



*Permanent Mission of the Slovak Republic*

*Geneva*

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The Permanent Mission of the Slovak Republic to the Office of the United Nations and other International Organisations in Geneva presents its compliments to the Office of the High Commissioner for Human Rights and has the honour to submit the written reply of the Slovak Republic to the Questionnaire on Social Protection of Older Persons (Human Rights Council Resolution 8/11).

The Permanent Mission of the Slovak Republic avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurances of its highest consideration.

Geneva, 20 January 2010



Office of the High Commissioner for Human Rights  
Palais Wilson  
Geneva

OHCHR REGISTRY

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Recipients: SPD

**Response of the Slovak Republic  
to the Questionnaire on Social Protection of Older Persons  
(January 2010)**

**General Information on the Slovak Pension System**

The pension system in the Slovak Republic is based on three pillars:

**1<sup>st</sup> pillar – Compulsory pension insurance**, benefit-defined, financed on a pay-as-you-go basis, administered by the Social Insurance Agency pursuant to Act No. 461/2003 Coll. on Social Insurance, as amended, effective from 1 January 2004.

**2<sup>nd</sup> pillar – Old-age pension saving**, contribution-defined, financed through capitalisation, administered by pension funds management companies pursuant to Act No. 43/2004 Coll. on Old-Age Pension Saving and on amendments to certain acts, as amended, effective from 1 January 2005. Pension benefits (annuities) will not be paid sooner than from 2020.

**3<sup>rd</sup> pillar – Voluntary supplementary pension saving**, contribution-defined, financed through capitalisation, administered by supplementary pension companies pursuant to Act No. 650/2004 Coll. on Supplementary Pension Saving and on amendments to certain acts, as amended, and is subject to a tax benefit from 1 January 2005.

**(i) Legal and institutional framework**

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

- a) The retirement age is set at 62 years of age both for men and women; while men may currently retire at the age of 62, the single age limit will apply to women as of 2015 only, under the law. Early retirement is not possible more than two years prior to the attainment of the statutory retirement age, provided that the amount of a pension benefit is at least 1.2 times the subsistence minimum (set at €222.23 as of 1 July 2009).
- b) In addition to the requirements referred to in paragraph (a) above, a person is entitled to old-age pension or early old-age pension only after he/she has participated in the pension insurance scheme for at least 15 years. This requirement also applies to the old-age pension saving scheme.
- c) Old-age pension benefits or early old-age pension benefits are awarded under the social insurance scheme only after the contributions have been paid for the minimum prescribed number of years, i.e., it is a so-called “contributory programme”. A social assistance programme is designed for natural persons (individuals) who fail to meet the aforementioned statutory requirements (a “non-contributory programme”).

**3. Describe the institutional framework used to implement the programmes:**

- a) On the basis of socio-economic and legal analyses, the Ministry of Labour, Social Affairs and Family of the Slovak Republic (MoLSAF) prepares a concept for the reform of social insurance, old-age pension saving and supplementary pension saving schemes, a legislative basis for draft bills, drafts bills and relevant generally binding regulations. An assessment of financial impacts of individual changes and projection of social insurance



financial balance is performed by the MoLSAF in close cooperation with the Ministry of Finance of the Slovak Republic and the Social Insurance Agency.

The Social Insurance Agency, as a public institution, is responsible for the administration of social insurance duties. They include both the collection of insurance contributions to individual sub-schemes (sickness insurance, pension insurance, unemployment insurance, accident insurance and guarantee insurance) and the payment of benefits (including pension benefits). Organisational units of the Social Insurance Agency are its Head Office and branch offices. The Head Office is managed by a director general, appointed by the government. The director general is a statutory body of the Social Insurance Agency and is responsible for the performance of its tasks arising under applicable laws and regulations. The Supervisory Board of the Social Insurance Agency is its controlling body. The eleven-member Supervisor Board is created in line with the tripartite principle (chairperson – Minister of Labour, Social Affairs and Family, three representatives from the government, three representatives from trade unions, three representatives from employer associations, and one representative from one of the pension beneficiaries associations). Save for the chairperson, all Supervisory Board members are elected and recalled by the National Council of the Slovak Republic.

The Association of Pension Funds Management Companies (2<sup>nd</sup> pillar) and the Association of Supplementary Pension Companies (3<sup>rd</sup> pillar) associate and represent funds management companies, cooperate with the MoLSAF in drafting legislative amendments on old-age pension saving (OPS) and supplementary pension saving (SPS) schemes. The National Bank of Slovakia is a supervisory authority for OPS and SPS schemes and cooperates with the MoLSAF in drafting and amending legislation concerning OPS and SPS.

- b) Other ministries, central government bodies, local and regional authorities, social partners (representatives of trade unions and employer associations) and non-governmental organisations may present their recommendations and comments to legislative and non-legislative documents within a review procedure or directly at a meeting with MoLSAF representatives.

#### **(ii) Programme costs and coverage**

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

Table 1: Number of old-age pension and early old-age pension beneficiaries

Pension type	Number of beneficiaries as of:					
	31.12.2004	31.12.2005	31.12.2006	31.12.2007	31.12.2008	30.11.2009
Old-age	811,937	924,285	916,296	916,941	923,734	930,201
Men	272,467	310,330	303,499	298,069	301,336	308,889
Women	539,470	613,955	612,797	618,872	622,398	621,312
Early old-age	12,668	16,721	44,693	48,225	57,505	57,447
Men	7,043	10,095	28,915	34,374	41,842	38,823
Women	5,625	6,626	15,778	13,851	15,663	18,624

Note: Statistical figures include so-called concurrent benefits. In pension benefit terminology, concurrent benefits means that a benefit from the so-called direct pension (old-age or early old-age pension) is received simultaneously with an indirect pension benefit (survivor pension).

Source: Social Insurance Agency

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

It is a uniform universal programme that covers all citizens of the Slovak Republic (except for armed forces members) and all regions.

**6. What is the annual budget of the programme? What percentage of the GDP does this constitute?**

Table 2: Pension benefits expenditure in millions of euros

Year	Old-age pension	Early old-age pension	Total
2004	2,116.5	17.4	2,133.9
2005	2,586.0	45.9	2,631.9
2006	2,790.6	119.9	2,910.5
2007	3,029.7	161.8	3,191.5
2008	3,222.7	218.7	3,441.4
2009*	3,247.7	216.7	3,464.4

\* as of 30 November; conversion exchange rate applied

Source: Social Insurance Agency

The MoLSAF does not make its own quantifications of expenditure on pensions as a percentage of the GDP, since the European System of Integrated Social Protection Statistics (ESSPROS) is used by Eurostat at the international level and quantifications by the Ministry of Finance of the Slovak Republic are available at the national level (ESA 95).

Table 3: Gross expenditure on pensions as a percentage of GDP

	<i>Expenditure on pensions in % of the GDP</i>			
Year	2004	2005	2006	2007
Slovakia	7.4	7.5	7.3	7.3
EU-25	12.2	12.2	12.0	11.8

Source: Eurostat, ESSPROS database

The data come from international comparative studies prepared by the Eurostat<sup>1</sup>; however, one should bear in mind the diversity of pension schemes existing within the EU, thus resulting in lower information data value and sizeable time shift.

<sup>1</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tps00103&plugin=1>



**7. Please give details of the sources of funding utilised for the programme. Are external resources used for this programme?**

The old-age pension scheme is financed from the basic old-age pension fund administered by the Social Insurance Agency; the fund's primary resources comprise the insurance premium paid by the economically active population (the old-age pension contribution rate is set at 18% of gross wage; 4% is paid by employees and the remaining 14% by their employer). In the case of insolvency of any of its basic funds and a lack of resources in the Reserve Fund of Solidarity, the Social Insurance Agency will receive financial aid from the state. The Social Insurance Agency is entitled to receive donations from third persons; these, however, account for only an ineligible portion of revenue in its individual funds. State financial assets, or the state budget, are currently used in order to reimburse the Social Insurance Agency for the so-called "drained off" premiums, i.e., contributions transferred to the second, wholly-funded pillar.

In the case of policy holders who participate in the second, wholly-funded pillar (the so-called 2<sup>nd</sup> pillar), half of their 18-percent contribution (i.e., 9% of gross wage) is transferred to their personal pension savings accounts, while their pension benefits paid under the 1<sup>st</sup> pillar will be reduced by an aliquot part when they retire. Financial resources from personal pension savings accounts are further invested on monetary and financial markets in compliance with the investment limits set for individual types of funds (conservative, balanced, growth funds).

Contributions to the supplementary pension saving scheme (the so-called 3<sup>rd</sup> pillar) are paid by participants and their employers, provided they have concluded an agreement to that effect with a supplementary pension company. So-called self-payers – any natural person (e.g., the self-employed, housewives, unemployed, etc.) can join the scheme and the amounts, due dates and methods of payment are agreed upon under a participation contract between the participant and the pension company.

**8. Please indicate approximately how many potential beneficiaries were not reached by the programme. Have studies been undertaken to assess the reasons for coverage gaps?**

Only 702 old-age pension applications were rejected in 2008 on grounds that applicants had not been participants in the pension insurance scheme for the minimum required statutory period. A total of 18,722 new old-age pensions were granted in 2008; thus, the rejected applications only account for 3.7% of the total. Therefore, we do not deem it necessary to conduct a study to assess any old-age pension coverage gap.

**9. What is the average amount of the pensions in relation to the national average income? How is the pension calculated?**

Table 4: Old-age pension (single) to average wage ratio in 2004-2009

Year	Average amount of old-age pension in €	Gross average wage in €	Old-age pension to average wage ratio
2004	233.8	525.3	44.5%
2005	256.0	573.4	44.7%
2006	273.1	622.8	43.8%
2007	294.9	668.7	44.1%



2008	313.0	723.0	43.3%
2009*	339.3	742.0	45.7%

\* pension as of 30 November 2009, average wage projection

#### *Calculation of old-age pension*

**Old-age pension =  $APWP \times L \times CPV$**

**POMB** – APWP – average personal wage point (the ratio of the actual assessment base to the general assessment base during the decisive period since 1984)

**L** – duration of pension insurance

**ADH** – CPV – current pension value (€9.2246 in 2010)

The early old-age pension is calculated in a similar manner but its total amount is reduced by 0.5% for each commenced 30-day period from the date of entitlement to the early old-age pension to the attainment of the retirement age.

### **(iii) Implementation procedures**

#### **10. What procedures are utilised in order to pay the beneficiaries?**

The beneficiaries may decide on the method of payment of their pensions by the Social Insurance Agency:

- a) to a bank account;
- b) to spouse's bank account;
- c) in cash;
- d) directly to a social service facility (if the beneficiary is a resident thereof);
- e) through remand establishments or prisons (if the beneficiary is held in one).

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

The Social Insurance Agency provides information and advisory services through its website, by phone, in writing, via e-mail, through personal contacts at a branch office in the client's place of permanent residence, and through the media. Information in foreign languages is provided upon request by e-mail, phone or in person. The English version of the Social Insurance Agency's website contains only basic information on the system and the institution, but also includes contact details. The MoLSAF provides information to the public in a similar way.

Savers may also obtain information from websites of the Association of Pension Funds Management Companies (ADSS), the Association of Supplementary Pension Companies (ADDS) and the Slovak National Bank (NBS). The ADSS and NBS websites also contain information in English. Requests to the aforementioned institutions may also be made by phone, in writing, via e-mail, or in person, directly at a branch office of the client's pension fund management company or supplementary pension company.

### **(iv) Monitoring mechanisms and complaints procedures**



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

The administration of social insurance services (including the pension agenda) and the register of old-age pension contracts are supervised by national supervisory authorities, which include the MoLSAF and the Ministry of Finance of the Slovak Republic. A national supervisory authority is obliged to oversee the compliance with the Act on Social Insurance and other generally binding regulations by the Social Insurance Agency, as well as the economic performance of the Social Insurance Agency with respect to its budget for a respective calendar year.

The administration of old-age pension saving and supplementary pension saving schemes is supervised by the Slovak National Bank.

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

Any party to the proceedings is entitled to file an appeal against a decision adopted by an organisational unit of the Social Insurance Agency; appeals against decisions taken by the Head Office are decided upon by the director general. In addition, a remedy can be filed against a Head Office decision on pension benefits; the remedy is decided upon by a court pursuant to the Code of Civil Procedure.

In general, an insured person has the right to make a submission to the Social Insurance Agency (including in the form of a complaint). The Social Insurance Agency Head Office received a total of 949 complaints in 2008. A majority of complaints (381), which contained 414 individual issues, concerned the area of pension insurance. Of those, 181 issues (43.72%) were justified, mainly concerning failures to meet deadlines prescribed under the Act on Social Insurance and undue or delayed payments of pension benefits.

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

The Constitutional Court of the Slovak Republic contested, by its finding of 30 April 2008, the constitutionality of an intervention into a generally applicable adjustment mechanism, namely in the form of differentiated pension adjustments made in 2005 and 2006. In order to bring the Act on Social Insurance into compliance with the Constitution of the Slovak Republic, an amendment was approved that laid down a special pension and accident insurance benefit adjustment method for 2005 and 2006. This measure affected pensioners whose pension benefits had been increased by a lower percentage than prescribed by the adjustment mechanism, and pensioners whose pension benefits had increased by a fixed amount or had not increased at all (if the amount of the pension benefit exceeded the upper limit prescribed by law).

**(v) Existing studies and evaluation of old-age pensions**

**17. Please provide any studies, in particular needs assessments, utilised in order to develop the programme?**



On 10 June 2008, the MoLSAF submitted to the Social Affairs Committee of the National Council of the Slovak Republic a "Report on the Situation and Progress in the First, Pay-as-you-Go, Pension Pillar in Slovakia" which discusses changes made to the pension system from 2004 and the financial sustainability of the pay-as-you-go scheme. A "Strategy on a Universal Compulsory Pension System in the Slovak Republic" is currently under preparation and should serve as a long-term vision of the Slovak pension system.

#### **(vi): Other social protections schemes that benefit older persons**

##### **In the Social Services System**

**Act No. 448/2008 Coll. on Social Services** and on amendments to Act No. 455/1991 Coll. on Trade Licences (the Trade Licence Act) as amended, as amended by Act No. 317/2009 Coll., which came into effect on **1 January 2009**, introduces new conditions for the provision of social services. The Social Services Act superseded the former legal provisions on social assistance in the area of social services laid down in Act No. 195/1998 Coll. on Social Assistance as amended, which was no longer sufficient in addressing and governing the provision and funding of social services.

The Social Services Act aims at promoting the social inclusion of citizens and to cater to the social needs of persons in social distress. Social services are aimed, in particular, at the prevention of social distress, addressing of social distress or the mitigation of social distress of a person, family or community, at maintaining, restoring or developing a person's ability to lead an independent life, at the promotion of his/her inclusion in society, the prevention of social exclusion and the addressing of critical social situations of persons and families.

The Act classifies social services in several groups depending on the nature of social distress or the target group for which they are intended. Namely, there are social services establishing the necessary preconditions for the satisfaction of the basic necessities of life, social services to support families with children, social services for persons with a severe disability or an adverse health condition or for persons reaching retirement age, and social services using telecommunication technology and support services.

Under the said Act, social services are provided by means of expert, servicing and other activities, which the provider is obliged to perform or ensure where an exhaustive list exists for the respective services. In order to improve the quality of the social service, the provider may also perform activities other than those laid down by the Act. In general, it can be concluded that social services represent services in the public interest and their provision is not-for-profit; nevertheless, the draft also permits the provision of social services as a trade license or business.

The Social Services Act covers a large spectrum of social services, which are designated for the disabled or the elderly and aim to facilitate independent living and inclusion in society. It is one of the basic obligations of a social service provider to cooperate with the family, municipality and the community in preparing the conditions for a social service beneficiary placed in a facility with year-round operation to return to his/her natural family or community environment. The provision of field, outpatient or weekly-stay social services is preferred.



Social services designated for elderly persons with disabilities or an adverse health condition include, in particular, the following:

- **Social consultancy**, which is an elementary ancillary activity and service and must be part of every social service
- **Domiciliary care service**, where a person dependent on assistance from another person receives assistance in looking after themselves, taking care of the household and engaging in basic social activities in his/her natural home environment
- **Transportation service**, which entails the transportation of persons with severe disabilities, who are dependent on individual transport by a passenger car, or persons with an adverse health condition limiting their mobility and orientation
- **Guide and reader service**, which is provided to blind or partially blind persons and the mentally handicapped. This social service involves accompaniment in basic social activities (visiting a physician, the authorities, school, employment, hobbies) or reading when settling official matters, correspondence, visiting a physician and pursuing hobbies
- **Lending of aids** – a social service provided to persons with severe disabilities and persons with an adverse health condition, who are dependent on an aid that can be lent for an agreed time period, maximum until the aid is provided from public health insurance (in the form of a pecuniary contribution for the acquisition of the aid under a separate regulation), or from other sources of funding, or when the conditions for the provision of the aid prevail
- **Monitoring and signalisation of need for assistance** implemented as non-stop remote voice, written or electronic communication with an individual who has an adverse health condition by means of signalling or audiovisual equipment linked to a central dispatching centre, which provides the necessary assistance upon receipt of a signal that assistance is needed.
- **Social services provided in a social service facility, in particular:**
  - rehabilitation centre, where persons dependent on the assistance of another person and persons with impaired vision, hearing loss or severe hearing impairment primarily receive social rehabilitation, the aim of which is to support the persons' autonomy, independence and self-sufficiency through the development and training of skills or the activation of capabilities and the reinforcing of habits
  - facility for senior citizens providing weekly-stay or outpatient (daily) social services, where persons dependent on the assistance of another person are offered, inter alia, social rehabilitation and hobbies
  - social services establishment and specialised establishment providing weekly-stay or outpatient (daily) social services, where persons dependent on the assistance of another person are offered, inter alia, social rehabilitation, work therapy, hobbies and conditions for education
  - day hospital, where, inter alia, social rehabilitation, work therapy and hobbies are provided in an outpatient form
  - day centre offering social consultancy and arranging hobbies during the day for retired persons, persons with severe disabilities or an adverse health condition, parents with children or grandparents with grandchildren
  - canteen offering catering for retired persons, persons with severe disabilities or an adverse health condition or persons lacking the basic necessities of life. The canteen can also arrange the delivery of meals directly to the client's household.

### **In the System of Pecuniary Benefits to Compensate Severe Disabilities**



The conditions for the financial compensation of the social consequences of severe disability are laid down in Act No. 447/2008 Coll. on Direct Payments for the Compensation of Severe Disability and on amendments to certain acts. Financial compensation is provided to persons with severe disabilities regardless of their age (children, working-age citizens and the elderly) with the exception of those selected means of assistance, for which lower or upper age limits are set. The purpose of financial compensation is to mitigate or overcome the disadvantages associated with severe disabilities and to facilitate the inclusion of persons with severe disabilities into society. This concerns the following cash benefits:

- **Cash benefit for personal assistance** – designated to support independence and decision making, work, education and leisure activities, and to reduce the burden placed on members of the family. It cannot be provided to applicants aged 65 or more, unless they have already been receiving this benefit prior to reaching 65 years of age.
- **Cash benefit for aid purchase, cash benefit for training in aid use, cash benefit for aid adjustment** – designated for the acquisition of compensating aids (including a specially-trained dog) and, where necessary, for training in the use of the aid, and for the aid adjustment to suit the individual needs of persons with severe disabilities.
- **Cash benefit for aid repair** – provided for the repair of a dysfunctional aid and for surgery on or serious treatment therapy for a specially-trained dog.
- **Cash benefit for the purchase of lifting equipment** – designated for the purchase of lifting equipment including the necessary accessories, its mounting and the necessary construction modifications.
- **Cash benefit for the purchase of a passenger car** – the purpose is to ensure regular transport of persons with severe disabilities who are employed, studying or attending a social services facility. The upper limit for this cash benefit is 65 years of age.
- **Cash benefit for the modification of a passenger car** – designated to cover the costs of modifying a passenger car to suit the individual needs of a person with a severe disability, i.e., modifications that facilitate the driving or use of the passenger car, such as hand controls.
- **Cash benefit for transportation** – this tool is used to compensate the costs of transportation provided by a taxi service, municipality or registered entity pursuant to the Social Services Act.
- **Cash benefit for the modification of a flat, cash benefit for the modification of a family house and cash benefit for the modification of a garage** – provided with a view to creating a barrier-free environment and improve severely disabled persons' capacity to move, orientate, communicate and look after themselves.
- **Cash benefit to compensate for increased costs** – this cash benefit may be used to compensate for the costs of dietetic meals, costs associated with hygiene or the wearing out of clothes, underwear, footwear and household equipment, the costs of operating a passenger car and the costs of taking care of a specially-trained dog.
- **Cash benefit for the provision of domiciliary care** – the purpose is to provide severely disabled persons with assistance in looking after themselves, taking care of the household and engaging in social activities, while providing income for the caretaker. The cash benefit for the provision of domiciliary care is the only benefit which is not paid to the severely disabled person, but rather to the caretaker. This tool is often used to provide the necessary assistance to elderly persons with severe disabilities, often by their own family members. The benefit foresees no upper age limit for the caretaker. In cases of doubts about the caretaker's ability to provide care in view of disadvantages stemming from his/her higher age or adverse health condition, the competent authority may assess his/her



mental and physical capacity to provide care with a view to ensuring an adequate scope and quality of the assistance provided to the severely disabled person.

### **In the System of Assistance in Material Deprivation**

Where support from other systems (such as the pension insurance system) is insufficient, the state also provides assistance in material deprivation, which significantly contributes to protecting the elderly and ensuring their dignified life.

Assistance in material deprivation is complementary, as the provision of basic living conditions is also warranted to this citizen group in Act No. 599/2003 Coll. on Assistance in Material Deprivation and on amendments to certain acts as amended.

The Slovak system provides not only basic assistance in material deprivation, but also specific healthcare and housing benefits, as well as a protection benefit (for those unable to work) and a benefit facilitating the activation of citizens in material deprivation, which, in combination with their income, aims to provide for basic living conditions and to assist in material deprivation, assuming active participation of the citizen and natural persons assessed jointly with the citizen in material deprivation.