The old age pension insurance systems of Germany, the United Kingdom, The Netherlands, Italy, Switzerland and Poland in comparison

	Germany	United Kingdom	The Netherlands
1st Pillar	Social insurance scheme for employees and certain groups of self-employed with earnings-related cash benefits. compulsory	1) **basic State Pension** compulsary for employees and self-employed compulsory 2) Additional State Pension: **State Second Pension** (since April 2002, formerly SERPS, includes now also low and moderate earners, certain carers, people with long-time illnesses and disabilities) compulsory, 'contracting out' possible by joining an occupational scheme (if the employer offers one), a stakeholder pension or a personal pension. 3) Proportional pension: **Graduated Retirement Benefit** All employees, who have paid sufficient „graduated“ (earnings-related) contributions between April 1961 und April 1975	National pension Compulsory
Financing	Pay-as-you-go Employer: 9,75 % Employee: 9,75 %	Pay-as-you-go & funded Included in global contribution for cash benefits in case of illness, motherhood, invalidity, old-age, surviving dependants and unemployment employee: 10% (resp. 8,4% in case of accepted occupational pension systems) of weekly earnings between € 139 and €918 employer: 11,9% of weekly earnings between €139 and €918 (if the employee is member of an accepted company pension scheme the rate of contribution will be reduced for salaries between €139 and €918)	Pay-as-you-go Employer: nothing Employee: 17,9 %
2nd Pillar	occupational pension scheme voluntary on initiative of the employer about 50 % of the employees	occupational pension scheme voluntary 46 % of the working population	Company pension scheme Partially voluntary 91% (1991) of the working population
Financing	funded	Pay-as-you-go & funded	funded
3rd Pillar	Private Pensions, Savings voluntar	Stakeholder Pension, Personal Pension voluntary	Private Pensions or individual contracts voluntary
Public Authorities' Participation	State subsidy covers approx. 25% of the annual costs	state subsidy: ca. 10-15 %	Low state subsidy
Guaranteeing Sufficient Resources within the Social System **Guaranteeing Sufficient Resources outside the Social System**	No guaranteed minimum pension Part of the Social welfare assistance (Grundsicherungsgesetz)	**Minimum Income Guarantee** Persons aged 60 or older, low income, savings of £12.000 or less Minimum Income Guarantee tops up the income to: - £98.15 a week for a single person; or - £149.80 a week for a couple. (reform planed for October 2003: Pension Credit) "**Category D Retirement pension**": non-	No special system Covered through general pension law (public insurance)

Financing **Conditions of Access**	Tax financed Persons over the age of 65 and persons with permanently diminished employment capacity	contributory pension amounting to 60% of the basic State Pension for persons who . live in Great Britain at the time they claim; . are 80 or over; . meet the residence conditions (have lived in Great Britain for a total of 10 years or more in any continuous period of 20 years after their 60th birthday); and . have no basic State Pension, or have less than 60 per cent of the full rate. tax financed	
Legal Retirement Age	65 years	65 years for men 60 years for women (from 2010 until 2020 successive increase up to 65 years)	65 years
Deferred Pension	Deferment possible after age 65, with increased benefits about 0,5 % / month.	possible, Maximum deferment period of 5 years (until 70 years of age for men and 65 years for women). Deferment unlimited from 2010. Pensions are increased by approximately 7.5% for each year of deferment.	Not possible
Benefits	Determined by the amount of employment income insured through contributions during the entire insured life.	1) basic state pension: Flat-rate amount of € 116 per week (paid pro-rata if number of qualifying years is less than the requisite number but at least a quarter of that figure)	Determined by time of residence in the country
Taxation of Pension Benefits	In principle, pensions are subject to taxation The taxation is partial: only the returns on the pension are liable to taxation. The returns are comparable to interests credited to the capital collected through the payment of contributions. The amount of the returns depends on the age of the beneficiary at the commencement of pension payments. If there are no other earnings, pensions are often below the limit of taxation.	Pensions of the 1st pillar are taxable as income, but any increases in respect of dependent children are not.	Pensions are subject to taxation
	Germany	**Great Britain**	**The Netherlands**

	Italy	Switzerland	Poland
1rd Pillar	National pension, compulsory	Basic scheme: Old-age and Survivors' Insurance (**Alters- und Hinterlassenenversicherung AHVG**) Compulsory for each person with residence or occupation in Switzerland	Social Insurance Fund (**FUS**) for white- and blue-collar-workers (almost 90 % for the payment of the pensions) Demographical stock reserves compulsory
Financing	Pay-as-you-go 32,70%, thereof: employee: 8,89 % employer: 23,81%. incl. Complementary contribution (0,50%).	Pay-as-you-go employee: 4,2% employer: 4,2% self-employed persons: 7,8% Persons without occupation: assessed according to the social conditions (€ 220 to 5.715 per year) Subsidies by public authorities (Confederation and cantons)	Pay-as-you-go Universal funded: Included in contribution (almost 45% of earnings) to the Social insurance institution (ZUS) for employees and self-employed persons employee: 12,22% (+17,48% pension for invalidity) employer: 12,22% 2001: 76,1 % were financed by contributions, the remainder by state subsidies - demographical stock reserves (ca. 1 % of the contributions)
2nd Pillar	Occupational pension scheme voluntary	Statutory minimum provision: Occupational Benefit Plan concerning Old-age, Survivors and Invalidity (**Berufliche Alters-, Hinterlassenen- und Invalidenvorsorge BVG**) compulsory for employees merely minimum benefits	Private pension stocks (OFE) compulsory for persons, who were over the age of 50 by the time of the pension reform 1999
Financing	Funded	funded insured persons: according to the age 7-18% of the insured earnings (retirement assets) employer: sum of contribution has to be at least as high as the contributions paid by the employee	funded Universally funded: Included in contribution (almost 45% of earnings) to the Social insurance institution (ZUS) for employees and self-employed persons employee: 7,3% employer: 7,3% administration by private institutions. ZUS assesses contributions and controls
3rd Pillar	private pension or individual contracts voluntary		Private pensions Funds (e.g. individual pension, Funds of the employers) Voluntary
Public Authorities' Participation	28 % ; social pensions, early pensions and increases of minimum pensions are paid exclusively with state subsidies	1st pillar: - Confederation: 16,36%; cantons: 3,64% of the annual expenditures. - VAT: 83% of one percentage point are contributed to the AHVG - output of gaming house tax 2nd pillar: no participation of public authorities	Annual 22 % for the FUS (in the year 2001) No fixed subsidies, but annually calculated earmarked and additional subsidies

Guaranteeing Sufficient Resources within the Social System	Minimum pension (additional benefit to increase pension claim) Persons, whose pension is lower than the minimum amount; income of the pensioner must not exceed the double (for celibates) resp. quadruple (for married persons) of the minimum pension	Extraordinary pension („außerordentliche Rente“) Swiss citizens, whose pension is lower than the minimum amount	Minimum pension: 55 % of the average pension 70 % of the minimum wage
Guaranteeing Sufficient Resources outside the Social System	Social pension plus social bonus (persons older than 65 years without pension)	Not determined by contribution supplement benefits in order to ensure means of subsistence	No, only employer who paid contributions are protected by the ZUS against risks and receive a pension
Financing	Tax financed		by FUS: mainly pay-as-you-go with tax subsidies
Conditions of Access	Person must be older than 65 years income (without rent) must be lower than € 4.557,41 for celibates or € 9.114,82 for married persons	Domiciled in Switzerland	
Legal Retirement Age	65 years for men 60 years for women	65 years for men women: - year of birth 1938 and older: 62 years - year of birth 1939-1941: 63 years - year of birth 1942 and younger: 64 years	65 years for men 60 years for women
Deferred Pension	Salaried workers having reached the normal retirement age but not yet entitled to the full pension: annual increase in the pension of 3% or 3.5% according to age. Salaried workers entitled to full pension (40 years of contributions): possibility of obtaining pension supplements for these periods of work.	Possible, postponement from 1 to 5 years at the most. (Increase by a percentage between 5.2 and 31.5)	Possible, (Increase of benefits– appeal pattern)
Benefits	Determined by reference earnings and length of insurance	1st pillar (basic scheme): monthly pension consists of a fraction of the minimum old-age pension (fixed amount) and a fraction of the determining average annual income (variable amount). 2nd pillar (statutory minimum): annual pension is equal to 7.2% of the retirement assets acquired by the insured person on reaching retirement age.	Determined by reference earnings and length of insurance 2001: pension benefit represented ca. 61,8 % of the average income
Taxation of Pension Benefits	Benefits are subject to taxation	Benefits of the 1st and 2nd pillar are subject to taxation	No information available
	Italy	**Switzerland**	**Poland**