

DRV-Booklet

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**The German state pension scheme and associated institutions
– financial development during the COVID-19 pandemic**

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Location: Berlin

Thanks to its institutional structure and its strong position within the frame of the federal German welfare state, the German state pension scheme has proved its worth during the COVID-19 pandemic. The regulations concerning short-time allowance do not only secure employment but also help stabilise the acquisition of pension rights by employees working short-time. Owing to a relatively high reserve at the beginning of 2020, the German statutory pension insurance was able to cushion the reduced rate of pension contributions during the period most affected by short-time work. If the reserve had not been higher than the statutory minimum rate of 0.2 monthly expenses, specific measures for securing liquidity would have been inevitable. In accordance with the statutory regulations, the reduced rate of pension contributions caused by the COVID-19 pandemic would have resulted in a considerable increase of the contribution rate as early as 2021 without this substantial reserve. This would have increased the total social security contribution to more than 40 per cent in the current year. The automatic mechanisms within the framework of the social security system and particularly internal financial reserves have secured the state pension scheme's performance during those months which were hardest hit by the impact of the COVID-19 pandemic. The regulations according to which the statutory pension insurance scheme's financial situation adapts to demographic change, labour market developments and economic fluctuations distribute financial burdens and reliefs among pensioners, contributors and taxpayers as stipulated by current legislation.

Innovative pilot projects planned by pension insurance institutions in the course of the first call for funding applications by the federal support programme “rehapro”

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Location: Berlin

As the population continuously ages, the number of persons with impairments and handicaps increases as well. In order to, among other things, make sure that people with chronic health conditions and (potentially) handicapped persons participate in the labour market as long as possible, the German Federal Ministry of Labour and Social Affairs has launched a support programme called “Innovative Wege zur Teilhabe am Arbeitsleben – rehapro” (“Innovative ideas facilitating participation in professional life”) and called for funding applications within the jurisdiction of the pension insurance institutions and local job centres. On the occasion of the first call for funding applications, the institutions of the German state pension scheme have participated by means of 30 pilot projects in order to test innovative measures ranging from prevention and post-rehabilitation support to medical and professional rehabilitation. Institutions within the jurisdiction of German State Pensions Law (as stipulated in the Sixth Volume of the German Social Code – SGB VI) have access to a budget amounting to EUR 500 000 000 covering up to three calls for funding. Apart from evaluating the effects of the federal programme, supporting evaluative research particularly aims at developing productive methods and approaches for the further development of rehabilitation and participation.

Pathways of mentally impaired people into reduced-earning-capacity retirement and opportunities to return to work

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Location: Berlin

The increase in the number of people receiving reduced earning capacity pensions due to a mental impairment is a challenge for pension insurance providers in terms of care policy and professionalism. So far, little is known about the personal histories and careers of persons who finally apply for a reduced earning capacity pension due to a mental impairment. This also applies to the effect of receiving a reduced earning capacity pension on the new living situation and the motivation to return to the general labour market. The results of the research project "WEMRE", funded by Deutsche Rentenversicherung Bund from 2017 to 2020, suggest that, despite the diversity of personal histories, there are three characteristic courses leading to reduced earning capacity pensions due to mental impairments. What is more, the results document various reaction patterns to the receipt of a reduced earning capacity pension, which include a professional reorientation that can be addressed by specific support and can thus have a positive impact on the percentage of people returning to the general labour market.

Home ownership and old-age provision – Germany’s position with regard to other European countries

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Location: Budapest

Home ownership plays an important part in individual old-age provision. Based on the "gAMUT" approach of Koppe and Searle (2017), this article provides an overview of the advantages and disadvantages associated with home ownership, which are manifested as multiple life cycle trade-offs. Using data from the "Household Finance and Consumption Survey" for 2017, it will demonstrate how this is reflected in aggregate form in the wealth development of private households in Germany. One of the most remarkable findings is that the percentage of households owning a home and the property value initially increases over the life cycle, but then declines in old age. At the same time, there is a positive correlation with the level of income. The same applies to investments in private old-age provision. This suggests that home ownership can only play a more important role in supplementing the benefits from the statutory pension insurance for specific income classes. Further open lines of research are discussed.

Transnational activities regarding old-age provision as a strategy to prevent poverty in old age

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Transnational activities with regard to social security in old age are becoming increasingly important in a more and more internationalised society. People of Turkish origin represent the

largest migrant population in the German welfare state and they can rely on the established transnational territory of Germany/Turkey when it comes to their old-age provision. Those involved in the planning of old-age provision with a transnational orientation project for a cross-border resource management of old-age security in the future which does not require living permanently in one place. The qualitative empirical study which is presented here shows that the development of a transnational pension strategy depends on the social situation of those who have been questioned. They make use of welfare state and commercial opportunity structures for the transfer of resources to avert the risk of poverty in old age in Germany. In addition, it becomes apparent that the options for old-age provision chosen by those questioned are significantly determined by their current household income.

Does Corona really affect everyone? Measures and approaches of the population at the onset of the COVID-19 pandemic

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Already at the onset of the COVID-19 pandemic, a lot of measures were taken which are again employed at present. This contribution analyses the behaviour of different groups of people in March 2020 based on the data of a special survey which was conducted by GESIS Leibniz-Institut für Sozialwissenschaften (Institute of Social Sciences). The focus in this article is on the different approaches to dealing with the measures and it makes the reader aware of social inequalities which may result from them. There are marked differences, especially when the comparison is done between different age groups. It becomes apparent that those questioned with kids up to 12 years have been severely restricted. Furthermore, the results show that the compliance with particular measures was quite

frequent – irrespective of personal characteristics. Other measures were increasingly implemented by certain groups. Subsequently, this article briefly considers how the confidence in politics and institutions and the individual approach to coronavirus are interrelated. This shows a positive correlation between trust and a greater willingness to take measures or adhere to them.