

The Pensions System in Austria – an Overview

Edition for 2022



Publishing Information

Owner and Publisher:

Federal Ministry of Social Affairs, Health, Care and Consumer Protection (BMSGPK),
Stubenring 1, A-1010 Vienna

Editors: Division II/B/8

Published and Produced in: Vienna

Copyright Cover: © istockphoto.com/Halfpoint

English Translation: Eva Holzmair-Ronge

Vienna, May 2022

ISBN: 978-3-85010-675-7

All rights reserved:

No part of this publication may be used without the written consent of the media owner. This includes any form of reproduction, translation, microfilming, TV or radio broadcast as well as dissemination and storage on electronic media, e.g. internet or CD-ROM.

If passages are quoted (in academic papers), reference must be made to the source of the material: Federal Ministry of Social Affairs, Health, Care and Consumer Protection (BMSGPK) (ed.); title of the publication, year of publication

Order information: This and other publications are obtainable free of charge from the brochure service of the Social Affairs Ministry at www.sozialministerium.at/broschueren-service.

Foreword



Johannes Rauch
© Marcel Kulhanek

Dear readers,

In order to cushion the negative consequences of the Covid-19 crisis on workers, families and businesses, the government has taken a number of social policy measures. The Austrian welfare state has proved to be a stabilising and resilient factor within this context.

This relates to social security as well as to statutory pension insurance schemes, which are secure in times of crisis and ensure income provision in old age, for survivors and in cases of invalidity or incapacity for work. Measures concerning rehabilitation and preventive health care are also part of the tasks of the pension insurance system.

The tax-funded equalisation supplement ensures minimum income for pensioners if their pension entitlements are very low. Since 2020 a bonus payment has been in place for claimants of low pensions with long insurance records. Another bonus introduced in January 2020 is the early starter bonus granted for periods of gainful activity begun at a very young age. Only recently, a number of fiscal changes were adopted under the eco-social tax reform of which pensioners may benefit as well.

The present brochure provides an updated overview of Austria's statutory pension insurance system in 2022. In addition, other topics such as types of benefits, pension calculation, measures targeted at women and older workers, the new invalidity pension scheme and much more are presented in a compact and easy-to-understand manner.

I hope you enjoy reading this edition!

Yours,

Johannes Rauch

Contents

Foreword	3
Abbreviations	6
1 Fundamentals	7
1.1 Characteristics and legal basis of the pension insurance system.....	7
1.2 Reform of social insurance organisation and responsibilities.....	8
1.3 Funding pension insurance	9
2 Periods of Pension Insurance	14
2.1 Compulsory insurance	14
2.2 Voluntary insurance.....	15
2.2.1 Self-insurance	15
2.3 Continued insurance.....	16
2.3.1 Self-insurance while caring for close relatives	17
2.3.2 Continued insurance while caring for close relatives.....	18
2.3.3 Self-insurance while caring for a disabled child	19
2.4 Supplementary insurance	20
3 Benefits	21
3.1 Old-age pensions	21
3.2 Rules for workers with long insurance records	22
3.3 Corridor pensions	23
3.4 Heavy labour pensions.....	23
3.5 Benefits for survivors.....	24
3.5.1 Orphans' pensions	24
3.5.2 Widows'/widowers' pensions.....	24
3.5.3 Compensation.....	26
4 Pension Calculations	28
4.1 Pension account.....	28
4.2 Deduction rules.....	30
4.3 Early starter bonus as of 1 January 2022.....	31
4.4 Bonus-based incentivisation.....	31
4.5 Annual pension increase.....	31
4.6 Prorated first-time pension indexation	32
5 Women and Pension	33
5.1 Special characteristics of female employment histories.....	33
5.2 Gender gap in pensions	34

5.3	Periods of child-rearing.....	35
5.4	Pension splitting.....	36
5.5	Widows'/widowers' pensions.....	36
6	New Invalidity Pension Scheme	39
6.1	Rehabilitation takes priority over retirement	39
6.2	Occupational rehabilitation	39
6.3	Assessment procedure	40
6.4	Assessment competence centre.....	40
6.5	Health street	41
6.6	Invalidity or work incapacity pension	42
7	Older Workers	46
7.1	Semi-retirement.....	46
7.2	Part-time scheme for older workers	47
8	Benefits Securing a Minimum Income for Pensioners	48
8.1	Equalisation supplement	48
8.2	Bonus for pension benefits or equalisation supplements.....	48
9	Taxation of Pensions	50
9.1	General.....	50
9.2	Tax credit for pensioners	51
9.3	Reimbursement of social insurance contributions.....	52
9.4	Credits of health insurance contributions for the self-employed and farmers	52
10	Old-Age Security Commission	53
11	Occupational and Private Pension Plans.....	54
	Overview: Pension benefits 2020 to 2034 by access criteria	57
	Glossary.....	75
	List of Tables	90
	List of Figures.....	91

Abbreviations

PES	Public employment service
APG	General Pensions Act
ASVG	General Social Insurance Act
AUVA	General Work Accident Insurance Institution
AZ	Equalisation supplement (tax-funded benefit)
BMSGPK	Federal Ministry of Social Affairs, Health, Care and Consumer Protection
BMSVG	Employee and Self-Employed Income Provision Act
BSVG	Social Insurance Act for Farmers
BVAEB	Insurance Institution for Public-Service Employees, Railway and Mining Workers
FLAV	Family Burdens Equalisation Fund
FSVG	Social Insurance Act for the Liberal Professions
GSVG	Social Insurance Act for the Self-Employed in Trade and Business
B-VG	Federal Constitutional Act (=the Austrian Constitution)
ÖGK	Austrian Health Insurance Fund
PVA	Social Pension Insurance Institution
SVA	Social Insurance Institution for the Self-Employed in Trade and Business
SVB	Social Insurance Institution for Farmers
SVS	Social Insurance Institution for the Self-Employed
SV-OG	Social Insurance Organisation Act

Fundamentals

1.1 Characteristics and legal basis of the pension insurance system

Alongside health and work accident insurance, pension insurance is the third branch of the social security system.

The main task of statutory pension insurance is to provide income protection for people in cases of old age, incapacity for work or to survivors in case of death. Other tasks include measures of preventive health care and rehabilitation.

In 2021, around 4.2 million persons were covered by statutory pension insurance on average, whereof 2.3 million were men and 1.9 million were women. The majority was subject to compulsory pension insurance, while roughly 16,000 persons were enrolled in a voluntary insurance scheme, 81 per cent of them being women.

The characteristics of pension insurance include:

- Compulsory insurance (i.e. insurance cover is provided by law irrespective of the will and intent of the individual),
- Pay-as-you-go organisation (i.e. pension insurance is funded by the contributions currently paid),
- Not-for-profit orientation,
- Pooled risk-sharing community (no risk selection),
- Self-governing body (governed by those directly affected),
- Principle of solidarity (i.e. contributions are based on the economic resilience of the individual rather than on the risk of the subject matter insured),
- Social elements built into benefits (such as equalisation supplements),
- Application-based (benefit is determined upon application only),
- Principle of equivalence (payment of higher contributions and for a longer period of time will increase pension benefits).

Social security provisions are included in the following federal acts, with different groups of persons being subject to the social security provisions of the related legislation:

- APG (Allgemeines Pensionsgesetz – General Pensions Act): for those born in 1955 and after, pension benefits will be calculated pursuant to the General Pensions Act. For those born before 1955, the relevant acts for the various groups of insured persons will apply, which include specifications on applicable contribution bases,
- ASVG (Allgemeines Sozialversicherungsgesetz – General Social Insurance Act): employees and quasi free-lancers,
- BSVG (Bauern-Sozialversicherungsgesetz – Social Insurance Act for Farmers): farmers,
- FSVG (Bundesgesetz über die Sozialversicherung freiberuflich selbständig Erwerbstätiger – Social Insurance Act for the Liberal Professions): liberal professionals (such as members of the Austrian Chamber of Pharmacists),
- GSVG (Gewerbliches Sozialversicherungsgesetz – Social Insurance Act for the Self-Employed in Trade and Business): 'old' and 'new' self-employed.

1.2 Reform of social insurance organisation and responsibilities

With the adoption of the Social Insurance Organisation Act (Sozialversicherungs-Organisationsgesetz – SV-OG) in December 2018, the 21 previously existing social insurance institutions were merged into five insurers under one umbrella organisation.

As of 1 January 2020, the new set-up has been in place including

- The pooling of previously nine regional health insurance funds to form the Austrian Health Insurance Fund (Österreichische Gesundheitskasse – ÖGK). Persons previously insured with employer-based health insurance funds, as well as pensioners, are now also insured with ÖGK.
- The pooling of the former Social Insurance Institution for the Self-Employed in Trade and Business (SVA) and the Social Insurance Institution for Farmers (SVB) to form the Social Insurance Institution for the Self-Employed (SVS).
- The pooling of the former insurance institution for public-service employees (BVA) and the Insurance Institution for Railway and Mining Workers (VAEB) to form the Insurance Institution for Public-Service Employees, Railway and Mining Workers (BVAEB).

Table 1: Organisation of social insurance institutions as of 1 January 2020

Umbrella Organisation of Austrian Social Insurance Institutions
Austrian Health Insurance Fund (ÖGK)
Insurance Institution for Public-Service Employees, Railway and Mining Workers (BVAEB)
Social Insurance Institution for the Self-Employed (SVS)
Pension Insurance Institution (PVA)
General Work Accident Insurance Institution (AUVA)

Source: Source: BMSGPK; own presentation

This structural reform is to provide a top-performing and modern social security system which is close to the public, while reducing administrative costs and boosting potential savings. The funds thus released are to be used to meet even better the needs of insured persons.

1.3 Funding pension insurance

The public pension system is funded both through contributions and taxes.

Financing is three-pronged including:

- Contributions by the insured,
- Contributions by employers, and
- Contributions from tax resources.

Current pension payments are not to be interpreted to be equivalent to the previously paid contributions.

Contributions

A major part of the pension insurance system is funded through contributions, their rate being 22.8 per cent of the contribution base. This contribution base is determined by the income from employment for employees (ASVG) and by the income from self-employ-

ment for the self-employed (farmers and those in trade and business). Any income exceeding the assessment ceiling (maximum contribution base) is non-contributory. The monthly assessment ceiling in 2022 is EUR 5,670.00 for employees, while for the self-employed and farmers it is EUR 6,615.00 (if extrapolated for one year, both ceilings are equally high since the maximum contribution base for employees is averaged over 14 months of pay as opposed to 12 months of earnings for the self-employed).

Under the ASVG, employees contribute 10.25 per cent and employers 12.55 per cent of the gross pay up to the assessment ceiling.

Table 2: Contribution rates under the pension insurance system as defined by legislation

Type of insurance	Financing entity	ASVG	GSVG	BSVG	FSVG
Compulsory insurance	Employee/insured	10.25%	18.50%	17.00%	20.00%
-	Employer/federal government	12.55%	4.30%	5.80%	2.80%
-	Total	22.80%	22.80%	22.80%	22.80%
Continued insurance	Insured/federal government	22.80%	22.80%	22.80%	22.80%
Self-insurance	Insured/federal government	22.80%	-	-	-

Source: BMSGPK; own presentation

Partner payment

The contribution rate under the GSVG is 18.5 per cent, under the BSVG 17.0 per cent and under the FSVG 20.0 per cent. The federal government contributes a so-called partner payment (Partnerleistung) to achieve 22.8 per cent in total.

Partial insurance periods

Contributions are also paid into the pension insurance system for certain periods such as periods of child-rearing, periods of military service or training service and periods on unemployment benefit. Contributions for these partial insurance periods are funded by the federal government, the Federal Ministry of Defence (Bundesministerium für Landesverteidigung – BMLV), the public employment service (Arbeitsmarktservice – German acronym AMS, for ease of understanding abbreviated PES in the present brochure) or the Family Burdens Equalisation Fund (Familienlastenausgleichsfonds – FLAF).

Pay-as-you-go system

The pension insurance system is financed under a pay-as-you-go system. The contributions paid by economically active workers are immediately used to finance pension benefit payments. Underlying this approach is a ‘contract of solidarity’ between the different generations, meaning that the pay-as-you-go system is based on an intergenerational contract. It is governed by the principle that, through paying their contributions, the contributors acquire pension entitlements which, in turn, are covered by the contributions paid by the next generation of economically active workers.

Federal funds

Federal funds are payments by the federal government into the social security system composed of federal contributions and reimbursement of equalisation supplements:

1. Federal contributions
 - Partner payment: this is the difference paid from the federal purse for the self-employed to achieve the general contribution rate of 22.8 per cent,
 - A portion of the contributions for persons who are partially insured,
 - Default guarantee: the default guarantee serves to bridge the gap between the revenue and the expenditure (pension payments) of insurance institutions.
2. Reimbursement of expenditure on equalisation supplements: the federal government reimburses pension insurance institutions for all and any expenditure on equalisation supplements.

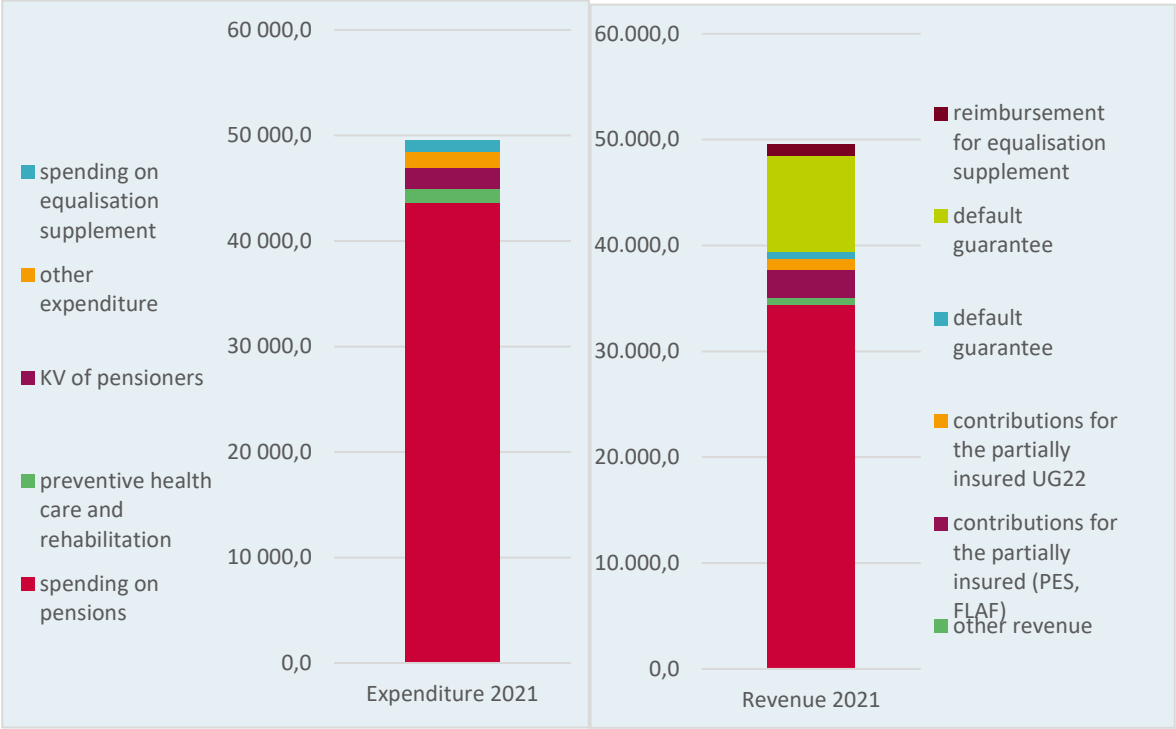
Expenditure and revenue of pension insurance

Current spending on pensions accounts for the greatest portion of expenditure of the pension insurance system. In addition, the statutory pension insurance system spends resources on preventive health care and rehabilitation, on health insurance for pensioners and on equalisation supplements.

The pension insurance's total spending (equalisation supplements not included) amounted to roughly EUR 49.5 billion in 2021 or roughly 12.3 per cent of GDP.

Revenue is primarily generated by the compulsory contributions of insured persons. It is supplemented by the contributions for periods of partial insurance, partner payment, default guarantee of the federal government as well as reimbursement of expenditure on equalisation supplements (see Chapter 8).

Figure 1: Revenue and expenditure of the statutory pension insurance system in EUR million, 2021



Source: BMSGPK; own presentation

Legend:

- PES – public employment service
- FLAF – Family Burdens Equalisation Fund
- KV – health insurance
- UG 22 – section of the federal budget which is allocated to the statutory pension insurance system.

2 Periods of Pension Insurance

2.1 Compulsory insurance

A major characteristic of the social security system is compulsory insurance, meaning that social security protection is provided by law irrespective of the will of the individual.

Statutory compulsory insurance may take the form of full or partial insurance. Full insurance means protection in all three branches of the social security system (pension insurance, health insurance, work accident insurance), whereas partial insurance refers to compulsory insurance in only one or two of these branches.

For the 'harmonised groups of persons' (= those born on or after 1 January 1955), all periods of insurance acquired in the pension insurance system as of 1 January 2005 apply.¹

Distinction is made between periods of compulsory insurance while in work and periods of partial compulsory insurance:

Whenever income from work exceeds the marginal earnings threshold (EUR 485.85 in 2022), it will be subject to compulsory pension insurance.

Periods of compulsory partial insurance under the pension insurance scheme are periods for which the federal government, the Federal Ministry of Defence, the PES or a public fund pay the related contributions. A fixed contribution base is assigned to some of these insurance periods, a variable one to others.

The most frequent types of these insurance periods include:

- Periods of child-rearing,
- Military, training and civilian service or service abroad,
- Unemployment benefits,
- Unemployment assistance,

¹ The General Pensions Act (APG) does no longer distinguish between substitute qualifying periods and contribution periods.

- Retraining benefits,
- Sickness benefits,
- Rehabilitation benefits,
- Reintegration benefits,
- Maternity allowance,
- Care leave benefits,
- Part-time care leave benefits,
- Family time bonus.

2.2 Voluntary insurance

Periods of voluntary insurance enable the insured to close gaps in their insurance record.

2.2.1 Self-insurance

People may opt for self-insurance if they have no or too few insurance months accrued under the pension insurance system. In so doing, they may create the necessary conditions for subsequent continued insurance.

Eligibility criteria

- Age 15 and up,
- No statutory pension insurance,
- Residence in Austria.

Self-insurance may also be taken for up to 12 months retroactively.

Contributions to pension insurance

Unless the insured was subject to compulsory insurance before taking self-insurance, the monthly contribution base is EUR 3,307.50 (in 2022). The costs for one insurance month will thus total EUR 754.11 per month or 22.8 per cent of the contribution base.

If insurance months have already been accrued under the compulsory scheme of statutory pension insurance, the following rules apply:

The contributions to be paid are determined by the contribution base that was applicable before leaving the compulsory insurance scheme. 22.8 per cent of this contribution base make up the payable contribution. The minimum contribution base is EUR 890.70, the maximum contribution base EUR 6,615.00 (in 2022), meaning that in 2022 the minimum contribution to be paid is EUR 203.08 and the maximum contribution 1,508.22.

Self-insurance under marginal employment

If someone is only marginally employed, i.e. only subject to partial compulsory insurance (work accident insurance), they can apply for self-insurance under the health and pension insurance schemes. In this case, the contribution base is referenced to the marginal earnings threshold (2022: EUR 485.85), with the monthly contributions to self-insurance totaling EUR 68.59.

2.3 Continued insurance

When leaving compulsory insurance or self-insurance, people may apply for continued insurance.

Eligibility criteria

- At least 12 insurance months within the past 24 calendar months, or
- At least three insurance months per year in the past five calendar years, or
- At least 60 insurance months accrued before filing the application.

Contributions to pension insurance

See Chapter 2.2.1.

2.3.1 Self-insurance while caring for close relatives

Since 1 January 2006 a self-insurance scheme has been available for persons nursing a close relative who qualifies for long-term care benefits in at least care category 3 (of up to 7 categories) and who are devoting substantial effort to caring for this relative in a home setting.

For the purpose of accruing the minimum insurance periods required to qualify for pension insurance (under the General Pensions Act), these periods of self-insurance are considered to be insurance months spent in paid jobs.

Eligibility criteria

The criteria for qualifying for this type of self-insurance include:

- A substantial part of claimants' work effort is devoted to care,
- Care is given to a close relative who qualifies for care category 3 and up,
- The carer's residence during care must be in Austria, and
- Care must be given in a home setting.

Care is not interrupted by temporary inpatient treatment of the person being nursed.

Close relatives are:

- Spouses, registered partners, live-in partners,
- Persons related directly or by marriage with the person to be nursed in the direct line or in the collateral line up to and including the fourth degree, with live-in partners having the same status as spouses/registered partners. This refers to e.g. children, parents, grandparents, great-grandparents, grandchildren/great-grandchildren, siblings, nieces/nephews, grandnieces/grandnephews, aunts/uncles, great aunts/great uncles, cousins, children-in-law, etc.,
- Adopted, step and foster children as well as adopted, step and foster parents.

Alongside nursing, the caregiver may also be subject to compulsory insurance on the basis of an occupational activity.

Contributions to pension insurance

Self-insurance does not entail any costs for the insured person. The contributions are fully borne by the federal purse, the monthly contribution base being EUR 2,077.75 in 2022.

2.3.2 Continued insurance while caring for close relatives

This option of continued insurance may be claimed by persons who have exited compulsory insurance to nurse a close relative who qualifies for long-term care benefits in at least care category 3 (of up to 7 categories).

This type of continued insurance is available under ASVG, GSVG and BSVG and is intended to help acquire contribution months under the pension insurance scheme. Continued insurance enables caregivers to close gaps of up to twelve months in their insurance history retroactively.

Eligibility criteria

Entry into this state-supported continued insurance under the pension insurance scheme is subject to the following conditions:

- All of the claimant's work effort must be devoted to caring for the close relative (in addition to nursing, the caregiver may only be employed in a marginal job),
- Care is given to a close relative who qualifies for care category 3 and up,
- Care must be given in a home setting,
- Claimants must have accrued prior periods of insurance.

Care in a home setting is not interrupted by temporary inpatient treatment of the person being nursed.

Close relatives are:

- Spouses, registered partners, live-in partners.
- Persons related directly or by marriage with the person to be nursed in the direct line or in the collateral line up to and including the fourth degree, with live-in partners having the same status as spouses/registered partners. This refers to e.g. children, parents, grandparents, great-grandparents, grandchildren/great-grandchildren, siblings, nieces/nephews, grandnieces/grandnephews, aunts/uncles, great aunts/great uncles, cousins, children-in-law, etc.
- Adopted, step and foster children as well as adopted, step and foster parents.

Contributions to pension insurance

The monthly contribution base for continued insurance is determined by the claimant's gross income from work earned in the calendar year before terminating employment.

In 2022 the minimum contribution base is EUR 890.70 and the maximum contribution base EUR 6,615.00 per month, with 22.8 per cent of the contribution base (= income subject to social insurance) payable.

The contributions are fully borne by the federal purse.

2.3.3 Self-insurance while caring for a disabled child

Persons who devote most of their work effort to caring for a disabled child (entitled to increased family allowance) in a home setting can apply for self-insurance under the pension insurance scheme free of charge until the child reaches the age of 40. This also applies to adopted children.

Since 1 Jan 2015 caregiving mothers and fathers of disabled children may work part-time in a paid job in addition to their caring job.

Contributions to pension insurance

The monthly contribution base is EUR 2,027,75 in 2022.

Contributions payable under this scheme are borne by the equalisation fund for family allowances and by the federal purse. It does not entail any costs for the self-insured person.

2.4 Supplementary insurance

Supplementary insurance (Höherversicherung) is an option to increase one's own pension by paying voluntary additional contributions. However, one cannot acquire additional insurance periods under this scheme (see Chapters 2.1 and 2.2).

Contributions to pension insurance

The maximum annual contributions to supplementary insurance for 2022 total EUR 11,340.00.

These extra contributions provide for a so-called 'special increment' on pensions, which increases the amount of future pension entitlements.

3 Benefits

3.1 Old-age pensions

To be entitled to old-age pension benefits, applicants must meet certain criteria: First, they must have reached statutory retirement age (women: 60 years, men: 65 years), and second, they must have accrued a minimum number of insurance months (waiting period).

Those born in or after 1955 have pension accounts:

The minimum period of insurance is met under the pension account scheme if the insured have accrued at least 180 insurance months (= 15 years), whereof at least 84 months (= 7 years) must be derived from gainful activity.

Periods accrued under voluntary insurance schemes while caring for a disabled child, continued insurance or self-insurance while caring for a close relative (care category 3 and up), family hospice leave as well as receipt of prorated partial care leave benefits are counted towards meeting the 84 months.

Where it is more favourable for applicants, and provided they have acquired at least one insurance month by 31 December 2004, the ASVG-based eligibility criteria (waiting time) for old-age pension continue to apply.

The statutory retirement age for men is 65 years and for women born on or before 1 December 1963 it is 60 years. For women born after 1 December 1963, the statutory retirement will be gradually increased by six months a year to also reach 65 years in 2033. Women born on or after 2 June 1968 will be subject to a statutory retirement age of 65 years.

Table 3: Statutory retirement age for women

Cut-off date for retirement in calendar year	Retirement age	Applicable for insured born by DD.MM.YYYY
2024	60 years + 6 months	01.06.1964
2025	61 years	01.12.1964
2026	61 years + 6 months	01.06.1965
2027	62 years	01.12.1965
2028	62 years + 6 months	01.06.1966
2029	63 years	01.12.1966
2030	63 years + 6 months	01.06.1967
2031	64 years	01.12.1967
2032	64 years + 6 months	01.06.1968
2033	65 years	from 02.06.1968

Source: Federal Constitutional Act on different age limits of men and women covered by the social security scheme (Federal Law Gazette No 832/1992).

Old-age pensions, like any other benefits under the statutory pension insurance scheme, can only be granted upon submission of an appropriate application.

3.2 Rules for workers with long insurance records

Workers entitled to claim pension benefits due to their long insurance records (Hacklerregelung) include

- Men born on or after 1 Jan 1954 who have completed their 62nd year and have a history of 540 contribution months (= 45 contribution years).
- Women born on or after 1 Jan 1959, for whom eligibility criteria will be gradually tightened:

Table 4: Eligibility criteria for retirement benefits on grounds of long insurance records for women:

Women born	After attaining	Required contribution months
1.1.1960 - 31.12.1960	the age of 58	516 (43 years)
1.1.1961 - 31.12.1961	the age of 59	528 (44 years)
1.1.1962 - 1.12.1963	the age of 60	540 (45 years)
2.12.1963 - 1.6.1964	the age of 60 ½	540 (45 years)
2.6.1964 - 1.12.1964	the age of 61	540 (45 years)
2.12.1964 - 1.6.1965	the age of 61 ½	540 (45 years)
from 2.6.1965	the age of 62	540 (45 years)

Source: §617(13) ASVG

3.3 Corridor pensions

Under the corridor pension scheme (Korridorpension), early old-age pension benefits can be claimed with corresponding deductions before reaching statutory retirement age provided that the insured have a long insurance record.

To qualify for corridor pension benefits, claimants are required as of 2017 to have a history of 480 insurance months (40 insurance years) when they turn 62.

Eligibility criteria for men and women under this scheme are basically the same. However, this type of pension will be of relevance to women only in 2028 and later. Before that year, women may claim standard old-age pensions based on lower statutory retirement age.

3.4 Heavy labour pensions

The heavy labour pension scheme (Schwerarbeitspension) enables those performing heavy work to enter retirement under the General Pensions Act (APG) before reaching statutory retirement age.

This contingency occurs for both men and women when they turn 60 at the earliest.

The minimum insurance period is 540 insurance months (= 45 years), whereof at least 120 months (= 10 years) within the past 240 calendar months (= 20 years) prior to the cut-off date must have been spent in heavy work.

The Social Affairs Ministry has issued an ordinance defining the working conditions recognised as heavy work in a calendar month.

3.5 Benefits for survivors

3.5.1 Orphans' pensions

Basically, orphans' pension benefits are payable until age 18. They may be drawn beyond this age if eligibility criteria are met and beneficiaries are still in education, training or incapable of earning a living.

Benefit calculation is always based on 60 per cent of widows'/widowers' pension benefits. Children who have lost one parent receive 40 per cent and children who have lost both parents receive 60 per cent of the pension due to the deceased in terms of widows'/widowers' pension benefits.

3.5.2 Widows'/widowers' pensions

Widows'/widowers' pensions are designed to safeguard the livelihood of survivors. The amount of a widow's pension benefits varies between 0 and 60 per cent of the pension the deceased spouse/registered partner was or would have been entitled to, and depends on the income of the deceased person as well as on the income of the surviving parties in the two calendar years preceding death. If the income of the deceased in the last two years was reduced due to illness or unemployment, the last four calendar years preceding death will be used as a basis.

Unless the widow's/widower's pension plus other own income reaches EUR 2,098.74 in 2022, pension benefits are to be increased accordingly. However, this increase must not exceed 60 per cent of the pension amount of the deceased.

If the widow's/widower's pension together with own pension benefits or with income from work exceeds €8,460, the benefit will be reduced by the excess amount and may drop to zero.

If the related conditions are met, beneficiaries are entitled to an equalisation supplement paid in addition to survivors' pension benefits.

Duration of widows'/widowers' pensions

1. In the following cases beneficiaries are entitled to widows'/widowers' pension benefits for only 30 *calendar months* following the death of the spouse whereupon entitlement expires without any further procedure being necessary:
 - Case 1: when the spouse died the widow/widower was not yet 35 years old.
 - Case 2: when the spouse died the widow/widower was already 35 years old and the deceased spouse had already been retired at the time of their marriage.
 - Case 3: when the spouse died the widow/widower was already 35 years old and the deceased spouse, although not retired at the time of their marriage, had been over 65 (man) or 60 (woman) years of age.

2. The minimum period for a marriage to result in pension entitlements without time-limit is for the above cases:
 - Case 1: 10 years
 - Case 2:
 - 3 years for an age difference of up to 20 years
 - 5 years for an age difference of more than 20 years up to 25 years
 - 10 years for an age difference of more than 25 years
 - Case 3: 2 years

3. Widows'/widowers' pension benefits are due without any time-limit if:
 - a child was born (legitimised) in (through) this marriage, or
 - the widow was pregnant at the time of the spouse's death, or

- at the time of the spouse's death a child of the deceased was a member of the widow's/widower's household who is entitled to an orphan's pension, or
- the marriage took place between persons who had already been married to one another before and, with the continuation of this previous marriage, were no longer subject to any time-limit, or
- the marriage lasted for a certain minimum period. (see item 2 listed above)

If the widow/widower has become invalid by the time the fixed-term pension benefits expire, and if within three months of expiry the beneficiary applies for continuity of benefits, widows'/widowers' pensions will be due for the duration of invalidity.

If beneficiaries remarry, they may not continue to claim widows'/widowers' pensions. If remarriage ends in divorce, entitlement to widows'/widowers' pensions will be automatically renewed. If, however, claimants of widows'/widowers' pensions earn incomes of their own, pension benefits will be calculated based on the level of income earned. If the defined limit is exceeded, no pension benefits will be paid out.

3.5.3 Compensation

Compensation (Abfindung) is a one-off benefit due to persons who are not entitled to widows'/widowers' pensions because they fail to meet the waiting-time criteria. Compensation is paid provided the deceased has acquired at least one contribution month.

If waiting time criteria are met without any entitled survivors left (widow, widower, orphans), compensation is due sequentially to children, parents, siblings of the deceased if they lived in the same household with the deceased and were primarily maintained by her/him.

Severance pay of widows'/widowers' pensions

If a widow/widower remarries, the current widow's/widower's pension benefits will be discontinued. In this case, beneficiaries are entitled to severance pay amounting to 35 times the monthly pension benefit.

Note: Should the new marriage be dissolved, entitlement to a widow's/widower's pension (for which severance pay has been claimed) can be renewed only two and half years after the previous cessation of entitlement.

4 Pension Calculations

4.1 Pension account

A pension account has been established for all persons born on or after 1 January 1955.

In this pension account, every insurance month is counted towards pension calculation. This has put an end to the old system of parallel pension calculations under which pension benefits were determined through complicated transitional arrangements.

For those who had accrued at least one insurance month under the statutory pension insurance scheme by 31 December 2004, the appropriate amount was credited to their accounts by 31 December 2014. This initial credit transfer was posted as 'start-up capital' in the pension account.

For persons having accrued insurance periods as of 2005 only, pension entitlements have already been stored in their pension accounts in the form of partial credits transferred each year.

The pension account does no longer distinguish between contribution and substitute qualifying periods. Insurance periods include periods of compulsory insurance, periods of partial compulsory insurance and periods of voluntary insurance.

Every year, 1.78 per cent of the annual contribution base are posted to the pension account as partial credit transfers. The annual partial credit transfer will then be added to the total credit (sum total of partial credit transfers of previous years), this credit being multiplied by a valorisation coefficient on 1 January of every year.²

The total credit posted in the pension account on the cut-off date for retirement will be used as a basis for pension calculation. Monthly old-age pension benefits correspond to this total credit divided by 14.

² The valorisation coefficient reflects wage increases and is determined every year based on the development of earnings that are subject to compulsory pension insurance.

If workers retire before reaching statutory retirement age, their pensions will be subject to actuarial deductions, while increments are due to workers retiring later (see Chapter 4.3).

Figure 2: The pension account

Pension account						
Year	Age	Contribution base total	Partial credit (=1.78 % of contr. base total)	Valorised total credit of previous year	Total credit	Monthly gross benefit (total credit/14)
2005	23	€ 25.000	€ 445		€ 445	€ 32
2006	24	€ 26.000	€ 463	€ 454	€ 917	€ 65
2007	25	€ 27.000	€ 481	€ 935	€ 1.416	€ 101
2008	26	€ 28.000	€ 498	€ 1.444	€ 1.942	€ 139
etc.						
2043	61	€ 63.000	€ 1.121	€ 41.915	€ 43.036	€ 3.074
2044	62	€ 64.000	€ 1.139	€ 43.897	€ 45.036	€ 3.217
2045	63	€ 65.000	€ 1.157	€ 45.937	€ 47.094	€ 3.364

Valorisation with a fictitious factor of 1.02

Total credit (corresponds to annual pension benefits):	€ 47.094
divided by 14 (monthly gross benefit)	€ 3.364
Retirement at age 63	
Thus deduction for 24 months (from age 63 to age 65) of 0.425% each	
Deduction = 0.425% x 24 = 10.2% of monthly gross benefit	€ 343
The monthly pension benefit due is	€ 3.021

Source: BMSGPK; own presentation

As to the amount of pension benefits, the basic formula is 45/65/80, meaning that workers who have accrued 45 insurance years and retire at age 65 may expect their pension benefits to be 80 per cent of the valorised average lifetime income.

The insured may access their own pension account online any time. They may do so by mobile signature or citizen card at www.neuespensionskonto.at or www.meinesv.at or at the online platform of the Federal Ministry of Finance

www.finanzonline.at. A pension account calculator is available at www.pensionskontorechner.at.

Insured workers close to retirement will receive additional advance notification informing them about their estimated pension benefits and the impact of earlier or later retirement on the level of pension benefits.

4.2 Deduction rules

Deductions have been introduced to ensure equal treatment of the insured who retire at varying ages, and who have contribution records of varying duration and life pension totals. They are based on actuarial methods of calculation.

Deductions for claiming pensions before reaching statutory retirement age basically amount to 4.2 per cent of the pension benefits due for 12 calendar months each or 0.35 per cent per month (e.g. claimants with long insurance records or claimants of invalidity, work incapacity or freelancers' incapacity pensions).

Invalidity, work incapacity or freelancers' incapacity pension schemes

If the cut-off date for retirement falls before the insured's 60th birthday, credit months of up to 469 insurance months may be added in order to avoid any actuarial disadvantages due to early invalidity.

Corridor pensions:

The deductions for corridor pensions total 5.1 per cent per year (or 0.425 per cent per month) of early retirement, the maximum being 15.3 per cent.

Heavy labour pensions:

The deductions for heavy labour pensions total 1.8 per cent per year (or 0.15 per cent per month) of early retirement.

4.3 Early starter bonus as of 1 January 2022

The early starter bonus is due for every month of contributory work acquired before the first of a month of reaching 20 years. For the early starter bonus to be credited, claimants must have accrued 300 contribution months in total, with at least 12 of them having been accrued before the first of a month of reaching 20 years.

For every contribution month preceding the first of a month of reaching 20 years, an early starter bonus of EUR 1.00 is due. The maximum amount to be credited towards pension entitlements is EUR 60.00. Once pension benefits are awarded, the early starter bonus forms part of these benefits.

4.4 Bonus-based incentivisation

If, despite meeting the relevant waiting time criteria, workers retire after reaching statutory retirement age (60 years for women and 65 years for men), an 'actuarial increment', i.e. an increase, will be granted for the months elapsed between statutory retirement age and de facto retirement. For each 12 calendar months of later retirement, this increment amounts to 4.2 per cent of the pension due (0.35 per cent per month), any remainder of less than 12 months is credited on a prorated basis. This bonus period may last three years at most.

As an additional incentive for working longer, the employer's and employee's share in pension insurance contributions is reduced by half during the bonus period, the monthly net income from work thus being increased, while the full contribution basis is used for calculating future pension benefits credited to the pension accounts.

4.5 Annual pension increase

Pensions are increased on 1 January of every calendar year. Pension increases are based on the current inflation rate. The reference value used for annual pension indexing corresponds to the average inflation rate between the months of August of the penultimate year and of July of last year.

For 2022 the reference value is 1.018. Deviating from this, the federal government has staggered pension indexing for 2022 resulting in higher pension hikes for small and medium overall retirement incomes. This is intended to strengthen the purchasing power of pensioners in a sustainable manner.

As of 1 January 2022

- pensions up to EUR 1,000.00 have been raised by 3.0 per cent,
- pensions totalling from over EUR 1,000.00 to EUR 1,300.00 have been raised by a percentage dropping from 3.0 to 1.8 per cent,
- pensions totalling from over EUR 1,300.00 to EUR 2,333.00 have been raised by 1.8 per cent.

The equalisation supplement reference rates have been increased by 3.0 per cent. The reference rate for singles is EUR 1,030.49 and for families EUR 1,625.71 in 2022.

4.6 Prorated first-time pension indexation

As of 1 January 2022 any first-time indexation of pension benefits is carried out on a prorated basis: this means that a prorated part of the increase is due, depending on the month of retirement. In the first year of retirement, only pensioners who retired on 1 January of this year will receive the full amount of pension indexation.

For every month of later retirement, the first-time pension indexation will be reduced by 10 percentage points. This means that 90 per cent of indexation are due to those who retired in February, 80 per cent to those who retired in March, etc. For pension cut-off dates in November or December (full) pension increases will only become due in the second calendar year following retirement.

5 Women and Pension

5.1 Special characteristics of female employment histories

Employment histories of women frequently follow a certain pattern, usually differing from those of men.

Very often, women have opted for traditional careers when choosing their occupation. In many cases career choices are gender-specific despite massive campaigning by public institutions to kindle the interest of more girls and young women for STEM/MINT disciplines (mathematics, information technology, natural science and technology/engineering) and promote their entry into crafts and engineering jobs. Women still choose jobs frequently associated with low earnings and career prospects.

In midlife, women's earnings often nosedive due to the birth of their first child, family-related career breaks and subsequent reductions in working hours.

Women do most of the unpaid family and care work, which is why they have more frequent gaps in their employment history. This pattern is at the expense of their lifetime income.

In Austria, women work particularly often part-time over very long periods. In 2021, half (50.5 per cent) of female employees worked part-time. The part-time ratio for men was 10.8 per cent.

Family duties and reductions in working hours result in income losses women cannot make up for till reaching retirement. Their employment history is reflected in their pension amounts as the pension system is a downstream social security system.

As well as the level of income from work, the number of years worked is relevant for calculating pension amounts. Women are still subject to a statutory retirement age which is five years below that of men. This, too, feeds through to the average rate of pensions.

Currently the Corona crisis is having a major impact on the labour market, with women often particularly affected as the crisis places considerably more responsibility for childcare on them. Short-time work or longer periods of unemployment have greatly influenced the earnings situation of women.

5.2 Gender gap in pensions

Women received an average old-age pension of EUR 1,127.93 (14 times) in December 2021. The average old-age pension for men was EUR 1,835.50, meaning that last year women claimed old-age pension benefits which on average were EUR 707.57 lower than that of men (source: PVA, as at December 2021).

Women thus receive only around 61.5 per cent of men's pension amount. In other words, there is a gap of approx. 38.5 per cent between the average pension levels of men and women. This gap is also called gender gap in pensions.

It is an indicator which illustrates the disparity between the average pension levels of men and women. It cannot be used to draw conclusions on poverty or risk of poverty. Rather, it highlights the difference in men's and women's individual financial security in old age provided by the public pension system.

The pension system is a downstream system of social protection, i.e. benefit levels primarily result from past events in the course of people's working life. Consequently, the cause of the gender gap in pensions is rooted in a person's occupational career:

The choice of career, the amount of time worked, the duration of working life determine the sum total of contributions posted to an individual's pension account.

Whereas certain events, such as the birth of a child, are covered by state contributions paid for a fixed period of time into an individual's pension account, several years of career breaks or decades of part-time work are the main reasons for low pension contributions and, consequently, for the gender gap in pensions. Periods of unemployment and serious illness (which may lead to incapacity to earn a living) are other factors that influence deposits in the pension account and the pension levels thus calculated.

In addition to the above main reasons for low pensions, another specific area needs to be addressed in order to reduce the gender gap in pensions: the duties of childcare, of raising children and doing household work must be fairly shared between parents.

The introduction of personal pension accounts has created the possibility for parents to voluntarily 'split' (share) periods of child-rearing accrued as of 2005. Pension splitting enables the parent who does not primarily devote his/her time to child-rearing to transfer for the first seven years up to 50 per cent of the partial credits acquired in his/her pension account in a given calendar year to the parent who brings up the child(ren).

In addition, credits for periods of child-rearing have been improved by introducing higher contribution bases for such credits in pension accounts.

The government tries to further contribute towards reducing the gender gap in pensions by expanding childcare facilities and launching information campaigns. Within the TRAPEZ project, co-funded by the EU, the gender-specific differences in pension levels and their effects on women have been explored comprehensively. Further information on the project as well as a toolbox for companies is available online: <https://www.trapez-frauen-pensionen.at/index.html>

5.3 Periods of child-rearing

Under the pension insurance system, periods of child-rearing refer to periods primarily devoted to this task.

Children are understood to be biological children of the insured as well as stepchildren, adopted children or foster children (if unpaid care was assumed after 31 December 1987).

The maximum period credited is up to 48 insurance months (= four years) after the birth of a child. If another child is born, the period of child-rearing for the first child ends with the birth of the next child and the period of child-rearing for this next child begins.

If during a period of child-rearing the parent is economically active, this will be additionally counted towards future pension levels: the contribution base underlying economic activity is added to the contribution base for periods of child-rearing (up to the assessment ceiling in total).

Periods of child-rearing are calculated at EUR 2,027.75 per month for pension accounts in 2022.

5.4 Pension splitting

Parents may agree to voluntarily split pension entitlements for periods of child-rearing. Pension splitting refers to voluntarily transferring individually acquired partial credits in the pension account to another account. The working parent may transfer part of his/her credits to the pension account of the other parent who primarily devotes his/her time to child-rearing. Only credits may be transferred which have been acquired due to economic activity.

Credit transfers may total no more than 50 per cent of the individual partial credits in the pension account and cover no more than the first seven years after the birth of a child. Transfers to the child-rearing parent's account are permissible up to the maximum annual assessment ceiling (EUR 79,380.00 in 2022).

No more than 14 partial credits may be transferred in a given year.

Applications for pension splitting may be filed by the child's 10th birthday at the latest. The application must be based on an agreement between the parents who are not required to be married. This agreement is irrevocable.

The existing pension splitting scheme is an option to reduce financial losses for women caused by the unequal sharing of family and care work.

An upgrade of the pension splitting scheme by an automatic as well as a voluntary option has been included in the current government programme and submitted as a policy measure to the EU's Recovery and Resilience Facility (RRF).

5.5 Widows'/widowers' pensions

The widows'/widowers' pension is a benefit designed to ensure social protection for the surviving spouse or registered partner.

Survivors' pensions are benefits arising from the contingency of death.

They are to replace any maintenance claim against the insured which existed while he/she was still alive. Such a claim is derived from the insurance or from the entitlements acquired by the insured.

In 2021, roughly 90 per cent of beneficiaries of a widows'/widowers' pension were women. In absolute figures, these were 397,403 widows' pensions.

Eligibility criteria

After the death of the insured, a certain amount of insurance periods previously acquired by the deceased is required for claiming widows'/widowers' pensions.

The insured must have acquired

- at least 180 contribution months (= 15 years) with up to 24 months of childcare allowance per child being added, or
- at least 300 insurance months (= 25 years) at the time of death.

Depending on the age of the insured, the surviving partner may be entitled to widows'/widowers' pension benefits in the following cases:

- If death occurs before age 50, the deceased must have accrued at least 60 insurance months (= five years) in the past 120 calendar months (= 10 years), i.e. the so-called reference period;
- If death occurs after age 50, the number of required insurance months will increase with every other month of life by another insurance months until reaching the maximum of 180 insurance months (= 15 years). The reference period increases by two calendar months each until reaching the maximum of 360 calendar months (= 30 years).

Widows'/widowers' pensions are due for an unlimited period of time if

- A child was born or legitimised in marriage or the widow was pregnant at the time of her spouse's/partner's death,

- at the time of the spouse's death a child of the deceased was a member of the widow's/widower's household who is entitled to an orphan's pension, or
- the marriage took place between persons who had already been married to one another before and, with the continuation of this previous marriage, would not be subject to any time-limit, or
- the marriage, depending on the age of the spouses, lasted for a certain minimum period.

Under certain conditions, only fixed-term widows'/widowers' pension benefits are due for the duration of 30 calendar months.

Note: For widows'/widowers' pensions see also Chapter 3.5.2.

6 New Invalidity Pension Scheme

6.1 Rehabilitation takes priority over retirement

The new invalidity pension scheme covers people born on or after 1 January 1964. This new scheme revolves around the tenet of 'rehabilitation takes priority over retirement'. This means that invalidity or work incapacity pensions will only be granted to workers with permanent invalidity or incapacity for work.

Temporary invalidity pensions have been completely abolished for all workers born after 31 December 1963. The previously applicable scheme has remained unchanged for workers born before this date.

The new invalidity pension scheme is intended to reduce the number of invalidity pensions and increase the labour market integration of people with health issues. For this purpose medical and occupational rehabilitation measures are provided, their advantage being that the workers affected can be reintegrated into the labour market, which in turn means that they enter retirement later and consequently receive higher pension benefits.

If someone is temporarily seriously ill and cannot work, i.e. is incapacitated, she/he will obtain medical treatment and rehabilitation benefits from the regional health insurance fund (Gebietskrankenkasse) and – where appropriate – medical rehabilitation under the social pension insurance scheme.

6.2 Occupational rehabilitation

Whoever is no longer able to perform their job due to illness will be retrained by the public employment service in a comparable job, i.e. they will enter occupational rehabilitation programmes and receive retraining benefits. Retraining is to be geared to a person's health status and intended to open up employment opportunities.

As of 1 January 2017, all persons whose health situation meets the criteria for invalidity or work incapacity pension or is likely to meet these criteria in the foreseeable future are legally entitled to occupational rehabilitation.

6.3 Assessment procedure

In order to determine whether a worker suffers from invalidity or is incapable of work, a medical examination is required.

Options for occupational rehabilitation are considered first, and only afterwards a decision will be taken on whether to award pension benefits.

If the medical examination finds that invalidity or incapacity for work is of a temporary nature, but will last at least six months, insured persons born on or after 1 January 1964 will be paid rehabilitation benefits by the health insurance fund or retraining benefits by the public employment service. No later than one year after being awarded rehabilitation benefits or after having been last examined by a doctor, the insured will undergo further examination to ascertain whether they still suffer from temporary invalidity.

Insured persons are legally entitled to rehabilitation if they 'are likely to' meet the criteria for an invalidity or work incapacity pension in the foreseeable future; in all other cases, rehabilitation is one of the tasks within the mandate of the pension insurance, i.e. a voluntary benefit awarded on a case-by-case basis without any underlying legal entitlement.

A special centre has been established to ensure harmonised standards for the required medical reports: the 'assessment competence centre' (Kompetenzzentrum Begutachtung). The related official decisions are issued by the competent social pension insurers.

Health insurance funds have case managers to support and assist benefit claimants during convalescence. Following needs assessment, a case manager draws up an individual health care provision plan (Versorgungsplan) for the benefit claimant in question. The insured are required to undergo regular assessments at the assessment competence centre.

6.4 Assessment competence centre

On 1 January 2013, the assessment competence centre (Kompetenzzentrum Begutachtung) began operation to ensure harmonised medical examinations on behalf of the Pension Insurance Institution and the Social Insurance Institution for the Self-Employed.

It provides medical reports as well as assessments of occupational and labour market aspects in respect of persons applying for invalidity pensions.

If workers with health issues apply for pension benefits, the medical service of the assessment competence centre is asked to check whether they are invalid, incapable of work or earning a living and whether they are entitled to placement in their former occupation (Berufsschutz). The next phase involves the case managers of the health insurance funds who support and assist the clients in question during convalescence. Following needs assessment, case managers draw up individual health care provision plans and grant medical rehabilitation measures where necessary and expedient in the individual case concerned. All the measures taken are designed to improve the insured's state of health and help re-integrate them into the labour market.

If the medical examination finds that invalidity or incapacity for work is of a temporary nature, but will last at least six months, insured persons born on or after 1 January 1964 will be paid rehabilitation benefits by the health insurance fund or retraining benefits by the public employment service in lieu of fixed-term invalidity pension benefits.

No later than one year after being awarded rehabilitation benefits or after having been last examined by a doctor, the insured will undergo further examination to ascertain whether they still suffer from temporary invalidity.

6.5 Health street

The 'health street' (Gesundheitsstraße) is an entity established by the Pension Insurance Institution focusing on medical examinations to assess the capacity to work of people with health issues.

The centrally compiled assessments are binding upon both the public employment service and the Pension Insurance Institution. Procedures are accelerated, while being cost efficient and transparent.

The public employment service invites clients whose working capacity is questioned to have themselves examined at the Pension Insurance Institution. This invitation is binding. The medical assessments compiled after examination will be made available by the Pension Insurance Institution to the public employment service. These assessments determine

whether and to what extent people are capable of working and of coping with specific requirements, and include recommendations for rehabilitation.

The assessments are also used for processing pension applications.

The health street aims to improve the insured's state of health and/or achieve their reintegration into the labour market through medical rehabilitation.

Its legal basis is §351b of the General Social Insurance Act (ASVG). Based on appropriate contracts, it also applies to other agencies in charge of social benefits.

6.6 Invalidity or work incapacity pension

The term 'invalidity' (Invalidität) is used for blue-collar workers and the term 'incapacity for work' (Berufsunfähigkeit) for white-collar workers.

Since implementation of the new invalidity pension scheme, workers are entitled to invalidity or work incapacity pensions only when their invalidity or incapacity for work is expected to be permanent and occupational rehabilitation measures are neither reasonable nor expedient.

This means that temporary invalidity or work incapacity pensions are no longer available to people born in or after 1964.

180 contribution months (minimum) under compulsory insurance plans (up to 24 months on childcare allowance per child may be credited towards this figure) or under voluntary schemes, or 300 insurance months in the pension insurance system, are generally required to qualify for these pension benefits.

Reference period

If the cut-off date for retirement falls before the workers' 50th birthday, they must have accrued at least 60 insurance months within the past 120 calendar months (reference period).

If the cut-off date for retirement falls after the workers' 50th birthday, the number of required insurance months will increase with every other month of life by another insurance month until reaching the maximum of 180 insurance months, with the corresponding reference period increasing by two calendar months each until reaching the maximum of 360 calendar months.

Berufsschutz (occupational protection)

If the insured were primarily active in skilled or semi-skilled jobs, i.e. jobs they learned or were trained in, they may only be assigned to jobs within their occupational group.

The Berufsschutz criterion is essential for assessing an insured person's capacity to work.

Insured persons active in unskilled jobs, i.e. jobs they did not learn nor were trained in, may be assigned to any other job considered as such in the general labour market and reasonably suitable for them with due regard to the job previously performed (no Berufsschutz).

Invalidity/incapacity for work

Invalidity/incapacity for work is recognised

- if within the last 15 years before the cut-off date workers were active in a skilled (semi-skilled) job or a white-collar job for at least 90 months subject to compulsory insurance.
- if health issues have reduced their working capacity to less than half of the working capacity of a healthy insured person of similar training and equivalent knowledge and skills.

Should less than 15 years have elapsed between the termination of training and the cut-off date for pensions, workers must have been economically active in a skilled (semi-skilled) or white-collar job for half of these calendar months or more, but at least for 12 months under compulsory insurance plans.

If more than 15 years have elapsed between termination of training and cut-off date, this period is extended by periods of maternity allowance, of military, training or alternative civilian service and of child-rearing.

Cases of hardship

If workers do not enjoy Berufsschutz, invalidity rules may also apply provided that the insured

- are 50 years old,
- were registered as unemployed for at least twelve months directly before the cut-off date,
- have accrued 360 insurance months or more, whereof at least 240 contribution months relate to compulsory earnings-related insurance plans, and
- can only perform low-profile activities still deemed to be jobs in the labour market and are not expected to land jobs within one year.

Tätigkeitsschutz (activity protection) as from age 60

Insured persons aged 60 or over are also considered to be invalid/incapacitated if, as a result of illness or other infirmity, they are unable to pursue an activity in which they were engaged for at least 10 years during the past 15 years (reference period), with reasonable changes in this activity being taken into account.

The reference period of 15 years is extended by periods on own pension benefits and transition benefits.

Up to 24 months on sickness benefits may also be included to meet the requirement of 10 years of work in the same type of job.

Invalidity pension and income from work

If, in addition to receiving invalidity pension benefits, people earn money exceeding the marginal earnings threshold (EUR 485.85 in 2022), they may qualify for the semi-retirement scheme (Teilpension).

If the sum total of pension benefits and earned income (total income) exceeds EUR 1,283.29 (threshold for 2022), a certain amount will be deducted from pension benefits depending on the level of total income. This amount will be derived from a person's total income on the basis of predefined percentages.

Table 5: Reduction of invalidity pension benefits if they coincide with income from work, values for 2022

Income components total	Percentage by which pension is reduced
from over EUR 1,283.29 to EUR 1,925.01	30%
from over EUR 1,925.01 to EUR 2,566.57	40%
over EUR 2,566.57	50%

Source: §254(7) ASVG

7 Older Workers

7.1 Semi-retirement

The semi-retirement scheme (Teilpension) enables older workers to combine work and leisure time. As such, it is basically not a pension benefit but a new form of part-time work for older workers. Workers who meet the eligibility criteria for corridor pension benefits and have completed their 62nd year may enter this scheme to continue participating in economic activity, while enjoying more leisure time, until reaching the statutory age of retirement, which is 65 for men and 60 for women. Eligibility criteria for men and women under this scheme are basically the same. Owing to the gradual increase of women's retirement age as of 2024, women can thus take up semi-retirement only on or after 1 July 2027.

Semi-retirement is subject to a reduction of weekly working hours by 40-60 per cent. It is not permissible to take up leisure time in one single period of leave.

Workers on semi-retirement receive wage compensation from the public employment service for 50 per cent of the earnings lost, i.e. wages are reduced by only half as much as the corresponding working hours. If, for instance, someone works 50 per cent in semi-retirement, they will receive 75 per cent of previous wages. Social insurance contributions, in turn, continue to amount to 100 per cent of the contributions paid for previous wages. Employers are compensated in full for these costs by the public employment service, thus creating incentives for retaining older workers.

The savings achieved in the corridor pension scheme through take-up of semi-retirement and the revenue obtained from additional social insurance contributions through longer employment outweigh the expenditure on semi-retirement.

Since both the part-time scheme for older workers (Altersteilzeit) and the semi-retirement scheme (Teilpension) are subsidised schemes with the objective of reducing working hours over a certain period of time, they may be taken up for a limited period of up to five years only.

7.2 Part-time scheme for older workers

In 2016, the government introduced the option of continuously reducing working hours until statutory retirement age is reached (women: 60 years / men: 65 years), provided the scheme does not last longer than five years (this rule does not apply to workers consuming the reduced working hours in one single period of leave). This 'gradual withdrawal' from the labour market enables older workers to remain economically active for a longer period of time.

Agreement on one single period of leave will only be permissible if a previously unemployed worker is recruited as replacement or an additional apprentice is recruited for training. Unlike cases where working hours are reduced on a continuing basis, this form of the part-time scheme may only be used until the requirements for old-age pension are met even if they are met before reaching statutory retirement age. Existing entitlements will not be affected.

Should revisions of pension law result in later cut-off dates for retirement, existing agreements on part-time work for older workers may be extended.

Gradual increase of entry age to part-time scheme for older workers

As of 2020, these part-time arrangements may be agreed no earlier than five years before reaching statutory retirement age. Due to the gradual increase of the statutory retirement age for women, beginning in 2024, the earliest possible entry age to the part-time scheme for older female workers will also increase and eventually converge with that for male workers.

This revision will gradually increase the entry age to the part-time scheme for older workers from currently 53 years to 55 years for women and from 58 years to 60 years for men.

8 Benefits Securing a Minimum Income for Pensioners

8.1 Equalisation supplement

Equalisation supplements (Ausgleichszulage) are tax-funded social benefits. They are designed to guarantee a certain minimum income for retirees having their legal habitual residence in Austria.

Pension claimants are entitled to equalisation supplements if their total income does not reach the legally defined level of the so-called reference rate (Richtsatz). Total income includes gross pension benefits, other net income and maintenance claims where applicable. The net income of the retiree's spouse or registered partner living in the same household is included in supplement calculations.

The equalisation supplement thus amounts to the difference between a person's total income and the applicable reference rate, i.e. it is an additional payment (Aufzahlung) to make up for this difference.

In 2022, the reference rate for singles is EUR 1,030.49 and 1,625.71 for couples.

8.2 Bonus for pension benefits or equalisation supplements

A supplement or pension bonus scheme has been introduced as of 1 January 2020 for persons with a long compulsory insurance record based on participation in the workforce. This bonus is governed by the same rules as the equalisation supplement:

This means that the bonus is only due if pension claimants have their normal legal residence in Austria and their total income does not exceed a certain amount.

The bonus is a benefit granted in addition to a person's own pension; claimants of survivors' pensions (widows' pensions, widowers' pensions, orphans' pensions) are not eligible for this bonus.

Depending on the number of contribution years accrued, the following pension bonuses are granted if eligibility criteria are met:

For single pensioners, the bonus is due in addition to own pension benefits or equalisation supplements

1. if they have accrued at least 360 contribution months in compulsory insurance plans underlying an economic activity,
 - if their total income plus creditable net income does not exceed EUR 1,141.83,
 - this bonus amounting to the difference between EUR 1,141.83 and the ascertained total income but not more than EUR 155.36.

2. if they have accrued at least 480 contribution months in compulsory insurance plans underlying an economic activity,
 - if their total income plus creditable net income does not exceed EUR 1,364.11,
 - this bonus amounting to the difference between EUR 1,364.11 and the ascertained total income but not more than EUR 396.21.

For married couples or registered partners, the bonus is due in addition to own pension benefits or equalisation supplements

- if they have accrued at least 480 contribution months in compulsory insurance plans underlying an economic activity,
- if their total income plus creditable net income does not exceed EUR 1,841.29,
- this bonus amounting to the difference between EUR 1,841.29 and the ascertained total income (inter alia, including the spouse's net income) but not more than EUR 395.78.

9 Taxation of Pensions

9.1 General

Like pay, pensions and special bonus payments (13th and 14th pensions) are subject to taxation according to the tax rates defined in Austria's Income Tax Act.

Annual income is the sum total of current gross pension(s) without special bonus payments. Taxes are calculated after deduction of wage tax allowances and health insurance contributions from the annual income.

Table 6: Currently applicable marginal tax rates

Annual income	Tax rate
up to EUR 11,000	0%
from over EUR 11,000 to EUR 18,000	20%
from over EUR 18,000 to EUR 31,000	32,5%
from over EUR 31,000 to EUR 60,000	42%
from over EUR 60,000 to EUR 90,000	48%
from over EUR 90,000 to EUR 1.000.000	50%
over EUR 1,000,000	55%

Source: Income Tax Act

Under the eco-social tax reform, the second marginal tax rate has been reduced from 35 per cent to 30 per cent and the third rate from 42 per cent to 40 per cent, with the reduction of the second standard tax rate being initially implemented by applying a mixed tax rate of 32.5 for the entire year of 2022. Implementation of the third tax rate will also be initially implemented by introducing a mixed rate of 41 per cent to be applied in 2023. The 40 per cent rate will apply as from 2024.

Amounts of taxable income beyond EUR 1,000,000 will be subject to an increased tax rate of 55 per cent for a fixed period of time to end by 2025.

Special bonus payments

Special bonus payments (minus health insurance contributions) are exempt from taxation up to EUR 620,000 a year. Income exceeding this amount is taxed at 6 per cent within the one-sixth limit (i.e. up to the level of twice the average gross monthly pension benefits in a calendar year).

If the one-sixth limit is no more than EUR 2,100.00, special bonus payments will not be liable to taxation. Long-term care benefits are exempt from taxation.

The competent insurance institution calculates the taxes payable and transfers them to tax authority directly. If several pensions are claimed, taxes are paid by the institution which disburses the highest amount of taxable pension benefits.

9.2 Tax credit for pensioners

Under the eco-social tax reform, the tax credit for pensioners has been raised:

Unless retirement income exceeds the annual amount of EUR 17,500.00, a tax credit of EUR 825.00 is due, while for taxable retirement income of between EUR 17,500.00 and EUR 25,500.00 this tax credit decreases steadily from EUR 825.00 to zero.

Under the following conditions, an increased tax credit is due to pensioners:

- the pensioner has been living for at least six months in marriage/registered partnership, with the spouses/registered partners not being permanently separated
- the spouse's/registered partner's income is no more than EUR 2,200.00 per year and the pensioner is not entitled to any sole earner's tax credit.

The higher tax credit of up to EUR 1,214.00 is due to pensioners whose annual retirement income does not exceed EUR 19,930.00. For taxable retirement income of between EUR 19,930.00 and EUR 25,500.00, this tax credit decreases steadily from EUR 1,214.00 to zero.

Pension calculations will automatically take into account any (higher) tax credit due to pensioners.

9.3 Reimbursement of social insurance contributions

If, owing to their low retirement income, pensioners need not pay any wage taxes, they are eligible for a 'negative tax'³, which has been raised to EUR 500.00.

9.4 Credits of health insurance contributions for the self-employed and farmers

Self-employed and farmers with low and medium income will get contribution credits depending on the level of their monthly contribution base. In accordance with the staggered approach defined by law, these credits total between EUR 60 and EUR 315, the costs of these credits being borne by the federal purse.

³ Negative tax means tax credit. It is due to employees who need not pay wage tax because of their low pay. They are granted negative taxes in the form of repayment of social insurance contributions already paid. Pensioners, too, may be entitled to such repayment.

10 Old-Age Security Commission

On 1 January 2017, the Old-Age Security Commission (Alterssicherungskommission) was established (Federal Law Gazette I no 29/2017). It is a public body composed of 20 members and a chairperson.

Every year, the Commission prepares an expert opinion on the estimated financial resources and their management by the statutory pension insurance for the next five years – the so-called medium-term report (Mittelfristgutachten).

Every three years, it compiles a report on the long-term development and financial sustainability of the statutory pension insurance system – the so-called long-term report (Langfristgutachten).

In this long-term report, the development of the statutory pension insurance system is analysed in great detail. These analyses are based on demographic assumptions by Statistics Austria as well as on economic indicator assumptions by the Austrian Institute for Economic Research (WIFO) and the Institute for Advanced Studies (IHS).

The Old-Age Security Commission is not only in charge of monitoring statutory pension insurance schemes but also pension schemes for public-service employees.

The post of chairperson of the Old-Age Security Commission is currently vacant.

11 Occupational and Private Pension Plans

New severance pay scheme

The new severance pay scheme based on occupational income provision funds (betriebliche Vorsorgekassen – BV-Kassen) and regulated by the Employee and Self-Employed Income Provision Act (Betriebliche Mitarbeiter- und Selbstständigenvorsorgegesetz – BMSVG) has been in effect since 1 January 2003.0} It applies to all persons subject to compulsory insurance under ASVG or GSVG legislation. Members of the liberal professions as well as farmers and foresters have a right to opt into the scheme.

Under this new scheme, employers pay 1.53 per cent of the monthly pay into one of the occupational income provision funds. Each employer is required to choose an occupational income provision fund (through company-level agreements).

Severance pay contributions also need to be paid for the following periods:

- Periods of military, training, civilian service;
- Periods of maternity protection and sick leave;
- Periods of part-time work for older workers, semi-retirement, part-time training leave, part-time care leave, reintegration part-time schemes, solidarity bonus model, short-time work, skills training measures;
- Periods of childcare allowance;
- Periods of end-of-life care;
- Periods of nursing seriously ill children;
- Periods of care leave;
- Periods of training leave.

Entitlements of employees are not directed against their employers but against the chosen occupational income provision fund (BV-Kasse).

The occupational income provision funds administer the contributions paid and invest them under precisely defined investment rules in a fiduciary capacity.

Workers are already entitled to severance pay from the second month of their employment relationships onwards. Severance pay may be claimed when the employment relationship is terminated, but it may also be taken to the next employer. Entitlements to severance pay are directed against the occupational income provision fund.

Currently, there are eight such funds subject to supervision by Austria's Financial Market Authority.

Regular (monthly) reports and contribution payments from employers to occupational income provision funds are routed – as are all other contributions and transfers – via the relevant statutory health insurance institution, which also checks compliance by employers with reporting and contribution requirements in the course of its joint review of labour taxes and contributions (Gemeinsame Prüfung Lohnabgaben und Beiträge – GPLB).

Company pensions

Labour law provisions regarding occupational pension schemes are laid down in the Occupational Pensions Act.

A defined benefit company pensions plan is a voluntary benefit of employers based on a capital-funded system and may be regulated through collective agreements, company-level agreements or under individual employment contracts.

In addition to conventional old-age pensions, these company pension plans may also include benefits in case of invalidity/incapacity for work or benefits for survivors in case of death.

Promises made under company pension plans can take on different forms:

- Promises by pension funds (five company and three supra-company pensions funds),
- Occupational group insurance scheme,
- Life insurance schemes,
- Direct defined benefit programmes.

Private pension schemes

As a supplement to the first and second pillar of retirement income provision, individuals are free to enter private pension plans. They may choose from savings and insurance products. Most of these models are based on investment schemes.

The federal government introduced premium-subsidised retirement income provision plans (Prämienbegünstigte Zukunftsvorsorge) to promote private pension schemes. These retirement income provision plans can be concluded in the form of annuity insurance schemes or pension investment funds.

Overview: Pension benefits 2020 to 2034 by access criteria

Table 7: Cut-off date for retirement in 2020

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	<p>Women: 60 years</p> <p>Men: 65 years</p> <p>(new legislation may apply to men as of 2020 for the first time)</p>	<p>Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years (180 insurance months), whereof • at least 7 years (84 months) must be due to economic activity <p>Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years within the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	<p>Pension account ‘Every insurance month counts’</p> <p>Previous legislation Those aged 66 and older in 2020 come under the provisions of previous legislation.</p> <p>Calculation based on ‘best years’: The reference period (pension assessment basis) will be gradually increased to 40 years till 2028: In 2020 the period for pension assessment is 32 years.</p>
Rules for pension claimants with long insurance records	<p>Women: Born 1960: 58 years Born 1961: 59 years</p> <p>For women born between 1 Jan 1962 and 1 Dec 1965, the retirement age for pensions due to long insurance records increases in half-year steps and agrees with statutory retirement age. This means that pensions due to long insurance records will become relevant for women only in 2028 and</p>	<p>Women: Born 1960: 43 contribution years (516 contribution months) Born 1961: 44 contribution years (528 contribution months)</p> <p>Men: 45 contribution years (540 contribution months)</p>	<p>Deductions 0.35% of benefits for each month between the cut-off date and statutory retirement age, i.e. 4.2% for 12 months.</p> <p>Deductions dropped for 2020 and 2021: If at least 540 contribution months have been accrued due to economic activity (up to 60 insurance months for periods of child-rearing can be additionally credited where</p>

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
	later. Men: 62 years		applicable), there will be no deductions.
Corridor pension	62 years Corridor pensions will be relevant for women only in or after 2028 as up until then their statutory retirement age will be lower.	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every month before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions may thus total 15.3%.) Deductions might be dropped for 2020 and 2021!
Heavy labour pension	60 years (heavy labour pensions will be relevant for women only in or after 2024 when their statutory retirement age increases.)	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every month before reaching statutory retirement age. (i.e. 1.8% deductions per year.) Deductions might be dropped for 2020 and 2021!
Pension due to long insurance record and heavy labour	Women: 55 years (applicable to women born between 1959 and 1963) Men: 60 years (applicable to men born between 1954 and 1958) This form of pension is practically irrelevant for men as they can draw heavy labour pensions.	Women: 40 contribution years (480 contribution months) Men: 45 contribution years (540 contribution months) Of the required contribution years at least 10 years of heavy labour (120 months of heavy labour) must have been accrued within the past 20 years (240 calendar months).	Deductions 0.15% deductions for every month before reaching statutory retirement age. (i.e. 1.8% deductions per year.) Deductions might be dropped for 2020 and 2021!

Table 8: Cut-off date for retirement in 2021

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	Women: 60 years Men: 65 years	<p>Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years (180 insurance months), whereof • at least 7 years (84 months) must be due to economic activity <p>Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years within the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	<p>Pension account ‘Every insurance month counts’</p> <p>Previous legislation Those aged 67 and older in 2021 come under the provisions of previous legislation. Period of pension assessment</p>
Rules for pension claimants with long insurance records	<p>Women: Born 1961: 59 years</p> <p>For women born between 1 Jan 1962 and 1 Dec 1965, the retirement age for pensions due to long insurance records agrees with statutory retirement age:</p> <ul style="list-style-type: none"> • born 1 Jan 1962 – 1 Dec 1963: 60 years • born 2 Dec 1962 – 1 June 1963: 60 years and 6 months • born 2 June 1964 – 1 Dec 1964: 61 years • born 2 Dec 1964 – 1 June 1965: 61 years and 6 months • born on or after 2 June 1965: 62 years 	<p>Women: Born in 1961: 44 contribution years (528 contribution months) Born in or after 1962: 45 contribution years (540 contribution months)</p> <p>Men: 45 contribution years (540 contribution months)</p>	<p>Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months</p> <p>Deductions might be dropped for 2020 and 2021!</p>

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
	<p>This means that pensions due to long insurance records will become relevant for women only in 2028 and later.</p> <p>Men: 62 years</p>		
Corridor pension	<p>62 years</p> <p>(will become relevant for women only in 2028 and later)</p>	<p>40 insurance years (480 insurance months)</p>	<p>Deductions</p> <p>0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)</p> <p>Deductions might be dropped for 2020 and 2021!</p>
Heavy labour pension	<p>60 years</p> <p>(will become relevant for women only in 2024 and later)</p>	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	<p>Deductions</p> <p>0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)</p> <p>Deductions might be dropped for 2020 and 2021!</p>
Pension due to long insurance record and heavy labour	<p>Women: 55 years (applicable to women born between 1959 and 1963)</p> <p>Men: 60 years (applicable to men born between 1954 and 1958)</p> <p>This form of pension is practically irrelevant for men as they can draw heavy labour pensions.</p>	<p>Women: 40 contribution years (480 contribution months)</p> <p>Men: 45 contribution years (540 contribution months)</p> <p>Of the required contribution years at least 10 years of heavy labour (120 months of heavy labour) must have been accrued within the past 20 years (240 calendar months).</p>	<p>Deductions</p> <p>0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)</p> <p>Deductions might be dropped for 2020 and 2021!</p>

Table 9: Cut-off date for retirement in 2022

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	Women: 60 years Men: 65 years	<p>Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity <p>Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	<p>Pension account ‘Every insurance month counts’</p> <p>Previous legislation Those aged 68 and older in 2022 come under the provisions of previous legislation. Period for pension assessment: 34 years</p>
Rules for pension claimants with long insurance records	<p>Women: Agrees with statutory retirement age!</p> <p>Men: 62 years</p>	45 contribution years (540 contribution months)	<p>Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.</p>
Corridor pension	<p>62 years</p> <p>(will become relevant for women only in 2028 and later)</p>	40 insurance years (480 insurance months)	<p>Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)</p>
Heavy labour pension	<p>60 years</p> <p>(will become relevant for women only in 2024 and later)</p>	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	<p>Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)</p>
Pension due to long insurance record and heavy labour	<p>Women: 55 years (applicable to women born between 1959 and</p>	<p>Women: 40 contribution years (480 contribution months)</p>	<p>Deductions 0.15% deductions for every months before</p>

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
	<p>1963)</p> <p>Men: 60 years (applicable to men born between 1954 and 1958)</p> <p>This form of pension is practically irrelevant for men as they can draw heavy labour pensions.</p>	<p>Men: 45 contribution years (540 contribution months)</p> <p>Of the required contribution years at least 10 years of heavy labour (120 months of heavy labour) must have been accrued within the past 20 years (240 calendar months).</p>	<p>reaching statutory retirement age. (i.e. 1.8% deductions per year.)</p>

Table 10: Cut-off date for retirement in 2023

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	Women: 60 years Men: 65 years	<p>Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity <p>Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	<p>Pension account ‘Every insurance month counts’</p> <p>Previous legislation Those aged 69 and older in 2023 come under the provisions of previous legislation. Period for pension assessment: 35 years</p>
Rules for pension claimants with long insurance records	<p>Women: Agrees with statutory retirement age!</p> <p>Men: 62 years</p>	45 contribution years (540 contribution months)	<p>Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.</p>
Corridor pension	<p>62 years</p> <p>(will become relevant for women only in 2028 and later)</p>	40 insurance years (480 insurance months)	<p>Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)</p>
Heavy labour pension	<p>60 years</p> <p>(will become relevant for women only in 2024 and later)</p>	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	<p>Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)</p>
Pension due to long insurance record and heavy labour	<p>Women: 55 years (applicable to women born between 1959 and</p>	<p>Women: 40 contribution years (480 contribution months)</p>	<p>Deductions 0.15% deductions for every months before</p>

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
	<p>1963)</p> <p>Men: 60 years (applicable to men born between 1954 and 1958)</p> <p>This form of pension will be relevant for the last time for women born 1963 (retiring at age 59)</p> <p>This form of pension will practically no longer be relevant from 2024 as they can draw heavy labour pensions.</p>	<p>Men: 45 contribution years (540 contribution months)</p> <p>Of the required contribution years at least 10 years of heavy labour (120 months of heavy labour) must have been accrued within the past 20 years (240 calendar months).</p>	<p>reaching statutory retirement age. (i.e. 1.8% deductions per year.)</p>

Table 11: Cut-off date for retirement in 2024

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/ deduction rules
Old-age pension	Women: 60 years and 6 months (born till 1 June 1964) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	Pension account ‘Every insurance month counts’ Previous legislation Those aged 70 and older in 2024 come under the provisions of previous legislation. Period for pension assessment
Rules for pension claimants with long insurance records	Women: Agrees with statutory retirement age! Men: 62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years (will become relevant for women only in 2028 and later)	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years (will become relevant for women only in 2024 and later)	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 12: Cut-off date for retirement in 2025

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	Women: 61 years (born on or before 1 Dec 1964) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	Pension account ‘Every insurance month counts’ Previous legislation Those aged 71 and older in 2025 come under the provisions of previous legislation. Period for pension assessment 37 years
Rules for pension claimants with long insurance records	Women: Agrees with statutory retirement age! Men: 62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years (will become relevant for women only in 2028 and later)	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 13: Cut-off date for retirement in 2026

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/ deduction rules
Old-age pension	Women: 61 years and 6 months (born on or before 1 June 1965) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria: • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years	Pension account ‘Every insurance month counts’ Previous legislation Those aged 72 and older in 2026 come under the provisions of previous legislation. Period for pension assessment 38 years
Rules for pension claimants with long insurance records	Women: Agrees with statutory retirement age! Men: 62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years (will become relevant for women only in 2028 and later)	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	• 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months).	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 14: Cut-off date for retirement in 2027

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/ deduction rules
Old-age pension	Women: 62 years (born on or before 1 Dec 1965) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years 	Pension account ‘Every insurance month counts’ Previous legislation Those aged 73 and older in 2027 come under the provisions of previous legislation. Period for pension assessment: 39 years
Rules for pension claimants with long insurance records	Women: Agrees with statutory retirement age! Men: 62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years (will become relevant for women only in 2028 and later)	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 15: Cut-off date for retirement in 2028

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/ deduction rules
Old-age pension	Women: 62 years and 6 months (born on or before 1 June 1966) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity Previous legislation for all born on or before 31 Dec 1954 – eligibility criteria: • 15 insurance years in the past 30 years, or • 15 contribution years in total, or • 25 insurance years	Pension account 'Every insurance month counts' Previous legislation Those aged 74 and older in 2028 come under the provisions of previous legislation. Period for pension assessment: 40 years
Rules for pension claimants with long insurance records	62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	• 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months).	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 16: Cut-off date for retirement in 2029

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/ deduction rules
Old-age pension	Women: 63 years (born on or before 1 Dec 1966) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity 	Pension account 'Every insurance month counts'
Rules for pension claimants with long insurance records	62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 17: Cut-off date for retirement in 2030

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	Women: 63 years and 6 months (born on or before 1 June 1967) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity 	Pension account 'Every insurance month counts'
Rules for pension claimants with long insurance records	62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 18: Cut-off date for retirement in 2031

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	Women: 64 years (born on or before 1 Dec 1967) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity 	Pension account 'Every insurance month counts'
Rules for pension claimants with long insurance records	62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 19: Cut-off date for retirement in 2032

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/ deduction rules
Old-age pension	Women: 64 years and 6 months (born on or before 1 June 1968) Men: 65 years	Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria: <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity 	Pension account 'Every insurance month counts'
Rules for pension claimants with long insurance records	62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Table 20: Cut-off date for retirement in 2033

Pension benefits	Earliest possible retirement age	Waiting time	Pension calculation/deduction rules
Old-age pension	65 years	<p>Pension account (new legislation) for all born on or after 1 Jan 1955 – eligibility criteria:</p> <ul style="list-style-type: none"> • 15 insurance years (180 insurance months) whereof • at least 7 years (84 months) must be due to economic activity 	Pension account 'Every insurance month counts'
Rules for pension claimants with long insurance records	62 years	45 contribution years (540 contribution months)	Deductions 0.35% of benefits for every month between cut-off date and statutory retirement age i.e. 4.2% for 12 months.
Corridor pension	62 years	40 insurance years (480 insurance months)	Deductions 0.425% deductions for every months before reaching statutory retirement age. (i.e. 5.1% for every 12 months. Maximum deductions thus total 15.3%.)
Heavy labour pension	60 years	<ul style="list-style-type: none"> • 45 insurance years (540 insurance months) • whereof at least 10 years of heavy labour (120 months of heavy labour) within the past 20 years (240 calendar months). 	Deductions 0.15% deductions for every months before reaching statutory retirement age. (i.e. 1.8% deductions per year.)

Glossary

(The arrangement of entries follows the alphabetical order of the German text)

Severance pay

Severance pay (Abfertigung) is a one-off payment which is due when indefinite widows'/widowers' pensions or indefinite pensions for surviving registered partners cease to be paid because beneficiaries remarry or enter a new registered partnership.

Compensation

Compensation (Abfindung) is a one-off payment due when after the death of an insured person there is no entitlement to survivors' pension(s).

Deductions

If workers retire before reaching statutory retirement age, their pension amounts will be reduced.

Old-age pension

The kind of pension which is due on reaching statutory retirement age if waiting time criteria (minimum insurance period) are met.

Old-Age Security Commission

The task of the Old-Age Security Commission – full name: Commission to Ensure Long-Term Financing of the Old-Age Security System (Kommission zur langfristigen Finanzierung der Alterssicherungssysteme) – is to analyse the situation of the statutory pension system as well as that of public-servant pensions.

Part-time scheme for older workers

The term part-time scheme for older workers (Altersteilzeit) refers to a reduction of normal working hours in the last years preceding retirement to be agreed between the insured and their employers.

Adjustment factor

A value defined every year by ordinance which, unless otherwise specified, is used as a basis for determining the extent of pension and other benefit hikes under social insurance schemes.

Application

In order to receive benefits under pension insurance schemes, a written declaration of intent (application) is required.

ASVG

The General Social Insurance Act (Allgemeines Sozialversicherungsgesetz – ASVG) regulates all matters relating to health, work accident and pension insurance of employees in Austria as well as matters relating to health insurance of those claiming pensions under this federal act.

Valorisation coefficient

The valorisation coefficient (Aufwertungszahl) reflects changes in the average contribution base under statutory pension insurance plans between every last-but-three and every last-but-two calendar year. This coefficient, unless otherwise specifically mandated, must be used as a basis for increasing the assessment ceiling and the fixed amounts used for calculating contributions.

Equalisation supplement

If pensions and other creditable net income fall below the applicable equalisation supplement reference rate, equalisation supplements (Ausgleichszulage) are due to ensure a minimum income. The level of this reference rate will depend on the type of pension and personal status.

Equalisation supplement bonus/pension bonus

If the currently applicable minimum threshold is not reached and a certain minimum insurance period has been accrued, an equalisation supplement bonus (for claimants of equalisation supplements in addition to pension benefits) or a pension bonus (if no equalisation supplement is claimed) might be due.

Periods substituting compulsory insurance periods

These are substitute qualifying periods accrued before the introduction of compulsory insurance plans.

Pay-out of pensions

Pensions are paid in arrears in monthly instalments. A special bonus payment is added to pensions paid for April and October.

BSVG

The Social Insurance Act for Farmers (Bauern-Sozialversicherungsgesetz – BSVG) regulates all matters relating to health, work accident and pension insurance of those who are self-employed in agriculture and forestry and their assisting family members as well as matters relating to health insurance of those claiming pensions under this federal act.

Contribution coverage ratio

The ratio between pension revenue and expenditure.

Contribution base

The contribution base (Beitragsgrundlage) is generally derived from insurable earnings and forms the basis for pension calculation.

Contribution rate

The contribution rate is a fixed percentage which varies by type of contribution and is defined by the legislature for health, work accident and pension insurance to determine a person's individual contribution amount.

Contribution period

Contribution periods are acquired under pension insurance plans by paying contributions. The pension account does not differentiate between substitute qualifying periods and contribution periods.

Assessment basis

The assessment basis (Bemessungsgrundlage) forms the basis for calculating the pension amount as set out in ASVG, BSVG, GSVG or pension benefits under the former scheme.

Occupational rehabilitation

Occupational rehabilitation (berufliche Rehabilitation) serves to avoid that any existing invalidity or incapacity for work becomes permanent or to avoid any risk of such incapacity and enable reintegration into the labour market. The measures taken in this context include, inter alia, training for new jobs, retraining or refresher training and apprenticeship training or training courses.

Incapacity for work

The term incapacity for work (Berufsunfähigkeit), which is used for white collar workers, refers to a reduction in a person's ability to work due to illness by more than half as compared to a healthy insured person with a similar training background. The decision on whether a person is incapable to work is based on a medical assessment.

Special supplementary insurance

Pensioners who are economically active while claiming old-age pension benefits are granted higher pension benefits for the pension contributions paid.

Special increment

A special increment is due when contributions to supplementary insurance were paid before the cut-off date. The special increment is added to monthly pension benefits.

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.

Federal funds for pension insurance

Federal contributions including equalisation supplements.

BV-Kassen

Occupational income provision funds.

De facto retirement age

Age when a person actually retires, which is not necessarily identical with the age when a person exits from the labour market or with the statutory retirement age.

Substitute qualifying period

Insurance period which is credited although no contributions were paid into pension insurance plans (e.g. periods of child-rearing, military service). The pension account does not differentiate between substitute qualifying periods and contribution periods.

Incapacity to earn one's living

Incapacity to earn one's living (Erwerbsunfähigkeit) means that a self-employed person (in trade, business, farming) is no longer able to pursue any of the economic activities in question. Special rules apply to persons aged 50 and 58, respectively.

Family hospice leave

Reduction, or change in the distribution, of normal working hours or leave granted to nurse dying relatives or very seriously ill children.

Voluntary Insurance

Persons who are not subject to compulsory insurance in one of the statutory pension insurance schemes may enter voluntary insurance plans under certain conditions.

FSVG

The Social Insurance Act for the Liberal Professions (Freiberuflich Selbstständigen-Sozialversicherungsgesetz – FSVG) regulates matters relating to pension insurance for registered doctors and dentists, self-employed pharmacists, patent lawyers, architects, engineering consultants as well as all matters relating to work accident insurance for doctors and dentists.

GBLP

Joint review of labour taxes and contributions (Gemeinsame Prüfung Lohnabgaben und Beiträge).

Intergenerational contract

The intergenerational contract is based on the legally defined contributions paid by the insured and on the legal entitlements of pensioners. This kind of funding enables social pension insurance plans to meet the so-called standard of living principle, its objective being to guarantee a possibly high income for insured persons during retirement. In addition to guaranteeing people's standard of living, it is also necessary to ensure a certain minimum income, a requirement that is met by equalisation supplements granted under Austria's social pension insurance plans.

Marginal employment

Economic activity by employees or quasi-freelancers earning up to the marginal earnings threshold. This kind of job is not subject to compulsory health and pension insurance, only to compulsory work accident insurance.

Marginal earnings threshold

Threshold for earnings up to which there is no compulsory health and pension insurance, which is 485.85 per month in 2022.

Total credit

The total credit in the pension account corresponds to the sum total of partial credit transfers plus, where applicable, the initial credit transfer.

GSVG

The Social Insurance Act for the Self-Employed in Trade and Business (Gewerbliches Sozialversicherungsgesetz – GSVG) regulates all matters relating to health and pension insurance of those who are self-employed as well as matters relating to health insurance of those claiming pensions under this federal act.

Hacklerregelung (rules for pension claimants with long insurance records)

Special form of early retirement enabling insured workers to retire earlier depending on their date of birth and gender.

Cases of hardship

Rules for persons aged 50 and over which enable them to claim invalidity, work incapacity or freelancers' incapacity pensions under certain conditions.

Survivors' pensions

Pension benefits available after the death of an insured person.

Supplementary insurance

A form of voluntary insurance under which additional contributions are paid, which result in higher pension benefits.

Invalidity

The term invalidity (Invalidität), which applies to blue collar workers, refers to a reduction in a person's ability to work due to illness. There are different rules for skilled workers and unskilled workers. The decision on whether a person is invalid is based on a medical assessment.

Periods of child-rearing

Up to 48 months after birth are credited as insurance periods for the time spent on rearing a child, in the case of multiple childbirths this period may cover up to 60 months.

Children's supplements

Children's supplements are fixed monthly amounts. They are generally due in addition to pensions in one's right for children up to age 18 or for children in education or training or for children working under the Voluntary Services Act (Freiwilligengesetz). They may be granted beyond these age limits or timeframes if children are incapable of earning a living.

Initial credit transfer

A one-off amount (=initial credit transfer) was calculated on 1 January 2014 and transferred to the pension account of persons who were born on or after 1 January 1955 and had acquired insurance periods before 2005.

Account notification

The account notification informs about the balance of a person's pension account.

Account percentage

The sum total of all contribution bases and special bonus payments are multiplied by 1.78 per cent per calendar year and posted to the pension account as partial credit transfers.

Corridor pension

A corridor pension is a type of old-age pension which may be claimed under certain conditions once a worker is 62 years old.

Health insurance of pension claimants

Claimants of an Austrian pension who have their permanent residence in Austria are health-insured by operation of law. The health insurance contribution for pensioners is 5.1 per cent.

Rules for pension claimants with long insurance records (Hacklerregelung)

Special form of early retirement enabling insured workers to retire earlier depending on their date of birth and gender.

Entity responsible for benefits

The competent entity for determining and paying pension benefits is the insurer where most of the insurance months have been accrued in the past 15 years before the cut-off date for retirement.

Medical rehabilitation

Measures of medical rehabilitation include accommodation and/or treatment in health institutions serving rehabilitation as well as provision of prostheses or other necessary aids (e.g. wheelchairs).

Every application for work incapacity or invalidity pension benefits is primarily deemed to be an application for medical rehabilitation. Persons born on or after 1 January 1964 enjoy legal entitlement to measures for medical rehabilitation. For the duration of measures of occupational rehabilitation, workers are entitled to rehabilitation benefits.

Minimum insurance period

This refers to the accrual of a certain number of insurance months required to qualify for pension entitlements.

Persons born on or after 1 January 1955 and insured under the APG meet the minimum insurance period criteria for claiming old-age pensions when they have accrued at least 180 insurance months whereof 84 months (minimum) must have been acquired from economic activity.

Partner support

Contributions paid by the federal government to raise the contributions paid by self-employed workers and farmers to the level of 22.8 per cent, i.e. the level applicable to contributions under pensions insurance schemes for employees.

Parallel pension calculation

Parallel pension calculation (Parallelrechnung) juxtaposes two fictitious pension benefits: benefits under the previous legislation and benefits under the new legislation (legal situation before and after 1 January 2005). Pension entitlements result from the relationship of periods acquired in the different systems. Parallel pension calculation is used for persons who were under 50 years old on 1 January 2005 and had acquired insurance months under statutory pension schemes prior to 2005. As of 1 January 2014 this parallel calculation has been replaced by the initial credit transfer.

Pension indexation

Pensions are indexed every year to make up for changes in monetary values. This is intended to secure the purchasing power of retirees on the one hand, and to avoid old-age poverty on the other.

Pension account

A pension account records the contribution bases for all insurance periods acquired by account holders during their working life.

The contribution bases determined for one calendar year in the pension account are added up, with 1.78 per cent (legally defined account percentage) of this sum total being credited to the pension account (=partial credit transfer).

The sum total of partial credit transfers of previous calendar years are valorised and added up with the partial credit transfer of the last calendar year. This will then give the total credit.

It reflects the annual gross pension including special bonus payments minus, where applicable, deductions for retirement before reaching statutory retirement age. This total credit, divided by 14, gives the monthly gross pension benefit due when reaching statutory retirement age.

Pension splitting

Parents may agree to voluntarily split pension entitlements for years of child-rearing as of 2005.

Pension advance

If pension entitlement has been ascertained, but the official notice cannot be issued as yet, the pension insurer may grant an advance on pension benefits.

Compulsory insurance

This means that social security protection is provided by law, irrespective of the will of the individual, as soon as the circumstances defined by law have occurred.

Statutory retirement age

Statutory retirement age is the age qualifying for old-age pension benefits provided that a certain amount of minimum insurance periods has been acquired.

The statutory retirement age currently is 60 years for women and 65 years for men. As of 1 January 2024 the statutory retirement age for women will be gradually increased to converge with that of men by 2033, i.e. in 2033 retirement age will be 65 for both women and men.

Rehabilitation

Rehabilitation includes medical, occupational and social measures and is one of the tasks within the mandate of the pension insurance without any underlying legal entitlement. Rehabilitation measures may be granted to insured persons or claimants of illness-related pensions if their capacity to work or earn a living is already reduced or is expected to be reduced in the foreseeable future. In addition, certain insurance law requirements must be met. An application for illness-related pension benefits is considered to be an application for rehabilitation measures at the same time.

Rehabilitation benefits

Rehabilitation benefits are cash benefits under health insurance and are due to persons born on or after 1 January 1964 who are entitled to medical rehabilitation measures and suffer from temporary invalidity/work incapacity of at least six months. Benefits are paid out by the competent health insurer.

Heavy work

Heavy work includes activities performed under particularly stressful conditions in physical or psychological terms. Which activities are understood to be heavy work is defined by ordinance by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection. Workers having acquired a certain number of heavy work months may retire before reaching statutory retirement age.

Heavy labour pension

This type of pension applies to insured persons who have performed heavy work for a long time under particularly stressful conditions in physical or psychological terms.

Self-insurance

Persons aged 15 years and over who are not compulsorily insured in any of the statutory pension insurance plans may have themselves insured on a voluntary basis without having accrued any previous insurance periods under pension insurance. Self-insurance is intended to create the necessary conditions for subsequent continued insurance.

Special retirement benefits

Special retirement benefits (Sonderruhegeld) are granted under the Heavy Night Work Act (Nachtschwerarbeitsgesetz – NSchG). They are due to women as from age 52 and to men as from age 57 if they performed heavy night work for at least 180 within the last 360 calendar months preceding the cut-off date or they have accrued a total of at least 240 months of heavy night work by the cut-off date. On the cut-off date no paid work exceeding the marginal earnings threshold may be performed. Special retirement benefits are awarded in the amount of invalidity pension (work incapacity pension, full miner's pension) benefits.

Cut-off date

The cut-off date is the day used to determine whether the contingency of retirement has occurred and the eligibility criteria are met, how high the amount of benefits will be and which pension insurer will pay them out.

It is always the first day of a month and will be activated by submitting an application for a pension in one's own right or by the day of death of the insured for a survivor's pension.

Partial credit transfer

1.78 per cent (legally defined account percentage) of the annual contribution base total is credited to the pension account (=partial credit transfer).

Semi-retirement

Semi-retirement (Teilpension) is a new form of part-time work for older workers and means that work is reduced by 40 – 60 per cent, with 50 per cent of these hours being subsidised by the public employment service to compensate for pay loss. It may be claimed from age 62 provided that the eligibility criteria for corridor pension are met. The public employment service pays wage compensation for 50 per cent of the hours lost, while social insurance contributions continue to be paid in full in relation to the previous wages earned. Workers may use the semi-retirement scheme for up to five years. Leisure time may not be taken in one single period of leave.

Partial insurance periods

Compulsory insurance due to partial insurance for periods of unemployment, child-rearing, military and civilian service, sickness benefits, rehabilitation benefits, rehabilitation benefits, maternity allowance, transition benefits, unemployment assistance, care leave benefits, part-time care leave and retraining benefits.

Transition benefits

Cash benefits awarded during training or retraining while on occupational rehabilitation. Under pension insurance plans, it may also be granted during measures of medical rehabilitation. These benefits are only paid out if there is no entitlement to rehabilitation or retraining benefits.

Pay-as-you-go system

Austria's social pension insurance is financed by the pay-as-you-go system. This means that the economically active generation finances today's pensions through the contributions it pays.

Retraining benefits

Retraining benefits are cash benefits under unemployment insurance and are due to persons born on or after 1 January 1964 who are entitled to occupational rehabilitation measures and suffer from temporary invalidity/work incapacity of at least six months. The public employment service is responsible for carrying out retraining measures and disbursing retraining benefits.

Insurance contingency

The term insurance contingency refers to the occurrence of an event at which a certain benefit becomes due under the relevant pension insurance plan. Pension insurers know the contingencies of reduced capacity to work or earn a living, the contingencies of old age and death.

Insurance month

Insurance periods are summarised by insurance months. Under pension insurance schemes, an insurance month is every calendar months where at least 15 days of insurance have been accrued. Under pension insurance plans for the self-employed only whole insurance months can be acquired.

Orphans' pensions

Each child of the insured is entitled to an orphan's pension after the insured's death if the conditions for minimum insurance periods are met.

Waiting time

Waiting time refers to the sum total of insurance periods, expressed in insurance months, which are the required minimum insurance periods to qualify for pension entitlements.

Continued Insurance

Persons who have exited from compulsory insurance or self-insurance may voluntarily continue pension insurance under certain conditions and upon application. There are different types of continued insurance.

Widows'/widower' pensions

Widows/widowers are entitled to these pension benefits after the death of the insured spouse if waiting time/minimum insurance period criteria are met and marriage was ongoing.

Credit months

Additional credits of (fictitious) insurance months are provided for claimants of illness-related pension benefits since this group of persons might not have had the possibility to acquire a sufficient number of insurance months to achieve appropriate pension levels.

List of Tables

Table 1: Organisation of social insurance institutions as of 1 January 2020	9
Table 2: Contribution rates under the pension insurance system as defined by legislation	10
Table 3: Statutory retirement age for women	22
Table 4: Eligibility criteria for retirement benefits on grounds of long insurance records for women:.....	23
Table 5: Reduction of invalidity pension benefits if they coincide with income from work, values for 2022	45
Table 6: Currently applicable marginal tax rates	50
Table 7: Cut-off date for retirement in 2020	57
Table 8: Cut-off date for retirement in 2021	59
Table 9: Cut-off date for retirement in 2022	61
Table 10: Cut-off date for retirement in 2023	63
Table 11: Cut-off date for retirement in 2024	65
Table 12: Cut-off date for retirement in 2025	66
Table 13: Cut-off date for retirement in 2026	67
Table 14: Cut-off date for retirement in 2027	68
Table 15: Cut-off date for retirement in 2028	69
Table 16: Cut-off date for retirement in 2029	70
Table 17: Cut-off date for retirement in 2030	71
Table 18: Cut-off date for retirement in 2031	72
Table 19: Cut-off date for retirement in 2032	73
Table 20: Cut-off date for retirement in 2033	74

List of Figures

Figure 1: Revenue and expenditure of the statutory pension insurance system in EUR million, 2021 13

Figure 2: The pension account 29

Federal Ministry of Social Affairs, Health, Care and Consumer Protection

Stubenring 1, 1010 Vienna

+43 1 711 00-0

[sozialministerium.at](https://www.sozialministerium.at)