

Hungary

Exchange rate: US\$1.00 = 234.36 forints.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1928.

Current laws: 1997 (social security), implemented in 1998; 1997 (social insurance), implemented in 1998; 1997 (individual account); 2007 (rehabilitation annuity); 2011 (termination of early retirement pension); and 2011 (disability benefit).

Type of program: Social insurance system.

Note: A 2010 amendment to the social security law terminated the diversion of contributions to second-pillar individual accounts and automatically transferred account balances to the social insurance program (unless an account holder opted out). Since 2009, participation in the individual account program is voluntary.

Coverage

Employed persons, including employed pensioners; members of cooperatives; self-employed persons; and certain social insurance beneficiaries.

Voluntary coverage for persons not covered by compulsory insurance, including independent farmers.

Source of Funds

Insured person: 10% of covered monthly earnings.

The minimum earnings used to calculate contributions are the monthly minimum wage.

The monthly minimum wage is 93,000 forints.

The insured's contributions also finance work injury benefits.

Self-employed person: 10% of declared monthly earnings and 27% of declared monthly earnings in the form of a social contribution tax.

The minimum earnings used to calculate contributions are the monthly minimum wage.

The monthly minimum wage is 93,000 forints.

The self-employed person's social contribution tax also finances work injury benefits, sickness and maternity benefits, and unemployment benefits.

Employer: 27% of gross monthly payroll in the form of a social contribution tax.

The minimum earnings used to calculate contributions are the monthly minimum wage.

The monthly minimum wage is 93,000 forints.

There are no maximum earnings used to calculate contributions.

The employer's contributions also finance work injury benefits, sickness and maternity benefits, and unemployment benefits.

Government: Any deficit.

Qualifying Conditions

Old-age pension

Old-age pension: Age 62 and 6 months (men and women, rising gradually 6 months a year until reaching age 65 in 2015) with at least 20 years of coverage; Age 62 (men and women) with at least 20 years of contributions if born before January 1, 1952.

Women with 40 years of coverage (child raising periods are taken into account) including at least 32 years of work are entitled to old-age pension regardless of age.

Age 60 if employed at least 10 years (men) or eight years (women) in arduous or unhealthy conditions; the retirement age is reduced by one year for each additional five-year period (men) or four-year period (women) of arduous or unhealthy work.

Partial pension: Age 62 with 15 years of service.

Deferred pension: The pension may be deferred in most professions.

Retirement is not necessary.

Old-age pensions are payable abroad.

Disability pension

Disability pension: The insured must have a loss of at least 40% of working capacity with at least 1,095 days of coverage during the last five years before the claim, not receive any regular cash benefit, and be incapable of any gainful activity with no chance of rehabilitation (or where rehabilitation is not recommended).

There are four categories of disability: B2 (rehabilitation is possible but not recommended), C2 (permanent rehabilitation is needed but not recommended), D (employment is possible only through constant support), and E (the insured suffered significant health damage, is not self-sufficient and needs constant attendance).

Rehabilitation pension: The insured must have a loss of at least 40% of working capacity with at least 1,095 days of coverage during the last five years before the claim, not receive any regular cash benefit, and be incapable of any gainful activity but can be rehabilitated.

There are two categories of disability: B1 (rehabilitation is possible) and C1 (permanent rehabilitation is needed).

The disability pension is replaced by the old-age pension at the normal retirement age.

Disability and rehabilitation benefits are payable abroad.

Survivor pension

Survivor pension: The deceased was a pensioner or satisfied the coverage qualifying period for a disability pension at the time of death.

Eligible survivors include a widow(er); divorced spouse; cohabiting partner; children younger than age 16 (age 25 for full-time students, no limit if disabled), including the surviving partner's children; sisters and brothers; grandchildren; dependent parents and grandparents with a disability or aged 65 or older; and foster parents who supported the deceased for at least 10 years.

A temporary pension is paid under certain conditions if the spouse is not eligible for the survivor pension; may be made permanent if the survivor is older than the normal retirement age, is disabled, or has at least two dependent children who are eligible for the orphan's pension.

Survivor pensions are payable abroad.

Old-Age Benefits

Old-age pension: The pension is 33% of average earnings for the first 10 years of coverage plus 2% for each additional year from 11 to 25 years of coverage plus 1% for each additional year from 26 to 36 years of coverage plus 1.5% for each additional year from 37 to 40 years of coverage plus 2% for each year exceeding 40 years of coverage.

Average earnings are based on average indexed monthly earnings since 1988.

Partial pension: A reduced pension is paid.

Early pension: The pension is reduced according to the number of years that the pension is taken before the normal retirement age.

Deferred pension: The pension is increased by 0.5% for each 30-day period of deferral.

The minimum monthly pension is 28,500 forints with at least 20 years of contributions.

The maximum old-age pension is the insured's average earnings.

Benefit adjustment: Benefits are adjusted annually in January and November according to changes in the consumer price index and net average monthly earnings.

Permanent Disability Benefits

Disability pension: 40% of the insured's average earnings is paid for a category B2 disability, 60% for C2, 65% for D, and 70% for E.

The minimum pension is 30% of the monthly minimum wage for a category B2 disability, 45% for C2, 50% for D, and 55% for E.

The maximum pension is 45% of the monthly minimum wage for a category B2 disability; 150% for C2, D, and E.

The monthly minimum wage is 93,000 forints.

Rehabilitation pension: 35% of average earnings is paid for category B1 disability (with a minimum of 30% and a maximum of 40% of the monthly minimum wage); 45% for category C1 (with a minimum of 40% and a maximum of 50% of the monthly minimum wage).

Average earnings are based on average indexed monthly earnings since 1988.

Benefit adjustment: Benefits are adjusted in January and November according to changes in the consumer price index and net average monthly earnings.

Survivor Benefits

Widow(er)'s temporary pension: The pension is 60% of the old-age or disability pension that the deceased received or was entitled to receive at the time of death. The pension is paid for 12 months; may be extended six months if the spouse is raising the deceased's child or until the child is age 3 if the child has a disability.

Widow(er)'s permanent pension: The pension is 60% of the old-age or disability pension that the deceased received or was entitled to receive at the time of death; 30% if the widow(er) receives an old-age pension, disability pension, or work injury pension in his or her own right.

Grandparent's or parent's pension: The pension is 60% of the old-age or disability pension that the deceased received or was entitled to receive at the time of death.

Orphan's pension: 30% of the deceased's pension is paid for each orphan; 60% of the highest pension of either parent for a full orphan or an orphan with a surviving parent with a disability.

The minimum monthly orphan's pension is 24,250 forints for each child.

Administrative Organization

Social insurance

Ministry of National Resources (<http://www.kormany.hu/en/ministry-of-national-resources>) supervises the program.

Central Administration of National Pension Insurance (<http://www.onyf.hu>) administers social insurance benefits through its local branches.

National Health Insurance Fund (<http://www.oep.hu>) collects contributions through its local branches.

Sickness and Maternity

Regulatory Framework

First law: 1891.

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Current law: 1997 (health insurance), implemented in 1998.

Type of program: Social insurance system.

Coverage

Cash sickness benefits: Employed persons, members of cooperatives, self-employed persons, and recipients of unemployment benefits.

Cash maternity benefits: Employed and self-employed women.

Medical benefits: Employed persons, members of cooperatives, self-employed persons, and certain social insurance beneficiaries.

Voluntary coverage for uninsured Hungarian citizens and noncitizens residing in Hungary.

Source of Funds

Insured person: 4% of gross monthly earnings for in-kind benefits and 2% of gross monthly earnings for cash benefits.

Voluntarily covered persons contribute 50% of the monthly minimum wage and 30% of the monthly minimum wage for each child aged 18 or younger.

The monthly minimum wage is 93,000 forints.

The insured's contributions also finance work injury benefits.

Self-employed person: 4% of gross monthly earnings for in-kind benefits and 3% of gross monthly earnings for cash benefits. See also source of funds under Old Age, Disability, and Survivors above.

The self-employed person's contributions also finance work injury benefits.

Employer: See source of funds under Old Age, Disability, and Survivors above.

Government: Any deficit; the government reimburses the National Health Insurance Fund for the cost of the child care fee.

Government contributions also finance work injury benefits.

Qualifying Conditions

Cash sickness benefits: The loss of earning capacity must be work related.

A doctor must assess, certify, and periodically review the loss of earnings capacity.

Cash maternity benefits

Maternity allowance: The insured must have at least 365 days of coverage in the last two years. The expected date of childbirth must be in the first 42 days after insured

employment ceases (after 42 days, if the insured person is receiving an accident-related sickness benefit or within 28 days after termination of such a benefit).

Child care fee: The insured must have at least 365 days of coverage in the two years before the date of childbirth. The child must live with the claimant's family and one of the parents must stay at home to care for the child. The benefit is paid after the maternity allowance expires, until the child reaches age 2.

Medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 60% of average daily gross earnings is paid with more than two years of coverage; 50% with one to two years of coverage or if hospitalized. The benefit is reduced proportionately with less than a year of continuous coverage.

Average daily gross earnings are based on earnings since January 1 of the previous year or earnings in the last 180 days before the incapacity began.

If the insured has at least one year of coverage, the benefit is paid for up to one year; if less than one year of coverage, for a period equal to the duration of the continuous coverage period immediately before the incapacity began.

Sickness benefits are also paid during pregnancy if the insured is not entitled to a maternity allowance, to mothers breastfeeding a hospitalized child older than age 1, or to a parent caring for a sick child. The duration of benefits varies according to the sick child's age and the parents' marital status.

Maternity allowance: 70% of daily average gross earnings is paid for four weeks before and 20 weeks after the expected date of childbirth or for 24 weeks after the expected date of childbirth, depending on the mother's choice. (In the absence of earnings, the current monthly minimum wage is used.)

Daily average gross earnings are based on earnings since January 1 of the previous year or the earnings of the last 180 days before the expected date of childbirth.

The monthly minimum wage is 93,000 forints.

Child care fee: 70% of daily average gross earnings in the previous calendar year is paid, up to 70% of twice the monthly minimum wage (130,200 forints a month).

The monthly minimum wage is 93,000 forints.

Workers' Medical Benefits

Benefits include preventive care; general and specialist care, including basic dental care; hospitalization and in-home nursing; maternity care; medical rehabilitation; sanatorium care; ambulance services; and medical examinations. Benefits are provided directly through public

health service facilities contracted by the National Health Insurance Institute.

Cost sharing: The insured's portion is set by the service provider and may be reduced by the National Health Insurance Fund on an individual basis.

Pharmaceuticals are free when used during inpatient treatment, for the treatment of low-income elderly or persons with disabilities and for life-saving, maternity, and infant care. In all other cases, the National Health Insurance Fund pays from zero to 100% of the price of outpatient medicine, according to a schedule in law.

Transportation is covered by the health insurance system.

Travel allowances are paid if the insured is referred by a doctor for inpatient or outpatient treatment at a health care institution not accessible by local transportation.

Dependents' Medical Benefits

Dependents' medical benefits are the same as those for the insured.

Administrative Organization

Ministry of National Resources (<http://www.kormany.hu/en/ministry-of-national-resources>) supervises the program.

National Health Insurance Fund (<http://www.oep.hu>), with county health insurance funds, administers cash sickness and maternity benefits.

National Tax and Custom Administration (<http://www.nav.gov.hu>) collects contributions.

Specified health care providers, including private providers under contract with the National Health Insurance Institute, provide medical care.

Work Injury

Regulatory Framework

First laws: 1900 and 1907.

Current laws: 1997 (social security), 1997 (social insurance), and 1997 (individual account).

Type of program: Social insurance system.

Note: Benefits are provided under the Old Age, Disability, and Survivors and Sickness and Maternity programs.

Coverage

Employed persons, members of cooperatives, self-employed persons, independent farmers, and recipients of unemployment benefits.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors and Sickness and Maternity, above.

Self-employed person: See source of funds under Old Age, Disability, and Survivors and Sickness and Maternity, above.

Employer: See source of funds under Old Age, Disability, and Survivors above.

Government: See source of funds under Old Age, Disability, and Survivors and Sickness and Maternity, above.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered. Benefits are paid for occupational diseases, according to a schedule in law set by the National Health Insurance Fund.

Temporary Disability Benefits

The monthly benefit is 100% of the daily gross average earnings of the previous month (90% in the case of a road accident).

The loss of earning capacity must be assessed and certified by a doctor.

Permanent Disability Benefits

Work injury allowance: Paid for a loss of working capacity of more than 13%. The allowance is 8% of monthly average earnings with a 16% to 25% loss of working capacity, 10% of monthly average earnings with a 26% to 35% loss of working capacity, 15% of monthly average earnings with a 36% to 49% loss of working capacity, or 30% of monthly average earnings with a 50% to 66% loss of working capacity.

Average earnings are based on average indexed monthly earnings since 1988.

The National and the County Medical Expert Committees of the National Health Insurance Fund assess the disability. There is no review if assessed with more than a 20% loss of working capacity.

Benefit adjustment: Benefits are adjusted in January and November according to changes in the consumer price index and net average monthly earnings.

Workers' Medical Benefits

Benefits include preventive care; general and specialist care, including basic dental care; hospitalization; medical rehabilitation; sanatorium care; and ambulance services. Medicines and appliances are free of charge. Medical benefits are provided directly to patients through public health service facilities contracted by the National Health Insurance Institute.

There is no limit to duration.

Survivor Benefits

Survivors' pension: The pension is 60% of the old-age or disability pension the deceased would have been entitled to receive at the time of death; 30% if the widow(er) receives an old-age pension, disability pension, or work injury pension in his or her own right.

Eligible survivors include a widow(er); divorced spouse; cohabiting partner; children younger than age 16 (age 25 for full-time students, no limit if disabled), including the surviving partner's children; sisters and brothers; grandchildren; dependent parents and grandparents with a disability or aged 65 or older; and foster parents who supported the deceased for at least 10 years.

Administrative Organization

National Health Insurance Fund (<http://www.oep.hu>) administers medical benefits.

National Tax and Custom Administration (<http://www.nav.gov.hu>) collects contributions.

Central Administration of National Pension Insurance (<http://www.onyf.hu>) administers work injury benefits.

Specified health care providers, including private providers contracted by the National Health Insurance Institute, provide medical care.

Unemployment

Regulatory Framework

First law: 1957.

Current law: 1991 (employment).

Type of program: Social insurance system.

Coverage

Employed and self-employed persons.

Source of Funds

Insured person: 1.5% of gross monthly earnings.

Self-employed person: 1.5% of declared monthly earnings. See also source of funds under Old Age, Disability, and Survivors above.

Employer: See source of funds under Old Age, Disability, and Survivors above.

Government: Finances the National Employment Fund. The National Employment Fund subsidizes unemployment benefits, supports employment and training programs, and pays wages on behalf of new companies who become insolvent.

Qualifying Conditions

Job seeker's benefit: The insured must have at least 365 days of coverage in the last three years, be involuntarily unemployed, actively seeking and available for employment or training, and not receiving a sickness benefit or an old-age, disability, or work injury pension.

Job seeker's aid: The insured must have received the job seeker's benefit for at least 180 days and exhausted his or her entitlement to job seeker's benefits; must have at least 200 days of coverage in the last four years before unemployment began and not be entitled to job seeker's benefit; or must be within five years of the normal retirement age, have received the job seeker's benefit for at least 140 days, and have exhausted his or her entitlement to the job seeker's benefit.

Unemployment Benefits

Job seeker's benefit: 30% to 60% of the monthly gross average earnings of the previous calendar year is paid. One day of benefits is paid for every 10 days of coverage up to 90 days of benefits.

The maximum unemployment benefit is the monthly minimum wage.

The monthly minimum wage is 93,000 forints.

Job seeker's aid: 40% of the monthly minimum wage is paid until the beneficiary becomes entitled to old-age pension.

The monthly minimum wage is 93,000 forints.

Administrative Organization

Ministry for National Economy (<http://www.kormany.hu/en/ministry-for-national-economy>) provides general supervision.

Public Employment Service (<http://www.afsz.hu>) administers the program.

Family Allowances

Regulatory Framework

First law: 1938.

Current laws: 1997 (child protection); 1997 (health insurance); 1998 (family support), implemented in 1999; 2005 (family allowances); and 2011 (family protection).

Type of program: Universal system.

Coverage

Hungarian citizens, certain noncitizens residing in Hungary, and migrant workers or refugees who are parents, foster parents, or guardians (including foster home managers).

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost (90% from central government and 10% from local government).

Qualifying Conditions

Family allowances: Paid for a child younger than age 18 (age 23 if a full-time student). The claimant must be the child's parent, guardian (if the child is in a correction center or juvenile prison), or a foster home manager.

Child home care allowance: Paid to parents who stop working to care for a child younger than age 3 (age 10 if disabled). For twins, the allowance is paid until the children reach the compulsory school age (usually age 6).

Child-raising support: Paid to parents who raise three or more children and the youngest is aged 3 to 8.

Birth grant: Paid to a mother who has completed at least four prenatal examinations (one in the event of a premature birth). The grant is paid to adopting parents if the birth mother completes the required examinations.

Advance on maintenance payments: Paid for periods during which child maintenance is not paid, if the person who takes care of the child can no longer maintain the child, or per capita family income is less than 85,500 forints (three times the minimum old-age pension).

Regular child protection support: Paid for a child of a single parent household, with a long-term illness or serious disability, or in full-time higher education. Per capita family income must not exceed 140% of the minimum old-age pension (39,900 forints).

Irregular child protection support: Paid to families with temporary cash flow problems or to families requiring emergency assistance.

Family Allowance Benefits

Family allowances: For the first child, 12,200 forints a month is paid (13,700 forints for a single parent); for

two children, 13,300 forints a month for each child (14,800 forints for a single parent); and for three or more children, 16,000 forints a month for each child (17,000 forints for a single parent).

For families with a child with a long-term illness or serious disability, 23,900 forints a month is paid for each child (25,900 forints for each child for a single parent).

For a child in a foster home or living with foster parents, 14,800 forints a month is paid for each child.

Schedule of payments: Benefits are paid monthly with an additional payment in July to support schooling costs.

Child home care allowance: The allowance is the minimum monthly old-age pension of 28,500 forints (57,000 forints for twins).

Child-raising support: The allowance is the minimum monthly old-age pension of 28,500 forints.

Birth grant: A lump sum of 225% of the minimum old-age pension (64,125 forints) is paid after each birth; 300% of the minimum old-age pension (85,500 forints) for twins.

The minimum monthly old-age pension is 28,500 forints.

Advance maintenance payments: The amount of the benefit is established by the court.

Regular child protection support: 5,800 forints is paid.

Irregular child protection support: A lump sum is paid according to the family's assessed needs.

Benefit adjustment: Benefits are adjusted annually.

Administrative Organization

Ministry of National Resources (<http://www.kormany.hu/en/ministry-for-national-economy>) supervises the program.

Regional Directorates of the Hungarian State Treasury (<http://www.allamkincstar.gov.hu>) pay benefits.