

## Czech Republic

Exchange rate: US\$1.00 equals  
17.49 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, with 2002 and 2003 amendments.

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

#### Coverage

Employed and self-employed persons, including students; unemployed persons; persons caring for children; indigent persons; and military personnel.

Voluntary coverage for unemployed persons and students (if 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.

There are no special systems for any specified groups of employees.

#### Source of Funds

**Insured person:** 6.5% of monthly covered earnings; the voluntarily insured contribute 28% of 10,000 koruna.

There are no minimum earnings for contribution purposes.

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Self-employed person:** 28% of declared monthly covered earnings.

Declared earnings are equal to 50% of the difference between income and expenses; a flat-rate 5,390 koruna applies if declared earnings for a full-time self-employed person are less than half of 50% of the national average monthly wage. The minimum declared earnings for a part-time self-employed person are 10% of the national average monthly wage.

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Employer:** 21.5% of monthly payroll.

There are no minimum earnings for contribution purposes.

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Government:** Any deficit.

#### Qualifying Conditions

**Old-age pension:** Age 61 and 10 months with at least 25 years of coverage (men). Age 56 and 4 months to age 60 and 4 months with at least 25 years of coverage (women), according to the number of children reared.

Age 65 (men and women) with at least 15 years of coverage.

The retirement age is gradually increasing by 2 months for men and 4 months for women each year until it reaches age 63 for men (2016) and women without children (2019) and from ages 59 to 62 for women with children.

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

Deferred pension: The old-age pension may be deferred. The minimum deferral period is 90 days. There is no maximum deferral period.

Old-age pensions are payable abroad.

**Disability pension:** Paid for a total disability (66% loss of earning capacity) or partial disability (33% loss of earning capacity). The insured must have a minimum period of coverage, subject to the insured's age when the disability began: less than 1 year of coverage if younger than age 20; 1 year if aged 20 to 22; 2 years if aged 22 to 24; 3 years if aged 24 to 26; 4 years if aged 26 to 28; or 5 years if older than age 28.

Czech Social Security Administration assesses the degree of disability.

**Disabled from youth pension:** The full 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 pensions are payable abroad if all gainful activity has ceased.

**Survivor pension:** The deceased qualified for a pension, was a pensioner at the time of death, or died as a result of a work injury or an occupational disease.

Eligible survivors include the spouse and children up to age 26. The surviving spouse must have been married to the deceased.

Survivor pensions are payable abroad.

**Death grant:** Paid for the funeral of a dependent child or his or her parent.

#### Old-Age Benefits

**Old-age pension:** The monthly pension consists of two elements: a flat-rate monthly amount of 1,700 koruna and an earnings-related amount calculated on the basis of 1.5% of

the personal assessment base per year of coverage. There is no maximum for the earnings-related amount.

The personal assessment base is based on average gross earnings in the 10 years before retirement. This period is to be extended by 1 year each year until it reaches a total of 30 calendar years. Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 10,000 koruna, earnings for pension calculation purposes are considered as follows: 100% of earnings up to koruna 10,000; 30% of earnings from 10,000 koruna to 24,800 koruna; and 10% of earnings greater than 24,800 koruna.

The minimum monthly old-age pension is 2,470 koruna, equal to the flat-rate amount (1,700 koruna) plus 770 koruna.

There is no maximum old-age pension.

Persons who receive the old-age pension at the normal retirement age may continue in gainful activity.

**Early pension:** Payable up to 3 years before the normal retirement age; the actual date of retirement is left to the insured's discretion. The insured must have at least 25 years of contributions. The pension is reduced by 0.9% for each (even incomplete) 90-day period the pension is received before the normal retirement age. This reduction is permanent and continues after the recipient reaches the normal retirement age.

Gainful activity must cease for persons receiving the early pension.

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

**Benefit adjustment:** Benefits are adjusted every January according to at least 100% of the change in the consumer price index in the 12-month period before the previous July and by at least 1/3 of average real wage growth in the 12-month period before the previous January.

### **Permanent Disability Benefits**

**Disability pension:** The monthly full disability pension consists of two elements: a flat-rate monthly amount of 1,700 koruna and an earnings-related amount based on 1.5% of the personal assessment base per year of coverage. The projected coverage period is credited from the date the disability began up to the normal retirement age.

The personal assessment base is based on average gross earnings in the last 10 years. This period is to be extended by 1 year each year until it reaches a total of 30 calendar years. Covered earnings are indexed to the average wage.

If the personal assessment base is greater than 10,000 koruna, earnings for pension calculation purposes are considered as follows: 100% of earnings up

to koruna 10,000; 30% of earnings from 10,000 koruna to 24,800 koruna; and 10% of earnings greater than 24,800 koruna.

The minimum monthly disability pension is 2,470 koruna, equal to the flat-rate amount (1,700 koruna) plus 770 koruna.

There is no maximum disability pension.

**Partial disability:** The monthly benefit is equal to the flat-rate amount (1,700 koruna) plus 0.75% of the personal assessment base for each year of coverage.

The personal assessment base is based on average gross earnings in the last 10 years.

The minimum monthly partial disability pension is 2,085 koruna, equal to the flat-rate amount (1,700 koruna) plus 385 koruna.

There is no maximum partial disability pension.

**Disabled from youth pension:** The monthly full disability pension consists of two elements: a flat-rate amount of 1,700 koruna and an earnings-related amount equal to 45% of the annual general assessment base. The annual general assessment base is calculated using the national average monthly wage.

Total disability and partial disability pensioners may engage in gainful activity; the partial disability pension is subject to an earnings test.

**Benefit adjustment:** Benefits are adjusted every January according to at least 100% of the change in the consumer price index in the 12-month period before the previous July and by at least 1/3 of average real wage growth in the 12-month period before the previous January.

### **Survivor Benefits**

**Survivor pension:** The widow(er) receives a monthly flat-rate amount (1,700 koruna) plus 50% of the earnings-related amount paid or payable to the deceased. The pension is paid to all widow(ers) for 1 year; thereafter, only to widows aged 55 or older or widowers aged 58 or older; any age if disabled or caring for a dependent or disabled child or a disabled parent.

The minimum monthly survivor pension for a widow(er) is 2,085 koruna, equal to the flat-rate amount (1,700 koruna) plus 385 koruna.

There is no maximum survivor pension.

**Remarriage grant:** The widow(er) pension ceases on remarriage, and a lump sum equal to 12 times the last monthly pension is paid.

**Orphan's pension:** A monthly flat-rate amount (1,700 koruna) plus 40% of the earnings-related amount paid or payable to the deceased is paid to each dependent child. For full orphans, the flat-rate amount is payable for one parent, plus 40% of the sum of the earnings-related amount paid or payable to both parents.

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The minimum monthly orphan's pension is 2,008 koruna, equal to the flat-rate amount (1,700 koruna) plus 308 koruna.

There is no maximum orphan's pension.

If the survivor is also entitled to an old-age or disability pension, the amount paid is equal to the highest pension plus half of the earnings-related amount of the other pension.

Benefit adjustment: Benefits are adjusted every January according to at least 100% of the change in the consumer price index in the 12-month period before the previous July and by at least 1/3 of average real wage growth in the 12-month period before the previous January.

**Death grant:** A lump sum of 5,000 koruna is paid to the person who organized the funeral.

### Administrative Organization

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.

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1888.

**Current laws:** 1956 (sickness insurance), implemented in 1957, with 1993 amendment; 1968 (maternity benefits, maternity leave, and child benefits); 1991 (health insurance), implemented in 1992; 1991; 1992 (health insurance funds); 1992 (health insurance premiums), implemented in 1993, with 2005 amendment; 1992 (nonstate health care facilities); 1997 (drugs), implemented in 1998; and 1997 (public health insurance), with 2005 amendment.

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

#### Coverage

**Cash benefits:** Employed and insured self-employed persons.

Sickness insurance is voluntary for self-employed persons. (Insured self-employed persons are only entitled to sickness and maternity benefits.)

**Medical benefits:** All persons permanently residing in the Czech Republic or employees whose employer resides in the Czech Republic.

### Source of Funds

**Insured person:** 1.1% of monthly covered earnings (cash sickness and maternity benefits) and 4.5% of monthly covered earnings (medical benefits).

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Self-employed person:** 4.4% of declared monthly covered earnings (cash sickness and maternity benefits) and 13.5% of declared monthly covered earnings (medical benefits).

Declared earnings are equal to 50% of the difference between income and expenses; a flat-rate 5,390 koruna applies if declared earnings for a full-time self-employed person are less than half of 50% of the national average monthly wage. The minimum declared earnings for a part-time self-employed person are 10% of the national average monthly wage.

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Employer:** 3.3% of covered monthly payroll (cash sickness and maternity benefits) and 9% of covered monthly payroll (medical benefits).

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Government:** Cash sickness and maternity benefits: any deficit. Medical benefits: 13.5% of a monthly reference wage equal to 3,520 koruna for special categories of persons.

### Qualifying Conditions

**Cash sickness benefits:** The insured must have gross monthly earnings greater than 400 koruna or work more than 7 days a month. A doctor's certificate is required from the first day of incapacity. There is no requirement for a minimum period of employment or residence. There is no waiting period.

**Cash maternity benefits:** The insured must have 270 days of coverage in the 2 years before childbirth, must have reported a loss of earnings, and must be the mother of the child or be the child's substitute carer (substitute carers may include men). The mother must have undergone medical examination to confirm the pregnancy.

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

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

## Sickness and Maternity Benefits

**Sickness benefit:** The benefit is paid from the fourth day of incapacity for up to a year (up to 81 days per year for old-age or disability pensioners who are employed); up to 2 years if recovery is likely.

The benefit is equal to 60% of the daily assessment base from the 4th to the 30th day, 66% from the 31st to the 60th day, and 72% from the 61st day.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 90% of gross earnings up to 550 koruna, plus 60% of gross earnings from 550 koruna up to 790 koruna. Gross earnings greater than 790 koruna are exempt.

The maximum daily assessment base for the calculation of sickness benefits is 639 koruna.

**Maternity benefit:** The benefit is equal to 69% of the daily assessment base and is paid for 28 weeks (37 weeks for multiple births), including at least 6 weeks before the expected date of childbirth.

The daily assessment base is calculated as a percentage of the insured's gross earnings: 100% of gross earnings up to 550 koruna, plus 60% of gross earnings from 550 koruna up to 790 koruna. Gross earnings greater than 790 koruna are exempt.

The maximum daily benefit is 479 koruna.

**Maternity compensation benefit:** The benefit is equal to the difference between the earnings before and after job transfer. The benefit 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 9th month after the date of childbirth.

## Workers' Medical Benefits

Benefits include medical treatment in outpatient and inpatient care facilities; emergency and rescue services; preventive care; the provision of drugs, medical aid, and appliances; stomatologic treatment (diseases of the mouth); spa treatment; the care of children in special medical institutions and convalescent homes; preventive care provided in the place of work; transportation; medical assessment; and the examination of deceased insured persons and autopsy, including the transportation of the dead.

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

The health insurance system covers transportation costs.

Cost sharing: 30 koruna for a clinical examination by a doctor, specialist, or dentist; 90 koruna for a visit by an emergency service doctor; 60 koruna per day in the event of hospitalization; 30 koruna for each prescribed drug that is fully or partially reimbursed by the public health insurance system. Some groups of patients are exempt from charges.

Medical charges must not exceed 5,000 koruna.

There is no limit to duration.

## Dependents' Medical Benefits

**Medical benefits:** Individuals are insured in their own right.

Cost sharing: 30 koruna for a clinical examination by a doctor, specialist, or dentist; 90 koruna for a visit by an emergency service doctor; 60 koruna per day in the event of hospitalization; 30 koruna for each prescribed drug that is fully or partially reimbursed by the public health insurance system. Some groups of patients are exempt from charges.

Medical charges must not exceed 5,000 koruna.

There is no limit to duration.

## 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.

Organizations with more than 25 employees pay sickness benefits.

Ministry of Health (<http://www.mzcr.cz>) 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.

Benefits in kind, such as medical treatment, hospitalization, or prescription drugs, are the responsibility of insurance companies.

## Work Injury

### Regulatory Framework

**First law:** 1887.

**Current laws:** 1956 (benefits), with amendments; 1990 (self-employed); 1993 (occupational diseases and injuries); 1994, with 2000 and 2004 amendments; 1995 (pensions); 1995; and 2001 (compensation), with 2003 amendment.

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

### Coverage

Employees, public officials, disabled persons, students, members of voluntary fire brigades and mining rescue corps, members of cooperatives, Red Cross workers, members of rescue services, and blood donors.

Exclusions: Self-employed persons.

Special systems for military and police force personnel.

### **Source of Funds**

**Insured person:** None.

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

**Employer:** Premiums are paid every 3 months and are calculated from the social insurance tax base of all employees. The premium depends on the type of activity performed.

**Government:** Pays any deficit between the insurance coverage provided by the employer and the compensation awarded to the insured.

### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

A lump sum is paid equal to the difference between the insured's average earnings before the work injury or the onset of the occupational disease and the full amount of sickness benefit (see Sickness and Maternity, above).

There is no maximum benefit.

### **Permanent Disability Benefits**

**Permanent disability pension:** The full pension is paid for a total permanent disability (66% loss of earning capacity). The monthly pension is equal to average gross earnings in the 3 months before the disability began and is payable up to age 65.

Partial disability: Paid with at least a 33% loss of earning capacity.

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; a lump sum of 240,000 koruna for each orphan up to age 26; and a lump sum of 240,000 koruna for the deceased's parents (in special circumstances).

The cost of alimony payments may be paid to an eligible divorced survivor.

The cost of any medical treatment provided to the deceased is reimbursed.

**Funeral grant:** The reasonable cost of a funeral is paid to the person who paid for the funeral.

### **Administrative Organization**

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

Administrative roles are also played by two insurance companies and by large-scale employers.

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

Insurance companies insure private-sector employers employing at least one employee against liability for damage caused by injuries at work and by occupational diseases.

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### **Unemployment**

#### **Regulatory Framework**

**First law:** 1991.

**Current law:** 2004, with amendments.

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

#### **Coverage**

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

There are no special systems for any specified groups of employees.

#### **Source of Funds**

**Insured person:** 0.4% of monthly covered earnings.

The maximum annual earnings for contribution purposes are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

**Self-employed person:** 1.6% of declared monthly covered earnings.

Declared earnings are equal to 50% of the difference between income and expenses; a flat-rate 4,709 koruna applies if declared earnings for a full-time self-employed person are less than half of 50% of the average monthly wage. The minimum declared earnings for a part-time self-employed person are 10% of the national average monthly wage.

The maximum annual earnings for contribution purposes for self-employed persons are equal to 48 times the national average monthly wage.

The national average monthly wage is 21,560 koruna.

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

**Government:** Any deficit.

### Qualifying Conditions

**Unemployment benefits:** The insured must be registered as a jobseeker and have been employed for at least 12 months in the last 3 years.

The employment period can include periods of vocational training up to 6 months; job training, if disabled; periods receiving a total disability pension; periods of basic military or civilian service; periods providing care for a child up to age 4 (age 18 if seriously disabled); and periods providing care for persons older than age 80, subject to conditions.

### Unemployment Benefits

The benefit is equal to 50% of the insured's average net monthly earnings in the last quarter for the first 3 months; thereafter, 45%.

60% of average net monthly earnings are paid if undergoing retraining.

The maximum monthly benefit is 12,250 koruna; 13,728 koruna if undergoing retraining.

When entitlement to unemployment benefits is exhausted, social benefits and allowances are paid.

### Administrative Organization

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

Benefits are administered by labor offices.

### Family Allowances

#### Regulatory Framework

**First law:** 1945.

**Current law:** 1995 (state support), with 2003 amendment, implemented in 2004.

**Type of program:** Universal system.

#### Coverage

Families with children. 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 in education (up to age 26) who reside permanently in the Czech Republic. Family income must not exceed 2.4 times the monthly living minimum.

The monthly living minimum is defined as 3,216 koruna for a single person; 2,880 koruna for the first adult in a family; 2,600 koruna for another adult in the family; 1,600 koruna for children younger than age 6; 1,960 koruna for children aged 6 to 15; or 2,250 koruna for children aged 16 to 26.

**Birth grant:** The family must reside permanently in the Czech Republic.

**Parent's allowance:** Paid to parents caring for a child at home. The family must reside permanently in the Czech Republic.

### Family Allowance Benefits

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

Child allowances are paid monthly.

**Birth grant:** A lump sum of 13,000 koruna is paid per child.

**Parent's allowance:** The value of the allowance varies according to the child's age: a flat-rate amount of 11,400 koruna is paid each month until the child is aged 24 months; 7,600 koruna from the 25th month to the 36th month; and 3,800 koruna from the 37th month until the 48th month. Parents of a disabled child receive 7,600 koruna a month for up to 7 years.

Parent's 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.