

## **DRV-Booklet**

**DRV-Number: 3/2020**

### **Dr. Rudolf Kolb (1927–2020) – an obituary**

Author: Prof. Dr. Franz Ruland

Location: München

### **The Basic State Pension Act (Grundrentengesetz)**

Authors: Sylvia Dünn, Claudia Bilgen,  
Sophie-Charlotte Heckenberger

Location: Frankfurt (Oder)

The German state pension scheme is subject to a permanent process of adjustment to the ever-changing social and political conditions. By introducing the current measures, as stipulated in the act on the introduction of a basic state pension for customers with a long-term insurance record in the statutory pension insurance drawing below-average incomes and on further measures regarding the increase of incomes in old age (the so-called 'Grundrentengesetz'), German government takes another step in the continuous reform process. This essay sheds light on how this new legislation was developed and takes a closer look at its content. It ties in with the discussion of reforms from 2011 to 2013 in DRV 2/2013, p. 139 et seq. as well as with the essays concerning the Act on Increase of Benefits in the Germans Statutory Pension Insurance (the so-called 'RV-Leistungsverbesserungsgesetz') in DRV 2/2014, p. 74 et seq. and with the articles covering the Act on Increase and Stabilisation of Benefits in the German Statutory Pension Insurance (the so-called 'RV-Leistungsverbesserungs- und -Stabilisierungsgesetz) in DRV 4/2018, p. 281 et seq.

## **„Pension replacement rate“ – a plea for using supplementary indicators**

Authors: Prof. Dr. Dr. h. c. Bert Rürup,  
Dennis Huchzermeier  
Location: Düsseldorf

Whenever social policy is discussed in Germany, there is hardly any other term that comes up as often as ‘pension replacement rate’. At the same time, there is hardly any other technical term about which there are so many misconceptions. As a consequence, it is liable to a lot of intentional and unintentional misinformation, especially when it comes to old-age poverty. In the first part of their essay, the authors elaborate on the term’s core concept and the ways to misinterpret its meaning. The second part of the essay presents indicators from Austria, Switzerland and the United States. On the basis of these parameters, the authors go on to draft a proposal regarding an official amendment to the rather traditional conception of the term ‘pension replacement rate’.

## **Retirement Ages – psychological points of reference for decisions concerning pension commencement**

Author: Prof. Arthur Seibold, Ph. D.  
Location: Mannheim

This article gives an empirical analysis of the strong impact that statutory retirement ages have on customers’ decisions about when to take their old-age pension. The analysis is based on administrative data concerning pension claims over two decades. The most prominent result is that statutory retirement age has a powerful and immediate effect on people’s decisions as to when they want to retire. In contrast to standard economic models, however, this effect cannot

be explained by mere financial incentives. It rather seems as if a statutory pensionable age is conceived by customers as a psychological point of reference when it comes to choosing a pension commencement date. As simulations show, adjusting statutory retirement age can be, on average, an effective means to have people defer claiming their old-age pension. This, in turn, can result in favourable fiscal effects.

### **30 years of reunited Germany – Domestic migration and old-age provision for East-to- West migrants**

Authors: Ulrich Brandt

Locations: Berlin

Based on data collected in the context of a scientific survey called ‚Lebensverlaufe und Altersvorsorge (LeA) [‚Courses of life and old-age provision‘], this article traces the development of residential internal migration in Germany in the period from 1990 and 2016, covering the birth cohorts from 1957 to 1976. It also takes a closer look at decisions concerning old-age provision and at entitlements to pension benefits from the German state pension scheme as well as supplementary pension plans comparing the German resident population to domestic East-to-West migrants. The analysis shows that especially young East-to-West migrants of the birth cohorts from 1972 to 1976 benefit from their professional mobility. When it comes to participation rates and entitlements to pension payments from both the state pension scheme and supplementary pension plans, men and women were found to score better than the resident population in East and West Germany.

## **Migration and its impact on old-age pension – a more differentiated look at migrants in Germany**

Author: Dr. Janina Söhn

Location: Göttingen

For those concerned, migration can have a substantial impact on their entitlement to old-age pensions in their host countries. Depending on how old they were when entering the host country, they tend to start paying contributions rather late in accordance with their employment history. This inevitably gives them lower pension entitlements than they would have been able to acquire if they had spent all their lives in Germany. Based on empirical data collected in the course of the German annual population survey, this article begins with examining to what extent migrants acquire rights to an individual old-age pension within the German state pension system and how the lack of it effects the risks of poverty in old age. Subsequently, follow-up studies of official pension data are presented which show how customers' different employment histories up to pension commencement result in different average pension payments. They also give a summary of relevant parameters that can be used to explain the differences regarding pension entitlements between migrants and residents as well as between individuals within the migrant cohort.

**Social security agreements with non-contracting states – what connects them and what divides them mutually and with regard to EU law**

Author: Dr. Arno Bokeloh  
Location: Bonn

So-called ‚Abwehrklauseln‘, i. e. protective and counter-protective clauses, were characteristic of older social security agreements with non-contracting states. These were drawn up in order to prevent an integrated application not only with regard to different individual agreements but also concerning EU rules on coordination of social security systems as stipulated by EU law. At first, the German Federal Social Security Court’s (Bundessozialgericht) judicial interpretation saw the avoidance of financial burdens for the partner state as the main purpose of these clauses. In the agreements negotiated after this interpretation, the respective clauses were worded far less vaguely, with the intention of excluding an integrated application quite clearly. In more recent agreements, this concept has been modified. Depending on each individual agreement, integrated application is possible under certain conditions. This goes for individual agreements as well as for those regarding EU law.