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OHCHR REGISTRY**02 FEB 2010**Recipients: *SPD*

No.: 9/10

NOTE VERBALE

The Permanent Mission of the Republic of Slovenia to the United Nations Office and other International Organisations in Geneva presents its compliments to the Office of the United Nations High Commissioner for Human Rights and with reference to the latter's Note Verbale, dated 20 November 2009, including the Questionnaire on social protection of older persons addressed to Governments by the Independent Expert on the question of human rights and extreme poverty, has the honour to herewith enclose the responses of the Government of the Republic of Slovenia to before mentioned Note Verbale.

The Permanent Mission of the Republic of Slovenia to the United Nations Office and other International Organisations in Geneva avails itself of this opportunity to renew to Office of the United Nations High Commissioner for Human Rights the assurances of its highest consideration.

Geneva, 1 February 2010



**UN Independent Expert on the question
of human rights and extreme poverty
OFFICE OF THE UNITED NATIONS HIGH
COMMISSIONER FOR HUMAN RIGHTS
G E N E V A**

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

(i) The legal and institutional framework

The right to a retirement pension is regulated by the Pension and Invalidity Insurance Act. The compulsory pension and invalidity insurance carrier shall be the Pension and Invalidity Insurance Institute of Slovenia.

The pension and invalidity insurance in the Republic of Slovenia is uniform for all those insured. They are included in the compulsory insurance scheme under the same act, i.e. the ZPIZ-1 Act, and covered by the same insurance provider. The insurance scheme includes all the contributors employed with legal entities or independent contractors; independent contractors practicing self employment in economic or professional activities, including executives, farmers and members of farm holdings; voluntary insured persons; unemployed persons - recipients of unemployment benefit from the Employment Office; apprentices; top sportsmen and chess-players; insured parents, home care assistants; persons voluntarily engaged in military service or civil protection training; persons away from work due to temporary work incapacity or who are on parental leave upon the cessation of employment.

The rights under compulsory insurance shall be as follows: the right to a pension (old-age pension, invalidity pension, widow's/widower's pension, survivor's pension, and partial pension), rights under invalidity insurance, supplementary rights and other rights. The same law governing the pension and invalidity insurance applies to state pension entitlement.

PENSIONS under the Pension and Invalidity Insurance Act

1. The entitlement to an **old-age pension** is subject to different conditions of retirement age and pension qualifying period, which depend on the sex of the insured person.

An insured person shall acquire the right to an old-age pension when:

- he has attained the age of 65 years (males) or 63 years (females) and has completed an insurance period of at least 15 years;
- he has attained the age of 63 years (males) or 61 years (females) and has completed a pension qualifying period of 20 years;
- he has attained the age of 58 and has completed a pension qualifying period of 40 years (males) or 38 years (females).

2. The right to an **invalidity pension** shall be granted to an insured person who has been afflicted with:
 - invalidity of category I;
 - invalidity of category II, if he is not capable of another appropriate job without occupational rehabilitation, to which, however, he is not entitled since he is over 50 years old;
 - invalidity of category II or III who is not entitled to an appropriate job or reassignment to another job since he has attained the age of 63 years (males) or 61 years (females).

The insured person shall acquire the right to an invalidity pension if his invalidity is the result of an employment injury or occupational disease, regardless of the pension qualifying period completed; however, in case of an off-the-job injury or illness such a person is entitled to an invalidity pension, but only if he has a particular status or if he reaches the prescribed retirement age.

3. An insured person who has fulfilled the conditions for entitlement to an old-age pension may acquire the right to a **partial pension**, if he is employed on at least a half time basis. A partial pension shall be assessed for the amount of one half of the old-age pension he would eventually be entitled to on the date of assertion of his partial pension.
4. To qualify for a widow's/widower's pension, requirements must be fulfilled both by the deceased person and the person claiming this pension. The deceased person had to accumulate at least five insurance years or ten pension qualifying years; had to meet the requirements for an old-age or invalidity pension; or had to be in receipt of either of the two pensions, or had the entitlement on grounds of invalidity. If death resulted from an injury at work or occupational disease, the widow/widower may be eligible for a widow's/widower's pension regardless of the pension qualifying periods completed by the deceased person.

A widow/widower may qualify for a widow's/widower's pension at the age of 53. A widow/widower not covered by insurance at the date of their partner's death, may be eligible for a widow's/widower's pension if by that date s/he was 48 years of age.

5. The family members of a deceased person may claim a survivors' pension if the deceased satisfied the same requirements as are set down for widow's/widower's pension. A survivor's pension may be claimed by: children (legitimate or illegitimate and adopted); stepchildren, grandchildren and other orphaned children, if maintained by the deceased; parents (father and mother, stepfather and stepmother) and adoptive parents, if maintained by the deceased; and siblings of the deceased, if maintained by the deceased until his/her death and if they have no means of subsistence of their own.

A child is entitled to a survivors' pension until he reaches 15 years of age or until the end of regular schooling, but not longer than until he is 26 years of age. Parents maintained by the deceased person until his death may qualify for a survivors' pension, provided that they are aged 58 years; age is irrelevant if, at the time of death, they were wholly incapable of work.

PENSION RATING BASE

A pension is assessed from the pension base. An old-age pension shall be assessed on the basis of the monthly average of salaries an insured person has received, i.e. the insurance bases according to which his contributions were calculated, in any one of the successive 18 years of insurance, whichever is the most favourable for the insured person. This law also sets the minimum and maximum base for the payment of contributions.

OTHER RIGHTS

The Pension and Invalidity Insurance Act also includes other rights and some social corrections, which, however, are based on the prior payment of contributions and may be granted only to insured persons under the relevant law:

- *disability allowance* – a monthly cash benefit on grounds of physical impairment which occurred while the insured person or pensioner was insured or retired;
- *pension support* – intended for recipients of minimum pensions in order to improve their financial security;
- *assistance and attendance allowance* – a cash benefit granted in order to cover the expenses of a beneficiary who is unable to independently perform basic vital needs due to permanent changes in his/her state of health;

- *transitional allowance and maintenance allowance* – a widow or a widower who does not fulfil the conditions for acquiring the right to a widow's/widower's pension shall be granted the right to a transitional allowance or maintenance allowance;
- *recreation grant* - pensioners are entitled to a recreation grant once a year.

STATE PENSION

The state pension is a part of an integrated pension and invalidity insurance system, but yet it is a right which is not financed by contributions. By its nature, the right to a state pension clearly falls into the category of social security rights and not under social insurance. It is financed from the state budget.

Not relying on previous periods of compulsory insurance, the state pension is a new right that was put in place in the year 2000 and applies to persons failing to qualify for any rights under compulsory insurance, other provisions or foreign public pension insurance schemes, but passing a means test in relation to supplementary allowance, provided they are permanently residing in the Republic of Slovenia and meet the age requirements. It shall be granted to persons who reached the age of 68 and had been residing in the Republic of Slovenia for at least 30 years between their 15th and 65th year of age.

INVOLVMENT OF CIVIL ORGANISATIONS IN THE ELABORATION OF LEGAL FRAMEWORK

In 1994, tripartism was introduced in Slovenia with the founding of the Social Economic Council (ESS). The government, trade unions and the employers' associations concluded the first social agreement on wage policy in that year. Besides these agreements on wage policy, the ESS discusses all social economic issues and forms an opinion on them. Although its opinions and decisions are not binding to the parliament, the ESS has gained such importance that the parliament always calls for its opinion.

(ii) Programme costs and coverage

According to the latest known figures, there were a total of 565,212 recipients of pensions (total of all types of pensions), of which 16,010 were recipients of state pensions. During the same period, there were a total of 893,160 insured persons. The average gross old-age pension amounted to EUR 621.05, the invalidity pension to EUR 496.31, the survivor's or widow's/widower's pension to EUR 427.46 and the state pension to EUR 178.32.

COMPULSORY INSURANCE FINANCING

Compulsory insurance is funded by insured persons, employers and the Republic of Slovenia. Under the terms of the law, it is further funded through the Pension Management Fund and other sources. In 2003, the contribution rates were 15.5% and 8.85% for insured persons and employers respectively. The Republic of Slovenia contributes funds from its budget for liabilities, arising from awarding and assessing benefits from pension and invalidity insurance under special conditions, and owing to outstanding contributions. It also provides funds from the national budget and other sources to make up the difference between the Institute's revenue from contributions and other sources, and its outgoings.

In 2007, EUR 7,381 million or more than one fifth of gross domestic product (GDP) was used for social protection schemes in Slovenia.

In 2007, the greatest amount, i.e. almost two fifths, of means was earmarked for the old age function, followed by the sickness and health care function with almost one third of means. For the functions family and children, disability and survivors' together almost a quarter of all means for social benefits (about 8% for each of them) was earmarked. The remaining part of the means was earmarked for the following functions: unemployment, social exclusion not elsewhere classified and housing. Compared with the previous year, in 2007 the proportion of expenditure grew only for two functions, i.e. for the old age function (by about 1%) and for the family and children function (by only 0.1%). For all other functions this proportion decreased, the most for the functions disability and unemployment (each by almost 1%).

Social contributions present more than two thirds of receipts for social protection schemes

In 2007, employers' social contributions presented more than a quarter and social contributions of protected persons more than two fifths of total social protection receipts. Almost one third presented general government contributions and some other receipts.

(iii) Implementation procedures

The Institute of Pension and Invalidity Insurance of Slovenia (ZPIZ) is, according to the Pension and Invalidity Insurance Act (ZPIZ-1), the carrier and provider of compulsory pension and invalidity insurance in Slovenia. The Institute is the second largest public fund after the national budget in Slovenia. Insured persons and employers as well as the Republic of Slovenia finance the compulsory pension and invalidity insurance with contributions for compulsory pension and invalidity insurance. With the Institute the insured can assert their rights or the protection of their rights on the basis of their claims. These rights are pensions, benefits, supplementary rights and other cash benefits.

HEALTH CARE OF THE ELDERLY

In accordance with applicable Slovenian laws governing health care, the rights (and obligations) apply equally to all citizens and insured persons. Municipalities and the state are obliged to provide an adequate public health service network, so that health services will be available to all insured persons under equal terms and conditions, and to ensure appropriate access to such services even in depopulated areas. This applies especially in terms of ensuring emergency medical treatment.

(iv) Monitoring mechanism and compilation procedures

Decisions concerning the rights arising from insurance are taken:

- at the first instance: by the unit of the Pension Institute in the area of which a person asserting the right was last insured;
- upon appeal: by a special unit at the head office of the Institute.

Thus, decisions regarding specific rights shall be taken only by the Pension Institute, on both levels; a client is entitled to judicial protection by a competent Labour and Social Court. The Ministry of Labour, Family and Social Affairs does not act on specific matters; it does, however, keep control of the legality of the Institute's operation and of the proper use of its funds. The calculation and payment of contributions for compulsory pension and invalidity insurance shall be controlled by the Tax Administration of the Republic of Slovenia.

(v) Existing studies and evaluations of old age pensions

PENSION REFORM 2010

The pension system in Slovenia has a long tradition and is firmly placed within the overall social security system as one of the key subsystems, providing for a secure old age. It is based on the principle of intergenerational solidarity. In order to maintain this principle, it has to provide decent and adequate pensions for all generations, even for those who will retire only in the next few decades. In the coming decades, the aging of the population and adverse demographic trends will put Slovenia forefront of the challenge of ensuring the long-term financial sustainability of the system, which largely depends on demographic trends. The proposed modernization of the pension system is trying to achieve the following objectives:

- a decent pension from the public pension system;
- an adequate pension which guarantees that the individual maintains his social position - its sources are various pension scheme pillars;
- a greater transparency of the system;
- a greater financial sustainability of the system.

In terms of the modernization of the pension system in Slovenia, a number of measures are envisaged in order to accomplish the proposed goals; among other things is also a very important measure of establishing dependence between the amount of paid contributions and the amount of revenue. Although today the majority of rights are based on the contributions paid, we will try to improve this ratio. At the same time all such rights shall be excluded from the insurance system. However, this does not mean that these rights will be abolished. Rights that do not arise from paid contributions shall be governed by other sector-specific laws regarding the social security system.

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

In the field of social security, the majority of public health care services are free of charge.

The only two services that are to be paid are:

- help at home and
- institutional care (residing in homes for the elderly).

If a user cannot afford to pay for such services due to his social status, the costs shall be covered by the person who is liable for maintaining the user (spouse, children). If such a liable person does not exist, or if the liable person is also unable to pay for the services due to his social status, then they will be paid for by the municipality. Depending on the financial ability of an individual, service costs may be partially or fully covered by a municipality.

In Slovenia, elderly and poor people have access to both services – to help at home and to the institutional care (homes for the elderly); namely, in case of financial instability, the municipality acts as a payer or co-payer.