

Rural Pensions in European States

Bill Birmingham

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Social Insurance in Europe for rural workers

- Small number of agricultural workers
- Special schemes in some States
- Participation in general scheme in other States

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Agricultural employment in European Union



Percentage in 2001

Romania	42.7%
Bulgaria	26.2%
Poland	17.9%
Greece	16.8%
Lithuania	16.7%
Latvia	15.1%
8 States	5 – 10%
12 States	Less than 5%

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EU Common Agricultural Policy



- Subsidies paid to farmers to support farmers' incomes and maintain stable prices
- 40% of EU Budget, but less than 0.5% of EU GDP (€2 per person per week)
- Average monthly income in the European Union - €1,600
- Average monthly agricultural income in the European Union - €850

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Rural workers in general social insurance schemes



- In many EU States rural and agricultural workers participate in the general social insurance scheme on same basis as other workers
- In these States rural workers pay the same contributions as other employed or self-employed workers, as appropriate, and qualify for the same pensions
- In **Hungary** and **Romania**, unlike compulsory participation by other workers, participation by agricultural workers is voluntary
- In the **United Kingdom**, self-employed workers with incomes below a specified statutory level may apply to be excepted from participation, but for non-contributory periods no pension rights accrue
- In **Denmark** basic old age pension scheme is financed from taxation, with entitlement based on residence, not on contributions; so farmers' entitlement is same as other residents', but self-employed farmers are excluded from the state supplementary scheme

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Rural workers in special social insurance schemes



- Special schemes operate for agricultural workers in:
 - **Austria**
 - **Germany**
 - **Spain**
 - **Finland**
 - **France**
 - **Greece**
 - **Italy**
 - **Luxembourg**
 - **Poland**

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Rural pension scheme in **Austria**



- Scheme covers farm proprietors and family members and is compulsory
- Old age, survivors and invalidity pensions are financed by
 - 32.4% from contributions
 - 67.4% from Government funds
 - 0.2% from other sources
- Contribution basis is 15% of insurable value of the farm
- Pensions are calculated on the same basis as for the general pension scheme

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Rural pension scheme in **Germany**



- Scheme covers farm proprietors and assisting family members and is compulsory (except for persons with short-term employment of up to 2 months or 50 working days per year)
- Old age pensions are financed by
 - 25% from contributions
 - 75% from Government funds
- Contributions are based on surface values of the farm. On average contributions and pensions are less than $\frac{1}{2}$ of those of the general scheme

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Rural pension scheme in Spain



- Scheme covers self-employed agricultural workers, who have been allocated a determined taxable income, including family members, and is compulsory
- Old age pensions are financed from contributions
- Old age pension provision corresponds essentially to the general scheme

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Rural pension scheme in Finland



- 2 schemes cover farmers, fishermen and reindeer herders and relatives
 - National pension scheme – treated as other workers – compulsory after 4 months work
 - Earnings-related pension scheme set up under Farmers' Pensions Act – compulsory for farmers, etc. with at least 5 ha of arable land and annual income of €3,030
- Farmers' social insurance provides 24 days of substitution during farmer's holiday
- Old age pensions are financed by
 - 20% from farmers' contributions
 - 70% from Government funds
 - 10% from other sources
- Contributions are based on earnings, calculated on area of farm, garden or forest, activities carried out and productivity (or number of reindeer)
- If a farmer gives up farming, he is entitled to early retirement aid. This encourages changes of generation and increases the size and profitability of remaining farms
- Farmers' pension insurance functions as a private insurance institution, but with representatives of the state and insured workers in administrative body

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Rural pension scheme in France



- Scheme covers farmers, farm workers and including family members who participate in farm work, and is compulsory, provided that the value of the farm is at least equal to a liability threshold
- Contributions are based on the farmer's income and consist of 2 elements:
 - Fixed percentage determined nationally
 - Supplementary percentage adjusted by department (province)
- Pension consists of 2 parts:
 - Flat rate pension depending on year of birth and years of contributions
 - Proportional pension calculated on points derived from contributions

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Rural pension scheme in Greece



- Scheme covers compulsorily self-employed farmers, farm workers, stock breeders, beekeepers and fishermen and voluntarily members of religious communities engaged in agriculture
- Other rural workers with low incomes participate in farmers' scheme, but rural workers with higher incomes participate in self-employed scheme
- Family members are covered without the need to contribute
- Old age pensions are financed by
 - Farmers' contributions
 - Government funds to meet the deficit

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Rural pension scheme in Italy



- Scheme covering farmers provides entitlement comparable to that in general scheme
- Farmers' contributions are dependent on
 - Size of plots of land
 - Type of land (eg where mountainous or difficult land they pay lower contributions)
 - Number of days they work on the land (the more the higher the contributions)
 - Length of time of participation in the scheme (fewer years, lower contributions)
- Distinction between
 - Tenant farmers and share croppers (The owner pays 50% of contribution)
 - Direct farm workers (eg farm owners who predominantly work as farmers)
 - Entrepreneurs with farming as main occupation for 2/3rds (50% for mountain farmers) of working time

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Rural pension scheme in Luxembourg



- A separate pension fund for farmers provides entitlement comparable to that in general scheme
- The contribution percentage is the same as for the general social insurance scheme. It is dependent on the area of the farm and nature of the crops and based on the farm's animal and vegetable production in the previous year. However there is a flat-rate contribution for smaller farms
- The same conditions apply for pension as under the general social insurance scheme

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Rural pension scheme in Poland



- A separate social insurance fund for farmers, farm proprietors and family. It is compulsory, but if the farm is less than 1 ha, it is voluntary. But seasonal farm workers are in the general scheme
- The farmers' scheme provides entitlement comparable to that in general scheme
- Hired farm workers and other non-agricultural rural workers compulsorily participate in the general social insurance scheme, but farmers conducting non-agricultural work (eg tourism, repairing tractors) may remain in farmers' scheme if participant for 3+ years
- The agricultural social insurance scheme is financed by
 - 6% from contributions
 - 94% subsidy from Government funds
- Contributions are based on 60% of average income for previous 6 months, subject to ceiling
- 2 part pension:
 - Contributory related to average income
 - Supplementary 25% of basic amount

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Social assistance for rural elderly



- To supplement the social insurance pension, retired farmers whose income is below a statutory level are entitled to social assistance (dibao) as follows:
- Provided by the national government:
 - Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, United Kingdom
- Provided by regional government:
 - Germany, France, Italy, Austria

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- Thank you