

As of January
2018

Notes and Explanations
on the Exemption from Compulsory Insurance
under the Civil Service Supplementary Pension Scheme
§2 para 2 of the Collective Public Sector Agreement on Pensions
(Tarifvertrag Altersversorgung – ATV)

1. The provisions in §2 para 2 of the ATV are stated as follows:

(2) ¹Employees pursuing scientific activities at institutions of higher education or research, who are employed on a fixed-term basis, such that, due to the duration of the fixed-term employment, they cannot fulfil the qualifying period pursuant to § 6 para 1 and who have not previously had compulsory insurance periods in the supplementary pension scheme, shall be exempt from compulsory insurance at their request in writing. ²The application must be made within two months of the commencement of the employment relationship. ³Employees exempt from compulsory insurance in accordance with sentence 1 shall be granted pension entitlements to voluntary insurance (pursuant to § 26 para 3 sentence 1) with contributions in the amount of the expenditure allotted to the employer for the compulsory insurance including any employee contribution under the terms of § 37a para 2 but no more than 4 % of the remuneration subject to supplementary benefits. ⁴If the employment relationship in the sense of sentence 1 is extended or continued, compulsory insurance in lieu of voluntary insurance shall commence on the first day of the month in which the extension or continuation of the employment relationship beyond a period of five years was agreed. ⁵Backdating compulsory insurance to the commencement of the employment relationship is not permitted.

Please note:

As of 1 January 2018 due to a revision of the non-forfeiture period in the Company Pensions Act concerning compulsory insurance, employees are granted vested pension benefits once the actual employment relationship has existed for three years. The provision in § 2 para 2 ATV has not yet been adjusted to the new non-forfeiture limit. The collective bargaining parties will be holding discussions on this topic soon.

With a view to the legal changes regarding the non-forfeiture period, employment relationships that commence on or after 1 January 2018 are only eligible for voluntary insurance if the employment term is under three years.

2. Exemption from compulsory insurance is possible under the following conditions:

- a) The employment relationship is fixed-term, and as such, the qualifying period of three years cannot be fulfilled.
- b) You must apply for exemption within two months of the commencement of the employment relationship. The deadline is based on the date on which your employer or the Finance Office (*Landesamt für Finanzen/ Bezügestelle*) receives the application. If the application is received after the above deadline, an exemption can no longer be granted.
- c) You must be engaged in an academic/scientific activity. Academic/scientific activities are academic/scientific or artistic services provided by academic/scientific or artistic personnel at institutes of higher education under the terms of § 42 of the *Hochschulrahmengesetz* (German Framework Act for Higher Education – *HRG*). This refers especially to university lecturers, research associates and teaching staff with special assignments. A university degree is generally a prerequisite for academic/scientific activity.
- d) The academic/scientific activity must be carried out at an institution of higher education or research.
- e) Up to now, you have not been participated in compulsory insurance with any supplementary benefits institution in the civil service.
- f) The conditions for compulsory insurance must be met (to be verified by the *Bezügestelle*).

3. During a period of exemption from compulsory insurance, entitlement to pension benefits is based on voluntary insurance.

The employer is obligated to pay contributions on your behalf, amounting to 4% of remuneration subject to supplementary benefit, into a funded voluntary insurance policy as part of the occupational pension scheme under the *VBL* (paying the contributions into a different retirement plan is not permitted). The employee is thus entitled to the *VBL*'s pension plan once reaching the age of retirement, even if he or she did not fulfill the qualifying period.

Furthermore, you have the option of signing an individual voluntary insurance policy with the *VBL* and complementing the above mentioned employer contributions with payments of your own. Further details are available from the *VBL* Office in Karlsruhe (E-mail: kundenservice@vbl.de, Internet: www.vbl.de).

4. Voluntary insurance benefits are currently far lower than compulsory insurance benefits, in particular:

The guaranteed interest rate for new contracts starting on or after 1 June 2016 is only 0.25%, while the interest rate for compulsory insurance is 3.25% in the saving phase and 5.25% in the pension phase. Thus the guaranteed interest rate for voluntary insurance benefits is far less than for compulsory insurance benefits.

Do not submit-This translation is to be used as a guide for filling out the German original.

The University of Bayreuth is not liable for inaccuracies or mistakes in the English translation.

In case of doubt, the German originals are to be used in a court of law.

5. Exemption from compulsory insurance may entail other disadvantages relating to the supplemental pension scheme, in particular:

Voluntary insurance does not entitle one to social components as described in § 9 ATV. This means that in case of parental leave, no additional points as described in § 9 Abs. 1 ATV can be considered. Furthermore, in case of reduction of earning capacity or death, no additional points as given in

§ 9 Abs. 2 ATV (*Hinzurechnungspunkte*) can be considered. In case of later compulsory insurance and employment ending prior to retirement, the qualifying periods from compulsory insurance can only contribute to the distribution of bonus points as given in § 19 ATV (*Dynamik*) if a period of at least 120 months was spent in compulsory insurance.

Example:

An employee has voluntary insurance instead of compulsory insurance for two years. After two years, his employment agreement is extended for another nine years. Since a period of only nine years was spent in compulsory insurance, the requirements for “dynamics” have not been met. Pension expectancy thus remains static from the end of employment to the time of retirement or until the next phase of compulsory insurance.

6. Despite exemption having been granted, compulsory insurance can go into effect at a later time.

If the employment relationship is extended beyond five years, compulsory insurance will replace voluntary insurance starting in the first month in which the contract extension was granted. The employer is then no longer obligated to pay contributions for voluntary insurance. The voluntary insurance policy does, however, remain on record.

Modifying the compulsory insurance start date retroactively to match the start of employment is not permitted according to § 2 para 2 sentence 5 ATV.

7. For further information on the differences between compulsory and voluntary insurance or to request exemption, please contact the VBL directly (E-mail: kundenservice@vbl.de, Internet: www.vbl.de).

I have read and understood the information contained herein. I have taken note of the deadline for applying for exemption from the compulsory insurance (within the first two months of employment).

Place and date of signature

Signature

[German original] to be sent to
Landesamt für Finanzen
Dienststelle **Bayreuth**
Bezugestelle **Arbeitnehmer – Arbeitsgruppe**

Last name, first name

Postal code, City

Date of birth

Street

Maiden name (if applicable)

Phone

Employee Number (if known):

To be sent to

Landesamt für Finanzen
Dienststelle
Bezügestelle Arbeitnehmer
Arbeitsgruppe:

**Request for exemption from compulsory insurance
under the civil service supplementary pension scheme
(§ 2 para 2 *Tarifvertrag Altersversorgung – ATV –*)**

1	<p>Employee's request:</p> <p>For my employment commencing on [<i>start date</i>]. I hereby request exemption from compulsory insurance under the civil service supplementary pension scheme administered by the <i>Versorgungsanstalt des Bundes und der Länder (VBL)</i>.</p> <p>I have read and understood the Notes and Explanations on Exemption from Compulsory Insurance under the Civil Service Supplementary Pension Scheme. In particular, I am aware that</p> <ul style="list-style-type: none">– voluntary insurance benefits are currently far lower than compulsory insurance benefits– exemption may entail other disadvantages relating to the supplementary pension scheme– the request for exemption from compulsory insurance cannot be cancelled– following exemption from compulsory insurance, a request to change from voluntary insurance to the compulsory insurance scheme cannot be made retroactively, but would rather take effect at the first of the following month– exemption terminates once employment has been extended beyond three years– my employer makes contributions on my behalf to a voluntarily funded insurance policy administered by the VBL instead of compulsory insurance, and in addition, I can opt for my own voluntary insurance policy administered by the VBL and complement my employer's contributions with my own funds.– <p>I confirm that I have not participated in the compulsory insurance of the civil service at any time to date.</p> <p>Place and date of signature Signature</p>
2	<p>Bestätigung der Beschäftigungsstelle: [<i>to be signed by employer</i>]</p> <p>Die/der Beschäftigte übt eine wissenschaftliche Tätigkeit im Sinne des § 2 Abs. 2 ATV aus.</p> <p>Die Beschäftigungsstelle ist eine Hochschule oder Forschungseinrichtung im Sinne des § 2 Abs. 2 ATV.</p> <p>Ort, Datum Unterschrift, Stempel</p>