proportion of cases related to the Disability Employment Act decreased correspondingly. The annual number of applications increased since the introduction of arbitration in 2006 from 130 (2006) to 298 in 2016.

The Disability Equality package also included the establishment of an Ombudsman for the Disabled. The ombudsman's office is not subject to directives and has the task of advising and supporting people with disabilities in cases of discrimination. The ombudsperson is also a member of the Federal Disability Advisory Board.



# Unemployment benefits

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**Unemployment insurance forms part of the social protection system in Austria. It is administered by the Public Employment Service (AMS). Unemployment insurance primarily covers unemployment benefit and unemployment assistance and is paid when the conditions for entitlement – usually unemployment – are given. The Public Employment Service is also responsible for benefits from active labour market policy, from employment subsidies and skills training subsidies.**

## **4.1 Benefits**

Whereas the most important cash benefits in the case of unemployment are unemployment benefit and unemployment assistance, active labour market policy measures are the most significant subsidies in the fields of skills training and taking up employment. In addition, there are cash benefits from unemployment insurance for persons with existing employment relationships and benefits in the case of the insolvency of a business which are described in more detail below. For persons suffering hardship with no or too little entitlement to cash benefits from unemployment insurance, there is the minimum income (see Chapter 5 Minimum income benefits). Entitlements in relation to unemployment and the termination of an employment relationship (severance pay, company pension schemes, compensation for termination etc.) are described in Chapter 3 Labour law and protection against discrimination.

### **4.1.1 Conditions for entitlement and levels of unemployment benefit and unemployment assistance**

Unemployment benefit and unemployment assistance are the most important cash benefits from unemployment insurance. Unemployment benefit is paid for a limited period, while unemployment assistance, which can be claimed subsequently, is paid indefinitely if certain conditions are fulfilled. There are minimum income elements in it (a higher net replacement rate due to a supplementary amount), but there is no minimum benefit level, though there is a maximum level. The majority of employees in Austria are subject to compulsory insurance in the unemployment insurance system. Marginal part-time employees with a monthly income of less than EUR 438.05 (for 2018), civil servants and most self-employed persons are excepted from compulsory unemployment insurance. The self-employed can, however, opt into unemployment insurance voluntarily under certain conditions.

Conditions of entitlement: in order to receive benefits from the unemployment insurance system, the unemployed person must

- a) have acquired a minimum period of insurance;
- b) be able to work, and
- c) be willing to carry out work that can be reasonably expected of them.

#### **a) Minimum period of insurance**

Entitlement to benefits from unemployment insurance is based on a specific minimum insurance period:

- for the first claim, at least 52 weeks of work subject to compulsory unemployment insurance within a period of 24 months is required;
- for young people under the age of 25, a job subject to compulsory unemployment insurance lasting at least 26 weeks within a period of twelve months before the claim is made is sufficient;
- persons who have already claimed a benefit from unemployment insurance at least once must have been employed in a job subject to compulsory unemployment insurance for 28 weeks (or a total of 52 weeks in the past 24 months) in order to be able to claim again.

#### **b) Ability to work**

The unemployment insurance system is only responsible for persons who are able to work. In the case of invalidity or inability to work on the part of the unemployed person, benefits from pension or health insurance apply (see Chapter 10 Benefits in the case of invalidity and accidents at work).

During the process of deciding whether to grant a pension (usually to establish whether invalidity is present) in relation to an unemployed person, the person can be entitled to cash benefits (paid as advances) from the unemployment insurance system. Entitlement to such advance payments is either based on unemployment benefit or unemployment assistance and is valid up to the upper limit of the average amount of the respective pension payment. If the proceedings end with the granting of a pension, the Public Employment Service is reimbursed from the subsequent pension payment for the advance payment it made. On average in 2016, a total of 1,678 persons claimed such a benefit.

#### **c) Reasonable employment**

Unemployed persons must be prepared to take on a reasonable job or to undergo in-service training or retraining. Employment is considered reasonable if it takes the form of a suitable job which complies with the statutory provisions and the regulations of the relevant collective agreement. The place of work must be able to be reached within a reasonable period of time, or suitable accommodation must be made available. The place of work and the working hours may not cause a conflict with the person's obligations to care for children.

In the first 100 days of claiming unemployment benefit, the placement of the claimant in employment which does not correspond to their previous work is considered unreasonable if it would make it more difficult for them obtain employment in that field in the future.

In the first 120 days of claiming unemployment benefit, employment in another occupation or part-time employment is only considered reasonable if the wages (subject

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to compulsory social insurance contributions) amount to at least 80 percent of the last wage which formed the basis for the assessment of the claimant's unemployment benefit. From the 121st day of claiming unemployment benefit, employment in another occupation or part-time employment is only considered reasonable if the wages (subject to compulsory social insurance contributions) amount to at least 75 percent of the last wage which formed the basis for the assessment of the claimant's unemployment benefit. There are special regulations for persons who were previously in part-time employment.

For the long-term unemployed who (after the expiry of unemployment benefit) claim unemployment assistance, employment in a job which pays less is also considered reasonable. However, the payment must at least correspond to the minimum wage according to the collective agreement.

### **Levels of unemployment benefit and unemployment assistance**

As unemployment benefit is an insurance-based benefit, the amount received depends on the claimant's previous income from employment. Unemployment benefit is composed of a basic amount, an additional amount if applicable, and family supplements.

The basic amount constitutes 55 percent of the average net income of the last calendar year before the person became unemployed (if the application is made in the second half of the year) or of the penultimate calendar year (if the application is made in the first half of the year). If the income used for calculation purposes is from over a year ago, it is revalued with a revaluation factor defined according to Section 108 para. 4 of the General Social Insurance Act (ASVG). For example, in 2018 income from 2016 is revaluated with the factor 1.016.

The additional amount becomes due if the daily unemployment benefit would otherwise be lower than a third of the equalisation supplement reference rate for a single person (EUR 30.31 per day in 2018). If the unemployed person provides for family members, they additionally receive a family supplement of EUR 0.97 per day.

The daily unemployment benefit calculated in this way is, however, only paid up to a net replacement rate of 60 percent of the person's previous net income. If family supplements are due, an upper limit of 80 percent applies.

On average in 2016, 129,189 women and 183,862 men claimed unemployment benefit or unemployment assistance. The average daily rate of unemployment benefit amounted to EUR 30.95 (women EUR 27.70, men EUR 33.46), while the average rate of unemployment assistance was EUR 24.56 (women EUR 22.13, men EUR 26.13).<sup>23</sup>

The level of unemployment assistance amounts to 95 percent of the previously claimed basic amount of unemployment benefit plus 95 percent of the additional amount if the basic amount does not exceed EUR 909.42 (equalisation supplement reference rate 2018). In other cases, unemployment assistance is due at a rate of 92 percent of the basic amount of unemployment benefit.

In the case of persons who are claiming unemployment assistance or who are not entitled to unemployment assistance only because the income of their spouse (or partner or civil partner) is taken into account, periods of unemployment are recognised as insurance periods in the pension insurance system as long as these persons are available for placement in work in the same way as someone receiving unemployment assistance.

<sup>23</sup> Source: Public Employment Service, Labour Market Report 2016

These persons are also covered by statutory health insurance even if they are not entitled to contribution-free co-insurance. After six months, there are fixed maximum benefit amounts set for persons with short contribution periods. The varying maximum amount depends on how long the person has previously claimed unemployment benefit (2018 figures):

- in the case of 20 weeks receipt of unemployment benefit: a maximum of EUR 30.31 unemployment assistance per day;
- in the case of 30 weeks receipt of unemployment benefit: a maximum of EUR 35.33 unemployment assistance per day.

As unemployment assistance is only granted in the case of hardship, the income of the person's spouse or partner are also taken into account. However, income of the partner up to a level of EUR 657 per month (2018) is not taken into account. This income allowance increases by EUR 285.50 (2018) per month for every person who is dependent on or entitled to maintenance from the partner. For persons aged 50 and above, the allowances for their partner's income and for family members who are dependent or entitled to maintenance rise to EUR 1,142 and EUR 571 respectively and for persons aged 55 and over to EUR 1,713 and EUR 856.50 respectively. Taking account of a partner's income will be discontinued from 1 July 2018<sup>24</sup>.

<b>Average daily level of insurance-based benefits in the case of unemployment in EUR, 2016</b>			
	<b>Women</b>	<b>Men</b>	<b>Total</b>
Unemployment benefit	27.70	33.46	30.95
Unemployment assistance	22.13	26.13	24.56

Source: Ministry of Social Affairs on the basis of the Public Employment Service's Labour Market Report, as at: April 2017

### **Maximum duration of the payment of unemployment benefit and unemployment assistance**

The maximum duration for which unemployment benefit can be paid depends on the person's insurance periods within statutory qualifying periods and the age of the person when they become unemployed.

It amounts to:

- 20 weeks if the minimum insurance period is fulfilled;
- 30 weeks if the person has accumulated 156 weeks of work subject to compulsory unemployment insurance;
- 39 weeks if the person has accumulated six years of work subject to compulsory unemployment insurance in the last ten years, and has reached the age of 40;
- 52 weeks if the person has accumulated nine years of work subject to compulsory unemployment insurance in the last 15 years, and has reached the age of 50, and
- 78 weeks after the completion of vocational rehabilitation measures.

If the person participates in labour market policy measures (courses, reintegration programmes), the payment of unemployment benefit is extended by the duration of the programme. If the person takes part in a so-called labour foundation, the payment of

<sup>24</sup> Discontinuation of taking into account of a partner's income: coming into effect on 1. July 2018, amendment to the Unemployment Insurance Act 1977. Amendment of the Unemployment Insurance Act 1977; Federal Law Gazette I no. 157/2017

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unemployment benefit can be extended by up to three years, and by up to four years if particular conditions are present (a longer period of training or the unemployment of persons over the age of 50).

Unemployment assistance can be granted for 52 weeks at a time after the receipt of unemployment benefit ends (the maximum duration is until the conditions for receipt of a pension have been fulfilled). After 52 weeks have passed a new application has to be made if necessary.

## **Sanctions**

If an unemployed person does not take on a job or a place on a course which has been offered, they lose their entitlement to unemployment benefit (unemployment assistance) for the duration of their refusal and at least for six weeks, and eight weeks if there are several refusals. The period of time during which they can claim benefit is shortened (e.g. only 24 weeks instead of 30 weeks). In cases where there is a good reason for the claimant's actions (e.g. if they have taken on another job), the loss of their entitlement is reduced or waived entirely.

If a person loses their employment due to their own fault or because they have left voluntarily, there is no entitlement to unemployment benefit or unemployment assistance for the first four weeks immediately afterwards. The length of time for which benefit can be claimed is not shortened in this way, however, the period of time is merely postponed. If there are extenuating circumstances, allowances will be made and the waiting period partly or wholly waived.

## **Opportunities for additional earnings**

While unemployment benefit or unemployment assistance are claimed, it is possible to earn up to the marginal earnings threshold (EUR 438.05 per month in 2018) without losing benefit payments.

If the additional earnings from temporary employment (i.e. where less than four weeks' work have been agreed upon or carried out) exceed the marginal earnings threshold, 90 percent of the net income over the marginal earnings threshold are counted towards unemployment benefit or unemployment assistance.

## **Protection under social insurance law**

Every recipient of benefits from unemployment insurance is covered by health insurance. In addition, these periods are counted as insurance periods in the pension insurance system.<sup>25</sup> For persons who were born before 1 January 1955 and are therefore not affected by the harmonisation of the pensions system, they are considered fictitious qualifying periods.

<sup>25</sup> Insurance periods which are acquired while claiming unemployment benefit are valued at 70 percent of the contribution base which is used to calculate unemployment benefit. If unemployment assistance is claimed, 64.4 percent of the contribution base (92% of 70%) is used as the contribution base.

## 4.1.2 Labour market policy benefits

The goals of active labour market policy are:

- achieving and maintaining full employment;
- keeping older employees in work for longer;
- taking active measures to raise the level of qualifications and to promote equal opportunities;
- increasing transparency in the labour market;
- developing human resources;
- re-activating the unemployed, and
- combating long-term unemployment.

These general objectives are made more specific via the labour market policy targets of the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection, which are implemented by the Public Employment Service (AMS).<sup>26</sup>

The Public Employment Service has the task of advising workers and finding jobs for them, as well as filling vacancies of which it is notified. During unemployment, people can claim unemployment benefit as a means of subsistence, and during longer periods of unemployment they can claim unemployment assistance.

### **Passive labour market policy**

Passive labour market policy means the sum of all the measures and services which are designed to ensure that people can subsist during periods of unemployment. In individual cases this can refer to the following:

- wage replacement benefits such as unemployment benefit and unemployment assistance, which in the case of unemployment are funded by unemployment insurance;
- the minimum income schemes by the provinces;
- insolvency compensation – a wage replacement benefit if an employer becomes insolvent;
- advances on pension payments: advances on a pension – this is money which is paid for reasons of old age before receiving a pension as well as due to reduced ability to work or inability to work.

There is a legal entitlement to all the benefits listed above.

### **Active labour market policy**

Active labour market policy refers to those measures which promote the better functioning of the labour market. They are concluded by means of a contract between the Public Employment Service (AMS) and those affected. Active measures can also be taken in advance in individual cases before unemployment actually occurs.

The most important measures of active labour market policy are:

- increasing the transparency of the market by processing various items of information with the aid of state of the art information technology: job matching, careers information and advice;
- the subsidisation of initial and further vocational training in order to adapt the skills of the labour force to the needs of the market;
- the promotion of the mobility of the workforce, e.g. by providing assistance in finding suitable child care;

<sup>26</sup> The current targets are available as PDF files from the download area [www.sozialministerium.at](http://www.sozialministerium.at) > Labour/Disabilities > Labour market > Labour market policy in Austria

# 4

- providing support in overcoming personal problems which make it difficult to advance oneself in employment (advice and support in cases of addiction, debt, homelessness, physical and mental disabilities etc.) and
- temporary subsidised employment via recruitment grants to facilitate entry into working life.

Detailed information on all benefits from active labour market policy can be found on the website [www.sozialministerium.at](http://www.sozialministerium.at) > Labour/Disabilities > Labour Market > Labour market policy in Austria as well as on the website of the Public Employment Service: [www.ams.at](http://www.ams.at)

## 4.1.3 Cash benefits from unemployment insurance for persons with existing employment relationships

### **Part-time benefit for older workers**

This cash benefit is intended to make it easier for older employees to remain in working life. After agreement with their employer, older employees can reduce their working hours and arrange for partial wage compensation to account for the reduced working hours.

Their working hours must be reduced by 40-60 percent. How the reduction of working hours is specifically structured is left to the employer and employee. The wage compensation must amount to at least 50 percent of the difference between the wages received before part-time work for older employees and the wage which would normally be paid for the reduced working hours. In addition, the employer must continue to pay an amount of social insurance contributions which corresponds to the previous number of working hours.

When an agreement of this kind has been made, the employer is entitled to reimbursement of a proportion of the additional costs (wage compensation including the additional social insurance contributions) from the Public Employment Service. The proportion which has to be reimbursed (payment to the employer) amounts to 90 percent in the case of a continuous reduction of working hours, and 50 percent of the additional costs in the case of a 'block time agreement' (for agreements made after 31 December 2010), up to a maximum of the ceiling on insurable earnings.

The earliest age at which part-time employment for older workers can be entered into is 53 for women and 58 for men. The opportunity provided by part-time employment for older workers can thus only be taken advantage of seven years before retirement age at the earliest, and entitlement lasts only for a maximum of five years. It is conditional on the person having spent a total of 15 years out of the last 25 in work subject to compulsory unemployment insurance. In the case of a block time agreement, an unemployed person has to be hired as a replacement.

As of 1 January 2016, persons who fulfil the conditions for a so-called corridor pension have been able to take a partial pension as an extended form of part-time employment for older workers (see Chapter 10 Pensions and similar benefits in old age and for surviving dependants). The main differences to part-time employment for older workers

are that the additional costs which arise for the employer due to the partial pension are wholly reimbursed (in the case of part-time employment for older workers: 50 percent of the costs), and that the block time variant is not possible in the case of a partial pension. It is possible to change from part-time employment for older workers to a partial pension, but only if the former was carried out in the form of a continuous reduction of working hours. Taken together, part-time allowance for older workers and the partial pension can be paid for a total of five years.

In 2016, an annual average of 27,712 persons were in the part-time employment for older workers scheme (15,875 women, 11,837 men).

#### **Further education/training benefit during educational leave**

When an employment relationship has lasted at least for six months, it is possible to take educational leave (see Chapter 3 Labour law and protection against discrimination) for a duration of a minimum of two months and a maximum of a year, and to apply to the Public Employment Service for further education/training benefit. Further education/training benefit is paid if the minimum insurance period (which is the same as for unemployment benefit) has been reached. The amount is the same as would be paid for unemployment benefit, and is at least EUR 14.53 per day.

When the employment relationship has lasted for at least six months with the same number of working hours, since 1 July 2013 educational leave of at least four months up to a maximum of two years can be agreed upon. If working hours are reduced by (at least) 25 and (at most) 50 percent, educational leave benefit for part-time employment can be applied for from the Public Employment Service. Educational leave benefit for part-time employment can be paid at a daily rate of EUR 0.80 (2018) for every full working hour by which the person's normal weekly working hours are reduced as long as the minimum insurance period as required for unemployment benefit is fulfilled.

If the further education or training takes the form of a university degree, in order to receive further education/training benefit evidence has to be provided after each six month-period (after every semester) of examinations taken from obligatory and optional subjects requiring a total weekly attendance of four hours or which provide the student with credits of eight ECTS points. If educational leave benefit for part-time employment is claimed, evidence has to be provided of examinations requiring attendance of at least two hours per week and semester or providing credits of four ECTS points.

On average in 2016, a total of 9,066 persons (5,438 women and 3,628 men) took advantage of further education/training benefit during educational leave, and an additional 3,458 arranged part-time employment for education (1,921 women and 1,537 men).

## **4.1.4 Social protection in the case of the insolvency of an employer**

Insolvency benefit has the function of protecting (former) employees against loss of income and delays in the payment of justified wage demands in the case of an employer's inability to pay. Employers pay 0.35 percent of the gross wage into a fund from which the entitlements of affected employees are paid. Alongside the contributions of employers, this cash benefit is financed from revenue from insolvency proceedings. The entitlements safeguarded by insolvency benefit include ongoing pay, severance pay, compensation for termination and lost holidays, claims for damages and company

pensions. The claims covered normally only include those which have accrued over a period of a maximum of six months before and three months after the initiation of insolvency proceedings.

In 2017, Insolvenz-Entgelt-Fonds Service GmbH (the agency which handles claims) received a total of 23,279 initial applications for the payment of insolvency benefit.<sup>27</sup>

## 4.2 Expenditure, benefit recipients and financing

According to ESPROSS, a total of EUR 6 billion was spent on the function of unemployment in 2016.<sup>28</sup> On average in 2016 there were 357,313 persons registered as unemployed with the Public Employment Service in Austria. During the course of 2016, a total of 961,014 persons were unemployed at least once.

The average duration of a period of unemployment amounted to 126 days in 2016. On average in 2016, 169,317 persons claimed unemployment benefit and 182,079 persons claimed unemployment assistance (of whom 23,341 claimed unemployment benefit during training and 15,004 claimed unemployment assistance during training provided via the Public Employment Service).

In 2016, the unemployment rate in Austria of six percent was significantly lower than the average of the EU28 of 8.5 percent. This definition is based on a standard EU calculation method which uses the criteria of the International Labour Organization (ILO). The definition of unemployed persons are those between the ages of 15 and 74 who do not have a job, can take on work within two weeks time and have been actively looking for work during the past four weeks.

The unemployment insurance system is predominantly financed by the wage-related contributions of employers and employees. In 2016 the contributions of employers and employees each amounted to EUR 3.1 billion.

In total, the revenue from labour market policy in 2016 amounted to EUR 6.35 billion.

Expenditure on labour market policy in 2016, in EUR millions	
	2016
Active labour market policy	1,268
Activating labour market policy for skills training	839
Part-time work and partial pensions for older employees	352
Passive labour market policy (unemployment benefit, unemployment assistance, transition benefit, etc.)	4,733

Source: Ministry of Social Affairs, June 2017

<sup>27</sup> Data provided by IEF Service GmbH

<sup>28</sup> The function unemployment in ESPROSS includes expenditure on unemployment benefit, unemployment assistance, special support/transition benefit, insolvency benefit and other benefits (e.g. short-time working subsidies, bad weather compensation, the labour market promotion measures of the provinces and exemption from charges) as well as the financing of the Labour Market Promotion Compensatory Tax Fund, the Billion for the Disabled campaign plus active and activating labour market policy measures of the Public Employment Service (AMS).

# Minimum income

5



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# More than 95 percent of cash benefits from the social protection systems are granted without previous checks on income and/or assets; in other words without means testing.

## 5.1 Overview

More than 95 percent of cash benefits from the social protection systems are granted without previous checks on income and/or assets; in other words without means testing.

Entitlements to these benefits and the level of benefit are derived either from the principles underlying social insurance or – if a person is at risk – from the principle of unconditional entitlement. Universal benefits are intended to protect the majority of the population from poverty. For a part of the population, however, these arrangements do not suffice. For this reason, additional benefits which are granted on the basis of means testing (in relation to income and partly also to assets) are offered within the systems based on social insurance law, in other social insurance systems and also in separate social insurance systems.

In the systems based on social insurance law, the following examples can be mentioned here: in pension insurance the equalisation supplement, in unemployment insurance unemployment assistance, and to a certain extent also unemployment benefit, in particular the supplementary amount (see Chapter 4 Unemployment benefits).

Within the framework of the Family Burdens Equalisation Fund there is an entitlement to benefits which are linked to means testing in relation to income or existing hardship (see Chapter 6, Benefits for families and children). Allowances for pupils and students as well as the exemption from fees are also means-tested social benefits.

If a person's own income and assets (and that of family members who are obliged to provide maintenance) as well as income from other social systems are insufficient to achieve a certain minimum standard, the minimum income schemes can alleviate the situation. This is currently the responsibility of the individual provinces.

The following information does not provide details about the regulations in the provinces.

To receive more precise information please contact the respective provincial government or the authority responsible for the minimum income in the area where you live.

## 5.2 Minimum income

### 5.2.1 The minimum income of the provinces

#### General

The minimum income schemes are designed to support all those persons in Austria who can no longer manage to earn a living themselves.

The minimum income schemes include benefits to sustain a person's livelihood, including housing, and to provide protection in the case of illness, pregnancy and birth. The minimum income schemes are intended to cover regular expenditure on food, clothing, personal hygiene articles, household items, heating and electricity as well as personal needs. All of this has the objective of enabling people to participate in the social and cultural life of society to a reasonable extent.

The relevant district administration or municipal authority is responsible for applications for the minimum income scheme; in Vienna the Social Centres fulfil this role.

#### Political developments in social assistance/minimum income schemes

In 2010 the federal government concluded an agreement with the provinces in accordance with Art. 15a of the Act on the Federal Constitution with which greater harmonisation between the respective social welfare systems of the provinces was to be achieved. The means-tested minimum income which was introduced in this way replaced the previous social assistance programme which was regulated differently by each province. With this agreement, nationwide uniform standards in important key areas of social assistance were established, which were then also to a great extent taken into account by the provinces in their legislation on the minimum income (e.g. minimum benefit levels, standards in relation to the realisation of assets, recourse claims etc.). The inclusion in the statutory health insurance system of claimants who were previously not covered also constituted an important socio-political measure which led to a considerable improvement in the living situations of those affected.

Since spring 2015, work has been carried out in intensive negotiations between the federal government and the provinces on a new regulatory framework which follows on from the existing agreement according to Art. 15a of the Act on the Federal Constitution. In the talks held at a political level since summer 2016, however, increasing differences of opinions at a fundamental level between the negotiators became obvious (e.g. on the issue of upper limits on benefits for multiple-person households, the introduction of waiting periods etc.), which ultimately stood in the way of the conclusion of a new agreement on the means-tested minimum income between the federal government and the provinces. The period of validity of the agreement concluded in 2010 therefore expired on 31 December 2016 due to the fact that it was linked to the relevant fiscal equalisation period.

Since 1 January 2017, the minimum income legislation of the provinces can thus (again) be drawn up without having to take a joint framework of an agreement according to Art. 15 of the Federal Constitution into account.

The option to include minimum income claimants who are not covered by health insurance in the statutory health insurance system remains intact in spite of the expiry of the agreement according to Article 15 of the Federal Constitution. In December 2016 the federal government created the legal basis for continuing to guarantee unrestricted access to health care for those affected.

### Conditions of entitlement

Minimum income benefits (of the provinces) are not an unconditional basic income. An entitlement to benefits is only present for those people whose needs cannot be ensured in the following ways:

- by the use of their own resources, such as their own ability to work, the deployment of their income and assets, and/or
- via entitlement to benefits based on social insurance law (e.g. a pension) and/or
- due to another overriding entitlement (e.g. an entitlement to maintenance).

When calculating the amount of minimum income benefits, the income of the entire household and not that of the individual person is used. Persons living in a household who are jointly granted benefits are referred to as a joint household.

With a few exceptions, **one's own assets and income** have to be used up before a minimum income benefit can be claimed. According to the provisions laid down in provincial law, there are allowances for savings (usually of around EUR 4,000). A claim is registered in the land registry against property which is occupied by the person and therefore does not have to be liquidated, but this takes place only after a six-month 'grace period' has passed.

There are exceptions for the following types of assets with regard to their realisation:

- objects used for exercising a profession or for satisfying reasonable intellectual or cultural needs;
- vehicles which are required for work or due to a disability, or due to a lack of other transport infrastructure, and
- household items to a reasonable extent.

Essentially, a person's own funds must be used. The following types of income are, however, not deducted:

- voluntary contributions received from non-statutory welfare organisations or a third party which supplement social assistance but to which the recipient has no legal right – unless they reach an extent or duration which would make the minimum income unnecessary (e.g. food vouchers);
- benefits for families according to the Family Burdens Equalisation Fund Act e.g. family allowance, with the exception of awards from the Family Hospice Hardship Fund, and
- long-term care benefit or similar benefits.

**Those who are capable of work** must be prepared to take on a job.

There are exceptions for persons who:

- have reached the statutory retirement age according to the General Social Insurance Act (women 60, men 65);
- have care obligations towards children under the age of three and cannot take on employment opportunities because they have no suitable care options;
- are the main carers for family members in need of care from care stage 3;

- support and accompany seriously ill or dying children, and
- who are in training or education which began before their 18<sup>th</sup> birthday. This does not apply, however, to tertiary level education such as a degree course at a university or university of applied sciences or similar).

### **Opportunities for foreign citizens to claim minimum income benefits**

The receipt of minimum income benefits (by the provinces) by non-Austrian citizens is linked to having a right to permanent residence in Austria. EU and EEA citizens only have unrestricted access to the minimum income if they are in Austria as employees or have lived here for longer than five years. According to recent case law of the European Court of Justice<sup>29</sup>, excluding citizens of the European Union from the receipt of social benefits when they no longer have the status of a worker is compliant with EU legislation. The planned agreement according to Art. 15a of the Act on the Federal Constitution would have contained a clarification of this issue.

Citizens of third countries are only entitled to minimum income if they have lived in Austria legally for more than five years. Recognised asylum seekers and those eligible for subsidiary protection<sup>30</sup> only obtain a right to minimum income benefits from the time of their recognition as refugees or of their eligibility for subsidiary protection. However, access to the minimum income schemes has been increasingly restricted recently: some provinces, for example, grant lower benefits of this kind to asylum seekers with a temporary right of residence, and lower benefits or none at all to those eligible for subsidiary protection. In addition, individual provinces pay lower levels of benefits to persons who have spent less than five out of the last six years in Austria.

### **Amount of benefits**

Benefit levels vary depending on the individual province in question. The following table provides an overview of the most important minimum standards of the provinces in 2017. Some provinces pay lower benefits from the minimum income scheme for certain groups of persons (e.g. asylum seekers who are entitled to remain in the country temporarily) or if a waiting period has not been fulfilled. The minimum standards for these groups of persons can be seen in the Integration column.

<sup>29</sup> Case law of the ECJ from the Alimanovic C-67/14 and Dano C-333/13 cases

<sup>30</sup> Persons eligible for subsidiary protection are those whose application for asylum has been rejected due to a lack of persecution, but whose life and health would be at risk in their country of origin. They are therefore not eligible for asylum, but receive temporary protection against deportation.

**Important categories / benefit levels of minimum income in the individual provinces, 2017\* in EUR**

	Persons receiving benefit only for themselves (IND) <sup>1</sup> / Single parents (SP) <sup>2</sup>		Couples		Children	
	General	Integration	General	Integration	General	Integration
Burgenland	845.00	456.00 + 128.00 for SP, 608.00 + 256.00 for IND	1,268.00	912.00 + 256.00	162.00	117.00
Carinthia	844.46	–	1,266.70	–	152.00 <sup>3</sup>	–
Lower Austria	844.46	822.50 for IND, 572.50 for SP	1,266.70	1,145.00	194.23	129.17 <sup>4</sup>
Upper Austria <sup>5</sup>	921.30	405.00 + 155.00 for SP <sup>6</sup>	1,298.20	810.00 + 310.00 <sup>7</sup>	212.00 <sup>8</sup>	100.00
Salzburg	844.46	–	1,266.70	–	177.34	–
Styria	844.46	–	1,266.70	–	152.00 <sup>9</sup>	–
Tyrol <sup>10</sup>	633.35	–	950.02	–	209.00 <sup>11</sup>	–
Vorarlberg <sup>10</sup>	633.91	–	947.16	–	184.01 <sup>12</sup>	–
Vienna	844.46	–	1,266.70	–	228.00	–

Source: Minimum income laws and regulations of the provinces, Ministry of Social Affairs (as at: 23.10.2017).

\* The respective current rates can be found on the websites of the respective provinces (for links see the following box).

<sup>1</sup> IND stands for persons receiving support only for themselves or single persons

<sup>2</sup> SP stands for single parents

<sup>3</sup> EUR 152 each for the 1<sup>st</sup> to 3<sup>rd</sup> children; EUR 126.67 from the 4<sup>th</sup> child

<sup>4</sup> EUR 129.17 per child; EUR 179.17 for the 1<sup>st</sup> to the 3<sup>rd</sup> children of a single parent

<sup>5</sup> Minimum standards in the category "Integration" outside organised accommodation (incl. EUR 40 pocket money)

<sup>6</sup> Benefit paid if a declaration on integration is signed. For single parents: additional benefits depending on the number of children

<sup>7</sup> Benefit paid if a declaration on integration is signed

<sup>8</sup> EUR 212 for the 1<sup>st</sup> to 3<sup>rd</sup> children; EUR 184 from the 4<sup>th</sup> child; EUR 450.70 without family allowance

<sup>9</sup> EUR 152 for the 1<sup>st</sup> to 3<sup>rd</sup> children; EUR 126.67 from the 4<sup>th</sup> child

<sup>10</sup> Without accommodation

<sup>11</sup> EUR 152 for the 1<sup>st</sup> and 2<sup>nd</sup> children; EUR 192.11 for the 3<sup>rd</sup> child; EUR 126.67 for the 4<sup>th</sup> to 6<sup>th</sup> children, EUR 101.34 from the 7<sup>th</sup> child

<sup>12</sup> EUR 184.01 for the 1<sup>st</sup> to 3<sup>rd</sup> children; EUR 126.60 for the 4<sup>th</sup> to 6<sup>th</sup> children; EUR 101.30 from 7<sup>th</sup> child; children without family allowance EUR 315.73

### **Housing costs and other benefits within the framework of minimum income schemes**

The flat-rate minimum standards of the provinces normally contain a partial amount to cover housing costs. If their reasonable housing costs exceed 25 percent of the minimum standards of a family unit, the provinces can in certain cases award additional benefits in order to cover housing costs – either from minimum income funding or as housing benefit from subsidies for the construction of housing. Special or additional needs, for which funding is usually granted without their being a legal right to it, are regulated in the respective minimum income legislation of the province.

Detailed information on the specific minimum income schemes in the respective provinces can be found in German on the websites of the provincial governments:

- **Burgenland:** [www.burgenland.at](http://www.burgenland.at) > Gesundheit, Soziales & Arbeit > Soziales > Mindestsicherung
- **Carinthia:** [www.ktn.gv.at](http://www.ktn.gv.at) > Themen A-Z > Soziales
- **Lower Austria:** [www.noel.gv.at](http://www.noel.gv.at) > Themen > Gesundheit & Soziales > Sozialhilfe
- **Upper Austria:** [www.ooe.gv.at](http://www.ooe.gv.at) > Themen > Gesellschaft & Soziales > Bedarfsorientierte Mindestsicherung
- **Salzburg:** [www.salzburg.gv.at](http://www.salzburg.gv.at) > Themen > Soziales > Soziale/finanzielle Leistungen > Mindestsicherung
- **Styria:** [www.soziales.steiermark.at](http://www.soziales.steiermark.at) > Soziale Leistungen > Bedarfsorientierte Mindestsicherung
- **Tyrol:** [www.sozialhilfetirol.at](http://www.sozialhilfetirol.at) oder [www.tirol.gv.at](http://www.tirol.gv.at) > Themen > Gesellschaft und Soziales
- **Vorarlberg:** [www.vorarlberg.at](http://www.vorarlberg.at) > Gesellschaft & Soziales > Soziales > Mindestsicherung (Sozialhilfe)
- **Vienna:** [www.wien.gv.at](http://www.wien.gv.at) > Gesundheit & Soziales > Soziales > Soziale und finanzielle Unterstützungen > Mindestsicherung

### **Health insurance**

All recipients of a minimum income benefit receive an ecard to obtain medical services. Thanks to the inclusion of benefit recipients without health insurance cover into the statutory health insurance system, their unrestricted access to medical care is ensured. The health insurance contributions are paid by the provinces.

The expenditure on health insurance contributions in 2016 amounted to approx. EUR 49 million. Overall in 2016, a total of 93,037 claimants were integrated into the statutory health insurance system via the minimum income.

### **Labour market policy and the minimum income schemes<sup>31</sup>**

With regard to their access to labour market promotion measures, minimum income benefit-recipients have the same status as other job seekers. In 2016, a total of 129,300 minimum income-recipients (of whom 60,800 only received minimum income) were supported by the Public Employment Service. Around 75,300 recipients accepted an offer of subsidies from the Public Employment Service (AMS) in 2016 (e.g. reintegration benefit, educational programmes, work in a company providing employment for those who cannot (yet) find work in the primary labour market). Overall, around 26,600 recipients of minimum income benefits were placed in employment again in 2016, of whom around 9,200 were persons only claiming minimum income benefits, while 17,300 were claimants who also received a benefit from the Public Employment Service.

<sup>31</sup> Source: Labour market database of the Public Employment Service

### Minimum income schemes – statistics of the provinces in 2016<sup>32</sup>

The number of persons in private households supported within the framework of the minimum income in 2016 amounted to 307,533, of whom 182,173 lived in 'family units' (i.e. persons living in the same household including persons able to work, and who jointly run the household from a financial perspective). 62 percent of these units were accounted for by single persons, 33 percent of the units were accounted for by single parents and couples (with and without children), and 5 percent of the units had different household groupings. 37 percent of the persons supported were women, 36 percent were men, and the remainder (27%) were minors. In addition, around 6 percent of recipients were of pensionable age.

The majority of the recipients in 2016 lived in Vienna (56.4%), followed by Lower Austria with a proportion of 9.9 percent, and Styria with 9.3 percent. (See the pie chart on minimum income recipients in 2016 according to provinces.)

Compared to the previous year, the number of recipients rose by 8.1 percent in 2016. The increase was greatest in the provinces of Lower Austria (+15.1%) and Carinthia (+12.9%).

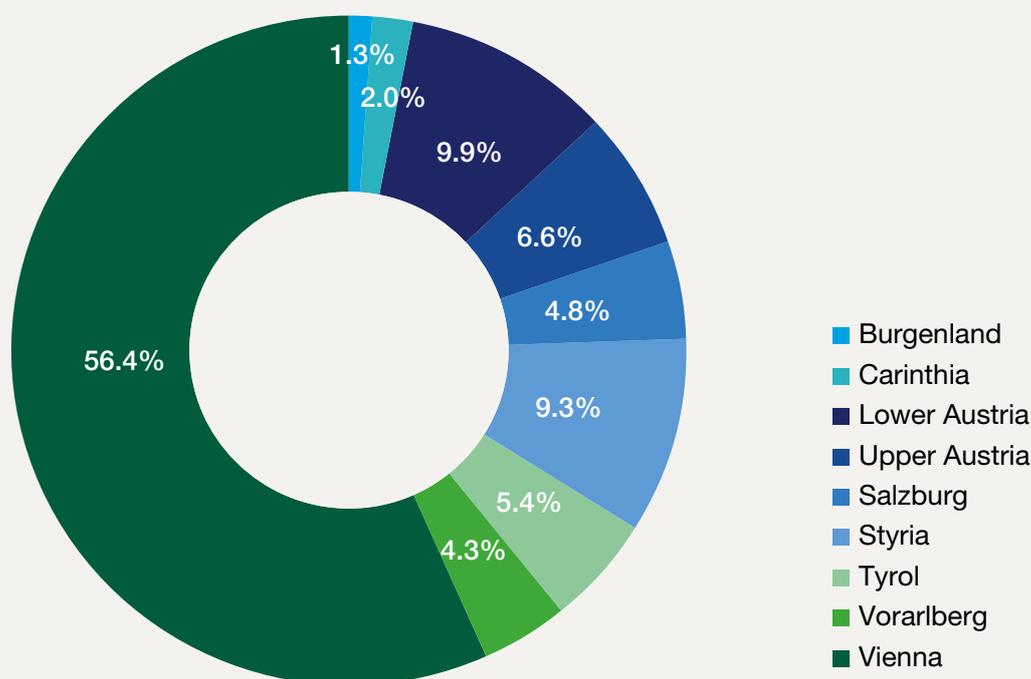
The total annual expenditure in 2016 for ongoing benefits in the minimum income scheme amounted to around EUR 872 million. On average, a person received a benefit of EUR 343 per month; the average benefit of a family unit amounted to EUR 589. In 2016, the average period during which minimum income was claimed in a family unit in Austria as a whole was around 8.1 months.

Statistics Austria has been publishing the joint statistics on the minimum income every year since 2011. The term means-tested minimum income statistics refers to the year 2016 and the then applicable agreement according to Article 15a of the Federal Constitution on the means-tested minimum income.

Detailed information on recipients and the claiming of benefits can be found in German via the following link: **Statistics Austria: [www.statistik.at](http://www.statistik.at)** > Soziales > Sozialleistungen auf Landesebene > Bedarfsorientierte Mindestsicherung

<sup>32</sup> Source: Statistics Austria, minimum income statistics 2016

**Minimum income schemes-recipients in 2016 according to provinces, in percentage shares**



Source: Statistics Austria, minimum income schemes-statistics 2016, Ministry of Social Affairs

## 5.2.2 Unemployment insurance: Unemployment benefit and unemployment assistance

For around a third of unemployment benefit claimants and around three quarters of unemployment assistance recipients, their benefits are below the equalisation supplement reference rate of the pension insurance system for single persons. Unemployment insurance does not include minimum levels for unemployment benefit and unemployment assistance, but there are minimum income elements. When unemployment benefit is calculated, the generally applicable replacement rate of 55 percent of the person's previous net income is raised by an additional amount to the equalisation supplement reference rate for single persons (2018: EUR 909.42).

Family supplements are also paid in addition to this amount. The level of unemployment benefit for unemployed persons who are entitled to family supplements is, however, limited to a net replacement rate of 80 percent of their previous net income, while for unemployed persons who are not entitled to family supplements this rate is 60 percent of their previous net income (see Chapter 4.2.1 Amounts of unemployment benefit and unemployment assistance).

In the case of longer-lasting unemployment, unemployment assistance is paid for an unlimited period after unemployment benefit if the person in question is suffering hardship and fulfils the other conditions (ability and willingness to work). With the

introduction of the means-tested minimum income scheme, since 2010 unemployment assistance has not only been based on the basic amount of unemployment benefit: any applicable supplementary amount is also taken into account in its calculation. Any existing income of a partner is only included in the calculation to the extent that a minimum standard amounting to the net equalisation supplement reference rate<sup>33</sup> for married couples (2018: EUR 1,293.98) remains, plus any supplementary amounts for children. Due to the increase of the net replacement rates and the lower extent to which partners' incomes are taken into account, the minimum income elements of unemployment assistance have been strengthened by the introduction of the minimum income.

### 5.2.3 Pension insurance: The equalisation supplement

As part of the statutory pension insurance system, low pensions are raised to a certain threshold amount in the case of financial hardship. If the total amount from a pension, other net income and amounts which are taken into account such as maintenance payments is below this threshold value, the pension recipient is entitled to an equalisation supplement amounting to the difference between their income and the threshold figure. Alongside the income of the pensioner, that of their husband, wife or partner is also taken into consideration in the calculation. A number of benefits – such as long-term care benefit and housing benefit – and also the person's assets are, however, not taken into account in the calculation of the equalisation supplement.

This cash benefit is a special contribution-free benefit registered in Regulation (EEC) 1408/71 and is only paid if the person is normally resident in Austria.

The monthly reference rate to which lower pensions are raised amounted to EUR 909.42 from 1 January 2018 for single persons and EUR 1,363.52 (14 times a year) for married couples and registered partners. If at least 360 contributory months of compulsory insurance based on employment have been acquired, the monthly reference rate amounts to EUR 1,022 for single persons from 1 January 2018.

In addition, a monthly supplement of EUR 140.32 is granted for every child if the child does not have a net income of over EUR 334.49.

### 5.2.4 Additional pensions according to the social compensation laws

Income-dependent pension benefits in the field of social compensation fulfil the function of a minimum income (additional pensions in the areas of the War Victims' Welfare Act, maintenance pensions in the area of the Victims' Welfare Act, means-tested benefits in the Military Service Compensation Act, the Vaccination Damage Act and the Victims of Crime Act).

Further information on this subject can be found in Chapter 9 Benefits for invalidity and accidents

<sup>33</sup> The net equalisation supplement reference rate is the equalisation supplement minus the health insurance contributions of 5.1 percent.

## 5.2.5 Wages policy on the basis of collective agreements

In Austria, minimum wages in the private sector are not set by law. Instead, wages policy in this country forms part of the autonomous sphere of responsibility of the respective interest groups of employees and employers, who set minimum wages in collective agreements, which are normally concluded for different sectors on an annual basis.

Due to the legal repercussions of the collective agreements, their provisions on wages and working conditions are directly legally binding for individual employment relationships.

Around 98 percent of employment relationships in the private sector are regulated by collective agreements.<sup>34</sup>

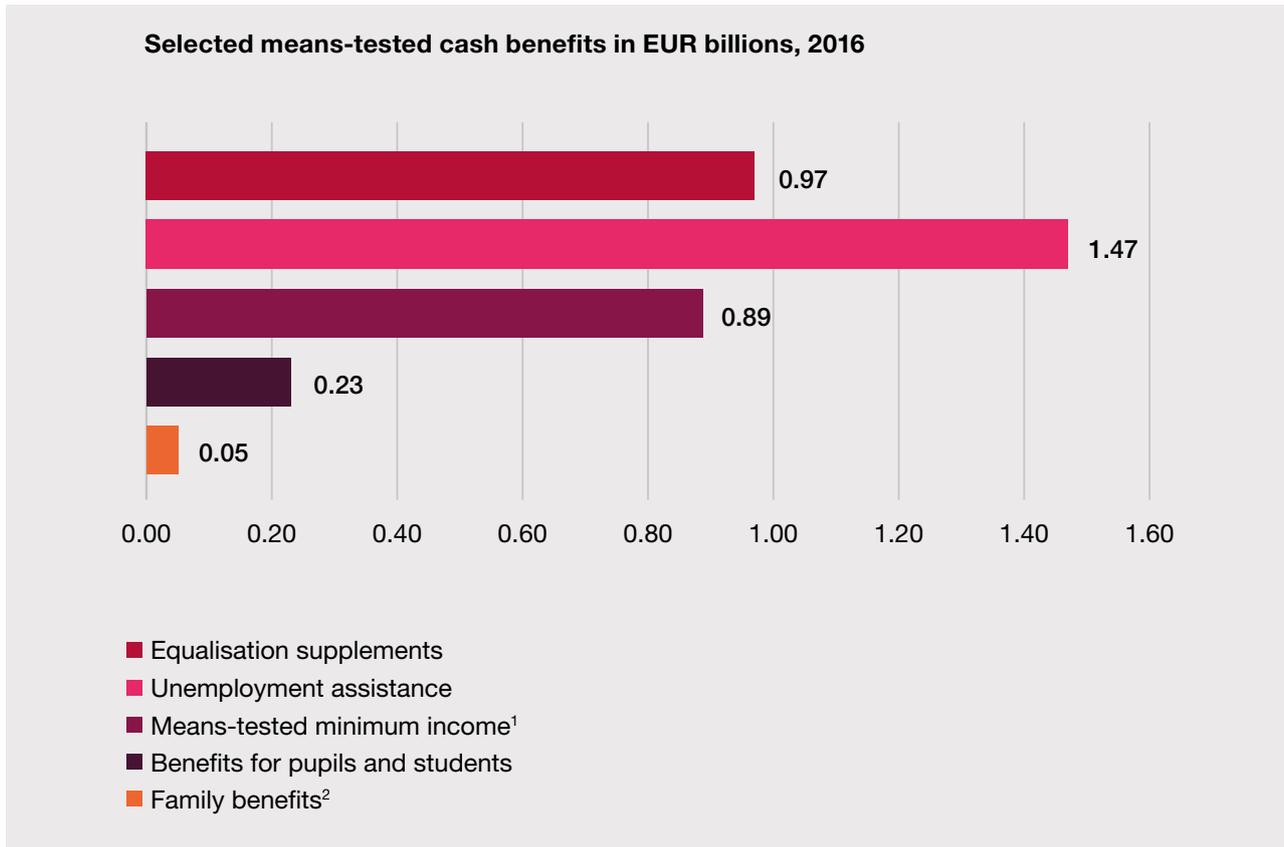
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<sup>34</sup> Source: OECD Employment Outlook 2017

## 5.3 Expenditure and financing

Expenditure on means-tested benefits amounted to around EUR 4.3 billion in 2016.

More than two thirds were accounted for by equalisation supplements and unemployment assistance. These benefits are illustrated in the following figure.<sup>35</sup>



Source: Ministry of Social Affairs, own calculations on the basis of Statistics Austria/Ministry of Social Affairs: ESPROSS Social database 2016, as at: November 2017

<sup>1</sup> The total of EUR 0.89 billion also includes benefits of the provinces and local authorities which are not contained in the expenditure totals given according to minimum income statistics, such as benefits for assistance in special circumstances.

<sup>2</sup> Benefits include the childcare allowance supplement at EUR 25 million, family hardship compensation at somewhat more than EUR 1 million, and measures of the provinces to promote families at EUR 23 million.

<sup>35</sup> Exemptions from charges (a total of EUR 70 million) are viewed as benefits in kind in ESPROSS. Accommodation-related benefits are also defined as benefits in kind in ESPROSS, as they are considered to be expenditure which has been provenly made for this purpose. These accommodation-related benefits include – as part of the minimum income – housing benefit (EUR 72 million) and particularly housing allowance (for tenants in subsidised housing) at a total of EUR 344 million (figures for 2016).

# **Benefits for families and children**

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**With a proportion of just under three percent of gross domestic product, Austrian expenditure on family benefits is among the highest of EU Member States. They account for around ten percent of all social benefits.**

## **6.1 An overview of family benefits and entitled persons**

Among these benefits and services, cash benefits and benefits in kind and other family-relevant benefits which are paid directly from the funding of the Family Benefits Equalisation Fund (FLAF) are predominant.

The Family Burdens Equalisation Fund is the main financing instrument of the Austrian policy of promoting families (see also Chapter 6.8 Expenditure and financing). The most important benefits of the FLAF, such as family allowance or childcare allowance, are described in the following section.

Family allowance is the most significant element of benefits for families and children in a quantitative sense: it accounts for around a third of all family benefits, while childcare allowance (including the supplement) accounts for just under twelve percent.<sup>36</sup> Advances on maintenance payments and benefits in kind for families (e.g. school books and free public transport for pupils) represent further important family policy benefits and services.

Alongside these are insurance benefits which are dependent on employment and income (e.g. maternity allowance) and benefits which are only granted in the case of hardship or after means testing. Taxation-related measures are also of great significance in the promotion of families.

The labour law entitlements of employees are primarily intended to ensure that raising a family and employment are reasonably compatible (see Chapter 3 Labour law and protection against discrimination).

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<sup>36</sup> According to ESPROSS, as at: December 2017, 'Function family / children', own calculations of the Ministry of Social Affairs, <http://ec.europa.eu/eurostat/data/database>

The following table provides an overview of the existing family benefits and services in Austria.

<b>Family benefits and services in Austria, 2018</b>	
<b>Financial benefits for families from the Family Burdens Equalisation Fund (FLAF)</b>	
Family allowance	Families with children; staged according to the age and number of children; higher rates for children with significant disabilities
Starting school bonus	Flat-rate amount of EUR 100 for children between the ages of six and 15 in September
Supplementary payment for children from multiple births	An income-related benefit in addition to family allowance for families with at least three children and with a maximum annual family income of EUR 55,000; EUR 20 per month for the third child and each additional child
Childcare allowance	Transfer payment for looking after small children (income-dependent or flat rate)
Additional allowance for recipients of childcare allowance	For single parents and parents (or one of a couple) on low incomes who are entitled to childcare allowance (EUR 6.06 per day)
Family time bonus	For working fathers who dedicate themselves intensively and exclusively to their families directly after the birth of a child (EUR 22.60 per day for at least 28 up to a maximum of 31 days)
Advance on maintenance payments	If persons who are obliged to pay maintenance fail to fulfil their duties, the state pays an advance on the statutory entitlement to maintenance of the child.
Travel costs allowance	Flat-rate amount for schoolchildren and apprentices
<b>Financial benefits within the framework of social insurance and unemployment insurance</b>	
Family supplements in unemployment insurance	EUR 0.97 per day and person entitled to maintenance
Child supplement	An amount of EUR 29.07 per month in addition to pensions (from the pension insurance system)
Maternity allowance	Insurance-related benefit for mothers; eight weeks before birth and eight weeks after birth; twelve weeks each in the case of Caesarean section and multiple births
Childcare allowance supplement	As part of active labour market (max. EUR 300 per month, in stages, depending on gross income and child care costs)

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<b>Benefits for persons suffering hardship</b>	
Benefits for persons suffering hardship	e.g. within the framework of the minimum income, housing benefit and pension insurance
<b>Tax credits</b>	
Tax credits for children	Uniform tax allowance of EUR 58.40 per month which is due for every child together with family allowance and which is also paid if the recipient pays little or no tax
Tax credit for sole earners and single parents	For taxpayers with at least one child; the amount depends on the number of children
Tax allowance for maintenance payments	A monthly tax allowance for children who do not live in the same household and for whom statutory maintenance is paid: the tax allowance for maintenance payments is EUR 29.20 per month for the first child, EUR 43.80 for the second child and EUR 58.40 for each additional child.
Tax deductibility of child care costs	Child care costs are tax deductible for taxpaying parents up to a maximum amount of EUR 2,300 per calendar year and child. If their employer pays them a supplement towards child care costs, only the costs in excess of this can be deducted.
Tax allowance for children	A total of EUR 300 per taxpayer and child (if it is claimed by both parents) or EUR 440 per year if it is claimed by single taxpaying parent)
<b>Other benefits and services</b>	
Pension insurance credits for periods spent bringing up children	Up to the fourth birthday of the child (in the case of multiple births up to the children's fifth birthday)
Co-insurance in the health insurance system	For family members who are not covered by compulsory insurance (largely contribution-free)
Nursery schools and crèches as well as afternoon care	Different conditions for certain age groups and times (whole day, half day) depending on the province in question. A free nationwide service: compulsory nursery school/pre-school year for five-year-olds; otherwise with socially staged or reduced contributions to costs
Mother-child pass examinations	Before and after birth; until approx. the child's fifth birthday
Free travel for pupils and apprentices	Co-payment of EUR 19.60
School books	No co-payments since the school year 2011/2012
Parental education	Programmes for parental education offered by non-profit organisations at reduced rates

<b>Other benefits and services</b>	
Family mediation	Mediation in the case of separation or divorce at reduced rates
Ongoing support for parents/ children	Support in the case of separation or divorce at reduced rates
<b>Entitlements according to employment law and benefits</b>	
Maternity protection	Ban on various kinds of work and certain working hours for pregnant women and a complete ban on employment eight weeks before and after birth
Protection against redundancy and dismissal	The termination of employment of pregnant women and mothers after birth or on parental leave is only possible for certain reasons.
Parental leave	Entitlement to unpaid leave until the child has reached the age of two
Part-time work for parents	Entitlement to part-time employment until the child's seventh birthday at the latest (und certain conditions; otherwise only up to the child's fourth birthday) in companies with more than 20 employees
Family hospice leave	The health and pension insurance cover of persons who take leave in order to care for and accompany dying family members or seriously ill children is assumed by the state for this period.
<b>Family counselling centres etc.</b>	Information at: <a href="http://www.familienberatung.gv.at">www.familienberatung.gv.at</a> and <a href="http://www.help.gv.at">www.help.gv.at</a>

Source: Ministry of Social Affairs, December 2017

## 6.2 Family Burdens Equalisation Fund: Family allowance

### Entitlement to family allowance

There is a general entitlement to family allowance for all minors. If adult children are undergoing vocational training or taking a university degree, family allowance is paid until the person reaches their 24<sup>th</sup> birthday (in exceptional cases until their 25<sup>th</sup> birthday). In the case of children who are permanently incapable of work and severely disabled there is no age limit.

Until the calendar year in which they reach the age of 19, the income of a child is irrelevant. If a child has its own earnings from the calendar year when it reaches the age of 20, its total taxable income may not exceed the amount of EUR 10,000 per year. If it does, the amount which exceeds the limit of EUR 10,000 has to be repaid.

#### Entitlement to family allowance is held by parents

- whose main place of residence is in Austria, and
- whose child (or also adopted child, stepchild or grandchild) lives together with them in one household, or whom they predominantly maintain if they do not live in the household of either parent.

Family allowance is paid to Austrian citizens who are resident or normally resident in the country and for children who live in Austria on a permanent basis or for whom the main focus of their lives is in Austria.

Entitlement to family allowance is held by the person to whose household the child belongs. If the parents live together this is the person who is largely responsible for the household, which the law presumes this to be the mother, but the presumption can be proved wrong. Otherwise the person who predominantly bears the cost of maintaining the child is entitled. A child itself can only be entitled to family allowance if it is an orphan or if its parents are not the main source of its livelihood. However, if the child is being brought up in a home, the cost of which is borne by the youth welfare authorities or social assistance, there is no such entitlement.

#### **Staging according to the age and number of the children**

Family allowance is staged depending on the number of children and their age, and is tax-free.

The following table shows the respective amount for the age-related stages in 2018.

<b>Family allowance according to age stages, in EUR</b>	
<b>Age</b>	<b>2018</b>
0-2 years	114.0
3-9 years	121.9
10-18 years	141.5
up to 19 years	165.1

Source: Ministry of Social Affairs, Federal Chancellery, Federal Law Gazette I 35/2014

The total monthly amount of family allowance increases by a certain amount for every child according to its 'sibling staging'. For two children in 2018 it amounted to EUR 6.90 per child, for three children EUR 17 per child, for four children EUR 26, for five children EUR 31.40, for six children EUR 35 per child and for seven and more children EUR 51 per child. The supplement for a severely disabled child has amounted to EUR 152.90 since January 2016. This amount is paid out in addition to family allowance. At the beginning of 2016, family allowance, the sibling staging and the supplement for a severely disabled child were increased by 1.9 percent.

#### **Family benefits counteract the risk of poverty**

Since 2011, a starting school bonus of EUR 100 has been paid in September together with family allowance for children aged between six and 15.

In order to counteract the particular risk of poverty affecting families with several children, a supplementary payment for families with three or more children is granted. For the third and every additional child for which family allowance is claimed and which is permanently resident in Austria (or in the EU), a supplement for multiple children of EUR 20 per month is paid. This is subject to the condition that the taxable income of the family does not exceed EUR 55,000 per calendar year. The supplementary payment for multiple children should be applied for in the course of company- or personal tax assessment.

A tax credit of EUR 58.40 (2018) is paid out on a monthly basis together with family allowance (see Chapter 6.7 The support of families via tax credits. This is also paid out if the family pays no income tax, or only a small amount.

#### **Regulations for foreign citizens**

Special regulations apply for EU, EEA and Swiss citizens.<sup>37</sup> According to the principle of the country of employment, this country is principally obliged to pay family benefits, even if the child is permanently resident in another Member State.

All other foreign citizens are entitled to family allowance for children living in Austria if these citizens are legally resident in Austria and are not only here temporarily. Recognised asylum seekers and persons eligible for subsidiary protection (with employment and without primary care from the state) can apply for family allowance.

#### **Recipients of benefits**

Family allowance was paid for a total of 1.74 million children in 2016. On average over the year, 240,000 of these children were up to two years of age, 558,000 were between the ages of three and nine, 730,000 were aged between ten and 18, and 214,000 were 19 and above. A supplement was paid for 81,000 severely disabled children. Somewhat more than 16 percent of the children were not Austrian citizens.

## **6.3 Family Burdens Equalisation Fund: Family time bonus (family month) and childcare allowance for births from 1 March 2017<sup>38</sup>**

For births from 1 March 2017, new regulations for childcare allowance came into effect: parents can choose between a flexible flat-rate childcare allowance account or an income-related childcare allowance. Parents who divide up the time in which they claim childcare allowance more or less equally receive a so-called partnership bonus.

In addition, for births from 1 March 2017 onwards there is a family time bonus for fathers after the birth of the child.

Help in choosing the individually best-suited childcare allowance system is provided by the child care allowance online calculator, which is available in German at [www.frauen-familien-jugend.bka.gv.at](http://www.frauen-familien-jugend.bka.gv.at) > Online-Rechner

<sup>37</sup> These have been established since 1 May 2010, particularly in the Regulation (EC) 883/2004 and the implementing regulation 987/2009, and for some states for which the Regulation only comes into effect later and for expiry cases, the Regulations (EEC) no. 1408/71 and (EEC) no. 574/72 apply.

<sup>38</sup> This chapter was provided by the Federal Chancellery, Division V, Families and Youth.

### 6.3.1 Family time bonus (family month)

For working fathers who dedicate themselves intensively and exclusively to their families directly after the birth of a child – and are therefore given unpaid leave as part of an agreement with their employer for this period – receive a family time bonus of EUR 22.60 per day.<sup>39</sup> This bonus has to be used within a fixed period of 91 days from the birth of the child. It lasts for at least 28 and up to a maximum of 31 days (without interruption). The exact duration has to be fixed when making the application; it cannot be changed later on.

If a family time bonus is paid, it is taken into account in any childcare allowance subsequently claimed by the father. The family time bonus is only awarded when it is applied for: the application must be made to the relevant health insurance fund within 91 days of the birth of the child at the latest. The family time bonus also includes health and pension insurance cover.

### 6.3.2 New childcare allowance for births from 1 March 2017

#### 6.3.2.1 General conditions of entitlement for childcare allowance

- An entitlement to and receipt of family allowance for the child;
- the main geographic focus of the life of the parent making the application and the child must be Austria;
- the applicant must live in the same household as the child, which is registered as their main place of residence;
- ten mother-child pass examinations need to be carried out, and
- the ceiling on additional earnings per calendar year must be adhered to.

For those who are not Austrian citizens, they must be legally resident in Austria (NAGcard)<sup>40</sup> or fulfil certain conditions imposed by asylum law.

Special provisions which take precedence before national entitlement conditions can sometimes exist in cross-border cases within the European Union (EEA/Switzerland), and for the employees of international organisations and diplomatic personnel. Childcare allowance can be claimed retrospectively for up to a maximum of 182 days.

<sup>39</sup> Paid holidays or sick leave do not entitle a person to claim the family time bonus.

<sup>40</sup> The Settlement and Residency Act regulates the award, refusal and withdrawal of residence permits for foreign citizens who are staying in Austria for longer than six months or wish to do so, and also regulates the documentation of EU residency law. Stays of up to six months are subject to the provisions of the Aliens Police Act (source: [www.bmi.gv.at/niederlassung](http://www.bmi.gv.at/niederlassung)).  
You can obtain further information from the website of the Federal Ministry of the Interior: [www.bmi.gv.at](http://www.bmi.gv.at)

## 6.3.2.2 Childcare allowance account (flat rate childcare allowance)

Parents receive flat-rate childcare allowance regardless of whether they were in employment before the birth of the child (comment by the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection). The duration for which flat-rate childcare allowance can be claimed can be chosen flexibly within the specific framework:

- from 365 to 851 days (i.e. around twelve to 28 months) from the birth of the child for one parent or
- from 456 to 1063 days (i.e. around 15 to 35 months) from the birth of the child when both parents take parental leave.

In the shortest version (basic version), flat-rate childcare allowance amounts to EUR 33.88 per day, and in the longest version it is EUR 14.53 per day. The longer it is claimed, the lower the daily amount; the level of the benefit therefore depends on the individually selected duration of payment. From the chosen total entitlement period, 20 percent is reserved for the other parent and cannot be transferred (in the shortest version this is 91 days).

In the case of multiple births, the flat-rate childcare allowance for the second and each additional child is increased by 50 percent of the respective daily amount.

Parents can change over twice when claiming childcare allowance; in this way there can be a total of three claim periods. Childcare allowance can only be claimed in blocks of at least 61 days (minimum claim period).

If the parents divide up their claim periods more or less equally among themselves (between 50:50 and 60:40) and each claims childcare allowance for at least 124 days, an application can be made for a one-off **partnership bonus** amounting to EUR 1,000 (500 per parent). This is designed to encourage parents to divide up the time spent at home looking after their child in a spirit of partnership.

When the first application is made, the parents have to agree on the length of the claim (and thus also on the daily rate). This means that they are both tied to the chosen variation. However, under certain conditions and when the relevant deadline is kept, the duration of the claim period in the childcare allowance account can be changed once. In this way, the daily rate is recalculated (also retrospectively).

In the course of the first changeover, childcare allowance can be claimed by both parents simultaneously for up to 31 days, whereby the total entitlement period is reduced by the respective number of days.

In certain cases of hardship, flat-rate childcare allowance for single parents can be claimed for an extended period of three months (at the most) over the maximum claim period which a parent is entitled to without a changeover.

The following section provides information about:

- a) Possibilities for additional earnings, and the individual ceiling on additional earnings;
- b) non-payment periods;
- c) mother-child pass examinations, and
- d) the additional allowance for recipients of childcare allowance

**a) Possibilities for additional earnings, and the individual ceiling on additional earnings**

While flat-rate childcare allowance is being claimed, additional earnings may only amount to a maximum of 60 percent of the previous earnings from the calendar year before the birth in which no childcare allowance was claimed (regardless for which child). This is limited to the third preceding year. If an individual ceiling on additional earnings cannot be established, or if it is below EUR 16,200 per year, the sum of EUR 16,200 per year can be earned in addition to childcare allowance. Only the earnings of the parent claiming childcare allowance are taken into account.

Regulations regarding repayment claims: if the annual additional earnings limit is exceeded, the amount which exceeds the additional earnings limit has to be paid back. Each calendar year is considered separately. The maximum amount which has to be paid back is the amount of childcare allowance claimed.

**b) Non-payment periods**

Childcare allowance is suspended during entitlement to:

- maternity allowance;
- social assistance after birth;
- a benefit which is similar to maternity allowance;
- a foreign family benefit after birth,

so that childcare allowance is not paid until after the end of the protection period.

An extension is not possible in this case.

In addition, childcare allowance for the mother is suspended if she gives birth to another child as soon as she is entitled to one of these benefits. However, if this benefit is lower than childcare allowance, a payment in the amount of the difference between the two benefits is paid.

**c) Mother-child pass examinations**

Five examinations of the expectant mother and five examinations of the child are a precondition for the continuing full receipt of childcare allowance. If these examinations are not carried out within the proscribed period and evidence of this provided, childcare allowance for both parents is reduced by EUR 1,300 (and EUR 650 for each additional child from multiple births).

**d) Additional allowance**

For low-income families, an additional allowance of EUR 6.06 per day on top of flat-rate childcare allowance is available (up to a maximum of 365 days) as long as certain limits on additional earnings are not exceeded.

### 6.3.2.3 Income-dependent childcare allowance

For working parents, income-dependent childcare allowance is also available. An entitlement to this variant is given when – alongside the general conditions of entitlement – in the 182 calendar days directly before the birth of the child/before maternity protection – the person in question was in uninterrupted employment in Austria which was subject to compulsory health and pension insurance, and if no benefits from unemployment insurance (e.g. unemployment benefit, unemployment assistance, further education/training benefit) were claimed. Under certain conditions, specific periods are considered to be equivalent to employment. If the parents alternate in claiming income-dependent childcare allowance, the benefit is paid for up to a maximum of 426 days from the birth of the child. If only one parent claims benefit, the benefit is paid for up to a maximum of

365 days from the birth of the child. 61 days are therefore reserved for the other parent and cannot be transferred. Income-dependent childcare allowance amounts to 80 percent of (fictitious) maternity allowance, up to a maximum of EUR 66 per day. As a result of an additional calculation carried out the health insurance fund on the basis of the income of the calendar year before the birth of the child (as stated in their tax assessment), the daily amount can rise, but it cannot be reduced (favourability principle).

Parents can change over twice when claiming childcare allowance; in this way there can be a total of three claim periods. Childcare allowance can only be claimed in periods of at least 61 days (minimum claim period). In the course of the first change, childcare allowance can be claimed by both parents simultaneously for up to 31 days, whereby the total entitlement period is reduced by the respective number of days.

#### **Possibilities for additional earnings**

During the period in which income-dependent childcare allowance is claimed, additional earnings may not exceed EUR 6,800 per calendar year (2018). If the annual additional earnings limit is exceeded, the amount which exceeds the additional earnings limit has to be paid back<sup>41</sup>. Each calendar year is considered separately.

The maximum amount which has to be paid back is the amount of childcare allowance claimed. The conditions with regard to suspension and mother-child pass examinations are the same as those for flat-rate childcare allowance. See the previous sections 6.3.2.2 b) and c).

### 6.3.2.4 Overview: new childcare allowance and family time bonus

The following table shows an overview of the regulations:

	<b>Childcare allowance account</b>	<b>Income-dependent childcare allowance</b>
Duration of entitlement if one parent claims	365 days to 851 days from the birth of the child	365 days from the birth of the child
Duration of entitlement if both parents claim	456 days to 1,063 days from the birth of the child, whereby depending on the variant between 91 and 212 days are reserved for the other parent and cannot be transferred	426 days from the birth of the child, whereby 61 days are reserved as partner days for the other parent and cannot be transferred
Level of childcare allowance per day	EUR 14.53 to EUR 33.88 dependent on the selected variant	80% of (fictitious) maternity allowance; in addition, the favourability principle is applied on the basis of the tax assessment from the calendar year before birth; at least EUR 33.88 to a maximum of EUR 66.

<sup>41</sup> Only the earnings of the parent claiming childcare allowance are taken into account.. (comment of the Ministry of Social Affairs)

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	<b>Childcare allowance account</b>	<b>Income-dependent childcare allowance</b>
Minimum claim duration per period	<b>61 days</b>	<b>61 days</b>
Employment	no	at least the last 182 calendar days before birth/maternity allowance, the person was in employment subject to compulsory health and pension insurance
Ceiling on additional earnings per calendar year	60% of the relevant income of the calendar year, at least EUR 16,200	EUR 6,800 (roughly corresponds to the marginal earnings threshold); no simultaneous receipt of benefits from unemployment insurance is permitted
Supplement per child from a multiple birth per day	plus 50% of the selected daily rate	no supplement
Additional allowance on top of childcare allowance	for a maximum of 365 days (uninterrupted) at EUR 6.06	no additional allowance
Special case: extended claim period for one parent in cases of hardship	91 days	No extension in the case of hardship
Are simultaneous claims by both parents possible?	For a maximum of 31 days (at the first changeover), through which the claim duration is reduced by this number of days	For a maximum of 31 days (at the first changeover), through which the claim duration is reduced by this number of days
Is a partnership bonus possible?	yes, if the claim periods of both parents are more or less the same	yes, if the claim periods of both parents are more or less the same
Relationship between the family time bonus and CCA	A family time bonus claimed by the father is counted as part of his childcare allowance.	A family time bonus claimed by the father is counted as part of his childcare allowance.

Source: Federal Chancellery, Division V, Families and Youth, 2018

Information on childcare allowance can be found in German on the website of the Federal Chancellery, Division V, Families and Youth: [www.frauen-familien-jugend.bka.gv.at](http://www.frauen-familien-jugend.bka.gv.at) > Familien > Finanzielle Unterstützungen > Kinderbetreuungsgeld

### Recipients of benefits

In December 2017, a total of 124,249 persons claimed childcare allowance. Around 95 percent of them were women, whereby it should be taken into account that this data includes those cases from the monthly statistics for which there was an entitlement to benefits for at least one day in the respective month. As fathers usually claim for a shorter period than mothers, they appear in the statistics with a correspondingly lower percentage.

By contrast, for the evaluation of the participation of fathers, each individual concluded case is examined with regard to whether the father has participated. To this end, a year of birth (calendar year) is used as an observation period. According to the latest evaluation, the participation of fathers in childcare allowance (for at least two months) was 19.4 percent nationwide.

## 6.4 Family Burdens Equalisation Fund (FLAF): Other benefits and services

### 6.4.1 Advance on maintenance payments

If a parent who does not live with his or her children in the same household does not (punctually) fulfil his or her (legally enforceable) obligation to pay maintenance for children who are still minors, and a suitable application for enforcement has been made, an application for advances on maintenance payments can be made. Advances on maintenance correspond to the amount of maintenance which the children are entitled to. The person obliged to pay maintenance must repay these advances on maintenance. In this way, 56 percent of the expenditure is recouped. The costs are borne by the Family Burdens Equalisation Fund.

Further information in German: [www.help.gv.at](http://www.help.gv.at) > Familie und Partnerschaft > Alleinerziehung > Kindesunterhalt > Unterhaltsvorschuss (Alimentationsbevorschussung)

On average in 2017, advances on maintenance were paid for 47,652 children. The spending of the FLAF for advances on maintenance amounted to EUR 131.9 million in 2017. (Source: Federal Chancellery, January 2018)

### 6.4.2 Assumption of educational costs

For children and young people who attend – as ordinary pupils – a state school or one which is officially recognised by the Federal Ministry of Education, Science and Research, the state assumes the costs for journeys between their homes in Austria and school as part of free travel for schoolchildren. This applies both to travel on regular public routes and also to special services provided in areas where there are insufficient regular routes. The co-payment per pupil and apprentice amounts to EUR 19.60 for a school year or apprenticeship year. If participation in free travel is not possible due to a lack of free public transport, pupils and apprentices are entitled to school travel

costs benefit and a travel allowance respectively. If pupils or apprentices live in accommodation (a boarding school or home) outside of their main place of residence, home travel benefit is granted.

The FLAF-financed school books campaign is intended to provide all pupils with the necessary materials for lessons free of charge. In every school year, a total of over 8 million school books are purchased for around 1.2 million pupils. The annual expenditure for school books campaign amounts to about EUR 108 million (school year 2016-2017). In this way, on average eight school books for lessons are made available per pupil and school year at a cost of EUR 90. Since the school year 2011/2012, no co-payment has to be made.

## 6.5 Family benefits from the health insurance, pension insurance and unemployment insurance systems

### **Credits for time spent bringing up children**

With regard to the recognition of looking after children for pension insurance, the new regulations resulting from the harmonisation of the pension system mean that a differentiation has to be made between parents who had started their working lives (and thus their compulsory social insurance) before the law came into effect and those who had not.

According to the old legislation on time spent bringing up children, four years (five years in the case of children from multiple births) after the birth of a child were counted as substitute periods. For time spent bringing up children after 2002, two calendar years in which childcare allowance is claimed, calculated from the birth of the child, are counted as contribution periods for pension insurance. The remaining two years (in the case of multiple births three years) are considered as substitute periods, and for those affected by the harmonisation of the pension system (i.e. for persons born after 1 January 1955) they have been considered contribution periods since 2005. If an additional child is born in these four or five years, the overlapping periods are only counted once for the waiting period.

For mothers and fathers who started their working lives from 1 January 2005 onwards, claiming childcare allowance is no longer relevant for the recognition of time spent bringing up children, as there are now only contribution periods and no longer any substitute periods for the pension account (from 1 January 2005).

For periods spent bringing up children after 1 January 2005, statutory cover in pension insurance is therefore given for the first four years after the birth of the child (in the case of multiple births for the first five years after birth). Contribution periods are acquired via this compulsory insurance.

Periods spent bringing up children – as well as the time during which maternity allowance is claimed – are considered equivalent for the examination of the conditions for entitlement to recognition as a person with long contribution periods or as a person carrying out strenuous work with long contribution periods.

The general contribution base for periods spent bringing up children, which is annually adjusted with a revaluation coefficient, amounted to EUR 1,828.22 in 2018.

### **Voluntary pension insurance for those caring for a disabled child**

For persons who look after a disabled child, there is the possibility to opt for contribution-free self-insurance in the pension insurance system if increased family allowance is claimed. Persons who look after a close family member also have the opportunity to insure themselves in the pension insurance system. The condition for the waiving of contributions is that the family member being cared for receives long-term care benefit at least at stage 3. If there is no possibility to obtain health insurance cover (e.g. in the form of co-insurance), they can also apply for contribution-free self-insurance in the health insurance system. The contribution payments are taken over entirely by the Family Burdens Equalisation Fund.

### **Childcare benefit of the Public Employment Service**

In order to promote employment among parents with children, the Public Employment Service (AMS) can grant childcare benefit to partly compensate the costs of childcare when parents' income is correspondingly low.

The financing is provided from the funding for active labour market policy. The amount of childcare benefit is a monthly maximum of EUR 300, depending on gross income and the childcare costs which have to be paid.

In December 2016, 9,741 persons claimed childcare benefit in addition to childcare allowance, among them 9,487 mothers.<sup>42</sup>

### **Child supplement and family supplement**

Recipients of benefits from the unemployment and pension insurance systems additionally receive a fixed flat-rate amount for every dependant: the family supplement (from the unemployment insurance system) of EUR 0.97 per day for every person who is entitled to a supplement, and the child supplement (from the pension insurance system) of EUR 29.07 per month).

### **Maternity allowance**

Maternity allowance is an income-replacement benefit from the health insurance system for employed mothers and is paid during the protection period of eight weeks before and eight weeks after birth (in special cases twelve weeks before and after birth) which is laid down in labour law. No minimum insurance period is required.

For employed women, the amount of maternity allowance paid is dependent on their net earnings of the last three months plus an additional amount for special payments. Since 1 January 2008, quasi-freelancers have also received an income-dependent maternity allowance. Marginal part-time workers who insure themselves (only in the case of self-insurance according to section 19a of the General Social Insurance Act, ASVG), receive a fixed amount of EUR 9.12 per day in 2018. Recipients of unemployment benefit or unemployment assistance receive maternity allowance at a rate of 180 percent of the benefit amount last received. In the case of women receiving further education/training benefit or educational leave benefit for part-time employment, maternity allowance is calculated on the basis of their earnings from employment prior to receiving further education/training benefit or educational leave benefit for part-time employment.

Since 1 March 2017, recipients of a benefit according to the Childcare Allowance Act have received maternity allowance for an additional child which they are expecting only

<sup>42</sup> Source: Statistics Austria, table on Recipients of Selected Family Benefits 2000-2016

if the beginning of the maternity protection period for the second child is still within the period during which childcare allowance is claimed.

The maternity protection period thus has to begin during the period when childcare allowance is claimed. If this is the case, the person is entitled to claim maternity allowance for the following birth, whereby the amount is the same as that previously received for childcare allowance. However, if maternity protection begins after the end of the receipt of childcare allowance for a previous child, there is only an entitlement to benefits in kind from the health insurance system.<sup>43</sup>

Self-employed women and farmers receive social assistance (i.e. a person to help them with their work) as a benefit in kind. If social assistance is not granted, under certain circumstances maternity allowance is paid, amounting to EUR 53.96 per day (figure for 2018).

### **Co-insurance for family members**

Family members who are not in paid work (e.g. children, a partner) are co-insured in the health insurance system with a family member who is in paid work and who pays compulsory social insurance contributions.

Under certain conditions, the following persons can be co-insured free of charge:

- for wives/husbands, registered partners or 'heads of a household' and caregiving relatives if they care for the insured person (who is entitled to long-term care benefit at least at stage 3) in the latter's home environment and if this takes up most of their working capacity. However, for these persons an additional amount of 3.4 percent of the contribution base of the insured person has to be paid if the co-insured person has not dedicated themselves to bringing up children living in the same household or is entitled to federal long-term care benefit at stage 3 or above.
- Children up to their 18<sup>th</sup> birthday, as well as those in education or training (normally up to their 27<sup>th</sup> birthday) – see Chapter 8.2 Benefits in kind from the statutory health insurance system.

### **Mother-child pass**

Medical care for pregnant women, mothers and small children in Austria takes place within the framework of the mother-child pass examination programme. Every pregnant woman or mother can take advantage of the free preventive check-ups. Financial incentives to make use of them are provided in that the payment of part of childcare allowance is linked to them.

<sup>43</sup> For details on the change see the change made to the General Social Insurance Act (ASVG) by the Family Bonus Act, Federal Law Gazette I No.53/2016, Art, within the framework of which the provision on maternity allowance in Section 162 ASVG was modified.

### **Digression: Early childhood interventions (“Frühe Hilfen”)**

Early childhood interventions are addressed towards pregnant women and families with babies and small children in challenging life situations. The core element is providing free support for families who are in difficult situations by assisting them in finding the right help. This can range from personal advice and accompanying them when they have to deal with the authorities to instructions and support in the field of caring for and bringing up their child. Family support can also include looking for suitable therapeutic services if required.

Where are early childhood interventions offered in Austria? The pioneer was Vorarlberg, but since 2014 early childhood interventions networks have been established in an increasing number of regions. In the meantime such networks exist in all of the provinces, either covering the entire province or in individual regions.

Information about the availability of regional early childhood interventions networks including contact information can be found on the early childhood interventions website: [www.fruehehilfen.at](http://www.fruehehilfen.at)

## **6.6 Means-tested cash benefits for families**

### **Family supplements of the provinces (Bundesländer)**

At a provincial level, there are special financial supports for families with small children depending on the household income and the number of children. The conditions of entitlement and also the level of these benefits vary considerably between the individual provinces.

Further information can be obtained from the Families Offices of the provinces: [www.frauen-familien-jugend.bka.gv.at](http://www.frauen-familien-jugend.bka.gv.at) > Familien > Familienreferate Bundesländer

### **Family hardship compensation**

Family hardship compensation is a benefit from the Family Burdens Equalisation Fund (FLAF). Money from the Family Hardship Compensation Fund is a one-off financial bridging payment to support families in an emergency situation which is not a fault of their own (e.g. a death in the family, illness, disability, inability to work, an accident or natural disaster). Ongoing support to provide a livelihood is, however, not possible. It is conditional on family allowance being claimed, or on an existing pregnancy. Recipients of a payment must be EU citizens, recognised asylum seekers, or stateless persons. There is no legal right to benefits from the Family Hardship Compensation Fund.

In the year 2016, 150 payments were made amounting to a total of EUR 348,539. The amount of individual payments varied between EUR 370 and EUR 10,000.

### **Family hospice leave – compensation for hardship**

Family hospice leave compensation for hardship is a measure introduced to accompany family hospice leave, which was initiated in 2002 (see Chapter 3 Labour law and protection against discrimination). Through this measure brought in to accompany family hospice leave, making use of this opportunity to take leave is also made possible for families with low incomes. Persons who take full leave from their employment in order to care for and accompany dying family members or seriously ill children (family

hospice leave), can receive a grant from the family hospice leave compensation fund if they suffer financial hardship due to their informal care work. Their family's weighted monthly per capita income (with the exception of family allowance, housing benefit, long-term care benefit and childcare allowance) including family hospice compensation may not exceed the amount of EUR 850.

In 2016, there were 190 payments of family hospice hardship compensation involving a total sum of EUR 241,893. The average monthly payment amounted to EUR 364, and ranged from EUR 16 to EUR 2,151 per month depending on the respective household income. In 65 percent of cases, due to the low family income including care leave benefit, the entire loss of income could be replaced.

## 6.7 Family tax credits

Children are taken into account in taxation largely via the tax credit for children, the maintenance allowance and the tax credit for sole earners. Subsidies from employers for child care, the tax-deductibility of childcare costs and the tax credit for children also provide a reduction of the financial burden on parents.

### **Child tax credits and maintenance tax credits**

Tax credits for children and maintenance take into account the economic burden on taxpayers who have maintenance obligations towards children.

The child tax credit is EUR 58.40 (2018) per month and child and is paid together with family allowance.

Maintenance tax credit, on the other hand, is granted to taxpayers who are legally obliged to pay maintenance for a child which does not live in the same household and for which they do not claim family allowance. The tax credit for maintenance payments is EUR 29.20 per month for the 1<sup>st</sup> child, EUR 43.80 for the second child and EUR 58.40 for each additional child.

### **Tax credit for sole earners and single parents**

The amount of the tax credit for sole earners/single parents (2018) depends on the number of children for whom family allowance was claimed for more than six months – it is EUR 494 per year for one child, EUR 669 for two children and an additional EUR 220 for the third and any additional children.

### **Subsidies from employers for child care**

Employers can grant a subsidy to their employees for the care of children under the age of ten and a supplementary payment of up to EUR 1,000 per year and child. Both of these payments are free of tax and social insurance contributions. This is conditional on the child care taking place either in a public educational or child care facility, or a private child care facility which complies with the provincial regulations, or via a person trained in looking after children.

The subsidy is either paid directly to the person or facility providing care or support, or is made in the form of vouchers which can only be cashed in by child care support facilities. In order to be able to take advantage of an employer's subsidies for child care, the employee in question must claim the tax credit for children for more than six months in a year.

### **Tax deductibility of child care costs**

Childcare costs are tax-deductible up to an amount of EUR 2,300 per year and child (including costs for child care, catering and materials as well as all of the costs for child minding during the holidays). The child which is being cared for must be under the age of ten at the beginning of the calendar year.<sup>44</sup> A further condition is that the child care takes place either in a facility which complies with the provincial regulations, or by a person trained in looking after children. If the childcare costs are covered (e.g. by a subsidy from the employer, see above), only the costs borne by the taxpayer which are not covered by the subsidy are tax-deductible to the extent given above. The tax-deductibility of childcare costs is conditional on there being an entitlement to the tax credit for children for more than six months in a calendar year.

### **Tax allowance for children**

The tax credit for children for whom there is an entitlement to family allowance is EUR 440 per year. If the tax credit is claimed by both parents, each parent can claim EUR 300 per child and year. Parents who pay income tax are entitled, whereby the tax credit for children reduces the tax base.

If the tax credit for maintenance is claimed, from 2016 each of the parents can take advantage of a child tax credit of EUR 300. The child tax credit of EUR 440 is only available to single parents if the other parent does not pay maintenance for the child. An essential requirement for being able to take advantage of the child tax credit is that there is an entitlement to family allowance and the child tax credit for the children affected for more than six months in a calendar year.

### **Additional tax benefits for families**

Certain special expenditure (e.g. spending on insurance policies for persons, the creation of living space or the renovation of living space) can also be deducted by taxpayers if they are made for a spouse who is not living separately on a permanent basis, or for a child for which the tax credit for children or the maintenance allowance can be claimed. The same applies to the partner in the case of partners cohabiting with a child

The uniform annual maximum amount of EUR 2,920 for the deduction of certain special expenditure<sup>45</sup> is increased to EUR 5,840 per year if the taxpayer is entitled to the tax credit for sole earners or single parents<sup>46</sup>.

<sup>44</sup> Up to the child's 16<sup>th</sup> birthday when increased family allowance is claimed.

<sup>45</sup> Insurance premiums (except voluntary continued (self-)insurance and the retrospective purchase of insurance periods), pension fund contributions, the creation and renovation of living space are also described as lump-sum special expenditure items. Such expenses are only tax-deductible if the total amount exceeds EUR 240 per year, because only a quarter of the total costs is tax-deductible and EUR 60 is automatically deducted as a lump sum during the calculation of wages and salaries. From an annual income which is liable for taxation of EUR 36,400, the deductible amount is reduced, and from EUR 60,000 deductibility ceases entirely. For contracts concluded before 1 January 2016, these lump-sum expenditure items apply until 2020. For contracts which were concluded after 31 December 2015, these lump-sum expenditure items can no longer be used in this form. Further information is available from the web pages of the Ministry of Finance, see [www.bmf.gv.at](http://www.bmf.gv.at)

<sup>46</sup> If a person is not entitled to the sole earner's tax credit, but has been married or living in a registered partnership for more than six months in a calendar year, and the income of the partner amounted to a maximum of EUR 6,000 there is nevertheless an entitlement to EUR 5,840. For more information see [www.bmf.gv.at](http://www.bmf.gv.at)

The following can be claimed as exceptional costs in the annual income tax self-assessment:

- Health-related costs (also for dependant family members), such as: doctor's bills, the cost of medication, hospital costs, dental treatment, orthodontic treatment, contact lenses and birth-related costs;
- expenditure for vocational training for a child away from home (flat-rate amount of EUR 110 per month, also during school and university holidays);
- costs for child care or for a housekeeper due to a single parent needing to work – in both cases a co-payment is deducted.

Disabilities of adults and children via flat-rate amounts are tax-deductible without co-payments (not in the case of adults who claim long-term care benefit all year round). In addition, the cost of treatment can be tax-deductible. Sole earners have the opportunity to deduct additional expenditure incurred due to a disability of their spouse or partner. For severely disabled children there is a monthly flat-rate amount in addition to increased family allowance, whereby from the flat-rate amount the sum of EUR 60 is offset against long-term care benefit. In addition, costs of medical treatment and school costs have to be taken into account.

#### Information on services for families

- Citizens Service of the Federal Chancellery, Division V, Families and Youth, Tel. 0800 / 240 262 (toll-free within Austria), [www.frauen-familien-jugend.bka.gv.at](http://www.frauen-familien-jugend.bka.gv.at)
- Service for Citizens of the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection, Tel. (+43 1) 711 00-86 22 86, [www.sozialministerium.at](http://www.sozialministerium.at)
- Federal Ministry of Finance: [www.bmf.gv.at](http://www.bmf.gv.at)

## 6.8 Expenditure and financing<sup>47</sup>

The Family Burdens Equalisation Fund is the most important financing instrument of the Austrian policy of promoting families. In 2016, the expenditure of the FLAF accounted for EUR 7.1 billion ([www.statistik.at](http://www.statistik.at)). More than 80 percent of the financing originates from wage-related contributions paid by employers. In 2016 these amounted to 4.5 percent of total wages. The remaining funding comes from general tax revenue.

Expenditure on family benefits and services for 2016 came to just under EUR 10 billion.

Among these family benefits and services, cash benefits and benefits in kind and other family-relevant benefits which are paid directly from the funding of the compensatory fund for family allowances are predominant.

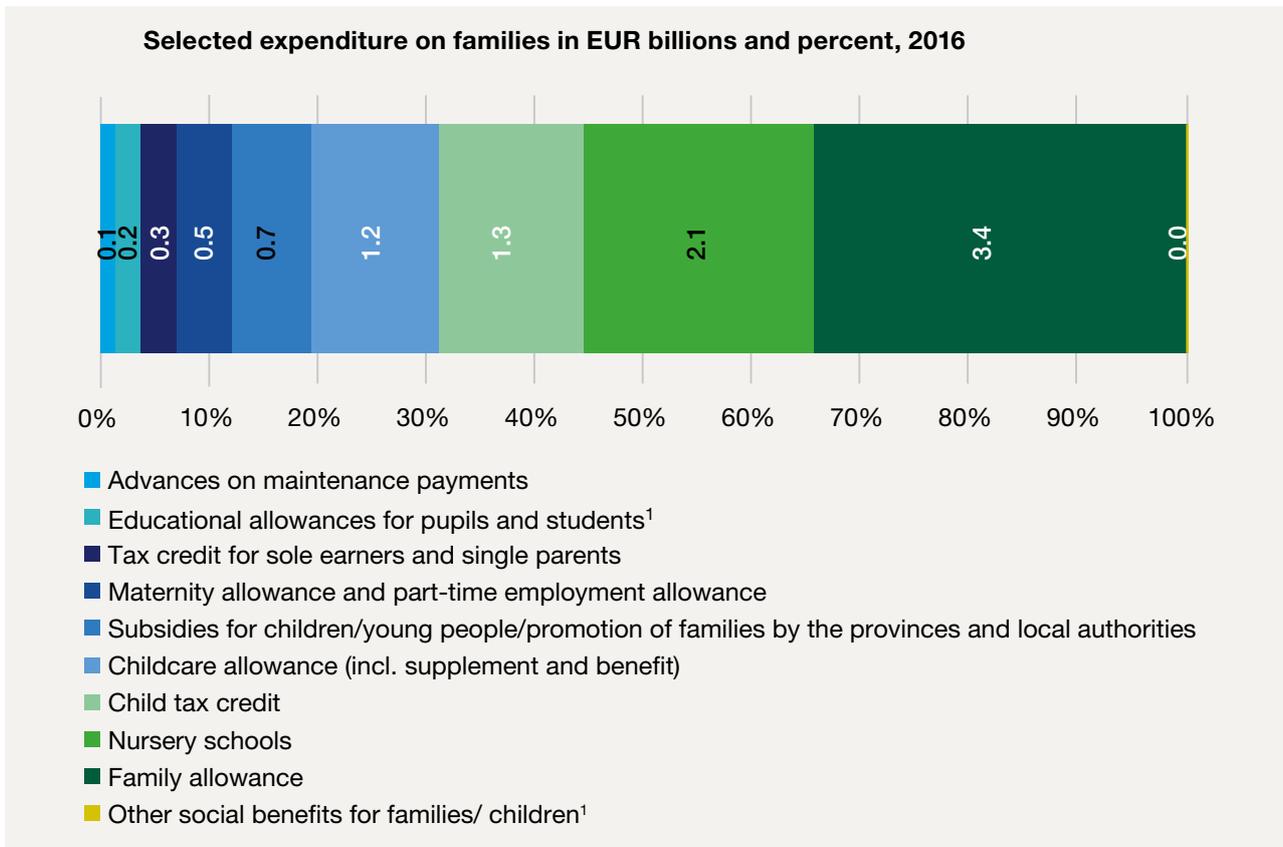
Cash benefits – according to ESPROSS – for families are composed of family allowance (EUR 3.4 billion), childcare allowance (EUR 1.2 billion), tax credits for children (EUR 1.3 billion), advances on maintenance payments (EUR 0.1 billion), benefits for pupils and students (EUR 0.2 billion), maternity allowance (EUR 0.5 billion) and the tax credit for sole earners (EUR 0.3 billion).

<sup>47</sup> The information in this chapter refers to the benefits shown in the function family/children in ESPROSS for 2016. In ESPROSS, family-related social benefits and services are – with the exception of the tax credit for children – not recorded as social expenditure. This also applies to the consideration of time spent bringing up children in the pension insurance system, health insurance for family members and the mother-child pass examinations. Free travel for schoolchildren and free school books are not considered as social benefits, but as educational benefits.

Among cash benefits, transfers with a universal character (independent of employment and income) clearly predominate: family allowance, childcare allowance and the tax credit for children. Alongside these are insurance benefits which are dependent on employment and income (e.g. maternity allowance) and benefits which are only granted in the case of hardship or after means testing. Taxation-related measures are also accorded great significance in the promotion of families.

The financing of benefits for families is primarily carried out via the budget of the federal government, the budgets of the provinces and local authorities, and via contributions from employers.

The figure below provides an overview of expenditure amounts for the individual benefits.



Source: Ministry of Social Affairs: ESPROSS, as at: November 2017

<sup>1</sup> As this data is presented in accordance with ESPROSS, systems without a redistributive character, such as explicit educational expenditure, are not shown. Other social benefits for families/children (0,01 bn) include, for example, hardship compensation, family advice centres and exemption from charges. (Source: Ministry of Social Affairs on the basis of Statistics Austria, ESPROSS, drawn up on 20 November 2017)



# **Health care / benefits in the case of illness**



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# When they are ill, all persons covered by health insurance in Austria are entitled to benefits in kind.

## 7.1 Conditions of entitlement for benefits from health insurance

When they are ill, all persons covered by health insurance in Austria are entitled to benefits in kind<sup>48</sup> – regardless of the amount of health insurance contributions they pay – from doctors contracted to the health insurance system, from non-contracted private doctors, in the facilities of their health insurance fund (outpatient clinics) or in a hospital.

In the case of temporary inability to work due to illness, employees are – after the end of continued pay from their employer in the case of illness for between six and twelve weeks (statutory sick pay) – entitled to sickness benefit (see Chapter 3 Labour law and protection against discrimination).

In this way, 8.7 million persons or 99.9 percent of the total population were included in the statutory health insurance system in 2016.<sup>49</sup>

The statutory health insurance system is connected to employment, but goes far beyond being merely an insurance system for the employed. Insurance cover is not limited to those directly paying contributions, but also covers their family members. Around a quarter of persons covered by the statutory health insurance system are co-insured as family members.<sup>50</sup> For the following persons, co-insurance is contribution-free; this applies to over 90 percent of co-insured family members:

- children<sup>51</sup>;
- spouses and registered partners who are looking after a child or have done so for at least four years;
- caregiving family members and recipients of long-term care benefit from stage 3;
- vulnerable persons in need of special social protection.<sup>52</sup>

In addition, a supplementary contribution of 3.4 percent of the gross income of the insured person has to be paid.

Non-insured persons also have the opportunity to insure themselves on a voluntary basis. On average in 2016, more than 123,000 persons insured themselves voluntarily.<sup>53</sup>

<sup>48</sup> For care services – with the exception of professional nursing care at home, which is a service provided by the health insurance system – the long-term care system is responsible (see Chapter 8 Benefits and services for persons in need of care).

<sup>49</sup> Alongside statutory health insurance system there are also social health insurance system institutions which provide health care to their employees due to an employment relationship.

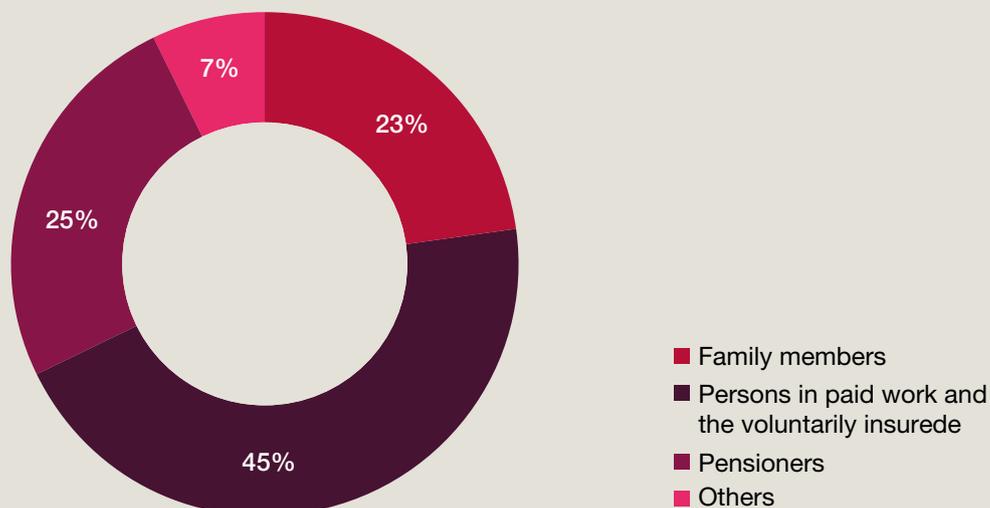
<sup>50</sup> In accordance with legal provisions, family members include the following when they constantly live with the insured person in the same home: spouses and registered partners, children and adopted children, step children and grandchildren. They also include foster children when the er free of charge by the insured or when the foster relationship is based on the approval of the relevant authorities. More information on this topic can be found on the web pages of the Austrian social insurance institutions [www.sozialversicherung.at](http://www.sozialversicherung.at) or in the General Social Insurance Act, section 123.

<sup>51</sup> Until a person's 18<sup>th</sup> birthday or as long as the child is at school or in vocational education, but for no longer than their 27<sup>th</sup> birthday;

<sup>52</sup> Vulnerability according to the guidelines of the Federation of Social Insurance Institutions is given above all when the monthly net income of the insured does not exceed the equalisation supplement reference rate (for married couples and registered partners for 2018: EUR 1,363.52) or when the insured person claims sickness benefit, maternity allowance, parental leave benefit, unemployment benefit or unemployment assistance.

<sup>53</sup> Source: Statistical Manual of the Austrian Social Insurance System 2017, p. 171

### Protected persons in the social health insurance system resident in Austria, 2016, in percent



Source: Federation of Austrian Social Insurance Institutions, the Manual of Austrian Social Insurance 2017, p. 20

## 7.2 Benefits in kind from statutory health insurance

The benefits and services of the health insurance system are largely provided as benefits in kind. This occurs either via its own establishments (particularly outpatient clinics) or, predominantly via contract facilities (hospitals) and contract doctors.<sup>54</sup>

In the shape of the Health Reform Implementation Act 2017,<sup>55</sup> a legal basis was created for the establishment of multi-professional and interdisciplinary primary care units in Austria in order to supplement and extend the existing offers.

Via the new primary care units – which are also contracted to the health insurance institutions and which provide benefits in kind to the insured – the currently existing care offers are supplemented and extended in a meaningful way.

The new primary care units have to consist of a core team composed of general practitioners and qualified nurses. Based on the planning in the Regional Structural Plan for Health and the corresponding specification by the overall contract parties, paediatricians and specialists in adolescent medicine can also form part of the core team, depending on the location and demand in respective cases. They can be organised as a centre at one location or as a network.

<sup>54</sup> Alongside medical care and hospital care: health insurance also provides medicines, therapeutic aids and appliances, and nursing care. The following are also covered: dental treatment and orthodontics, medical rehabilitation measures, preventive check-ups and transport costs.

<sup>55</sup> Health Reform Implementation Act (GRUG) 2017, Federal Law Gazette I No. 131/2017

The primary care units are intended to ensure the following:

- an extended range of services;
- ensuring continuity in the treatment and care of patients, and
- improved coordination with other fields of care as well as extended opening hours.

Principally there is a free choice of doctors. When making use of the services of private doctors who are not contracted to the health insurance system<sup>56</sup>, a part of the costs incurred by the patient is reimbursed by the health insurance funds. Initially, however, the patient has to pay the whole cost of the services provided. In order to have part of the costs reimbursed – depending on the health insurance fund in question this can be up to 80 percent of the amount which the fund would have incurred for the same treatment by a contracted doctor – the patient has to make an application to the fund.<sup>57</sup>

## 7.2.1 Medical treatment

Persons covered by statutory health insurance can be treated by contract doctors by presenting their e-card. The e-card acts as evidence of the patient's entitlement to insurance benefits and is used for the invoicing of the service provided with the respective health insurance fund.

Per calendar year, a service fee of EUR 11.70 is charged for the e-card (figure for 2018) which is paid by employers in the case of employees. Pensioners and entitled family members as well as persons with low incomes and persons with contagious diseases which have to be notified to the authorities are exempted from payment of the service fee.

For civil servants, the co-payment for treatment is ten percent. For the self-employed, the co-payment can be halved from twenty to ten percent under certain conditions (for further information see: [www.svagw.at](http://www.svagw.at) > Gesundheit & Vorsorge > Selbständig Gesund – halber Selbstbehalt). For farmers, the flat-rate fee for treatment is EUR 9.89 per quarter (2018).

Employees insured in accordance with the General Social Insurance Act and pensioners do not have to make co-payments. Some medical services, particularly those involving dental treatment (e.g. crowns or bridges) are not covered by the health insurance system. In these cases the health insurance system only pays the insured a small contribution towards the costs. In cases meriting special consideration due to family, income and asset-related circumstances, applications can be made to the Support Fund of the Health Insurance Institutions if the services required are in relation to health insurance.

Insured persons are entitled to be treated and cared for in hospitals for an indefinite period. The health insurance funds have concluded contracts with public hospitals and with most private hospitals.

<sup>56</sup> Private non-contracted doctors do not have a contractual relationship with the health insurance system.

<sup>57</sup> The Public Sector Employees Health Insurance Fund (BVA) reimburses the full amount which it would have had to pay to a contract partner for the same treatment, but this amount is reduced by the co-payment of the insured. (Source: [www.bva.at](http://www.bva.at))

Co-payments have to be made for hospital care. With regard to co-payments, a differentiation is made between co-payments according to social insurance legislation and co-payments according to hospitals law.

Co-payments according to social insurance legislation are incurred in the following cases:

- hospital care in the case of family members insured according to the General Social Insurance Act (ASVG) and
- hospital care for persons insured according to the Social Insurance Act for Farmers (BSVG) and their family members who are also insured according to the BSVG.

<b>Co-payments* (ASVG) 2018, in EUR</b>	
<b>Province</b>	<b>Maximum co-payment<sup>1</sup></b>
Burgenland	19.40
Carinthia	21.20
Lower Austria	20.90
Upper Austria	21.30
Salzburg	22.00
Styria	20.90
Tyrol	21.90
Vorarlberg	22.00
Vienna	21.90

Source: Federal Ministry of Labour, Social Affairs, Health and Consumer Protection (BMSGK), January 2018

\* According to section 447f para. 7 ASVG

<sup>1</sup> Varies according to the hospital in question – the figure shown is the highest in the respective province.

These co-payments have to be made for inpatient care in a hospital financed by the provincial health fund. They are paid directly to the hospital and are then forwarded to the respective provincial health fund. If patients are treated in hospitals of the Private Hospitals Financing Fund (PRIKRAF), the co-payments are made to the latter; in the case of treatment in other hospitals they are made to the respective social insurance institution.

**The Private Hospitals Financing Fund (PRIKRAF) has been in existence since 2002 and has, among others, the following tasks:**

- The reimbursement of all services provided by PRIKRAF hospitals in the inpatient and day clinic sectors, including services resulting from medical progress which the health insurance funds are obliged to pay for. During inpatient care all intramural or extramural examinations or treatment are reimbursed by the fund.
- The payment of subsidies to insured persons for the cost of care according to section 150 para. 2 of the General Social Insurance Act (ASVG), when the insured were treated in a PRIKRAF hospital.
- Other tasks which have been assigned to PRIKRAF by laws and regulations;

Further information is available from the following link: [www.prikraf.at](http://www.prikraf.at)

# 7

No co-payment is incurred when the duration of a stay in hospital exceeds four weeks in a calendar year, for hospital care in the insured event of a birth, and for services in connection with an organ donation. Since 1 January 2017, no co-payments have to be made for children and young people who have not yet reached the age of 18.

For all other insured persons (those insured according to the ASVG, the Social Insurance Act for Businesses (GSVG) and the Civil Servant' Health and Accident Insurance Act (B-KUVG), co-payments are incurred in accordance with the Hospitals Act:

Co-payments* (Hospitals Act) 2018, in EUR		
Province	Co-payment	Reduced co-payment
Burgenland	9.98	–
Carinthia	10.48	–
Lower Austria	12.18	–
Upper Austria	12.15	–
Salzburg	12.18	9.67
Styria	9.78	–
Tyrol	12.15	–
Vorarlberg	12.15	9.07
Vienna	12.15	9.54

\* According to section 27a of the Federal Act on Hospitals and Sanatoriums (KAKuG)

If a co-payment according to social insurance law is charged for a foster child, the child is exempted according to the legislation on hospitals. Co-payments according to the legislation on hospitals are charged for a maximum of 28 calendar days per calendar year. There are no co-payments for hospital care which is in relation to maternity or particular social vulnerability. Since 1 January 2017, no co-payments have to be made for children and young people who have not yet reached the age of 18. Reduced co-payments are charged in the case of persons with low incomes.

## 7.2.2 Medicines

If medical treatment requires medication, a fixed prescription fee of EUR 6 (2018) for each prescribed medicine has to be paid. No prescription fee is charged for medicines used in the treatment of notifiable contagious diseases.

There is a ceiling on prescription fees: persons who have already paid two percent of their annual net income for prescription fees are automatically exempted from prescription fees for the remainder of the year. The calculation of a person's net income in this context is carried out on the basis of data which is already known to the social insurance institutions. This data consists of the contribution bases of employees or self-employed persons, or of the receipt of benefits (e.g. a pension, unemployment

Source: Federal Ministry of Labour, Social Affairs, Health and Consumer Protection, January 2018

benefit, sickness benefit). Normally the data from the last available year is used, while in the case of pensioners the current pension amount is taken as a basis.

If a person's current income no longer corresponds to the data which is known to the social insurance institutions, it is possible for them to make an application to the relevant health insurance fund for their annual net income to be redefined. In that case their income is considered to be twelve times the individual reference rate for the equalisation supplement (2018: EUR 909.42 monthly).

Persons who are not exempt from prescription fees have to pay at least 37 prescription fees at EUR 6 each (2018) before the two percent ceiling for prescription fees is applied (= minimum upper limit).

In special cases of social vulnerability (persons with low incomes and those who can provide evidence of over-average expenditure on medication due to illness or infirmity, such as chronically ill people), they can be exempted from prescription fees.

In some of these cases, the exemption is granted without an application having to be made, and in others an application needs to be made to the relevant social insurance institution. When an exemption has been granted, this is automatically valid for all entitled family members of the insured person.

In order to control the cost of medicines and for quality assurance purposes, the Federation of Austrian Social Insurance Institutions has created a catalogue of medicines (reimbursement code) which lists all medicines which can be obtained free of charge at the cost of the health insurance system or under certain conditions. The reimbursement code is designed to help contract partners to choose the lowest cost variant from among several therapeutically suitable medicines. For a part of these medicines, the approval of a medical officer of the social insurance institutions is required.

All of the services (reimbursement regulations related to the individual medicines, therapeutic aids, therapies etc.) can be found in German on the information pages of the social insurance institutions: [www.sozialversicherung.at](http://www.sozialversicherung.at) > Versicherte > Gesundheit – Krankheit

## 7.2.3 Therapeutic and medical aids

Therapeutic and medical aids for physical problems and infirmities include, for example, orthopaedic insoles for shoes, glasses, crutches and wheelchairs. For these items, insured persons or their co-insured family members have to pay a co-payment for the costs incurred. The costs which the health insurance system assumes for such items are additionally subject to a ceiling.

Employees and civil servants pay a co-payment of ten percent of the costs incurred, but at least EUR 34.20 (2018). The self-employed also have to pay a co-payment of at least EUR 34.20 (20 percent of the daily ceiling on insurable earnings). For visual aids there is a co-payment of ten percent of the costs, but at least EUR 102.60 (2018). For children who have not yet reached the age of 15, for children with severe disabilities and for persons who are exempted from prescription fees because of their special social vulnerability, there are no co-payments.

## 7.2.4 Psychosocial care and treatment by health professionals other than doctors

Medical treatment by doctors for illnesses is considered to be equivalent to treatment

- by physiotherapists, logopedists/phoniatricians/audiologists, by ergotherapists or massage therapists on the basis of a referral by a doctor;
- by clinical psychologists on the basis of a referral by a doctor, or a referral for psychotherapy, and
- by psychotherapists on the basis of a medical examination.

The benefits in kind principle also applies to these services.

Physiotherapy and logopedic services following a stay in hospital are in most cases granted by the relevant health insurance fund.

Some health insurance funds provide psychotherapy as a benefit in kind – i.e. the costs are assumed in their entirety by the health insurance fund; otherwise a contribution to the costs is made upon application.

Further information is provided by Austria's public health portal:  
[www.gesundheit.gv.at](http://www.gesundheit.gv.at)

Alongside this, preventive health care services are also provided. These include preventive check-ups and stays at spas.

### Preventive health care

Primary prevention begins before illness or disease appears. It contributes towards the recognition and avoidance of factors which damage health in order to prevent illnesses from occurring.

Via secondary prevention, illnesses and disease are recognised as early as possible in order to improve the chances of recovery. In this way, for example via preventive check-ups, diseases are diagnosed as early as possible in order to be able to start the treatment at an early stage and to thus improve the chances of healing, e.g. screening for the early recognition of cancer.

Tertiary prevention is intended avoid the worsening of already existing conditions or the occurrence of further symptoms.

The goal of health promotion is to have a positive influence on health awareness and to support health-related community activities (sports events, nutritional advice and lectures).

## 7.3 Cash benefits in the case of illness

The most important compensation for lost income in the case of illness are continued pay from the employer (statutory sick pay as regulated by labour law), and sickness benefit (see Chapter 3 Labour law and protection against discrimination).

Following on from continued pay, employees are entitled to sickness benefit. Depending on a person's contribution periods, it can be claimed for a maximum of six months

or a year.<sup>58</sup> The minimum level of monthly sickness benefit amounts to 50 percent of the last full gross wage, whereby special payments are taken into account on a pro-rata basis. The percentage rises to 60 percent after the 43<sup>rd</sup> day of inability to work.

The self-employed are entitled to sickness benefit if:

- they have either concluded additional insurance cover according to the Act on Social Insurance for Businesses (GSVG), or
- the illness is of a long duration: from the 43<sup>rd</sup> day on which a person is unable to work due to illness, they are entitled to a daily support benefit amounting to EUR 29.93 (figure for 2018) which is paid for a period of 20 weeks.

From 1 July 2018 there will be an improvement in the daily support benefits due to the amendments made to the Pension Adjustment Act (PAG 2018; Federal Law Gazette I no. 151/2017): the support benefit will be granted to self-employed persons in the case of a long-lasting illness (i.e. when the 43<sup>rd</sup> day of inability to work due to illness is reached) also retrospectively from the fourth day of their inability to work. This applies to cases of inability to work due to illness which occur after 30 June 2018. This retrospective granting of benefits will be initially introduced on a provisional basis until 30 June 2022. In order to ensure that this measure really leads to more security for the self-employed in the case of illness, it will be evaluated during this period. If the extension of the support payment has positive effects on the economic development of very small entities as well as small and medium-sized businesses, the retrospective award of support payments can be extended.

Farmers are granted contributions towards the cost of employing temporary workers to support them during periods of inability to work.

Since 1 July 2017, employees who – after a period of uninterrupted sick leave lasting at least six weeks – have concluded a written agreement on part-time employment for reintegration and a reintegration plan with their employer, are entitled to reintegration benefit for the duration of the part-time employment for reintegration.<sup>59</sup> This measure is intended to help sick people who are in employment to gradually return to working life.

The receipt of reintegration benefit is conditional on it being approved by a medical officer of the social insurance institutions, which is carried out on the basis of the reintegration plan that has been presented. In the case of temporary invalidity lasting at least six months, the insured person is entitled to rehabilitation or retraining benefit (see Chapter 9 Benefits in the case of invalidity and accidents).

Whether this is the case has to be established by application to the relevant pension insurance institution.

Rehabilitation benefit is paid for the duration of the temporary invalidity or inability to work. It is initially paid at the same level as sickness benefit; and from the 43<sup>rd</sup> day onwards at the level of increased sickness benefit, but at least at the same rate as the equalisation supplement for single persons (monthly EUR 909.42 in 2018) if the entitled

<sup>58</sup> Due to the statutes of the relevant health insurance fund, the duration of entitlement to sickness benefit can be extended to up to 78 weeks when – on the basis of a report by a medical officer from the social insurance system – it can be expected that the person will regain their ability to work and can be reintegrated into working life. Individual health insurance funds have made use of this opportunity. (Source: [www.help.gv.at](http://www.help.gv.at))

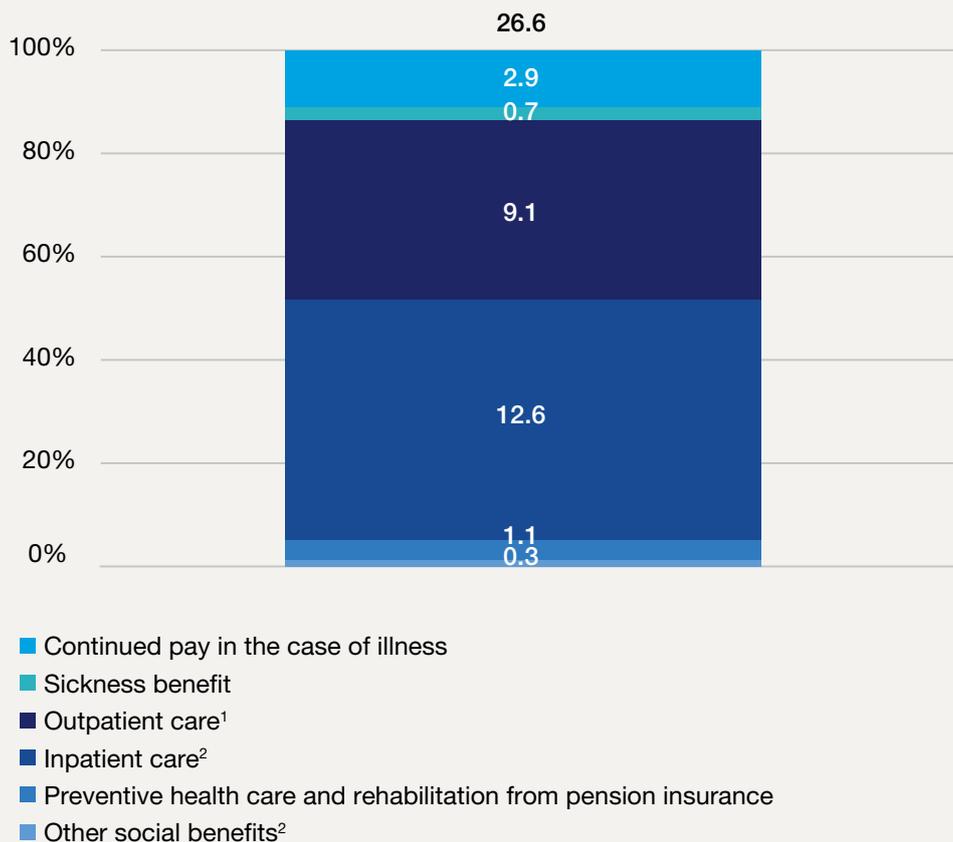
<sup>59</sup> Part-time employment for reintegration with a reintegration plan is a reduction of weekly working hours (by at least a quarter and by half at most for a period between one and six months). The conditions are regulated in accordance with section 13 of the Act on the Adaptation of Employment Contracts (AVRAG). More detailed information is provided in Chapter 3.6 Part-time employment for reintegration.

person is resident in Austria. If an entitlement to rehabilitation benefit arises while sickness benefit is claimed, the latter is suspended and rehabilitation benefit is paid at the same level. If employment with a monthly income over the marginal earnings threshold (EUR 438.05 in 2018) is pursued while rehabilitation benefit is claimed, only partial rehabilitation benefit is paid.

## 7.4 Expenditure and financing

Public expenditure on the function sickness/healthcare benefits according to ESPROSS amounted to EUR 26.6 billion in 2016 (provisional figure). This is somewhat more than seven percent of gross domestic product. Expenditure on health thus accounted for around a quarter of all social benefits and services. More than 80 percent of expenditure is accounted for by outpatient and inpatient care. Eleven percent is accounted for by income replacement benefits from employers and the health insurance system in the case of temporary inability to work due to illness.

**Selected expenditure on sickness / health care benefits in EUR billions and percent, 2016**



Source: Ministry of Social Affairs, ESPROSS database on social expenditure; November 2017

<sup>1</sup> Medicines and therapeutic aids and other outpatient care, plus outpatient care and outpatient treatment as part of social assistance;

<sup>2</sup> Accident and emergency treatment; cash benefits from health care institutions run by public-sector employers, benefits in kind from the social assistance/ minimum income systems;

# **Benefits and services for persons in need of care**





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# The care and support of (predominantly) older people is a central issue in Austrian social policy.

## 8.1 Overview

Not only people in need of care, but also their caregiving families and relatives require support in difficult situations, because the latter are making an extremely valuable contribution to society.

The provision of the various care-related services offered in Austria – including hospitals, nursing homes and mobile services – is largely carried out by the public sector. Long-term care benefit – a purely financial form of support – is solely a federal issue; its realisation is the responsibility of five decision-making bodies nationwide.<sup>60</sup>

The main legal basis for the implementation of the measures required in the field of long-term care is provided by the Federal Long-term Care Act, the Long-term Care Benefit Reform Act, the amendment to the Labour Law Act, the Long-term Care Fund Act, the Home Care Act and the Commercial Code.

The goal is to provide high-quality support for people in need of care – via their family members and the persons and institutions supporting them. The first point of contact for information, advice and support for persons in need of care and caregiving relatives as well as for applications is the Sozialministeriumservice with its nine provincial offices.

Sozialministeriumservice: [www.sozialministeriumservice.at](http://www.sozialministeriumservice.at) – here you can also find the contact details of the provincial offices.

Citizens Service of the Ministry of Social Affairs: Tel. (+43 1) 711 00-0  
Plattform für pflegende Angehörige (platform for caregiving relatives):  
[www.sozialministerium.at](http://www.sozialministerium.at) > Pension/Pflege > Pflege und Betreuung

## 8.2 Benefits and services

### 8.2.1 Long-term care benefit

Long-term care benefit is an earmarked benefit. It is solely intended to cover care-related additional costs and therefore does not provide a general increase in income. As the actual costs of care exceed the long-term care benefit paid in most cases, long-term care benefit should be viewed as a flat-rate contribution towards the costs of the care required.

It enables people in need of care to enjoy a certain level of independence and to remain at home for longer.

<sup>60</sup> Pension Insurance Institution, Insurance Institution for Railways and Mining, the Social Insurance Institution for Farmers, the Social Insurance Institution for Businesses, and the Social Insurance Institution for Public Sector Employees;

The deciding factor for the level of long-term care benefit is solely the specific need for care and assistance. The constant need for care and assistance due to a physical, mental/psychological or sensory disability must continue for at least six months and amount to more than 65 hours per month on average.

The granting of long-term care benefit is independent of the cause of the need for care, income and assets as well as the age of those affected. There is a legal right to long-term care benefit.

Long-term care benefit is predominantly received by older people. Recipients of pensions have to submit their application to the relevant social insurance institution. Working people, co-insured family members and recipients of the minimum income or a rehabilitation benefit can apply to the Pension Insurance Institution for long-term care benefit. The Pensions Service of the Insurance Institution of Federal Public Servants is responsible for long-term care benefit for recipients of a civil servant's pension from a province or local authority.

<b>Care stages: the need for care and benefit amounts</b>		
<b>Care stage</b>	<b>Need for care</b>	<b>Monthly amount<sup>1</sup></b>
1	More than 65 hours	EUR 157.30
2	More than 95 hours	EUR 290.00
3	More than 120 hours	EUR 451.80
4	More than 160 hours	EUR 677.60
5 <sup>2</sup>	More than 180 hours	EUR 920.30
6 <sup>2</sup>	More than 180 hours	EUR 1,285.20
7 <sup>2</sup>	More than 180 hours	EUR 1,688.90

Source: Ministry of Social Affairs, June 2017

<sup>1</sup> These amounts have been valid since 1 January 2016.

<sup>2</sup> In addition to the hours of care required, there are complications (e.g. an extraordinary amount of care is needed; support measures cannot be coordinated in terms of time; the constant presence of a carer is necessary, etc.).

Long-term care benefit is divided up into seven different stages. For care stages 1-4, the number of hours of care per month is decisive (more than 65 hours for stage 1, more than 95 hours for stage 2, more than 120 hours for stage 3, more than 160 hours for stage 4). From stage 5, in addition to the time of more than 180 hours which is required there are additional complications (such as an extraordinary level of care, support measures which are required at irregular times and cannot be coordinated, or the need for the constant presence of a carer).

All stages of long-term care benefit were increased by two percent from 1 January 2016. As a result of this adjustment to avoid the benefit losing its value, recipients receive EUR 111 more per year on average, leading to an increase of EUR 50 million in the annual amount paid out.

Further details of the assessment of the need for care are governed by the regulations on staging in the Federal Long-Term Care Benefit Act. The regulations on staging contain specific definitions of care and assistance as well as the times needed for individual jobs, such as dressing and undressing, personal hygiene, the preparation

and consumption of meals, and mobility-related assistance. In order to create standardised benchmarks for decision-makers and courts for the assessment of the need for care of children and young people, separate regulations – the amendment on the staging of children to the Federal Long-term Care Benefit Act – were adopted which came into effect on 1 September 2016.

The basis for decisions on the award and level of long-term care benefit is a report by a medical officer. Since 1 January 2012, qualified nurses can also act as experts for the assessment of applications for increases in long-term care benefit. The assessments are usually carried out in the form of home visits. If required, persons from other fields are consulted to ensure a holistic assessment of the care situation, such as specialists from special needs education, social work, psychology and psychotherapy.

The special needs of people with mental and physical disabilities are taken into account in the staging regulations in that providing instructions and supervision are put on a level with care and assistance, and by the fact that time is allocated for a motivational conversation.

The legal provisions on the staging regulations in relation to the Federal Long-term Care Act, as amended on 18 January 2016 and the staging regulations for children can be viewed in German in the legal information system of the Federal Chancellery: [www.ris.bka.gv.at](http://www.ris.bka.gv.at)

During the assessment of care stages, supplements in the form of special flat-rate numbers of hours are added for complicating factors in the care situation:

- for children and young people with severe disabilities
  - for severely disabled children and young people up the age of seven (50 hours a month);
  - for severely disabled children and young people up the age of 15 (75 hours a month), and
- for persons aged 15 and over with severe mental or physical disabilities and dementia, 25 hours per month.

Assessment is always made in relation to the extent of a person's need for care. By means of minimum classifications for persons with severely impaired vision, blind and deaf and blind persons as well as for persons who are largely dependent on the active use of a wheelchair in order to lead an independent life, these needs which are relevant for care are taken into account.

## 8.2.2 Care leave benefit

From 1 January 2014, employees (of private companies and organisations, public sector employees and the unemployed) have the opportunity to:

- take full care leave (unpaid) or
- to agree with their employer on part-time care leave (whereby they lose part of their wages on a pro-rata basis).

In the case of care leave and part-time employment for caregivers, or for family hospice care leave or part-time employment for family hospice care, there is a legal entitlement to care leave benefit under certain conditions.

This includes persons who:

- have agreed on care leave or part-time care leave with their employer;
- are taking family hospice leave or family hospice part-time leave to care for a dying close family member or to look after severely ill children;
- have stopped claiming unemployment benefit or unemployment assistance or have de-registered from health and pension insurance according to Section 34 of the Unemployment Insurance Act in order to take care leave or family hospice leave.

The period during which long-term care leave benefit can be claimed for a close family member or a person in need of care is – for care leave or part-time care leave – between one and three months depending on the duration agreed with the employer. If at least two close family members take care leave or part-time care leave, care leave benefit can principally be claimed for up to six months per person in need of care.

If the need for care increases by at least one stage, there is an opportunity – after conclusion of a new agreement – to claim care leave benefit again for the same family member for up to six months. This is, however, conditional on at least two close family members taking part-time care leave or care leave, but not at the same time.

The total time during which care leave benefit is claimed may therefore not exceed a total of twelve months for the same family member who requires care. In the case of family hospice leave, there is an entitlement to care leave benefit for the duration of the measure.

The basic amount of care leave benefit is dependent on income and is principally paid at the same level as unemployment benefit (55% of the daily net income) if the person takes full leave from work. As a person's working hours are reduced and their income falls in the case of part-time care leave or part-time family hospice leave, care leave benefit is paid on a pro-rata basis. In the case of part-time care leave and part-time family hospice leave, care leave benefit is calculated using the difference between the average gross wage – as is used to calculate unemployment benefit – of the relevant calendar year before and the wage received during the measure without special payments.

If family hospice leave is taken and certain conditions are fulfilled (financial distress), there is the possibility to receive an additional supplement from the Family Hospice Leave Hardship Compensation Fund (see Chapter 6 Benefits for families and children).

Care leave benefit is applied for at the Sozialministeriumservice office of the respective province.

## 8.2.3 24 hour care

The Home Care Act and the amendment to the Commercial Code have created a basis in labour and trade and industry law for legal (up to) 24 hour care in private households. The latter takes the form of a care relationship on an employed or self-employed basis. In this context, the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection has developed a subsidies model with which benefits for persons in need of care or their family members can be granted from the support fund for people with disabilities.

The subsidy can amount to up to EUR 1,100 per month for employment relationships and up to EUR 550 if the care is provided by a self-employed carer.

The income of the person in need of care may not exceed EUR 2,500 net per month, whereby long-term care benefit, special payments, family allowance, child care benefit and housing benefits are not taken into account. The maximum income limit increases by EUR 400 for every family member who is dependent or entitled to maintenance, and by EUR 600 for family members who are disabled and entitled to maintenance. The subsidy is granted independently of the assets of the person in need of care.

Care can take the legal form of an employment relationship concluded with the person in need of care or a family member. In addition, there is also the possibility for these persons to enter into an agreement with a non-profit care organisation or to hire a self-employed carer. The key requirement is that the person in need of care has to be entitled to long-term care benefit at least at stage 3 and that care for up to 24 hours a day is necessary. In the case of claimants of long-term care benefit from stage 5, it can normally be assumed that there is a necessity for such care. In the case of those claiming long-term care benefit at stages 3 and 4, this necessity is verified by the Sozialministeriumservice.

In order to ensure that the care services are of the quality required, it has been laid down that the carer:

- has to have undergone theoretical training equivalent to that of a home help, or
- has properly carried out the care of the person applying for subsidies for at least six months, or
- is authorised to carry out specific nursing or medical work.

One of these three quality criteria has to be fulfilled in order to receive financial support for 24 hour care.

The amendment to the Commercial Code came into effect on 10 July 2015. This created a separation between commercial agency work and self-employed care work and created a new commercial activity referred to as the organisation of personal care.

In connection with this, professional ethics and rules of practice were issued for the new commercial activity of organising personal care (in consultation with the former Federal Ministry of Science, Research and the Economy) which were particularly geared towards increasing the quality of the services offered by employment agencies.

## 8.2.4 Additional support measures for caregiving relatives

Strengthening and supporting caregiving relatives is one of the goals of the Austrian long-term care system. To this end, a large number of additional measures were taken:

Persons who care for a close family member from care stage 3 and above and have therefore had to give up or reduce their work can have their pension insurance contributions reduced or can insure themselves at low cost. The payment of the employee's and employer's contributions which are incurred for this work are assumed indefinitely by the state (from the federal budget).

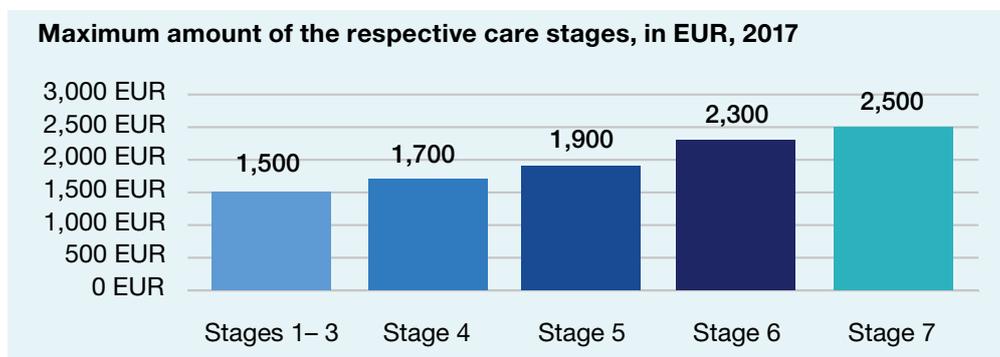
Family members providing care for an insured person who is entitled to long-term care benefit from Stage 3 can apply to be co-insured with this person in terms of health insurance.

People who spend a large part of their available time looking after a child with a disability<sup>61</sup> living at home can also opt to pay their pension insurance contributions themselves. This self-insurance is possible until the child has reached the age of 40 at most. The contributions are paid from the Compensation Fund for Family Allowance and from the federal budget.

Since 1 January 2013, persons who fulfil the conditions for self-insurance in the pension insurance system in the case of the care of a disabled child, and who dedicate themselves to the care of such a child, can insure themselves in the health insurance system if they are socially vulnerable and if they are not compulsorily insured, and when they are not a family member entitled to co-insurance of a person who has compulsory health insurance.

More detailed information about self-insurance in the statutory pension insurance system can be found in German at: [www.pensionsversicherung.at](http://www.pensionsversicherung.at)

Close family members who have been the main carer of the person in need of care<sup>62</sup> for at least a year and are prevented from continuing the care due to illness, a holiday or other important reasons, can be granted financial support<sup>63</sup>. The maximum sum in the case of caring for a person suffering from dementia or for a minor was increased as of 1 January by EUR 300. The amounts in the case of entitlement to long-term care benefit are shown in the following figure.



Source: Ministry of Social Affairs, December 2017

The monthly net total income of the caregiving relative may not exceed the amount of EUR 2,000 in the case of stages 1-5, and EUR 2,500 in the case of stages 6-7.

The maximum income limit increases by EUR 400 for every family member who is dependant or entitled to maintenance, and by EUR 600 for family members who are disabled and entitled to maintenance. This allowance is intended to contribute towards covering the costs which arise due to the need for professional or private substitute care.

Additional financial accompanying measures within the framework of family hospice leave such as the granting of an advance payment and modified payment modalities for long-term care benefit provide additional improvements.

<sup>61</sup> Receipt of increased family allowance

<sup>62</sup> This support is conditional on receipt of long-term care benefit of at least stage 3; In the case of persons suffering from dementia and minors requiring care, stage 1 of long-term care benefit suffices.

<sup>63</sup> This is a payment from the Support Fund for People with Disabilities.

Home visits to recipients of long-term care benefit at all stages as part of the programme on quality assurance in care at home are being carried out throughout the country by qualified nurses. The main focuses here are the provision of comprehensive information and advice to all of the persons involved in the specific care situation. Since 1 January 2015 it has been possible to arrange for a free home visit upon request.

Family members who – during home visits as part of the quality assurance in home care programme – have indicated that they are suffering mental strain due to their care work, are offered free counselling on this issue with psychologists and/or social workers. The goal of this is to maintain and promote the health of the main caregiver. Since 1 January 2017 it has also been possible to arrange counselling of this kind upon request.

A survey of the situation of children and young people as caregiving relatives was commissioned by the Austrian Parliament in 2012.

As part of this study, an important element was to establish the need for supporting measures for this special group of young carers and to provide recommendations for various levels of intervention. At that time a proportion of 3.5 percent or around 42,700 caregiving children aged between five and 18 was established nationwide. The average age was twelve and a half, and 70 percent were female. On the basis of these results, further research was commissioned on the issue of “Concept development and planning of family-oriented support measures for children and young people as caregiving relatives”. The following were mentioned as recommendations from the second study: prevention, awareness raising, the identification of affected young carers and the implementation of projects.<sup>64</sup>

Due to the growing significance of the issue of dementia, the Austrian government has committed itself to the development of a national dementia strategy. In order to record the status quo with regard to the distribution of dementia and the current provision of care to people with dementia-related impairments, the Austrian Dementia Report 2014 was drawn up. Building on its results, Gesundheit Österreich GmbH was commissioned by the former Federal Ministry of Health and the former Federal Ministry of Labour, Social Affairs and Consumer Protection to develop a dementia strategy. The process was cross-sectoral and involved all relevant partners and stakeholders – the federal government, the provinces, social insurance institutions, experts and those affected. After the incorporation of all the suggestions from the online survey in summer 2015 and a broadly-based evaluation procedure for the draft strategy, the final report was presented to the public in December 2015 by the members of the government involved. In this report, a total of seven targets and 21 recommendations for action were formulated, the achievement of which would improve the situations of persons with dementia-related impairments as well as that of their families and environment.

The Austrian Report on Dementia 2014 and the final report on the Dementia Strategy can be downloaded in German from [www.sozialministerium.at](http://www.sozialministerium.at) > Service/Medien > Infomaterial > Downloads.  
Further information on the topic of Dementia Strategy – Coping Well with Dementia is available for download in German from [www.demenzstrategie.at](http://www.demenzstrategie.at).

<sup>64</sup> The two studies were published in German in the “Sozialpolitische Studienreihe Band 19” and are available from [www.sozialministerium.at](http://www.sozialministerium.at)

## 8.2.5 Social services in the field of long-term care

Social services are offered by independent welfare organisations, private providers, the provinces and local authorities. In 2016, the number of persons employed in social services amounted to the equivalent of around 47,400 full-time employees.<sup>65</sup>

The following professions are of particular importance among those who work in these fields: qualified nurses, carers, home helps, and specialised and qualified social workers in the fields of work with elderly people, families and people with disabilities. Around four fifths of the personnel in these fields are women.

### **Mobile, semi-inpatient and inpatient services**

Mobile services include nursing care at home, home helps, assistance for families, meals on wheels, and visiting and advice services.

The use of mobile services increased from 10.6 million hours in the year 2000 to 16.6 million hours in 2016. The number of persons supported in 2016 by mobile services was around 147,000 according to figures from the provinces.

Geriatric day centres or day care facilities are becoming increasingly significant in the Austrian care and support sector.

In 2016, around 74,000 persons were cared for in residential and nursing homes. In homes, a noticeable reduction of residential places and a simultaneous rise in the number of nursing care places can be observed.

### **Ban on demands for the repayment of care costs**

On 29 June 2017 the National Council decided that seizing the assets of persons admitted to inpatient care facilities, their family members, heirs and recipients of presents within the context of social assistance is inadmissible from 1 January 2018.

From this point in time onwards, no demands for compensation may be made by the authorities and ongoing proceedings must be closed. In so far as provincial laws contradict this, the relevant provisions will become ineffective from this point in time (Federal Law Gazette I no. 125/2017).

### **Social support professions**

Thanks to an agreement between the federal government and the provinces on social support professions in 2005, the latter have been made considerably more attractive. Alongside the creation of a modular training system and standardised training standards in Austria, the main points<sup>66</sup> were the harmonisation of occupational profiles and job titles, greater permeability between the individual occupational groups, the standardised recognition of training programmes and social support professions, and quality improvements for the clients themselves.

<sup>65</sup> A full-time equivalent corresponds to the number of hours worked by a person working full-time hours.

<sup>66</sup> Federal Law Gazette 55/2005

## 8.3 Long-term care benefit: entitled persons and expenditure

For services in connection with outpatient, semi-inpatient and inpatient support facilities specifically for older people and nursing care, a total of EUR 1.94 billion was spent in 2016 (see the table Expenditure on Nursing Care Services).

<b>Expenditure on nursing care services in EUR millions, 2016</b>	
Mobile services	399
Inpatient services	1,405
Semi-inpatient services	25
Short-term care	17
Alternative housing forms	84
Case management and care management	12
<b>Total</b>	<b>1,942</b>

Source: Nursing care services statistics 2016, Ministry of Social Affairs/ Statistics Austria

### **Long-term care benefit: entitled persons and expenditure**

In the following table, the number of entitled persons for the years 2015 and 2016 is shown.

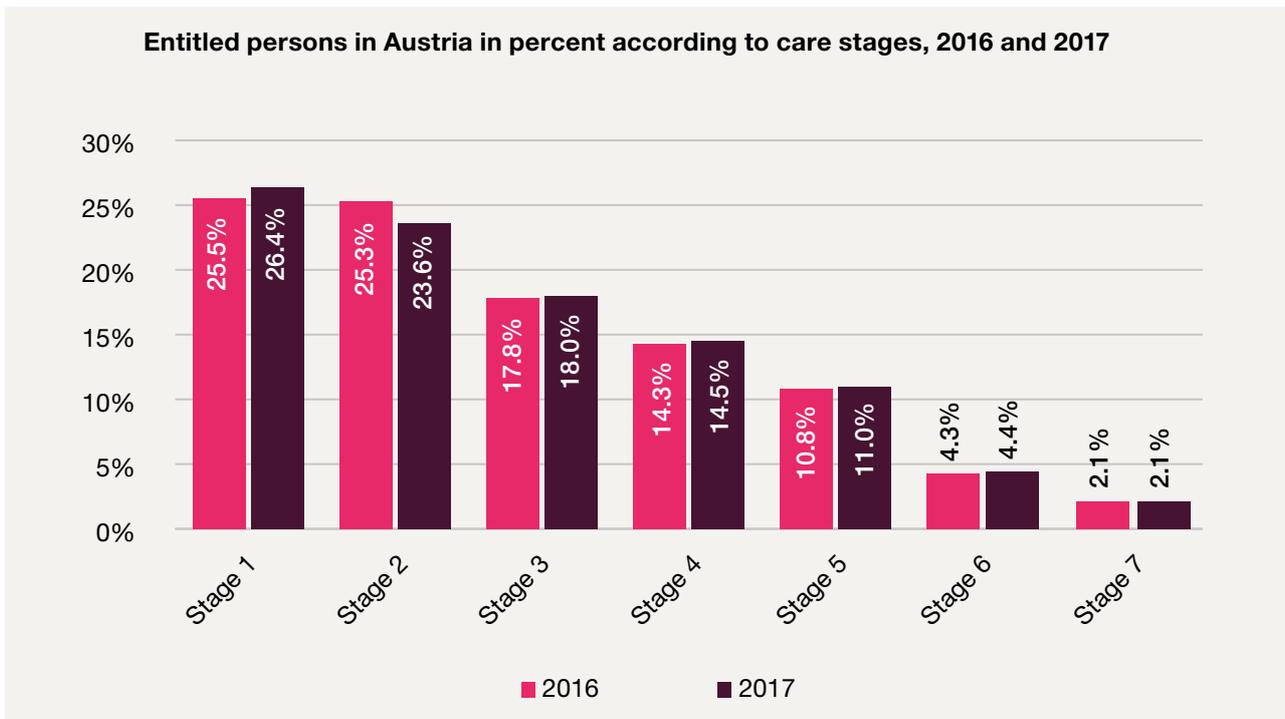
More than half of those entitled to long-term care benefit (51.5%) were in the first two care stages, 42 percent were in stages three to five, and six percent were in the highest stages of six and seven.

In 2016 the distribution was similar: 51 percent of claimants were in stages one and two, around 43 percent were in stages three to five, and around six percent were in stages six and seven.

Due to the higher life expectancy of women, around two thirds of claimants are women (around 64%).

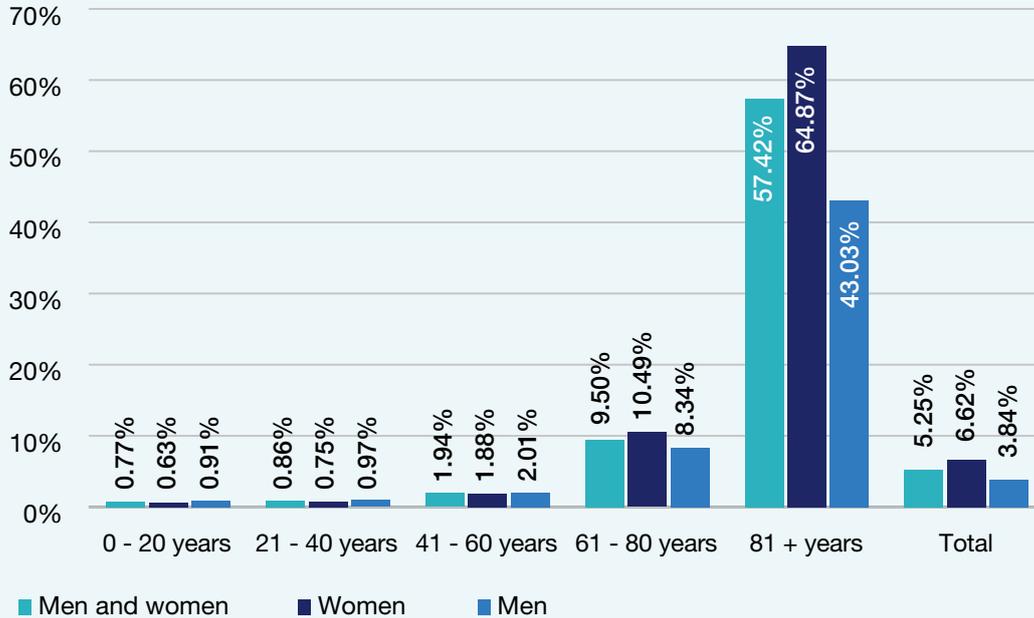
Entitled persons in Austria according to care stages, 2016 and 2017				
	2016		2017	
	in percent	absolute	in percent	absolute
Stage 1	25.5	115,877	26.4	120,735
Stage 2	25.3	114,908	23.6	107,780
Stage 3	17.8	80,996	18.0	82,365
Stage 4	14.3	65,092	14.5	66,019
Stage 5	10.8	49,031	11.0	50,407
Stage 6	4.3	19,605	4.4	19,934
Stage 7	2.1	9,388	2.1	9,410

Source: Long-term care benefit statistics of the Federation of Austrian Social Insurance Institutions, annual average 2016 and 2017



Of persons aged 21-40, less than one percent were entitled to long-term care benefit in 2016, of those aged 41-60 just under two percent were entitled, of those aged 61-80 nine percent were entitled, and from those over 80 a total of 57 percent were entitled. Three percent of beneficiaries are under the age of 20, four percent are between 21 and 40, eleven percent are between 41 and 60, 33 percent are between 61 and 80, and 48 percent are over the age of 80.

### Long-term care benefit: Beneficiaries as a proportion of the population of the same age, 2016



Source: Statistics Austria population 2016 and long-term care benefit statistics of the Federation of Austrian Social Insurance Institutions according to age and stage, as at: December 2016

### Expenditure

Long-term care benefit is among the largest-volume universal social benefits which are solely financed with public funding. The expenditure<sup>67</sup> in accordance with ESPROSS is as follows: in 2016, federal long-term care benefit accounted for around EUR 2.5 billion. This corresponds to around 0.7 percent of gross domestic product (GDP) and 2.3 percent of total social expenditure.

<sup>67</sup> Total amount of federal long-term care benefit for those under and over the ages of 59/65

# **Benefits in the case of invalidity and accidents**

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**In the case of a lasting-reduction in earning capacity or complete inability to work, certain social protection systems offer entitlement to cash benefits, benefits in kind and assistance in reintegration into working life, and also provide special protection under labour law for certain groups of persons.**

## **9.1 Overview of benefits**

In the statutory pension insurance system and for civil servants, invalidity pensions are paid under different names. After work accidents or in the case of occupational diseases, there is an entitlement to cash benefits from work accident insurance (disability pensions). The names of the respective benefits and pensions differ according to the occupational groups concerned (invalidity pensions for blue-collar workers, occupational disability pensions for white-collar workers and for civil servants as well as occupational disability pensions for the self-employed and farmers).

If, in the case of invalidity, there is no entitlement to cash benefits from these social systems and there is a lack of an adequate financial framework, the minimum income system is responsible for ensuring their livelihood. Alongside these cash benefits, medical, social and occupational rehabilitation measures as well as occupational subsidies are offered by the social insurance system, the Public Employment Service, the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection (particularly via the Sozialministeriumservice, i.e. the former Federal Social Welfare Office) and the provinces and local authorities (depending on which authority is responsible in the individual case).

In the following section, all pensions based on invalidity are referred to as invalidity pensions: invalidity pensions for blue-collar workers, occupational disability pensions for white-collar workers (and for civil servants) as well as occupational disability pensions for the self-employed and farmers.

An invalidity or occupational disability pension is now only granted in cases of lasting invalidity or inability to work. There is an exception for those born before 1964, to whom under certain conditions a temporary invalidity or occupational disability pension can be awarded. An insured person is entitled to an invalidity or occupational disability pension if their condition is presumably permanent, if occupational and medical rehabilitation measures are not expedient or unreasonable, if the person has fulfilled the waiting period (minimum insurance period), and if they do not fulfil the conditions for an old-age pension on the effective date.

## 9.2 Invalidity pensions from the statutory pension insurance system: conditions of entitlement

Every application for an invalidity pension is primarily viewed as an application for rehabilitation benefits. The relevant pension insurance institution is obliged to initially consider the possibility of rehabilitation and only subsequently to decide on whether to grant a pension. Since 2014, insured persons who are suffering from temporary invalidity and were born from 1964 onwards no longer have a right to fixed-term invalidity pensions. Insured persons suffering from temporary invalidity can instead now claim rehabilitation benefit (which is paid by their health insurance fund) or retraining benefit (paid by the Public Employment Service) instead of a fixed-term invalidity pension if the temporary invalidity lasts for at least six months.

Insured persons in the age groups mentioned above who are temporarily invalidated are entitled to rehabilitation benefit (at the same level as sickness benefit) and to medical rehabilitation, if this can be reasonably expected of them and is expedient. The entitlement to rehabilitation benefit is given as long as there is no entitlement to retraining allowance from the Public Employment Service and occupational rehabilitation.

For the duration of occupational rehabilitation, insured persons born in 1963 or earlier are principally entitled to transition benefit (at the same level as an invalidity pension). Those born in 1964 or later can undergo occupational rehabilitation carried out by the Public Employment Service; for this period they receive retraining benefit at the same level as unemployment benefit plus 22 percent.

Information on rehabilitation benefit can be found in Chapter 7 Health care/benefits in the case of illness.

Insured persons born before 1 January 1964 are still granted a fixed-term invalidity pension in the case of temporary invalidity (or are entitled to transitional benefit in the case of rehabilitation).

Medical and occupational rehabilitation measures are intended to avoid the threat of inability to work and to enable people to be lastingly reintegrated into the labour market. Medical rehabilitation can take the form of a inpatient stay in a medical facility which is predominantly geared towards rehabilitation, or can be an outpatient rehabilitation programme. Occupational rehabilitation takes place in the form of retraining programmes to enable people to carry out a different job.

In order to be entitled to an invalidity pension, evidence of a specific minimum insurance period must also be provided. Depending on the age of the insured person, this is between six months and 15 years. Alongside health impairments, invalidity is also defined according to the occupation which a person has primarily exercised (at least 90 months compulsory insurance during the last 15 years before the effective date).

The entitlements differ according to the social law status of the person (blue- or white-collar worker) and the nature of their occupation.

# 9

## 9.2.1 Blue-collar workers

Among blue-collar workers a differentiation is made between occupations which require a training period (apprenticeship) and occupations in which skills and knowledge are acquired by practical work.

If the insured person can no longer carry out the occupation they have been trained for or have learned to do, they can be referred to other occupations within the same occupational group, but not to other occupational groups (so-called occupational protection).

A person is considered to be an invalid if their ability to work has been reduced – as a consequence of their physical or mental state – to less than half of the ability to work of a physically and mentally healthy person with similar training and equivalent knowledge in every occupation which they can be referred to. If unskilled workers can no longer carry out their previous occupation as a result of their physical or mental state, they can be referred to any other work which is still recognised on the general labour market and which they can be reasonably expected to do given the jobs they have had in the past. This means that unlike blue-collar workers in an occupation which they have been trained to carry out, unskilled workers do not have any ‘occupational protection’. Unskilled workers are considered to be invalids if they are no longer capable of earning – via work which can be reasonably expected of them – at least half the wages which insured persons who are physically and mentally healthy regularly obtain through such employment. In this case they can be referred to any work in the entire labour market.

For those over 60, occupational protection also applies. Persons who have reached the age of 60 are considered invalids when they – due to illness or infirmity – are not capable of carrying out work which they have done for at least ten years out of the past fifteen years.

There is a special rule which applies to cases of hardship and enables unskilled workers who have reached the age of 50 to receive an invalidity pension. The conditions are that they were registered as unemployed at least twelve months immediately before the effective date, that they have acquired at least 360 insurance months (of which 240 are contribution months) and can only carry out work which is of a very undemanding nature, and where it can be assumed that they will not find a job within a year which they could reasonably be expected to take.

## 9.2.2 White-collar workers

Inability to work is considered given when the ability to work of the insured is, due to their physical or mental state, less than half of that of healthy persons with comparable vocational training and equivalent knowledge and abilities. Based on a medical report, a comparison is made with the requirements in terms of performance which would be made of healthy persons in the same occupation.

It must be taken into account here that applicants for occupational disability pensions can be referred to other jobs within the same occupational group. From the person's 50<sup>th</sup> birthday onwards, the rule for cases of hardship described above also applies here. From the age of 60, occupational protection applies as in the case of blue-collar workers.

## 9.2.3 Businesspeople

The insured person can be referred to any work on the entire labour market. Before reaching the age of 50, persons for whom it is not possible to pursue any kind of regular employment due to their state of health are considered unable to work. Their genuine chances of finding suitable work (which they can still carry out) on the labour market are irrelevant here. In this case the insured person can be referred to any work on the entire labour market.

When they have reached the age of 50, those persons are considered unable to work whose personal work was necessary to maintain the functioning of their company/entity and for whom it is – due to their state of health – not possible to carry out self-employed work which involves similar prerequisites and knowledge as that which was exercised in the last 60 calendar months (occupational protection). From the person's 50<sup>th</sup> birthday onwards, the same rule for cases of hardship described above for self-employed persons who can only carry out work which makes the lowest possible demands also applies here.

From the age of 60, the same occupational protection applies as in the case of blue-collar workers and white-collar workers.

## 9.2.4 Farmers

Farmers are considered incapacitated when they can no longer carry out any regular work due to an impaired state of health. Here, not only the ability to carry out self-employed work is taken into consideration, but also the ability for pursue normal employment. The insured person can be referred to any work on the entire labour market. From the age of 50 the above-mentioned rule for cases of hardship also applies to farmers who can only carry out work which makes the lowest demands on them.

From the age of 60, occupational protection applies as in the cases mentioned above.

## 9.2.5 Civil servants

Civil servants are retired in cases of lasting inability to work, either by their superiors acting on their own initiative or upon application.

An inability to work is given when a civil servant is, due to their state of health, no longer able to fulfil their duties. This inability does not have to relate to every kind of work, but only to the inability to properly carry out the specific tasks which arise in the job which has been assigned to them.

According to the relevant legislation (civil service law), inability to work covers everything which annuls the suitability of the civil servant to carry out their work; in other words not only health problems but also “habitual character traits and mental deficits which rule out the proper conduct of the tasks assigned to the person”. What these deficits have in common is that their occurrence and their elimination are not dependent on the will of the civil servant, and that they can therefore not be controlled. The medical report has to contain a description of the tasks which the civil servant is still

able to carry out and those which they can no longer carry out. In order for retirement to take place, a prognosis on the lasting nature of the inability to work supported by a medical report must have been drawn up. In addition, it must be impossible to assign the civil servant to a job which is at least of the same value in the sphere of activity of their authority.

In order to establish their state of health, the authority for which the civil servant works has to obtain a medical report from the pension service of the Insurance Institution for Public Sector Employees (BVA). The evaluation of ability or inability to work is solely the responsibility of the authority employing the civil servant and is not the task of the medical officer. Retiring a civil servant due to inability to work is carried out via an official decision and becomes effective with the end of the month in which the official decision becomes final.

As an alternative to retirement, there is the possibility to assign civil servants to an alternative job (in the field of the entire federal administration) whose demands they are able to fulfil given their state of health. The assignment takes place on a voluntary basis and for a maximum period of twelve months. Several consecutive assignments are permissible as long as the duration of twelve months in total is not exceeded.

## 9.3 Calculation of invalidity pensions

The calculation of invalidity pensions is made in a similar way to that of old age pensions (see Chapter 10 Pensions and similar benefits in old age and for surviving dependants). The decisive factor is the number of insurance months acquired, the level of the assessment basis and the actual retirement age.

Given that taking a pension early would result in a very low pension, there are additional arrangements which are intended to soften this fall in income. For the calculation of an invalidity pension, not only the actual insurance years are used to determine the increments, but all of the months up to the person's 60<sup>th</sup> birthday, which, however, are limited to 60 percent of the assessment basis.

In addition, the losses that can arise due to pension deductions which are the consequence of taking a pension early are capped. Pension reductions of 4.2 percentage points per year before reaching normal retirement age may not exceed a total of 13.8 percentage points.

An indefinite pension will – as already mentioned – only be awarded when the award of an invalidity pension excludes further employment over the long term.

An invalidity pension that has already been awarded can be withdrawn again if the state of health of the pensioner improves considerably. An invalidity pension can no longer be withdrawn after a woman has reached the age of 60 or a man has reached the age of 65.

In the case of civil servants, being retired before statutory retirement age reduces the assessment basis for the pension from 80 percent to a maximum of 62 percent. For every month which lies between the day on which the civil servant was retired and the day on which normal retirement could have taken place, the percentage is reduced by 0.28 percentage points from a starting point of 80 percent (and thus by 3.36 percent for a year). This corresponds to an actual reduction of the gross pension by 4.2 percent

per year. In order to calculate the percentage of the reduction, it is thus initially necessary to define the fictitious date of earliest possible normal retirement. The reduction is limited to a maximum of 18 percentage points (which corresponds to a reduction of the pension by 22.5%).

## 9.4 Invalidity pensions: statistical overview

### Number of invalidity pensions

In the statutory pension insurance system there were a total of 165,318 invalidity pensions in December 2016. This corresponds to around seven percent of pensions from the statutory pension insurance system. Among the new direct pensions (old-age pensions and invalidity pensions) awarded in 2016, 23 percent were accounted for by invalidity pensions. This figure includes a disproportionate number of men. They accounted for almost two thirds (64 percent) of all newly-awarded invalidity pensions. Among farmers, in 2016 a total of 66 percent of men and among employees a total of 30 percent of men retired due to invalidity.

In 2016, a total of 57,040 applications were made for the award of an invalidity pension; this represents 34 percent of all applications for pensions. Just under two thirds of all applications (63 percent) were rejected. In 2016, a total of 13,593 cases of rejected applications for invalidity pensions were taken to the Labour and Social Court. 19 percent of the cases were decided in favour of the plaintiff (where a pension was awarded or a settlement was reached).

### The causes of invalidity

The four most significant groups of illnesses which played a role in the award of an invalidity pension in 2016 were as follows: psychiatric conditions with 35 percent, musculoskeletal disorders with 24 percent, and cardiovascular diseases and cancer with eleven percent each.

### Age at which invalidity pensions are awarded

The average age at which people were awarded invalidity pensions was 55.6 years in 2016 (53.9 in the case of women and 56.5 for men) and was thus six years below that of old-age pensions (61.6 years). An overall view of direct pensions (total old-age and invalidity pensions) in 2016 shows that the average age at which people started to draw a pension was 59.4 years for women and 61.4 years for men.

See the Pension Monitoring Annual Report 2016 at: [www.sozialministerium.at](http://www.sozialministerium.at)

### Level of invalidity pensions

On average, invalidity pensions are significantly lower than old-age pensions due to the decreased number of insurance years. In December 2016 the average level of invalidity pensions in the entire pension insurance system was EUR 1,150 per month (EUR 894 for women and EUR 1,256 for men, including supplements and allowances, 14 times a year). The average invalidity pension among men was thus 22 percent below the average old-age pension among men. Among women the difference was nine percent.

**Average invalidity pensions<sup>1</sup> of women and men, in EUR, December 2016**

	Women	Men
Pension Insurance Institution (PVA) – blue-collar workers	800	1,164
PVA – white-collar workers	1,004	1,558
PV (pension insurance) – self-employed	879	1,362
PV farmers	819	1,144
<b>Pension insurance total</b>	<b>894</b>	<b>1,256</b>

Source: Federation of Austrian Social Insurance Institutions, presentation by the Ministry of Social Affairs, July 2017

<sup>1</sup> Including child supplement and equalisation supplement; without the Insurance Institution of Austrian Notaries; monthly data: [www.sozialversicherung.at](http://www.sozialversicherung.at)

**Data on invalidity pensions among civil servants**

In 2016 a total of 407 federal civil servants were retired due to inability to work. This accounted for 16 percent of the total new pensions in 2016. The average age of occupational disability pensions among federal civil servants was 56.5 years in 2016 and was thus 5.2 years below the average age for the award of all pensions of 61.7 years. It should be noted that occupational disability pensions for civil servants cannot – as is the case in the statutory pension insurance system – be transformed into old age pensions when statutory retirement age (60 for women, 65 for men) is reached.

See the report: Monitoring der Beamtenpensionen im Bundesdienst 2017: [www.oeffentlicherdienst.gv.at](http://www.oeffentlicherdienst.gv.at)

## 9.5 Benefits from work accident insurance

### 9.5.1 Benefits from work accident insurance

Statutory work accident insurance offers protection against the occurrence of and the consequences of accidents at work and occupational diseases. A total of around 6.3 million persons on average in 2016 were covered by statutory work accident insurance.

The work accident insurance system carries out preventive work in the following fields:

- prevention of work accidents and occupational diseases;
- first-aid services in the case of work accidents and occupational diseases;
- accident treatment;
- the rehabilitation of disabled persons;
- compensation after work accidents and occupational diseases;
- the payment of pensions;
- subsidies for continued pay;
- research on the most effective methods and means of fulfilling these tasks and

- the fulfilment of other tasks in the field of occupational medical care of the insured.
- Accidents which occur in relation to journeys involving work are covered (e.g. the journey from home to the workplace and back. Cover is also given when children are on their way to nursery school or school, as long as the insured employee is their legal guardian).
- Accidents during other activities are also protected (e.g. the way to lunch if this is close to the workplace) as well as accidents on farms and in forestry entities which occur in the context of neighbourly help or during activities carried out alongside normal work (e.g. a farm shop). This also includes accidents which are considered equivalent to work accidents (e.g. accidents which occur while attending an in-company further training event).

Occupational diseases are those which are listed in the annex to the General Social Insurance Act under the conditions given there.

Information and services in this field are offered by the General Work Accident Institution: [www.auva.at](http://www.auva.at)

Work accidents are accidents which take place in relation to the employment (in terms of place, time and cause) upon which the insurance cover against work accidents is based. In other words, there must be a connection between the accident and/or physical damage and the work upon which the insurance cover is based.

In the case of the physical harm of an insured person, the latter is entitled to the following:

- accident treatment (apart from medical care this also includes medicines, therapeutic aids and nursing care in hospitals and sanatoriums);
- specific cash benefits during the treatment for accidents (family benefit and daily benefit; but not for persons who are insured according to the Social Insurance Act for Farmers – these persons, however, are entitled to the reimbursement of part of the costs incurred for substitute workers), and
- measures in relation to medical (= accident treatment), occupational and social rehabilitation.

Occupational rehabilitation measures are intended to enable persons – after they have suffered physical harm – to carry out their previous occupation, or a different occupation if this is not possible. Social rehabilitation measures include, for example, subsidies for the adaptation of a flat to enable or facilitate its use, or grants for the adaptation of a car. Transition benefit is paid as a cash benefit for the duration of occupational rehabilitation.

## 9.5.2 Entitlement to a disability pension

After work accidents and occupational diseases, there is an entitlement to a disability pension from work accident insurance from the work accident insurance scheme, if and as long as it is due to the person's ability to work being reduced by at least 20 percent as a consequence of a work accident or an occupational disease and this state lasts for a period of at least three months.

For persons who are insured in accordance with the Social Insurance Act for Farmers (BSVG), there is an entitlement to an occupational pension if and for as long as their inability to work is reduced by 20 percent for over a year after the occurrence of the 'insured event' due to the consequences of an accident at work or an occupational disease. Under certain circumstances there is an entitlement to invalidity benefit before the occupational pension is awarded. There is no entitlement to an occupational pension for recipients of a direct pension.

For pupils and students, there is an entitlement to a disability pension in connection with attending school or university if their inability to work is reduced by at least 50 percent for a period of over three months. This pension is due from the moment in time when their school education would have presumably ended and their entry into working life would have begun.<sup>68</sup>

A disability pension can also be claimed in addition to a another pension (e.g. invalidity pension) or alongside employment.

Cash benefits from the work accident insurance scheme are calculated using an assessment basis: in order to establish the assessment basis, all jobs, employment relationships and other activities are taken into account as long as work accident insurance contributions have been paid for them, and even if they were carried out simultaneously. In this case, the individual assessment bases are added up until the ceiling on insurable earnings (for work accident purposes) is reached. For persons who are insured according to the Work Accident Insurance Act for Civil Servants (BKUVG), such as civil servants, other public sector employees, etc.), there is no ceiling on insurable earnings.

There are special regulations with regard to the assessment basis for self-employed businesspeople and for pupils and students:

- For self-employed businesspeople the assessment basis is a fixed amount (figure for 2018: EUR 20,071.99) which is independent of their actual income from work; in addition, there is the opportunity to increase the assessment basis by concluding an agreement on supplementary insurance.
- For pupils and students there is a fixed assessment basis staged according to age for the calculation of cash benefits.

Details on the assessment bases in the work accident insurance system can be obtained from the current values issued by the Federation of Austrian Social Insurance Institutions (figures related to benefits and services provisions in the social insurance system 2018): [www.sozialversicherung.at](http://www.sozialversicherung.at) > Über uns > Zahlen, Daten, Fakten > Aktuelle Werte

<sup>68</sup> If this 50 percent figure is not reached, but after the conclusion of treatment there is a reduction of the person's ability to work of at least 20 percent, pupils and students are entitled to disability benefit as a one-off cash payment. Further information: [www.auva.at](http://www.auva.at)

If their ability to work has been reduced by 100 percent, the pension is two thirds of the assessment basis (full pension); in the case of a reduction in earnings capacity between 20 and 99 percent, the pension is calculated on a pro-rata basis (partial pension).

Severely disabled persons (those with a reduction of their earning capacity of 50 percent or more) received an additional pension of 20 or 50 percent of their disability pension or occupational pension. If the reduction in earnings capacity is between 50 and under 70 percent, the additional pension is 20 percent; an additional pension of 50 percent of the disability or occupational pension is paid from a reduction of earnings capacity of 70 percent.

In addition, severely disabled persons (except those who are self-employed in the areas of agriculture and forestry) are also entitled to a child supplement. The child supplement amounts to ten percent of the pension including the additional pension, but only up to a maximum amount of EUR 76.31 (figure for 2018).<sup>69</sup>

### 9.5.3 Contributions

Work accident insurance contributions for employees (ASVG) amount to 1.3 percent of their earnings from employment. Work accident insurance contributions are paid solely by the employer. In this way, the liability of the individual employer is replaced by an overall liability under public law for all companies (in the form of compulsory insurance).

The additional contribution paid by employers for employees who carry out strenuous work at night (20,384 persons in 2015) is of a preventive and compensatory nature. In these cases, an additional 3.4 percent (current figure for 2018) of the gross wage has to be paid to the pension insurance institution as a special contribution. This revenue is used to finance a special early retirement pension (special pension from the age of 57; 1556 recipients, ten new recipients in 2015). At the end of 2015 the average special pension amounted to EUR 2,170 per month (including supplements and allowances, paid 14 times a year).

### 9.5.4 Work accidents and disability pensions in figures

Every year, around two percent of employees suffer an accident at work or on their way to or from work which leads to a period of sick leave of at least three days. In 2016, a total of 159,088 cases of accidents or harm were dealt with by the General Work Accident Insurance Institution. Of these, 104,055 involved employees and 55,033 involved pupils, students and nursery school/pre-school children.

The 104,055 cases involving employees can be subdivided into 91,248 work accidents in a narrower sense, 11,626 accidents which occurred on the way to or from work, and 1,181 cases of occupational diseases. A total of 214 cases involving employees were fatal (67 work accidents in a narrower sense, 39 accidents which occurred on the way to or from work, and 108 cases involving occupational diseases).

<sup>69</sup> Disability pensions, additional pensions and child supplements may not in total exceed the assessment basis.

At the end of 2016 a total of 97,695 pensions were being paid, of which 83,458 were disability pensions and 14,237 survivor's pensions. At the end of 2016 the average disability pension amounted to EUR 406 per month. This figure is reduced considerably by the high number of partial pensions which are paid in cases where the earnings capacity of a person is lowered by up to 49 percent. The average value of these pensions was EUR 306 in 2016. The average full pension (in cases with a hundred percent reduction of earnings capacity) was EUR 1,932. Overall, the work accident insurance system spent a total of EUR 644 million (which represented 39.1 percent of its overall expenditure) on pension payments in 2016. For the treatment of accidents, EUR 475 million was spent in 2016 (or 28.8 percent of total expenditure), for rehabilitation the figure was EUR 100 million (or 6.1 percent of total expenditure), while EUR 85 million was spent on accident prevention and first aid (or 5.1 percent of total expenditure).

Information on the currently valid data and figures can be found in German in the **Handbuch der österreichischen Sozialversicherung 2017 (Rentenstände, Rentenhöhe und Gebarung der Unfallversicherungsträger)**: [www.sozialversicherung.at](http://www.sozialversicherung.at) and on the website of the General Work Accident Insurance Institution (AUVA), [www.auva.at](http://www.auva.at) > Wir über uns > AUVA-Informationen > Zahlen und Fakten

## 9.6 An overview of social compensation laws

All of the social compensation laws provide for comprehensive welfare measures in the case of invalidity. Due to the age structure of those affected, the support provided for war victims and victims of the National Socialist regime can today be largely viewed as support for the elderly.

The compensation systems based on the Army Compensation Act, the Victims of Crime Act, the Vaccination Damage Act and the Contergan (Thalidomide) Support Act, however, are predominantly relevant for persons of working age. These laws are directed towards persons carrying out compulsory military service, victims of crime, and persons harmed by vaccinations and by the drug marketed under the name of Contergan.

Alongside cash benefits, these systems offer:

- occupational rehabilitation, such as training, re-training and wage cost subsidies;
- social rehabilitation, such as grants for adaptations and the assumption of costs for integration measures.

The enforcement of the Victims' Welfare Act and the fields of war victims, compensation for vaccination damage and Contergan-related support is carried out by the Sozialministeriumservice.

As of 1 July 2016, the Army Welfare Act was replaced by the Army Compensation Act, and its enforcement was transferred to the General Work Accident Insurance Institution.

## 9.6.1 Benefits for persons who have suffered injury due to military service

The Army Compensation Act (HEG), which replaced the Army Welfare Act as of 1 July 2016, regulates the entitlements of persons carrying out compulsory military service, women undergoing military training and conscripts (members of the militia, for example) when they have suffered damage to their health as a consequence of their military service or an accident on the way to or from their duty. Disability pensions are a benefit whose amount depends on the criteria laid down by work accident insurance law (assessment basis and the reduction of the ability to work). There are also pensions for surviving dependents.

On the reference date of 1 January 2017, a total of 1,808 persons were entitled to these kinds of support. The overall expenditure in 2016 amounted to a sum of EUR 12.6 million.

## 9.6.2 The Victims of Crime Act

The following persons are entitled to support in accordance with the Victims of Crime Act (VOG):

- victims of crime who have incurred treatment costs or whose earnings capacity has been reduced;
- surviving dependents, and
- persons who have to pay funeral costs.

The following conditions must be fulfilled to obtain support:

- the act must have been illegal, deliberate and be subject to a prison sentence of more than six months and
- the victim has to have suffered physical injury, damage to health or death as a consequence of the act.

The Victims of Crime Act provides for compensation which is similar to that of the War Victims' Welfare Act: for loss of earnings and maintenance up to EUR 3,979.60 per month, lump-sum compensation for damages, and supplements for nursing care and blind persons.

At the beginning of January 2017, a total of 182 persons were claiming long-term benefits. The budget expenditure for 2016 amounted to EUR 4.9 million.

## 9.6.3 The Vaccination Damage Act

The Vaccination Damage Act grants compensation to persons who have suffered damage to their health due to a vaccination prescribed by law, or an officially recommended vaccination. At the beginning of January 2017 there were a total of 92 persons entitled to benefits, and the total expenditure in 2016 amounted to EUR 4.4 million including supplements for nursing care.

## 9.6.4 The Victims' Welfare Act

The Victims' Welfare Act (OFG) provides for a range of long-term benefits similar to those of the War Victims' Welfare Act: the addressees of the act are victims of their activities in the resistance movement against the National Socialist regime and those who were politically persecuted in the same period, from 1933-1945. Victims of political persecution as defined in this federal law are persons who – in the period between 6 March 1933 and 9 May 1945 – suffered considerable harm due to the following: for political reasons, as victims of the National Socialist military justice system; for reasons related to their ethnicity, religion, nationality or in the context of typical National Socialist persecution; due to a physical or mental disability; due to their sexual orientation or accusations of being 'asocial'; because of medical experiments or due to measures taken by a court or an (administrative) authority (particularly the Gestapo), or as a result of interventions by the NSDAP (National Socialist German Workers' Party) including its various divisions.<sup>70</sup>

In addition, the Victims' Welfare Act contains supplements for imprisonment of EUR 51.70 per month und means-tested maintenance pensions (up to EUR 1,180.50 per month for single persons, up to EUR 1,619.70 for victims who are married or cohabit with a partner, as well as up to EUR 1,082.60 for surviving dependants). In addition, the Victims' Welfare Act includes measures for medical and orthopaedic care as well as occupational and social rehabilitation measures.

In 2005, legal rights were granted to victims of the National Socialist military justice system and for victims persecuted because of their sexual orientation or because they were allegedly 'asocial'. As at 1 January 2017, 1,547 persons were receiving pension benefits. The total expenditure in 2016 amounted to EUR 14.8 million.

## 9.6.5 Benefits for persons who have suffered harm due to wars

Austrian citizens who carried out military service in the two world wars and thus suffered damage to their health are considered war victims according to the War Victims' Welfare Act (KOVG). Civilians who have innocently suffered damage to their health due to military action also belong to this group of persons.

The War Victims' Welfare Act provides for cash benefits (predominantly in the form of pensions), measures for medical and orthopaedic care as well as medical, occupational and social rehabilitation measures. As at 1 January 2017, 13,526 persons were receiving pension benefits in accordance with the War Victims' Welfare Act. The total expenditure in 2016 amounted to EUR 85.9 million.

<sup>70</sup> Source: Victims' Welfare Act section 1 para 2

Monthly cash benefits for war victims' welfare, 2018, in EUR	
Benefits for persons whose health was damaged	Monthly amount
Basic pension	55.50 up to 554.80
Supplement for old age hardship	24.80 up to 216.60
Supplement for persons who have suffered severe damage to their health	166.40 up to 443.80
Additional pension depending on the recipient's income	up to 909.40
Allowance for the costs resulting from a special diet	34.70 up to 104.20
Nursing care supplement and supplement for the blind	729.20 up to 2,915.60

Source: Ministry of Social Affairs, as at January 2018

## 9.6.6 Benefits for prisoners of war

The Prisoners of War Compensation Act (KGEG) provides for compensation for Austrian citizens who:

- became prisoners of war during the First or Second World Wars, or
- were arrested and detained by a foreign power for political or military reasons during the Second World War or the time in which Austria was occupied by the Allies, or
- were away from Austria because they had been politically persecuted as defined by the Victims' Welfare Act and were – for political or military reasons – arrested and detained after the beginning of the Second World War.

The Prisoners of War Welfare Act provides for monthly benefits of EUR 17.50-43.00, staged according to the duration of the person's detention as a prisoner of war.

## 9.6.7 The Contergan Support Act

Since 1 July 2015, persons who have received a one-off financial benefit from the former Ministry of Health due to damage by the drug marketed in the German-speaking countries as Contergan (Thalidomide), and who have no right to benefits according to the German Contergan Foundation Act, have entitlements in accordance with the Contergan Support Act (CHIG). The monthly pension for 2018 amounts to EUR 434.30.

## 9.6.8 The Act on pensions for victims of abuse in children's homes

The Act on pensions for victims of abuse in children's homes came into effect on 1 July 2017. Victims who suffered violence in the period between 10 May 1945 and 31 December 1999 in federal, provincial and church-run homes or with foster families, and who have received a lump sum as compensation, or who were not able to receive such a payment for particular reasons, are granted a pension. The pension amounts to

EUR 300 per month and is due from the time the person reaches normal retirement age or from the time when they receive their own pension.

### 9.6.9 Social compensation: expenditure and recipients

In 2016 the number of recipients of benefits paid in accordance with the social compensation legislation was around 31,400 persons. The related expenditure accounted for a sum of just under EUR 126.2 million in 2016.

As at 1 January 2017, around 3,500 persons claimed income-dependent benefits in relation to the War Victims' Welfare Act, around 530 persons in relation to the Victims' Welfare Act, 40 persons in relation to the Army Compensation Act, two persons in relation to the Victims of Crime Act and four persons in relation to the Vaccination Damage Act.

Information and assistance on the specific services are available from the website of the Ministry of Social Affairs, [www.sozialministerium.at](http://www.sozialministerium.at), the website of the Sozialministeriumservice, [www.sozialministeriumservice.at](http://www.sozialministeriumservice.at) and from the Head Office of the Sozialministeriumservice, Babenbergerstraße 5, 1010 Vienna, tel. (+43 1) 588 31 or in the respective provincial offices, and on the website of the General Work Accident Insurance Institution, [www.auva.at](http://www.auva.at) and [www.help.gv.at](http://www.help.gv.at) > Soziales > Sozialentschädigung

**Pensions and  
similar benefits  
in old age and  
for surviving  
dependants**

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**The provision of retirement income in Austria – with the exception of that of civil servants – is based on the so-called three pillars model: the state pension (1<sup>st</sup> pillar) within the framework of the statutory pension insurance system; company pensions (2<sup>nd</sup> pillar) and private pension provision (3<sup>rd</sup> pillar). The predominant proportion is covered by pension provision organised by the state.**

## **10.1 An overview of pensions and similar benefits**

This publication deals solely with the first two pillars.

### **The first pillar: the statutory pension insurance system**

In Austria, the statutory pension insurance system covers the following:

- benefits to ensure a retirement income (old-age pensions);
- benefits for persons whose ability to work is reduced (invalidity pensions) and
- benefits for family members in the case of a person's death (survivors' pensions).

Their main goal is to maintain a suitable standard of living and the related opportunities for social, economic, political and cultural participation. The statutory pension insurance system is the largest system in the provision of retirement income.

The relevant legal provisions for employees are to be found in the General Social Insurance Act (ASVG), while those for businesspeople are contained in the Social Insurance Act for Businesses (GSVG) and those for farmers in the Social Insurance Act for Farmers (BSVG). In addition, there are separate legal provisions for notary publics (Insurance Act for Notary Publics, NVG) and for certain groups of freelancers (Social Insurance Act for Self-employed Freelancers, FSVG).

There is no unconditional minimum pension in the Austrian pension insurance system. However, the means-tested equalisation supplement guarantees a minimum income for all those who are entitled to a statutory pension (see Chapter 5 Minimum income benefits).

The equalisation supplement is designed to provide every pension recipient living in Austria with a minimum income. If their total income (gross pension plus other net income plus any entitlement to maintenance) is below a minimum amount (equalisation supplement reference rate), the recipient of the pension receives this financial supplement to top up their total income. If a person's total income (gross pension plus other net income and any entitlement to maintenance) is below a statutory minimum amount (equalisation supplement reference rate), the recipient of the pension is paid this financial supplement to top up their total income. Every application for a pension is also viewed as an application for the equalisation supplement. In 2018 the reference rate for single persons is EUR 909.42, for married couples (and same-sex couples who are registered partners) it is EUR 1,363.52. If at least 360 contributory months of compulsory insurance based on employment have been acquired, the monthly reference rate amounts to EUR 1,022 for single persons from 1 January 2018.

The respective current reference rates can be found on the website of the Pension Insurance Institution: [www.pensionsversicherung.at](http://www.pensionsversicherung.at)

The second-largest social protection system (old-age and survivors' pensions) within the system for the provision of pensions is that of civil servants, i.e. public servants who cannot be made redundant. The legal basis for this social protection system is formed by separate federal and provincial provisions according to whether they are federal, provincial or local authority civil servants.

There are also pension-like systems for those who have suffered permanent disabilities due to (work) accidents or occupational diseases (disability pensions) and via the so-called laws on support for special victims (social compensation) for the victims of wars, crime, and also for those who have been harmed in relation to military service. These pension-like benefits are, in the majority of cases, claimed in addition to pensions from the statutory pension insurance system or the systems for civil servants (see Chapter 5 Minimum income benefits and Chapter 9 Benefits in the case of invalidity and accidents).

#### **The second pillar: company pensions**

As part of statutory pension provision for employees, the contributions saved by employers for every employee can be claimed as a supplementary pension upon reaching retirement age. Furthermore, in some sectors and companies there is an entitlement to company pensions in addition to a pension from the statutory pension insurance system (see Chapter 10.7 Forms of retirement income provision in companies).

#### **Pension benefits account for just under half of all social expenditure**

A total of EUR 51.3 billion (according to ESPROSS) was spent in 2016 on all pensions and pension-like benefits as well as on company pension schemes. This represents around 48 percent of social expenditure or 14.5 percent of GDP.

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## 10.2 Possibilities of receiving an old-age pension from the statutory pension insurance system, and conditions

In the statutory pension insurance system there are, in addition to the

- a) **normal old-aged pensions,**  
other types of pension such as
- b) **early old-age pensions in the case of long contribution periods;**
- c) **pensions for persons with long contribution periods (the so-called labourers' rules);**
- d) **so-called corridor pensions**
- e) **extended part-time employment for older workers;**
- f) **pensions for demanding jobs;**
- g) **invalidity pensions (see Chapter 9 Benefits in the case of invalidity and accidents);**
- h) **survivors' pensions, i.e. orphan's pensions, widow's and widower's pensions (see Chapter 10.5 Survivors' pensions: benefits for widows, widowers and orphans).**

### **Statutory retirement age and types of benefits**

#### **a) Normal old-age pension**

Old-age pensions are available to all insured persons who have reached the statutory retirement age and fulfil the conditions related to minimum insurance duration. Normal retirement age is currently 60 for women and 65 for men. The retirement age for women will be raised to 65 in stages between 2024 and 2033.

#### **b) Early old-age pensions in the case of long contribution periods**

This type of pension was discontinued from October 2017; since then, no more pensions of this kind have been granted. Until October 2017 the age at which women could retire with this pension had risen continuously to 60, and for men to 65. The discontinuation of this pension was staged according to the year in which a person was born. A deduction of 4.2 percent for every year before normal retirement age had to be accepted. However, the reduction could only amount to a maximum of 15 percent of the pension.

#### **c) Pensions for persons with long contribution periods (the so-called labourers' rules)**

The term 'labourers' rules' summarises the exemptions which enable some persons to retire early. Since 1 January 2014, more restrictive conditions of access have come into effect (e.g. raising of the minimum age and the number of contribution months), and entitlement has been limited by ending the retrospective purchase of substitute qualifying periods and the time spent at school or university.

For example, with effect from 2016 there have been modified regulations for persons with long contribution periods which enable women born from 1959 onwards to retire in transitional stages between the ages of 57 and 62, and men born from 1954 onwards to retire at the age of 62.

For women, the required number of years in employment is rising in stages from 42 to 45 years. For men, 45 years of employment are required. A deduction of 4.2 percent for every year of retirement before the normal retirement age has to be accepted here.

Pensions for long contribution periods for persons carrying out strenuous work is a temporary special variant of the pension for long contribution periods. It enables women born in the years 1959-1963 (inclusive) to retire at the age of 55 if they have acquired 40 contribution years, and men born in the years 1954-1958 (inclusive) to retire at the age of 60 if they have acquired 45 contribution years. An additional condition is that at least ten years of strenuous work (according to the precisely defined criteria of the regulations on strenuous work) must have been carried out in the last 20 years before retirement. A deduction of 1.8 percent for every year of retirement before the normal retirement age has to be accepted here.

#### **d) Corridor pensions**

The so-called corridor pension provides for retirement at the age of 62 at the earliest. Since 1 January 2013, the number of insurance years required has gradually been increased from 37.5 years (2012) to 40 years (2017). A deduction of 5.1 percent for every year of retirement before the normal retirement age has to be accepted here.<sup>71</sup>

#### **e) Extended part-time employment for older workers (partial pension)**

A partial pension is a combination of employment and leisure time. Partial pensions are therefore essentially not a pension benefit but a new form of part-time employment for older people. With this scheme, persons who fulfil the conditions for a corridor pension and have reached the age of 62 can continue to participate in working life and they reach normal retirement age, and can at the same time enjoy more leisure time. Partial pensions are available to men and women on the same basis. However, due to the gradual raising of the normal retirement age for women from 2024 onwards, women can only take advantage of partial pensions from 1 July 2027.

Partial pensions require a reduction of weekly working hours by between 40 percent and 60 percent. It is not possible to take the leisure time phase in one block. For the working hours which are no longer worked and paid, the Public Employment Service pays 50 percent wage compensation, so the salary of the employee is reduced only half as much as their working hours. Thus, when a person works 50 percent with a partial pension, for example, they receive 75 percent of their salary. The social insurance contributions, however, continue to be paid as previously for 100 percent of the person's original wage. The entire additional costs for the employer are reimbursed by the Public Employment Service, thus creating an incentive for them to continue to employ older workers.

Part-time employment for older workers and the partial pension can – as subsidised period of time with wage compensation – only be taken advantage of for a maximum of five years.

The partial pension scheme came into effect on 1 January 2016.

<sup>71</sup> Currently only men have the opportunity to take advantage of the corridor pension before normal retirement age or to obtain an early old-age pension in the case of long contribution periods. Women will only be able to obtain a corridor pension from 2028 onwards. Before this they have the opportunity before reaching the age of 62 to obtain an old-age pension or an early old-age pension in the case of long contribution periods (Source: [www.pensionsversicherung.at](http://www.pensionsversicherung.at)).

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## f) Pensions for strenuous work

Pensions for strenuous work can only be taken advantage of when a person has reached the age of 60.<sup>72</sup> The conditions are that the person must have accumulated 45 insurance years and that at least ten years of strenuous work (according to the precisely defined criteria of the regulations on strenuous work) must have been carried out in the last 20 years before retirement.

A deduction of 1.8 percent for every year of retirement before the normal retirement age has to be accepted here.

Further information on the different types of pensions can be obtained from the website of the Ministry of Social Affairs: [www.sozialministerium.at](http://www.sozialministerium.at) > Service/ Medien > Infomaterial > BroschürensERVICE  
All of the benefits and pension types in detail can be found in the brochures of the Pension Insurance Institution: [www.pensionsversicherung.at](http://www.pensionsversicherung.at) > Service > Informationsmaterial > Download

## 10.3 The calculation of pensions

### Statutory and actual retirement ages

The statutory retirement age is currently 60 for women and 65 for men.

However, the actual age at which people retire was 60.3 on average in 2016 for women (2006: 59.3) and in the case of men it was 63.3 (2006: 63.2).

If invalidity pensions are taken into account, the actual average retirement age for direct pensions in 2016 (i.e. all old-age and retirement pensions) was 59.5 for women (2006: 56.9) and 61.4 for men (2006: 59,0).

<sup>72</sup> In the case of women, the pension for strenuous work will only be relevant in 2024 after the raising of the normal retirement age (source: [www.pensionsversicherung.at](http://www.pensionsversicherung.at)).

<b>Actual retirement age in years, comparison over time</b>		
	<b>2006</b>	<b>2016*</b>
<b>Old-age pensions</b>		
Women	59.3	60.3
Men	63.2	63.3
<b>Total</b>	<b>61.0</b>	<b>61.6</b>
<b>Invalidity pensions</b>		
Women	50.7	53.9
Men	53.9	56.5
<b>Total</b>	<b>52.8</b>	<b>55.6</b>
<b>Old-age and invalidity pensions</b>		
Women	56.9	59.5
Men	59.0	61.4
<b>Total</b>	<b>58.0</b>	<b>60.4</b>

Source: Ministry of Social Affairs, July 2017

\* 2016 without persons who previously claimed an indefinite invalidity pension and subsequently rehabilitation benefit

For insured persons who were born before 1 January 1955, the insurance periods for 'old pensions' apply. These are contribution periods for compulsory insurance and voluntary insurance as well as substitute qualifying periods.

Further information in German: [www.pensionsversicherung.at](http://www.pensionsversicherung.at) > Leistungen

For all insured persons who were born from 1 January 1955 onwards, the General Pensions Act (APG) applies. In the form of the General Pensions Act which came into effect on 1 January 2005, uniform legislation on pensions was created. This included – as an important new feature – the introduction of a personal pension account.

In order to be able to obtain a pension, the minimum insurance period according to the General Pensions Act is 180 insurance months. Of these 180 insurance months, at least 84 must have been based on employment.

The following also count towards the total of insurance months based on employment:

- periods of self-insurance for those caring for a disabled child;
- periods of continued insurance or self-insurance due to caring for a close family member;
- periods on family hospice leave, and
- periods in which pro-rata care leave benefit was claimed.

Periods of school education purchased retrospectively are taken into account as contribution periods of voluntary insurance.

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The amount of pension paid depends on:

- the income for which compulsory contributions have to be paid;
- the number of insurance months acquired, and
- the person's age when the pension begins.

## Assessment basis and assessment period

For persons born from 1 January 1955, the total credit on their pension account on the relevant date is used as a basis for the calculation of the amount of their pension. This figure divided by 14 is the amount of the pension without supplements and deductions. If a person has reached statutory retirement age is reached, this amount is their pension.

The assessment basis for benefits from the pension insurance system is determined from the number of contributory months with the highest monthly total assessment bases within a specific period (assessment period). Since 1 January 2004, this assessment period is being extended in twelve monthly stages to 480 contributory months in the year 2027. From the year 2028, the assessment basis for pensions will be calculated from the highest 480 contributory months. If a person has less than 480 contributory months, the assessment basis is determined using the existing contributory months.

## Reduction of the assessment period

The number of contributory months used to establish the assessment basis is reduced for each child by a maximum of 36 months spent bringing up the child (in the case of multiple births all of these are fully taken into account) and by contributory months from periods of family hospice leave. However, the figure of 180 months must be reached.

## The new pension account and calculation periods

Taking a pension before statutory retirement age leads to a reduction of the pension amount. Normal retirement age is currently 60 for women and 65 for men.

Taking a pension after normal retirement age usually increases the pension by 4.2 percent per year. This so-called bonus phase can last for a maximum of three years. In addition, the employee's and employer's portion of pension contributions are halved, thus increasing the monthly net income. The amount credited to the person's pension account is, however, the full contribution base.

The new pension account, which applies to all people subject to social insurance who were born after 1954, has made the statutory pension insurance system in Austria more uniform and comprehensible. All employees and their employers pay a standard contribution rate of 22.8 percent of their gross income. In this way, insured persons with higher incomes pay higher pension contributions into the pensions system and those with lower incomes pay lower contributions. The amount of pension which they receive later on is based on the individual contributions which they have paid. After the active phase of working life follows the period where people receive a pension from the pension insurance system. The amount of the pension is adjusted for the first time in the second year when a pension is received. This adjustment is carried out using an adjustment factor which is set for every calendar year by the Federal Minister of Labour, Social Affairs, Health and Consumer Protection, taking the reference value into account. The way in which the reference value is calculated is laid down by law. The adjustment factor has to be set by regulation on or before 30 November of each year, whereby the reference value has to be taken into account.

The new pension account came into existence on 1 January 2014. It begins with the first amount credited to the account. When the first amount is credited to their account, insured persons receive a statement showing how much they have on their pension account. This is the start-up capital, as one might say, for their new pension account. The first amount credited to the pension account is calculated from all insurance periods and assessment bases which were acquired in the Austrian pension insurance system until 31 December 2013.

All those persons who were born on or after 1 January 1955 and acquired at least one insurance month until 31 December 2004 have received or will receive by post a statement about the amount credited to their pension account. This also applies to persons who are nearing retirement age.

For persons who have only acquired insurance periods since 2005, their pension entitlements have already been saved to their pension account in the form of annual partial credits. These persons have also been informed by post (or will be) of the balance of their pension account.

The partial credits are calculated by multiplying the annual assessment bases by the account percentage of 1.78. Along with the initial amount credited to the account, the partial credits form the total credit. The total credit amount divided by 14 is then the gross monthly pension.

Further information about the pension account (in German):  
[www.sozialversicherung.at](http://www.sozialversicherung.at) > Online Services > Versicherte > Online Services > Pensionskonto anzeigen  
[www.neuespensionskonto.at](http://www.neuespensionskonto.at) and [www.pensionskontorechner.at](http://www.pensionskontorechner.at) as well as  
[www.arbeiterkammer.at](http://www.arbeiterkammer.at) and [www.sozialministerium.at](http://www.sozialministerium.at) > Pension/Pflege  
Your personal pension account can be viewed using a citizen's card or mobile phone signature: [www.handy-signatur.at](http://www.handy-signatur.at)

## 10.3.1 The Commission for Safeguarding Old-Age Pensions

The Commission for Safeguarding Old-Age Pensions replaces the former Commission for the Long-Term Safeguarding of Pensions. The Commission for Safeguarding Old-Age Pensions is a significantly reduced committee of experts with an extended portfolio which not only monitors the area of the statutory pension insurance system, but also the field of public-sector pensions.

The Commission has the following tasks:

- the adjustment factor and the reference value for the respective following year are set on an annual basis.
- Every year, an expert report on the finances of the statutory pension insurance system for the next five years is drawn up, and every three years, a report is elaborated on the long-term development of the statutory pension insurance system and on the feasibility of its financing. This so-called long-term report analyses the development of the statutory pension insurance system on the basis of demographic assumptions created by Statistics Austria along with economic forecasts by the Austrian Institute of Economic Research (WIFO) and the Institute of Advanced Studies (IHS).

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- The current reports drawn up by the Commission, the report on the long-term development of the statutory pension insurance system for the period 2013-2060 as well as the report on the forecasts for the financial situation of the statutory pension insurance system for the years 2014-2019 can be viewed and downloaded (in German) from the website of the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection.

Further information in German can be found in the corresponding law at [www.sozdok.at](http://www.sozdok.at) > section 108e of the General Social Insurance Act (ASVG) or at [www.sozialministerium.at](http://www.sozialministerium.at) > Pension/Pflege

## 10.3.2 Social protection in old age for women

Gender-specific income inequality is significantly above the EU average in Austria. In 2015 it was the fourth-highest in the EU: in relation to gross hourly wages, women earn 21.7 percent less than men (according to Eurostat). This relatively low income is reflected in pensions in later life. The effect is strengthened by longer periods of absence from the labour market due to child care and other care work and/or by part-time employment.

In order to cushion the possible negative effects of the pension reforms, particularly those related to women (in particular the extension of number of months taken into account in the assessment basis from 15 to 45 years) and in order to compensate to some extent for the disadvantages faced by women in the labour market, the following gender-specific measures were introduced as part of the pension reforms:

- for time spent bringing up children, the assessment basis is EUR 1,828.22 per month (in 2018). This amount roughly corresponds to the average income from employment of women and is annually adjusted. Periods spent bringing up children are counted towards pensions up to a total of four years per child, and five years in the case of multiple births. For persons born before 1 January 1955 (subject to the old legislation), the assessment basis for pensions for those retiring in 2018 is EUR 1,182.25 per month.
- The minimum number of contributory years based on employment required for an old-age pension is seven years. Overall a total of 15 insurance years have to be accumulated. Periods during which a woman has cared for a disabled child or a close family member (whereby the person requiring care has to be entitled to long-term care benefit at least at Stage 3) are also considered to be periods of employment, as are periods on family hospice leave (caring for a seriously ill or dying family member).
- In order to also improve the situation with regard to social law of mothers who dedicate themselves to the care of a disabled child, they have the opportunity to insure themselves free of charge in the statutory pension insurance system until the child has reached the age of 40.
- With the introduction of voluntary pension splitting in the Austrian social insurance system for periods spent bringing up children, a new way of enabling women to build up their own independent retirement income has been introduced.
- Under certain circumstances, periods spent bringing up children – as well as the time during which maternity allowance is claimed – have to be taken into account during the examination of the fulfilment of conditions for recognition as a person with long contribution periods or as a person carrying out strenuous work with long contribution periods.

Publication in German: Frauen und Pensionen. Wie Lebensentscheidungen die Absicherung im Alter beeinflussen (Women and Pensions. How your decisions influence your income in old age) (2015): download from the website of the Federal Chancellery, Division III, Women's Affairs and Equality [www.frauen-familien-jugend.bka.gv.at](http://www.frauen-familien-jugend.bka.gv.at) > Frauen und Gleichstellung > Gleichstellung am Arbeitsmarkt

## 10.4 Benefits in old age for civil servants

The civil service pensions system is still of considerable significance in the context of retirement income provision. Around an eighth (13 percent) of all pensions are pensions for civil servants, and they account for just under a quarter (23 percent or EUR 11.6 billion) of the total expenditure on pensions.

In future however, the importance of the separate pensions system for civil servant will gradually be reduced, as a declining number of public-sector employees are acquiring the status of civil servants and a staged harmonisation with the statutory pension insurance system will take place.

For the present generation of civil servants, the legislation on civil service pensions – which was in many areas more generous than the statutory pension insurance system – has, since 1997, been gradually aligned with the statutory system over the course of several pension reforms.

Civil servants who have already retired, however, largely receive pensions based on the earlier regulations (e.g. pensions based on their final salary, and higher increments per year of employment).

Due to the 2004 pension reform (so-called harmonisation), civil servants who were below the age of 50 at the time (2005) are increasingly subject to the regulations laid down in the statutory pension insurance system. The special pension legislation for civil servants who were born from 1955 onwards and are still working only affects their overall pensions to a certain (percentage) degree, depending on the duration of their employment in the civil service up to 31 December 2004 (subject to the old legislation). The other part of their total pension is calculated on the basis of the regulations of the statutory pension insurance system (the new legislation). The two systems are therefore applied alongside each other at present for some civil servants. In the case of those who only became civil servants from 1 January 2005 onwards, and for those born from 1 January 1976 onwards, their pensions are already being calculated according to the same regulations as the statutory pension insurance system.

Civil servants employed by the provinces and local authorities are subject to separate and different pension regulations. However, some provinces have legally and administratively implemented the above-mentioned reform (harmonisation).

**Civil servants pay pension contributions** For civil servants born up to 31 December 1954, the contributions amount to 12.55 percent of their salaries in the period while they are working. The pension contributions for civil servants born on or after 1 January 1955 depend when they were born and amount to a maximum of 12.4 percent for the part of their salary up to the ceiling on insurable earnings (2018: EUR 5,130), and

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a maximum of 11.73 percent for parts of their salary above the ceiling. Since 1 January 2013, the regional administrative bodies have paid employer's pension insurance contributions. When pensions are paid, they assume the cost of the difference between the revenue from pension contributions and the pensions themselves.

Retired civil servants currently pay pension contributions amounting to between 1.26 percent and 3.3 percent of their pension, depending on the year in which they retired. For retirements from 2020 onwards of civil servants who were born after 1 December 1959, the pension safeguarding contribution is waived.

**The normal retirement age for civil servants** was increased in stages to 65 by the year 2017. Retiring before this minimum age leads to a reduction of the pension amount.

In cases of lasting inability to work, civil servants have to be retired regardless of their age.

**The calculation of a civil servant's pension** according to the old legislation is carried out on the basis of the civil servants' assessment basis for pension calculation (this is the average of a specific number of the highest pension assessment bases). Unless there are deductions, 80 percent of the assessment basis is used to calculate the pension amount.

Which percentage of the pension assessment basis is paid out as a pension depends on the overall number of years worked which are eligible to be used for pension calculation. After a transition period it will be necessary after 2028 to have acquired 45 years to obtain 80 percent of the pension assessment basis as a civil service pension (= the highest possible level). In the old legislation – unlike the new legislation and the statutory pension insurance system – there is no ceiling on insurable earnings and therefore no limit to the contributions, but also no limit as to the level of pensions.

Report in German: Monitoring der Beamtenpensionen im Bundesdienst 2017  
(Monitoring of Federal Civil Service Pensions 2017):  
[www.oeffentlicherdienst.gv.at](http://www.oeffentlicherdienst.gv.at)

## 10.5 Survivors' pensions: benefits for widows, widowers and orphans

Pensions for widows, widowers and orphans are of great significance in Austria. They account for a quarter of all pensions.

The vast majority of survivors' pensions are paid to women: in the statutory pension insurance system they account for 86 percent, in public bodies 94 percent, in those subject to the laws on the support of special victims 96 percent, and in the work accident insurance system 89 percent. (Source: ESPROSS, as at 1 December 2017 for 2016).

Due to the low participation in employment of women in the past, currently a large number of women under the age of 60 are not entitled to their own old-age pension. Survivors' pensions are therefore the most important form of subsistence in old age for many of these women. 90 percent of these survivors' pensions are paid to persons over retirement age.

Around 50 percent of beneficiaries additionally receive an old-age pension, an invalidity pension or a civil servant's pension.

The conditions of entitlement for civil servants are subject to similar regulations as those in the statutory pension insurance system. The social compensation laws (see Chapter 9 Benefits in the case of invalidity and accidents) also provide for survivors' benefits.

## 10.5.1 Widow's and widower's pensions

The conditions for entitlement are generous compared to other EU Member States. For example, widows or widowers who have reached the age of 35 on the death of their partner are entitled to a survivor's pension until the end of their lives unless they enter into a new marriage.

Before the age of 35 there is also an entitlement to long-term payments if the widow or the widower is unable to work and was predominantly supported by their partner, or when there is a child from the marriage, or the woman is pregnant, or the marriage lasted for at least ten years.

Persons who do not fulfil any of these conditions are entitled to a survivor's benefit for a period of 30 months. This limited period of time also applies to widows and widowers who only married after the deceased person had already received an old-age pension or an invalidity pension. In these cases, entitlement to a permanent widow's or widower's pension is only given if the marriage had lasted for at least a specific period of time (three, five or ten years). The duration of marriage required depends on the age difference between the partners; from an age difference of more than 25 years the marriage must have lasted for at least ten years. In these cases, a permanent pension is granted when the marriage has produced a child.

Widow's and widower's pensions can be awarded to divorcees when – at the time of the death of the partner – there was an entitlement to maintenance on the part of the survivors towards the divorced partner, or when relevant payments had been made. In this case, the maximum level of the widow's/widower's pension is limited to the amount of the maintenance payment. In some cases, however (and this depends in particular on the type of divorce), there is no upper limit.

Since January 2010, the regulations for widows' and widowers' pensions also apply analogously to registered same-sex partnerships. The conditions for entitlement to a pension for surviving registered partners correspond to the conditions for survivors' pensions for those who were married. The decisive factor for the level of widow's/widower's pensions is the relationship between the income of the deceased partner and the surviving partner in the past two or four calendar years respectively.

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## Recipients of a survivor's pension – reference rates for the equalisation supplement in 2018

	in EUR
Widows/widowers, surviving registered partners, and orphans who have reached the age of 24	909.42
Children who have lost one parent up to the age of 24	334.49
Orphans up to the age of 24	502.24
Children who have lost one parent aged 24 and over	594.40

Source: Ministry of Social Affairs, 2018

### Amount of pensions and recipients

The amount of pension paid ranges from 0-60 percent of the (fictitious) pension of the deceased person. In the case of a widow's/widower's pension of less than 60 percent, there can be an increase if the total from the widow's/widower's pension and other income amounts to less than EUR 1,956.13 per month (the lower protection limit in the calendar year 2018). In this case, the pension is raised until this threshold is reached, but only up to a maximum of 60 percent of the pension of the deceased. In the case of high incomes (EUR 8,460 per month) there is an upper limit for pension payments. The equalisation supplement tops up survivors' pensions by providing the difference between the person's total income and the reference rate.

In December 2016 the average widow's pension in the statutory pension insurance system amounted to EUR 757, and the average widower's pension EUR 338 (paid 14 times a year including supplements). In December 2016, women who only claim a widow's pension from the statutory pension insurance system received an average amount of EUR 698 (14 times a year). In the case of those receiving an additional pension, the amount rose to EUR 1,660 (including supplements).

## 10.5.2 Orphans' pensions

Alongside the fulfilment of the waiting period<sup>73</sup> by the deceased parent (as in the case of invalidity pensions), children are entitled to an orphan's pension if they have not reached the age of 18. Beyond this time, the orphan's pension will continue to be paid as long as the orphan is still in education or training or if the orphan is unable to work.

Children who have lost one parent receive 24 percent of the pension the latter would have been entitled to, while orphans receive 36 percent of this pension. If a child is entitled to an orphan's pension for both parents, it can receive two orphan's pensions (36% from each of the pensions of the deceased parents). Orphans' pensions include cover by statutory health insurance, although no health insurance contributions are deducted.

<sup>73</sup> The so-called waiting period is the minimum period for which a person must have been insured. This means that when a parent dies, the deceased must have completed a minimum period of pension insurance contributions depending on their age. If this waiting period has not been fulfilled, and the deceased has acquired at least one month of contributions, a one-off payment (settlement) is made instead of an orphan's pension.

At the end of 2016, a total of 47,518 children and adults received an orphan's pension from the statutory pension insurance system. Of these, 39 percent were already over the age of 27. For this group (adult orphans unable to work), orphans' pensions fulfil the function of securing their livelihood.

### 10.5.3 Survivors' pensions

In the statutory pension insurance system, around 502,901 persons received a survivor's pension<sup>74</sup> in 2016. Compared to this, around 84,801 persons received survivors' pensions in the pension insurance system for civil servants in the same year. In the context of the laws on the protection of special victims, around 9,676 persons were entitled to benefits for surviving dependants, while in the context of the work accident insurance system the figure was around 14,237 (see table).

The total expenditure on benefits for surviving dependants in the statutory pension insurance system, from public bodies, the work accident insurance system and within the framework of the social compensation laws amounted to around EUR 6 billion in 2015. This represents around six percent of social expenditure or just under two percent of gross domestic product.

<b>Expenditure on and recipients of survivors' pensions, 2016</b>		
	<b>Expenditure in EUR billions</b>	<b>Number of recipients</b>
Statutory pension insurance system <sup>1</sup>	4.9	502,900
Civil servants	0.9	84,800
Laws on protection for special victims	0.1	9,700
Work accident insurance	0.1	14,200
<b>Total<sup>2</sup></b>	<b>6.0</b>	<b>602,400</b>

Source: Statistics Austria, Ministry of Social Affairs. Expenditure: ESPROSS database on social expenditure, as at: 7 November 2017, recipients, as at: 28 November 2017

<sup>1</sup> The equalisation supplement is paid in addition to the basic pension. The total number of claimants is therefore the same as those receiving a basic pension.

<sup>2</sup> The recipients of several pension benefits are only counted once in the total amount.

<sup>74</sup> Source: Calculations by the Ministry of Social Affairs, Statistics Austria/Ministry of Social Affairs: ESPROSS database on social expenditure, as at: November 2017

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## 10.6 Benefit recipients, expenditure and financing

As illustrated above, the pension insurance system provides benefits for surviving dependants and invalids as well as old-age pensions. In addition, health measures are financed which are primarily conceived to avoid early invalidity.

### 10.6.1 Recipients of benefits

At the end of 2016, 61 percent of pensions were paid to women. This high proportion of women is predominantly due to the large number of widows' pensions. In the case of old-age pensions, the proportion of women is also higher (at 57%), as women draw their pensions significantly longer than men due to their earlier retirement age and above all because of their higher life expectancy.

<b>Pension levels in the statutory pension insurance system, December 2016, in thousands</b>			
	<b>Total</b>	<b>Women</b>	<b>Men</b>
<b>Invalidity pensions<sup>1</sup></b>	<b>165</b>	<b>48</b>	<b>117</b>
<b>All old-age pensions</b>	<b>1,647</b>	<b>930</b>	<b>717</b>
Normal old-age pensions <sup>2</sup>	1,560	900	659
Early retirement pensions in the case of unemployment	0	0	0
Early old-age pensions in the case of long contributory periods	3	1	2
Early retirement pensions in the case of reduced ability to work	0	0	0
Transitional pensions	0	0	0
Pensions for persons with long insurance periods	53	26	27
Corridor pensions	17	0	17
Pensions for strenuous work	15	3	11
<b>All survivors' pensions</b>	<b>502</b>	<b>434</b>	<b>68</b>
Widows'/widowers' pensions	455	410	45
Orphans' pensions	48	24	24
<b>Total pensions (invalidity+old age+survivors)<sup>3</sup></b>	<b>2,315</b>	<b>1,412</b>	<b>903</b>

<sup>1</sup> Invalidity pensions only up to the age of 60/65

<sup>2</sup> Including invalidity pensions from the age of 60/65 .

### Around two thirds of all pensions are old-age pensions

67 percent of pensions are normal old-age pensions, four percent are early retirement pensions, 22 percent are survivors' pensions and seven percent are invalidity pensions.<sup>75</sup>

For women, survivors' pensions play a particularly important role: they account for 31 percent of all pensions for women. By contrast, among men they only account for eight percent (of all pensions received by men). The reverse situation can be seen in the case of invalidity pensions: the proportion (of all pensions for men) claimed by men is 13 percent, whereas the proportion claimed by women (of all pensions for women) is three percent.

At the end of 2016, 1,815,016 persons received a pension, and another 253,990 received more than one pension from the statutory pension insurance system. Those persons who receive a survivor's pension alongside an old-age pension or an invalidity pension are mainly women.

## 10.6.2 Pension amounts

The average gross old-age pension in December 2016 (including supplements) amounted to EUR 1,254 (paid 14 times a year). Compared to the average gross wage from employment of all employees (blue- and white-collar workers), the average pension in 2015 amounted to just under 55 percent of the average gross wage from employment.

The varying number of insurance years as well as the considerable differences in earnings from employment between women and men (gender pay gap) are also reflected in gender-specific pension levels. The average old-age pension of women in the statutory pension insurance system of EUR 982 represents a mere 61 percent of the average male pension of EUR 1,607.

Average old-age pensions*, in EUR, December 2016		
	Women	Men
Pension insurance institution (PVA) – blue-collar workers	715	1,229
PVA – white-collar workers	1,255	2,123
Pension insurance – Self-employed	1,091	1,782
Pension insurance – Farmers	659	1,174
<b>Pension insurance total</b>	<b>982</b>	<b>1,607</b>

Source: Federation of Austrian Social Insurance Institutions, presentation by the Ministry of Social Affairs, July 2017

\* including child supplement and equalisation supplement; without the Insurance Institution of Austrian Notaries.

<sup>75</sup> From 2011, invalidity pensions have only been paid as such until the person has reached normal retirement age. From the age of 60/65 onwards they are recorded in statistics as normal old-age pensions.

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## Average pensions for persons with long contributory periods\*, in EUR, December 2016

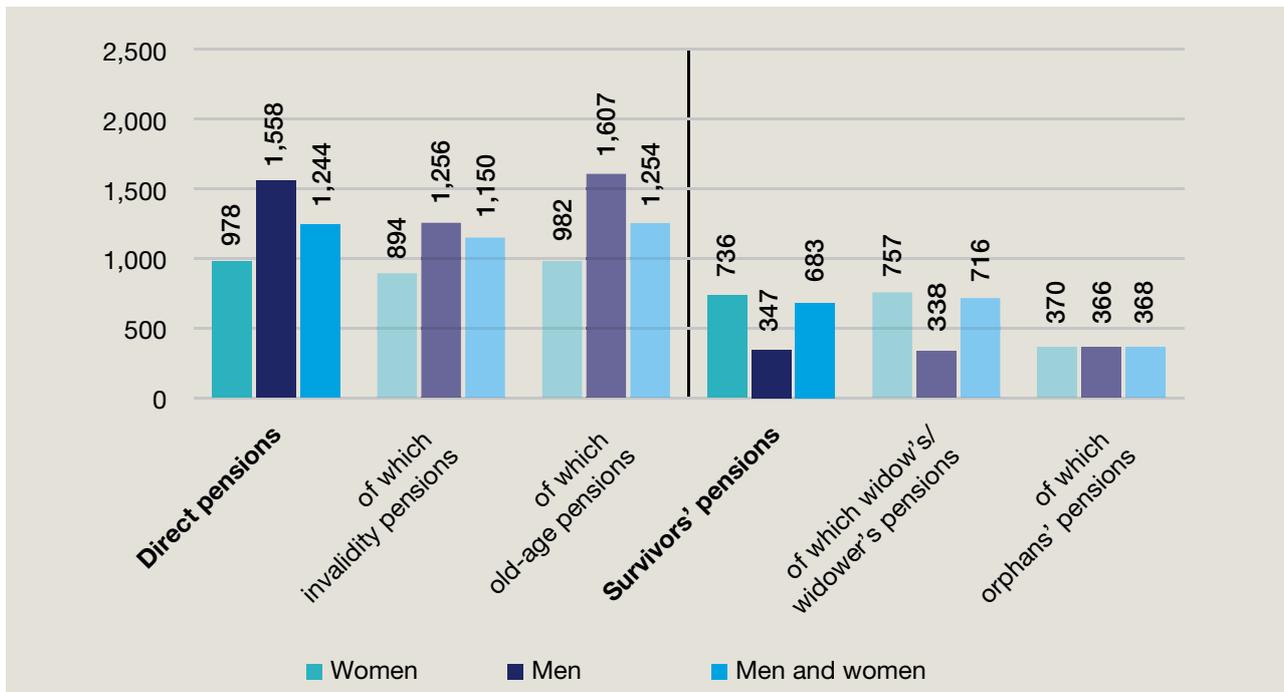
	Women	Men
Pension insurance institution (PVA) – blue-collar workers	1,167	1,859
PVA – white-collar workers	1,680	2,677
Pension insurance – Self-employed	1,427	2,189
Pension insurance – Farmers	1,009	1,448
<b>Pension insurance total</b>	<b>1,507</b>	<b>2,303</b>

\* including child supplement and equalisation supplement; without the Insurance Institution of Austrian Notaries.

## Average pension including supplements, in EUR, December 2016

	Women	Men	Men and women
<b>Direct pensions</b>	978	1,558	1,244
of which invalidity pensions	894	1,256	1,150
of which old-age pensions	982	1,607	1,254
<b>Survivors' pensions</b>	736	347	683
of which widow's/widower's pensions	757	338	716
of which orphans' pensions	370	366	368

Source: Federation of Austrian Social Insurance Institutions, presentation by the Ministry of Social Affairs, July 2017



## 10.6.3 Expenditure and financing

Overall, the expenditure on pension benefits according to ESPROSS in 2016 amounted to around EUR 51.3 billion. This corresponded to 14.5 percent of gross domestic product. These costs can be subdivided into functions – among others into 81 percent for old age, twelve percent for survivors' benefits, and seven percent for invalidity/infirmity.

<b>Pension benefits<sup>1</sup>, expenditure in EUR billions, 2016</b>	
	<b>2016</b>
Invalidity pensions	2,775
Civil servants' pensions for those under 60	671
Disability pensions (for those under 60/65)	302
<b>Invalidity pensions and disability pensions total</b>	<b>3,748</b>
Normal old-age and invalidity pensions	26,560
Early retirement pensions	2,273
Civil servants' pensions	9,794
Company pensions	2,546
Disability pensions	208
Special early retirement pensions	52
<b>Old-age pensions total</b>	<b>41,433</b>
Survivors' pensions total	6,004
Benefits in the case of unemployment total	67
<b>Total</b>	<b>51,252</b>

Source: Ministry of Social Affairs, Statistics Austria: ESPROSS database on social expenditure, as at: 20 November 2017

<sup>1</sup> The individual pension benefits are composed of the following:

- Pension benefits for invalidity/infirmity (invalidity pensions from statutory pension insurance for women under the age of 60 and men under the age of 65 including: equalisation supplement, disability pensions from the work accident insurance system, civil servants' pensions for those under 60 working for public bodies),
- Old age-related pension benefits (normal old-age and invalidity pensions, i.e. for women over 60 and men over 65 (including equalisation supplement, early old-age pensions for those with long contributory periods and pensions for strenuous work (pension insurance system), civil servants' pensions for those over 60 (public bodies), disability pensions from the work accident system for those over 60/65, Special Early Retirement-Night-time Heavy Labour Act, company pensions),
- Benefits for surviving dependants including the equalisation supplement (from the pension insurance system, public bodies, the work accident insurance system and the laws on support for special victims), and
- other benefits in the case of unemployment (special support and transition benefit) as well as disability pensions from the social compensation system.

The funding of the pension insurance system is, to a large extent, organised on a pay-as-you-go basis. This so-called intergenerational contract means that the contributions of currently insured persons in the respective calendar year are used to finance the expenditure of the pension insurance system. Via their contributions, the insured themselves acquire an entitlement to benefits which will be covered by the contribution payments of the following generations.

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At the end of 2016 there were 3,843,308 persons subject to compulsory pension insurance (usually those in paid work) compared to 2,324,314 current pensions in the statutory pension insurance system. There were thus 605 pensions (including the Insurance Institution of Austrian Notaries Public) currently being paid for every 1,000 persons paying compulsory pension insurance contributions.

The contributions of the insured are supplemented by transfer payments from other systems (e.g. unemployment insurance<sup>76</sup>, the Family Burdens Equalisation Fund) and a contribution from the federal budget. The federal government pays to each pension insurance institution a contribution of the same amount as the figure by which their expenditure exceeds their revenue (state guarantee for the liabilities of the institutions<sup>77</sup>) plus a contribution for specific periods of partial insurance, and for the subsidy payment<sup>78</sup> of the federal government for the pension insurance scheme for the self-employed.

Overall, federal funding (federal contribution including the reimbursement of equalisation supplements) in 2016 amounted to 22.9 percent of the expenditure of the pension insurance system. The contribution rate for the pension insurance system according to the General Social Insurance Act (ASVG) was 22.8 percent in 2018.<sup>79</sup>

<b>Expenditure of the pension insurance system and the proportion of federal funding according to pension insurance institutions<sup>1</sup>, in EUR billions, 2016</b>								
	<b>Expenditure of the pension insurance system</b>	<b>Default liability</b>	<b>Federal contribution for partially-insured persons</b>	<b>Partner payment</b>	<b>Federal contributions<sup>2</sup></b>	<b>Equalisation supplement Reimbursement</b>	<b>Federal funding</b>	<b>Federal funding (in % of expenditure)</b>
Pension insurance system (PV) of employees	34.6	4.7	0.9	0.0	5.6	0.7	6.3	18.1
PV of the self-employed	6.0	2.7	0.0	0.6	3.3	0.3	3.6	50.2
<b>Total pension insurance system</b>	<b>40.7</b>	<b>7.4</b>	<b>0.9</b>	<b>0.6</b>	<b>8.9</b>	<b>1.0</b>	<b>9.9</b>	<b>22.9</b>

Source: Financial statistics 2016 (Federation of Austrian Social Insurance Institutions); calculation by the Ministry of Social Affairs, July 2017

<sup>1</sup> Without the Insurance Institution of Austrian Notaries Public.

<sup>2</sup> Default liability, federal contribution for the partially insured, subsidy payment of the federal government.

<sup>76</sup> Periods of unemployment and bringing up children are taken into account in the calculation of the amount of pensions..

<sup>77</sup> The federal government reimburses the difference between the revenue and expenditure of the pension insurance system.

<sup>78</sup> The federal government reimburses the difference in revenue from contributions caused by the varying contribution rates of employees and the self-employed.

<sup>79</sup> See table of contribution rates for 2018 in Chapter 2 Social benefits and services: expenditure, taxes and financing.

## 10.7 Forms of company pension schemes

The second pillar of the Austrian pension system, company pension schemes, are regulated by the Company Pension Schemes Act (BPG). The latter contains the labour law provisions on company pension schemes and principally covers all persons in employment relationships governed by private law as well as those entitled to benefits (i.e. also wives/husbands and children).

The BPG regulates the safeguarding under labour law of benefits and entitlements from commitments related to old-age, invalidity and the provision of income for surviving dependants (commitments to pay pensions) which supplement the statutory pension insurance system.

There are four forms of commitments to company benefits:

- Pension fund commitments related to domestic or foreign pension funds
- Commitments from a collective company pension insurance scheme
- Commitments to direct payments
- Life insurance policies

Pension commitments for employees in the context of employment relationships subject to private law are made voluntarily by the employer.

These pension commitments are collective and company forms of retirement income provision. Pension commitments according to the BPG can be made via a collective agreement, a company agreement or an individual agreement (= fundamental agreement based on the law governing employment contracts).

In the case of pension fund commitments, collective company pension schemes and life insurance policies, the employer has to pay the contributions for the employee into a pension fund or to an insurance company which invests these contributions and – when the commitment becomes due – pays them out in the form of a monthly pension. The payment of the pension is carried out by bank transfer to the account of the entitled person. In the case of a direct pension commitment, the payment is financed and carried out directly by the employer.

In labour law practice, the issue of a pension fund commitment or a commitment by a collective company pension scheme are of particular relevance. If the employer makes a pension commitment to an employee, a pension fund contract between the employer and a pension fund has to be concluded on the basis of the fundamental agreement according to labour law. The Company Pension Schemes Act regulates the necessary minimum content of pension fund commitments. The pension fund commitment for an employee must contain an old-age pension and a survivor's pension. An occupational disability pension can be agreed upon optionally in the fundamental agreement according to labour law. In addition, the Company Pension Schemes Act regulates the so-called vested nature of already acquired entitlements. Vested means that at if the employment relationship ends before the occurrence of the so-called claim event laid down in the fundamental agreement, the employee retains their already acquired entitlement – regardless of the way in which the employment relationship ended. In the pension fund commitment, however, a vesting period (a period of continuous employment required to acquire the right to an occupational pension) of up to three years from the beginning of the payment of contributions can be agreed upon. The

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Company Pension Schemes Act also contains regulations for the calculation of the vesting amount. In addition, the different possibilities of the employee in relation to freely disposing of the vesting amount at the end of the employment relationship are also regulated.

A cash settlement (payout) of the saved pension capital at the end of the employment relationship – before the claim event – is only permissible if the vesting amount at the time when the employment relationship terminates is lower than the sum established as a limit in the Pension Funds Act (PKG) (for 2018: EUR 12,300). For collective company pension schemes, the same regulations apply to pension fund commitments. However, in a divergence from them the vested nature of contributions paid by the employer begins immediately. Due to the opportunity to transfer new severance pay into a pension fund or pension insurance scheme, employees can use new severance pay to build up their retirement income. This possibility is intended to contribute towards the strengthening of the second pillar of retirement provision.

Further information on collective company pension schemes is available from the website of the Association of Austrian Insurance Companies (VVO): [www.vvo.at](http://www.vvo.at)



