

## AUSTRIA - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	Retirement age is 65 for men and 60 for women (increasing in stages to age 65 for women between 2024 and 203). The state retirement system provides an old age pension of up to 80% of final covered earnings after 45 years, calculated as 1.78% a year of average revalued monthly earnings up to the Social Security Contribution Ceiling (SSCC) of EUR 4,110 a month (2010) in the best 18 years (increasing to 40 years by 2028). Medical care is provided from sickness funds.
Typical New Pension Plan	Typically, defined contributions are paid to a pension fund or to a collective occupational insurance. Benefits are available at retirement as an annuity or as a lump sum if the amount does not exceed EUR 10,500 (2009). Before starting a pension plan, an employer needs to undertake negotiations with the works council or, if there is no works council, with the employees. A life assurance benefit of up to three times earnings is normally provided, plus spouse's and disability benefits.
Typical Costs	Contributions for state benefits are based on earnings up to EUR 57,540 a year (2010). Employers pay 12.55% of earnings for retirement, disability and survivors' benefits and employees pay 10.25%. There are also contributions of 8.23% by employers and 6.95% by employees for state health and other insurances. The average contribution to a defined contribution pension plan is between 5% and 10% of earnings over the SSCC, depending on the industry. Matching contributions are common.
Tax Implications	Employer and employee contributions to social security are tax deductible. Employer contributions to a pension plan are tax deductible up to 10% of payroll and are not taxable to the employee, provided that benefits do not exceed 80% of earnings. Employee contributions to pension contracts are partly tax deductible as personal expenses. Benefits are taxable. From 2000, employee contributions up to EUR 1,000 pa qualify for a bonus of 9% (2010), paid to the individual account, and the benefits are tax free.
Labour Law Issues	Employers' pension contributions vest after a maximum of three years. All employees are entitled to severance payments varying from two to 12 months' pay after three years with an employer. Reinsurance of termination indemnities is common. From 2002, all employers are required to pay a contribution of 1.53% of earnings for each new employee into a defined contribution plan for termination benefits from an employer welfare fund (MVK).
Pooling Potential	There is limited scope for pooling as most companies are too small. All the major networks are represented in Austria.
International Financial Reporting	EU/EEA rules apply. For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in consolidated statements but are prohibited in separate statements.
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