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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