

## Czech Republic

Exchange rate: US\$1.00 = 19.46 koruna.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current law:** 1995 (pension insurance) implemented in 1996.

**Type of program:** Social insurance and universal (funeral grant) system.

#### Coverage

**Social insurance:** Employed and self-employed persons, including students, unemployed persons, caregivers, needy persons, military personnel, and civil servants.

Voluntary coverage for unemployed persons and students not compulsorily covered by the 1995 law, persons employed abroad, and persons performing certain kinds of volunteer work. Other persons older than age 18 may voluntarily insure for a maximum of 10 years.

**Funeral grant:** Persons who reside permanently in the Czech Republic, citizens of the European Union, and other persons stipulated by law.

#### Source of Funds

##### Insured person

**Social insurance:** 6.5% of monthly covered earnings.

The maximum annual earnings used to calculate contributions are 48 times the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Funeral grant:** None.

##### Self-employed person

**Social insurance:** 28% of declared monthly covered earnings.

Declared earnings are 50% of the difference between income and expenses.

The minimum annual declared earnings used to calculate contributions are 12 times 25% of the national average monthly wage (full-time, self-employed persons); 12 times 10% of the national average monthly wage (part-time, self-employed persons).

The maximum annual earnings used to calculate contributions are 48 times the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Funeral grant:** None.

##### Employer

**Social insurance:** 21.5% of monthly payroll.

The maximum annual earnings used to calculate contributions are 48 times the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Funeral grant:** None.

##### Government

**Social insurance:** Any deficit.

**Funeral grant:** The total cost.

#### Qualifying Conditions

**Old-age pension:** Age 62 and 8 months (men, gradually rising by two months each year with no upper limit) or age 61 and 4 months (women, gradually rising by four months each year (six months in 2019) until reaching the retirement age for men; thereafter, by two months each year with no upper limit) with at least 30 years of coverage (gradually rising to 35 years by 2019); age 67 and 8 months (men, gradually rising at the same pace as the normal retirement age) or 66 and 4 months (women, gradually rising at the same pace as the normal retirement age) with at least 20 years of coverage.

The retirement age is reduced by up to four years for women who have raised at least one child, according to the number of children and the insured's age. The reduction is gradually being phased out and will be eliminated for insured women born after 1976.

Retirement is not necessary.

**Early pension:** Retirement is possible up to three years before the normal retirement age with at least 31 to 33 years of contributions (depending on the normal retirement age for the insured's cohort).

Employment must cease for persons receiving the early pension.

**Deferred pension:** The pension may be deferred. There is no age limit.

Old-age pensions are payable abroad.

**Disability pension:** Younger than age 65 and assessed with a third-degree (70% loss of earning capacity), second-degree (50% to 69% loss of earning capacity), or first-degree (35% to 49% loss of earning capacity) disability. The insured must have a minimum period of coverage according to the insured's age when the disability began: less than one year of coverage if younger than age 20; one year if aged 20 to 21; two years if aged 22 to 23; three years if aged 24 to 25; four years if aged 26 to 27; five years in the last 10 years from age 28 to 38; 10 years in the last 20 years for those older than age 38. The full (third-degree)

disability pension is paid if the disability began before age 18.

District administrations assess the degree of disability for individuals whose disability began before age 18.

Disability pensioners may engage in gainful activity without limitations.

The disability pension is converted to an old-age pension at age 65.

Disability pensions are payable abroad if all gainful activity has ceased.

**Survivor pension:** The deceased received or was entitled to receive an old-age or disability pension at the time of death, or died as a result of a work injury or an occupational disease. For an orphan's pension, the deceased must have been covered for at least half the required coverage period for a disability pension.

Eligible survivors include a widow(er) who was married to the deceased at the time of death and at least four years younger than the normal retirement age applicable to men of the same year of birth, assessed with a third-degree disability, or caring for a dependent child or parent or for a child with a disability; and children up to age 26.

The widow(er)'s pension ceases on remarriage.

Survivor pensions are payable abroad.

**Funeral grant:** Paid to the person who paid for the funeral of a dependent child or the parent of a dependent child.

### Old-Age Benefits

**Old-age pension:** The monthly pension consists of a flat-rate amount of 2,340 koruna and an earnings-related amount of 1.5% of the personal assessment base for each year of coverage.

The personal assessment base is the average gross earnings during the insured's working career (only earnings since 1986 are taken into account). Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 11,415 koruna, earnings used to calculate pensions are as follows: 100% of earnings up to 11,415 koruna; 26% of earnings from 11,416 koruna to 30,093 koruna; 22% of earnings from 30,094 to 103,768 koruna; and 3% of earnings exceeding 103,769 koruna.

The minimum monthly pension is 3,110 koruna.

**Early pension:** The pension is reduced by 0.9% for each 90-day period for those retiring less than 360 days before the normal retirement age for the insured's cohort; 1.2% if retiring 360 to 720 days before the normal retirement age for the insured's cohort; and 1.5% if retiring more than 720 days before the normal retirement age for the insured's cohort. This reduction is permanent and continues after the recipient reaches the normal retirement age for the insured's cohort.

**Deferred pension:** The pension is increased by 1.5% of the personal assessment base for each completed 90-day period of gainful activity during which the claim for an old-age pension is deferred.

**Benefit adjustment:** Benefits are adjusted every January by 33.3% of the increase in the consumer price index and 33.3% of the increase in average real wages. Further adjustments are made when the consumer price index changes by at least 5%. (This formula is temporary through 2015.)

### Permanent Disability Benefits

**Disability pension:** The monthly disability pension consists of a flat-rate amount of 2,340 koruna and an earnings-related amount of 1.5% of the personal assessment base for each year of coverage for a third-degree disability; 0.75% for a second-degree disability; or 0.50% for a first-degree disability. The projected coverage period is credited from the date the disability began up to the normal retirement age.

The personal assessment base is the average gross earnings during the insured's working career (only earnings since 1986 are taken into account). Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 11,415 koruna, earnings for pension calculation purposes are as follows: 100% of earnings up to 11,415 koruna; 26% of earnings from 11,416 koruna to 30,093 koruna; 22% of earnings from 30,094 to 103,768 koruna; and 3% of earnings exceeding 103,769 koruna.

**Disabled from youth pension:** The monthly disability pension consists of a flat-rate monthly amount of 2,340 koruna and an earnings-related amount of 45% of the annual personal assessment base. The annual personal assessment base is calculated using the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Benefit adjustment:** Benefits are adjusted every January by 33.3% of the increase in the consumer price index and 33.3% of the increase in average real wages. Further adjustments are made when the consumer price index changes by at least 5%. (This formula is temporary through 2015.)

### Survivor Benefits

**Spouse's pension:** A monthly flat-rate amount of 2,340 koruna plus 50% of the earnings-related amount the deceased received or was entitled to receive is paid to a widow(er) at least four years younger than the normal retirement age applicable to men of the same year of birth, assessed with a third-degree disability, or caring for a dependent child or parent or for a child with a disability.

A limited pension is paid for one year to all other widow(er)s.

**Orphan's pension:** A monthly flat-rate amount of 2,340 koruna plus 40% of the earnings-related amount the deceased received or was entitled to receive is paid to each dependent child. For full orphans, the flat-rate amount plus 40% of the sum of the earnings-related amount for each parent is paid.

If the survivor is also entitled to an old-age or disability pension, the amount paid is the greater of the two pensions plus half of the earnings-related amount of the other pension (see Old-Age and Permanent Disability Benefits).

**Benefit adjustment:** Benefits are adjusted every January by 33.3% of the increase in the consumer price index and 33.3% of the increase in average real wages. Further adjustments are made when the consumer price index changes by at least 5%. (This formula is temporary through 2015.)

**Funeral grant:** A lump sum of 5,000 koruna is paid.

### Administrative Organization

**Social insurance:** Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision and is responsible for policy development for all areas of social security except health insurance.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers benefits through its central administration and 77 district administrations.

**Funeral grant:** Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

The funeral grant is administered by labor offices.

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1888.

**Current laws:** 1991 (health insurance), implemented in 1992; 1991 (medical, dental, and pharmaceutical); 1992 (health insurance funds); 1992 (health insurance premiums), implemented in 1993; 1992 (nonstate health care facilities); 1997 (drugs), implemented in 1998; 1997 (public health insurance); 2006 (sickness insurance); 2006 (labor code); and 2011 (health services).

**Type of program:** Social insurance (cash benefits) and universal (medical benefits) system.

#### Coverage

**Cash benefits:** Employed persons with monthly earnings of at least 2,500 koruna working at least 15 days a month.

**Exclusions:** Employed persons with monthly earnings up to 2,500 koruna working less than 15 days a month.

Voluntary coverage for self-employed persons and employees of foreign firms.

**Medical benefits:** All persons permanently residing in the Czech Republic or employees whose employers are based in the Czech Republic.

#### Source of Funds

##### Insured person

**Cash benefits:** None.

**Medical benefits:** 4.5% of monthly covered earnings.

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage is 8,500 koruna (2013).

There are no maximum earnings used to calculate contributions.

##### Self-employed person

**Cash benefits:** 2.3% of declared monthly covered earnings.

Declared earnings are 50% of the difference between income and expenses.

The minimum annual earnings used to calculate contributions are 12 times 25% of the national average monthly wage.

The maximum annual earnings used to calculate contributions are 48 times the national monthly average wage.

The national average monthly wage is 25,942 koruna.

**Medical benefits:** 13.5% of declared monthly covered earnings.

Declared earnings are 50% of the difference between income and expenses.

The minimum annual earnings used to calculate contributions are 12 times 25% of the national monthly average wage.

The national average monthly wage is 25,942 koruna.

There are no maximum earnings used to calculate contributions.

##### Employer

**Cash benefits:** 2.3% of monthly covered payroll.

The maximum annual earnings used to calculate contributions are 48 times the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Medical benefits:** 9% of the monthly covered payroll.

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage is 8,500 koruna (2013).

There are no maximum earnings used to calculate contributions.

## Government

**Cash benefits:** Any deficit

**Medical benefits:** 723 koruna a month for certain groups of insured persons.

## Qualifying Conditions

**Cash sickness benefits:** A doctor's certificate is required from the first day of incapacity. There is no minimum period of employment or residence.

**Cash maternity benefits:** Must have at least 270 days of coverage in the last two years before the maternity leave begins, have reported a loss of earnings, and be the mother of the child or be the child's substitute caregiver (substitute caregivers may include men). A medical exam to confirm the pregnancy is required.

Self-employed persons must have at least 270 days of coverage in the last two years, including at least 180 days in the last year, before childbirth.

The benefit is also paid for the adoption of a child younger than age 7.

**Maternity compensation benefits:** Paid for a loss of income resulting from a change of employment because of pregnancy or childbirth.

**Caregiving allowance:** Paid to an insured person who is temporarily unable to work because he or she must provide care for a sick member of his or her household, a child younger than age 10 whose usual childcare is unavailable or school is closed, or a child who has been ordered into quarantine.

**Medical benefits:** There is no minimum qualifying period.

## Sickness and Maternity Benefits

**Sickness benefit:** 60% of the daily assessment base is paid from the 15th day (22nd day for old-age or disability pensioners) of sickness up to 380 days; up to two years if recovery is likely. (The employer pays at least 60% of the insured's hourly average earnings after a three-day waiting period for the first 14 days).

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 865 koruna, 60% from 866 koruna to 1,298 koruna, and 30% from 1,299 to 2,595 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,595 koruna.

The hourly average earnings base is calculated as a percentage of the insured's gross earnings: 90% of earnings up to 151.03 koruna plus 60% of earnings from 151.04 koruna to 226.63 koruna plus 30% of earnings from 226.64 koruna to 453.08 koruna.

The maximum gross earnings used to calculate the hourly average earnings base are 453.08 koruna.

**Maternity benefit:** 70% of the daily assessment base is paid for 28 weeks (37 weeks for multiple births), including at least six weeks before the expected date of childbirth.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 865 koruna, 60% from 866 koruna to 1,298 koruna, and 30% from 1,299 to 2,595 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,595 koruna.

The maximum daily benefit is 1,060 koruna.

**Paternity benefit:** The maternity benefit may be transferred to the father with the mother's written consent from the 7th week after childbirth.

**Maternity compensation benefit:** The benefit is the difference between the earnings before and after job transfer and is paid from the transfer day until maternity leave begins; after childbirth, the benefit is paid from the day of returning to the usual job until the end of the ninth month after the date of childbirth.

**Caregiving allowance:** 60% of the daily assessment base is paid for up to 9 days (16 days in certain cases).

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 865 koruna, 60% from 866 koruna to 1,298 koruna, and 30% from 1,299 to 2,595 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,595 koruna.

The benefit is not paid if the other parent is receiving cash maternity or paternity benefits or the caregiving allowance.

## Workers' Medical Benefits

Benefits include medical treatment in outpatient and inpatient care facilities, emergency and rescue services, preventive care, medical aid, appliances, stomatology treatment (diseases of the mouth), spa treatments, the care of children in special medical institutions and convalescent homes, transportation, and medical assessments.

Certain pharmaceutical products are reimbursed in part or in full, according to a schedule in law.

The public health insurance system covers transportation costs, if prescribed by a doctor.

**Cost sharing:** The insured pays 30 koruna for a clinical examination by a doctor, specialist, or dentist; 90 koruna for a visit by an emergency service doctor; 30 koruna for a medical prescription. Certain groups of insured persons do not pay some of these fees.

Cost sharing is limited to 5,000 koruna a year; 2,500 koruna a year for children and persons over age 65.

## Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision for sickness insurance. Regional and district offices administer cash benefits.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers cash sickness benefits through its central administration and 77 district administrations.

Ministry of Health (<http://www.mzcr.cz>) provides general supervision for medical benefits.

Medical services are provided in state and private outpatient and inpatient care facilities based on contracts with individual insurance companies.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1887.

**Current laws:** 1956 (benefits), 1990 (self-employed), 1993 (occupational diseases and injuries), 1994 (labor code), 1995 (pensions), 1995 and 2001 (compensation), and 2007 (occupational disease and injuries).

**Type of program:** Social insurance system.

#### **Coverage**

Employed persons, persons with disabilities, and students.

Exclusions: Self-employed persons.

Special systems for military and police personnel.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** Contributions are paid quarterly and are calculated from the social insurance tax base of all employees. The premium depends on the type of activity performed.

**Government:** Any deficit.

#### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are not covered.

Paid for a first-degree (35% to 49% loss of working capacity), second-degree (50% to 69% loss of working capacity), or third-degree (70% or more loss of working capacity) disability.

#### **Temporary Disability Benefits**

For first- or second-degree disabilities, a monthly benefit equal to the difference between the insured's average

earnings before the work injury or the occupational disease began and the full amount of the sickness benefit is paid.

There is no maximum benefit.

#### **Permanent Disability Benefits**

**Permanent disability pension:** For a third-degree disability, a monthly pension equal to the average gross earnings in the calendar quarter before the disability began is paid up to age 65 or up to retirement age if greater than 65.

Czech Social Security Administration assesses the degree of disability.

#### **Workers' Medical Benefits**

All necessary medical expenses are paid.

#### **Survivor Benefits**

**Survivor grant:** A lump sum of 240,000 koruna is paid to the spouse, each orphan up to age 26, and the deceased's parents (in certain circumstances).

**Funeral grant:** See Old Age, Disability and Survivors.

#### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision of temporary and permanent disability benefits and survivor grants.

Czech Social Security Administration (<http://www.cssz.cz>) collects and administers contributions and delivers benefits through its central administration and 77 district administrations.

Ministry of Health (<http://www.mzcr.cz>) provides general supervision of medical benefits.

Insurance companies insure private-sector employers with at least one employee against liability for work-related injuries and occupational diseases.

### **Unemployment**

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#### **Regulatory Framework**

**First law:** 1991.

**Current law:** 2004.

**Type of program:** Social insurance system.

#### **Coverage**

Citizens of the Czech Republic and the European Union and their dependents, and non-EU citizens who reside permanently in the Czech Republic.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 1.2% of declared monthly covered earnings.

Declared earnings are 50% of the difference between income and expenses.

The minimum annual earnings used to calculate contributions are 12 times 25% of the national average monthly wage (full-time self-employed persons); 12 times 10% of the national average monthly wage (part-time self-employed persons).

The maximum annual earnings used to calculate contributions are 48 times the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Employer:** 1.2% of monthly payroll.

The maximum annual earnings used to calculate contributions are 48 times the national average monthly wage.

The national average monthly wage is 25,942 koruna.

**Government:** Any deficit.

### Qualifying Conditions

**Unemployment benefits:** Must be registered as a job-seeker and have been insured for at least 12 months in the last two years.

### Unemployment Benefits

65% of the insured's average net monthly earnings in the last quarter is paid for the first two months; 50% for the following two months; 45% thereafter. 60% of the insured's average net monthly earnings is paid if undergoing retraining. If the insured person voluntarily ceases employment without a valid reason, 45% of the insured's average net monthly earnings in the last quarter is paid for the entire period of support.

The maximum monthly benefit is 14,281 koruna; 16,005 koruna if undergoing retraining.

When entitlement to social insurance unemployment benefits ceases, social benefits and allowances are paid.

### Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

Labor offices administer benefits.

### Family Allowances

#### Regulatory Framework

**First law:** 1945.

**Current law:** 1995 (state support), implemented in 2004.

**Type of program:** Universal system.

### Coverage

Persons who reside permanently in the Czech Republic, citizens of the European Union, and other persons stipulated by law.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Child allowance (income tested):** Paid for dependent children (up to age 26 if a student or disabled) who live in a family with an income under 2.4 times the family monthly living minimum.

The family monthly living minimum is 3,410 koruna for an individual; 3,140 koruna for the first adult in a family; 2,830 koruna for another adult in the family; 1,740 koruna for children younger than 6 years; 2,140 koruna for children aged 6 to 15; and 2,450 koruna for dependent children aged 16 to 26.

**Birth grant (income tested):** Paid for the birth of the first child to families with an income below 2.4 times the family monthly living minimum.

**Parental allowance:** Paid to a parent who cares for the youngest child in the family if one of the parents is insured for cash sickness benefits.

### Family Allowance Benefits

**Child allowance (income tested):** A flat-rate amount is paid monthly according to the child's age: 500 koruna for a child younger than age 6; 610 koruna if aged 6 to 15; 700 koruna if aged 16 to 26.

**Birth grant (income tested):** A lump sum of 13,000 koruna is paid for the first live birth; 19,500 koruna for multiple live births.

**Parental allowance:** The benefit is the daily assessment base of the father or mother (whichever is higher) and may be paid until the child is age 4. Under certain conditions, the recipient may choose the amount and the length of time the allowance is paid. The amount can be changed once every quarter. The maximum benefit is 220,000 koruna.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 865 koruna, 60% from 866 koruna to 1,298 koruna, and 30% from 1,299 to 2,595 koruna.

The maximum gross earnings used to calculate the daily assessment base are 2,595 koruna.

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If the daily assessment base cannot be set for either of the two parents, a fixed amount of 7,600 koruna a month is paid until the child reaches 10 months; 3,800 thereafter until the child is age 4.

Parental allowances are paid monthly.

### ***Administrative Organization***

Ministry of Labor and Social Affairs (<http://www.mpsv.cz>) provides general supervision.

Benefits are administered by labor offices.