



ESPN Thematic Report on retirement regimes for workers in arduous or hazardous jobs

Slovakia

2016

Daniel Gerbery, Rastislav Bednárík
May 2016



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate C — Social Affairs
Unit C.2 — Modernisation of social protection systems

Contact: Emanuela TASSA

E-mail: Emanuela.TASSA@ec.europa.eu

*European Commission
B-1049 Brussels*

European Social Policy Network (ESPN)

**ESPN Thematic Report on
retirement regimes for
workers in arduous or
hazardous jobs**

Slovakia

2016

Daniel Gerbery and Rastislav Bednárík

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by LISER and APPLICA, with the support of OSE - European Social Observatory.

For more information on the ESPN, see:

<http://ec.europa.eusocialmain.jsp?catId=1135&langId=en>

***Europe Direct is a service to help you find answers
to your questions about the European Union.***

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission, however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Contents

SUMMARY/HIGHLIGHTS 4

1 OVERALL DESCRIPTION OF THE POLICY MIX TARGETED AT WORKERS IN ARDUOUS OR HAZARDOUS JOBS 5

2 PENSION RULES FOR WORKERS IN ARDUOUS OR HAZARDOUS JOBS..... 9

3 RETIREMENT PATTERNS AND RETIREMENT INCOME OF WORKERS IN ARDUOUS OR HAZARDOUS JOBS 10

REFERENCES 13

Summary/Highlights

The term 'hazardous work' is explicitly defined in Slovak legislation. All work is classified according to its impact on health, based on an evaluation of health risks and assumed changes of health status. There are four broad categories; hazardous work is represented by the third and fourth categories of the classification, covering work and working environments that increase the probability of occupational disease, poisoning or other work-related health damage.

In 2015, there were 101,474 people who performed hazardous work (approximately 4.1% of the employed population). The most prevalent risk factors were excessive noise, chemicals, physical strain, biological factors and ionising radiation.

People performing hazardous work have to rely mostly on generally available end-of-career options, which are designed for the whole workforce; but there are few exceptions.

One option is injury annuity benefit, provided within the accident insurance scheme. People are entitled to injury annuity benefit if occupational diseases or work accidents have led to a significant reduction in work capacity. It is provided until reaching (normal) retirement age or until early retirement is granted. They may also claim for requalification if they are expected to become fit enough to return to work.

Invalidity (disability) pension represents another end-of-career option. In general it is granted to people with a long-term reduction in their capacity to work (or to perform gainful activity) who do not fulfil the conditions for old-age pension and have not been granted early retirement, provided they have sufficient insurance contributions. In cases where a reduction in capacity is the result of a work accident or occupational disease, however, the condition relating to insurance contributions need not be met.

Some categories of workers in arduous and/or hazardous jobs can benefit from specific pension rules. An older classification of jobs according to risk factors was abolished in 1999, but is still used as the basis for calculating pension entitlements for workers whose jobs were classified as hazardous before 2000. These people may benefit from earlier retirement and a higher old-age pension. The period of validity of these pension entitlements was extended until 2023.

New claims for specific pension rules for workers in hazardous work have emerged recently. According to the Metal Trade Union Association (*Odborový zväz KOVO*), increases in the general retirement age should be accompanied by new early-retirement schemes for people performing hazardous work. The trade union argues that older employees are less able to perform hazardous work and should therefore be given adequate exit options. As recently published statements show, the Slovak government agrees with the union's arguments. It plans to begin by discussing models of early retirement and their parameters.

1 Overall description of the policy mix targeted at workers in arduous or hazardous jobs

Measures addressing arduous and/or hazardous jobs are primarily developed by the Ministry of Labour, Social Affairs and Family and the Ministry of Health. The measures mainly relate to the protection of workers, employers' duties, compensation for accidents at work or worsening health, etc. The term 'hazardous work' is explicitly defined by Act No. 355/2007 on Protection, Support and Development of Public Health (prepared by the Ministry of Health). Hazardous work (*riziková práca*) refers to work and working environments that increase the probability of occupational disease, poisoning or other work-related health damage. All work is classified¹ according to its impact on health, based on an evaluation of health risks and assumed changes of health status. There are four broad categories; hazardous work is represented by the third and fourth category of the classification.

The first category includes work that does not lead to health damage. The second category contains work where health damage is not assumed, but there is a risk of an adverse reaction by the human body to the work or working environment. The third category involves:

- Work where the health impact of a single work or working environment factor exceeds imposed limits and, therefore, where organizational and protective measures are needed in order to decrease health risks;
- Work where the health impact of a single work or working environment factor does not exceed imposed limits, but where a combination of factors could lead to damage to health;
- And work for which no explicit limits are defined, but where exposure to work or working environment factors could cause damage to health.

The fourth category contains:

- Work where the health impact of work or working environment factors cannot be reduced to the defined limits by technical or organizational measures (i.e. the impact on health exceeds the defined limits) and there are identified changes in health status;
- Work from the third category where a combination of factors increases the risk of health damage;
- And work where people are exposed to radiation exceeding defined thresholds.

It is important to note that the term 'work' is used instead of 'professions' or 'occupation'. Slovak legislation focuses on work – on the impact of its content, conditions, and location (workplace). Work within any given profession or occupation may vary in terms of hazardousness: instead of a list of hazardous jobs and occupations, therefore, a list of hazardous work is defined.

Before 2000, the situation was different. There were three categories of jobs, classified according to their hazardousness. The first and second category referred to hazardous jobs. The first (most hazardous) category included, for example, miners, aircraft crew members, workers in the chemical industry, and workers in iron, steel or nuclear plants. The second category included, for example, people who were in contact with infectious diseases, or with carcinogenic or harmful gases. The division of employees into three groups was related to the specific pension rights described in section 2.

In 2015, there were 101,474 people who performed hazardous work (approximately 4.1% of all employed people). According to the Annual Report of the Public Health Authority of the Slovak Republic (2016: 132), the number of people performing hazardous work increased slightly between 2014 and 2015 (by 2,360). However, the

¹ The classification is referred to in § 31 in the Act on Protection, Support and Development of Public Health.

increase occurred only in the third category (an increase of 2,537). The number of people in the fourth category fell (by 177). As regards risk factors, workers in hazardous work were affected mostly by excessive noise, chemicals, physical strain, biological factors and ionising radiation..

As regard classification of economic activities (see Table 1), most hazardous work was performed in manufacturing (70,434 people). Healthcare and social work showed the second highest number (9,529), the majority of whom were women (7,248)². On the other hand, relatively safe work and working environments could be found in real estate activities, as well as in accommodation and food services.

Table 1: Number of people performing hazardous work in 2015 by type of economic activity

	3 rd category	4 th category	Total
Agriculture, forestry and fishing	1,666	268	1,934
Mining and quarrying	2,515	363	2,878
Manufacturing	62,340	8,094	70,434
Electricity, gas, steam and air conditioning supply	3,371	483	3,854
Water supply, sewerage, waste management	837	55	892
Construction	1,493	99	1,592
Wholesale and retail sale, repair of motor vehicles and motorcycles	617	35	652
Transportation and storage	3,466	136	3,602
Accommodation and food services activities	9	0	9
Information and communication activities	50	2	52
Real estate activities	4	0	4
Professional, scientific and technical activities	1,072	25	1,097
Administrative and support service activities	715	142	857
Public administration and defence	2,827	200	3,027
Education	364	0	364
Human health and social work activities	9,514	15	9,529
Arts, entertainment and recreation	611	0	611
Other activities	83	3	86
Total	91,554	9,920	101,474

Source: Public Health Authority of the Slovak Republic (2016: 135)

² The number of women in hazardous work is not presented in Table 1: it is cited from Public Health Authority of the Slovak Republic (2016: 134).

Data from Eurostat offer a different – but complementary – perspective on the incidence of hazardous work. They capture the proportion of people who reported exposure to risk factors that can adversely affect physical (Table 2) and mental (Table 3) health. In Slovakia in 2013, nearly 38% of people aged 15-64 were exposed to factors that posed a risk to physical health. The proportion did not vary significantly according to age, whereas there were huge differences between men and women. In general, men were more at risk than women – this was true both for physical and mental health. Between 2007 and 2013, the proportion of people exposed to risk factors for physical health increased in all categories.

Exposure to factors affecting mental health was less frequent. In 2013, nearly 27% of people aged 15-64 were exposed to risk factors for mental health. This proportion was slightly lower among the oldest workers (aged 55-64). As in the case of physical health, men were more exposed to risk than women. Between 2007 and 2013, the proportion of people at risk increased overall.

Compared with the EU average, Slovakia has smaller proportions of people exposed to mental and physical health-related risks.

Table 2: People reporting exposure to risk factors that can adversely affect physical health by age and sex (%)

	Slovakia			EU-27		
	Total	Men	Women	Total	Men	Women
2013						
15-64 years	37.7	46.9	26.0	50.9	54.5	46.6
15-34 years	36.4	45.8	22.0	48.2	52.0	43.7
35-54 years	38.2	48.0	27.4	53.0	56.7	48.8
55-64 years	38.4	45.6	28.5	49.0	52.2	45.0
2007						
15-64 years	26.1	35.7	13.7	37.7	44.0	29.8
15-34 years	26.8	36.3	13.5	37.2	44.1	28.6
35-54 years	25.7	36.0	14.3	38.6	45.0	30.8
55-64 years	24.9	31.9	10.4	35.3	39.7	29.1

Source: Eurostat

Table 3: People reporting exposure to risk factors that can adversely affect mental well-being by age and sex (%)

	Slovakia			EU-27		
	Total	Men	Women	Total	Men	Women
2013						
15-64 years	26.8	30.7	21.9	28.0	27.7	28.4
15-34 years	27.3	30.8	22.1	25.2	24.3	26.2
35-54 years	27.2	31.5	22.4	30.3	30.3	30.3
55-64 years	24.3	28.1	19.1	25.9	25.6	26.2
2007						
15-64 years	13.7	15.6	11.3	25.1	25.3	24.9
15-34 years	13.8	14.8	12.3	21.7	21.4	22.1
35-54 years	13.7	16.4	10.7	27.5	28.0	26.8
55-64 years	14.0	15.2	11.6	24.6	24.6	24.6

Source: Eurostat

People performing hazardous work have to rely mostly on generally available end-of-career options designed for the whole workforce. Since they are more likely to be exposed to risk factors leading to accidents at work and occupational diseases, accident insurance plays an important role. Accident insurance is the employer's insurance against health damage or death due to an accident at work or occupational disease. There are several cash and in-kind accident insurance benefits, but only a few can serve as a fully-fledged end-of-career option. Injury annuity benefit³ represents one of them. People are entitled to injury annuity benefit if occupational disease or a work accident has led to a significant reduction in work capacity⁴. It is provided until (normal) retirement age or until early retirement is granted. The amount of the benefit is obtained by multiplying 80% of the daily assessment base⁵ by 30,4167 (average days per month) and a coefficient corresponding to the work capacity reduction in percentage terms. Further, people with reduced work capacity due to an occupational disease or work accident may claim for requalification if they are expected to become fit enough to return to work: this focuses on the acquisition of new knowledge and skills that allow someone to engage in another work activity.

Active labour market policies and support of lifelong learning offer other types of career reorientation, but they are not specially targeted at people performing hazardous work. Moreover, career counselling for older people is underdeveloped (Baláž *et al.*, 2013: 22).

Invalidity (disability) pension, a compulsory social insurance scheme financed by contributions, represents another end-of-career option. In general, invalidity pension is granted to people with a long-term reduced capacity to work (or to perform gainful activity) who do not fulfil the conditions for old-age pension and have not been granted early retirement, provided they have sufficient insurance contributions⁶. If a reduction in capacity is the result of a work accident or occupational disease, however, the condition

³ We prefer the term 'injury annuity benefit', used in the MISSOC tables, over the term 'accidental rent' used in the Report on the Social Situation of Population of the Slovak Republic for 2014 (p.56).

⁴ 41% or more reduction in work capacity.

⁵ The daily assessment base represents average daily gross earnings in the year preceding the accident/injury.

⁶ The following periods of pension insurance are required: a) less than one year for people aged under 20; b) more than one year for people aged 20-24; c) more than two years for people aged 24-28; d) more than five years for people aged 28-34; e) more than eight years for people aged 34-40; f) more than 10 years for people aged 40-45; g) more than 15 years for people over 45.

relating to insurance contributions need not be met (i.e. no minimum number of paid contributions is required).

A few categories of people performing hazardous work can benefit from specific entitlements and rights, as described in the next section.

2 Pension rules for workers in arduous or hazardous jobs

Firstly, we briefly introduce general pension rules in the first two paragraphs. The statutory pensionable age is 62 with at least 15 years of contributions. For women with children the pension age is reduced. Early retirement is possible under the following conditions⁷: the person must have at least 15 years of pension insurance, they must be within two years of pensionable age, and the expected amount of the early-retirement pension must be higher than 1.2 times the subsistence minimum. An early retiree may not perform any standard legal employment. The amount of an early pension is reduced in proportion to the length of time between retirement and pensionable age (0.5% per 30 days).

As regards early retirement under the second-pillar (funded) pension scheme⁸, three additional conditions must be met⁹: the person has to receive a pension benefit from the first-pillar (pay-as-you-go) scheme, the total amount of early-retirement benefits from the first and second pillar must be higher than 1.2 times the subsistence minimum, and insurance contributions to the second pillar must have been paid for at least five years.

Some categories of workers in arduous/hazardous jobs can benefit from specific pension rules. This holds true for workers in jobs belonging to the first and second category of the classification that was valid until 2000. At the beginning of post-communist transformation, in the early nineties, a few specific pension entitlements dating back to the period before 1989 (Act No.100/1988 on Social Protection) remained intact. The latter were based on a division of employees (and, consequently, their pension rights) into three job categories according to their hazardousness. People in the first and second category¹⁰, which consisted of hazardous jobs, benefited from *earlier retirement* and a *higher old-age pension*. The retirement age was lowered to 56-59 (second category) or 55-58 (first category), provided they had worked for at least 25 years. People in hazardous jobs benefited also from a higher assessment base and higher rewards for additional years in the relevant jobs.

This old classification of jobs into categories was not abolished until January 2000. It is still used for calculating pension entitlements today, but only for people who had hazardous jobs before 2000. The period of validity of these pension entitlements was extended until 2023.

Special pension rules are also applied to top sportsmen (athletes, for example). Sportsmen who won a medal at the Olympic Games (including the Deaflympics and Paralympic Games), World or European championships are entitled to an 'allowance for sport representative'. This is a state social benefit (not a social insurance benefit) that tops up the old-age pension. The monthly allowance is calculated as the difference between the total of all pension benefits per month and a monthly amount corresponding to the type of medal – EUR 750 for gold, EUR 600 for silver, and EUR 400 for bronze.

Performing artists represent a category with specific early-retirement entitlement, defined by Act No. 103/2014 on Theatrical Activities. Performing artists (actors, singers, dancers, musicians) who worked in public institutions (for example, theatres run by the state and self-governed regions) may claim a so-called 'special allowance' (*osobitný príspevok*) that is granted at the end of their career. In order to be entitled to the special allowance, artists must have been employed in a publicly run arts institution for at least

⁷ The tightening of conditions for early retirement has intensified since 2007.

⁸ The second-pillar pension scheme facilitates old-age pension saving. It is financed by contributions to the personal pension accounts of savers. It is operated by pension fund management companies.

⁹ These conditions must be met by all people, not only people performing hazardous work.

¹⁰ As mentioned in the first part of the report.

25 years (22 years in the case of dancers) and must not be in receipt of an old-age pension, early-retirement pension, injury annuity benefit, invalidity pension or unemployment benefit. Artists receiving a special allowance are allowed to work, but they must not perform the activities for which they receive the allowance. The monthly amount of the allowance equals 50% of the average wage in the Slovak economy. The allowance is paid from the budget of the Ministry of Culture¹¹. The category of people covered by this allowance is very small: in 2013, there were 19 people who benefited from the scheme¹².

In 2004, dancers were included into the category of people performing hazardous work (i.e. the third and fourth category of the classification of work) by Act No. 650/2004 on Supplementary Pension Saving. Later, in 2007, artists playing wind instruments were also classified as people performing hazardous work by an amendment to the Act. The reason behind was that persons performing hazardous work had to have contract on supplementary pension. As a result, employers of the artists concerned have to pay contributions to the supplementary pension scheme (at least 2% of the assessment base¹³).

In general, there are two kinds of payment within supplementary pension saving (third pillar) schemes¹⁴: people can obtain a supplementary pension income in old age, or a supplementary pension income on terminating hazardous work (defined by the classification of work that is currently in force). Thus, people performing hazardous work can also benefit from the third pension pillar¹⁵. However, some recent changes (Act No. 318/2013 amending and supplementing Act No. 650/2004) have tightened the conditions for supplementary pension payments related to hazardous work: the minimum period of service required has been increased (from five to ten years), as has the qualifying age.

3 Retirement patterns and retirement income of workers in arduous or hazardous jobs

Generally speaking, the employment rate of older workers (aged 55-64) is low in Slovakia (47% in 2015), and below the EU average (53.3%). According to data from Eurostat, the average exit age from the labour force in 2009 was 58.8 (61.4 in EU 27). It was higher for men (60.4) than for women (57.5). In 2012, 28% of people aged 50-69 received an old-age pension, compared with 39% in the EU as a whole. Early retirement (so defined) was more frequent among men (40.6%) than women (20.9%). Men were also older (on average) than women when they first received an old-age pension.

¹¹ The special treatment of artists dates back to the pre-transformation period in the nineties, when artists were entitled to an early-retirement pension according to the number of years they had worked. Act No. 461/2003 on Social Insurance abolished this entitlement, as part of the overall reform of the welfare state at that time. Act No. 103/2014 later amended the special allowance scheme: it extended the number of institutions whose employees may claim the allowance, and also reduced the service requirement (from 30 years years), thereby improving end-of-career options.

¹² <http://www.teraz.sk/slovensko/osobitny-prispevok-umelci/67441-clanok.html>

¹³ The level of contributions may be increased under collective agreements.

¹⁴ According to Article 2 of the Act on Supplementary Pension Saving, the purpose of third-pillar pension schemes is to enable people to gain supplementary pension income in old age, in the case of people finishing work in occupations in the third or fourth category, or in the case of an artist (dancer or wind instrument player) finishing work. Supplementary pension saving is voluntary, contribution defined, financed through capitalization, and operated by pension fund management companies.

¹⁵ In addition, benefits from supplementary pension saving include lump-sum settlement and early withdrawal.

Table 4: Average exit age from the labour force (in years)

	Slovakia			EU-27		
	Total	Men	Women	Total	Men	Women
2007	58.7	59.7	57.8	61.2	61.9	60.5
2009	58.8	60.4	57.5	61.4	61.8	61.0

Note: Weighted by the probability of withdrawal from the labour market

Source: Eurostat

Table 5: Early retirement among people aged 50-69 who receive an old-age pension (%)

	Slovakia			EU-27		
	Total	Men	Women	Total	Men	Women
2012	28.0	40.6	20.9	39.0	44.9	32.6

Source: Eurostat

Table 6: Age at which the person first received an old-age pension (average for people aged 50-69)

	Slovakia			EU-27		
	Total	Men	Women	Total	Men	Women
2012	57.4	59.8	56.1	59.1	59.4	58.8

Source: Eurostat

There are no publicly available data on the numbers of people in hazardous jobs who receive an old-age pension and early old-age pension benefits (or for other categories with special pension rights). Therefore, we have to rely on general information regarding the whole population of pensioners. Using data from the Social Insurance Agency¹⁶ (data as at 31 December 2015), we can show numbers of recipients and level of benefits. In December 2015, there were 1,032,197 recipients of an old-age pension and 18,351 recipients of early old-age pension from the first pillar. The number of invalidity pension recipients was 234,451. The average old-age pension benefit was EUR 411. The average early old-age pension reached EUR 393. The average invalidity pension benefit was EUR 266¹⁷. In general, the average old-age pension¹⁸ represented 46.6% of the average wage in 2015.

There are differences between men's and women's pension benefits (Table 7). In 2014 (the latest available data for differences between men and women), the level of all types of pension insurance benefits paid to men exceeded the level of the pension benefits paid to women. This held true for old-age pension, early old-age pension and disability (invalidity) pension.

¹⁶ <http://www.socpoist.sk/646/1614s>

¹⁷ The average invalidity pension varies according to the degree of invalidity. The average for people with an invalidity above 70% was €352, and for people with an invalidity below 70% it was €198.

¹⁸ This is the average of so-called 'solo' old-age pensions. It means that various combinations of pensions (old-age pension and widow's pension, invalidity pension and widower's pension, for example) were not taken into account.

Table 7: Number of pension beneficiaries and average amounts (€) of pension insurance benefits¹⁹ (as of 31.12.2014)

	Number of beneficiaries	Average amount (€)
Old-age pension	1,018,814	400.2
Men	379,546	449.2
Women	639,268	356.1
Early old-age pension	21,348	384.5
Men	14,715	405.1
Women	6,633	336.3
Disability	233,009	266.7
Men	119,306	290.9
Women	113,703	240.0

Source: Report on the Social Situation of Population of the Slovak Republic for 2014, annex to chapter 3.

Looking at the incidence of social risks, pensioners are not among the most vulnerable groups in Slovakia. In 2014, 6.7% of pensioners were below the poverty line (the overall at-risk-of-poverty rate was 12.6%), compared with 48.7% of unemployed people and 16.7% of other economically inactive people.

As regards retirement patterns, a debate about special pension rules for workers in hazardous jobs has recently begun. The Metal Trade Union Association (*Odborový zväz KOVO*) has stated²⁰ that increases in the general retirement age should be accompanied by new early-retirement schemes for people performing hazardous work. The trade union argues that older employees are less able to perform hazardous work, and should therefore have adequate exit options. Germany and Belgium were quoted as models in this respect. The issue of early retirement for people in hazardous work seems to be very important for the trade union: it announced that it was ready to use various forms of pressure to reach agreement with the new government (established in April 2016).

Recently statements by government representatives show that the government strongly agrees with the union's arguments²¹. The debate on the solutions has only just begun: but the issue of pension entitlements for people in hazardous jobs has become an important policy concern.

¹⁹ Average amounts of benefits refer to so-called 'solo' pension insurance benefits.

²⁰ <http://www.teraz.sk/ekonomika/oz-kovo-skorsi-odchod-dochodok/195102-clanok.html>

²¹ <http://ekonomika.sme.sk/c/20163119/richter-chysta-skratku-do-dochodku-pozrite-sa-pre-koho.html>

References

Act No. 318/2013 amending and supplementing the Act No. 650/2004 on Supplementary Pension Saving.

Act No. 355/2007 on Protection, Support and Development of Public Health.

Act No. 461/2003 on Social Insurance.

Act No.100/1988 on Social Protection.

Act No. 650/2004 on Supplementary Pension Saving.

Act No. 103/2014 on Theatrical Activities.

Baláž, V. – Feik, M. – Gramata, J. – Husáriková, V. – Jankurová, A. – Němec, M. – Sollárová, E. – Stacho, M. – Vaňo, B., *Stratégia aktívneho starnutia, [Strategy for active ageing]*, Bratislava, Centrum vzdelávania, 2013.

Ministry of Labour, Social Affairs and Family, *Report on the Social Situation of Population of the Slovak Republic for 2014*, Bratislava, 2015.

Public Health Authority of the Slovak Republic, *Výročná správa za rok 2015 [AnnualReport2015]*, Bratislava, 2016.



