

International comparative study on specific entitlements of people working at arduous and hazardous jobs

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Introducing project DEMTOP

This international study is one of the main parts of the project Development of microsimulation tools for social insurance projections (DEMTOP), which is co-financed by Employment and Social Innovation programme (EaSI). This programme is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty, and improving working conditions. Project DEMTOP was chosen for financing under the call of proposal VP/2018/003, which was called EaSI-PROGRESS: Call for proposals on social innovation and national reforms - Access to Social Protection and National Reform Support. Applicant is Ministry of Labor and Social Affairs, Czech Republic and ERUDICIO, nadační fond, has a role as co-applicant.

Project DEMTOP will last three years, and it started on 1 January 2019. The main goal of the project is to further improve the existing Czech dynamic microsimulation model (NEMO) of the pension system. The project aims to implement the fully funded supplementary pensions strand of the model and to improvement the quality of existing PAYGO strand of the model.

This international comparative study is targeting specific entitlements of people working at arduous and hazardous jobs at fully funded supplementary pension schemes. It focuses on target group structure, form of advantage, way of financing etc.

Project DEMTOP is based on sharing knowledge on pension system for workers in arduous and hazardous jobs with experts from other EU countries. This access will significantly increase the scope of knowledge necessary for decision-making and modelling in this area in Czech Republic. Shared experience from the project will be interesting also to stakeholders or to foreign experts.

Introduction

International comparison of pension scheme is limited because the current rules evolved in the past. Each state and its pension scheme originate from different economic, political, and social situation. The content of this work is an international comparison of special scheme for workers in hazardous and arduous jobs in fund financing system. So firstly, it is important to keep in mind that comparison and analyzing this specific system has certain limitations that result from its gradual development. Secondly, it is true, that complexity of the problem relates to the other politics such as taxes, social transfer, or health insurance. Be reminded, that this is a problem of analyzing only one part of politics such as pension scheme.

Political tendencies in the Czech Republic initiated the idea of writing this study. The idea to get some advantages for workers in hazardous and arduous work in pension scheme resonates in public discussion and is in the official program of the Czech government. In connection with the government's program statement, which stated in 2018, in the pension system (among other things) the government would prepare a proposal for earlier retirement for employees working in physically demanding professions. This issue was discussed, for example, in the Commission for Fair Pensions and in the future it is necessary to decide basic strategic issues such as what will be considered a demanding profession, whether the solution will be sought in the basic or supplementary system, whether it will be possible to reconstruct the demands of the past, who will institutionally cover system etc. The experts and political representation considered more possible solutions. This study analyzes one of the options which were discussed. The use of the fund pillar of the pension system to get advantage for these workers is a path that has been offered. This study summarizes the possibilities, advantages, and disadvantages of choosing such an option.

The whole project DEMTOP has consequences for the security of workers in arduous or hazardous jobs, for the third pillar of Czech pension system and for gradual transition from illness to disability. Project DEMTOP consists of implementation information about supplementary private pension insurance and about individual decision-making processes along with microsimulation tools for social insurance projections. The outputs of the project are also several studies. They are partial analysis of sickness and illness in microsimulation model, partial analysis of alignment of projections to external pension projections, partial analysis of technical solution for a letter with individual entitlement with modelling pension and international comparative study on specific entitlements of people working at arduous and

hazardous jobs. Further, project DEMTOP included study trips, workshop, steering committee meetings, final international conference, and evaluation reports.

While the project DEMTOP was going on, the situation around discussion about security of workers in arduous or hazardous jobs evolved. The possibility of securing these workers in third pillar of pension system has not been further developed. Instead, new legislation has emerged, and it is about lower pension age for specific workers in the first pillar of pension system, so in the basic pension insurance. However, this legislation has still not been adopted.

In 2016 the synthesis report (Retirement regimes for workers in arduous or hazardous jobs in Europe, A study of national policies, 2016) was written within the European Social Policy Network (ESPN) to conduct an exploratory description and analysis of the policy orientations and measures for end-of-career of workers in arduous or hazardous jobs. The present draws on national contributions prepared by the 35 ESPN Country.

Although several similar materials have been written, none deals with such a narrow issue. This study is based on and develops existing materials. The study describes a narrowly defined topic and tries to capture current developments.

However, the emergence of this study is valuable because it maps a certain segment in detail. It analyses its benefits and points out the obstacles that arise. It also follows the study trips of project staff to selected countries. These pathways are an advantage and have also enriched this study.

What is arduous and hazardous job in pension system

There are many definitions of arduous and hazardous job or workers in arduous and hazardous job (hereafter “WAHJ”). In the 2012 White Paper on Pensions, the European Commission observed:

“Workers in particularly arduous or hazardous jobs can be offered alternatives to early retirement, such as job mobility. In some Member States, eligibility rules are being tightened – for instance by increasing the eligibility age. Some countries are also either reducing the levels of benefits provided by special schemes or closing these schemes. Whenever early retirement options are eliminated, it is important to ensure that the individuals concerned are enabled to work longer or, if this is not possible, can enjoy adequate income security”¹

The ILO’s definition:

“It is a known fact that certain sectors and occupations are more dangerous than others. Protecting workers in hazardous conditions – in what is often known as the “3D”, dirty, difficult, and dangerous, jobs – is therefore a primary focus of the ILO. “²

For instance, the French definition emphasizes physical strenuousness: “marked physical constraints, an aggressive physical environment or certain work patterns likely to have lasting, identifiable and irreversible impacts on health.” The Romanian definition covers “jobs in which exposure to risk factors can lead to occupational diseases and have severe consequences for workers’ health and safety at work”.³

Pension systems are influenced by historical developments and traditions. For this reason, the impacts of special provisions, especially in physically very strenuous jobs, can be found in the basic systems. In this point of view, the mining profession is the most frequently mentioned in the regulation. The church activities (care for the poor, care in case of the illness and the dying) were the first forms of organized social activities which were based on professional groups in the early Middle Age. The mining profession was an important group, which had a relative freedom and more privileged position than other guilds. This was related to the strategic

1 European Commission (2012), White paper. An Agenda for Adequate, Safe and Sustainable Pensions, COM (2012). Available online[<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0055:FIN:EN:PDF>], in Natali, D., Spasova, S. and Vanhercke, B. (2016), Retirement regimes for workers in arduous or hazardous jobs. A study of national policies, European Social Policy Network (ESPN), Brussels: European Commission.

2 <https://www.ilo.org/safework/areasofwork/hazardous-work/lang--en/index.htm>

3 Natali, D., Spasova, S. and Vanhercke, B. (2016), Retirement regimes for workers in arduous or hazardous jobs. A study of national policies, European Social Policy Network (ESPN), Brussels: European Commission.

importance of this profession (creating financial resources for the monarch), as well as the higher concentration of workers and, finally, the high risks of this profession. Therefore, throughout the Middle Ages, the monarch or the nobility paid attention to the legal regulation of this profession by issuing the so-called mining regulation. Since the 19th century, these laws also included provisions concerning the security of miners (or their widows and orphans) who became ill, injured, or invalid. The medieval craft guilds and their associations were important too.

According to historical documents, the oldest mining regulation states that Czech miners had been associated in freelance fraternities, first reason was to "maintain peace and order in the mountains" and second reason was to voluntarily support friends who have become incapable of work, injury or old age. For these humane purposes, voluntary contributions were collected from all miners as a payment to a special treasury. Because these voluntary contributions were soon insufficient, all the miners associated in the fraternity were required to make regular contributions based on their wages. Gradually, the employer/owner of the mine also got involved in the financing, when, for example, part of the income from the activity was used to co-finance the fraternal mining funds.⁴

In addition to the "traditional" mining profession, there are other professions or sectors in specific pension schemes. These jobs are often physically strenuous, threatening, and harmful to health. There are workers in professions such as heavy industry, chemical (pharmaceutical) industry, steel industry, work with asbestos, radiation, etc. in specific pension schemes. Further, military profession, police service or work as a fireman can belong to specific provision in pension scheme. Finally, there are jobs associated with work at sea and with transport (most often railway) or professions such as teacher, artist (e.g. ballet, playing wind instruments) and athlete are in specific pension schemes too.

Workers in particularly arduous or hazardous jobs may be offered possibility to retire early or to change jobs.

In some EU Member States, eligibility rules are being tightened. The Pension Adequacy Report (2021) summarizes that special schemes or rules for workers in arduous and hazardous jobs have been phased out over the past decade. Some countries are also either reducing the levels

⁴ The first document „Horní (Jáchymovský) řád“ was issued in 1518. There is no doubt that similar activities existed before this. From the 13th century, the miner’s guilds were established in Kutná Hora and Jihlava, their legal basis came with the Mining Act in 1854.

of benefits provided by special schemes or closing these schemes. One of the reasons is the disappearing of some arduous or hazardous profession sectors, like mining. However, some countries have kept solidarity mechanisms for these kinds of workers or have special rules for workers with long careers.⁵

Table 1 The categorization and advantages for WAHJ in four analyzed state's pension system

	Categorization WAHJ	Advantages for WAHJ
Bulgaria	Category I and II listed in Ordinance on Categorization of Labor at Retirement Bulgaria.	<ol style="list-style-type: none"> 1. counted extended duration of the contributory period, 2. The supplementary fixed-term professional pension shall be paid until the person reaches the standard retirement age
Croatia	52 jobs defined in 17 sectors in The Act on Insurance Periods Counted with Increased Duration.	<ol style="list-style-type: none"> 1. enhanced insurance period 2. lower retirement age
Slovenia	A list in the Augmented Retirement Benefits Employment Act in 1969. Insured persons performing especially difficult jobs or jobs that are harmful to health, as well as those jobs that cannot be successfully professionally performed after a certain age, are additionally insured in the Occupational Retirement Plan.	<ol style="list-style-type: none"> 1. remain the old regime with insurance period enhancements and a lower retirement age 2. occupational pension benefit, which will be paid until the conditions for (regular) old age pension
Slovakia	Categories III and IV, as defined by the Public Health Office of the Slovak Republic.	Benefits from III. pillar.

⁵ The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU, Luxembourg: Publications Office of the European Union, 2021 © European Union, 2021

The first pillar

Although securing WAHJ in the first pillar is not the focus of this study, it is important to mention it. One of the reasons to mention the first pillar in this study is that the only advantage in Czech pension system at present is for miners in the first pillar of pension system. One of the basic goals of a broadly defined pension system (usually state organized) is to provide for the largest part of the population. The universality and the uniformity are the basic principles applied in basic social systems. Uniformity is an effort to secure all beneficiaries according to the uniform rules, but not according to the principle of all to the same. The same rules are applied, and subjective benefits are excluded, however differences may occur.⁶ These were the implemented principles of a pension reform, which was adopted by Act No. 155/1995 Coll., On Pension Insurance in Czech Republic.

The pension system in the Czech Republic was based on the principle of equality. The minor exception and special treatment are for miners. This exception was intended only temporarily and supposed to fade naturally.

Very often a lower retirement age is an advantage applied in the pension system for WAHJ through creating new schemes or waiving penalties. It is quite logically provided in the first pillar of a pension scheme. These specific provisions are in Italy and in the Netherlands. These types of measures target people with long contribution period too. The examples are Italy, Portugal, and Austria. They all implemented early retirement scheme, regime, or non-application of penalties for people with long contributory periods or who started their careers early.⁷

The second pillar

Currently, there is no second pillar in Czech pension system. So, it is not the goal to secure WAHJ in this second pillar pension system. But the second pillar, the developed supplementary pension system is the natural place to provide provision for WAHJ in many other EU countries. In some EU countries, the activities of employers aimed at providing security for the elderly workers are named as the second pillar. Employee or employer establish pension funds, which are an important part of the pension system. Their form is of course very diverse. But an

6 Social political theory and international experience, I. Tomeš. Socioklub 1996

7 The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU, Luxembourg: Publications Office of the European Union. 2021

important feature is that the specific form is the result of corporate social dialogue and collective bargaining at company or industry level.

There are many complementary schemes related to the professions, which reflect many specific working conditions, in most developed countries. They usually have a long tradition and many years of gradual development.

Because of the variety of schemes and difficult implementation in the Czech pension system, this study does not analyze the security of workers in the second pillar.

The third pillar

Special scheme for WAHJ can be financed by contributions in the third pillar of the pension system, but this financing method does not occur very often. We have found such funding in Slovakia and Slovenia. This method is based on the employee's obligation to pay part of the salary to the fully fund pillar. This is the main part of this international study. Bulgaria and Croatia are also included in the study, as the scheme for WHAJ also appear in the fund pillar in cooperation with first pillar.

Table 2 Four analyzed state's pension system and where is secure of WAHJ

	Pension system	Secure of WAHJ
Bulgaria	Three pillars: 1. Compulsory pension insurance, 2. universal pension funds and mandatory occupational pension funds for WAHJ, 3. voluntary supplementary pension insurance.	II. pillar
Croatia	Three pillars: 1. Compulsory social insurance, 2. mandatory pension funds, 3. voluntary supplementary pension insurance.	I. + II. pillar
Slovakia	Three pillars: 1. Compulsory social insurance, 2. mandatory pension funds, 3. supplementary pension insurance.	III. pillar

Slovenia	Three pillars: 1. Compulsory social insurance, 2. mandatory supplementary pension for WAHJ, 3. voluntary supplementary pension insurance.	II. pillar
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Croatia

The first description of pension scheme in this study is Croatia pension system. It was chosen for “multi-pillar system”, which secure WAHJ also. Croatia has statutory funded pension scheme for workers under a certain age. There are three situations:

- 1) all persons under the age of 40 (at the time of the 2002 reform or at the time of becoming an insure) must participate in the two-pillar mandatory system,
- 2) persons aged between 40 and 50 at the time of the 2002 reform can choose between staying within the PAYG scheme or joining the new “two-pillar mandatory system”,
- 3) persons over 50 at the time of the 2002 reform must remain within the PAYG scheme only.⁸

The second pillar pension system involves mandatory pension funds. The third pillar pension system constitutes voluntary pension insurance and implies individual savings in voluntary pension funds of open-ended or closed-ended type. Open-ended pension funds are open for membership to any person interested in becoming a member of an open-ended pension fund. Closed-ended pension funds form their membership out of persons who are either employed with an employer, or are trade union members, members of associations of self-employed persons or self-employed persons.⁹

At present, there is approximately a 40 years duration of secure WAHJ in pension system. The Croatian system for special categories aims to enable employees in hazardous and arduous jobs - which are harmful to health and cannot be done at elderly. Current pension framework was adopted in 1999 and it was update in 2019.

Since 2019, the system has been simplified, and 52 jobs was defined in 17 sectors. However, the aim is an adapt the rules to the conditions of the 21st century, such as dynamic developments

⁸ ESPN Retirement regimes for workers in arduous or hazardous jobs Croatia, 2016

⁹ ESPN Retirement regimes for workers in arduous or hazardous jobs Croatia, 2016

in the labor market and technological field and occupational safety. The last modification enabled and standardized the process by which a new type of occupation can be registered.

The Act on Insurance Periods Counted with Increased Duration defines arduous and hazardous jobs as those performed in ‘workplaces where there are harmful effects on the health and working ability of the employee, despite having applied general and special health and safety protection measures’. The basic principle is the system of 12/14 to 12/18:

- by one year for every six years of work in jobs or professions in which the insurance period of 12 months is counted as 14 months,
- by one year for every five years of work in jobs or occupations in which the insurance period of 12 months is counted as 15 months,
- by one year for every four years of work in jobs or professions in which the insurance period of 12 months is counted as 16 months,
- by one year for every three years of work in jobs or professions in which the insurance period of 12 months is counted as 18 months.

Each 12 months in selected occupation are calculated as a period lasting 14 to 18 months. The insurance period is thus extended by 2, 3, 4 or 6 months in one year. In addition, the retirement age is lower by 1 year for every 3 to 6 years of work in selected occupation.

A pro-rata enhancement applies to shorter service periods. This has the effect of a higher pension accrual rate for each period of contribution since the amount of pension benefit is calculated also based on the pension insurance period.

Employers had to pay pension insurance for WAHJ. Employees and self-employed pay 20% on gross earnings or on defined insurance base if they are insured under first pillar. If employees and self-employed are insured under first and second pillar they pay 15% to the first pillar and 5% to the second pillar. The employer’s additional contribution rate depends on whether the WAHJ is covered only by the statutory PAYG scheme or also by the mandatory funded pension scheme, as well as on the length of the pension contributory period. Additional contributions are paid by employers for WAHJ, it can vary between 4.86% and 17.58% according to the length of the contributory period for first public pillar WAHJ pension.

Lower pension ages have been prescribed for some specific jobs too:

1. for ship crew members,
2. for workers in de-mining or in service during the Homeland War,

3. for workers who were directly or indirectly exposed to asbestos.

The three categories with lower pension age listed above-originate from history and it is not relevant to the analysis on pensions for WAHJ. However, they should be mentioned because they form the picture of Croatian pension system.

In the context of Czech pension system, the experience about creation of updated rules in 2019 is interesting. This amendment was preceded by a scientific (health and social) research associated with scientific studies and connected with a physical review, or a specific inspection of the workplace, working conditions and personal interviews. This process took about two years and was a review of the status quo. In the case of Czech Republic, this would involve building a completely new system. It is quite complex and challenging for any profession seeking to be classified in a specific category. The process serves to objectify and eliminate lobbying. Currently, there are 24 824 WAHJ registered in Croatia, which is about 1.5% of the total number of insured persons, and according to experts, there is no tendency to expand this volume or the number of professions, because the professions covered by the law were created through objective analysis. Another important aspect of the system is that it covers only employed persons, not the self-employed.

Slovakia

The issue of securing hazardous professions is based on Act No. 100/1988 Coll., social security, where categories of professions were defined. Entitlements in the first pillar of the pension system assessed under this law before 2000 remain inviolable.

The third pillar of the pension system is based on private savings in supplementary pension companies. Between 1996 to 2013, participants could conclude a contract, that included a benefit plan. These plans set out the conditions for individual benefits, one of these was a supplementary retirement pension, which served a supplementary income if participants worked in defined jobs. Between 1996 to 2000, the supplementary retirement pension was provided to insured persons according to the sector of work in the benefit plan. Between 1996 and 2000, the supplementary old-age pension was granted to insured persons according to the sector of work in the benefit plan. From 2001 to 2004, this benefit was granted to insured persons working in jobs classified in job categories III and IV if they performed hazardous work. Since 2004, there are so-called “rizikári/risk-takers”, i.e. insured persons performing jobs classified in job categories III and IV, as defined by the Public Health Office of the Slovak

Republic. The condition of the duration of employment (or payment of contributions by the employer) for these jobs was defined in the benefit plans.

Since 2014, the legal regulation of the third pillar has changed. There are no benefit plans for new contracts, there has been a separation of funds between trustees and participants, tax relief and other measures have been introduced.

Currently, employers are obliged to contribute to the third pillar of 2% of their assessment base for "risk takers", dance artists and brass players. The supplementary old-age pension is payable for at least five years and can be paid to 'at risktakers', dancers and brass players after the age of 55, provided that the employer has paid these contributions for them for at least ten years.

In the third pillar in Slovakia, there is the possibility of tax relief on contributions of up to €180 per year. Contributions of up to 6% of taxable wages can be claimed as a tax expense by the employer. The contribution is subject to health insurance on the part of both the employee and the employer.

The third pension pillar is voluntary, except for the employer's obligation to pay for "risk-takers". The employee is obliged to conclude a participation agreement within 30 days of taking up a "risk-takers" position. The employee chooses "DDS" (doplňkové dôchodkové sporenia"/supplementary pension saving) and the employer is obliged to conclude a contract with this company within 30 days. A person can have more agreements with more DDS.

The Ministry guaranteed several inspections that focused on compliance with the obligation to pay contributions for "risk-takers". The inspections were called Strangulation I, II, III and IV and were carried out by the State Labor Inspectorate. The results were indisputable, but it seems that some employers were unaware of the obligation to pay contributions for "risk-takers". Then there is the effect of preferring a higher current wage than future income because the contribution is subject to health insurance. Further checks are not yet planned, and the Ministry is now focusing on information on employers' obligations to pay into the third pillar for risk-takers in the context of further checks also carried out by the competent authorities.

The group of works that are obliged to pay a contribution has been extended to include dance artists and wind instrument players. There is a form of personal income from the Ministry of Culture or the Ministry of Industry that provides for specific workers in similar institutions. This personal income is not a pension and is not organized by the State. The rules of this personal income and its financing are guaranteed by the ministries. It is therefore one of the

possible ways, should a certain group of workers consider obtaining certain benefits for hard and risky work.

Bulgaria

The next two pension systems in this study are those of Slovenia and Bulgaria. Both Bulgaria and Slovenia secure WAHJ in a special statutory funded scheme. They counted extended duration (years/months of career) of the contributory period of WAHJ.

There is a list of arduous and hazardous jobs in Bulgaria. The sectors and sub-sectors of the economy, right down to specific enterprises are described in detail, with specific job positions and functions within production units. The list evolves from bargaining trade unions, the government, the employers, and it was influenced by tradition.¹⁰ There are three categories of labor listed in a specific ordinance. The first and second categories include the most arduous and dangerous jobs. The third category covers all other jobs.

There is a second pillar, which contains statutory funded pension insurance with universal pension funds and mandatory professional pension funds for early retirement intended to cover all persons working at hazardous environment (labor 'at risk'). Pension insurance companies (PICs) administer the statutory funded pension schemes and the supplementary pension schemes. An independent Financial Supervision Commission reporting to the National Assembly supervise PICs.¹¹

There is a third pillar of pension system in Bulgaria, this third pillar is voluntary, and it is not used for securing WAHJ in any special way. So, it is not a subject to analyses.

The contribution rate to the statutory funded schemes is 5 %: 2.2 % paid by the employee and 2.8 % paid by the employer. For WAHJ who participate in professional pension funds the contribution rate is 7 % or 12 %, depending on the actual profession.¹²

Many WAHJ are eligible to early retirement under special rules. These rules are for military servants and civil servants of the Ministry of Internal Affairs and other special agencies, teachers, and ballet dancers too. The rules set requirements for age and career length and for

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11 p. 19, The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU, Country profiles, Volume II, Luxembourg: Publications Office of the European Union, 2021 © European Union, 2021

12 p. 21, The 2021 Pension Adequacy Report: current and future income adequacy in old age in the EU, Country profiles, Volume II

the total sum of age and career length. In addition, when calculating the length of service conversion rules were applied to transform career length under category I and II into ordinary career length; four years of service under category II were treated as five years of ordinary service, and three years of service under category I were treated as five years.¹³

Persons having worked 10 years or more under category I and 15 years or more under category II are entitled to an early pension.

Slovenia

As it is mentioned below, there is a special statutory pension scheme and separate pension rules for WAHJ in Slovenia. The securing of WAHJ has got a long history in Slovenia. The Augmented Retirement Benefits Employment Act (1969), which contains a list of arduous and hazardous jobs, still applies. There were two reforms in 1999 and 2012. These pension reforms foresaw the creation of a special commission that would be authorized to assess, on the basis of rules and criteria defined by the Slovenian government, whether the conditions for classifying individual jobs as arduous or hazardous jobs were still fulfilled: however, this issue remained unresolved until the 2015 measure. Under the latter, two special committees will now decide which jobs should be included in the occupational insurance scheme, based on an evaluation of their adverse health effects.¹⁴ Difficult or harmful jobs and jobs that cannot be successfully professionally performed after a certain age give eligibility to the occupational pension.

When the conditions are fulfilled, the insured person will start receiving the Occupational pension benefit, which will be paid until the conditions for (regular) old age pension are met. Legal full retirement age is 65 years for both women and men. Occupational pension will be granted in the amount of funds collected on the personal account of the insured person and it is included between:

- the amount of the old age pension that insured persons would have received providing that they have fulfilled 40 years of insurance period, increased by the contribution for health insurance and the expenses of the fund manager.

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- the amount of the maximum old-pension pension base, increased by the contribution for health insurance and the expenses of the fund manager, if there are enough funds on the personal account.

There are enhancements for WAHJ in calculation insurance period. WAHJ who were covered by the compulsory supplementary insurance scheme pursuant or are covered by an occupational pension pursuant will have one-quarter of the period of their membership in the occupational scheme added to their actual insurance period for the fulfilment of conditions for an early-retirement benefit or an old-age pension.¹⁵

The conditions for acquiring the right to an occupational pension are that, pensionable service including enhancements must be at least 42 years and 6 months, and there must be adequate funds accumulated in the personal account. The pension is paid for a period equal to the difference between the actual years of pensionable service (without enhancement) and 40 years. If WAHJ reaches pensionable service at least 40 years, the minimum pensionable age for WAHJ is specified in table. The pensionable age depends on the level of the insured service enhancement applicable to a particular job.

In 2010 was introduced contribution rate of 10.55% or 12.6% to ensure that the resources collected in the compulsory supplementary pension insurance fund sufficient to pay the level of pension.

The third pillar consist of insurance on a voluntary basis.

Main outcomes and future challenges

There is a tendency to eliminate the preferential position of WAHJ in pension scheme. An example of finding a way to limit the list of arduous and hazardous jobs is Croatia. There was an amendment in 2019, which was preceded by a scientific (health and social) review of WAHJ and eliminated the number of occupations, which are under specific rules for WAHJ.

Room for improvement can be seen on the issue of special pension schemes for WAHJ. In some cases, the special scheme for WAHJ does not fulfil its function of providing in the event of incapacity for arduous and hazardous work. For example, in White Book on Pensions (Slovenia, 2016) it states, according to the statistics on occupational retirement, only a very small number of insured people opted for the occupational one. Others opted instead to continue working until

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they fulfilled the conditions for an old-age pension, and either withdrew the contributions collected in their personal account as a lump sum (subject to a €5 000 maximum) or requested that the funds be transferred free of charge into the voluntary supplementary pension insurance scheme.¹⁶

The next example is the Slovak pension system. The future challenge for the greater efficiency of the third pillar is to find the ways to increase (voluntary) contributions by employees and increase the returns to the fund.

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