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Ministry of Labour, Social Affairs and Family of the Slovak Republic

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Pension Scheme

After 2003, the Slovak Republic enacted extensive pension scheme reform. As a result, the one-pillar scheme with established PAYG (pay as you go) benefits was transformed into a scheme built on three separate pillars.

- 1st pillar – mandatory pension insurance defined by benefits and funded on an ongoing basis and administered by the Social Insurance Agency.
- 2nd pillar – old age pension saving defined by contributions and capital funded insurance administered by pension fund management companies.
- 3rd pillar - voluntary supplementary pension saving defined by contributions and capital funded insurance administered by supplementary pension companies.

1st pillar – pension insurance

The 1st pillar of the pension insurance scheme is defined by benefits and funded on an ongoing (PAYGO) basis. It is closely connected to the economic activity and income of the citizens.

The link between the amount of payments into the scheme and the amount of provided benefits is a manifestation of the distinctive elements of the merit principle in this scheme. The entitlement of the insured to the insurance scheme is based on the paid insurance premium which is the main source of funding for the pension insurance scheme.

Pension insurance is comprised of two independent, separately funded sub-schemes administered by the Social Insurance Agency:

- old age pension insurance - insurance to secure income in old age and in the event of death,
- disability insurance - insurance in the event of the reduced ability to perform gainful employment due to the long-term unfavourable health state of the insured and in the case of death.

Pension insurance is mandatory statutory insurance and participation in this insurance arises directly from the law for eligible persons. However, the Act on Social Insurance also enables voluntary pension insurance.

[More information about pension insurance](#)

2nd pillar – old age pension saving

Pension savings system with defined contributions is financed by capitalization and managed by single-purpose private pension management companies (PFMC). It is based on savings invested in an individual account intended, together with the old-age insurance provided by the Social Insurance Act (1st pillar), to guarantee an income to the beneficiary in retirement or to his or her descendants in case of death.

The pension benefit from the 2nd pillar depends on:

- the contributions paid for old age pension saving to the personal pension account of the saver,
- the length of saving,
- retirement age,
- the valorization of these contributions and the
- form of drawing the pension from the old age pension saving.

The following is paid from the second pillar:

- old age pension,
- early old age pension,
- widow's pension,
- widower's pension,
- orphan's pension.

Old age pension and early old age pension are paid in the form of a lifelong pension and temporary pension by insurance companies and a programmed withdrawal with life-long pension or in the form of a life-long pension paid by PFMC.

3rd pillar – supplementary pension saving

Supplementary pension insurance is voluntary and represents the third pillar of the pension scheme in which the funds of the participants are administered by supplementary pension companies.

The purpose of supplementary pension saving is to allow participants to obtain supplementary pension income in old age and in the case of the termination of the performance of "risky" jobwork, or in the case of an employee's termination of his/her performance of work as a dancer or wind instrument musician.

The following benefits are paid from the supplementary pension saving upon the completion of the saving period:

- supplementary old age pension in the form of lifelong or temporary supplementary old age pension,
- supplementary pension in the form of a lifelong or temporary supplementary pension for pension for the performers of hazardous work, dancers and wind instrument musicians service in the police department or armed forces,
- lump-sum settlement and
- early withdrawal.

