

Questionnaire on social protection of older persons addressed to Governments by the
Independent Expert on the question of human rights and extreme poverty
Reply of the government of the Federal Republic of Germany

(i) The legal and institutional framework

1. Provide details of the legal framework by which the programme is established:

Old-age pension provision in Germany consists of several systems to which gainfully active persons belong depending on their work.

The statutory pension insurance is the first and most important pillar of the old-age pension provision in Germany. The statutory pension insurance is operated as a pay-as-you-go system. It is a compulsory social insurance scheme financed by contributions and taxes covering employees and certain groups of self-employed. Basically the contributions paid into the scheme determine the level of the pension (strongly following the equivalence principle).

For certain groups of self-employed persons, e.g. doctors or farmers, it is prescribed by law that they have to belong to a pension scheme for a professional group.

In addition, there is a separate scheme for civil servants and a supplementary pension scheme for public employees.

(a) Please indicate the retirement age / eligibility age for the pension and if it takes into account the nature of occupation (e. g. formal or informal employment) of the potential beneficiaries.

At present the standard old-age pension of the statutory pension insurance is payable at age 65. The Act on the adjustment of the standard retirement age to demographic development and the reinforcement of the principles of statutory pension insurance financing (Pension Insurance Retirement Ages Act - RV-Altersgrenzenanpassungsgesetz) of 20 April 2007 (Federal Law Gazette - BGBl. I p. 554), provides for the standard retirement age to be gradually increased to 67 years from 2012 to 2029, starting with those born in 1947. The first increase amounts to one month per year (65 to 66) and the following to two months per year (66 to 67). For all those born after 1963, the standard retirement age of 67 years generally will apply.

It will still be possible for insured persons to retire at the age of 65 years without having their pensions reduced if they complete 45 years of compulsory contributions from employment or care or from child-raising periods up to the age of 10 of the child. The retirement age of other early pensions will be raised. The nature of occupation is not taken into account, except for

certain provisions which only apply for miners. Generally participation in the scheme requires formal employment.

The standard retirement age in the system of pension schemes for professional groups is laid down in the respective by-laws of the 89 individual schemes. Pension schemes for a professional group are normally independent corporate bodies or institutions under public law or special funds of them. Almost all pension schemes for a professional group provide for a standard retirement age of 67 years. However, different transitional rules apply currently with the aim to gradually raise the standard retirement age from 65 to 67 years.

The nature of occupation – employment or self-employment – is of no relevance to the granting of pension benefits. A person's membership in a pension scheme for a professional group is determined by their membership in the respective professional chamber.

Civil servants with life tenure retire at the end of the month in which they reach the applicable retirement age. The retirement age is as a rule 67. Civil servants who

- were born in 1963 or earlier,
- perform particularly difficult tasks (e.g. police, fire brigade),
- have a severe disability,
- have become invalid

are subject to different rules providing for or facilitating early retirement.

The supplementary pension scheme for public employees is based on collective agreements and provides occupational pensions within the meaning of the Occupational Pensions Act (BetrAVG) in addition to benefits from the statutory pension scheme. The supplementary pension scheme is a compulsory insurance which public employees receive irrespective of the statutory pension paid and which is based on the total salary received in the public service. In addition to the compulsory insurance there is also a voluntary insurance scheme. Public employees are entitled to receive pensions from the supplementary pension scheme (VBL) if

- they are entitled to a pension from the statutory pension scheme, and
- have worked in the public service for at least 60 months.

(b) Are there any restrictions, including qualification period for receiving the pensions?

The general qualifying period for a pension by the statutory pensions system at standard retirement age is 5 years of contribution or substitute periods.

Early pensions:

- 1.) The old-age pension for long-term insured persons is payable from the age of 63 onwards (with deductions) where an insurance period of 35 years has been completed.

- 2.) The retirement age (with deductions) for severely handicapped people with an assessed degree of disability of at least 50% and at least 35 years of coverage will be increased from age 60 to 62 years;
- 3.) Women born before 1952 are eligible to retire at the age of 60 (with deductions) where an insurance period of 15 years has been completed and who have at least 10 years of mandatory contributions after age 40.
- 4.) The old-age pension for unemployment or following partial retirement can be claimed from age 63 (with deductions) for insured persons born before 1952 with at least 15 years of contributions and 8 years of compulsory contributions during the last ten years prior to commencement of the pension. The insured person also has to be either unemployed for at least 52 weeks after age 58 and 6 months or in parttime work for at least 24 months before the commencement of the pension.
- 5.) Insured miners who are at least 60 years of age and have completed at least 25 years of contributions from employment in permanent underground work are entitled to an old age pension for miners with long service underground (rising gradually between 2012 and 2029 to age 62).

Limit of supplementary income: The pension paid to pensioners younger than standard retirement age depends on the level of individual earnings: if monthly earnings are not more than €400, the full pension is paid; if earnings are more than €400, a partial pension is paid at 2/3, 1/2, or 1/3 depending on earnings.

Besides a person's membership in the respective pension scheme for a professional group, the completion of the minimum retirement age and, in most cases, the requirement that at least one contribution must have been paid, there are no further requirements for the granting of an old-age pension. As a rule, however, a (written) application to be submitted by the member is prerequisite for the granting of a pension.

To be entitled to a pension, civil servants must have served a minimum of five years or have become invalid as the result of illness, injury or other disability without gross culpability on their part in the course of or caused by their duties. If a civil servant does not fulfil these requirements, contributions are subsequently paid into the statutory pension insurance scheme based on the civil servant's salary who thus becomes entitled to receive the statutory pension.

Public employees are entitled to a supplementary pension only if 60 months have passed between entering the supplementary insurance and occurrence of the event insured.

(c) Please indicate whether it is a contributory or a non-contributory programme.

The statutory pension insurance is a contributory programme.

The system of pension schemes for professional groups is a system that is based on regular contribution payments made by the members of the scheme (members' contributions).

Civil servants' pensions are non-contributory and funded from taxes. As compensation, civil servants' gross income is below the income of equivalent public employees who have to pay contributions for their pensions.

The supplementary occupational pension scheme for public employees is mainly funded from contributions of employees and employers. Whereas funding in the *Länder* in western Germany is based on contributions (pay-as-you-go system), those in eastern Germany have introduced full capital cover. The proportion paid by employees is 1.41% (west) and 2% (east) of the salary pensionable under the supplementary pension scheme.

2. In the event that the programme is not established by law, please provide details of the administrative regulations or other relevant programmatic document available that are at the origin of its implementation.

The statutory pension insurance is established by law.

Pension schemes for professional groups are based on the legislation of the (federal) states in which they are active. The detailed provisions of contribution and benefit law are specified in the by-laws of the individual pension schemes for a professional group which are explicitly authorized by federal state legislation to make such by-laws.

The pensions of civil servants and their survivors are governed by the Act Governing Civil Servants' Pensions and Allowances (Beamtenversorgungsgesetz).

The right to receive supplementary occupational pensions for public employees is based on the collective agreement. The parties to the collective agreement negotiated the compulsory insurance with the supplementary pension scheme and uniform benefits for all public service employees. The supplementary pension scheme is provided by supplementary pension agencies. Their structure and funding is governed by the statutes of the respective agency.

3. Please describe the institutional framework used to implement the programmes:

General design and implementation of the statutory pension insurance are subject to legislative procedure.

(a) Please indicate which governmental authorities, structures and mechanisms, including those at the federal, state/provincial, municipal and local level were involved in the design, implementation and monitoring of the programme.

General supervision over the statutory pension insurance is provided by the Federal Ministry of Labour and Social Affairs (www.bmas.de). The Federal Insurance Institute (www.bva.de) supervises the administrative functions of the German Pension Insurance. The Federal German Pension Insurance (Deutsche Rentenversicherung Bund), regional agencies of the German Pension Insurance (Regionalträger), and the German Pension Insurance for Miners, Railway Workers and Seamen (Deutsche Rentenversicherung Knappschaft Bahn See) administer the programme (www.deutsche-rentenversicherung.de).

The pension agencies are self-governed by representatives' meetings and board meetings which consist of the same number of representatives of employers on the one side and employees (representing the persons insured) on the other.

Since October 1, 2005, administrative responsibilities have been set by a special procedure providing for a distribution of the insured among all pension insurance institutions. For certain insured persons, special responsibility lies with the German Pension Insurance for Miners, Railway Workers and Seamen.

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

Pension schemes for professional groups are normally based on federal state legislation that gives them the right to make by-laws. This right is exercised by the legislative body of the pension scheme. The legal supervision of pension schemes for professional groups is exercised by a federal state ministry. It differs from state to state which ministry is responsible for this task. In most cases, legal supervision is exercised by the federal state ministry that is responsible for the professional supervision of the relevant free profession in the federal state.

Laws on civil servants' pensions are adopted by the bodies and in the procedure authorized by the Basic Law of the Federal Republic of Germany. The legislative competence of the Federation applies only to the pensions of federal civil servants, whereas pensions of civil servants working at state and local are governed by Land law. Administrative authorities are bound by law. No pensions may be promised or granted outside the law. Compliance with the law is supervised by the courts of audit at federal and Land level as independent state bodies of financial control and by competent courts.

Since the supplementary pension for public employees is based on the collective agreement, federal, state (*Länder*) and local authorities participate as employers, and unions as representatives of employees. Details are specified in the statutes. The VBL (Federal and *Länder* Government-Service Supplementary Pension Agency) is a public-law institution with

legal capacity. The compulsory insurance is supervised by the Federal Ministry of Finance. The voluntary insurance is subject to the Act on the Supervision of the Insurance Industry (*Versicherungsaufsichtsgesetz*) and thus to the insurance supervision of the Federal Financial Supervisory Authority.

(b) Were civil society organizations involved in the elaboration of the legal framework, the implementation and monitoring of the programme? If yes, please describe their role.

Pension administrations are self-governed by employers and insured persons/recipients of benefits. Representatives' elections (called social elections) take place every 6 years. Moreover civil society organisations are involved in legislative procedures.

If "civil society organizations" include also self-governing bodies of a professional group, it should be mentioned that in most cases, the chamber's and/or representatives' assemblies of the respective group in a chamber's district for which a pension scheme has been set up are involved in the elaboration of the by-laws. The bodies of the pension scheme that serve in an honorary capacity – normally an executive body and a supervisory body – are also made up of representatives from the professional group. They are elected by a previously determined assembly.

With regard to civil servants' pensions, the umbrella organizations of the responsible unions must be involved in the preparation of general provisions governing matters of civil service law; they in particular participate in law-making and in preparing and adopting administrative regulations.

With regard to the supplementary occupational pension for public employees, see previous paragraph.

(ii) Programme cost and coverage

4. Please indicate the number of beneficiaries of the programme (annually)? If available, please provide details on their profile (e.g. sex, age, ethnicity, origin...).

Number of pensions of the statutory pension insurance, 31.12.2008

	Total	Age Groups					
		< 45	45 - 54	55 - 64	65 - 74	75 - 84	85 +
Old Age pensions							
Men	7.684	0	0	616	4.530	2.097	441
Women	9.710	0	0	719	4.782	3.040	1.169
Total	17.393	0	0	1.336	9.312	5.137	1.609
Disability pensions							
Men	826	114	265	448	0	0	0
Women	738	108	239	391	0	0	0
Total	1.564	221	503	839	0	0	0
Survivor pensions							
Men	506	8	30	67	174	170	57
Women	4.972	58	207	509	1.371	1.819	1.007
Total	5.478	65	237	576	1.545	1.989	1.064
All pensions							
Men	9.016	121	295	1.131	4.704	2.267	497
Women	15.420	165	446	1.620	6.153	4.859	2.176
Total	24.435	287	741	2.751	10.857	7.126	2.674

Source: Deutsche Rentenversicherung Bund

Precise information on the number of beneficiaries of the 89 pension schemes for professional groups and comprehensive data based on criteria such as sex, age, ethnicity, origin etc. cannot be provided. The benefits granted include old-age pensions, widow's/widower's pensions, half-orphan's pensions and medical rehabilitation benefits. They are granted in accordance with the applicable by-laws without any differentiation according to sex, age, ethnicity and origin. The benefit level is determined by the length of the period for which contributions have been paid and by the amount of the contributions.

On 1 January 2007 a total of 944,000 persons, of which 527,000 men and 417,000 women, received civil servants' pensions in line with the Acts Governing Civil Servants' Pensions and Allowances at federal, state and local level. About 742,000 were 65 or older. In addition, 499,000 persons previously employed with the former Deutsche Bundesbahn, the former Deutsche Bundespost (former federal agencies, now privatized) or the indirect federal service received benefits in line with the Federal Act Governing Civil Servants' Pensions and Allowances on 1 January 2007.

Currently, the VBL insures some 1.8 million employees under the compulsory pension scheme for public employees (of which 1.1 million women) and some 2.3 million employees who are exempted from contributions (of which 1.3 million women). About 1.1 million retired employees receive pensions from the supplementary pension scheme.

5. Which geographical areas are covered by the programme in the country (national, regional, local?)

The statutory pension insurance covers the national area.

Pension schemes for professional groups are corporate bodies where membership depends on certain personal criteria, i.e. a person's membership in a pension scheme for a professional group is determined by their membership in the respective professional chamber and not by the fact that they live in a certain area. However, membership in a professional chamber is determined by the exercise of an occupation in a certain area. In many cases, this area is identical with the area of a federal state.

The Federal Act Governing Civil Servants' Pensions and Allowances covers federal civil servants and equivalent benefit recipients, whereas Länder Acts Governing Civil Servants' Pensions and Allowances cover civil servants at state and local level.

Benefits from the supplementary pension scheme for public employees are paid to all federal and *Länder* employees and the employees of some 1,700 local authorities as well as employees of some 100 social insurance companies and of some 3,600 other employers.

6. What is the annual budget of the programme? Percentage of GDP?

Total expenditure of the statutory pension insurance were 240 bil. € in 2008 which is equal to 9,6 % of GDP.

Information on the budget of the pension schemes for professional groups expressed as percentage of the Gross National Product cannot be provided. The schemes are capital formation schemes; the annual revenue from contributions does not allow for any conclusions to be drawn about the volume of their benefits. We do not have any information on the schemes' share in the GDP.

In 2006 pension expenditures for federal civil servants, judges and permanent military personnel amounted to some 4.4 bn euros. Thus federal pension expenditures made up 0.2% of the gross domestic product. When adding pension expenditures for the former Deutsche Bundesbahn and the former Deutsche Bundespost, the figure was 0.37%. Pension expenditures at state and local level amounted to 20.9 bn euros in 2006, of which 18.1 bn euros at state and 2.8 bn euros at local level.

Benefits from the supplementary pension scheme for public employees amount to some 4.2 bn euros annually (approx. 0.18% of GDP).

7. Please give details and indicate the sources of funding utilised for the programme and the main costs involved at the various stages of implementation. In particular, is the programme operated with national, regional, local public resources? Are external resources used for this programme?

Statutory pension is financed by contributions (insured persons and employers) and taxes.

- Insured person/Employee: 9.95% of monthly earnings; none if earnings are less than €400 a month (voluntary contributions can be made); a reduced contribution is paid if monthly earnings are between €401 and €800.
- Employer: 9.95% of monthly payroll; 15% of earnings for employees where monthly earnings are below €400; 16.45% of payroll for employees covered by the German Pension Insurance for Miners.

The maximum annual (2009) earnings for contribution purposes are €64,800 (in former East Germany - €54,600) (€5,400 per month, East - €4,550) if covered by the German Pension Insurance; €79,800 (East €67,200) (€6,650, East €5,600 per month) if covered by the German Pension Insurance for Miners.

- Government: A subsidy encompassing one third of the total budget to compensate for the cost of noninsurance-related benefits, i.e. for non-contributory periods.

Pension schemes for professional groups and the benefits they grant are financed without any public subsidies. The benefits are financed from contributions paid by the members of the schemes. External resources are not used for funding.

Pensions of civil servants are personnel costs paid from the budgets of public employers. The increasing number of beneficiaries entails growing pension expenditures. However, measured against the forecast development of the gross domestic product and depending on the assumed development of public service salaries, the proportion of federal pension expenditures will remain relatively stable until 2050.

Based on the 1998 Pensions Reform Act pension reserves have been built up at federal and state level since 1999. They are financed by reduced salary increases for civil servants as compared to the increases for public employees over a long term. From 2018 the federal pension reserves are to be used for a period of 15 years to reduce the federal pension expenditure by some 500 million euros annually, which will help relieve the federal budget in this period. In addition, the Federation and some Länder have established pension funds, creating further financial reserves and starting a gradual transition to full capital cover. For example, federal pensions for civil servants hired since 1 January 2007 are to be fully paid from this fund from 2020.

Funding of the VBL is split into two groups.

- Länder in western Germany

In western Germany, the VBL is funded by contributions and the funds to convert the pension system to the pension credits scheme. A proportion of salaries is used for the contributions to cover the estimated pension costs for a period of five years. Since 1 January 2002 the proportion has been 7.86% in the western Länder, of which 6.45% is paid by the employer and 1.41% by the employees.

In addition to contributions, employers have paid an amount equivalent to 2% of all beneficiaries' salaries subject to the supplementary pension scheme since 1 January 2002. The proportion of 2% is not equally paid by each employer participating in the VBL; it varies depending on the participant (federal, Länder and some local authorities, social insurance companies and other employers). Which proportion is to be paid depends on the amount of pensions and salaries to be paid by the individual participant.

- Länder in eastern Germany

In eastern Germany, the VBL is funded by contributions and contributions to the capital-cover procedure. The contribution to be paid by the employer is 1%; it is paid to cover pension rights accrued by 31 December 2007 and ongoing pension benefits.

From 1 January 2004 to 31 December 2007 a capital-cover contribution of 1% – employers and employees each paid half – was paid in addition to the general contribution. On 1 January 2008 full capital cover with a contribution of 4% was introduced of which employees and employers each pay half. The shift to capital cover was possible because the ring-fenced scheme was introduced in the eastern Länder as late as 1 January 1997 so that the pension rights and occupation pensions were still relatively low.

8. Please indicate approximately how many beneficiaries were not reached by the programme. Have studies been undertaken to assess the reasons for coverage gaps? Please provide details of their profile (e.g. sex, age, ethnicity, origin..) if available.

Statutory pension insurance is compulsory for all employees and certain groups of the self-employed, persons caring for a child younger than age 3, recipients of social security benefits (such as unemployment benefits), conscripts or persons doing community service instead of military service, and voluntary care workers. Voluntary insurance is possible for all persons over the age of 16 years resident in Germany and for all Germans abroad.

There is no compulsory insurance for employees with only insignificant employment (up to € 400 per month) or a short-term employment (up to 2 months or 50 working days per year) if this employment is not pursued as a profession and if the remuneration does not exceed € 400 per month.

The system of pension schemes for professional groups is a compulsory insurance system with the consequence that everybody who exercises a free profession must join the competent pension system for his/her professional group. Therefore it is safe to assume that no potential beneficiary will be left unprovided for. Thus it is not necessary to commission studies in order to find out whether there are gaps in coverage.

In principle, civil servants are entitled by law to receive benefits in line with the Act Governing Civil Servants' Pensions and Allowances. If a civil servant is not entitled to receive such benefits (e.g. because the civil servant has not completed the five-year period, was dismissed for legal reasons without being entitled to a pension or asked for dismissal) contributions are subsequently paid into the statutory pension insurance scheme. There are no pension gaps.

Beneficiaries of the supplementary pension scheme are entitled to benefits upon occurrence of the event insured. In individual cases, benefits are not paid if the requirements are not fulfilled, e.g. because the waiting period of 60 months has not been completed.

9. What is the average amount of the pensions in relation with the national average income or minimum salary? How is the pension calculated?

The German old-age pension insurance system is in principle structured such that the benefits enjoyed at retirement age correspond to the insured parties' contributions and that pensioners share in economic trends by means of wage-orientated pension adjustments. Old-age pensions hence symbolise replacement of the income from the previous wage-earning activity - they do not simply serve to provide minimum financial security.

The old-age pension is based on total individual earnings points multiplied by the pension type factor of 1.0 and the pension value. (Special rules apply to persons insured under the German Pension Insurance for Miners, Railway Workers and Seamen.) Individual earnings points are calculated as individual annual earnings divided by the average earnings of all contributors multiplied by the access factor in pension calculation. An individual earnings point of 1.0 is awarded if the individual's annual earnings correspond to the average earnings of all contributors. In the case of lower or higher individual annual earnings, a corresponding earnings point of less than or more than 1.0 is awarded.

The pension value is calculated as the monthly benefit amount for 1 year's average covered earnings, adjusted for changes in wages. From July 1, 2009, the pension value is €27,20 (East - €24,13).

The standard access factor in pension calculation is 1.0 and increases or decreases depending on the age at which the insured is first awarded a pension. Periods of incapacity for work, unemployment, and fulltime education between ages 17 and 25 are also taken into account for pension calculation purposes.

There is no statutory minimum pension. For low-income workers with at least 35 years of coverage and with less than 0.0625 earning points on average (calculated on the basis of months with full compulsory contributions), the value of full compulsory contributions paid before 1991 is increased to 1.5 times the value, up to a maximum of 75% of the value of contributions for average earnings of all insured persons (0.0625 earning points).

For persons with at least 25 years of coverage, the value of contributions paid after 1992 while caring for a child younger than age 10 is increased to 1.5 times the value, up to the value of contributions for average earnings of all insured persons.

Benefit adjustment: Pensions are adjusted annually in July according to changes in the pension value. The adjustment formula also includes more factors concerning the interest of contributors and pensioners and a rule preventing absolute decreases in pension benefits.

There is no uniform pension level for beneficiaries covered by pension schemes for defined professional groups as the benefit level depends on the prior contributions made by the person insured. The amount of the old-age pension granted is thus calculated on the basis of the by-laws of the pension scheme for the professional group in question in accordance with the insurance period completed and the member's contributions paid into the scheme.

Pensions are calculated on the basis of the pensionable salary and the pensionable years of service. After 40 years of service, pensions amount to a maximum of 71.75% of the last salary. On 1 January 2007, the average pension of civil servants was 2,520 euros per month. The pension includes the basic pension benefit and the supplementary pension benefit (occupational pension) which is also mandatory for public employees.

The average monthly supplementary pension of a VBL beneficiary is 390 euros. A benefit is granted which would arise if 4% of the salary were invested for old-age pension and would yield interest. Depending on the age and actuarial assumptions (mortality tables, length of pension payment etc.) different interest rates are calculated during employment (3.25%) and retirement (5.25%).

The amount of the supplementary pension is calculated on the basis of an actuarial model of pension credits. According to this model, pension credits are multiplied by a factor of 4 euros. Pension credits are based on the salary received throughout employment with the public service. First, the ratio between a twelfth of the individual annual salary and a defined reference salary (1,000 euros) is determined. This ratio is then weighted against an age factor. The result is the number of pension credits for the calendar year.

The occupational pension is based on the individual annual salary. However, there are cases where the parties to the collective agreement pay benefits although the employee did not earn the required annual salary. This includes parental leave pursuant to Section 15 of the Federal Act on Parental Allowance and Parental Leave (Bundeselterngeld- und Elternzeitgesetz, BEEG)

and fully or partially reduced working capacity before the age of 60. During parental leave pursuant to Section 15 BEEG and times pursuant to Section 6(1) of the Maternity Protection Act (Mutterschutzgesetz) pension credits are awarded for an assumed monthly salary of 500 euros per child. In case of reduced working capacity before the age of 60 additional pension credits are awarded.

In the pension credits scheme, contributions amounting to 4% of the salary are paid into the capital market. If capital market interests exceed the interest rates granted through the age factors (3.25% when working and 5.25% when retired), the surplus is distributed to the beneficiaries in the form of bonus credits after the costs for social components and administrative costs have been deducted upon the proposal of the responsible actuary. This also applies to supplementary pension agencies which are funded through contributions and do not invest contributions on the capital market. The surplus is calculated by assuming that contributions were invested in capital cover.

If a beneficiary who has completed the waiting period or the beneficiary of an occupational pension dies, the survivors are entitled to a pension for surviving dependants. The type, amount and duration of the entitlement depend on the relevant provisions of the statutory pension scheme. The basis for calculating these pensions is the occupational pension of the deceased person. Children entitled in line with the provisions of income tax law (Section 32(3) and (4) of the Income Tax Act (EStG) are entitled to an orphan's pension.

On 1 July of each year occupational pensions are indexed at a rate of 1%. If the occupational pension is claimed prematurely, benefits will be reduced by 0.3% for each month the pension is paid out prematurely, with a maximum reduction of 10.8% – as in the statutory pension insurance scheme.

(iii) Implementation procedures

10. What procedures are utilized in order to pay the beneficiaries?

Statutory Pensions are paid monthly at the end of the month at whose beginning all eligibility requirements are met. The claim must be filed within three months after, otherwise the pension payments will begin with the month of application.

Upon reaching the earliest possible retirement age, this member of the pension scheme for professional groups will receive a letter informing him/her about the possibility of applying for an old-age pension. Old-age pensions are remitted monthly to the beneficiary's bank account.

Upon request, the beneficiary of a civil servants' pension must provide information on or open an account to be used for pension payments. Exceptionally, payment may be made in another

form if there are important reasons why the beneficiary cannot be expected to open or use an account.

The supplementary pension for public employees is paid to the beneficiary's account. Non-cash payment is possible upon request.

**11. What procedures are utilized in order to inform beneficiaries about the programme?
Is information made available in more than one language?**

Information in different languages on the statutory pension insurance can be found in brochures or on the internet (www.deutsche-rentenversicherung.de, www.bmas.de). Numerous pension insurance funds' Auskunfts- und Beratungsstellen (information offices) inform and assist free of charge. Moreover social insurance advisors and social insurance deputies work on a voluntary basis throughout Germany giving advice and helping to complete claim forms.

Insured persons receive an annual pension statement from age 27. Pension statements enhance transparency regarding individual pension entitlements and provide people with a solid base on which to plan for their old age. They are generated on the basis of the pension insurance periods recorded in the individual's insurance account, and include projected pension entitlements at standard pension age, with and without pension adjustments.

From age 55, people receive pension statements once every three years rather than annually. These statements contain more detailed information on the individual's insurance history.

Upon taking up work in the area of a professional chamber the member of a pension scheme for a professional group will be contacted and informed about the modalities of his/her membership. The member receives an information letter annually stating his/her current pension rights and the amount of the old-age pension to be expected. The member will be informed about amendments in the bylaws by way of publication of the amended bylaws.

All information is provided in German. However, there is a general description of the system of pension schemes for professional groups in English and French made available by Arbeitsgemeinschaft berufsständischer Versorgungsreinrichtungen e.V. (www.abv.de).

The laws governing civil servants' pensions are available in the pertinent media (law gazettes, Internet). In addition, civil servants and pension beneficiaries are regularly informed about amendments of the laws through administrative publications or publications of interest groups and unions. They may also ask the responsible authority for further information at any time. Since command of the German language is a prerequisite for becoming a civil servant there is no need to provide information in other languages.

The VBL has a website informing about its services and statutes. In addition to this online medium, administrative publications or publications of interest groups and unions regularly inform about amendments of the provisions. Beneficiaries may also ask the responsible authority or the pension agency for further information at any time. Information is provided in the official language (German) and partly also in English. Each year, beneficiaries receive a proof of insurance stating the number of credits accrued.

12. Were other services (such as social work, subsidised services) provided to the beneficiaries in connection to the pension? If yes, please describe them.

Civil servants leaving the public service without gross culpability on their part (e.g. because of invalidity) are entitled to a minimum pension. As a rule this minimum pension ensures that the beneficiary does not need additional state welfare. If this is not the case, beneficiaries have the same entitlement to additional state welfare benefits as any other person.

13. Do beneficiaries of the programme access other public services at special conditions, in particular for health service?

The statutory old-age pensions insurance opens up comprehensive access to healthcare services and long-term care in old age. On principle, starting to draw a pension gives rise to obligatory health and long-term care insurance for pensioners, if they were insured before. This means that full health and long-term care insurance protection commences irrespectively of the amount of the pension payment. The contributions are levied as a percentage of the pension, are retained by the old-age pension insurer and transferred to the respective health/long-term care insurance fund. The old-age pension insurer provides half the health insurance contribution, whilst the pensioner pays the other half plus an additional contribution of 0.9% (7.9%) and the full long-term care insurance contribution (1.95%). Childless pensioners born in 1940 or later and aged 23 or more pay an additional contribution of 0.25%.

Beneficiaries of pensions from pension schemes for professional groups have no better or more generous access to social services in Germany than beneficiaries covered by other pension insurance funds in the Federal Republic of Germany.

Persons receiving benefits in line with the Act Governing Civil Servants' Pensions and Allowances also receive health allowances. Please refer to the answer in section (vi).

Since the supplementary occupational pension for public employees supplements the existing statutory pension, no additional public services are provided.

(iv) Monitoring mechanisms and complaint procedures

14. Please describe the monitoring procedures utilized in order to oversee the implementation of the programme and the entities responsible for monitoring.

Concerning the competence of the supervisory authorities it is decisive whether the statutory pension insurance fund is a Länder or a federal institution. An insurance fund qualifies as a Land institution when its responsibilities do not extend beyond its Land. Furthermore, a fund whose responsibilities touch over onto other Länder, but do not exceed three Länder is also to be considered a Land institution, provided the Länder involved stipulate one supervising Land. In such a case, supervision falls under the responsibility of the highest social insurance administrative body at a Länder level, or the authority stipulated by the Land's legislation. This is also the case for associations at a Länder level. In all other cases, the insurance fund qualifies as a federal institution (as for instance the federal institution Deutsche Rentenversicherung Bund). The Federal Insurance Office (Bundesversicherungsamt) is the competent supervisory body and supervises the administrative functions of the German Pension Insurance. The Federal Ministry of Labour and Social Affairs (www.bmas.de) is responsible for pension insurance and provides general supervision.

The activities of pension schemes for professional groups are monitored on an ongoing basis by a supervisory agency of this professional group. Executive and monitoring bodies of a pension scheme for professional groups are annually discharged by the chamber/representatives' assemblies. Legal supervision over the bylaws of the pension scheme for professional groups rests with the respective federal state ministry. Also, a federal state ministry (mostly from another federal state) monitors the insurance scheme on an ongoing basis. The pension scheme for a professional group reports to the federal state ministry through their annual report, the auditors' report drafted by an audit firm as well as through drafting an actuarial expert opinion.

The agencies responsible for implementing the laws governing civil servants' pensions are subject to the expert and legal supervision of the responsible federal ministry. In addition, the courts of audit at federal and state level have auditing powers without the right to issue directives. Moreover, all decisions of administrative authorities can be reviewed by courts.

The compulsory insurance for public employees is supervised by the Federal Ministry of Finance.

15. Are there any complaints mechanisms or procedures attached to the programme, which are available to beneficiaries? If yes, please describe them.

Against administrative acts by the statutory pension insurance in particular complainants primarily have to challenge the act by entering an objection, addressed to the issuing authority. The authority has to review the decision in relation to the legality and expediency. If she does not rectify she refers the complaint to the superior authority which has to decide. By this self-control mechanism the authority shall have the opportunity to correct a wrong decision before complainants take legal action in a court. The social courts ensure that anyone can have their rights under social welfare law reviewed and enforced through the courts. The social courts are organised in three levels. The social courts of first instance are known as Sozialgerichte. Länder social courts (Landessozialgerichte) adjudicate in the second instance. The final instance is the Federal Social Court (Bundessozialgericht). Each first-instance social court has a number of chambers, each dealing with specific areas of law within the social court jurisdiction. A chamber comprises a professional presiding judge and two lay assistant judges. The Länder social courts take appeals against decisions of the first-instance social courts. Their senates - corresponding to the chambers at the first-instance courts - comprise a presiding judge, two additional professional judges and two lay judges. The senates of the Federal Social Court, which decides appeals on points of law, likewise consist of a presiding judge, two additional professional judges and two lay judges.

Proceedings before the social courts are free of charge to insured persons in the statutory insurance system, assistance recipients and disabled people. Complainants not in any of these groups - for example social assistance agencies - must pay a flatrate fee. If neither the claimant nor the respondent is in any of the three exempt groups, court fees are levied according to the amount at dispute as with other types of court.

Members and other beneficiaries may object to decisions of the pension scheme for professional groups. The complaint procedure is regulated by the Administrative Procedures Act of the responsible federal state and the bylaws of the pension scheme for the professional group. If such a complaint is dismissed the beneficiary can proceed to bring action before an administrative court.

Beneficiaries of civil servants' pensions may object to decisions of administrative authorities. The authority is obliged to examine the objection and revise its decision, if necessary. If it maintains its initial decision, the beneficiary may file an action with the responsible court. In addition, beneficiaries may exercise their right of petition in pension matters under Article 17 of the Basic Law. The responsible committee of the German Bundestag asks the responsible ministry for an expert review of the matter and on this basis decides how the parliament will handle the petition. The beneficiary will be informed about the result of this process.

In addition to ordinary courts, beneficiaries of supplementary pensions for public employees may also choose the arbitration procedure. The court of arbitration rules on actions against VBL

decisions. The ruling of the court of arbitration may be appealed before the supreme court of arbitration.

16. Have there been instances when any legal action was taken against the programme or those responsible for its implementation? If yes, what were the circumstance of the legal action on the basis for the complaints?

Statutory Pension insurance had been implemented in 1891 and since then continuously developed by legislation and court decisions.

Pursuant to the rules of the administrative courts, the jurisdiction of the administrative courts has three stages of appeal (instances). These stages of appeal are available to beneficiaries of pension funds of professional groups if they want to bring an action before the court. Mostly legal conflicts are triggered by the question whether a potential beneficiary complies with the requirements that have to be met to receive benefits.

If the action was dismissed by the courts responsible for civil servants' pensions but the beneficiary maintains that his or her rights have been violated, the case may be brought before the Federal Constitutional Court if the legal requirements are fulfilled.

Numerous actions were filed against VBL decisions, with both ordinary courts and the court of arbitration. Most actions were filed with regard to the calculation of benefits.

(v) Existing studies and evaluations of old age pensions

17. Please provide any studies, in particular needs assessments, utilized in order to develop the programme(s).

18. Please provide any studies, in particular impact assessments, developed to assess the implementation of the programmes(s).

The Federal Government is obliged to inform the Deutsche Bundestag (German Parliament) about the development of old age security systems on a regular basis. In the framework of Book VI of the Social Code a pension insurance report and an old age security report are mandatory. The core piece of the pension insurance report that has to be submitted every year, is the advance calculation of the development of the pension funds for the next 15 years. Once per legislative term this report is being supplemented by the old age security report.

The pension insurance report 2008 is structured as follows:

Part A: The statutory pension insurance in the last years

Part B: Advance calculation of revenue, expenditure and assets of the pension insurance

Part C: A model calculation with a view to harmonise pensions in the old and new federal states on a medium-term basis, i.e. from 2007 to 2012

Part D: Consequences of a higher retirement age

The old age security report describes the benefits and funding mechanism of the old age pension systems, financed in whole or in part from public funds; it also shows income received from old age pension systems and the total income received in old age. Moreover the fiscal benefits and the prevalence of corporate and private old age pensions as well as the total provision level for standard pensioners from different age cohorts newly in receipt of old-age pensions are identified. The old-age security report includes the following, statutorily required parts:

Part A: Benefits and funding of old age pension systems financed in whole or in part from public funds,

Part B: Income from old age pension systems and

Part C: Total income received in old-age.

Part D: Fiscal benefits and prevalence of corporate and private old-age pension systems and

Part E: Total old age provision level for standard pensioners from different age cohorts newly in receipt of old-age pensions .

Pursuant to section 67 of the Farmers' Old Age Security Act the federal government has to provide a situation report on Farmers' Old Age Security by 31 December every four years. This report informs about the basic data of the independent Farmers' Old Age Security system and presents the results of three model calculations as for the financial development in future calendar years.

One copy each of the Pension Insurance Report 2008 (BT-Drs. 16/11060), the Old Age Security Report 2008 (BT-Drs. 16/11061) and the situation report on Farmers' Old-age Security 2009 (BT-Drs. 17/55) are attached as enclosures.

The Federal Government is obliged by law to present a report on the services of public service pension systems in the past, present and future to the law-making bodies in each legislative term of the German Bundestag. The fourth Federal Government pension report (as at 8 April 2009) is available on the Internet at

http://www.bmi.bund.de/cae/servlet/contentblob/407464/publicationFile/18461/vierter_versorgungsbbericht.pdf (in German).

The scheme for public employees was developed through collective bargaining in consultation with actuarial experts. No studies and needs analyses are available. Negotiations were based on actuarial reports on demographic developments and cost estimates. They are taken into account for the Federal Government pension reports which in particular assesses the impact of implementing the pension schemes.

(vi) Other available social protection schemes that benefit older persons

Also after retirement, civil servants are entitled to receive allowances for necessary and economically appropriate expenses, in particular

- in case of illness and the need for long-term care,
- to prevent and treat illnesses or disabilities,
- for vaccinations and the early detection of illnesses.

Allowances are paid as reimbursement of at least 50% for eligible expenses and complement the civil servants' private health insurance.

In this regard, also see the answers to question 12.

Older persons who find themselves in a situation of financial distress they cannot cope with on their own, need the help of society. This help is provided by social assistance. Social assistance legislation under Book XII of the Social Code provides for a legal entitlement to benefits needed for a life in dignity including appropriate participation in social life. The benefits provided under social assistance are hence not only designed to prevent poverty but to enable beneficiaries to lead a life in line with human dignity.

The benefits to secure the livelihood of older persons (from the age of 65 onwards or in future from the age that corresponds to the standard retirement age under the statutory pension insurance) are provided under the scheme for basic protection in old age and in the case of reduced earning capacity under Chapter Four of Book XII of the Social Code. These benefits are means-tested social assistance benefits which are only granted if the individual's own resources do not suffice to lead a life in human dignity.

The necessary subsistence is provided through standard rate benefits, i.e. payment of flat-rate cash benefits. Subsistence needs covered by these benefits are alimentation, clothing, personal hygiene, household effects and personal needs of daily life. The latter also comprise – to a reasonable extent – social relations and participation in cultural life. In addition, the costs of adequate housing, i.e. rent and heating costs, are covered.

Furthermore, benefits to cover so-called additional needs are granted if specific personal requirements are fulfilled. They are not contained in the standard rate benefits. Benefits also cover the contributions to health and long-term care insurance.

Enclosed you will find the brochure "Social Security at a Glance" which describes the most important components of social assistance in English.