

DRV-Booklet

DRV-Number 2/2008

Table of contents:

The Social Advisory Council (“Sozialbeirat”) and it’s Roots in the Pension Reform of 1957 ...	1
Speech in Honor of Dr. Rolf Lühning, Winner of the Research Award Conferred by the Research Network of the Statutory Pension Scheme (“Forschungsnetzwerk Alterssicherung – FNA”).....	2
The Inclusion of Unemployed Persons in the Statutory Pension Scheme	2
Objectives in the Field of Old-Age Security: Concretion, Operationalization, and Measurement as Foundations for Normative Statements	2
Deductions from Invalidity Pensions – A Legal Provision but no Administrative Scandal.....	3
The Typification of Contribution Records	3
Between Solidarity, Competition, and Rate of Return: The Administration of the Finnish Statutory Pension Scheme.....	4
Conference on “Arts and Figures – Humanists in Occupation”	4
Old-Age Provision in the Three-Tier System: Players, Risks, and Regulations	4

The Social Advisory Council (“Sozialbeirat”) and it’s Roots in the Pension Reform of 1957

...Comments Regarding the Beginnings on the Occasion of its 50-Year Existence

Author: Prof. Dr. Wilfried Schmähl

Location: Niebüll

In January 1957, the legislator reached a conclusion about a fundamental reform of the statutory pension scheme, which influenced the German pension system for the following decades decisively. The implementation of an earnings-related pension with wage replacement function – based on a comparatively close relationship between preparatory effort (contribution) and later return (pension) –, which is orientated to the economic development, not only at the time of the first pension payment, but also during the duration of pension payments (pension adjustment, “dynamic pension”), led to a paradigm shift, broke new ground (just as the implementation of the statutory pension insurance in 1899), and introduced concerns as to the consequences of the new regulation. Especially the adjustment of the so called pensions in payment (“Bestandsrenten”) was highly controversial. It was intended to make the adjustment subject to parliamentary decision, in order to meet concerns brought forward prior to the parliamentary decision. The recommendation of the new social advisory council (“Sozialbeirat”) was meant to serve as a preparation for this decision. Both the establishment of the social advisory council and its structure (composition) were contested. The council that was eventually established and took up its work in spring 1958 still exists. The 50th anniversary of its establishment is in 2008. The article describes the difficult inauguration period and arrives at conclusions from today’s viewpoint.

Speech in Honor of Dr. Rolf Lühning, Winner of the Research Award Conferred by the Research Network of the Statutory Pension Scheme (“Forschungsnetzwerk Alterssicherung – FNA”)

...on December 6, 2007 in Berlin

Author: Prof. Dr. Dr. h.c. Eberhard Eichenhofer

Location: Jena

The Inclusion of Unemployed Persons in the Statutory Pension Scheme

Author: Prof. Dr. Franz Ruland

Location: Munich

Due to several intrusions into the pension law, the old-age provision of unemployed persons has changed for the worse. However, the benefits granted by the statutory pension scheme are still of essential importance and determine considerably the amount of pensions.

Objectives in the Field of Old-Age Security: Concretion, Operationalization, and Measurement as Foundations for Normative Statements

Authors: Prof. Dr. Uwe Fachinger, Prof. Dr. Winfried Schmähle, Dr. Rainer Unger

Locations: Vechta, Niebüll, Bremen

The following article outlines essential results of the research project “Objectives in the Field of Old-Age Security: Concretion, Operationalization, and Measurement as Foundations for Normative Statements” (“Zielvorstellungen in der Alterssicherung: Konkretisierung, Operationalisierung und Messung als Grundlagen für normative Aussagen”) that was supported by the research network of the statutory pension scheme (“Forschungsnetzwerk Alterssicherung – FNA”). The project aimed at producing a stronger foundation of distributive aspects of old-age pension policy against the background of the restructuring of the system of old age provision in Germany.

The analyses reveal that the achievement of objectives in the field of pension provision and the assessment of efficiency and effectiveness of the respective measures are due to a political determination of targets. The political determination can form the foundation of a scientific discussion about the appropriate indicators, finally resulting in an indicator system as a reporting instrument (the definition of one single indicator would not do justice to the heterogeneity of the system). The results of the projects can be a starting point for this purpose.

On the basis of the present analyses some of the requirements regarding the indicators can already be formulated. The indicators should, for example, consider both income realization and the application of income. Furthermore, it turns out that a mere crosssection analysis is not sufficient to encompass the vitality of income development. To understand the interaction of the social security systems, it is necessary to define indicators for the different types of old-age income. To evaluate the development of expenditures, expenses must be

categorized and compared to each other. In this context, the spendings on accomodation, personal hygiene, and health are a matter of particuar socio-political interest.

Furthermore, it is generally accepted that the database must be enhanced. This applies especially to the old-age income drawn in the second and third tier of old-age provision (including assets) and to household expenses. Moreover, the further possiblity to use longitudinal data for analyses regarding the efficiency and effectiveness of old-age pension provision systems is necessary.

Deductions from Invalidity Pensions – A Legal Provision but no Administrative Scandal

Author: Dr. Ludwig Bergner

Location: Haar

On may 16, 2006 the 4th Senate of the Federal Social Court ("Bundessozialgericht – BSG") decided about the legitimacy of deductions from invalidity pensions according to section 77 of the social code VI ("6. Buch des Sozialgesetzbuches - SGB VI"), see NJW 2007, page 2139. In a reply to a critical statement of Ruland (see NJW 2007, page 2086), the chairman of the 4th senate of the Federl Social Court described the deductions as an "unwarrented administrative interference into the pension" ("unbefugte Verwaltungseingriffe in das Renteneigentum") exerted by the pension insurance institutes, see Meyer, NJW 2007, page 3682. With recognition for the fact that the chairman of a senate strives to justify his decision – the critisized ruling and the replica of Meyer exceed the limit of a justifiable opinion.

The following references to the legal situation circumstantiate that this must be accepted as true. Furthermore, they illustrate the "explosiveness" of the topic.

In this context, it should be mentioned that the 5ath Senate of the Federal Social Court that succeeded the 4th Senate in its responsibly for pension law has meanwhile decided to abandon the legal practice of the 4th Senate (see judgement of january 29, 2008, file numbers B 5a/5 R 32/07 R, B 5a/5 R 88/07 R and B 5a/5 R 98/07 R) and asked the 13th Senate (which is responsible for pension law as well) whether it wants to adhere to the former jurisdiction of the 4th Senate.

The Typification of Contribution Records

...An Explorative Analysis on the Basis of the Insurance Account Sample 2005 ("Versichertenkontenstichprobe 2005")

Author: Dr. Michael Stegmann

Location: Würzburg

The article comments on the typification of contribution records that is based on empirical information. The typification makes use of the information about creditable periods as accorded the pension insurance accounts. The author focuses on the German insured born between 1940 and 1950. In order to characterize patterns of contribution records, he does not use sums of certain creditable periods as classification criterias, but bases his sequential analysis on the structures and profiles of biographies. The author reveals that the meaning of biographies that deviate from the set norm of continous employment differs depending on

gender and place of residence (old or new Laender). For women in the old Laender a strong heterogeneity can be noticed.

All in all, the results show that the evaluation of the consequences of legal changes et cetera should not only be based on a comparison with the ideal type of a standard pensioner (with full insurance record of average contributions) but also under consideration of empirically defined types of insured. The presented method of a sequential analysis with subsequent typification by means of a cluster analysis is, in this connection, an appropriate procedure.

Between Solidarity, Competition, and Rate of Return: The Administration of the Finnish Statutory Pension Scheme

Authors: Dr. Wolfgang Schulz-Weidner, Sini Laitinen-Kuikka

Locations: Brussels, Helsinki

In the issue 4/2007 of the "rvAktuell", Christoph Schnell outlined the principles of the Finish pension system. The following article focuses on the most important tier of the Finish pension system: The pensions for the private sector. To a large extent it resembles the German statutory pension scheme, however, two significant differences must be noticed: The Finish system is endowed with considerable capital reserves and it is (with the exception of the systems for certain occupational groups) administrated by competing private institutions. In the following article, the authors describe the administration of the system and the responsible institutions; the description of the system itself is already subject of the above mentioned article written by Christoph Schnell.

The authors demonstrate that the characteristic features of the administrative structure do not only raise questions regarding European law but may also provoke a general reevaluation of the European administrative environment of the statutory social security systems.

Conference on “Arts and Figures – Humanists in Occupation”

Author: Dr. Ralf K. Himmelreicher

Location: Berlin

Conference on “Arts and Figures – Humanists in Occupation” on November 27th/28th, 2007 in Wiesbaden

Old-Age Provision in the Three-Tier System: Players, Risks, and Regulations

...Conference Report According the Annual Convention of the Research Network of the Statutory Pension Scheme ("Forschungsnetzwerk Alterssicherung – FNA"), on the 24th/25th of January, 2008 -

Author: Peter Heller

Location: Berlin

