

Social Security System in Germany

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1. Definition of the Social Security System

Social Security System = state regulated insurance system designed to protect individuals against social risks

Social Risks: Illness, Need for long-term care, disability, unemployment, old age

Anchored in German Constitution:
Article 20, (1)

2. The Five Branches of Social Security

- The German social security system consists of five main branches:

1. Statutory health insurance (1883)

2. Statutory accident insurance (1884)

3. Statutory pension insurance (1889)

4. Statutory unemployment insurance (1927)

5. Statutory long-term care insurance (1995)

3. Statutory Health Insurance

- Introduced 1883 by Bismarck
- Covers: Doctor visits, Hospital treatments, Dental care, Medications, Rehabilitative Care
- Entitlement to sickness benefit (70% or 76% with children) and maternity benefits
- Important feature: Family Coverage without extra contributions



3. Statutory Health Insurance

- General contribution 14.6% , supplementary Contribution 2.5%
 - Split equally by employee and employer
- Record increase in supplementary contribution from 1.7% in 2024 to 2.5% in 2025
- Contribution Ceiling at 5.512,50€ per month
- Voluntary opt-out possible for individuals with an annual income above 73.800€ (private insurance)



4. Statutory Accident Insurance

- Introduced in 1884
- Contributions paid solely by employers (1.3% Upwards, depending on risk category)
- Mandatory insurance for employees, pupils, students
- Benefits: medical treatment, rehabilitation, occupational reintegration pensions for disability
- Administered by professional associations and accident insurance funds



5. Statutory Pension Insurance

- Introduced in 1889 by Bismarck
- Contribution rate: 18.7 %
 - Split equally by employee and employer
- Contribution assessment ceiling at 8.050 € per month
- Pay-as-you-go financing system
- Demographic changes are putting financial pressure on the system
- Political debates: retirement age, funded supplementary pensions



6. Statutory Unemployment Insurance

- Introduced in 1927
- Contribution rate 2.6 %
 - Split equally by employee and employer
- Contribution assessment ceiling 8.050€ per month
- Benefits: unemployment benefit (60 % or 67 % with children), training, job placement
- Voluntary contributions possible (e.g. self-employed, during continuing education programs)



7. Statutory Long-Term Care Insurance

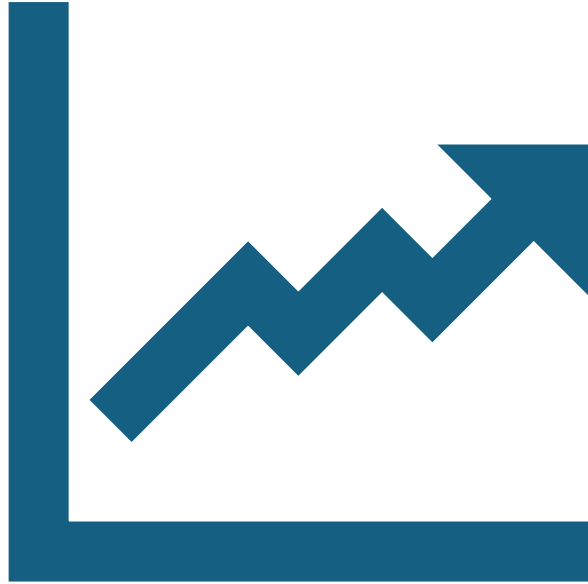
- Introduced in 1995
- Contribution rate 3.4 % (childless pay 3.75 %)
 - Split equally by employee and employer
- Contribution reductions for parents with children
- Benefits: outpatient and inpatient care, financial support, relief for caregivers
- Demographic change and shortage of nursing staff as a challenge





8. Financing Principles and Compulsory Insurance

- Solidarity principle (income-based contributions)
- Pay-as-you-go system (current contributions finance current beneficiaries)
- Mandatory insurance for most people
- Exemptions: self-employed, civil servants, high earners (private insurance)



9. Criticism and Challenges

- Rising contributions, especially in health and long-term care insurance
- Demographic change: fewer contributors, more beneficiaries
- Record contribution increase in health insurance
- Financing gaps in pension insurance
- Calls for reforms: citizens' insurance, more funded pensions

10. Conclusion

- High level of protection worldwide
- Solidarity-based, compulsory, socially just
- Pressure for reform due to demographic and financial challenge
- Importance for social peace and social unity

11. 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)

Thank you for your Attention!

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