

Make it in Germany

Working and Living in Germany

Your Individual Information Package



Bundesagentur für Arbeit

International and
Specialized Services



Social security law

General information about social security

German social security is a statutory insurance system which plays a leading role in the social safeguarding of the country. As a community of solidarity, it offers protection against the major risks in life and their consequences, such as illness, unemployment, ageing, accidents at work and care needs. By means of this, social security guarantees the stable quality of life of each individual person. The rights and obligations in accordance with the social security laws are the same for all employees, regardless of whether they are locals or come from abroad. Information on German social security can be obtained from the [Federal Office for Migration and Refugees](#), the [Federal Ministry of Labour and Social Affairs](#) or from the [EURES portal](#).

Social security obligation for employees from abroad

Within Europe (EU, EEA and Switzerland), the general regulation applies that employees are only subject to the legal regulations of one country at any one time and only pay social security contributions in one country. Foreign workers who are employed in Germany are, as a rule, subject to German social security laws in accordance with the provisions of EU law.

There are exceptions to the social security obligation for:

- Posted workers (persons employed abroad who are temporarily posted to Germany)
- Persons employed in more than one EU/EEA country or Switzerland if a significant part (at least 25%) of the employment is carried out in the home country
- Employees who are subject to the legal regulations of a different state due to an exemption agreement.

In addition, low earning employees (workers with income of no more than € 450 per month) are not obliged to be insured under the statutory health, care and unemployment insurance. However the employer pays a fixed amount to the pension insurance. They can have themselves exempted from the pension insurance obligation. However, before doing this, it is recommended to consult the pension provider.

The vast majority of persons in Germany must be insured under the statutory social security scheme. This includes:

- All employees, farmers, handicraft workers, publicists and artists;
- Certain people with disabilities and
- Persons receiving unemployment benefit I or II, transitional payments or certain other salary replacement payments;
- Persons who were previously insured under the statutory health insurance scheme and do not possess private health coverage (for example returnees from abroad).

Within the framework of the co-ordination of the social security systems in the EU, the EEA and Switzerland, in case of the claiming of social security benefits, previous times of insurance, employment or residence in other countries are taken into account as a rule. For the creditability, certain requirements and proof are usually necessary. The [websites of the European Commission](#) portal contains information in this respect. Germany has concluded bilateral social security agreements with a number of countries outside of the EU, EEA and Switzerland. Detailed information in this respect is issued by the [German pension scheme](#) (Deutsche Rentenversicherung), and the [German Liason Office for Health Insurance Abroad](#) (DKVA) for example.

Social security number

Employees generally receive the social security number automatically from the [pension insurance company](#) as soon as they start working in Germany for the first time. The employer either register the employees with a health insurance company or the "[Minijob-Zentrale](#)".

Employees can also apply for the social security number directly with the health insurance company of their choice or the [pension insurance company](#), if

- the employer asks for the social security number beforehand,
- the social security number has been lost or is no longer available, or
- the name of the insured has changed.

Minijob

A „Minijob“ in Germany is a form of a marginal employment. It is either a low-paid or a short-term job. It could be a job in a company or in a household. The employer has to register this minijob with the [“Minijob-Zentrale”](#).

Two different types of minijobs exist:

- 450,-Euro-Job: the job grants a monthly income for up to 450,- Euro.
- Short-term job: a job for up to three months or 70 working days per calendar year.

The statutory basic minimum wage of 8.84 Euro per hour (in 2018) and the German employment law also applies to these employees.

Social security:

While working in a minijob you are secured against accidents at work by the employer. But you don't carry an unemployment insurance.

450,-Euro-Job: Employees working in a 450,-Euro-Job are not a member of the statutory health insurance. Therefore they have to make sure that they hold a valid health insurance on their own. The employer pays a standard deduction to the statutory health insurance only if the employee is already a member of the health insurance system. For example because of another employment or within a family health insurance.

The employee and the employer pay pension insurance contributions into the German statutory pension system. The employer pays both parts directly to the “Minijob-Zentrale”. The employee can apply for exemption from the pension insurance. It's advisable to contact the German pension insurance organisation to ask for advice about the consequences.

Short-term job: There is no contribution paid for the health and pension insurance. Therefore the employee has to ensure that he or she hold a valid health insurance and should ask the pension insurance organisation if it is advisable to pay voluntary contributions.

Full information in German is available on the webpage of the [Minijob-Zentrale](#). On this webpage you can also find further information about the [special rules for workers from another EU country](#).

Membership of social security in Germany:

Employees who are subject to the social security obligation are members of five statutory insurance schemes:

- Statutory health insurance: adoption of the costs of visits to a doctor, many medicines and therapy measures;

- Statutory care insurance: basic coverage for any long-term care that may be required;
- Statutory pension insurance: payment of a pension in retirement which is determined in accordance with the income and number of years in employment in Germany;
- Statutory accident insurance: adoption of the costs of medical treatment and re-adjustment into working life following an accident at work or occupational illness;
- Statutory unemployment insurance: income for the unemployed for a certain period if they were, as a rule, insured for at least one year in the last two years or in case of occupational illness.

The general contribution rate remains the same for all health insurance companies; however, some health insurance companies charge an additional contribution. The employer registers the employee with the health insurance company of his or her choice. By means of the registration with the chosen health insurance company, the contributions are passed on from there to the respective providers of the other social security schemes.

Each employee receives a social security card with a social security number, which is always required. An overview of the social security schemes is provided by the advice sheet ["Living in Germany"](#).

Social security contributions

Social security is a mandatory insurance scheme. The costs of membership are shared between the employee and the employer. The contributions are deducted automatically from the salary or wages. The contribution towards social security is generally in line with income. However, for health and pension insurance, it is the case that the amount does not increase after a certain level of income (so-called contribution assessment ceiling). Via the "gross-net calculator" of the [Wage Review portal](#), it is possible to find out the net salary after the deduction of taxes and social security contributions by entering the gross salary.

Special regulations affect internships and holiday jobs. Student internships which are undertaken during the course of study as part of the training are considered part of this and are exempt from insurance. In case of preparatory and post-study internships, students are, as a rule, not yet or no longer enrolled. In such a case, insurance is mandatory in all areas of social security as a rule. Whether contributions must be ultimately paid depends on whether remuneration is provided and if so, to what amount. In case of student and holiday jobs, the same conditions apply as is the case with employment relationships as a rule, as in such a case, the focus is on the provision of work services. Any minimum wages or remuneration regulations determined by collective agreements must be complied with. However, in terms of social security laws, the actual remuneration paid is decisive, as is also the case with voluntary internships.

Health insurance

Everybody who lives in Germany requires health insurance. By contrast with other insurance services, there is a wide range of insurance types provided by different health insurance companies. The basic difference between statutory and private health insurance forms the basis of the services offered. It is possible to find premium comparisons online, for example on the [health insurance tariffs portal](#).

Employees from Germany and abroad can insure themselves both in the statutory insurance scheme and privately. However, only persons with a certain level of annual income have access to private health insurance. For the self-employed, freelancers and officials, the membership in a private health insurance scheme does not depend on income.

In case of self-employment or during the job-hunting process, thus during times where a person is not enrolled in the mandatory state health insurance scheme, it is possible to either register with a private health insurance company or to apply for enrollment with a statutory health insurance company. Family members without their own income can also be covered under the state health insurance scheme free-of-charge.

In order to claim benefits under the statutory health insurance, insured persons require a certificate of entitlement. For this purpose, there is the electronic health card. Patient details are saved on the card, in order to guarantee the quality of medical care and to ensure a speedy intervention in an emergency. When claiming benefits under private medical insurance, an invoice will be issued.

Pension insurance

The German pension scheme (Deutsche Rentenversicherung) is responsible for the statutory pension element of the insurance. As a rule, the German legal regulations concerning the social security obligation for all employees in Germany apply. By means of this, all foreign employees who are subject to mandatory insurance are also automatically members of the German pension scheme. Exceptions from this are, for example, people who are posted from overseas and short-term employees (employment for a maximum of 70 working days or no more than three months in a calendar year).

Should the limited employment be subject to mandatory insurance, there will be times of mandatory German contributions. Whether a pension can be paid from these depends amongst others on how many months of insurance periods have been accrued in Germany in total. Alongside other requirements, for example the attainment of a certain age, in order to have a claim to a German pension, a minimum period of insurance, the so-called waiting time, must be fulfilled. For example, a claim to an old-age pension will only exist if the general waiting time of five years is fulfilled. A pension claim for persons who have been insured for the long term exists after 35 years. Should the waiting time not be fulfilled, no pension can be paid. In such a case, there is generally an entitlement to reimbursement of the contributions.

Should the insured person also have accrued periods of insurance in another member state or contracting state, alongside the periods in Germany, the periods of insurance abroad can also be taken into account, in order to fulfil the eligibility requirements. So that a pension can be paid, the insured person must however

have been insured in Germany for a minimum period of time (12 months). Should the insurance only have existed in Germany for a shorter time, these short periods in Germany will be compensated for by the insurance provider of the other member state. The entitlement to a pension in Germany will then cease.

Transferring pension claims to the home country

Should an employee have spent some time in Germany and wish to return to his or her home country, depending on the home country, it is possible to take the pension claim home.

Within the EU and the European Economic Area (EEA), claims acquired under social security in Germany are not lost. After reaching the pension age of any EU or EEA member state in which they have worked, employees can be paid a pension in accordance with the respective requirements. The same applies to Switzerland. In addition, the following countries have concluded a social security treaty with Germany: Australia, Bosnia-Herzegovina, Chile, Israel, Japan, Canada, South Korea, Morocco, Macedonia, Montenegro, Serbia, Turkey, Tunisia and the USA. Pension applications can be submitted to the home pension provider, stating the periods of insurance in Germany.

Even if the home country is another (third-party) state, following fulfilment of the waiting time and the other requirements, the employees are generally entitled to a pension claim. The application should be submitted to the German Embassy or a German consulate, as the information will be certified there directly and forwarded on to Germany. In respect of a German pension, the German regulations concerning the retirement age will however continue to apply, not those of the home country.

Insured persons who leave without an entitlement to a German pension from the period of insurance can apply for reimbursement of the contributions once they have arrived home. For this, at least 24 calendar months must have passed, no insurance obligation may continue to exist and the persons may no longer be entitled to voluntary insurance. In addition, at the time of this application, the entire insurance relationship will cease and the employee will not be entitled to a pension subsequently.

Unemployment and pension

Times of unemployment affect the pension claim and its amount. Should the insured person receive unemployment benefit from the Employment Agency, he or she is, as a rule, subject to mandatory insurance in the statutory pension scheme. Contributions to the statutory pension scheme are then automatically paid by the Employment Agency. However, this only applies if the insured person was obliged to be a member of the pension scheme in the year prior to drawing benefits, even if only for a short time (so-called pre-insurance). Should the pre-insurance period not be fulfilled, obligatory insurance can be applied for at the Employment Agency or the German pension scheme. The Employment Agency pays the contributions in full. Persons who are in receipt of unemployment benefit II or basic income are not required to be insured under the statutory pension scheme. The job centre, however, forwards the times

on to the pension provider, who then checks whether so-called credit times exist. Any queries in this respect can be addressed to the [German pension scheme](#) (Deutsche Rentenversicherung).

Care insurance

Foreign employees who are subject to mandatory insurance are automatically members of the care insurance scheme. All persons who are subject to mandatory insurance in the state healthcare scheme, are voluntarily insured or whose families are insured are included in this. A person who has private health insurance is subject to the insurance obligation under the private care insurance scheme.

Care insurance which covers the care risk as in Germany does not exist in most EU member states. The rights in the individual countries are described by the EU Commission on its [social security systems website](#). For the export of the benefits, the following principle applies: Care insurance follows health insurance. As a rule, it is possible to export benefits from the German care insurance but that comes with certain conditions. Information in this respect is provided by the [German Liaison Office for Health Insurance Abroad \(DKVA\)](#).

Accident insurance

Employees and trainees are covered by the statutory accident insurance. Accidents which occur in the workplace or at school, as well as to and from these places are covered. Occupational diseases are also covered. In case of an accident at work or an occupational disease, the statutory accident insurance covers the consequences and takes care of medical, professional and social rehabilitation, as well as any financial compensation.

The providers of the accident insurance are the commercial professional co-operatives, the agricultural professional co-operatives and the public insurance providers (for example accident funds, rural accident funds, community accident insurance associations). An overview of the German accident insurance can be found on the websites of the [Federal Ministry of Labour and Social Affairs](#).

Unemployment insurance

Foreign employees who are subject to mandatory insurance are automatically members of the unemployment insurance. Care persons, the self-employed and persons who work abroad can apply for coverage under the unemployment insurance scheme. In case of termination of the employment in Germany, insured persons can receive benefits from the unemployment insurance. In such a case, the point of contact is the [Federal Employment Agency](#).



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**For further questions do not hesitate to contact the
Make it in Germany – Migration Support Center of the
International and Specialized Services (ZAV) of the
Federal Employment Agency.**

**International and Specialized Services (ZAV)
Make it in Germany – Migration Support Center**
+49 (0)228 713-1313
make-it-in-germany@arbeitsagentur.de
www.make-it-in-germany.com