

Handout – Social Security System in Germany

1. Introduction

The German social security system is a state-regulated network that protects citizens from major life risks: illness, need for care, unemployment, old age, and accidents. It is based on solidarity and funded by income-related contributions.

2. Core Principles

- Solidarity principle: Contributions depend on income; benefits are equal.
- Pay-as-you-go system: Current workers fund current recipients.

3. Legal Foundation

- Anchored in Article 20 of the German Constitution (Grundgesetz) – Declares Germany a social welfare state

4. The Five Branches

Branch	Year Introduced	Purpose
Statutory Health Insurance	1883	Covers medical services and sick pay
Statutory Accident Insurance	1884	Protects against work-related injuries
Statutory Pension Insurance	1889	Ensures income in old age or disability
Statutory Unemployment Insurance	1927	Provides support when unemployed
Statutory Long-Term Care Insurance	1995	Covers support for care dependency

5. Contributions (2025)

Branch	Contribution Rate	Payment Responsibility
Health Insurance	17.1%	Shared equally
Long-Term Care Insurance	3.4% (up to 3.75% if childless)	Shared equally
Pension Insurance	18.7%	Shared equally
Unemployment Insurance	2.6%	Shared equally
Accident Insurance	Starts at 1.3% Varies by company risk	Paid entirely by employer

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6. Current Issues and Reform Ideas

- Record contribution increases (e.g., 0.8% in 2025)
- Aging population = fewer contributors, more recipients
- Suggestions include:
 - Citizens' insurance (Volksversicherung)
 - Capital-based pension models
 - Digital administration
 - Incentives for care professionals

8. Conclusion

Germany's system is a global model of social protection, but it must modernize to remain sustainable. Solidarity, mandatory participation, and legal entitlement make it a cornerstone of social peace and national unity.

9. Discussion

1. Is the principle of solidarity in the social security system still fair today ?
2. Should every citizen be part of the same health insurance system ? (Keyword: Citizens' insurance)

10. Vocabulary - Key Terms (English → German)

English Term	German Translation
Social Security System	Sozialversicherungssystem
Statutory Health Insurance	Krankenversicherung
Contribution Rate	Beitragssatz
Long-Term Care Insurance	Pflegeversicherung
Pension Insurance	Rentenversicherung
Unemployment Insurance	Arbeitslosenversicherung
Accident Insurance	Unfallversicherung
Solidarity Principle	Solidaritätsprinzip
Pay-as-you-go System	Umlageverfahren
Family Insurance	Familienversicherung

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