



DG Employment, Social Affairs and Inclusion

INPS
Istituto Nazionale
Previdenza Sociale



SSE-MOVE: SOCIAL SECURITY ON THE MOVE.

Promoting coordination on the transferability
of welfare benefits within a cluster
of EU social security institutes

Project co-funded by the European Union
Agreement reference no. VS/2011/0309

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Partners:

FGB - Fondazione Giacomo Brodolini, Italy

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ONYF - Országos Nyugdíjbiztosítási Főigazgatóság (Central Administration of National Pension Insurance), Hungary

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The project: objectives and main results

The SSE-MOVE project, co-financed by the European Commission, Directorate General for Employment, aims to improve the knowledge on the transferability of welfare benefits for workers (and their relatives) exercising the right to free movement in five EU member states (Italy, Czech Republic, Hungary, Poland and Romania). Specifically, the action aims at:

1. identifying the main obstacles to the implementation of the Regulations (CE) 883/2004 and 987/2009 which could actually hinder the free movement of workers among partner countries;
2. identifying the limitations to the free movement of workers stemming from the diversity of national social security systems
3. fostering a mutual learning process among project partners;
4. promoting the coordination among social security institutions involved in the action, aimed at the improvement and simplification of administrative procedures;

5. raising general awareness, stimulating debate and promoting information on social security coordination.

As a result of the action, partners and other involved actors have increased their knowledge and awareness about the actual portability of welfare benefits across countries, and they have identified the main obstacles – related to the different national social security systems set-up - which restrain the free movement of workers. Moreover, they have increased their capacity to promote intervention strategies aimed at removing these obstacles. This has been achieved through the implementation of coordinated analysis and research, including a simulation exercise, as well as mutual learning and exchange of knowledge activities on the portability of welfare benefits across interested countries.

The main lessons learned during the project are synthesized in a final project handbook, downloadable from the project website.

For more information please visit:
WWW.INPS.IT > [INFORMAZIONI](#) > [SOCIAL SECURITY ON THE MOVE](#)

Overview of the principal characteristics of the national social security systems involved in the project and related obstacles to portability of benefits

ITALY

The Italian pension system provides for public and private workers compulsory insurance for old-age, invalidity, survivors, sickness, unemployment, family benefits and income support, maternity and paternity, as well as benefits in terms of accidents at work and occupational diseases. In the public pension system, as a result of recent reforms, workers are currently subject to three different pension calculating systems: earnings related, contributions based and mixed. Future pensions will follow only the contribution based system. The system is financed with the pay as you go system and the pensions are linked to the inflation rate.

Several limitations to the portability of social security benefits still exist in Italy. Italian institutions have already identified some specific cases in which the non-implementation of the new EU Regulations may affect the granting of benefits, and have identified additional situations that require a change in the current

law to meet the requirements of the Regulations themselves. In addition, the Italian public pension system, which in the future will be based entirely on the defined contribution scheme under which pensions are merely the result of contributions paid, does not determine incentives or disincentives for migrant workers to move to Italy (at the beginning or at the end of their career, or when an increase in wage happens) in order to exploit the full potential of the pension system.

With regard to private pensions, since 1993 Law no. 124 has encouraged the development of supplementary pension schemes in order to compensate the expected reduction interventions in the public system. This second pillar is based on voluntary contribution, is fully funded and provides benefits based on the contributions paid and on their financial management. There are three different pension plans: closed funds, open funds and individual pension plans.

CZECH REPUBLIC

The Czech Social Security Administration (CSSA) provides for the majority of services foreseen by the national social security legislation. It is the largest financial organization of the Czech public administration. Coordination of regulations in the area of pension insurance, sickness insurance and applicable legislation is the most important task of CSSA related to free mobility of migrant workers in the EU.

According to research and analysis carried out during the project, the main obstacles to free mobility of Czech workers in the EU are mainly related to i) legislative, ii) organisational and iii) administrative issues.

i) Legislative issues – in general, the provisions envisaged by coordination regulations are “soft” and enable different interpretations in each particular Member State. More detailed decisions of the Administrative Commission are not a sufficiently enforceable source of law according to the European Court of Justice. Therefore there does not exist a high level of law certainty especially on the side of migrant workers. On the other hand, legislative gaps make it easier to circumvent coordination rules which may lead to adverse

behaviours such as “forum shopping”.

ii) Organizational issues – institutions show varying different levels of mutual cooperation thus leading to negative effects on the mobility of migrant workers. More interest and will to cooperate is needed.

iii) Administrative issues – some provisions (e.g. Art. 16 Regulation 987/2009) have been designed to work effectively after the activation EESSI, not for the paperwork communication. Migrant workers have difficulties in accessing in a simple and transparent way information about their rights and duties during the period of migration in the EU.

Perhaps the most important result that has emerged as a result of project implementation concerns the need to envisage more efficient ways of communication among institutions and of dissemination of relevant information to citizens. CSSA and other relevant institutions disseminate the most important information in three foreign languages on their respective websites. Particularly useful is the Guide for migrant workers prepared by Czech institutions and downloadable from the internet.

HUNGARY

In Hungary the social security sector has five main branches i.e. health insurance, pension insurance, benefits for persons with changed working capacity, employment service and the provision of family benefits. The administrative bodies of each branch act in full compliance with the national laws and their international obligations. As Hungary has been a Member State of the European Union since May 2004, it has been the major duty of the Hungarian competent authorities to duly adapt the relevant European regulations under the social security coordination scheme.

Originally, Hungary adopted the pay-as-you-go system as the national state insurance scheme. Thus, people who are insured in Hungary are entitled to health care services, pension benefits, family benefits and support in the event of unemployment. However, under certain circumstances, benefits, especially family benefits, are based on subjective rights. Hungary aims at providing the

most effective social security for its beneficiaries. This has resulted in establishing the system of individual social security account, the verification procedure on the harmonisation of insurance periods as well as the abolition of the unfair procedure of private pension funds due to which the State has given back the right to proper benefit for every fund member. Simultaneously, by establishing more means of self-insurance, voluntary pension funds as a supplementary pillar of the Hungarian pension insurance can offer a much wider range of services to their clients.

Along with the abovementioned purposes, Hungary is also eager to protect all migrant workers working either in Hungary or abroad from the negative effects of social benefits portability and prevent them from further restrictions and unnecessary delays. To achieve these objectives, Hungary is a major partner in the European coordination procedures concerning social security rights.

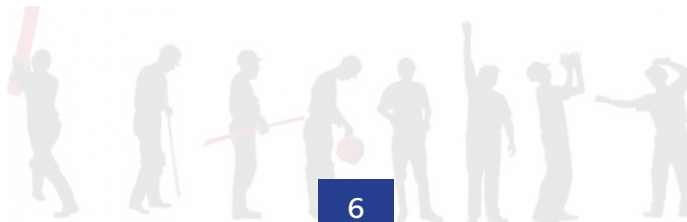


POLAND

The research on national legislation and EU Regulation on co-ordination of social security schemes has shown problems with exportability of cash benefits within EU and possibility of loss by migrants of some social security rights. EU Regulation 883/2004 is not sufficient in protecting the pension rights of persons moving within the EU from pension systems based on defined contribution (NDC) to systems based on defined benefit (DB) if a person has completed periods shorter than one year in DB-based systems. These periods may be lost, as the NDC system does not take over these periods under art. 57 of Reg. 883/2004. Also the idea of free movement of persons is weakened by suspension of supplement awarded according to art. 58 of Regulation 883/2004 if a pensioner moves to another Member State which does not provide supplements to minimum pension or if there is no

period in this Member State.

In regard to cash benefits in respect of sickness or maternity, four procedural problems have been diagnosed and presented to project partners in order to provoke further actions either internally within each participating institution or by promoting cooperation among them. The research concerned national obstacles that cause delays in acquiring the said benefits by the insured persons who apply for them while residing/staying in other than competent Member State and the conditions for smooth and effective communication among social security institutions. These call for both clearly formulated claims or requests for information and competent institutions easily and clearly established, as well as improving foreigners' limited access to information on social security institutions' websites.



ROMANIA

Faced with major problems after the fall of communism, the pension system in Romania still has to solve fundamental issues such as, for example, the inequity on calculating pensions for pensioners at different moments in time, a certain degree of instability of the legislation and the postponement of reform in Romania's pre-accession period. These are coupled by worrying statistics, concerning for example the low number of taxpayers with respect to the excessive growth of the number of pensioners - from 3,500,000 in 1990 to 6,110,000 in January 2004. At the same time, not declaring real income and underground economy have deprived the pension budget of important resources.

Concrete reforms of the pension and social protection systems have accompanied Romania's European integration, although perhaps these have not been implemented with enough velocity. As of January 1st

2007, date of Romania's accession to the EU, EU provisions on social security regulations are applied and as of May 1st 2010, Romania applies the provisions of Regulation (EC) no. 883/2004 of the European Parliament and of the Council on the coordination of social security systems, as amended by Regulation (EC) no. 988/2009 and implementing Regulation no. 987/2009.

Despite some obvious progress, as shown by research conducted both within the pension system in Romania and in terms of national social security system, communication and easy access to information is often difficult, which can prevent correlation or granting of rights earned by migrant workers. Information, although listed in several web portals, is still difficult to access, especially by foreigners, as it is often only in Romanian and characterised by a vocabulary not easily accessible to everyone.



THE SIMULATION EXERCISE

The evidence collected during the project has been applied to concrete cases in order to verify whether discriminations might arise for mobile workers moving from Czech Republic, Hungary, Poland and Romania to Italy, due to the peculiarities of the national social security systems and to the rules for computing mobile workers pensions according to the EU regulations. This aim was achieved by identifying around fifty representative biographies (workers' typologies) of mobile workers moving to Italy from their country of origin, and then (alternatively) coming back or settling down. Biographies differ as regards the time span spent in the different countries and the characteristics of the Italian working period. Entitlement to pension benefits for these representative individuals was simulated and studied, in order to verify, comparatively, which differences emerge among different countries. Moreover, the advantages/disadvantages deriving from the decision of "not moving" was simulated for these representative individuals. Limits to external portability of welfare benefits (i.e. among different countries) was thus identified. The results of the simulations exercise for each participating country can be consulted and downloaded from the project website at the following address:

WWW.INPS.IT > [INFORMAZIONI](#) > [SOCIAL SECURITY ON THE MOVE](#) >
[ENG](#) > **SIMULATIONS**



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