THE AUSTRIAN WELFARE STATE

Benefits, expenditure and financing 2016
Dear Reader,

The basis for a peaceful society is social cohesion, which can only be achieved by active welfare policies creating the prospect of participation for all groups of the population. Austria's social policy is built upon a diverse and coordinated network of social benefits. This tightly-knit network has proved particularly successful in addressing the continuing impact of the economic and financial crisis.

In fact, the Austrian welfare state benefits all citizens as it provides targeted support in specific situations (e.g. sickness, unemployment, family, old-age pension benefits). Consequently, social benefits do not only reduce income inequalities but also the vulnerability to poverty and exclusion. The number of people in Austria at risk of poverty would be more than three times as high were it not for these social benefits.

Moreover, an active and highly developed welfare state provides the foundation for sustainable economic growth since pensions, unemployment disbursements and family benefits are crucial for the stability of consumer spending. Another supporting pillar of the welfare state is a legal framework governing the protection of workers, non-discrimination in all aspects of life or reconciliation of work and family life.

The welfare state is not a fossil but rather a system that requires constant adjustments to economic and political developments as well as the changing needs of the population. To this end, we need to implement the necessary reforms (e.g. means-tested minimum income benefits) and policy measures (e.g. in the labour market) in a targeted manner, while securing social benefits (e.g. pension and nursing care benefits) for future generations through anticipatory and sustainable policy design.
Many programmes in recent years, such as those fostering employment or the supplementary supply of social services in a wide variety of fields, already show positive results.

With the present publication I want to offer you a brief survey of the Austrian welfare state and its benefits, expenses and financing options as well as provide information and, where required, a range of services appropriate to your personal situation. Therefore this publication not only includes information on social benefits within the remit of my ministry but also on family, health and fiscal benefits as well as on pension benefits for civil servants. I wish to thank my staff and the staff of cooperating ministries for this overview of social protection in Austria.

Alois Stöger
Social Affairs Minister
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ABBREVIATIONS

A
AK Chamber of Labour
AIVG Unemployment Insurance Act
APG General Pension Act
ASVG General Social Insurance Act
AUVA General Work Accident Insurance Institution
AZG Working Time Act

B
BEinstG Disability Employment Act
BGStG Federal Disability Equality Act
BKV Occupational group insurance scheme
BMASK Federal Ministry of Labour, Social Affairs and Consumer Protection (=Social Affairs Ministry)
BMFJ Federal Ministry of Families and Youth
BMS Means-tested minimum income benefits
BMWFW Federal Ministry of Science, Research and Economy
bn Billion
BPG Occupational Pension Act
BPGG Federal Long-Term Care Benefit Act
BSVG Farmers’ Social Insurance Act
BUAK Construction Workers’ Paid Leave and Severance Pay Fund
BVA Statutory insurance institution for public-service employees
B-VG Federal Constitutional Act (=the Austrian Constitution)
BV-Kassen Employee income provision funds

cf. compare

E
ECTS European Credit Transfer and Accumulation System
EC European Community
EEA European Economic Area
EEC European Economic Community
e.g. for example
EinstV Classification ordinance issued under the Federal Long-Term Care Benefit Act
ESA European System of Accounts
ESSPROS European System of Integrated Social Protection Statistics
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>etc.</td>
<td>et cetera (and so on)</td>
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<tr>
<td>€</td>
<td>Euro</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>Eurostat</td>
<td>Statistical Office of the European Union</td>
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<td>EU-SILC</td>
<td>European Community Statistics on Income and Living Conditions</td>
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<tr>
<td>excl.</td>
<td>excluding</td>
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<tr>
<td>F</td>
<td>Frequently Asked Questions</td>
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<tr>
<td>FAQ</td>
<td>Family Burdens Equalisation Fund</td>
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<tr>
<td>FLAF</td>
<td>Social Insurance Act for Freelancers</td>
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<tr>
<td>G</td>
<td>Gross domestic product</td>
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<td>GewO</td>
<td>Trade Act</td>
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<td>GKK</td>
<td>Regional health insurance fund</td>
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<td>GIBG</td>
<td>Equal Treatment Act</td>
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<td>GSVG</td>
<td>Social Insurance Act for the Self-Employed in Trade and Business</td>
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<td>H</td>
<td>Home Care Act</td>
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<tr>
<td>HBeG</td>
<td>Federation of Austrian Social Insurance Institutions</td>
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<td>HVB</td>
<td>Military Service Compensation Act</td>
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<tr>
<td>I</td>
<td>inter alia</td>
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<tr>
<td>i.a.</td>
<td>id est (that is)</td>
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<tr>
<td>incl.</td>
<td>including</td>
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<tr>
<td>ISBN</td>
<td>International standard book number</td>
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<tr>
<td>ISG</td>
<td>Act on Compensation for Vaccination-Induced Disabilities</td>
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<tr>
<td>IV</td>
<td>Federation of Austrian Industry</td>
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</table>
K
KBG  Childcare allowance
KBGG  Childcare Allowance Act
KFA  Special healthcare institutions for civil- and public-service employees
KGE  Act on Compensation to Prisoners of War
KOVG  Act on Cash Income Support for Victims of War
KV  Health insurance

L
LK  Chamber of Agriculture

M
m  Million

N
NGO  Non-Governmental Organisation
NVG  Notaries Insurance Act
no  Number
NPO  Non-profit organisation

O
ÖGB  Austrian Trade Union Federation
OFG  Victims Welfare Act

P
PES  Public employment service
PI  Pension insurance
PKG  Pension Fund Act
PRIKRAF  Private hospitals financing fund
PV  Statutory pension insurance
PVA  Statutory pension insurance institution

S
SHI  Statutory health insurance
SI  Social insurance
SMS  Sozialministeriumservice (agency subordinate to the Social Affairs Ministry)
SVAGW  Social insurance institution for the self-employed in trade and business
SVB  Farmers' social insurance institution
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<th>Description</th>
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<tr>
<td>UB</td>
<td>Unemployment benefit</td>
</tr>
<tr>
<td>UI</td>
<td>Unemployment insurance</td>
</tr>
<tr>
<td>UrlG</td>
<td>Annual Leave Act</td>
</tr>
<tr>
<td>VAEB</td>
<td>Insurance institution for railway and mining workers</td>
</tr>
<tr>
<td>VOG</td>
<td>Act on Victims of Crime</td>
</tr>
<tr>
<td>WIFO</td>
<td>Austrian Institute for Economic Research</td>
</tr>
<tr>
<td>WKO</td>
<td>Austrian Economic Chamber</td>
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1. AN OVERVIEW OF SOCIAL POLICY AND SOCIAL BENEFITS

1.1 Features of social policy

What is social expenditure and who needs it?
The key interest of a welfare state is to provide secure living conditions for all citizens. Depending on the phase or situation they are in, the welfare state supports eligible beneficiaries with targeted benefits to enable them to lead a self-determined life.

Social benefits have major poverty-preventing effects. If there were no social benefits, and if households earned income exclusively from work and other private earnings, the household incomes of 44% of the population would have been below the at-risk-of-poverty threshold in 2015 according to EU-SILC. Due to pension and social benefits this ratio is 14%.

Social benefits reduce vulnerability to poverty
In 2015, a total of 1,551,000 people or 18.3% of the Austrian population were at risk of poverty or exclusion according to Statistics Austria. They had low household incomes, had to accept substantial restrictions in key areas of life or lived in households with low labour force participation. Although the total number of those affected by poverty or social exclusion has dropped since 2008, there is still a high risk of social disadvantage for certain groups of the population including single-parent households, large families, long-term unemployed persons, foreign nationals and low-skilled workers. In 2015, 380,000 children and young people (22% of those under the age of 20) lived in households at risk of poverty or exclusion and were thus unable to participate in many aspects of social life.

For more data and information on living conditions in Austria, on poverty and vulnerability to exclusion (EU-SILC) refer to the website of the Social Affairs Ministry and related brochures at www.sozialministerium.at as well as to the website of Statistics Austria at www.statistik.at.

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EU-SILC is the annual EU-wide survey of the income and living conditions of private households in the European Union. Of special interest within EU-SILC – European Union Statistics on Income and Living Conditions – are data on housing situation, expenditure on housing, household appliances and facilities, employment situation and income of household members, but also education, health and satisfaction levels. These data allow conclusions to be drawn on the living conditions of various population groups, on poverty or social exclusion. These findings constitute an important basis for social policy in Austria and the EU.
Risk of poverty means low household income in relation to that of the centre of the population: according to EU-SILC data for Austria in 2015, this income was €1,163 per month for singles plus €582 per month for each additional adult in the household and €349 per month for each child under the age of 14. This amount is also called the ‘at-risk-of-poverty threshold’.

Social policy in Austria makes not only a major contribution to preventing and avoiding poverty. It also creates the basis for social cohesion, social security and helps to manage social, demographic and economic change.

Social policy is a key instrument in efforts to improve chances in life, alleviate risks (caused by certain circumstances/situations in life) and manage crises.

For a brief description of social expenditure by individual social protection systems in Austria, of the relationship between cash and in-kind benefits as well as their financing refer to Chapter 2 Social benefits: expenditure, contributions and financing.

How to measure social benefits?
The European System of Integrated Social Protection Statistics (ESSPROS) has been developed for the purpose of measuring social benefits. Developed by Eurostat and the European Union Member States in the late 1970s, this system provides a common framework for coherent comparison between European countries of social benefits to private households and their financing.

ESSPROS is built on the concept of social protection, or the coverage of precisely defined risks and needs including health, disability (invalidity), old age, family and unemployment. It records the receipts and the expenditure of the organisations or schemes involved in social protection interventions (see overview in the box below).
Functions of social protection to manage different needs and risks in life

<table>
<thead>
<tr>
<th>Situations in life</th>
<th>Benefits and examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old age</td>
<td>All social benefits in cash and in kind (save spending on healthcare and survivors’ pensions) for persons above statutory retirement age (60 years for women and 65 years for men).</td>
</tr>
<tr>
<td>Survivors</td>
<td>Survivors’ pensions (benefits for widows/widowers and [half-] orphans) of various social systems for all age groups (also for those above statutory retirement age).</td>
</tr>
<tr>
<td>Health</td>
<td>Public spending on healthcare for all age groups.</td>
</tr>
<tr>
<td>Invalidity</td>
<td>Invalidity-related social benefits for persons below statutory retirement age (the corresponding benefits for persons above statutory retirement age are described in the 'old-age' function).</td>
</tr>
<tr>
<td>Family</td>
<td>Social benefits in cash and in kind for children and young people (save health- and education-related benefits) and family benefits for parents and/or guardians.</td>
</tr>
<tr>
<td>Unemployment</td>
<td>Social benefits awarded in the context of actual and pending unemployment (not only Unemployment Insurance-based benefits).</td>
</tr>
<tr>
<td>Others</td>
<td>Part of the expenditure used to combat social exclusion, e.g. housing assistance, means-tested minimum income benefits and other benefits provided for social reasons; a large portion of means-tested benefits, such as equalisation supplements under statutory pension insurance schemes or unemployment assistance is described in the old-age and unemployment functions.</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry 2016, own presentation based on Statistics Austria/ESSPROS.

1.2 How does the system of social security work?

1.2.1 Social security and policy-making

Overall, the Austrian system of social security is characterised by a mix of centralised and decentralised elements, with the social insurance benefits (for more information see Chapter 2 Social benefits: expenditure, contributions and financing) and the benefits for the entire resident population (universal benefits) coming under the remit of the central government.

The regional entities (Länder, local and municipal governments) are mainly responsible for part of healthcare, housing, most of the social services, childcare facilities and the means-tested minimum income scheme.
To illustrate the ratio of spending between government levels: in 2014 expenditure totalled €99.2bn, the Länder and local communities together accounting for 5.6%.

Social benefits of the territorial authorities in €bn, 2014

Source: Social Affairs Ministry based on the ESSPROS database, as at: 30 Oct 2015.

The social partners play a key role in opinion-forming and law-making processes.

Social policy decisions usually rely on consensus-based solutions found together with

- the statutory stakeholders, i.e. the Chamber of Labour (Arbeiterkammer – AK), the Economic Chamber (Wirtschaftskammer – WKO), Chamber of Agriculture (Landwirtschaftskammer – LK) as well as
- the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund – ÖGB) and the Austrian Federation of Industry (Industriellenvereinigung – IV).

The governing bodies of the social insurance institutions, the public employment service and other entities are composed either in their entirety or in great part by representatives of social partner organisations.

Other stakeholder groups, such as those representing the interests of senior citizens and people with disabilities, as well as non-governmental organisations (NGOs) active in the field of social welfare have gained influence in recent years. Experts from a great variety of fields are increasingly being involved in the activities of reform commissions and other bodies to help with the processes of preparing and implementing decisions.
Last but not least, another impetus for the development of Austria’s social security system is provided by the institutions of the European Union.

Social protection systems in Austria can be broken down as follows:

<table>
<thead>
<tr>
<th>Social protection system</th>
<th>Features and examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Insurance: statutory pension, health and work accident insurance</td>
<td>Eligibility and assessment criteria for monetary social benefits for old age and invalidity are primarily linked to an individual’s (previous) activity and income status; insurance rights go beyond this framework (e.g. co-insurance in social health insurance schemes).</td>
</tr>
<tr>
<td>Unemployment insurance (UI)</td>
<td>Covers benefits awarded (by the public employment service) in the context of pending or existing unemployment; e.g. unemployment benefits, unemployment assistance and active labour market policies.</td>
</tr>
<tr>
<td>Universal systems</td>
<td>Benefits awarded to the entire resident population irrespective of the current or former income and activity status; e.g. family allowance and tax credit for children, childcare allowance, long-term care system and the benefits in kind offered by the healthcare system.</td>
</tr>
<tr>
<td>Means-tested benefits</td>
<td>Benefits involving a means test on income; these cash benefits are only available to those in need; the claimants’ existing income and, in part, their assets are used to determine eligibility. Examples of these benefits primarily include minimum income levels under the statutory pension insurance scheme (equalisation supplements), unemployment assistance under unemployment insurance, the means-tested minimum income scheme and grants to pupils and students.</td>
</tr>
<tr>
<td>Social protection for civil servants</td>
<td>Set out in civil service law; civil servants have their own pension law.</td>
</tr>
<tr>
<td>Social compensation systems</td>
<td>Special laws on cash-income support; benefits for victims of war, military service, crime and vaccinations;</td>
</tr>
<tr>
<td>Protection under labour law</td>
<td>Entitlements under labour law (e.g. continued payment of wages in case of sickness);</td>
</tr>
<tr>
<td>Occupational pension schemes</td>
<td>e.g. defined pension funds, direct defined benefit programmes;</td>
</tr>
<tr>
<td>Social services</td>
<td>Includes a range of social services in different fields, e.g. counselling (violence, drugs, homelessness, etc.), child- and family-related services, homes for the elderly and nursing homes, housing or employment schemes for people with special needs, etc.</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, own presentation, May 2016.
1.2.2 Social insurance in Austria

Social insurance in Austria is based on the principles of mandatory insurance, solidarity\(^2\) and autonomy. It is primarily financed by employers’ and employees’ contributions under the pay-as-you-go system (statutory pension/health/work accident insurance).

A total of 22 social insurance institutions provide health, pension and work accident insurance cover. They are organised in an umbrella organisation, the Federation of Austrian Social Insurance Institutions (Hauptverband der österreichischen Sozialversicherungsträger).

### Organisation of social insurance in Austria

<table>
<thead>
<tr>
<th>Federation of Austrian Social Insurance Institutions</th>
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<tr>
<td><strong>Work accident insurance</strong></td>
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<tr>
<td>General work accident insurance institution (AUVA)(^1)</td>
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<tr>
<td>Insurance institution for railway and mining workers (VAEB)(^1)</td>
</tr>
<tr>
<td>Social insurance institution for farmers</td>
</tr>
<tr>
<td>Insurance institution for public-service employees</td>
</tr>
<tr>
<td>Insurance institution for Austrian notaries</td>
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</table>


\(^1\) VAEB manages work accident insurance for railway workers, while that for mining workers is managed by AUVA.

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\(^2\) Solidarity (or the principle of solidarity) means striking a balance between those in poor health and those in good health, between young and old, between large families and singles, between higher and lower paid workers, between economically active individuals and retirees. There is no risk-based selection, no age limit and no termination of insurance cover as a result of benefits being too high.
1. AN OVERVIEW OF SOCIAL POLICY AND SOCIAL BENEFITS

Important functions of the Federation of Austrian Social Insurance Institutions include:

- Long-term planning;
- Drafting of guidelines (for uniform implementation);
- Central data management;
- Conclusion of contracts with e.g. doctors and other healthcare professionals;
- Publication of a register of medicinal products (*Heilmittelverzeichnis*);
- Comparison of indicators between insurance institutions;
- Public representation of social insurance institutions;
- Liaising at intergovernmental level.

For more information on social insurance refer to: [www.sozialversicherung.at](http://www.sozialversicherung.at)

Organisation of social insurance institutions

The social insurance institutions are organised according to fields of activities, occupational groups and/or regions.

The most important institutions are the statutory pension insurance institution (*Pensionsversicherungsanstalt* – PVA); the nine regional health insurance funds (*Gebietskrankenkassen* – GKK) in the Länder; the general work accident insurance institution (*Allgemeine Unfallversicherungsanstalt* – AUVA); the social insurance institutions for the self-employed (*Sozialversicherungsanstalten für selbstständig Erwerbstätige*), i.e. for trade and business and for farmers; and the insurance institution for public-service employees (*Versicherungsanstalt der öffentlich Bediensteten* – BVA).

The individual social insurance institutions are managed by self-governing bodies composed mainly of representatives of the social partners. These bodies act autonomously within the framework of legal requirements, with most of the entitlements of insurees being defined by law.

With the exception of some minor groups, almost the entire active population is covered by social insurance. Alongside the statutory insurance institution for public-service employees, there are special healthcare and work accident schemes for civil servants at Länder and local government levels. Technically speaking, these schemes are not social insurance institutions. Moreover, in recent years, social insurance cover has been widened to include a large part of non-standard employment relationships under compulsory or voluntary schemes providing benefits against payment of contributions.

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3 ‘Non-standard employment relationships’ include marginal part-timers, quasi-freelancers (freie DienstnehmerInnen), new self-employed, temporary agency workers, workers under fixed-term contracts.
Security in old age, for invalidity and survivors:

The key concern of statutory pension insurance is to maintain an adequate standard of living and the associated possibility of social, economic, political and cultural participation.

For information on the eligibility criteria for retirement, on the types of old age, invalidity and survivors’ pensions, on the rates of average pension benefits, etc., please refer to Chapter 10 Old-age and survivors’ pensions and annuity-like benefits as well as to Chapter 9 Benefits in case of invalidity and accident.

Chapter 10 also includes information on occupational pension schemes, which generally refer to retirement income schemes financed by employers to supplement statutory pension schemes.

Civil servants, in turn, are subject to special regulations in certain areas of social protection (see Chapter 10 Old-age and survivors’ pensions and annuity-like benefits). These regulations differ according to employer (federal, Länder, local governments, etc.). What civil servants have in common is that they are neither covered by unemployment nor by statutory pension insurance. Rather, they accrue direct entitlements vis-à-vis their employers.4

1.2.3 Security under labour law

Legislation seeks to strike a balance between the workers’ need for protection and the employers’ requests for greater flexibility. Entitlements vis-à-vis employers constitute an important element of social policy in Austria.

For employees they include, i.a., financial support in case of sickness and pregnancy, employee income provision funds, special provisions for working parents (e.g. paid care leave), special dismissal protection for certain groups, periods of notice, rules on working hours and rest periods, etc.

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4 Most civil servants are covered by social health and work accident insurance, i.e. by the insurance institution for public-service employees (Versicherungsanstalt der öffentlich Bediensteten – BVA), some of them are covered by special healthcare schemes (Krankenfürsorgeanstalten – KFA). Part of pensions and healthcare benefits for civil servants are financed by the latter’s contributions, but most of the money comes from the state budgets of territorial authorities. Retired civil servants, too, pay contributions to the pension insurance scheme. The pension benefits of civil servants are disbursed by the insurance institution for public-service employees (BVA). An increasing number of public-service employees (contract staff as well as civil servants) are subject to the same social insurance legislation as private sector employees.
Employers, in turn, are strongly involved in the relevant decision-making processes and implementation of social policy measures. Collective agreements at sectoral level are binding agreements governing pay and working conditions for all employees in the sector concerned.

Protection of workers is of a comparatively high standard.

Provisions under labour law: Chapter 3

1.2.4 Means-tested benefits
As indicated by their name, means-tested benefits primarily refer to benefits involving a means test on income. Statutory pension insurance provides for means-tested minimum benefits. Pensions are topped up with an equalisation supplement to reach a threshold value (called ‘equalisation supplement reference rate’).

Under the unemployment insurance system, the long-term unemployed are entitled to unemployment assistance (Notstandshilfe) if they are financially destitute.

A modern version of the former so-called ‘extramural’ social assistance scheme, the means-tested minimum income scheme (BMS) is a safety net of last resort within the social security system. The BMS ensures the same minimum standards, i.e. a floor level of benefits, for all eligible beneficiaries. The Länder may award additional benefits going beyond these minimum standards.

Other means-tested benefits of note are housing assistance and student grants. With the exception of unemployment assistance, all means-tested benefits are financed from tax revenue.

Minimum income benefits (BMS, equalisation supplement, unemployment assistance): Chapter 5

Unemployment insurance
As well as for active labour market policies, the public employment service\(^5\) – not the relevant social insurance institution – is responsible for the implementation of unemployment insurance.

The public employment service (PES) is a three-tiered system comprising one federal organisation, nine Länder and 104 regional organisations. The social partners’ involvement in PES activities extends across all three levels, where representatives of Austria’s Economic Chamber (WKO), Chamber of Labour (AK), Austrian Trade Union Federation (ÖGB) and Federation of Austrian Industry (IV) play a major role in labour market policy design (work programmes of the Länder) and in monitoring the PES organisation. An administrative board acts at the federal level.

\(^5\) Arbeitsmarktservice – German acronym AMS, but for ease of understanding the English acronym ‘PES’ will be used below
Executive bodies are responsible for the implementation of PES functions: the members of the PES board at federal level, the managers of the PES’s Länder offices at Länder level, and the heads of the PES’s regional offices at regional level. Each executive body is supported by PES offices in the implementation of labour market policy.

Unemployment insurance is primarily funded by wage-related contributions made by employers and employees.

Benefits, financing, beneficiaries and expenditure of unemployment insurance:
Chapter 4 Unemployment insurance benefits

1.2.5 Acts on cash income support – special compensation systems
Special social protection systems are in place for certain needs or risks for which the government takes special responsibility. The so-called Acts on cash income support (special compensation systems) provide special benefits (primarily pension benefits) to victims of war, military service, Fascism, crime or vaccinations.

These schemes are managed by the Social Affairs Ministry and/or an agency subordinate to the ministry, the Sozialministeriumservice (SMS)ª (www.sozialministeriumservice.at), and its nine Länder offices. Social compensation systems are funded exclusively from the federal budget.

Acts on cash income support: Chapter 5 Benefits securing a minimum income and Chapter 9 Benefits in case of invalidity and accident

1.2.6 Universal systems
In certain life situations those affected are confronted with increased costs. If, in any of these situations, any member of the entire resident population is basically entitled to social benefits which are awarded irrespective of activity and income status (with a few exceptions), this is, technically speaking, a ‘universal system’ of social protection.

The three most important universal systems of cash transfers in Austria are: family allowances including tax credits for children, childcare allowances and long-term care benefits.

Benefits for families
For instance, the family allowance scheme provides general cash benefits for children and is independent of the parents’ income, its level being determined by the age and number of children in a

ª The Sozialministeriumservice is an agency subordinate to the Social Affairs Ministry. With its 9 Länder offices it is a key contact point for people in need of care, their family members and companies.
family. It is financed from the Family Burdens Equalisation Fund (FLAF) which is, for the most part, funded by wage-related taxes paid by employers and, for a minor part, by general tax revenue. Family allowances are disbursed by the tax offices. They are supplemented by a uniform tax credit, which may also be paid out as a negative tax. This tax credit is due for all children irrespective of the parents’ activity status.

Benefits for families: Chapter 6

In addition, there are a number of other benefits in cash and in kind provided by the federal government, the Länder (states) and the local communities:

Health insurance cover
Social health insurance covers all workers as well as any co-insured persons (e.g. family members) and persons on means-tested minimum income benefits (BMS), i.e. it largely meets the criteria of a universal system.

8.5 million people or 99.9% of the population are currently covered by social health insurance schemes.

The schemes are primarily funded by wage-related contributions made by employers and employees as well as by contributions of the self-employed and retirees, while some parts are also financed from general tax revenue and – in the case of civil servants – by social security contributions of the government in its role as employer.

Alongside social health insurance schemes, Austria’s territorial (i.e. federal, Länder, local) authorities are major players in this field, specifically in terms of providing and co-financing inpatient care. Hospitals are financed from health insurance contributions and general tax revenue.

Benefits in case of sickness: Chapter 7

Benefits available to those in need of nursing care
All persons in need of (nursing) care are eligible, under certain conditions, for long-term care benefits, which are financed from tax revenue:

The amount of long-term care benefits will depend exclusively on the extent of care needed. The system is run by five decision-making bodies at the federal level.

Benefits available to those in need of nursing care: Chapter 8
1.2.7 Social services

‘Social services’ consist of numerous types of counselling, support and assistance measures.

The major areas of social services include labour market policy measures, non-school childcare, homes for the elderly and nursing homes, day-structuring and extramural services, housing and/or employment schemes for people with special needs as well as counselling and assistance to individuals with special problems. The latter include women exposed to domestic violence and their children, drug-dependent or drug-addicted persons, homeless persons or persons at risk of losing their homes, over-indebted people, ex-prisoners or asylum seekers.

With the exception of labour market-related measures, responsibility for most of the social services is in the hands of Länder, local and municipal authorities. Territorial authorities run some of the social services themselves, while others are outsourced to non-profit organisations, associations or private providers. Overall, the public sector plays a dominant role in the areas of childcare, homes for the elderly and nursing homes.

Other providers are private and non-profit organisations (NPOs), including large organisations with a long-standing tradition in this field (church-related associations, associations affiliated with political parties, other supra-regional welfare organisations) and numerous smaller entities.

Whereas individuals enjoy legal entitlements to most cash benefits and healthcare services, they enjoy no such entitlements to the majority of social services.
INDEX OF CHAPTER 2

2. Social benefits: expenditure, contributions and financing 28

2.1 Overview 28
2.2 Development of social expenditure and of the ratio of social expenditure 29
2.3 Breakdown of social expenditure, benefits in cash and in kind 31
2.4 Social security contributions 37
2.5 Financing of social benefits 39
2. SOCIAL BENEFITS: EXPENDITURE, CONTRIBUTIONS AND FINANCING

2.1 Overview

In 2014, more than 30% of the annual economic value added were spent on public social and healthcare benefits, with healthcare accounting for one quarter of all benefit spending.

At almost 68%, cash benefits make up the greatest part of social expenditure. Their crucial importance is mainly reflected in old-age, invalidity and survivors’ benefits as well as in family and unemployment transfer benefits. Almost 30% are benefits in kind; other expenses of social protection systems (e.g. administration costs) account for the remaining less than 3%.

The description of social expenditure is based on the ESSPROS methodology (European System of integrated Social Protection Statistics) agreed between Eurostat and the EU Member States. Under ESSPROS, social expenditure only includes expenditure of a redistributive nature.

This means that no private expenditure, no saving and life insurance schemes, no private co-payments, no occupational social benefits of a non-redistributive nature are included. Moreover, clear classifications are provided to distinguish between social expenditure and other public systems, e.g. tax redistribution which is not primarily induced by social considerations, public education systems, housing benefits, etc.

As already mentioned in Chapter 1, social insurance benefits are the most important benefits accounting for more than half of all social spending. Their share has risen in the last decade despite growing benefits for the entire resident population.

Taken together, more than one third of all social welfare systems is financed from public budget appropriations, more than one third through employers’ contributions and more than one quarter through contributions paid by the insurees.
2.2 Development of social expenditure and of the ratio of social expenditure

The social expenditure ratio is the sum total of all government spending on social affairs in a given calendar year expressed as a percentage of gross domestic product (GDP).

Based on this ratio it is possible to identify the weight of social benefits and services within the aggregate economic performance of a country.

Development of social expenditure and gross domestic product in €m, 1990-2014

During the first half of the 1990s the social expenditure-to-GDP ratio rose significantly (from 26.1% to 29% between 1990 and 1994) due to the extension of social benefits. Between 1995 and 2000 it dropped to 28%. Although fiscal consolidation measures were introduced in 2000 and later years, major improvements were achieved by 2003, including improvements in family-related benefits and social services. This in turn resulted in an increase – further enhanced by a slowdown in GDP growth and additional spending made necessary by the situation in the labour market – of the social expenditure-to-GDP ratio to 28.8% in 2003.
Primarily due to the favourable economic situation, by 2007 the ratio of social expenditure had dropped to the lowest level since 1992 (2007: 27.2%, 1992: 27.0%). It increased slightly in 2008 (27.8%), whereas in the crisis year of 2009 (with GDP at minus 2%) it jumped to 29.8%. It continued to remain at this level in 2010. Since the beginning of the crisis it has been the firm political will to cushion the negative consequences of the financial and economic crisis on people’s standard of living. The measures necessary for this purpose, e.g. markedly higher expenses on out-of-work benefits, was reflected in an increase of the social expenditure-to-GDP ratio. In 2011, the consequences of the crisis on the labour market were mitigated perceptibly and economic activity recovered slightly, thus driving this ratio down to 29.0%. Since 2012, the ratio of social expenditure had grown (2012: 29.3%, 2013: 29.7%), reaching its all-time high of 30.1% in 2014.

The major reasons for this development are years of below-average economic growth as well as rising expenditure in retirement income provision as well as markedly increased additional expenses on out-of-work benefits and benefits to combat poverty and social exclusion.
2. SOCIAL BENEFITS: EXPENDITURE, CONTRIBUTIONS AND FINANCING

2.3 Breakdown of social expenditure, benefits in cash and in kind

Social expenditure aims to provide targeted support to eligible citizens in a variety of life situations.

It can be seen from different angles depending on the concerns involved. A breakdown by life situations may be as informative as a classification by cash and in-kind benefits or by special types of benefits. The General Social Policy Issues and Research Department of the Social Affairs Ministry describes the different priorities as follows:

Social benefits and life situations
Social protection benefits which may be awarded to eligible beneficiaries in different life situations are called ‘functions’ or ‘risks’ under ESSPROS. Pensions, long-term care benefits and social (care) services for the elderly account for almost half of social expenditure, healthcare for one quarter, family benefits for nine per cent, disability-related benefits for seven per cent and unemployment and labour market-related benefits for five per cent.

Social expenditure by life situations¹, 2014

Source: Social Affairs Ministry/Statistics Austria based on the ESSPROS database (as at 30 Oct 2015), May 2016.
¹ Under ESSPROS a variety of needs and life situations are summarised as ‘functions’ or ‘risks’. 
Benefits in cash and in kind

A key feature of social benefits is whether they are paid directly to eligible beneficiaries in cash (e.g. pension, long-term care, unemployment benefits), or whether they are provided in kind (e.g. mobile or residential services, assistance and counselling facilities).

Cash benefits mainly serve to provide income substitution during periods of inactivity or incapacity to work (old age, invalidity, etc.) and support during periods of additional financial burden (e.g. for parents or for persons in need of nursing care).

Benefits in kind are primarily intended to provide support through (appropriate) programmes and services (e.g. in case of sickness, long-term care needs and disability, childcare, etc.).

In a number of situations that deserve protection preference of cash over in-kind benefits or vice versa will depend on the values shared by society: for instance, should the burden created by the care needs of children, or of individuals requiring long-term care, be covered by cash benefits paid directly to those concerned or their households, or rather by increased funding of care facilities?

Usually, a mix of both types of benefits is applied. In comparison to other EU countries, Austria tends to prioritise cash over in-kind benefits.

In sum, more than two thirds of all social protection benefits are cash benefits and just under one third are benefits in kind. The following table illustrates this spending ratio in €m and as a percentage of the functions/risks in question.

Social expenditure in Austria: benefits in cash and in kind by life situations in €m, 2014

<table>
<thead>
<tr>
<th>Life Situation</th>
<th>Cash benefits</th>
<th>Benefits in kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sickness/healthcare</td>
<td>3,399</td>
<td>5,043</td>
</tr>
<tr>
<td>Disability</td>
<td>21,037</td>
<td>1,702</td>
</tr>
<tr>
<td>Old age</td>
<td>40,995</td>
<td>1,953</td>
</tr>
<tr>
<td>Survivors</td>
<td>5,953</td>
<td>37</td>
</tr>
<tr>
<td>Family/children</td>
<td>6,695</td>
<td>2,499</td>
</tr>
<tr>
<td>Unemployment</td>
<td>4,122</td>
<td>1,268</td>
</tr>
<tr>
<td>Housing and social exclusion</td>
<td>917</td>
<td>989</td>
</tr>
</tbody>
</table>
2. SOCIAL BENEFITS: EXPENDITURE, CONTRIBUTIONS AND FINANCING

<table>
<thead>
<tr>
<th>Benefits in cash</th>
<th>Benefits in kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>%</td>
<td>€m</td>
</tr>
<tr>
<td>Sickness/healthcare</td>
<td>3,399</td>
<td>5</td>
</tr>
<tr>
<td>Disability</td>
<td>5,043</td>
<td>8</td>
</tr>
<tr>
<td>Old age</td>
<td>40,995</td>
<td>61</td>
</tr>
<tr>
<td>Survivors</td>
<td>5,953</td>
<td>9</td>
</tr>
<tr>
<td>Family/children</td>
<td>6,695</td>
<td>10</td>
</tr>
<tr>
<td>Unemployment</td>
<td>4,122</td>
<td>6</td>
</tr>
<tr>
<td>Housing and social exclusion</td>
<td>917</td>
<td>1</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>2,617</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>67,123</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, Statistics Austria based on the ESSPROS database (30 Oct 2015), May 2016.

1 ESSPROS distinguishes between a set of eight functions/needs (risks) of social protection listed in the table above. Social benefit functions refer to the main purpose for which social protection is provided. The figures do not include any re-routed social contributions, i.e. payments of one social protection system to another in order to acquire or maintain entitlements to social protection (example: the contributions paid on behalf of its beneficiaries by the statutory pension insurance scheme to the social health insurance scheme). For more details refer to the ESSPROS Manual. Brief explanations and definitions are provided in the tables on the individual functions on the website of the Social Affairs Ministry. (Any deviating totals are due to rounding differences.)

2 This function summarises housing assistance, rent and rental cost support, benefits in cash and in kind under the minimum income benefit scheme, tax credits, etc.

3 Other expenditure includes administration costs as well as any other expenses (e.g. interest) which cannot be classified anywhere else.

One third of all social benefits are benefits in kind

The proportion of in-kind benefits greatly varies by social area, ranging from 86% in healthcare benefits and 5% in old-age and survivors’ benefits.

Benefits in kind available in family, disability (invalidity) and unemployment contexts account for roughly one quarter of overall expenditure in these fields. For instance, roughly three quarters of in-kind benefits are assignable to the sickness/healthcare function and cover outpatient and inpatient services.

Overall, the sum total of long-term care benefits (€1.98bn) disbursed to older people (over 59/64) in 2014 was higher than public expenditure on mobile and residential care services for the elderly (€1.84bn, see Chapter 8 Benefits available to those in need of nursing care).
One of the tenets of Austria’s policy for seniors is to grant transfer benefits to older people in need of care to enable them to choose the kind of care they consider optimal for themselves. Spending on mobile and residential services for older people has risen disproportionately since 1990.

The percentage of family benefits (see Chapter 6 Benefits for families) in GDP is high in comparison with other EU Member States, which is due to the related cash benefits such as family allowance, tax credit for children, maternity allowance and childcare allowance. Public funds available in 2014 for childcare outside the home amounted to less than half of the sum total of cash benefits (family and childcare allowances).

Almost one quarter of the benefits available to the unemployed are benefits in kind (measures to boost employment). Such benefits do not include any cash benefits, as the latter form part of activating policies (e.g. part-time allowance for older workers, subsistence allowance, cash benefits to support labour foundation programmes).

Types of cash benefits
An interesting picture of social expenditure is obtained when breaking down cash benefits by types (see also table of the same name).

- **Social insurance benefits**: Eligibility and assessment criteria for monetary social benefits for unemployment, old age and disability are primarily linked to an individual’s previous activity and income status. In 2014, social insurance benefits accounted for 57% of cash benefits within all social expenditure. With almost €34bn, pension benefits disbursed by the statutory pension insurance schemes account for most of the social insurance benefits or half of all monetary benefits.

- **Universal benefits**: The proportion of benefits for the entire resident population (‘universal benefits’) in total social protection benefits in cash has increased in the past 25 years. This is mainly due to the introduction of long-term care benefits, tax credits for children as well as childcare allowances (KBG). In 2014, universal benefits accounted for 12% of all monetary benefits. Family benefits such as family allowance and childcare allowance as well as advances on alimony payments together total less than 7% of all cash benefits.

- **Means-tested benefits**: Just under 5% of all cash benefits or 1% of GDP are spent on means-tested benefits. They include e.g. equalisation supplements, unemployment assistance, benefits under the means-tested minimum income scheme as well as tax benefits. The rather low percentage share of this type of social protection benefits is due to a comparatively dense network of social insurance and universal benefits, and to a low unemployment rate in comparison with other countries.

- **Other benefits**: All other monetary benefits together amount to roughly one quarter of all cash benefits. They include i.a. pension benefits for civil servants (17%), entitlements under labour law (in particular continued payment of wages in case of sickness; 4%) and company pension schemes (3%).
## Cash benefits by types of benefits, 2014

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>As % of total cash benefits</th>
<th>As % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social insurance benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions under statutory (social) pension insurance¹</td>
<td>33.93</td>
<td>50.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Cash benefits under health insurance²</td>
<td>1.23</td>
<td>1.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Cash benefits under work accident insurance³</td>
<td>0.70</td>
<td>1.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Cash benefits under unemployment insurance⁴</td>
<td>2.66</td>
<td>4.0</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38.52</td>
<td>57.4</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Universal benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family allowance, childcare allowance, advances on alimony payments (FLAF)</td>
<td>4.34</td>
<td>6.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Tax credits for children</td>
<td>1.26</td>
<td>1.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Long-term care benefits from federal and work accident insurance funds</td>
<td>2.49</td>
<td>3.7</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8.09</td>
<td>12.0</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Means-tested benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equalisation supplements (statutory pension insurance)</td>
<td>1.02</td>
<td>1.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Unemployment assistance (unemployment insurance)</td>
<td>1.17</td>
<td>1.7</td>
<td>0.4</td>
</tr>
<tr>
<td>Family benefits⁵</td>
<td>0.05</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Cash benefits under means-tested minimum income scheme excl. housing⁶</td>
<td>0.68</td>
<td>1.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Grants for pupils and students</td>
<td>0.24</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.15</td>
<td>4.7</td>
<td>1.0</td>
</tr>
</tbody>
</table>
## 2. Social Benefits: Expenditure, Contributions and Financing

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>of total cash benefits</th>
<th>as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax credits&lt;sup&gt;7&lt;/sup&gt;</td>
<td>0.58</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Pensions of civil servants</td>
<td>11.31</td>
<td>16.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Special compensation systems&lt;sup&gt;8&lt;/sup&gt;</td>
<td>0.14</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Continued payment of wages in case of sickness</td>
<td>2.64</td>
<td>3.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Occupational pension schemes</td>
<td>2.16</td>
<td>3.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Other cash benefits of the Länder&lt;sup&gt;9&lt;/sup&gt;</td>
<td>0.07</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Other benefits&lt;sup&gt;10&lt;/sup&gt;</td>
<td>0.47</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>67.12</td>
<td>100.0</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry/Statistics Austria based on the ESSPROS database (as at: 30 Nov 2015), June 2016.

1. All pension benefits of statutory pension insurance schemes without equalisation supplements.
2. Sickness, maternity, rehabilitation benefits, temporary help allowance for the self-employed.
3. Disability pensions, survivors’ pensions as well as grants for the continued payment of wages by the work accident insurance scheme; excl. long-term care benefits under work accident insurance.
4. Unemployment benefits and other non-means-tested cash benefits.
5. Subsidy to childcare allowance (€27m), family hardship benefits (€1m) (Family Burdens Equalisation Fund) as well as benefits awarded by the Länder in support of families (€25m).
6. ESSPROS includes housing benefits, by definition, under benefits in kind. They are deemed to be expenses verifiably spent on this purpose and include (under the minimum income scheme) rent support (€61m) as well as housing assistance (€344m).
7. Tax credits include those for sole earners and single parents as well tax credits for employees.
8. Primarily cash benefits disbursed under the victims of war, victims welfare and military service compensation schemes.
9. Grants for sheltered employment/workshops (€65m), support for victims of war and injured parties (€3m), (Carinthian) benefits for babies and mothers (€2m and €1m).
10. Primarily Insolvency Contingency Fund (IEF), Heavy Night Work Act (NSchG), bad weather compensation for construction workers, monetary benefits from various government assistance funds.
11. In 2014, GDP totalled €329,296m according to the source quoted.
2.4 Social security contributions

In 2016, 37.75% of employees’ contributory wages are paid into social insurance schemes: 22.8% for statutory pension insurance, 7.65% for social health insurance and 1.3% for work accident insurance. Alongside social insurance contributions, 6% of wages are paid into the unemployment insurance (UI) scheme.

These contributions are withheld up to a certain wage level. This so-called ceiling on insurable earnings (Höchstbeitragsgrundlage) is €4,860 a month (14 times a year) for employees in 2016. This equals roughly 2.6 times the median net income of employees (women: 3.3 times, men: 2.3 times their net income).

Contributions to be paid exclusively by employers are allocated to schemes securing payment of wages in case of insolvencies, to the Family Burdens Equalisation Fund, to employee income provision funds, to heavy night work benefits and local taxes. Contributions to the Chamber of Labour are exclusively paid by employees.

Other wage-related contributions made by employees and employers include those for housing benefits, while only employees contribute to the bad weather compensation scheme for construction workers.

All wage-based contributions taken together total between 47% and 54% of a worker’s pay, with the employer’s contribution totalling 29%-35% and the employee’s contribution totalling 18%-19%.

Special contribution rates apply to the self-employed and to civil servants. Pensioners under statutory pension insurance are liable to pay a health insurance contribution of 5.1%.
### Contribution rates for employees, 2016 (as % of contributory wages)

<table>
<thead>
<tr>
<th></th>
<th>Employer</th>
<th>Employee</th>
<th>Employer &amp; employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension insurance</td>
<td>12.55</td>
<td>10.25</td>
<td>22.80</td>
</tr>
<tr>
<td>Health insurance: blue-collar/</td>
<td>3.78</td>
<td>3.87</td>
<td>7.65</td>
</tr>
<tr>
<td>white-collar workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work accident insurance</td>
<td>1.30</td>
<td>–</td>
<td>1.30</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>3.00</td>
<td>3.00</td>
<td>6.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20.63</td>
<td>17.12</td>
<td>37.75</td>
</tr>
<tr>
<td>Wage payment in case of</td>
<td>0.35</td>
<td>–</td>
<td>0.35</td>
</tr>
<tr>
<td>insolvencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory representation of</td>
<td>–</td>
<td>0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>employees¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing benefits</td>
<td>0.50</td>
<td>0.50</td>
<td>1.00</td>
</tr>
<tr>
<td>Occupational income provision²</td>
<td>1.53</td>
<td>–</td>
<td>1.53</td>
</tr>
<tr>
<td>Family Burdens Equalisation</td>
<td>4.50</td>
<td>–</td>
<td>4.50</td>
</tr>
<tr>
<td>Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local tax</td>
<td>3.00</td>
<td>–</td>
<td>3.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30.51</td>
<td>18.12</td>
<td>48.63</td>
</tr>
</tbody>
</table>

**Only for certain sectors or groups of employees:**

<table>
<thead>
<tr>
<th></th>
<th>Employer</th>
<th>Employee</th>
<th>Employer &amp; employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad weather compensation</td>
<td>1.40</td>
<td>0.70</td>
<td>0.70</td>
</tr>
<tr>
<td>Heavy night work</td>
<td>3.40</td>
<td>3.40</td>
<td>–</td>
</tr>
</tbody>
</table>

Source: Federation of Austrian Social Insurance Institutions, Chamber of Labour, Social Affairs Ministry, Feb 2016.

1. 0.50% is the rate paid by employees including blue-collar workers, white-collar workers and quasi-freelancers (freie Dienstnehmer/innen), while agricultural workers contribute 0.75%.

No contribution for agricultural workers is levied in Vienna and Burgenland. Instead, these two Länder levy a contribution to the Chamber of Labour of 0.5% for only a part of the workers employed in agriculture and forestry. Apprentices are exempt – except for apprentices in Styria and Carinthia – from paying contributions for agricultural workers to the Chamber of Agriculture.

2. Applies to employment relationships under private law contracts commencing after 31 Dec 2002 as well as for quasi-freelancers with contracts commencing on or after 1 Jan 2008.
2.5 Financing of social benefits

A look at the overall picture of Austria’s social welfare schemes shows that, in 2014, €36bn were financed from budget appropriations of the territorial authorities, €32bn from contributions by private-sector employers, €4bn from contributions by public-sector employers and €26bn from contributions by insur-ees (see Chart Financing of social benefits).

The proportion of employers’ contributions has consistently decreased since 1980, whereas that of government contributions has increased slightly since 2001 and substantially since 2009 and was highest (36%) in 2013 and 2014, respectively, compared with the baseline figure of 1985. The financing share of the workers protected under this system rose continuously until 2006 (1980: 23%, 2005 and 2006: 27%), but since then, and especially since the beginning of the financial and economic crisis in 2009, it has dropped to 26%.

Below the major social welfare systems are grouped by their financing structure:

The largest components of social benefits funded exclusively by budget appropriations include:

- Healthcare benefits going beyond health insurance benefits (mainly inpatient care);
- Social services of the Länder and local communities;
- Long-term care benefits;
- Tax credits for children;
- Means-tested benefits (unemployment assistance for the long-term unemployed not included).

More than two thirds of social insurance benefits (with the exception of work accident insurance), such as social health and pension insurance, are financed from largely equivalent contributions paid by employers and insurees. Unemployment insurance is funded in equal shares (50:50) by employers and employees. The contributions of insurees to health insurance (including self-employed and retirees) are significantly higher than those of employers (47% contributions by insurees, 26% contributions by employers).

The following benefits are exclusively or primarily funded by employers: benefits under labour law (in particular continued payment of wages for up to a certain period of sickness: 100%), benefits paid in case of an employer’s insolvency, company pension schemes, benefits in case of accidents at work, and other areas of cash benefits for families.
Transfers between benefit schemes constitute another major funding source for statutory pension and health insurance. They include contributions to health and pension insurance by the unemployment insurance scheme on behalf of its beneficiaries. The Family Burdens Equalisation Fund (FLAF) reimburses the relevant providers for their expenditure on family policy benefits.

Financing of social benefits, 2014

Source: Social Affairs Ministry, Statistics Austria based on the ESSPROS database, as at: 30 Nov 2015.

1 According to ESSPROS these are all costs actually incurred by employers ‘to secure entitlement to social benefits for their employees, former employees and their dependants’ as well as imputed contributions by employers.

2 Contributions paid by employees, by the self-employed and by pensioners are assigned to the category of ‘protected persons’ under ESSPROS. They refer to contributions paid by individuals and private households to social protection systems to acquire or secure entitlement to social benefits.

3 General government expenditure on non-contributory public systems and financial support provided by the general government sector to other social protection systems.

4 Income from property and assets and other non-assignable revenue.
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3. PROVISIONS UNDER LABOUR LAW

Labour law regulates the legal aspects of an employment relationship, which is defined by the employment contract concluded between employer and employee. Employment contracts are embedded in a network of different labour-law provisions based on legislation, ordinances, collective agreements and company-level agreements. This chapter discusses key provisions of Austrian labour law.

3.1 Collective agreements

Supra- and intra-company social partnership plays a major role in designing pay structures and labour relations. Austria has a comparatively centralised structure of stakeholder groups, which conclude collective agreements on sectoral levels in most cases. Alongside wages and salaries, these agreements define essential working conditions (e.g. flexible working hours, periods of notice for terminating employment, wage supplements). This is how collective agreements achieve uniform pay standards and working conditions in the sectors concerned, thus exerting a strong influence on the conditions of competition.

Unlike in other countries, collective agreements in Austria apply to all workers in a sector no matter whether they are union members or not. Since only a part of Austria’s employees is organised in trade unions, this external dimension of collective agreements is a significant tool in countering wage pressure. The provisions contained in collective agreements have a direct bearing on individual employment contracts, i.e. they cannot be limited or abolished to the detriment of employees neither by individual contracts nor by company-level agreements. As a rule, however, this will not prejudice the right to adopt provisions which are more favourable to workers.

In addition to collective agreements being declared to be generally applicable, legislation provides for the option of defining minimum pay (minimum wage rates) by official ordinance for employment relationships which, for lack of any collective bargaining entity on the employer’s side, are not subject to any collective agreement (roughly 5%).

3.2 Works councils and company-level agreements

Inside companies, works councils are important bodies representing the interests of employees. According to law, every company having at least five employees at all times is liable to have a works council. Non-compliance, however, is not sanctioned. Members of a works council are independent from trade unions, but in fact more than 90% of them are also union members. Members of works councils enjoy special protection against dismissal and summary dismissal.
The most important instruments of workers’ co-determination are company-level agreements, i.e. agreements between management and works council. The right to conclude company-level agreements can only be exercised through the works council. Statutory provisions and collective agreements form the framework within which company-level agreements can be used for more detailed arrangements. As a matter of principle, company-level agreements apply directly to all workers of an undertaking. Depending on the contents of these agreements, there are different legal instruments to enforce their adoption. In addition, works councils have a number of statutory rights to information, monitoring and consultation vis-à-vis management.

3.3 Working hours

Statutory normal working hours
Basically, normal working hours may not exceed eight hours per day and 40 hours per week. Normal working time defined by collective agreements may also be less. Weekly hours are below 40 in many sectors due to collective agreements.

Flexible organisation of working time under collective agreements
Derogations from normal working hours as set out in the Working Time Act (Arbeitszeitgesetz – AZG) may be adopted by the collective bargaining parties or by company-level agreements. The AZG includes far-reaching options for more flexible working hours, but these are subject to appropriate provisions in collective agreements and thus to the consent of trade unions. Hence, issues of job security or attractive arrangements for time off in lieu of financial compensation can be negotiated, along with more flexible working hours, within the framework of collective agreements or company-level agreements (provided companies are authorised by collective agreements to conclude agreements at the company level). If, for lack of any collective bargaining entity on the employer’s side, no collective agreement can be concluded, company-level agreements will replace collective agreements.

Room for the two sides of industry to enhance the flexibility of working time organisation
Collective agreements may define flexible models for averaging working hours under the Working Time Act, with options to increase the number of normal working hours per day and the admissible number of normal working hours per week. However, average normal weekly working hours may not be exceeded within a specific period of time (=reference period). As a rule, any hours over and above the average weekly working time within such a reference period will be treated as overtime work.

In principle, the following rule applies: the longer the period of consecutive time in lieu granted, the greater the flexibility in working time organisation. Collective agreements may define reference periods of up to 52 weeks or – in combination with several weeks of time off (sabbatical) – even longer periods.
Normal daily working time may be extended to up to ten hours within the given reference period. Normal weekly working time may be extended to up to 48 hours and, provided the reference period is no more than eight weeks, even to up to 50 hours.

The collective bargaining parties may also decide – in conjunction with the introduction of a four-day working week or longer consecutive periods of time off – to extend normal working time to up to ten hours a day.

**Overtime**

Any hours over and above statutory normal working time are deemed to be overtime subject to a wage supplement of 50% or subject to time in lieu. Workers may be called upon to work overtime only if such work is permitted under statutory provisions, and if it does not conflict with interests deserving consideration. Hours over and above any agreed shorter working time are deemed to be extra hours worked.

**Part-time work**

Whenever the agreed weekly working time is below the weekly hours defined by law or collective agreements, we speak of part-time work. Part-timers may not be placed at any disadvantage because of their part-time work vis-à-vis full-timers, unless objective reasons warrant such different treatment. Part-timers may be called upon to work extra time only if such work is permitted under statutory provisions, if there are times of greater demand, and if this does not conflict with interests deserving consideration. When working extra time, part-timers are entitled to a supplement of 25%.

**Maximum working time under law**

As a rule, total working time (=normal working time + overtime) may not exceed ten hours per day and an average of 48 hours per week within the reference period defined by law or collective agreement, with working time of up to 50 hours being permitted in single weeks.

Basically, employers are penalised for any hours over and above this upper limit unless derogations are permitted by law. Derogations are admissible if they are required in temporary situations of special labour demand to prevent any disproportionate economic drawback. For this purpose company-level agreements may permit working hours plus overtime of up to twelve hours a day and 60 hours a week within no more than 24 weeks of any given calendar year, if other measures are unreasonable. Employers will only be liable to penalties if they exceed this limit.
Actual hours worked in Austria

In 2015, more than half of employees (51%) worked between 36 and 40 hours a week on a regular basis. Roughly one fifth usually works more than 40 hours. Men work overtime more often than women, while many more women than men work only up to 35 hours per week. The ratio of women in part-time jobs (below 36 weekly hours) was roughly 49% in 2015 as opposed to just under 29% for the entire population. Both ratios remain comparatively stable in 2015 (see Table: Weekly working time).

Weekly working time of employees in per cent, annual data for 2015

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 24 hours</td>
<td>16%</td>
<td>6%</td>
<td>27%</td>
</tr>
<tr>
<td>25-35 hours</td>
<td>13%</td>
<td>4%</td>
<td>22%</td>
</tr>
<tr>
<td>36-40 hours</td>
<td>51%</td>
<td>61%</td>
<td>41%</td>
</tr>
<tr>
<td>Over 40 hours</td>
<td>20%</td>
<td>28%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry based on microcensus (Statistics Austria); according to ILO concept, as at: May 2016.

3.4 Annual leave entitlement

Austria has minimum periods of annual leave defined by the Annual Leave Act (Urlaubsgesetz – UrlG). All employees are entitled to five weeks (25 working days for those working five days a week or 30 working days for those working six days a week) of paid leave per working year. If employees are with the same employer for more than 25 years, they are entitled under law to longer annual holidays, i.e. six weeks (30 working days for those working five days a week or 36 working days for those working six days a week). The Annual Leave Act provides that previous periods of employment with another employer as well as certain periods of education and study (up to a defined ceiling) are credited towards the period of employment required for increasing annual leave entitlements.

Employees performing heavy night work are entitled to additional holidays of up to six working days per year depending on job tenure.

For more information on the Annual Leave Act (UrlG) refer to the relevant entries at www.sozialministerium.at.
3.5 Family-related provisions under labour law

For an overview of family benefits refer to Table 6.1 of Chapter 6 Benefits for families.

Maternity protection
Provisions affording protection to expectant mothers are designed to prevent danger to life and health of pregnant employees and their unborn children. The provisions include bans on activities physically harmful to expectant mothers and unborn children, as well as bans on night shifts, on work on Sundays and public holidays, and on overtime work for expectant and nursing mothers. Eight weeks before and eight weeks after the birth of a child (or twelve weeks for premature births, multiple births or caesarean sections), women are subject to an absolute prohibition of employment.

Leave up to the second birthday of the child
Under the Maternity Protection Act (Mutterschutzgesetz – MSchG) and the Paternity Leave Act (Väter-Karenzgesetz – VKG), employees are entitled to unpaid leave to care for a baby or infant until he/she turns two; mother and father may twice alternate in taking such leave. (During this time parents receive childcare allowance. The duration of this allowance is independent of the duration of leave taken; rather, its amount and duration depend on the chosen option; see Chapter 6 Benefits for families).

In order to qualify for this leave, the employee must live in the same household with the child.

Part-time parental leave
In companies with more than 20 employees parents are entitled to part-time work until the child turns seven at the latest or starts school after that date, provided that employment has lasted for three or more years. The beginning and duration of part-time work, as well as the extent and distribution of working hours, are to be agreed with the employer. If no agreement is reached, employers may bring the case before the Labour and Social Court. The court will then decide with due regard to the interests of both parties. If there is no entitlement to parental part-time work, employer and employee may agree on part-time work for no longer than until the child’s fourth birthday.

Parents may work under this part-time scheme simultaneously. It may be taken up only once per parent and child.

For guidance on labour law provisions concerning parental leave and part-time parental leave refer to the brochure service at www.sozialministerium.at.
Protection against dismissal and summary dismissal

Employment contracts of pregnant women may only be terminated for certain reasons, e.g. because the employer closes or permanently downsizes the undertaking; as a rule, this requires the approval of the Labour and Social Court. A woman working under an open-ended employment relationship may not be given notice of termination from the beginning of pregnancy until four months after childbirth, or four weeks after the end of maternity leave or part-time work under the Maternity Protection Act (until four weeks after the child’s fourth birthday at the latest). In case of part-time work beyond the child’s fourth birthday, dismissal on grounds of part-time work taken (a so-called ‘motivated’ dismissal – Motivkündigung) is inadmissible.

Dismissal protection for fathers begins with their declaration to take parental leave or parental part-time work, but no earlier than four months before entering such leave or part-time work and definitely not before the birth of the child, and ends four weeks after exhaustion of parental leave or part-time work, but no later than four weeks after the child’s fourth birthday. If part-time work continues beyond the child’s fourth birthday, fathers will also be subject to protection from motivated dismissal.

Family hospice leave – part-time family hospice leave

Family hospice leave/part-time family hospice leave (Familienhospizkarenz/Familienhospizteilzeit) enables workers to nurse and assist dying relatives or seriously ill children. Persons caring for dying relatives or seriously ill children are subject to social health and pension insurance during this period. While on family hospice leave or part-time family hospice leave workers are entitled to claim care leave benefits (Pflegekarenzgeld). They may claim additional support from the leave programme’s compensation scheme (Familienhospizkarenz-Härteausgleich) in cases of financial distress, i.e. if their income falls below a defined threshold (see also Chapter 6 Benefits for families, and Chapter 8 Benefits available to those in need of nursing care).

The amounts of support depend on the level of household income. For more information on the calculation of benefit rates refer to the relevant entries at www.bmfj.gv.at.

For general information on family hospice leave and part-time family hospice leave refer to the relevant entries at www.sozialministerium.at.

Care leave – part-time care leave

Workers may agree with their employers on care leave or part-time care leave arrangements (Pflegekarenz/Pflegeteilzeit, see also Chapter 8 Benefits available to those in need of nursing care). Care leave or part-time care leave may be agreed in writing for the purpose of nursing and/or caring for close family members who, at the time when the worker takes such leave, have received an official decision granting them long-term care benefits of category 3 or higher under the Federal Long-Term Care Benefit Act (Bundespflegegeldgesetz – BPGG). Such an agreement may be drawn up if the employment relationship...
has been in effect for an uninterrupted period of at least three months. Care leave and part-time care leave may last from one to three months. Under part-time care leave arrangements, normal weekly working time must not drop below ten hours. Basically, care leave for one and the same person in need of nursing/care may be agreed only once. If, however, this person’s care category is raised employer and employee may agree on one single additional period of care leave or part-time care leave.

While on care leave or part-time care leave workers are entitled to claim care leave benefits (Pflegekarenzgeld). To this end the employee in question must have been under full social insurance cover (ASVG) for an uninterrupted period of at least three months directly before taking such leave. Moreover, social insurance cover continues during leave (non-contributory health and pension insurance).

For more details on care leave or part-time care leave refer to the relevant entries at www.sozialministerium.at.

### 3.6 Educational leave and part-time educational leave

Educational leave (Bildungskarenz) enables employees to take leave of two to twelve months for education/training or continuing training. The minimum period of employment for eligibility to educational leave is six months. Employees cannot enforce educational leave vis-à-vis employers, but they are under motivated dismissal protection while being on such leave. During educational leave, employees may claim cash benefits from unemployment insurance equivalent to fictitious unemployment benefits (for further training allowance see Chapter 4 Unemployment insurance benefits) if they provide proof of participation in (continuing) education or training programmes of 16 or 20 weekly hours. If a worker takes leave for reasons other than (continuing) training or education, eligibility for benefits from the unemployment insurance scheme will be conditional on the employer hiring a substitute for the period of leave.

Another option is to agree on part-time educational leave (Bildungsteilzeit). Under this scheme, employees attend continuing training or education programmes alongside part-time employment. The eligibility criteria are the same as for educational leave: in order to be able to agree on part-time educational leave with employers, workers must have been in employment for an uninterrupted period of six months. The minimum period of part-time educational leave is four months and the maximum period two years. An essential criterion for agreeing on part-time educational leave is compliance with the admissible range of hours reduced: working time must be reduced by at least one quarter, while the maximum reduction may not exceed half of the working hours normally worked by the claimant.

Weekly working time during part-time educational leave must not drop below ten hours. While on part-time educational leave, workers are entitled to part-time training allowance (see Chapter 4 Unemploy-
3. PROVISIONS UNDER LABOUR LAW

For more details on educational leave and part-time educational leave refer to the relevant entries at www.sozialministerium.at.

3.7 Unemployment-related provisions under labour law

Dismissals protection
In principle, employers may terminate an employment contract at any time without stating reasons, provided that the periods and dates of notice defined by law, collective agreement or single agreements are complied with (dismissal). In case of good cause, e.g. unjustified absence from work, the employment relationship may be terminated without notice (summary dismissal). Statutory periods of notice to be observed by employers are longer for white-collar workers than they are for blue-collar workers.

<table>
<thead>
<tr>
<th>Tenure</th>
<th>White-collar workers</th>
<th>Blue-collar workers as defined by the Trade Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under two years</td>
<td>Six weeks</td>
<td>14 days by law, may be extended or reduced by collective agreement or single employment contract</td>
</tr>
<tr>
<td>After two years</td>
<td>Two months</td>
<td></td>
</tr>
<tr>
<td>After five years</td>
<td>Three months</td>
<td></td>
</tr>
<tr>
<td>After 15 years</td>
<td>Four months</td>
<td></td>
</tr>
<tr>
<td>After 25 years</td>
<td>Five months</td>
<td></td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, 2016.

Employers are obliged to notify the works council of any intended termination of employment. The works council may issue a statement on such dismissal within one week and request consultation with the employer. If the works council has expressly objected to the intended dismissal, it can be contested by the works council or the employee in cases where dismissal is considered to be socially unjustified (unfair). Dismissals for legally inadmissible motives (e.g. trade union activity of the employee in question) or discriminatory dismissals can be contested by the affected employees themselves, even if the works council has agreed to the intended employment termination.
If five workers are given notice of termination in a business employing 20 or more workers, management and works council may agree on measures to cushion the social impact of layoffs for operational reasons and adopt a redundancy programme (*Sozialplan*). If the employer is unwilling to conclude such a company-level agreement, the works council may enforce its adoption via a quasi-tribunal involving the social partners.

Certain groups of employees enjoy special dismissal protection, including members of the works council, pregnant women, mothers after childbirth, parents while on parental leave or while working part-time after childbirth, people with disabilities as well as workers performing their national military or alternative civilian service. In any case official approval is required. Any of the following intended dismissals must be reported to the public employment service (PES) no later than 30 days prior to the first official notice of termination:

- Layoffs of at least five employees in companies with more than 20 and fewer than 100 workers;
- Layoffs of at least 5% of employees in companies with 100 to 600 workers;
- Layoffs of at least 30 employees in companies with more than 600 workers;
- Layoffs of at least five workers aged 50 and over.

The public employment service must start deliberations immediately and seek to find employment for the workers concerned in the same or in another business.

### 3.8 Entitlements upon termination of employment

When employment is terminated, workers have various entitlements vis-à-vis their employers under labour law: this relates primarily to entitlements to severance pay under the old scheme, compensation for leave not taken, prorated special bonus payments, and dismissal compensation.

**‘Old’ severance pay scheme (*Abfertigung alt*)**

Employees (not including civil servants) whose employment relationship started prior to 2003, and who did not migrate to the employee income provision scheme in place since 2003, are entitled to severance pay upon termination of employment. To be eligible, they must have worked for the company for a certain minimum period of time and be given notice of termination by the employer, or they must be workers retiring after a job tenure of ten or more years. The amount of severance pay will depend on the duration of the employment relationship, ranging from two to twelve monthly remunerations (gross). Monthly remuneration is defined to be one twelfth of the annual pay including special bonus payments, regular overtime, supplements, etc.
### Amount of ‘old’ severance pay scheme

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Severance pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>After three years of work</td>
<td>Two monthly remunerations</td>
</tr>
<tr>
<td>After five years of work</td>
<td>Three monthly remunerations</td>
</tr>
<tr>
<td>After ten years of work</td>
<td>Four monthly remunerations</td>
</tr>
<tr>
<td>After 15 years of work</td>
<td>Six monthly remunerations</td>
</tr>
<tr>
<td>After 20 years of work</td>
<td>Nine monthly remunerations</td>
</tr>
<tr>
<td>After 25 years of work</td>
<td>Twelve monthly remunerations</td>
</tr>
</tbody>
</table>

*Source: Social Affairs Ministry, 2016.*

### New severance pay: employee income provision scheme

As only a relatively small number of workers is actually entitled to severance pay upon termination of employment, and as the element of occupational pension schemes (second pillar of the pension system) was to be strengthened, the severance pay system was replaced by the new ‘income provision scheme for employees and self-employed’ (*betriebliche Mitarbeiter- und Selbständigenvorsorge*) or ‘new’ severance pay scheme (*Abfertigung neu*). Employees working under an employment relationship begun prior to 2003 may choose between the old severance pay scheme and the new employee income provision scheme.

Migration is subject to an agreement with the employer. As of 2003 employers have to pay 1.53% of the wages of all their newly employed workers into one of the existing employee income provision funds (*Betriebsvorsorge-Kassen*). The funds have to invest the money as set forth by legal provisions. Quasi-freelancers (*freie Dienstnehmer/innen*) are also covered by the employee income provision scheme if their employment relationship is subject to compulsory insurance.

After the end of employment – and after three contributory years at the earliest – workers will be entitled to pay-out of the amounts contributed plus interest unless the employment relationship was terminated by voluntary quits with notice of the workers concerned, by justified summary (instant) dismissals or by unjustified premature quits of the workers concerned. Unlike in the old system, contributions paid into the new scheme are not forfeited in such cases. Rather, they may be claimed when the subsequent employment relationship is terminated provided that the eligibility criteria for disbursement are met (e.g. employment terminated by employer with notice). Upon employment termination the amount accrued may be left in the fund and be withdrawn later, e.g. upon retirement. The money may also be transferred to a private supplementary pension insurance or a pension fund. Investment income is exempt from withholding tax on such income. Like severance pay, the amount disbursed is subject to a tax rate of 6%. No tax is due if the money is paid into an annuity scheme.
Financial compensation for leave not taken
When an employment relationship is terminated, workers are entitled to compensation for leave not taken. As a rule, unused leave is compensated for in cash on a prorated basis. Financial compensation for unused leave results in any unemployment benefit entitlements being suspended for the period of leave for which compensation is paid.

Prorated special bonus payments
If collective agreements or employment contracts provide for the payment of 13th and 14th monthly salaries (special bonus payments), workers usually are entitled to the prorated amount which corresponds to the time worked since the previous special bonuses were paid. Almost all employees are entitled to these special bonus payments.

Dismissal compensation
Under certain conditions (e.g. when employers fail to comply with the defined dates and periods of notice), employers must pay dismissal compensation (Kündigungsentschädigung) for all entitlements that would have accrued until the fictitious date of employment termination (e.g. if employer had complied with due dates and periods of notice).

3.9 Entitlements under labour law in case of sickness and accident

If workers are unable to work due to sickness or accident, they are entitled under law to the continued payment of wages by their employers for a certain period of time. This period depends on the employees’ job tenure within companies. The longer the period of employment, the longer the period of continued payment of wages. Once this period is exhausted, employees are entitled to half their pay for another four weeks. In addition, employees are eligible for sickness benefits (see Chapter 7 Benefits in case of sickness).

<table>
<thead>
<tr>
<th>Job Tenure</th>
<th>Continued payment of wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to fifth year</td>
<td>Six weeks</td>
</tr>
<tr>
<td>As of sixth to 15th year</td>
<td>Eight weeks</td>
</tr>
<tr>
<td>As of 16th to 25th year</td>
<td>Ten weeks</td>
</tr>
<tr>
<td>As of 26th year</td>
<td>Twelve weeks</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, 2016.

If workers are unable to work due to an occupational accident or occupational disease, they will be entitled to continued payment of full wages for up to eight weeks. This period depends on how long employees have worked for a company. The longer the period of employment, the longer the period of
continued payment of wages (see Chapter 7 Benefits in case of sickness as well as Chapter 9 Benefits in case of invalidity and accident).

**Care for sick family members**
Employees are entitled to paid leave to nurse or care for a sick family member who lives in the same household. They are entitled to a total of one week of paid care leave per year. If a child under twelve years of age who lives in the same household falls ill, the worker concerned is entitled to a second week of care leave per year. If entitlement to care leave is exhausted, an employee may take leave to care for a child without requiring the consent of the employer. Such a unilateral decision to take leave does not constitute any ground for dismissal.

### 3.10 Equal treatment

The Equal Treatment Act (*Gleichbehandlungsgesetz* – GIBG) includes a comprehensive ban on discrimination in employment. This ban extends to forms of indirect discrimination, such as discrimination of part-time versus full-time workers under labour law. In addition to direct and indirect discrimination, the Equal Treatment Act also prohibits harassment and sexual harassment. This Act also protects against discrimination through association, i.e. protection has been extended to include persons close to a person protected from discrimination.

**Direct and indirect discrimination**

Direct discrimination means that someone was or would be treated less favourably because of his/her e.g. sex or age than someone else in a comparable situation.

Indirect discrimination exists where a general provision or measure, though applicable to all in the same way, disadvantages certain persons (e.g. women or older persons).

The Equal Treatment Act bans direct or indirect discrimination based on sex, marital status, ethnic origin, religion or belief, age or sexual orientation.

**Non-discrimination in employment relationships** prohibits discrimination (see above) in the following contexts:
- entering employment relationships;
- determining remuneration;
- granting fringe benefits which are not part of the remuneration;
- initial and continuing training and retraining measures;

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7 *Spouse, registered or cohabiting partner, biological, adoptive and foster children, biological children (living in the same household) of the other spouse or registered partner, grandchildren, parents or grandparents.*
3. PROVISIONS UNDER LABOUR LAW

- career advancement, especially promotions;
- other working conditions;
- terminating employment relationships;

as well as in other areas of the labour market, including

- access to career counselling, vocational training, continuing training and retraining outside employment;
- participation in employees’ or employers’ organisations;
- establishment, setting up or enlargement of a company as well as take-up or expansion of any other kind of self-employed activity.

Moreover, direct and indirect discrimination based on ethnic origin is banned in areas outside of the labour market, i.e.

- social protection (including social security and health services);
- social advantages;
- education;
- access to and supply of goods and services available to the public (including housing).

Finally, direct or indirect discrimination based on sex is prohibited in the access to and supply of goods and services including housing.

Companies from a certain size\(^8\) are obliged to submit wage and salary reports in order to achieve greater transparency in matters of pay. Moreover, job advertisements must indicate minimum pay rates. Any infringement of this obligation carries a fine.

The Equal Treatment Act sets out the following sanctions:

- compensation of pecuniary loss\(^9\), i.e. direct loss and lost profit or remedial action to create non-discriminatory situation;
- and – in both cases – compensation of non-pecuniary loss\(^10\) suffered due to personal discrimination.

In case of discriminatory termination and/or discriminatory non-renewal of fixed-term employment relationships, the worker in question may contest termination and/or request identification of an ongoing employment relationship. Another option for this worker would be to accept termination and/or non-renewal and claim compensation before court.

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\(^8\) As of 2014 for companies with more than 150 employees.

\(^9\) Pecuniary loss as defined by the GlBG includes damage to goods of monetary value (e.g. loss of remuneration) and lost profit (e.g. forfeiture of prospects of profit).

\(^10\) Non-pecuniary loss means damage to incorporeal property such as health, self-determination, honour or dignity. The GlBG protects, inter alia, the legal right to move within the labour market without discrimination.
The Equal Treatment Ombudsperson offers free and confidential advice as well as support to those affected. In case of violations of the Equal Treatment Act, a request for review can be filed with the Equal Treatment Commission (Gleichbehandlungskommission). If the infringing employer is unwilling to remedy the discriminatory situation identified by the Equal Treatment Commission, the case may be referred to the Labour and Social Court. Claims resulting from discrimination can be asserted in court irrespective of whether or not proceedings were instituted before the Equal Treatment Commission.

### 3.11 Provisions concerning people with disabilities

#### 3.11.1 Disability Employment Act

In order to achieve the objective of sustainable labour market inclusion of people with disabilities, the Disability Employment Act (Behinderteneinstellungsgesetz – BEinstG) rests on three pillars:

- Firstly, the Act includes provisions on the duty of employers to hire beneficiary disabled persons;
- Secondly, the employment relationships of people with disabilities are subject to special protection (see details below on dismissal protection);
- Thirdly, the Act also provides extensive financial support for people with disabilities, in particular for their employers.

The Disability Employment Act uses the term 'beneficiary disabled' (begünstigter Behindelter). People with disabilities may join this group upon request, provided they are EU, EEA or Swiss nationals, their degree of disability is 50% or more and they are basically available to the labour market, as well as recognised refugees and third-country nationals provided they are equivalent to Austrian nationals in terms of dismissal rules and are entitled to stay and take up jobs in Austria. The degree of disability is determined by means of a medical report.

**Dismissal protection**

Since workers with disabilities are more at risk of losing their jobs and may find it more difficult to land another job due to reduced mobility, beneficiary disabled persons (i.e. those registered as such) enjoy greater employment protection. The employment relationship of a beneficiary disabled person may only be terminated with due legal effect upon approval of such termination by the disability committee/Federal Administrative Court (Bundesverwaltungsgericht) unless, in exceptional cases, approval to any dismissal already decided is given retroactively. In proceedings for approval all the relevant circumstances and the balance of interests will be considered on a case-by-case basis to determine whether the disabled person can reasonably be expected to accept job loss or whether the employer can reasonably be expected to continue employment of the disabled worker.

For new employment relationships begun after 1 Jan 2011 by workers already registered as beneficiary disabled, this special dismissal protection does not become applicable until four years after commencement of an employment relationship. There are exceptions to this rule, e.g. in case of
accidents at work. The provisions to ease special dismissal protection were adopted in agreement with the social partners and disability associations.

**Hiring obligation**

All employers in the private sector and in the public service in Austria are obliged to hire one disabled person per 25 employees. Specially disadvantaged groups of people with disabilities (e.g. the blind, severely disabled older people, wheelchair-bound persons) are counted twice when compliance with this requirement is checked. If an employer fails to meet this employment requirement either in full or in part, it must pay compensation, i.e. the so-called ‘compensatory duty’ (Ausgleichstaxe). This compensatory duty is intended to make up for the disadvantage other employers might have when employing people with disabilities (occasionally more absences from work and lower productivity). The rate of this compensatory duty is adjusted every year by an official ordinance issued by the Social Affairs Minister. The figures for 2016 are: €251 per month and vacant disability slot for undertakings with 25-99 employees, €352 per month and vacant disability slot for undertakings with 100 more employees and €374 per month and vacant disability slot for companies with 400 and more employees. The money is paid into a special compensatory fund (Ausgleichstaxfonds), which is managed by the Social Affairs Ministry, but is an independent legal entity. The money in the fund is earmarked and used primarily for benefits awarded directly to people with disabilities and to employers hiring people with disabilities (mostly individual support).

**Compensatory duties** totalling €147m were imposed for 2014. As at 1 Jan 2015 roughly 97,000 persons were registered as beneficiary disabled persons; the number of disability job slots theoretically available from all employers subject to the obligation to hire disabled persons was roughly 106,000, whereof more than 68,000 were filled with beneficiary disabled (=approx. 2% of employees). About 38,000 mandatory disability slots remained vacant. The statutory duty to hire people with disabilities was thus met at 64%. In 2014, only 21.9% of 19,113 employers subject to hiring obligations actually fulfilled this obligation, i.e. more than three quarters failed to do so. In spite of statutory hiring obligations, more than one third of all beneficiary disabled persons throughout Austria were not economically active in 2014.

**Protection against discrimination**

The Disability Equality Package (Behindertengleichstellungspaket, see Chapter 3.11.2 Disability Equality Act) implements the requirement that enforcement of individual entitlements to non-discrimination on grounds of disability is available in the world of work and beyond. In addition to existing national legislation and incentives, this package introduces, inter alia, civil-law entitlements of individuals vis-à-vis their employers.

In analogy to the transposition of the relevant EU Directive into the Equal Treatment Act (see Chapter 3.10 Equal treatment), statutory protection against discrimination of people with disabilities is available
in employment and occupation. Transposition of the Directive’s disability aspects was separated from the transposition of anti-discrimination rules for other groups at risk of discrimination because, unlike other social groups, people with disabilities are not only discriminated against by acts or omissions.

Rather, the barriers in their environment frequently prevent them from participating in the life of society or make this participation more difficult.

As opposed to the requirement of refraining from discrimination against other specially protected groups, any required removal of barriers comes at a price. Therefore, the Disability Employment Act provides for a reasonableness test, under which a barrier is discriminatory in nature only if the removal of the barrier that causes discrimination is reasonable.

Another feature, which distinguishes this law from equal treatment law, is the introduction of conciliation proceedings before the Sozialministeriumservice (SMS), which must be used before any claims for damages are asserted in court. The conciliation proceedings aim at an amicable settlement of any dispute. Within these proceedings external mediation is offered free of charge as an alternative means of dispute resolution.

3.11.2 Disability Equality Act
The Disability Equality Package (Behindertengleichstellungspaket) aims to eliminate or prevent discrimination beyond employment and occupation in all important areas of life and to enable people with disabilities to enjoy equal participation in social life.

In addition to the provisions under European law concerning the equality of people with disabilities in employment and occupation, the Federal Disability Equality Act (Bundes-Behindertengleichstellungsge-setz – BGStG) also stipulates the protection against discrimination in ‘daily life’. The BGStG comprises a ban on discrimination of people with disabilities in the federal administration and in access to goods and services provided these goods and services are available to the public.

The Disability Equality Package also provides for the establishment of a Disability Ombudsperson. This Ombudsperson, who is a member of the Federal Disability Advisory Board (Bundesbehindertenbeirat), is not bound by any instructions and is charged with counselling and supporting people with disabilities in cases of discrimination.

With the adoption of the Disability Equality Package, the Austrian sign language has become a constitutionally recognised language. Moreover, protection against discrimination applies not only to people with disabilities but also to individuals who are close to people with disabilities. This means that not only close relatives, who may be subject to discrimination because of the disability of a family member, but also other individuals close to the disabled, e.g. teachers, personal assistants, etc., are subject to protection.
The scope of this ban covers direct discrimination, indirect discrimination (e.g. through barriers), harassment and instructions to discriminate. Assessment of whether a barrier-induced disadvantage constitutes discrimination has to focus on the question of whether the costs involved in removing such a barrier impose a disproportionate burden. If the measures required for removal may qualify for public financial support, this aspect must be considered in the assessment of reasonableness. The core element of discrimination protection is the option of claiming compensation for pecuniary or non-pecuniary loss suffered. However, the pursuit of such a claim before the courts must be preceded by conciliation proceedings before the Sozialministeriumservice (SMS); legal action without any prior attempt at conciliation is inadmissible.

As of 1 Jan 2016, this legislation is fully applicable to structural barriers and barriers in public transport, i.e. to structural barriers in structures erected on the basis of a building permit issued before 1 Jan 2006, as well as to barriers in transport infrastructure, transport facilities and rail-bound vehicles authorised or permitted prior to 1 Jan 2006 (only federal structures are exempted until the end of 2019 under certain conditions). The principles of reasonableness and proportionality continue to apply when it comes to removing barriers.

1,896 conciliation proceedings took place between 1 Jan 2006 and 31 Dec 2015, whereof 1,831 (97%) were finished by this cut-off date.

Slightly more than half of all requests (973 cases) concerned the Disability Equality Act (BGStG) and 923 the Disability Employment Act (BEinstG).

In 817 (44.6%) of all finished cases an agreement could be reached, while in 780 (42.6%) of all finished cases no agreement could be reached. Requests for conciliation were withdrawn in 234 cases (12.8%), most of them due to prior settlement. 65 proceedings (3.4%) were still pending on the cut-off date. External mediators were consulted in 25 cases (1.3%).

The percentage share of cases concerning the Disability Equality Act has increased from 32% in 2006 to 51% in 2015, whereas the percentage share of cases concerning the Disability Employment Act has gone down proportionately. The total number of annual requests jumped from 130 in 2006, when this option was introduced, to 250 in 2012 and dropped to 174 in 2015.
# INDEX OF CHAPTER 4

## 4. Unemployment insurance benefits

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4. UNEMPLOYMENT INSURANCE BENEFITS

4.1 An overview of unemployment insurance

Unemployment insurance (UI) is one component within Austria’s social protection system and is administered by the public employment service. Unemployment insurance primarily covers the unemployment benefit and unemployment assistance scheme and applies whenever the eligibility criteria for a specific benefit (mostly in cases of unemployment) are met. In addition, the public employment service is responsible for benefits available under active labour market policies for the purpose of promoting employment and/or skills enhancement.

4.2 Benefits

Whereas the most important cash benefits available in the event of unemployment are unemployment benefits (Arbeitslosengeld) and unemployment assistance (Notstandshilfe), active labour market measures constitute the most important programmes for promoting skills training and job take-up. In addition, there are UI cash benefits for persons in employment as well as benefits available to workers whose employer becomes insolvent, which will be described in greater detail below. A means-tested minimum income scheme (Bedarfsorientierte Mindestsicherung – BMS) is available to people in need who have no or insufficiently high entitlements to unemployment insurance benefits (see Chapter 5 Benefits securing a minimum income). Entitlements under labour law in respect of unemployment and of termination of employment contracts (severance pay, employee income provision fund, dismissal compensation for lost earnings, etc.) are described in Chapter 3 Provisions under labour law.

4.2.1 Eligibility criteria and rates of unemployment benefits and unemployment assistance

Unemployment benefits and unemployment assistance benefits are the most important cash benefits paid by the unemployment insurance scheme. Unemployment benefits are paid for a limited period followed by unemployment assistance, which may be claimed for an unlimited period of time if certain conditions are met (indigence, means test on own and spouse’s/partner’s income). Although the unemployment insurance system features elements of minimum income (supplementary amount to increase net-replacement rate), it fails to guarantee any minimum benefit, and there is a ceiling on the amount of cash benefits awarded. The majority of employees in Austria is covered by compulsory unemployment insurance. Marginal part-timers earning less than €415.72 a month (threshold defined for 2016), civil servants and most self-employed workers are exempted from unemployment insurance. The self-employed may opt into voluntary unemployment insurance under specific conditions.
Eligibility criteria: in order to receive benefits under the unemployment insurance scheme, the unemployed must
a) have a minimum insurance record;
b) be basically capable of working;
c) be willing to work in a reasonably suitable job.

a) Minimum insurance period
Entitlement to unemployment insurance (UI) benefits is contingent on a defined minimum period of insurance:

- First-time claimants need at least 52 weeks of UI-covered employment within a reference period of 24 months prior to asserting their claim.
- Young adults under 25 years of age only need a minimum of 26 weeks of UI-covered employment within a reference period of twelve months prior to asserting their claim.
- Individuals who have already received UI benefits need 28 weeks of UI-covered employment within the past twelve months (or a total of 52 weeks of such employment within the past 24 months) to re-qualify for unemployment benefits.

b) Ability to work
Unemployment insurance cover only relates to workers capable of working. In the event of invalidity or occupational disability of the unemployed, benefits are claimed from statutory pension or health insurance schemes (see Chapter 9 Benefits in case of invalidity and accident).

While an unemployed worker’s pension application is processed (usually to assess invalidity), she/he may be eligible for cash benefits under unemployment insurance (in terms of an advance on pension benefits). Entitlement to this advance is based on the previously drawn unemployment benefits or unemployment assistance benefits up to the average pension amount expected to be awarded in any given case. If the assessment procedure results in a pension being awarded, the advance payments made by the public employment service will be repaid from back pension payments. 1,646 persons on average received this benefit in 2015.

c) Reasonably suitable employment
The unemployed worker must be willing to accept a reasonably suitable job or undergo additional training or retraining. A job is considered reasonably suitable if it suits the job-seeker’s capabilities and corresponds to the standards defined in legislation and collective agreements. The job-seeker must be able to reach the place of work within an adequate period of commuter time or, if this is not possible, must be given appropriate accommodation near the workplace. Workplace and working hours must not conflict with statutory care duties (for children).
During the first 100 days of unemployment benefit receipt, placement in jobs other than those previously held is considered unreasonable if such placement makes it much more difficult for the job-seeker to find a job in his/her previous occupation in the future.

During the first 120 days of unemployment benefit receipt, employment in another field of work or in a part-time job is considered reasonable only if the contributory pay amounts to 80% or more of the last pay used as an assessment basis for unemployment benefit calculation. As of the 121st day of unemployment benefit receipt, employment in another field of work or in a part-time job is considered reasonable only if the contributory pay amounts to 75% or more of the last pay used as an assessment basis for unemployment benefit calculation. Special rules apply to job-seekers previously employed in part-time jobs.

The long-term unemployed who are on unemployment assistance (following expiry of unemployment benefits) can be reasonably expected to accept lower-wage jobs. In such a case, wages must be at least equivalent to the minimum wages defined in the applicable collective agreement.

**Rates of unemployment benefits and unemployment assistance**

As unemployment benefits are insurance-based benefits, their levels depend on previous income from work. Unemployment benefits are composed of the basic benefit amount and, where applicable, of family supplements and, where applicable, a supplementary amount.

The basic benefit amount is 55% of the average net income of the previous calendar year (if the application is filed in the second half of any given year) or of the penultimate calendar year (if the application is filed in the first half of any given year). If calculation is to be based on income earned more than one year ago, an appreciation factor will be used as set out in § 108 (4) of the General Social Insurance Act (ASVG).

For instance, income earned in 2014 will be multiplied by the factor 1.017 in 2016.

If the unemployed needs to support family members, she/he will receive a family supplement of €0.97 per day for every dependant in addition to unemployment or unemployment assistance benefits.

If the amount of unemployment benefits thus calculated falls below €29.43 per day (2016)\(^{11}\), a supplement up to a net replacement rate of 60% of the previous net income will be due. This ceiling rises to 80%, if family supplements apply. Unemployment cash benefits may be increased by this supplementary amount to no more than the currently applicable equalisation supplement reference rate.

---

\(^{11}\) This amount corresponds to one thirtieth of the equalisation supplement reference rate for single pensioners under the statutory pension insurance system.
Average monthly unemployment benefits drawn in 2015 amounted to €910 for all claimants, to €814 for women, and to €980 for men (see table on the following page). The disparity in benefit amounts reflects the gender-related differences in earnings and work histories.

Unemployment assistance amounts to 95% of the previous basic amount plus 95% of the supplement to unemployment benefits unless this basic amount exceeds €882.78 (2016 equalisation supplement reference rate). In all other cases, unemployment assistance amounts to 92% of the basic amount of previous unemployment benefits.

People who draw unemployment assistance will get their periods of unemployment credited as pension insurance periods. The same applies to people who are not eligible for unemployment assistance because of the means test on the spouse's/registered partner’s income if they are available for job placement as are the actual recipients of unemployment assistance.

These persons are covered by health insurance even if they are not entitled to non-contributory co-insurance. After six months of benefit receipt, beneficiaries with short insurance periods will come under defined benefit ceilings. The maximum level varies according to the preceding period of unemployment benefit claim duration (figures for 2016):

- 20 weeks of unemployment benefit claim duration: no more than €29.43 of daily unemployment assistance;
- 30 weeks of unemployment benefit claim duration: no more than €34.30 of daily unemployment assistance.

As unemployment assistance is only granted to those in need, it is means-tested against the spouse’s or partner’s earnings. However, such a means test ignores parts of the spouse’s/partner’s monthly earnings below a threshold of €642 (rate in 2016). This exemption limit rises by €279 a month (2016) with every dependant the spouse or partner has to support. The exemption limits for the partner’s earnings and for dependants are higher for persons aged 50plus, i.e. €1,116 and €558 respectively, and for persons aged 55plus, i.e. €1,674 and €837 respectively.

Average monthly unemployment assistance drawn in 2015 amounted to €732 for all claimants (€658 for women, €779 for men). The following table illustrates the average daily rates of insurance benefits paid in the case of unemployment.
4. UNEMPLOYMENT INSURANCE BENEFITS

Average amount of daily benefits paid in the case of unemployment in €, 2015

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment benefit</td>
<td>26.80</td>
<td>32.20</td>
<td>29.90</td>
</tr>
<tr>
<td>Unemployment assistance</td>
<td>21.60</td>
<td>25.60</td>
<td>24.10</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, as at: 21 Apr 2016.

Maximum period of entitlement to unemployment benefits and unemployment assistance

Maximum claim duration for unemployment benefits depends on the insurance record accrued within legally defined reference periods and on the age of claimants at the time of losing their jobs.

It totals

- 20 weeks if insurance records show the required minimum of insurance periods;
- 30 weeks if claimants have a record of 156 weeks of UI-covered employment;
- 39 weeks if claimants have a record of six years of UI-covered employment within the past ten years and completed their 40th year of life;
- 52 weeks if claimants have a record of nine years of UI-covered employment within the past 15 years and completed their 50th year of life; and
- 78 weeks upon completion of occupational rehabilitation measures.

If claimants participate in labour market policy measures (training courses, measures of reintegration) offered by the public employment service, unemployment benefit duration will be extended by the duration of this measure. If claimants participate in a labour foundation programme, unemployment benefit claim duration may be extended to up to three years, and under certain conditions (job-seekers undergoing longer-term training or being over 50 years of age) it may be extended to up to four years.

Upon exhaustion of unemployment benefits, unemployment assistance is granted for 52 weeks at a time (maximum period: until entitlements for pension benefits accrue or entitlement conditions for pension benefits are met).

Sanctions

If an unemployed person fails to accept a vacancy or a training measure offered, she/he will lose entitlement to unemployment benefits (unemployment assistance) for as long as she/he refuses to cooperate; in any case she/he will lose entitlement for a period of six weeks; in repeat cases this period will be extended to eight weeks. Claim duration will be reduced by the period in question (e.g. instead of 30 weeks only 24 weeks of claim duration). In cases which merit consideration (e.g. take-up of another job) loss of entitlement will be revoked in full or in part (leniency).
If workers are to blame for losing their jobs or quit their jobs voluntarily, they will not be entitled to unemployment benefits or unemployment assistance in the first four weeks thereafter. Claim duration is not reduced but postponed. Full or partial leniency shall be shown in cases which merit consideration.

**Earning additional income**
While on unemployment benefits or unemployment assistance, claimants may earn an additional income up to the marginal earnings threshold (€415.72 a month in 2016) without losing their entitlement to these cash benefits.

If the additional income from temporary employment (i.e. less than four weeks of work agreed upon or performed) exceeds the marginal earnings threshold, 90% of the net income above the threshold is set off against unemployment benefits or assistance benefits.

**Protection under social insurance law**
Every claimant of UI benefits is covered by social health insurance. In addition, periods of such benefit receipt are credited as insurance periods towards statutory pension insurance. If claimants are born before 1 Jan 1955 and thus exempted from pension harmonisation rules, these periods are credited as substitute qualifying periods.

**4.2.2 Benefits under active labour market policy**
Active labour market measures are intended to improve the labour market integration of certain target groups. Employment programmes, skills training measures as well as counselling and placement services are used to assist people who currently have or are in future likely to have specific problems on the labour market. These problems include long-term unemployment, lack of language or other skills, older age, mental or physical disability, labour market absence during periods of child-rearing or addiction (alcohol, drugs or substances).

Active labour market measures are agreed between the public employment service and the individuals concerned.

For more details on all benefits available under active labour market policies refer to the website of the Social Affairs Ministry [www.sozialministerium.at](http://www.sozialministerium.at) and to that of the public employment service [www.ams.at](http://www.ams.at).

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12 Insurance periods accrued while on unemployment benefits are valued at 70% of the contribution base that is used for the assessment of unemployment benefits. In the case of unemployment assistance, this ratio is 64.4% (i.e. 92% of 70%).
4.2.3 Cash benefits under unemployment insurance for persons in employment

Part-time allowance for older workers
This cash benefit aims to keep older workers in employment. In agreement with their employers, older workers may reduce their working hours and claim wage compensation for earnings lost by the working hours thus reduced.

Working time must be reduced by 40-60%. The specific arrangements underlying the reduction of working hours are up to the parties concerned. Wage compensation must be at least 50% of the difference between the wage paid prior to the reduction of normal working hours and the wage paid for the reduced working hours. Moreover, employers must continue to pay social insurance contributions based on the hours previously worked.

If such an agreement is concluded, employers are entitled to claim refunds from the public employment service for part of the additional expenditure (pay compensation including additional contributions to social insurance). The percentage of additional expenditure to be refunded (subsidy to employers) totals 90% in cases where reduced working hours are consumed continuously over an agreed period of part-time work and 50% in cases where reduced working hours are consumed in one single period of leave (for agreements concluded after 31 Dec 2010); this percentage must not exceed the currently applicable ceiling on insurable earnings.

The entry age for this part-time scheme is 53 years for women and 58 years for men (as of 2011), meaning that older workers may enter this scheme no earlier than seven years prior to reaching statutory retirement age and may stay within this scheme for no more than five years. To qualify, they must have a total employment record of 15 years of UI-covered work within the past 25 years. Agreements on one single period of leave require the recruitment of an unemployed worker to substitute the employee on leave.

On 1 Jan 2016, the semi-retirement scheme as a form of extended part-time scheme for older workers entered into force and is applicable to workers meeting the eligibility criteria for corridor pension benefits (see Chapter 10 Old-age and survivors' pensions and annuity-like benefits). The major differences between semi-retirement and part-time scheme are that employers are compensated for all and any additional costs incurred by the semi-retirement of their employees (whereas under the part-time scheme only 50% are refunded), and that semi-retirement does not offer the option of taking one single period of leave. Older workers may migrate from the part-time to the semi-retirement scheme. However, they may only do so if they have chosen to consume reduced working hours continuously over an agreed period of part-time work. Older workers are eligible for part-time as well as semi-retirement benefits for a total of five years (maximum).

22,087 employees on average were in the part-time scheme in 2015 (12,786 women and 9,301 men).
Further training allowance during educational leave

After six or more months in an employment relationship employees may agree with their employer on taking up educational leave (see also Chapter 3 Provisions under labour law) of between two months (minimum) and one year (maximum) and apply for further training allowance with the public employment service. Claimants qualify for such an allowance if they have accrued the same minimum insurance periods as are required for entitlement to unemployment benefits. The allowance equals the amount of unemployment benefits a given claimant would be entitled to, but may not be less than €14.53 per day.

As of 1 July 2013 it is also possible to agree on part-time educational leave (Bildungsteilzeit) of four months (minimum) to two years (maximum). If in such a case working hours are reduced by between 25% (minimum) and 50% (maximum), part-time training allowance (Bildungsteilzeitgeld) may be requested from the public employment service. Claimants qualify for such an allowance if they have accrued the same minimum insurance periods as are required for entitlement to unemployment benefits, and it equals €0.78 for each full hour of work by which the weekly normal working time is reduced.

If further training is used to enter tertiary education, claimants of further training allowance must provide evidence every six months (i.e. after each semester) that they have passed tests and examinations in compulsory and optional courses totalling four weekly credit hours or eight ECTS credits. Claimants of part-time training allowance must provide evidence that they have passed tests and examinations for at least two weekly credit hours or four ECTS credits.

8,925 persons (5,251 women and 3,674 men) on average made use of the further training benefit during their educational leave in 2015 and another 3,437 had agreed on part-time educational leave (1,888 women and 1,549 men).

4.2.4 Social protection in case of an employer’s insolvency

Compensation from the insolvency contingency fund serves to protect (former) employees against loss of income and delays in the payment of legitimate wage claims in the event of their employer becoming insolvent.

Employers pay 0.35% of the gross payroll total into a fund, which settles the claims of the workers concerned. In addition to employers’ contributions, this cash benefit is also financed from money recovered in insolvency proceedings and paid into the fund. Entitlements secured by the insolvency contingency fund include on-going pay, severance pay, compensation for unconsumed annual leave, dismissal compensation for lost earnings, claims for damages and company pensions. As a rule, outstanding claims eligible for settlement are restricted to those accruing in between six months before (earliest date) and three months after (latest date) institution of bankruptcy proceedings.
In 2015, a total of 26,216 applications for compensation from the insolvency contingency fund were filed by employees.

### 4.3 Expenditure, beneficiaries and financing

According to ESSPROS, €5.4bn were spent on unemployment benefits, active labour market policies and services, as well as on the public employment service (PES) in 2014. This total amounts to 1.6% of GDP.

The following chart provides an overview of the level of spending by the unemployment insurance scheme.

**Expenditure of unemployment insurance in €m, 2014**

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other social protection benefits</td>
<td>62</td>
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<td>Unemployment benefit</td>
<td>1,550</td>
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<td>Active and activating labour market measures, public employment service</td>
<td>2,118</td>
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Source: Statistics Austria/Social Affairs Ministry, ESSPROS social protection database 2014; as at: 30 Oct 2015.

1 Partial unemployment benefits, bad weather compensation for construction workers, support by the Länder for the development of the labour market and exemption from costs or expenses.

**Beneficiaries:**

On an annual average 354,332 workers were registered as unemployed in 2015 with the public employment service. 951,034 workers in total were affected by unemployment at least once in 2015. The average duration of unemployment (until exiting from the unemployment register) was 115 days in 2015.

In 2015, a total of 151,138 persons were on unemployment benefits and 163,040 persons on unemployment assistance outside of training measures.
At 5.7%, Austria’s unemployment rate was way below the EU average of 9.4%. Computation uses an EU-wide method based on the guidelines of the International Labour Organisation (ILO). An unemployed person is defined as someone aged 15 to 74 without work during the reference week who is available to start work within the next two weeks and who has actively sought employment at some time during the last four weeks.

The unemployment insurance scheme is mainly financed by wage-based contributions paid by employers and employees. In 2014, employers and employees contributed €2.9bn each to the system. Total revenue of unemployment insurance was €6bn in the same year.
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5. BENEFITS SECURING A MINIMUM INCOME

5.1 Overview

More than 95% of cash benefits under social protection systems are granted without any means test.\textsuperscript{13} Eligibility for these benefits and benefit levels is either based on social insurance principles or on the principle of unconditional entitlement in case of risk. These universal benefits thus prevent poverty for the majority of the population.

However, these provisions do not suffice for some groups of the population. This is why additional benefits involving means tests against income and, in part, also against assets and property are offered under social insurance schemes, other social welfare systems and special social assistance systems. Under the pension insurance scheme, the equalisation supplement is a case in point, so are unemployment assistance benefits and to a certain extent also standard unemployment benefits (in particular the supplements to these benefits, see Chapter 4 Unemployment insurance benefits). In special risk situations people may also be entitled to means-tested benefits from the Family Burdens Equalisation Fund (FALF). Other means-tested social benefits include pupil and student grants and exemptions from paying charges and fees. Until 2010 Ländere-based social assistance was used to offer support within the meaning of the principle of subsidiarity. This social assistance scheme was applicable to cases where a person’s own income and property, the income and property of family members obliged to pay alimony, and income from other social protection systems did not suffice to ensure a certain minimum standard. In 2010/2011, means-tested minimum income benefits were introduced to take forward the social assistance schemes of the Ländere and enhance efforts to avoid poverty.

This minimum income benefit scheme that introduced a minimum standard across Austria is based on an agreement between the federal government and the Länder. This agreement, however, expires in 2016 and will not be extended.

As from 2017, the Länder will thus again design the minimum income benefit without a common framework. (December 2016)

\textit{www.sozialministerium.at} (EN) > Sozialministerium > Social Policy | Consumers > Means-tested Minimum Income

\textsuperscript{13} Means test on income and/or property.
5. BENEFITS SECURING A MINIMUM INCOME

5.2 Benefits, 2016

5.2.1 Means-tested minimum income scheme
The means-tested minimum income scheme (Bedarfsorientierte Mindestsicherung – BMS) comprises benefits to ensure people’s means of subsistence and housing needs, and to afford protection in case of sickness, pregnancy and childbirth. A flat-rate benefit (=minimum standard), it is designed to ensure cover for recurring expenses on food, clothing, personal hygiene, household effects, heating and electricity as well as on personal needs. This is intended to enable claimants to enjoy appropriate social and cultural participation.

Eligibility criteria and standards
Although the means-tested minimum income scheme ensures minimum standards for all eligible beneficiaries, it does not provide basic income unconditionally. There is a floor level for benefits granted under this system, but the Länder may award additional or higher benefits.

Claimants are only eligible for BMS if they are neither able to raise the resources for basic subsistence through own efforts nor through entitlements to social insurance or other priority benefits. This is where the principle of subsidiarity is applied.

With a few exceptions, people must first rely on their own income, assets and property before claiming BMS benefits. For this purpose an exemption limit on property (€4,188.75 in 2016) is applied.

The assets exempted from compulsory realisation include the following types:
- items needed for performing paid work or meeting adequate intellectual and cultural needs;
- motor vehicles required due to job, disability or lack of appropriate infrastructure;
- adequate household effects;
- exemption limit: savings up to €4,188.79 (2016).

People who are able to work must also be willing to work. There are exceptions for persons who
- have reached the statutory retirement age as defined by the General Social Insurance Act (ASVG), which is currently 60 years for women and 65 years for men;
- have care duties for children under the age of 3 and cannot take up jobs for lack of suitable care options;
- are the primary caregivers to relatives claiming long-term care benefits of category 3 and up;
- nurse dying family members or critically ill children;
- or continue training begun prior to their 18th year of life (does not apply to tertiary education, i.e. studies at universities or universities of applied sciences, etc.).

14 Work, use of own income, assets and property.
A key component of the means-tested minimum income scheme is (re-)integration into the labour market to ward off social exclusion. Claimants are actively supported to achieve (re-)entry into the labour market. Job-promoting and activating measures are of key importance in this context.

- An exemption limit may be granted for ‘(re-)entrants’ who take up work. This exemption limit means that any additional money earned is not fully set off against BMS benefits. Waiving the obligation of beneficiaries to repay benefits is to provide a stronger incentive to (re-)enter the job market.

Entitlement to minimum income benefits by non-Austrians is linked to the ‘right to permanent residence’ in Austria. Only those non-Austrians may qualify for BMS benefits who have the same status as Austrians under an international-law obligation. For instance, EEA citizens in Austria only enjoy unconditional entitlement to BMS benefits if they are here as workers or have lived here for more than five years. EU citizens who enter Austria in search of a job only are not automatically entitled to BMS benefits.

Unless EU citizens come to Austria as workers, they need to have sufficient resources and health insurance cover for themselves; if these persons claim minimum-income benefits, this will have a negative impact on their residence status. In recent case law (precedent-setting judgements in the Alimanovic/Dano cases), the European Court of Justice ruled that it was compatible with European law to exclude EU citizens from social assistance benefits if they lose their jobs in the host country: when this brochure was edited (May 2016), there were plans to revise the related agreements in the Austrian Constitution (under Article 15a).

Third-country nationals are only entitled to BMS benefits if they have lawfully been in Austria for more than five years and hold a permanent residence title under EU law or are a member of the nuclear family (=spouse and dependent children) of Austrians or EEA citizens. Recognised refugees and persons eligible for subsidiary protection\(^\text{15}\) are entitled to means-tested minimum income benefits once their refugee or subsidiary protection status is officially confirmed.

For more details on minimum income benefits refer to the website of the Social Affairs Ministry at www.sozialministerium.at as well as to the brochure on BMS benefits: Fragen und Antworten, Fakten statt Mythen available from the brochure service of the Social Affairs Ministry.

Based on reference rates for single parents equal to those for single persons, single parents receive the same amounts as single persons under the BMS scheme. This is intended to mitigate the high poverty risk of this group.

\(^{15}\) Persons eligible for subsidiary protection are persons whose application for asylum was rejected in the absence of persecution, but whose life or health is threatened in their country of origin. Hence they are not eligible for asylum, but are protected from deportation for a limited period of time.
5. BENEFITS SECURING A MINIMUM INCOME

Improved provisions concerning recourse/repayment facilitate the way out of the poverty trap: in this case, too, formerly differing recourse provisions of the Länder have been harmonised. Apparently, the obligation to repay benefits was a major disincentive to claim assistance. It made it more difficult for former assistance claimants to exit from the poverty spiral even after having (re-)entered the labour market. Therefore former assistance claimants need no longer repay benefits in case they earn money on their own. This also applies to parents of children of age and to such children and their parents (exception: Carinthia).

Legal certainty for people accessing benefits under the means-tested minimum income scheme is ensured by procedural law that meets the special needs of applicants. Since the time limit for decision-making has been reduced to three months (maximum), much greater procedural efficiency is achieved in awarding such benefits.

Moreover, applicants enjoy other improved standards of legal certainty and legal protection:
- Negative first-instance decisions must be issued in written form.
- Both the possibility of waiving one’s right of appeal and the possibility that appeals have a suspensive effect are excluded in benefit matters.

All BMS claimants receive an e-card. Unlimited access to medical services is ensured by including benefit claimants without health insurance cover in the statutory health insurance scheme. The contributions to health insurance are paid by the Länder.

Amount of BMS benefits
The level of benefits granted under the means-tests minimum income scheme is based on the monthly equalisation supplement reference rate defined under statutory pension insurance.

In 2016, singles and single parents receive €837.76, spouses/partners €1,256.64. This benefit is due twelve times a year. It should be noted that the amounts of benefits presented here are to be seen as floor levels which may be exceeded by the Länder. For instance, they may award special benefits for children and additional benefits such as heating allowances.
5. BENEFITS SECURING A MINIMUM INCOME

Minimum benefit levels \(^1\) 2016

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<tr>
<th></th>
<th>Absolute amount in €</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singles and single parents</td>
<td>837.76</td>
<td>100</td>
</tr>
<tr>
<td>Spouses/partners</td>
<td>1,256.64</td>
<td>2x 75</td>
</tr>
<tr>
<td>Every other eligible and dependent adult in the household</td>
<td>418.88</td>
<td>50</td>
</tr>
<tr>
<td>People in accommodation shared with others without mutual maintenance claims</td>
<td>628.32</td>
<td>75</td>
</tr>
<tr>
<td>First to third minor child</td>
<td>150.8</td>
<td>18</td>
</tr>
<tr>
<td>From the fourth minor child</td>
<td>125.67</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, 2016.

\(^1\) The floor levels applicable in 2016 are expressed in relation to the level for singles.

The flat-rate minimum benefit level includes part of the benefits for housing support. If adequate housing costs exceed 25% of the minimum standard of a shared household of benefit-dependent members (‘community of dependence’\(^{16}\)), the Länder may grant additional benefits to cover housing costs. For this purpose they may use funds available under the means-tested minimum income scheme or they may grant support in the form of housing assistance.

In 2014 roughly 256,000 persons received benefits under the means-tested minimum income scheme (BMS).

In 2015, a total of 122,600 BMS claimants (whereof 55,200 were on BMS only) were assisted by the public employment service (PES). Roughly 64,600 BMS claimants accepted offers of PES support in 2015 (e.g. integration subsidies, training programmes, enrolment in job creation schemes such as socio-economic enterprises). Some 22,700 claimants of minimum-income benefits could be placed in jobs in 2015, whereof roughly 7,200 were claimants of BMS benefits and 15,400 were claimants of BMS plus PES benefits.

\(^{16}\) A community of dependence includes spouses or partners and dependent children living in the joint household. Although semantics imply that a community of dependence must consist of at least two persons, such a community may also be presumed to exist if it consists of e.g. one benefit recipient in a household or accommodation shared with others who are neither liable to receive maintenance from nor pay maintenance to this beneficiary. The classification ‘community of dependence’ within a household or shared accommodation has no impact on the minimum standard assigned to the household constellation in question. According to the above definition, this person would be granted the minimum standard for persons of age living with other persons of age (€628.32) rather than the minimum standard for singles (€837.76) irrespective of whether the other members of the household also receive minimum income benefits or not.
5.2.2 Unemployment insurance: unemployment benefit and unemployment assistance
Roughly one third of unemployment benefit claimants and three quarters of unemployment assistance claimants receive benefits below the equalisation supplement reference rate defined by statutory pension insurance for single persons. Unemployment insurance does not provide for minimum unemployment benefits and minimum unemployment assistance benefits, but includes elements designed to ensure a minimum means of subsistence. When calculating unemployment benefits, the generally applicable replacement rate of 55% of the last net income from work is raised to 60% (i.e. a supplement is granted) whenever the amount of unemployment benefits falls below a single person’s reference rate for equalisation supplements. If the unemployed worker has to support family members, unemployment benefits will be increased to 80% of the previous net income, with the equalisation supplement reference rate marking the absolute upper limit.

Net expenditure on this supplement (exclusive of health insurance contribution) was roughly €81.9m in 2015.

Unemployment assistance is granted for an unlimited period of time to the longer-term unemployed. It follows upon exhaustion of unemployment benefits if claimants are in distress and meet all other eligibility criteria (ability and willingness to work). Since the introduction of the means-tested minimum income scheme in 2010 unemployment assistance benefits have been calculated not only on the basis of the unemployment benefits previously claimed but also with due regard to any applicable supplement. Income earned by spouses or partners will only be credited to a level that ensures maintenance of the minimum standard defined by the equalisation supplement reference rate for couples (2016: €1,323.58) plus any supplements for children. Along with the introduction of the means-tested minimum income scheme, an increase of the net replacement rates and a more limited means test on spouses’/partners’ incomes have strengthened the elements which ensure a minimum means of subsistence under the unemployment assistance scheme.

5.2.3 Statutory pension insurance: equalisation supplement
In case of financial indigence, low pensions under the statutory pension insurance system are topped up to reach a threshold value. If the total pension including other net income and creditable amounts (e.g. alimony payments) are below this threshold, an equalisation supplement amounting to the balance is due. Alongside the income of the pensioners in question, also spouses’ or partners’ incomes are taken into account. A number of benefits, such as long-term care or housing assistance benefits, as well as property, are exempted from being offset against equalisation supplements.

The equalisation supplement is a non-contributory special benefit listed in Annex IIa to Regulation (EEC) no 1408/71 and will thus be granted only to persons having their habitual residence in Austria.
5. BENEFITS SECURING A MINIMUM INCOME

As of 1 Jan 2016, the monthly reference rate, to which lower pensions are raised, is €882.78 for singles and €1,323.58 for spouses/registered partners (14 times a year). Moreover, a supplement of €136.21 is granted for each child unless the child has a net income exceeding €324.69 per month.

5.2.4 Supplementary pensions under legislation on special compensation systems
Income-related pension benefits under social compensation schemes fulfil the function of minimum income provision: supplementary pension benefits under the Act on Cash Income Support for Victims of War (KOVG), maintenance pensions under the Victims Welfare Act (OpferFG), income-related benefits under the Military Service Compensation Act (HVG), Act on Compensation for Vaccination-Induced Disabilities (ISG) and Act on Victims of Crime (VOG).

For more details refer to Chapter 9 Benefits in case of invalidity and accident.

5.2.5 Wage policies under collective agreements
In Austria, minimum wages for private-sector employees are not determined by law. Rather, wage policy in Austria is part of the autonomous bipartite social dialogue between employers’ and employees’ representatives. They define minimum wages by concluding, usually once a year, collective agreements at sectoral level.

The normative power of collective agreements results in their provisions on pay and working conditions having a direct and binding effect on individual employment relationships.

Roughly 95% of employment relationships in the private sector are subject to collective agreements.

5.3 Expenditure and financing
Expenditure on means-tested cash benefits amounted to over €3bn in 2014.

Equalisation supplements and unemployment assistance account for more than two thirds of these expenses. The following chart illustrates the distribution of these benefits.\(^\text{17}\)

---

\(^{17}\) Exemptions from paying charges and fees (totalling €74m) are defined as benefits in kind under ESSPROS. Means-tested exemptions from paying charges and fees account for only €2m. Housing benefits, too, are defined as benefits in kind under the ESSPROS methodology as they are deemed to be expenses verifiably spent on this purpose. Within the BMS context they include rent support (€61m) as well as housing assistance (€344m).
Means-tested cash benefits in €bn, 2014


1 Benefits include supplements to childcare allowance (€27m), family hardship benefits (€1m) as well as benefits awarded by the Länder in support of families (€27m).

2 The sum total of €0.68bn also includes assistance in special situations of need, but does not include healthcare.
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6. BENEFITS FOR FAMILIES

6.1 An overview of family benefits and eligible beneficiaries

Accounting for almost 2.8% of GDP, Austria’s expenditure on family benefits is one of the highest of EU Member States.

These benefits primarily involve cash benefits and benefits in kind provided to families directly, as well as other family-related benefits made available by the Family Burdens Equalisation Fund (FLAF). In addition, there are a number of insurance benefits based on gainful activity and income earned (e.g. maternity allowance before and after childbirth) as well as benefits which are only awarded to those in need and/or means-tested against incomes.

Moreover, tax-based measures are of great importance in supporting families.

Employees’ entitlements under labour law primarily aim to ensure adequate reconciliation of work and family life (see Chapter 3 Provisions under labour law).

The following table provides an overview of family benefits available in Austria:

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<td><strong>Cash family benefits from the Family Burdens Equalisation Fund (FLAF)</strong></td>
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<tr>
<td>Family allowance (FBH)</td>
</tr>
<tr>
<td>School start subsidies</td>
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<tr>
<td>Multiple-child supplement</td>
</tr>
<tr>
<td>Childcare allowance</td>
</tr>
<tr>
<td>Supplement to flat-rate childcare allowance</td>
</tr>
<tr>
<td>Advances on alimony payments</td>
</tr>
<tr>
<td>Commuting grants</td>
</tr>
</tbody>
</table>
### Cash benefits under social insurance (SI) and unemployment insurance (UI)

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family supplements under UI</td>
<td>€0.97 a day per dependant</td>
</tr>
<tr>
<td>Children’s supplement</td>
<td>€29.07 a month paid on top of pensions and annuities (pension insurance)</td>
</tr>
<tr>
<td>Maternity allowance</td>
<td>Insurance benefit for mothers; eight weeks before and eight weeks after the birth of a child (or twelve weeks for caesarean sections and multiple births)</td>
</tr>
<tr>
<td>Childcare subsidies</td>
<td>Paid within active labour market programmes (up to €300 a month, staggered by gross income and care costs)</td>
</tr>
</tbody>
</table>

### Benefits to those in need

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits to those in need</td>
<td>within means-tested minimum benefits, housing assistance and statutory pension insurance</td>
</tr>
</tbody>
</table>

### Tax benefits

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax credits for children</td>
<td>Uniform tax credit for each child to allow for the costs incurred by raising children: €58.40 a month per child</td>
</tr>
<tr>
<td>Sole earner’s and single parent’s tax credits</td>
<td>For taxpayers having at least one child; rate depends on the number of children</td>
</tr>
<tr>
<td>Tax credits for child support</td>
<td>Monthly tax credit for children who do not live in the same household and for whom statutory alimony payments are made: this tax credit amounts to €29.20 a month for the first child, €43.80 a month for the second child and €58.40 a month for each further child</td>
</tr>
<tr>
<td>Tax deductibility of childcare costs</td>
<td>Childcare costs are tax deductible for taxable parents: up to €2,300 per calendar year and child, if the employer pays a grant for childcare, only the costs exceeding the grant amount will be deductible</td>
</tr>
<tr>
<td>Tax allowance for children</td>
<td>€300 a year per taxpayer and child (if claimed by both parents) or €440 a year (if claimed by a single-parent taxpayer)</td>
</tr>
</tbody>
</table>
### Other benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periods of child-rearing creditable towards pension entitlements</td>
<td>Up to the fourth birthday of a child (in multiple childbirths up to the children’s fifth birthday)</td>
</tr>
<tr>
<td>Health insurance schemes</td>
<td>For family members who are not covered by compulsory insurance schemes (co-insurance is largely non-contributory)</td>
</tr>
<tr>
<td>Kindergartens, crèches, day care for schoolchildren</td>
<td>Free for certain age groups, otherwise subject to charges</td>
</tr>
<tr>
<td>Examinations under maternal health card programme</td>
<td>Before and after birth; up to the child’s fifth birthday approximately</td>
</tr>
<tr>
<td>Free public transport for pupils and apprentices</td>
<td>Subject to a contribution towards costs of €19.60</td>
</tr>
<tr>
<td>Textbooks</td>
<td>As of the 2011/2012 school year parents need not contribute towards these costs any more</td>
</tr>
<tr>
<td>Parental education</td>
<td>Parental education programmes offered by non-profit providers</td>
</tr>
<tr>
<td>Family mediation</td>
<td>Mediation in separation/divorce conflicts</td>
</tr>
<tr>
<td>Assistance to parents/children</td>
<td>In separation and divorce</td>
</tr>
</tbody>
</table>

### Entitlements and benefits under labour law

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity protection</td>
<td>A number of jobs and working hours are prohibited for mothers-to-be, and there is a general employment ban for mothers(-to-be) eight weeks before and eight weeks after the birth of a child</td>
</tr>
<tr>
<td>Protection against dismissal and summary dismissal</td>
<td>Pregnant women and mothers after the birth of a child or while on parental leave may only be dismissed for very specific reasons</td>
</tr>
<tr>
<td>Parental leave</td>
<td>Entitlement to unpaid leave up to the second birthday of a child.</td>
</tr>
<tr>
<td>Part-time work for parents</td>
<td>Employees working in companies with more than twenty employees are entitled to part-time employment up to the seventh birthday of a child (under certain conditions, otherwise up to the fourth birthday of a child)</td>
</tr>
<tr>
<td>Family hospice leave</td>
<td>For nursing a dying family member or critically ill children; employees remain subject to statutory health and pension insurance while on leave</td>
</tr>
<tr>
<td>Family counselling centres, etc.</td>
<td>For more information refer to <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></td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, BMFJ, BMF, 2016.
6.2 Benefits from the Family Burdens Equalisation Fund

The Family Burdens Equalisation Fund (Familienlastenausgleichsfonds – FLAF) is Austria’s key instrument in supporting families (see also Chapter 6.6 Expenditure and financing). The major benefits funded by the FLAF, such as family allowance or childcare allowance (Kinderbetreuungsgeld – KBG), are described below.

Family allowances (Familienbeihilfen) account for roughly 50%, i.e. for the largest portion in quantitative terms, of FLAF-funded family benefits. Childcare allowances require some 17% of FLAF funds.18 Other important family-policy measures of the FLAF include benefits in kind (e.g. free textbooks and free transport to school).

6.2.1 Family allowance: entitlements

There is a general entitlement to family allowances for all under-age children. If children of age are still in training or education, family allowance will be due until these young adults turn 24 or, in exceptional cases, 25. No age limit applies to children with severe disabilities who are unable to work.

Up to the calendar year in which a child turns 19 his or her income is irrelevant. If a child earns own income as of the calendar year in which he or she turns 20, entitlement to family allowances is subject to such taxable income not exceeding €10,000 per year in total. If income earned exceeds this limit, the amount by which the limit of €10,000 is exceeded needs to be repaid.

Family allowances are paid to Austrian citizens with permanent or habitual residence in Austria for children who permanently reside and/or have their centre of vital interests in the country.

Family allowance is paid to the person whose household the child belongs to; if parents share the same household, the allowance is due to the parent primarily running the household, i.e. the mother according to the rebuttable presumption established by legislation. Subsidiary entitlements to family allowances arise for those paying most of the costs of child support. Children themselves are only entitled to claim family allowances if they are orphans or if their parents fail to provide most of the children’s living costs; no such entitlement arises for children placed in institutional care at the expense of youth welfare or social assistance programmes.

18 FLAF spending on childcare allowances (including supplements) totalled €1.13bn in 2015 (source: BMFJ).
6. BENEFITS FOR FAMILIES

**Family allowances vary according to age and number of children**

Family allowances vary according to age and number of children in a family and are tax-free. The monthly total of family allowances increases with the number of siblings (Geschwisterstaffelung), i.e. for each additional child it increases by a certain amount. It amounts to €6.90 per child for two children, €17 per child for three children, €26 per child for four children, €31.40 per child for five children, €35 per child for six children and €51 per child for seven and more children.

The supplement for a child with severe disabilities is €152.90 as of Jan 2016. It is disbursed in addition to family allowance.

As of Jan 2016, family allowances, increments by number of siblings as well as supplements for children with severe disabilities have been increased by 1.9%.

The following table lists the amounts paid in 2016 according to age groups:

<table>
<thead>
<tr>
<th>Age</th>
<th>2016 and 2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 years</td>
<td>111.8</td>
<td>114.0</td>
</tr>
<tr>
<td>3-9 years</td>
<td>119.6</td>
<td>121.9</td>
</tr>
<tr>
<td>10-18 years</td>
<td>138.8</td>
<td>141.5</td>
</tr>
<tr>
<td>from 19 years</td>
<td>162.0</td>
<td>165.1</td>
</tr>
</tbody>
</table>


**Family benefits counteract poverty risk**

In 2011 a new programme was launched, under which school start subsidies (Schulstartgeld) of €100 for each child aged six to 15 years are disbursed, together with family allowances, in September each year.

To counteract the special risks of poverty of families with several children, a multiple-child supplement (Mehrkindzuschlag) is awarded to families with three or more children. A supplement of €20 per month is granted for the third and for each further child permanently living in the federal territory (or in EU territory) and eligible for family allowance, unless the taxable family income exceeds €55,000 per calendar year. Multiple-child supplements are to be claimed together with the income tax assessments of the workers concerned.

Alongside family allowances, families are also entitled to tax credits for children (see Chapter 6.5 Financial support for families provided through the tax system). The tax credit for children is disbursed directly together with the family allowance.
Examples of cases: Monthly family allowances and tax credits for children by age and number of children in households, from 2016, in €

<table>
<thead>
<tr>
<th></th>
<th>1 child aged 5 years</th>
<th>2 children aged 1 year and 3 years</th>
<th>3 children aged 9 years, 13 years and 16 years</th>
<th>4 children aged 1 year, 6 years, 10 years and 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family allowance</td>
<td>119.60</td>
<td>231.40</td>
<td>397.20</td>
<td>532.20</td>
</tr>
<tr>
<td>Tax credit for children</td>
<td>58.40</td>
<td>116.80</td>
<td>175.20</td>
<td>233.60</td>
</tr>
<tr>
<td>Sibling supplement scale</td>
<td>13.80</td>
<td>51.00</td>
<td>104.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>178.00</td>
<td>362.00</td>
<td>623.40</td>
<td>869.80</td>
</tr>
</tbody>
</table>

Source: Federal Ministry of Families and Youth; Social Affairs Ministry; own calculations.

Rules for foreign nationals
There are special rules for EU, EEA, and Swiss nationals. Under the ‘country of employment’ principle, the country where a worker is employed is required to pay family benefits even if the child in question lives permanently in another Member State.

All other foreign nationals are entitled to family allowances for children living in Austria if their stay in Austrian federal territory is lawful and not only temporary. Furthermore, recognised refugees and persons granted subsidiary protection status (in employment but without entitlement to basic services) may claim family allowances.

Beneficiaries
In 2014, family allowances were paid for 1.75 million children.

On an annual average, 232,500 of these children were aged 0-2 years, 553,000 3-9 years, 742,000 10-18 years, and 226,000 19 years or older. A supplement was paid for 80,000 children with severe disabilities. Slightly more than 10% of the children were non-Austrians.

6.2.2 Childcare allowance
Since 1 Jan 2010 parents may choose from among five options of childcare allowance (KBG) from two schemes. This is primarily intended to improve work-life balance, increase the involvement of fathers and enable better earning parents to earn adequate additional income.

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Since 1 May 2010, these rules are primarily governed by Regulation (EC) no 883/2004 and Implementing Regulation 987/2009, while Regulations (EEC) no 1408/71 and no 574/72 apply to nationals of countries where Regulation (EC) no 883/2004 enters into force at a later point in time and to cases in the process of being phased out.
### Options of childcare allowance 2016

<table>
<thead>
<tr>
<th>Amount of childcare allowance per month</th>
<th>Flat-rate option 30 + 6 months</th>
<th>Flat-rate option 20 + 4 months</th>
<th>Flat-rate option 15 + 3 months</th>
<th>Flat-rate option 12 + 2 months</th>
<th>Income-related 12 + 2 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. €436</td>
<td>Approx. €624</td>
<td>Approx. €800</td>
<td>Approx. €1,000</td>
<td>80% of maternity allowance; otherwise 80% of fictitious maternity allowance; in addition a favourability clause will be applied in comparison with the tax assessment notice from the relevant calendar year; max. €2,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Max. of benefit duration for one parent</th>
<th>Until the child's 30th month</th>
<th>Until the child's 20th month</th>
<th>Until the child’s 15th month</th>
<th>Until the child’s 12th month</th>
<th>Until the child's 12th month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max. of benefit duration for both parents</td>
<td>Until the child’s 36th month</td>
<td>Until the child’s 24th month</td>
<td>Until the child’s 18th month</td>
<td>Until the child’s 14th month</td>
<td>Until the child’s 14th month</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Min. of benefit duration per period</th>
<th>2 months</th>
<th>2 months</th>
<th>2 months</th>
<th>2 months</th>
<th>2 months</th>
</tr>
</thead>
</table>

| Gainful employment required? | No | No | No | No | Gainful employment subject to compulsory social insurance for at least the last 6 months before birth/maternity protection |

| Admissible additional income per calendar year | 60% of income during the relevant calendar year; min. €16,200 | 60% of income during the relevant calendar year; min. €16,200 | 60% of income during the relevant calendar year; min. €16,200 | 60% of income during the relevant calendar year; min. €16,200 | €6,400 (corresponds to roughly 14 times the marginal earnings threshold); receiving benefits under unemployment insurance at the same time is not admissible |

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*Adapted from the original document*
### 6. BENEFITS FOR FAMILIES

<table>
<thead>
<tr>
<th></th>
<th>Flat-rate option 30 + 6 months</th>
<th>Flat-rate option 20 + 4 months</th>
<th>Flat-rate option 15 + 3 months</th>
<th>Flat-rate option 12 + 2 months</th>
<th>Income-related 12 + 2 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple-child supplement per child and month</td>
<td>Approx. €218</td>
<td>Approx. €312</td>
<td>Approx. €400</td>
<td>Approx. €500</td>
<td>No supplement</td>
</tr>
<tr>
<td>Grant supplementing childcare allowance</td>
<td>12 months, approx. €180 monthly</td>
<td>12 months, approx. €180 monthly</td>
<td>12 months, approx. €180 monthly</td>
<td>12 months, approx. €180 monthly</td>
<td>No grant</td>
</tr>
<tr>
<td>Special case: extension of benefit duration for one parent in cases of hardship</td>
<td>2 months between the child’s 30th and 32nd month</td>
<td>2 months between the child’s 20th and 22nd month</td>
<td>2 months between the child’s 15th and 17th month</td>
<td>2 months between the child’s 12th and 14th month</td>
<td>2 months between the child’s 12th and 14th month</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, Federal Ministry of Families and Youth.

1 For the rates applicable for each of the (new) options as of Mar 2017, please refer to the relevant entries on the website of the Federal Ministry of Families and Youth. For up-to-date information on childcare allowance please refer to the relevant entries on the website of the Federal Ministry of Families and Youth [www.bmfj.gv.at](http://www.bmfj.gv.at)

### Entitlement to childcare allowance

Childcare allowance may be claimed if parents also claim family allowance (*Familienbeihilfe*) for the child in question, the centre of vital interest of the requesting parent(s) and the child is in Austria, the requesting parent(s) share(s) a common household with the child, complies/comply with the exemption limits per calendar year and mother and child undergo ten check-ups as required by the maternity health card programme (five examinations during pregnancy and five examinations of the child from age 0 to 14 months).

Non-Austrians must be settled in Austria and/or meet certain requirements under asylum law. In cross-border cases, Regulation (EC) no 883/2004 applies to determine which of the Member States concerned is responsible for paying family benefits.

No matter which of the five options is chosen, parents may swap claim roles twice, with one such period lasting no less than two months.

Claimants are health-insured while on childcare allowance.

### Duration of benefits takes account of special circumstances

In special cases of hardship (death, committal to mental hospital or nursing home, cases of domestic violence identified by courts or public authorities, stay in women’s refuge, imprisonment), childcare allowance under any of the above options may be extended by up to another two months beyond the maximum period of entitlement which is due to one parent without swapping claim roles.
Moreover, claim duration may be extended if one parent has been single for at least four months at the time of period extension, has filed an application for maintenance (alimony) (but has not yet received any such payment) and has earned no more than €1,200 net (including family benefits) in the past four months and/or the period of extension (plus €300 for every dependant in the household).

In the case of multiple births, childcare allowances in any of the flat-rate options will be raised by 50% of the applicable basic amount (see Table 6.2.2) for the second and for every further child born.

**Grants and exemption limits**

For births on or after 1 Jan 2010 a grant of €6.06 per day may be claimed in addition to the flat-rate childcare allowance.

The grant is available to single parents who are eligible for childcare allowance and earn no more than €6,400 per calendar year, as well as to parents who are married or cohabiting with a partner, with the claiming parent earning no more than €6,400 and the other parent/partner no more than €16,200 per calendar year. This grant supplementing the childcare allowance may be claimed for no more than twelve calendar months following application irrespective of the chosen flat-rate option.

Flat-rate childcare allowances are subject to individual exemption limits: a parent may additionally earn up to 60% of the income last earned in the relevant calendar year prior to the child’s birth in which no childcare allowance was claimed (restricted to the third year prior to the child’s birth). In cases where this individual exemption limit is below €16,200, it will be fixed at €16,200 per calendar year. Under the income-related childcare allowance, exemption limits for additional earnings are €6,400 per calendar year, i.e. roughly the marginal earnings threshold.

If the exemption limit is exceeded, parents will have to repay to the childcare allowance scheme the amount by which this limit has been exceeded.

**New as of 1 Mar 2017: Childcare allowance account and family time bonus**

In June 2016, the Austrian parliament adopted a set of laws on childcare allowance which will enter into force as of 1 Mar 2017. For children born on or after 1 Mar 2017, the currently four flat-rate options for childcare allowance will be converted into what is called a childcare allowance account. The income-related childcare allowance option will remain unchanged.

Under the childcare allowance account scheme, an amount of up to €16,449 will be made available for each child (including a partnership bonus, if applicable).
Within a predefined range of between 365 and 851 days (approximately twelve to 28 months) from the birth of the child, one parent may flexibly choose the duration of childcare allowance. Where both parents claim childcare allowance, this range extends from 456 to 1,063 days (approximately 15 to 35 months) from the birth of the child. The amount of childcare allowance in the shortest option is €33.88 per day, in the longest option, it is €14.53 per day. The longer parents claim benefits, the lower the daily allowance; the amount of benefits received thus depends on the individually chosen claim duration.

20% of the total amount available for each child are reserved for the second parent and cannot be transferred, i.e. this amount can only be claimed by the second parent. In the shortest option, this corresponds to a period of 91 days.

In the case of multiple births, the flat-rate childcare allowance (account) will be raised by 50% of the applicable daily amount for the second and for every further child born.

If parents divide the childcare allowance claim duration roughly equally between them (between 50:50 and 60:40), they can request a partnership bonus in the amount of €1,000 (€500 for each parent) as a one-off payment. The purpose of this system is to provide an incentive for a more equitable division of childcare between parents.

In general, parents will have to agree on a given claim duration upon initial application. Under certain conditions and when complying with a given deadline, it is possible to change claim duration once.

What is also new is that both parents may claim childcare allowance simultaneously for a duration of up to 31 days the first time they swap claim roles (also in the case of income-related childcare allowance). The overall claim duration will then be reduced by the number of such days.

Improvements have been introduced for single parents: in special cases of hardship, childcare allowance may be extended by three months (previously two months), the income threshold has been raised to €1,400 (from €1,200 previously), and extension is now possible also in cases where provisional maintenance (alimony) payments are very low.

A ‘family time bonus’ of €22.60 per day will be available to gainfully employed fathers who want to dedicate their time fully and exclusively to their family following the birth of a child and therefore interrupt employment (in agreement with their respective employer). Any childcare allowance claimed by the father at a later stage will be reduced by the amount of the family bonus. The bonus can be claimed for an uninterrupted period of 28, 29, 30 or 31 days (within a fixed time frame of 91 days after birth). The exact number of days has to be specified when making the application. It cannot be changed later on. During parental leave, health and pension insurance remains in full force and effect.
Childcare allowance account – details on new features:
(This account replaces the currently four flat-rate options; income-related childcare allowance remains unchanged)

- Introduction of a childcare allowance account in the maximum amount of €15,449 + €1,000 partnership bonus for a between 50:50 and 60:40 division of the childcare allowance claim;
- Family time bonus: 28-31 days after the birth (during a period of family time agreed with the employer); with continued health and pension insurance;
- Simultaneous claiming of benefits by both parents for up to 31 days upon first swap of claim roles;
- In special cases of hardship, improved terms for extension of claim duration for single parents.

For up-to-date information on childcare allowance please refer to the relevant entries on the website of the Federal Ministry of Families and Youth: www.bmfj.gv.at

Beneficiaries
In Dec 2015, 127,476 persons received childcare allowances and 9,816 grants in addition to childcare allowances, while 2,300 persons received increased childcare allowances for multiple births.

Involvement of fathers in claiming childcare allowance (for at least two months) stands at 18.12% on average across Austria, but varies considerably between federal states. Vienna leads the ranking with 27.70% of fathers involved, while at 8.33%, Vorarlberg comes last.

6.2.3 Advances on alimony payments
If a parent not sharing the same household with her/his children fails to meet (in due time) her/his alimony obligations for under-age children as officially stipulated with legal effect, and if an appropriate enforcement request has been filed, advances on alimony payments will, upon request, be paid from the Family Burdens Equalisation Fund (FLAF). As a matter of principle, the amount paid will be equivalent to the alimony due. The person obliged to pay alimony must repay these advances to the FLAF, which is thus able to recover some 56% of the relevant expenses.

The FLAF disbursed advances on alimony payments for an annual average of 49,974 children in 2014, with expenditure on such payments amounting to almost €133m in the same year.

6.2.4 Educational expenditure paid from the FLAF
The government pays the costs of commuting between home and school or place of training for apprentices as well as children and adolescents attending as full-time pupils a public or officially recognised school. The contribution towards costs per schoolchild/apprentice and school year/training year is a lump sum of €19.60. If no appropriate means of free transport is available, pupils and apprentices who have to travel a distance of more than 2 km (one-way) are entitled to (school) commuting grants.
If pupils or apprentices need to stay away from their main residence for education and training (boarding school, apprentices’ home), they are eligible for home commuting grants.

The FLAF-funded textbook initiative (Schulbuchaktion) aims to provide pupils with the required teaching and learning materials free of charge. Every school year more than eight million textbooks are procured for 1.2 million pupils. Annual spending on this textbook initiative totals roughly €105m or an average of eight textbooks per pupil and school year at a price of €90 for teaching and learning. As of the 2011/2012 school year parents no longer need to contribute towards these costs.

6.3 Family benefits under statutory health, pension and unemployment insurance schemes

Child-rearing credits
Recognition of child-rearing/childcare periods as periods creditable towards statutory pension insurance under the revised and harmonised pension scheme will depend on whether parents have already entered a professional career (and thus a compulsory insurance scheme) at the time when the relevant Act entered into force.

Under the ‘old’ legal provisions, four years (five years for multiple births) of child-rearing following the birth of a child are eligible as substitute qualifying periods. Periods of child-rearing as of 2002 are calculated as follows: two calendar years on childcare allowance (counted from the date of birth) are recognised as contributory periods under statutory pension insurance. The remaining two years (three years for multiple births) are recognised as substitute qualifying periods. For the harmonised group of persons (those born on or after 1 Jan 1955), periods after 2005 are recognised as contributory periods. If another child is born within these four or five years, the overlapping periods will be counted only once towards the contribution records.

As a matter of principle, periods on childcare allowance are no longer relevant for child-rearing credits under statutory pension insurance schemes for those mothers and/or fathers who entered the labour market on or after 1 Jan 2005 for the first time as the pension account (as of 1 Jan 2005) no longer recognises substitute qualifying periods, but only contributory periods.

Accordingly, periods of child-rearing as of 1 Jan 2005 are subject to compulsory pension insurance (contributory period) for the first four years beginning on the date of birth of a child (or for the first five years for multiple births). Compulsory insurance results in the accrual of contributory periods.

Periods of child-rearing – as well as periods on maternity allowance – are deemed to be equivalent to pensionable periods in the amount of up to 60 months in assessing eligibility for pension benefits under long-term insurance rules for workers and for workers in physically demanding jobs.
The general assessment basis for child-rearing periods, which is valorised each year by the revaluation coefficient, amounts to €1,735.06 in 2016.

**Voluntary insurance while caring for a disabled child**
Individuals caring for their disabled child are given the option of taking up voluntary non-contributory pension insurance if increased family allowance is paid for the child in question. Persons nursing a close relative may also opt into voluntary non-contributory pension insurance. They are eligible for non-contributory entry into the scheme if the relative they are nursing has qualified for category 3 and up of long-term care benefits. If they do not have any other manner of obtaining health insurance (for instance, by way of co-insurance), they may also apply for non-contributory voluntary health insurance. In such a case, contributions will be taken care of in full by the Family Burdens Equalisation Fund.

**Childcare subsidy**
In order to promote labour market participation of parents of young children, the public employment service grants childcare subsidies to low-earning parents to cover part of their childcare costs.

This subsidy is financed by active labour market policy programmes. The maximum monthly amount of childcare subsidy is €300.

5,976 persons (whereof 5,810 women) were granted childcare subsidies in 2015. Overall, some €4.5m were spent on this subsidy (2014: €4.7m).

**Children’s and family supplements**
Claimants of unemployment or pension insurance benefits receive an additional flat-rate amount for each dependant: family supplement (under unemployment insurance) of €0.97 a day (rate for 2016) for each person entitled to this supplement or children’s supplement (under pension insurance) of €29.07 a month (rate for 2016).

**Maternity allowance**
Maternity allowance (*Wochengeld*) is an income replacement benefit paid by social health insurance to employed mothers for the period of maternity protection of eight weeks (in special cases twelve weeks) before and after birth, as defined by labour law. No minimum insurance period is required. The amount of maternity allowance paid to employed women is based on the net income earned in the last three months plus supplements for special bonus payments. Since 1 Jan 2008, quasi-freelancers (*freie Dienstnehmerinnen*) have been eligible for income-related maternity allowances. Voluntarily insured marginal part-timers (only if insured according to §19a of the General Social Insurance Act – ASVG) are eligible for a fixed amount of €8.91 per day (rate for 2016). Women drawing benefits under the Unemployment Insurance Act (AlVG) are entitled to maternity allowance amounting to 180% of the benefits last claimed.
Women drawing benefits under the Childcare Allowance Act (KBGG) will receive maternity allowance for another expected child if they were entitled to maternity allowance for the previous birth (i.e. for the child for whom childcare allowance is currently claimed) and claim maternity allowance at the beginning of the period of protection. Upon entry into the period of maternity protection for another child while drawing one of the flat-rate options of childcare allowance for the previous child, maternity allowance is currently fixed at 180% of the monthly flat rate of approximately €436 (=option 30+6 months for childcare allowance). If the childcare allowance drawn is income-related, maternity allowance currently amounts to 125% of this income-related childcare allowance.\(^{20}\)

Self-employed women and female farmers receive maternity benefits in the form of benefits in kind (temporary help). If no such temporary help is granted, these women may be eligible for maternity allowance of €52.69 per day (rate for 2016).

**Co-insurance for family members**

Non-working family members (e.g. children, partners) are co-insured for health insurance with a working family member who is subject to compulsory social insurance.

Under certain conditions non-contributory co-insurance is available to the following groups:

- **Spouses**, registered partners, individuals running the household, and nursing family members, provided they are nursing the insuree at home on a non-commercial basis and spending the vast majority of their working time on this task and provided that the insuree claims category 3 or up of long-term care benefits. However, unless the co-insured person has dedicated him/herself to raising children sharing the same household or claims category 3 or up of long-term care benefits, an additional contribution of 3.4% of the insuree's contribution base has to be paid for such persons.
- **Children** until they turn 18 as well as children in education or training usually until they turn 27 (see Chapter 8.2 Benefits).

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\(^{20}\) A draft prepared by the Federal Ministry of Families and Youth provides for the following changes: with effect as of 1 Jan 2017, maternity allowance for another birth will be paid only in the amount of the childcare allowance claimed before such birth. However, these amendments have not been enacted yet.
6. BENEFITS FOR FAMILIES

Maternity health card
Healthcare for pregnant women, mothers and infants in Austria is ensured by the maternity health card programme (*Mutter-Kind-Pass*). Each pregnant woman and each mother may use this programme for free preventive check-ups. Financial incentives for having these check-ups are created by linking payment of part of the childcare allowance to these examinations.

**Excursus: early assistance**

The early assistance programme (*Frühe Hilfen*) is designed to help pregnant women and families with new-borns and infants in difficult situations. The key element here is offering free-of-charge support to families in difficult situations in obtaining adequate help and assistance. This ranges from providing personal advice to assisting in dealings with government authorities to offering instructions and help with nursing, childcare and child rearing.

Where is early assistance being offered in Austria? Early assistance has been available throughout Vorarlberg for some years now, and early assistance networks have been set up in an increasing number of regions since 2014. As of early 2016, all *Länder* have relevant offers in about half of all districts. For information on the availability of regional early assistance networks and relevant contact details please refer to the website: [www.fruehehilfen.at](http://www.fruehehilfen.at)

6.4 Cash benefits for families in need

**Family supplements of the Länder**
Special financial support for families with young children is available at Länder level. Support is dependent on household income and the number of children (weighted per capita income). Both the eligibility criteria and the amount of family supplements greatly vary from Land to Land.

For more information please refer to the relevant entries at [www.bmfj.gv.at](http://www.bmfj.gv.at).

**Compensation for families in distress**
This benefit is a tool available under the Family Burdens Equalisation Fund (FLAF). Compensation is a one-time bridge benefit intended to support families in distress through no fault of their own (e.g. death, sickness, disability, incapacity for work, accident, natural disaster). There is no recurring subsistence support available. Eligibility is based on entitlement to family allowance or an existing pregnancy.

Claimants of such a compensation for families in distress must be EU citizens, recognised refugees or stateless persons.
There is no legal entitlement to compensation for families in distress.

In 2015, 186 such compensation payments totalling €403,941 were granted, with roughly 70% of them going to single-earner families.

**Family hospice leave – compensation for distress**
The compensation measure is intended to support the family hospice leave programme introduced in 2002 (see Chapter 3 Provisions under labour law) and enables low-income families to take up this kind of leave. Whoever takes time off work with full rights under labour and social legislation to nurse and accompany a dying relative or critically ill child (family hospice leave) may claim supplements from the leave programme’s compensation scheme to alleviate the financial distress resulting from such a decision. Eligibility is conditional on a weighted monthly per-capita income of no more than €850 (not including family allowance, housing assistance, long-term care benefit and childcare allowance, but including care leave benefits claimed).

In 2015, 206 such compensation payments totalling €207,683 were awarded under the family hospice leave programme. Their average monthly amount was €326 (ranging from €22 to €1,386 per month depending on the income of the household concerned). In 60% of the cases all of the lost earnings could be replaced because of the low income situation of these families (including care leave benefits).

**6.5 Financial support for families provided through the tax system**
The Austrian tax system supports children primarily through tax credits for children, tax credits for child support and sole earner’s or single parent’s tax credits. Further financial relief is provided in the form of subsidies for childcare paid by employers, tax deductibility of childcare costs and a tax allowance for children.

**Tax credit for children and for child support**
These credits are intended to make up for part of the decreased economic capacity of taxpayers liable to support children.

The tax credit for children is €58.40 per month and child and is disbursed together with the family allowance.

Tax credits for child support, in turn, are granted to taxpayers who are liable under law to pay support for a child who does not live in the same household and for whom they do not receive family allowance. The tax credit for child support amounts to €29.20 per month for the first child, €43.80 per month for the second child and €58.40 per month for each further child.
Sole earner’s and single parent’s tax credits
Sole earner’s or single parent’s tax credits are contingent on the number of children for whom family allowances were claimed for a period of more than six months. The annual amount is
- €494 for one child;
- €669 for two children;
- €889 for three children;
- The above amount increases by €220 for each further child.

Subsidies for childcare paid by employers
Introduced in 2009, this scheme gives employers the option of granting childcare subsidies to their employees of up to €1,000 per year for children under ten years of age. The subsidies are not subject to taxation or social insurance contributions. They are conditional on childcare being provided by a public childcare facility, or by a private facility which complies with the related Länder legislation, or by an individual with appropriate educational training and qualifications.

Subsidies are paid either to the caregiver or childcare facility directly, or in the form of vouchers which can be cashed at childcare facilities only. In order to benefit from employers’ subsidies to childcare, employees must be entitled to tax credits for the child in question for more than six months during a calendar year.

Tax deductibility of childcare costs
Tax deductions may be claimed for childcare costs of up to €2,300 per year and child (including costs for care, meals, arts and crafts, as well as all costs of school-holiday care). The child under care must not have completed its tenth year of life at the beginning of the calendar year in question. Eligibility is also conditional on childcare being provided by an appropriate institution which complies with the related Länder legislation, or by an individual with appropriate educational training and qualifications. If childcare costs are supported by employers’ subsidies (see above), eligible taxpayers may deduct only the costs which are not covered by these subsidies up to the amount referred to above. In order to claim tax deductibility of childcare costs, taxpayers must be entitled to tax credits for the children in question for more than six months during a calendar year.

Tax allowance for children
Parents subject to wage or income tax are eligible for allowances for children, with such allowances reducing their basis of tax assessment.

The tax allowance may be claimed by one parent or by both parents. If a parent claims tax credits for child support, each of the two parents may, as of 2016, deduct an allowance for the child in question of €300. A single parent may claim an allowance of €440 for a child if the other parent fails to pay support (alimony) for this child.
In order to claim tax allowances for children, it is absolutely necessary for taxpayers to be entitled to tax credits for the children in question for more than six months during a calendar year.

**Other tax incentives for families**
Taxpayers may deduct certain special expenses (e.g. on personal insurance policies, on new homes or on upgrades to existing homes) even if they defray these expenses not for themselves but for spouses who are not permanently separated from them or for their children who are entitled to tax credits for children or for child support. The same applies to partners, if the partners are co-habiting with a child.

The uniform annual maximum amount of €2,920 for special expenses\(^{21}\) is increased by another €5,840 per year, if the taxpayer in question is entitled to the sole earner’s or single parent’s tax credit\(^{22}\).

Tax allowances for extraordinary burden may be claimed together with the income tax assessments of the workers concerned. Extraordinary burden includes:
- Costs incurred due to sickness (also for dependent relatives): e.g. doctor’s fees, cost of medication, hospitalisation, dental treatment, dental braces, glasses, contact lenses, childbirth;
- Costs incurred due to education/training of a child away from home (lump sum of €110 per month, also during school and university holidays);
- Costs incurred by working single parents for childcare or home help subject to co-payment.

No co-payment is required in the case of flat-rate deductions for disabilities of adults and children (not applicable if long-term care benefits are claimed for adults). Moreover, costs of medical treatment are tax deductible. Sole earners may also claim deductions for additional expenses incurred due to the disability of a spouse or partner. In addition to the increased family allowance, a monthly lump sum may be claimed for seriously disabled children and has to be set off against long-term care benefits received; the costs for medical treatment and tuition fees also need to be considered in such cases.

\(^{21}\) Insurance premium payments (with the exception of voluntary continued insurance and purchase of credits for insurance periods prior to gainful activity), contributions to pension funds, expenses on new homes or on upgrades to existing homes are also referred to as capped special expenses. They can be claimed only once the expenses exceed €240 per year, because only a quarter of the total cost is tax deductible and €60 is already automatically deducted as a flat-rate amount in payroll accounting. The amount deductible decreases once taxable income exceeds €36,400, and for incomes of and above €60,000 no more deductible expenses can be claimed. For contracts entered into before 1 Jan 2016, the capped special expenses continue to apply until 2020. For contracts entered into after 31 Dec 2015, it is no longer possible to claim capped special expenses.

\(^{22}\) In cases where a taxpayer is not eligible for sole earner’s tax credits, but was married or living in a registered partnership for more than six months in a given calendar year and the partner’s income did not exceed €6,000, the tax payer may still claim €5,840.
6. BENEFITS FOR FAMILIES

Information about benefits and services available to families:

- Citizens’ Service Team of the Federal Ministry of Families and Youth, telephone +43 800 240 262 (free of charge from within Austria), www.bmfj.gv.at
- Citizens’ Service Team of the Federal Ministry of Labour, Social Affairs and Consumer Protection, telephone +43 1 711 00 86 22 86, www.sozialministerium.at
- Citizens’ Service Team of the Federal Ministry of Health, telephone +43 810 333 999 (max. 10 ct/minute, www.bmg.gv.at
- Federal Ministry of Finance: www.bmf.gv.at

6.6 Expenditure and financing

The Family Burdens Equalisation Fund (Familienlastenausgleichsfonds – FLAF) is Austria’s key instrument in supporting families. More than 80% of its funds are raised by wage-based employers’ contributions, which amount to 4.5% of the payroll total in 2016. The balance is covered by general tax revenue.

Overall, expenditure on family benefits came to €9.2bn in 2014.23

Family benefits primarily involve cash benefits and benefits in kind provided to families directly, as well as other family-related benefits made available by the equalisation fund for family allowances.

According to ESSPROS, cash benefits totalling €6.6bn include family allowances (€3.1bn), childcare allowances (€1.1bn), tax credits for children (€1.3bn), advances on alimony payments (€0.1bn), grants for pupils and students (€0.2bn), maternity allowances (€0.5bn) and sole earner’s tax credits (€0.3bn).

Cash benefits, which include family allowances, tax credit for children and childcare allowance, mainly include universal transfer payments (i.e. independent of gainful activity and income). In addition, there are a number of insurance benefits based on gainful activity and income earned (e.g. maternity allowance before and after childbirth), as well as benefits which are only awarded to those in need and/or means-tested against incomes. Tax-based measures are of great importance in supporting families.

Benefits in kind, i.e. subsidies to childcare facilities and subsidies to family services provided primarily by Länder and local governments totalled €2.5bn in 2014.

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23 Under ESSPROS family-related tax benefits, with the exception of tax credits for children, are not considered social expenditures; this also goes for periods of child-rearing creditable towards pension entitlements, social health insurance for family members and medical check-ups under the maternity health card programme. Free transport to school and free textbooks are deemed to be educational rather than social benefits.
Funding is provided from the budgets of the federal government, the Länder and local governments as well as from employer contributions.

The following chart provides an overview of spending on individual benefits.

Expenditure on families in €bn and per cent, 2014

Source: Social Affairs Ministry: ESSPROS (as at 15 Jan 2016).

As this representation of expenditures is based on ESSPROS, systems without a redistributive nature, such as explicit expenditure on education, are not included. Additional information: in 2014, €422m were spent on free transport for pupils and apprentices, and €106m on textbooks. An amount of roughly €0.02bn went into other expenditure, such as compensation for distress, family counselling centres and transfers.
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**7. Benefits in case of sickness**

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</table>
7. BENEFITS IN CASE OF SICKNESS

7.1 Conditions for entitlement to health insurance benefits

Irrespective of their individual amount of health insurance contributions, all individuals covered by any one of Austria’s social health insurance schemes are entitled to benefits in kind\(^{24}\) by doctors under contracts concluded with statutory health insurance (SHI), non-SHI physicians (‘doctors of choice’), by insurance-run facilities (clinics) or hospitals.

In case of temporary incapacity for work due to sickness, employees are entitled to sickness benefits which follow on the continued payment of wages by the employer (employers are obliged to continue paying wages for six to twelve weeks, see Chapter 3 Provisions under labour law).

99.9% of the population are covered by statutory health insurance schemes.

Although statutory health insurance is linked to gainful activity, it goes far beyond the scope of an insurance for workers. Insurance cover relates not only to direct insurees but also to their family members. Roughly one fourth of health insured individuals are co-insured family members\(^{25}\).

Co-insurance is non-contributory for the following groups, which account for more than 90% of co-insured family members:

- Children;
- Individuals who care for children or have done so for at least four years;
- Nursing family members and beneficiaries of long-term care benefits (category 3 and up);
- Particularly vulnerable individuals in need of social protection;\(^{26}\)
- An additional contribution of 3.4% of the insuree’s gross income is required to be paid for co-insured family members

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\(^{24}\) Nursing care – with the exception of medical home care, which is a health insurance benefit – is a matter of the long-term care provision scheme (see Chapter 8 Benefits available to those in need of nursing care).

\(^{25}\) Under applicable statutory provisions, the following are deemed family members: spouses or registered partners; children and adoptive children; stepchildren and grandchildren provided they are living in a shared household with the insuree; foster children provided they are catered for by the insuree free of charge or the foster relationship is based on official approval. For more information please refer to the website of the Federation of Austrian Social Insurance Institutions at [www.sozialversicherung.at](http://www.sozialversicherung.at) or to §123 General Social Insurance Act (ASVG).

\(^{26}\) Under the policies of the Federation of Austrian Social Insurance Institutions, individuals are considered to be in need of social protection if the insuree’s monthly net income does not exceed the equalisation supplement reference rate for spouses or registered partners (2016: €1,323.58) or if the insuree claims sickness benefits, maternity allowance, parental leave benefits, unemployment benefits or unemployment assistance.
Non-insured parties may opt into a voluntary insurance scheme to have an insurance of their own. On an annual average, around 121,000 persons were covered by such a voluntary self-insurance scheme in 2014.

### 7.2 Benefits in kind by statutory health insurance

Most of the benefits available under health insurance schemes are benefits in kind provided either by insurance-run facilities (mainly clinics) or – primarily – by entities (hospitals) or doctors under contracts concluded with statutory health insurance (SHI).

Basically, all those covered by SHI are free to choose their physicians. If insurees choose treatment by non-SHI physicians ('doctor of choice') or other facilities, the costs incurred will be refunded (in part). Insurees have to prefinance these treatments. Up to 80% of the amount the SHI would be required to pay to SHI physicians for the same treatment will be refunded ex-post at the insuree’s request.

#### 7.2.1 Medical treatment

Upon showing their e-card, persons covered by health insurance are entitled to treatment by an SHI physician. The e-card is a chip card used by patients to prove their entitlement to treatment and by SHI doctors or SHI entities to settle their fees with the related health insurance fund.

The e-card is subject to an annual service charge of €11.10 (rate for 2016) to be collected by employers on behalf of their employees. Pensioners, eligible dependants and low-income earners, as well as individuals suffering from notifiable communicable diseases, are exempted from this service charge.

Self-employed persons and civil servants are required to make co-payments of 10% for each medical treatment; farmers pay a lump-sum co-payment of €9.38 per quarter (2016). Employees insured under the General Social Insurance Act (ASVG) and pensioners are not subject to any co-payment.

Some medical services, in particular dental treatment, e.g. dental crowns or bridges, are not covered by statutory health insurance. SHI funds only pay a small contribution towards costs arising to the insured person for such treatment. In cases which merit special consideration, insured persons may apply for assistance from the special SHI support fund, with due consideration of family situation, income and property, provided the claim is related to SHI benefits.

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27 Apart from medical assistance and inpatient care, health insurance also covers medicinal products, therapeutic appliances and aids as well as medical home care; other benefits include dental treatment and dental prosthesis, medical rehabilitation, preventive check-ups and costs of transport.

28 Non-SHI physicians do not have contracts with the statutory health insurance system.
7. BENEFITS IN CASE OF SICKNESS

Insured persons are entitled to hospital care for unlimited periods of time when required. Health insurance funds have concluded contracts with all public and most private hospitals.

Inpatient care is subject to co-payments. In terms of co-payment, a distinction is made between contributions under social insurance law and contributions under the pertinent hospitals legislation.

Contributions under social insurance law are collected for:
- inpatient care of co-insured family members under the General Social Insurance Act (ASVG);
- inpatient care of persons insured under the Farmers’ Social Insurance Act (BSVG) and their co-insured family members (if also under the Farmers’ Social Insurance Act).

Co-payments for 2016 in €

<table>
<thead>
<tr>
<th>Federal Land</th>
<th>Max. co-payment¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgenland</td>
<td>18.10</td>
</tr>
<tr>
<td>Carinthia</td>
<td>19.80</td>
</tr>
<tr>
<td>Lower Austria</td>
<td>19.50</td>
</tr>
<tr>
<td>Upper Austria</td>
<td>19.90</td>
</tr>
<tr>
<td>Salzburg</td>
<td>20.60</td>
</tr>
<tr>
<td>Styria</td>
<td>19.50</td>
</tr>
<tr>
<td>Tyrol</td>
<td>20.50</td>
</tr>
<tr>
<td>Vorarlberg</td>
<td>20.60</td>
</tr>
<tr>
<td>Vienna</td>
<td>20.50</td>
</tr>
</tbody>
</table>

¹ Varies from hospital to hospital, the amount shown is the highest in each Land.

Where inpatient care is provided in a hospital funded by the respective regional health fund at Ländere level, co-payments have to be made to the hospital in question, which then transfers them to the respective health fund. Where inpatient care is provided in hospitals organised by the private hospitals financing fund (PRIKRAF), co-payments have to be made to the fund, for inpatient care in other hospitals, to the social insurance institution in question.
The private hospitals financing fund (PRIKRAF) was established in 2002 to perform the following functions:

- To cover all inpatient and outpatient services provided by PRIKRAF hospitals, including services which are the outcome of medical progress and for the cost of which health insurance providers have an obligation to pay. All intramural and extramural examinations or treatments during inpatient care are settled by the fund.
- To provide supplements to costs of care to insurees under § 150(2) of the ASVG who received treatment in a PRIKRAF hospital.
- To perform any other tasks and functions imposed upon PRIKRAF by statute or ordinance.

For more information please refer to: www.prikraf.at

No co-payment is required if inpatient care exceeds four weeks within one calendar year, for inpatient care related to maternity insurance, and for inpatient care in connection with organ donations.

All other insured persons (i.e. those insured under the ASVG, under the Social Insurance Act for the Self-Employed [GSVG] and under the Civil Servants’ Health and Accident Insurance Act [B-KUVG]) have to make co-payments under the pertinent hospitals legislation.

Rates for 2016, in €

<table>
<thead>
<tr>
<th>Federal Land</th>
<th>Co-payment</th>
<th>Reduced co-payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burgenland</td>
<td>9.68</td>
<td></td>
</tr>
<tr>
<td>Carinthia</td>
<td>10.18</td>
<td></td>
</tr>
<tr>
<td>Lower Austria</td>
<td>11.82</td>
<td></td>
</tr>
<tr>
<td>Upper Austria</td>
<td>11.81</td>
<td></td>
</tr>
<tr>
<td>Salzburg</td>
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<td>Styria</td>
<td>9.48</td>
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<tr>
<td>Tyrol</td>
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<tr>
<td>Vorarlberg</td>
<td>11.91</td>
<td>8.91</td>
</tr>
<tr>
<td>Vienna</td>
<td>11.81</td>
<td>9.28</td>
</tr>
</tbody>
</table>


If persons in inpatient care are liable to make a co-payment under social insurance law, they are exempt from co-payments under hospitals legislation. Co-payments under hospitals legislation are to be paid for no more than 28 calendar days per calendar year. Maternity-related hospitalisation and particularly vulnerable individuals in need of social protection are exempt from such contributions. Low-income earners pay reduced co-payment rates.
7. BENEFITS IN CASE OF SICKNESS

7.2.2 Medication

If medical treatment requires medication, a fixed prescription charge of €5.70 (rate for 2016) is to be paid for each medicinal product prescribed. Medication needed for the treatment of notifiable communicable diseases is free of prescription charges.

There is a cap on prescription charges: Whoever has spent 2% of their annual net income on prescription charges at any point in time during a calendar year will be automatically exempted from paying further charges for the remainder of that year. Annual net income is assessed on the basis of the data already known to the SHI. These are either the contribution bases of economically active persons (employed and self-employed) or the benefits claimed (such as pension, unemployment, sickness benefits). As a rule, the data for the last available year will be used, for pensioners the current pension benefits.

If the present income no longer matches the data known to the SHI fund, it is possible to apply with the competent health insurance provider for a reassessment of annual net income. In such cases, the annual net income is set at twelve times the single person’s reference rate for equalisation supplements (2016: €882.78 monthly).

Individuals who are not exempted from prescription charges have to pay at least 38 prescription charges of €5.70 each (rate for 2016) before the two-per-cent cap takes effect (=minimum ceiling).

In special cases where vulnerable individuals are in need of social protection (low-income earners and individuals providing evidence that they incur above average medication expenses due to chronic illness or infirmity) may request exemption from prescription charges.

In some of these cases, exemption will take effect without application, in some cases an application has to be filed with the competent health insurance provider. Exemptions from prescription charges automatically apply also to eligible dependants of the insuree.

In order to control the cost of medication and to meet quality assurance standards, the Federation of Austrian Social Insurance Institutions has compiled a catalogue of medicinal products, the so called “reimbursement code”, which can be obtained free of charge or on certain conditions at the expense of the SHI fund. Some of these medicinal products are subject to approval by the head doctor of the relevant SHI fund.

The statutory health insurance (SHI) website lists all benefits (reimbursement code for medication, therapeutic appliances, therapies, etc.): www.sozialversicherung.at
7. BENEFITS IN CASE OF SICKNESS

7.2.3 Therapeutic appliances and aids
Therapeutic appliances and aids to help people with physical infirmities include orthopaedic shoe insoles, spectacles, crutches and wheelchairs. Insurees and their co-insured family members are required to contribute co-payments for the costs incurred. Moreover, there are caps for the costs defrayed by the SHI.

Employees and civil servants are required to contribute co-payments of 10% of the costs incurred, but no less than €32.40 (rate for 2016), while self-employed individuals must also make co-payments of no less than €32.40 (which corresponds to 20% of the daily maximum contribution base). Vision aids are subject to a co-payment of 10% of the costs incurred, but in any case no less than €97.20 (rate for 2016). Co-payment is waived for children under 15 years of age, children with severe disabilities and for individuals exempted from prescription charges because they are in need of special social protection.

7.2.4 Psychosocial care and treatment by non-medical healthcare professionals
The following treatments are classified as equivalent to medical treatment provided by a physician:
- Treatments provided by physiotherapists, members of the logopaedics-phoniatrics-audiology service, ergotherapists or massage therapists based on referral by a physician;
- Treatments provided by clinical psychologists based on referral by a physician or by a psychotherapist;
- Treatments provided by psychotherapists based on a medical examination.

The benefits in kind principle applies here as well.

Physiotherapies and speech and language therapies are usually approved by social health insurance funds for treatment following inpatient care.

Some health insurance funds provide psychotherapy treatments fully as benefits in kind, i.e. they will defray the full costs; otherwise they will pay a contribution towards costs at request.

For more information please refer to the Austrian public health portal: www.gesundheit.gv.at
Other benefits include prevention and health promotion, such as preventive check-ups or treatments at health resorts.

**Prevention and health promotion**

**Primary prevention** aims to prevent disease or illness before it occurs. Its aim is to identify and avoid factors that are damaging to health, in an effort to prevent illnesses from developing at all.

The purpose of **secondary prevention** is to detect illnesses as early as possible so that the chances of healing increase. Screening procedures, such as cancer screenings, are one of the means employed to diagnose illnesses as soon as possible. If diagnosed early, therapies can be started at the earliest possible stage, thus increasing the chances of a cure.

**Tertiary prevention** is designed to prevent patients with existing illnesses from getting worse or developing additional symptoms.

All steps in health promotion are aimed primarily at raising awareness and having a positive influence on people’s lifestyles, while also supporting health-related communal activities (sports events, dietary advice, lectures).
7.3 Cash benefits in case of sickness

The most important income substitution benefits in case of sickness include: continued payment of wages by employers as defined by labour law (see Chapter 3 Provisions under labour law) and subsequent sickness benefits paid by the relevant social health insurance fund.

Once entitlement to continued payment of wages by employers is exhausted, sick employees are eligible for sickness benefits under the social insurance scheme. Depending on an employee’s insurance record, benefit receipt may vary between six months and one year. The minimum level of monthly sickness benefits is 50% of the previous gross pay, including prorated special bonus payments, or 60% as from the 43rd day of incapacity for work.

Self-employed individuals are entitled to claim sickness benefits if
- they have taken out supplementary insurance under the Social Insurance Act for the Self-Employed (GSVG),
- or if the illness is a prolonged one. From the 43rd day of incapacity for work due to illness, insurees may claim a daily allowance of €29.23 (rate for 2016) for a period of 20 weeks.

Farmers receive supplementary contributions towards the costs of employing temporary help.

In cases of temporary invalidity of six or more months, the insuree is entitled to rehabilitation or retraining benefits (see Chapter 9 Benefits in case of invalidity and accident).

Such incapacity for work has to be ascertained by the competent pension insurance institution at the insuree’s request. Rehabilitation benefits are due – for the duration of temporary invalidity or incapacity to perform usual work – in the same amount as sickness benefits and, as from the 43rd day, in the same amount as increased sickness benefits but at least in the amount of the equalisation supplement reference rate for single persons (€882.78 per month in 2016) if the beneficiary’s residence is in Austria. If beneficiaries are entitled to rehabilitation benefits while on sickness benefits, their sickness benefits are suspended up to the amount of rehabilitation benefits.

If, during receipt of rehabilitation benefits, claimants earn money from paid work that exceeds the monthly marginal earnings threshold (€415.72 in 2016), they will only be entitled to claim partial rehabilitation benefits.
7.4 Expenditure and financing

Public expenditure on healthcare (according to ESSPROS) was almost €24.4bn in 2014, i.e. almost 7% of GDP or 25% of social expenditure, which ranks health benefits second only to old-age benefits within social expenditure as a whole. Outpatient and inpatient care account for most (81%) of this expenditure. Another 14% are attributable to income support provided by employers and by social health insurance schemes in cases of temporary incapacity for work due to sickness.

Expenditure on health insurance benefits in €bn and per cent, 2014

Source: Social Affairs Ministry, ESSPROS database on social expenditure, 30 Oct 2015.

1 Expenditure by health insurance funds, healthcare schemes and territorial authorities; largely based on estimates.

2 Remedial treatment after accidents; cash benefits provided by healthcare schemes, benefits in kind provided under social assistance/means-tested minimum income scheme.
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8. BENEFITS AVAILABLE TO THOSE IN NEED OF NURSING CARE

8.1 Overview

Providing care for – primarily – older people is a key social policy issue in Austria.

Assistance in challenging circumstances is required not only by individuals in need of care, but also by their caregiving families and relatives, who make a highly valuable contribution towards society as a whole.

In Austria, the provision of various care services – among them hospitals, nursing homes, mobile care services – are still largely managed by the state. Long-term care benefits, which constitute purely financial support, fall within the exclusive purview of the federal government; the system is run by five decision-making bodies.

Legislation underlying the implementation of the long-term care provision scheme includes the Federal Long-Term Care Benefit Act (Bundespflegegeldgesetz – BPGG), the revision of the Long-Term Care Benefit Act (Pflegegeldreformgesetz – PGRG), the Labour Law Reform Act (Arbeitsrechts-Änderungsgesetz – ARÄG), the Long-Term Care Fund Act (Pflegefondsgesetz – PFG), the Home Care Act (Hausbetreuungsgesetz – HbeG) and the Trade Act (Gewerbeordnung – GewO).

The overarching goal is to provide high-quality support to individuals in need of care, their family members and the individuals and institutions providing care to them. The first port of call where individuals in need of care and caregiving family members can obtain information, advice and assistance and file applications is the Sozialministeriumservice (SMS). It has nine Länder offices.

Citizens’ Service Team of the Social Affairs Ministry: telephone +43 1 711 00 86 22 86
Platform for caregiving family members: www.sozialministerium.at

8.2 Benefits

8.2.1 Long-term care benefits

Long-term care benefits are earmarked benefits for the sole purpose of covering care-related additional expenses and are thus not meant to raise incomes in general. As the actual costs of care exceed the relevant long-term care benefits in most cases, they are to be regarded as a lump-sum contribution towards care costs. This type of benefit enables individuals in need of care to be somewhat independent and remain (longer) in their familiar environment.
The amount of long-term care benefits is exclusively based on actual care and assistance requirements. Long-term care requirements due to physical, mental or psychological disabilities or sensory impairment must be for at least six consecutive months and average more than 65 hours per month.

Long-term care benefits are awarded irrespective of the root cause of care needs, but also irrespective of income, property or age of claimants. Claimants are legally entitled to long-term care benefits.

By and large, long-term care benefits are claimed by older individuals. Pension or retirement benefit claimants file their applications for long-term care benefits with the competent insurance institution. Workers, co-insured family members and minimum income or rehabilitation benefit claimants may request long-term care benefits from their pension insurance institution. Retired civil servants receiving pensions from Länder or local governments must turn to the pension service of the statutory insurance institution for public-service employees (BVA).

### Care categories: benefit levels and care needs

<table>
<thead>
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<th>Care category</th>
<th>Monthly benefit(^1) in €</th>
<th>Care needs in hours</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>157.30</td>
<td>more than 65</td>
</tr>
<tr>
<td>2</td>
<td>290.00</td>
<td>more than 95</td>
</tr>
<tr>
<td>3</td>
<td>451.80</td>
<td>more than 120</td>
</tr>
<tr>
<td>4</td>
<td>677.60</td>
<td>more than 160</td>
</tr>
<tr>
<td>5(^2)</td>
<td>920.30</td>
<td>more than 180</td>
</tr>
<tr>
<td>6(^2)</td>
<td>1,285.20</td>
<td>more than 180</td>
</tr>
<tr>
<td>7(^2)</td>
<td>1,688.90</td>
<td>more than 180</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, Mar 2016.  
\(^1\) Amounts as from 1 Jan 2016  
\(^2\) In addition to the required hours, the care being provided must also meet certain hardship standards (e.g. exceptional care requirements, care measures not reconcilable with a fixed time schedule, permanent attendance of carer, etc.).

There are seven categories of long-term care benefits. Assessment of categories 1 to 4 is based on the time required for care every month (more than 65 hours for category 1, more than 95 hours for category 2, more than 120 hours for category 3 and more than 160 hours for category 4). Categories 5 and up are based not only on the time required for care of more than 180 hours per month but also on further hardship factors (such as exceptional care requirements, care measures not reconcilable with a fixed time schedule, permanent attendance of carer).

As of 1 Jan 2016, the long-term care benefits in all care categories have been increased by 2%, raising benefits for claimants by €111 per year on average and resulting in additional disbursements of €50m annually.
Detailed provisions for the assessment of care needs are included in the classification ordinance (EinstV) issued under the Federal Long-Term Care Benefit Act (BPGG). The classification ordinance includes definitions of care and assistance and time units for individual activities, e.g. dressing and undressing, personal hygiene, preparing and eating meals, as well as mobility assistance.

The decision on both the award and the amount of long-term care benefits is based on a medical expert opinion. As of 1 Jan 2012 intermediate-level health and nursing care professionals may also be consulted as experts concerning requests for changeover to a higher benefit category. Assessments are usually made in the course of home visits. If required, experts from other fields – therapeutic and special education, social work, psychology and psychotherapy – need to be consulted to assess the overall situation and arrive at a decision.

The special needs of people with mental and psychological disabilities are also considered in the classification ordinance: guidance and supervision are deemed to be equivalent to care and assistance, and time units needed for motivational discussions are listed.

The legal provisions of the classification ordinance pertaining to the Federal Long-Term Care Benefit Act, as amended on 18 Jan 2016, can be accessed in the Federal Chancellery’s Legal Information System (RIS): [www.ris.bka.gv.at](http://www.ris.bka.gv.at)

In assessing the care category, hardship supplements for aggravating factors in long-term care situations are taken into account in the form of special flat-rate values:

- For children and young people with serious disabilities
  - under the age of seven, 50 hours per month
  - under the age of 15, 75 hours per month
- For persons aged 15 and up and suffering from serious mental or psychological disabilities or dementia, 25 hours per month.

Classification is based on the extent of care needs. Minimum classification rules for people with severe visual disabilities, blind and deaf-blind people, as well as for people who need to use a wheelchair to lead an independent life, are set forth to meet their care-related needs.
8. BENEFITS AVAILABLE TO THOSE IN NEED OF NURSING CARE

8.2.2 Care leave benefits
As of 1 Jan 2014 workers (under private law employment relationships, public-sector employees and unemployed persons) may take

- care leave with no wage or salary being paid (Pflegekarenz), or
- part-time care leave with prorated payment of wage or salary (Pflegeteilzeit).

Caring and nursing family members taking care leave or part-time care leave or family hospice leave or part-time family hospice leave have a legal entitlement to care leave benefits under certain conditions. This includes persons who

- have agreed on care leave or part-time care leave with their employer;
- take family hospice leave or part-time family hospice leave for the purpose of nursing a dying close family member or a seriously ill child;
- have deregistered from unemployment benefits or unemployment assistance for the purpose of taking care leave or family hospice leave in accordance with § 34 of the AlVG.

Care leave benefits for a close family member or an individual in need of care may be drawn for one to three months during care leave or part-time care leave, depending on the period of leave agreed with the employer. If at least two close family members take care leave/part-time care leave, care leave benefits may be claimed for up to six months for each individual in need of care.

If care needs increase by one or more care benefit categories, carers may reapply for care leave benefits for up to six months after having agreed with their employers on renewing their care leave or part-time care leave for the same family member, unless such leave is taken simultaneously by two or more closer family members.

The period of care leave benefits for the same family member in need of care may thus not exceed a total of twelve months. In cases of family hospice leave, care leave benefits are due for as long as such activity takes.

The rate of care leave benefits is income-related and basically equal to the rate of unemployment benefits (55% of daily net income) if the claimant does not work at all. Since in the case of part-time care leave/part-time family hospice leave both working time and income are reduced, the amount of care leave benefits due is prorated, i.e. calculation is based on the difference between the average gross pay (as used for calculating unemployment benefits) received before and the one received during part-time leave (special bonus payments not included).

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29 Unemployment Insurance Act
When claiming family hospice leave, it is possible, under certain conditions (financial distress), to apply for financial supplements from the family hospice leave programme's compensation scheme with the Federal Ministry of Families and Youth (see Chapter 6 Benefits for families).

Applications for care leave benefits are filed with *Sozialministeriumservice* (SMS), at the respective Länder office.

### 8.2.3 24-hour care

The Home Care Act (*Hausbetreuungsgesetz* – HbeG) and an amendment to the Trade Act (*Gewerbeordnung* – GewO) constitute the legal basis under labour and trade law for legal (nursing) care services of up to 24 hours in private households either by employed carers or by self-employed carers. The Social Affairs Ministry has developed a support model, under which care services for people in need of (nursing) care can be supported with money from the assistance fund for people with disabilities (*Unterstützungsfonds für Menschen mit Behinderungen*).

Support may total up to €1,100 in case of care relationships involving employed carers or up to €550 in case of care relationships involving self-employed carers.

The net monthly income of persons in need of care must not exceed €2,500 to qualify for this kind of support, with long-term care benefits, special bonus payments, family allowance, childcare allowance and housing assistance not being taken into account. This income threshold is raised by €400 for each dependent relative or by €600 for each dependent relative with disabilities. Support is not subject to a means test on the assets or property of the cared-for.

Care may be provided under an employment relationship between carer and cared-for (or one of the latter's relatives), or under a contract of these parties with a non-profit provider, or by engaging a self-employed care provider. The cared-for must claim category 3 or up of long-term care benefits to qualify for support and the need for up to 24-hour care must have been established. Claimants in category 5 or up are generally regarded as being in need of such care. With claimants in categories 3 or 4, such need is ascertained separately by the *Sozialministeriumservice*.

In order to ensure the required quality of care, care providers

- must have an educational background equivalent to that of home helps, or
- must have properly cared for the requesting party for six or more months, or
- must have been given due authorisation for the provision of (nursing/medical) care.

One of the above three quality criteria must be met to qualify for support to 24-hour care.
An amendment of the Trade Act, which took effect on 10 July 2015, provided for a separation of commercial agency activities from self-employed personal care services and introduced a new trade called ‘organisation of personal care services’.

Along with the amendment, rules of professional conduct and practice for this new trade were issued (in consultation with the Federal Ministry of Science, Research and Economy, BMWFW), which are aimed specifically at improving the quality of service offered by agencies.

8.2.4 Further assistance for caregiving relatives
Another objective of Austria’s long-term care system is to strengthen the position of caring relatives. For this purpose numerous measures have been taken:

Individuals who care for close relatives of benefit category 3 and up, and who had to give up their job or reduce the hours worked in their job for this reason, may apply for self-insurance or continued insurance under the statutory pension system at preferential terms. The employers’ and employees’ contributions required for such insurance schemes are paid by the state for an unlimited period of time.

Relatives may apply for co-insurance under the health insurance system if they care for an insured person entitled to long-term care benefits of category 3 or higher.

Individuals who devote the majority of their time to the care, at home, of a disabled child30 may opt into voluntary pension insurance. Self-insurance is limited with the child completing its 40th year of age. Contributions are funded from the equalisation fund for family allowances and from the public purse.

Individuals who care for a disabled child and meet the requirements for voluntary personal insurance while caring for this disabled child, may opt into voluntary health insurance since 1 Jan 2013 if they are in need of social protection, are no compulsory members of any social insurance scheme and no eligible dependants of a compulsory member of any social health insurance scheme.

For more information on self-insurance with the statutory pension insurance system please refer to: www.pensionsversicherung.at

30 Claiming of increased family allowances
Financial support\textsuperscript{31} may be granted to close relatives who have been the primary caregivers for one or more years for an individual in need of care\textsuperscript{32} and who are prevented from providing care due to sickness, holidays or other important reasons. The purpose of this support payment is to cover the costs incurred for professional or private substitute carers. Other improvements have been introduced, e.g. measures in the context of family hospice leave (advance payment) and modified disbursement terms for long-term care benefits.

Throughout Austria certified healthcare and nursing professionals visit the homes of recipients of all categories of long-term care benefits within the scope of the quality assurance in home care initiative (\textit{Qualitätssicherung in der häuslichen Pflege}). The focus of this programme is on informing and counseling all those involved in the specific care situation. Since 1 Jan 2015, it is also possible to opt for a free-of-charge home visit.

Dependants who, during a quality assurance home visit, admit to being under mental strain on account of the care situation are offered “free-of-charge counselling” (\textit{Angehörigengespräch}) by psychologists and social workers. The overarching aim is to preserve and promote the good health of primary caregivers.

In 2012, the Austrian parliament commissioned a study on the situation of caring children and young people in Austria.

This study was to identify the need of supporting measures for this special group of young carers and provide recommendations for different levels of action. Their proportion was identified to be 3.5\% or roughly 42,700 caring children and young people aged 5 to 18 years. Their average age is 12.5 years, 70\% of them being female.

Based on these results, another scientific research project was commissioned to develop a blueprint and plans for family-oriented support measures. Measures recommend by the second study include prevention, awareness-raising, identification of young carers and implementation of specific projects.\textsuperscript{33}

The Austrian federal government has committed itself to developing a national dementia strategy, given the growing importance of this condition. The “Austrian Dementia Report 2014” was compiled with a view to ascertaining how widespread dementia is and how individuals suffering from varying degrees of dementia are being cared for. Based on the results of this survey, the Federal Ministries of Health and Social Affairs commissioned Gesundheit Österreich GmbH to develop a national dementia strategy.

\textsuperscript{31} The person cared for must be a recipient of long-term care benefits of category 3 or higher, or category 1 in case of verifiably demented or under-age family members in need of care.

\textsuperscript{32} Granted by the fund for people with disabilities.

\textsuperscript{33} Both studies were published in ‘Sozialpolitische Studienreihe Band 19’ and are available for download at www.sozialministerium.at.
Following an inclusive approach, all relevant partners and stakeholders, among them the federal government, the Länder, social insurance providers, professionals as well as people affected by dementia were involved in the process. Following an online survey in the summer of 2015 and, based on its outcome, a broad-based evaluation and review process of the draft report, the two ministers presented the final report to the public in Dec 2015. This expert report included a total of seven objectives and 21 recommendations for action to be taken. They are aimed at improving the lives of people suffering from dementia and their family members.

8.2.5 Social services in long-term care

Social services are offered by voluntary welfare associations, Länder and local communities. In 2014 roughly 46,000 full-time equivalents worked in social services34.

About four fifths of these service providers are women, in particular certified nurses, assistant nurses, home helps, skilled social care professionals and certified social care professionals specialised in working with the elderly and families, and in working with/assisting the disabled.

Mobile, daycare and inpatient services

Mobile care services include domestic care, home help, family help, meals on wheels, as well as visiting or counselling services.

Use of mobile care services rose from 10.6m to 16.1m hours between 2000 and 2014. As reported by the Länder, the number of individuals cared for by mobile services totalled roughly 141,000 in 2014.

Geriatric daycare centres or daycare facilities are gaining importance in Austria’s nursing and care landscape.

In 2014, care was provided to some 73,800 individuals in residential and nursing homes for the elderly. There is a marked reduction of residential accommodation in these homes, while nursing accommodation is on the rise.

Social care professions

An agreement concluded in 2005 between the federal government and the Länder on social care professions greatly helped to boost the image of these professions. The main pillars of this agreement in-

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34 A full-time equivalent corresponds to the hours worked by a full-time employee.
cluded the creation of a modular training system and of uniform training standards throughout Austria, harmonisation of job profiles and descriptions, enhanced transfer opportunities between occupational groups, uniform recognition of training certificates and social care professions, as well as better-quality service provided to clients.

8.3 Beneficiaries of long-term care benefits and expenditure

Beneficiaries of long-term care benefits
The table below shows the number of beneficiaries of long-term care benefits for 2014 and 2016.

More than half of those eligible (51%) were classified in care categories 1 and 2, 41% in care categories 3, 4 and 5, and 6% in the uppermost care categories, 6 and 7.

In 2016, these ratios were very similar: Care categories 1 and 2 accounted for 51% of beneficiaries, while those in care categories 3, 4 and 5 registered a 2% increase (to 43%). The percentage in the two uppermost categories remained at 6%.

Owing to women’s longer life expectancy, more than two thirds of recipients are female (about 54%).

Long-term care benefits claimants in absolute and in percentage terms broken down by care categories, 2014 and 2016

Source: Statistics on long-term care benefits of the Federation of Austrian Social Insurance Institutions, as at Jan 2016; data for 2014 Social Affairs Ministry/Statistics Austria.
8. BENEFITS AVAILABLE TO THOSE IN NEED OF NURSING CARE

Less than 1% of age group 21 to 40 years drew long-term care benefits in 2014, 2% of age group 41 to 60, more than 9% of age group 61 to 80 and 59% of age group 80 plus.

3% of long-term care benefit claimants are under 20 years of age, 4% between 21 and 40 years, 11% between 41 and 60 years, 32% between 61 and 80 years, and 50% are over 80.

Percentage share of long-term care benefit claimants in same age group of the population, 2014

Source: Austrian Report on Long-Term Care Provision 2014; Social Affairs Ministry/Statistics Austria; population as at 2014; no payments abroad, as at Dec 2014.

A total of €1.84bn was spent on services for nursing and care for the elderly provided by outpatient, daycare and inpatient facilities in 2014 (see Table ‘Expenditure for care services’).
8. BENEFITS AVAILABLE TO THOSE IN NEED OF NURSING CARE

Expenditure for care services in €m, 2014

<table>
<thead>
<tr>
<th>Service</th>
<th>Expenditure (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile care services</td>
<td>368</td>
</tr>
<tr>
<td>Inpatient services</td>
<td>1,360</td>
</tr>
<tr>
<td>Daycare services(^1)</td>
<td>23</td>
</tr>
<tr>
<td>Short-term care</td>
<td>15</td>
</tr>
<tr>
<td>Alternative forms of housing</td>
<td>60</td>
</tr>
<tr>
<td>Case and care management</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,837</strong></td>
</tr>
</tbody>
</table>


\(^1\) Day care is semi-inpatient care of people in need of care during the day or night one or several times a week.

**Expenditure**

Long-term care benefits constitute one of the largest parts of universal social benefits funded exclusively from the public purse. According to ESSPROS, the breakdown is as follows: In 2014, federal long-term care benefits accounted for roughly €2.5bn, which corresponds to 0.75% of gross domestic product (GDP) and 2.5% of all social expenditure.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

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9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

9.1 Overview of benefits in case of invalidity and accident

In cases of permanently reduced capacity or total incapacity for work, a number of social protection systems provide cash benefits, benefits in kind, or assistance to (re-)integration into the labour market, and they also afford special protection under employment law for specific groups of persons.

The cash benefits provided by statutory pension insurance schemes are referred to as invalidity pensions (Invaliditätspensionen), while those provided by the civil servants’ scheme are called retirement pay (Ruhebezugs). Entitlements to cash benefits paid under the work accident insurance scheme (called disability pension – Versehrtenrente) arise if workers suffer occupational accidents or occupational diseases.

If, in case of invalidity, workers are not entitled to any cash benefits under these systems of social protection and if their financial resources are insufficient, their livelihood will be secured by the means-tested minimum income scheme (Bedarfsorientierte Mindestsicherung – BMS). The cash benefits are supplemented by medical, social and occupational rehabilitation and support measures offered by the relevant entities: social insurance institutions, the public employment service, the Social Affairs Ministry (primarily via Sozialministeriumservic (SMS), formerly the Bundessozialamt\(^35\)), as well as the Länder and local authorities.

In this section all invalidity-related pensions are subsumed under the term of ‘invalidity pensions’ including: invalidity pensions (Invaliditätspension) for blue-collar workers, occupational disability pensions (Berufsunfähigkeitspension) for white-collar workers and general disability pensions (Erwerbsunfähigkeitspension) for the self-employed and for farmers.

Invalidity and/or occupational disability pensions are awarded only in cases of permanent, i.e. not merely temporary, invalidity or incapacity to perform usual work. Insurees may claim invalidity or occupational disability pensions if invalidity or incapacity to perform usual work is likely to be permanent, occupational rehabilitation measures are not expedient or reasonably acceptable, the waiting time requirement (minimum insurance period) has been met and they are not yet entitled to claim old-age pension.

\(^{35}\) Federal Social Office
9.2 Invalidity pensions under statutory pension insurance: eligibility criteria

Any application for invalidity pension is now primarily considered to be an application for rehabilitation benefits. The competent pension insurance institution is obliged to consider rehabilitation options in the first place and only if no such options are available to decide about awarding pension benefits. As of 1 Jan 2014, insurees born 1964 or later and suffering from temporary disability are no longer entitled to fixed-term invalidity pension benefits. If insurees of this age cohort are temporarily incapacitated, they will receive rehabilitation benefits (paid by the health insurance provider) or retraining benefits (paid by the PES) instead of fixed-term invalidity pension benefits.

Insured workers born before 1 Jan 1964 and suffering from temporary incapacity for work continue to receive fixed-term invalidity pension benefits (or transition benefits while in rehab).

Temporarily incapacitated insurees of this age cohort may claim rehabilitation benefits (in the same amount as sickness benefits) and medical rehabilitation if this is suitable and expedient.

Insurees are entitled to such rehabilitation benefits unless they are entitled to PES-administered retraining benefits and occupational rehabilitation.

Basically, insured workers born 1963 or earlier are entitled to transition benefits (in the same amount as invalidity pension benefits) while they are in occupational rehabilitation. The public employment service provides occupational rehabilitation for age cohorts born 1964 and later and pays the retraining benefits due during this period (in the same amount as unemployment benefits plus 22%).

For more information on rehabilitation benefits please refer to Chapter 7 Benefits in case of sickness.

Measures of medical and occupational rehabilitation are taken to remedy any existing incapacity or avoid any risk of incapacity for work and ensure sustainable reintegration into the labour market. Medical rehabilitation may take the form of inpatient care in a medical facility primarily used for rehabilitation purposes or of outpatient care. Occupational rehabilitation includes retraining to be able to exercise a different kind of occupation.

In addition, eligibility for invalidity pensions requires proof of insurance for a minimum period of time, i.e. ranging from six months to 15 years (depending on the age of the insuree). Invalidity is determined on the basis of health impairments and the occupation primarily exercised (meaning a pensionable occupation under which the insuree has accrued 90 months or more of compulsory insurance within the past 15 years preceding the cut-off date).

Entitlements differ according to legal status (blue-collar or white-collar workers) and job characteristics.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

9.2.1 Blue-collar workers
Among blue-collar workers, distinctions are drawn between:
- skilled work (completed apprenticeship);
- semi-skilled work (skills and knowledge acquired through practical work experience); and
- unskilled work (no special training or skills).

If, because of their reduced capacity to work, insurees are unable to do the job for which they were trained or in which they acquired skills, they may be assigned to other jobs within the same occupational group, but not to other groups of occupations. This is banned under occupation-related protection (Berufsschutz) rules.

Workers are considered to be invalids if, as a result of their physical or psychological state, their capacity to work has been reduced to less than half of the capacity a physically or psychologically healthy person with similar training and equivalent skills and capabilities would display in each of the jobs assignable to such workers. If unskilled workers are unable to work in their previous job due to their physical or psychological state, they may be placed in any paid job which is available in the general labour market and which they may reasonably be expected to accept with due regard to the job previously done. Unlike skilled or semi-skilled blue-collar workers, they do not enjoy occupation-related protection. Unskilled workers are considered to be invalids if they are no longer able to earn in such a suitable job at least half the pay a physically and psychologically healthy insuree would normally earn in this job. They may be assigned to jobs in all areas of the labour market.

Workers over 59 years of age enjoy activity-related protection (Tätigkeitsschutz): Insured persons aged 59 or over are considered to be invalids if, as a result of sickness or other infirmity, they are unable to pursue an activity in which they were engaged for at least ten years during the past 15 years. The required age for activity-related protection has gradually been raised to 60 years and over, starting from 57 in 2013. In 2016 workers will enjoy such protection at age 59 and over, and in 2017 and later years at age 60 and over.

A special rule governing cases of hardship enables unskilled workers past their 50th birthday to claim invalidity pensions if they were unemployed for at least twelve months prior to the cut-off date, have accrued 360 insurance months or more (whereof 240 contributory months or more under compulsory insurance) and are only capable of doing lowest-skilled jobs.

9.2.2 White-collar workers
White-collar workers are considered to be invalids if, as a result of their physical or psychological state, their capacity to work has been reduced to less than half of the capacity of a healthy person with similar vocational training and equivalent skills and capabilities. In medical examinations their state is compared with the performance requirements to be met by healthy insured workers in the same occupation.
Medical reports must also consider the option of placing a pension applicant in another job within the same occupational group (‘assignable jobs’). Moreover, the above special rule for cases of hardship applies to applicants aged 50 years and over. Applicants past their 59th birthday (for gradually rising entitlement age as of 2013 see above) are subject to activity-related protection as are blue-collar workers.

### 9.2.3 Self-employed in trade or business

Persons who have not yet turned 50 are considered invalids if, due to their state of health, they are unable to pursue paid work on a regular basis. In such a case it is irrelevant whether they have realistic chances of finding suitable work they are still able to do. Insurees may be assigned to any job available in the entire labour market.

Self-employed workers past their 50th birthday are deemed to be invalids if their personal job performance was required to maintain their business operations and if, due to their state of health, they are no longer able to be self-employed in jobs requiring similar skills and knowledge as the ones they did in the past 60 calendar months (Berufsschutz). In addition, the above rule for cases of hardship apply to self-employed workers who are past their 50th birthday and only capable of doing lowest-skilled jobs.

Self-employed workers aged 59 and over (for gradually rising entitlement age as of 2013 see above) are subject to activity-related protection (Tätigkeitsschutz) as are blue-collar and white-collar workers.

### 9.2.4 Farmers

Farmers are considered to be invalids if, as a result of their impaired health status, they are no longer able to pursue paid work on a regular basis. This includes both the ability to be self-employed and the ability to be employed. Insured farmers may be assigned to any job available in the entire labour market. In addition, the above rule for cases of hardship apply to farmers who are past their 50th birthday and only capable of doing lowest-skilled jobs.

Farmers aged 59 and over (for gradually rising entitlement age as of 2013 see above) are subject to activity-related protection (Tätigkeitsschutz) as are the groups mentioned above.

### 9.2.5 Civil servants

Civil servants are retired ex officio or on application if they are permanently incapable of working.

Incapacity for work is defined as the civil servants’ inability to properly fulfil their duties due to their health condition. They need not be incapable of all work. Rather, it suffices that they are unable to properly fulfil the duties ensuing from the job assigned to them.

Under the applicable legislation (public service regulations), incapacity for work includes everything that makes civil servants unsuitable for performing their duties, i.e. not only health impairments, but
also “habitual character traits and mental deficits which prevent them from duly carrying out the tasks assigned to them”. What all of these conditions share is that they cannot be controlled by the civil servant, i.e. their occurrence or elimination is not a matter of willpower. The related medical report has to contain a description of jobs the civil servant is still or no longer able to perform. For a civil servant to retire on an invalidity pension, the medical report must contain a well-founded prognosis that the incapacity to fulfil official duties will be permanent in nature. Moreover, it must be impossible to assign the civil servant to at least an equivalent job within the purview of her/his public employer.

In order to determine the civil servant's state of health, a medical opinion must be obtained from the pension service of the statutory insurance institution for public-service employees (BVA). Ultimate assessment of a civil servant's ability or inability to work is the exclusive responsibility of her/his employer rather than of the medical expert. Retirement due to incapacity for work is imposed by official decision and becomes effective as at the end of the month in which the official decision takes legal effect.

An alternative to retirement is the option of assigning to civil servants an alternative job available anywhere within the entire federal administration and the requirements for which the civil servant in question is able to meet given his or her state of health. Assignment is voluntary and limited to a period of twelve months. Several successive assignments are allowed as long as the total period does not exceed twelve months.

9.3 Calculation and duration of invalidity pensions

The approach to calculating invalidity pension amounts is similar to the approach used for calculating old-age pensions (see Chapter 10 Old-age and survivors’ pensions and annuity-like benefits). Relevant factors include the number of insurance months accrued, the level of the assessment basis and the effective retirement age.

Since early retirement would result in a very low pension amount, additional rules are applied to help cushion the drop in income. Calculation of an invalidity pension considers not only the actually accrued insurance years to determine applicable increments but also all months up until the age of 60, the latter part of the calculation being limited to 60% of the assessment basis.

Moreover, there is a cap on losses caused by actuarial deductions made on account of early exit from the labour market. Actuarial deductions of 4.2 percentage points per year preceding official retirement age must not exceed 13.8 percentage points in total.

Pension benefits for an indefinite period of time will be awarded only if the applicant’s ill health excludes any further gainful activity in the long term.
Invalidity pensions already awarded may be revoked if the pensioners’ state of health improves considerably. Revocation is no longer possible if beneficiaries have completed their 60th year (women) or 65th year (men).

Retirement prior to the statutory retirement age results in a reduction of the assessment basis for retirement pay from 80% to no less than 62% for civil servants. The baseline percentage of 80% is to be reduced by 0.28 percentage points for each month between the date of early retirement and the earliest possible date of statutory retirement (i.e. 3.36 percentage points for one year); this corresponds to a de facto reduction of gross pension benefits by 4.2% per year. In order to calculate the total rate of actuarial deductions it is necessary to first determine the fictitious date of earliest possible retirement. Total reduction is limited to 18 percentage points, which corresponds to a reduction of pension benefits by 22.5%.

9.4 Invalidity pensions: statistical overview

Expenditure on and number of invalidity and disability pensions, 2014

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
<th>Recipients in thousands¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invalidity pensions under statutory pension insurance</td>
<td>3.10</td>
<td>188.41</td>
</tr>
<tr>
<td>Civil servants’ invalidity pension²</td>
<td>0.84</td>
<td>25.61</td>
</tr>
<tr>
<td>Special laws on cash income support</td>
<td>0.02</td>
<td>1.61</td>
</tr>
<tr>
<td>Disability pensions (under work accident insurance)</td>
<td>0.30</td>
<td>46.02</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4.26</strong></td>
<td><strong>261.65</strong></td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, Statistics Austria, ESSPROS database on social expenditure as at 30 Oct 2015, recipients as at 27 Nov 2015.

¹ Number of recipients according to ESSPROS, with recipients of multiple benefits included. The number of disability pensions awarded under work accident insurance refers to pension benefits paid to women under 60, men under 65. Data as at Dec 2012.

² Recipients: preliminary ESSPROS data for 2014. There is no explicit invalidity pension scheme for civil servants. All direct pensions (old-age and invalidity pensions) paid prior to a person’s 60th year, regardless of gender, are listed here.

Number of invalidity pensions

As per Dec 2015, the statutory pension insurance system paid 170,465 invalidity pensions, making up roughly 7% of current pensions under this system. Invalidity pensions accounted for 22% of newly awarded direct pensions (old-age and invalidity pensions) in 2015. Men’s share in this type of pension is disproportionately high. They accounted for nearly two thirds (66%) of all newly awarded invalidity pensions. 44% of the male farmers and 28% of the male employees who retired from the labour market in 2015 did so on grounds of invalidity.

Roughly 50,655 applications filed in 2015 – i.e. 34% of all pension applications – concerned invalidity pensions. More than half of them (66%) were denied. 16,621 lawsuits were filed with the Labour and
Social Court in 2014 because of denial of application for approval of invalidity pensions. 21% of the lawsuits were decided in favour of the plaintiffs (i.e. the plaintiffs prevailed or a settlement was reached).

**Causes of invalidity**

The three major groups of illnesses underlying positive decisions on awarding invalidity pensions in 2015 were: psychiatric conditions (33%), illnesses of the skeletal system, muscles and soft tissue (24%) and cardiovascular diseases and cancer (12% each).

**Entry age**

The average age of entry into invalidity pension was 54.9 years in 2015 (52.8 years for women and 56.0 years for men), thus being 6.7 years below the age at which workers take up old-age pensions (61.6 years). An analysis of all direct pensions taken together (i.e. sum total of old-age and invalidity pensions) reveals that the average age of retirement in 2015 was 59.2 years for women and 61.3 years for men.

**Invalidity pension amounts**

With fewer insurance years accrued, invalidity pensions are much lower than old-age pensions on average. In 2015, the average invalidity pension amount of all social pension insurance schemes was €1,133 (€876 for women and €1,239 for men, including supplements and subsidies, 14 times a year). Thus, the average invalidity pension benefit for men was 21% below the average old-age pension benefit for men, the difference for women being 9%.

Average invalidity pension amounts¹ for women and men in €

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI blue-collar workers</td>
<td>787</td>
<td>1,150</td>
</tr>
<tr>
<td>PI white-collar workers</td>
<td>984</td>
<td>1,541</td>
</tr>
<tr>
<td>PI self-employed persons</td>
<td>898</td>
<td>1,340</td>
</tr>
<tr>
<td>PI farmers</td>
<td>782</td>
<td>1,125</td>
</tr>
<tr>
<td>PI total</td>
<td>876</td>
<td>1,239</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, Mar 2016.

¹ Including children’s and equalisation supplements, excluding SI for Austrian notaries

**Data on civil servants’ invalidity pensions**

In 2015, 466 civil servants were retired due to permanent incapacity for work, which amounted to 27% of all new retirees in 2015. The average age of entry into such an invalidity pension for federal civil servants was 56.2 years in 2015, thus being 5 years below the average age of entry into old-age pensions (61.2 years). In this context one has to bear in mind that these invalidity pensions, unlike the ones under
the statutory pension scheme, cannot be converted into old-age pensions once beneficiaries reach the statutory retirement age (65 years for men and 60 years for women).

Monitoring report on federal civil servants’ pensions: www.oeffentlicherdienst.gv.at

9.5 Benefits under work accident insurance, disability pensions

9.5.1 Benefits under work accident insurance
Statutory work accident insurance provides cover for occupational accidents and occupational diseases and their consequences. In 2013, roughly 6.2 million people in Austria were covered by the statutory work accident insurance scheme.

Work accident insurance provides for the following:

- Prevention of occupational accidents and occupational diseases;
- First-aid in cases of occupational accidents and occupational diseases;
- Remedial treatment after accidents;
- Rehab for victims of work accidents;
- Compensation after occupational accidents and occupational diseases;
- Pension payments;
- Supplements to continued payment of wages;
- Research into the most effective methods and means to meet these tasks;
- Other tasks in providing occupational medical care to insurees.

For information and services please refer to the general work accident insurance institution (Allgemeine Unfallversicherungsanstalt): www.auva.at

- Insurance cover is provided for accidents on the way to work, i.e. accidents occurring on the move in a work context, such as on the way from the insuree’s living quarters to the place of work and back, but also when insurees who have a statutory obligation of supervision bring children to kindergarten or school on their way to or from work.
- Likewise, insurance cover extends to other activities, such as the way to lunch, if the place where lunch is taken is close to the place of work, and to accidents in agricultural and forestry enterprises that occur when insurees are helping neighbours or pursuing activities secondary to their primary business, such as selling produce from the farm gate. Accidents held to be equivalent to work accidents are also included, such as accidents happening during attendance at a business training event.

The annex to the General Social Insurance Act (ASVG) lists all diseases qualifying as occupational diseases and the relevant requirements.
Occupational accidents are accidents that are related to, in terms of time or place, or are caused by the work or occupation that is subject to work accident insurance. In other words, there must be a connection between the accident/bodily harm suffered and the activity that is subject to insurance.

Where insurees suffer bodily harm, they may claim
- remedial treatment after accidents which, in addition to medical assistance, also comprises medicinal products, therapeutic appliances as well as care in hospitals and spa/rehab centres;
- certain cash benefits during remedial treatment after accidents (family benefits and daily allowances; unless for persons insured under the Farmers’ Social Insurance Act, who are in turn eligible for reimbursement of part of the costs of replacement workers); and
- measures of medical rehabilitation (=remedial treatment after accidents), occupational and social rehabilitation.

Measures of occupational rehabilitation are taken to re-enable persons having suffered bodily harm to exercise their former occupation or, should this prove impossible, another occupation. Measures of social rehabilitation may include subsidies for adapting living quarters to make them usable or easier to use or subsidies for adapting a car. Transition benefits are granted as cash benefits throughout the duration of occupational rehabilitation.

After accidents at work and occupational diseases, the workers in question are entitled to disability pensions under the work accident insurance scheme, if the assessed degree of incapacity for work due to the occupational accident or occupational disease is at least 20% and persists for more than three months.

Insurees under the Farmers’ Social Insurance Act (BSVG) are entitled to claim occupational pension, if the assessed degree of incapacity for work due to an occupational accident or occupational disease is 20% and persists for more than one year after the insured event occurred. Under certain circumstances, insurees may be eligible for disability benefits before they become entitled to occupational pension. Recipient of direct pensions are not entitled to claim occupational pension.

Pupils and students suffering from a certain degree of incapacity following accidents related to school or university attendance are also entitled to disability pensions provided that the degree of incapacity for work is at least 50% and persists for more than three months. If the degree of incapacity for work is less than 50%, but still at least 20% following completion of remedial treatment, pupils and students are eligible for a one-time cash benefit under disability benefits.

A disability pension may be claimed in addition to another pension (e.g. invalidity pension) or in addition to income from gainful employment.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

An assessment basis is used to calculate cash benefits under work accident insurance: this assessment basis takes account of all employment relationships, gainful activities and other activities, provided these qualify for accident insurance, even if exercised concurrently. In such a case, all assessment bases will be added up, with the maximum assessment basis providing the ceiling. No maximum assessment basis applies to individuals insured under the Civil Servants' Health and Accident Insurance Act (B-KUVG), i.e. civil servants and contract staff in public service.

Self-employed insurees as well as pupils and students are subject to special rules in respect of assessment:

- A fixed amount (€19,599.11 in 2016) is used as assessment basis for self-employed individuals insured with the social insurance institution for the self-employed in trade and business, regardless of actual earned income. Moreover, insurees may take out supplementary insurance to increase the assessment basis.
- A fixed assessment basis graded by age applies to calculating cash benefits for pupils and students.

For more details on assessment bases under work accident insurance please refer to the 2016 guide to social insurance benefit rates (Leistungsrechtliche Werte in der Sozialversicherung 2016) published by the Federation of Austrian Social Insurance Institutions: www.sozialversicherung.at

If the degree of incapacity for work is as high as 100%, the related pension benefits will total two thirds of the assessment basis (full pension level); if the earning capacity is reduced by between 20% and 99%, benefits will be calculated on a proportionate basis.

Severely disabled persons (entitled to disability or occupational pension of 50% and over) receive a supplement of 20% or 50% of the disability or occupational pension benefits, the latter percentage applying to a reduction of earning capacity by 70% and over.

In addition, severely disabled persons, with the exception of self-employed workers in agriculture and forestry, are entitled to a children's supplement.

9.5.2 Disability pensions: recipients, amount and expenditure

Every year, about 2% of workers have an accident at work or on the way to work involving three or more days of sick leave. In 2014, employees had a total of some 98,000 accidents at work, whereof 70 were fatal, and 12,000 accidents on the way to work, whereof 34 were fatal. Occupational diseases were found in 1,300 cases, whereof 99 were fatal. Self-employed persons had 8,000 work accidents in 2013, whereof 77 were fatal, roughly 275 accidents on the way to work, whereof two were fatal, and occupational diseases were found in roughly 190 cases, whereof eleven were fatal.
1,520 cases of occupational diseases were acknowledged by the work accident insurance scheme in 2014.

A total of 101,126 individuals received pensions in Dec 2014, whereof 85,154 were disability pensions and 14,972 survivors’ pensions. The disability pension amount was €387 on average per month. This average level is driven down by the large number of partial pensions paid in case of earning capacity being reduced by up to 49%. The average rate of partial pensions was €290 in 2014. Full pension benefits (100% degree of incapacity for work) amount to €1,881 on average. Work accident insurance schemes spent a total of €625m or the equivalent of 39% of total expenditure on pension benefits in 2014. Total expenditure in 2014 breaks down as follows: remedial treatment after accidents – roughly €459m or 28.6%; rehabilitation – €95m or 5.9%; accident prevention and first aid – €82m or 5.1%.

**Contributions**

Work accident insurance contributions for employed workers (General Social Insurance Act, ASVG) amount to 1.3% of income from work. These contributions are paid exclusively by employers, releasing individual employers from third-party liability and transferring such liability to a public-law system of shared liability for all employers, in the form of compulsory insurance.

The additional employers’ contributions for workers performing heavy night work (20,384 workers in 2015) are preventive and compensatory in nature. In these cases, a special contribution of another 3.4% (2016) of the gross wages has to be paid to the pension insurance scheme. Revenue thus generated serves to finance a special form of early retirement benefits (Sonderruhegeld from age 57, paid to 1,556 male beneficiaries and ten female beneficiaries in 2015). The average monthly rate of this special retirement benefit was €2,170 in Dec 2015, including supplements and subsidies, 14 times a year.

**9.6 Overview of social compensation legislation**

All Acts on social compensation include comprehensive income provision policies for individuals affected by invalidity. Due to the age structure of claimants, cash income support for victims of war or victims welfare benefits are now primarily programmes of retirement income provision.

Other social compensation systems under the Military Service Compensation Act (HVG), the Act on Victims of Crime (VOG), the Act on Compensation for Vaccination-Induced Disabilities (Impfschadengesetz – ISG) and the Contergan Aid Act (Conterganhilfeleistungsgesetz) mainly concern people of working age. The target groups of these four Acts are individuals performing their military service, victims of crime, people suffering from the effects of prophylactic vaccinations and people suffering from the effects of Contergan medication. Moreover, civilians injured by weapons, vehicles or military action of the Austrian federal army are entitled to support.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

Alongside cash benefits, these schemes offer
- occupational rehabilitation (e.g. training, re-training, wage subsidies);
- social rehabilitation (e.g. subsidies to workplace adjustments, covering the costs of integration measures).

Responsibility for enforcing the Victims’ Welfare Act, for victims of war, victims of crime, military service, vaccinations and Contergan aid lies with the Sozialministeriumservice (SMS).

As of 1 July 2016, the Military Service Compensation Act was superseded by the Military Service Compensation Act (Heeresentschädigungsgesetz), the enforcement of which will be conferred upon the general work accident insurance institution (Allgemeine Unfallversicherungsanstalt).

### 9.6.1 Benefits for victims of military service

The amount of disability pension provided under the Military Service Compensation Act (HVG) ranges from €97 to €2,418 per month. In analogy to income support for victims of war, additional recurring benefits are available (means-tested supplements, care supplements, supplements for the blind, subsidies to special dietary costs).

The number of individuals eligible for this type of support was 1,814 on the cut-off date (1 Jan 2016), with total funding amounting to roughly €11.9m in 2015.

### 9.6.2 Act on Victims of Crime

Crime victims will receive government assistance if they sustain bodily injury or health impairment as direct victims or innocent bystanders of a premeditated crime (punishable by at least six months of imprisonment) and are therefore subject to reduced earning capacity.

The Act on Victims of Crime (Verbrechensopfergesetz – VOG) provides for loss of earnings or alimony of up to €3,863 per month as well as lump sum compensation for non-pecuniary loss, care supplements and supplements for the blind in analogy to the Act on Cash Income Support for Victims of War (Kriegsopferversorgungsgesetz – KOVG).

In early Jan 2016, 162 persons received recurring benefits under this title, with budget spending amounting to €4.0m in 2015.

### 9.6.3 Act on Compensation for Vaccination-Induced Disabilities

Under the Act on Compensation for Vaccination-Induced Disabilities, persons are entitled to compensation in case they were vaccinated as prescribed or recommended by law and sustained health impairment. At the beginning of 2016, 93 persons were entitled to this kind of support, with total funding amounting to €4.3m in 2015.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

9.6.4 Victims Welfare Act

Under the Victims Welfare Act (Opferfürsorggesetz – OFG), victims whose health suffered while in the resistance movement and under political persecution from 1933 to 1945 receive a number of ongoing benefits similar to those granted to victims of war.

Moreover, this Act also provides for supplements for imprisonment amounting to €50,20 per month and means-tested maintenance payments (up to EU 1,145.90 per month for single persons, up to €1,572.20 for married victims or victims living with a life-partner, and up to €1,050.90 for survivors).

The Act also covers therapeutic and orthopaedic care as well as occupational and social rehabilitation measures.

In 2005, victims of the National Socialist military judiciary as well as NS victims persecuted for their sexual orientation or on charges of being ‘asocial’ were accorded entitlement to victims welfare. On 1 Jan 2016, the number of beneficiaries was 1,648, with total funding amounting to roughly €15.7m in 2015.

9.6.5 Benefits for victims of war

Austrian nationals who performed military service during the World Wars and suffered health impairments on account of such service are considered to be war victims under the Act on Cash Income Support for Victims of War (Kriegsopferversorgungsgesetz – KOVG). Civilians, too, come under this group if their health was impaired through no fault of their own in military operations.

The KOVG provides for cash benefits (mainly in the form of pensions), therapeutic and orthopaedic care as well as medical, occupational and social rehabilitation measures. On 1 Jan 2016 the number of KOVG beneficiaries was at 15,373, with total funding amounting to roughly €98.3m in 2015.

Monthly cash benefits for victims of war, 2016

<table>
<thead>
<tr>
<th>Benefits to victims with health impairments</th>
<th>Monthly amounts in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic pension</td>
<td>53.9 – 538.6</td>
</tr>
<tr>
<td>Old-age and hardship allowance</td>
<td>22.1 – 210.2</td>
</tr>
<tr>
<td>Allowance for severe impairment</td>
<td>161.6 – 430.9</td>
</tr>
<tr>
<td>Means-tested pension supplement</td>
<td>up to 882.8</td>
</tr>
<tr>
<td>Contribution towards the cost of special diet</td>
<td>33.7 – 101.2</td>
</tr>
<tr>
<td>Care supplements and supplements for the blind</td>
<td>707.8 – 2,830.1</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry; Mar 2016.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT

9.6.6 Benefits for prisoners of war
The Act on Compensation to Prisoners of War (Kriegsgefangenenentschädigungsgesetz – KEG) ensures compensation to Austrian nationals

- who were prisoners of war during World War I or World War II, or
- who were arrested and detained during World War II or during the Allied occupation of Austria by a foreign power for political or military reasons, or
- who – on account of being politically persecuted within the meaning of the Victims Welfare Act – were arrested outside the territory of the Republic of Austria and, after the beginning of World War II, detained by a foreign power for political or military reasons.

The Act provides for monthly benefits from €15 to €37, depending on the duration of captivity.

9.6.7 Contergan Aid Act
Persons who, due to a health impairment sustained on account of Contergan, a medication widely prescribed to pregnant women in the 1950s which caused foetal malformations, have received a one-time cash benefit from the Federal Health Ministry and who are not eligible for benefits under the German Act on the Contergan Foundation, have been entitled to benefits under the Contergan Aid Act (Conterganhilfeleistungsgesetz – CHIG) since 1 July 2015. Monthly pension benefits amount to €430.9.

9.6.8 Social compensation systems: expenditure and recipients
In 2015, roughly 36,000 individuals received benefits under social compensation legislation, with total funding amounting to roughly €140m in the same year.

On 1 Jan 2016, about 4,250 persons received means-tested benefits under the KOVG, about 630 persons under the OFG, 45 persons under the HVG, three persons under the VOG and three persons under the ISG.

For more information and help on specific benefits please refer to the relevant entries on the website of the Sozialministeriumservice www.sozialministeriumservice.at and to the centre of the Sozialministeriumservice (Babenberger Straße 5, 1010 Vienna, telephone +43 1/588 31) or the relevant Länder offices.
9. BENEFITS IN CASE OF INVALIDITY AND ACCIDENT
# INDEX OF CHAPTER 10

## 10. Old-age and survivors’ pensions and annuity-like benefits

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10. OLD-AGE AND SURVIVORS’ PENSIONS AND ANNUITY-LIKE BENEFITS

10.1 Overview of pensions and annuity-like benefits

Retirement income provision in Austria (with the exception of civil servants) rests on three pillars: the statutory pension insurance scheme (pillar 1), occupational pension schemes (pillar 2) and private pension schemes (pillar 3). The majority of retirement income comes from the statutory system. The information presented here refers solely to the first two of these pillars.

Pillar 1: Statutory pension insurance

In Austria, the statutory pension insurance scheme comprises the following:

- Benefits for old-age provision (old-age pensions);
- Benefits on grounds of reduced capacity for work (invalidity pensions);
- Benefits for family members upon death of the insuree (survivors’ pensions).

The primary aim of this system is to preserve a reasonable standard of living in retirement, enabling retirees to participate in the economic, political and cultural life of society. This is the largest system for the provision of retirement income.

Different laws apply to different groups: the General Social Insurance Act (ASVG) to employees, the Social Insurance Act for the Self-Employed (GSVG) to self-employed in trade or business and the Farmers’ Social Insurance Act (BSVG) to farmers. Special legal provisions apply to notaries (Notaries’ Insurance Act – NVG) and certain groups of free-lancers (FSVG).

The Austrian pension insurance system does not provide for an unconditional minimum pension. However, a means-tested equalisation supplement (Ausgleichszulage) guarantees a minimum income to persons eligible for a statutory pension (see Chapter 5 Benefits securing a minimum income).

The purpose of the equalisation supplement is to ensure that every pensioner living in Austria receives a minimum income. If a person’s total income (gross pension plus other net income plus any rights to claim alimony) falls below a statutory minimum amount (reference rate), the pensioner is entitled to receive this financial supplement to top up the total income. Any application for pension benefits is automatically deemed to be an application for the equalisation supplement. In 2016, the reference rate was €882.78 for single persons and €1,323.58 for married couples (as well as for same-sex partners in a registered partnership).

For the currently applicable reference rates please refer to the website of the pension insurance institution: [www.pensionsversicherung.at](http://www.pensionsversicherung.at)
The second largest system for the provision of retirement income (old-age and survivors’ pensions) is the pension insurance scheme for civil servants, i.e. tenured public-service employees. Depending on whether such civil servants work at the federal, Länder or local government level, these schemes are subject to different legal regulations.

Annuity-like benefits are available for victims of accidents (at work) or of occupational diseases (disability pensions) as well as for victims of war, crime and military service through special laws on cash income support (social compensation legislation).

The benefits from these annuity-like schemes are usually paid as supplements to pensions under the statutory or civil servants’ schemes (see Chapter 5 Benefits securing a minimum income and Chapter 9 Benefits in case of invalidity and accident).

Pillar 2: Occupational pension schemes
Within the framework of statutory employee income provision funds (Mitarbeiter/innenvorsorge), the amounts accumulated by employers on behalf of each of their employees can also be drawn as supplementary pension benefits upon reaching retirement age. Moreover, employees in some sectors and enterprises are entitled to company pensions in addition to pensions under the statutory scheme (see Chapter 10.7 Occupational pension schemes).

Pension benefits account for roughly half of all social expenditure
According to ESSPROS (Mar 2016), €49.2bn were spent on all pensions and annuity-like benefits as well as occupational pensions in 2014. This corresponds to 48% of social expenditure or roughly 15% of GDP.
10.2 Options and requirements for receiving old-age pensions under statutory pension insurance

The statutory pension insurance system provides not only for
a) regular old-age pensions;

but also for additional types of pensions such as
b) early retirement on grounds of long insurance record;
c) pensions subject to long-duration insurance record (*Langzeitversichertenpension*);
d) corridor pensions (*Korridorpension*);
e) semi-retirement (another form of part-time allowance for older workers);
f) pensions granted to workers in physically demanding jobs (*Schwerarbeitspension*);
g) invalidity pensions (new rules) (see Chapter 9 Benefits in case of invalidity and accident);
h) survivors’ pensions, i.e. orphans’ pensions, widows’/widowers’ pensions (see Chapter 10.5 Survivors’ pensions: benefits for widows, widowers and orphans).

Statutory retirement age and types of benefits

a) Regular old-age pensions

Old-age pensions are available to all insurees who have reached the statutory retirement age and meet the requirements for minimum insurance records.

The statutory retirement age is currently 60 years for women and 65 years for men. The age limit for women will be gradually raised between 2024 and 2033 to approach that of men.

b) Early retirement on grounds of long insurance record

This pension scheme will expire as of Oct 2017. Until then, the retirement age will rise continuously to 60 years for all women and 65 years for all men. Expiration is staggered by years of birth. An actuarial deduction of 4.2% applies per year retired before reaching the statutory age of retirement.

c) Pensions subject to long-duration insurance record (*Langzeitversichertenpension*)

As from 1 Jan 2014, access (e.g. age of entry and number of contributory months raised) and eligibility rules (no purchase of substitute qualifying periods, school and study periods) have been tightened.

As of 2016, a revised pension option for those with long-term insurance records will apply, enabling women (born in 1959 or later) to retire at ages gradually increased from 57 to 62 and men (born in 1954 or later) to retire at 62.
Contributory requirements for women will be gradually raised from 42 to 45 years of gainful employment. To qualify, men must have been in gainful employment for 45 years. An actuarial deduction of 4.2% applies per year retired before reaching the statutory age of retirement.

The pension granted to workers in physically demanding jobs is a fixed-term subcategory of the pension subject to long-duration insurance records. Under this scheme, women born in the years from 1959 up to and including 1963 and having accrued 40 contributory years may retire at 55, and men born in the years from 1954 up to and including 1958 and having accrued 45 contributory years may retire at 60. The scheme requires at least ten years spent in physically demanding jobs (defined by detailed criteria) within the last 20 years before retirement. An actuarial deduction of 1.8% applies per year retired before reaching the statutory age of retirement.

d) Corridor pensions (Korridorpension)
The corridor pension scheme allows men and women to retire at the age of 62. Since 1 Jan 2013, the number of contributory years is being gradually raised from 37.5 years (2012) to 40 years (2017). An actuarial deduction of 5.1% applies per year retired before reaching the statutory age of retirement.

e) Semi-retirement (Teilpension)
Semi-retirement is an option that was made available in 2016. This is not a pension scheme as such, but a continuous variant of the part-time allowance scheme for older workers which is based on the eligibility criteria for corridor pensions. Instead of retiring under the corridor pension scheme, employment is continued on a part-time basis until the statutory retirement age is reached.

f) Pensions granted to workers in physically demanding jobs (Schwerarbeitspension)
Under this scheme, men and women may take retirement at the age of 60. The scheme requires an insurance record of 45 years and at least ten years spent in physically demanding jobs (defined by detailed criteria) within the last 20 years before retirement. An actuarial deduction of 1.8% applies per year retired before reaching the statutory age of retirement.

For more information on the various types of pensions available please refer to the relevant entries on the website of the Social Affairs Ministry: www.sozialministerium.at

Details on all benefits and types of pensions are listed in the brochures published by the social pension insurance institution: www.pensionsversicherung.at
10.3 Pension calculations

Statutory and de facto retirement age:

The official or regular retirement age to qualify for old-age pensions is 65 for men and 60 for women.

In 2015, the effective age, i.e. the age at which people de facto stopped working to claim old-age pension, was 60.2 years for women (2005: 59.5) and 63.6 years for men (2005: 63.4).

If invalidity pensions are included, the effective retirement age for direct pensions, i.e. all old-age and invalidity pensions, was 59.2 years for women (2005: 57.1) and 61.3 years for men (2005: 59.0).

De facto retirement age, in years

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>Old-age pensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>59.5</td>
<td>60.2</td>
</tr>
<tr>
<td>Men</td>
<td>63.4</td>
<td>63.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>61.3</td>
<td>61.6</td>
</tr>
<tr>
<td><strong>Invalidity pensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>51.0</td>
<td>52.8</td>
</tr>
<tr>
<td>Men</td>
<td>53.9</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52.9</td>
<td>54.9</td>
</tr>
<tr>
<td><strong>Old-age and invalidity pensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>57.1</td>
<td>59.2</td>
</tr>
<tr>
<td>Men</td>
<td>59.0</td>
<td>61.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58.1</td>
<td>60.2</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, Apr 2016.

**Insurees born before 1 Jan 1955** continue to be subject to the rules on insurance records applicable to old-age pensions under the old legislation. These include contributory periods under compulsory and voluntary insurance as well as substitute qualifying periods.

For more information: [www.pensionsversicherung.at](http://www.pensionsversicherung.at)
**Insurees born after 1 Jan 1955** are subject to the General Pensions Act (APG). Adopted on 1 Jan 2005, the APG established uniform rules in pension law. The most important new feature introduced by the Act was the personal pension account (see below).

Under the APG, the minimum insurance period for pension eligibility is 180 insurance or contributory months. At least 84 of these 180 months must be based on gainful activity.

Certain time periods before 1 Jan 2005 also count towards insurance records.

These are
- periods of child-rearing;
- periods of self-insurance while caring for a disabled child;
- periods of continued insurance at preferential terms while caring for a close family member;
- periods of family hospice leave.

Periods of education and study for which credits were purchased later are counted as contributory periods under voluntary insurance.

---

**The amount of pension benefits depends on**
- contributory income;
- number of insurance months accrued; and
- age at retirement.

---

**Assessment basis and period**
The assessment basis for benefits under the pension insurance system is determined based on the contributory months featuring the highest monthly contribution bases within a given period of time (= assessment period).

Starting from 1 Jan 2004, this assessment period has been subject to a gradual increase, in 12-month increments, until 480 contributory months are reached in 2027. From 2028, the pension assessment basis will then be calculated based on the 480 highest contributory months. If fewer than 480 contributory months are accrued, the assessment basis will be determined from the available contributory months.

**Fewer months needed for assessment period:** the number of contributory months required for the assessment basis will be reduced by no more than 36 months of child-rearing per child (multiples of 36 months for multiple births) and by any contributory months corresponding to a family hospice leave. However, the absolute minimum of 180 months accrued through gainful employment still applies.
Assessment basis for periods of child-rearing: the equalisation supplement reference rate for single persons applicable for a given calendar year (2016: €882.78) underlies the calculation of the assessment basis.

From 1 Jan 2004 until 2028, this amount will be incremented by 2% each year until it reaches 150%. In 2016, the assessment basis for periods of child-rearing stands at €1,112.30.

In the case of retirement before the statutory retirement age (60 for women, 65 for men), an actuarial deduction of 4.2% applies for any twelve-month period retirement is taken earlier, capped at a total of 15%. Individual months account for 0.35% each.

The new pension account
The new pension account was introduced on 1 Jan 2014. The new account comes with an initial credit, a kind of start-up capital. The level of this initial credit is based on all insurance periods and contribution assessment bases accrued in the Austrian pension insurance system up to 31 Dec 2013. The initial credit constitutes the personal account balance credited to every insuree’s pension account.

Pension calculations for persons born 1 Jan 1955 or later
Pension calculations for all insurees born 1 Jan 1955 or later are now based exclusively on the pension account system, making these calculations simpler, easier to understand and explain. What is more, the purpose of the initial credit and the future exclusive use of the pension account is to enable pension insurance institutions to make effective advance calculations of pension amounts that insurees can expect to receive.

Pension amounts: calculations are based on the total credit shown on the pension account on the cut-off date. This value is divided by 14 to arrive at the pension amount without any supplements or deductions. If an insuree has reached the official retirement age, this amount will correspond to the actual pension amount.

If an insuree retires before reaching the official retirement age, actuarial deductions will apply, depending on which kind of pension is claimed.
A fictitious example to illustrate how the annual monthly pension benefits are calculated:

### Pension account calculation

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual contribution basis in €</th>
<th>Increment in %</th>
<th>Current-year partial credit in €</th>
<th>Valorised prior-year credit in €</th>
<th>Revaluation coefficient</th>
<th>Total credit (divided by 14 = monthly pension benefits) in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>28,212</td>
<td>1.78</td>
<td>502</td>
<td>0</td>
<td></td>
<td>502</td>
</tr>
<tr>
<td>2011</td>
<td>28,920</td>
<td>1.78</td>
<td>515</td>
<td>505</td>
<td>1.021</td>
<td>1,020</td>
</tr>
<tr>
<td>2012</td>
<td>29,712</td>
<td>1.78</td>
<td>529</td>
<td>1,049</td>
<td>1.006</td>
<td>1,577</td>
</tr>
<tr>
<td>2013</td>
<td>30,492</td>
<td>1.78</td>
<td>543</td>
<td>1,612</td>
<td>1.028</td>
<td>2,155</td>
</tr>
<tr>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>2051</td>
<td>111,159</td>
<td>1.78</td>
<td>1,979</td>
<td>66,716</td>
<td>1.025</td>
<td>68,694</td>
</tr>
<tr>
<td>2052</td>
<td>115,049</td>
<td>1.78</td>
<td>2,048</td>
<td>70,412</td>
<td>1.025</td>
<td>72,460</td>
</tr>
<tr>
<td>2053</td>
<td>119,076</td>
<td>1.78</td>
<td>2,120</td>
<td>74,271</td>
<td>1.025</td>
<td>76,391</td>
</tr>
<tr>
<td>2054</td>
<td>123,244</td>
<td>1.78</td>
<td>2,194</td>
<td>78,300</td>
<td>1.025</td>
<td>80,494</td>
</tr>
<tr>
<td>2055</td>
<td>0</td>
<td>1.78</td>
<td>0</td>
<td>80,494</td>
<td>1.025</td>
<td>80,494</td>
</tr>
</tbody>
</table>

Example for how to read the above table:
In this example, a person aged 20 starts working in 2010. After 45 contributory years, this person retires at the age of 65.

At the beginning of the career, the annual contribution basis amounts to €28,212. 1.78% (increment in %) of this contribution basis is credited to the pension account; for 2010, this credit amounts to €502.

In the following year – 2011 – the valorised total credit of the prior year (€502 * 1.006 = €505) is added to the current-year partial credit. The total credit in 2011 thus comes to €1,020. These calculations continue until retirement.

In an effort to preserve the value of pension benefits also in the future, the total credit is valorised each year based on the average increase in the contribution basis (revaluation coefficient). This valorised total credit is then added to the current-year partial credit. Once again, these calculations continue until retirement. The revaluation coefficients actually calculated for the period were applied between 2011 and 2016; after 2016, a factor of 1.025 was used.

Upon retirement in 2055, the monthly gross pension benefits amount to €80,494/14, i.e. €5,749. The corresponding value for the above gross pension benefits in 2016 would be €2,200.

More information on the pension account:
- [www.neuespensionskonto.at](http://www.neuespensionskonto.at)
- [www.pensionskontorechner.at](http://www.pensionskontorechner.at)
- [www.arbeiterkammer.at](http://www.arbeiterkammer.at)
- [www.sozialministerium.at](http://www.sozialministerium.at)
10.3.1 Commission for the sustainability of pension systems

Formed in 2000, the commission for the sustainability of pension systems is made up of representatives of the political parties represented on the National Council (i.e. the lower house of the Austrian parliament), the social partners, the organisations representing retirees and experts.

The commission has the following tasks:

- Determining, each year, the revaluation coefficient and the reference value for the following calendar year.
- Compiling an expert opinion, each year, on the expected budgeting of the statutory pension scheme over the following five years. Drawing up a report, every three years, on the long-term development and financing prospects of the statutory pension scheme. This so-called ‘long-term opinion’ includes an analysis of how the statutory pension scheme will develop based on demographic assumptions provided by Statistics Austria and economic development assumptions provided by the Austrian Institute for Economic Research (WIFO) and the Institute for Advanced Studies (IHS).
- The latest reports compiled by the commission, the report on the long-term development of the statutory pension scheme for the period 2013 to 2060 as well as the expert opinion on the expected budgeting of the statutory pension scheme for the period 2014 to 2019 can be accessed on the website of the Social Affairs Ministry.

For more information please refer to the wording of the pertinent legal provisions at www.sozdok.at > §108e ASVG or at www.sozialministerium.at.

10.3.2 Protection for women in old age

In Austria, the gender gap in income is significantly above the EU average: In 2014, it ranked second-highest within the EU. In terms of gross hourly wages, women earn 22.9% less than men (according to Eurostat). These relatively low income levels are of course reflected in pension benefits. Prolonged absences from the labour market due to child-rearing and care activities and/or part-time work exacerbate this effect.

In order to absorb any negative impact of the pension reforms on women (in particular the increase of contributory periods from 15 to 45 years to be considered in calculations of the assessment basis), and/or to somehow compensate for the disadvantages suffered by women in the labour market, the following gender-specific measures have been adopted under the recent pensions reforms:

- The assessment basis for periods of child-rearing is €1,735.06 (in 2016). This amount corresponds roughly to women’s average income from gainful activity and is valorised every year. Pensionable periods of child-rearing total up to four years per child and up to five years in case of multiple births.
- The minimum number of contribution years in gainful employment required for an old-age pension is seven years, with a minimum insurance record of 15 years being required. Periods of (nursing) care for a disabled child or for a close relative who has qualified for the long-term care allowance (category 3
and up), as well as periods of family hospice leave (taken to nurse a seriously ill or dying relative) are also eligible as periods of gainful activity.

- To improve the social law situation of, inter alia, mothers who are exclusively engaged in the care of a disabled child, they are given the option of taking out voluntary non-contributory pension insurance until the child turns 40.
- The introduction of voluntary ‘pension splitting’ for periods of child-rearing under the Austrian social insurance system breaks new ground for women, enabling them to build up and enhance pension entitlements of their own.
- Under certain circumstances, periods of child-rearing – as well as periods on maternity allowance – have to be taken into account in assessing eligibility for pension benefits under long-term insurance rules for workers and for workers in physically demanding jobs.

Download a publication on women and pension benefits (Frauen und Pensionen. Wie Lebensentscheidungen die Absicherung im Alter beeinflussen, 2015) from the website of the Ministry of Health and Women’s Affairs at www.bmbf.gv.at/frauen/index.html.

### 10.4 Old-age benefits for civil servants

At present, the pension schemes of civil servants still play an important role in the overall system of retirement income provision. Roughly one eighth (13%) of all pensions are civil servants’ pensions, accounting for one fourth (23% or €11.7bn) of total spending on pension benefits.

In future the significance of separate retirement income provision for civil servants will gradually decline as fewer employees in the public service are given tenured status and civil servants’ pension legislation will be increasingly harmonised with the statutory pension insurance scheme.

There have been several pension reforms since 1997. They concern currently active civil servants and have led to a gradual harmonisation of their largely more generous pension scheme with legislation governing the statutory pension scheme.

Most of the currently retired civil servants receive pensions based on earlier legislation (e.g. pension assessment based on the last salary earned, higher increments per year of work).

Under the 2004 pension reform (harmonisation), the provisions of the statutory pension insurance system increasingly apply to civil servants aged under 50 in 2005. For currently active civil servants born in 1955 and after, the special pension legislation for civil servants will only apply to a certain percentage of total pension calculation, this component depending on the years spent in public service up until 31 Dec 2004 (old pension law). The remaining portion of total pension will be assessed according to the
rules applicable under the statutory pension scheme (new pension law), which means that the parallel pension calculation scheme applies. Pensions of civil servants given tenured status as from 1 Jan 2005, and of civil servants born on or after 1 Jan 1976, will be assessed in accordance with the same rules as the ones used under the statutory pension scheme.

Civil servants working for Länder and local authorities are subject to separate and differing pension laws. Several Länder have already followed suit by implementing the above pension reform (harmonisation) for their civil servants.

Civil servants pay pension contributions. For civil servants born before 31 Dec 1954 these contributions amount to 12.55% of their salaries. Contributions by civil servants born on or after 1 Jan 1955 depend on their year of birth: the rate for pensionable salary components up to the ceiling on insurable earnings (€4,860 in 2016) is 12.40% at most; the rate for pensionable salary components above this ceiling is 11.73% at most. Territorial authorities pay employers’ contributions to their civil servants’ pension insurance since 1 Jan 2013. They also cover any negative difference between revenue from pension contributions and spending on pension benefits when such pensions are paid by the relevant pension insurance institution.

Retired civil servants pay pension contributions of between 1.51% and 3.30%, depending on the year of retirement. Civil servants born on 1 Dec 1959 or later and retiring in 2020 or later will no longer have to pay the pension contribution.

The statutory retirement age for civil servants will be raised to 65 by 2017. At present (Dec 2015), it is 64.5 years. Retirement before reaching the statutory retirement age is subject to actuarial deductions.

Civil servants who are permanently incapable of work must enter retirement regardless of their age.

Under old pension law, civil servants’ retirement pay (Ruhegenuss) is assessed using a special calculation basis, i.e. the average of a certain number of maximum pension contribution bases. Given there are no actuarial deductions, 80% of this special calculation basis constitute the assessment basis for retirement pay.

What percentage of this calculation basis is due as retirement pay will depend on the total of pensionable service years. After a transition period until 2028, they will need 45 service years to obtain 80% of the calculation basis in retirement pay (=maximum level). Under the old scheme – as opposed to the new rules and to statutory pension schemes – there is no maximum contribution basis and thus no ceiling on the amount of retirement pay for civil servants.

Monitoring report on federal civil servants’ pensions: www.oeffentlicherdienst.gv.at
10.5 Survivors’ pensions: benefits for widows, widowers and orphans

In Austria, widows’, widowers’ and orphans’ pensions play an important role; this type of pension benefit accounts for more than one fifth (22%) of all pensions.

The vast majority of claimants of survivors’ pensions are women. Under the statutory pension scheme, they account for 86%, with public legal entities for 94%, under social compensation schemes for 96% and under work accident insurance for 90%.

Owing to the formerly low female employment participation approximately one third of women aged 60plus do not qualify for old-age pension benefits of their own. For many of them a survivors’ pension is pivotal for their subsistence in old age. 90% of survivors’ pensions are paid to persons over the statutory retirement age.

Some 50% of survivors’ pension recipients claim an additional old-age or invalidity pension or a civil servants’ retirement pay.

Entitlement conditions under the civil servants’ pension scheme are similar to those under the statutory pension scheme. The laws governing social compensation (see Chapter 9 Benefits in case of invalidity and accident) also provide for survivors’ benefits.

10.5.1 Widows’ and widowers’ pensions

Eligibility criteria are characterised by generous standards compared with those of other EU Member States. Widows/widowers who are past their 35th birthday upon the spouse’s death are entitled to a widow’s or widower’s pension for life unless they re-marry.

Widows/widowers under 35 years of age are also entitled to recurring benefits if they are incapable of work and were primarily maintained by the spouse until his/her death, or if a child was born from marriage or the wife is pregnant when the husband dies, or if the spouses had been married for at least ten years.

Surviving spouses who meet none of the above criteria are entitled to survivors’ benefits for 30 months. This time restriction also applies to widows and widowers surviving a spouse they married at a time when this spouse was already in receipt of an old-age or invalidity pension. In such cases they will only qualify for a recurrent widows'/widowers’ pension if their marriage lasted for a certain period of time (three, five or ten years). The required period of marriage depends on the age difference between the spouses; in age differences of more than 25 years, the marriage must have lasted for ten or more years. A recurring benefit will be granted in these cases if a child was born from the marriage.

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36 ESSPROS social database, Mar 2015 for 2014.
Old-Age and Survivors’ Pensions and Annuity-Like Benefits

Widows’/widowers’ pensions may be claimed by divorcees provided that the divorced survivors had established rights to claim alimony from the ex-spouse and/or such alimony payments were made. In such cases, the widow’s/ widower’s pension is limited to the alimony amount due. Under certain conditions (mostly depending on the type of divorce) no such ceiling applies.

Under a revision introduced in Jan 2010 the rules for widows'/widowers' pensions apply mutatis mutandis to same-sex registered partnerships. The criteria to be met by the surviving registered partner to qualify for survivors’ pension benefits are the same as the ones to be met by a surviving spouse under this scheme. The amount of widows'/widowers’ pensions is determined by the relation between the earnings of the deceased and those of the surviving spouse in the last two or four calendar years, respectively.

Recipients of survivors’ pensions – 2016 reference rates

<table>
<thead>
<tr>
<th>Recipients of survivors’ pensions</th>
<th>in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widows/widowers, surviving registered partners and orphans aged 24 or over who have lost both parents</td>
<td>882.78</td>
</tr>
<tr>
<td>Orphans aged under 24 who have lost one parent</td>
<td>324.69</td>
</tr>
<tr>
<td>Orphans aged under 24 who have lost both parents</td>
<td>487.53</td>
</tr>
<tr>
<td>Orphans aged 24 or over who have lost one parent</td>
<td>576.98</td>
</tr>
</tbody>
</table>

Source: Social Affairs Ministry, 2016.

Benefit levels and recipients

Pension benefits may range from 0% to 60% of the deceased spouse’s (fictitious) pension. A widow’s/widower’s pension of less than 60% can be raised if the sum total of this pension and other incomes is less than €1,910.04 per month (minimum threshold 2016). In such cases, the pension amount is increased to reach this minimum threshold, but must not exceed 60% of the deceased spouse’s pension. High incomes (€9,720 a month in 2016) are subject to a maximum benefit threshold.

In Dec 2015, the average widow’s pension under the statutory pension insurance scheme was €744 and the average widower’s pension was €332 (14 times a year plus supplements and subsidies). Women with only a widow’s pension under the statutory pension scheme and no pension of their own received €689 on average (14 times a year) in Dec 2015. This amount rose to €1,655 (including supplements and subsidies) if they were entitled to another pension benefit.
10.5.2 Orphans’ pensions

Children of a deceased are eligible for orphans’ pensions if their deceased parent met the relevant waiting time criteria\(^{37}\) (same as for invalidity pensions) and if they are under 18 years of age. An orphan’s pension is paid beyond this age for as long as the orphan in question is enrolled in education or training, or if the orphan is incapable of work.

Orphans’ pensions granted to children who have lost one parent total 24% of the pension that would have been due to the deceased parent, and those granted to children who have lost both parents total 36% of the pension that would have been due to the deceased parent(s). If both parents were pension insured, orphans are entitled to two orphans’ pensions (at a rate of 36% of each of the two pensions the deceased parents would have qualified for). Orphans’ pensions include health insurance cover, although no health insurance contributions are withheld.

As at Dec 2015, 47,314 children and adults received orphans’ pensions. About one third (39%) of these claimants was already over 27 years of age. For this group (adult orphans incapable of work), orphans’ pensions are a means of ensuring their subsistence.

10.5.3 Survivors’ pensions\(^{38}\)

Roughly 508,000 persons received survivors’ pensions under the statutory pension scheme. In 2014 some 85,500 persons received survivors’ pensions under the civil servants’ insurance scheme. Roughly 13,000\(^{39}\) were eligible for survivors’ benefits under the special laws on cash income support and 15,000 under work accident insurance (see table).

Total expenditure on survivors’ pensions under the statutory pension insurance scheme, the public legal entities, work accident insurance and social compensation schemes amounted to nearly €6bn in 2014, i.e. roughly 6% of social expenditure or nearly 2% of GDP.

\(^{37}\) The waiting time corresponds to the minimum insurance period. When a parent dies, the deceased must have accrued the minimum insurance record for his or her age under the pension insurance scheme. If this requirement is not met and if the deceased accrued at least one contributory month, a one-time cash benefit (compensation payment) is due instead of an orphan’s pension.

\(^{38}\) Source: calculations by Social Affairs Ministry; Statistics Austria/Social Affairs Ministry: ESSPROS database on social expenditure, Dec 2015.

\(^{39}\) The 2014 figures above are provided for the sake of comparability. The most recent data (as at 1 Jan 2016) pertaining to the special laws on cash income support are as follows: 10,875 survivors’ benefits were paid under the Act on Cash Income Support for Victims of War (KOVG), 515 such benefits under the Victims Welfare Act (Opferfürsorgegesetz – OFG), 81 under the Military Service Compensation Act (Heeresversorgungsgesetz – HVG) and 24 under the Act on Victims of Crime (Verbrechensopfergesetz – VOG). Source: Social Affairs Ministry, Department IV).
Expenditure and recipients of survivors’ pensions, 2014

<table>
<thead>
<tr>
<th></th>
<th>Expenditure in €bn</th>
<th>Recipients in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory pension insurance¹</td>
<td>4.7</td>
<td>508.2</td>
</tr>
<tr>
<td>Civil servants</td>
<td>1.0</td>
<td>85.5</td>
</tr>
<tr>
<td>Special laws on cash income support</td>
<td>0.1</td>
<td>13.0</td>
</tr>
<tr>
<td>Work accident insurance</td>
<td>0.1</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Total²</strong></td>
<td><strong>6.0</strong></td>
<td><strong>611.0</strong></td>
</tr>
</tbody>
</table>

Source: Statistics Austria, Social Affairs Ministry. Expenditure: ESSPROS database on social expenditure, as at 30 Oct 2015, recipients, as at 4 Dec 2015.

¹ The equalisation supplement is included; it is paid out in addition to the basic pension amount. As this constitutes multiple benefits received by one person, the total number of recipients therefore corresponds to the number of recipients of a basic pension.

² Claimants of several types of pension benefits are counted only once in the total.

### 10.6 Beneficiaries, expenditure and financing

As explained above, the pension insurance system also covers benefits for survivors and invalids apart from old-age pensions. In addition, it provides funds to healthcare measures aimed primarily at preventing early invalidity.

#### 10.6.1 Beneficiaries

At the end of 2015, women accounted for 65% of pension recipients. This large proportion of women is primarily due to the high number of widows’ pensions. But the share of women in old-age pension is also larger due to women’s lower retirement age and higher life expectancy, meaning they receive pension benefits for a much longer period than men.
Pensioner figures for the statutory pension insurance scheme, in thousands\(^1\), Dec 2015

<table>
<thead>
<tr>
<th>Pension Type</th>
<th>Total</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invalidity pensions(^2)</td>
<td>170</td>
<td>50</td>
<td>121</td>
</tr>
<tr>
<td>Old-age pensions in total</td>
<td>1,631</td>
<td>920</td>
<td>710</td>
</tr>
<tr>
<td>Regular old-age pensions(^3)</td>
<td>1,534</td>
<td>884</td>
<td>651</td>
</tr>
<tr>
<td>Early retirement due to unemployment</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Early retirement due to long insurance record</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Early retirement due to reduced capacity for work</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Part-time pensions</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Pensions for persons with long insurance periods</td>
<td>67</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td>Corridor pensions</td>
<td>16</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Pensions granted to workers in demanding jobs</td>
<td>10</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Survivors’ pensions in total</td>
<td>504</td>
<td>436</td>
<td>68</td>
</tr>
<tr>
<td>Widows’/widower’s pensions</td>
<td>456</td>
<td>412</td>
<td>44</td>
</tr>
<tr>
<td>Orphans’ pensions</td>
<td>47</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Pensions in total (invalidity + old age + survivors)</td>
<td>2,305</td>
<td>1,406</td>
<td>899</td>
</tr>
</tbody>
</table>

Source: Federation of Austrian Social Insurance Institutions; Social Affairs Ministry, own calculations, Apr 2016.

\(^1\) Where totals seem mismatched, this is due to rounding.
\(^2\) Invalidity pensions only until 60\(^{th}/65^{th}\) year
\(^3\) Incl. invalidity pensions from 60\(^{th}/65^{th}\) year

Some two thirds of all pensions are old-age pensions

67% of pensions are regular old-age pensions, 4% are old-age pensions under early retirement, 22% are survivors’ pensions and 7% are invalidity pensions\(^4\). Whereas survivors’ pensions play a major role for women, accounting for 31% of all pensions claimed by them (versus 8% of pensions claimed by men), a substantial proportion of men (13%) draw invalidity-induced pensions, while only 4% of women do so.

At the end of 2015, 1,800,613 persons received a single pension and 251,731 persons more than one pension under the statutory pension insurance system. The majority of them are women who receive a survivors’ pension in addition to their old-age or invalidity pension.

\(^4\) As from 2011, invalidity pensions will only be counted as such until beneficiaries reach the age that qualifies them for standard old-age pensions. Once they have completed their 65\(^{th}/60^{th}\) year, they will be included as standard old-age pensioners in Austrian statistics.
10.6.2 Pension amounts

In Dec 2015, the average gross old-age pension amount (including supplements and subsidies) was €1,230.80 (14 times a year), i.e. almost 55% in relation to average gross earnings from gainful work of all employees (blue-collar and white-collar workers) in 2014.

Differences between women and men in contributory years and the pronounced gender pay gap are reflected in gender-specific pension amounts. The average old-age pension of women under statutory pension insurance (€963) corresponds to merely 61% of the average pension of men (€1,578).

Average old-age pensions in €1, Dec 2015

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue-collar workers</td>
<td>701</td>
<td>1,206</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>1,235</td>
<td>2,084</td>
</tr>
<tr>
<td>Self-employed persons</td>
<td>1,083</td>
<td>1,748</td>
</tr>
<tr>
<td>Farmers</td>
<td>637</td>
<td>1,153</td>
</tr>
<tr>
<td>All pension insurance institutions</td>
<td>963</td>
<td>1,578</td>
</tr>
</tbody>
</table>

Source: Federation of Austrian Social Insurance Institutions; Social Affairs Ministry, own calculations, Apr 2016.

1 Including children's and equalisation supplements, excluding SI for Austrian notaries
2 The total for all pension insurance institutions is derived from the average of all claimants' old-age pensions

Average pensions due to long-term insurance in €1, Dec 2015

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue-collar workers</td>
<td>1,163</td>
<td>1,842</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>1,679</td>
<td>2,628</td>
</tr>
<tr>
<td>Self-employed persons</td>
<td>1,419</td>
<td>2,133</td>
</tr>
<tr>
<td>Farmers</td>
<td>1,003</td>
<td>1,486</td>
</tr>
<tr>
<td>All pension insurance institutions</td>
<td>1,505</td>
<td>2,257</td>
</tr>
</tbody>
</table>

Source: Federation of Austrian Social Insurance Institutions; Social Affairs Ministry, own calculations, Apr 2016.

1 Including children's and equalisation supplements, excluding SI for Austrian notaries
2 The total for all pension insurance institutions is derived from the average of all claimants' pensions due to long-term insurance.
### Average pension amounts (excluding supplements and subsidies) in €, Dec 2015

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
<th>Men and women</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All direct pensions</strong></td>
<td>936</td>
<td>1,501</td>
<td>1,197</td>
</tr>
<tr>
<td>Invalidity pensions</td>
<td>779</td>
<td>1,172</td>
<td>1,058</td>
</tr>
<tr>
<td>Widows’/widower’s pensions</td>
<td>701</td>
<td>326</td>
<td>664</td>
</tr>
<tr>
<td>Orphans’ pensions</td>
<td>267</td>
<td>266</td>
<td>266</td>
</tr>
<tr>
<td><strong>Old-age pensions</strong></td>
<td>944</td>
<td>1,557</td>
<td>1,211</td>
</tr>
<tr>
<td>Regular old-age pensions</td>
<td>921</td>
<td>1,515</td>
<td>1,173</td>
</tr>
<tr>
<td>Persons with long insurance periods</td>
<td>1,501</td>
<td>2,255</td>
<td>1,873</td>
</tr>
</tbody>
</table>

1 Invalidity pensions and old-age pensions

Source: Federation of Austrian Social Insurance Institutions; Social Affairs Ministry, own calculations, Apr 2016.
10.6.3 Expenditure and funding

In 2014, an amount of roughly €49.2bn was spent on pensions: The statutory pension scheme accounts for 71% of total pension expenditure, civil servants’ pensions for 23%, annuity-like benefits under work accident insurance for roughly 1%, company pensions for 4% and benefits paid under special laws on cash income support for less than 1% (see chart).

Expenditure on pensions¹, in €bn and per cent, 2014


¹ Individual pension benefits are comprised of
- pensions for invalidity/infirmity ((invalidity pensions under statutory pension insurance for women under 60 and men under 65, disability pensions under work accident insurance, retirement pay for civil servants under 60 with public legal entities),
- old-age pensions (regular old-age and invalidity pensions, i.e. for women over 60 and men over 65, early retirement on grounds of long insurance periods, corridor pensions, persons with long insurance periods, pensions granted to workers in physically demanding jobs (pension insurance institution), retirement pay for civil servants over 60 (public legal entities), disability pensions under work accident insurance for persons over 60/65, special retirement benefits under the Heavy Night-Work Act, occupational pensions, special mothers’ benefits paid by the State of Carinthia) as well as
- benefits for survivors (under the statutory pension scheme, from public legal entities, under work accident insurance and under special laws on cash income support) as well as
- other out-of-work benefits (special support and transition benefits).
10. OLD-AGE AND SURVIVORS’ PENSIONS AND ANNUITY-LIKE BENEFITS

Pension expenditure\(^1\) according to institutions, 2014

<table>
<thead>
<tr>
<th></th>
<th>€bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory pension insurance scheme</td>
<td>35.0</td>
</tr>
<tr>
<td>Civil servants’ pensions</td>
<td>11.3</td>
</tr>
<tr>
<td>Accident insurance(^2)</td>
<td>0.6</td>
</tr>
<tr>
<td>Benefits under special laws on cash income support</td>
<td>0.1</td>
</tr>
<tr>
<td>Occupational pensions(^3)</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49.2</strong></td>
</tr>
</tbody>
</table>


1. Benefits in kind, administrative costs and re-routed social contributions not included
2. Disability and survivors’ pensions under work accident insurance, supplements for continued payment of wages not included
3. Direct pension promises, disbursements of pension funds, annuity-like benefits of life insurance schemes

The statutory pension insurance is primarily financed under the pay-as-you-go system. This model of an ‘intergenerational contract’ implies that the benefits paid under pension insurance in any given calendar year are financed from the contributions made by insured persons in that calendar year. By paying contributions, the contributors acquire entitlements to benefits, which will be funded from the contributions of the following generations.

At the end of 2015, 3,744,434 persons were compulsory members of this social pension insurance system (as a rule the active population), and 2,305,356 persons received pension benefits under this scheme, i.e. a ratio of 1,000 pension insurance contributors to 625 retirees (pension insurance institution for Austrian notaries included).

The contributions by insurees are supplemented by transfers from other schemes (e.g. unemployment insurance\(^4\), Family Burdens Equalisation Fund/FLAF) and a contribution from the federal budget. The federal government’s contribution covers the amount by which spending of each social pension insurance institution exceeds its revenue (default guarantee), a contribution for certain partial insurance periods and for what is referred to as the federal government’s partner contribution to the pension insurance scheme of the self-employed.

All in all, the public purse paid 25.5% (federal contribution including reimbursement for equalisation supplement) of the money spent in 2014 on social pension insurance benefits and compensation for prisoners of war. In 2016, the contribution rate to pension insurance under the General Social Insurance Act (ASVG) is 22.8%\(^2\).

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\(^4\) Periods of unemployment and/or child-rearing are considered in calculations of pension amounts.
\(^2\) See table on contribution rates 2016 in Chapter 2 Social benefits: expenditure, contributions and financing.
Total expenditure and proportion of federal funds according to pension insurance institutions\(^1\) in €bn, 2014

<table>
<thead>
<tr>
<th></th>
<th>Total expenditure of pension insurance institutions</th>
<th>Federal contributions(^2)</th>
<th>Reimbursement for equalisation supplement</th>
<th>Federal funds in % of total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions insurance of employees</td>
<td>32.1</td>
<td>5.8</td>
<td>0.7</td>
<td>20.3</td>
</tr>
<tr>
<td>Pension insurance of the self-employed</td>
<td>5.4</td>
<td>3.2</td>
<td>0.3</td>
<td>56.6</td>
</tr>
<tr>
<td>Pension insurance in total</td>
<td>37.5</td>
<td>9.1</td>
<td>1.0</td>
<td>25.5</td>
</tr>
</tbody>
</table>


\(^1\) Insurance institution of Austrian notaries not included

\(^2\) Default guarantee, federal contribution for partial insurance, federal partner contribution

### 10.7 Occupational pension schemes

Occupational pension schemes, which constitute the second pillar of the pension insurance system, are governed by the Occupational Pension Act (Betriebspensionsgesetz – BPG). The BPG sets out the labour law provisions applicable to occupational pension schemes and covers all employees working under private law employment relationships as well as all other eligible parties (i.e. also spouses and children).

The BPG governs the protection under labour law of benefits and entitlements accrued under retirement, invalidity and survivors’ pension commitments (defined benefit schemes).

There are four types of defined occupational benefit schemes:
- Defined pension schemes managed by domestic or foreign pension funds;
- Defined benefit schemes managed by occupational group insurance schemes (BKV);
- Direct defined benefit programmes;
- Life insurance schemes.

Commitments made by employers to defined benefits for employees working under private law employment relationships are of a voluntary nature. What these four types of defined benefit schemes have in common is that they are meant to supplement retirement, invalidity and survivors’ pension benefits under the statutory scheme.
These defined benefit plans are group- and employer-based forms of retirement income provision. Under the BPG, commitments to defined benefits basically can be made under collective agreements, plant-level agreements or individual agreements (= basic agreements under the law of employment contracts).

In the case of defined benefit schemes involving pension funds, occupational group and life insurance schemes, employers must pay, on behalf of their employees, contributions to pension funds or insurance companies which invest these contributions and disburse them when claimed in the form of monthly retirement benefits. Retirement benefits are paid by credit transfers to the bank accounts of beneficiaries. Pension benefits paid under direct defined benefit programmes are funded and paid by employers directly.

Of relevance in labour law practice are defined benefit schemes involving pension funds or occupational group insurance schemes. If employers promise their employees defined benefits under pension fund arrangements, a basic agreement under the law of employment contracts underlies the agreement to be concluded between the participating employer and a pension fund. The BPG sets out the necessary minimum contents of defined benefit schemes managed by pension funds. Retirement and survivors’ income provision is mandatory for such defined benefits promised by employers; occupational disability pensions may be included as an additional option in the basic agreement under employment contracts law. The BPG also includes provisions on the vesting of entitlements already accrued. Vesting means that any entitlements already accrued by employees terminating their employment relationships before claims are due under the basic agreement will be maintained no matter why the employment relationship is terminated. However, defined benefit schemes managed by pension funds may include a vesting period of, currently, up to three years from the beginning of contributions. The BPG also includes provisions on how to calculate the vesting amount. Moreover, it defines what employees can do with the vesting amount when the employment relationship is terminated.

Claiming the accrued pension capital in cash (disbursement) upon termination of the employment relationship before actual claims are due is only admissible if the vesting amount, at the time of termination, is below a threshold defined in the Pension Fund Act (Pensionskassengesetz – PKG), i.e. €12,000 for 2016. Basically, defined benefit plans managed by occupational group insurance schemes are subject to the same rules as those managed by pension funds, the only major deviation being that the contributions paid by employers become vested immediately. As employees now have the option of transferring capital accrued under the new severance pay scheme to a pension fund or to an old-age insurance scheme, they may use the new severance pay scheme to build up assets for retirement income provision. This option is intended to strengthen the second pillar of retirement income provision.

**For more information** on group insurance schemes refer to the website of the Association of Austrian Insurance Companies (Verband der Versicherungsunternehmen Österreichs – VVO): [www.vvo.at](http://www.vvo.at)
Overview of service centres

Citizens’ Service Team
(of the Social Affairs Ministry):

Phone: +43 1 711 00-86 22 86
E-mail: buergerservice@sozialministerium.at

Brochure service
Brochure ordering service of the Social Affairs Ministry

E-mail: broschuerenservice@sozialministerium.at
Web: www.sozialministerium.at/broschuerenservice

General information
If you have general inquiries or want to make suggestions:

Federal Ministry of Labour, Social Affairs and Consumer Protection
Stubenring 1, 1010 Vienna
E-mail: post@sozialministerium.at