



The german social security system

The German **social security system** is a **statutory insurance system** that offers effective financial protection from large risks in life and their consequences, including illness unemployment, old age and requirements of nursing. It is to guarantee a stable standard of living to every individual, offers support and bears the pension payments when persons have left their professions.

Services:

As soon as you are employed subject to social security obligations, you will automatically be insured in the branches of social security and therefore usually are a member of the following five statutory insurances:

- The **statutory health insurance** pays for the costs for seeing a doctor and for many medicines and treatments.
- The **statutory nursing insurance** offers basic security if you require permanent nursing for health reasons. Usually, this applies to people in old age.
- The **statutory pension insurance** pays a pension to employees – after they have retired. The amount of the pension is, generally speaking, based on the income and the number of years one has been working in Germany.
- The **statutory accident insurance** bears the costs for medical treatment and reintegration into working life after a work accident or in case of occupational diseases.
- The **statutory unemployment insurance** provides an income to unemployed persons for a certain time, usually if they have been insured for at least one year in the last two years and are seeking employment again. The Bundesagentur für Arbeit also supports everyone looking for work with consulting and mediation offers.

Costs:

Special security is a mandatory insurance. Half the contributions to statutory social insurance are paid by the employer. The other half is paid by the employees themselves. It is automatically deducted from the salary or the wages.

One example: Membership in statutory health insurance currently is at 14.6 percent of your working income – of this, you pay for 7.3 percentage points, and your employer for 7.3 percentage points.

You do not need to take care of transferring this amount. Your employer will pay the contributions for all five social insurances directly to the insurances.

The **contribution** to social security generally is based on your income. However, the health and pension insurance contributions do not continue to rise after a certain income threshold (the assessment ceiling).

Exception - Accident and health insurance:

As an employee, you are automatically a member of the pension, nursing, accident and unemployment insurances. There are no different providers to choose from. Health insurance is an exception. If subject to mandatory statutory insurance, you can choose the health insurance you prefer from a number of insurances. The general continuation rate is the same for all health insurances. However, some insurances demand an additional contribution that the employee generally must bear completely. The average additional contribution in 2017 is at 1.1 percent. Once you have chosen a health insurance, inform your employer. He will register you with that health insurance.

The following also applies: Starting at a certain annual income, you are no longer obligated to be a member of the statutory health insurance. You must be insured, but you can then also join a private health insurance. In 2017, this is possible starting at an annual gross income of 57,600 Euro. Since switching back from private to statutory health insurance is not easy, you should consider this step well.

The second exception is the accident insurance. As described above, you are automatically a member of it as an employee, but you do not have to pay any contributions to it. Your employer will pay all the contributions to this insurance.

Social insurance certificate:

As an employee, you will be mailed a social insurance certificate with a social insurance number. Inform your employer of this number. Keep the social insurance certificate well. You will need this number regularly.

Short version:

- Securing employees against the essential risks in life
- Insurance obligation
- Contributions depending on the amount of income; automatic payment
- Employers must contribute financially.