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Immigration from Non-European Countries (Third Countries) in Relation to the German Social Security System

Author: Professor Dr. Winfried Schmähl

Immigration from non-European countries or non-member states has priority on the political agenda, however, with different aims. This article focuses on the effects of migration on the social security systems and on the social situation of certain groups of persons. The effects of immigration on the different branches of the social security system (health, pension and so forth) are different and depend on the respective structure. Furthermore, the migration processes have an impact on macroeconomic variables, such as the number of employed persons or the aggregate wages. This is, for example, relevant for the financing of the social security systems and for the social situation of people living in the respective country.

The structure characteristics of migrants and their integration into the labor process is of particular importance for social security. The article describes the problems regarding the classification of migrants and the collection of the respective data and defines important structure characteristics in relation to the social security systems (pension system, health care, and meanstested transfer payments). The author shows that a sustainable identification of the relevant effects requires the consideration of a multitude of factors, which are partly not un-derlaid with adequate data (this applies especially to discrepancies between different co-horts). The author concludes with an illustration of some problems arising from a policy based on a temporary strictly limited and controlled immigration (e. g. via “Green Cards”), which is, at present, frequently approved on a national and international level.

Old-Age Security in Germany 2007 (“Alterssicherung in Deutschland 2007, ASID 2007”)

...The New Study Combines Established Reporting with Methodical Innovations –

Authors: Ulrich Bieber, Wolfgang Münch, Michael Weinhardt

The study “Old-Age Security in Germany” (“Alterssicherung in Deutschland, ASID”) is the database with the most differentiated analysis option regarding the complexity of old age income. It was conducted in the years 1986, 1992, 1995, 1999, 2003, and, at last, in 2007 by

“Infratest Sozialforschung” on behalf of the Federal Ministry of Labor and Social Affairs. The results of the study were quickly integrated into the latest annual report on old age provision (“Alterssicherungsbericht 2008”). The article outlines the most important results of the new study. The authors comment on the standard reporting, on the data regarding 55- to 65-years-old persons, and on the method to define rent value of owner-occupied proprietary that has been used in a study for the first time. The study shows that nearly all households of senior citizens draw old age benefits

The pensions paid by the statutory pension scheme are the most important income source. 65 percent of the income of senior citizens arises from the statutory pension scheme; the retirement income of 44 percent of the senior citizens consists only of an insured’s statutory pension. It becomes apparent that the equivalenz-weighted old age income in the new Laender still features a lower distribution than the old age income in the old Laender. For the 20 percent of the households with the lowest income, the combination of low old age benefits with a minor additional income is characteristic. For this group of persons, transfer payments are unsurprisingly more significant. For households with high incomes, investment income plays a major role. The income advantage deriving from the rent value of owner-occupied proprietary is in the old Laender higher than in the new Laender and for married couples higher than for singles. As an additional component of the income, the rent value of owner-occupied proprietary does not cause a decisive increase of income disparity, because the relative significance of the rent value of owner-occupied proprietary for the income of the household is in the lower income groups of similar importance as in the higher income groups.

The Chances of Eldery Job Applicants in Selection Procedures: Case Studies in German KMU

Authors: Dr. Kai Brauer, Professorin Dr. Gertrud M. Backes, Professor Dr. Wolfgang Clemens

The raising of the retirement age aims at a compliance with the statutory goals regarding contribution rate and pension level against the background of the demographic development. However, these aims can only be reached if the labor participation of elderly persons (persons between 57 and 67) actually increases. At the same time, the modern labor markets are characterized by high qualification requirements and fluctuation within and between companies, professions, and schemes and phases of gainful operation. Therefore, the crucial question is not only, if the labor market will provide the economic intake capacity for a growing number of elderly employments, but if a (re-)integration of elderly jobapplicants is imaginable and how staff selection processes will turn out to be.

The question was examined in a study about the practice of staff selection in German companies conducted by the Center of Aging and Society of the University of Vechta (“Zentrum Altern und Gesellschaft der Universität Vechta”) and by the Free University Berlin (“Freie Universität Berlin”) between 2006 and 2008. It became apparent that barriers regarding the physical work strain and organization are important but manageable. Structural barriers for elderly job applicants turned out to be more severe. Apparently, the “season of early retirement” led to a solidification of a crowding-out mentality. “Eldery” employees (sometimes even employees at the age of 40) are not supported and elderly job applicants (competing with younger job candidates) do not get a real chance for a reentry. Forms of ageism hiding behind a thin façade of inculcated political correctness can often be proven. Ageism arises from, more or less, crude negative and positive stereotypes and can be discursively justified by different “practical constraints”. The article does not only intend to attest a broadly

exclusion of elderly persons on the labor market, but to understand the different mechanisms that are responsible for the very limited market opportunities of elderly persons

OLG-Models and Old Age Provision: An Overview

Author: Dr. Jürgen Faik

The author describes the so called OLG-models (OLG = overlapping generations). In the recent past, these microeconomic models are used frequently to illustrate the effects of the demographic aging processes on central economic variables such as macroeconomic capital intensity, national debt, or economic figures regarding economic growth or income distribution. Especially in the context of old age provision, OLG-models enjoy great popularity, for example in relation to efficiency and distributive effects of the different financing procedures (pay-as-you-go system, funding principle, or mixed financing procedures). Newer OLG-models tend to assess the German pension system as good.

The article illustrates that OLG-models are strongly influenced by the underlying assumptions, for example, regarding the formation of expectations of the economic agents or the (partial) randomness of the accumulation of wages or income. This has to be taken into due consideration, if the results of OLG-models are assessed. In this context, the respective assumptions should be subject to empirical tests in order to measure the explanatory value of a certain model.

Statutory Pensions as an Income Source for Persons at the Age of 65 or Older: Results of the Pension Payment Statistics 2008 (“Rentenzahlbestandsstatistik 2008”)

Author: Dr. Michael Stegmann

The statutory pension scheme has implemented a comprehensive statistical reporting system. However, it has a shortcoming, that, as a general rule, pension payments are taken as a basis for statistical research and that a personal reference cannot be generated. Nevertheless, the pension payments are often interpreted in an individualrelated manner. This is not entirely appropriate, because one person can be entitled to two pensions.

Especially for women, a widow’s pensions paid in addition to an insured person’s pension often has a significant relevance for the financial situation. The article uses the pension payment statistics (“Rentenzahlbestandsstatistik”) as a data source. It gives information about the personal income deriving from the statutory pension scheme. The author focuses on the distribution of the individual income and on the relevance of survivors’ pensions for the financial situation.