

**DRV-Booklet**

**DRV-Number: 1/2025**

**In favour of a social self-administration guaranteed by constitutional law**

Author: Peter Weiß

Location: Berlin

Experience from the social elections in 2023 has shown that ‘simply carrying on as before’ will jeopardise the raison d’être of the social insurance system’s self-administration in Germany in the long term – including the social elections. Therefore, we need to thoroughly consider how this well-established system can be maintained and strengthened. In this article, Peter Weiß, the Federal Election Commissioner for Social Security Elections, presents his thoughts on safeguarding the social self-administration under constitutional law. The aim of the article is to initiate a discussion process in society in general as well as among the social partners and in politics which should lead to a new understanding of the foundations of social security and the mission and purpose of social self-administration. The proposal is not only going to be discussed but also dealt with concretely so that appropriate decisions can be made in the coming legislative period of the German Bundestag.

## **Development of pension adjustment formula and pension dynamics**

Author: Prof Dr Franz Ruland

Location: München

The pension formula is the key component of every pension law. It has two functions: to determine the amount of each insured person's pension as well as the amount of funds that society needs to provide to finance pensions and the pension insurance system in general. According to German legislation, the pension formula is made up of two components. The first is the actual pension formula (Art. 64 SGB VI – Sixth Book of the German Social Code), i. e. the formula for calculating the monthly pension amount. The second part is the pension adjustment formula (Art. 68 SGB VI) which has always played a central role in pension policy and serves as a means to influence pension expenditures and the pension level for all current and future pensioners on the one hand, and the contribution rate for current and future contributors on the other. To implement these measures, one needs to start with the adjustment formula, especially since such changes do not require transitional provisions as opposed to changing the pensionable age, for example. The financial effect on pension expenditures, contribution level and federal subsidy is virtually immediate and permanent because the changes affect the pension portfolio and all future pensions equally. Each adjustment decision concretises or redefines the pension insurance target – expressed either in gross or net pension levels. Given the great significance of pension adjustments, its history should be kept in mind because it has led to pension increases of 1,435 per cent since 1957. The following article traces the eventful history of the adjustment formula and of pension dynamics. It illustrates how much and how often legislators have used the adjustment formula to achieve their pension policy goals. This has – especially in recent times – made the adjustment formula almost incomprehensible.

Nevertheless, this article attempts to explain it. It also discusses various plans to change the pension adjustment formula, such as the former coalition government's Pension Package II.

### **The financial situation of the state pension scheme: projections from 2012, results from 2022 and their background**

Author: Dr Holger Viebrok

Location: Berlin

Based on a comparison of the financial situation of the general pension insurance scheme as projected in 2012 and the actual financial situation in 2022, this article addresses the question of which factors are responsible for the financial position in 2022, which turned out to be more favourable than predicted. Based on elementary correlations in the pay-as-you-go state pension system, key influencing factors from the areas of demographics, labour market and social law are discussed. It will be demonstrated that the effect of positive labour market trends on the financial situation of the state pension scheme is dominant but other influencing parameters can also be identified.

**Who has extra provision and who does not? Supplementary occupational and private pension provision for those insured under the state pension scheme depending on their ability and opportunity to make provision**

Authors: Dr Christin Czaplicki, Dr Thorsten Heien,  
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Location: Berlin

Against the background of the current distribution of occupational and private supplementary pension provision and the implementation of the three-pillar model of old-age provision which has been a socio-political objective since the early 2000s, this article examines how persons who are subject to the state pension scheme participate in pension provision depending on their abilities and opportunities. Comprehensive analyses of the study on 'Life courses and old-age provision' (Lebensverläufe und Altersvorsorge – LeA) show that supplementary provision depends primarily on objective and biographical material resources in view of the ability to make provisions and – particularly for occupational pensions – on the opportunities to actually make them. In contrast, subjective assessments of one's own resources and, above all, intangible resources in the form of personality traits prove to be less significant for participation. Finally, the key conclusions from the results are discussed.