

Statement

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**Panel: Adjusting Social Protection Systems, Work and Education
to Population Ageing**

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Ladies and gentlemen,

First of all, I wish to express my grateful thanks for giving me the opportunity to illustrate the social security system and ageing policy agenda in Liechtenstein with the following details and explanations.

Social Security in Liechtenstein

The social security system in Liechtenstein includes the following benefits which, in principle, are financed through contributions made by the policy holders and/or their employers, and in part through supplementary contributions made by the state:

- Financial and non-financial illness and maternity benefits;
- Benefits in the event of occupational accidents and diseases;
- Disability, old-age and death benefits;
- Unemployment benefits;
- Family benefits.

Added to that there are benefits which are financed through general tax revenues by the state alone:

- Supplementary benefits in addition to the old-age, survivors' and invalidity pension scheme;
- Helplessness pension;
- Maternity benefits;
- Blind benefits.

A three-pillar concept applies to the pension scheme:

- The 1st pillar: the state provides a pension scheme to all persons residing and working in Liechtenstein; policy holders are entitled to a pension annuity of the first pillar if they have made contributions for at least one full year. The ordinary retirement age in Liechtenstein is 64 years for men and women.

In the framework of the flexible retirement age system, men and women may choose their retirement age between the age of 60 and 70 regardless of their spouse's choice. If drawn in advance, there is a continuous reduction in the old-age pension. Deferring the old-age pension, on the other hand, results in an increase in the annuity based on insurance calculations. (In other words, anyone who draws his or her old-age pension before normal retirement age receives a reduced pension. On the other hand, anyone who postpones drawing an old-age pension receives a higher pension.)

- The 2nd pillar: the occupational benefit plan covers employees whose annual income exceeds a certain minimum threshold;
- The 3rd pillar: consists of the voluntary pension scheme e.g. supplementary insurance measures in addition to the mandatory 2nd pillar or a private pension scheme.

In addition to the old-age pension, **supplementary benefits** are paid if the retirement annuities together with the additional income as well as the pensioner's assets do not guarantee a minimum income.

Finally, the **Social Security Act** provides for assistance to persons in need of help. According to the law, such social benefits include medical assistance, preventive health assistance and assistance to senior citizens in need of care.

Old Age Policy in Liechtenstein

Due to the increase in life expectancy and declining birth rates, the segment of the population above the age of 65 is gaining ever more economic and political importance. As of the end of 2005, approximately 11.5 percent of the population reached or passed the age of 65 in Liechtenstein.

This development requires holistic and tailor-made ageing policies to suit individual needs. The ageing policy agenda needs to focus on self-determination and participation of senior citizens in social developments. In this context, the financial situation, individual and collective housing, the social situation as well as ambulatory and stationary treatment and care of the older generations are important areas.

Apart from a comprehensive social system based on financial pension schemes mentioned above, Liechtenstein provides a comprehensive network of care services for senior citizens. In this context, volunteer work and family networks play an important role. However, there is

need for action in various areas for which the Liechtenstein government has defined the following fundamental ageing policy requirements:

- Persons requiring care should have the opportunity to maintain their independence and self-reliance on the basis of their personal circumstances. They are expected to make an active contribution by acting in a self-reliant, responsible manner;
- Preventive measures, ambulatory and stationary services are of similar importance in terms of ageing policy. Effective prevention and need-based ambulatory services help to defer or avoid costly nursing home placement;
- The measures focus on the whole cross-institutional process a person might be subject to before and when he or she needs care, from preventive measures to ambulatory and stationary care.

Liechtenstein is currently working on the implementation of these ageing policy principles. For this purpose, a senior citizen advisory council acting as an advisory body to the government is to be appointed. This advisory council will be composed of senior citizens only and be an authentic representative body of this segment of the population.

Summary and Conclusion

As a summary from a Liechtenstein perspective I would like to point out that the financial pension scheme in Liechtenstein is an attractive package preventing financial neediness in old age to a large extent. This is also shown in the fact that virtually no persons entitled to pension annuities are recipients of financial social benefits.

As a conclusion, allow me to emphasize that Liechtenstein supports the „Ministerial Declaration – a society for all ages – challenges and opportunities“ and endeavours to implement it accordingly in the knowledge that senior citizens are an important pillar of society.

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