

DRV-Booklet

DRV-Number: 1/2019

Guaranteed Minimum Income Security Systems in the System of Old-Age Provision: Borders and Leeway as viewed from a Constitutional Standpoint

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Location: München

An increase of lower pensions to a minimum pension, which lies over the amount of the basic security minimum, comprises a system breach. Lawmakers should aim to avoid elements of change that breach the principle of current pension law, and introduces elements of social welfare thus changing the principles of old age security. Old age poverty can only be warded off effectively if demand-oriented measures are being used for this. If the current system of basic old age security is not sufficient anymore, the system itself needs changing, and lawmakers need to bring change to that system.

Stability Council for the Protection of Solid Government Budgets

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Location: Berlin

The debt accumulation of government budgets in Germany underlies not only national law, but also European law. The job of the Stability Council is to oversee the compliance of said laws, and if necessary, issue measures that help steer the government in the correct direction so that these laws will be adhered too. This is the function

of the Stability Council. The council is supported through a sovereign volunteer panel which views and analyzes strategies and provides recommendations based on a scientific view. If need be, the volunteer panel can issue alternative measures. The solid government budget comprises not only of the Federal Budget, but also of State- and County budgets, including the budgets of the social security systems. Thus these rules and regulations also provide a framework for possible budget deficits in the social security systems, or how to avoid them. This article aims to introduce the reader to the workings of the Stability Council, and the sovereign volunteer panel which is part of the council. Furthermore the article aims to show the reader how the national and European regulations on debt accumulation function. This is shown by example of the Social Security scheme.

The Study „Lebensverläufe und Altersvorsorge” – „Life Courses and Old Age Provisions“ (LeA) – an Overview

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The article introduces the reader to the study „Lebensverläufe und Altersvorsorge” – „Life Courses and Old Age Provisions“ (LeA) as well as first results of this. LeA was commissioned by the Deutsche Rentenversicherung Bund and the Federal Ministry of Labour and Social Affairs, and was carried out by Kantar Public. Owing to the extensive collection of employment biographies and social security entitlements of all three pillars of social security the LeA study was able to compile a major database of information. These data points include current trends and provide political decision makers with up to date information for the further development of old age security systems. Initially this article provides the reader with a view of the

design and contents of this study, before providing the accumulated results. Focus is on the employment biographies and social security entitlements of people in the group of 40 to 60 year olds in Germany. In detail the reader can view the different cohorts, for instance employed and unemployed or social security entitlements in different social security schemes (regular old age pension, work pensions, private pensions). The results can further differ by viewing not only the above mentioned cohorts but also cohorts of regional and diversity. Possible group differences can be outlined and thus be shown in a sociopolitical context. One special focus was on the group of people with migratory backgrounds. For the first time in a study, foreign contribution periods were included. LeA thus offers the possibility to view in close up the coverage of persons with a migratory background and their specific foreign old age periods of contribution.

The Meaning of a Higher Minimum Sustainability Reserve Fund for the Statutory Pension System

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With the so called Sustainability Reserve Fund seasonal and sometimes also economic fluctuations in the amount of expenditures as well as earnings of the statutory pension carriers, can be compensated. At the end of 2018 the reserve fund was comparatively high, with an amount of more than 1.5 of the monthly expenditure in reserve. Advance calculations have shown that in the next ten years this amount will reduce to only 0.2 monthly expenditures. This is a growing risk of underfinancing for the statutory pension carriers, and thus would call for help from the Federal Government due to lack of liquidity. From prior experience this would result in massive loss of trust and reputation. The article aims to showcase the financial risks

an under financed reserve fund can await, if there are unexpected fluctuations and loss of income and liquidity. In order for this to be analyzed correctly, data is taken, and two possible scenarios will be analyzed. Based on these two scenarios, proposals will be drawn up for improvement of the Minimum Sustainability Reserve Fund.