

Czech Republic

Exchange rate: U.S.\$1.00 equals
36.44 koruna (CZK).

Old Age, Disability, and Survivors

Regulatory Framework

First laws: 1906 (salaried employees) and 1924 (wage earners).

Current law: 1995.

Type of program: Social insurance system.

Coverage

Employees, members of assimilated groups, including certain groups of students, farmers, artists, the unemployed, carers, military personnel, and the self-employed. Voluntary coverage is available to certain categories of persons, including persons employed abroad.

Source of Funds

Insured person: 6.5% of earnings.

Employer: 19.5% of payroll.

Government: Any deficit.

Qualifying Conditions

Old-age pension: Since January 1, 1996, the retirement age has been gradually increasing by 2 months per year for men and by 4 months per year for women. The target retirement age, from January 1, 2007, is age 62 (men) and age 57 to 61 years (women), according to number of children raised. Retirement will be based on 25 years of insurance (15 years if aged 65). In 2002, the retirement age is 61 years and 2 months (men); age 55 and 4 months or age 59 and 4 months (women). Substantial limitation of work is necessary during the first 2 years following the retirement age.

Early retirement: Retirement is possible up to 3 years before the normal retirement age. All employment must cease.

Disability pension: Total disability (66% loss of earning capacity) or partial disability (33% loss of earning capacity) with 5 years of insurance in the last 10 years (up to 4 years if under age 28).

Survivor pension: Deceased met pension requirements or was a pensioner at the time of death.

Old-Age Benefits

Old-age pension: The pension is calculated from two elements: a flat-rate basic amount of 1,310 CZK plus an earnings-related percentage amount calculated from the personal assessment base (PAB) and the number of years of insurance.

PAB: Originally based on the average gross earnings over the 10 years preceding retirement, this period is being extended by 1 year every year until it reaches a total of 30 calendar years. Currently, this period covers all years since 1985. The value of the old-age pension is calculated using 1.5% of the personal assessment base per year of insurance (no maximum). Monthly earnings are variably included within the personal assessment base as follows:

- Up to 7,100 CZK, 100% inclusion.
- 7,100 CZK to 16,800 CZK, 30% inclusion.
- Over 16,800 CZK, 10% inclusion.

Minimum pension: The minimum pension is 2,080 CZK, calculated as the basic amount of 1,310 CZK plus a percentage amount of 770 CZK.

Deferred retirement: For every 90 days of economic activity during which the claim for an old-age pension is postponed, an increase of 1.5% of the personal assessment base is provided.

Temporarily reduced early pension: Available 2 years prior to the normal retirement age provided that the insured person (1) has accumulated a minimum of 25 years of insurance and has been registered with a Labor Office as a job applicant for at least 180 days, or (2) has received a partial or a full disability pension for at least 5 years and entitlement to a disability pension has expired within 5 years of reaching normal retirement age. The pension is reduced by 1.3% of the personal assessment base for every (even incomplete) period of 90 days prior to normal retirement age, but the pension is fully restored upon reaching normal retirement age.

Permanently reduced early pension: Available up to 3 years prior to normal retirement age; the actual date of retirement is left to the claimant's discretion. The claimant must have at least 25 years of contributions. The pension is reduced by 0.9% for every (even incomplete) 90-day period preceding the normal retirement age. This reduction is permanent and continues after the recipient reaches normal retirement age.

Permanent Disability Benefits

Disability pension: The full disability pension is calculated as a basic amount of 1,310 CZK plus a percentage amount calculated from the personal assessment base (1.5% of the calculation base for every year of insurance). The anticipated insurance period is credited to the pension from the onset of the disability to the normal retirement age.

Minimum disability pension: The minimum disability pension is 2,080 CZK, calculated as the basic amount of 1,310 CZK plus a percentage amount of 770 CZK.

There is no maximum disability pension.

Partial disability: Calculated as a basic amount of 1,310 CZK plus a percentage amount set at 0.75% of the personal assessment base for every year of insurance.

Minimum partial disability pension: The minimum partial disability pension is 1,695 CZK plus a percentage amount of 385 CZK.

There is no maximum partial disability pension.

Survivor Benefits

Widow and widower pension: Calculated as a basic amount of 1,310 CZK plus 50% of the percentage amount of the deceased's pension. Payable to all widows or widowers for 1 year; thereafter, only to widows aged 55 or widowers aged 58, or any age if disabled, caring for dependent or disabled child or for disabled parent.

Orphan's pension: Calculated as a basic amount of 1,310 CZK plus 40% of the percentage amount of the deceased's pension for each dependent child (for full orphans, the basic amount is payable only once).

The value of the pension is increased due to disability. In the case of partial incapacity, the value is increased by 20% of the subsistence minimum; in the case of a predominant incapacity, by 40%; or in the case of complete incapacity, by 75%.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision and is responsible for policy development for all areas of social security except health insurance.

Czech Social Security Administration collects and administers contributions and delivers benefits through its Central Administration and 76 District Administrations.

Sickness and Maternity

Regulatory Framework

First law: 1888.

Current laws: 1956 (cash sickness benefits), 1968 (maternity benefits), and 1997 (public health insurance).

Type of program: Social insurance system and public health insurance system.

Coverage

Cash benefits: Employees, members of industrial production cooperatives, and advanced students. For self-employed persons, sickness insurance is voluntary.

Medical benefits: All permanent residents in the Czech Republic or employees whose employer is resident in the Czech Republic.

Health insurance: All permanent residents in the Czech Republic or employees whose employer is resident in the Czech Republic.

Source of Funds

Insured person: Cash sickness and maternity benefits, 1.1% of earnings. Medical care, 4.5%.

Employer: Cash sickness and maternity benefits, 3.3% of payroll. Medical care, 9% of payroll.

Government: Cash sickness and maternity benefits, any deficit. Health care, any deficit and full payments for special categories of covered people.

Qualifying Conditions

Cash sickness benefits: Compulsory for all employees; voluntary for the self-employed. Only those with gross earnings over 400 CZK a month or those working more than 7 days a month are insured. A doctor's certificate is required from the first day of illness onward in order to prove incapacity. Neither a minimum period of employment nor any minimum period of residence is required. There is no waiting period.

Cash maternity benefits: 270 days of insurance in the 2 years preceding childbirth, loss of earnings, childbirth or taking substitute care of a child (substitute carers may include men), and medical confirmation of pregnancy.

Cash medical benefits: Currently insured. No minimum period of coverage. Eligibility continues for 6 weeks after coverage ceases.

Sickness and Maternity Benefits

Sickness benefit: For the first 3 days, 50% of the daily assessment base (DAB); from the 4th day, 69% of the DAB.

The daily assessment base is calculated using gross earnings, which are included as follows:

- Gross earnings up to 480 CZK, 100% inclusion.
- Gross earnings from 480 CZK to 690 CZK, 60% inclusion.
- Gross earnings over 690 CZK, not included.

The minimum earnings for the calculation of sickness benefit is 606 CZK a day.

Benefit is payable from the first day of incapacity for up to 1 year, or 2 years if recovery is likely.

Maternity benefit: 69% of the daily assessment base (as calculated for cash sickness benefit).

The maximum maternity benefit is 419 CZK a day.

Payable for 28 weeks (37 weeks for a single mother and for multiple births) including at least 6 weeks before the expected date of childbirth.

Workers' Medical Benefits

Health care is provided free of charge under the scope and conditions stipulated by law. Health care includes medical treatment in outpatient and inpatient care facilities, emergency and rescue services, preventive care, the provision of drugs, medical aid and appliances, stomatologic (diseases of the mouth) treatment, spa treatment, the care of children in special medical institutions and convalescent homes, preventive care provided in enterprise and factory surgeries, transportation of the sick, refunding of travel costs, medical assessment, and the examination of deceased insured persons and autopsy including the transportation of the dead. There is no limit to duration.

Dependents' Medical Benefits

The Czech health insurance system is based on individual insurance for each person. There are no substitution payments.

Administrative Organization

Czech Social Security Administration collects and administers contributions and delivers cash sickness benefits through its Central Administration and 76 District Administrations. Organizations with more than 25 employees pay sickness benefits.

Ministry of Labor and Social Affairs provides general supervision for health insurance. Subsidiary offices, on a regional and district level, administer cash benefits.

Ministry of Health provides general supervision for medical services. Medical services are provided in state and private outpatient and inpatient care facilities on the basis of contracts set up with individual insurance companies.

Work Injury

Regulatory Framework

First law: 1887.

Current laws: 1956 (short-term benefits), 1990 (self-employed), and 1995 (pensions).

Type of program: Social insurance (liability for damage).

Source of Funds

Insured person: None.

Employer: Statutory insurance of employer's liability.

Government: Any deficit between statutory insurance and compensation paid.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

Paid in cases of physical discomfort, pain, and injury.

Permanent Disability Benefits

Compensation for loss of earnings.

Workers' Medical Benefits

Medical expenses are paid.

Survivor Benefits

Survivor maintenance grant: A lump sum of 80,000 CZK for an orphan; a lump sum of 50,000 CZK for a spouse.

Medical expenses: See Workers' Medical Benefits, above.

Funeral grant: A lump sum of 10,000 CZK.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision for the provision of temporary and permanent disability benefits and survivor pensions. Czech Social Security Administration collects and administers contributions and delivers benefits through its Central Administration and 76 District Administrations. Administrative roles are also played by two insurance companies and by large-scale employers.

Ministry of Health provides general supervision for the provision of medical benefits.

Unemployment

Regulatory Framework

First law: 1991.

Current laws: 1992 and 1997 (amendment).

Type of program: Social insurance system.

Coverage

Czech Republic citizens (and aliens permanently resident in the Czech Republic), at least 15 years old, and capable of working.

Source of Funds

Insured person: 0.4% of earnings.

Employer: 3.2% of payroll.

Government: Any deficit.

Qualifying Conditions

Unemployment benefit: Registered with the Labor Office as looking for work. Employment for at least 12 months in the past 3 years.

Substitute periods can be considered as periods of employment and include basic military service and care for a child up to age 3.

Unemployment Benefits

Paid at 50% of earnings during the first 3 months; 40% for next 3 months; 60% in case of retraining.

The maximum benefit is 10,250 CZK per month; 11,480 CZK in the case of retraining.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

Ministry of Labor and Social Affairs offices and District Administrations of the Czech Social Security Administration administer benefits.

Family Allowances

Regulatory Framework

First law: 1945.

Current law: 1995.

Type of program: Universal system.

Coverage

Families with children.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances: Dependent child (up to age 26 if a student).

Family Allowance Benefits

Family allowances: Means-tested allowances. If family income is below 1.1 times the living minimum, the benefit is equal to 32% of the living minimum of children for each child; if family income is from 1.1 times to 1.8 times the living minimum, 28% of the living minimum of children for each child; if family income is from 1.8 times to 3 times the living minimum, 14% of the living minimum of children for each child; if family income is over 3 times the living minimum, there is no entitlement.

Birth grant: Paid at four times the living minimum of children.

Parents' allowance: If caring at home for a child of up to age 4, the allowance is 1.1 times the living minimum of adults.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

District Administrations of the Czech Social Security Administration administer benefits.