SOCIAL INSURANCE IN POLAND

Warsaw 2013
Compilation

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of the Social Insurance Institution

in cooperation with

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ZUS Finance Department
Legislative and Legal Department
Medical Certification Department
Prevention and Rehabilitation Department
Income Realisation Department
Foreign Pensions Department
Statistics and Actuarial Forecasts Department
Pension Benefit Department
Insurance and Contributions Department
Allowances Department
ZUS President Office

and

Ministry of Labour and Social Policy
Ministry of Health
Agricultural Social Insurance Fund

Translation

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We are pleased to present you with the updated issue of publication “Social Insurance in Poland”. You will find here current information on tasks exercised by the Social Insurance Institution (ZUS), current amounts of contributions and benefits provided for in the Polish social security system.

Our publication has been organised thematically in the most transparent way possible. It presents social insurance benefits and some benefits not covered by the social insurance system, which are, however, managed by ZUS, as a public institution servicing the social security system in Poland.

We have also described here the basic principles of operation of separate systems that are not managed by ZUS, such as: health insurance system, family benefits, benefits in respect of unemployment as well as farmers’ social insurance benefits. Information on the mentioned schemes seems necessary to present a full picture of the social security system in Poland.

We had not described in our study the social insurance system of uniformed services.

For more detailed information on ZUS and on the social insurance system in Poland visit ZUS website – www.zus.pl.
1. ORGANISATION OF THE POLISH SOCIAL SECURITY SYSTEM

1.1. An organisational chart

1.2. Governmental administration sections

The Act of 4 September 1997 on governmental administration sections (Journal of Laws of 2007 No 65, Text 437, as amended) defines the tasks and powers of competent ministers, inter alia in the field of social security.
The “social security” section covers social insurance issues and social welfare, old-age pension funds, social assistance and benefits in favour of the family, social benefits, employment issues, social and vocational rehabilitation of the disabled, combatants and persecuted persons as well as the coordination of social security systems, with the exception of health benefits in kind, public benefit activity, including the supervision of such activity by public benefit organisations, excluding the supervision of rescue and civil protection activities. This section falls under the competence of the minister in charge of social security issues.

The social insurance of farmers is covered by the “rural development” section, which falls under the competence of the minister in charge of rural development, who, however, cooperates with the minister in charge of social security issues in matters of farmers’ social insurance.

Problems of employment and counteracting unemployment are covered by the “labour” section, administered by the minister in charge of labour issues.

The “health” section covers inter alia issues of health protection and organisation of health care, supervision over medicinal products and medical devices, treatment in health resorts and coordination of the social security systems in the field of health benefits in kind. This section falls under the competence of the minister in charge of health issues.
2. LEGAL FRAMEWORK OF THE POLISH SOCIAL SECURITY SYSTEM

2.1. National legislation

The social security system in Poland is composed of: the social insurance and welfare system, health insurance system, benefits in respect of unemployment and family benefits.

Tasks in the sphere of social security are exercised by many institutions, including:

- **Social Insurance Institution (Zakład Ubezpieczeń Społecznych, ZUS)** – cash social insurance benefits,
- **Agricultural Social Insurance Fund (Kasa Rolniczego Ubezpieczenia Społecznego, KRUS)** – benefits from the social insurance of farmers,
- **Ministry of Labour and Social Policy (Ministerstwo Pracy i Polityki Społecznej, MPiPS)** – benefits in respect of unemployment, family benefits and social benefits (from social assistance),
- **National Health Fund (Narodowy Fundusz Zdrowia, NFZ)** – benefits in kind from health insurance,
- **Open Pension Funds (Otwarte Fundusze Emerytalne, OFEs)** – collect and invest funds to finance a part of an old-age pension under the new rules within the second compulsory pillar,
- **Occupational Pension Programmes (Pracownicze Programy Emerytalne, PPEs)** – collect and invest funds to finance a supplementary (voluntary) part of an old-age pension under the new rules within the second pillar.

Many legal acts govern an obligation of insurance against certain social contingencies and benefits guaranteed upon occurrence of such contingencies, starting from the supreme legal act – the Constitution of the Republic of Poland.

The detailed regulations governing individual areas of social security are contained in separate Acts of Parliament. The most important of them include:

- the Act of 13 October 1998 on the social insurance system (Journal of Laws of 2009 No 205, Text 1585, as amended),
- the Act of 21 November 2008 on funded old-age pensions (Journal of Laws No 228, Text 1507, as amended),
Legal framework of the Polish social security system

§ the Act of 28 August 1997 on organisation and operation of old-age pension funds (Journal of Laws of 2010 No 34, Text 189, as amended),
§ the Act of 19 December 2008 on bridging old-age pensions (Journal of Laws No 237, Text 1656, as amended),
§ the Act of 25 June 1999 on cash social insurance benefits in respect of sickness and maternity (Journal of Laws of 2010 No 77, Text 512, as amended),
§ the Act of 30 October 2002 on social insurance in respect of accidents at work and occupational diseases (Journal of Laws of 2009 No 167, Text 1322, as amended),
§ the Act of 28 November 2003 on family benefits (Journal of Laws of 2006 No 139, Text 992, as amended),
§ the Act of 27 June 2003 on the social pension (Journal of Laws No 135, Text 1268, as amended),
§ the Act of 30 April 2004 on pre-retirement benefits (Journal of Laws No 2013, Text 170),

Health care benefits are granted pursuant to:

Benefits in respect of unemployment are granted pursuant to:
§ the Act of 20 April 2004 on employment promotion and labour market institutions (Journal of Laws of 2008 No 69, Text 415, as amended).

Social assistance benefits are granted pursuant to:

Family benefits are granted pursuant to:

Benefits from the Maintenance Fund are granted pursuant to:
Vocational and social rehabilitation and employment of the disabled persons is carried out pursuant to:
§ the Act of 27 August 1997 on vocational and social rehabilitation and on employment of the disabled persons (Journal of Laws of 2011 No 127, Text 721).

2.2. International legal framework covering Poland

Article 87 of the Constitution of the Republic of Poland mentions – among the sources of universally binding law – also ratified international conventions/agreements. Thus, these conventions/agreements form a part of the domestic legal order and have precedence over national laws in the event of potential collision with these laws, if they have been ratified upon prior consent granted by the Act of Parliament (Article 91 of the Constitution of the Republic of Poland).

Since 1 May 2004, that is from the moment of Poland’s accession to the European Union, the EU legal acts, and first of all – treaties, regulations and directives, have become national legal standards. Pursuant to Article 91 of the Constitution of the Republic of Poland they have precedence over the national legislation if the latter governs a given issue in a different way than the EU legislation.

Provisions of treaties and regulations become ipso jure a part of the Member States legal order.

Regulations are directly applicable with no necessity of their ratification, while directives should be introduced to the national legal order usually within the period from one to three years.

The basic legal acts of the European Union in the social security sphere are the European Community treaties and the following acts issued on their basis:
- Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, enabling citizens of EU Member States moving within the Community to take advantage of social security benefits,
Legal framework of the Polish social security system


Besides, the following regulations still remain in force:
- Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community,
- Regulation (EEC) No 574/72 of the Council of 21 March 1972 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community,
- the Council Regulation (EC) No 859/03 of 14 May 2003 extending the provisions of Regulation (EEC) No 1408/71 and Regulation (EEC) No 574/72 to nationals of third countries who are not already covered by those provisions solely on the ground of their nationality – solely with respect to nationals of third countries who are legally resident in the territory of the United Kingdom or to nationals of third countries who have completed insurance periods in the United Kingdom and are resident in the territory of other Member State.

The European Union Regulations on the coordination of the social security systems have superseded – from the moment of Poland’s accession to the European Union – bilateral international conventions/agreements on social security, which had earlier bound Poland with the Member States.

**The following social security agreements still remain in force:**


Agreement on social security between the Republic of Poland and the United States of America signed in Warsaw on 2 April 2008 and Administrative Arrangement on its application, signed on the same day, entered into force on 1 March 2009.

Agreement on social security between the Republic of Poland and Canada signed in Warsaw on 2 April 2008 and Administrative Arrangement on its application, signed in Warsaw on the same day, entered into force on 1 October 2009.

Agreement on social security between the Republic of Poland and the Republic of Korea (South Korea), signed in Warsaw on 25 February 2009 and Administrative Arrangement on its application, signed in Warsaw on the same day, entered into force on 1 March 2010.

Agreement on social security between the Republic of Poland and Australia signed in Warsaw on 7 October 2009 and the administrative arrangement on its application, signed in Warsaw on the same day, entered into force on 1 October 2010.

Certain special regulations of bilateral agreements with Austria and Germany, more advantageous than the Community regulations being in force since 1 May 2004:

- Article 33 par. 3 of the Convention of 7 September 1998 between the Republic of Poland and the Republic of Austria on social security (reckoning insurance periods completed before 27 November 1961); application of this provision is limited to persons covered by this Convention,

- Agreement of 9 October 1975 between the Polish People’s Republic and the Federal Republic of Germany on old-age pensions and on accident insurance within the scope covered by Article 27 par. 2–4 of the Agreement of 8 December 1990 between the Republic of Poland and the Federal Republic of Germany on social security (maintenance – based on the Agreement of 1975 – of a legal status for persons who have been residents of Germany or Poland before 1 January 1991 and who still reside there),

- Article 27 par. 5 and Article 28 par. 2 of the Agreement of 8 December 1990 between the Republic of Poland and the Federal Republic of Germany on social security (maintenance of
rights to pensions paid pursuant to the Agreement of 1957 concluded with the former German Democratic Republic; reckoning insurance periods completed by Polish employees pursuant to the Agreement of 1988 concluded with the former German Democratic Republic).

Agreement on social security between the Republic of Poland and the Ukraine, and administrative arrangement on its application were signed on 18 May 2012. The Agreement shall enter into force after completion of the ratification procedure.

Besides, Poland is bound by international conventions and recommendations of the International Labour Organisation and provisions of the European Social Charter of the Council of Europe.

The Social Insurance Institution was established in 1934 by means of an Ordinance of the President of the Republic of Poland of 24 October 1934 on the amendment of the Act of 28 March 1933 on social insurance. Pursuant to the Ordinance, five insurance institutions have been merged (Social Insurance Chamber, Sickness Insurance Institution, Accident Insurance Institution, White-Collar Employees’ Insurance Institution, Blue-Collar Workers’ Insurance Institution).

Over 80 years of its activity ZUS has handled and still handles, in different forms and structures, social insurance benefits for citizens.

The 1999 reform put before the Social Insurance Institution the greatest tasks in its history, by imposing thereon much bigger responsibilities than before.

The structural nature of the social insurance and health care systems reforms, implemented from 1 January 1999, strengthened the position of the Social Insurance Institution as the main element of the Polish social security system administration.

The Social Insurance Institution (ZUS) is the state organisational unit and holds legal personality. Its tasks are defined in the Act of 13 October 1998 on the social insurance system. ZUS also fulfils different functions entrusted by virtue of other laws.

### 3.1. ZUS tasks

The Social Insurance Institution:

- establishes pension entitlements and pays pensions to ca 7.3 million people on a monthly basis,
- establishes the entitlement to and pays sickness allowances, maternity allowances, care allowances, compensatory allowances, rehabilitation benefits, funeral grants,
- carries out medical examinations and issues decisions for the purposes of establishing the entitlement to social insurance benefits, other benefits payable by ZUS and for non-insurance purposes; ca 1 365.1 thousand such decisions were issued in 2012,
- controls doctors’ certificates on temporary incapacity for work; 552.3 thousand such checks were carried out in 2012,
The Social Insurance Institution – basic information

- grants to doctors authorisations to issue medical certificates of temporary incapacity for work, and revokes such authorisations in the event of gross negligence in certifying temporary incapacity for work; 138.1 thousand doctors were authorised to issue medical certificates as at the end of 2012,
- performs disability prevention tasks, including medical rehabilitation and accident prevention; in 2012 medical rehabilitation covered 71 258 persons,
- establishes the social insurance obligation, assesses and collects social insurance contributions; in 2012 a total amount of collected contributions to social insurance equalled PLN 121 108.5 million,
- deducts a contribution to the second funded compulsory pillar of the old-age pension insurance from a contribution to the pension insurance and transfers it to Open Pension Funds (OFEs); in 2012 ZUS transferred to OFEs an amount of PLN 8.0 billion in respect of contributions,
- collects and accounts for the contribution to health insurance and transfers it to the National Health Fund (NFZ); in 2012 ZUS transferred to NFZ a total amount of PLN 56.9 billion in this respect,
- collects the contribution to the Labour Fund; ZUS transferred an amount of PLN 9.1 billion in this respect for 2012 to the Ministry of Labour and Social Policy,
- collects the contribution to the Fund of Guaranteed Employee Benefits; an amount of contributions transferred in this respect for 2012 was PLN 373.1 million,
- collects and accounts for the contribution to the Bridging Pensions Fund (Fundusz Emerytur Pomostowych, FEP); an amount of contributions transferred in this respect for 2012 equalled PLN 222.4 million,
- keeps accounts of contribution payers and books contributions to insured persons’ individual accounts,
- controls contribution payers in discharge of their contribution payment duties and checks the correctness of exercising the tasks entrusted to payers by law (such as payment of various types of allowances), as well as vindicates liabilities in respect of social insurance and health insurance contributions,
- keeps the insured persons’ individual accounts and the Central Register of Insured Persons,
The Social Insurance Institution – basic information

- keeps the Central Register of Open Pension Funds Members,
- keeps the contribution payers’ records and the Central Register of Contribution Payers,
- manages the Demographic Reserve Fund (Fundusz Rezerwy Demograficznej, FRD),
- pays due personal income tax on behalf of pensioners to treasury offices (in 2012 it was an amount of PLN 12.2 billion) and pays to the National Health Fund a health insurance contribution due from pensioners (an amount of PLN 13.8 billion in 2012),
- awards and pays social pensions; in 2012 ZUS paid benefits to 259.8 thousand persons in total amount of PLN 2 080.2 million,
- awards and pays pre-retirement benefits; in 2012 ZUS paid benefits to 107.0 thousand persons in total amount of PLN 1 266.6 million,
- cooperates with governmental administration bodies, with foreign insurance institutions and international organisations,
- plays a role of a competent institution and a liaison body in implementation of international conventions and agreements in the field of social insurance, and handles benefits payable in accordance with these conventions and agreements,
- plays a role of a competent institution and a liaison institution in the field of the Community coordination of social security systems in the area covered by ZUS competence.

Due to the range of exercised tasks the Social Insurance Institution is one of the biggest public institutions in Poland. ZUS combines financial functions (contributions collection, benefits payment, tax collection on behalf of pensioners) with the functions of an institution that should provide its clients – beneficiaries and contribution payers – with a sense of security connected with the reliable fulfilment of entrusted social mission.

3.2. ZUS structures

The Social Insurance Institution is governed by the President, who chairs the Management Board composed of 2–4 members. ZUS President is appointed by the Prime Minister on the proposal of the minister in charge of the social security issues, from among persons selected by means of an open and competitive recruitment. ZUS President is dismissed by the Prime Minister on the pro-
posal of the minister in charge of the social security issues. ZUS Management Board members are appointed and dismissed by ZUS Supervisory Board on the request of ZUS President.

The Supervisory Board is a consultative and decision-making body. It is appointed by the Prime Minister for five years on a tripartite basis, which means that the Supervisory Board members are delegated by social partners acting in the Tripartite Commission for Socio-Economic Issues – they are representatives of trade unions, employers’ organisations and the government. In addition, the Board also includes a pensioners’ organisation representative. It means that the number of Board members depends on the number of representative (nation-wide) employers’ and employees’ organisations existing at a given time. Presently the Board comprises twelve members.

ZUS tasks are exercised by:
— the Headquarters,
— 43 branches,
— 213 inspectorates,
— 69 local offices.

3.3. Types of social insurance and rules of ZUS coverage

The Polish social insurance system includes:

- old-age pension insurance,
- disability and survivors’ pension insurance,
- sickness insurance,
- work accident insurance.

An insured person is an individual, who is covered by at least one of the social insurance schemes.

The Act on the social insurance system has introduced compulsory insurance, voluntary insurance and also an opportunity to continue insurance.

---

1 Four Supervisory Board members (including its President) are appointed on the proposal of the minister in charge of social security issues (Article 75 paragraph 1(1) of the Act on the social insurance system).
Groups of persons covered by compulsory pension insurance include:

- employees, excluding public prosecutors,
- members of agricultural production cooperatives,
- freelancers / contractors,
- persons running non-agricultural business activity,
- clergy,
- Members of Parliament receiving remuneration,
- recipients of unemployment benefits,
- persons in the course of child-care leaves or recipients of maternity allowances.

Persons covered by compulsory pension insurance may – after its cessation – continue insurance on a voluntary basis. The number of insured in 2012 equalled 15 921.0 thousand.
Compulsory sickness insurance covers persons subject to compulsory pension insurance, being:
- employees, excluding public prosecutors,
- members of agricultural production cooperatives and rural circles cooperatives,
- persons undergoing substitute military service.

The sickness insurance may be joined, on a voluntary basis (on request), by persons covered by compulsory pension insurance, including:
- persons running non-agricultural business activity,
- persons performing work on a basis of civil law mandatory or agency contracts.

Compulsory work accident insurance covers persons subject to pension insurance, for example: employees, freelancers / contractors, members of agricultural production cooperatives, persons running non-agricultural business activity and persons collaborating with them.

3.4. Kinds of benefits delivered by ZUS

The Social Insurance Institution – as the main implementing body of the social insurance legislation – establishes the entitlement to and pays social insurance benefits and other benefits entrusted by virtue of separate legislation.

The following benefits are payable in various life situations:

in respect of sickness and maternity
- sickness benefit,
- maternity allowance,
- care allowance,
- compensatory allowance,
- rehabilitation benefit;

in respect of the long-term incapacity for work
- disability pension,
- training pension;
in respect of old age
- old-age pension,
- nursing supplement to pensions;

in respect of death of a breadwinner
- survivors’ pension,
- supplements to survivors’ pension for complete orphans;

in respect of accident at work and occupational disease
- lump-sum compensation,
- benefits in respect of sickness, long-term incapacity for work and death of a breadwinner,
- dentist services and prophylactic vaccinations,
- refund of costs incurred in respect of purchase of orthopaedic equipment;

other
- funeral grant,
- social pension,
- pre-retirement benefit,
- medical rehabilitation within the framework of disability prevention.
The Social Insurance Institution administers the Social Insurance Fund, the Demographic Reserve Fund and the Bridging Pensions Fund.

Family benefits, health benefits, benefits in respect of unemployment and benefits from the social insurance of farmers are financed in a different way.

4.1. Social Insurance Fund

The Social Insurance Fund (Fundusz Ubezpieczeń Społecznych, FUS) is the state special purpose fund. It was established on 1 January 1999 by virtue of the Act on the social insurance system.

Incomes of the Social Insurance Fund come from inter alia from:
- social insurance contributions not subject to transfer to Open Pension Funds,
- funds compensating contribution amounts transferred to Open Pension Funds,
- payments from the State Budget and other institutions, intended for benefits that ZUS has been commissioned to pay, with the exception of benefits financed under other budgetary chapters and payments from foreign institutions,
- interest on FUS bank accounts,
- State Budget allocation,
- resources of the Demographic Reserve Fund.

Within the limits fixed by the Budgetary Law, the Social Insurance Fund may receive allocations and no-interest loans from the State Budget. Allocations and loans may be intended solely to supplement funds for payment of state-guaranteed benefits if revenues transferred to pension, sickness and accident funds accounts and resources collected as reserve funds do not ensure full and timely payment of FUS-financed benefits.

With the consent of the minister in charge of public finance FUS may take out credits.

The following funds are distinguished within FUS:
- old-age pension fund, which is intended to finance the old-age pensions and expenditures on covering deficit in resources necessary to ensure payment of funded pensions,
disability pension fund, which is intended to finance:
— disability pensions, training pensions, survivors’ pensions, supplements to survivors’ pensions for complete orphans, nursing supplements,
— pensions awarded ex officio instead of disability pensions (see item 5.2.4),
— funeral grants,
— disability prevention,
— benefits that ZUS has been commissioned to pay, financed by the State Budget,
sickness fund, intended to finance sickness, maternity, care, compensatory allowances, rehabilitation benefits,
accident fund, intended to finance work accident pensions and supplements, lump-sum compensations, sickness allowances in respect of work incapacity resulting from accident at work or occupational disease.

4.1.1. Contributions

The rate of contributions to social insurance, to the Fund of Guaranteed Employee Benefits, to the Labour Fund and to health insurance in 2013

<table>
<thead>
<tr>
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<th>Total contribution (in %)</th>
<th>Payer (%)</th>
<th>Insured person (%)</th>
</tr>
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<tbody>
<tr>
<td>Old-age pension insurance</td>
<td>19.52</td>
<td>9.76</td>
<td>9.76</td>
</tr>
<tr>
<td>Pension insurance</td>
<td>8.00</td>
<td>6.50</td>
<td>1.50</td>
</tr>
<tr>
<td>Sickness insurance</td>
<td>2.45</td>
<td>0.10</td>
<td>2.45</td>
</tr>
<tr>
<td>Work accident insurance</td>
<td>0.67–3.86&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0.67–3.86</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.93&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund of Guaranteed Employee Benefits</td>
<td>0.10</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Labour Fund</td>
<td>2.45</td>
<td>2.45</td>
<td></td>
</tr>
<tr>
<td>Health insurance</td>
<td>9.00&lt;sup&gt;c&lt;/sup&gt;</td>
<td></td>
<td>9.00</td>
</tr>
</tbody>
</table>

<sup>a</sup> Diversified contribution for groups of activities, in force as from 1 April 2012. If percentage rates of work accident insurance contributions are fixed by ZUS, the rate defined for payers’ groups of activities is additionally multiplied by a correcting index of 0.5–1.5.<br><sup>b</sup> Contribution for payers notifying to work accident insurance a monthly average of maximum nine insured persons and for payers not subject to entry to REGON register – contribution in force since 1 April 2012.<br><sup>c</sup> The contribution is deducted from an amount of due personal income tax (7.75%) and from incomes after taxation (1.25%).
The percentage rates of pension and sickness insurance contributions are uniform for all persons insured.

Contributions to the **old-age pension insurance** (19.52%) are financed by insured persons and by contribution payers from their own resources in equal parts – 9.76% of the assessment basis. If the insured person is a member of an Open Pension Fund (OFE), ZUS transfers a part of the contribution to his or her old-age pension insurance to the Open Pension Fund selected by the person insured.

A difference between the earlier rate of the OFE contribution – 7.3% – and the rate of pension contribution transferred to OFE as from 2011 is booked at the sub-account in ZUS.

<table>
<thead>
<tr>
<th>Insurance periods</th>
<th>FUS</th>
<th>FUS – sub-account</th>
<th>OFE</th>
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<tr>
<td>to 30 April 2011</td>
<td>12.22</td>
<td>–</td>
<td>7.3</td>
</tr>
<tr>
<td>from 1 May 2011 to 31 December 2012</td>
<td>12.22</td>
<td>5.0</td>
<td>2.3</td>
</tr>
<tr>
<td>from 1 January 2013 to 31 December 2013</td>
<td>12.22</td>
<td>4.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Old-age pension contributions are subject to indexation. The indexation consists in multiplying an amount of the old-age pension contributions, booked to the individual account, by an indexation rate. The indexation covers the contribution amount booked to the individual account as at 31 January of a year that the indexation refers to, increased by amounts in respect of earlier indexations. Contributions indexation is carried out once a year, from 1 June each year, starting from indexation for 2000.

Contributions to **disability and survivors’ pension insurance** (8.0%) are financed by insured persons from their own resources (1.5% of the assessment basis) and by contribution payers (6.5% of the assessment basis).

Contributions to **sickness insurance** (2.45%) are fully financed by persons insured.

A percentage rate of the contribution to the **work accident insurance** has been differentiated for individual contribution payers and depends on risk category and on a number of persons notified to work accident insurance.
Contributions to the Labour Fund and the Fund of Guaranteed Employee Benefits are fully financed by the contribution payer.

The health insurance contributions are fully financed by the person insured.

An average basis for the employees’ social insurance contribution assessment in December 2012 equalled PLN 2,914.85.

### 4.1.2. Insured persons’ accounts

The Social Insurance Institution keeps accounts of all persons notified to social insurance. The accounts are opened on the basis of the first application document concerning a given person, submitted by the contribution payer.

Since 2011, within the insured person’s account, ZUS also keeps a sub-account to record information on paid old-age pension insurance contributions from a part of the reduced OFE contribution. The sub-account is kept for an insured person who is an OFE member and who is not an OFE member but is required to join the Open Pension Fund.

Data recorded on the insured person’s account include the following:

- identification data of the person insured, i.e. name and surname, date of birth, statistical identification number (PESEL),
- registration data, i.e. second name, family name, nationality,
- address data, i.e. residence address, correspondence address,
- amount of contributions paid to the pension insurance and the sickness, accident and health insurance and information on the amount of due contribution transferred to the Open Pension Fund,
- information on the amount of contributions paid to the old-age pension insurance after indexation, excluding OFE contributions,
- information on the initial capital and on the initial capital after indexation,
- information on the membership to the Open Pension Fund,
- information on the membership to the National Health Fund,
- non-insurance facts affecting the right to social insurance benefits and their amount,
- information necessary to grant and pay social insurance benefits, as well as benefits financed by the State Budget, and information on delivered payments,
information on periods of employment in special conditions or in special character, included in a notification of data on employment in special conditions or in special character referred to in the Act of 19 December 2008 on the old-age bridging pensions.

ZUS has been obliged to provide, on or before 31 August of each year, all persons insured born after 31 December 1948 with the “Information on the status of a given person’s account in ZUS” as at 31 December of the preceding year, if at least one element of data that should be shown in the “Information…” was recorded on that person’s account. The “Information” for 2011 and 2012 shall be sent by 31 August 2013.

The “Information” shows amounts of:

- the initial capital after indexation, if such capital has been already calculated for the person insured,
- contributions paid to the pension insurance after indexation, excluding contributions to OFEs and to the sub-account,
- pension contributions in nominal value (i.e. without indexation), by month – as at 31 December 31 of last year and the previous year (e.g. as at 31 December 2013 and 31 December 2012), with the exception of contributions to OFEs and to the sub-account,
- contributions booked to the sub-account: due (i.e. based on documents sent to ZUS by contribution payers) and paid,
- total amount of contributions after indexation and default interest booked to the sub-account,
- an amount of the hypothetical old-age pension for the person insured who reached at least the age of 35 years as at 31 December of the preceding year,
- contributions to OFEs: due (i.e. based on documents sent to ZUS by contribution payers) and (actually) transferred.

The amount of the hypothetical old-age pension is the projected old-age pension amount that would be acquired by the person insured after reaching the retirement age (see item 5.2) according to the insured person’s account status as at 31 December of the preceding year, and also taking into account a hypothetical amount of contributions for each full month until the retirement age is reached.
The insured person who is lacking not more than 5 years of the retirement age is provided with information about the amount of the hypothetical old-age pension that s/he would acquire in the retirement age. S/he is additionally provided with information about the amount of the hypothetical old-age pension that s/he would acquire in the age exceeding the retirement age by one year, two, three, four and five years.

The insured person who had exceeded the retirement age and has not claimed the old-age pension is informed about the hypothetical old-age pension amount that s/he would acquire in his or her actual age. S/he is additionally provided with information about the hypothetical old-age pension amount that s/he would acquire in one year, two, three, four and five years.

The purpose of providing the insured persons with the “Information” is to:

- inform them of the status of their account in ZUS,
- allow them to monitor the status of their account, i.e. to check correctness of records on their accounts and – should any irregularity be found – to request correction of erroneous data by: the contribution payer, ZUS, OFE or by an institution dealing with payments, respectively.

The insured person may also check the above information via ZUS Electronic Services Platform (Platforma Usług Elektronicznych, PUE), which makes available on-line data from accounts of persons insured with ZUS.

4.1.3. Incomes of the Social Insurance Fund

In 2012, total incomes of the Social Insurance Fund amounted to PLN 174 123.1 million.

Contributions are the main item of FUS incomes. In 2012 they accounted for 70.2% of all incomes of the Fund and amounted to a total of PLN 122 149.9 million.

The State Budget allocation is the second biggest source of FUS incomes. In 2012 it amounted to PLN 39 520.8 million and accounted for 22.7% of Fund incomes.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL INCOMES</td>
<td>162 035.8</td>
<td>174 123.1</td>
</tr>
<tr>
<td>Written contributions</td>
<td>103 388.2</td>
<td>122 149.9</td>
</tr>
<tr>
<td>Total State Budget allocation</td>
<td>37 513.4</td>
<td>39 520.8</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— complementary allocation</td>
<td>37 263.6</td>
<td>39 240.1</td>
</tr>
<tr>
<td>— special purpose allocation</td>
<td>249.8</td>
<td>280.7</td>
</tr>
<tr>
<td>Refund in respect of contributions transfer to OFEs</td>
<td>15 430.8</td>
<td>8 180.9</td>
</tr>
<tr>
<td>Demographic Reserve Fund</td>
<td>4 000.0</td>
<td>2 887.0</td>
</tr>
<tr>
<td>Other incomes</td>
<td>1 703.4</td>
<td>1 384.5</td>
</tr>
</tbody>
</table>

The State Budget allocation is composed of:

- **complementary allocation** – which serves the purpose of covering the gap between incomes from contributions and expenditure on benefits financed by FUS; in 2012 it amounted to PLN 39 240.1 million,

- **special purpose allocation** – designed to cover expenses and cash benefits of non-insurance character that ZUS had been commissioned to pay, for example benefits for the war-disabled persons and military invalids, and for combatants; in 2012 it amounted to PLN 280.7 million.

**Revenues from the refund in respect of contributions transfer to OFEs** are the next item in FUS incomes. In 2012 they amounted to PLN 8 180.9 million, i.e. 4.7% of Fund incomes.

**Revenues of the Demographic Reserve Fund** amounted to PLN 2 887.0 million, i.e. 1.7% of incomes of the Social Insurance Fund. Money transfer from the Demographic Reserve Fund to the Social Insurance Fund was held under the Ordinance of the Minister of Labour and Social Policy on the use in 2012 of the Demographic Reserve Fund resources to supplement the old-age pension fund deficit due to demographic reasons.
**The remaining incomes** of the Social Insurance Fund include inter alia: the recovered unduly received benefits and default interest. In 2012 they amounted to PLN 1 384.5 million, i.e. 0.8% of Fund incomes.

### 4.1.4. Expenditure of the Social Insurance Fund

The expenditure of the Social Insurance Fund is composed of: cash benefits, disability prevention, accident prevention, deduction for ZUS current operation and other expenditure.

#### Expenditure of the Social Insurance Fund in 2011–2012 by types (in million PLN)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL EXPENDITURE, of which:</td>
<td>166 672.8</td>
<td>174 866.5</td>
</tr>
<tr>
<td>Cash benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— pensions</td>
<td>149 265.4</td>
<td>156 209.0</td>
</tr>
<tr>
<td>— sickness allowances</td>
<td>7 223.4</td>
<td>7 823.7</td>
</tr>
<tr>
<td>— maternity allowances</td>
<td>3 018.9</td>
<td>3 650.0</td>
</tr>
<tr>
<td>— care allowances</td>
<td>543.0</td>
<td>559.0</td>
</tr>
<tr>
<td>— funeral grants</td>
<td>1 385.0</td>
<td>1 230.7</td>
</tr>
<tr>
<td>— rehabilitation benefits</td>
<td>960.8</td>
<td>1 112.2</td>
</tr>
<tr>
<td>— post-accident compensations</td>
<td>322.9</td>
<td>328.3</td>
</tr>
<tr>
<td>— other benefits</td>
<td>1.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Disability prevention</td>
<td>166.7</td>
<td>173.0</td>
</tr>
<tr>
<td>Accident prevention</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Deduction for ZUS current operation</td>
<td>3 773.6</td>
<td>3 765.0</td>
</tr>
<tr>
<td>Other expenditure</td>
<td>8.1</td>
<td>11.8</td>
</tr>
</tbody>
</table>
A total Social Insurance Fund expenditure in 2012 was PLN 174 866.5 million, including:

- **Expenditure on cash benefits in amount** of PLN 170 913.4 million, which accounted for 97.7% of FUS expenditure. Expenditure on pensions had the highest share in total FUS expenditure and equalled PLN 156 209.0 million, which accounted for 89.3% of FUS expenditure.
- **Expenditure on disability and accident prevention** in amount of PLN 176.3 million, which accounted for 0.1% of FUS expenditure.
- **Expenditure in respect of deduction for ZUS current operation** in amount of PLN 3 765.0 million, which accounted for 2.2% of FUS expenditure.

### Payment of cash benefits from the Social Insurance Fund in 2012 by types of funds

<table>
<thead>
<tr>
<th></th>
<th>in PLN million</th>
<th>in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>170 913.4</td>
<td>100.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old-age pension fund</td>
<td>111 120.3</td>
<td>65.0</td>
</tr>
<tr>
<td>Disability pension fund</td>
<td>42 085.2</td>
<td>24.6</td>
</tr>
<tr>
<td>Sickness fund</td>
<td>12 504.4</td>
<td>7.3</td>
</tr>
<tr>
<td>Work accident fund</td>
<td>5 203.5</td>
<td>3.1</td>
</tr>
</tbody>
</table>

### 4.1.5. Receivables vindication from contribution payers

Vindication of receivables in respect of contributions is one of the main tasks of the Social Insurance Institution. This task is carried out by ZUS both by means of execution proceedings (debt enforcement) and by means of non-execution (contractual) forms of debt recovery provided by law.

Total debt in respect of unpaid contributions to social insurance (with liabilities towards OFEs) as at 31 December 2012 was PLN **15 190 057 thousand**, including:
- as at 31 December 1998 – PLN 982 836 thous.,
- as of 1 January 1999 – PLN 14 207 221 thous.
Overdue amounts that ZUS is obliged to recover, are subject to debt enforcement by means of:
- **administrative enforcement**, which may take a form of:
  - “own” ZUS enforcement – carried out by a director of the Social Insurance Institution branch as an execution body by means of execution measures, i.e. by seizing: a bank account, remuneration for work, social insurance benefits (e.g. pensions), social pension, cash liabilities;
  - enforcement via a competent treasury office, carried out by the head of the office,
- **court execution** carried out by the bailiff under a writ of execution issued by the Social Insurance Institution and pursuant to bankruptcy suit.

The diagram below presents the structure of dues covered by execution as at the end of the reporting period in 2012.

Social insurance receivables covered by debt enforcement – **PLN 9 867 653 thousand**

- 40% Court execution and bankruptcy suit
- 31% “Own” ZUS enforcement – carried out by the director of ZUS branch
- 29% Execution via the head of a competent treasury office

---

PLN 2 837 385 thous.
PLN 3 947 221 thous.
PLN 3 082 932 thous.
The so called “own” enforcement is the most effective recovery measure, which is proved by the table below:

<table>
<thead>
<tr>
<th></th>
<th>Enforced writs of execution (in thousand PLN)</th>
<th>Recovered dues (in thousand PLN)</th>
<th>Effectiveness (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own enforcement carried out by ZUS branches</td>
<td>6 570 819</td>
<td>970 409</td>
<td>14.8</td>
</tr>
<tr>
<td>Execution via treasury offices</td>
<td>3 976 140</td>
<td>328 573</td>
<td>8.3</td>
</tr>
<tr>
<td>Court execution and bankruptcy suit</td>
<td>3 508 269</td>
<td>191 433</td>
<td>5.5</td>
</tr>
</tbody>
</table>
Non-execution (contractual) forms of receivables vindication include an opportunity to pay the debt on the basis of an instalment settlement or an opportunity to defer due contribution payment.

The Social Insurance Institution may allow the debtor to pay his or her debt in instalments upon his or her request, if the debtor fulfils certain conditions, such as submission of documents enabling ZUS to assess the requesting debtor’s ability to pay.

Debtor’s entering into the instalment settlement results in interest suspension. However, the Social Insurance Institution calculates *ipso jure* a prolongation payment. It amounts to 50% of default interest rate and is aimed at compensating the loss of further default interest that would be due if the debtor did not enter into the settlement.

In 2012 the Social Insurance Institution signed 13,295 instalment settlements with regard to receivables in respect of social insurance contributions in total amount of PLN 495,439 thousand.

ZUS contribution payment date may be deferred – on the contribution payer’s request – only with regard to current contributions, i.e. contributions whose deadline has not yet expired. Besides, depending on the character of liabilities, ZUS may remit dues in respect of contributions in full or in part, however with the exception of dues in respect of contributions in part financed by insured persons, who are not contribution payers to their own insurance. These dues *ipso jure* may not be remitted. The Social Insurance Institution has power to remit dues in respect of contributions only if they cannot be recovered by other means, for example if:

- the court has dismissed a petition to declare debtor’s bankruptcy because assets of the insolvent debtor were not sufficient to cover the costs of court proceedings,
- the court has dismissed the bankruptcy proceedings, because assets left after excluding items of debtor’s property encumbered with mortgage, pledge, registered pledge, tax lien or maritime mortgage were not sufficient to cover the costs of court proceedings,
- claims were not satisfied in the terminated bankruptcy suit,
- the head of a treasury office or the bailiff has stated lack of assets that could be subject to execution,
- it is obvious that enforcement proceedings will end without receiving amounts exceeding the collection costs.
A total amount of dues remitted in 2012 pursuant to the Act on the social insurance system (contributions and additional payment) was **PLN 13 611 thousand**.

### 4.2. Demographic Reserve Fund

The Demographic Reserve Fund (*Fundusz Rezerwy Demograficznej, FRD*) has the status of the state special purpose fund. It was established by the Act of 13 October 1998 on the social insurance system, to better secure the solvency of the old-age pension benefits.

The Demographic Reserve Fund plays the role of a contingency fund for the old-age pension fund separated from the Social Insurance Fund.

The Demographic Reserve Fund holds legal personality. The Social Insurance Institution is FRD administrator, and a decision on making FRD funds available may be taken solely by the Council of Ministers.

The Demographic Reserve Fund is supplied mainly from resources collected as a part of an old-age pension contribution, funds derived from privatisation of public companies and return on investment.

**Incomes structure in 2002–2012**

- **Resources from privatisation**: 59.2%
- **Resources from the old-age pension insurance contribution**: 30.5%
- **Return on investment**: 10.3%
Finance of the social insurance

To maximise the security and rate of return of its resources, the Demographic Reserve Fund invests them in certain financial instruments – treasury bills and bonds – 86.15%, shares – 13.82% and bank deposits – 0.03% (as at 31 December 2012).

Changes in FRD assets portfolio in 2012 (in billion PLN) are presented in the following diagram:

In 2012, in line with its investment policy, the Demographic Reserve Fund purchased shares listed on the Warsaw Stock Exchange (WSE). Change in the value of the FRD unit, calculated in this period for the stock part, was 28.1%.
The result was better than changes in the main indices listed on the WSE: the Warsaw Stock Exchange Index (WIG), which increased in the same period by 26.24% and the WIG 20 Index, which recorded an increase of 20.45%. Thus, the change in the value of the FRD stock part made it possible to overcome an established “benchmark” in the form of changes in the WIG value.

Return on total assets under management of FRD in 2012 amounted to 10.2%.

**The funds collected in FRD may be used only to:**

- cover the deficit of the FUS old-age pension fund due to demographic reasons,
- grant a no-interest loan to complement the FUS old-age pension fund for the purpose of current payments, to ensure liquidity of the Social Insurance Fund; the loan should be repaid within 6 months from the day of its receipt.

In the period from 2009 to the end of 2012 an account of FRD was credited with a total of PLN 18.09 billion in respect of the State Treasury assets privatisation. From 2010 to 2012 the Demographic Reserve Fund transferred to the old-age pension fund account a total amount of PLN 14.4 billion to cover deficit related to demographic reasons.

In 2012, the FRD transferred to the pension fund account an amount of PLN 2.9 billion.

Over the last 3 years, in spite of FRD resources transfer to the FUS pension fund, FRD assets increased by PLN 3.7 billion only thanks to a considerable infl ow of resources in respect of privatisation.

At the end of 2012, the total assets managed by the Demographic Reserve Fund amounted to PLN 16.47 billion.

### 4.3. Bridging Pensions’ Fund

The Bridging Pensions Fund (*Fundusz Emerytur Pomostowych, FEP*) is the state special purpose fund. It was established on 1 January 2010 by virtue of the Act of 19 December 2008 on the old-age bridging pensions to finance the bridging pensions. The Fund is administered by the Social Insurance Institution.
The revenues of the Bridging Pensions Fund originate inter alia from:
- contributions to the Fund,
- State Budget allocation,
- interest on FEP bank accounts,
- investment of available FEP funds.

Within the limits fixed by the Budgetary Law, FEP may receive allocations from the State Budget. Allocations may be used to supplement funds for payment of bridging pensions.

Assets accumulated in FEP are used to finance the following:
- bridging pensions,
- default interest for untimely payment of bridging pensions,
- deduction for the Social Insurance Institution – constituting ZUS revenue.

The deduction rate is fixed annually by the Budgetary Law based on the FEP financial plan approved by the President of the Council of Ministers.

The Management Board of the Social Insurance Institution:
- drafts the FEP annual financial plan following the procedure laid down in the regulations on drafting the State Budget and – after receiving a positive opinion of ZUS Supervisory Board – submits it to the minister in charge of social security issues,
- draws up an annual report on performance of the FEP financial plan and – after receiving a positive opinion of ZUS Supervisory Board – submits it to the minister in charge of social security issues,
- draws up FEP annual financial statement (delivered to an auditor not being ZUS employee for the opinion), and then submits it to the minister in charge of social security issues,
- draws up a forecast of FEP receipts and expenditure in five subsequent financial years, pursuant to the principles laid down in the Act on the social insurance system.

Available FEP funds may be invested in bank deposits and in Treasury securities.

Contributions to the Bridging Pensions Fund are paid for an employee who meets jointly the following conditions:
was born after 31 December 1948,
performs works in special conditions or in special character.

An obligation to pay FEP contributions for an employee arises on the day when the employee starts to perform work in special conditions or in special character, and expires since the day when the person concerned ceased to perform such works.

FEP contribution is payable at a rate of 1.5% of the contribution assessment basis and is fully financed by the contribution payer. The contribution is calculated based on the assessment basis of the pension insurance contribution. The contribution assessment basis is subject to the same limitations as when calculating social insurance contributions.

Total amount of contributions transferred to FEP in 2012 was PLN 222.4 million.
5.1. General information on pensions from the Social Insurance Fund

In 2012, the Social Insurance Fund paid pensions to ca 7.3 million persons in 2012. The total amount of delivered pension benefits equalled PLN 156 209.0 million.

### Beneficiaries’ structure by kinds of pension benefits received in 2012

<table>
<thead>
<tr>
<th>Kind of pension benefit</th>
<th>Number of beneficiaries (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age pensions</td>
<td>4,959.7</td>
</tr>
<tr>
<td>Disability pensions</td>
<td>1,121.3</td>
</tr>
<tr>
<td>Survivors’ pensions</td>
<td>1,269.7</td>
</tr>
</tbody>
</table>

### Average amount of the pension

Average amounts of different kinds of benefits paid in 2012 were as follows:

<table>
<thead>
<tr>
<th>Kind of benefit</th>
<th>Average benefit amount (in PLN)</th>
<th>% of average monthly wage/salary&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pensions</td>
<td>1,759.85</td>
<td>50.0</td>
</tr>
<tr>
<td>Old-age pension</td>
<td>1,872.32</td>
<td>53.2</td>
</tr>
<tr>
<td>Disability pension</td>
<td>1,408.26</td>
<td>40.0</td>
</tr>
<tr>
<td>Survivors’ pension</td>
<td>1,631.04</td>
<td>46.3</td>
</tr>
</tbody>
</table>

<sup>2</sup> Average monthly wage/salary in 2012: a) together with the compulsory social insurance contribution equalled PLN 3,521.67; b) after deducting the compulsory social insurance contribution equalled PLN 3,080.84.

In 2011, an average age of a retiring man was 60.2 years, and of a retiring woman – 59.0 years.
5.1.1. Pension indexation

The pension indexation is carried out annually, from 1 March, based on the fixed indexation rate.

The pension amount after indexation is calculated by multiplying an individual amount of the benefit by the indexation rate. The indexation rate means an average annual price index of consumer goods and services in the preceding calendar year, increased by at least 20% of real growth of average monthly wage / salary in the preceding calendar year.

Every year the Tripartite Commission for Socio-Economic Issues establishes the indexation rate. If the rate is not agreed upon by members of the Commission, the Council of Ministers will determine it in a regulation.

The following are subject to indexation: old-age pensions, disability pensions, survivors’ pensions, pre-retirement benefits and allowances, supplements and benefits payable in addition to the pension, periodic funded pensions and bridging pensions, amounts of maximum pension reduction and minimum guaranteed amount of the pre-retirement benefit and allowance, which is applicable in the case of deriving income from gainful activity.

The indexation covers pension benefits awarded before the day fixed as the indexation date, that is before 1 March. It is carried out ex officio. It covers all benefits payable.

In 2013 pensions were valorised by multiplying the benefit amount and the pension assessment basis in the amount due on 28 February 2013 by the indexation rate amounting to 104.0%.

Supplements and benefits payable in addition to the pension and amounts of maximum reductions in pensions have been also valorised by the indexation rate of 104.0%.

As from 1 March 2013, amounts of minimum pensions, including the social pension, have been also increased as a result of indexation.

5.1.2. Guaranteed minimum pensions

As from 1 March 2013 the minimum guaranteed benefits have been paid at a monthly rate of:
Minimum pensions in respect of work incapacity resulting from accident at work or occupational disease and work accident pensions for survivors are by 20% higher than the above given minimum amounts.

**PLN 997.38** – disability pension in respect of complete incapacity for work due to accident at work or occupational disease and work accident pension for survivors,

**PLN 765.50** – disability pension in respect of partial incapacity for work due to accident at work or occupational disease.

Minimum old-age pension equals ca: 46.6% of average old-age pension  
55.4% of minimum wage / salary

A minimum amount of the pre-retirement benefit and allowance, which is applicable in the case of deriving income from gainful activity, equals **PLN 487.88**.

In March 2013, persons receiving benefits in minimum guaranteed amount accounted for 6.3% of a total number of pensioners.

### 5.1.3. Maximum pensions

The old-age pension calculated under the earlier scheme may not be higher than 100% of the basis for its assessment (see item 5.2.1.).
Limitation of the assessment basis also applies to other pensions with the exception of the disability pension, training pension and survivors’ pension payable from the work accident insurance.

The old-age pension under the new scheme depends on the amount of collected contributions after indexation and on the retirement age (see item 5.2.2.). Thus its maximum amount is not limited.

5.1.4. Combining pensions with work

Retired persons have the right to combine their pension with remuneration for work with no restrictions if they:
- have reached the statutory retirement age and
- have terminated their employment relationship concluded before acquiring the right to the old-age pension.

The retired persons who have terminated their employment relationship upon retirement, may later sign a new employment contract with the same employer without losing their old-age pension entitlement. ZUS suspends pension payment regardless of the amount of derived income, if the person concerned continues employment with the same employer without terminating the employment relationship in connection with the old-age pension award. This regulation applies to pensioners who have not terminated their employment relationship upon retirement, who had acquired their old-age pension entitlement as of 1 January 2011. Pensioners who had been awarded their pensions before that date may receive the benefit without termination of their employment relationship.

Certain restrictions concerning benefits combination with incomes from work relate to:
- retired persons who had been awarded their old-age pensions before reaching the statutory retirement age,
- disability pension recipients.

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3 An obligation to terminate the employment relationship with earlier employer has been imposed by the Act of 16 December 2010 on the amendment of the Act on public finance and some other Acts (Journal of Laws No 257, Text 1726).

These persons are entitled to the acquired pension in amount dependent on acquired inco-
mes. There are three income brackets.

If average monthly income equals:
- **not more than 70%** of average monthly wage / salary – the benefit is paid in full amount,
- **from 70% to 130%** of average monthly wage / salary – the benefit is reduced by such amount,
  by which the received income exceeds 70% of average monthly earning, however not more
  than by an amount of maximum reduction fixed for a given type of benefit,
- **more than 130%** of average monthly wage / salary – the benefit is suspended.

In 2012 an annual income ceiling\(^5\), corresponding to 70% of average monthly wage / salary,
amounted to PLN 29 772.30, and an annual ceiling corresponding to 130% of average monthly
wage / salary amounted to PLN 55 291.00.

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**5.2. Old-age pensions**

On 1 January 1999 the old-age pension scheme reform has come into force.

Since 1999 two old-age pension schemes have been operating in parallel in Poland:
- **pension scheme operating under the earlier rules** – for persons born before 1 January 1949,
- **pension scheme operating under the new rules** – for persons born after 31 December 1948.

Persons born after 31 December 1948 but before 1 January 1969 could stay in the hitherto
pay-as-you-go pension scheme (first pillar) or join the new pension scheme, i.e. pay-as-you-go
scheme (first pillar) and funded pension scheme (second pillar), selecting the Open Pension
Fund. These persons could join the new pension scheme by 31 December 1999.

**Statutory retirement age**
- for women born on or before 31 December 1952 is 60 years,
- for men born on or before 31 December 1947 is 65 years.

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\(^5\) Income resulting in suspension of payment or reduction of the benefit – is accounted for on a monthly or annual basis.
Starting from 1 January 2013 the retirement age is being increased and equalised — for women born on or after 1 January 1953, — for men born on or after 1 January 1948 by 1 month every quarter until reaching the retirement age of 67 years – for men – in 2020, and in the case of women – in 2040.6

### Retirement age for women born in 1953–1954

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Quarter of birth</th>
<th>Retirement age (years_months)</th>
<th>Retirement age reached in*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td>January / February / March</td>
<td>60_1</td>
<td>2013 February / March / April</td>
</tr>
<tr>
<td></td>
<td>April / May / June</td>
<td>60_2</td>
<td>2013 June / July / August</td>
</tr>
<tr>
<td></td>
<td>July / August / September</td>
<td>60_3</td>
<td>2013 October / November / December</td>
</tr>
<tr>
<td></td>
<td>October / November / December</td>
<td>60_4</td>
<td>2014 February / March / April</td>
</tr>
<tr>
<td>1954</td>
<td>January / February / March</td>
<td>60_5</td>
<td>2014 June / July / August</td>
</tr>
<tr>
<td></td>
<td>April / May / June</td>
<td>60_6</td>
<td>2014 October / November / December</td>
</tr>
<tr>
<td></td>
<td>July / August / September</td>
<td>60_7</td>
<td>2015 February / March / April</td>
</tr>
<tr>
<td></td>
<td>October / November / December</td>
<td>60_8</td>
<td>2015 June / July / August</td>
</tr>
</tbody>
</table>

* Example: A woman born in January 1953, will reach the retirement age (60_1) in February 2013, a woman born in February 1953 will reach the retirement age in March 2013, and a woman born in March 1953 will reach the retirement age in April 2013.

### Retirement age for men born in 1948–1949

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Quarter of birth</th>
<th>Retirement age (years_months)</th>
<th>Retirement age reached in*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>January / February / March</td>
<td>65_1</td>
<td>2013 February / March / April</td>
</tr>
<tr>
<td></td>
<td>April / May / June</td>
<td>65_2</td>
<td>2013 June / July / August</td>
</tr>
<tr>
<td></td>
<td>July / August / September</td>
<td>65_3</td>
<td>2013 October / November / December</td>
</tr>
<tr>
<td></td>
<td>October / November / December</td>
<td>65_4</td>
<td>2014 February / March / April</td>
</tr>
<tr>
<td>1949</td>
<td>January / February / March</td>
<td>65_5</td>
<td>2014 June / July / August</td>
</tr>
<tr>
<td></td>
<td>April / May / June</td>
<td>65_6</td>
<td>2014 October / November / December</td>
</tr>
<tr>
<td></td>
<td>July / August / September</td>
<td>65_7</td>
<td>2015 February / March / April</td>
</tr>
<tr>
<td></td>
<td>October / November / December</td>
<td>65_8</td>
<td>2015 June / July / August</td>
</tr>
</tbody>
</table>

6 The increased retirement age has been introduced by means of the Act of 11 May 2012 on the amendment of the Law on pensions from the Social Insurance Fund and some other Acts.
5.2.1. Old-age pensions in the old scheme

The right to an old-age pension under the old scheme is acquired after reaching the statutory retirement age (see: item 5.2.)
— by women who have completed at least 20-year contributory and non-contributory period,
— by men who have completed at least 25-year contributory and non-contributory period.

That scheme provides for **pensions with shorter period of coverage** in the statutory retirement age for
— women who have completed at least 15-year contributory and non-contributory period,
— men who have completed at least 20-year contributory and non-contributory period.

The old-age pension with shorter period of coverage is not subject to increase aimed to bring its amount up to the level of minimum guaranteed old-age pension.

**Earlier employee retirement pension**, i.e. with retirement age lower by 5 years, is awarded to:
* women born before 1954 who have proved before 31 December 2008:
  — 30-year contributory and non-contributory period, or
  — 20-year contributory and non-contributory period, if they are completely incapable of work,
* men born before 1949 who have proved:
  — 35-year contributory and non-contributory period, or
  — 25-year contributory and non-contributory period, if they are completely incapable of work.

The Pension Act also lays down other specific conditions for acquiring such pension by women and men.

Some occupational groups, persons employed in special conditions and special character (for example miners, teachers) and persons incapable of work (holding a certificate of incapacity for work issued by ZUS evaluating doctor or ZUS medical board) have the right to retire before the statutory retirement age.

In 2012, **an actual retirement age** for men was 60.2 years and for women – 59.5 years.

And an average employment period of retiring persons is decidedly higher than the required minimum: in December 2012 it amounted to 33.4 years for a man and 34.7 years for a woman.
Old-age pension calculated in the old scheme amounts to:
24% of the base amount + 1.3% of the assessment basis for each contributory year +
+ 0.7% of the assessment basis for each non-contributory year

The benefit is assessed based on an average assessment basis of a contribution to pension insurance or to social insurance, from the period of 10 consecutive calendar years that the person concerned has selected from the recent 20 calendar years or 20 calendar years chosen from the whole insurance period.

The assessment basis is increased by the following amounts to which the person insured was entitled in a given calendar year: remuneration for the period of incapacity for work and sickness, maternity, care allowances, rehabilitation benefits, compensatory allowances or compensatory supplements.

To establish the assessment basis, amounts of assessment bases for contributions and amounts of the aforementioned benefits are aggregated within each year from the selected calendar years, and then the ratio of each of these total amounts to annual amount of average wage / salary announced for a given calendar year is calculated. The result is expressed in percentages. Then the arithmetic mean of these percentages is calculated, which is the assessment basis index, by which the base amount is multiplied.

The base amount equals 100% of average wage / salary from the preceding calendar year, reduced by the compulsory social insurance contribution deducted from earnings of persons insured. It is fixed from 1 March of each year.

As from 1 March 2012 to 28 February 2013 the base amount equalled PLN 2 974.69, and from 1 March 2013 it amounts to PLN 3 080.84.

5.2.2. Old-age pensions in the new scheme

The new old-age pension scheme is composed of three pillars.

Below are criteria for classification of these pillars.

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7 Non-contributory periods are taken into account at a rate not exceeding 1/3 of proved contributory periods.
Social insurance benefits delivered by ZUS

<table>
<thead>
<tr>
<th>Criteria for classification</th>
<th>First pillar</th>
<th>Second pillar</th>
<th>Third pillar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status of the scheme</td>
<td>universal</td>
<td>universal</td>
<td>supplementary</td>
</tr>
<tr>
<td>Participation in the scheme</td>
<td>compulsory</td>
<td>compulsory</td>
<td>voluntary</td>
</tr>
<tr>
<td>Social objective</td>
<td>basic level of benefits</td>
<td>basic level of benefits</td>
<td>higher level of benefits</td>
</tr>
<tr>
<td>Scheme management</td>
<td>public</td>
<td>private</td>
<td>private</td>
</tr>
<tr>
<td>Financing</td>
<td>from current contributions</td>
<td>funded</td>
<td>funded</td>
</tr>
<tr>
<td>Calculation of benefit amount</td>
<td>on the basis of indexed contributions</td>
<td>on the basis of capitalised contributions</td>
<td>on the basis of capitalised contributions</td>
</tr>
</tbody>
</table>

**First pillar** is managed by a public body – the Social Insurance Institution.

**Second pillar** – Open Pension Funds (*Otwarte Fundusze Emerytalne*, OFEs) – is managed by private institutions – General Pension Societies (*Powszechne Towarzystwa Emerytalne*, PTEs). As at the end of 2012, there operated 14 OFEs. They gathered about 15.9 million active members, i.e. persons whose accounts are credited with contributions. The net asset value amounted to PLN 269.6.

**Third pillar**, similarly as second pillar is administered by private institutions. Affiliation with the third pillar is completely voluntary. It should ensure higher old-age pensions in the future thanks to a supplementary contribution.

The third pillar first of all consists of:
— Occupational Pension Programmes,
— Individual Retirement Account,
— Individual Pension Security Account.
Social insurance benefits delivered by ZUS

**Occupational Pension Programmes (Pracownicze Programy Emerytalne, PPEs)**

1 094 such programmes were registered as at 31 December 2012, gathering about 358.1 thousand members.

**Individual Retirement Account (Indywidualne Konto Emerytalne, IKE)**

Individual Retirement Accounts are kept by:

- insurance companies,
- investment funds managed by investment fund companies,
- entities performing brokerage activities,
- banks,
- voluntary pension funds managed by General Pension Societies.

IKE regulations provide for an annual limit on contributions payment which amounts to PLN 11 139 in 2013. A person saving money in IKE is exempt from the capital gains tax.

In 2012, there were kept 813 734 IKE accounts, and their total value amounted to PLN 3.5 billion. Number of IKEs, to which payments were made in 2012, totalled 258 027, and their total value amounted to PLN 668.3 million. Average payment to an IKE account in 2012 amounted to PLN 2.6 thousand.

**Individual Pension Security Account (Indywidualne Konto Zabezpieczenia Emerytalnego, IKZE)** is a new offer to save money, available since 1 January 2012.

Individual Pension Security Accounts are kept by:

- insurance companies,
- investment funds managed by investment fund companies,
- entities performing brokerage activities,
- banks,
- voluntary pension funds managed by General Pension Societies.

A person saving money in IKZE may deduct from his or her taxable income up to 4% of the assessment basis of the contribution to the old-age pension insurance. Money withdrawn from IKZE upon reaching the age of 65 years is subject to tax.
496 821 IKZE accounts were kept in 2012, which was the first year of IKZE operation. Their total value was PLN 52.9 million. Number of IKZEs, to which payments were made in 2012, totalled 32 832, and their total value amounted to PLN 26.2 million. Average payment to an IKZE account in 2012 amounted to PLN 800.

Each person who reaches the age of 16 years has the right to save money in IKE and IKZE.

In the period from 1 January to 31 December 2012, funds could be transferred from IKE to IKZE with an opportunity of taking advantage of tax deductions in accordance with the provisions governing IKZE contributions. Funds transferred from IKE to IKZE in this period amounted to PLN 31.9 million.

From 1 January 2009, the right to the old-age pension in the universal old-age pension scheme (pillar I and II) under the new rules is exercised by persons born after 31 December 1948 if they meet only one condition, which is to achieve the statutory retirement age (see item 5.2.). Currently, the right to the old-age pension under the new rules is exercised only by women. First pensions for men under the new rules will be paid from 1 June 2014, when men born after 31 December 1948 will reach the statutory retirement age.

The statutory retirement age is the minimum age to acquire the right to the old-age pension. However, it is not an obligatory moment to stop gainful work.

Under the new rules, the old-age pension is based on close correlation of benefit amount with the amount of actually paid contribution. Legislation in force governing the old-age pensions under the new rules limits earlier retirement opportunities, thus encouraging to delay the moment of starting to receive the old-age pension. It does not provide for preferential conditions of acquiring the pension entitlement for individual occupational groups in the universal old-age pension scheme.

Women who have reached the statutory retirement age or will reach it in 2009–2014 and who have not joined the Open Pension Fund (second pillar), or have applied for the transfer of means

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8 Komisja Nadzoru Finansowego, Informacje liczbowe o rynku IKZE za 2012 rok (Financial Supervision Authority, Numerical data on IKZE market for 2012).
accumulated on OFE account, via the Social Insurance Institution, to the State Budget incomes, and have not received – even for one month – an old-age pension awarded and calculated under the old rules, have been offered an opportunity of the so called smooth transition from the old to the new scheme.

It consists in establishment of the so called mixed old-age pension, partly under the old and partly under the new principles. For example, a woman who will reach the retirement age in 2013, will be granted the pension in 20% under the old and in 80% under the new rules.

The following types of pensions are granted in the new scheme:
— an old-age pension from the Social Insurance Fund; and
— periodic funded old-age pension (from 2009) and life funded old-age pension (from 2014).

The amount of the old-age pension received from the Social Insurance Fund under the new rules is an equivalent of a total amount of pension contributions after indexation collected after 31 December 1998 and an amount of the initial capital after indexation divided by the average life expectancy, expressed in months, for persons in the age equal to the retirement age of a given pension claimant.

\[
\text{OLD-AGE PENSION} = \frac{\text{The sum of collected and indexed pension contributions and the indexed initial capital}}{\text{Average life expectancy for persons in the age equal to the retirement age, expressed in months}}
\]

The initial capital is a new element of the Polish old-age pension scheme. It has been introduced to account for a contributory period completed before the day of entry into force of the Act, that is before 1 January 1999. It is calculated for each insured person born after 31 December 1948 who has been paying – before 1999 – a contribution to the social insurance or for whom such contribution has been paid by the contribution payer. For each of these persons a hypothetical old-age pension is calculated, which the person concerned would have received on 1 January 1999.
The amount of the hypothetical old-age pension is calculated under the hitherto principles, modified in a part concerning calculation of the so called social element of the old-age pension. A total amount – composed of a contributory part, a non-contributory part and a social part – is multiplied by average life expectancy for women and men in the age of 62 years, which equals 209 months. The amount calculated in this way constitutes the value of the initial capital as at 1 January 1999.

It is recorded on the account of the insured person and is subject to annual indexation up to the moment of retirement. The indexation of the initial capital is carried out under the same rules as indexation of the old-age pension contributions.

The indexation guarantees that the initial capital may not be reduced.

**Periodic funded pension from OFE** is due to a person holding an established right to the old-age pension under the new rules from the Social Insurance Fund and who had accumulated in the OFE account, as at the last day of the month preceding the month of the old-age pension award, an amount exceeding the twenty-fold amount of the nursing supplement\(^9\). And if the accumulated amount is lower – OFE will transfer the resources accumulated in the OFE member account to ZUS old-age pension fund, and this amount will be booked to the insured’s individual account in FUS.

**The periodic funded pension amount** is established by dividing an amount accumulated in the OFE member account and recorded in the sub-account in ZUS by average life expectancy for persons in the age equal to the retirement age (age used to calculate the old-age pension from the Social Insurance Fund under the new rules).

The right to the periodic funded pension will expire on a day preceding the day when the OFE member will reach the age of 65 years, or if the means accumulated in the OFE account are exhausted.

In 2012, an average monthly number of periodic funded pensions paid by ZUS amounted to 2.0 thousand, and an average amount of the benefit – PLN 88.53.

\(^{9}\) As from 1 March 2013 an amount equal to twenty-fold amount of the nursing supplement is **PLN 4 070.00** (20 x PLN 203.50).
Some occupational groups may exercise the right to the *old-age pension awarded under the new rules in lower age than the statutory retirement age*. These are e.g. persons employed in special conditions or in special character who have completed the required qualifying period of a general character and the period of employment in special conditions or in special character before 1 January 1999, have not joined OFE (or – after doing so – have applied for the transfer of resources collected on account in the Open Pension Fund, via the Social Insurance Institution, to the State Budget incomes) and have terminated their employment relationship.

### 5.2.3. **Bridging old-age pensions**

As from 1 January 2009 the right to the bridging pension is acquired by the insured person who meets jointly the following conditions:

- has completed a period of employment in special conditions or in special character of at least 15 years,
- has reached at least the age of 55 years (woman) and 60 years (man),
- has completed the contributory and non-contributory period of at least 20 years for women and 25 years for men,
- before 1 January 1999 performed work in special conditions or of special character,
- after 31 December 2008 performed work in special conditions or of special character,
- the employment relationship was terminated.

Pension amount is calculated in similar way as the amount of the old-age pension awarded under the new rules. However, irrespective of actual retirement age of a given person, average life expectancy for persons aged 60 years is always taken into account.

The right to the bridging pension expires on the day preceding the day of acquiring the right to the old-age pension, and if the person concerned is not entitled to the old-age pension – on the day preceding the statutory retirement age.

The bridging pensions are financed mainly by the State Budget. A part of costs is covered by employers from contribution remitted to the Bridging Pensions Fund (see item 4.3.).
In 2012 the bridging old-age pensions were paid to a monthly average of ca 6.0 thousand retired persons, and an average monthly amount of such pension was PLN 2,236.11.

The bridging old-age pensions expenditure in 2012 was PLN 160,380.7 thousand.

5.2.4. **Ex officio old-age pensions**

Old-age pensions are awarded *ex officio* in place of the received disability pensions to persons who have reached the statutory retirement age. This provision has come into force since 1 January 2006.

**A person born before 1 January 1949** is granted the old-age pension *ex officio* irrespective of whether s/he meets the condition of the (contributory and non-contributory) insurance period of at least 20 years for women and 25 years for men, which is required when the retirement pension is awarded.

The old-age pension, awarded *ex officio* is calculated based on the pension assessment basis. Its amount is usually the same as the amount of hitherto received disability pension – in any case it may not be lower.

**A person born after 31 December 1948** is awarded the old-age pension *ex officio* after having attained the retirement age. A woman who has been awarded the old-age pension *ex officio*, and who will reach the statutory retirement age in 2009–2014, may request pension calculation in mixed amount (partly under the old and partly under the new rules).

A person who has completed the required insurance period, irrespective of whether s/he had been born before 1 January 1949 or after 31 December 1948, will have his or her old-age pension awarded *ex officio* brought up to the level of minimum old-age pension if the amount of hitherto received benefit was lower than the minimum.

If the disability pension was paid in amount awarded to a person partly incapable of work, who, however, had not completed the required insurance period, which means that s/he would not meet the requirements for the old-age pension, the old-age pension awarded *ex officio* may not be brought up to the level of the minimum old-age pension.
A person who has been awarded the old-age pension *ex officio* may apply for recalculation of its amount. S/he will be provided with this information in the decision to grant such pension.

The old-age pension is not awarded *ex officio* to a person whose right to the old-age pension and the disability pension had been already established, but who opted for the disability pension instead.

### 5.3. Disability pensions

The disability pension is granted to an insured person who meets all of the following conditions:

- is incapable of work,
- has completed the required contributory and non-contributory period
  - a contributory and non-contributory insurance periods of at least 5-year duration during the last decade before claiming the pension or before occurrence of incapacity for work;
  - if the incapacity for work occurred in the age lower than 30 years, these periods are respectively shorter – from 1 to 4 years,
  - 25 years for women and 30 years for men only of the contributory period (not including non-contributory periods) in case of the total incapacity for work, with no requirement of at least 5 years of insurance in the last 10-year period prior to filing the claim or before occurrence of incapacity for work,
  (a person who has lost his or her earning capacity due to an accident on the way to or from work, does not have to prove the required contributory and non-contributory period),
- the incapacity for work must have occurred during certain contributory and non-contributory periods, but not later than within 18 months after the cessation of these periods. This requirement does not relate to a person insured who has proved the contributory and non-contributory period of at least 20 years for women and 25 years for men and is completely incapable of work.

ZUS evaluating doctor evaluates incapacity for work, its degree and gives his or her certificate in this regard. S/he also establishes:

- date of occurrence of incapacity for work,
- permanency or expected duration of incapacity for work,
Social insurance benefits delivered by ZUS

- causality of incapacity for work or death with certain circumstances,
- inability to independent existence,
- advisability of vocational retraining.

A person incapable of work means a person who has lost, completely or partly, earning capacity due to disturbance of body fitness and retraining does not promise restoration of his or her earning capacity.

Completely incapable of work is a person who has lost capability for any work.

Partly incapable of work is a person who has lost – to a considerable degree – capability for work corresponding to his or her qualifications.

Incapacity for work is certified for a period up to 5 years or longer – if there is no prognosis as to restoration of earning capacity before the lapse of 5 years. During a period of certified incapacity for work (indicated in ZUS decision), the pension is payable.

A person concerned may appeal to ZUS medical board against ZUS evaluating doctor’s certificate, within 14 days after the certificate had been delivered. ZUS President may consider the certificate defective and refer the case to ZUS medical board within 14 days after ZUS evaluating doctor had issued the certificate.

The following constitute the basis for a pension body decision on the disability pension:
- ZUS evaluating doctor’s certificate which has not been opposed or claimed defective,
- ZUS medical board decision.

The disability pension in respect of accident at work or occupational disease is awarded irrespective of the duration of accident insurance period and irrespective of the date of occurrence of incapacity for work due to accident at work or occupational disease.

An accident at work means a sudden occurrence associated with work, arising out of external cause and resulting in injury or death.

An occupational disease means a disease specified in a list of occupational diseases, which was caused by harmful agents in the working environment or by a manner in which the work was performed.
Pension in respect of complete incapacity for work amounts to:
24% of the base amount + 1.3% of the assessment basis for each contributory year + 0.7% of the assessment basis for each non-contributory year\(^{10}\) + 0.7% of the assessment basis for each year short of full 25 years of contributory and non-contributory periods, from the day of claiming the benefit to the day when the pensioner would reach the statutory retirement age.

The pension for a person who is partly incapable of work is payable at a rate of 75% of pension for a person completely incapable of work.

The person entitled to the pension who has been recognised as completely incapable of work and of independent existence is awarded the nursing supplement (see item 5.14.).

Amount of a pension in respect of accident at work or occupational disease is calculated in the same way as the disability pension, and it may not be lower than:
- 60% of the pension assessment basis – for a person partly incapable of work,
- 80% of the pension assessment basis – for a person completely incapable of work,
- 100% of the pension assessment basis – for a person eligible for the training pension.

An assessment basis of the pension in respect of accident at work or occupational disease may be calculated based on the basis assessment index higher than 250%. However, the above guarantees are not applicable if calculations are based on the basis assessment index higher than 250%.

The structure of disability pensions in 2012 by degree of disability

<table>
<thead>
<tr>
<th>Specification</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total disability pensions, of which in respect of:</td>
<td>100.0</td>
</tr>
<tr>
<td>complete incapacity for work accompanied by inability to independent existence</td>
<td>4.5</td>
</tr>
<tr>
<td>complete incapacity for work</td>
<td>31.5</td>
</tr>
<tr>
<td>partial incapacity for work</td>
<td>64.0</td>
</tr>
</tbody>
</table>

\(^{10}\) Non-contributory periods are taken into account at a rate not exceeding 1/3 of proved contributory periods.
In 2012 disability pensions were paid on average to 1,074.4 thousand persons, and an average monthly amount of the pension was PLN 1,348.3. 50.3 thousand new pensions were granted in 2012.

A monthly average of 204.0 thousand pensions were received in 2012 in respect of accidents at work and occupational diseases, in average amount of PLN 2,572.25. They accounted for 19.0% of a total number of disability pensions.

5.4. Training pensions

The training pension is payable to a person meeting the conditions for receiving the disability pension, who has been issued a decision on the advisability of vocational retraining due to incapacity for work in earlier occupation.

The training pension is awarded for a period of 6 months, which may be reduced or extended.

At the starost’s request this period may be extended, for the time required for retraining, by further 30 months.
The period is reduced in the case if the starost informs the pension body of:
- lack of a possibility to retrain a given person for a new occupation,
- the fact that a given person does not want to undergo retraining.

The training pension is payable at the rate of 75% of the basis of assessment or 100% of this basis if incapacity for work was caused by accident at work or occupational disease. The pension may not be lower than the minimum pension for a person who is partly incapable of work.

The pension is not paid if the pensioner receives remuneration or income, irrespective of its level.

In 2012 training pensions were paid to a monthly average of 150 persons, and an average monthly amount of the pension was PLN 1 957.58.

### 5.5. Survivors' pensions

The survivors’ pension is awarded to entitled family members of a person who – on the day of death – held the established entitlement to an old-age pension (including the bridging pension) or disability pension or met the requirements for award of one of these benefits. When the right to the survivors’ pension is established, it is assumed that the deceased person was completely incapable of work.

The survivors’ pension is also awarded to entitled family members of a person who – on the day of death – was a recipient of the pre-retirement benefit or the pre-retirement allowance. In such case it is assumed that the deceased person has satisfied the conditions to be awarded the pension in respect of complete incapacity for work. The survivors’ pension is not awarded in respect of periodic funded pension.

The following persons have the right to the survivors’ pension:
- own children, spouse’s children, adopted children – until they reach the age of 16 years or 25 years in the case of learning children, and irrespective of age if they had become completely incapable of work before reaching the age of 16 years or while learning at school before reaching the age of 25 years. If the child reached the age of 25 years being a student of the last year of study in a tertiary level school, the right to the pension is prolonged till the end of this year of study;
Social insurance in Poland

Social insurance benefits delivered by ZUS

- a widow / widower, who at the moment of his/her spouse’s death reached the age of 50 years or was incapable of work, or who brings up at least one of children, grandchildren or siblings entitled to a pension as a survivor of the spouse, if these children have not yet reached the age of 16 years, or 18 years – if they are still learning, or if they are completely incapable of work.

Most of beneficiaries (76.4%) in 2012 were persons aged 55 years and more, and the share of children, including those learning and studying under 24 years of age, was 16.2%.

The survivors’ pension is payable at the following rates:
- for one entitled person – 85% of the benefit that would be payable to the person deceased,
- for two entitled persons – 90% of the benefit that would be payable to the person deceased,
- for three and more persons – 95% of the benefit that would be payable to the person deceased.

All entitled family members acquire the right to one joint survivors’ pension, which is divided – if necessary – into equal parts among all beneficiaries. If survivors’ pension is received by a complete orphan, s/he is entitled to a supplement for complete orphans.

The minimum survivors’ pension from the work accident insurance equals 120% of the minimum survivors’ pension.

In 2012 survivors’ pensions were received by 1 270 thousand persons, and an average monthly amount of the pension was PLN 1 631.04.

5.6. Medical rehabilitation within the framework of disability prevention

The Social Insurance Institution performs disability prevention tasks, including medical rehabilitation and accident prevention.

5.6.1. Disability prevention

The main disability prevention tasks:
- referral to medical rehabilitation,
- dissemination of knowledge about activities preventing incapacity for work.
Referral to medical rehabilitation. The Social Insurance Institution refers to rehabilitation centres, selected by means of a competition, persons at risk of the long-term incapacity for work in the following groups of diseases:

- in an in-patient system:
  - motor organ diseases,
  - cardio-vascular system diseases,
  - respiratory system diseases,
  - psychosomatic diseases,
  - oncological diseases – after the mammary gland surgery,

- in an out-patient system:
  - motor organ diseases,
  - cardio-vascular system diseases, including telemedically monitored diseases.

In 2012 the medical rehabilitation programme was completed by 71 258 persons. Costs of rehabilitation (including local payment and refund of travel costs) equalled PLN 172 825 thousand.

Medical rehabilitation carried out in 2012 by rehabilitation profiles
Within its activities aimed to promote disability prevention, ZUS co-financed in 2012 nine scientific conferences and ordered a programme of medical rehabilitation for people with voice organ diseases. An amount spent for this purpose equalled PLN 158 thousand.

5.6.2. Accident prevention

In 2012, within the framework of accident prevention, the Social Insurance Institution:
- commissioned analysis of causes of accidents at work and occupational diseases, especially fatal, serious and collective accidents, and occupational diseases;
- disseminated knowledge of risks of accidents at work and occupational diseases and methods of their prevention,
- commissioned scientific and research works to eliminate or reduce causes of accidents at work and occupational diseases.

An amount spent for this purpose in 2012 equalled PLN 3 301 thousand.

5.7. Social pensions

The social pension is payable to an adult, that is a person who has reached the age of 18 years, who has been recognised as completely incapable of work due to impairment of body functions which occurred:
- before reaching the age of 18 years, or
- in the course of education in a school or tertiary level school, before reaching the age of 25 years, or
- in the course of doctoral studies or scientific post-graduate studies.

The right to the social pension may be granted on a permanent or temporary basis. If ZUS evaluating doctor or ZUS medical board state in their medical certificate on which a decision on granting the social pension is based, that complete incapacity for work is permanent – the permanent social pension is awarded. If it is stated that complete incapacity for work has a periodic character – periodic social pension is awarded, payable for a period indicated in a decision of
ZUS pension body. To extend his or her right to the social pension, the person concerned should apply for establishment of the right to this benefit for further period.

The social pension is granted in fixed amount and equals 84% of an amount of the minimum pension that would be granted in respect of complete incapacity for work.

The entitlement to the social pension is suspended in the case if the entitled person has reached income in total amount exceeding 70% of average monthly wage / salary for a calendar quarter.

Decisions on granting social pensions are issued and benefits are paid by ZUS, but these benefits are financed by the State Budget.

As from 1 March 2013 the social pension equals PLN 698.17.

In the case of the overlapping entitlement to the social pension with the entitlement to the survivor’s pension, the social pension amount is reduced to ensure that the total amount of both benefits does not exceed 200% of the minimum pension for total incapacity for work, i.e. PLN 1 598.36, provided that the minimum social pension cannot be lower than 10% of the minimum pension for total incapacity for work, i.e. PLN 79.92. The social pension is not payable if the amount of the survivor’s pension exceeds 200% of the minimum pension in respect of total incapacity for work.

In 2012 a total amount of PLN 2 080.2 million was paid in respect of social pensions to ca 259.8 thousand persons.

5.8. Pre-retirement benefits

The entitlement to the pre-retirement benefit is exercised by a person who:

- before the day of termination of the employment or service relationship due to liquidation or insolvency of employer with whom s/he had been employed or remained in service relationship during a period of not less than 6 months, had reached at least the age of 56 years (woman) and 61 years (man) and had completed a period qualifying for the old-age pension of at least 20 years for women and 25 years for men, or
before the day of employment or service relationship termination for reasons attributable to work establishment where s/he had been employed during a period of not less than 6 months, had reached at least the age of 55 years (woman) and 60 years (man) and had completed a period qualifying for the old-age pension of at least 30 years for women and 35 years for men, or

before the day of declaration of bankruptcy had been running – within an uninterrupted period of not less than 24 months – non-agricultural business activity and had reached at least the age of 56 years (woman) and 61 years (man) and had completed a period qualifying for the old-age pension of at least 20 years for women and 25 years for men, and had been paying the social insurance contributions for this period, or

registered in a competent poviat labour office within 30 days from the day of cessation of the disability pension entitlement, received during an uninterrupted period of at least 5 years, and before the day of cessation of this entitlement had reached at least the age of 55 years (woman) and 60 years (man) and had completed a period qualifying for the old-age pension of at least 20 years for women and 25 years for men, or

before the day of employment relationship termination for reasons attributable to work establishment where s/he had been employed during a period of not less than 6 months, had completed a period qualifying for the old-age pension, equal to at least 35 years for women and 40 years for men, or

before 31 December of the year preceding the termination of the employment or service relationship due to liquidation or insolvency of the employer with whom s/he had been employed or remained in service relationship during a period of not less than 6 months, had completed a period qualifying for the old-age pension of at least 34 years for women and 39 years for men.

The pre-retirement benefit is granted to the person meeting the aforementioned criteria after at least 6 months of receiving the unemployment benefit, if s/he meets all of the following requirements:

- is still registered as the unemployed person,
- within the period of receiving the unemployment benefit did not refuse without justified reason a proposal of suitable employment or other gainful work or subsidised jobs and public works,
files an application for the pre-retirement benefit within 30 days from the day of issue by the poviat labour office of a document certifying the 6-month period of receiving the unemployment benefit.

As from 1 March 2013 an amount of the pre-retirement benefit equals PLN 975.78 and is subject to periodic indexation.

In 2012 ZUS paid the pre-retirement benefits to 107.0 thousand persons in total amount of PLN 1 226.6 million.

The benefits are financed by the Labour Fund.

5.9. Sick pay and sickness allowances

The sick pay is financed by the employer. It is payable to the employee for periods of incapacity for work or isolation due to communicable disease.

The sick pay is payable to the employee for periods not exceeding 33 days in a calendar year, and – if the employee has reached 50 years of age – not exceeding 14 days in a calendar year11.

The amount of the sick pay is calculated under the rules used to calculate the sickness allowance assessment basis. The sick pay is based on the monthly remuneration from the recent 12 months preceding the month when incapacity for work had occurred, and equals (respectively):

- 80% of the assessment basis; however labour regulations binding a given employer may provide for a higher remuneration in this respect,
- 100% of the assessment basis, if incapacity for work:
  - is a result of accident on the way to or from work,
  - occurs in the period of pregnancy,
  - is a result of undergoing necessary medical examinations provided for candidates for donors of cells, tissues and organs and a result of undergoing an operation of their taking.

11 This concerns incapacity for work after the calendar year when the employee reached the age of 50 years.
The right to the sick pay is acquired by employees only after 30 days of uninterrupted insurance (qualifying period).

Outworkers and persons undergoing substitute military service are entitled to the sick pay under the same principles as employees.

**The sickness allowance** is payable to an employee after cessation of the sick pay period, i.e. from the 34th day of incapacity for work in a calendar year or from the 15th day if the employee has reached 50 years of age (respectively). The right to the sickness allowance is acquired after 30 days of the qualifying period.

Persons who are covered by sickness insurance on a voluntary basis (for example persons running a business, freelancers / contractors) are entitled to the sickness allowance already from the first day of incapacity for work, i.e. they are not entitled to sick pay. They are entitled to the sickness allowance after 90 days of uninterrupted insurance (qualifying period).

The qualifying period is increased by previous periods of sickness insurance coverage, both on the compulsory and voluntary basis, if the gap between them did not exceed 30 days, or was due to child-care leave, unpaid leave, the period of acquiring the maternity allowance or active military service by a non-professional soldier.

Besides, from the first day of sickness insurance the right to sickness allowance is acquired:
- by graduates of schools or tertiary level schools who have been covered by sickness insurance or have joined sickness insurance within 90 days from the date of graduation or obtaining a higher education diploma,
- if incapacity for work was a result of accident on the way to or from work,
- by persons compulsorily insured who have earlier completed at least 10-year period of compulsory sickness insurance,
- by Members of Parliament who have joined sickness insurance within 90 days from the date of expiration of the term.

The maximum allowance period is 182 days, and in the event if incapacity for work was due to tuberculosis – maximum 270 days. Since 1 January 2009, insured women have been also gran-
ted the right to the sickness allowance in a period not exceeding 270 days if incapacity for work occurred within the period of pregnancy.

The monthly sickness allowance from sickness insurance is payable at a rate of:

- 80% of allowance assessment basis,
- 70% of the assessment basis during a period of hospital stay, with an exception of an employee who has reached the age of 50 years, who is entitled to the sickness allowance at the rate of 80% of the assessment basis during a period of hospital stay from the 15th to the 33rd day of incapacity for work in a calendar year,
- 100% of allowance assessment basis, also during a period of hospital stay, if the incapacity for work:
  — was a result of accident on the way to or from work,
  — occurs in the period of pregnancy,
  — was a result of undergoing necessary medical examinations provided for candidates for donors of cells, tissues and organs or a result of undergoing an operation of their taking.

If incapacity for work was caused by accident at work or occupational disease, sickness allowance from accident insurance is payable. The sickness allowance in respect of accident at work or occupational disease is payable from the first day of insurance and the first day of incapacity for work at a rate of 100% of the assessment basis.

The assessment basis of the sickness allowance payable to an employee is an average monthly remuneration based on which the sickness insurance contribution was calculated, paid for 12 calendar months preceding the month when incapacity for work had occurred, reduced by the deducted social insurance contributions. And the assessment basis of the sickness allowance for insured persons not being employees is an average monthly income based on which the sickness insurance contribution was calculated for 12 calendar months preceding the month when incapacity for work had occurred, reduced by 13.71%. If incapacity for work occurred before the lapse of 12 calendar months, the allowance assessment basis is calculated based on actual employment or insurance period for full calendar months.

Sickness allowances are payable by ZUS or by employers (employing more than 20 persons) and are financed from the Social Insurance Fund.
A total amount paid in 2012 for sickness absenteeism equalled PLN 12 281 million, including PLN 7 824 million paid from FUS in a form of allowances (64%), and PLN 4 457 million paid by employers in a form of sick pay (36%). The number of days of sickness absenteeism financed by FUS was 125.2 million, while the number of days of sickness absenteeism financed by employers’ funds was 64.4 million.

5.9.1. Control of doctors’ certificates on temporary incapacity for work

The Act of 25 June 1999 on cash social insurance benefits in respect of sickness and maternity introduced provisions aimed at strengthening the control of correctness of certifying the incapacity for work and control of taking advantage of medical certificates in this regard.

They are the following:

- an obligation to submit (to the employer or ZUS branch) a certificate of incapacity for work within 7 days from the day of its receipt,
- limitation of an opportunity to receive the allowance in respect of incapacity for work that occurred after the end of sickness insurance and limitation of the assessment basis of this allowance to 100% of average remuneration calculated on the basis of average monthly remuneration from the previous quarter,
- introduction of the qualifying period of 30 days for persons compulsorily insured and the qualifying period of 90 days for persons covered by sickness insurance on a voluntary basis.

On the basis of this Act, ZUS evaluating doctors control the correctness of certifying temporary incapacity for work.

464.3 thousand such checks were carried out in 2012. Decisions issued in their effect suspended sickness allowance payment to 45.9 thousand persons, which means that 9.7% of a total number of checked persons were considered fully capable of work. The number of days of sickness absenteeism denied as a result of checks equalled 243.1 thousand and the amount of suspended allowances in this respect was PLN 12.9 million.

159.3 thousand persons were covered by ZUS control of correctness of taking advantage of medical certificates on incapacity for work in 2012. In effect of discovered irregularities, 5.1 thou-
sand persons were deprived of the right to the allowance, which resulted in withdrawal of allowances in total amount of PLN 5.4 million.

Pursuant to statutory regulations, the Social Insurance Institution is obliged to reduce the assessment basis of the sickness allowance and of the rehabilitation benefit if the insurance entitlement has ceased. In such case the benefit amount is limited to 100% of average monthly wage / salary in the country. An amount of benefits limited in this respect in 2012 was PLN 148.5 million.

The person insured is obliged to submit a medical certificate to the contribution payer within 7 days from the date of certificate receipt. If this obligation is not complied with for reasons attributable to the person insured, an amount of sickness and care allowance is reduced by 25% starting from the eighth day of the certified incapacity for work to the date when the certificate was delivered. The mentioned reduction does not apply to the sick pay. In 2012 allowance payments were reduced in this respect by a total amount of PLN 8.2 million.

A total amount of cash social insurance benefits in respect of sickness and maternity reduced and withdrawn in 2012 was PLN 175.1 million.

5.10. Rehabilitation benefits

The rehabilitation benefit may be awarded to an employee, who – after cessation of the right to sickness allowance – is still incapable of work if there is a good prognosis as to restoration of his or her earning capacity. It may be paid during a period not exceeding 12 months.

The rehabilitation benefit from sickness insurance may be awarded to persons covered by sickness insurance.

The rehabilitation benefit from sickness insurance is payable at a rate of:
- 90% of the assessment basis of the sickness allowance – during a period of the first 90 days of its receipt,
- 75% of this basis for the remaining period,
- 100% of this basis – if incapacity for work occurred within the period of pregnancy.
The rehabilitation benefit from work accident insurance in the event of incapacity for work caused by accident at work or occupational disease is payable to persons covered by accident insurance, at a rate of 100% of the assessment basis.

The rehabilitation benefit is not payable inter alia to a person with established entitlement to the old-age or disability pension, to the unemployment benefit, pre-retirement allowance and benefit, and to a person during the unpaid or child-care leave.

Circumstances justifying the award of the rehabilitation benefit are examined by a ZUS evaluating doctor. A person concerned has the right to appeal to ZUS medical board against the decision of ZUS evaluating doctor.

In 2012 the rehabilitation benefit was paid to a monthly average of 69.7 thousand persons, and its average monthly amount was PLN 1 329.55.

The expenditure on the rehabilitation benefits in 2012 amounted to PLN 1 112.2 million.

Rehabilitation benefit is payable by the employer (employing more than 20 persons) or by the Social Insurance Institution, and is financed from the Social Insurance Fund.

### 5.11. Compensatory allowances

The compensatory allowance is payable to the employee whose remuneration has been reduced due to undergoing vocational rehabilitation for the purpose of adaptation to or training for a specified job.

The need for rehabilitation is certified by ZUS evaluating doctor or by the regional occupational medicine centre.

The allowance is payable from sickness insurance. The allowance for a person who has undergone vocational rehabilitation as a result of accident at work or occupational disease is payable from the accident insurance.
The allowance is not payable for periods of incapacity for work due to sickness, care or during the period of acquiring maternity allowance, as well as for periods of absence at work for other reasons, for which the employee is not paid any remuneration. The allowance is not awarded to a person entitled to an old-age or disability pension.

The amount of the allowance, payable both from sickness and work accident insurance, is equal to a difference between average monthly earning from the period of 12 months preceding rehabilitation and reduced monthly remuneration for work in conditions of vocational rehabilitation. It is payable during a period of rehabilitation, not exceeding 24 months.

The expenditure on the compensatory allowances in 2012 amounted to PLN 484.2 thousand.

The compensatory allowance is payable by the employer (employing more than 20 persons) or by the Social Insurance Institution, and is financed from the Social Insurance Fund.

5.12. Maternity allowances

The maternity allowance is granted to an insured woman, who within the period of sickness insurance or within the period of child-care leave:

- gave birth to a child,
- took a child under seven years of age to be brought up and applied to the guardian court for its adoption,
- took a child under seven years of age to be brought up in a foster family, with an exception of the professional foster family.

The maternity allowance is also payable in the event of postponing school obligation of a child under ten, who was taken to be brought up.

The insured man who takes a child to be brought up is entitled to the maternity allowance under the same principles as the insured woman. If the insured woman dies or abandons her child, the maternity allowance is awarded to the insured father of the child or other insured mem-
ber of the immediate family, who ceases employment or other gainful activity to take personal care of the child.

The right to the maternity allowance is acquired without any qualifying period.

The period of payment of the maternity allowance in respect of childbirth depends on the number of children born in one confinement and equals:

- 20 weeks – in the case of a single birth,
- 31 weeks – if two children are born in one confinement,
- 33 weeks – if three children are born in one confinement,
- 35 weeks – if four children are born in one confinement,
- 37 weeks – if five or more children are born in one confinement.

When a woman-employee requires hospital care and cannot take care of the child in this period, after taking advantage of 8 weeks of maternity leave after the confinement she may interrupt the leave. During this period, an insured – father of the child may take advantage of the maternity leave. Total length of the maternity leave and allowance may not exceed the rate of the maternity leave.

In the period from 1 January 2010, an insured woman who gave birth to a child is entitled to the maternity allowance also for the period defined by the Labour Code as a period of additional maternity leave with the following duration, starting from 17 June 2013:

- no longer than 6 weeks – in the case of a single birth,
- no longer than 8 weeks – in the case of a multiple birth.

The additional maternity leave and the maternity allowance for that period may be used once or in two parts falling directly one after the other, at the rate of one week or a multiple thereof. Within the framework of the above given duration of the leave and the rate of the maternity allowance, parents may share these entitlements.

From 17 June 2013 parents have been also granted the right to a parental leave in respect of childbirth, at the rate of 26 weeks, for which the maternity allowance is payable.

The parental leave and the maternity allowance for that period may be also used in parts, up to three, and each part may be divided into multiple weeks, and may not be shorter than 8 weeks. Parts of the parental leave and the maternity allowance must accrue directly one after the other.
The rate of the parental leave does not depend on the number of children born in one confinement. The parental leave and the maternity allowance may be taken advantage of by both parents of the child, also at the same time, but at the rate not exceeding 26 weeks.

**The maternity allowance in respect of taking a child to be brought up** depends on the number of children taken to be brought up and is payable during a period of:
- 20 weeks – if one child has been taken to be brought up,
- 31 weeks – if two children have been simultaneously taken,
- 33 weeks – if three children have been simultaneously taken,
- 35 weeks – if four children have been simultaneously taken,
- 37 weeks – if four and more children have been simultaneously taken,
however no longer than until the child reaches the age of 7 years or 10 years (with regard to the child in relation to whom school obligation has been postponed).

From 1 January 2010, an insured woman who has taken a child to be brought up is entitled to the maternity allowance also for the period defined by the Labour Code as a period of **additional leave under the principles of the maternity leave** with the following duration, starting from 17 June 2013:
- no longer than 6 weeks – in the case of taking one child,
- no longer than 8 weeks – in the case of taking more than one child,
- no longer than 3 weeks – if she has the right to minimum leave under the principles of the maternity leave.

The additional leave under the principles of the maternity leave and the maternity allowance for that period may be granted once or in two parts falling directly one after the other, at the rate of one week or a multiple thereof. Within the framework of the above given duration of the leave and the rate of the maternity allowance, parents may share these entitlements.

From 17 June 2013 parents are also entitled to a **parental leave** in respect of taking a child to be brought up, at the rate of 26 weeks, for which the maternity allowance is payable.

The parental leave and the maternity allowance for that period may be also used in parts, up to three, and each part may be granted in multiple weeks, and may not be shorter than 8 weeks. Parts of the parental leave and the maternity allowance must accrue directly one after the other.
The rate of the parental leave does not depend on the number of children taken to be brought up. The parental leave and the maternity allowance may be taken advantage of by both parents of the child, also at the same time, but at the rate not exceeding 26 weeks.

An employee – a father bringing up the child in the course of paternity leave is entitled to the maternity allowance, which is payable, from 1 January 2012, for the period of two weeks, however no longer than until the child has reached the age of 12 months, and in the case of a child taken to be brought up – no longer than until the lapse of 12 months after a decision on adoption becomes final and no longer than until the child has reached the age of 7 or 10 years.

The insured man who is not employed and does not take advantage of the paternity leave, is also entitled to the maternity allowance for the period of two weeks under the above mentioned rules.

Starting from 17 June 2013 the maternity allowance is payable at the rate of:
— 100% of the assessment basis, i.e. average monthly wage / salary or income for the last 12 calendar months of insurance or for actual insurance period for full calendar months of insurance, if the insurance period was shorter – for a period corresponding to the period of maternity leave, leave under the principles of the maternity leave, additional maternity leave, additional leave under the principles of the maternity leave and paternity leave,
— 60% of the assessment basis – for the period of parental leave,
— 80% of the assessment basis – for a period corresponding to the period of maternity leave, leave under the principles of the maternity leave, additional maternity leave, additional leave under the principles of the maternity leave and parental leave – if an application for full rates of these leaves and maternity allowances for periods corresponding to these leaves is filed within 14 days after the childbirth or after the child was taken to be brought up and an application was filed with a court for initiating child adoption proceeding, or after the child was taken to be brought up in a foster family, with an exception of the professional foster family.

If the maternity allowance was payable at the rate of 80% of the assessment basis and the child’s mother resigns of the additional maternity leave or the additional leave under the principles of the maternity leave in whole or in part and the parental leave in whole, the child’s mother is entitled to a lump-sum compensation of the maternity leave up to 100% of assessment basis
for a period corresponding to the maternity leave, leave under the principles of the maternity leave, additional maternity leave and additional leave under the principles of the maternity leave, provided that the child’s father does not apply for the period of maternity allowance payment not used by the child’s mother.

The rate of the maternity allowance is reduced in proportion to the working time of the employee during the additional maternity leave, additional leave under the principles of the maternity leave or the parental leave.

The maternity allowance is payable by the employer (employing more than 20 persons) or by the Social Insurance Institution, and is financed from the Social Insurance Fund.

The expenditure on the maternity allowances in 2012 amounted to PLN 3,650.0 million.

### 5.13. Care allowances

The care allowance is payable to an insured person during a period of release from work due to the necessity of taking personal care of a healthy child under 8 years of age – in special cases (such as closing of nursery, kindergarten or school), a sick child under 14 years of age or other sick member of the family.

The care allowance is payable during a period of:
- not more than 60 days in a calendar year – in the case of care of a healthy child under 8 years of age or a sick child under 14 years of age;
- not more than 14 days in a calendar year – in the case of care of a sick child aged more than 14 years or other sick member of the family.

The total allowance period in respect of care of children and other family members may not exceed 60 days in a calendar year.

The following are considered as children: own children of the insured or his/her spouse and adopted children, as well as strange children taken to be brought up and maintained. The term “members of family” means: a spouse, parents, parents-in-law, grandparents, grandchildren,
siblings and children above 14 years of age – if within the period of taking care – they live in the same household with the insured person.

The right to the care allowance is acquired by the insured person from the first day of sickness insurance coverage. Both the child’s mother and father are entitled to the care allowance, however the allowance is payable only to one of them – depending on who takes care of the child and has claimed the allowance for a given period.

All persons covered by the sickness insurance, both on a compulsory and voluntary basis, are entitled to the care allowance.

The person insured is awarded the allowance only in absence of other persons in the common household who could take care of the child or of other family member. And during a period of personal care of a sick child under 2 years the care allowance is granted even when other members of family could provide such care.

The following are inter alia not considered as family members living in common household who could provide care:
— person completely incapable of work,
— sick person or person physically or mentally disabled due to his or her age,
— person running a farm or non-agricultural business activity, who cannot freely regulate his or her hours of work.

The insured – father of the child is additionally entitled, irrespective of the above-described care allowance, to the care allowance for a period not exceeding 8 weeks, i.e. 56 days after the child is born. The mentioned allowance is awarded to the father who takes personal care of a newly born child when the child’s mother stays in hospital during the maternity leave (up to 8 weeks).

The care allowance is also awarded to the insured – member of immediate family (e.g. child’s grandmother) who ceases employment to take personal care of the child.

The allowance is payable at a rate of 80% of the basis for the sickness allowance assessment.
The expenditure on the compensatory allowances in 2012 amounted to PLN 558.9 million.

The care allowance is payable by the employer (employing more than 20 persons) or by the Social Insurance Institution, and is financed from the Social Insurance Fund.

### 5.14. Nursing supplements

The nursing supplement is payable to a person entitled to an old-age or disability pension on the basis of a certificate of ZUS evaluating doctor or decision of ZUS medical board certifying complete incapacity for work accompanied by inability to independent existence. The nursing supplement – under general rules – is also payable to persons entitled to the bridging pension. Persons who have reached the age of 75 years are awarded the nursing supplement ex officio.

The nursing supplement is payable by the Social Insurance Institution, and is financed from the Social Insurance Fund and from the State Budget.

As from 1 March 2013 its monthly rate has been fixed at PLN 203.50.

Total expenditure on nursing supplements in 2012 amounted to PLN 4 959.1 million, and an average monthly number of supplements payable by ZUS was 2 113.3 thousand.

### 5.15. Supplements to survivors’ pensions for complete orphans

As from 1 March 2013, the supplement to the survivors’ pension for a complete orphan has been fixed at a monthly rate of PLN 382.50. The supplement is indexed on dates of pension indexation.

The supplement is payable by the Social Insurance Institution together with the survivor’s pension and is financed from the Social Insurance Fund.
5.16. Funeral grants

The funeral grant is payable upon death of a person insured, a pensioner, or their family members as well as persons who on the day of death did not hold the established entitlement to a pension but met the requirements for its award and payment. It is aimed to cover the funeral expenses.

The funeral grant is also awarded in respect of death of a person insured after the end of insurance, if the death occurred during the period of acquiring sickness allowance, rehabilitation benefit or maternity allowance.

As from 1 March 2011 the funeral grant equals PLN 4 000 and is paid to a person who covered the costs of funeral.

If the funeral expenses have been incurred by a family member of the deceased, the funeral grant is payable in full amount regardless of the amount of the costs.

If the funeral expenses are covered by a person other than the insured person's or pensioner's family member (for example by the employer, social welfare facility, municipality, powiat, legal person, church or religious association), the funeral grant is payable to those entities in amount of documented costs of funeral to maximum of PLN 4 000.

If the funeral expenses are covered by more than one person or more than one entity, the funeral grant is divided among such persons or entities – in proportion to the expenses paid.

308.2 thousand funeral grants were paid in 2012. An amount spent for this purpose equalled PLN 1 230.8 million.

5.17. Lump-sum compensations in respect of accident at work

Such compensation is payable to an insured person who has suffered the permanent or long-term injury as a result of accident at work or occupational disease.
The **permanent injury** means such disturbance of body fitness which results in impairment of body functions not promising recovery.

The **protracted injury** means such disturbance of body fitness which results in impairment of body functions during a period exceeding 6 months, however promising recovery.

The level of compensation depends on the percentage rate of the injury ascertained by ZUS evaluating doctor or ZUS medical board.

Since 1 April 2013 the injured person has been entitled to compensation of PLN 704 for each per cent of permanent or protracted health damage.

A person, who has been recognised as completely incapable of work and of independent existence as a result of accident at work or occupational disease, is entitled to a lump-sum compensation of PLN 12 326.

Lump-sum compensations are payable by ZUS and financed from the Social Insurance Fund and from the State Budget.

In 2012 the Fund financed 78.4 thousand compensations in total amount of PLN 329.8 million, and an average amount of the compensation was PLN 4 206.82.

### 5.18. Other benefits and refunds in respect of accident at work and occupational disease

The insured person who has sustained an accident at work or contracted an occupational disease, may claim a refund of the following costs from the Social Insurance Institution:

- costs of effects of accident at work or occupational disease connected with dentist services and prophylactic vaccinations, to which the insured person was referred by ZUS evaluating doctor at the request of the attending physician (if such costs are not subject to refund under separate legislation),
- costs of medical devices being orthopaedic appliances – to the level of own share of the person insured, fixed by the legislation on health care benefits financed by public funds.
6. SUPPORT FOR FAMILIES WITH CHILDREN

6.1. Family benefits

The right to family benefits and their amount are governed by the Act of 28 November 2003 on family benefits. The mentioned benefits are financed by the State Budget.

They are paid only by a competent body. In the understanding of the Act on family benefits, the term “competent body” means a village mayor, mayor and president of city competent for the place of residence of family benefit claimant or benefit recipient.

The right to family benefits is established and the benefits are paid on request. The claim should be filed with the municipal (gmina) office or city office competent for the place of residence. Family benefits’ delivery may be entrusted to municipal (gmina) organisational unit, for example to a social welfare centre.

6.1.1. Family allowances and supplements to family allowances

Starting from 1 November 2012, the right to the family allowance is awarded if income per head in a family does not exceed PLN 539 (previously PLN 504) or PLN 623 if there is a disabled child in a family (previously PLN 583).

The family allowance is payable until the child:
- has reached 18 years of age; or
- has completed school education, however no longer than until s/he has reached the age of 21 years; or
- 24 years, if s/he continues education in a school or a tertiary level school and holds a certificate of moderate or severe degree of disability.

The family allowance is also granted to a learning person, that is a person who has come of age and is not maintained by parents due to their death or due to awarding the person concerned a maintenance allowance to be paid by parents, if this person attends a school or a tertiary level school, however no longer than until s/he has reached the age of 24 years.
The right to the family allowance and to supplements to the allowance is exercised by:
- parents, one of the parents or a legal guardian of the child;
- actual guardian of the child – that is a person who takes care of the child and has applied to the family court for its adoption,
- a learning person, that is a person who has come of age, who learns and is not maintained by parents due to their death or due to being awarded the maintenance allowance to be paid by parents if the court decision adjudging maintenance allowance had been taken before this person came of age.

As from 1 November 2012, amounts of family allowances depend on the age group of the child and are as follows:
- PLN 77 (previously PLN 68) – for a child until s/he has reached 5 years of age,
- PLN 106 (previously PLN 91) – for a child above 5 years of age until s/he has reached 18 years of age,
- PLN 115 (previously PLN 98) – for a child above 18 years of age until s/he has reached 24 years of age,

The following supplements may be granted in addition to the family allowance:
- a supplement in respect of childbirth – is awarded in a lump sum of PLN 1,000 per each child,
- a supplement in respect of care of the child within the period of the child-care leave – is payable in a monthly amount of PLN 400 within the period of 24, 36 (in case of care for more than one child born in one confinement) or 72 calendar months (in case of care for the child who holds a certificate of disability or severe degree of disability),
- a supplement for a single parent bringing up the child – is payable at a monthly rate of PLN 170 per child (not more than PLN 340 for all children). In the case of the disabled child an amount of the supplement is increased by PLN 80 per child, however not more than by PLN 160 for all children,
- a supplement in respect of bringing up the child in multi-children family – is payable at a monthly rate of PLN 80 for the third and each subsequent child in the family entitled to the family allowance.
- a supplement in respect of education and rehabilitation of the disabled child – is granted for the disabled child until s/he has reached the age of 16 years and above this age, until the
child has reached the age of 24 years, in the event of certified moderate or severe degree of disability; the allowance is payable at a monthly rate of PLN 60 per child under 5 years of age and PLN 80 per child aged from 5 to 24 years,

- a supplement for a child starting education in a school outside the place of residence is payable at a monthly rate of PLN 90 for 10 months (from September to June) if the child takes up a residence in a locality, where the school above the lower secondary level or art school is situated (in case of the child who holds a certificate of disability or degree of disability, the supplement is also payable in respect of education in a primary or lower secondary school) or at a rate of PLN 50 if the child must travel to school above the lower secondary level or art school (with the education scope of a school above the lower secondary level),

- a supplement for a child starting the school year – is payable once a year in amount of PLN 100 (the supplement is also payable for a child starting one-year pre-school preparation),

6.1.2. Care benefits

The care benefits system is composed of:

- nursing allowance,
- nursing benefit,
- special care allowance.

The nursing allowance is awarded to:

- the disabled child,
- the disabled person above 16 years of age holding a certificate of severe degree of disability,
- the disabled person above 16 years of age holding a certificate of moderate degree of disability, if disability occurred before the age of 21 years,
- a person who has reached the age of 75 years.

The nursing allowance is not awarded to persons entitled to supplementary nursing allowance and to persons placed in an institution providing all-day maintenance.

The nursing allowance is payable at a monthly rate of PLN 153.
The nursing benefit is granted to persons who resign of their gainful work or do not take up such work to take care of the disabled child requiring special care of third person or to take care of a person who holds a certificate of severe degree of disability.

The nursing benefit may be claimed by persons who are covered by the maintenance obligation:
- child’s parents, relatives in the direct line, except for persons with severe degree of disability, siblings, foster family related to the child,
- actual guardian of the child – a person who actually takes care of the child and has applied to the family court for child adoption,

Award of the mentioned benefit also depends on the fulfilment of additional conditions related to guardians.

The nursing benefit is established irrespective of family incomes and for an indefinite period. However, if the certificate of disability or of the severe degree of disability has been issued for the definite period, the benefit is established for the definite period, till the last day of the month of expiration of the certificate.

The nursing benefit is awarded if the disability of a person requiring care occurred:
- not later than before s/he reaches 18 years of age, or
- in the course of education in a school or tertiary level school, before reaching the age of 25 years.

As from 1 July 2013 the amount of the benefit has been fixed at PLN 620 (earlier it was PLN 520).

Special care allowance (from 1 January 2013) is awarded to persons who under the Family and Guardianship Code are covered by the maintenance obligation, if they resign of the gainful work to take care of the disabled child requiring special care of third person or to take care of a person with severe degree of disability.

The special care allowance is granted for the allowance period if the monthly income per head in a family does not exceed PLN 623.

The nursing allowance is payable at a monthly rate of PLN 520.

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6.1.3. Lump-sum aid in respect of childbirth

The lump-sum aid in respect of childbirth is payable irrespective of the right to the supplement in respect of childbirth and of the family income, and equals PLN 1 000 for one child.

The aid is awarded to a father or a mother, a legal or actual guardian of the child, and from 1 January 2013, if the monthly income per head in a family does not exceed PLN 1 922.

Claimants for the lump-sum aid in respect of childbirth and for the supplementary allowance in respect of childbirth have to submit a medical certificate confirming that the child’s mother had been under the medical care (provided by a doctor or a midwife) at least during a period from the 10th week of pregnancy to the childbirth. This provision was suspended from 31 March 2010 to 31 December 2011. In that period, the benefit was granted after presenting a certificate issued by a doctor or a midwife to confirm at least one medical examination of a pregnant woman, carried out by a gynaecologist or by a midwife.

The requirement of being under the medical care does not apply to legal guardians of the child and persons who have adopted the child.

6.1.4. Lump-sum aid in respect of childbirth payable by municipality (gmina)

The gmina council may award, by means of a resolution, a lump-sum aid for persons resident in its territory in respect of the childbirth. The rules for awarding such aid are laid down in a resolution of the gmina council. The benefit is financed by a gmina from its own funds.

6.2. Benefits from the Maintenance Fund

Benefits from the Maintenance Fund are awarded and paid pursuant to the Act of 7 September 2007 on assistance for persons entitled to maintenance allowance. The Maintenance Fund is a system of supporting persons entitled to maintenance (alimonies) with financial means of the State Budget. It is not a fund in the understanding of the legislation on public
Support for families with children

finance. The Act has come into force since 1 October 2008, repealing the Act of 22 April 2005 on proceedings against maintenance debtors and on advance towards the maintenance payment.

Proceedings on the benefits from the Maintenance Fund are conducted by the competent authority of the creditor, i.e. mayor or president of the city with jurisdiction over the place of residence of the person entitled to the maintenance benefit.

The right to the benefit from the Maintenance Fund is established and the benefit is payable on request of the entitled person or its statutory representative. Delivery of these benefits may be entrusted to municipal (gmina) organisational unit, for example to a social welfare centre.

The right to benefits from the Maintenance Fund is exercised by a child who has been awarded the maintenance allowance to be paid by a parent, but execution of due maintenance allowance is ineffective. The benefit from the Maintenance Fund is payable until a given person has reached the age of 18 years or – if s/he attends a school or a tertiary level school – no longer than until s/he has reached the age of 25 years, or if s/he holds a certificate of severe degree of disability – with no time limits.

Execution is considered ineffective if within the period of two months prior to submitting the claim for a benefit from the Maintenance Fund it was not possible to enforce full amount of overdue and due maintenance liabilities.

The benefit from the Maintenance Fund is also awarded for children brought up by a parent who has remarried, lives in an informal union or whose husband / wife does not pay the adjudged maintenance allowance. In these situations a parent obliged to maintain the child is not considered as a member of the family, and for this reason his or her income is not considered to determine the right of the family to benefits from the Maintenance Fund.

The right to the benefit from the maintenance fund is awarded after meeting an income criterion, i.e. if an average net income per family in the year preceding the benefit period is not higher than PLN 725 per month. If the family owns a farm, the income in this respect is calculated on the basis of a number of conversion hectares owned by the family in the calendar year preceding the benefit period.
Benefits from the Maintenance Fund are awarded for the so-called benefit periods of 12-month duration – from 1 October to 30 September of the subsequent calendar year and are payable in amount of currently adjudged maintenance allowance, however not higher than PLN 500 a month for each entitled child.

The mentioned benefits are financed by the State Budget.

More information is available at the website: [www.mpips.gov.pl](http://www.mpips.gov.pl).
7. BENEFITS FROM THE SOCIAL INSURANCE OF FARMERS

7.1. System organisation

The legal and organisational framework of the system has been laid down in the Act of 20 December 1990 on social insurance of farmers.

Pursuant to the mentioned Act, the Agricultural Social Insurance Fund (KRUS) has been established to provide administrative services for the farmers’ social insurance system.

The Agricultural Social Insurance Fund is governed by the President, who is a central body of public administration subordinated to the minister in charge of rural development. KRUS President is appointed by the Prime Minister from among persons selected by means of an open and competitive recruitment, on the proposal of the minister in charge of rural development, and is dismissed by the Prime Minister.

The Farmers’ Social Insurance Council is composed of members appointed by the minister in charge of rural development. It is selected from among candidates proposed by socio-occupational organisations of farmers and trade unions of individual farmers of nation-wide range, after consultation with these organisations. The Council represents interests of insured persons and beneficiaries, pronounces opinions on draft legal acts, KRUS programmes of activity and financial plans, and is equipped with the control powers in relation to KRUS.

Presently the Agricultural Social Insurance Fund operates on the basis of a statute appended to a Regulation No 14 of the Minister of Agriculture and Rural Development of 20 May 2010 on granting the statute to the Agricultural Social Insurance Fund (Official Journal of the Ministry of Agriculture and Rural Development No 10, Text 10) and the bylaws appended to Regulation No 134 of KRUS President of 13 August 2008 on granting the bylaws to the Agricultural Social Insurance Fund, as amended. KRUS organisational structure includes: Headquarters, 16 regional branches and 256 local offices. KRUS owns 6 farmers’ rehabilitation centres and 1 training and rehabilitation centre.

**KRUS tasks include the following:**

- providing services for insured persons and beneficiaries in matters connected with social insurance coverage, assessment and collection of contributions to the social insurance as well as award and payment of benefits from this insurance,
- initiating and promoting voluntary insurance development,
Benefits from the social insurance of farmers

- settlement of accounts in respect of contributions to health insurance of farmers and their household members as well as pensioners, booking contributions to insurance accounts, providing an institution in charge of health insurance with information on insured persons and health insurance contributions paid for them,
- collecting personal income tax advance payments in respect of paid pensions, and – after the end of the tax year – calculation of the personal income tax or drawing up information about the received pension income,
- performance of tasks resulting from Community regulations on the coordination of the social security systems and international social security conventions,
- activities aimed at prevention of accidents at work in agriculture and agricultural occupational diseases, covering: analysis of causes of work accidents and occupational diseases, dissemination of the principles of life and health protection in rural holding among insured persons, endeavours at ensuring appropriate manufacture and distribution of safe measures, equipment and clothing used in agriculture,
- activities in favour of insured persons or persons entitled to benefits, being at risk of complete incapacity for work on a farm, if there is a good prognosis as to restoration of their earning capacity as a result of medical treatment and rehabilitation.

7.2. System operation

In 2012, the farmers’ social insurance system covered:
- 1 492 257 persons insured (as at 31 December),
- 1 285 725 pensioners (monthly average), including:
  — 1 021 927 recipients of farmers’ old-age pensions,
  — 220 253 recipients of farmers’ disability pensions,
  — 43 293 recipients of survivors’ pensions.

Contributions in farmers’ social insurance system are paid to:
- the Farmers’ Pension Fund, which (similarly as the Administrative Fund and the Fund of Farmers’ Prevention and Rehabilitation) is the state special purpose fund. It is intended inter alia for financing benefits from pension insurance and health insurance.
the Contributory Fund, which covers expenses for benefits from work accident, sickness and maternity insurance, deduction for the Prevention and Rehabilitation Fund (in amount not exceeding 5% of the planned Fund expenditure) and deduction for the Administrative Fund (in amount of not more than 9% of the planned Fund expenditure).

**The monthly contribution to pension insurance** equals 10% of the basic old-age pension. In the first quarter of 2013 a monthly contribution to this insurance amounted to PLN 80.

Besides, farmers whose farms cover agricultural land exceeding the area of 50 convertible hectares, pay an additional monthly contribution to pension insurance at the rate of:  
- 12% of the basic old-age pension – if the farm covers agricultural land of less than 100 convertible ha,  
- 24% of the basic old-age pension – if the farm covers agricultural land from 100 to 150 convertible ha,  
- 36% of the basic old-age pension – if the farm covers agricultural land from 150 to 300 convertible ha,  
- 48% of the basic old-age pension – if the farm covers agricultural land exceeding 300 convertible ha.

Only the basic contribution to the pension insurance is payable for household members in each area group of farms.

The basic monthly contribution to pension insurance for the insured farmer and a member of his/her household who additionally runs non-agricultural business activity or collaborates in such business is calculated in double amount.

**The rate of monthly contribution to work accident, sickness and maternity insurance** from one person is fixed by the Farmers’ Social Insurance Council, and then is published by KRUS President in “Monitor Polski”, official journal of the Republic of Poland. In the first quarter of 2013, the mentioned contribution amounted to PLN 80 a month.

If the period of farmers’ social insurance coverage is shorter than one month, the contribution is calculated in proportion to a number of coverage days in a given month.
The system provides cash benefits from:

**pension insurance**
(farmers’ old-age pension, including partial old-age pension and periodic old-age pension, farmers’ disability pension, farmers’ training pension, survivors’ pension, pension from social insurance of individual farmers and members of their families, supplements to pensions and the funeral grant),

**work accident, sickness and maternity insurance**
(lump-sum compensation in respect of permanent or protracted injury or death as a result of accident at work in agriculture or agricultural occupational disease; sickness allowance in the event of uninterrupted period of sickness of at least 30 days’ duration, however no longer than 180 days, sickness allowance of extended duration after the lapse of 180 days’ period, however no longer than 360 days, as well as maternity allowance).

A significant role in farmers’ social insurance system was attributed to activities in the field of prevention and rehabilitation in favour of farmers.

**Prevention activities** carried out by the Agricultural Social Insurance Fund resulted in reduction in a number of accidents at work in agriculture, occupational diseases and other occupational hazards of farmers. The accident rate for 1 000 persons insured in 2012 equalled 11.0 and – as compared to previous years – it shows a downward trend.

**Medical rehabilitation**, carried out through the Agricultural Social Insurance Fund, is a benefit in kind for preserving health, improving or restoring the ability to work on a farm, provided by own rehabilitation facilities. In 2012, the medical rehabilitation covered more than 14 thousand farmers and more than 1.2 thousand children from rural families.

**Farmers’ social insurance system is financed** from contributions payable by farmers and by the State Budget allocation.

The 2012 budgetary expenditure on tasks exercised by KRUS amounted to ca PLN 16.2 billion. In 2013, in accordance with the Budgetary Law, the allocation for KRUS to carry out these tasks is PLN 16.5 billion, representing 4.9% of the State Budget.

Expenditure on pensions is the highest item in the spending plan of KRUS and in 2012 it equalled PLN 14.8 billion.
## Expenditure on tasks exercised by KRUS in 2012

*(in thousand PLN)*

<table>
<thead>
<tr>
<th>I. Pension Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>of which:</td>
<td>17 025 559</td>
</tr>
<tr>
<td>pension benefits</td>
<td>13 932 107</td>
</tr>
<tr>
<td>— pensions</td>
<td></td>
</tr>
<tr>
<td>— funeral grants</td>
<td>219 736</td>
</tr>
<tr>
<td>contribution to health insurance financed by the State Budget</td>
<td>1 781 440</td>
</tr>
<tr>
<td>current expenditure</td>
<td>466 600</td>
</tr>
<tr>
<td>— deduction for the Administrative Fund</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Contributory Fund</th>
<th>687 730</th>
</tr>
</thead>
<tbody>
<tr>
<td>lump-sum compensations in respect of work accident</td>
<td>69 831</td>
</tr>
<tr>
<td>sickness allowances</td>
<td>400 866</td>
</tr>
<tr>
<td>maternity allowances</td>
<td>100 237</td>
</tr>
<tr>
<td>allowances in respect of childbirth</td>
<td>144</td>
</tr>
<tr>
<td>expenditure on development of mutual insurance</td>
<td>–</td>
</tr>
<tr>
<td>deduction for the Administrative Fund</td>
<td>59 278</td>
</tr>
<tr>
<td>deduction for the Prevention and Rehabilitation Fund</td>
<td>32 900</td>
</tr>
<tr>
<td>other</td>
<td>24 474</td>
</tr>
</tbody>
</table>

2012 revenues of the Pension Fund amounted to PLN 17 102 738 thousand. The share of complementary allocation in Fund revenues amounted to 91.0%, the share of incomes from contributions – 8.7%, the share of other incomes – 0.3%. 2012 revenues of the Contributory Fund amounted to PLN 744 736 thousand. The Contributory Fund is composed of contributions of persons insured in 94.9%, and other incomes in 5.1%.

More information can be accessed at the website: [www.krus.gov.pl](http://www.krus.gov.pl).
The insurance-budgetary health care system was introduced in Poland in 1999. It replaced the system of health care financed only by the State Budget. To exercise tasks of the new system, there have been established 16 regional health insurance funds and 1 branch fund for uniformed services of the national range. On 1 April 2003 (in place of health insurance funds) the National Health Fund was established, composed of the Headquarters and 16 voivodship branches. In branches there may be established local offices.

A specific feature of the Polish system is separation of sickness insurance from health insurance. The *sickness insurance* provides for payment of cash benefits in respect of sickness and maternity, governed by the Act of 25 June 1999 (see item 5.9.).

The universal *health insurance* means a system of benefits of the preventive, diagnostic, therapeutic and rehabilitation nature, provision of medicines as well as orthopaedic items and aids, financed by public resources. The scope of this system was laid down in the Act of 27 August 2004 on health care benefits financed by public funds and in ordinances of the Minister of Health issued on its basis.

The compulsory health insurance covers almost the whole population of the country. Some persons may join the universal health insurance on a voluntary basis, if they meet the requirements defined by the Act on health care benefits.

Members of the insured persons’ families are also entitled to health care benefits within the framework of the universal health insurance system.

Revenues from health insurance contributions are the main source of health care finance. As from 1 January 2007 the contribution rate has been fixed at 9% of the contribution assessment basis.

Persons who join the health insurance on a voluntary basis, pay contributions at a rate of 9% on the declared income, however not less than on the amount of average monthly wage / salary in a sector of enterprises in a preceding quarter, together with the share in the profits.

Contributions for the persons insured are collected by the Social Insurance Institution as well as by the Agricultural Social Insurance Fund, and transferred to the National Health Fund.
Contributions for some groups of persons covered by compulsory insurance are financed by the State Budget. This concerns inter alia: individual farmers running farms with an area of agricultural land less than 6 conversion hectares, as well as their spouses and members of their household, unemployed persons without the right to benefit, recipients of social assistance allowances. As from 1 April 2012, farmers running farms of the agricultural area of 6 or more conversion hectares have started to pay contributions individually for themselves, their spouses and members of their household reported to health insurance, pursuant to the Act of 13 January 2012 on contributions to health insurance of farmers for 2012 (Journal of Laws of 2012, Text 123).

Health care tasks are in part still financed by the State Budget. It concerns first of all the epidemiological and pharmaceutical supervision, as well as preventive health programmes, such as: prophylactic vaccinations programmes, the National Programme of Counteracting Drug Addiction, the National Programme for HIV Prevention and Care for People Living with HIV/AIDS, national health programmes of heart protection, mental health protection, care over mother and child. The State Budget also finances investments, medical schooling and – in part – health care benefits.

Besides, the State Budget also finances treatment of a part of non-insured persons. These are persons with low incomes who acquire the right to benefits on the basis of a decision of a village or town mayor, children under 18 years of age, women in the period of pregnancy and confinement, drug and alcohol addicts as well as persons suffering from certain communicable and mental diseases.

In 2011 the Social Insurance Institution transferred to the National Health Fund a total amount of PLN 54.9 billion in respect of contributions to the universal health insurance, while the Agricultural Social Insurance Fund transferred an amount of PLN 3.2 billion.

For further information visit the website: www.nfz.gov.pl.
The Act of 20 April 2004 on employment promotion and labour market institutions has come into force from 1 June 2004.

The tasks of the State in the field of employment promotion, mitigating unemployment effects and promoting occupational activity are exercised on the basis of the National Action Plan in favour of Employment, adopted by the Council of Ministers, which includes the principles of implementation of the European Employment Strategy, and on the basis of initiatives submitted by municipality (gmina), poviat and voivodship self-governments as well as social partners.

The National Action Plan is drafted by the minister in charge of labour issues, in collaboration with the minister in charge of economic issues, the minister in charge of education and the minister in charge of higher education, and then it is submitted to the Supreme Employment Council for opinion.

The Act provides several instruments in the field of employment promotion, mitigating unemployment effects and promoting occupational activity. They include among others: job placement, vocational assistance and guidance in active job search, trainings, subsidised (intervention) jobs, public works, reimbursing entities running business for costs of equipment or supplementary equipment of work posts for placed unemployed persons and lump-sum aids for unemployed persons starting up a business, apprenticeships for graduates, special programmes, fellowships, training allowances, unemployment benefits.

Measures for preventing unemployment and mitigating its effects are financed by the Labour Fund, composed mainly of contributions payable at a rate annually fixed by the Budgetary Law – since 1999 at unchanged rate of 2.45% of the assessment basis of the contribution to pension insurance.

Total incomes of the Labour Fund in 2012 amounted to PLN 11.2 billion. Contributions equalled PLN 9.2 billion (82.1%), inflows from the European Union – PLN 0.6 billion (5.4%) and other revenues – PLN 1.4 billion (12.5%).

In 2012 the following were the main groups of costs in the structure of the Labour Fund total expenditure:
- programmes of counteracting unemployment,
- spending on unemployment benefits (with the social insurance contribution),
Benefits in respect of unemployment

- pre-retirement allowances and benefits,
- activating supplements and integration benefits.

The right to the unemployment benefit is awarded to an unemployed person who has lost a job and during a total period of at least 365 days within the period of 18 months before the day of registration in the labour office met one of the following conditions:

- was employed and received remuneration equal at least to the minimum wage / salary, on which a compulsory contribution was paid to the Labour Fund,
- performed work on a basis of outwork contract, if s/he has reached in this respect income amounting to at least minimum wage / salary,
- provided services on the basis of agency, mandatory contract or other contract of services, or cooperated in implementation of such contracts, if the basis for assessment of social insurance contributions and contributions to the Labour Fund was equal at least to the minimum wage / salary,
- paid social insurance contributions in respect of activity outside the agriculture or collaboration in such activity, if the basis for assessment of social insurance contributions and contributions to the Labour Fund was equal at least to the minimum wage / salary,
- performed work during the period of temporary detention awaiting trial or deprivation of liberty, if the basis for assessment of social insurance contributions and contributions to the Labour Fund was equal at least to the minimum wage / salary,
- performed work in production cooperative or cooperative of agricultural circles (agricultural services), being the member of this cooperative, if the basis for assessment of social insurance contributions and contributions to the Labour Fund was equal at least to the minimum wage / salary,
- paid the contribution to the Labour Fund in connection with employment or other gainful work abroad with foreign employer,
- was employed abroad at least during a period of 365 days, during 18 months before registration in the poviat labour office and came to the Republic of Poland as the repatriate,
- was employed or performed other gainful work and received remuneration or income on which compulsory contribution is payable to the Labour Fund.
Benefits in respect of unemployment

Rates of unemployment benefits granted from 1 January 2010:

<table>
<thead>
<tr>
<th>Employment period</th>
<th>% of basic benefit</th>
<th>PLN monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>During the first 3 months</td>
<td>During subsequent months of the benefit period</td>
</tr>
<tr>
<td>from 5 to 20 years</td>
<td>100 (basic)</td>
<td>794.20</td>
</tr>
<tr>
<td>below 5 years</td>
<td>80 (reduced)</td>
<td>635.40</td>
</tr>
<tr>
<td>more than 20 years</td>
<td>120 (increased)</td>
<td>953.10</td>
</tr>
</tbody>
</table>

At the end of 2012, the number of registered unemployed persons was 2 137.0 thousand, and 358 250 persons were entitled to unemployment benefits.

Unemployment rate in Poland in 2003–2012

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Serie 1</td>
<td>20.0</td>
<td>19.0</td>
<td>17.6</td>
<td>14.8</td>
<td>11.2</td>
<td>9.5</td>
<td>12.1</td>
<td>12.4</td>
<td>12.5</td>
<td>13.4</td>
</tr>
</tbody>
</table>

More information can be accessed at the website: www.mpips.gov.pl.
The following other language versions of “Social insurance in Poland” are also available:

- German
- Polish
- Russian

More information on ZUS and on the social insurance system, at

www.zus.pl