

INFORMATION ON THE CONDITIONS FOR ENTITLEMENT TO PENSION INSURANCE BENEFITS PURSUANT TO THE CZECH LEGISLATION ON PENSION INSURANCE

The following pensions are provided from pension insurance:

- old-age pension
- full invalidity pension
- partial invalidity pension
- widow's and widower's pension
- orphan's pension

Enhancement of pension for infirmity is provided from the system of pension security. This benefit is applicable only until 31st December 2006 and then it will be transferred to the system of social services.

Old-age Pension

Pursuant to **§ 29 Act No. 155/95 Coll. of the Act on Pension Insurance** (hereinafter referred to as API), an insured person is entitled to an old-age pension if he/she completed the required period of insurance of at least:

a/ 25 years old and he/she has reached the required age for the entitlement to old-age pension (retirement age)

or

b/ 15 years old and he/she has reached at least 65 years old, unless the conditions pursuant to the letter a/ were fulfilled.

Pursuant to § 32 API, the retirement age is: a/ for men 60 years old,

children, b/ for women - 53 years old, if they raised at least five

children,

- 54 years old, if they raised three or four

- 55 years old, if they raised two children,

- 56 years old, if they raised one child, or

- 57 years old,

provided that insured persons reached this age prior to

31st December 1995.

If the insured person reaches the above-mentioned age limits between 1st January 1996 and 31st December 2012, the actual retirement age is determined by adding to the calendar month in which the person reaches the set age limit 2 calendar months for men and 4 calendar months for women per each year commenced between 31st December 1995 and the date when the person reaches the set age limits.

After 31st December 2012, the retirement age is: a/ for men 63 years old,

children, b/ for women - 59 years old, if they raised at least five

children,

- 60 years old, if they raised three or four

- 61 years old, if they raised two children,

- 62 years old, if they raised one child, or

- 63 years old.

unless insured persons reached the retirement age

pursuant to the previous paragraph.

The amount of old-age pension comprises of a basic and percentual amount. The percentual amount depends on the period of insurance and the amount of income reached within the decisive period, from which the calculation basis is assessed. The percentual amount is 1.5% from the

calculation basis per each commenced whole year of insurance until the date of entitlement to pension. In case of other gainful activity carried out after the origination of entitlement without receiving a pension, the percentual amount of old-age pension increases by 1 % of the calculation basis per each completed 90 days of this activity, in case of gainful activity carried out prior to 30th June 2001 and by 1.5 % of the calculation basis per each completed 90 days of this activity, in case of gainful activity carried out after 30th June 2001.

Pursuant to **§ 30 API**, an insured person is entitled to an old-age pension before reaching the retirement age, providing that he/she completed the required period of insurance of at least 25 years and

- he/she is as of the date from which the old-age pension should be awarded is a beneficiary of a partial disability pension from Czech pension insurance, or a partial disability pension is not paid out to him/her due to a concurrence with gainful activity income or due to gainful activity abroad, whilst there are maximally 2 years left to reaching this retirement age, or
- he/she was receiving a full disability pension from Czech pension insurance continuously over a period of at least 5 years and the entitlement for full disability pension received over this period was forfeited and as of the date of deprivation of this pension until reaching the retirement age, there are maximally 5 years left.

The entitlement to old-age pension pursuant to the provision §30 API originates if the abovementioned conditions are fulfilled prior to 31st December 2006.

The percentual amount is 1.5% from the calculation basis per each commenced whole year of insurance until the date of awarding this pension. Per each commenced 90 days from the date of awarding the pension until completing the required retirement age, the percentual amount decreases by 1.3% of the calculation basis.

By reaching the retirement age, the beneficiary of this pension is entitled to an old-age pension pursuant § 29 API, for which amount periods of insurance without decrease are assessed. However, it is necessary to apply for its awarding.

Pursuant to **§ 31 API**, an insured person is entitled to an old-age pension before reaching the retirement age also providing that

- he/she has completed the required insurance period of at least 25 years, and
- there are maximally three years left till reaching the retirement age from the date, from which the old-age pension is awarded.

The percentual amount is 1.5% from the calculation basis per each commenced whole year of insurance until the date of awarding this pension. Per each commenced 90 days from the date of awarding the pension until completing the required retirement age, the percentual amount decreases by 0.9% of the calculation basis.

Old-age pension pursuant to § 31 API is awarded from the date of submission of application for awarding this pension at the earliest. Awarding of old-age pension pursuant to § 31 API **excluded entitlement to old-age pension pursuant to § 29 and § 30 API.**

Payment of old-age pension pursuant to § 30 or § 31 does not apply until reaching the retirement age if a gainful activity is performed, or a financial security of job applicants is provided.

Full Disability Pension

An insured person is entitled to a full disability pension if he/she has become:

- fully disabled and completed the required period of insurance, unless he/she fulfilled the old-age pension entitlement conditions and the retirement age on the date when he/she became fully disabled, or if he/she was awarded old-age pension before reaching the retirement age pursuant to § 31 API if he/she has not reached the retirement age, or

- fully invalid as a result of accident at work.

An insured person is considered fully disabled if his/her health condition remains unfavourable for a long period and therefore for this reason, his/her earning capacity decreases by at least 66%, or due to his (her) disability is able to carry out a permanent gainful activity only under extraordinary conditions. Assessment physicians from the District Social Security Administrations assess the health condition of the insured persons.

The required period of insurance

The required period of insurance for entitlement to full invalidity pension is:

- for insured up to 20 years old, it is less than 1 year
- for insured from 20 to 22 years old, it is 1 year
- for insured from 22 to 24 years old, it is 2 years
- for insured from 24 to 26 years old, it is 3 years
- for insured from 26 to 28 years old, it is 4 years
- for insured over 28 years old, it is 5 years

The required period of insurance is assessed from the period before his/her full disability and in case when the insured is over 28 years old, it is the last 10 years preceding the full disability. The condition is also considered fulfilled if the period of insurance is completed during any 10-year period after the full disability has arisen (a 2-year period for the insured under 24 years old).

The amount of full disability pension comprises of a basic and percentual amount.

The basic amount is determined by a fixed amount, which is CZK 1470 per month.

The percentual amount is 1.5 % from the calculation basis per each whole year of period of insurance and the added period, whilst credited periods of insurance are not included in the period of insurance before the 18th year of age. By the added period is understood a period from the day of origination of entitlement to full invalidity pension until reaching the retirement age, supposing that raised children are not taken into consideration for women.

The percentual amount of full disability pension for an insured person under 28 years old, providing all conditions prescribed by legislation are fulfilled, is per month at least 45 % of the calculation basis providing that for the purposes of assessment of this calculation basis, as personal assessment basis is considered the general assessment basis, which precedes by two years the awarding of full invalidity pension, multiplied by the recalculation coefficient for adjustment of this general assessment basis. The conditions prescribed by legislation are either awarding of full disability pension before the 18th year of age or if the period from the 18th year of age until the entitlement to full invalidity pension is covered by period of insurance or a period, which is not covered by a period of insurance is less than one year.

The percentual amount of full disability pension is per month at least 45 % of the calculation basis also for an insured person who has gained at least 15 years of insurance as of the date of entitlement to this pension, regardless of credited periods of insurance.

The percentual amount of full disability pension is at least CZK 770. Maximal level is not determined.

Full Disability Pension and Its Amount in Extraordinary Cases

Full disability pension is also entitled to a person who

- has reached at least 18 years of age
- has a permanent residence within the territory of the Czech Republic
- is fully disabled, providing that the full disability has not originated prior to reaching the 18th year of age and this person was not participating on insurance for the required period.

The basic amount is CZK 1470 per month. The percentual amount is 45% of the calculation basis. The calculation basis is assessed from personal assessment basis, for which is considered the general assessment basis for the calendar year, which by two years precedes the year of awarding the pension, multiplied by the coefficient for modification of this general assessment basis.

Partial Disability Pension

An insured person is entitled to a partial disability pension if he/she became partially disabled:

- and completed the required period of insurance, or
- as a result of accident at work.

An insured person is considered partially disabled if his/her long-term unfavourable health condition reduces his/her capacity to carry out a permanent gainful activity by at least 33%, or if his/her long-term unfavourable condition causes significant hardship in his/her life. The sphere of health handicaps causing significant hardship are prescribed in the regulation of the Ministry of Labour and Social Affairs of the Czech Republic No. 284/95 Coll.

The required period of insurance

The required period of insurance for entitlement to partial invalidity pension is:

- for insured up to 20 years old, it is less than 1 year
- for insured from 20 to 22 years old, it is 1 year
- for insured from 22 to 24 years old, it is 2 years
- for insured from 24 to 26 years old, it is 3 years
- for insured from 26 to 28 years old, it is 4 years
- for insured over 28 years old, it is 5 years.

The required period of insurance is assessed similarly to the full invalidity pension.

The amount of partial disability pension comprises of a basic and percentual amount.

The basic amount is determined by a fixed amount, which is CZK 1470 per month.

The percentual amount is assessed by a percentage rate from calculation basis. The percentage rate is assessed per each calendar year of insurance and the added period in the amount of 0.75% from the calculation basis, whilst credited periods of insurance are not included in the period of insurance before the 18th year of age. By the added period is understood a period from the day of origination of entitlement to partial invalidity pension until reaching the retirement age supposing that raised children are not taken into consideration for women.

The percentual amount of partial disability pension for an insured person under 28 years old, providing all conditions prescribed by legislation are fulfilled, is per month at least 22.5 % of the calculation basis providing that for the purposes of assessment of this calculation basis, as personal assessment basis is considered the general assessment basis, which precedes by two years the awarding of partial invalidity pension, multiplied by the recalculation coefficient for adjustment of this general assessment basis. The conditions prescribed by legislation are either awarding of partial disability pension before the 18th year of age or if the period from the 18th year of age until the entitlement to partial invalidity pension is covered by period of insurance or a period, which is not covered by a period of insurance is less than one year.

The percentual amount of partial disability pension is per month at least 22.5 % of the calculation basis also for an insured person who has gained at least 15 years of insurance as of the date of entitlement to this pension, regardless of credited periods of insurance.

The percentual amount is at least CZK 385.

Widow's and Widower's Pension

Widow's pension is awarded in the case of a husband's death.

Widower's pension is awarded in the case of a wife's death.

A widow (widower) is entitled to a widow's (widower's) pension if her husband (his wife) received a pension or fulfilled the insurance period condition required for an entitlement to a full disability or old-age pension on the date of his (her) death.

A widow's (widower's) pension is provided for the period of 1 year after husband's (wife's) death. After this period it is provided only if the survivor (bereaved):

- takes care of a dependent child;

- takes care of a minor child with a long-lasting serious disability requiring special care, or of a major child who is largely or totally incapacitated;
- takes care of his/her own largely, or totally incapacitated parent, or a parent of the deceased spouse with the same level of incapacity living with him/her, or a parent who is partially incapacitated and is over 80 years of age;
- is fully disabled;
- has reached 55 years of age for women, or 58 years for men.

As a child is understood a child, who is entitled to orphan's pension after a deceased and a child that was raised in the family of a deceased, providing it is an own (adopted) child of a widow or a widower, who was taken at least by one of them until the date of death of a spouse into permanent care substituting parental care and was raised in the family of the deceased.

In case the survivor ceases to fulfil the conditions for entitlement to widow's or widower's pension, after the elapse of 1 year from the death of the spouse the entitlement is forfeited. The entitlement to the benefit re-originates only if the survivor fulfils one of the abovementioned conditions within 5 years from the date of this forfeit of entitlement.

If on the basis of a decision of a court, a survivor intentionally caused the death of the spouse as a malefactor, accomplice or participant of a criminal offence, the entitlement to widow's or widower's pension terminates by legal force of this decision.

The entitlement to widow's or widower's pension terminates also by entering into a new marriage. In such case, there is an entitlement for provision of so called "settlement" in the amount of 12 monthly payments of widow's (widower's) pension.

Both the widow's and widower's pension comprises of a basic and percentual amount. The basic amount is CZK 1470 per month.

The percentual amount is 50% of the percentual amount of old-age or full invalidity pension, to which the deceased person was entitled, or would be entitled at the time of death, or 50% of the percentual amount of partial invalidity pension after a beneficiary of this pension, who did not fulfil the condition of required period of insurance for entitlement to full invalidity or old-age pension as of the date of death.

Orphan's Pension

Orphan's pension is granted only to a dependent child in the case of death of his/her parent (event. adoptive parent), or to a person who substitutes parental care and supported a child at the time of the parent's death because of impossibility of performance for substantial reasons.

At the same time, the deceased must be a beneficiary of an old-age, full disability or partial disability pension on the date of his/her death, or must fulfil the condition of the insurance period for a full disability pension, or for an old-age pension on the date of his/her death, or he/she died due to an accident at work.

Subject to fulfilment of the above-mentioned conditions, an orphan who lost both parents, is entitled to an orphan's pension after each of his/her parents, or to the person substituting parental care and supporting a child at the time of the parents' death because of impossibility of performance for substantial reasons.

The entitlement to orphan's pension does not originate after a foster-parent or his/her spouse.

The entitlement to orphan's pension is forfeited by an adoption. If an orphan who lost both parents is adopted by one person, the entitlement after the person, whom the adoptive parent substituted, is forfeited. In the event that adoption is cancelled, the entitlement to orphan's pension re-originates, in the same amount as it would have been paid as of the date of cancellation of adoption.

For the purposes of entitlement to an orphan's pension, a dependent child is a child before completion of his/her compulsory school attendance or after the completion up to the age of 26 if the child

- prepares systematically for his/her future careers;

- is unable to prepare systematically for his/her future careers, or to carry out a gainful activity due to an illness or injury, or
- is unable to carry out a permanent gainful activity due to his/her long-term unfavourable health condition.

A child until the 18th year of age after a completion of the compulsory school attendance is also considered as a dependent child, providing he/she is in the record of Labour Office as a job applicant and is not entitled to financial security of job applicants.

As a child taken into permanent care substituting parental care is considered a child, who was taken into care on the basis of a decision of a competent authority, a child of a spouse, who was entrusted to him/her for raising by a decision of a court and a child of a spouse in the case the second parent of the child dies, or if he/she is not known.

The amount of orphan's pension comprises of a basic and percentual amount. The basic amount is CZK 1470 per month.

The percentual amount is 40 % of the percentual amount of old-age or full invalidity pension, to which the deceased person was entitled, or would be entitled at the time of death, or 40 % of the percentual amount of partial invalidity pension after a beneficiary of this pension, who did not fulfil the condition of required period of insurance for entitlement to full invalidity or old-age pension as of the date of death.

Concurrence of Entitlements to Pensions and Their Payments

In case the conditions for entitlement to payment of more pensions of the same type, or to payment of old-age pension, full disability pension or partial disability pension are fulfilled concurrently, only one pension is paid and it is the higher one.

In case the conditions for entitlement to payment of old-age pension, full disability pension or partial disability pension in the same amount are fulfilled concurrently, only the pension the insured person chooses is paid. As of the date of modification of payment of pensions due to concurrence, entitlements to pensions that are not paid are forfeited.

In case the conditions for payment of old-age, full disability or partial disability pension and to payment of widow's or widower's pension, or orphan's pension are concurrently fulfilled, the highest pension is paid in full amount, including the basic amount and only half of the percentual amount is paid from the other pensions.