

Regensburg, _____

Date

Signature of official

Information on the possible consequences of exemption from the obligation to make statutory pension insurance contributions

General information

As of 1 January 2013, employees who are in minimal-income employment (450 euro job) are subject to full statutory pension insurance contributions. The part of the statutory pension insurance contribution which is to be paid by the employee totals 3.9 percent (or 13.9 percent for minimal-income employment in private households) of the remuneration. It is calculated as the difference between the fixed contribution made by the employer (15 percent for minimal-income employment in the commercial sector or 5 percent in private households) and the full statutory pension insurance contribution of 18.9 percent. It should be noted that the full statutory pension insurance contribution is to be paid for a monthly pay of 175 euros and over.

Benefits of paying the full statutory pension insurance contribution

The benefits of paying the full statutory pension insurance contribution are due to the accumulation of compulsory contribution periods. This means that the entire period of employment is considered when determining whether various waiting periods (minimum periods of insurance) have been completed. Compulsory insurance periods are required, for example

- to begin receiving your pension early,
- to qualify for contributions towards rehabilitation (both medical and occupational),
- to qualify for transitional allowances for statutory pension insurance rehabilitation measures,
- to acquire and retain the right to a pension due to reduction in earning capacity,
- to qualify for conversion of earnings into contributions for an occupational pension scheme, and
- to fulfil the requirements for a private pension scheme with government funding (e.g. the Riester-Rente scheme) for the employee and, in some cases, their spouse.

In addition, the full salary, rather than a part of it, will be taken into account when calculating the pension.

Application for exemption from the obligation to make statutory pension insurance contributions

If the employee does not wish to make statutory pension insurance contributions, they may be made exempt by their employer. In order to do so, the employee must inform the employer in writing that they wish to be made exempt from the obligation to make statutory pension insurance contributions using the attached form. If the employee carries out several forms of minimal-income employment, the application for exemption may only be submitted for all forms of employment which they carry out at the same time. The employee is obliged to inform all other – including future – employers for whom they carry out a form of minimal-income employment of the application for exemption. Exemption from the obligation to make statutory pension insurance contributions is binding for the duration of all of the forms employment; it cannot be revoked.

As a rule, exemption takes effect at the start of the calendar month in which the application is received by the employer or at the beginning of the period of employment at the earliest. This applies when the employer notifies the low-income employment office (Minijob-Zentrale) of the receipt of the application for exemption before the next salary payment or within 6 weeks at the latest. If this is not the case, the exemption takes effect after the end of the calendar month which follows the calendar month in which the Minijob-Zentrale is notified.

Consequences of exemption from the obligation to make statutory pension insurance contributions

Employees in minimal-income employment who apply for exemption from the obligation to make make statutory pension insurance contributions voluntarily forgo the benefits stated above. Due to the exemption, only the employer pays the fixed contribution of 15 percent (or 5 percent in private households) of the salary. The employee does not make their part of the contribution. The consequence of this is that the months of employment only partially count towards completion of various waiting periods and only part of the salary earned is considered in the calculation of the pension.

Please note: Before an employee decides to apply for exemption from the obligation to make make statutory pension insurance contributions, it is recommended that they seek individual consultation regarding the effects of exemption at one of Deutsche Rentenversicherung's information and advice centers. Deutsche Rentenversicherung's telephone information service is free of charge on +49 800 10004800. Please have your social security number (Rentenversicherungsnummer) ready when you call the service.