

THE AUSTRIAN PENSION SYSTEMS

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A THE AUSTRIAN PENSION SYSTEMS SINCE 1980

Since the mid-1980s the development of the Austrian pension systems – especially the statutory pension insurance system – has been characterised by a continual limitation of access to benefits (e.g. through tightening eligibility criteria) and reductions of the level of benefits (e.g. changes in calculating the amount of pensions). As a countermove, improvements have taken place only in some individual areas – e.g., the introduction of child-care periods in pension insurance in 1993. Pension reforms were primarily set with a view to maintain “financial sustainability”, not in order to modernise and improve the Austrian pension systems.

With Austria’s access to the EU in 1995 social policies became completely subject to budgetary cutbacks. This led to a massive and above all unbelievably rapid dismantling of existing social standards and levels. Thus, in the context of the so-called “Structural Adjustment Acts 1995 and 1996” and the “Pension Reform of 1997” far-reaching measures regarding the Austrian pension systems were introduced. Although the 1995 “Structural Adjustment Act” was initially negotiated without the social partners, with the coming into office of the ÖVP¹/FPÖ² government in February 2000 a new social policies decision-making process was introduced in Austria. Thus, counter to the Austrian tradition the social partners – primarily the workers’ interest-group representatives – were not included in the negotiation of “Pension Reform of 2000” and in the context of the “Austrian Pension Strategies” their position papers were hardly taken into account.

Most Austrians obtain their retirement income from the *compulsory statutory pension insurance system* or the *special pension system for civil servants*. Austrian pension systems are mainly based on a person’s employment status and a person’s marital status. Thus, people who were active labour-market participants and insured throughout most of their working life or surviving married partners are entitled to retirement income from the Austrian pension systems. Since statutory insurance pensions and special pensions for civil servants will normally be sufficient to ensure an adequate standard of living, company and private pensions are of minor importance only.

¹ ÖVP: Österreichische Volkspartei = Austrian People’s Party (ideological orientation: conservative, Catholic, economically liberal).

² FPÖ: Freiheitliche Partei Österreichs = Freedom Party of Austria (right-wing extremist and populist orientated)

1. THE STATUTORY PENSION INSURANCE SYSTEM

1.1. Organisational structure and legislation

The Austrian statutory pension insurance system has been developed over the last century in different phases. The still existing *organisational structure based on occupational groups* is an expression of this historical development. Therefore, the different social insurance institutions are: the pension insurance institution for blue-collar workers (since 1945), the pension insurance institution for with-collar workers (since 1907), the social insurance institution for the self-employed in trade or business, the social insurance institution for farmers, the social insurance institution of the Austrian railways, the social insurance institution of Austrian mining and the social insurance institution of Austrian notaries. Based on cost saving arguments the two major pension insurance institutions for blue- and white-collar workers were unified in 2002. But there are indications that one of the main reasons for the unification was the (political) appointment of new chairpersons (administrative bodies) by the Federal Minister of Social Security and Generation (FPÖ).

The above mentioned insurance institutions are – together with other insurance institutions (e.g. the general work accident insurance institution and the health insurance funds) – united in the umbrella organisation of the Federation of Austrian Social Security Institutions. Decentralised bodies composed of representatives of the social partners govern the individual social security institutions and the Federation of Austrian Social Security Institutions. These bodies have autonomy within the framework of legal provisions. Since October 2002, the Federation of Austrian Social Security Institutions has been obliged to work out target agreements for the “coordination of administrative actions of social security institutions”, which have to be endorsed by the Federal Minister of Social Security and Generation. A “controlling group”, established by the Federation and comprised of 9 members (including 5 government representatives), is to monitor the implementation of these agreements (monitoring). An additional “special management” team of two qualified senior Federation managers will be directly responsible to the controlling group. The Federation is to submit quarterly financial reports and cost/performance reports every six months to the Federal Minister of Social Security and Generation (reporting). These measures allow for far-reaching political intervention in the autonomy of social security institutions.

In addition to the organisational structure based on occupational groups, *different legal regulations* apply. Since 1955, the statutory pensions insurance for employees has been regulated by the General Social Insurance Act – with some special regulations for mining workers. Following the General Social Insurance Act, special laws for the statutory pension insurance for the self-employed in trade or business (Social Insurance Act for self-employed in trade or business), for the farmers (Farmers Social Insurance Act) and for the professional workers (Professional Workers Social Insurance Act – in

1978) were introduced. The Professional Workers Social Insurance Act covers a range of occupations such as doctors, lawyers, pharmacists, etc. With regard to the organisational structure these professional workers are classified as belonging to the self-employed in trade or business. And last but not least, also Austrian notaries have their own Notaryship Insurance Act. Although different regulations were harmonised over the last decades, there are still notable differences with regard to the financing of the pension system.

1.2. *Financing*

The statutory pension insurance system in Austria is primarily financed by the *contributions of the insured* (and the *contributions of their employers*) and a *federal contribution* (tax revenues), which essentially covers the gap between revenues and expenditure. The financing of the statutory pension insurance system is based on a *pay-as-you-go system*. The pension insurance contributions are different for different occupational groups, and contributions have to be paid only to a certain maximum level of gross monthly earnings (2001: €3.270 for employees and €3.764 for self-employed and farmers).³ Due to financing problems, contribution levels have been raised several times and the ceilings in insurable earnings have seen extraordinarily rises over the last years. Presently, the pension insurance contribution for employees (without mining) is 22.8% (1980: 20.5%), of which 10.25% is paid by the employee and 12.55 by the employer, and with regard to mining employers' contributions even amount to 18.05%. Since 1988, however, there have been no new increases in contributions for employees. The contributions for farmers and self-employed (in business or trade) were also raised between 1980 and 1988, but *Structural Adjustment Acts 1995 and 1996* and the *Pension Reform of 2000* have brought about additional increases. Pension insurance contributions for self-employed (in business or trade) and the so-called "new self-employed"⁴ are currently 15% and for farmers 14.5%.

To simplify administration, all social security contributions are collected by the health insurance funds and then distributed to the relevant insurance or public institutions.

In 2001, altogether, about 77% of the expenditure of the statutory pension insurance system was financed through the contributions of the insured (and the contributions of their employers), only about 23% were financed from tax revenues (federal contribution). Due to different contribution rates and the unfavourable ratio of contributors to pensioners for the self-employed and farmers the proportion of tax-based financing differs according to occupational groups: for the employees the proportion was about 15%, for the self-employed (in trade or business) about 41% and for the farmers about 74% (Republik Österreich 2002:29). What is more, over the last ten years

³ The so-called ceilings on insurable earnings are adjusted annually.

⁴ Since 1998, freelancers and related workers whose jobs do not require a trade or business licence have been subject to compulsory pension and health insurance.

the federal contribution has decreased in relation to the GDP: in 1991 the federal contribution was about 2.85% of GDP and in 2001 only about 2.4% of GDP.

1.3. Pension benefits

The statutory insurance pension system (from 1956) provides a range of pension benefits: *old-age pensions*, *invalidity pensions*, *survivor's pensions* and *the equalisation supplement*. Regarding old-age pensions, there are different types of benefits, some of which were introduced and some abolished over the last years. The following old-age pension benefits can be distinguished: standard old-age pension, early retirement pension due to long contributory service or due to unemployment or due to reduced working capacity (between 1993 and 2001) and old-age partial pension (since 1993).

1.3.1. Statutory retirement age and eligibility criteria

In order to obtain pension benefits, claimants need to have reached the corresponding retirement age (old-age pensions), to be considered invalid (invalidity pension) or have lost their married partners (survivor's pension). In addition, they need to have accumulated a minimum period of insurance coverage. Until the early 1980s the minimum insurance period for old-age pensions was 15 insurance years, for invalidity and survivor's pensions 5 years. Younger invalids need less than 5 years, depending on their age and for victims of accidents at work no minimum insurance period is required.

Regarding *insurance periods*, two types of periods must be distinguished: *contributory periods* and *qualifying periods*. Qualifying periods are periods of war, military and community service, periods of having received unemployment or sickness benefit, periods of secondary school and university attendance (until 1988) and (between 1971 and 1993) periods in which parental leave benefits were received. The *Pension Reform of 1993* replaced the qualifying period during parental leave (up to two years per child, according to the duration of the parental leave benefit) by so-called childcare periods (up to four years per child, independent of entitlement to or having received parental leave benefit or not).

As of the *Pension Reform of 1988*, special contributions have to be paid if qualifying periods for secondary school and university attendance are to be counted for the calculation of the pension amount. Since the *Structural Adjustment Act of 1996* these qualifying periods are even only considered for the minimum insurance period if such contributions have been paid.

As of the *Pension Reform of 1993*, 15 contributory years or 15 insurance years (that means contributory and qualifying periods) within the past 30 years prior to retirement or 25 insurance years have to be accumulated to claim *standard old-age pension*. Currently, the *statutory retirement age* for a standard old-age pension is 60 years for women and 65 years for men. According to a ruling by the Constitutional Court in 1990,

different retirement ages for women and men are not in accordance with the Austrian constitution. In response to this ruling, the Austrian government decided in 1992 to raise women's statutory retirement gradually to that of men, after having set a range of measures regarding labour legislation, equality legislation and social security laws in order to promote the factual equal treatment of women and men. Thus, from 2018, women's statutory retirement age will be gradually raised; and by 2033, the statutory retirement age is to be 65 for both men and women.

Until recently, women were able to claim *early retirement pensions* due to unemployment or due to long contributory service or old-age partial pensions from the age of 50 and men from the age of 55.⁵ In the course of the Pension Reform of 2000, the statutory retirement age for these early retirement pensions and partial old age pensions was gradually raised by 18 months to 56.5 years for women and 61.5 years for men.

Until 1996, 35 insurance years had to be accumulated to claim early retirement pension due to long contributory service or old-age partial pension and 15 insurance years to claim early retirement pension due to unemployment. In the course of the *Structural Adjustment Act of 1996*, the required number and the quality of the insurance years were changed. Thus, the required insurance period for early retirement pension due to long contributory services was gradually extended to 37.5 insurance years, while for partial old-age pension it was reduced to 25 insurance years. Claimants of early retirement pension due to unemployment now have to accumulate 20 insurance years – including a minimum of 15 contributory years – and must have received benefits under unemployment insurance for 52 weeks prior to the date of their retirement. What is more, with the *Structural Adjustment Act of 1996* the gender neutral statutory retirement age for early retirement pension due to reduced working capacity (introduced in 1993) was raised from 55 to 57 years for men, with 15 contributory years now required instead of 10 insurance years.

Following a ruling of the European Court,⁶ early retirement pension due to reduced working capacity was retroactively abolished from May 23, 2000. A measure introduced at the same time to some degree protects those claiming invalidity pension from having to change careers: employees aged 57 and over who due to ill health cannot continue to work in their present jobs but have worked in this field for more than 10 years within the past 15 years, are considered invalid. A reasonable change of occupation, however, can be expected (Mairhuber 2001:6).

Entitlement conditions for invalidity pension or the definition of invalidity varies depending on qualification or type of work: qualified workers who have worked in a job for at least the last 15 years are considered invalid if they are no longer able to pursue the vocation for which they have trained. Unskilled workers are considered invalid only if they are no longer able to engage in any gainful employment. In 1981 the definition of

⁵ Age limits for early retirement pensions will be harmonised in accordance with raised statutory retirement age for standard old-age pensions.

⁶ According to the ruling, different retirement ages for men and women are not in accordance with European Law.

invalidity for unskilled workers from the age of 55 and over was harmonised with that of qualified workers. In the course of the *Pension Reform of 1993* this invalidity pension was transformed into the early retirement pension due to reduced working capacity.

Compared to most EU member states, Austria offers generous regulations governing eligibility to *survivors' pension*. In 1980 some restrictions were introduced for widows or widowers who were only married after the deceased's obtaining an old-age or invalidity pension and if the age difference between the spouses was very large. Until 1981, men were entitled to widowers' pension only in some exceptional cases. In response to a ruling by the Constitutional Court, eligibility criteria were harmonised with those applicable for widows. As of the *Pension Reform of 1988*, surviving spouses who have completed their 35th year of age are entitled to survivors' pension until their death unless they enter into a new marriage. The age limit is not considered in cases where the surviving spouse is invalid, if a child was born during the marriage or if the widow is pregnant, or if the spouses were married for at least ten years.

1.3.2. *Calculating the amount of pension*

The amount of pension is generally calculated on the basis of the insurable earnings, the duration of insurance and (since 1993) the age on the date of retirement. Since 1984, the average insurable earnings of the 10 insurance years before retirement and since the *Pension Reform of 1993* that of the "best" 15 years, have been used for calculating the amount of pension (so-called period of assessment). In the course of the *Pension Reform of 1997* the period of assessment for early retirement pensions was gradually raised to the "best" 18 insurance years, which will become effective between 2003 and 2020. These longer assessment periods have led to a reduction of the so-called assessment basis (average earnings during the period of assessment) and therefore to a reduction of the amount of pension. Childcare periods are credited on the basis of an uniform assessment basis (€ 421). Childcare periods are added cumulatively to any gainful employment which may have been pursued during the first years of the child's life. Thus, monthly pension rises by about the same amount for all mothers or fathers, independent of breaks in gainful employment.

Since the mid-1980s, the amount of the pension has been calculated using the total number of insurance years multiplied by a so-called increment factor. The maximum amount of pension is 80% of the assessment basis (i.e. 80% of the average insurable earnings during the "best" 15 or 18 insurance years). Since the *Pension Reform of 1988*, the increment factor for the first 30 insurance years was 1.9% of the assessment basis and 1.5% for the following insurance years. Thus, the amount of pension after 35 insurance years is 64.5% of the assessment basis and 80% after 45 insurance years. The *Pension Reform of 1993* introduced higher increment factors for persons who only retire at or after the statutory retirement age for standard old-age pension. Thus, the amount of the pension is already 80% of the basis of assessment for women at the age of 60 and men at the age of 65, provided that they have accumulated 40 insurance years.

In the course of the *Structural Adjustment Act 1996* the increment factors were reduced for retirees who have not accumulated 40 insurance years or claimants of early retirement pension or invalidity pension. These new regulations governing individual cases were highly complicated and mainly women and invalidity pensioners suffered reductions (Tálos/Wörister 1998:229). Although the new increment factors had not been fully implemented, the *Pension Reform of 1997* replaced them with new ones. Thus, the amount of pension is calculated using an increment factor of 2% (of the assessment basis) per insurance year, up to a maximum pension of 80%. In order to rise factual retirement age, increasing deductions for early retirement has been introduced. If a person opts for early retirement, a deduction of 2% is made per year, up to a maximum of 15% of the pension or 10 percentage points. Persons who opt for retirement after the age of 60 (women) or 65 (men) are to be granted a bonus of between 2% and 5% per year they start retirement later. For invalidity pensions an increment factor of 1.8% was guaranteed per insurance year, but the *Pension Reform of 2000* gradually did away with this favourable calculation method applied to invalidity pension. In order to reduce the negative effect on the pension of mothers the special assessment basis for periods of childcare has been raised to the level of the equalisation supplement for non-married persons (2002: €630.92).

In the course of the *Pension Reform of 2000* deductions were raised to 3% for each year the retiree falls short of statutory retirement age for standard old-age pension and the bonus for persons who opt for later retirement was changed to 4% per year, up to a maximum pension of 90% of the assessment basis (Mairhuber 2001:5ff).

For survivors who only receive a widow's or widower's pension, this benefit amounts to 60% of the deceased spouse's pension. In the course of the *Pension Reform of 1993* it was decided to reduce the amount of the survivor's pension in cases where the survivor receives several incomes (effective as of 1995). Accordingly, the widow's and widower's pension made up between 40% and 60% of the deceased spouse's pension. As of the *Pension Reform 2000*, the survivor's pension amounts to between 0% and 60% of the deceased spouse's pension. The percentage depends on the income gap between spouses during their active working lives. A survivor receiving several incomes which together do not exceed €1453.45 monthly will still receive 60% of the spouse's pension. Because of the low direct pensions for women widows' pensions are still of great importance to ensure retirement income for women.

Non-married persons and married couples who are generally entitled to a pension benefit (own pension or survivor's pension) whose total income does not exceed a certain level (so-called equalisation supplement reference rate) may claim a so-called **equalisation supplement**. The equalisation supplement is the difference between the means-tested income and the reference rate. The reference rate depends on marital status: for 2002, the minimum was €630.90 monthly for non-married persons and €900.13 monthly for married couples. As a consequence, married women are much less frequently entitled to claim equalisation supplement than men, due to the generally much higher income earned by men. Since the Austrian statutory pension system has no provision for an individual minimum pension benefit, in the case of old age and

invalidity the subsistence of married women depends heavily on their husbands' income.

1.4. Pension adjustment

Pensions are normally adjusted at annual intervals. Since the *Pension Reform of 1993*, the adjustment factor is calculated on the basis of a mathematically determined reference value obtained from "net wages development" (wages before tax minus social security contributions) and structural changes in pensions. In their final decision, the political bodies have some leeway, which is, however, strictly limited either way by law. In 1997, pension adjustment was exceptionally suspended as part of the *Structural Adjustment Act 1996*.

In the course of the *Pension Reform of 2000* the calculation of the pension adjustment was changed: annual pension adjustment will continue to use the net adjustment model, however without any leeway. Should the calculated adjustment factor fall below inflation rate, equalisation in the form of a one-time payment can be granted. In future, the adjustment factor will no longer be calculated by the Pension Adjustment Supervisory Board but by a "Commission for a Sustainable Pension System". The commission will be comprised of members of the parliamentary parties, representatives of the social partners and pensioners' representatives.

1.5. Shortcomings

Although the Austrian statutory pension insurance system is one of the most generous systems in Europe (mainly due to high replacement rates), there are some remarkable shortcomings. Besides the structural discrimination against women the problem of weak or insufficient social protection of some employment groups has emerged during the last years. This is mainly due to the fact that the Austrian pension insurance system is strongly related to the insurable income before retirement or the insurance contributions paid. Since women's employment opportunities are still restricted due to the gendered division of labour (as a consequence women work part-time, take career breaks and suffer lower income), women's pension benefits are much lower than those of men and a decent living or even the subsistence is often not guaranteed for women. The strong orientation on paid work of the statutory pension insurance system, which has been reinforced by the pension reforms adopted in the last decades, not only makes women's income maintenance in old age more difficult but involves the old age income of all persons who have been insufficiently integrated in the labour market or have had periods of relative low income. Those employed in non-standard forms of work, the long-term unemployed, persons with low qualification levels and foreigners are mainly affected.

Women's income maintenance in old age depends strongly on their marital status. As a consequence, on the one hand unmarried women are not entitled and divorced women

are hardly entitled to claim a survivor's pension. But the above described structural discrimination within the pension insurance system involves these women, too. On the other hand, married women are hardly entitled to an equalisation supplement, due to the fact that the means test is based on the couples' income. Thus, the gender pay gap is not only reproduced within the pension insurance system but also results in a factual exclusion of many women from the right to equalisation supplement, i.e. in an exclusion from minimum income maintenance.

Besides the fact that currently four in ten women over 60 (about 400,000 women) are not entitled to pensions in their own right (old-age pensions or invalidity pensions) and thus depend on their husbands, one in two pensions of women did not even reach the level of the equalisation supplement reference rate for non-married persons. Structural discrimination against foreigners is due to the fact that entitlement to equalisation supplement is linked to residence in Austria.

2. SPECIAL RETIREMENT SYSTEM FOR CIVIL SERVANTS

In Austria, more than half of those employed in the various lines of the public service are subject to a special retirement system, while the others are covered by the statutory pension insurance system. In 1997, the special retirement system applied to 365,000 civil servants (federal government, federal provinces, Austrian Railways, Post and Telecom Austria; approx. 12% of employees (Hörndler/Wörister 1998:47f). They obtain retirement benefits directly from their public employers, but also civil servants have to pay (retirement) contributions during their active working life. With the *Structural Adjustment Act of 1995* contributions were raised from 10.25% to 11.75%. Since then, contributions for civil servants have been slightly above those of employees under the statutory pension insurance system. Since the *Pension Reform of 1997*, the contributions for active civil servants have been 12.55% and 2.3% for retired civil servants (Republik Österreich 2002:29). Contrary to the statutory pension insurance system, the system for civil servants has no provision for a maximum contribution basis and thus no maximum basis for assessment.

Although no extra data on the expenditure of the special retirement system for civil servants are available in published form, calculations show that the federal contribution to the special pension system is almost identical to that of the statutory pension insurance system. At the same time the number of pensions paid by the statutory pension insurance system is six times the number of retirement benefits paid by the special system (Tálos/Wörister 1998:225).

The special retirement system for civil servants provides for equal age limits for women and men. Until recently, civil servants were entitled to retire upon completion of their 60th year. In the course of the *Pension Reform of 2000* the age limit was raised to 61.5 years, following the retirement age for early retirement pensions under statutory pension insurance system. Generally, civil servants retire upon the 65th birthday at the latest. In order to retire before the 65th birthday civil servants require at least 15 years of service.

Contrary to the statutory pension insurance system, civil servants' retirement benefits were previously assessed on the basis of their last monthly income before retirement. But the *Pension Reform of 1997* aimed to harmonise different regulations. As of 2003, the benefit for those retiring upon their 65th birthday is calculated on the basis of the "best" 15 years of employment and for those retiring between their 61.5th and the 65th birthday the assessment basis it to gradually rise to 18 years (Schmidt/Wörister 2002:263).

3. COMPANY AND PRIVATE PENSIONS

Company pensions are traditionally of minor importance in Austria. But since the early 1990s the institutional framework for additional forms of protection has been improved by the adoption of the *Company Pension Law* and the *Pension Fund Law*: the *Company Pension Law* provides for better hedged pension commitments by employers and the *Pension Fund Law* enables the formation of company and inter-company (pooled) pension funds and regulates the requirement for admission, organisation and activity of such funds (cf. Tálos/Wörister 1998:265f). The formation of a company or inter-company pension fund needs a company or collective agreement. Within this agreement the following regulations have to be stipulated: the participation of employees in the administration of pension funds and in the rules of entitlements (e.g. entitlement to benefits and employers' contributions).

Currently, there are 12 company and 7 inter-company pension funds in Austria and about 280,000 employees have the expectation to qualify for pensions and benefits. 35,000 benefits paid out by the company or inter-company funds are faced with 2 mio. pensions paid out by the public pension system (Republik Österreich 2002:11f).

Private pensions are even less important than company pensions. According to the Austrian government this should be changed with the severance pay reform of July 2002 (Republik Österreich 2002:13). As of January 2003, employers have to pay severance pay contributions (1.53% of monthly income) for all new employment contracts to so-called Staff-Provisions-Funds (SP funds). The SP funds have to be selected in cooperation with the workers' councillor. Two out of seven members of the supervisory board must belong to the workers' representation. The contributions have to be paid also for periods without remuneration, that means for periods of military and community service as well as for periods of receiving health benefits. For periods of receiving childcare benefit or educational leave benefit and for periods of family leave in order to care for terminally ill relatives contributions will be paid by the Family Fund.⁷ All contributions are collected by the Health Funds and then redistributed to the SP Funds. With the termination of their employment contract, employees are entitled to receiving severance pay in a number of ways: e.g. they can decide to leave the amount of the severance pay in the SP fund until they retire or they can move the amount of the severance pay into a company or inter-company fund. If severance payments are paid out, they are subject to taxation; in all other cases payments are exempted from taxation (AK 2002).

⁷ The *Family Fund* was established in 1949 in order to finance family related benefits. The Fund's finances are mainly obtained from employers' contributions.

B CURRENTLY DEBATED CHANGES OF PENSION SYSTEMS

Currently contemplated or debated changes in the Austria pension system focus on two main issues: financial sustainability – especially with regard to the statutory pension insurance system – and the elimination or at least moderation of the shortcomings described above. According to the government and employers’ representatives, the financial question is most important as it seems mainly connected with demographic developments (e.g., the aging of the population). Employees’ representative bodies emphasise the need to maintain the levels of benefits and have recently begun to call for an adaptation of pension systems to the increasing need for “flexible work” and “individualised lifestyles”. What is more, they are convinced that a major effort within employment policies is needed to solve the financial problems of the Austrian pension systems. For many years, mainly women within the SPÖ,⁸ have demanded an “individual right to retirement pension for women” and the Austrian Poverty Conference⁹ is asking for a means-tested minimum old-age pension also for persons who have not accumulated the required insurance years.

The reform objectives of the Austrian government are, inter alia, expressed in the Report on “Austrian Pension Strategies 2002”. The Report was written in order to follow the “European Pension Strategies”, which focuses on the financial sustainability of European retirement systems. Apart from an increase in employment rates (especially that of older workers and women), contemplated strategies include a reform of invalidity pensions (improvements of prevention, rehabilitation and the introduction of partial invalidity pensions), a further enforcement of the link between insurance contributions paid and the actual pension levels, the harmonisation of all pension systems (i.e. the abolishment of a special retirement system for civil servants), an enforcement of the individual right to retirement pension and of gender equality, the improvement of company and private pensions as well as effective funding of the qualifying periods by the respective social institutions (*Public Employment Service, Family Fund, etc.*) (Republik Österreich 2002).

On the one hand, the enforcement of the link between insurance contributions paid and pension levels primarily means a massive reduction in the amount of early retirement pension benefits. This proposal by the Austrian government is also supported by the Austrian employers’ representative bodies (Bundeswirtschaftskammer 2002:7). On the other hand, new methods of calculating pension levels are under discussion: a further extension of the assessment period used to calculate pension levels from the “best” 18 years to a person’s entire working life or the replacement of the benefit-based method with a contribution-based scheme for calculating the amount of pension. Both measures, an extended assessment period and the introduction of a contribution-based method

⁸ SPÖ: Sozialdemokratische Partei Österreichs = Social Democratic Party of Austria

⁹ The Austrian Poverty Conference was founded in 1995 by NGO’s and is part of the „European Anti-Poverty-Network“.

have been rejected by the employees' representative bodies because they would lead to a massive reduction in the amount of pension benefits and therefore undermine adequate standards of living (Bundesarbeitskammer 2002:15f).

Regarding the enforcement of an individual right to retirement pension and of gender equality, two key measures are under discussion: firstly, the transformation of childcare periods from qualifying periods into contributory periods, in order to raise the share of women with entitlements to pensions in their own right; and secondly, the splitting of spouses' pension (entitlements) in the case of divorce (Republik Österreich 2002). Both measures have been rejected by the Women's section of the SPÖ and employees' representative bodies as the transformation of childcare periods would primarily affect (married) women with short contributory periods – that means short periods of gainful employment – and splitting spouses' pension would neither improve the situation of unmarried women nor is this an individual right to retirement pension, independent of marital status (Bundesarbeitskammer 2002:19).

Recently, the employees' representative bodies, who, together with the employers' representatives and the government, negotiated the pension reforms described above (with the exception of the Pension Reform of 2000), have begun to focus on new dimensions. Thus, the demands of the SPÖ women and the Austrian Poverty Conference have been integrated into their concept. Following the debate of the Austrian Poverty Conference, all needy married couples and unmarried persons should have a right to a minimum old-age pension benefit, analogous to the equalisation supplement. The proposals regarding the "individual right to retirement pensions for women" differ not only substantially from the government's objectives but also from that of the SPÖ women. Measures proposed by the employees' representations mainly concern gainfully employed women and women who suffer career breaks or reductions in working time due to unpaid family care work. Suggestions include a significant increase in the assessment basis for periods of childcare and the introduction of periods taken into account for caring for infirm or disabled relatives (Wöss 2002; AKaktuell 2002a; Bundesarbeitskammer 2002). What is more, employees' representatives also demand an effective means of funding the qualifying periods. Thus, qualifying periods should no longer be covered by the federal contribution, but contributions should be paid for by the respective social institutions (*Public Employment Service, Family Fund etc.*) (Ivansits 2000; Wöss 2002; Bundesarbeitskammer 2002).

Another interesting consideration concerns changes in the financing of the pension systems through an increase in the basis determining employers' contributions. This idea dates back to the 1980s and is based on the concept that the payroll is no longer an adequate basis of financing the pension systems as personnel-intensive companies are disadvantaged and capital-intensive companies are advantaged by this method of calculating contributions. As a consequence, companies should pay contributions in relation to their added value (Vorbach 2001; Wöss 2002; Bundesarbeitskammer 2002). This widening of the basis of contribution has been rejected by employers' representative organisations. They argue for a reduction of the level of pension benefits

as well as for improvements and financial incentives by the state regarding company and private pensions (Bundесwirtschaftskammer 2002).

According to the SPÖ women, the individualisation of the right to retirement pension for women is an important objective within gender equality policies, and not only necessary because ensuring women's income in old age through derived rights (survivors' pension benefits) is becoming increasingly inadequate, especially in view of rising divorce rates and increasing numbers of single mothers. The individual right to retirement pension for women should be obtained basically by the introduction of a *General Compulsory Pension Insurance System*, which covers the entire population. That means, that all persons over a certain age limit resident in Austria would have to pay contributions, independent of their employment status. Apart from a substantially higher assessment basis for childcare periods (e.g. based on the level of the average pay), the introduction of periods taken into account for caring for infirm and disabled relatives and the individualisation of the means-tested equalisation supplement, the payment of individual contributions for women by either social insurance institutions or the husband is an important tool within this new pension system. This means that in the case of unemployment, sickness, motherhood, caring for infirm or disabled relatives, contributions should be paid by the respective social insurance institutions (*Public Employment Service, Health Funds* etc.), by the state and in the case of reduced gainful employment due to household work by the husband. That way, women would not be affected at the individual level, e.g. by structural labour market problems (Prammer 1997; Mairhuber 2000:242).

Although women's individual right to retirement pension has been demanded since the mid-1990s and was re-enforced by the so-called "Women's Referendum" of 1997, which was strongly supported by the Austrian population, there is little indication that this proposal will be put into practice anytime in the near future. The main reasons for this delay are financial considerations: the individualisation of the right to retirement pensions for women goes hand in hand with a need of more funding or the redistribution of funds among quite well protected men and under-protected women. Therefore, not only employers' representatives and the current ÖVP/FPÖ government oppose the idea but also (male) parts of the SPÖ. Only the Green Party is in favour of the realisation of an individual right to retirement pension – e.g. within the "Green Pension System" (individual right to retirement pensions for all Austrian residents by way of a so-called two-pillar-system) (Talos/Wörister 1998:264).

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