Information Leaflet on Possible Consequences of Exemption from Compulsory Pension Insurance

General information
Since 1 January 2013, employees working in a marginal employment relationship (450.00 EUR “mini-job”) have generally been subject to compulsory insurance and have had to pay full contributions to the statutory pension insurance fund. The share of the pension insurance contribution borne by the employee is 3.9 percent of his/her salary (or 13.9 percent of the employee’s salary if working in a marginal employment relationship in a private household). This percentage results from the difference between the employer’s contribution (currently 15 percent for employees working in marginal employment relationship in the commercial sector or 5 percent for marginally-employed employees working in a private household) and the full pension insurance contribution of 18.9 percent. Please note that the full pension insurance contribution is only due if the salary is at least 175 EUR.

Advantages of paying full pension insurance contribution
The advantages of compulsory insurance for employees are based on the accumulation of compulsory contribution periods for pension insurance. This means that the period of employment is fully taken into account when determining the fulfilment of various qualifying periods (minimum insurance period). For example, compulsory contribution periods are a prerequisite for:

- early retirement
- entitlement to rehabilitation benefits and services (both medically-related and those related to employment)
- entitlement to transitional allowances if rehabilitation measures are provided by statutory pension insurance providers
- justification or maintenance of an entitlement to a pension due to reduced earning capacity
- entitlement to deferred compensation for occupational pension schemes, and
- fulfilment of eligibility requirements for private pension schemes with government funding (e.g. “Riester-Rente” pension plans) for employees and possibly even extending to spouses.

In addition, the full amount of the employee's earnings (not a proportionate amount) is taken into account when calculating the pension.

Application for Exemption from Compulsory Insurance
If compulsory insurance is not desired, the employee may apply for exemption from compulsory insurance. To be granted an exemption, the employee must inform his/her employer in writing – preferably using the attached form – that he/she wants to be exempt from contributions to the compulsory pension insurance. If the employee is concurrently employed in several marginal employment relationships, the application for exemption will then apply uniformly for all of the marginal employment relationships. The employee must inform all other employers who employ him/her in marginal employment – including any future ones – about the exemption application. Exemption from compulsory insurance is binding for the duration of the employment relationship(s); it cannot be revoked.

The exemption generally comes into effect at the beginning of the calendar month after the employer receives the application, however no earlier than the date the employment started. The prerequisite is that the employer informs the “mini-job centre” (Minijob-Zentrale) of the exemption application before the next payroll slip is issued, but no later than six weeks after receiving the application. Otherwise, the exemption can only come into effect at the end of the calendar month following the month in which the mini-job centre was informed of the exemption.

Consequences of exemption from compulsory pension insurance
Employees in marginal employment relationships who apply for exemption from compulsory pension insurance voluntarily waive the aforementioned advantages. The consequence of the exemption is that the employer only pays a contribution of 15 percent of the salary (or 5 percent of the salary in the case of employment in a private household). Payment of the employee’s own contribution is omitted. This means that the employee only proportionally accumulates months towards the fulfilment of various qualifying periods, and also that the
employee’s salary is only proportionally taken into account for the calculation of the pension.

Please note: Before making a final decision on whether to apply for exemption from compulsory pension insurance, we advise employees to obtain personalised advice at an information and advisory office of the German Statutory Pension Insurance Scheme (Deutsche Rentenversicherung). The toll-free service telephone of the German Statutory Pension Insurance Scheme can be reached at +49 (0) 800 100 04800. If possible, please have your social security number available when calling the service telephone.

Attention: Only instructions for completion!
Application for exemption from compulsory pension insurance for an employee in marginal employment pursuant to Section 6 (1b) of Book 6 of the German Social Security Code (SGB VI)

Employee:

Surname:________________________________________
First name:_____________________________________
Pension insurance number:________________________

I hereby apply for exemption from compulsory pension insurance in connection with my marginal employment relationship and thus waive the accumulation of compulsory contribution periods. I have read the information contained in the “Information Leaflet on Possible Consequences of Exemption from Compulsory Pension Insurance”.

I understand that the exemption application applies to all marginal employment relationships and that it is binding for the duration of the employment contracts; it cannot be revoked. I agree to inform all other employers who employ me in marginal employment about this exemption application.

(City, Date)____________________________________ (Signature of Employee)

Employer

Surname:_____________________________________
Company registration no.:_______________________

I received the application for exemption on: ________ ________ ________ ________ ________

The exemption shall take effect starting on: ________ ________ ________ ________ ________ ________

(City, Date)____________________________________ (Signature of Employee)
Note for the employer:

Pursuant to Section 8 (4a) of the German Regulation on Statutory Pension Insurance Contributions (BVV), the application for exemption must be archived with the employee’s salary/payroll documents and should not be sent to the “mini-job centre” (Minijob-Zentrale).