

European Social Policy Network (ESPN)

**ESPN Thematic Report on
Access to social protection of
people working as
self-employed or on
non-standard contracts**

Germany

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Summary

The structural changes in the German labour market are a phenomenon that has been observed for years. This applies both for the self-employed and for non-standard employment relationships.

The statutory social insurance schemes (health, pension, long-term care, accident, unemployment) form the core of the system of social security and social protection. They cover in principle only employees, irrespective of their employment relationship. The amount of cash benefits of the statutory social insurances depends directly on the insured income. Non-standard workers earn significantly less than regular workers do. The immediate consequence is that cash benefits (pensions, unemployment benefit I, sickness benefit) are lower.

The self-employed are not liable to pay social insurance contributions (with a few exceptions). Also labour law entitlements apply exclusively to employees. There is empirical evidence that many non-standard workers do not exercise their employment rights. Many employers refuse legal entitlements such as the minimum wage, paid holidays or sick pay. In addition, many employees do not know their rights or are afraid to demand them.

Anyone living in Germany is obliged to take out health insurance, in either the statutory or the private health insurance system. The self-employed are members of the private system (PHI): Those who are well or highly paid can insure themselves cost-effectively in the PHI. On the other hand, the income-independent premiums for private health insurance are a heavy burden on self-employed persons on low incomes.

The statutory pension insurance (SPI) covers all employees, regardless of their employment. In principle, self-employed persons are not subject to the SPI. Those self-employed persons who are not members of other pension schemes and who do not have considerable personal assets or working capital have little if any protection.

Income support for employees on sick leave is based on a two-step system. For shorter periods of illness, employees have the legal right to continued payment of salary from their employer. This entitlement applies to all employees regardless and not to any category of self-employment. For longer periods off work, employees can apply for sickness benefit, which is financed by the SHI.

All dependent employees are subject to compulsory unemployment insurance. The tax-funded and means-tested unemployment benefit II applies to all persons of working age who are capable of work and who are not able to cover their living costs from their own resources. Tax-funded benefits in general can be claimed independently of employment status.

There has been an intense and controversial debate on the question of how to shape employment relationships and to re-regulate the labour market. Thus the Grand Coalition has taken (small) steps to restrict the widespread abuse of fixed-term employees and temporary agency workers.

There is an increasingly urgent need to find answers to the question of adopting and extending social protection to the self-employed. The long-demanded conversion of the various branches of the social security system into insurance schemes with compulsory membership for the entire population and/or for the entire working population seems to be more necessary than ever. Even if this position is now widely shared, it is still unclear to what extent the self-employed should be involved in the statutory insurance system. Then it must be determined who should pay the employer contributions.

1 Context: self-employment and non-standard work relationships in the national economy and labour market

The structural changes in the German labour market are a phenomenon that has been observed for years. These upheavals are widely discussed in politics as well as in science (see in an overview Bäcker and Schmitz 2016; Keller and Seifert 2013). The volume and structure of employment in Germany are recorded statistically by the German LFS (*Mikrozensus*). According to the latest available data there were about 43 million employed persons in 2015. These are subdivided into 38.6 million dependent employees (including civil servants and apprentices) and 4.3 million self-employed workers (including contributing family workers) (see figure 1 in the annex). Self-employment in Germany is a male domain; more than two-thirds of the self-employed are men, almost a third are women. Thus the self-employed account for 10.1 per cent of all employed persons (see figure 2 in the annex). The rate of self-employment has increased almost continuously since 1991, from 9.2 per cent to 11.3 per cent in 2006. From 2007 onwards, however, a declining trend can be seen: by 2015, the share of self-employed had fallen to 10.1 per cent. The number of unemployed has remained constant, but the number of dependent employees has increased significantly.

The self-employed are defined as persons who work in their own business, professional practice or farm for the purpose of earning a profit¹. The official statistics distinguish between self-employed with and without personnel. In 2015, about 56 per cent of the self-employed had no employees. It is clear, therefore, that the increase in self-employment since 2001 concerns the solo self-employed only (2001: 1.4 million, 2011: 2.5 million) (see figure 3 in the annex). However, no further increase has been seen since then. On the contrary, there has been a slight decline in the number of self-employed without personnel.

It is evident from this distinction alone that the group of self-employed is highly heterogeneous (Bögenhold and Fachinger 2012). The range stretches from sole or joint owners of global enterprises (family businesses) with turnover and profits in the billions at one extreme to the owner of a small kiosk or newsstand at the other extreme, who despite excessively long working hours earns very little (Brenke 2013; Mai and Marder-Puch 2013).

On closer examination, the following groups of self-employed can be identified (including overlaps):

- sole or joint owners of unincorporated businesses with or without employees
- farmers
- craft workers (as defined in the crafts code)
- registered liberal professionals such as lawyers, doctors, dentists, architects etc.
- freelancers such as artists, writers, physiotherapists, midwives etc.
- self-employed workers in service platforms (e.g. taxi-drivers, courier services etc.)
- Crowd and clickworkers²
- self-employed without employees as subcontract workers.

¹There is no final and consistent legal definition of self-employment. It must be distinguished between tax law and social law. The jurisprudence is of great importance in both areas.

²Crowdwork (also named as clickwork) is a new form of employment, defined in a 2015 Eurofound report on New forms of Employment as employment that 'uses an online platform to enable organisations or individuals to access an indefinite and unknown group of other organisations or individuals to solve specific problems or to provide specific services or products in exchange for payment. Crowd employment is also known as crowd sourcing or crowd work, and aims to organise the outsourcing of tasks to a large pool of online workers rather than to a single employee. Technology is essential in this new employment form, as the matching of client and worker, as well as task execution and submission, is mostly carried out online.' (Eurofound 2015)

The boundaries between self-employment, standard employment and dependent self-employment are blurred. These delimitations and the problem of bogus self-employment regularly lead to legal disputes before the labour and social courts (Manske and Scheffelmeier 2015).

Regrettably, there is a lack of reliable data on the extent and dynamic of these different categories. It is more than doubtful that the new forms of self-employment (such as self-employed workers in the platform-driven economy) are covered by statistics. Nor is it known how widespread simultaneous and/or successive combinations of standard employment and self-employment are. Moreover, we are groping in the dark as to how many bogus self-employed and clandestine workers there are (Eichhorst et al. 2016).

The German LFS and the social security statistics of the Federal Labour Office (BA) provide detailed data on non-standard/atypical employment. The crucial question is how to define atypical work (see Walwei 2015). The Federal Statistical Office (Statistisches Bundesamt 2015) refers to four types of employment relationships:

- marginally employed “mini-jobbers” (low wage or short-term contract up to 450 euros a month)
- fixed-term employees
- temporary agency workers
- part-time workers working a maximum of 20 hours a week

On the basis of these definitions, the volume and dynamic of atypical work are as follows (partly overlapping data, 2015):

- 7.6 million mini-jobbers - among them 5 million for whom a mini-job is the only employment and 2.6 million for whom it is a second job (this equates to nearly a quarter of all employment relationships) (see figure 5 in the annex);
- 4.7 million fixed-term workers (this equates to 13.0 per cent of all employees, including civil servants and apprentices) (see figure 6 in the annex);
- 0.96 million temporary agency workers (this equates to 3.1 per cent of all employees subject to social security contributions) (see figure 7 in the annex);
- 4.9 million part-time workers (less than 20 hours a week) (this equates to 15.8 per cent of all employees subject to social security contributions).

These non-standard employment relationships have increased since 2003 when the labour market reforms enshrined in the so-called Hartz Acts were introduced (see figure 4 in the annex). This applies above all to:

- Mini-jobs: increased by 1.7 million between 2003 and 2015 (+27.9 per cent). The largest increase was among the marginally employed in second jobs, whereas the number of exclusively marginally employed has remained more or less constant since 2007. Moreover, a slight decline was noticeable in 2015, resulting mainly from the introduction of the statutory minimum wage (mini-jobs for pensioners: see figure 8 in the annex).
- Temporary agency workers: increased by 0.7 million between 2013 und 2015 (+194 per cent)

Part-time work as a whole (including more than 20 hours a week) has increased substantially over recent years (Brenke 2011). According to the calculation of working hours carried out by the Institute for Employment Research (IAB), the 14.8 million people who were employed part-time in 2014 was the highest figure ever recorded.

The part-time rate among women is 57.8 per cent, compared to 20.1 per cent among men (see figures 9, 10 and 11 in the annex). Women account for almost two-thirds (63.2 per cent) of the mini-jobbers exclusively employed and 56.1 per cent of the mini-jobbers employed in second jobs. On the other hand, women's employment share in fixed-term

work is slightly lower than that of men. And in temporary work mainly men (70 per cent) can be found.

Income data for the self-employed and those in non-standard/atypical employment relationships show a mixed picture. As already mentioned, the self-employed population is very heterogeneous. This also applies to the subgroup of self-employed without personnel. The spectrum ranges from above-average incomes to the low-income sector (Brenke 2012). A quarter earn less than 8.50 euros an hour; on the other hand, 23 per cent of the solo self-employed earn 25 euros or more. This depends largely on the sector in question and on age and gender. In many cases, the income of the self-employed has to be supplemented by benefits under SGB II (unemployment benefit II) as their household income is below the minimum income threshold. In 2015, 119,000 self-employed persons were affected, equivalent to 9.1 per cent of all unemployment benefit II recipients. Since 2007, the number of self-employed recipients has risen by 76 per cent (see figure 12 in the annex).

Overall, the share of the self-employed suffering from or at risk of poverty stands at 8.8 per cent, which is significantly below the average of 15.7 per cent for the population as a whole (see figures 13 and 14 in the annex). It is notable, however, that the share of dependent employees at risk of poverty turns out to be even lower (7.6 per cent). Information on poverty rates among persons and households in atypical employment relationships is not available. However, it can be said that atypical workers are particularly likely to be low-paid (Voss and Weinkopf 2012): 76.1 per cent of mini-jobbers, 22.4 per cent of part-time workers and 41.7 per cent of fixed-term workers were in the low wage category in 2013 (see figure 15 in the annex).

Given these data and trends, it is not surprising that there has been an intense and controversial debate on the question of how to shape employment relationships and to re-regulate the labour market (see Jaehrling et al. 2016). Thus the Grand Coalition of Christian Democrats (CDU/CSU) and Social Democrats (SPD) has taken (small) steps to restrict the widespread abuse of fixed-term employees and temporary agency workers³. In particular, policy makers are confronted with the difficult task of combating and controlling bogus self-employment and undeclared work.

These labour law issues are only one part of the public and academic debate on reform. There is an increasingly urgent need to find answers to the question of adopting and extending social protection to the self-employed. As the world of work becomes increasingly digitised, the boundaries between self-employment and contractual employment become visibly blurred. In November 2016, the Federal Minister of Labour and Social Affairs, Andrea Nahles, published a white paper entitled "Work 4.0". This white paper contains a range of suggestions and proposals for the shaping of working conditions and the provision of adequate financial and social protection in the rapidly changing world of work (BMAS 2016a, BMAS 2016b). The following points should be mentioned:

- promotion of education, further training and qualification;
- shaping of the transitions between the phases of working-life and between dependent employment and self-employment;
- step-by-step development of the unemployment insurance towards an employment insurance ("*Arbeitsversicherung*");
- old-age provision for all groups of self-employed.

Irrespective of the digitization of the world of work and the spread of the platform-driven economy there have existed for many years several programmes promoting start-ups and small and medium-sized enterprises (start-up grants ("*Gründungszuschuss*"), low-interest

³Act to Amend the Labour Leasing Act and other Acts; Amendment of the Act on Fixed-Term Contracts in Higher Education and Research; Act on Combating the Misuse of Service Contracts and Preventing the Circumvention of Obligations under Labour Law; Act on the Strengthening of Free Collective Bargaining.

loans, guarantees, training, consulting etc.). These programmes were particularly pronounced in the initial years following the so-called Hartz Acts.

2 Description and assessment of social protection provisions for the self-employed and people employed on non-standard contracts

2.1 Description of social protection provisions for the self-employed and people employed on non-standard contracts

The German social welfare state is based on different pillars:

- The five statutory social insurance schemes (health, pension, long-term care, accident, unemployment) undoubtedly form the core of the system of social security and social protection. They comprise more than two-thirds of social expenditures in Germany (see figure 16 in the annex).

However, social protection provision in Germany is not limited to social insurance. There are other statutory systems, above all:

- public officials' schemes (*Beamtenversorgung*)
- special pension schemes for the liberal professions, farmers, and artists
- labour law entitlements (inter alia minimum wage, dismissal protection, parental leave, care leave, paid holidays, sick pay, earnings conversion for occupational pensions)
- tax-funded and means-tested benefits (inter alia parental benefit, housing allowance, child benefit, supplementary child benefit, advance payment of maintenance, social assistance, basic income support for job seekers, pension supplement in old age and in the event of reduced earning capacity, education allowance for pupils and students)
- tax reliefs (for children, spouses, private retirement provision)
- local social services (particularly for children and young people, families, the disabled and the elderly).

The "Bismarckian" statutory social insurance schemes (health, pension, long-term care, accident, unemployment) cover in principle only employees, irrespective of their employment relationship. However, the self-employed are **not** liable to pay social insurance contributions. The exception to this general principle concerning the self-employed will be specified below. The exception to this general principle concerning employees applies primarily to mini-jobbers. The German mini-job is a specific kind of employment with a monthly salary of up to EUR 450 or short-term employment of up to 50 days a year. "Mini-jobbers" are exempted from income tax and social insurance payments and are therefore not entitled to social insurance benefits.

Insured persons (and their family members) are eligible for benefits in cash and in kind. The budgets are largely financed by contributions, which are related to the gross income of earners and are shared equally by the insured person and his/her employer. There are no additional charges payable, either for special risks or for the joint insurance of children and marriage partners. The amount of cash benefits depends directly on the insured income. This equivalence principle means that low-paid workers and/or part-time workers receive only low cash benefits.

Public officials' schemes and special pension schemes are strictly employment-related and reserved for a specific group of employees (public officials) and certain groups of self-employed individuals. Labour law entitlements and benefits (sick pay is a particularly important element of social protection) apply exclusively to employees and **not** to any category of self-employment. This also applies to health and safety at work (working time

regulations, protection of minors and working mothers, occupational health regulations, regulations on work equipment, workplaces and hazardous substances).

All employees are covered, regardless of the exact nature of their employment relationship. This means that mini-jobbers, part-time workers, fixed-term employees and temporary agency workers are fully entitled to sick pay, paid holidays, minimum wage – just to name a few examples. However, protection against dismissal only applies to fixed-term employees until expiry of the contract term.

Regulation of the labour market by legislation is complemented by agreements between the employers (and their associations), on the one hand, and the trade unions on the other. Legal norms merely set minimum standards on which collective agreements can be based. Regulations arising from collective bargaining usually cover employment relations and working conditions (for example, dismissal protection, regulations unpaid leaves, in-company social benefits, duration, placement, and distribution of working holidays) as well as remuneration.

Tax-funded benefits, tax reliefs and social services can basically be claimed **independently** of employment status. They are related to special requirements. With the exception of child benefits, these are means-tested.

2.1.1 Healthcare and sickness: cash benefits and benefits in kind

The health care system in Germany is based on the insurance principle: According to the Social Code Book V, anyone living in Germany is obliged to take out health insurance, either in the statutory or the private health insurance system (compulsory insurance). In 2015, around 71 million people (89 per cent of the population) were insured under the statutory health insurance scheme (SHI). 8.8 million (11 per cent) were qualified to hold private health insurance (PHI) (see figure 17 in the annex).

The following population groups are **compulsorily** insured in the SHI (see in detail BMAS 2016 c, 184ff):

- all employees, if their regular earned income exceeds EUR 450 a month (threshold of a mini-job) and remains below a certain income limit (2016: EUR 4,676 a month);
- pensioners in the statutory pension insurance scheme (who have been in the SHI for most of the latter half of their working lives);
- people receiving unemployment benefits I and II;
- students;
- farmers;
- artists.

Self-employed (with the exception of farmers and artists) and the well-paid salaried workers can choose between the PHI system and a voluntary membership in the SHI system.

The SHI also covers family members at no extra charge. Spouses or civil partners and, up to a certain age, children, are co-insured provided that their income does not exceed EUR 450 a month. Employees who exceed the earned income limit may insure themselves voluntarily. The focus is on benefits in kind. Sickness benefit (in cash) only makes up 5.5 per cent of the total expenditures.

The SHI is financed by contributions. Since 2004, federal subsidies have been supplementing the revenues (2015: EUR 11.5 billion; this corresponds to a share of 5.4 per cent of the revenues). The amount of the general contribution rate is stipulated by law; the rate is determined by employees' and pensioners' gross incomes and does not depend on individual health conditions or age. Currently (2016), the contribution rate is 14.6 per cent and applies to all funds. However, the revenue from general contributions is not sufficient to cover total expenses, so that the health insurance funds therefore charge

additional contributions or increase the additional contribution if one is already being charged. On average across all schemes, the additional contribution rate is 1.1 per cent (2016), which has to be paid by employees only.

The regulations governing private health insurance (PHI) differ significantly from those governing the SHI. Public officials (*“Beamte”*) and the self-employed are members of the private system. Employees with a high income (2016: above EUR 4,676 a month, adjusted annually) can opt for private or statutory health insurance. Normally they choose the private system, since it is beneficial for them. In the private health insurance system the dominant principle is pure insurance, with no element of solidarity included. The PHI premiums depend on the individuals' health risk and age of entry into the private system. The benefit package is subject to an individual insurance contract. For younger people (without families) with good earnings, the PHI premiums are lower than the income-related contributions of the SHI. Since general practitioners and outpatient specialists are allowed to charge PHI patients much higher prices, privately insured patients can be assumed to be first-class consumers and empirical evidence suggests that waiting periods for an appointment with a medical doctor are shorter for this group of individuals (Lüngen et al. 2008; Schwierz et al. 2009).

However, the insurance of family members is not free; it requires an additional contract. Once PHI has been opted for, this decision can be regarded as “once-in-a-lifetime” because switching back to SHI is greatly restricted by law.

Self-employed people also have the option of voluntary membership of the SHI. The general contribution rate is 14.6 per cent of gross income plus the additional contribution rate. With a waiver of sickness benefit (after six weeks of sickness), the contribution rate is 14 per cent of total income. However, the contribution for the self-employed is calculated on the basis of a fictitious minimum gross income of 2,179 euros a month (2016). This is a very considerable financial burden for any self-employed person on a low income. Consequently, voluntary membership of the SHI is normally unattractive. However, private insurance can also be very expensive – depending on health status, age and the level of insurance cover (for example, whether or not a daily benefits insurance is included). Moreover, insurance for family members is not free.

The minimum gross income threshold for start-ups who receive a start-up grant (*“Gründungszuschuss”*) from the Federal Labour Office is 1,453 euros a month (2016). This regulation is intended to facilitate entry into self-employment.

Income support for employees on sick leave is based on a two-step system. For shorter periods of illness, employees have the legal right to continued payment of salary from their employer. For longer periods off work, employees can apply for sickness benefit, which is financed by the statutory health insurance funds.

If employees – regardless of the nature of their employment relationship (i.e. including non-standard workers) - become incapable of work due to sickness, irrespective of the cause, the employer must continue to pay their full salary for the first six weeks they are off work. Anyone contracting a “new” and different disease is entitled to have their salary paid for a further six weeks. The entitlement applies to all employees regardless of working time and extends to periods of rehabilitation. However, the employment relationship has to have lasted four weeks without interruptions before employees are entitled to receive full pay when sick.

Sick employees whose wages or salaries are no longer being paid by their employer are entitled to sickness benefit paid by the statutory health insurance funds. The amount of the benefit is 70 per cent of regular gross earnings but may not exceed 90 per cent of regular net earnings. Sickness benefit is paid up to the end of the certified period of sick leave. For one and the same illness, however, the sickness benefit may not be claimed for more than 78 weeks in a given three-year period. Unemployed persons in receipt of unemployment benefit I or II are also entitled to sickness benefit.

Self-employed only receive sickness benefit if they are a voluntary member of the SHI. Privately insured can take out an (expensive) additional insurance providing for daily sickness benefit.

2.1.2 Maternity/paternity cash benefits and benefits in kind

During the protected periods before and after confinement (six weeks preceding the expected week of childbirth and eight to twelve weeks after childbirth), compulsorily insured employed mothers receive maternity benefit from the SHI (see in detail BMAS 2016 c, 246ff.). The maternity benefit is a maximum of 13 euros for each calendar day. To secure the net wage, the employer is obliged to pay a subsidy to the maternity benefit fund.

The periods of legal protection do not apply to the self-employed. However, self-employed voluntary members of the SHI are entitled to maternity benefit if they are insured, including an entitlement to sickness benefits (optional declaration).

Mothers or fathers in employment, regardless of the nature of their employment relationship, may claim parental leave from the child's birth until it reaches the age of three. Their job is kept open for them and their employer cannot terminate the contract. However, fixed-term employees have no entitlement to continuing employment if their contract comes to an end during the period of parental leave (but are still entitled to parental benefit).

Since parental leave is considered separately for each parent, the child's mother or father may take their share singly or together. Both parents may claim their entitlement at the same time, but the parents must ensure that they can provide for themselves during the period of joint parental leave.

The parental benefit ("Elterngeld") is a benefit for parents who would like to look after their child themselves after the birth and are therefore not in full-time employment or not working at all. Parental benefit can be claimed by all mothers and/or fathers. Employment status is irrelevant.

The parental benefit amounts to approximately 67 per cent of the monthly net income received prior to the birth. It can be paid for up to 14 months; the minimum amount paid is EUR 300 and the maximum EUR 1,800. The minimum amount of EUR 300 is paid to all entitled parents, even if they were not in employment prior to the child's birth.

The "parental benefit plus", which came into force on 1 January 2015, is intended to give parents more flexibility in reconciling work and family life by halving the level of benefit payment and doubling the time for which it is paid in the case of part-time work. If both parents decide to work part-time, they get four more months of benefit payments. In the future, both variants will co-exist and parents will even be able to combine them.

2.1.3 Old-age and survivors' pensions

Pensions in Germany stem from different sources and are organized according to employment status. The pension system comprises three tiers or pillars:

- First tier: mandatory state pension insurance schemes, part of the basic social security system;
- Second tier: occupational pension schemes;
- Third tier: private voluntary arrangements for old-age provision.

Germany has no general minimum pension, but it does have a means-tested pension supplement in old age and in the event of reduced earning capacity.

The most important element of the first tier is the (statutory) social pension insurance (SPI) (see in detail BMAS 2016c, 362 ff.). Special systems for civil servants/state officials (Beamtenpension) and for liberal professions (see figure 18 in the annex) are also part of the first tier.

The SPI covers all employees, regardless of their employment relationship (for exceptions see below). Coverage is also extended to, among others, claimants of income-replacement benefits (sickness benefit, injury benefit, unemployment benefit I), mothers and fathers during the initial child-raising period (the first three years for children born since 1992 and two years for children born earlier) and carers (during periods in which unpaid home care is provided for a relative) (see figure 19 in the annex).

The SPI is pay-as-you-go financed with only a very small reserve fund. Financing stems mainly from earnings in the form of social insurance contributions (paid in equal parts by employees and employers). Some funding also comes from general tax revenue; this money is intended to pay for interpersonal redistribution of income within the pension scheme. Tax-funded government subsidies account for about 23 per cent of total receipts. In 2016, insured employees and their employers each contributed 9.35 per cent of employees' gross wage to the SPI.

SPI benefits comprise old-age pensions, survivors' pensions (widows, widowers, orphans), reduced earnings capacity pensions and rehabilitation measures.

Employees whose earnings do not exceed EUR 450 per month are covered by compulsory insurance as marginally employed workers (mini-jobbers). Their employers pay a flat-rate pension insurance contribution of 15 per cent (in the case of industrial employment) or 5 per cent (in the case of mini-jobs in private households). Based on the contribution rate of 18.7 per cent for 2016, the remaining worker's share is 3.7 per cent (for industrial mini-jobs) or 13.7 per cent (for mini-jobs in private households). Mini-jobbers can opt-out of full pension coverage by not paying the employee's pension contribution rate of 3.7 per cent.

Contributions from employees with earnings between EUR 450.01 and EUR 850 are subject to the so-called 'progression zone' mechanism, which relieves employees from making contributions proportional to earnings. Within the progression zone, the employee's share of total social insurance contributions (health, pension, long-term care and unemployment insurance, currently averaging 20 per cent in total) increases linearly with earnings, starting at about 11 per cent at the bottom end of the progression zone (EUR 450.01) and reaching the full employee share at EUR 850. The employer continues to pay the full employer's share of the total social insurance contributions for the employee's pay. These provisions do not apply to trainees.

In principle, self-employed persons are not subject to the SPI. However, this simple rule is complicated by a multitude of derogations, which have evolved historically and unsystematically (Ruland 2011; Brose 2017).

Included are self-employed

- teachers
- lecturers
- child minders
- nurses and caregivers
- midwives and
- craft workers (they may opt out after 18 years)

The cost of the contributions (contribution rate 2016: 18.7 per cent) must be borne fully by the insured self-employed; there is no employer contribution. The (so-called) regular contribution, which is not based on actual income, amounts to 543.24 euros per month in West Germany and 471.24 euros per month in East Germany. However, it is possible in the first three years of self-employment to pay only half of the regular contribution. Moreover, it is possible to pay more or less than the regular contribution if a fluctuating income can be verified.

Self-employed artists and members of the publishing professions are subject to compulsory insurance under the Artists Social Welfare Act – though they pay only half the contributions themselves. Contributions are subject to a minimum annual income of EUR 3,900 generated through self-employment, although new entrants to the profession are not required to attain this minimum. The Artists' Social Welfare Fund ("Künstlersozialkasse") decides who must pay contributions and also sets the rate.

Since 1999, self-employed individuals have also been subject to compulsory insurance if they do not normally have any employees who must pay contributions themselves and if they work primarily on a long-term basis for a single client or employer. People are considered to work primarily for a single client or employer not only if they work primarily under contract to one client or employer but also if they are largely economically dependent upon such a client or employer.

People starting a new business with only one customer can be exempted from paying contributions for up to three years. An exemption can also be claimed by people who are already near retirement age.

Farmers are not required to be insured under the SPI but are covered by a separate farmers' pension fund. This special system provides farmers with partial coverage, which they supplement in other ways – often by selling the farm on retirement or claiming a so called "Altenteil", i.e. the right of German farmers to live on the farm after making it over to their children.

Self-employed people who are not required to pay compulsory pension contributions can apply for voluntary pension insurance coverage within five years of becoming self-employed. They then have the same rights and obligations as compulsory contributors.

Occupational pension schemes constitute the second tier of the German pension system. They are in general voluntary in the private sector and are aimed at employees not the self-employed. These schemes are very diverse in their design. Traditionally, these pensions were mainly defined-benefit and employer-financed. However, a shift is taking place towards other types of occupational pension arrangements that are linked to the capital market, as well as towards arrangements financed mainly (directly) by employees (and no longer employers) and based on defined contributions rather than defined benefits. This is taking place in particular because of the right employees now enjoy to use their earnings up to a certain limit to accumulate an occupational pension fund ("earnings conversion") without paying income tax and social insurance contributions on that part of their earnings.

Since occupational pensions are in general voluntary (only in the public service and the construction industry is there full coverage for all employees, with both schemes based on collective agreements), only a proportion of employees acquire entitlements to occupational pensions. The share was about 57 per cent in 2015 (see figure 20 in the annex). The beneficiaries are predominantly male workers employed in large companies on standard contracts and with average to higher incomes.

The third tier involves a great variety of voluntary capital-funded old-age savings schemes, some with risk pooling (life insurance) and others without such insurance elements; some types attract tax reliefs. At the centre of the public debate are those private pensions that fulfil certain requirements (and then will be certified) as preconditions for either subsidies (supplements) or extra tax relief (known as the Riester-Rente). The direct subsidies are especially attractive for low-income earners and for employees with children. The main requirement for a subsidised "Riester-contract" with a linked life insurance policy or with a bank is that at least the nominal value of contribution payments must be guaranteed.

Promoted private pensions ("Riester-Rente") are aimed at employees. However, self-employed individuals can also receive subsidies or tax relief if they are subject to compulsory insurance (SHI) or if their spouse is directly entitled. More important for the private old-age provision of self-employed is the so-called "basic pension". This attracts

tax reliefs and is especially attractive for self-employed individuals with high taxable incomes.

2.1.4 Unemployment benefits and social assistance benefits

Social protection for the unemployed comprises an insurance-funded (Unemployment Benefit I) and a tax-funded system (Unemployment Benefit II) (in detail see BMAS 2016c; 52 ff. and 19 ff.) (see also figure 21 in the annex):

Unemployment Benefit I, the legal basis for which is laid down in Book III of the German Social Code, is provided for formerly insured employees. All dependent employees, with the exception of tenured public employees (*“Beamte”*) and marginal part-timers (mini-jobbers), are subject to compulsory unemployment insurance. The current contribution rate for unemployment insurance is 3 per cent of gross pay.

Self-employed are not subject to unemployment insurance (one small exception see below). If they have to give up their jobs, they logically cannot claim unemployment benefit I. Even in the case of insolvency, there is no entitlement to an insurance benefit (this is where the insolvency law comes into play).

Anyone who provides home nursing care for a dependant or is self-employed for at least 15 hours per week may make voluntary unemployment insurance contributions. This gives people who are not required to pay mandatory contributions the opportunity to pay a voluntary contribution to safeguard their entitlement to unemployment benefit. However, applicants must also have paid mandatory contributions at an earlier date.

Unemployment benefit I, the level of which is set at 60 per cent of the last net wage (67 per cent for claimants with children), is paid if the jobless person has contributed to the unemployment insurance fund for a minimum of one year within the last three years. The regular maximum period of 12 months for benefit receipt is extended for older claimants to 15 months for those aged over 50 years, 18 months for those aged over 55 years and 24 months for those aged over 58 years.

In addition, insured unemployed persons can be supported and promoted by a wide range of active labour market measures: inter alia, vocational guidance and orientation, vocational training and work placement, vocational integration measures, promotion of further vocational training and help to become self-employed.

Workers who end their unemployment by taking up self-employment as their main occupation may receive a start-up grant (*“Gründungszuschuss”*) to cover living expenses and social insurance contributions for the first few months of self-employment. The start-up grant can be made available to unemployed persons who still have at least 150 days' entitlement to unemployment benefit on entering self-employment. The start-up grant is paid out in two phases. For the first six months, self-employed start-ups can receive a grant matching their last unemployment benefit to cover living expenses, plus EUR 300 a month for social insurance. The EUR 300 a month for social insurance can be paid for a further nine months if the claimant can demonstrate that they are actively trading and working for the business on a self-employed basis. The benefits to promote self-employment have been severely reduced in recent years (see figure 22 in the annex).

In contrast to the employment-related and insurance-funded unemployment benefit I, the tax-funded unemployment benefit II (basic income support for job seekers) applies to **all** persons of working age who are capable of work and who are not able to cover their living costs from their own resources. Also eligible are family members not capable of work who live with them in a 'community of need' (*“Bedarfsgemeinschaft”*). Employment status is of no importance for eligibility.

In 2015, only 30 per cent of the registered unemployed were legally entitled to insurance-funded unemployment benefit (see figure 23 in the annex). At the same time, almost 70 per cent were entitled to the basic income support for job seekers (unemployment benefit II). These numbers demonstrate the relatively minor role played by the first safety net and the dominant role of the tax-funded safety net in social protection in Germany. The vast

majority of the registered unemployed were people without, or with insufficient, social insurance protection who had to claim this means-tested income support.

It should be noted, that eligibility for unemployment benefit II is not confined to the unemployed (in this respect the benefit's name is misleading). Employed persons (or the 'communities of need' in which they live) whose household income is below the socio-cultural minimum (benefit level plus accommodation costs) can also receive this benefit. In 2015, nearly 29 per cent of all unemployment benefit II recipients were employed – mostly part-time workers or mini-jobbers (see figure 24 in the annex). As already mentioned, 119,000 self-employed persons were also claiming the benefit, equivalent to 9.1 per cent of all recipients.

Individuals who are entitled to assistance and claim basic social protection benefits for jobseekers can receive initial financial support ("*Einstiegsgeld*") to help them enter self-employment as a primary occupation or an employment relationship in which they pay compulsory contributions. The initial financial support can be granted as a supplement to basic social protection benefits for jobseekers. There must be reasonable grounds to expect that the employment or self-employment will remove the need for assistance. The amount of initial financial support is based on factors such as the length of unemployment and the size of the claimant's household. The amount therefore varies from case to case. The grant is paid for a maximum of 24 months.

The basic income support for jobseekers (based on Book II of the German Social Code ("*Sozialgesetzbuch/SGB*")) is by far the main element in the German safety net of last resort. In addition, there are further means-tested benefits, which are targeted at other vulnerable groups. Here too, employment status is irrelevant for eligibility. These benefits include assistance with living expenses outside institutions (SGB XII); pension supplement in old age and in the event of reduced earning capacity (SGB XII), basic support for asylum seekers (Asylum Seekers Benefits Act).

2.1.5 Long-term care benefits

The long-term care system in Germany is organised along similar lines to the health system (in detail see BMAS 2016c, 704 ff). Benefits are funded by the contributions-based Long-Term Care Insurance scheme (LTCI), which was introduced on January 1 1995. It is compulsory for all citizens to pay into either the social long-term care insurance scheme or a private equivalent. All members of the SHI are automatically members of the LTCI, and all members of a PHI are members of a private LTCI. However, in contrast to the SHI, the level of LTCI benefits is laid down in law. The LTCI covers only part of long-term care costs.

Statutory long-term care insurance is financed through income-related contributions. The contribution rate in 2016 is 2.35 per cent of gross income. Employers pay half of it. Contributors with no children – irrespective of the reason for their childlessness – are required to pay a supplement of 0.25 per cent. Children and spouses with no substantial earned income of their own (less than EUR 450) are co-insured at no extra cost. Pensioners' contributions have to be paid by pensioners themselves.

There are no differences in benefits between social and private LTCI. Rather than being calculated on the basis of income, premiums for private long-term care insurance are graded, as with private health insurance, according to age on commencement of the policy. The premiums are the same for men and women. Children receive free cover, as they do under social long-term care insurance. At the end of 2015, 71.1 million citizens were covered by social LTCI and 9.4 million citizens by private LTCI (see figure 25 in the annex).

Caregivers' statutory pension insurance contributions are paid for them by the long-term care insurance fund for the period during which they are providing care in a person's home provided they are doing so for a minimum of 14 hours a week and are not elsewhere employed or work no more than 30 hours a week.

In order to make it easier to reconcile care-giving and work, **employees** (but not the self-employed) are legally entitled, regardless of status, to reduce their working hours (of at

least 15 hours) for up to 24 months, including a maximum of six months' time off work. There is a guaranteed right of return from temporary part-time to full-time work. Employees who take up this scheme can claim a credit-financed benefit (interest-free loan) that has to be paid back in stages. In addition, employees are entitled to short-term care leave of up to ten working days in a year without prior notice. The loss of income is made good by an earnings replacement benefit ("*Pflegeunterstützungsgeld*") that repays 90 per cent of the lost earnings (minus employee contributions to the statutory pension, long-term care and unemployment insurance, comparable to sickness benefit in the case of a child's illness, see below).

The entitlement to short-term care leave is unlimited; it applies to every employee irrespective of the size of company. However, the statutory right to the six months' care leave is limited to employees in companies with more than 15 employees. And the statutory right to work part-time for up to 24 months applies only to employees in companies with more than 25 employees.

2.2 Invalidity, accidents at work and occupational injuries benefits

Invalidity pensions (reduced earning capacity pensions) are an important part of the SPI's range of benefits. Thus anyone claiming a reduced earning capacity pension has to be a contributor to the SPI. Self-employed persons (with the exception of the above named groups) are therefore not entitled. A further condition of entitlement is that in the five years preceding the loss of earning capacity, employees have paid compulsory contributions for at least three years and have also completed the general five-year qualifying period. Insured persons can receive a full reduced earning capacity pension if they are prevented for health reasons from doing at least three hours of paid work a day under the conditions usually pertaining in the general labour market. Insured persons who are prevented for health reasons from doing at least six hours of paid work a day under the conditions usually pertaining in the general labour market are considered to have partial reduced earning capacity. The partial reduced earning capacity pension is paid at half the rate of a full reduced earning capacity pension.

As a rule, the risk of invalidity is not covered by occupational pensions and private pensions. Private occupational disability insurance policies can be exceptionally expensive, since the premiums depend on individuals' health risks and age on entry into the private system. Self-employed individuals with low incomes and/or a high invalidity risk cannot afford it.

The risks of accidents at work (including commuting accidents that take place on the way between the place of residence and the place of work) and occupational diseases are covered by the statutory occupational accident insurance. **All** employees, regardless of their status or their income, are insured. Statutory occupational accident insurance also covers, among other things, all children attending nursery, primary and secondary school, students in higher education and home carers. With a few exceptions (e.g. farmers), insurance is not compulsory for the self-employed. However, self-employed individuals can obtain insurance coverage on a voluntary basis for themselves as well for contributing family members.

Various employers' liability insurance funds provide statutory occupational accident insurance for the commercial and agricultural sectors. It is funded through employers' contributions, the level of which depends on the total annual wage bill and the employer's hazard level. Employees, schoolchildren, students, etc. do not pay contributions themselves.

In the event of an occupational accident or illness, statutory occupational accident insurance provides full medical treatment, occupational integration assistance (including retraining if necessary), social integration assistance and supplementary assistance and cash benefits for the insured and their surviving dependants (injury benefits, pensions and survivors' pensions).

2.2.1 Family benefits

Employment status plays **no** role in determining entitlement to family benefits. These benefits include child benefit, child tax allowance, supplementary child benefit and advance payment of maintenance.

However, labour law regulations on the reconciliation of family life and paid work apply exclusively to employees. As outlined above, parental leave and care leave should be listed here. Also essential is the right to leave to care for sick children. If employees are members of the SHI and their child (up to age 12) is ill and in need of care (as attested by a doctor), they are entitled to sickness benefit for a maximum of 10 working days per child up to a total of 25 working days in each calendar year; single parents are entitled to a maximum of 50 working days' leave per year.

2.3 Assessment of the existing social provisions and of the impact of any possible extension of their coverage

Examination of the structures and effects of the German welfare state from the perspective of social protection for the self-employed reveals several problem areas that have gained in importance over the last few years and whose significance will continue to increase in future. On the one hand, the self-employed are still excluded from core areas of the welfare state and social protection. On the other hand, because of the digitization of the world of work and the spread of the platform-driven economy, it is becoming increasingly difficult to determine the boundaries between dependent employment and self-employment. The boundaries are blurring and there are parallel and sequential overlaps between the employment forms.

- The regulations on occupational health and safety apply exclusively to dependent employees. Although many self-employed persons running small businesses are working under particularly stressful conditions, they are ignored. Excessive working hours, severe psychological and physical strain and working under time pressure are stress factors that are not confined to dependent employees (Bundesministerium für Arbeit 2013). Moreover, why are self-employed women not entitled to maternity protection and leave? Why are they only entitled to receive maternity benefit if they are voluntary members of the SHI?
- Since rights under labour law to remuneration, paid leave, a minimum wage and parental and care leave do not apply to self-employed persons, there is a financial incentive to create cheaper forms that are formally independent but which in fact equate to dependent employment. Whether this constitutes genuine self-employment, dependent self-employment or bogus self-employment or subcontracted self-employed must be determined in each individual case and with complex legal procedures. Overall, there is a risk that standard work relationships will be ousted.
- The situation as regards health insurance cover for the self-employed is mixed. On the one hand, those who are well or highly paid can insure themselves cost-effectively in the PHI. In so doing, they are able to evade the redistributive element that is fundamental to the SHI. On the other hand, the income-independent premiums for private health insurance are a heavy burden on self-employed persons on low incomes and the minimum contributions for voluntary membership of the statutory health insurance scheme are also high (Haun and Jacobs 2016).
- Particularly problematic is old-age provision for the self-employed, especially with regard to the future. If they fail to provide for their old age now, there will inevitably be gaps in provision in the coming years and decades. Those self-employed persons who are not compulsory members of pension schemes for the liberal professions and who do not have considerable personal assets or working capital have little if any protection. It is fanciful to expect that all self-employed persons will voluntarily provide for their old age and take out a life insurance policy as early as possible and at a sufficient level (Brenke 2016). Rather it is to be feared that many self-employed

persons will be dependent on the means-tested pension supplement in old age and in the event of reduced earning capacity (Bäcker 2014; Geyer 2014; Brettschneider and Klammer 2016). Even now, former self-employed persons account for a particularly high share of recipients of this benefit (BMAS 2016d).

- Of course, it is expensive for self-employed to provide for old age since they also have to pay the employer's contribution. However, a business model that does not even cover the costs of old-age pensions is not sustainable. Nor does it comply with the principle of fairness if taxpayers who have paid contributions for many years are expected to raise funds to finance the basic social protection benefit.
- The inclusion of self-employed persons in the SPI (in a first step of those who are not members of the above-mentioned special pension schemes) would lead to additional revenues in the short and medium term and would improve the financial situation of the SPI. Current calculations assume that the contribution rate could drop by 0.8 per cent. In the long term, however, a reversal of these positive financial effects can be expected since the additional pension entitlements lead to rising expenditures (Ehrentraut and Moog 2017). Projections, which provide information on the effects of an expansion of the SPI and also of the SHI on the labour market, are not available.
- The German SPI is based on individual social security accounts. Employees who switch into self-employment do not lose the entitlements they have already accumulated. But if they are no longer contributing to the SPI they no longer fulfil the preconditions for claiming a reduced earning capacity pension. Problematic is the situation in the unemployment insurance: People lose their entitlements if they have not contributed for a minimum of one year within the last three years. It has long been called upon to ease the conditions of eligibility and receipt and to make the qualifying periods more flexible. Focussed on the future is the proposal of the German Minister of Labour and Social Affairs, Andrea Nahles, that each citizen should receive an individual starting credit (*"persönliches Erwerbstätigenkonto"*). The credit can be used to compensate income losses in periods of qualification, further training, part-time work and start-ups (BMAS 2016 a).
- Members of the SHI can change the respective health insurance fund without losing the eligibility criteria. This is possible whenever the health insurance fund increases the additional contribution. Members of the PHI also have the right to switch from one insurance company to another. But this is only the theory; actually, the switch is not reasonable, since this step leads to a loss of the accrued aging provisions (which are not transferable) and to correspondingly higher premiums.

The situation of non-standard or atypical workers is different to that of the self-employed. Part-time workers, fixed-term employees and temporary agency workers are subject to the statutory social insurance. In addition, labour law regulations as well as occupational health and safety rules apply to all dependent workers, i.e. they do not differ from those for regular workers. However, closer examination reveals considerable gaps and problems (Schulze-Buschhoff 2014)⁴.

- Non-standard workers earn significantly less than regular workers do. This applies to hourly wages and even more so, in the case of part-time employment, to monthly pay. The immediate consequence is that cash benefits (pensions, unemployment benefit I, sickness benefit) are lower.
- Though non-standard workers must work under unfavourable conditions and have higher health risks, occupational health and safety has great gaps. Many employers ignore the regulations and many employees do not know their rights or are afraid to demand them. Particularly in the small service companies there are rarely works

⁴ The specific problems of posted workers are not taken into consideration at this point (see Wagner 20159)

councils, whose task is (inter alia) to control the legal rules (see e.g. Galais 2012; Bundesanstalt für Arbeitsschutz 2014; Becker and Engel 2015).

- For fixed-term employees (temporary agency workers are usually also on fixed-term contracts), dismissal protection and paid exemptions have only a limited effect. When the employment contract expires, these regulations cease to apply.
- Continuity of employment among non-standard workers is often low (Adamy 2011; Haller and Jahn 2014; Jahn and Weber 2013). Periods of employment are interrupted by periods of unemployment or non-employment. The consequence of this is that the eligibility criteria (for example qualifying periods) for the receipt of social insurance cash benefits (unemployment benefits as well as reduced earnings capacity pensions) are not fulfilled.
- Women in general, and women part-timers in particular, are concentrated in small and medium-sized enterprises. However, paid leave, including care leave, is normally limited to employees in companies with a minimum number of staff. This means that a great part of the workforce is unable to exercise those rights.
- It is mostly employees in large companies who are entitled to join voluntary occupational pension schemes. Non-standard employees are clearly underrepresented here (Blank 2013; Blank 2015).
- Last but not least: entitlements derived from collective agreements apply only to a (declining) share of all employees. In particular, the level of coverage by collective agreement is low for employees in small and medium-sized companies and for non-standard employees. The collective agreement coverage decreases continuously (2015: 59 per cent of all employees in West Germany and 49 per cent in East Germany) (see figure 26 in the annex).

Marginal part-time employees (mini-jobber) are a German “specialty”. They do not have to pay contributions and therefore do not acquire independent social insurance entitlements. This is proving to be a problem, particularly when the mini-jobs are not only a short or medium-term commitment (as for school pupils and university students) but a longer-term employment form. Above all, the marginally employed married women in marginal part-time jobs will not receive sufficiently high independent pensions in old age, as the vast majority of such employees decide to opt out from compulsory insurance, thereby perpetuating the traditional male breadwinner model.

However, with an income of just EUR 450 per month, any pension entitlement is minimal even if contributions are paid. However, it is the indirect effects of the mini-job arrangement that are actually more significant. As a culturally enshrined standard for women’s employment, it prevents women from earning more than EUR 450 and increasing their weekly working time. If individual earnings exceed EUR 450, full taxation and a gradual phase-in into social insurance sets in and the cost-free co-insurance of family members is no longer applicable. Consequently, the EUR 450 threshold acts as a strong disincentive for women to work and earn more (Bäcker 2015; Wippermann 2012).

A further aspect has to be considered. There is empirical evidence that non-standard workers, predominantly mini-jobbers, do not exercise their employment rights. Many employers refuse legal entitlements such as the minimum wage, paid holidays or sick pay. And many employees do not know their rights or are afraid to demand them (Fischer 2015; Stegmaier 2015; RWI 2012).

3 Conclusions and recommendations

The spread of new forms of employment beyond regular dependent work and beyond traditional self-employment has sparked a debate in Germany about the impact of these developments on the welfare system in general and on social protection coverage specifically (see e.g. Schulze Buschoff 2010; Bäcker et al.; Hohendanner/Walwei 2013; Bosch 2015). The following three questions have been the main focus of the debate:

- How can precarious employment and bogus self-employment be prevented while at the same time maintaining labour market flexibility?
- How can social protection be improved for non-standard employees?
- How can the self-employed be included in the social security systems?

The first question points to the need for reforms not only of labour law but also of social security and tax law. After years of labour market deregulation, some degree of re-regulation is required in order to combat abuse of workers, secure employees' rights and improve working conditions and wages. The key issues here are the introduction of and increase in the statutory minimum wage, the limitation of temporary agency work and contracts for services and – last but not least the containment of abuse (Brors and Schüren 2014; Bosch 2011; Bäcker 2016).

It has long been debated whether and how mini-jobs, with their special social security and tax regulations, should be abolished or changed so that they are no longer a dead end for women's employment. To eliminate the disincentives for those employed in mini-jobs, the abolition of the joint taxation of married couples and an obligation to pay full contributions would be necessary (Eichhorst 2012).

In answering the second question, we have to consider how social security law can be adapted to new forms of employment (Bosch 2016). Several issues are under consideration: easing the conditions for receiving social insurance cash benefits (reduction of qualifying periods), improved transferability of occupational pension rights, reduction of the minimum number of employees in a company before entitlement to care leave, for example, is triggered and the introduction of legal entitlements to part-time work in specific phases of the life course (for women and men) with a right to return to full-time work (Klenner 2014).

The third question is difficult to answer too. There is no doubt that for many self-employed people without social insurance, an old age of poverty threatens. The statutory social insurance system has traditionally been organised around workers and their family members and this has now reached its limits. There is currently no systematic approach to social protection for the self-employed. The assumption that those self-employed persons who are currently not subject to compulsory insurance are best placed to provide voluntarily and privately for their old age is certainly fanciful.

The long-demanded conversion of the various branches of the social security system into insurance schemes with compulsory membership for the entire population (so-called "*Bürgerversicherung*" or "citizens' insurance") and/or for the entire working population ("*Erwerbstätigenversicherung*" or "workers' insurance") now seems to be more necessary than ever. Even if this position is now widely shared, it is still unclear to what extent the self-employed should be involved in the statutory insurance system. The right course surely is to integrate into the system those self-employed persons who are not otherwise protected (Fachinger et al. 2008; Schulze Buschoff 2016a and 2016b). This means that the special pension schemes, for example those for the liberal professions, would initially remain. Then it must be determined how high the contribution rates should be and who should pay the employer contributions (because the self-employed do not have employers) (Fachinger 2016). Whatever decisions were taken, self-employment would become more expensive. To avoid displacement effects between different groups of self-employed persons, there should be no derogations. The introduction of the statutory minimum wage (with only a few exceptions) has shown that such a process is possible without job losses (Bosch 2016).

Contributions from the self-employed would increase the income of the social insurance funds - but also their expenditures. Since the expenditures on old-age pensions for the newly insured self-employed will have to be paid later, the SPI will enjoy some degree of financial relief in the short to medium term (Buslei et al. 2016).

It can be assumed that the self-employed will not be keen to pay compulsory contributions. That is why it is important that the pension level is sufficiently high. If the pension level is

constantly declining, as the pension adaptation formula currently ensures, it will lead to a situation in which self-employed people on low and middle incomes will have pensions no higher than the social assistance level (including the cost of accommodation), even though they will have been paying high contributions over the years (Bäcker 2016).

To finish, another problem can be identified, but one for which there are no evident solutions: how can occupational health and safety regulations be extended to the self-employed? Do we want to set maximum working hours or introduce temporary employment prohibitions (before and after birth) for the self-employed? And who should monitor this?

Finally, the following more general question can be raised: How can the incomes of crowd and click-workers be recorded?

Annex 1**SUMMARY TABLE 1: ACCESS TO SOCIAL PROTECTION: SELF-EMPLOYED**

	On her/his own account	With employees (self-employed employer)	Dependent on single client	Dependent on contractual relationship with client	Liberal professions (e.g. doctor, notary, lawyer)
Healthcare - cash benefits and benefits in kind	full	full	full	full	full
Sickness - cash benefits and benefits in kind	partial	partial	partial	partial	partial
Maternity/paternity - cash benefits and benefits in kind	partial	partial	partial	partial	partial
Old age pensions (preretirement benefits and pensions)	partial	partial	full	full	full
Survivors pensions and death grants	partial	partial	full	full	full
Unemployment benefits	none	none	none	none	none
Social assistance benefits	full	full	full	full	full
Long-term care benefits	Full	Full	Full	Full	Full
Invalidity benefits	partial	partial	partial	partial	partial
Accidents at work and occupational injuries benefits	none	none	none	none	none
Family benefits	full	full	full	full	full

SUMMARY TABLE 2: ACCESS TO SOCIAL PROTECTION: CONTRACTUAL EMPLOYMENT (NON-STANDARD CONTRACTS)

	Full-time employee	Part-time employee	Fixed-term employee	Temporary agency worker	Casual and seasonal workers	On-call workers	Zero-hour workers	Apprentices	Paid trainees	(Other) persons in vocational/professional training	minijobbers
Healthcare - cash benefits and benefits in kind	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	partial
Sickness - cash benefits and benefits in kind	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full
Maternity/paternity - cash benefits and benefits in kind	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full
Old age pensions (preretirement benefits and pensions)	Full	Full	Full	Full	Full	Full		Full	Full	Full	partial
Survivors pensions and death grants	Full	Full	Full	Full	Full	Full		Full	Full	Full	partial
Unemployment benefits	Full	Full	Full	Full	Full	Full		Full	Full	Full	none
Social assistance benefits	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full
Long-term care benefits	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full
Invalidity benefits	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full
Accidents at work and occupational injuries benefits	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full
Family benefits	Full	Full	Full	Full	Full	Full		Full	Full	Full	Full

Annex 2

Figure 1

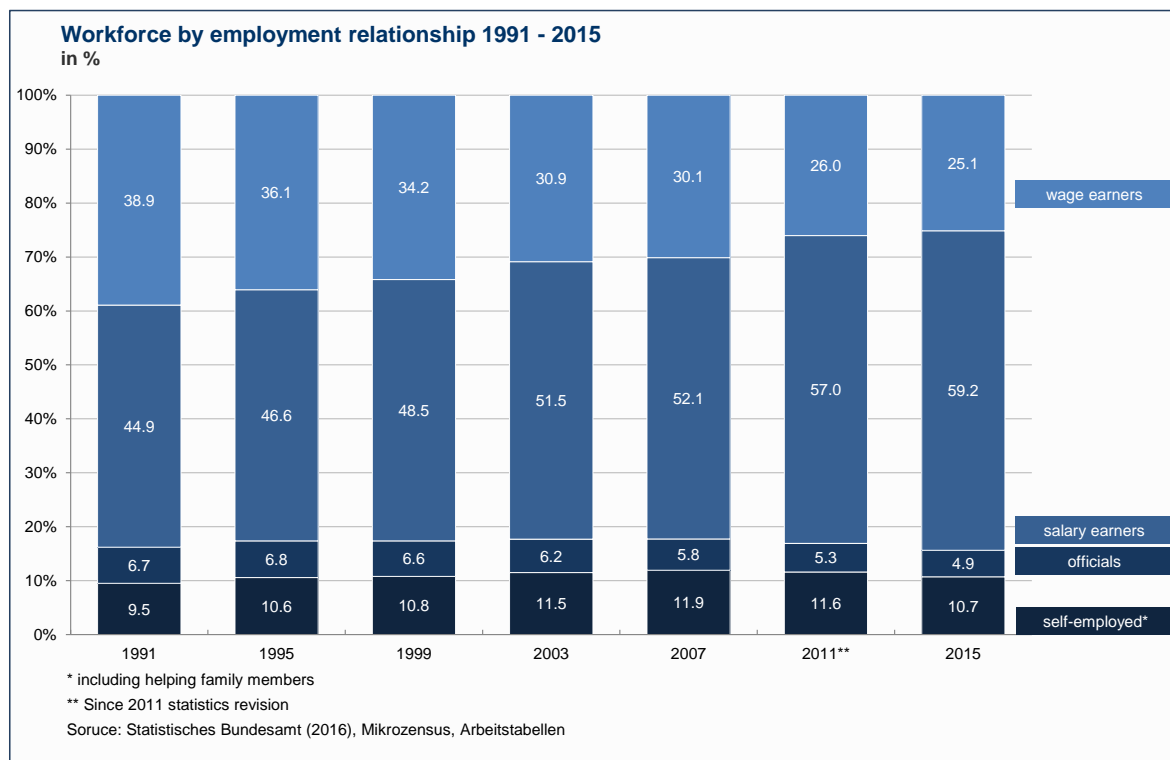


Figure 2

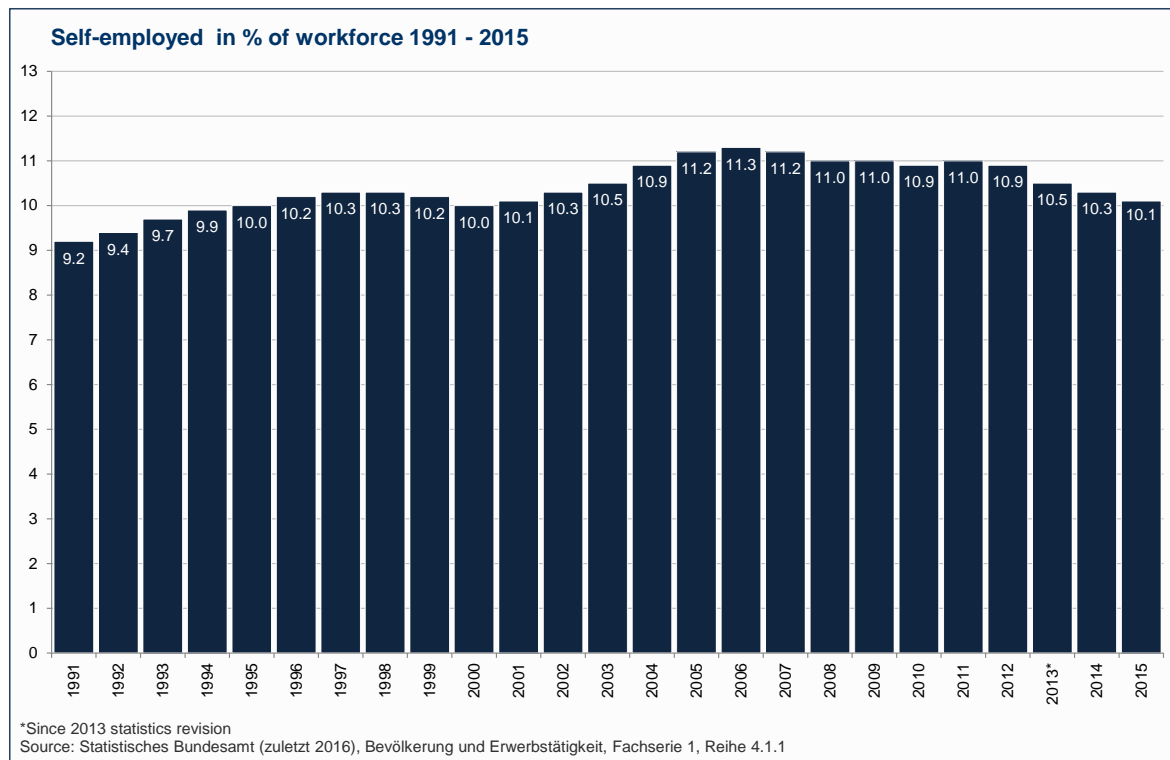


Figure 3

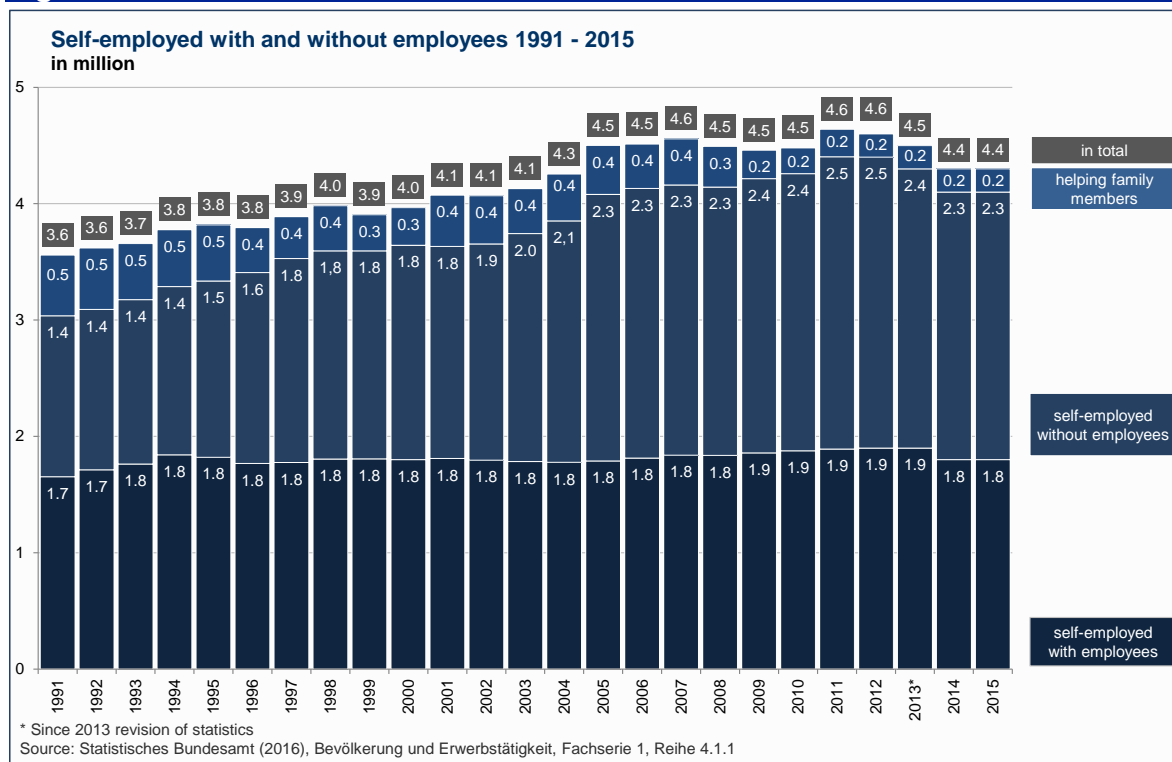


Figure 4

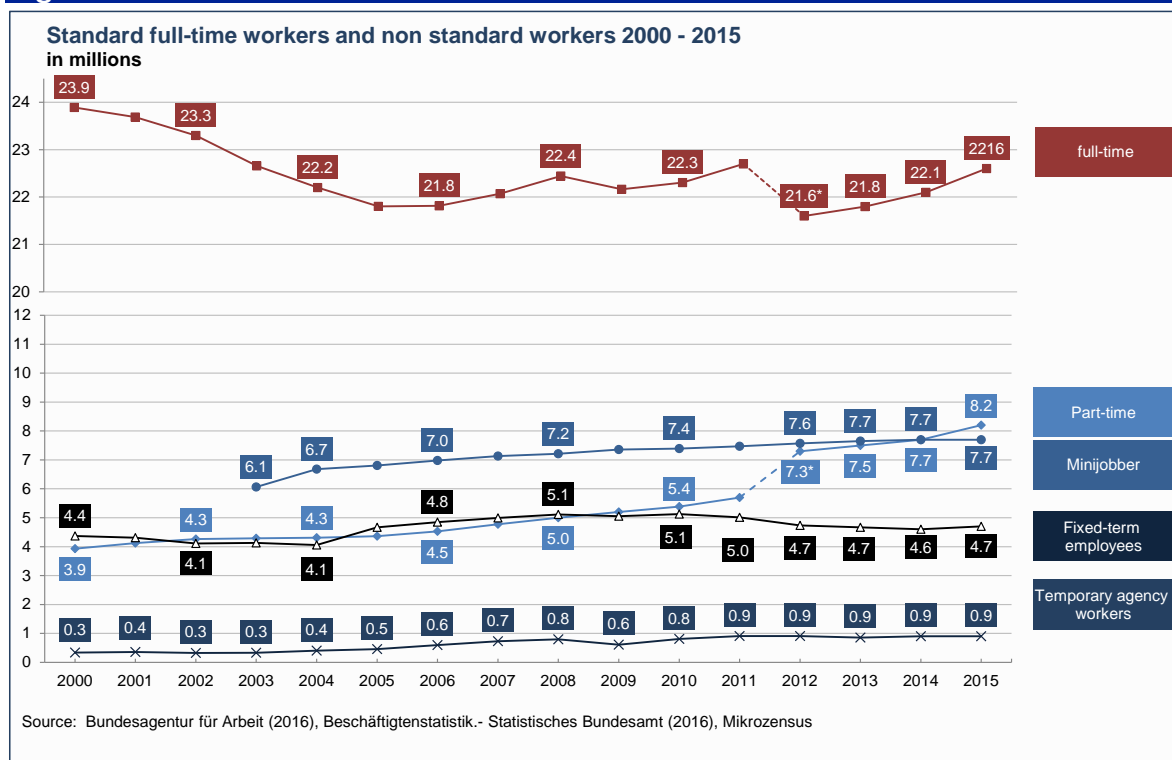


Figure 5

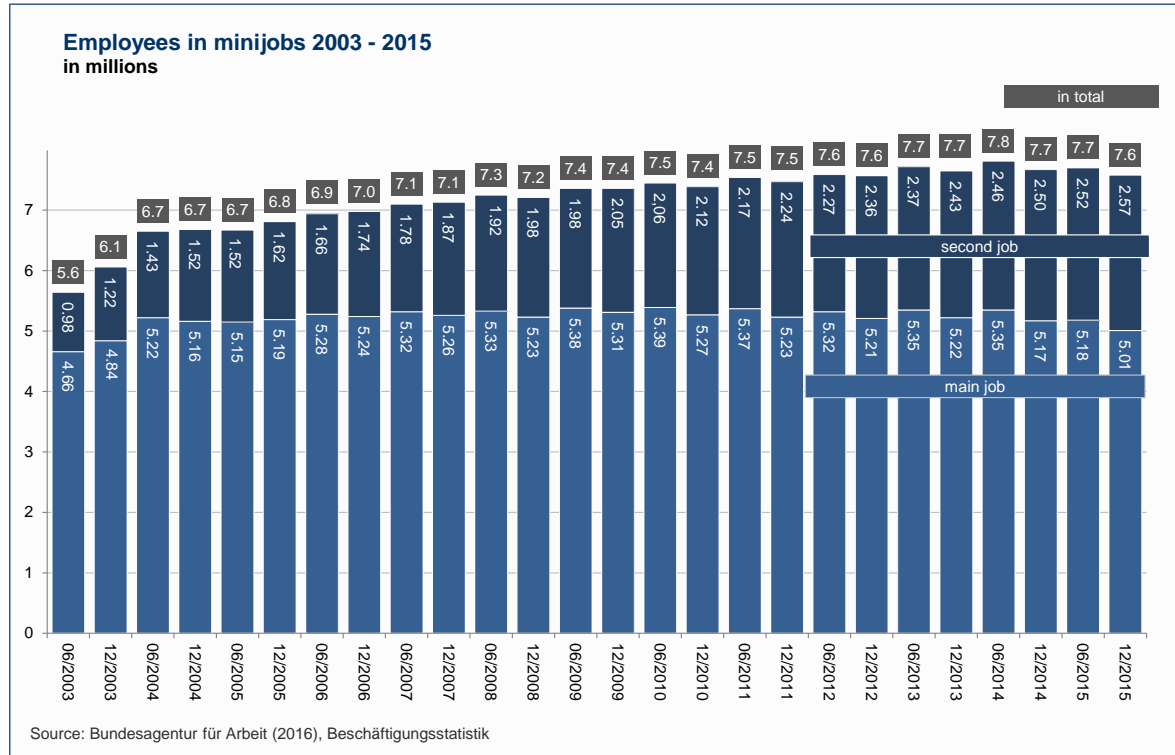


Figure 6

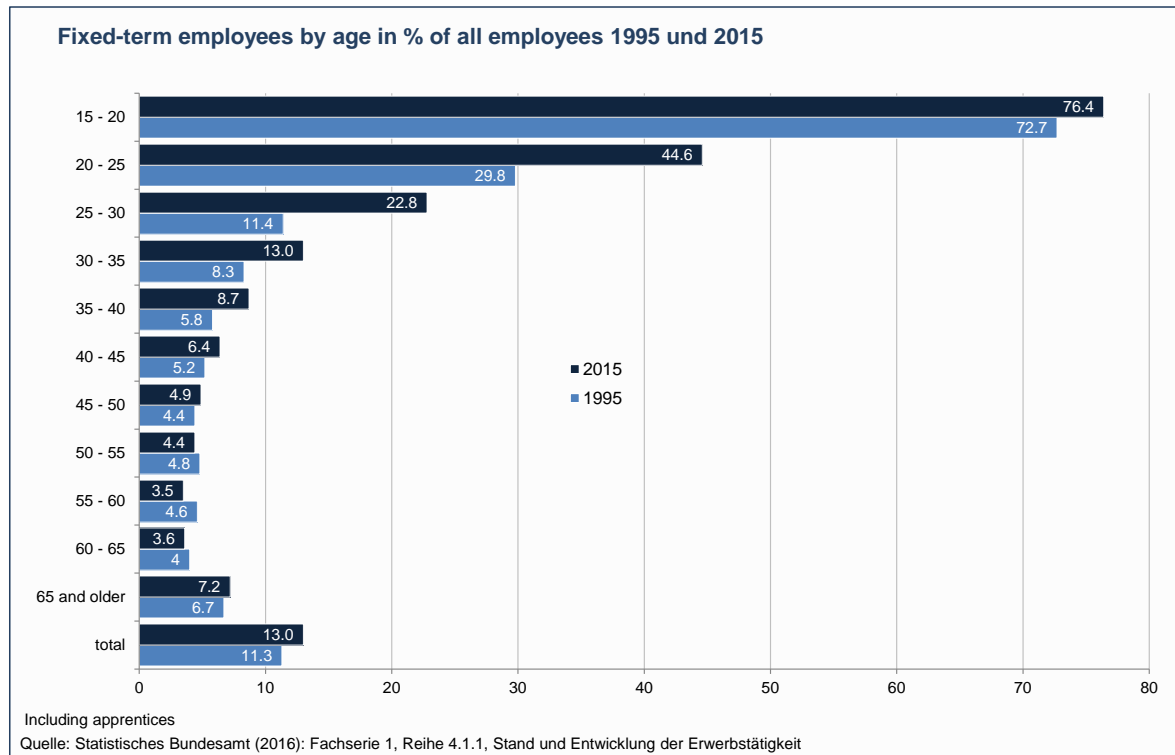


Figure 7

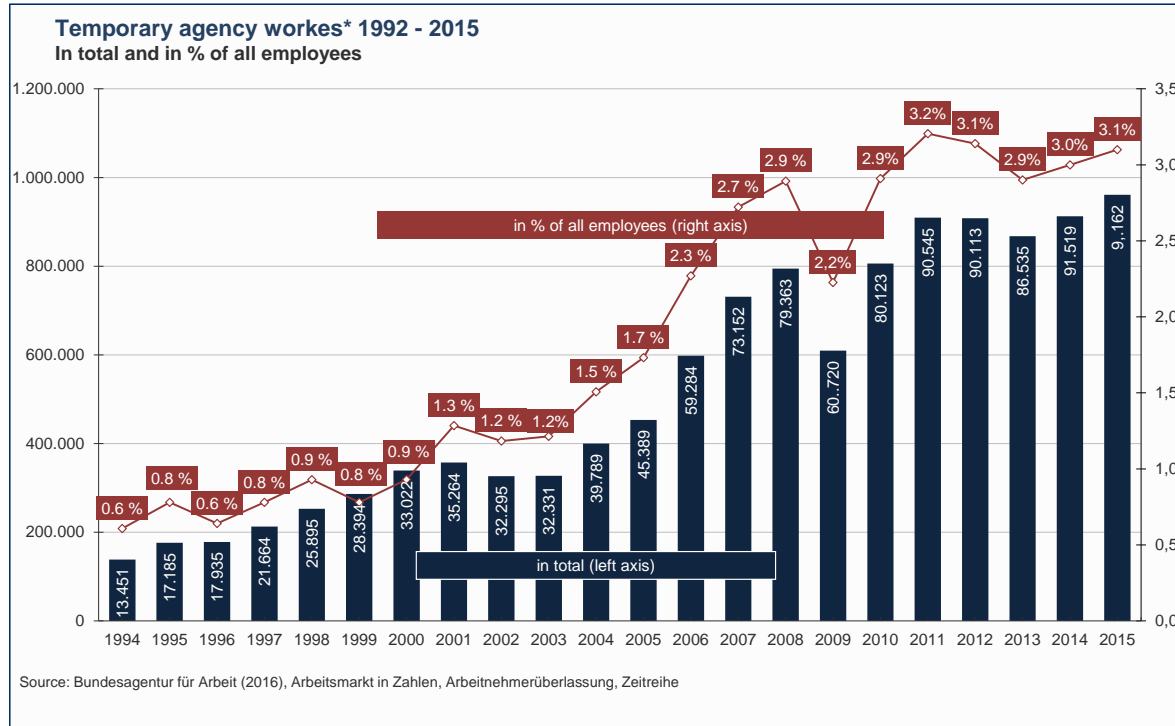


Figure 8

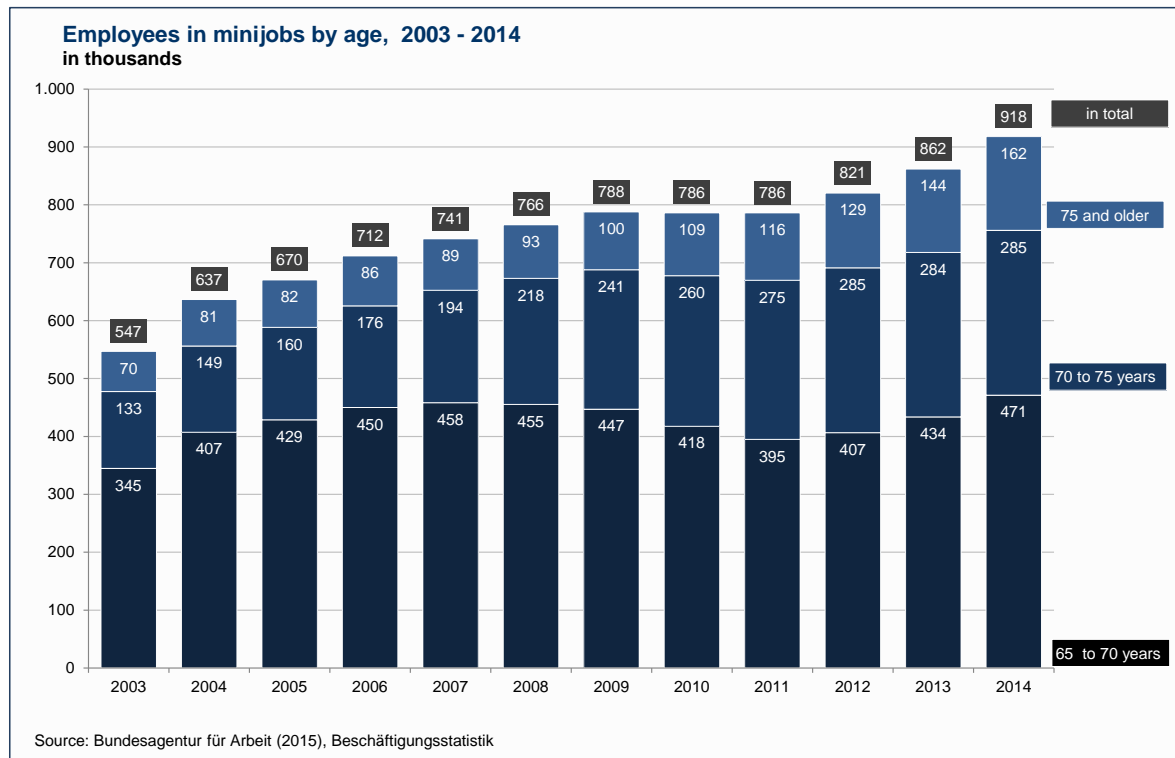


Figure 9

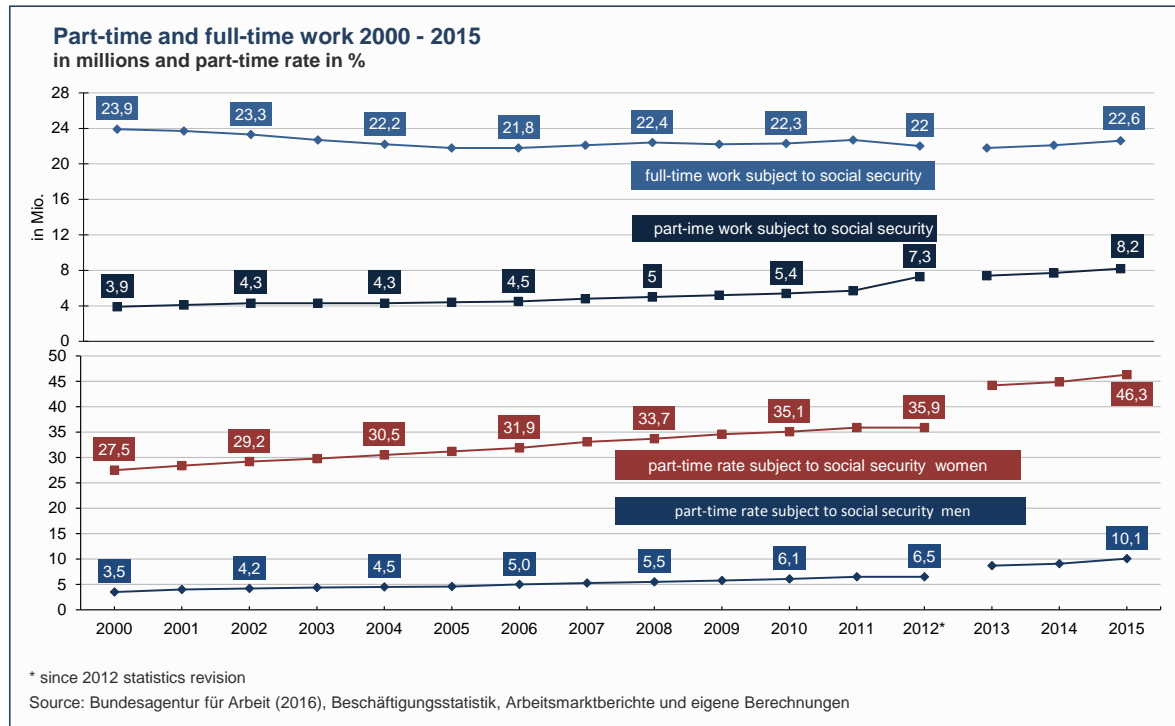


Figure 10

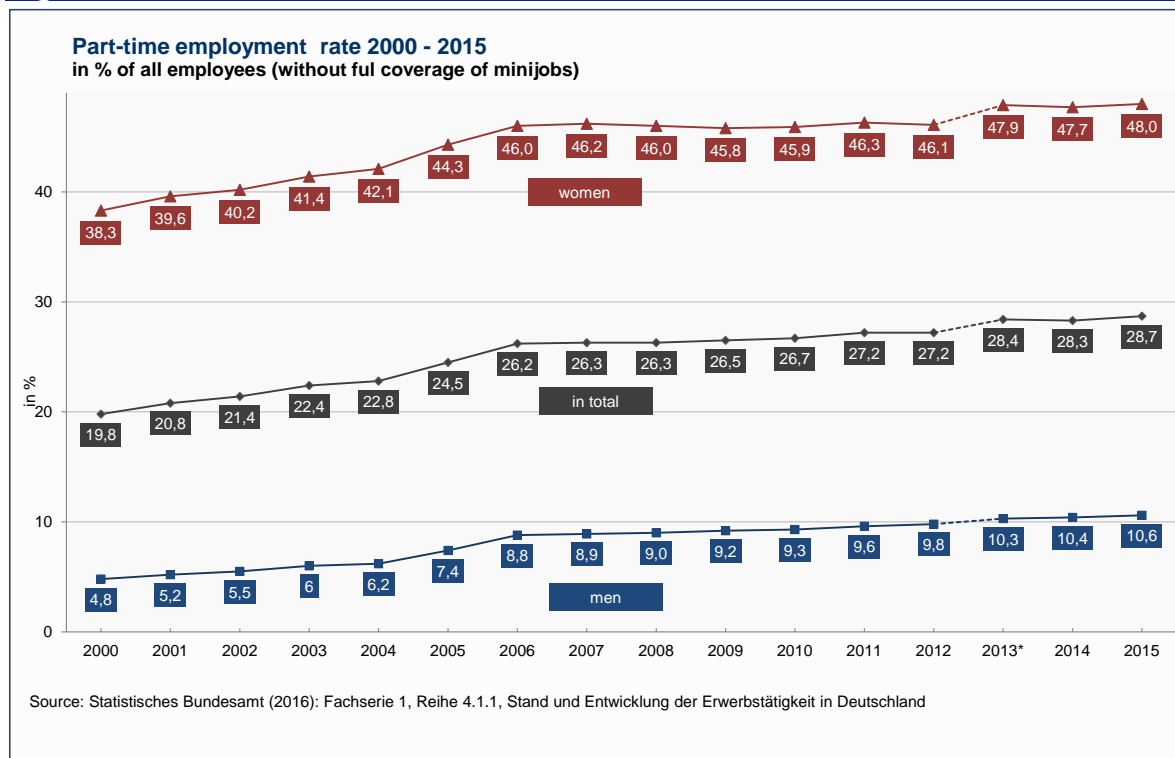


Figure 11

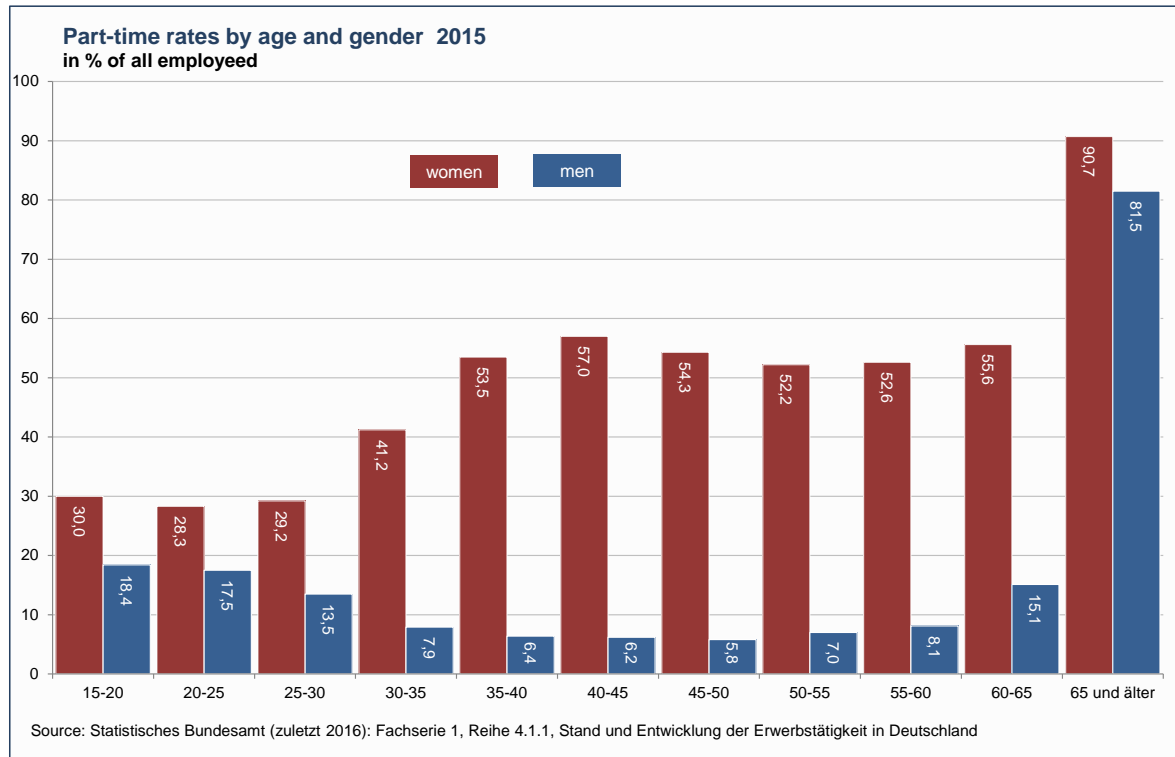


Figure 12

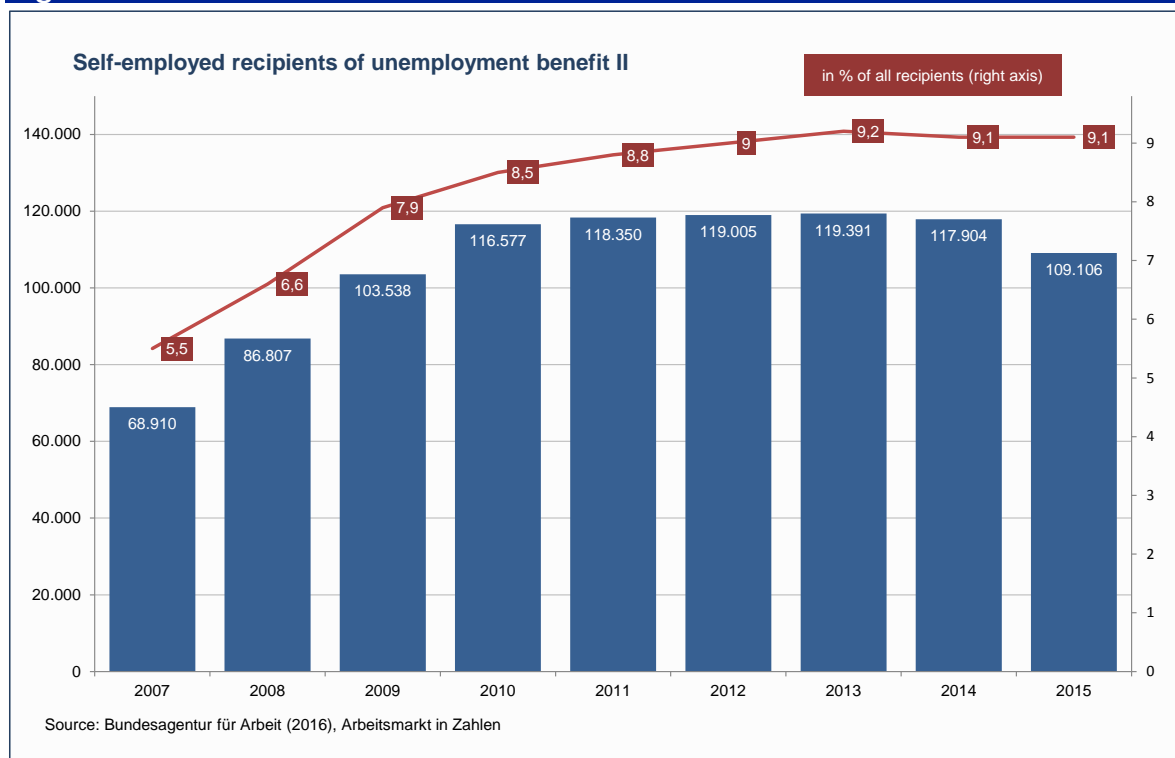


Figure 13

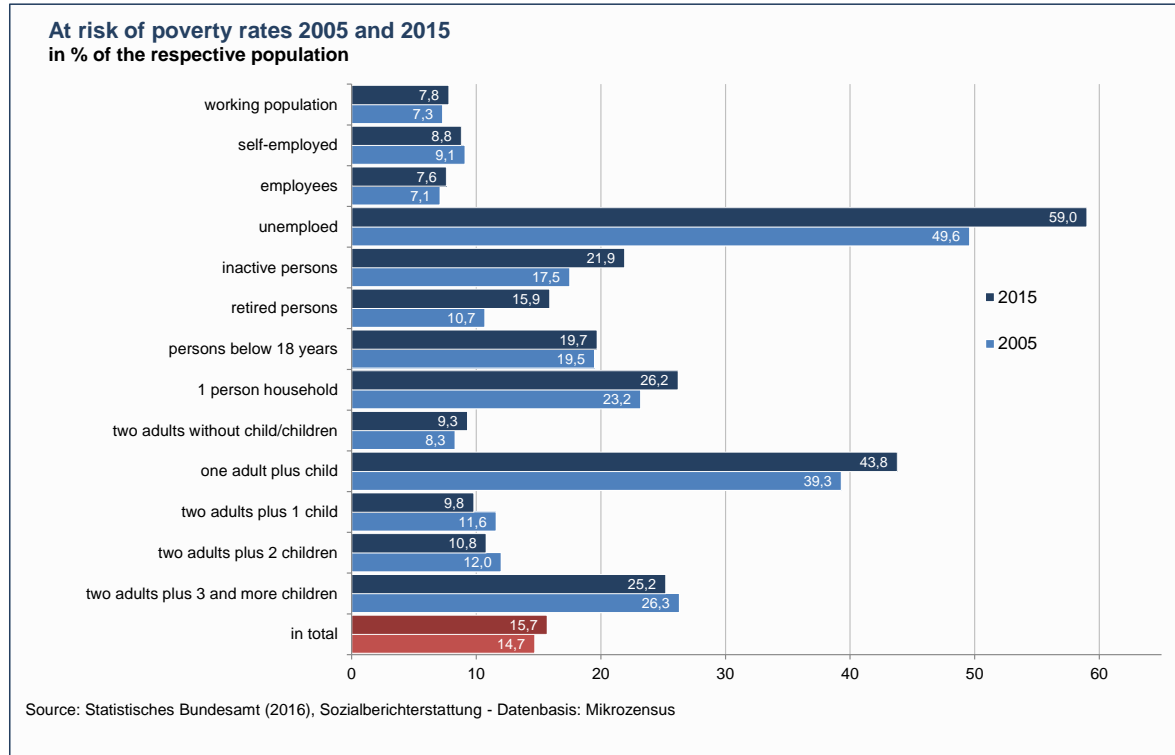


Figure 14

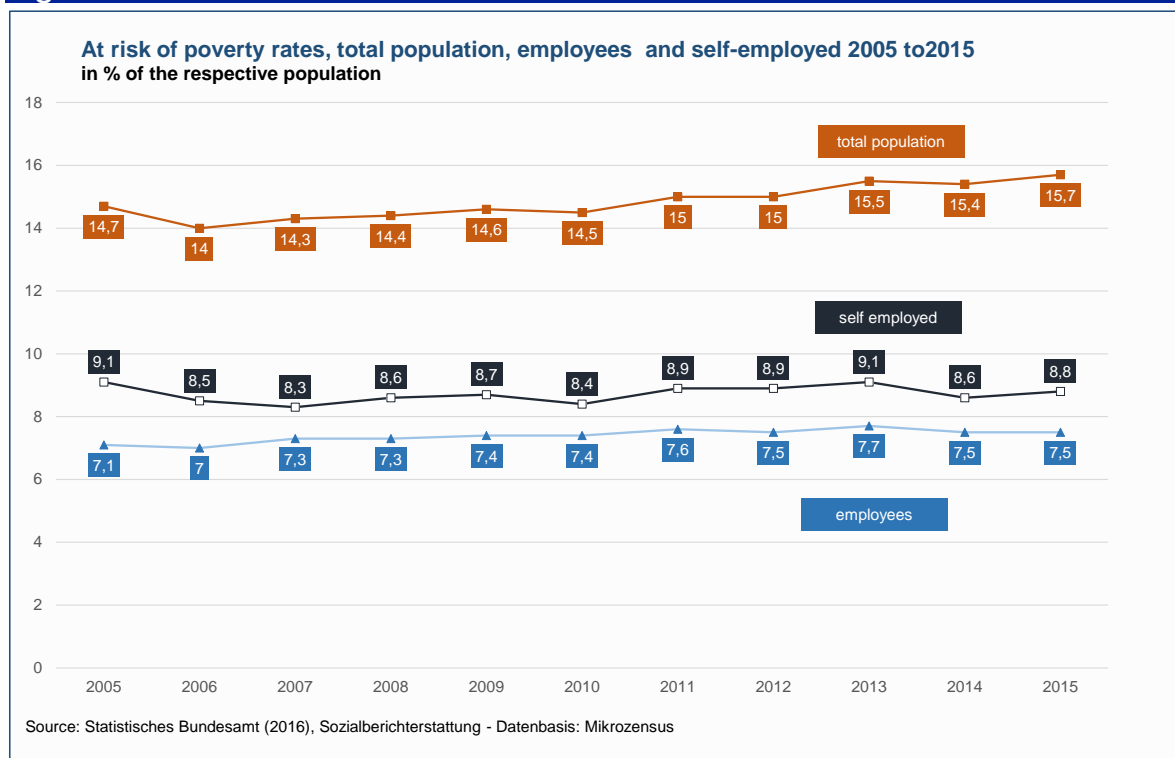


Figure 15

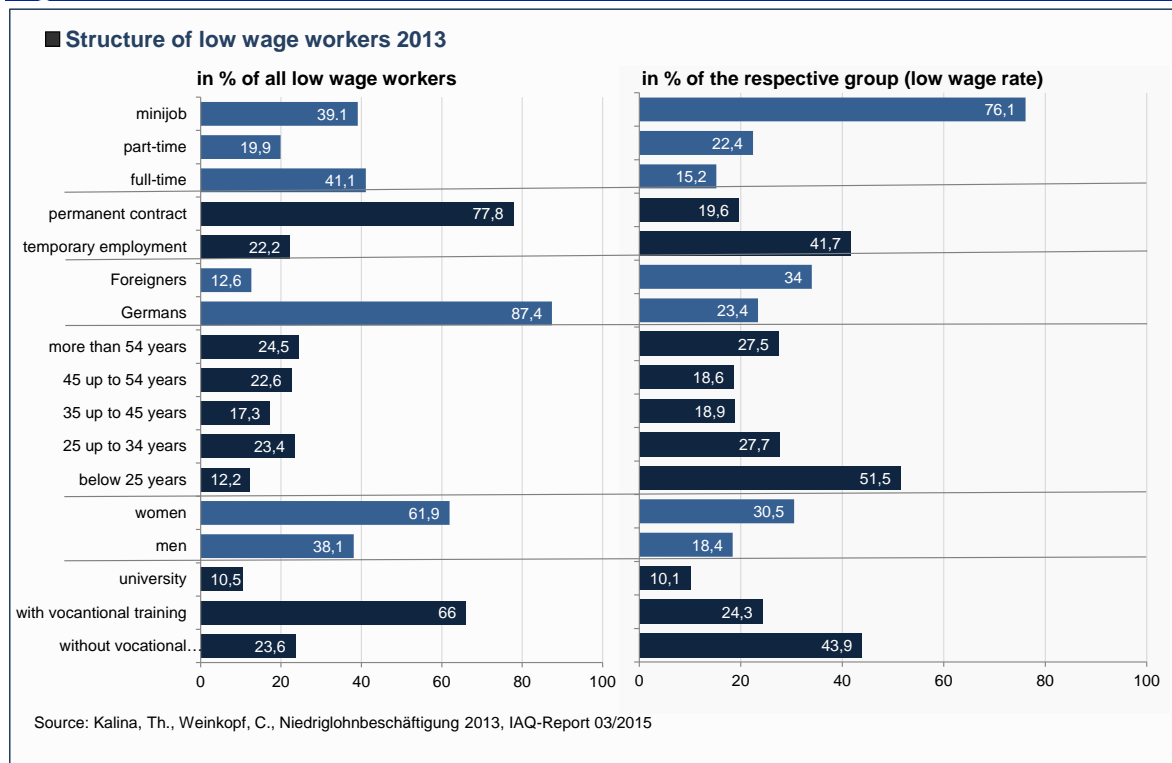


Figure 16

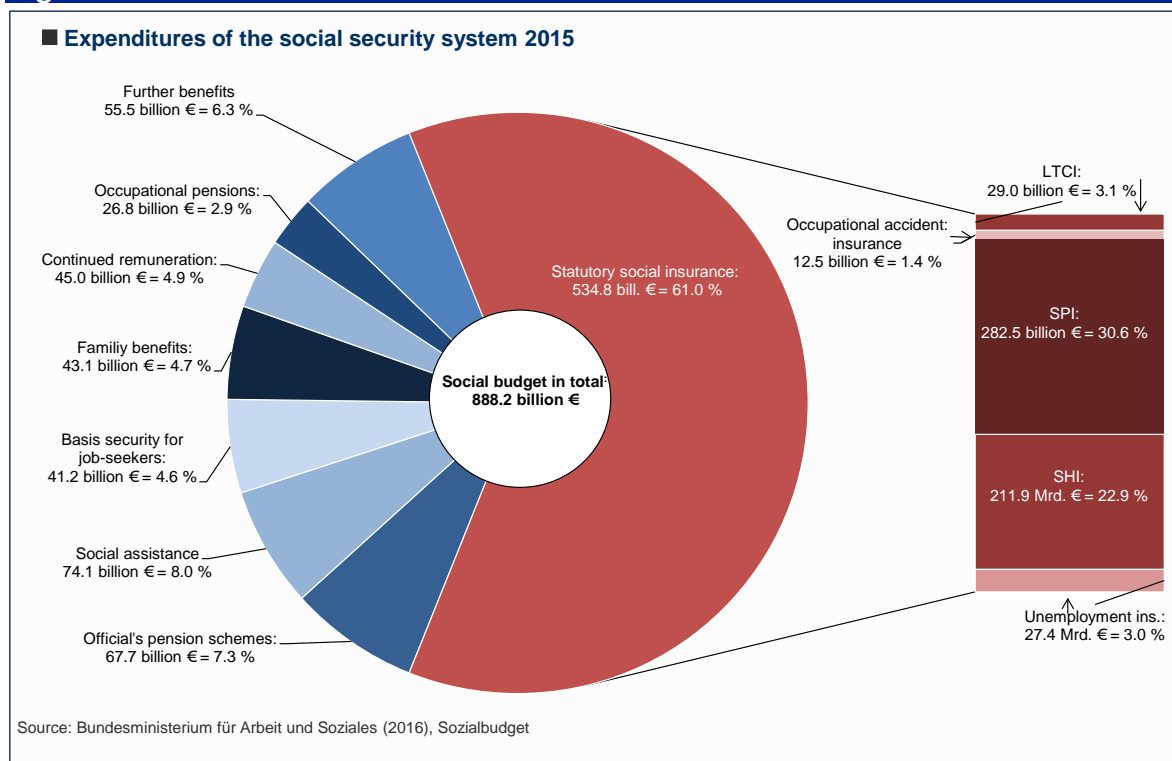


Figure 17

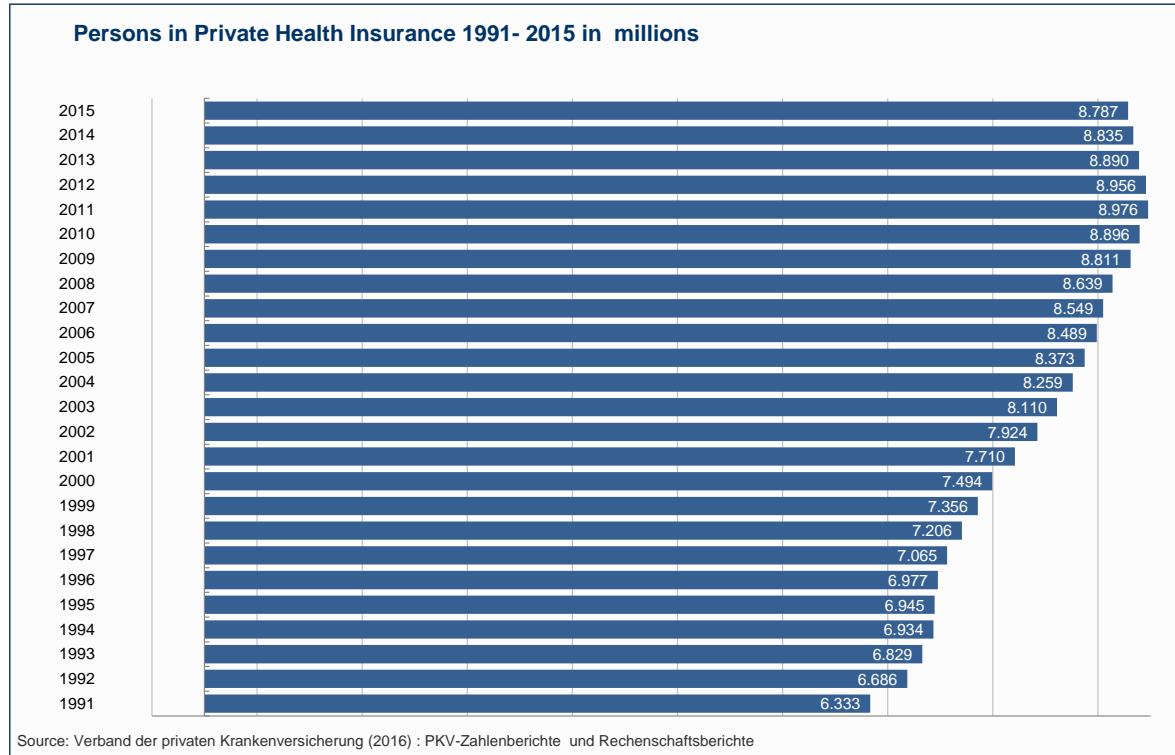


Figure 18

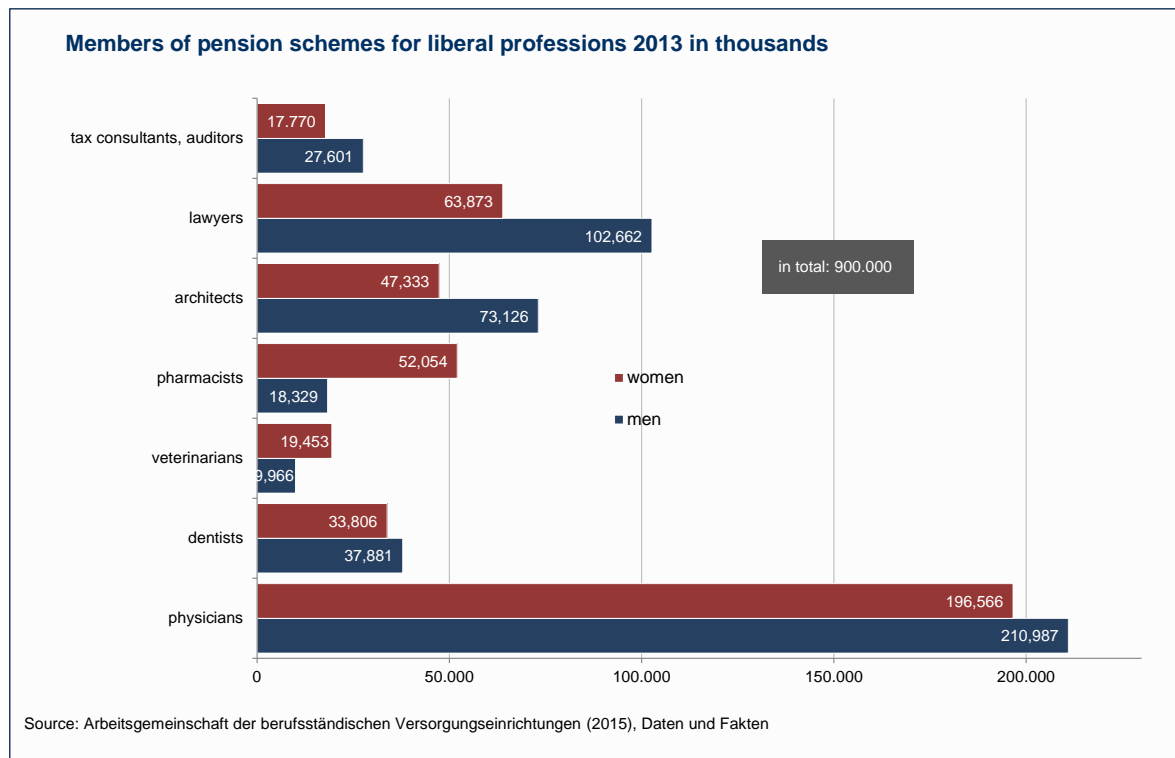


Figure 19

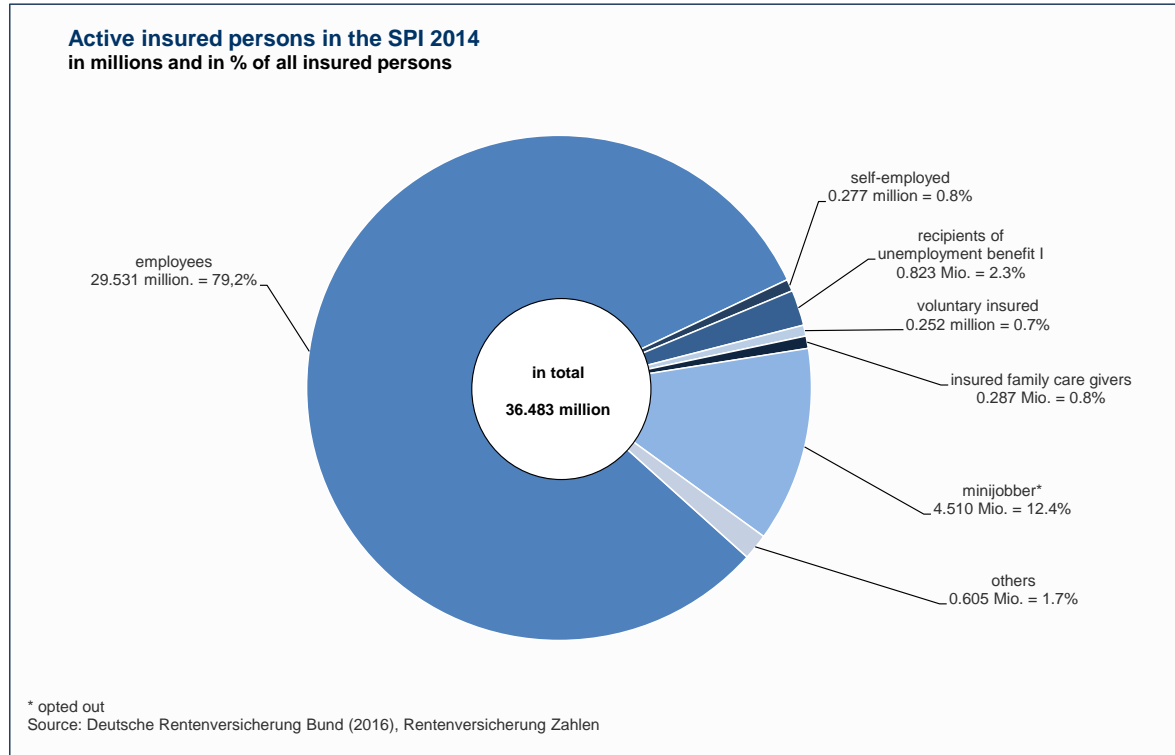


Figure 20

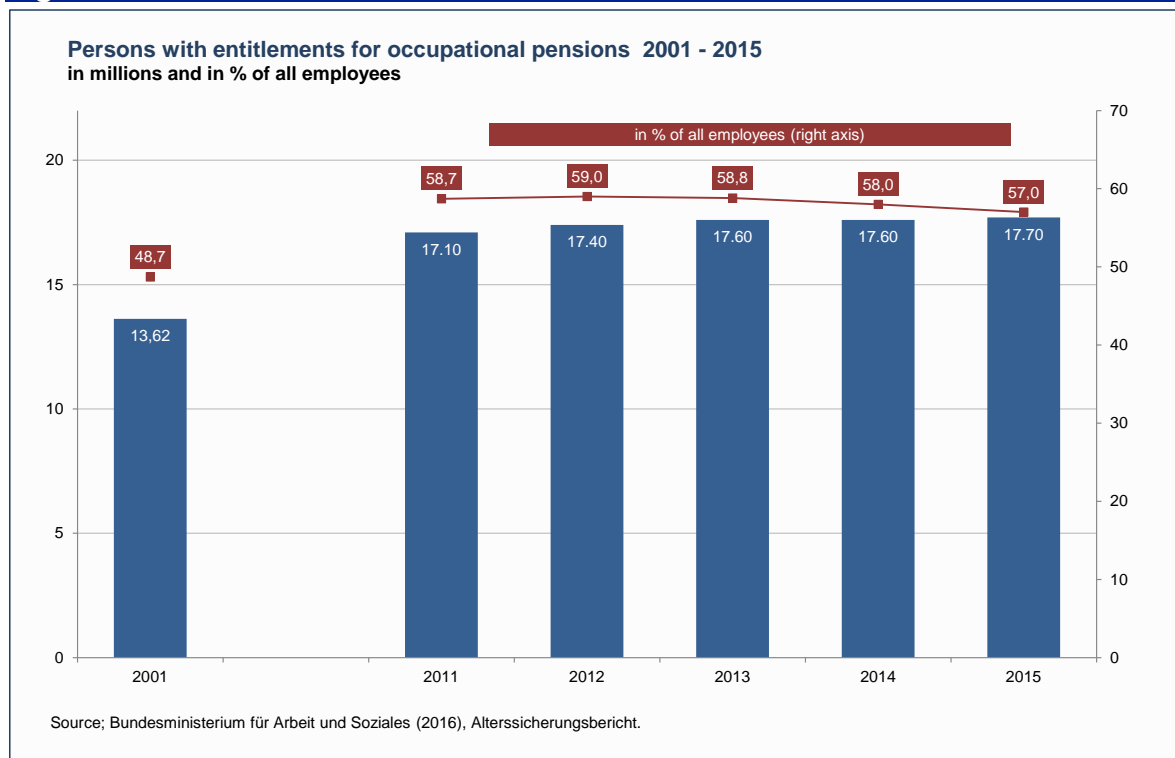
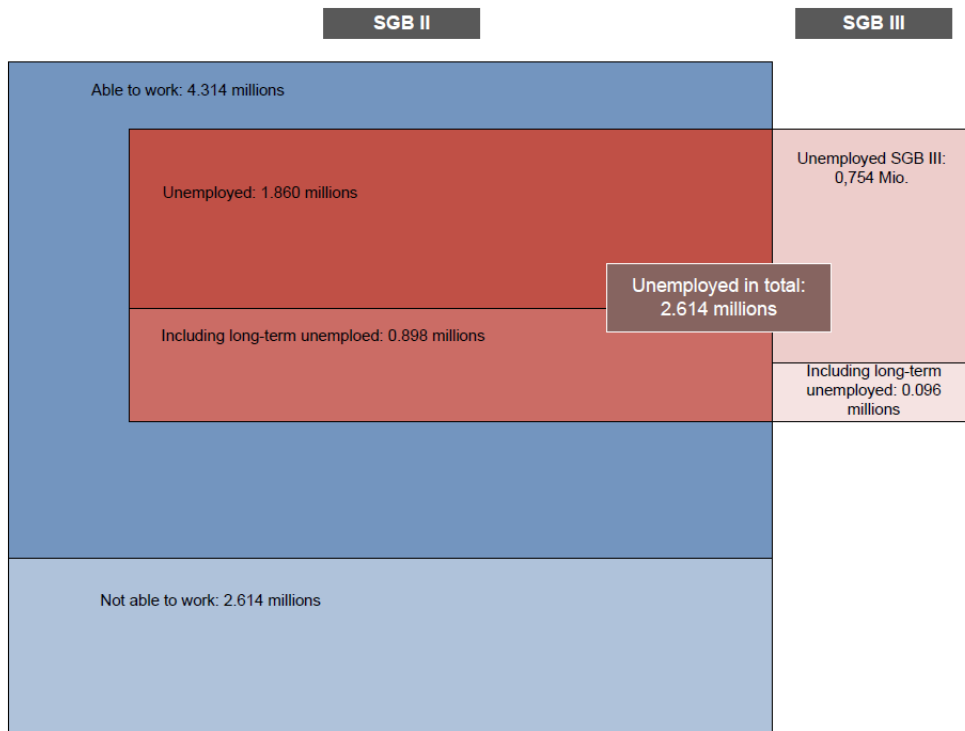


Figure 21

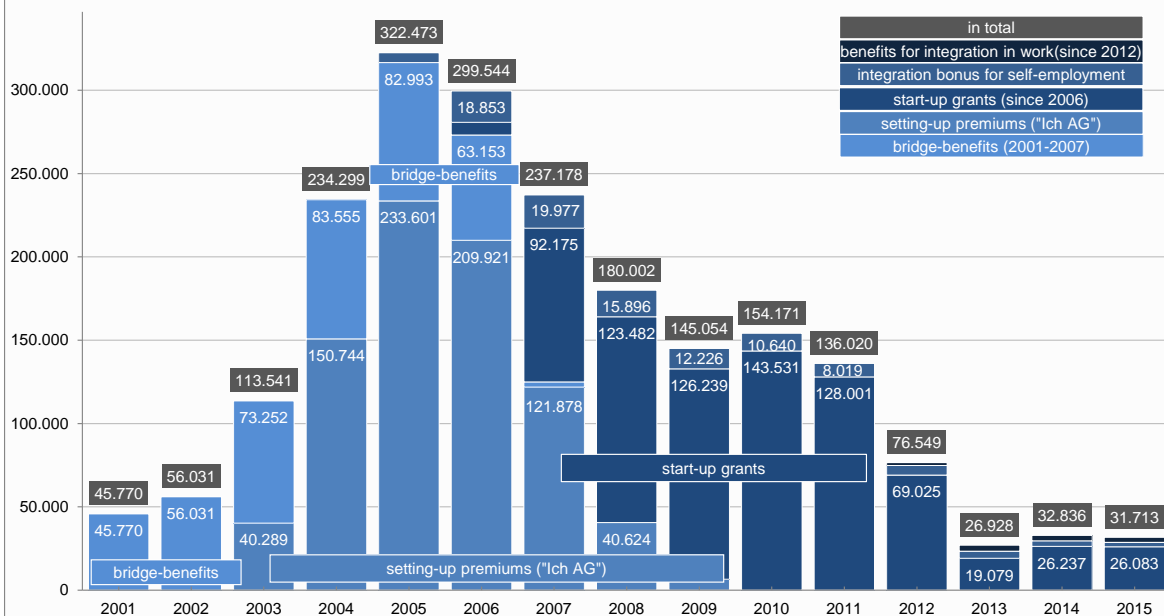
Recipients of unemployment benefit II (social code book II) and I (social code book III), 2015
in total: 5.9 millions



Source: Bundesagentur für Arbeit (2016), Leistungsberechtigte Personen in der Grundsicherung und Arbeitslose nach Rechtskreisen

Figure 22

Promotion of self-employment through active labour market policies 2001 - 2015
in thousands



Source: Bundesagentur für Arbeit (2016), Förderstatistik

Figure 23

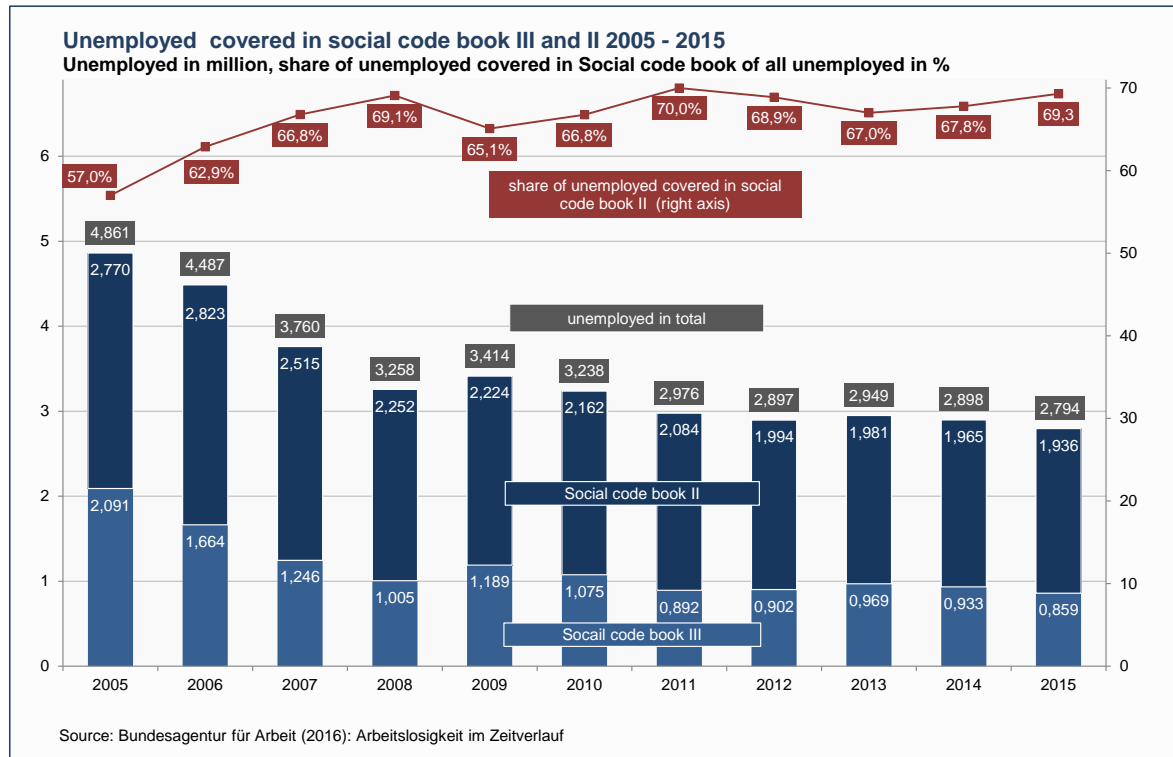


Figure 24

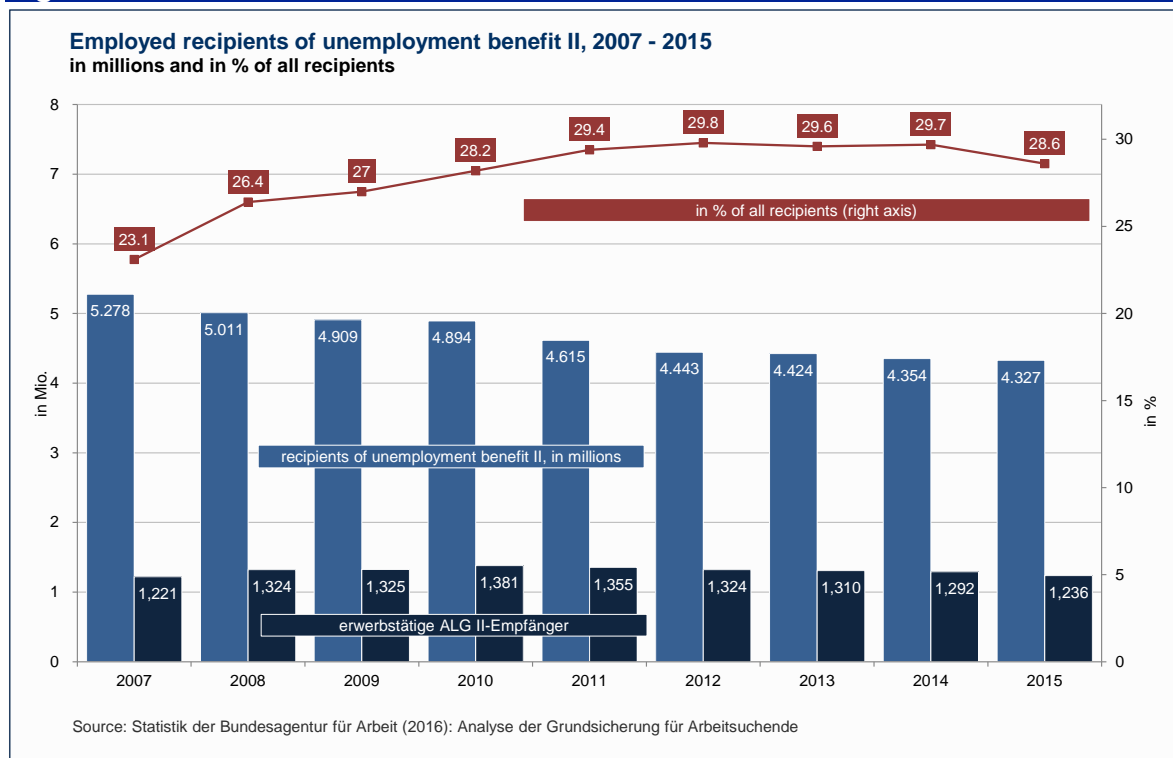


Figure 25

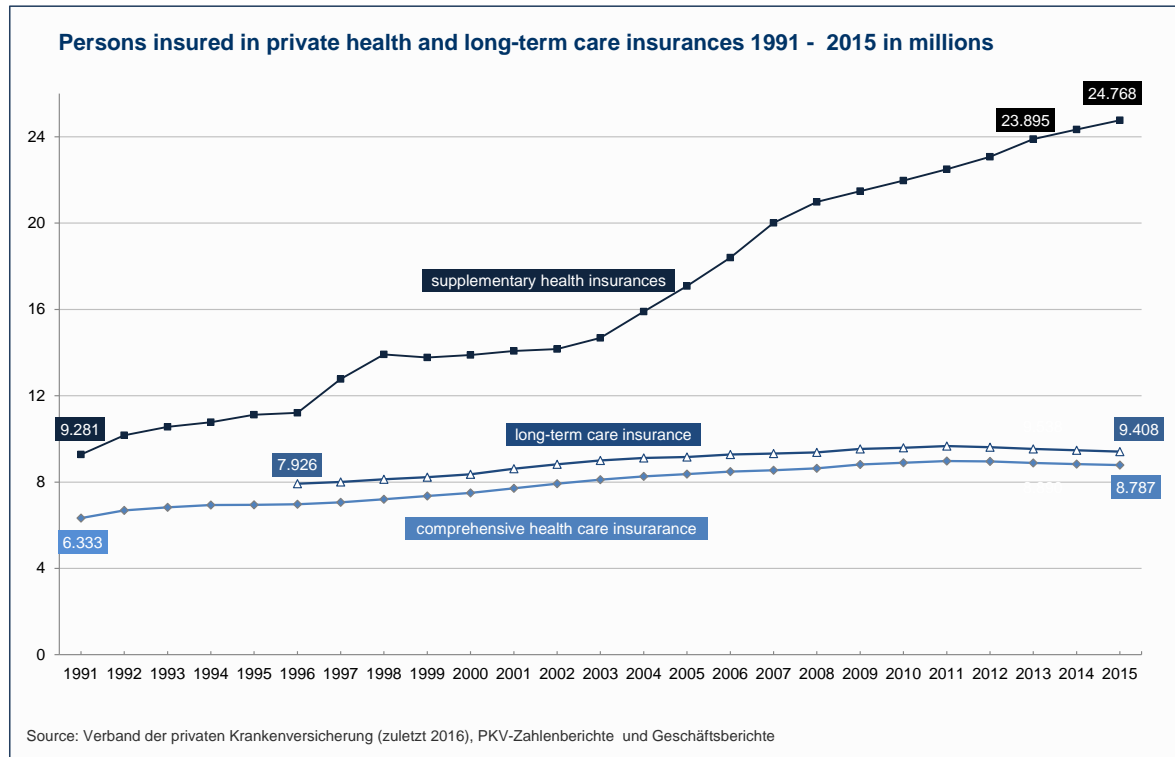
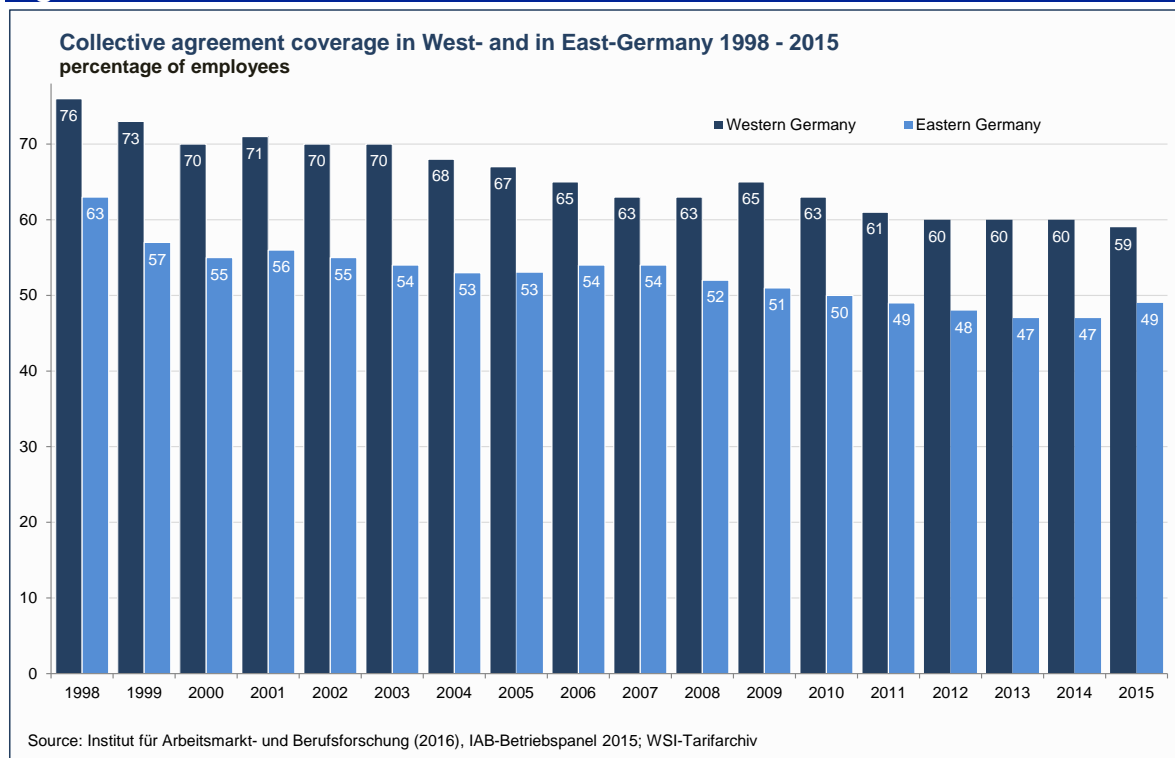


Figure 26



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