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Gateway Policy Explorer: Retirement Series

Austria

Public Own Old-Age Benefit Plan Details

1992-2022

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Preface

This document is intended for researchers who want to understand the evolution of policy or the policy in place at a particular point in time. This document is not intended for financial advice or to aid in decision-making. The authors have made significant effort to identify and collect historical information pertaining to these policies, to accurately represent these policies, and to communicate how policies may interact to determine legal requirements, eligibility for benefits, and/or benefits levels. The policies presented in this document focus on rules applicable to most individuals aged 50 and older from 1992. Many systems include special policies or alternative eligibility rules for specific groups. We encourage all users to complete their own review of literature in this area depending on the research questions they have in mind.

If you have feedback or questions or identify an error, please contact policy@g2aging.org.

Background — *Gateway Policy Explorer: Retirement Series*

The *Gateway Policy Explorer* (http://g2aging.org/policy-explorer) is part of the Gateway to Global Aging Data (http://g2aging.org) project. The *Retirement Series* captures historical policy that affects the birth cohorts of respondents in the surveys covered by the Gateway. It was motivated by the rapid evolution of policies affecting older people across the world. As the Health and Retirement Study (HRS) began in 1992 and many of the international network of studies (HRS-INS) cover more than a decade, understanding the policies in place at the time of the survey has become more demanding for researchers.

Why are we tracking past policy? Individuals make choices based on current policies and the outcomes we see today may reflect responses to past policies. When interpreting the survey responses of individuals, an understanding of the policy environment under which those individuals operate is critical. The collection of contextual information in the *Gateway Policy Explorer* aims to support researchers who want to understand or use policy changes in their research and provide context for longitudinal or cross-country differences. Over the period 2023–2026 the *Gateway Policy Explorer* will be expanded to include information on retirement, long-term care, education, and other policies affecting the life cycle.

The key dimensions to the *Gateway Policy Explorer: Retirement Series* are country and time. We prioritize data collection for each country based on its first interview wave and are continuing to expand our data collection back in time to 1992, the earliest survey date in the HRS-INS.

A separate document, like this one, is developed for each country and each broad category of policies covered in the *Gateway Policy Explorer: Retirement Series*.

Author and Contributor Disclaimers

† The opinions expressed here are those of authors and do not necessarily reflect the views of the OECD or of its member countries.

Austria

Own Old-Age Benefits

Plan details 1992-2022 * †

The Austrian old-age pension system is a defined benefit system (DB) based on a person's contribution years and earnings. A pension reform in 2005 introduced an alternative DB system for workers born after 1954 with individual accounts that accrue credits based on a worker's contribution history. For workers in the new system, total credits in their account form the basis of their annual pension benefit.

Key Dates

First law: 1909

Major changes since 1992: 1996, 1999, 2003, 2005

Contents

* If you have questions or suggestions, please contact policy@g2aging.org.

† Detailed information and definitions are provided in tables, formulas and a glossary at the end of this document. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: "Alt" + "←"; In Adobe Acrobat on a MAC: "command" + "←"; In Preview on a MAC: "command" + "[".

Chapter 1: Policy enacted 1992-1995

Overview

The Austrian old-age pension provides lifetime benefits for workers satisfying one of a number of eligibility tracks with specific age and contribution requirements. It is a defined benefit system (DB) based on a person's contribution years and earnings. It includes an income-tested minimum pension for low-income pensioners (Ausgleichszulage). The General Social Insurance Act (Allgemeinen Sozialversicherungsgesetzes, ASVG) forms the legal basis of the Austrian public old-age pension system.

The pension system has two benefit eligibility tracks:
- Regular Old-Age Pension (Alterspension), available at the statutory retirement age if an individual has satisfied contribution requirements
- Flexible Pension (Gleitpension), available for individuals who satisfy the corresponding age and contribution requirements to conduct part-time work while receiving part of the benefits before the statutory retirement age, which transforms into regular old-age pension upon reaching the statutory retirement age

There are separate systems for miners, notaries, public employees, and self-employed persons in trade, industry, and agriculture:
- The Commercial Social Security Act (GSVG) regulates the compulsory insurance of the "self-employed"
- The Freelance Self-Employed Social Insurance Act (FSVG) regulates the health, accident and pension insurance cover of self-employed professionals, e.g., doctors, pharmacists, civil engineers and patent attorneys
- The Farmers' Social Insurance Act (BSVG) primarily regulates the social insurance of farmers and their family members

Five pension institutions are responsible for administering social insurance: the Social Insurance for Trade and Industry (SVA), the Social Insurance Institution for Farmers (SVB), the Insurance Institution for Public Servants (BVA), the Insurance Institution for Railways and Mining (VAEB), and the Pension Insurance Institution (Pensionsversicherungsanstalt, PVA). PVA is the largest insurance provider and covers all employees (i.e., workers that are not self-employed) in Austria. Old-age benefits within ASVG are administered by PVA.

This document provides policies relating to old-age benefits based on ASVG. The policy details associated with eligibility and benefit levels of minimum pension/compensatory allowance are covered in the separate policy document: *Austria Public Old-Age Social Assistance Plan Details*.

Policy context, 1992-1995
In 1992, the Austrian pension system displayed the main features from pension reforms in the 1980s which linked replacement rate with contribution history and gradually extended assessment period to the best 15 years. In addition to previous reforms, a pension reform in 1992 (Law 832/1992) aimed at equalizing the statutory retirement age for men and women by increasing the statutory retirement age for women from 60 to 65 by six months every year, starting January 1, 2024.

Contributions

- **Employee contribution rate**
  9.25% of earned income
- **Employer contribution rate**
  9.25% of earned income
- **Self-employed contribution rate**
  12.5% of earned income
  Note: This document focuses on the self-employed governed by GSVG

Eligibility

Age requirements to start benefits without penalty
- **Statutory retirement age (SRA)**
  Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033
- **Does SRA vary by birth year?** Answer: Yes, for women only
- **Does SRA vary by sex?** Answer: Yes
- **Details by birth year**: See Table 1 for changes in SRA for women by birth date

Contribution requirements to be eligible to receive benefit

During this time period there are two eligibility tracks for full benefits within ASVG. A component of eligibility is the number of insurance months. Insurance months (Versicherungszeiten) include contribution times (Beitragszeiten) and substitute times (Ersatzzeiten):

- Contribution times include periods of compulsory insurance, voluntary insurance, family hospice leave (up to 9 months), and periods of employment not subject to pension insurance (e.g. as a civil servant) for which a transfer amount was paid to the PVA after the end of the period
- Substitute times include times of child-rearing, maternity leave, sickness leave, military and community service, and school, study and training

Eligibility Track 1: Regular Old-Age Pension

- Age Requirements: Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033 —See Table 1 for changes in SRA for women
- Contribution Requirements: Must satisfy one of the following —
  - 180 insurance months in the last 30 years
  - 180 contribution months of compulsory insurance and voluntary insurance
  - 300 contribution months after December 31, 1955

Eligibility Track 2: Flexible Pension

- Age Requirements: Age 60 for men and age 55 for women
- Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
  - 450 insurance months
  - 420 contribution months of compulsory insurance
- Other requirements:
  - An agreement between the insured and the employer about maximum working hours (28 hrs/week or 70% of last year's working hours) during the flexible pension claiming period

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment
    - Age Requirements: Age 60 for men and age 55 for women
    - Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    - Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period
    - Age Requirements: Age 60 for men and age 55 for women
    - Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      - 450 insurance months
      - 420 contribution months due to compulsory insurance
  - Eligibility Track 1c: Disability Early Retirement
    - Age Requirements: Age 57 for men and age 55 for women
    - Contribution Requirements: 180 contribution months of compulsory insurance in the last 30 years and must satisfy one of the following —
      - 24 contribution months of compulsory insurance in the last 3 years
      - 36 contribution months of compulsory insurance in the last 15 years
    - Other Requirements:
      - At least half of the contribution months are acquired in the same or similar employment in the last 15 years
      - Proof of inability to earn at least half of the remuneration through employment due to physical or mental conditions

  Eligibility Track 2: Flexible Pension
  No early retirement option

Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
- Age Requirements: None
- Contribution Requirements: Must satisfy one of the following —
  * 180 contribution months
  * 300 insurance months
  * Before reaching the age of 50: 60 months of insurance within the last 10 years. Starting at age 50, contribution requirement increases stepwise to 180 months within the last 30 years. See Table 6 for details
  * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
- Other Requirements:
  * The disability is expected to last for at least six months
  * The requirements for regular old-age pension, early retirement with long insurance period or disability early retirement are not yet satisfied

- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type
- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement
- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Periods of military or community service count as substitute months under ASVG
- **Does an individual receive credits for number of children?** Answer: Yes, indirectly through benefits for maternity and child-rearing. Periods of child-rearing and maternity count as substitute months under ASVG
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of receiving unemployment insurance benefits and unemployment assistance count as contribution months under ASVG, whose amount is based on the contribution base of the unemployment benefits, which is typically 70% of their last salary
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  Adjustment factor (Anpassungsfaktor), decided in parliament and published by the Federal Minister for Social Security, Generations and Consumer Protection every year for the following year, corresponds to the average increase in consumer prices in 12 months up to July of the following year, using the 2000 consumer price index or an index replacing it. The average increase is computed using the arithmetic mean of the annual inflation rates published by Statistics Austria for the calculation period.

Benefit formula for claiming at SRA

Within ASVG, the amount of old-age pension is calculated as the assessment base multiplied by replacement rate based on contribution history. Pension benefits may increase or decrease due to delayed claiming or early claiming —see Table 2 and Table 3 for changes in deduction rate and increase rate over time. Key components of the benefit formula are:

- Assessment Base (Bemessungsgrundlage): A value of the average indexed monthly earnings based on the highest years of earnings during the assessment period, currently set at 15 years. The years do not need to be consecutive. Earnings from each year are capped by maximum contribution basis (Höchstbeitragsgrundlage) and are adjusted to present value at date of claim based on revaluation factor in effect —see Table 4 for maximum contribution basis and Table 5 for revaluation factors over time. If there are fewer than 180 contribution months, the assessment base is formed from all available contribution months and divided by the number of available contribution months increased by one sixth.
- Replacement Rate: A set percentage calculated from the number of contribution months multiplied by the accrual rate. The accrual rate is set at 2.00% during this period. The replacement rate is capped at 80%. An exception to this cap applies for delayed claiming.

See Formula 1 for how the benefit is calculated under ASVG during this period. Box 1 provides an example of how the benefit is calculated.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment
    * Age Requirements: Age 60 for men and age 55 for women
    * Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    * Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period
    * Age Requirements: Age 60 for men and age 55 for women
    * Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      · 450 insurance months
      · 420 contribution months due to compulsory insurance
  - Eligibility Track 1c: Disability Early Retirement
    * Age Requirements: Age 57 for men and age 55 for women
    * Contribution Requirements: 180 contribution months of compulsory insurance in the last 30 years and must satisfy one of the following —
      · 24 contribution months of compulsory insurance in the last 3 years
      · 36 contribution months of compulsory insurance in the last 15 years
    * Other Requirements:
      · At least half of the contribution months are acquired in the same or similar employment in the last 15 years
      · Proof of inability to earn at least half of the remuneration through employment due to physical or mental conditions

  Eligibility Track 2: Flexible Pension
  No early retirement option

  Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    * 180 contribution months
    * 300 insurance months
    * Before reaching the age of 50: 60 months of insurance within the last 10 years. Starting at age 50, contribution requirement increases stepwise to 180 months within the last 30 years. See Table 6 for details
    * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  - Other Requirements:
    * The disability is expected to last for at least six months
    * The requirements for regular old-age pension, early retirement with long insurance period or disability early retirement are not yet satisfied
- **Adjustment formula**
  Benefit is reduced for early retirement by 0.719% per month, up to a maximum of 40% of the total assessment base. These adjustments are incorporated into benefit formula during this period —see Formula 1 for more details.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: None
- **Adjustment formula**
  The amount of regular old-age pension may be increased for claiming after SRA. Increase rate due to delayed claiming varies by age at claim and there is no maximum regarding pension increase. For every year after SRA, these increase rates apply:
  - Age 61 to 65: 2%
  - Age 66 to 70: 3%

    - From age 71: 5%

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  For early retirement options under eligibility track 1, earnings subject to compulsory insurance must not exceed the marginal income threshold determined within ASVG, otherwise benefits will be eliminated until SRA. After SRA, there is no earnings-test against pension claiming.
- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes
- **If so, how does claiming and continuing to work affect future benefits?**
  Contributions during cessation of old-age benefit entitlement accumulate and increase future benefits.

Additional Benefit Adjustments

- **Adjustment 1:** Child allowance
- **Adjustment 1 details**: 300 S for each child under age 18 (27 if student, no limit if child is disabled), paid 14 times a year.

Chapter 2: Policy enacted 1996-1998

Policy change in 1996

The 1996/97 fiscal consolidation package led to the following changes:

- The contribution rate for self-employed will increase from 12.5% to 13.5% and then to 14.5%

Other reforms during this period include:

- Law 201/1996, effective April 1, 1996, increased contribution rates for self-employed from 12.5% to 13.5% and then to 14.5
- Law 139/1997, effective January 1, 1998, introduced an alternative eligibility option known for the flexible pension

Overview

The Austrian old-age pension provides lifetime benefits for workers satisfying one of a number of eligibility tracks with specific age and contribution requirements. It is a defined benefit system (DB) based on a person's contribution years and earnings. It includes an income-tested minimum pension for low-income pensioners (Ausgleichszulage). The General Social Insurance Act (Allgemeinen Sozialversicherungsgesetzes, ASVG) forms the legal basis of the Austrian public old-age pension system.

The pension system has two benefit eligibility tracks:

- Regular Old-Age Pension (Alterspension), available at the statutory retirement age if an individual has satisfied contribution requirements
- Flexible Pension (Gleitpension), available for individuals who satisfy the corresponding age and contribution requirements to conduct part-time work while receiving part of the benefits before the statutory retirement age, which transforms into regular old-age pension upon reaching the statutory retirement age

There are separate systems for miners, notaries, public employees, and self-employed persons in trade, industry, and agriculture:

- The Commercial Social Security Act (GSVG) regulates the compulsory insurance of the "self-employed"
- The Freelance Self-Employed Social Insurance Act (FSVG) regulates the health, accident and pension insurance cover of self-employed professionals, e.g., doctors, pharmacists, civil engineers and patent attorneys
- The Farmers' Social Insurance Act (BSVG) primarily regulates the social insurance of farmers and their family members

Five pension institutions are responsible for administering social insurance: the Social Insurance for Trade and Industry (SVA), the Social Insurance Institution for Farmers (SVB), the Insurance Institution for Public Servants (BVA), the Insurance Institution for Railways and Mining (VAEB), and the Pension Insurance Institution (Pensionsversicherungsanstalt, PVA). PVA is the largest insurance provider and covers all employees (i.e., workers that are not self-employed) in Austria. Old-age benefits within ASVG are administered by PVA.

This document provides policies relating to old-age benefits based on ASVG. The policy details associated with eligibility and benefit levels of minimum pension/compensatory allowance are covered in the separate policy document: *Austria Public Old-Age Social Assistance Plan Details*.

Contributions

- **Employee contribution rate**
  10.25% of earned income, effective July 1, 1996
- **Employer contribution rate**
  12.55% of earned income, effective July 1, 1996
- **Self-employed contribution rate**
  Increased from 12.5% to 13.5% and then to 14.5% of earned income —See Table 7 for changes in contribution rate for the self-employed over this period
  Note: This document focuses on the self-employed governed by GSVG

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033
- **Does SRA vary by birth year?** Answer: Yes, for women only
- **Does SRA vary by sex?** Answer: Yes
- **Details by birth year:** See Table 1 for changes in SRA for women by birth date

Contribution requirements to be eligible to receive benefit

During this time period there are two eligibility tracks for full benefits within ASVG. A component of eligibility is the number of insurance months. Insurance months (Versicherungszeiten) include contribution times (Beitragszeiten) and substitute times (Ersatzzeiten):

- Contribution times include periods of compulsory insurance, voluntary insurance, family hospice leave (up to 9 months), and periods of employment not subject to pension insurance (e.g. as a civil servant) for which a transfer amount was paid to the PVA after the end of the period
- Substitute times include times of child-rearing, maternity leave, sickness leave, military and community service, and school, study and training

Eligibility Track 1: Regular Old-Age Pension

- Age Requirements: Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033 —See Table 1 for changes in SRA for women
- Contribution Requirements: Must satisfy one of the following —
  - 180 insurance months in the last 30 years
  - 180 contribution months of compulsory insurance and voluntary insurance
  - 300 contribution months after December 31, 1955

Eligibility Track 2: Flexible Pension, effective January 1, 1998

- Eligibility Track 2A
  - Age Requirements: Age 60 for men and age 55 for women
  - Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
    * 450 insurance months
    * 420 contribution months of compulsory insurance
  - Other Requirements: The last 2 years are contribution months of compulsory insurance or substitute months due to receipt of unemployment benefit or sickness benefit
- Eligibility Track 2B
  - Age Requirements: Age 61 for men and age 56 for women
  - Contribution Requirements: 240 insurance months in the last 30 years and 300 insurance months, including 108 contribution months of compulsory insurance in the last 15 years before age 60 for men and age 55 for women
  - Other Requirements: Same as Eligibility Track 2A

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment
    * Age Requirements: Age 60 for men and age 55 for women
    * Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    * Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period
    * Age Requirements: Age 60 for men and age 55 for women
    * Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      - 450 insurance months

        - 420 contribution months due to compulsory insurance
  - Eligibility Track 1c: Disability Early Retirement
    - Age Requirements: Age 57 for men and age 55 for women
    - Contribution Requirements: 180 contribution months of compulsory insurance in the last 30 years and must satisfy one of the following —
      - 24 contribution months of compulsory insurance in the last 3 years
      - 36 contribution months of compulsory insurance in the last 15 years
    - Other Requirements:
      - At least half of the contribution months are acquired in the same or similar employment in the last 15 years
      - Proof of inability to earn at least half of the remuneration through employment due to physical or mental conditions

Eligibility Track 2: Flexible Pension
No early retirement option

Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    - 180 contribution months
    - 300 insurance months
    - Before reaching the age of 50: 60 months of insurance within the last 10 years. Starting at age 50, contribution requirement increases stepwise to 180 months within the last 30 years. See Table 6 for details
    - 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  - Other Requirements:
    - The disability is expected to last for at least six months
    - The requirements for regular old-age pension, early retirement with long insurance period or disability early retirement are not yet satisfied

- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type
- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement
- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Periods of military or community service count as substitute months under ASVG
- **Does an individual receive credits for number of children?** Answer: Yes, indirectly through benefits for maternity and child-rearing. Periods of child-rearing and maternity count as substitute months under ASVG
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of receiving unemployment insurance benefits and unemployment assistance count as contribution months under ASVG, whose amount is based on the contribution base of the unemployment benefits, which is typically 70% of their last salary
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  Adjustment factor (Anpassungsfaktor), decided in parliament and published by the Federal Minister for Social Security, Generations and Consumer Protection every year for the following year, corresponds to the average increase in consumer prices in 12 months up to July of the following year, using the 2000 consumer price index or an index replacing it. The average increase is computed using the arithmetic mean of the annual inflation rates published by Statistics Austria for the calculation period.

Benefit formula for claiming at SRA

Within ASVG, the amount of old-age pension is calculated as the assessment base multiplied by replacement rate based on contribution history. Pension benefits may increase or decrease due to delayed claiming or early claiming —see Table 2 and Table 3 for changes in deduction rate and increase rate over time. Key components of the benefit formula are:

- Assessment Base (Bemessungsgrundlage): A value of the average indexed monthly earnings based on the highest years of earnings during the assessment period, currently set at 15 years. The years do not need to be consecutive. Earnings from each year are capped by maximum contribution basis (Höchstbeitragsgrundlage) and are adjusted to present value at date of claim based on revaluation factor in effect —see Table 4 for maximum contribution basis and Table 5 for revaluation factors over time. If there are fewer than 180 contribution months, the assessment base is formed from all available contribution months and divided by the number of available contribution months increased by one sixth.
- Replacement Rate: A set percentage calculated from the number of contribution months multiplied by the accrual rate. The accrual rate is set at 2.00% during this period. The replacement rate is capped at 80%. An exception to this cap applies for delayed claiming.

See Formula 1 for how the benefit is calculated under ASVG during this period. Box 1 provides an example of how the benefit is calculated.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment
    - Age Requirements: Age 60 for men and age 55 for women
    - Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    - Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period
    - Age Requirements: Age 60 for men and age 55 for women
    - Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      - 450 insurance months
      - 420 contribution months due to compulsory insurance
  - Eligibility Track 1c: Disability Early Retirement
    - Age Requirements: Age 57 for men and age 55 for women
    - Contribution Requirements: 180 contribution months of compulsory insurance in the last 30 years and must satisfy one of the following —
      - 24 contribution months of compulsory insurance in the last 3 years
      - 36 contribution months of compulsory insurance in the last 15 years
    - Other Requirements:
      - At least half of the contribution months are acquired in the same or similar employment in the last 15 years
      - Proof of inability to earn at least half of the remuneration through employment due to physical or mental conditions

  Eligibility Track 2: Flexible Pension
  No early retirement option

  Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    - 180 contribution months
    - 300 insurance months
    - Before reaching the age of 50: 60 months of insurance within the last 10 years. Starting at age 50, contribution requirement increases stepwise to 180 months within the last 30 years. See Table 6 for details
    - 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  - Other Requirements:

  * The disability is expected to last for at least six months
  * The requirements for regular old-age pension, early retirement with long insurance period or disability early retirement are not yet satisfied

- **Adjustment formula**
  Benefit is reduced for early retirement by 0.719% per month, up to a maximum of 40% of the total assessment base. These adjustments are incorporated into benefit formula during this period —see Formula 1 for more details.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: None
- **Adjustment formula**
  The amount of regular old-age pension may be increased for claiming after SRA. Increase rate due to delayed claiming varies by age at claim and there is no maximum regarding pension increase. For every year after SRA, these increase rates apply:
  - Age 61 to 65: 2%
  - Age 66 to 70: 3%
  - From age 71: 5%

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Benefit adjustment due to working in retirement varies by eligibility track:
  - Eligibility Track 1: There is no earnings-test against regular old-age pension. Additional earnings do not reduce the pension amount.
  - Eligibility Track 1a, 1b, 1c: Earnings subject to compulsory insurance under the APG must not exceed the marginal income threshold, otherwise entitlement to pension benefit is ceased until SRA.
- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes
- **If so, how does claiming and continuing to work affect future benefits?**
  Contributions during cessation of old-age benefit entitlement accumulate and increase future benefits.

Additional Benefit Adjustments

- **Adjustment 1**: Child allowance
- **Adjustment 1 details**: 300 S for each child under age 18 (27 if student, no limit if child is disabled), paid 14 times a year.

Chapter 3: Policy enacted 1999-2002

Policy change in 1999

Key elements of the 2000 Pension Reform (Law 101/2000), effective October 1, 2000, include:

- Age requirements will be increased for all early retirement eligibility tracks (from age 60 to 61.5 for men and from age 55 to 56.5 for women)
- Increased age requirements for flexible pensions
- Disability early retirement will be eliminated on July 1, 2000
- Increased reduction rate for early retirement to 3%
- Changed the increase rate and maximum replacement rate for delayed claiming

Other reforms during this period include:

- Law 179/1999, effective January 1, 2000, introduced Partial Retirement as an alternative eligibility track for old-age benefits
- Law 142/2000, effective January 1, 2001, increases child allowance from 300 S to 400 S
- Law 67/2001, effective January 1, 2002, changed the amount of child allowance from 400 S to 29.07 €

Overview

The Austrian old-age pension provides lifetime benefits for workers satisfying one of a number of eligibility tracks with specific age and contribution requirements. It is a defined benefit system (DB) based on a person's contribution years and earnings. It includes an income-tested minimum pension for low-income pensioners (Ausgleichszulage). The General Social Insurance Act (Allgemeinen Sozialversicherungsgesetzes, ASVG) forms the legal basis of the Austrian public old-age pension system.

The pension system has two benefit eligibility tracks:

- Regular Old-Age Pension (Alterspension), available at the statutory retirement age with contribution requirements met
- Flexible Pension (Gleitpension), available for individuals who have met the corresponding age and contribution requirements to conduct part-time work while receiving part of the benefits before the statutory retirement age, which transforms into regular old-age pension upon reaching the statutory retirement age
- Partial Retirement (Altersteilzeit), available for individuals who have met the corresponding age and contribution requirements to reduce working hours with unimpacted insurance contributions before the statutory retirement age

There are separate systems for miners, notaries, public employees, and self-employed persons in trade, industry, and agriculture:

- The Commercial Social Security Act (GSVG) regulates the compulsory insurance of the "self-employed"
- The Freelance Self-Employed Social Insurance Act (FSVG) regulates the health, accident and pension insurance cover of self-employed professionals, e.g., doctors, pharmacists, civil engineers and patent attorneys
- The Farmers' Social Insurance Act (BSVG) primarily regulates the social insurance of farmers and their family members

Five pension institutions are responsible for administering social insurance: the Social Insurance for Trade and Industry (SVA), the Social Insurance Institution for Farmers (SVB), the Insurance Institution for Public Servants (BVA), the Insurance Institution for Railways and Mining (VAEB), and the Pension Insurance Institution (Pensionsversicherungsanstalt, PVA). PVA is the largest insurance provider and covers all employees (i.e., workers that are not self-employed) in Austria. Old-age benefits within ASVG are administered by PVA.

This document provides policies relating to old-age benefits based on ASVG. The policy details associated with eligibility and benefit levels of minimum pension/compensatory allowance are covered in the separate policy document: *Austria Public Old-Age Social Assistance Plan Details*.

Contributions

- **Employee contribution rate**
  10.25% of earned income
- **Employer contribution rate**
  12.55% of earned income
- **Self-employed contribution rate**
  Increased from 14.5% to 15% of earned income, effective January 1, 2001—See Table 7 for changes in contribution rate for the self-employed over this period

Note: This document focuses on the self-employed governed by GSVG

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033
- **Does SRA vary by birth year?** Answer: Yes, for women only
- **Does SRA vary by sex?** Answer: Yes
- **Details by birth year**: See Table 1 for changes in SRA for women by birth date

Contribution requirements to be eligible to receive benefit

During this time period there are three eligibility tracks for full benefits within ASVG. A component of eligibility is the number of insurance months. Insurance months (Versicherungszeiten) include contribution times (Beitragszeiten) and substitute times (Ersatzzeiten):

- Contribution times include periods of compulsory insurance, voluntary insurance, family hospice leave (up to 9 months), and periods of employment not subject to pension insurance (e.g. as a civil servant) for which a transfer amount was paid to the PVA after the end of the period
- Substitute times include times of child-rearing, maternity leave, sickness leave, military and community service, and school, study and training.

Eligibility Track 1: Regular Old-Age Pension

- Age Requirements: Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033 —See Table 1 for changes in SRA for women
- Contribution Requirements: Must satisfy one of the following —
  - 180 insurance months in the last 30 years
  - 180 contribution months of compulsory insurance and voluntary insurance
  - 300 contribution months after December 31, 1955

Eligibility Track 2: Flexible Pension (Gleitpension)

- Eligibility Track 2A
  - Age Requirements: Increase from age 60 to 61.5 for men and age 55 to 56.5 for women, effective October 1, 2000
  - Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
    * 450 insurance months
    * 420 contribution months of compulsory insurance
  - Other Requirements: The last 2 years are contribution months of compulsory insurance or substitute months due to receipt of unemployment benefit or sickness benefit
- Eligibility Track 2B
  - Age Requirements: Increase from age 61 to 62.5 for men and age 56 to 57.5 for women, effective October 1, 2000
  - Contribution Requirements: 240 insurance months in the last 30 years and 300 insurance months, including 108 contribution months of compulsory insurance in the last 15 years before age 60 for men and age 55 for women
  - Other Requirements: Same as Eligibility Track 2A

Eligibility Track 3: Partial Retirement (Altersteilzeit), effective January 1, 2000
January 1 - September 30, 2000

- Age Requirements: Age 55 for men and age 50 for women
- Contribution Requirements: 150 weeks (3 years) of employment above marginal income in the last 5 years, taking periods of receipt of unemployment benefit into account
- Other Requirements:
  - The maximum length of 5 years
  - A contractual agreement on reduced working hours, wage compensation, and same social security contributions as before partial retirement

From October 1, 2000

- Age Requirements: Age 55 for men and age 50 for women
- Contribution Requirements: 780 weeks (15 years) of employment in the last 25 years
- Other Requirements:

- A maximum length of 6.5 years
- A contractual agreement on reduced working hours, wage compensation, and same social security contributions as before partial retirement
- Working hours are reduced to 40% to 60% of normal working time which corresponds to the statutory or collectively agreed working hours
- Previous working hours must not be less than 80% of normal working time

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment
    * Age Requirements: Increase from age 60 to 61.5 for men and from 55 to 56.5 for women, effective October 1, 2000
    * Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    * Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period
    * Age Requirements: Increase from age 60 to 61.5 for men and age 55 to 56.5 for women, effective October 1, 2000
    * Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      · 450 insurance months
      · 420 contribution months due to compulsory insurance
  - Eligibility Track 1c: Disability Early Retirement, expired on June 30, 2000
    * Age Requirements: Age 57 for men and age 55 for women
    * Contribution Requirements: 180 contribution months of compulsory insurance in the last 30 years and 72 contribution months of compulsory insurance in the last 15 years
    * Other Requirements:
      · At least half of the contribution months are acquired in the same or similar employment in the last 15 years
      · Proof of inability to earn at least half of the remuneration through employment due to physical or mental conditions

  Eligibility Track 2A and 2B: Flexible Retirement
  No early retirement option

  Eligibility Track 3: Partial Retirement
  No early retirement option

  Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    * Before reaching the age of 50: 60 months of insurance within the last 10 years (from age 50, the contribution requirement increases by one month for each additional month of life up to a maximum of 180 months of insurance, the framework period increases from 10 years to a maximum of 30 years by 2 months per month of life)
    * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  - Other Requirements:
    * The disability is expected to last for at least six months
    * The requirements for regular old-age pension or early retirement with long insurance period are not yet satisfied
- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type
- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement
- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
Periods of military or community service count as substitute months under ASVG
- **Does an individual receive credits for number of children?** Answer: Yes, indirectly through benefits for maternity and child-rearing. Periods of child-rearing and maternity count as substitute months under ASVG
- **Does an individual receive credits for unemployment?** Answer: Yes
Periods of receiving unemployment insurance benefits and unemployment assistance count as contribution months under ASVG, whose amount is based on the contribution base of the unemployment benefits, which is typically 70% of their last salary
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
Adjustment factor (Anpassungsfaktor), decided in parliament and published by the Federal Minister for Social Security, Generations and Consumer Protection every year for the following year, corresponds to the average increase in consumer prices in 12 months up to July of the following year, using the 2000 consumer price index or an index replacing it. The average increase is computed using the arithmetic mean of the annual inflation rates published by Statistics Austria for the calculation period.

Benefit formula for claiming at SRA

Within ASVG, the amount of old-age pension is calculated as the assessment base multiplied by replacement rate based on contribution history. Pension benefits may increase or decrease due to delayed claiming or early claiming —see Table 2 and Table 3 for changes in deduction rate and increase rate over time. Key components of the benefit formula are:

- Assessment Base (Bemessungsgrundlage): A value of the average indexed monthly earnings based on the highest years of earnings during the assessment period, currently set at 15 years. The years do not need to be consecutive. Earnings from each year are capped by maximum contribution basis (Höchstbeitragsgrundlage) and are adjusted to present value at date of claim based on revaluation factor in effect —see Table 4 for maximum contribution basis and Table 5 for revaluation factors over time. If there are fewer than 180 contribution months, the assessment base is formed from all available contribution months and divided by the number of available contribution months increased by one sixth.
- Replacement Rate: A set percentage calculated from the number of contribution months multiplied by the accrual rate. The accrual rate is set at 2.00% during this period. The replacement rate is capped at 80%. An exception to this cap applies for delayed claiming.

See Formula 1 for how the benefit is calculated under ASVG during this period. Box 1 provides an example of how the benefit is calculated.

Adjustments for starting benefits before SRA (Early claiming or retirement)
- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

Eligibility Track 1: Regular Old-Age Pension
- Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment
  * Age Requirements: Increase from age 60 to 61.5 for men and from 55 to 56.5 for women, effective October 1, 2000
  * Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
  * Other Requirements: Receipt of cash benefit from the unemployment insurance
- Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period
  * Age Requirements: Increase from age 60 to 61.5 for men and age 55 to 56.5 for women, effective October 1, 2000
  * Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —

        · 450 insurance months
        · 420 contribution months due to compulsory insurance
  – Eligibility Track 1c: Disability Early Retirement, expired on June 30, 2000
    * Age Requirements: Age 57 for men and age 55 for women
    * Contribution Requirements: 180 contribution months of compulsory insurance in the last 30 years and 72 contribution months of compulsory insurance in the last 15 years
    * Other Requirements:
        · At least half of the contribution months are acquired in the same or similar employment in the last 15 years
        · Proof of inability to earn at least half of the remuneration through employment due to physical or mental conditions

Eligibility Track 2A and 2B: Flexible Retirement
No early retirement option

Eligibility Track 3: Partial Retirement
No early retirement option

Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  – Age Requirements: None
  – Contribution Requirements: Must satisfy one of the following —
    * Before reaching the age of 50: 60 months of insurance within the last 10 years (from age 50, the contribution requirement increases by one month for each additional month of life up to a maximum of 180 months of insurance, the framework period increases from 10 years to a maximum of 30 years by 2 months per month of life)
    * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  – Other Requirements:
    * The disability is expected to last for at least six months
    * The requirements for regular old-age pension or early retirement with long insurance period are not yet satisfied

- **Adjustment formula**
  Benefit is reduced for early retirement by either 3% of the assessment base per year up to a maximum of 10.5% or by 15% of the total percentage due (calculated by multiplying 2% by the years of insurance), whichever is more favorable to the pensioner. These adjustments are incorporated into benefit formula during this period —see Formula 1 for more details.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)
- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Age 70 (men) or age 65 (women), effective October 1, 2000
- **Adjustment formula**
  The amount of regular old-age pension may be increased for claiming after SRA. Increase rate due to delayed claiming varies by age at claim and there is no maximum regarding pension increase. For every year after SRA, these increase rates apply:
  – Age 61 to 65: 2%
  – Age 66 to 70: 3%
  – From age 71: 5%
  Effective October 1, 2000, increase rate will be uniformly set at 4% and replacement rate is capped at 90% —see Table 3 for changes overtime.

Adjustments for starting benefits and continuing to work (Earnings Test)
- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Benefit adjustment due to working in retirement varies by eligibility track:
  – Eligibility Track 1: There is no earnings-test against regular old-age pension. Additional earnings do not reduce the pension amount.
  – Eligibility Track 1a, 1b, 1c: Earnings subject to compulsory insurance under the APG must not exceed the marginal income threshold, otherwise entitlement to pension benefit is ceased until SRA.
- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes
- **If so, how does claiming and continuing to work affect future benefits?**
  Contributions during cessation of old-age benefit entitlement accumulate and increase future benefits.

Additional Benefit Adjustments

- **Adjustment 1**: Child allowance
- **Adjustment 1 details**: Law 142/2000, effective January 1, 2001, increases child allowance from 300 S to 400 S for each child under age 18 (27 if student, no limit if child is disabled), which is paid 14 times a year.
  Law 67/2001, effective January 1, 2002, changed the amount of child allowance from 400 S to 29.07 €.

Chapter 4: Policy enacted 2003-2004

Policy change in 2003

The 2003 Pension Reform (Pensionssicherungsreform 2003) was enacted as part of the Budget Accompanying Act 2003 (Law 71/2003), effective January 1, 2004. This reform increased incentives for full-time labor force participation after age 50. Key elements of the 2003 reform include:

- Early retirement in the event of unemployment and flexible pension will be eliminated for new applicants. From July 2004 to 2017, early retirement with long insurance period will be gradually phased out and the minimum age requirement will be raised stepwise to the statutory retirement age (65 for men, 60 for women). The reduction rate for early claiming will be increased by 40%
- The period for determining assessment base will be increased from the best 15 years to 40 years by 12 months annually, from 2004 to 2028 (see Table 11 for changes in assessment period overtime) and a loss cap for comparative pension amount calculation is introduced during this transition to ensure past entitlement are protected
- Increase rate for delayed claiming will be increased by 5%
- Accrual rate will be reduced stepwise from 2% to 1.78% from 2003 to 2009, so that the full replacement rate of 80% will be reached after an insurance history of 45 years or more (instead of 40 years). See Table 8 for changes in accrual rate overtime
- A hardship fund will be established to help those with pension payments lower than 1,000 €/month and have contributed for at least 30 years

Other reforms during this period include:

- Law 128/2003, effective January 1, 2004, reduced maximum length of partial retirement from 6.5 years to 5 years

Overview

The Austrian old-age pension provides lifetime benefits for workers satisfying one of a number of eligibility tracks with specific age and contribution requirements. It is a defined benefit system (DB) based on a person's contribution years and earnings. It includes an income-tested minimum pension for low-income pensioners (Ausgleichszulage). The General Social Insurance Act (Allgemeinen Sozialversicherungsgesetzes, ASVG) forms the legal basis of the Austrian public old-age pension system.

The pension system has two benefit eligibility tracks:

- Regular Old-Age Pension (Alterspension), available at the statutory retirement age with contribution requirements met
- Partial Retirement (Altersteilzeit), available for individuals who have met the corresponding age and contribution requirements to reduce working hours with unimpacted insurance contributions before the statutory retirement age

There are separate systems for miners, notaries, public employees, and self-employed persons in trade, industry, and agriculture. These include:

- The Commercial Social Security Act (GSVG) regulates the compulsory insurance of the "self-employed"
- The Freelance Self-Employed Social Insurance Act (FSVG) regulates the health, accident and pension insurance cover of self-employed professionals, e.g., doctors, pharmacists, civil engineers and patent attorneys
- The Farmers' Social Insurance Act (BSVG) primarily regulates the social insurance of farmers and their family members

Five pension institutions are responsible for administering social insurance: the Social Insurance for Trade and Industry (SVA), the Social Insurance Institution for Farmers (SVB), the Insurance Institution for Public Servants (BVA), the Insurance Institution for Railways and Mining (VAEB), and the Pension Insurance Institution (Pensionsversicherungsanstalt, PVA). PVA is the largest insurance provider and covers all employees (i.e., workers that are not self-employed) in Austria. Old-age benefits within ASVG are administered by PVA.

This document provides policies relating to old-age benefits based on ASVG. The policy details associated with eligibility and benefit levels of minimum pension/compensatory allowance are covered in the separate policy document: *Austria Public Old-Age Social Assistance Plan Details*.

Contributions

- **Employee contribution rate**
  10.25% of earned income
- **Employer contribution rate**
  12.55% of earned income
- **Self-employed contribution rate**
  15% of earned income
  Note: This document focuses on the self-employed governed by GSVG

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033
- **Does SRA vary by birth year?** Answer: Yes, for women only
- **Does SRA vary by sex?** Answer: Yes
- **Details by birth year**: See Table 1 for changes in SRA for women by birth date

Contribution requirements to be eligible to receive benefit

During this time period there are two eligibility tracks for full benefits within ASVG. A component of eligibility is the number of insurance months. Insurance months (Versicherungszeiten) include contribution times (Beitragszeiten) and substitute times (Ersatzzeiten):

- Contribution times include periods of compulsory insurance, voluntary insurance, family hospice leave (up to 9 months), and periods of employment not subject to pension insurance (e.g. as a civil servant) for which a transfer amount was paid to the PVA after the end of the period
- Substitute times include times of child-rearing, maternity leave, sickness leave, military and community service, and school, study and training.

Eligibility Track 1: Regular Old-Age Pension

- Age Requirements: Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033 —See Table 1 for changes in SRA for women
- Contribution Requirements: Must satisfy one of the following —
  - 180 insurance months in the last 30 years
  - 180 contribution months of compulsory insurance and voluntary insurance
  - 300 contribution months after December 31, 1955

Eligibility Track 3: Partial Retirement (Altersteilzeit)

- Age Requirements: Age 55 for men and age 50 for women
- Contribution Requirements: 15 contribution years in the last 25 years. The 25 years can be extended with periods of receipt of unemployment benefit and child-rearing times for children up to age 15
- Other Requirements:
  - A maximum length of 5 years
  - A contractual agreement on reduced working hours, wage compensation, and same social security contributions as before partial retirement
  - Working hours are reduced to 40% to 60% of normal working time which corresponds to the statutory or collectively agreed working hours
  - Previous working hours must not be less than 80% of normal working time

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment, expired on January 1, 2003

    * Age Requirements: Increase from age 60 to 61.5 for men and age 55 to 56.5 for women, effective October 1, 2000
    * Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    * Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period, expired on July 1, 2004
    * Age Requirements: Age 61.5 for men and age 56.5 for women
    * Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      · 450 insurance months
      · 420 contribution months due to compulsory insurance

Eligibility Track 3: Partial Pension
No early retirement option

Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    * Before reaching the age of 50: 60 months of insurance within the last 10 years (from age 50, the contribution requirement increases by one month for each additional month of life up to a maximum of 180 months of insurance, the framework period increases from 10 years to a maximum of 30 years by 2 months per month of life)
    * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  - Other Requirements:
    * The disability is expected to last for at least six months
    * The requirements for an retirement pension (exception: corridor pension) are not yet satisfied on the retirement date

- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type
- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement
- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No
- **Is the formula for computing benefit entitlement progressive?** Answer: Yes
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Periods of military or community service count as substitute months under ASVG
- **Does an individual receive credits for number of children?** Answer: Yes, indirectly through benefits for maternity and child-rearing. Periods of child-rearing and maternity count as substitute months under ASVG
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of receiving unemployment insurance benefits and unemployment assistance count as contribution months under ASVG, whose amount is based on the contribution base of the unemployment benefits, which is typically 70% of their last salary
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  Adjustment factor (Anpassungsfaktor), decided in parliament and published by the Federal Minister for Social Security, Generations and Consumer Protection every year for the following year, corresponds to the average increase in consumer prices in 12 months up to July of the following year, using the 2000 consumer price index or an index replacing it. The average increase is computed using the arithmetic mean of the annual inflation rates published by Statistics Austria for the calculation period.

Benefit formula for claiming at SRA

Within ASVG, the amount of old-age pension is calculated as the assessment base multiplied by replacement rate based on contribution history. Pension benefits may increase or decrease due to delayed claiming or early claiming. Since the 2003 reform, effective January 1, 2004, the accrual rate will be reduced from 2% to 1.78% and the assessment period will be extended from the best 15 years to 40 years —see Table 8 and Table 9 for changes in accrual rate and assessment period over time. Due to this transition, a *comparative calculation with loss capping* is introduced to protect past entitlement based on the legal provisions in 2003. Key components of the benefit formula during this period are:

- Assessment Base (Bemessungsgrundlage): A value of the average indexed monthly earnings based on the highest years of earnings during the assessment period. The assessment period is set at 15 years in 2003 and will be increased to 40 years. The years do not need to be consecutive. Earnings from each year are capped by maximum contribution basis (Höchstbeitragsgrundlage) and are adjusted to present value at date of claim based on revaluation factor in effect —see Table 4 for maximum contribution basis and Table 5 for revaluation factors over time. If there are fewer contribution months than the assessment period, the assessment base is formed from all available contribution months and divided by the number of available contribution months increased by one sixth.
- Replacement Rate: A set percentage calculated from the number of contribution months multiplied by the accrual rate. The accrual rate is set at 2.00% in 2003 and will decrease to 1.78% by 2009 —see Table 8 for changes in the accrual rate over time. The replacement rate is capped at 80%. An exception to this cap applies for delayed claiming.
- Loss Cap: A threshold used to offset the negative impact on pension benefit due to legal transition. See Table 10 for changes in loss cap over time.

See Formula 2 for how the benefit is calculated under ASVG during this period. Box 1 provides an example of how the benefit is calculated.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
  Eligibility to claim benefits at a reduced rate before SRA varies by eligibility track —

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1a: Early Old-Age Pension in the Event of Unemployment, expired on January 1, 2003
    - Age Requirements: Increase from age 60 to 61.5 for men and age 55 to 56.5 for women, effective October 1, 2000
    - Contribution Requirements: 240 insurance months in the last 30 years and 180 contribution months of compulsory insurance (substitute times are taken into account if there are at least 120 contribution months of compulsory insurance)
    - Other Requirements: Receipt of cash benefit from the unemployment insurance
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period, expired on July 1, 2004
    - Age Requirements: Age 61.5 for men and age 56.5 for women
    - Contribution Requirements: 240 insurance months in the last 30 years and must satisfy one of the following —
      - 450 insurance months
      - 420 contribution months due to compulsory insurance

  Eligibility Track 3: Partial Pension
  No early retirement option

  Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    - Before reaching the age of 50: 60 months of insurance within the last 10 years (from age 50, the contribution requirement increases by one month for each additional month of life up to a maximum of 180 months of insurance, the framework period increases from 10 years to a maximum of 30 years by 2 months per month of life)
    - 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  - Other Requirements:
    - The disability is expected to last for at least six months
    - The requirements for an retirement pension (exception: corridor pension) are not yet satisfied on the retirement date
- **Adjustment formula**
  Benefit is reduced for early retirement by either 4.2% of the assessment base per year up to a maximum of 15% of the total percentage due (calculated by multiplying 2% by the years of insurance). These adjustments are incorporated into benefit formula during this period —see Formula 2 for more details.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Age 68 (men) or age 63 (women)
- **Adjustment formula**
  If the old-age pension is claimed after the SRA and the minimum insurance period is satisfied, an increase in the amount of the pension is granted for months the start of benefits is delayed. The pension will be increased by 4.2% per year (0.35% per month), up to a maximum increase of 12.6%, i.e., 3 years, up to the age of 68.

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Benefit adjustment due to working in retirement varies by eligibility track:
  - Eligibility Track 1: There is no earnings-test against regular old-age pension. Additional earnings do not reduce the pension amount.
  - Eligibility Track 1b: Earnings subject to compulsory insurance under the APG must not exceed the marginal income threshold, otherwise entitlement to pension benefit is ceased until SRA.
- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes
- **If so, how does claiming and continuing to work affect future benefits?**
  Contributions during cessation of old-age benefit entitlement accumulate and increase future benefits.

Additional Benefit Adjustments

- **Adjustment 1**: Child allowance
- **Adjustment 1 details**: 29.07 €for each child under age 18 (27 if student, no limit if child is disabled), paid 14 times a year.

Chapter 5: Policy enacted 2005-2022

Policy change in 2005

Pension Harmonization Act, enacted December 15, 2004 and effective January 1, 2005, introduced a new uniform pension system for all employed under age 50. This new pension system will gradually replace the different pension schemes for private sector employees, self-employed, farmers and civil servants. This new system is a pay-as-you-go system. Key elements of the new pension system include:

- The establishment of harmonized pension accounts where full benefit eligibility is achieved after 45 insurance years and age 65 with benefits corresponding to 80% of average annual lifetime earnings.
- The cap on losses based on the "old" system was modified starting with a 5% cap and accumulating step-wise to 10% until 2024. These accounts will transparently show contributions paid in as well as other credits acquired, such as child care, military service and unemployment times.
- Credits for child care times, military or civil service or hospice leaves contribute towards eligibility and benefits, with a contribution base of 1,350 € (value in 2005, 1,728 € in 2022). Credits from unemployment benefits contribute towards eligibility and typically amount to 70% of last salary. See the subsections *Factors effecting computation of benefit entitlement* and *Additional Benefit Adjustments* within the *Benefits* section for details about these non-contributory periods.
- Contribution rates will be uniformly set at 22.8%.
- To guarantee the viability of financing, a sustainability factor is incorporated into annual benefit adjustments to account for unforeseen developments, such as future demographic changes.
- If work has been in the area of "heavy labor", 3 months may be subtracted from the retirement age for each year of work in this area, but no earlier than age 60.

Other reforms during this period include:

- Law 130/2006, effective January 1, 2007, changed the contribution requirements of early retirement due to heavy labor work, and decreased the corresponding reduction rate from 2.1% to 1.8% for every year of early claiming.
- Law 35/2012, effective January 1, 2013, introduced the following changes:
  - Increased the reduction rate of Corridor Pension from 4.2% to 5.1% per year of early claiming
  - Increased contribution requirement for Corridor Pension from 450 to 480 insurance months
  - Harmonized benefit calculation method for people born after December 31, 1954, by introducing initial account credit, and eliminated the cap on losses for benefit calculation, effective January 1, 2014
- Law 106/2015, effective January 1, 2016, created an additional form of partial retirement - Partial Board (Teilpension) - to make it easier for old-age employees to find employment up to the statutory retirement age. Employees aged 62 to 65 with at least 15 years of contributions in the last 25 years are eligible to reduce their working hours by 40 to 60% without experiencing a similar reduction in their earnings.
- Law 29/2017, effective January 1, 2017, reduced employee and employer contributions by 50% for workers who defer retirement for up to 3 years after the statutory retirement age. The Pension Insurance Institution is responsible for financing the contribution reduction. The intent of this policy is to reduce costs for employee and employer and to promote delayed claiming.
- Law 98/2019, effective January 1, 2020, introduced deduction-free pension for persons with at least 45 years of contribution due to gainful employment.
- Law 28/2021, effective January 1, 2022, revoked Law 98/2019 and replaced the deduction-free pension with early starter bonus (Frühstarterbonus).

Overview

The Austrian old-age pension benefit is part of its public pension system. It is a defined benefit system (DB) based on a person's contribution years and earnings. There are two systems for persons born before and since 1955. For persons born before 1955, their pension benefit is calculated directly from contribution history. For persons born in and after 1955, their contributions are recorded in an individual pension account and their benefit amount is determined by credits in the account. The old-age pension benefit includes an income-tested minimum pension for low-income pensioners (Ausgleichszulage). The General Social Insurance Act (Allgemeinen Sozialversicherungsgesetzes, ASVG) and the General Pensions Act (Allgemeinen Pensionsgesetzes, APG) form the legal basis of the Austrian public old-age pension system.

There are special/separate systems for miners, notaries, public employees, and self-employed persons in trade, industry, and agriculture. These include:

- The Commercial Social Security Act (GSVG) regulates the compulsory insurance of the "self-employed"
- The Freelance Self-Employed Social Insurance Act (FSVG) regulates the health, accident and pension insurance cover of self-employed professionals, e.g., doctors, pharmacists, civil engineers and patent attorneys
- The Farmers' Social Insurance Act (BSVG) primarily regulates the social insurance of farmers and their family members

Prior to the Social Insurance Organization Act (SV-OG) in 2018, there were 5 pension institutions: the Social Insurance for Trade and Industry (SVA), the Social Insurance Institution for Farmers (SVB), the Insurance Institution for Public Servants (BVA), the Insurance Institution for Railways and Mining (VAEB), and the Pension Insurance Institution (Pensionsversicherungsanstalt, PVA). PVA is the largest insurance provider and covers all employees (i.e., workers that are not self-employed) in Austria. Old-age benefits within ASVG are administered by PVA. Due to the structural reform, effective January 1, 2020,

- The previous SVA and SVB will become the Social Insurance Institution for the Self-employed (SVS).
- The previous BVA and VAEB will become the Insurance Institution for Public Servants, Railways and Mining (BVAEB).

This document provides policies relating to old-age benefits based on ASVG and APG. The policy details associated with eligibility and benefit levels of minimum pension/compensatory allowance are covered in the separate policy document: *Austria Public Old-Age Social Assistance Plan Details*.

Contributions

- **Employee contribution rate**
  10.25% of earned income
- **Employer contribution rate**
  12.55% of earned income
- **Self-employed contribution rate**
  15% of earned income in 2005, gradually increasing to 18.5% in 2013
  Notes
  1. This document focuses on the self-employed governed by GSVG.
  2. From 2005, the federal government made additional contributions on behalf of the self-employed, bringing the combined amount equal to the combined amount paid by employees and employers (22.80% of earned income). The federal government gradually reduced its contribution as the rate the self-employed paid increased. See Table 7 for changes in contribution rate for the self-employed over this period.

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**
  Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033
- **Does SRA vary by birth year?** Answer: Yes, for women only
- **Does SRA vary by sex?** Answer: Yes
- **Details by birth year**: See Table 1 for changes in SRA for women by birth date

Contribution requirements to be eligible to receive benefit

Since the 2005 reform, there are three benefit systems, which we will refer to as "classes", based on birth cohorts and starting year of contributions. Class A is regulated within the ASVG while Class B and Class C are regulated by the APG.

- Class A: Persons born before January 1, 1955
- Class B: Persons born on or after January 1, 1955 and who have not yet acquired any paid or credited contributions before 2005
- Class C: Persons born on or after January 1, 1955 and who have acquired at least 1 insurance month by December 31, 2004

Within the ASVG, insurance month (Versicherungszeiten) includes contribution times (Beitragszeiten) and substitute times (Ersatzzeiten):

- Contribution times include periods of compulsory insurance, voluntary insurance, family hospice leave (up to 9 months), and periods of employment not subject to pension insurance (e.g. as a civil servant) for which a transfer amount was paid to the PVA after the end of the period

- Substitute times include times of child-rearing, maternity leave, sickness leave, military and community service, and school, study and training.

Since the 2005 reform, the APG only recognizes contribution times and no longer distinguishes between contribution and substitute times. Insurance months now include:

- Periods of employment (compulsory insurance)
- Periods of partial compulsory insurance including periods of child-rearing, family hospice leave, and care leave, receipt of unemployment benefit, receipt of sickness benefit, and times of military and community service
- Periods of voluntary insurance

Eligibility for benefits differ by system and within each system, there are multiple eligibility tracks.

Class A: Persons born before January 1, 1955

Eligibility Track A.1: Regular old-age pension (Alterspension)

- Age Requirements: Age 65 for men; Age 60 for women and gradually increasing starting in 2024 to age 65 by 2033 —See Table 1 for changes in SRA for women
- Contribution Requirements: Must satisfy one of the following —
  - 180 insurance months (15 years) within the last 30 years
  - 180 contribution months (15 years) of compulsory insurance or voluntary insurance
  - 300 insurance months (25 years)

Eligibility Track A.3

- Eligibility Track A.3A: Partial Retirement (Altersteilzeit)
  - Age Requirements: 5 years before age requirements for Eligibility Track A.1 (i.e., the SRA)
  - Contribution Requirements: 15 contribution years in the last 25 years. The 25 years can be extended by child-rearing times for children up to age 15
  - Other Requirements: An individual must also satisfy all of the following conditions —
    * Have 3 months of tenure in the firm and acquire a written agreement with employer on reduced working hours, wage compensation, and same social security contributions as before partial retirement. (*Note*: Previous working times in the firm before current employment that lasted until March 14, 2020 can be added together with current employment if the current employment relationship begins by April 1, 2022 at latest)
    * Have total working hours no less than 80% of the statutory or collectively agreed working hours before partial retirement, which is decreased to 60%, effective September 1, 2009
    * Must continue to work at the same firm. Working hours must be limited to 40% to 60% of the individual's working hours before partial retirement
    * The maximum length of allowance is 5 years
- Eligibility Track A.3B: Partial Pension (Teilpension), effective January 1, 2016
  - Age Requirements: Age 62
  - Contribution Requirements: An individual must also satisfy all of the following conditions —
    * 480 insurance months
    * 15 contribution years in the last 25 years. The 25 years can be extended by child-rearing times for children up to age 15
  - Other Requirements:
    * Have 3 months of tenure in the firm and acquire a written agreement with employer on reduced working hours, wage compensation, and same social security contributions as before partial retirement. (*Note*: Previous working times in the firm before current employment that lasted until March 14, 2020 can be added together with current employment if the current employment relationship begins by April 1, 2022 at latest)
    * Have total working hours no less than 60% of the statutory or collectively agreed working hours before partial retirement
    * Must continue to work at the same firm. Working hours must be limited to 40% to 60% of the individual's working hours before partial retirement

Class B: Persons born on or after January 1, 1955 without paid or credited contributions before 2005

Eligibility Track B.1: Regular old-age pension

- Age Requirements: Same as age requirements for Eligibility Track A.1
- Contribution Requirements: 180 months of insurance, of which at least 84 months are due to gainful employment, including times of self-insurance for caring for a child with disabilities or a close relative, periods of low-contribution continued insurance for caring for relatives, times of family hospice leave, and times of receipt of aliquot nursing leave allowance

for part-time nursing

Eligibility Track B.3: Partial pensions
Same as Class A

Eligibility Track B.4: Deduction-free pension (Abschlagsfreie Pensionen), effective from January 1, 2020 to December 31, 2021
- Age Requirements: None
- Contribution Requirements: 540 contribution months (45 years) to compulsory insurance due to gainful employment. A maximum of 60 months of child-rearing is taken into account
  - Exception: Persons who have earned 540 contribution months due to gainful employment by December 31, 2021 are eligible for deduction-free pension even though this eligibility track is no longer effective

Class C: Persons born on or after January 1, 1955 with paid or credited contributions before 2005
Any eligibility rule in Class A or Class B can qualify a Class C worker for benefits.

Alternative eligibility requirements that permit starting benefits early, but with a penalty
- **Can an individual start benefits before SRA?** Answer: Yes
- **Earliest eligibility**
  Since the 2005 reform, early retirement options for normal old-age pension are regulated within APG while Invalidity/Disability Pension is regulated within ASVG. These eligibility tracks for early benefits apply to all three classes.

  Eligibility Track 1: Regular Old-Age Pension
  - Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period —expired on July 1, 2004, and only continued to exist in the special form of the "Hackler regulations". In the long term, Early old-age pension with long insurance period will be replaced by Eligibility Track 1d Corridor pension.
    - Age Requirements: The earliest age to claim was raised stepwise from July 1, 2004 to September 30, 2017 from age 56.5 to 60 for women and from age 61.5 to 65 for men. See Table 11 for changes in age requirement
    - Contribution Requirements: 540 contribution months
  - Eligibility Track 1d: Corridor Pension (Korridorpension) —"flexible retirement scheme", effective January 1, 2005
    - Age Requirements: Age 62
    - Contribution requirement: Increased from 450 to 480 insurance months, effective January 1, 2013
  - Eligibility Track 1e: Heavy-Labor Pension (Schwerarbeitspension), effective January 1, 2005
    - Age requirement: Age 60
    - Contribution Requirements: 540 contribution months, including at least 120 months of heavy labor work within the last 240 calendar months as of reference date
  - Eligibility Track 1f: "Hackler regulations" —apply to women born after January 1, 1959, and men born after January 1, 1954.
    - Age Requirements: Age 62 for men. The earliest starting age for women was increased gradually. See Table 11 for changes in age requirement for women based on birth cohorts.
    - Contribution Requirements: 504 contribution months and gradually rise to 540 months by 2022. See Table 11 for changes in contribution requirements
  - Eligibility Track 1g: Heavy-Labor Pension with Long Insurance Period (Special Hackler regulation for heavy labor worker) —only relevant for women born between January 1, 1959 and December 31, 1963 because men could claim regular heavy-labor pension starting at age 60
    - Age Requirements: Age 55
    - Contribution Requirements: 480 contribution months, including at least 120 months of heavy labor work within the last 240 calendar months as of reference date

  Eligibility Track 3: Partial pensions
  No early retirement options

  Eligibility Track 4: Deduction-free pension
  No early retirement options

  Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)
  - Age Requirements: None
  - Contribution Requirements: Must satisfy one of the following —
    - Before reaching the age of 50: 60 months of insurance within the last 10 years (from age 50, the contribution

requirement increases by one month for each additional month of life up to a maximum of 180 months of insurance, the framework period increases from 10 years to a maximum of 30 years by 2 months per month of life)
    * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
  – Other Requirements:
    * The disability is expected to last for at least six months. Effective January 1, 2014, the disability is required to be permanent
    * There is no entitlement to occupational rehabilitation or occupational rehabilitation measures are not appropriate or reasonable, effective January 1, 2011
    * The requirements for regular old-age pension and corridor pension are not yet satisfied
- **See the subsection *Adjustments for starting benefits before SRA (Early claiming or retirement)* within the *Benefits* section for details on the penalty applied for claiming at earliest eligibility.**

Benefits

To receive a benefit, does an individual have to claim it? Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: Yes
- **Is the formula for computing benefit entitlement progressive?** Answer: No
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes
  Periods of military or community service count as substitute months under ASVG and insurance months under APG with a contribution base of 1,350 € (value in 2005, 1,728 € in 2022)
- **Does an individual receive credits for number of children?** Answer: Yes, indirectly through credits for maternity and child-rearing. Periods of child-rearing and maternity count as substitute months under ASVG and insurance months under APG, based on a contribution base of 1,738 € (value in 2022) for up to 48 months
- **Does an individual receive credits for unemployment?** Answer: Yes
  Periods of receiving unemployment insurance benefits and unemployment assistance count as contribution months under ASVG and insurance months under APG, whose amount is based on the contribution base of the unemployment benefits, which is typically 70% of their last salary
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
  Adjustment factor (Anpassungsfaktor), decided in parliament and published by the Federal Minister for Social Security, Generations and Consumer Protection every year for the following year, corresponds to the average increase in consumer prices in 12 months up to July of the following year, using the 2000 consumer price index or an index replacing it. The average increase is computed using the arithmetic mean of the annual inflation rates published by Statistics Austria for the calculation period.

Benefit formula for claiming at SRA

Since the 2005 reform, own old-age benefits are calculated differently based on benefit class (i.e., birth cohort), but not across eligibility tracks:

Class A: Persons born before January 1, 1955

Within ASVG, the amount of old-age pension is calculated as the assessment base multiplied by replacement rate based on contribution history. Pension benefits may increase or decrease due to delayed claiming or early claiming. Since the 2003 reform, effective January 1, 2004, the accrual rate will be reduced from 2% to 1.78% and the assessment period will be extended from the best 15 years to 40 years —see Table 8 and Table 9 for changes in accrual rate and assessment period over time. Due to this transition, a *comparative calculation with loss capping* is introduced to protect past entitlement based on the legal provisions in 2003. Key components of the benefit formula during this period are:

- Assessment Base (Bemessungsgrundlage): A value of the average indexed monthly earnings based on the highest years of earnings during the assessment period. The assessment period is set at 34 years in 2022 and will be increased to 40 years. The years do not need to be consecutive. Earnings from each year are capped by maximum contribution basis (Höchstbeitragsgrundlage) and are adjusted to present value at date of claim based on revaluation factor in effect —see

Table 4 for maximum contribution basis and Table 5 for revaluation factors over time. If there are fewer contribution months than the assessment period, the assessment base is formed from all available contribution months and divided by the number of available contribution months increased by one sixth.

- Replacement Rate: A set percentage calculated from the number of contribution months multiplied by the accrual rate. The accrual rate is set at 1.92% in 2005 and will decrease to 1.78% by 2009 —see Table 8 for changes in the accrual rate over time. The replacement rate is capped at 80%. An exception to this cap applies for delayed claiming.
- Loss Cap: A threshold used to offset the negative impact on pension benefit due to legal transition. See Table 10 for changes in loss cap over time.

See Formula 2 for how the benefit is calculated under ASVG during this period.. Box 1 provides an example of how the benefit is calculated.

Class B: Persons born on or after January 1, 1955 without paid or credited contributions before 2005

Within APG, the amount of old-age pension is formed as total credits in one's pension account divided by 14. The pension account (Pensionskonto) records one's contribution history. Pension benefits may increase or decrease due to delayed claiming or early claiming. Reduction rates vary across eligibility tracks —see Table 12 for reduction and increase rates within APG. Key components of the benefit formula are:

- Total Credit: A notional pension as the sum of all partial credits earned through an individual's contribution history.
- Partial Credit: A notional value calculated as accrual rate (1.78%) multiplied by an individual's earned income every year. Earnings are converted to partial credit since 2005.

See Formula 3 for how the benefit is calculated under APG for Class B.

Class C: Persons born on or after January 1, 1955 with paid or credited contributions before 2005

January 1, 2005 - December 31, 2013

To protect entitlement of insurance periods acquired by December 31, 2004, the amount of old-age pension is determined based on two partial pensions and the number of corresponding insurance months within APG or ASVG:

- Partial pension within APG or ASVG: A notional pension amount based on legal provision within applicable law
- Insurance months acquired within APG or ASVG: The number of insurance months earned from January 1, 2005 according to APG or the number of insurance months earned up to December 31, 2004 according to ASVG

See Formula 4 for how the benefit is calculated under APG for Class C during this period. Box 2 provides an example of how the benefit is calculated from 2005 to 2013.

From January 1, 2014

Effective January 1, 2014, an *initial account credit* will be issued to Class C, which transfers contributions acquired before 2014 to individual pension account for determining benefit amount in the future. The initial account credit is formed based on a *parallel calculation*. The parallel calculation takes legal provisions of ASVG and APG applicable on December 31, 2013 into account to ensure protection of entitlement. Since 2014, succeeding contributions form partial credits and are added to pension account annually. The amount of old-age pension is calculated as total credits in pension account divided by 14. Key components of the benefit formula are:

- Parallel Calculation: A comparison between a starting amount and the lower and upper limits of a settlement amount, used to determine benefit. Parallel calculation is used to form the initial credit and is eliminated after the initial credit is included into the individual pension account. See Table 13 for lower and upper limits based on birth cohorts. The parallel calculation does not apply if the number of insurance months acquired by January 1, 2005 is less than 36.
- Starting Amount (Ausgangsbetrag): A notional old-age pension calculated based on ASVG
- Comparative Amount (Vergleichsbetrag): A notional old-age pension calculated based on APG

See Formula 5 for how the initial account credit is determined and how the benefit is calculated. Box 2 provides an example of how the benefit is calculated.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: Yes
- **Is so, what is the earliest eligibility?**
  Since the 2005 reform, early retirement options for normal old-age pension are regulated within APG while Invalidity/Disability Pension is regulated within ASVG. These eligibility tracks for early benefits apply to all three classes.

Eligibility Track 1: Regular Old-Age Pension

- Eligibility Track 1b: Early Old-Age Pension with Long Insurance Period —expired on July 1, 2004, and only continued to exist in the special form of the "Hackler regulations". In the long term, Early old-age pension with long insurance period will be replaced by Eligibility Track 1d Corridor pension.
    * Age Requirements: The earliest age to claim was raised stepwise from July 1, 2004 to September 30, 2017 from age 56.5 to 60 for women and from age 61.5 to 65 for men. See Table 11 for changes in age requirement
    * Contribution Requirements: 540 contribution months
- Eligibility Track 1d: Corridor Pension (Korridorpension) —"flexible retirement scheme", effective January 1, 2005
    * Age Requirements: Age 62
    * Contribution requirement: Increased from 450 to 480 insurance months, effective January 1, 2013
- Eligibility Track 1e: Heavy-Labor Pension (Schwerarbeitspension), effective January 1, 2005
    * Age requirement: Age 60
    * Contribution Requirements: 540 contribution months, including at least 120 months of heavy labor work within the last 240 calendar months as of reference date
- Eligibility Track 1f: "Hackler regulations" —apply to women born after January 1, 1959, and men born after January 1, 1954.
    * Age Requirements: Age 62 for men. The earliest starting age for women was increased gradually. See Table 11 for changes in age requirement for women based on birth cohorts.
    * Contribution Requirements: 504 contribution months and gradually rise to 540 months by 2022. See Table 11 for changes in contribution requirements
- Eligibility Track 1g: Heavy-Labor Pension with Long Insurance Period (Special Hackler regulation for heavy labor worker) —only relevant for women born between January 1, 1959 and December 31, 1963 because men could claim regular heavy-labor pension starting at age 60
    * Age Requirements: Age 55
    * Contribution Requirements: 480 contribution months, including at least 120 months of heavy labor work within the last 240 calendar months as of reference date

Eligibility Track 3: Partial pensions
No early retirement options

Eligibility Track 4: Deduction-free pension
No early retirement options

Other Eligibility Tracks: Invalidity Pension (Invaliditätspension) and Occupational Disability Pension (Berufsunfähigkeitspension)

- Age Requirements: None
- Contribution Requirements: Must satisfy one of the following —
    * Before reaching the age of 50: 60 months of insurance within the last 10 years (from age 50, the contribution requirement increases by one month for each additional month of life up to a maximum of 180 months of insurance, the framework period increases from 10 years to a maximum of 30 years by 2 months per month of life)
    * 6 months of insurance, excluding self-insurance, if disability occurs before age 27
- Other Requirements:
    * The disability is expected to last for at least six months. Effective January 1, 2014, the disability is required to be permanent
    * There is no entitlement to occupational rehabilitation or occupational rehabilitation measures are not appropriate or reasonable, effective January 1, 2011
    * The requirements for regular old-age pension and corridor pension are not yet satisfied

- **Adjustment formula**

  Reduction rates vary by eligibility track —see Table 12 for details. For every year of early claiming before SRA, these reduction rates apply:
    - Eligibility Track 1b: 4.2%
    - Eligibility Track 1d: Increase from 4.2% to 5.1%, effective July 1, 2006
    - Eligibility Track 1e: 1.8%
    - Eligibility Track 1f: 4.2%
    - Eligibility Track 1g: 1.8%, up to the applicable age for Eligibility Track 1b (instead of SRA)

  These adjustments are incorporated into benefit formula during this period —see Formula 2, Formula 3, Formula 4, and Formula 5 for more details.

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: Yes
- **If so, what is the latest claiming age where benefits are adjusted?** Answer: Age 68 (men) or age 63 (women)
- **Adjustment formula**
  If the old-age pension is claimed after the SRA and the minimum insurance period is satisfied, an increase in the amount of the pension is granted for months the start of benefits is delayed. The pension will be increased by 4.2% per year (0.35% per month), up to a maximum increase of 12.6%, i.e., 3 years, up to the age of 68. In addition, due to Law 29/2017, since January 1, 2017, in the event of delayed claiming, the employee and the employer insurance contributions are reduced by half and financed by PVA.

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: Yes
- **Adjustment formula**
  Benefit adjustment due to working in retirement varies by eligibility track:
  - Eligibility Track 1: There is no earnings-test against regular old-age pension. Additional earnings do not reduce the pension amount.
  - Eligibility Track 1b, 1d, 1e, 1f, 1g: Earnings subject to compulsory insurance under the APG must not exceed the marginal income threshold, e.g., 485.85 €/month in 2022, otherwise entitlement to pension benefit is ceased until SRA.
- **If benefits are reduced while working, does it effect future benefits?** Answer: Yes
- **If so, how does claiming and continuing to work affect future benefits?**
  Contributions during cessation of old-age benefit entitlement accumulate and increase future benefits. In case of Corridor Pension and Early Old-Age Pension with Long Insurance Period, if the pension entitlement ceases to exist due to gainful employment, pension benefit will be increased by 0.55% for each month of cessation after SRA. In case of Heavy-Labor Pension, pension benefit will be increased by 0.312% per month.

Additional Benefit Adjustments

- **Adjustment 1**: Child allowance
- **Adjustment 1 details**: 29.07 €for each child under age 18 (27 if student, no limit if child is disabled), paid 14 times a year.
- **Adjustment 2**: Early starter bonus (Frühstarterbonus)
- **Adjustment 2 details**: Effective January 1, 2022, early starter bonus is introduced in place of deduction-free pension. Persons who started work early are entitled if there are at least 300 contribution months (25 years) due to gainful employment and of that 12 contribution months (1 year) are due to gainful employment before the age of 20 unless a corridor, heavy labor or long-term insurance pension or a disability pension is granted without a deduction. The values of 2022 are as below and will be revalued annually since 2023:
  - 1 €/month
  - Up to a maximum of 60 €
- **Adjustment 3**: Early starter bonus (Frühstarterbonus)
- **Adjustment 3 details**: Effective January 1, 2022, early starter bonus is introduced in place of deduction-free pension. Persons who started work early are entitled if there are at least 300 contribution months (25 years) due to gainful employment and of that 12 contribution months (1 year) are due to gainful employment before the age of 20 unless a corridor, heavy labor or long-term insurance pension or a disability pension is granted without a deduction. The values of 2022 are as below and will be revalued annually since 2023:
  - 1 €/month
  - Up to a maximum of 60 €

Tables and Formulas

Table 1: Increased Statutory Retirement Age (SRA) for Women

Birth Date	SRA
From Jun 2, 1968	65
Dec 2, 1967 - Jun 1, 1968	64.5
Jun 2, 1967 - Dec 2, 1967	64
Dec 2, 1966 - Jun 1, 1967	63.5
Jun 2, 1966 - Dec 1, 1966	63
Dec 2,1964 - Jun 1, 1966	62.5
Jun 2, 1965 - Dec 1, 1965	62
Dec 2, 1965 - Jun 1, 1965	61.5
Jun 2, 1964 - Dec 1, 1964	61
Dec 2, 1963 - Jun 1, 1964	60.5
Before Dec 2, 1963	60

Source: Federal constitutional law on different age limits for male and female socially insured taxpayers (Bundesgesetzblatt, 1992)

Table 2: Reduction Rate for Early Retirement (ASVG)

Year	Deduction Rate	Maximum Reduction
From Jan 1, 2013	4.2% ... Eligibility Track 1b, 1f 5.1% ... Eligibility Track 1d 1.8% ... Eligibility Track 1e, 1g	-
July 1, 2006 - Dec 31, 2012	4.2% ... Eligibility Track 1b, 1d, 1f 1.8% ... Eligibility Track 1e, 1g	-
Jan 1, 2005 - Jun 30, 2006	4.2% ... Eligibility Track 1b, 1d, 1f 2.1% ... Eligibility Track 1e, 1g	-
Jan 1, 2004 - Dec 31, 2004	4.2% for every year	15%
Oct 1, 2000 - Dec 31, 2003	3% for every year	15%
Jan 1, 2000 - Sep 30, 2000	2% for every year	15%
Until Dec 31, 1999	0.719% for every missing insurance month	-

Note: Old-age benefit is reduced due to early claiming. Reduction rate has changed over time and now varies across early retirement eligibility tracks. **Source:** § 261 of ASVG (Bundesgesetzblatt, 1955)

Table 3: Increase Rate for Delayed Claiming (ASVG)

Time Period	Increase in Pension Amount	Maximum Amount of Assessment Base
From Jan 1, 2013	4.2%, up to 12.6%	91.76%
Jul 1, 2006 - Dec 31, 2012	4.2%, up to 12.6%	91.76%
Jan 1, 2005 - Jun 30, 2006	4.2%, up to 12.6%	91.76%
Jan 1, 2004 - Dec 31, 2004	4.2%	91.76%
Oct 1, 2000 - Dec 31, 2003	4%	Increase from 80% to 90% by 1% every 6 months after SRA
Until Sep 30, 2000	from age 61 to 65 ...... 2% from age 66 to 70 ...... 3% from age 71 ...... 5%	-

Source: § 261c of ASVG (Bundesgesetzblatt, 1955)

Table 4: Maximum Contribution Basis (Höchstbeitragsgrundlage)

Year	Monthly Maximum Contribution Basis
2022	5,670.00 €
2021	5,550.00
2020	5,370.00
2019	5,220.00
2018	5,130.00
2017	4,980.00
2016	4,860.00
2015	4,650.00
2014	4,530.00
2013	4,440.00
2012	4,230.00
2011	4,200.00
2010	4,110.00
2009	4,020.00
2008	3,930.00
2007	3,840.00
2006	3,750.00
2005	3,630.00
2004	3,450.00
2003	3,360.00
2002	3,270.00
2001	3,226.67
2000	3,139.47
1999	3,095.86
1998	3,052.26
1997	2,965.05
1996	2,834.24
1995	2,747.03
1994	2,616.22
1993	2,441.81
1992	2,311.00
1991	2,180.18
1990	2,092.98
1989	2,049.37
1988	2,005.77
1987	1,918.56
1986	1,874.96
1985	1,787.75
1984	1,744.15
1983	1,656.94
1982	1,569.73
1981	1,482.53
1980	1,417.12
1979	1,351.71
1978	1,220.90
1977	1,090.09
1976	959.28

Source: § 45 of ASVG (Bundesgesetzblatt, 1955)

Table 5: Revaluation Factors (2021-2022)

Year	Revaluation Factor of 2021	Revaluation Factor of 2022
2021		1.000
2020	1.000	1.015
2019	1.018	1.033
2018	1.038	1.054
2017	1.055	1.071
2016	1.063	1.079
2015	1.076	1.092
2014	1.094	1.110
2013	1.120	1.137
2012	1.152	1.169
2011	1.183	1.201
2010	1.197	1.215
2009	1.215	1.233
2008	1.253	1.272
2007	1.277	1.296
2006	1.297	1.316
2005	1.327	1.347
2004	1.349	1.369
2003	1.362	1.382
2002	1.367	1.388
2001	1.382	1.403
2000	1.397	1.418
1999	1.403	1.424
1998	1.423	1.444
1997	1.441	1.463
1996	1.441	1.463
1995	1.476	1.498
1994	1.520	1.543
1993	1.554	1.577
1992	1.618	1.642
1991	1.685	1.710
1990	1.763	1.789
1989	1.841	1.869
1988	1.883	1.911
1987	1.919	1.948
1986	1.964	1.993
1985	2.006	2.036
1984	2.086	2.117
1983	2.158	2.190
1982	2.218	2.251
1981	2.295	2.329
1980	2.410	2.446
1979	2.521	2.559
1978	2.636	2.676
1977	2.771	2.813
1976	2.940	2.984
1975	3.127	3.174

Source: Attachment 7 of APG (Bundesgesetzblatt, 2004)

Note: The revaluation factors for years prior to 2021 can be approximated by dividing the revaluation factor in 2022 (right column) for every year prior to the year of interest by the revaluation factor of the year of interest and round to the third decimal point. For example, to compute the 2015 revaluation factor if the year of interest is 2021, we would compute $\frac{1.092}{1.015} = 1.07586$ or 1.076 after rounding, which matches the reported value for the 2015 revaluation factor in the middle column.

Formula 1: ASVG Benefit Calculation Before 2003 Reform (1992-2003)

$$B_{OA(ASVG),i,t} = \text{Assessment Base}_{i,t} \times RR_{i,t}$$

- $B_{OA(ASVG),i,t}$ = Individual i's own monthly old-age benefit at time t based on the defined benefit system governed by ASVG from 1992 to 2003

- Assessment Base$_{i,t}$ = Assessment base at time t based on individual i's contribution history, calculated as the average indexed monthly earnings based on the highest 15 years of earnings:

$$\text{Assessment Base}_{i,t} = \frac{1}{210} \sum_{m=1}^{180} \min\{\text{EARN}_{i,m} \times r_{m,t}, \text{MAXEARN}_t\}$$

  Key components of the formula are:

  - EARN$_{i,m}$ = Individual i's earned income during indexed month m
  - $r_{m,t}$ = The revaluation factor used to adjust earned income of month m to present value at time t —see Table 5 for revaluation factors
  - MAXEARN$_m$ = The monthly maximum contribution basis (Höchstbeitragsgrundlage) of month m —see Table 4 for maximum contribution basis over time

- $RR_{i,t}$ = Replacement rate at time t based on the number of individual i's contribution years. Depending on individual i's age at time t, replacement rate may be increased or decreased:

$$RR_{i,t} = \begin{cases} Y_{i,t} \times I_{i,t} - \text{Reduction Rate}_{i,t} \times y_{i,t} & \text{if claim before SRA} \\ Y_{i,t} \times I_{i,t} & \text{if claim at SRA} \\ Y_{i,t} \times I_{i,t} + \text{Increase Rate}_{i,t} \times y_{i,t} & \text{if claim after SRA} \end{cases}$$

  Key components of the formula are:

  - $Y_{i,t}$ = The number of individual i's contribution years at time t
  - $I_{i,t}$ = Accrual rate at time t, set at 2.00% during this period
  - Reduction Rate$_{i,t}$ = The applicable reduction rate due to early claiming for individual i at time t —see Table 2 for changes in reduction rate over time
  - Increase Rate$_{i,t}$ = The applicable increase rate due to delayed claiming for individual i at time t —see Table 3 for changes in increase rate over time
  - $y_{i,t}$ = The number of missing or additional years due to early or delayed claiming

  Normally, replacement rate is capped at 80%. But in the event of early claiming or delayed claiming, a different threshold may apply —see Table 2 and Table 3 for details

Source: § 238 and § 261 of ASVG (Bundesgesetzblatt, 1955)

Box 1: Example of ASVG Benefit Calculation

Example 1: An insured man, born in 1935, claims old-age pension at the statutory retirement age of 65 in 2000 with 30 contribution years.

1. Assume that the assessment base of the insured in 2000 is 1,500 €
2. Replacement rate of the insured is:
$$RR_{i,t} = 30 \times 0.02 = 0.6$$
3. The pension benefit is therefore:
$$B_{OA,i,t}(DB) = 2000 \times 0.6 = 1,200€$$

This insured person is entitled to pension benefit of 1,200 €, 14 times a year.

Example 2: An insured man, born in 1952, claims old-age pension at the statutory retirement age of 65 in 2017 with 30 contribution years.

1. Assume that the assessment base calculated under the legal provision of ASVG in 2003 is 2,400 €. The replacement rate is $RR_{i,2003} = 30 \times 0.02 = 0.6$. The comparative pension amount is:
$$B_{OA,i,2003}(DB) = 2400 \times 0.6 = 1,440€$$
2. Assume that the assessment base calculated under the legal provision of ASVG in 2017 is 2,000 €. The replacement rate is $RR_{i,t} = 30 \times 0.0178 = 0.534$
3. The loss cap in 2017 is 8.25%
4. The pension amount calculated based on Formula 2 is:
$$B_{OA,i,t}(DB) = \max\{1440 \times (1 - 0.0825), 2000 \times 0.534\} = 1,314€$$

This insured person is entitled to pension benefit of 1,314 €, 14 times a year.

Table 6: Contribution Requirement for Invalidity or Disability Pension and Survivor's Pension

Age	Insurance Month	Framework Period
60	180	360
59	168	336
58	156	312
57	144	288
56	132	264
55	120	240
54	108	216
53	96	192
52	84	168
51	72	144
50 or younger	60	120

Source: § 236 of ASVG (Bundesgesetzblatt, 1955)

Table 7: Contribution Rate for Self-Employed

Year	Total Contribution Rate	Contribution Rate for the Self-Employed	Contribution Rate Financed by the Federal Government
From 2012	22.8	18.5	4.3
2011	22.8	17.5	5.3
2010	22.8	16.25	6.55
2009	22.8	16.0	6.8
2008	22.8	15.75	7.05
2007	22.8	15.5	7.3
2006	22.8	15.25	7.55
2005	22.8	15.0	7.8%
2004	15.0	15.0	-
2003	15.0	15.0	-
2002	15.0	15.0	-
2001	15.0	15.0	-
2000	14.5	14.5	-
1999	14.5	14.5	-
1998	14.5	14.5	-
1997	14.5	14.5	-
Apr 1, 1996 - Dec 31, 1996	13.5	13.5	-
Jan 1, 1988 - Mar 31, 1996	12.5	12.5	-
1987	13.0	13.0	-
1986	13.0	13.0	-
1985	13.0	13.0	-
1984	12.0	12.0	-
1983	11.0	11.0	-
1982	11.0	11.0	-
1981	11.0	11.0	-
1980	11.0	11.0	-
1979	10.5	10.5	-
1978	10.5%	10.5%	-

Note: This document focuses on the self-employed governed by GSVG. Rates may differ for FSVG and BSVG, which are separate self-employed systems for targeted groups (e.g., self-employed professionals and farmers).
Source: § 27 of GSVG (Bundesgesetzblatt, 1978)

Table 8: Accrual Rate (ASVG)

Year	Accrual Rate
From 2009	1.78
2008	1.80
2007	1.84
2006	1.88
2005	1.92
2004	1.96
2003 and before	2.00 %

Note: Effective January 1, 2004, accrual rate will be reduced from 2% to 1.78%
Source; § 261 of ASVG (Bundesgesetzblatt, 1955)

Table 9: Pension Assessment Period

Year	Assessment period (in month)	Assessment period (in year)
2028	480	40
2027	468	39
2026	456	38
2025	444	37
2024	432	36
2023	420	35
2022	408	34
2021	396	33
2020	384	32
2019	372	31
2018	360	30
2017	348	29
2016	336	28
2015	324	27
2014	312	26
2013	300	25
2012	288	24
2011	276	23
2010	264	22
2009	252	21
2008	240	20
2007	228	19
2006	216	18
2005	204	17
2004	192	16
2003	180	15

Source: §238 of ASVG (Bundesgesetzblatt, 1955)

Table 10: Comparative Calculation with Loss Capping within ASVG (2004-Present)

year	Loss Cap	Minimum Dimension of Comparative Pension
From 2024	10.00 %	90.00 %
2023	9.75	90.25
2022	9.50	90.50
2021	9.25	90.75
2020	9.00	91.00
2019	8.75	91.25
2018	8.50	91.50
2017	8.25	91.75
2016	8.00	92.00
2015	7.75	92.25
2014	7.50	92.50
2013	7.25	92.75
2012	7.00	93.00
2011	6.75	93.25
2010	6.50	93.50
2009	6.25	93.75
2008	6.00	94.00
2007	5.75	94.25
2006	5.50	94.50
2005	5.25	94.75
2004	5.00	95.00

Source: § 607 of ASVG (Bundesgesetzblatt, 1955)

Formula 2: ASVG Benefit Calculation since 2003 Reform (2004-Present)

$$B_{OA(ASVG),i,t} = \text{max}\{B_{OA(ASVG),i,2003} \times (1 - \text{Loss Cap}_t), \text{Assessment Base}_{i,t} \times RR_{i,t}\} + \text{Bonus}_{i,t}$$

- $B_{OA(ASVG),i,t}$ = Individual i's own monthly old-age benefit at time t based on the defined benefit system governed by ASVG since 2004
- $B_{OA(ASVG),i,2003}$ = Individual i's own monthly old-age benefit based on legal provision in 2003 under the defined benefit system governed by ASVG —Formula 1 details how benefit is calculated
- Loss Cap$_t$ = Loss cap at time t—see Table 10 for changes in loss cap over time
- Assessment Base$_{i,t}$ = Assessment base at time t based on individual i's contribution history, calculated as the average indexed monthly earnings based on the highest $N_{i,t}$ years of earnings:

$$\text{Assessment Base}_{i,t} = \frac{1}{14 \times N_{i,t}} \sum_{m=1}^{N_{i,t}\times 12} \text{min}\{\text{EARN}_{i,m} \times r_{m,t}, \text{MAXEARN}_t\}$$

  Key components of the formula are:
  - EARN$_{i,m}$ = Individual i's earned income during indexed month m
  - $r_{m,t}$ = The revaluation factor used to adjust earned income of month m to present value at time t —see Table 5 for revaluation factors
  - MAXEARN$_m$ = The monthly maximum contribution basis at month m
  - $N_{i,t}$ = The assessment period in effect at time t. If individual i's total contribution years are fewer than $N_{i,t}$, $N_{i,t}$ is substituted with the number of individual i's available contribution years

- $RR_{i,t}$ = Replacement rate at time t based on the number of individual i's contribution years. Depending on individual i's age at time t, replacement rate may be increased or decreased:

$$RR_{i,t} = \begin{cases} Y_{i,t} \times I_{i,t} - \text{Reduction Rate}_{i,t} \times y_{i,t} & \text{if claim before SRA} \\ Y_{i,t} \times I_{i,t} & \text{if claim at SRA} \\ Y_{i,t} \times I_{i,t} + \text{Increase Rate}_{i,t} \times y_{i,t} & \text{if claim after SRA} \end{cases}$$

  Key components of the formula are:
  - $Y_{i,t}$ = The number of individual i's contribution years at time t
  - $I_{i,t}$ = Accrual rate applicable at time t, set at 1.78% in 2022 —see *Table 8 for changes in accrual rate over time
  - Reduction Rate$_{i,t}$ = The applicable reduction rate due to early claiming for individual i at time t —see Table 2 for changes in reduction rate over time
  - Increase Rate$_{i,t}$ = The applicable increase rate due to delayed claiming for individual i at time t —see Table 3 for changes in increase rate over time
  - $y_{i,t}$ = The number of missing or additional years due to early or delayed claiming

  Normally, replacement rate is capped at 80%. But in the event of early claiming or delayed claiming, a different threshold may apply —see Table 2 and Table 3 for details

- Bonus$_{i,t}$ = Early starter bonus individual i is entitled based on their contribution history

Source: § 238 and § 261 of ASVG (Bundesgesetzblatt, 1955)

Table 11: Hackler Regulations: Earliest Starting Age and Contribution Requirements

Birth Date	Earliest Starting Age (Women)	Earliest Starting Age (Men)	Contribution Requirements
From Jun 2, 1965	62	62	540 months (45 years)
Dec 2, 1964-Jun 1, 1965	61.5	62	540 months (45 years)
Jun 2, 1964-Dec 1, 1964	61	62	540 months (45 years)
Dec 2, 1963-Jun 1, 1964	60.5	62	540 months (45 years)
Jan 1, 1962-Dec 1, 1963	60	62	540 months (45 years)
Jan 1, 1961-Dec 31, 1961	59	62	528 months (44 years)
Jan 1, 1960-Dec 31, 1960	58	62	516 months (43 years)
Jan 1, 1959-Dec 31, 1959	57	62	504 months (42 years)

Source:Bundesministerium für Soziales, 2022

Table 12: Rate Change Due to Early or Delayed Claiming (APG)

Year	Reduction Rate (for every year before SRA)	Increase Rate (for every year after SRA)
From Jan 1, 2013	4.2% ... Eligibility Track 1b, 1f 5.1% ... Eligibility Track 1d 1.8% ... Eligibility Track 1e, 1g	4.2%, up to 12.6%
Jul 1, 2006 - Dec 31, 2012	4.2% ... Eligibility Track 1b, 1d, 1f 1.8% ... Eligibility Track 1e, 1g	4.2%, up to 12.6%
Jan 1, 2005 - Jun 30, 2006	4.2% ... Eligibility Track 1b, 1d, 1f 2.1% ... Eligibility Track 1e, 1g	4.2%, up to 12.6%

Source: § 5 of APG (Bundesgesetzblatt, 2004)

Formula 3: APG Benefit Calculation for Class B (2005-Present)

$$B_{OA(APG),i,t} = \begin{cases} \frac{\text{Total Credit}_{i,t}}{14} \times (1 - \text{Reduction Rate}_{i,t} \times y_{i,t}) + \text{Bonus}_{i,t} & \text{if claim before SRA} \\ \frac{\text{Total Credit}_{i,t}}{14} & \text{if claim at SRA} + \text{Bonus}_{i,t} \\ \frac{\text{Total Credit}_{i,t}}{14} \times (1 + \text{Increase Rate}_{i,t} \times y_{i,t}) + \text{Bonus}_{i,t} & \text{if claim after SRA} \end{cases}$$

- $B_{OA(APG),i,t}$ = Individual i's own monthly old-age benefit at time t based on the defined benefit system with pension account governed by APG
- Total Credit$_{i,t}$ = Total credits in individual i's pension account at time t:

$$\text{Total Credit}_{i,t} = \sum_{y=2005}^{t} r_{y,t} \times \text{Partial Credit}_{i,y}$$

  Key components of the formula are:

  - $r_{y,t}$ = The revaluation factor used to adjust earned income in year y to present value at time t —see Table 5 for revaluation factors
  - Partial Credit$_{i,y}$ = The partial credit earned in year y. This is calculated as individual i's earned income of year y multiplied by the accrual rate 1.78%:

$$\text{Partial Credit}_{i,y} = \min\{\text{EARN}_{i,m} \times r_{m,t}, \text{MAXEARN}_t\} \times 1.78\%$$

  where EARN$_{i,y}$ is individual i's earned income during year y, and MAXEARN$_y$ is the yearly maximum contribution basis in year y, which is 14 times the monthly maximum contribution basis —see Table 4 for details

- Reduction Rate$_{i,t}$ = Reduction rate applicable to individual i at time t due to early claiming. Reduction rate varies across different eligibility tracks —see Table 12 for details
- Increase Rate$_{i,t}$ = Increase rate applicable to individual i at time t due to delayed claiming —see Table 12 for details
- $y_{i,t}$ = The number of missing or additional years due to early or delayed claiming for individual i at time t
- Bonus$_{i,t}$ = Early starter bonus individual i is entitled based on their contribution history

Source: § 5, § 11, and § 12 of APG (Bundesgesetzblatt, 2004)

Formula 4: APG Benefit Calculation for Class C (2005-2013)

$$B_{OA(APG),i,t} = \begin{cases} (P_1 \times \frac{m_1}{m_1+m_2} + P_2 \times \frac{m_2}{m_1+m_2}) \times (1 - \text{Reduction Rate}_{i,t} \times y_{i,t}) & \text{if claim before SRA} \\ P_1 \times \frac{m_1}{m_1+m_2} + P_2 \times \frac{m_2}{m_1+m_2} & \text{if claim at SRA} \\ (P_1 \times \frac{m_1}{m_1+m_2} + P_2 \times \frac{m_2}{m_1+m_2}) \times (1 + \text{Increase Rate}_{i,t} \times y_{i,t}) & \text{if claim after SRA} \end{cases}$$

- $B_{OA(APG),i,t}$ = Individual i's own monthly old-age benefit at time t based on the defined benefit system with pension account governed by APG from 2005 to 2013
- P_1 = A notional pension amount based on individual i's contribution history under APG —see Formula 3 for how it is calculated
- P_2 = A notional pension amount based on individual i's contribution history under ASVG —see Formula 2 for how it is calculated
- m_1 = Insurance months acquired by individual i from January 1, 2005 to time t according to APG
- m_2 = Insurance months acquired by individual i by December 31, 2004 according to ASVG
- Reduction Rate$_{i,t}$ = Reduction rate applicable to individual i at time t due to early claiming. Reduction rate varies across different eligibility tracks —see Table 12 for details
- Increase Rate$_{i,t}$ = Increase rate applicable to individual i at time t due to delayed claiming —see Table 12 for details
- $y_{i,t}$ = The number of missing or additional years due to early or delayed claiming for individual i at time t

Source: § 15 of APG (Bundesgesetzblatt, 2004)

Box 2: Example of APG Benefit Calculation and Initial Account Credit for Class C

- **Example 1:** An insured man, born in 1945 with contribution history earned before 2005, claims old-age pension at the statutory retirement age of 65 in 2010.
  1. Assume that he has 30 contribution years in total. 25 years are earned before January 1, 2005 and 5 years are earned from January 1, 2005
  2. For his contribution history since January 1, 2005, assume that a notional pension amount based on APG according to Formula 3 is $P_1 = 800$
  3. For his contribution history up to December 31, 2004, assume that a notional pension amount based on ASVG according to Formula 2 is $P_2 = 2000$
  4. The pension amount is:
  $$B_{OA,i,t} = 800 \times \frac{5}{30} + 2000 \times \frac{25}{30} = 1,800€$$

  This insured person is entitled to pension benefit of 1,800 €, 14 times a year.
- **Example 2 (Initial account credit):** An insured man, born in 1970 with contribution history before January 1, 2005. His initial account credit for all contributions up to 2013 is calculated:
  1. Assume that he has 15 contribution years in total. 10 years are earned before January 1, 2005 and 5 years are earned after January 1, 2005
  2. Assume that his assessment base within ASVG in 2013 is 2,000 €. The replacement rate is $15 \times 0.0178 = 0.267$ The starting amount is:
  $$\text{Starting Amount}_{i,t} = 2000 \times 0.267 = 534$$
  3. Assume that the comparative amount according to Formula 4 is 400. The lower limit for the insured is 96.5% and the upper limit is 103.5%
  4. The initial account credit assigned to the insured after a parallel calculation is:
  $$\text{Initial Credit}_{i,t} = 14 \times \min\Big\{ \max\{534, 400 \times 0.965\}, 400 \times 1.035\} = 14 \times 414 = 5796$$

Table 13: Parallel Calculation Lower and Upper Limits by Birth Year

Birth Year	Lower Limit	Upper Limit
From 1965	96.5 %	103.5 %
1964	96.7	103.3
1963	96.9	103.1
1962	97.1	102.9
1961	97.3	102.7
1960	97.5	102.5
1959	97.7	102.3
1958	97.9	102.1
1957	98.1	101.9
1956	98.3	101.7
1955	98.5	101.5

Source: § 15 of APG (Bundesgesetzblatt, 2004)

Formula 5: APG Benefit Calculation for Class C (2014-Present)

$$B_{OA(APG),i,t} = \begin{cases} \frac{\text{Total Credit}_{i,t}}{14} \times (1 - \text{Reduction Rate}_{i,t} \times y_{i,t}) + \text{Bonus}_{i,t} & \text{if claim before SRA} \\ \frac{\text{Total Credit}_{i,t}}{14} + \text{Bonus}_{i,t} & \text{if claim at SRA} \\ \frac{\text{Total Credit}_{i,t}}{14} \times (1 + \text{Increase Rate}_{i,t} \times y_{i,t}) + \text{Bonus}_{i,t} & \text{if claim after SRA} \end{cases}$$

- $B_{OA(APG),i,t}$ = Individual i's own monthly old-age benefit at time t based on the defined benefit system with pension account governed by APG since 2014
- Total Credit$_{i,t}$ = Total credits in individual i's pension account:

$$\text{Total Credit}_{i,t} = \text{Initial Credit}_{i,2013} + \sum_{y=2014}^{t} r_{y,t} \times \text{Partial Credit}_{i,y}$$

  Key components of the formula are:
  - Initial Credit$_{i,2013}$ = Initial account credit based on individual i's contribution history by December 31, 2013, which forms the first credit in individual i's pension account

$$\text{Initial Credit}_{i,2013} = \begin{cases} 14 \times \text{Comparative Amount}_i \times LL_i & \text{if Starting Amount}_i < \text{Comparative Amount}_i \times LL_i \\ 14 \times \text{Comparative Amount}_i \times UL_i & \text{if Starting Amount}_i > \text{Comparative Amount}_i \times UL_i \\ 14 \times \text{Starting Amount}_i & \text{otherwise} \end{cases}$$

    Key components of the formula are:
    * Initial Credit$_{i,2013}$ = Initial account credit based on individual i's contribution history by December 31, 2013, which forms the first indexed credit in pension account for benefit calculation in Formula 3
    * Starting Amount$_i$ = A notional pension amount for individual i based on ASVG on December 31, 2013, but based on the highest 336 months of earnings instead of 300 months —see Formula 2 for details
    * Comparative Amount$_i$ = A notional pension amount for individual i based on APG on December 31, 2013 —see Formula 4 for details
    * LL_i = The lower limit applicable to individual i based on their birth year
    * UL_i = The upper limit applicable to individual i based on their birth year
  - $r_{y,t}$ = The revaluation factor used to adjust earned income of year y to present value at time t —see Table 5 for revaluation factors
  - Partial Credit$_{i,y}$ = The partial credit earned in indexed year y. This is calculated as individual i's earned income of year y multiplied by the accrual rate 1.78%:

$$\text{Partial Credit}_{i,y} = \min\{\text{EARN}_{i,m}, \text{MAXEARN}_t\} \times 1.78\%$$

    Key components of the formula are:
    * EARN$_{i,y}$ = Individual i's earned income during year y
    * MAXEARN$_y$ = The yearly maximum contribution basis in year y, which is 14 times the monthly maximum contribution basis —see Table 4 for details

- Reduction Rate$_{i,t}$ = Reduction rate applicable to individual i at time t due to early claiming. Reduction rate varies across different eligibility tracks —see Table 12 for details
- Increase Rate$_{i,t}$ = Increase rate applicable to individual i at time t due to delayed claiming —see Table 12 for details
- $y_{i,t}$ = The number of missing or additional years due to early or delayed claiming for individual i at time t
- Bonus$_{i,t}$ = Early starter bonus individual i is entitled based on their contribution history

Source: § 5, § 11, § 12, and § 15 of APG (Bundesgesetzblatt, 2004)

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Glossary of terms

This section summarizes key definitions from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

Annuitable System: A pension system that provides a periodic payment for life after the benefit begins.

APG: General Pensions Act (Allgemeinen Pensionsgesetzes, APG) is the act that governs benefits for Class 2 and Class 3 works from 2005 and provides benefits under a DB system.

ASVG: General Social Insurance Act (Allgemeinen Sozialversicherungsgesetzes, ASVG) is the main act that governs benefits prior to 2005 and provides benefits under a DB system.

Cash Balance System: A pension system that provides each individual an account that is drawn down over time.

Claimable Benefit: A pension where the beneficiary must actively file a claim for benefits with the government’s pension authority.

Class A: Persons born before January 1, 1955 that are only eligible for benefits under the historical DB plan governed by ASVG.

Class B: Persons born on or after January 1, 1955 and who have not yet acquired any paid or credited contributions before 2005. They are eligible only for benefits under the DB system governed by APG.

Class C: Persons born on or after January 1, 1955 and who have acquired at least 1 insurance month by December 31, 2004. They are eligible for benefits based on the DB system governed by APG.

Class: The 2005 Pension Reform created a separate old-age benefit system for workers based on their work history and birth year. We define three distinct “classes” of workers, and each class has its own benefit eligibility rules and formulas. This terminology is not used by Austrian government but helps the authors to concisely convey information about old-age benefit plan design.

Contribution months: Beitragszeiten in German, these include periods where a worker paid contributions for compulsory or voluntary insurance, or was on family hospice leave (up to 9 months), or for periods of employment not subject to pension insurance (e.g. as a civil servant) for which a transfer amount was paid to the PVA after the end of the period.

Cost-of-Living Adjustments (COLA): Adjustments after an individual begins receiving benefits that increase benefit payments, typically in line with consumer prices or average earnings.

Defined Benefit system (DB): An old-age benefit system where a worker's benefits paid at retirement are based on a defined formula typically consisting of contribution years, a measure of final average earnings and a multiplier (sometimes known as an accrual factor).

Earliest eligibility: Earliest age and/or years of contributions required to be eligible to start receipt of a particular type of benefit. Earliest eligibility is the same as statutory eligibility in countries where there is no benefit penalty for claiming before the statutory retirement age.

Eligibility Track 1: Regular Old-Age Pension: Alterspension in German, this is an eligibility track for unreduced old-age benefits that is based primarily on age with a minimal number of required contribution years.

Eligibility Track 2: Flexible Pension: Gleitpension in German, this is an eligibility track that allows access to old-age benefits at a younger age and a reduced rate if a beneficiary continues work but at a reduced effort level. After reaching their SRA, their benefit becomes unreduced old-age benefits that is based primarily on age with a minimal number of required contribution years.

Eligibility Track 3: Partial Retirement (Track 3A from 2005): Altersteilzeit in German, this is an eligibility track that allows access to old-age benefits at a younger age and a reduced rate if a beneficiary continues work but at a reduced effort level. After reaching their SRA, their benefit becomes unreduced old-age benefits that is based primarily on age with a minimal number of required contribution years.

Eligibility Track 3B: Partial Pension: Teilpension in German, this is an eligibility track that allows the insured to reduce working hours before SRA without decreasing insurance contributions and pension benefit. Available all classes of workers from 2016.

Eligibility Track 4: Deduction-free pension: Abschlagsfreie pensionen in German, this is an eligibility track for unreduced old-age benefits that is based only on contribution months. In some countries, such as Italy, this would be referred to as a seniority pension. Available only for Class 2 and Class 3 workers from 2020.

Eligibility Track: Requirements for an individual to start receiving an unreduced old-age pension benefit. An individual typically must satisfy only one eligibility track.

Insurance Months (under APG): Refers to qualifying contributory months that count towards determining old-age benefit eligibility for benefits under APG (i.e., Class 2 and Class 3 workers). Qualifying months include periods of employment, periods of partial compulsory insurance including periods of child-rearing, family hospice leave, and care leave, receipt of unemployment benefit, receipt of sickness benefit, and times of military and community service, and periods of voluntary insurance.

Insurance months (under ASVG): Versicherungszeiten in German, is a term referred to the sum of contribution months and substitute months that count towards determining benefit eligibility

Latest claiming age: Latest age where a benefit may be claimed such that benefit payments are increased as an incentive for delaying the start of benefits past the statutory retirement age. Latest claiming age is the same as statutory retirement age in countries where there is no benefit to delayed claiming. Not applicable for non-claimable benefits.

Lump Sum Benefit: A pension system that provides an individual with a one-time or limited number of payments. Lump sum benefits are distinct from annuitable or cash balance benefits because they do not continue past a specified time frame. Lump sum benefits use varies by country, but they are sometimes used as death benefits, incentives to delay claiming, or payments to individuals with an insufficient contribution history to be eligible for annuitable benefits.

National Income Measure: In some pension systems, the benefit is dependent on a national income measure, such as average wages. We indicate a pension system depends on the national income measure if the benefit paid is determined by a national income measure (as opposed to an individual's earnings history). For example, the benefit level for the United Kingdom Basic State Pension depends on a level set by the government and does not depend on an individual's earnings. This distinction does not include systems that adjust annual benefits based on a national income measure or index past earnings using a national income measure.

Progressive Benefit: A benefit is progressive if people with lower earnings have a greater replacement rate for their contributions.

PVA: Pension Insurance Institution (Pensionsversicherungsanstalt, PVA) is one of five pension institutions responsible for administering social insurance. PVA is the largest insurance provider for all employees (i.e., workers that are not self-employed). Old-age benefits within ASVG are administered by PVA.

Qualified Benefit: A benefit is qualified if an individual must continue to meet certain standards, such as a means test, to continue receipt of benefits.

Statutory Retirement Age (SRA): The age at which individuals are eligible to receive their full benefit. In the United States, this is known as the normal retirement age. In the United Kingdom, this is known as the state pension age.

Substitute months: Ersatzzeiten in German, these include special non-contributory periods that may count towards determining benefit eligibility, including times of child-rearing, maternity leave, sickness leave, military and community service, and school, study and training.

Version information

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- 1.0 (June 2022): First version
- 1.1 (August 2023): Updated formatting

Additional resources

The following resources provide additional details for the interested reader:

Arbeit und Pension [Work and Retirement in Austria].
Available at: https://www.oesterreich.gv.at/themen/arbeit_und_pension.html
Features: Provides summary and details of current version of Austria pension insurance laws.

Other papers of interest include:

- OECD (2019). Pensions at a Glance: Country Profiles- Austria.
  Available at: https://www.oecd.org/els/public-pensions/PAG2019-country-profile-Austria.pdf
- Austria Federal Ministry of Finance (2018). Austrian Country Fiche on Public Pensions.
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