

## Pension harmonization

Effective January 1, 2005, a unitary old-age pension system will be established for most occupational groups by the so-called „pension harmonization“. The “Allgemeine Pensionsgesetz” (APG, general law on pensions) is used as a basis for this harmonization.

The APG regulates

- the old-age pension's account
- the entitlement and extent of the old-age pension
- the extent of pension payments due to illness and
- the extent of pension payments for surviving dependants as well as compensation payments to surviving dependants

for people who have not yet reached their 50<sup>th</sup> birthday on the qualifying date of January 1, 2005.

Within this group of people, the law distinguishes between

- people who are for the first time pension-insured on or after January 1, 2005. For them, the regulations of the APG are fully valid; and
- people who have already acquired a month of insurance pay before January 1, 2005. For them, a mixed system with a parallel-calculation (old and new law) applies.

Those people who have already reached their 50<sup>th</sup> birthday before or on December 31, 2004 are not included in the new law. They may, however, take advantage of singular beneficial regulations of the APG, such as the pension regulation for labourers (“Schwerarbeitspension”) and a special regulation for men called the corridor regulation (“Korridorpension”).

**Korridorpension:** is a special regulation for men who can claim this kind of a pension once they have reached their 62<sup>nd</sup> birthday provided they have accumulated more than 450 insurance months (this equals 37,5 years) and are not obligatorily insured in the pension insurance nor earn an amount above the limit of petty cash (2005: EUR xxx) on the qualifying date.

**Schwerarbeitspension:** is a regulation for a special group of heavy labourers which will come into effect January 1, 2007. Who the group is comprised of is still under discussion and will be defined by decree before 2007. People who then belong to this group may retire before the legal retirement age (but must be older than 59) according to a special rule: for every 4 months of heavy labour, the legal retirement age is reduced by 1 month, provided that the applicant has already accumulated 540 insurance months. Until 2024, this regulation is only valid for men, as women can retire under more beneficial conditions until 2024 anyway.