Das Versorgungswerk der Ärztekammer des Saarlandes – English Summary

The pension scheme of the Saarland Medical Association is the professional pension institution for doctors and dentists working in Saarland. In the structured system of retirement pension in the Federal Republic of Germany, the pension scheme of the Saarland Medical Association is to be classed as the first pillar of provision for old age. As a retirement pension institution of its own kind, it stands as an autonomous entity alongside the statutory pension insurance scheme.

The pension scheme of the Saarland Medical Association was founded very early, on 1 July 1951. An inalienable cornerstone of the pension scheme is the concept of solidarity and loyalty among colleagues. The pension scheme is a department of the Saarland Medical Association. Pursuant to Section 6 of the Saarland Healthcare Professions Association Act (SHKG), it has the task of providing pensions for the members of the Saarland Medical Association and their dependants as ordained by the charter. The pension scheme guarantees its members a dynamic retirement pension, provision for dependants and some security in case of disability. The benefits are financed by members' premiums and capital gains.

Section 1 (3) and (4) of the SHKG places the Medical Association under the supervisory control of the Ministry of Health, Social Affairs, Women and the Family. Section 6 (5) of the SHKG places the insurance itself under the control of the Ministry of Economic Affairs, Labour, Energy and Transport.

The pension scheme fulfils its tasks in self-administration, whilst elected delegates pass resolutions on membership, premiums and benefits. There is a legal entitlement to the benefits of the pension scheme, governed in detail by the charter.

For its financing, the pension scheme uses the so-called 'open cover planning procedure'. This is a mixed method consisting of capital cover and financing by apportionment. Alongside the capital gains made, the signing of new members constitutes the second pillar in the financing of future benefits. Here, a future influx of new, mostly young members is added to the equivalence relation. At the same time, capital formation methods are also deployed. The yield from the capital investments contributes to financing the pension payments. This helps to ensure that the pension scheme is neither exclusively dependent on future trends in membership, nor on the capital markets alone. The scheme is self-supporting according to basic actuarial principles. It is financed on its own responsibility, without any state subsidies, so the pension obligation is fulfilled on the scheme's own initiative and with its own funds.

Actuarial risks in the pension scheme are monitored by an external actuarial expert and quantified. If necessary, altered biometric fundamentals are catered to by the appropriation of additional capital in the actuarial reserves
The executive organs of the pension scheme are the meeting of representatives and the executive board.

Meeting of representatives
The meeting of representatives of the Medical Association has the following tasks: passing resolutions about the charter of the pension scheme, electing the members of the supervisory and executive boards, adopting the annual budget, receiving the auditors' report and the company report, and reviewing the annual statement of account together with the management report. Apart from that, the meeting of representatives also passes resolutions on the discharge of the supervisory and executive boards from office. Furthermore, the meeting approves the resolutions made by the executive board in determining the annual general increment and the dynamisation factors for expectancies and pensions.

Executive board
The executive board is elected by the meeting of representatives for the duration of an electoral term of the latter. The executive board consists of seven members of the pension scheme institution, who

must not also be members of the supervisory board. In particular, the executive board is responsible for the appointment and dismissal of the management, the determination of the annual general increment and the dynamisation factors for expectancies and pensions. The executive board prepares the budget and draws up the company report in accordance with the charter. It also makes decisions regarding the investment of capital assets, decisions on the acquisition and sale of land and property, decisions on applications for disability pension, and decisions in cases of conflict.

Chairman
Prof. Dr. Harry Derouet

Deputy chairwoman
Dr. Lea Laubenthal (dentist)

Members
Dr. Sigrid Bitsch
Markus Hardt
Med. consultant Dr. Ulrich Hell (dental member)
Med. consultant Dr. Armin Malter
Med. consultant Dr. Josef Mischo

Supervisory board
The supervisory board is a committee in the sense intended by the charter of the Saarland Medical Association. It consists of 11 members of the pension scheme. The members of the supervisory board are elected for the duration of an electoral term of the meeting of representatives. The tasks of the supervisory board are monitoring business activities, reviewing the annual statement of account together with the management report and the company report drawn up by the executive board, laying down guidelines for capital investments and appointing both an auditor to review the annual statement of account and the actuarial expert.

Chairman
Dr. Marc Becker (dentist)

Deputy chairman
Dr. Dirk Jesinghaus

Members
Anja Feld
Dr. Christian Fuchs
Dr. Florian Hornof
Dr. Barbara Jacobi
Med. consultant Dr. Hans-Joachim Lellig (dental member)
Thomas Rehlinger
Med. consultant Dr. Petra Ullmann
Jürgen Ziehl (dental member)

Membership

Compulsory members of the pension scheme are all compulsory members of the Saarland Medical Association. Membership begins when they begin work in Saarland. The principle of locality applies, which means that each doctor or dentist becomes a compulsory member of the pension scheme in the area of the association in which he or she practises.

Compulsory members must register with the pension scheme in writing.

Those exempt from compulsory membership include civil servants and medical officers, and persons who were already drawing a disability or (full) retirement pension pursuant to Book VI of the German Social Security Code (SGB) or from a professional pension institution within the Federal Republic of Germany when their membership began.

There is no compulsory membership either if a doctor or dentist was not a member of the pension scheme on 31 December 2004 and had already reached the end of his or her 45th year at that time. However, this exemption ceases to apply if that person commences a new professional activity in Saarland which is subject to social insurance contributions.

In view of the fact that there may be changes with regard to premium payment and membership, the pension scheme institution is to be informed about the commencement of any additional professional activity, and that includes activities outside the area governed by the Saarland Medical Association.

When a person's compulsory membership of the Saarland Medical Association ends, his or her compulsory membership of the pension scheme also ends. Compulsory membership also ends if a person commences work as a civil servant or medical officer.

Exemption from statutory pension insurance

Employed members of the pension scheme are automatically also compulsorily insured in the German Pension Insurance (DRV). To avoid being obliged to pay double premiums, an application can be made for exemption from the obligation to take part in the statutory pension insurance scheme in favour of the pension scheme of the Saarland Medical Association. The application must be made within three months after commencement of the work. If it is not made until later, exemption from the obligation to take out insurance with the DRV is not actually declared until the application has been received.

Once it has been filled out and signed, the application for exemption is to be sent to the pension scheme of the Saarland Medical Association. Having been confirmed there, it will be forwarded to the DRV.

Any exemption from the obligation to take part in the statutory pension insurance scheme in favour of another regional or professional pension scheme only applies to actual employment with a certain employer or self-employed work that is actually being practised. If that employment or self-employed work is abandoned, the exemption ceases to apply. A new application for exemption must thus be made for each newly commenced employment. 'Newly commenced' in this sense means any major change in the person's sphere of activity with the previous employer, such as might for example be expressed by an amendment to the employment contract, or any change of employer.

Voluntary membership

Members whose compulsory membership ends may apply to remain voluntary members of the pension scheme of the Saarland Medical Association. However, they cannot do so if compulsory membership begins in another professional pension institution in the Federal Republic of Germany. The deadline for this application is six months after notification from the pension scheme of the end of compulsory membership.

Voluntary members pay a monthly premium of 0.2 times the highest currently applicable compulsory insurance premium in the statutory pension scheme.

Voluntary membership ends on the commencement of renewed compulsory membership of the pension scheme of the Saarland Medical Association or another professional pension institution in the Federal Republic of Germany, when the member gives written notice of termination. If a member is in default as regards payment, the pension scheme institution has the right to terminate the voluntary membership having duly issued a reminder.

Transfer

If there is a change of pension institution as a result of relocation of a member's work as a doctor or dentist to a different area in the association, an application can be made to transfer the premiums that have been paid to the pension scheme responsible so far to the new pension institution, provided that premiums have been paid for not more than 96 months and the member has not yet reached the end of his or her 50th year. The transfer application is to be made in writing to one of the two pension institutions within six months, calculated from the time when membership of the new pension institution begins.

If no transfer application is made, or if it is not possible to transfer the premiums, each of the pension institutions will provide benefits in accordance with its own charter.

If there is a change of pension institution as a result of relocation of a member's work as a doctor or dentist to a different area in the association, an application can be made to transfer the premiums that have been paid to the pension scheme responsible so far to the new pension institution, provided that premiums have been paid for not more than 96 months and the member has not yet reached the end of his or her 50th year. The transfer application is to be made in writing to one of the two pension institutions within six months, calculated from the time when membership of the new pension institution begins.

If no transfer application is made, or if it is not possible to transfer the premiums, each of the pension institutions will provide benefits in accordance with its own charter.

Employed members

Employed members who are exempt from the obligation to take out insurance in the statutory pension insurance scheme in favour of the pension scheme of the Saarland Medical Association pay the same compulsory premium as those insured in the statutory pension scheme. The employer is under a statutory obligation to pay half the premium as a subsidy. Employed members who are not exempt from the obligation to take part in the statutory pension scheme pay a compulsory premium that is 0.2 times the highest currently applicable compulsory insurance premium in the statutory scheme. Since 1 January 2021, the compulsory premium has been 0.4 times the highest currently applicable compulsory insurance premium in the statutory scheme.

If work is being practised in more than one employment relationship at the same time, and if the total premium payments exceed the highest compulsory insurance premium provided for in Book VI of the SGB, premiums up to twice the highest compulsory insurance premium provided for in Book VI of the SGB can be paid as voluntary payments to increase expectancy, if the employer is in agreement. As from the year in which the member reaches the end of his or her 56th year, restrictions may apply, or it may no longer be possible to make such voluntary payments.

In view of the fact there may be changes with regard to premium payment and membership, the pension scheme institution is to be informed about the commencement of any additional professional activity, and this also applies to activities outside the area governed by the Saarland Medical Association.

The premiums fall due at the end of the month concerned.

Self-employed persons

As a compulsory contribution, self-employed members pay 1.2 times the highest currently applicable compulsory premium in the statutory pension insurance scheme. If a member's income (pre-tax profit) falls below a fixed limit, an application may be made for the premium to be reduced. The compulsory premium can be reduced to the amount obtained by the valuation of that income at the currently applicable premium rate in the statutory pension scheme.

The premiums fall due at the end of the month concerned.

The unchanged line of case law interprets the term 'medical practice' broadly. According to established case law in the administrative courts, a profession qualifies as curative when the licence holder does work in which he or she deploys the knowledge and skills which were prerequisites for his or her obtaining the licence, or has the opportunity to deploy them or incorporate them in that work. Premiums are to be paid to the pension scheme out of the income from any self-employed work, regardless of whether this is a principal or a secondary occupation.

If a person practises more than one kind of contributory work at the same time, working for example in an employed context on the one hand and in a self-employed context on the other, the total premium is limited to the compulsory premium for self-employed members. Premiums up to twice the highest compulsory insurance premium provided for in Book VI of the SGB can be paid as voluntary payments to increase pension expectancy. From the year in which the member reaches the end of his or her 56th year, restrictions may apply, or it may no longer be possible to make such voluntary payments.

The pension scheme institution is to be informed about the commencement of any additional professional activity, and that includes activities outside the area governed by the Saarland Medical Association.

Voluntary payments

Voluntary premiums can be paid to augment pension expectancies. These premiums fall due at the end of the month concerned.

Compulsory members may make voluntary payments in the amount of the difference between their compulsory premium and twice the highest compulsory insurance premium provided for in Book VI of the SGB. The voluntary premium can be increased per calendar year by a maximum of 20% of the highest compulsory insurance premium provided for in Book VI of the SGB until this upper limit for premiums is reached.

Voluntary members may pay a maximum of twice the highest compulsory insurance premium provided for in Book VI of the SGB. In the first calendar year of voluntary membership, the premium is limited to the highest compulsory insurance premium provided for in Book VI of the SGB. The premium of the voluntary member may be increased in each subsequent calendar year by a maximum of 20% of the highest compulsory insurance premium provided for in Book VI of the SGB until this upper limit for premiums is reached.

Depending on the sum of the premiums paid since the commencement of membership, from the year in which the member reaches the end of his or her 56th year, voluntary premium payments may only be possible on a smaller scale, or they may no longer be possible at all.

By making voluntary contributions, members can augment their pension expectancies. Since the benefits for dependants are calculated based on the pension of the member, the entitlements of dependants also increase when voluntary premiums are paid.

Types of benefit

Members are entitled to benefits from the pension scheme independent of any minimum insurance period. Pension benefits are awarded on written application. As a matter of basic principle, the deadline for application is six months after the occurrence of the contingency that occasions the entitlement to benefit. If the application is submitted later than that, the pension begins on the first of the month in which the application is made. Special application deadlines apply to early retirement pension, partial pension and deferred pension.

Benefits from the pension scheme are:

- retirement pension
- early retirement pension
- partial pension
- deferred pension
- disability pension
- widow's / widower's pension
- orphan's pension
- amount of pension benefits
- discretionary benefits
- education allowance as a supplement to retirement and disability pensions
- allowances for rehabilitation measures

Retirement pension

Birth cohorts as from 1965 receive a retirement pension as from the calendar month following completion of their 67th year.

Since 2013, for the birth cohorts 1948 to 1964, the age limit has been the subject of step-by-step increases from the 65th to the 67th year (Section 20 [1] of the charter).

Early retirement pension

The early retirement pension provides you with a flexible transition from your working life to your retirement. You can already claim the pension as from the calendar month following the completion of your 60th or – if your membership began after 31 December 2011 – 62nd year.

You will become entitled to payment of an early retirement pension on the first of the month for which the application for the pension benefit is submitted, but not before the first of the month following receipt of the application and the completion of your 60th or 62nd year. There is no cessation of medical practice coupled to receipt of an early retirement pension. From the beginning of the early retirement pension as a full pension there is no longer any obligation to contribute to the pension scheme.

The application for the granting of an early retirement pension is final and irrevocable.

As an actuarial correction for your having claimed your pension early, the pension sum calculated from the premiums paid in the period leading up to the beginning of the pension must be reduced when an early retirement pension is drawn. For each missing calendar month in the period leading up to the beginning of the standard retirement pension, the pension is reduced by 0.4%. This reduction applies for as long as the pension is drawn, inclusive of the provision for dependants. Thus the pension payment continues to be reduced if the person becomes disabled or reaches standard retirement age after the beginning of the early retirement pension. If a person receiving early retirement pension dies, the provision for dependants is calculated from the reduced pension.

Partial pension

From 1 August 2019, you can also claim your pension as a partial pension of 30%, 50% or 70% of the expectancies acquired in the period leading up to the beginning of the pension. What partial pension means for you is that the pension is split up into two parts: for example, you can draw the first part of your retirement pension – at 30% – from the end of your 60th year at the earliest. While your partial pension is subjected to an actuarial deduction for being drawn early, you acquire additional pension expectancies on the remaining share of 70% via your subsequent premium payments. These form the basis for the calculation of the second part of your retirement pension. This second part may be another early pension, or a basic or deferred pension.

An application for a retirement pension as a partial pension is irrevocable and must be made in writing prior to the beginning of the retirement pension stating the selected percentage rate. It is not possible to draw another partial pension from the remaining expectancy share or alter the percentage rate.

A partial pension may also be of interest to you for fiscal reasons, because the taxable share of pensions has been increasing annually since 2005 on account of the Old-Age Income Act (AltEinkG) (change to downstream taxation), and it will go on increasing until it reaches 100% in 2040. Your personal taxation share of the pension is fixed when the partial pension begins, and it remains fixed. If you claim the partial pension, the size of the percentage taxation share of the future retirement pension also depends on the point in time from which the partial pension is paid out. A pension that begins earlier is thus subject to a lower taxation share. However, for more detailed information on this you should get in touch with your tax consultant.

Deferred pension

Since 1 August 2019, in fact, it has been possible to defer the beginning of your pension until your 70th year. The pension not claimed from the time when you reach the normal age limit is assessed as a premium payment and thus augments your subsequent pension entitlement. In the deferment phase, you are only under obligation to pay premiums if you work in an employment relationship, because a condition for the continued applicability of exemption from obligation to take part in the statutory pension scheme is that you pay appropriate premiums into your regional or professional pension scheme. If you are not working in an employment relationship, you have the possibility to continue to pay the compulsory premium paid so far voluntarily.

Pension deferral calls for a written application. The application for deferral of the pension is irrevocable and has to have been submitted to the pension scheme, filled out and signed, before the applicant has reached standard retirement age.

Disability pension

Members who are – permanently or temporarily – no longer able to practise their profession as a doctor or dentist as a result of a physical, mental or psychological affliction and have not yet reached the age at which they could qualify for early retirement pension, receive disability pension. This insurance cover is available from payment of the first premium.

The member in question is only entitled to a disability pension if he or she is no longer working as a doctor or dentist. Working as a doctor or dentist within the meaning of this paragraph is defined as any work done by a doctor or dentist in which the knowledge, skills and experience acquired in training can be deployed or put to use.

The disability pension is provided for a set period of time. If it is unlikely that the disability can be cured, it will be provided for an unlimited period.

Disability pension is awarded from the 1st of the month following submission of the application, but at the earliest from the time at which the disability is diagnosed. A prerequisite for entitlement to a disability pension is the discontinuation of all work as a doctor or dentist. If the disability pension is being drawn for a set period of time, the practice may continue to be run by a locum or assistant.

If or when work as a doctor or dentist is resumed, entitlement to the disability pension ceases with immediate effect.

Widow's / Widower's pension

The widow's / widower's pension is 60% of the pension calculated for the spouse.

Entitlement to a widow's / widower's pension ends at the end of the month in which the person concerned remarries. If ten years have not yet elapsed since the death of the spouse, a capital settlement will be paid (§ 24 [8] of the charter).

A widowed spouse's own income is not offset against the widow's / widower's pension.

A registered life companion also counts as a widow or widower.

Widowed spouses from a marital or other civil partnership which is not entered into until after they have reached standard retirement age, or after a retirement pension – full or partial – has already begun to be drawn, do not have any entitlement to a widow's / widower's pension.

When they exceed the age limit for an early retirement pension, disability pensioners receive early retirement pension instead of disability pension in the same amount.

A widowed spouse from a marriage which did not take place until after establishment of the permanent disability of the member, or after the point in time at which early retirement pension was claimed as a full or partial pension or the point in time at which the member reached standard retirement age, does not have any entitlement to a widow's / widower's pension.

Orphan's pension

Orphan's pensions are paid out until the orphan has completed his or her 18th year. In the case of school education or vocational training the pension continues to be provided until the orphan's 27th year. Handicapped children who cannot earn a livelihood of their own receive an orphan's pension until their 27th year.

The pension for offspring who have lost one parent is 12% of the pension of the deceased parent, whilst the pension for orphans who have lost both parents is 20%.

Surviving offspring from a marriage which did not take place until after the beginning of the retirement pension are not entitled to survivor's pension.

An orphan's own income is not offset against the pension.

Amount of pension benefits

The amount of pension benefits depends on the premiums and is calculated individually depending on the sum of the premiums paid in and the age of the member when the premiums were paid. Each premium is related to the pension benefit that results from it. The expectancies acquired in the pension scheme and the benefits paid out by it are dynamised annually on the basis of an actuarial recommendation by a resolution of the executive board which is then approved by the meeting of representatives.

Tax liability

Pension payments may be liable to taxation. Pursuant to the AltEinkG, the pension scheme institution is under obligation to notify the Central Benefits Agency for Retirement Assets (ZfA) electronically about pensions being drawn, in other words about the recipients of the benefits and the benefits they receive.

If you have any questions on tax liability, please get in touch with your tax consultant or your local tax office.

Discretionary benefits

In a case of economic hardship, a retirement or disability pension can be supplemented by an education allowance for under-age or handicapped children and offspring of a member who are still in vocational training up to their 27th year. The allowance is provided in the amount of the pension for offspring who have lost one parent. A separate application needs to be submitted for this benefit.

An application may be made for payment of a contribution to the costs of necessary medical rehabilitation measures if the ability to work is jeopardised, reduced or lost as a result of a physical, mental or psychological affliction and the rehabilitation is expected to maintain, substantially improve or re-establish the person's ability to work. Recipients of a disability pension can also receive such allowances if the measure is expected to re-establish their ability.

Allowances for vocational development can be paid to eliminate or mitigate disadvantages which make it more difficult for a person to practise his or her profession because of a handicap or disease, or make it look impossible. However, no allowances are paid for vocational retraining. The decision on the amount of the allowance will be made taking into account all the circumstances of the individual case.

As a rule, the person concerned is expected to contribute a share of the costs. The upper limit for allowances for vocational development is 50%. Having said that, higher allowances may be provided to help prevent exceptional hardship.