

## Liechtenstein

Exchange rate: U.S.\$1.00 equals 1.65 Swiss francs.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current laws:** 1952 (old age and survivors), 1959 (disability), and 1987 (mandatory occupational pensions).

**Type of program:** Universal system and mandatory occupational pensions.

Note: The dual system comprises a universal old-age pension scheme and mandatory occupational pensions. The occupational pensions are mandatory for all paid employees and are administered by private insurance companies according to the relevant law and under government supervision. The following summary describes the universal old-age pension scheme.

#### Coverage

All residents and employed and self-employed nonresidents.

#### Source of Funds

**Insured person:** Employees contribute 3.8% of salary (old age and survivors), plus 0.6% (disability). Self-employed persons contribute 7.6% of income (old age and survivors), plus 1.2% (disability). The nonemployed pay variable contributions depending on their assets and income.

The self-employed and nonemployed pay an additional 4% of their individual contribution amount for administrative costs.

**Employer:** 3.8% of the payroll (old age and survivors), plus 0.6% (disability), and 4% of the employer contribution amount for administrative costs.

**Government:** 20% of annual expenditure, plus 2/3 of income from the Heavy Vehicle Fee (old age and survivors) and any deficit up to 50% of annual expenditure (disability).

#### Qualifying Conditions

**Old-age pension:** Age 64 (men) or 62 (women) and 1 year of contributions. The pensionable age for women will increase to age 63 by 2003 and to age 64 by 2009. Early pension from age 60 (men and women).

**Disability pension:** For a full pension, a permanent loss of capacity to work of 66% and 1 year of contributions. For a half pension, a 50% to 66% reduction in the capacity to work and 1 year of contributions. For a quarter pension, a 40% to 49% reduction in the capacity to work and 1 year of contributions.

**Survivor pension:** Deceased had 1 year of contributions.

#### Old-Age Benefits

**Old-age pension:** For a full pension based on a complete insurance period for the age class (defined by the year of birth), the pension is between 1,030 francs and 2,060 francs a month depending on the yearly average earnings during the entire insurance period.

Child supplement: 40% of the old-age pension for each child under age 18 (age 25 if a trainee or a student).

Partial pension: Awarded for an incomplete contribution period.

Early pension: Payable at a reduced rate. The reduced value of the pension depends on when the pension is first drawn. The rate at which the early pension is reduced is lower for women born in, or before, 1951.

Deferred pension: Increase of pension from 5.22% for a 1-year deferral to 40.71% for the maximum deferral of 6 years.

Christmas bonus: 100% of the monthly pension, payable in December.

Benefit adjustment: Periodic adjustment of pensions for changes in the consumer price index and wage index (in principle, every 2 years). If the price index increases by more than 4% in 1 year, the adjustment may be brought forward.

#### Permanent Disability Benefits

**Disability pension:** The full pension is based on a complete insurance period for the age class. If the level of disability exceeds 66% (total disability), the pension is between 1,030 francs and 2,060 francs a month depending on yearly average earnings during the entire insurance period.

Partial disability: If the level of disability is between 50% and 66%, the award is 50% of the full pension; if the level of disability is between 40% and 49%, the award is 25% of the full pension.

Child supplement: 50% of the disability pension for each child under age 18 (age 25 if a trainee or a student).

Partial pension: Awarded for an incomplete contribution period.

Christmas bonus: 100% of the monthly pension, payable in December.

Benefit adjustment: Periodic adjustment of pensions for changes in the consumer price index and wage index (in principle, every 2 years). If the consumer price index increases by more than 4% in 1 year, adjustment may be brought forward.

#### Survivor Benefits

**Survivor pension:** The full pension is based on a complete insurance period for the age cohort and is 80% of deceased's hypothetical pension. The full pension is payable to a widow or a widower with children, as well as to a widow or a widower without children but who is aged 45 or older and who was married to the deceased for at least 5 years.

In cases where the qualifying conditions are not met in full, the pension is payable for 2 years to 5 years (according to the age of the surviving spouse and the duration of the marriage).

Partial pension: Awarded in cases where the insured had an incomplete contribution period.

**Orphan's pension:** 40% of deceased's hypothetical pension. Payable for each orphan less than 18 years old (age 25 if a trainee or a student).

Partial pension: Awarded in cases where the insured had an incomplete contribution period.

Benefit adjustment: Periodic adjustment of pensions for changes in the consumer price index and wage index (in principle, every 2 years). If the consumer price index increases by more than 4% in 1 year, adjustment may be brought forward.

**Funeral grant:** Paid by sickness funds for persons insured with them.

### **Administrative Organization**

Old Age, Survivor, and Disability Insurance Institute administers the universal old-age pension scheme.

Mandatory occupational pension plans are administered by private insurance companies under government supervision.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First law:** 1910.

**Current laws:** 1971 (sickness) and 1981 (maternity).

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

#### **Coverage**

**Cash sickness benefit:** Employed persons. Voluntary insurance for other defined categories.

**Medical care:** All residents and persons employed in Liechtenstein.

#### **Source of Funds**

**Insured person:** A variable percentage of salary (the average is between 1.5% and 2%) or a fixed sum.

Maximum earnings for contribution and benefit purposes are 106,800 francs a year.

**Employer:** A variable percentage (the average is between 1.5% and 2%) of the payroll.

Maximum earnings for contribution and benefit purposes are 106,800 francs a year.

**Government:** Varying contributions are made toward the cost of medical benefits payable to health insurance funds according to the age and gender make-up of each fund.

### **Qualifying Conditions**

**Cash sickness benefit:** Membership in a health insurance fund.

**Cash maternity benefit:** 270 days of membership in a health insurance fund without interruptions of longer than 3 months.

### **Sickness and Maternity Benefits**

**Cash sickness benefit:** 80% of covered earnings. The maximum is 267 francs a day. Payable after a 2-day waiting period for 720 days in the course of 900 consecutive days.

**Maternity benefit:** 80% of covered earnings. The maximum is 267 francs a day. Payable for 20 weeks, of which at least 16 weeks are after the expected date of childbirth.

### **Workers' Medical Benefits**

Provided by approved doctors, public hospitals, private hospitals, and clinics contracted with health insurance funds and by recognized sanitariums.

Medical benefits include primary and specialist treatment, hospitalization, pharmaceuticals, maternity care, and spa treatment. There is no limit on duration.

Cost sharing by patients includes a set fee of 200 francs per calendar year and a 10% copayment for all costs exceeding the set fee. Only 50% cost sharing in the case of pensioners and adolescents over age 15 and under age 20; no cost sharing for children under age 16 or for preventive and maternity care.

### **Dependents' Medical Benefits**

Insured in own right on account of separate insurance coverage. Same benefits as under medical benefits for insured workers (see section on Workers' medical benefits, above).

### **Administrative Organization**

Registered Compulsory Health Insurance Funds administer contributions and benefits.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1910.

**Current law:** 1989.

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

#### **Coverage**

Employed persons. Voluntary coverage for self-employed persons.

## Source of Funds

**Insured person:** Employed persons make no contribution. Self-employed persons contribute according to the extent of coverage and the degree of assessed risk.

**Employer:** Premiums according to the degree of assessed risk.

**Government:** None.

## Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period.

## Temporary Disability Benefits

80% of earnings covered up to a maximum of 106,800 francs a year. The maximum is 293 francs a day. Benefit is payable after 2 days of illness.

## Permanent Disability Benefits

**Permanent disability benefits:** 80% of earnings covered up to a maximum of 106,800 francs a year for total disability.

**Partial disability:** A percentage of the full pension depending on the level of disability. No minimum limit for each level of disability (in practice, 10% is taken as minimum limit).

**Constant-care allowance:** Depending on the level of dependency and care required.

**Physical integrity damage grant:** Cash lump sum depending on the degree of damage.

## Workers' Medical Benefits

Expenses covered in full. There is no limit on the duration of benefits.

## Survivor Benefits

**Survivor pension:** 40% of earnings covered up to a maximum of 106,800 francs a year. Payable to a surviving spouse (widow or widower) or to a divorced spouse (if deceased was required to pay maintenance) if he or she has dependent children, is at least 2/3 disabled, or is aged 45 or older.

**Orphan's pension:** For each child under age 18 (under 25 if a student), 15% of earnings (25% for a full orphan) covered up to a maximum of 106,800 francs a year.

The maximum survivor pension is 70% of the deceased's covered earnings (90% if a divorced spouse is also receiving a survivor pension). If survivors are eligible for pensions under the old-age, survivor, and disability insurance scheme, only the differential amount is paid if the survivor benefit under work injury is higher. Beneficiaries receive cost-of-living allowances that are incorporated into the pension.

**Benefit adjustment:** As a general rule, pensions are adjusted every 2 years.

**Survivor allowance:** Payable to a surviving spouse or to a divorced or separated spouse who has no right to a pension.

Paid in the form of a variable lump sum depending on the duration of marriage (from 1 to 5 times the annual pension).

## Administrative Organization

Registered Compulsory Accident Insurance Funds administer contributions and benefits.

## Unemployment

### Regulatory Framework

**First and current law:** 1969.

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

### Coverage

Employed persons.

### Source of Funds

**Insured person:** 0.25% of salary.

The maximum earnings for contribution and benefit purposes are 97,200 francs a year.

**Employer:** 0.25% of payroll.

The maximum earnings for contribution and benefit purposes are 97,200 francs a year.

**Government:** Under certain conditions the government covers up to 20% of the cost of benefits. The government also meets up to 20% of the cost of any deficit.

### Qualifying Conditions

**Unemployment benefit:** Six months of insurance. Available for work and fulfills supervisory requirements.

### Unemployment Benefits

80% of daily covered earnings. Daily benefits are payable for 250 days (400 days for unemployed persons aged 50 to 59 and 500 days for those aged 60 to 64) in the course of 2 years.

**Dependent supplement:** 10 francs a day for one dependent; 5 francs a day for each additional dependent.

The maximum benefit is 85% of daily covered earnings.

### Administrative Organization

National Unemployment Insurance Fund administers contributions and benefits.

## Family Allowances

### Regulatory Framework

**First law:** 1957.

**Current law:** 1985.

**Type of program:** Universal system.

### **Coverage**

All residents and nonresident employees and self-employed persons.

### **Source of Funds**

**Insured person:** Employed persons make no contribution. Self-employed persons contribute 2.1% of gross earnings. The nonemployed make variable contributions depending on their assets and income.

Self-employed and nonemployed pay an additional 4% of their individual contribution amount for administrative costs.

**Employer:** 2.1% of payroll and an additional 4% of their contribution amount for administrative costs.

**Government:** Any eventual deficit.

### **Qualifying Conditions**

**Family allowance:** Children under 18 years old.

### **Family Allowance Benefits**

**Family allowances:** 260 francs a month per child for the first two children if under age 11; 310 francs per child for the third and any subsequent children and for the first two children if over age 10.

**Lone parent allowance:** 100 francs a month per child (payable in addition to family allowances).

**Birth grant:** 2,100 francs per child; 2,600 francs per child for multiple births.

If eligible parents also receive family allowances from another country that are paid at a rate lower than those paid in Liechtenstein, only the difference between the two amounts is payable.

### **Administrative Organization**

National Family Allowances Fund administers contributions and benefits.