



Annual National Report 2012

Pensions, Health Care and Long-term Care

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1 Executive Summary

The year 2011 in the Czech Republic might well be termed the year of reforms. The year was characterised by a series of long-term negotiations on the changes necessary in the social and health systems and public finance in general. Negotiations on reforms proved difficult, even within the government coalition, and reform proposals were frequently accompanied by large-scale public protest and strikes, usually organised by the trade unions.

In addition, the government faced a number of internal problems, both within the cabinet, where there were changes to no less than seven ministerial positions, and with the opposition, which was finally solved when the government survived a vote of no confidence in the lower house of parliament.

Almost all the government reform proposals which had been approved by the Lower House of Parliament were subsequently rejected by the Senate and returned to the Lower House to be renegotiated, which was often followed by obstruction and filibustering by MPs. Finally, the majority of the crucial reforms, including pension and social system reform, were passed in Parliament. Nevertheless, the opposition continued to attack the new reform legislation through the Constitutional Court, via which it hopes to have the new laws annulled.

As far as the pension system is concerned, major changes were approved in both the basic first pillar and the supplementary third pillar. Changes in the first pillar can be divided into two groups – parametrical changes to the current PAYG system, which are aimed primarily at supporting the long-term sustainability of the Czech pension system, and a crucial change which introduced a funded element to the first pillar with partial opt-out from the PAYG system.

Along with reforms to the pension system, reforms were also introduced in the social system, which concerned particularly the payment of non-insurance social benefits at one single location (employment offices), changes to parental benefits which are aimed at increased flexibility for families, stricter conditions for the claiming of unemployment benefits and changes in the conditions pertaining to cooperation with employment agencies and support for the disabled.

Reforms in health care system during 2011 focused on changes within the public health care services and public health insurance. Total public expenditure on health care services remained stable in 2009-2011, but the period saw an increase in the share of direct payments by patients (co-payments, regulatory fees). Given this increase in private payments, access to health care might become more uneven depending on the individual income. Public health and health promotion continues to be underestimated by the government.

With regard to long-term care, a rise of informal care for the elderly population in low income groups can be expected.

2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2011 until February 2012)

2.1 Overarching developments

The trend of cutting public expenditure continued during the tracking period. One of the government's most important aims remains to decrease the public finance deficit. During 2011, in harmony with the government's manifesto, key reform proposals were introduced, which will impact the public finance deficit in the future. In comparison with 2010, the social security system modifications introduced in 2011 appear to be more fundamental and should contribute significantly to the long-term sustainability of public finances.

Because of the structure of the pension system, which consists of a first defined-benefit pillar based on the payment of social insurance with a generous non-contribution period allowance (e.g. up to 3 years of registered unemployment) and PAYG-financed and a third defined-contribution fully-funded pillar, which is still somewhat immature and characterised by what might be considered conservative overall investment conditions because of strict state regulation and low savings rates, the direct effect of the financial crisis on current and future pensioners has been negligible. However, the economic crisis has had an indirect effect on the pension system, caused by a decline in employment rates, which has led to a significant shortfall in pension system revenue¹ and continues to threaten the stability of the pension system.

Despite the relatively positive information regarding the resistance of the Czech pension system to the economic crisis, there has been persistent determination from some quarters in terms of the need for pension reform, which has finally led to the biggest change to the pension system since 1995. With regard to social protection, conditions were tightened with regard to the granting of certain benefits in 2011 and the amounts thereof reduced. At the same time, fundamental social reform proposals were drawn up, which came into force on 1 January 2012. The main aim of the reform was to simplify the social benefits system and save money in both the amount of benefits paid out and the administration of the system. Therefore, the payment and administration of all non-insurance social benefits was limited to just one location (employment offices), the number of benefits was reduced and the conditions for claiming benefits clarified. Unemployment benefits were modified with the aim of reducing the extent of the shadow labour market. On 1 January 2012, the obligation to work in public services for 20 hours per week was introduced for those registered as unemployed for more than 2 months; those who refuse will lose their right to unemployment benefit. Certain benefits for the disabled were enhanced and changes to the parental allowance system introduced to improve the level of flexibility for parents with small children.

The yearly GDP growth rate for 2011 is estimated overall at 1.5%, according to the Czech National Bank², with growth of 1.2% in the third quarter. A comparison with the average GDP growth rate of the EU-27, i.e. 1.6% according to Eurostat estimates, would seem to indicate that the Czech Republic was not as badly impacted by the crisis as other EU countries. According to national statistics, the total unemployment rate in 2011 compared to 2010 decreased by 0.4 percentage points to 8.6% (508,451 people). The peak in the

¹ According to the Czech Social Security Association the pension system deficit in 2011 stood at CZK 39.5 billion.

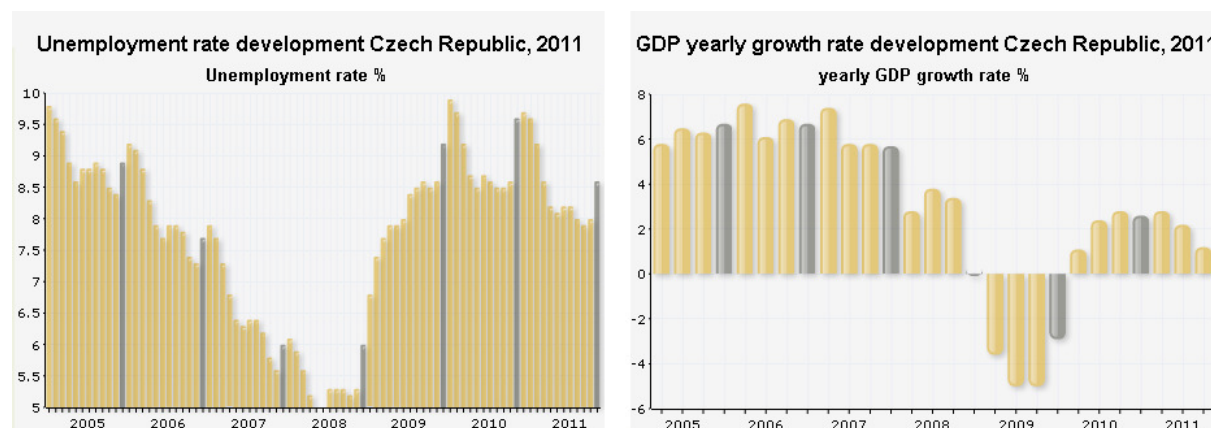
² Current forecast of GDP: http://www.cnb.cz/cs/menova_politika/prognoza/index.html.

unemployment rate occurred at the beginning of 2011, whereupon it fell steadily from 9.7% in January to 8% in November.

According to latest available figures from Eurostat, the unemployment rate for the Czech Republic stood at 6.5% in the third quarter of 2011 (compared with the EU-27 average of 9.9%)³.

The development of GDP and the unemployment rate is illustrated in the following charts.

Chart 1: The development of GDP and the unemployment rate



Source: <http://www.kurzy.cz/makroekonomika/>, MLSA, CZSO

The Czech Republic has historically had problems meeting the criteria regarding the government deficit, the development and forecast of which is illustrated in the following table.

Table 1: Government deficit

	2008	2009	2010	2011	2012	2013	2014
Requested criterion value	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Czech Republic	-2.2	-5.8	-4.8	-3.7	-3.5	-2.9	-1.9

Source: http://www.zavedenieura.cz/cps/rde/xbcr/euro/Vyhodnoceni_Maastricht_2011_pdf.pdf

The huge increases in the deficit in 2009 and 2010 were caused, not only by the long-term structural problems of Czech public finances, but also by the global financial crisis. The decrease in the public finance deficit in 2010 was principally the result of government measures aimed at consolidating the public finance system. Latest government deficit expectations stand at 3.7% for 2011, followed by a continuous decrease to 1.9% in 2014.

The Czech Republic has managed to meet the government debt criterion over the long-term. The value of government debt has been hovering around 35% of GDP, which is significantly below the reference value for this criterion. Latest predictions suggest an increase in the government debt criterion to 42% of GDP by 2014.

In addition, the Czech Republic has met the price stability criterion over the long-term with the exception of 2007 and 2008.

³ Eurostat tables available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database.

Estimates for the period 2011 to 2014 indicate that the Czech Republic should continue to meet the price stability criterion with values of one percentage point below the maximum allowed, with the exception of the year 2012, when the impact of an increase in the reduced VAT rate⁴ from 10% to 14% is expected to increase the level of the consumer price index, the development of which in the Czech Republic is illustrated in the following table.

Table 2: Consumer price index

	2008	2009	2010	8/2011	2011	2012	2013	2014
3 best EU average	2.6	0.0	0.9	1.3	1.6	1.1	1.4	1.4
Requested criterion value	4.1	1.5	2.4	2.8	3.1	2.6	2.9	2.9
Czech Republic	6.3	0.6	1.2	1.9	2.2	3.4	1.6	2.1

Source: http://www.zavedenieura.cz/cps/rde/xbcr/euro/Vyhodnoceni_Maastricht_2011_pdf.pdf

The Czech Republic also continues to meet the long-term interest rate criterion and it appears that there should be no problem in meeting this criterion going forward, since Czech Republic state bonds continue to enjoy a high level of investor confidence, and, in August 2011, the rating of the Czech Republic was increased by 2 points⁵.

In fact, there have been no specific proposals from the present government concerning exit strategies for the Czech Republic as the result of the financial and economic crisis, the reason being that the global crisis has not impacted the country as dramatically as other EU countries; the Czech Republic merely saw a slowdown in economic growth and a slight increase in unemployment. Therefore, in the Czech context, it is not relevant to talk about the end of the current concept of social protection or fundamental changes in the direction of social protection as a consequence of the crisis. The changes to the whole social system have been under discussion for a considerable time and since the present government has a relatively strong mandate, it has been possible to introduce a number of relatively radical changes to the social system with the aim of restricting what is widely seen as generous social policy⁶.

As mentioned previously, the government has declared its intention of making savings in all public areas, including social protection. As stated in the NRP 2011, the current government, as well as a number of economists, agree that the Czech social system has to be redefined, and not only because of its perceived generosity. In order to increase the efficiency and long-term sustainability of the system, it is seen as vital to reduce the number of benefits and to change the way in which they are allocated. One objective, which is common to all the reforms and which can be found in government statements and in the NRP 2011, is the strengthening of individual responsibility for ensuring an adequate life-time income.

⁴ The Czech Republic employs a two-tier VAT model. The basic rate is 20% and the reduced rate 10% as of 2011.

⁵ By Standard and Poor's to the rating AA-.
http://www.cnb.cz/cs/menova_politika/zpravy_o_inflaci/2011/2011_IV/box_a_prilohy/zoi_2011_IV_box_2.html

⁶ The Czech social system has long been criticised for its perceived generosity, e.g. by the former Minister for Labour and Social Affairs, Petr Šimerka (2009-2010 Caretaker Government).
http://www.mpsv.cz/files/clanky/6559/Petr_Simerka.pdf.

However, left-wing oriented political parties and trade unions have tended to disagree with this course of reform thinking and see the proposed reforms as a threat to social justice. Therefore, there has been and continues to be a great deal of heated discussion concerning the approach to cutting spending and in which areas savings should be made, not only between the ruling coalition and the opposition but even within the coalition itself.

2.2 Pensions

2.2.1 The system's characteristics and reforms

The Czech pension system is based on the first and third pillars, with the first pillar, operated by the state, playing the dominant role. The third pillar consists of supplementary pension insurance with a state contribution and other forms of individual security consisting of products offered by commercial insurance companies.

The first pillar is based on social insurance and consists of a pay-as-you-go scheme with defined pension benefits. The state pension system in the Czech Republic is universal for the various groups of participants, e.g. employees and self-employed persons. Participation in the basic pension insurance system is compulsory for all economically active persons and allows restricted voluntary participation for the economically non-active. The coverage rate is almost 100%⁷. The basic pay-as-you-go pension insurance system is economically guaranteed by the state. The mandatory first pillar covers three main benefits: old age, disability and the survivor's pension. The principle of equivalence is reflected in the Czech pension system only to a limited extent due to the application of the principle of solidarity, a characteristic criticised by the Czech Constitutional Court in March 2010. The dynamic nature of the basic pension insurance system is ensured by an annual update of the income levels used for the calculation of the percentage-based assessment of pensions and increases in the amount of pensions paid out. The value of the pension depends principally on the number of years of contribution, each of which is awarded an accrual component (1.5% of the personal calculation basis), earnings during these years, the income ceiling and earnings thresholds. Since the pension formula contains a whole series of elements, those related to earnings, which are decisive in terms of the amount of the pension, are adjusted annually according to general wage development. The pension consists of two elements: the basic amount (flat rate) which is the same for all types of pension and is equal to 9% of the average wage, regardless of the insured period and total earnings, and a percentage-based component based on the insured period and earnings reduced in accordance with defined earnings thresholds. The basic rules for the indexation of pensions are as follows: pensions paid out are increased on an annual basis each January; this does not apply in periods of very low inflation (where the pension increase would be less than 2%) and in cases of high inflation (at least 5%); increases in the pension are set so that for the average old-age pension it corresponds to at least 100% of the retail price index, as well as to at least one third of growth in real wages. Both pension elements are increased – the flat rate by a lump sum so as to reach the level of 9% of the average wage and the percentage element by a certain proportion. Czech pensions are not subject to taxation⁸. Premiums are paid by employees, employers and the self-employed. The contribution rate in 2011 was 28% which was split between employees (6.5%) and employers (21.5%). The possibility exists in the system to opt for early retirement no sooner than 5 years before the legal retirement age for those whose legal retirement age is at least 65 years. For those whose retirement age is lower than 63 years, early retirement can be taken no sooner than 3 years before the legal retirement age. The effective labour market exit age in 2009 in

⁷ http://www.mpsv.cz/files/clanky/2235/zaverecna_zprava.pdf.

⁸ With the exception of high pensions which yearly exceed a multiple of 36 of the minimum monthly wage.

the Czech Republic was 60.5 years (OECD 2011, Pension at a Glance). The average pension (single paid out) in June 2011 was CZK 10,542⁹, with an average pension for women of CZK 9,574 and that for men of CZK 11,699.

The third pillar

The third pillar consists principally of a voluntary supplementary personal pension savings scheme which is fully funded, receives a state contribution and is run on a defined-contribution basis. In addition to the state contribution the Government also provides tax incentives for private saving. The system is administered by supplementary pension insurance funds which provide defined-contribution plans only. Legislation does not guarantee a minimum return on pension insurance funds; however, any shortfall must be covered by previous (undistributed) profits. Members of pension insurance funds are allowed to switch between pension fund providers – free of charge in specified cases.

The third pillar pension insurance scheme is available on a voluntary basis for those who participate in the first pillar or in public health insurance in the Czech Republic. The participation rate is over 70% of the economically active population¹⁰. There were a total of 10 pension funds in the Czech Republic in 2011. The average return on such pension funds for 2010 is forecast to be slightly higher than the rate of inflation, according to the Association of Pension Funds.

Contributions to the system can be made by participants themselves, employers or others. Participant contributions are supplemented by a state contribution up to a certain threshold (to qualify for which, a minimum participant contribution of CZK 500 per month was required in 2011). The minimum monthly participant contribution is CZK 100. Roughly 25% of participants receive a contribution to their supplementary pension plan from their employer; however, the state subsidy is paid based on the personal contribution only. On the other hand, employer contributions up to a certain ceiling (CZK 24,000 per year in 2011) are exempt from employee income tax and social and health insurance deductions. Employers are entitled to include contributions in expenses if such contributions are specified in a collective agreement or internal regulation.

The average monthly participant contribution (not including employer contributions) for 2011 was, according to the Ministry of Finance, merely 1.8%¹¹ of average gross wages. The participant contribution level is low and cannot be expected to compensate for the inevitable drop in earnings upon retirement which is considered to be the biggest problem of the system.

Recent changes in the pension system

Changes implemented on 1 January 2010 can briefly be described as parametric changes to the existing pay-as-you-go system, consisting namely of: a restriction with regard to the non-contributory period, the gradual extension of the mandatory insurance period to 35 years by 2019, a gradual increase in the legal retirement age to 65 years for men, childless women and women who have raised one child up to 2031 (for women who have raised more than one child, the legal retirement age will vary from 62-64 according to the number of children raised) and changes in the pension formula regarding the period of gainful activity and the acceptance of pension benefits after 1 January 2010. At the same time as the increase in the legal retirement age came into force, the early retirement period was extended to five years

⁹ http://www.mpsv.cz/files/clanky/11694/analyza_1pol_2011.pdf

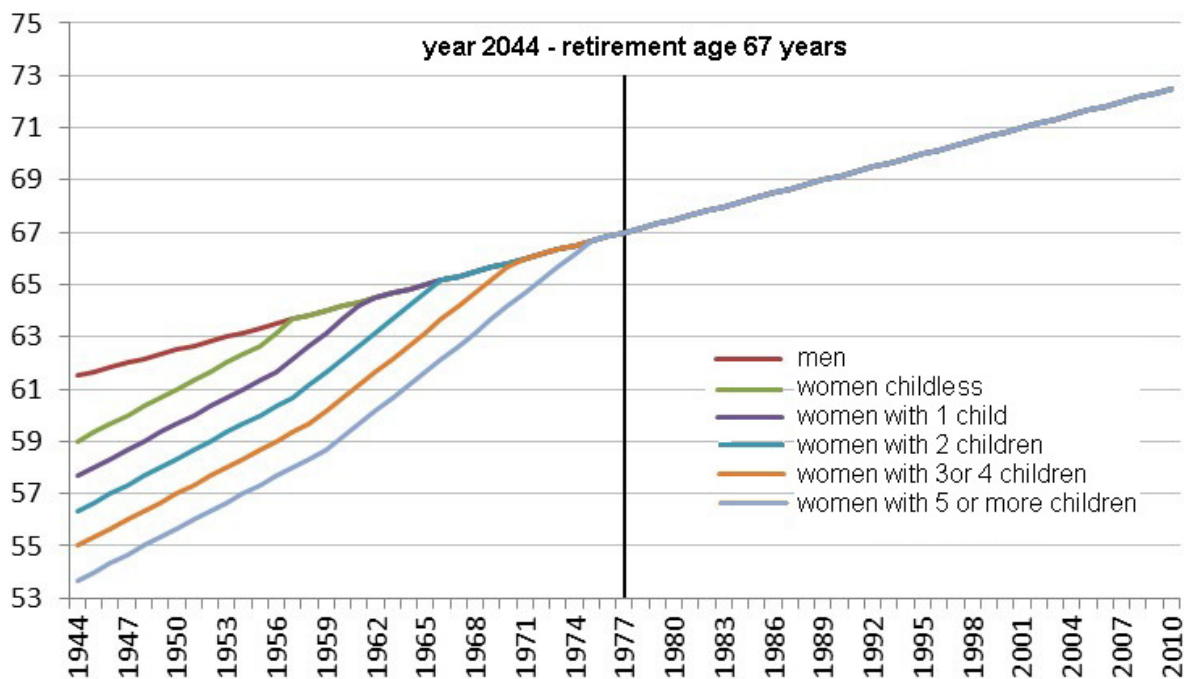
¹⁰ The Association of pension funds, Annual Report 2011 - http://publikace.apfcr.cz/2010/cz_verze.html.

¹¹ <http://www.mediafax.cz/ekonomika/3269473-Lide-si-na-penzi-ukladaji-pouze-1-8-procenta-prumerne-mzdy-podle-odborniku-je-to-malo>

prior to reaching the legal retirement age; however, the consequent reduction in the amount of the pension was increased¹².

On 30 September 2011 a further important change came into force, i.e. the so called “small” pension reform as the result of the requirement to fulfil a recent Constitutional Court legal ruling regarding the strengthening of the principle of equivalence within the social insurance pension system. The second earnings threshold was abolished with the aim of taking earnings during an individual’s period of economic activity more into account in the pension calculation. In order to avoid a consequent steep decrease in the amount of pensions, the second earnings threshold is gradually being increased to the level of the third (which is equivalent to the ceiling for paying social insurance contributions at 400% of the average wage) over a transition period of five years. The first threshold was changed to 44% of the average wage. This measure was complemented by the amount of income taken into account by the pension calculation; income up to the first threshold remains the same - 100% is taken into account, however income between the first and second thresholds will be changed, following a transition period of five years, to 26% from 30% in 2011. Further stricter rules regarding the indexation of pensions, which should contribute to the overall sustainability of the pension system, were also introduced. A further impact of the amendment consisted of changes in the setting of the pension age. The pension age of women is being increased more quickly than that of men and it is intended that the retirement age will eventually be the same for both sexes, namely 67 years. Once this legal retirement age has been reached (in 2044) it will increase continuously by two months every year for both sexes without any stated limit. The future legal retirement age development is shown in following chart.

Chart 2: Legal retirement age for generation of people born in the specific year



Source: MLSA 2012, *The Czech pension system in the context of the EU*
<http://www.mpsv.cz/files/clanky/11969/Analyza.pdf>

¹² For more details see Annual Report 2010 available at:
http://www.socialprotection.eu/files_db/887/asisp_ANR10_Czech_Republic.pdf.

It is envisaged that these measures will fundamentally follow life expectancy development and that the period spent in retirement should not sink below 20 years on average. Together with these measures, the gradual extension of the reference period from the last 30 years of earnings to lifelong earnings has been introduced and stricter rules for the calculation of early retirement have been adopted. This amendment also set the legal rules for the assessment of the flat rate element of the pension which in future will consist of 9% of the average wage. Certain modifications to the survivor's pension were introduced by the amendment which will lead to stricter conditions being applied to widow/widower pensions while, conversely, the conditions for entitlement to the orphan's pension will be slightly relaxed.

By means of a further amendment, which came into force on 28 November 2011, the Czech Republic reacted to a European Court of Justice legal ruling¹³ regarding discrimination in terms of Czech citizens and those of other EU countries.

On 1 January 2012 the range of persons insured was extended and unified with that of sickness-insured persons.

Retirement Savings Act of December 2011

In December 2011 the Government approved the Retirement Savings Act¹⁴, which will come into force on 1 January 2013, and which will fundamentally change the current system of pension insurance in the Czech Republic. This Act creates a fully-funded defined contribution second part for the current PAYG first pillar. Participation in this funded part will be indivisibly associated with participation in the mandatory PAYG first pillar. The pension contributions levied will be managed by pension institutions after first obtaining the necessary licensing from the Czech National Bank. Each pension company will be required to offer four pension funds which will involve different levels of risk and investment strategy. Participants will be able to change their strategies over time. Participation in the funded part of first pillar will be voluntary and irreversible. Premiums paid to the first pillar (28%) will be distributed 25% in favour of PAYG and 3% for the fully-funded scheme. However, participants in the funded part will have to pay an extra 2% (thus the overall contribution rate will be 30%). The monies saved via retirement savings will have to be used to purchase retirement plans from life insurance companies. There will be three types of pension – a life-type annuity, a life-type annuity with a 3-year survivor's pension and a 20-year annuity. In the savings phase, the accumulated capital and unspent 20-year annuity will be inheritable. Participation in the funded part of the first pillar will affect the pension amount from the PAYG pillar - every year of full contribution to the first pillar will be awarded an accrual component of 1.5% of the personal calculation basis – for those who participate in the funded part, this figure will be only 1.2%. The established reforms aim principally to diversify the means by which to ensure financial security in old age.

These reforms should, according to government calculations, reduce the pension system deficit from more than 4% of GDP to 0% or a maximum of 1% of GDP post 2060 (MLSA, 2012). These optimistic figures however presuppose a high level of public participation; therefore it is essential that the reasons for pension reform as well as the advantages and potential risks of this type of reform be carefully explained to the public. In the short term the proposed pension reforms will lead to a worsening in the fiscal position of the Czech Republic due to opt-out from the first pay-as-you-go pillar; the shortfall is supposed to be recuperated through increases in VAT.

¹³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:232:0006:0006:CS:PDF>

¹⁴ Also known as the “major” reform “large” reform or “big” reform.

Reform of the third pillar

In December 2011, reform of the 3rd pillar was approved by the Government with the aim of increasing the security of the capital of participants and of encouraging people to increase their contributions to the system. A further major change, which will be valid from 1 January 2013, will be the separation of the accumulated capital of participants from the assets of pension institutions. For contracts signed after 1 January 2013 there will no longer be a guarantee of at least zero returns since strict state regulation will come to an end. Pension institutions will be allowed to offer new investment strategies with higher rates of return (with a consequent higher rate of risk). A further change concerns state contributions (subsidies) provided based on the level of participant contribution according to which the thresholds for the minimum and maximum state contributions will be increased in order to encourage participants to save more. Changes to the level of state contributions are illustrated in the following table.

Table 3: State contributions to pension savings in the third pillar according to participant contributions

Participant contribution	State contribution 2012	State contribution 2013
100 CZK	50 CZK	0 CZK
200 CZK	90 CZK	0 CZK
300 CZK	120 CZK	90 CZK
400 CZK	140 CZK	110 CZK
500 CZK	150 CZK	130 CZK
600 CZK	150 CZK	150 CZK
700 CZK	150 CZK	170 CZK
800 CZK	150 CZK	190 CZK
900 CZK	150 CZK	210 CZK
1,000 CZK and more	150 CZK	230 CZK

Source: own calculation based on Act No. 427/2011 Coll., on Supplementary Pension Savings, and Act No. 42/1994 Coll., on Supplementary Pension Insurance with a State Contribution

As mentioned in the National Reform Programme for the Czech Republic 2011, the reform of the pension system is one of a number of key measures which will contribute to the long-term sustainability of public finances since the publicly-financed first pillar still plays the principal role in providing security in old age. Pension reform aims to establish a sustainable pension system which will be responsive to the changing demographic structure of Czech society. This should be seen in conjunction with the fact that the Czech Republic has repeatedly been ranked by the EC as a high-risk country in terms of the long-term sustainability of public finances¹⁵. It is envisaged that introducing the funded part of the first pillar will bring about the long-term sustainability of the first pillar pension system.

¹⁵ In the EC Sustainability Report of 9 November 2009, the Czech Republic together with Cyprus, Ireland, Greece, Spain, Latvia, Lithuania, Malta, the Netherlands, Romania, Slovenia, Slovakia, and the United Kingdom were ranked as countries which have sustainability gaps above 6% of GDP. In nearly all of these countries, the sustainability gaps are the result of a very large projected increase in age-related expenditure, compounded in most cases by large initial imbalances, and, hence, they are exposed to higher long-term risks. This indicates that closing these gaps will require both ambitious consolidation programmes that reduce

There have been no international bailout agreements or credits with regard to the pension system in the Czech Republic.

2.2.2 Debates and political discourse

As in other European countries pension reform remains one of the hottest and most controversial topics in the Czech Republic. 2011 was particularly eventful in terms of pension reform since, in addition to ongoing reform, the system was faced with a requirement to fulfil a 2010 Constitutional Court legal ruling regarding the strengthening of the principle of equivalence within the social insurance pension system, the implementation of which was required no later than 30 September 2011. Therefore, the first part of the year was dedicated to national debates on the way in which the current pay-as-you-go pillar should be modified, i.e. the so-called “small” pension reform. Following the introduction of this reform by the required date, discussion commenced between social partners, the opposition and the Government concerning the question of the so-called “pre-retirement pension benefit” the reason being that within the approved “small” pension reform a further increase in the legal retirement age to 67 years was adopted which will be reached first in 2044 for those born in 1977. After this level is reached, the legal retirement age will be increased by 2 month every year after 2044 with no upper limit. However, the opposition and social partners expressed strong disagreement with the increase in the retirement age arguing that certain professions simply cannot be performed by those aged 67 years and above. Negotiations and discussion were held at tripartite level which led to a proposal to create special pre-retirement benefits under the existing third pillar of supplementary pension savings. The pre-retirement benefit would allow the drawing of savings accumulated within this pillar 5 years before reaching the legal retirement age if they meet certain parameters (e.g. the benefit represents a minimum of 30% of the average wage). The proposal envisages that the pre-retirement benefit would be paid until the recipient reaches the legal retirement age. The drawing of the pre-retirement benefit would not involve using up all the funds accumulated in an individual savings account and the remaining amount would be used for the payment of the regular pension from the third pillar after reaching the legal retirement age. It is assumed that in the case of those professions which are vulnerable to reduced performance in old age, the employer will contribute a greater amount to employee savings accounts in the third pillar than at present. This should be accompanied by an increased ceiling for employer contributions which will be exempt from employee income tax and social and health insurance deductions. This debate currently forms the most important topic under discussion with regard to pension reform.

In addition, debate is ongoing at the policy and tripartite levels and in scientific circles on the possibility of linking the retirement age to life expectancy. Since the adoption of the “small” pension reform, the Czech Republic has a retirement age indirectly tied to the development of life expectancy insofar as pension experts and demographers have calculated that the approved increase in the legal retirement age by 2 months per year will cause no decrease in the time spent in retirement. In the future it is envisaged that the legal retirement age will be directly linked to life expectancy via the calculation formula provided in the Retirement Act.

Since the Czech pension system provides a high replacement rate particularly for low-income citizens and because pension insurance covers most of the population, the Czech Republic does not plan to establish a minimum pension income category. In reality, however, a de facto minimum pension income already exists in the Czech Republic since each pension benefit

consists of a flat rate element consisting of 9% of the average minimum wage and a percentage amount which must not be lower than CZK 770.

In relation to the adequacy of pensions to the amount of lifetime income, the “small” pension reform, which strengthened the link between contributions paid and the amount of pension benefits under the defined benefit scheme, has already been passed. The next step, which was aimed at responding to the future adequacy of pensions has also been adopted, i.e. the “major” pension reform, which allows participants to opt out of the current pay-as-you-go pillar to the extent of 3% of contributions together with which is required an additional contribution of 2% to the new funded pillar. Due to the expected appreciation of contributions to the funded part of the first pillar and higher overall contributions, total pension income from the first pillar is expected to increase, which will help to address pension adequacy in the future.

With regard to the “major” pension reform there were long discussions and disagreements before its adoption in December 2011 not only between the Government, the opposition and social partners but even between the governing coalition partners concerning specific parameters. The opposition Social Democratic party is strongly opposed to pension reform and proposes to scrap the reforms should it win the next parliamentary elections. The Social Democratic party has taken legal action against the pension reforms at the Constitutional Court¹⁶, as indeed it has done with regard to all the social system reforms introduced by the Government. Endless debates on the nature of pension reform between the opposition and the Government and the search for agreement on specific parameters within the Government coalition meant that there was very little time in which to educate the public on the reasons for and consequences of reform which the Government intends to address in 2012.

Since the Czech Republic has no significant funded pension pillar other than the third pillar consisting of supplementary pension savings, which is still immature and subject to strict state regulation regarding investment opportunities, the consequences of the economic crisis on the Czech pension system have not been as damaging as in other EU countries. The main impact of the crisis on the Czech Republic was indirect, i.e. a reduction in economic activity and thus lower total contributions to the first pillar. But the economic crisis has been considered in retirement savings legislation, particularly with regard to the creation of the investment strategies that pension institutions will be able to offer. In connection with the preparation of the “major” pension reform, the third pillar on supplementary pension savings has been adjusted in terms of strengthening the protection of invested funds and the relaxation of the rules governing investment strategies. Thus pension institutions should in the future be able to provide their clients with greater returns and thus contribute towards ensuring an adequate old age pension. With the same purpose in mind, a change was made in the amount of the state contribution (subsidy) which should lead to an increase in the motivation to save.

To summarise the overall political discourse on reform, it is possible to say that in almost all areas of social system reform, the opposition has disagreed with the Government. Together with the opposition the trade unions expressed their disapproval by organising several strikes and protest meetings throughout 2011. Clearly therefore, as far as the Czech Republic is concerned, there is no general political consensus on social reform legislation and the opposition remains determined to fight the new proposals at Constitutional Court level. Moreover, the opposition has publicly declared that if it wins the next general election it will abolish all the reforms which have to date been introduced into the social system, including pension reform. However, it is widely acknowledged that this attitude is not conducive to

¹⁶ <http://www.parlamentnilisty.cz/zpravy/Sobotka-CSSD-Duchodova-reforma-je-nepripravena-a-pro-obcany-rizikova-221642>

creating public confidence in the reforms and discourages potential participants from committing themselves to the funded part of the first pillar.

2.2.3 Impact of EU social policies on the national level

In terms of involvement in the OMC, since last year the situation has improved, but at least in some independent assessments, the Czech Republic continues to be criticised for the low rate of participation of non-Governmental structures in the OMC process¹⁷. However, such a perception of European policies affects not only social but also structural policy¹⁸. On the other hand, it should be noted that the objectives contained in the relevant EU strategies such as OMC, AGS or the EU 2020 strategy are generally well known and have been accepted by most of the political spectrum which leaves no room for a broader discussion on these issues. Opinions differ on how the various goals should be attained and whether programmes such as OMC and the EU 2020 strategy are really necessary¹⁹. In fact, the Government and various political parties have essentially similar priorities as those set out in the EU 2020 strategy²⁰. All the strategic measures therein relating to pension issues are being implemented by the Government, have been translated into Czech and published by the respective ministries. The main documents which contained recommendations from the OMC or the EU 2020 strategy include the National Reform Programme 2011²¹, the Convergence Programme 2011²² and the National Report on Strategies for Social Protection and Social Inclusion²³.

The Government has established the relevant internal bodies (which are responsible directly to the Office of the Government) concerned with the coordination of European policies. In addition, the Government has appointed a committee for the European Union and a Government working body for formulating and coordinating the various positions of the Czech Republic in the EU. The objectives set by the EU in the EU 2020 strategy have been taken on board by the Czech Republic and were presented in the National Reform Programme 2011. Currently the Government is working hard to update this document so that it can be submitted in April 2012 to the European Commission under the European Semester coordination of economic policies. When updating the NRP, the Government invited social partners, NGOs and academic and research institutes to participate in a broad discussion on the challenges set out therein.^{24,25}

Since the Czech Republic was not affected by the crisis as badly as other EU countries, it does not need to draw on support from the EU in this context. Since the Czech Republic is not a member of the Eurozone, the perception of EU aid for countries hit by the crisis has

¹⁷ E.g. http://www.stakeholders-socialinclusion.eu/site/en/cr/CZ_cr-cs

¹⁸ E.g. http://is.muni.cz/th/219056/fss_b/Implementace_a_evaluace_strukturalni_politiky_EU_v_CR.pdf

¹⁹ E.g. <http://www.skaloud.net/clanky/stanoviska/jinyrna-ocima/otevrena-metoda-koordinace-v-evropske-unii-a-jeji-pravni-limity-11-8-2010/>

²⁰ Policy statement from the Government http://www.vlada.cz/assets/media-centrum/dulezite-dokumenty/Programove_prohlaseni_vlady.pdf

²¹ <http://www.vlada.cz/scripts/file.php?id=92896>

²² http://www.mfcr.cz/cps/rde/xbcr/mfcr/Konvergenční-program-CR_2011-04.pdf.pdf

²³ http://www.mpsv.cz/files/clanky/5830/zprava_aj.pdf

²⁴ <http://www.vystreil.cz/kulaty-stul-k-aktualizaci-narodniho-programu-reforem-2012-c613>

<http://www.vitezslav-jonas.cz/spolecnost/pracovni-jednani-kulaty-stul-priprave-aktualizace-narodniho-programu-reforem/>

²⁵ In the first quarter of 2012 the Government organised a series of informal discussion round tables that provided an opportunity for interested parties to present and discuss opinions on all the topics involved in NRP. The Czech Government Office State Secretary for European Affairs, Vojtěch Belling, declared: "I consider it highly desirable that economic, social and regional partners, as well as academics and representatives of both chambers of the Czech Parliament, are involved as much as possible in the discussion of amendments to this important document (NRP)."

sometimes been perceived as inconsistent. On the one hand, the Czech Republic understands the reasons for trying to help countries hit by the crisis, on the other hand, the majority of the population agrees that problems caused by poor long-term structural policy and the misrepresentation of financial statements of affected countries should be primarily addressed by those countries themselves. Therefore those that disapprove with the form and scope of EU aid provided to countries hit by the crisis are enjoying a bigger audience than might ordinarily have been expected²⁶. The latest demonstration of disagreement at Government level is the refusal to sign the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union by Czech Prime Minister Petr Nečas.

Since reform of the pension system is one of a number of key measures which will contribute towards the long-term sustainability of public finances, the EU 2020 strategy has had a major impact in this respect. Nevertheless the Czech Republic, further in accordance with the EU 2020 strategy, undertook to meet other objectives²⁷ which indirectly positively address sustainability and pension adequacy particularly in the field of employment, wherein targets include achieving an overall employment rate of 75%, an employment rate for women of 65%, an employment rate for older workers of 55%, a reduction in unemployment among young people (15-24 years) of one third compared to 2010 and a reduction in the unemployment rate of people with low qualifications by a quarter compared to the same year.

In addition, in terms of social inclusion and poverty reduction, the Government has undertaken to limit the number of persons at risk of poverty or material deprivation living in jobless households to the same level as in 2008 by 2020.

The objectives set out in the Annual Growth Survey are to a greater or lesser extent being met in the Czech Republic. New social reform legislation came into force on 1 January 2012 which tightens the conditions for claiming unemployment benefits which was followed by the expansion of requalification courses which will be financed, at least partly, by employment offices as well as broader cooperation between employment offices and employment agencies. Labour mobility is, to some extent, affected by those groups of workers with low levels of flexibility – parents (especially mothers) with children. Consequently, social reform changes include a number of measures which are intended to increase the labour flexibility of this labour sector, parents of small children in particular. With regard to the fact that the legal retirement age in the Czech Republic is gradually being increased to 67 years by 2044 and, subsequently, by one year every six years, the early retirement scheme will become increasingly important for specific professions. Under the last parametrical pension reforms of 30 September 2011, the financial reduction incurred by taking early retirement was more closely linked to actuarial principles so that early retirement will not affect the long-term balance of the pension system as a whole. The fact that, according to the OECD (OECD 2011, Pensions at a Glance), the effective and legal retirement ages in the Czech Republic are almost the same confirms the suitable setting of pension system parameters. Whilst in most OECD countries the effective retirement age is significantly lower than the legal retirement age, in the Czech context the ages are the same.

A further early retirement pathway for women – a decrease in the legal retirement age for women who have raised children according to the number of children is gradually being removed by means of the “small” pension reform which will unify the legal retirement age for men and women at 66 years and 8 months by 2041 for those born in 1975. Both the significant increase in the pension age and the already established balance between the

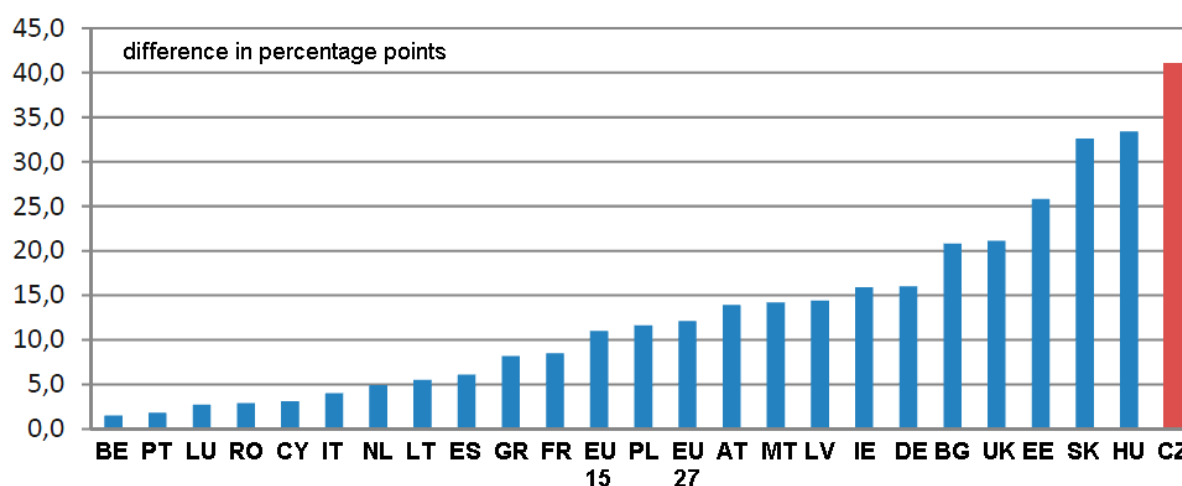
²⁶ <http://www.parlamentnilisty.cz/arena/monitor/STEM-Vetsina-Cechu-nesouhlasi-s-resenim-EU-k-Recku-212449>.

²⁷ <http://www.vlada.cz/cz/evropske-zalezitosti/evropske-politiky/strategie-evropa-2020/cr/eu-2020-a-cr-78696/>.

bonus/disadvantage effects of deferred or early retirement explain why the discussion on further restrictions in access to early retirement schemes in the Czech Republic have not yet been concluded. Indeed, the trade unions have initiated discussion on a special type of pension benefit under the third pillar of supplementary pension savings – the pre-retirement benefit which should be, according to Government proposals, financed by employers and should allow exit to early retirement without any reduction in pension benefits from the first pillar. However, the pension benefit from the first pillar would only be paid on reaching the legal retirement age and it is proposed that the period of early retirement of this type would be covered by pre-retirement benefits from the third pillar of supplementary pension savings.

The limited availability of school facilities, together with inadequate forms of parental support might lead to an increasing lack of women with children in the labour market which, in turn, could lead to the absence from employment of one of the few pro-growth economic resources available in the Czech Republic. Simulations reveal that increasing the currently low employment rate of women aged 20-40 years in the labour market by ten percentage points could reduce the PAYG pension system deficit by more than CZK 10 billion per year, which represents more than one third of the annual deficit over the next 20 to 30 years (NEC 2011, the Framework for Competitiveness Strategy for the Years 2012 to 2020). The public budget will also suffer from the potential non-receipt of large amounts of taxes and social contributions from women who decide not to enter the labour market. A long absence from the labour market due to parental leave could well lead to a reduction in human capital and, consequently, lifetime career opportunities for women, which is currently one of the major reasons for the significant difference between the incomes of women and men in the Czech Republic. Consequently, women may decide to postpone motherhood, have fewer children or even no children at all²⁸, which would clearly have negative demographic implications and would contribute to increasing pension debt.

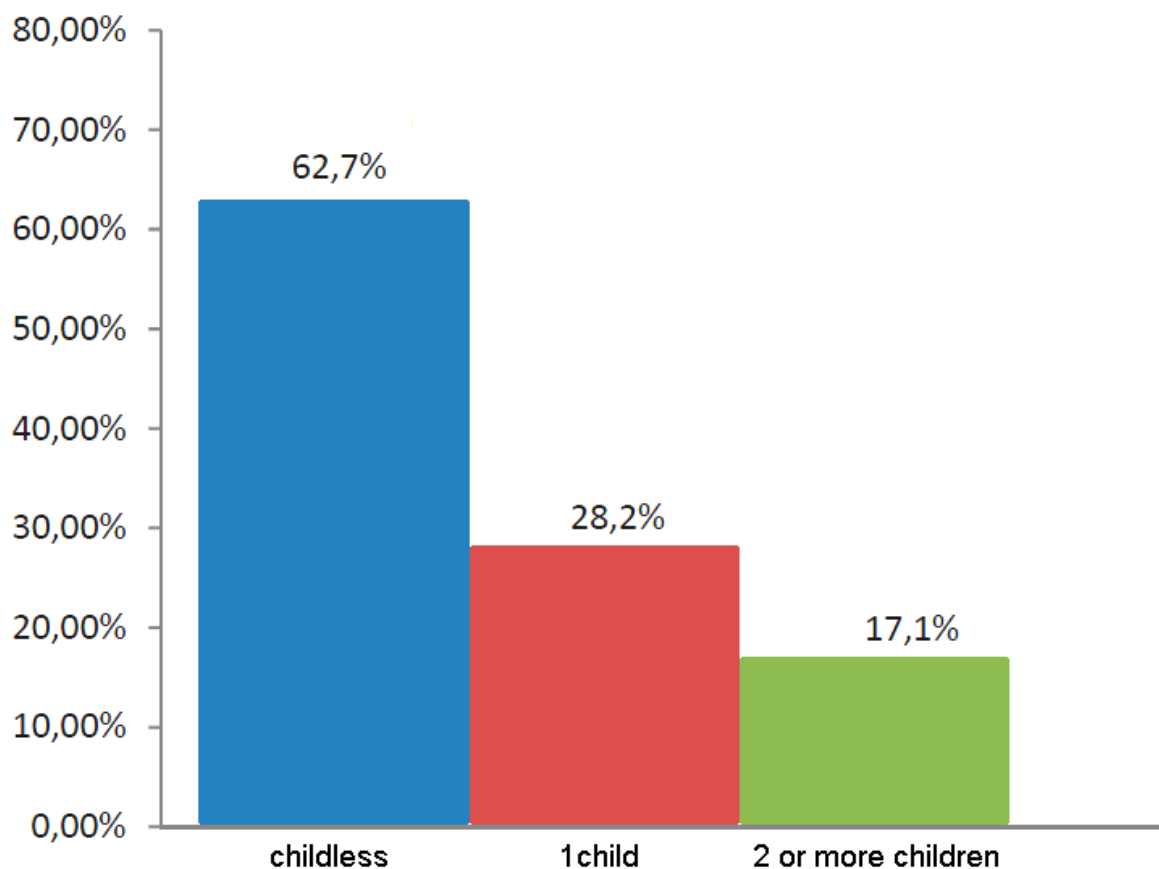
Chart 4: Difference between the employment rate of childless women (20-49 years) and that of women with at least one child (0-6 years) 2009



Source: NEC 2011, Framework Strategy for Competitiveness for the years 2012-2020

²⁸ http://praha.vupsv.cz/Fulltext/vz_310.pdf.

Chart 5: Employment rate of women according to number of children in the Czech Republic 2008



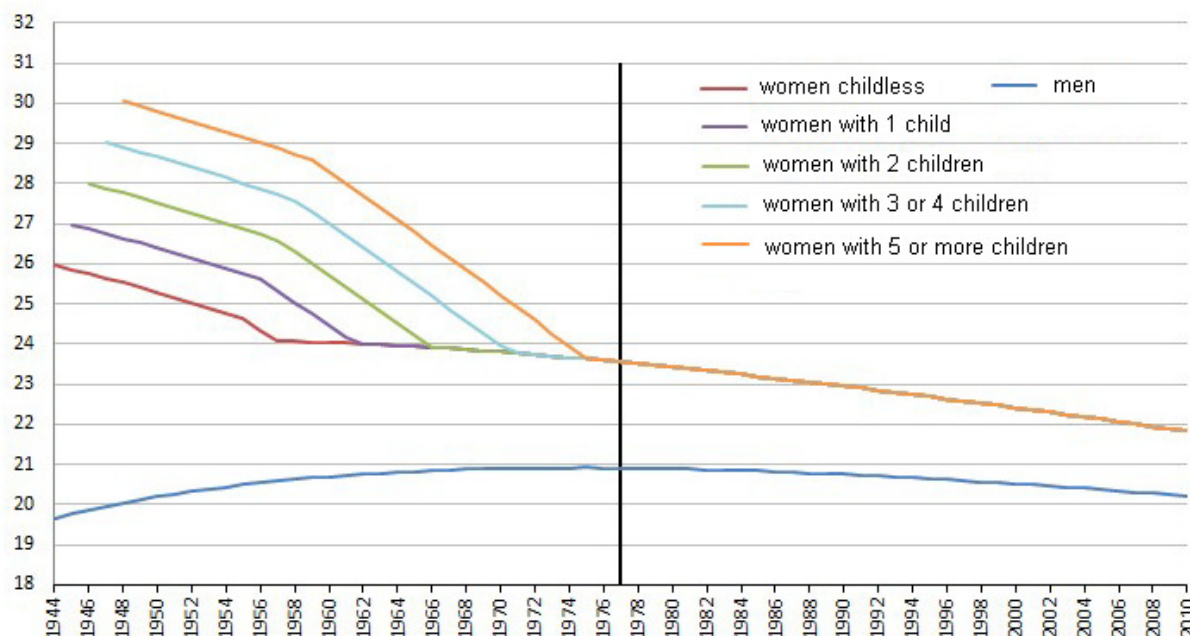
Source: NEC 2011, Framework Strategy for Competitiveness for the years 2012-2020

In terms of other ways in which to support longer working lives e.g. by providing improved access to life-long learning or support for the employment of older workers, there have been no real initiatives put in place to date other than a small number of projects financed by the European Social Fund at the regional level.²⁹

All the country-specific recommendations of the Council of the European Union for the Czech Republic published on 12 July 2011 have been implemented either through the pension reforms approved in 2011 or following pension policy debate. Long-term discussion is ongoing between political parties, trade unions, pension experts and pension institutions in terms of the link between the legal retirement age and life expectancy development, the current status of which is that the increase in the legal retirement age after 2044 will as much as possible follow life expectancy predictions for those reaching the legal retirement age. The period spent in retirement will thus remain roughly the same from generation to generation at between 20-21 years for men and 22-23.5 years for women with a modest descending trend as shown in the following chart.

²⁹ For example the Employment Pact in the Moravia-Silesia region - <http://www.mspakt.cz/>.

Chart 6: Average life expectancy (in years) at legal retirement age for generations born in specific years



Source: MLSA 2012, *The Czech pension system in the context of the EU*
<http://www.mpsv.cz/files/clanky/11969/Analyza.pdf>

The mild descending trend in terms of younger generations will be caused by a slower increase in life expectancy (1.5 months per year) than in the increase in the legal retirement age (2 months per year). The current Government proposes either directly linking the legal retirement age with life expectancy or a change in the future parameters used to determine the increase in the legal pension age.

2.2.4 Impact assessment

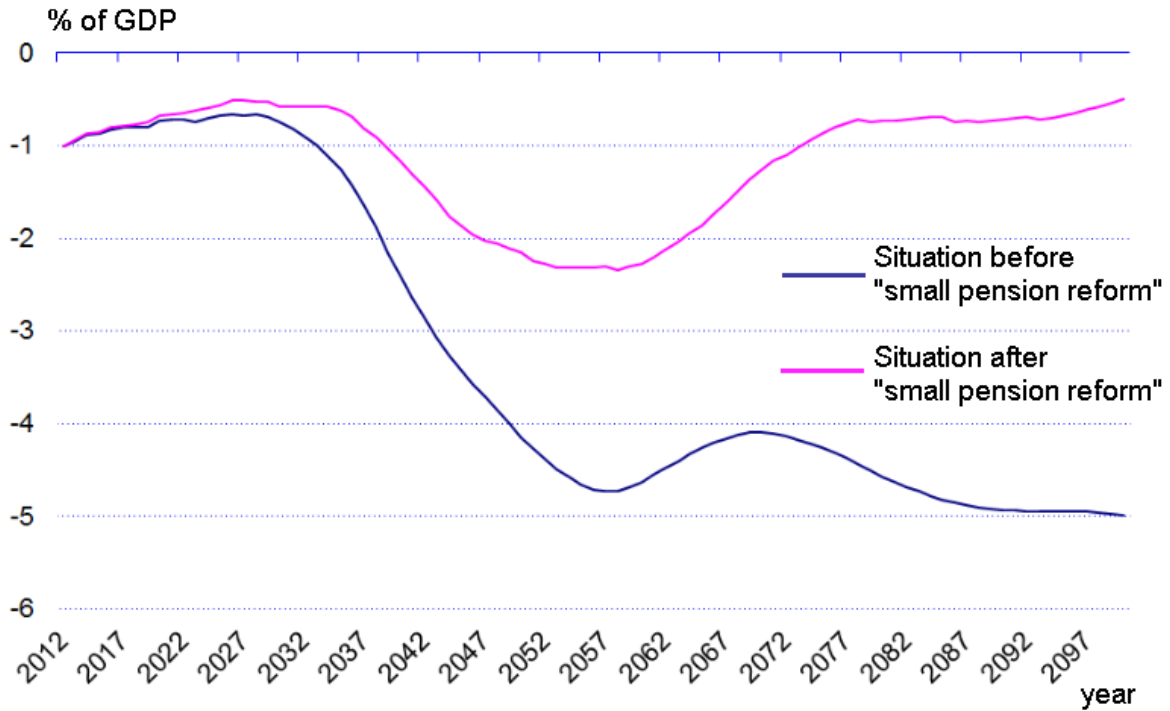
For the past year or so, pension reform has formed the central theme in terms of pensions in the Czech Republic and the majority of key publications have been devoted to this issue. Expert advisory committees such as the Economic Advisory Forum and the National Economic Council concluded their work regarding advice on pension reform at the beginning of the year³⁰ and the Government prepared both the “small” and “large” pension reforms on the basis of their recommendations.

One of the most comprehensive studies on the state pension system, its development and explanations of the impact of the reforms consists of a working paper published by the MLSA in January 2012 entitled “the Czech pension system in the context of the EU” which provides a detailed explanation of reform legislation and explains the implications for both individuals and the overall pension system in the short and long-terms. The study stresses that the changes adopted under the reforms have been calculated on the basis of long-term forecasts, and will therefore need to be adjusted based on periodic reviews. The study also highlights the fact that since the funded part of the Czech system has not yet come into force, no concrete empirical data on participation is yet available. Therefore, it is probable that individual system parameters will need to be modified in the future in order to reflect current developments within the system and reduce the potential risks to a minimum. This publication also includes projections of the main parameters of the pension system including the impact of the reforms

³⁰ The final reports of these advisory institutions are described in ANR 2011.

approved to date. As shown in the following chart, the “small” pension reform should bring about a significant improvement in the balance of the pension system due principally to the increase in the legal retirement age.

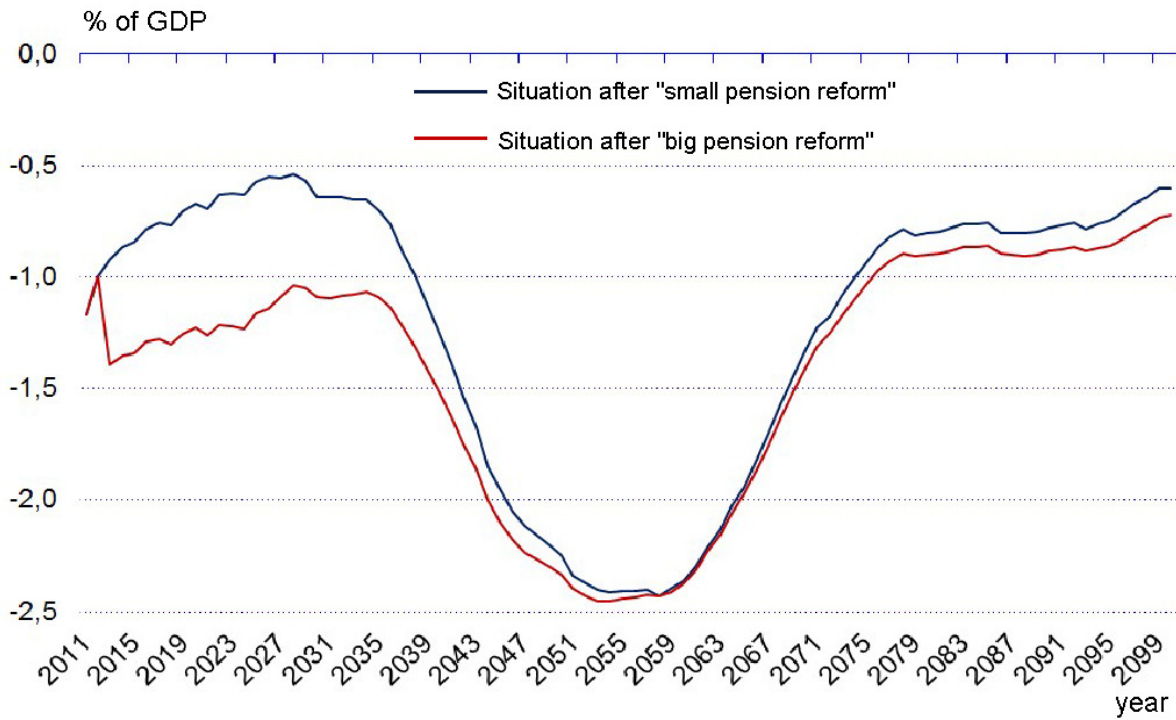
Chart 7: Development of the balance of the pension system as a percentage of GDP with the effect of the “small” pension reform



Source: MLSA 2012, *The Czech pension system in the context of the EU*
<http://www.mpsv.cz/files/clanky/11969/Analyza.pdf>

Under the assumption of a 50% attendance rate of those with the highest incomes in the funded part of the first pillar, the balance of the pension system would not be seriously impacted. The worsening of the balance should be only moderate, the main impact of which will be in the early years when the increase in the pension system deficit is expected to be 0.5% of GDP.

Chart 8: Development of the balance of the pension system as a percentage of GDP with the effect of the “large” (“big” as described in the graph) pension reform

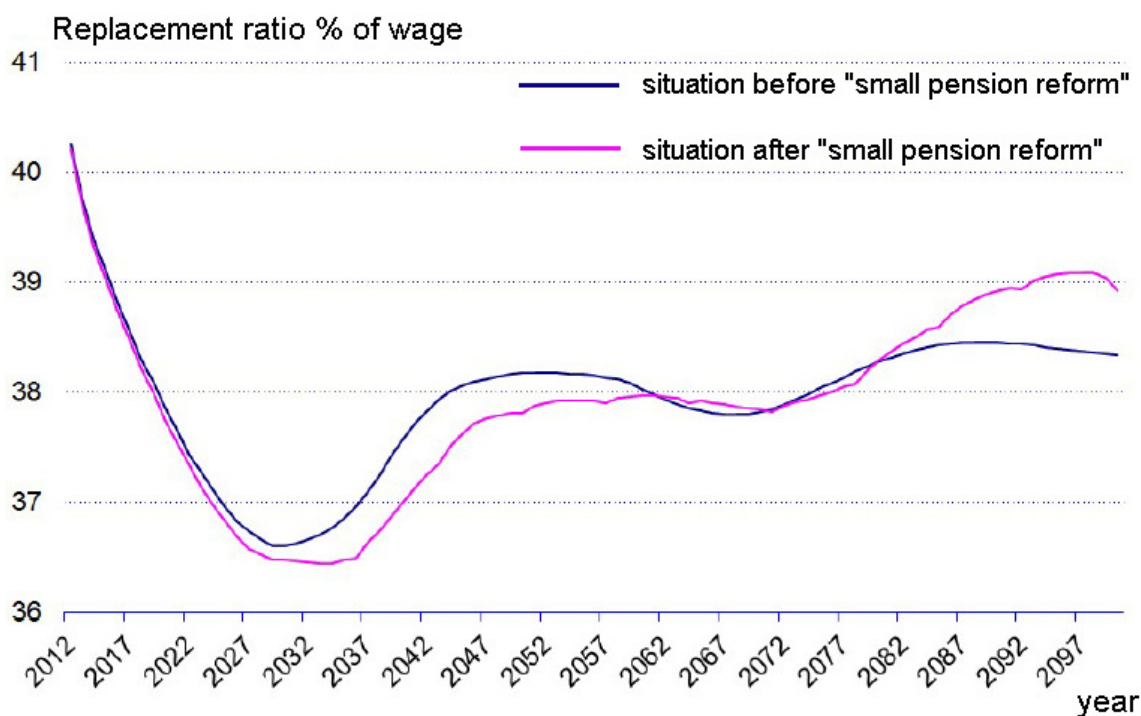


Source: MLSA 2012, *The Czech pension system in the context of the EU*

<http://www.mpsv.cz/files/clanky/11969/Analyza.pdf>

The following chart illustrates that the improvement in the balance of the pension system due to the “small” pension reform will not materially impact pension adequacy since the ratio of average old age pension to average wage will remain almost the same.

Chart 9: Total replacement ratio (%) with the effect of the “small” pension reform



Source: MLSA 2012, *The Czech pension system in the context of the EU*
<http://www.mpsv.cz/files/clanky/11969/Analyza.pdf>

Further analysis concerning the pension system, published in the Research Institute for Labour and Social Affairs' journal *Social Policy Forum*, focused on the “small” pension reform. In an article entitled “Major Changes in the Pension Law after 30 September 2011”³¹ the author explains the adopted amendment and the practical consequences in detail and provides his own calculations concerning principally the retirement age.

Details of the “large” pension reform, including information on the creation of a funded part of the first pillar of the pension system, were published in materials provided by experts working in the Department of Social Insurance at the MLSA (who participated in drafting the Act on pension savings) in the journal *Labour and Wages*³² in which the authors describe the full range of consequences with regard to the participation of different age groups. The study also provides information on the connection between old-age and disability pensions in terms of partial opt-outs from the funded part of the first pillar.

That the topic of pension reform in the Czech Republic has attracted the attention of a significant section of the population is confirmed by the fact that last year a large number of diploma and bachelor theses on the topic of pension reform were defended at two major Czech universities (specialising in economics); a list of theses with abstracts can be found in chapter 3 of the study under “Abstracts from relevant publications on social protection”.

³¹ http://www.vupsv.cz/sites/File/forum_socialni_politiky/Obsah_4-11.pdf

³² http://www.mzdovapraxe.cz/archiv/dokument/doc-d35844v45540-zmeny- Duchodoveho-systemu-po-velke-reforme/?search_query=zm%C4%9Bny+d%C5%AFchodov%C3%A9ho+syst%C3%A9mu&search_results_page=

A further important publication, which provides a survey on pension reform in Central and Eastern Europe, consists of a book entitled “Pension Reform in Central and Eastern Europe in Times of Crisis, Austerity and Beyond”³³ which provides a description of the history, current status and future projections of pension systems in selected countries³⁴.

According to Eurostat figures, there has not been any significant development in the employment rate of older workers (55-64 years) in the Czech Republic over the past five years; the percentage remains roughly the same at around 46%. From 2006 to 2008, there was a slight increase in this rate of 2.4 percentage points. In 2009 and 2010, the employment rate decreased to 46.5% as a result of the impact of the economic and financial crisis.

The following table shows the development of the labour market participation of the elderly.

Table 4: Labour market participation of the elderly (55-64 years)

	2006	2007	2008	2009	2010
Czech Republic	45.2	46.0	47.6	46.8	46.5
EU27 average	43.5	44.6	45.6	46.0	46.3

Source: Eurostat tables

Since the employment rate of older workers is at a very similar level as the EU-27 average and the average exit age from the labour force is 60.5 in the Czech Republic, support for the employment of older workers is not seen as a pressing issue for the Czech Government. The only developments in this area have been in terms of legislation, where certain restrictive measures have been introduced to reduce the amount of pension earned by early retirement.

According to an article entitled “The Impact of Early Retirement Incentives on Labour Market Participation: Evidence from a Parametric Change in the Czech Republic”³⁵ it seems that incentives to working longer are relatively effective in the Czech Republic since the results of the study confirm that the 2–3% cut in early retirement benefits due to the 2001 reform boosted the labour participation of men eligible for early retirement. This study further researches the impact of a change in the Czech early retirement scheme on the labour force participation of older male workers on real data in the Czech Republic.

The Czech Statistical Office (CZSO)³⁶ also publishes regularly in the field of pensions providing mainly general statistics, including demographic projections and employment statistics. According to CZSO’s latest analysis published in February 2012, 250,000 pensioners work in the Czech Republic³⁷, the number of working pensioners rose by 11,100 in 2011 and they accounted for 40% of total employment growth. Working pensioners in 2011 accounted for more than 5% of all workers and form an indispensable sector of available human resources. However, there are differences between men and women: in the group 60-64 years only 25% of working men receive a pension compared to 70% of women. It is clear therefore that for most men in the age group 60-64 employment income constitutes their main source of income. In effect every second pensioner has a part-time job (45%) which is a much higher proportion than that of part-time jobs in the overall labour market (6%). In the Czech

³³ http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_171551.pdf.

³⁴ Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

³⁵ http://journal.fsv.cuni.cz/storage/1226_kocourek.pdf.

³⁶ <http://www.czso.cz/csu/2009edicniplan.nsf/p/4020-09>.

³⁷ <http://www.czso.cz/csu/csu.nsf/informace/czam020312analyza12.doc>.

Republic, which features one of the lowest proportions of part-time jobs in the EU, almost half of such positions are occupied by pensioners. Part-time positions are occupied more often by women than men.

The employment of those aged around sixty years is on the increase long-term in the EU. There are, however, significant differences between countries. According to the latest available Eurostat data for the second quarter of 2011, the Czech Republic ranks in the top seven EU27 countries in terms of employment in the age group 55-59 years. However, the proportion of workers in the age group 60-64 years is significantly lower than the EU27 average and ranks among the bottom twelve member countries. This is clearly due to lower rates of female participation in this age group. Differences between member states are also evident in terms of workers aged 65-69 years which has a significant impact on total employment in many countries, e.g. Romania where almost a quarter of all working people fall into this age group.

Table 5: Employment rates in selected age groups in Q2 2011 (percentages)

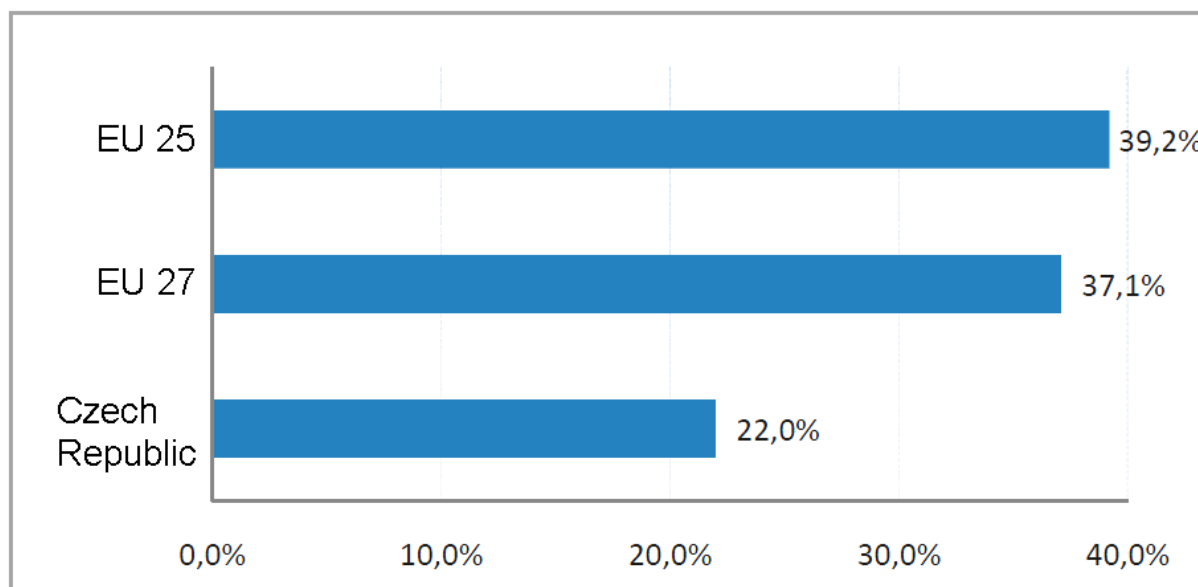
Country	Age groups		
	55-59 years	60-64 years	65-69 years
EU 27	62.6	31.5	10.6
Czech Republic	69.4	26.6	9.5

Source: Eurostat tables published by the CZSO, 2012

As a reaction to the consequences of the financial crisis, from which the Czech economy and Czech society as a whole have not suffered as much as in other European countries, the National Economic Council in 2011 published its “Framework Strategy for Competitiveness for the years 2012-2020”³⁸ one of the themes of which concerned the area of employment in terms of taxation and educational policy. The main finding regarding educational policy was that the number of years spent by young people in the educational system is increasing significantly. However, the proportion of the population with secondary education only remains high and the proportion of the university-educated population is low in terms of international comparison. The proportion of adults involved in the life-long learning process in the Czech Republic also remains low when compared internationally but is on the increase as shown in the following chart.

³⁸ http://www.vlada.cz/assets/ppov/ekonomicka-rada/aktualne/Ramec_strategie_konkurenceschopnosti.pdf.

Chart 10: Share of the population 25-64 years involved in formal long-life learning (2006)



Source: NEC 2011, Framework Strategy for Competitiveness for the years 2012-2020

Therefore it is clearly necessary to increase the proportion of the adult population involved in long-life learning, to which both European sources particularly from European social funds and free educational capacity released by demographic development can contribute. One of the key issues appears to be long-life learning especially by teachers in terms of helping them to adapt to rapid changes in technology. As far as income taxation is concerned, the key challenge for the Czech Republic is to harmonise the tax and benefits system in terms of increasing incentives to finding employment. This is especially the case in the area of family benefits where it is necessary to ensure that even income from part-time employment after taxation is significantly higher than the benefits available.

In 2011 the Czech Republic contributed, via the Research Institute for Labour and Social Affairs, a Czech case study³⁹ as part of a project entitled “The Effects of Life Courses on Women’s Pensions”, itself part of the international “Peer Review in Social Protection and Social Inclusion and Assessment in Social Inclusion”. The main findings showed that the pension system (the first pillar) in the Czech Republic is gender neutral and the reason for the gender pension gap is not the pension system but the differing life courses of men and women. Indeed, the pension system in the Czech Republic contributes to lowering the gender pay gap. The difference between the pensions of men and women, at 18% on average, is less distinct than differences between incomes which stand at 26% for average incomes and 20% for median incomes. In comparison with many European countries, the difference between the pensions of women and men is significantly lower, one of the reasons for which consists of similar and relatively long insurance periods for both men and women – 44 and 41 years respectively (Kuchařová 2011).

The low rate of income disparity and the relatively high level of effectiveness of social transfer mechanisms in combination with a low income median level represent significant factors in the low rate of relative poverty in the Czech Republic. The at-risk-of-poverty or social exclusion (EU 2020) rate for people aged 65 and over in the Czech Republic is 9.7 percentage points lower than the EU 27 average and the Czech Republic is in the top three

³⁹ <http://www.peer-review-social-inclusion.eu/peer-reviews/2011/effects-of-life-courses-on-women2019s-pensions>.

countries with the lowest risk of poverty or social exclusion in the EU. Only 4.3% of the population aged 65 and over suffered from severe material deprivation in 2010 which represents a decrease of 1.4 p.p. on 2009 (5.7%). The severe material deprivation indicator has decreased continuously since 2005 which is the result especially of the more rapid increase in the income levels of those aged 65 plus than in the general price level. As a consequence of the excessive number of non-contributory periods in the Czech pension insurance system (Holub 2009), in terms of international comparison, the Czech Republic has some of the most generous conditions regarding the taking of non-contributory periods into account.

2.2.5 Critical assessment of reforms, discussions and research carried out

As is clear from the international comparative indicators outlined above, the Czech pension system today effectively protects old people from poverty and social exclusion with a relatively low financial outlay (9.12% of GDP according to Eurostat 2012). But the situation today is in deep contrast with the long-term sustainability of the pension system which will create serious problems according to the projections provided without a continuation in the trend of raising the retirement age, extending requirements regarding the contribution period and lowering the level of benefits from the first pillar. The main challenge thus remains ensuring the long-term sustainability of the pension system which should be achieved by the strict implementation of the recently introduced reforms.

The “small” pension reform approved last year significantly contributed towards the future long-term sustainability of the pension system without significantly reducing the adequacy of future pensions. However, the author sees the method employed for determining the legal retirement age in the future as a potential problem area. Although the legal retirement age is currently set with regard to the development of life expectancy, no direct relationship between the development of the legal retirement age and life expectancy has been included in the latest pension legislation. Thus the legal retirement age could be changed according to future political decisions. Therefore, until the current ruling coalition enjoys a comfortable parliamentary majority, it will be necessary to adopt an amendment that directly links the future retirement age to life expectancy; the pay-as-you-go pillar of the pension system would thus acquire a significant automatic stabiliser.

A further challenge is to provide the old age security system with a greater degree of equivalence which should be provided alongside the first PAYG pillar and within the funded part of the first pillar and the third pillar. Changes made in the pension system aimed at strengthening the principle of equivalence via both the “small” and “large” pension reforms are, in the author’s view, inadequate. To support participation in the funded part of the first pillar, it will be necessary to increase the amount of opted-out contributions from just 3% and thus allow people to choose whether to participate in the high solidarity pay-as-you-go system or whether to take advantage (at least partially) of the equivalent-funded retirement savings pillar.

Although the basic steps towards reform of the pension system were taken when the Retirement Savings Act and the Supplementary Pension Savings Act were approved in December 2011 and the “small” pension reform came into force on 30 September 2011, there is a low level both of public support and understanding of the changes. Thus explaining the reforms and the reasons for them to the public remains a huge challenge for the future.

Current estimates of participation in the funded part of the first pillars range from 10% by Pension Institutions to 50% by the Finance Minister⁴⁰.

No less important than an explanation of the pension reform principles for the public is to find consensus between the opposition and coalition parties in parliament. The current situation in which the opposition is using pension reform as a slogan prior to elections and has publicly declared that it will scrap the changes should it come to power following a general election has led to uncertainty regarding the future of the pension system thus significantly reducing its potential for success.

Along with the rising retirement age it will be even more crucial in the future to successfully tackle low employment rates and employment exit ages for older men and women. The female employment rate remains lower than the EU 27 average and space exists for more female participation in the labour market, especially in terms of part-time employment which is still relatively uncommon in the Czech Republic. Thus the creation of conditions for the establishment of new and the preservation of existing work places represents a further important challenge for the Czech Republic together with that of motivating and encouraging people to work longer.

2.3 Health Care

2.3.1 The system's characteristics and reforms

The Czech health care system is based on a social health insurance system, with mandatory insurance for the whole population and a public-private mix for the provision of health care. This system is a contractual one, with a clear separation between financing and provision. Many ambulatory physicians have their own private practices and work under contracts with the health insurance funds, which offer a basic package of curative and preventive services, but compete for their members. Health insurance is funded by contributions from individuals, employers and the state.

Any person with a permanent residence in the Czech Republic is entitled to health insurance. An entitled person has the right to choose any health insurance fund once every 12 months. Patients have the right of free choice of health care providers. The state guarantees health care and maintains a health insurance system and participates in the insurance funds' supervisory boards. The state guarantee is included in the Czech constitution. The Ministry of Health is responsible for the preparation of health care legislation, for health and medical research, for the licensing of medical technology and for the management of two training institutes. The State Institute for Drug Control⁴¹ is responsible for the licensing of pharmaceuticals and necessary regulations and controls in pharmaceutical policy (HIT Summary Czech Republic 2005).

In the course of the past 20 years, and in particular after parliamentary elections in 2010, which were won by the right-wing coalition government, the health care system has been gradually reformed into a more market-oriented system. This is reflected in the growing share of private expenditures and organisational changes which aim at the establishment of quasi-markets with reduced public involvement. A major priority of the current government is the control of public expenditures in health care. With regards to the political and economic context of health care reforms, the government is primarily oriented on economic objectives

⁴⁰ http://www.tyden.cz/rubriky/byznys/cesko/sefove-fondu-jsou-mnohem-pesimistictejsi-nez-kalousek_214596.html.

⁴¹ State Institute of Drug Control <http://www.sukl.eu/index.php?lang=2>.

of growth and competitiveness, regardless of the negative social consequences (Mission Statement of the Government 2010; NERV manual competitiveness).

At the end of 2011, the Parliament adopted five key reform laws: (1) Act No. 372/2011 Coll. on health services and terms of delivery, (2) Law No. 373/2011 Coll. on specific health services, (3) Act No. 374/2011 Coll. on the emergency medical service, (4) Act No. 375/2011 Coll. amending certain laws in connection with the adoption of the health services act, and (5) Act No. 369 / 2011 Coll., which amends Act No. 48/1997 Coll. on public health insurance. All five new acts will take effect from 1 April 2012. The objectives pursued by the reform acts, according to a statement by the government (Government Information Centre, 2012), are as follows:

- better patient information and the right to accept or refuse treatment
- the right to detailed information about procedures performed, their consequences and after-effects
- greater certainty for patients about the correctness of their diagnosis or the treatment provided, and prevention of errors
- a more effective patient complaints system
- choice of health care facility
- the option for patients to pay extra for premium treatment
- the obligation for health insurers to ensure local and timely access to medical treatment
- the right for patients to have close or chosen persons present during the provision of health care services
- the regulatory charge for one day's hospitalisation will be CZK 100
- cancellation of the charge per item on prescriptions; the charge will be CZK 30 for the whole prescription
- ambulance response times will not exceed 20 minutes in 95% of cases

At first glance it is clear that the objectives of the health care reform are focused on the roles and responsibilities of patients, health providers and health insurance. The role of public administration, democratic participation and civic associations or providers of medical services themselves is not included in these goals. Reforms of the Czech health care system have long focused only on issues of funding and organisational changes in the health care providers and public insurance funds, while issues of public health and health promotion are not paid attention to. Unfortunately, there has been a long conflict with long-term strategies formulated at EU level. The Czech Republic could easily fall into the trap of reducing their competitiveness due to deterioration in their health investments and increasing burden of disease due to socially irresponsible reforms.

2.3.2 Debates and political discourse

The ongoing debate over the Czech health care reform in 2011-2012 focused on hospital management, financing health care and the role of solidarity and justice in the health care system.

- (1) **Debate on the management structure of hospitals and hospital care** following the health insurance companies act in the public health insurance. During the last year, a group of small and medium-sized hospitals had to reduce their bed capacity and the number of physicians. The government and the Minister of Health are justifying the need for such changes with the geographical restructuring, centralisation and

specialisation of hospital care in larger centres. However, regional access to hospital services is uneven and a lack of coordination by the Ministry of Health in regional hospital service planning is criticised. Large teaching hospitals also entered the debate in order to argue for more funds and to reduce the role of regional governments and public control over the development of health care. What was missing was adequate data and analytical studies related to the issues, but the debate was mainly a power struggle, carried out in the media and at political level, without the necessary empirically documented arguments.

(2) The debate about funding and organisation of the health care system: The health care system is viewed by right-wing political parties and economists as a negative and limiting factor for further economic growth in an environment of economic globalisation and the development of global competitiveness. The price of labour and amount of payments of contributions to social security and health insurance is considered as too high, and it is argued to cut spendings, and, moreover, to shift funding directly to the citizens / patients.

(3) The debate on solidarity and justice. There is also a debate on self-responsibility with regard to the individual health status. The media highlight actions (or lack of action) by individuals in relation to their health and their participation in public health insurance, and sick individuals in lower income groups are accused of being irresponsible and a burden to the public health insurance system. What is missing is a more comprehensive debate on the underlying reasons for health inequalities.

2.3.3 Impact of EU social policies on the national level

The debate on the OMC in the field of health care is very limited in the Czech Republic. Only individual employees of the Ministry of Health are concerned with the issue, the OMC agenda is also not in the field of interest of the Czech media.

The linkages between health and ageing identified by the Czech government are very pragmatic: (1) more elderly people will result in a higher demand for health care services and, thus, opportunity for the development of entrepreneurial actions in this field, (2) the growing needs of care for the elderly will increase public insurance expenditures, so “it would be better to create sufficient barriers to access of care for them” (barriers like regulatory fees, co-payments in long-term care facilities).

The linkage between health and poverty is not on the Czech health policy agenda as regards determinants of health. The officially prevailing argument is that the Czech Republic is still a country with the lowest level of inequality in comparison with other EU countries.

2.3.4 Impact assessment

An analysis of the impact on the macro level could be carried out on the basis of statistical data like the system of health accounts from the OECD, data from the Czech National Health Statistics Office, IMF data, Czech Statistical Office –data on public health insurance system and family accounts. Further important data is collected by the Ministry of Health about public health insurance systems and large university hospitals. However, the Ministry of Health is not publishing the data but gives access only to government, Ministry of Finance and Parliament. As regards health care services research, there are also important deficits, as the assessment of the performance of the system is only possible with the use of very different data sources. There are problems with access to individual data, data of individual hospitals and providers of health care services. Transparency of the whole health care system could certainly be higher, especially as regards the health insurance system. Public debates on the

problems of health care systems are usually very limited, due to the missing access to relevant data.

Based on combination of these data sources, it is possible to see the growing variances in the financing of individual segments of health care services. In the hospital sector, for example, there are growing expenditures for pharmaceuticals. After 2009, there is stagnation in revenues of public insurance systems, but it is not determined only by the financial and economic crisis, but also due to legal changes in the payment of contributions to these systems.

The impact of the financial and economic crisis on Czech patients was in terms of further intensive growth of regulatory fees and co-payments. Growth of direct payment was substituting the stagnation of the revenues in the public insurance system.

The development of total health care personnel is comparable with the international development. It reflects technological development and specialisation. There are existing discrepancies (in terms of shortage) with regards to primary health care and dental care. Human resources in health care are not important priorities on the health policy agenda. Health care personnel are often under pressure from very frequent and sudden reform changes. What is missing is a long-term strategy in this field. The balance of education, practice and management is rather critical and is influenced by short-term targeted “corrosive reforms”, based on the idea of use of economic tools and motivations implemented by health insurance organisations.

There is still a gap in debate and research activities related to health inequalities and their determinants. In the health agenda, the health status and its determinants are not considered as important.

The waiting lists of individual hospitals are now published. This responsibility for individual hospitals to publish waiting lists was included into the regulation of the Ministry of Health. Previous informal payments for services are now legalised (and will be in force from April 2012). Access to services will be even more strongly influenced by the ability to pay.

Last year, the general health insurance fund published in the media that there are existing large variances in hospital care as regards their costs and length of stay.

Based on brief assessment with an international comparative perspective, there is still a constant, long-term health gap, which has existed for 20 years (in terms of standardised mortality rates and life expectancy). This trend is the same for other Visegrad countries. A similar trend exists for total health care expenditures. Total health care expenditures of 7% of GDP in the Czech Republic are below the average of OECD countries (9-10%). But the situation is worrying as regards the growing burden of diseases (chronic diseases) and the healthy life years indicator.

2.3.5 Critical assessment of reforms, discussions and research carried out

Targets of the current Czech health care reform (2011-2012) are focused mainly on changes in financing and the organisation of health care services. The financial burden is transferred to the individual by increased direct payments by patients. The principle of solidarity is gradually being eroded.

The cause for this development can be understood through analysis of political discourse, political and media communications of responsible health policy makers, who act at the Ministry of Health (MOH) and in the political parties of the government coalition. Political behaviour of these actors is in accordance with the trends of economic globalisation. They are pursuing goals of reducing production costs and increasing profits. These objectives are

further operationalised in the form of lower labour costs, reducing taxes and reducing direct payments to the public social and health insurance. Emphasis is laid on reforms in corresponding areas of the welfare state (health care, social security, education).

The Czech political discourse does not include human rights, knowledge of social determinants of health, health investment with options for public health and health promotion or economically less demanding opportunities for the development of medicine itself. The Czech society is forced by the current coalition government reform model, which does not correspond with the current level of international social science knowledge, and it is also socially irresponsible and reckless.

Apart from its social side effects, the implementation of reforms has also had an impact on the actual workers in the health system. In the context of austerity measures, there is a growing competition for resources among the large, medium and small hospitals. Reform approach is not evidence-based, but it is formulated according to vested interests (international/global entrepreneurial interests in health care services, financing, distribution of technologies, pharmaceuticals, Czech health insurance funds). A serious threat is irresponsible health policy makers' efforts to liquidate the public health infrastructure which is responsible for monitoring the health risk factors (chemical, physical and biological hazards). It is a system called hygiene stations and operates at regional level. For enterprising players, health policy at the central level has become the centre of attention in Prague, where, for example, the National Institute of Public Health became the subject of serious debates about privatisation and about using it for other purposes than for public health two years ago. MOH procedures in this area go so far that they should become the subject of serious debate within the EU, because they come into conflict with the primary EU law.

Which reforms are still necessary?

The answer to this question can be formulated in at least two different ways. From the perspective of the current government coalition and MOH plans, now, the only things left to do are to reform the rules for management and administration of large hospitals (University Hospital Act) and to enhance progress in increasing the autonomy of the public health insurance.

From the perspective of long-term sustainable development, the Czech Republic cannot rely only on market concepts/forces and the systematic denial of the existence of human rights related to health. It is necessary to support transparency of the whole health care system (access to data and to analytical studies to support research), to publish the economic results and outcomes of health care providers, to organise and finance health care services research and research of health inequalities, social determinants of health on the level of existing risk groups, in small geographic areas.

There is strong need to modernise existing public health insurance practices, to implement modern mechanisms of purchasing on the principle of participatory governance and real public control (citizen participation). Public health insurance must be developed as a measure for people and not for its managers or as a self-financing mechanism for health care providers only (value of money for health).

The hospital sector needs a new legal framework for public hospitals performing on non-profit basis, like public corporations. At the same time, long-term education for public representatives is needed. Such representatives in public corporations must be democratically elected; they must discuss with and inform citizens about economic results, problems and strategies of future development.

There is a strong need for further public administration reform steps, such as implementing research and analytical capacities on regional and state levels and using them for the development of new measures for administration and strategic management (planning, evaluation) of health policy. It is necessary to overcome barriers in communication and responsible co-operation between state/central government and regions (regional government). The Czech Republic also needs to create an infrastructure for investment in health, public health and health promotion, i.e. organise and finance health promotion programmes in agreement with international knowledge networks and discourses in WHO, OECD, EU, and the European Observatory on Health Care Systems and Policies. It needs a health care system that is interested in its citizens' health and not in entrepreneurial action, profit and clientelistic networks. This is a serious challenge.

2.4 Long-term Care

2.4.1 The system's characteristics and reforms

The basic characteristics of the long-term care system in the Czech Republic did not change substantially in the reporting period.

Social services development has undergone a significant and relatively rapid change in terms of organisation and financing since 2006 and the system has been decentralised and modernised.

Long-term care is provided by persons close to the person in need of care (i.e. informal care within the family or community) and by professional providers under the Ministry of Labour and Social Affairs (MLSA) and the Ministry of Health (MOH). Services provided under the jurisdiction of individual ministries are largely coordinated among themselves on the local/community level.

Long-term care is provided in the form of health care and social services. Health care is provided in different types of inpatient facilities and through home care. Nevertheless, the role of informal home care is predominant (about 70%).

An important element of primary health care is home care agencies. In the past 20 years, this service has recorded a beneficial development, providing care in patient's homes. Another positive aspect is the intervention in the patient's family to teach family members and the patient (if able) autonomy and independence. Here, the role of home care agencies is to facilitate care and to solve the problems of patients rather effectively, together with the informal care partners. Most home care agencies are members of the Association of Home Care of the Czech Republic (CR ADP). In regular intervals, training sessions are held in which home care providers are familiarised with new scientific knowledge and research.

In recent year, the two key ministries (MOH, MLSA) have developed many activities in terms of quality of service within the area of long-term care of both basic types (health care and social services). Suggestions to such changes emerged from the objectification of the existing problems (violence, lack of quality in inpatient facilities, team cooperation).

An important step in long-term care inpatient facilities was the introduction of new instruments of accreditation. In the field of social services, the gradual implementation of quality management tools was achieved in relation to its standardisation and existing knowledge.

2.4.2 Debates and political discourse

The main debates related to long-term care policy were focused on the preparation of a new law on long-term care. This took place primarily among officials from the respective ministries on the one hand and existing service providers on the other hand. The new act on long-term care is an initiative of the Ministry of Labour and Social Affairs; the Ministry of Health is a cooperating institution.

The originally planned time schedule for the preparation of a new law on long-term care was not met. The act should have been submitted to the government by the end of 2011. In May 2011, the principal proposal for the law was sent off for external consultation, i.e. to all actors concerned with the issues. However, the integration of results from the consultation proceeded until the beginning of 2012. The resulting act was passed by the MOH in February 2012, and will now also have to be discussed at MOLSA.

During 2011, MOLSA continued its work on related analytical documents; a summary is listed on MOLSA's website (MOLSA 2012). Within the framework of a programme initiated by the MOLSA several analyses have been carried out:

- Analysis of the care receivers and potential clients in long-term care (Daňková 2011);
- Analysis of capacity of the long-term care provider network (Hrkal 2011);
- Life tables for recipients of care allowances (Alexa 2011);
- Financial flows in public and private budgets in the long-term care (Pavloková 2011);
- Use of health care benefits by care recipients.

With regard to the financing of LTC, both public health and social services are under the pressure of budgetary cuts. Long-term care competes with acute hospital care over financial resources to its disadvantage. It is difficult to assume that the freezing of public expenditure in this area and subsequent development only via direct or private funds will lead to better quality for all recipients of such services. The combination of multiple financing sources also entails further questions regarding control of development and quality management.

Due to the budget cuts, many providers of health care and social services have been gradually getting into serious trouble. Some of the capacity in the non-profit sector has been eroded. This has led to critical attitudes in public opinion. The implemented and prepared reforms together with the cuts (austerity measures) are the subject of criticism from trade unions, but also from other civic initiatives.

2.4.3 Impact of EU social policies on the national level

The debate on the OMC in the field of long-term care in the Czech Republic formally refers to the main agenda of the EU. It is also reflected in relevant documents, published by MOLSA. However, policy making related to long-term care has several dimensions. The majority of documents of the Czech National Reform Programme are focused on the objectives of economic growth. The activities of the welfare state are under pressure from the consequences of economic globalisation. In such economic and political context, it is very difficult to develop responsive linkages between long-term care and ageing or between long-term care and poverty.

2.4.4 Impact assessment

The quality of LTC is not monitored and evaluated systematically. Quality is not assessed by using indicators of quality of life, but through evaluation of subjective and objective indicators of quality of service. Important indicators are specific standardised death rates and life expectancy. Specific mortality rates in different disease groups are signalling a slowdown

of the previous fall in the past few years. This could indicate a deficit of care, leading to a more rapid mortality rate in comparison with previous trends of the past decade.

2.4.5 Critical assessment of reforms, discussions and research carried out

Probably the most important development in long-term care is the pursuit of the new law on long-term care. Access to the processing of the act is marked by a series of question marks. Although external experts were invited, mainly from the area of health-related studies, their reflections on and analysis of the existing problem are not sufficiently taken into account. The main effort in preparing this act is devoted to financial issues only at the level of total spending trends (especially in terms of freezing public spending at current levels and future growth by supplementing them with private sources), which is expressed by the need to reduce current levels of solidarity. Furthermore, the apparent intention is that this area should receive services which are primarily under private control in the future. During the work on the act on long-term care, the existing discontent of workers from both areas (social services and health care) of long-term institutionalised care was also used as an argument.

A further critical issue is the lack of transparency in drafting the act. The analyses that were processed at MOLSA are useful, but the question is about their factual scope and intellectual benefits. As regards the coordination (leadership) of this whole approach, in my view, there are many doubts that I try to verify through interviews with participants working on the long-term care act. Undoubtedly, it would be appropriate to talk about the preparation of the long-term care act in a more publicly transparent way. The current process is more technocratically closed. MOLSA should openly publish the discourse on external comments and also pay more attention to the results of developments within international knowledge networks.

2.5 The role of social protection in promoting active ageing

2.5.1 Employment

Once an individual reaches the legal retirement age and decides to continue working, there are three ways in which the pension system rewards longer working careers.

- 1) The individual decides not to take the pension and continues working, i.e. a classic case of deferred pension, which is rewarded by an accrual component of 1.5% of the personal calculation basis per each 90 days of such work.⁴² This means that every year of such work following a person's legal retirement age is rewarded 4 times more than in the period prior to reaching the legal retirement age.
- 2) The individual decides to take half the total pension entitlement and continues working. This type of partially deferred pension is rewarded by an accrual component of 1.5% of the personal calculation basis per each 180 days of such work. This means that every year of such work following the legal retirement age is rewarded twice more than in the period prior to reaching the legal retirement age.
- 3) The individual decides to take the full pension and continues working. In this case each year of work after reaching the legal retirement age is rewarded by an accrual component of 0.4% of the personal calculation basis. The amount of the pension is recalculated every 2 years of the working period following the legal retirement age.

⁴² The value of the pension depends principally on the number of years of contribution, each of which (reached prior to the legal retirement age) is awarded an accrual component (1.5% of the personal calculation basis), earnings during these years, the income ceiling and earnings thresholds.

The retirement age in the Czech Republic is being increased gradually by a certain number of months depending on year of birth, sex and number of children raised with the aim of eventually unifying the retirement age of men and women. The retirement ages of those born between 1936 and 1977 in relation to sex, age and number of children are shown in ANNEX 1.

For those born after 1977, the retirement age will increase continuously by two months every year for both sexes without any stated limit (thus, the retirement age of those born in 1978 will be 67 years and 2 months and for those born in 1983 the legal retirement age will be 68 years, etc.).

Since the increase in the legal retirement age is relatively gradual, people should have time to prepare. Since increases in the retirement age generally follow the expected development of life expectancy (alongside which the productive age of individuals will increase), the increase in the legal retirement age should not represent significant problems in terms of the health status or productivity of the elderly.

For those who are not able to work due to genuine medical reasons, the pension system provides partial or total disability pensions. For those who no longer wish to engage in gainful employment for other reasons, early retirement is available, the duration of which depends on the statutory retirement age of the insured.

- 1) An individual whose legal retirement age is lower than 63 years is permitted to retire up to 3 years earlier than the legal retirement age.
- 2) An individual whose legal retirement age is 63 years to 65 years is permitted to retire upon reaching the age of 60 years.
- 3) An individual whose retirement age is higher than 65 years is permitted to retire 5 years before the legal age of retirement.

However, the trade unions and left-wing opposition oppose further increases in the legal retirement age, due mainly to what they see as unequal opportunities for workers (regarding working conditions, health status, etc.). Negotiations held at tripartite level resulted in a proposal to create special pre-retirement benefits under the existing third pillar of supplementary pension savings, which would be financed by higher employer contributions to employee savings accounts in the third pillar than currently proposed. For more details on the issue of the pre-retirement pension benefit, please see chapter 2.2.2. of this study “Debates and Political Discourse.”

At present in the Czech Republic, there are no other measures in place in the areas of social protection or tax aimed at promoting the employment of the elderly.

In connection with the European Year for Active Ageing and Solidarity between Generations, the MLSA has organised a number of conferences, particularly at the regional level, aimed at explaining the principles of active ageing. Nevertheless, non-profit and non-governmental organisations and civic associations have been more active than governmental or regional autonomy institutions in terms of attempting to raise general awareness of the importance of active ageing and its various aspects.

No mandatory retirement age exists in the Czech Republic, i.e. retirement is not an obligation but a right. Reaching the legal retirement age (or the taking of an old-age pension) is not a legal reason for dismissal.

2.5.2 Participation in society

Periods of unpaid / volunteer work are considered contributory periods if the volunteer work is long-term (more than 3 months) and takes up at least 20 hours per week. The volunteer cannot be insured for another reason (employment, study, maternity leave, etc.).

2.5.3 Healthy and autonomous living

The agenda of healthy and autonomous living became part of Czech political activities within the European Year of Active Ageing and Solidarity Between Generations. On 2 March 2012, the European Year of Active Ageing conference was opened at the Czernin Palace (Mols 2012b). The Government stated that “The state, in collaboration with various non-profit organisations, will do everything to ensure that seniors have the opportunity to age actively and to improve their social status” (MOLSA 2012b).

Annex 1

Legal retirement age in the Czech Republic for individuals born 1936 – 1977

Year of birth	Legal retirement age for					
	men	women with children raised				
		0	1	2	3 and 4	5 and more
1936	60y+2m	57y	56y	55y	54y	53y
1937	60y+4m	57y	56y	55y	54y	53y
1938	60y+6m	57y	56y	55y	54y	53y
1939	60y+8m	57y+4m	56y	55y	54y	53y
1940	60y+10m	57y+8m	56y+4m	55y	54y	53y
1941	61y	58y	56y+8m	55y+4m	54y	53y
1942	61y+2m	58y+4m	57y	55y+8m	54y+4m	53y
1943	61y+4m	58y+8m	57y+4m	56y	54y+8m	53y+4m
1944	61y+6m	59y	57y+8m	56y+4m	55y	53y+8m
1945	61y+8m	59y+4m	58y	56y+8m	55y+4m	54y
1946	61y+10m	59y+8m	58y+4m	57y	55y+8m	54y+4m
1947	62y	60y	58y+8m	57y+4m	56y	54y+8m
1948	62y+2m	60y+4m	59y	57y+8m	56y+4m	55y
1949	62y+4m	60y+8m	59y+4m	58y	56y+8m	55y+4m
1950	62y+6m	61y	59y+8m	58y+4m	57y	55y+8m
1951	62y+8m	61y+4m	60y	58y+8m	57y+4m	56y
1952	62y+10m	61y+8m	60y+4m	59y	57y+8m	56y+4m
1953	63y	62y	60y+8m	59y+4m	58y	56y+8m
1954	63y+2m	62y+4m	61y	59y+8m	58y+4m	57y
1955	63y+4m	62y+8m	61y+4m	60y	58y+8m	57y+4m
1956	63y+6m	63y+2m	61y+8m	60y+4m	59y	57y+8m
1957	63y+8m	63y+8m	62y+2m	60y+8m	59y+4m	58y
1958	63y+10m	63y+10m	62y+8m	61y+2m	59y+8m	58y+4m
1959	64y	64y	63y+2m	61y+8m	60y+2m	58y+8m
1960	64y+2m	64y+2m	63y+8m	62y+2m	60y+8m	59y+2m
1961	64y+4m	64y+4m	64y+2m	62y+8m	61y+2m	59y+8m
1962	64y+6m	64y+6m	64y+6m	63y+2m	61y+8m	60y+2m
1963	64y+8m	64y+8m	64y+8m	63y+8m	62y+2m	60y+8m
1964	64y+10m	64y+10m	64y+10m	64y+2m	62y+8m	61y+2m
1965	65y	65y	65y	64y+8m	63+2my	61y+8m
1966	65y+2m	65y+2m	65y+2m	65y+2m	63y+8m	62y+2m
1967	65y+4m	65y+4m	65y+4m	65y+4m	64y+2m	62y+8m
1968	65y+6m	65y+6m	65y+6m	65y+6m	64y+8m	63y+2m
1969	65y+8m	65y+8m	65y+8m	65y+8m	65y+2m	63y+8m
1970	65y+10m	65y+10m	65y+10m	65y+10m	65y+8m	64y+2m
1971	66y	66y	66y	66y	66y	64y+8m
1972	66y+2m	66y+2m	66y+2m	66y+2m	66y+2m	65y+2m

1973	66y+4m	66y+4m	66y+4m	66y+4m	66y+4m	65y+8m
1974	66y+6m	66y+6m	66y+6m	66y+6m	66y+6m	66y+2m
1975	66y+8m	66y+8m	66y+8m	66y+8m	66y+8m	66y+8m
1976	66y+10m	66y+10m	66y+10m	66y+10m	66y+10m	66y+10m
1977	67y	67y	67y	67y	67y	67y

Note: y – years, m – months

Source: Pension Act 155/1995

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Pensions

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3 Abstracts of Relevant Publications on Social Protection

[R] Pensions

- [R1] General trends: demographic and financial forecasts
- [R2] General organisation: pillars, financing, calculation methods or pension formula
- [R3] Retirement age: legal age, early retirement, etc.
- [R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.
- [R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

[H] Health

- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities, etc.
- [H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.
- [H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)
- [H6] Regulation of the pharmaceutical market
- [H7] Handicap

[L] Long-term care

[R] Pensions

[R2; R5] AUDY, Daniel, *Návratnost systému důchodového pojištění*, Diploma thesis, VŠE, 2011

“The return on the pension insurance”

The old-age pension scheme system consists of two time periods of different lengths. During the first stage, the insured persons contribute financially a certain part of their base of assess into the system. For the purposes of this work, we can call this sum a percentage of their income. On reaching a certain age, the insured person can draw regular amounts of money, called old-age pension. The insurance rate should be paid for a longer period of time and in smaller amounts. Old-age pension should, on the other hand, be higher and be available for a shorter period. This study tries to find out which of these two sums (in total) is higher. The value studied is the rate of return, which compares the money paid by the state with the insurance money. Actual employees' salaries reflecting the progression of the lifetime income were used in the calculations. Concurrently, this work enables the reader to understand the method of calculation of the old-age pension nominal value for the year 2011 and takes into account the changes within the so-called small pension.

[R1; R2] BARTÁK, Lukáš, *Analýza demografických změn ve vztahu k solidaritě a ekvivalenci důchodového systému České republiky*, Bachelor thesis, VŠE, 2011

“Analysis of demographic changes in relation to equivalence and solidarity under the pension system of the Czech Republic”

The work focuses on exploring the context of long-term demographic and economic forecasts of expected developments in the Czech Republic and their relationship to personal freedom, solidarity and equity in the social security system. It aims to formulate socio-economic arguments that will subject the existing thought on forecasting of distant future developments to a certain level of testing and that will point out the need for broadening the research on the issue. This should include other important trends and indicators that can affect the distortion or bias of the current projections. The practical part of this work examines the quantification of the current state of equity and solidarity of different income groups within the Czech Republic's pension system and the comparison of this empirical data with the theoretical bases of reforms of the existing system.

[R2; R5] BEZDĚKOVÁ, Karolina, Penzijní připojištění v rámci systému důchodového zabezpečení v České republice, Diploma thesis, Masarykova univerzita, Brno, 2011
http://is.muni.cz/th/206671/esf_m/Bezdekova_DP.pdf

“The additional pension insurance within the pension scheme in the Czech Republic”

The goal of the submitted thesis “The additional pension insurance within the pension scheme in the Czech Republic” is a description of the current setting of the pension scheme in the Czech Republic, with an emphasis on the pillar of the additional pension insurance financed by state contribution. Pitfalls and problems facing the scheme and the efforts to deal with them are outlined in the thesis. Mainly, the reform introduced in February 2011 is interpreted. This reform consists of implementing another, fully funded pillar into the pension scheme in the Czech Republic. Changes in the scheme of the additional pension insurance are also considered and highlighted. The thesis also includes an analysis of the pension funds operating in the market in the Czech Republic. On the basis of the discovered results, the role and position of the additional pension insurance is discussed in case the reform in preparation is realised.

[R2] ČAGÁNOVÁ, Hana, Budoucí podoba penzijní reformy, Bachelor thesis, Masarykova univerzita, Brno, 2011
http://is.muni.cz/th/322965/esf_b/Bakalarska_prace.pdf

“Future shape of pension reform”

The bachelor thesis deals with the present state of the Czech pension system and strives to point out its weak spots that cause demand for reformation. The thesis provides an insight into the development of the pension system from the revolution until the present time and gives thorough insight into drafts by different Czech political parties and other apolitical subjects. The final part of the thesis is based on the author’s personal opinion and insight into the matter of pension reformation.

[R2] FEJFAROVÁ, Michaela, Starobní důchody jako součást mandatorních výdajů v ČR., Bachelor thesis, VŠE, 2011

“The retirement pensions as an important item of mandatory spending”

The retirement pensions as an important item of mandatory spending are discussed in this bachelor thesis. In the first chapter, mandatory spending is characterised and its progression is analysed from 2005 to 2009. The second chapter is devoted to retirement pensions which are described as a part of public expenditure. Progression of retirement pensions is analysed in terms of various indicators such as average level of retirement pensions, expenses on retirement pensions or number of pensioners. The third chapter evaluates the problems of the pension system and provides important information about the activities of the I. and II. Bezděk’s Commission.

[R1; R2; R3] HIROSE, Kenichi [EDI], Pension Reform in Central and Eastern Europe in Times of Crisis, Austerity and Beyond, ILO 2011, Geneva, 338p
http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_171551.pdf

This book is organised in two parts. Part I reviews the recent trends in pension reform in Central and Eastern Europe and discusses the key issues related to pension reform in general, focussing in particular on the future direction of pension reforms in Central and Eastern Europe. Technical and statistical annexes supplement Part I with explanations of technical issues and detailed actuarial and statistical analyses. Part II comprises the case studies of

Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic and Slovenia. These national reports review the performance of the current pension systems, in particular during the global economic crisis, outline recent reform experiences, and highlight the long-term challenges facing these countries. In addition to the issues of benefit adequacy and financial sustainability, particular attention is given to the problems associated with undeclared work and the importance of social dialogue in the process of pension reform.

[R1; R2] HLAVÁČ, Jan, SCHNEIDER, Ondřej, Finanční výkonnost penzijních fondů ve střední Evropě: Proč jsou české fondy nejhorší? IDEA VÝZKUM April/2011, Prague, 16p
http://idea.cerge-ei.cz/documents/vyzkum_201101.pdf
“*The financial performance of pension funds in Central Europe: Why are Czech funds the worst?*”

This paper draws attention to the poor financial performance of the Czech system of voluntary pension funds and compares it with the results of pension funds in Central and Eastern Europe (Bulgaria, Croatia, Hungary, Poland and Slovakia). Using the estimated Sharpe ratio (SR) the financial returns of pension funds are compared with yields of four selected investment instruments. With the exception of Poland, it appears that none of the pension scheme yields surpass the ten-year government bond yields within the compared countries. The most alarming finding is that the weakest appreciation is provided by pension funds in the Czech Republic. The disappointing results of the Czech pension funds stem from rudimentary forms of regulation and lack of legal status of these pension funds, which allows them to increase costs. The conclusion indicates what direction could be taken to change existing regulatory arrangements, in order for the Czech pension funds to at least equal the successful performance of its Central European counterparts.

[R2] HOLUB, Martin, Ke změnám v zákoně o důchodovém pojištění účinným po 30. září 2011, Fórum sociální politiky Nr. 4, July/2011, Prague, p 27-28
http://www.vupsv.cz/sites/File/forum_socialni_politiky/Obsah_4-11.pdf
“*Major Changes in the Pension Law after 30 September*”

The author explains the adopted amendment and the practical consequences in detail and provides his own calculations, mainly concerning the retirement age.

[R2] KADLČKOVÁ, Barbora, Behaviorální aspekty vyvázání se z důchodového systému, Bachelor thesis, Masarykova univerzita, Brno, 2011
http://is.muni.cz/th/268975/esf_b/behavioralni_aspekty.pdf
“*Opting-out of the Pension Scheme: Behavioural Aspects*”

The bachelor thesis describes the planned pension revision in the Czech Republic in 2011. Within this revision, people will have to make a decision of opting-out. With the help of behavioural economic theories, the thesis shows possible non-economic reasons being considered during this decision-making process. The empirical section contains a questionnaire, its evaluation and a distinction of various behavioural aspects affecting this choice.

[R4] KOCOUREK, David, PERTOLD, Filip, The Impact of Early Retirement Incentives on Labour Market Participation: Evidence from a Parametric Change in the Czech Republic, Finance a úvěr, November/2011, Prague, p. 467-483
http://journal.fsv.cuni.cz/storage/1226_kocourek.pdf

In this paper, the impact of a change in the Czech early retirement scheme on the labour force participation of older male workers is investigated. Using the difference-in-differences method, we find that a reduction in early retirement benefits by 2–3% leads to significant decrease in the probability of being inactive for eligible individuals. The effect for individuals who are on the margin of eligibility for early retirement is much stronger than that for an average eligible individual. Our finding implies high elasticity of older male workers' participation rate. The public policy implication is that a reduction in early retirement benefits can serve as a very effective tool to increase the participation of older men in the Czech labour market.

[R2; R5] KREBS, Vojtěch, Solidarity and Equivalence in Social Systems, Acta VŠFS 3, October/2011, Prague, p 253-264

<http://www.vsfs.cz/periodika/acta-2011-03.pdf>

Solidarity and equivalence are long-term issues in all social systems in advanced countries. At first glance, it may appear that the two principles act against one another, though in reality there are lots of very close ties between them – to the extent that when social systems are constructed as universal, the principle of solidarity asserts itself, while when social systems are constructed according to levels of income from economic activities, the principle of equivalence asserts itself. It is just the extent to which those individual principles should be enforced that makes it such a fundamental question when deciding on modifications to individual social systems. The paper considers theoretical solutions for the principle of equivalence and solidarity and their use in individual social systems in the future. It argues that the extent of solidarity is too large and that the principle of equivalence needs to be strengthened.

[R2; R3; R5] KUCHAROVÁ, Věra, Effects of life courses on women's pensions. Czech Republic, RILSA/Peer Review, November/2011 Berlin/Prague, 6p

<http://www.peer-review-social-inclusion.eu/peer-reviews/2011/effects-of-life-courses-on-women2019s-pensions>

This study presents basic characteristics of life courses of women and men in the Czech Republic. It explores main characteristics of life courses of women and men in the Czech Republic affecting pensions and their gender inequalities. In the study the pension system in the Czech Republic from the perspective of gender differences is observed, including important features of the development of the pension system in the Czech Republic after 1990. It releases gender sensitive features of the current pension scheme in the Czech Republic and researches gender inequalities in the Czech pension system. Further, the study brings comments to the topics for discussion at the Peer Review.

[R1; R2; R3] MLSA, Analýza – Český důchodový systém v kontextu EU, January/2012, Prague, 27p

<http://www.mpsv.cz/files/clanky/11969/Analyza.pdf>

“The Czech pension system in the context of EU (analysis)”

This publication is one of the most comprehensive studies on the state pension system, its development and explanations of the impact of the reforms. The analysis provides a detailed explanation of reform legislation and explains the implications for both individuals and the overall pension system in the short and long-term.

[R2] MUSILOVÁ, Zdeňka, ŠLAPÁK, Milan, HOLUB, Martin, Zaměstnanecká schémata penzijního pojištění ve vybraných státech EU, Švýcarsku a USA, VÚPSV, v.v.i., 2011, Prague, 96 p

http://praha.vupsv.cz/Fulltext/vz_333.pdf

“Occupational schemes of pension insurance in selected EU counties, Switzerland and the United States”

The goal of the publication is the description of the trajectory of pension systems in 5 specific member states of the European Union (Denmark, Germany, Ireland, Sweden and Great Britain), Switzerland, and the US. We focus especially on the description of the second pillar as pension occupational schemes. These schemes are analysed from several points of view, i.e. participation, contributions, type of pension scheme, taxation of the pensions. The outcome of the publication is the summary of the main trends in the pension systems trajectory.

[R5] OBŮRKA, Lubomír, Starobní důchod, Diploma thesis, Masarykova univerzita, Brno, 2011

http://is.muni.cz/th/51051/pravf_m/Diplomova_prace_starobni_duchod.pdf

“The old age pension”

This thesis focuses on old age pension, which is the most numerous and currently conventional benefit provided from the system of pension insurance. Work classification proceeds from general determination of the system of social security in the Czech Republic and its systematic components, through more detailed characteristics of the basic system of retirement, to one specific benefit of pension insurance – old age pension.

[R1; R2] PRAVEC, Josef, Co přináší české reformní tsunami, Ekonom Nr. 45, November/2011, Prague, p 58-61

<http://ekonom.ihned.cz/c1-53583640-co-prinasi-ceske-reformni-tsunami>

“What brings the Czech reform tsunami?”

The article presents a summary of all reforms approved in the Czech Republic in 2011 and provides critical assessment of them. It focuses namely on pension reform, reform of the health care system and social system reform.

[R2] RUSOVÁ, Ivana, Zavedení NDC systému v České republice, Diploma thesis, VŠE 2011

“Application of Notional Defined Contribution system in Czech Republic”

The subject of this thesis is the application of the Notional Defined Contribution system in the Czech Republic. In this pension system, everybody has his own individual pension account on which he or she saves money. Interest is accredited to this account. When this person retires, the pension is calculated based on the pension account balance. Contributions do not really stay in the pension system, but they are paid to current pensioners (resemblance to PAYG system). In the first chapter the pension systems in general and in the second chapter the theoretical NDC system is dealt with. The third chapter analyses the practical application of the NDC system in Sweden. The fourth part of this thesis analyses the possibility of introducing the NDC pension system in the Czech Republic.

[R1; R2] SCHNEIDER, Ondřej, Penzijní dluh: Břímě mladých, Národohospodářský ústav AV ČR, v.v. i. May/2011, Prague, 20p

http://idea.cerge-ei.cz/documents/Studie_2011_02_Penze.pdf

“Pension debt: burden of the young”

The study analyses the long-term prospects of the existing pension system in the Czech Republic in terms of hidden pension debt and intergenerational redistribution and compares it with the systems in Estonia, Hungary, Poland and the Slovak Republic. Hidden pension debt reflects the extent to which liabilities to pay future pensions are not covered by taxes, specifically expressed as the difference between the discounted future flows of financial income and mandatory contributions to the pension system of each age group. The Czech state pension system compares as one of the least profitable for the younger generation.

[R2; R5] ŠKORPÍK, Jan, SUCHOMEL, Marek, ŠTĚPÁNEK, Martin, Změny důchodového systému po "velké důchodové reformě", *Práce a mzda* Nr. 11, October/2011, Prague, p 10-16
<http://www.mzdovapraxe.cz/archiv/dokument/doc-d35844v45540-zmeny-duchodoveho-systemu-po-velke-duchodove-reforme/>

“Modifications in the pension system after “major pension reform””

The authors describe the full range of consequences of pension reform with regards to the participation of different age groups. The study also provides information on the connection between old-age and disability pensions in terms of partial opt-outs from the funded part of the first pillar. The study complements all explanations by individual case studies.

[R5] ŠLAPÁK, Milan, SOUKUP, Tomáš, ANALÝZA: Finanční příprava občanů na důchod v České republice, *Demografie.info*, August/2011, 4p
http://www.demografie.info/?cz_detail_clanku=&artclID=773

“Financial preparation for life in retirement in Czech Republic”

The analysis maps the plans and behaviour patterns of people approaching retirement with respect to financial literacy, savings and investments, as well as the measurement thereof, both on a self-assessment basis and as a result of having an objective knowledge of pension entitlements. The paper provides a typology developed according to attitudes towards retirement planning; in addition to the “ordinary” investors, it is possible to identify the “self-confident” investors, those who can be characterised by a “live-for-today” attitude and those who place a high degree of reliance on the state. Retirement planning is significantly affected by an individual’s level of quantitative literacy.

[R2; R3; R5] TEAM OF AUTHORS, International Scientific Conference Pension Reform – How to proceed?, compilation of contributions from the conference, VŠFS, May/2011 Prague

Pension reform is the subject of academic research conducted by the University of Finance and Administration to an extent over and above the curriculum of this issue. This is also due to the fact that it is a highly topical issue for the Czech Republic. These are the reasons why on 5 May 2011, the university hosted the second international conference in a series of such conferences on this topic at the Grand Hotel Bohemia in Prague. In addition to three introductory lectures, the Scientific Committee included a total of 15 contributions to the discussion as part of the conference programme.

[R2] TĚŠITEL, Tomáš, Účast na důchodovém pojištění – změny právní úpravy, Diploma thesis, Masarykova univerzita, Brno, 2011

http://is.muni.cz/th/206719/pravf_m/Diplomova_prace_Tomas_Tesitel.pdf

“Participation in the Pension Scheme - Changes to legislation”

This diploma thesis analyses the pension reform in the Czech Republic from a legal point of view.

[R2] VOSTATEK, Jaroslav, The Role of Governance in the Pension Systems, Acta VŠFS 2, March/2011, Prague, p 106-125
<http://www.vsfs.cz/periodika/acta-2011-02.pdf>

Contemporary pension systems consist of more pillars and are administered by very different providers. Corresponding governance systems are also very different, reacting to different interests of stakeholders pushing through their interests. In the interest of alignment of these interests, governance codices are issued, the OECD playing an important role in it. But governance can neither replace the basic defects of the pension pillars and of the quality of pension institutions' supervision, nor the annuity markets' failures, nor the imperfect competition in this sector. A mission of the World Bank played an important positive role in the formulation of the role of governance and supervision of the Czech supplementary pension insurance. Lobbyists' pressures have a negative influence, mainly in the form of proposals for the reform of the public pension pillar and of the existing pension funds and their products, as well as by preventing the full implementation of the EU Pension Directive. By contrast, the governance theory and practice highlights the interests of the clients of the pension institutions, with the exception of the private insurance companies, where the general corporate governance model applies worldwide. The state support of the pension products may have a substantial role in the promotion of the clients' interests.

[H] Health

[H1, H2] BÍLÁ, I. (2011) Senior v ordinaci praktického lékaře. Lékařská fakulta, Department of Nursing, Masarykova univerzita, Brno. Diploma thesis.
http://is.muni.cz/th/142561/lf_m/Diplomka_bila_ivana_word.pdf
“Seniors in the consultation room of a general practitioner”

The thesis is focused on problems of seniors in the context of primary care. The theoretical part measures the intent of primary care, refers to the general attributes of ageing and brings the problems of ageing into a social and medical context. In the practical part, it surveys the relation between the quantity of visits of seniors to the consulting room of practical doctor and visits of doctors and nurses at home.

[H1, H2] JAGANJACOVÁ, D. (2011) Návaznost zdravotnických služeb u pacientů po cévních mozkových příhodách. Lékařská fakulta, Masarykova univerzita, Brno. Disertační práce.
http://is.muni.cz/th/389251/lf_d/PhD_14.8.2011.pdf?zpet=%2Fvyhledavani%2F%3Fsearch%3Ddlouhodob%C3%A1%20p%C3%A9%20C4%8De%20senio%C5%99i%26start%3D5
“Continuity of health services for patients following cerebral vascular events”

The starting point and research problem of this thesis is the current status and continuity of health care services for patients after a stroke. Research questions are focused on risk factors and lifestyle in the studied group of patients who suffered from stroke, organisation and continuity of health care services and, ultimately, the health status of patients after stroke in terms of self-care and ability to perform daily activities.

[H2, H4] VACÁTKO, M. (2011) Komparace jednání vládních politických stran při formulaci cílů zdravotní politiky ČR po roce 1990. Bachelor thesis. Univerzita Karlova, Fakulta sociálních věd, Praha

“Comparison of the proceedings of government political parties in formulation of targets in health policy in the Czech Republic since the year 1990”

The basic problem this work deals with is the method of formulating targets for health policy in the government of the Czech Republic since 1990. These targets are often chosen for economic and organisational reasons, which may restrain the interests of society in general and targets improving the health of citizens in particular. The aim of this study is to compare targets for health policy in the Czech Republic, and whether the governments reflect the interests of citizens and are based on international discourse devoted to this topic. This study used the method of case studies and analysis of documents. Investigated are programmes of the governments of the Czech Republic implemented since 1990. The assessment framework is a combination of targets and values formulated in the strategic documents of the WHO-Health for All by the Year 2000, Health 21 and A Framework for Assessing the Performance of Health Systems by Christopher Murray. The theoretical part of this work defines the basic terms and actors who are associated with the creation and formulation of health policy targets. The values that should be reflected in the targets of health policy are also described. In the empirical part of the study, targets of each government programme from 1990 to 2009 are analysed.

[L] Long-term care

[L] JOUKLOVA, M. (2011) Autonomie seniora v ošetrovatelské péči. Masarykova univerzita Brno. Diploma thesis.

http://is.muni.cz/th/363522/lf_m/DP_14.4._opr_Peta_fin_2.pdf

“Autonomy of Elderly People Within the Nursing Care”

The thesis examines the adherence to the principle of autonomy within nursing care. It is focused on assessment of opinions of elderly people (chosen sample) on the possibility of autonomy and whether this is respected within the nursing care they receive. The thesis embodies three concepts – autonomy, informedness and manipulation. The results of the survey carried out with a sample of elderly people provides an overview of perception of these three concepts by elderly people in relation to nursing care.

[L] KLAJSNEROVA, K. (2011) Ageismus a sociální postavení senior ve společnosti. Pedagogická fakulta Masarykovy university, Brno. Bachelor thesis

http://is.muni.cz/th/251468/pedf_b/Plny_text_prace.pdf

“Ageism and the social status of seniors in society”

The focus of this thesis is on the problems of ageism. The work deals with the social status of old people in society and with the behaviour of the society towards the elderly, from the viewpoint of seniors. The goal of this work is to find out how the seniors see life in their old age, how they perceive ageism and old age in general. The work is divided into two parts. A theoretical part focuses on describing the basic concepts of the main issue, relations between the seniors and the society in the past and nowadays, specifics of the process of ageing, etc. An empirical part is based on qualitative research which was realised using deep half structured interviews with seniors. A theme of the interviews was especially life in old age and attitudes of society towards seniors. The data were analysed using open coding.

[L] KOMÍNEK, L. (2011) Postavení člověka důchodového věku a kvalita jeho života v současné rodině a postmoderní společnosti. Masarykova univerzita Brno. Bachelor thesis http://is.muni.cz/th/136579/pdf_b/Bakalarska_prace.pdf
“The position of retired people and the quality of their lives in contemporary families and post-modern society”

The bachelor thesis is focused on the current position of senior citizens and the quality of their lives in their families and society. The theoretical part deals with the human development, problems of ageing, quality of seniors' lives, their life goals, care of seniors and the demographic ageing of the population. The survey discusses contemporary attitudes, satisfaction and future seniors' expectations. The qualitative survey method of individual interviews was chosen for the purpose of the survey. Obtained conversations were reviewed in terms of casuistics and, subsequently, categories were compiled from the mentioned conversations. The categories contained the most significant selected data resulting from respondents' stories. This was followed by comparing the categories and a comprehensive insight into current seniors' lives.

[L] PAVLÍČKOVÁ, Z. (2011) Možnosti péče o seniory ve vybraném regionu. Masarykova univerzita Brno. Diploma thesis. http://is.muni.cz/th/366006/pdf_m/DP.pdf
“Possibilities of the care for elderly people in the chosen region”

The subject of the thesis covers possibilities of the care for the elderly in the chosen region. These people are not able to look after themselves in the autumn of their lives, they need help from other people and they take advantage of social services. The aim of the research is analysis of the chosen institutions, comparison of the care and social services provided in these institutions and their accessibility for the elderly. The theoretical part of the work deals with the description and specification of the terms old age, ageing and analysis of specialised literature and new legislation in the area of services. The practical part deals with the description and analysis of the services in the chosen region and examination of the chosen institutions. The conclusion of the empirical part is devoted to analysis of the results obtained from the discussions with the clients and employees of the chosen institutions.

[L] REINDLOVÁ, V. (2011) Senioři a preventivní zdravotní péče u praktických lékařů. Lékařská Masarykova univerzita, Lékařská fakulta, Brno http://is.muni.cz/th/363504/lf_m/Diplomova_prace_Reindlova_PDF.pdf
“Preventive health care for the elderly at general practitioners”

The thesis focuses on the issue of preventive health checks in the elderly, specifically at general practitioner surgeries. It surveys the awareness among the elderly (aged 60+) of elementary preventive health checks, making at the same time comparisons between the levels of awareness among the different senior groups. The thesis also monitors which preventive health checks the elderly actually choose to undergo and which factors play a role for the choice; it identifies available sources of information on preventive health checks for the elderly. The work also surveys how the elderly take care of their health, which lifestyle precautions they take to preserve or improve their health condition, and what impact a preventive health check on taking these precautions has. The core of the thesis is the analysis and interpretation of empirical findings collected in a survey through anonymous questionnaires. The output of the thesis should encourage general practitioners and general nurses to further focus their activities in practice, since they are the ones that recommend and

carry out the preventive health checks and raise awareness among the elderly. To support their activities, the thesis output includes a list of findings which suggest areas that need more attention.

[L] ŠTAMBERKOVÁ, K. (2011) Aktivizace seniorů jako téma budoucnosti. Pedagogická fakulta, Masarykova univerzita Brno. Diploma thesis.

http://is.muni.cz/th/190607/pdf_m/Diplomova_prace_K.Stamberkova_rm1ap.pdf

“Activation of seniors as a future topic”

The thesis deals with the risks of social exclusion of seniors, choice of care and, most importantly, usage of free time. Attention is drawn to complications with the adaptation to elderly life and advantages of using social services for seniors. The target of the thesis is to discover factors which are important for activities in a senior’s life. The practical part stems from quantitative research with qualitative elements based on information acquired in questionnaires and interviews. The information is complemented by the results from a questionnaire for staff involved in elderly care.

[L] TECLOVÁ, T. (2011) Senioři v důchodovém věku na trhu práce. Masaryk university, Faculty of social studies. Brno. Bachelor thesis.

http://is.muni.cz/th/99782/fss_b/Teclova_BP.pdf

“Older people of pensionable age on the labour market”

This thesis is focused on pensioners who are still actively involved in the labour market. The causes for their decisions to stay active are analysed, together with consequences of their work activity for their private life. The research is conceived as a secondary analysis of the data file “Život ve stáří 2002”. It follows different gerontological approaches to activities in old age and tries to map the reasons of seniors for staying in the labour market and the benefits gained by employment. The empirical research shows a relation between the working activity of people at pensionable age and satisfaction with their life. Is concerned with other characteristic as well, which are influenced by this activity or vice –versa determines extent of this doing.

[L] WILDOVÁ, J. (2012) Naplnění potřeby seniorů dožít ve svém prostředí v kontextu sociálních služeb. Masarykova univerzita, Fakulta sociálních studií. Brno. Diploma thesis.

http://is.muni.cz/th/103251/fss_m_a2/Naplneni_potreby_senioru_dozit_ve_svem_prostredi_v_kontextu_socialnich_sluzeb.pdf

“Fulfilling senior citizens’ wish to die at home in the context of the social services”

This dissertation discusses the question whether the social care service supplement fulfils a senior citizen’s wish to die at home or a nursery home or whether funding of another social care will be needed. The thesis focuses on opinions of senior citizens themselves and follows the author’s theoretical knowledge of old age and elderly people’s needs, and the wish to stay at home in particular. Possible provisions to satisfy the needs of senior citizens are shown, in case of lowered self-sufficiency. Data was gathered using a semi-structured interview with senior citizens who live in a nursing home and whose self-sufficiency is lowered. With the help of the qualitative analysis method the paper shows that senior citizens consider their wish to die at home as essential. Moreover, interpersonal relations, autonomy and privacy are considered as especially important, and that everything is established in a nursing home in accordance with their wishes. The senior citizens’ needs, together with financial, legislative

and functional questions, must be taken into account when deciding about the future of social care.

4 List of Important Institutions

Asociace penzijních fondů České republiky – The Association of Pension Funds of the Czech Republic

Contact person: *JUDr. Eva Vítková*, director
Address: Rumunská 1, 120 00 Praha 2
Phone: +420 224 266 561
Website: <http://www.apfcr.cz/en/index.php?page=home.php>

The Association of Pension Funds of the Czech Republic (APF CR) is a voluntary joint interest association of legal persons, in particular pension funds. It was established on 25 June 1996 at the constituent meeting of members as an independent legal entity continuing the activities of the former APF CR, which did not have legal identity and whose existence terminated as of the date of establishment of the new association.

Asociace poskytovatelů sociálních služeb České republiky – Association of Social Services in the Czech Republic

Contact person: Mgr. Jiří Horecký, MBA
Address: Kotnovská 137, 390 01 Tábor, the Czech Republic,
prezident@apsscr.cz
Webpage: <http://www.apsscr.cz/>

The Association of Social Services is the Czech Republic's largest association comprises providers of social services in the Czech Republic. It is an association of independent legal entities and legal persons (registered providers of social services), following a fundamental objective of development and enhancing social services. Its main activity can be described as follows:

- *represents and defends the interests of its members at the state and other institutions involved, in particular by providing expert advice, and supports appropriate legal regulation of social services,*
- *disseminates scientific knowledge and research into the activities of social services and transfers domestic and foreign expertise to its members,*
- *represents the common interests and needs of its members of the public at home and abroad,*
- *develops studies, documentations, information, education and expertise.*

Bodies of the Association are the General Assembly, the Presidium, the Audit Commission, the Ethics Committee, specialised sections, and regional professional committee. Statutory representative of the Association is the president, who is elected by the General Assembly for four years.

Česká správa sociálního zabezpečení – Czech Social Security Administration

Address: CSSA Headquarters, Křížová 25, 225 08 Praha 5
Telephone: +420 257 061 111
Fax: +420 257 063 360
email: posta@cssz.cz
Website: <http://www.cssz.cz>

The Czech Social Security Administration (CSSA) is the largest financial administration body within the Czech Republic's civil service, and a unique one. The CSSA looks after the social security issues of nearly 8 million clients, including over 2.5 million pensioners receiving more than 3 million pensions. 'The CSSA is a modern agency, a social insurance administrator, whose efficient performance is based on processes using technology of the

third millennium information society and whose exclusive focus is on providing maximum value for the client, thus doing the utmost to meet the client's expectations and satisfy his/her needs.'

Českomoravská konfederace odborových svazů – Czech-Moravian Confederation of Trade Unions (CMKOS)

Website: <http://www.cmkos.cz/homepage>

The CMKOS:

- *is a voluntary, open, independent, democratic confederation of trade unions protecting wage, working and living conditions and rights of employees*
- *is an important social partner in tripartite negotiations in the framework of the Council of Economic and Social Agreement of the Czech Republic*
- *works in the regions of the Czech Republic through Regional Councils of Trade Unions (RROS) and Regional Offices for Legal Assistance (RPP)*
- *is a member of the International Trade Union Confederation (ITUC), of the European Trade Union Confederation (ETUC) and of the Trade Union Advisory Committee to the OECD (TUAC).*

Ministerstvo práce a sociálních věcí – Ministry of Labour and Social Affairs

Contact person: Mgr. Petr Sulek (Press Department)

Phone: +420 221 923 080,

email: petr.sulek@mpsv.cz

Address: MPSV ČR, Na Poříčném právu 1/376, 128 01 Praha 2

Phone: +420221921111

Fax: +420224918391

Website: <http://www.mpsv.cz/en/>

The Ministry of Labour and Social Affairs (MoLSA) was established in 1990. It is responsible for social policy (e.g. people with disabilities, social services, social benefits, family policy), social security (e.g. pensions, sickness insurance), employment (e.g. labour market, employment support, employment of foreigners), labour legislation, occupational safety and health, equal opportunities of women and men, migration and integration of foreigners, European Social Fund and other social or labour related issues. MoLSA provides methodological guidance for Employment offices, Czech Social Security Administration, State Labour Inspection Office, Regional Labour Inspectorates and for the Office for International Legal Protection of Children.

Národní ekonomická rada vlády (NERV) – National Economic Council, Government of the Czech Republic

Contact person: Government of the Czech Republic

Website: <http://www.vlada.cz/en/ppov/ekonomicka-rada/national-economic-council-51372/>

The Council's primary task is to analyse the risks and potential impacts of the global financial crisis on the Czech Republic, and to propose measures, steps and tools to mitigate or eliminate the potential impacts of the global financial crisis on the Czech Republic. The Council's permanent task will be to seek out and propose measures that lead to maintenance or acceleration of the Czech Republic's economic growth. The Council has ten members, and its activity is led and coordinated by the Prime Minister of the Czech Republic. The council is apolitical, and leading figures in the Czech Republic's economic environment and institutions have been invited to join.

Poslanecká sněmovna parlamentu České republiky – Chamber of Deputies of the Parliament of the Czech Republic

Contact person: Name

Address: Parlament České republiky, Poslanecká sněmovna, Sněmovní 4,
118 26 Praha 1 – Malá Strana

Phone: +420 25717 1111,

Fax: +420 25753 4469

Website: <http://www.psp.cz/cgi-bin/eng/sqw/hp.sqw>

The Chamber of Deputies of the Parliament of the Czech Republic is the lower house of the Parliament of the Czech Republic; the other is the Senate. It has 200 members, elected for a four-year term under the party-list proportional representation election system. Since the 2002 general election 14 constituencies (matching the regions) and the D'Hondt method have been used. The seat of the Chamber of Deputies is situated in palaces of Malá Strana in Prague.

Rada hospodářské a sociální dohody ČR (tripartita) – Council of Economic and Social Agreement (RHSD)

Address: Ministerstvo práce a sociálních věcí, Na Poříčním právu 1/376,
128 01 Praha 2

Phone: +420-221921111

Fax: +420-224918391

Website: <http://www.mpsv.cz/cs/6434>

The plenary session of the RHSD CR – the highest organ of tripartite partnership – includes the Prime Minister of the Czech Government and seven members of the Czech Government, seven representatives of trade unions and seven representatives of employers. Currently, the social partners of the Czech Government are represented by the Czech-Moravian Confederation of Trade Unions (CMKOS), the Confederation of Industry of the Czech Republic, the Association of Independent Trade Unions, the Confederation of Employers and Entrepreneurs' Associations of the Czech Republic.

The Council was established in 1990 as a representative body for social dialogue (tripartite partnership). The Council represents an important feature of the European Social Model. The objective of this institution is to approach the social agreement in important economic and social aspects of country development.

Rada vlády pro seniory a stárnutí populace – Government Council for Older Persons and Population Ageing

Contact person: Chairperson of this council is the Minister of Labour and Social

Address: Ministry of Labour and Social Affairs of the Czech Republic,
Na Poříčním právu 1/376, 128 01 Praha 2

Phone: +420-221921111

Fax: +420-224918391

Website: <http://www.mpsv.cz/en/4538>

The Government Council for Older Persons and Population Ageing (hereinafter „the Council“) was established on 22 March 2006 by Government resolution No. 1482 on implementation of the National Programme of Preparation for Ageing for the period 2003-2007. The Council is a permanent advisory body to the Government of the Czech Republic on issues related to ageing and older persons. The Council's mission is to promote conditions for healthy and active ageing, dignity in old age, and active participation of older persons in economic and social development in the context of demographic ageing. It aims to ensure equal rights for older persons in all areas of life, to protect their human rights and support

development of intergenerational relationships in family and society. The Council meets at least three times a year. The Chairperson of the Council is the Minister of Labour and Social Affairs. The secretariat of the Council is a part of the organisational structure of the Ministry of Labour and Social Affairs of the Czech Republic.

Spolek oborové conference nestátních neziskových organizací působících v sociální a zdravotně sociální oblasti – Association Specialist Conference of NGOs in the social and health care fields

Contact person: Pavel Novák
Address: Senovážné náměstí 2/994, 110 00 Praha 1
Webpage: http://www.skok.biz/index.php?option=com_content&view=article&id=139&Itemid=74&lang=en

SKOK is a civic association registered by the Ministry of the Interior of the Czech Republic on 14 May 2002. The Association follows up the activities of the four national conferences of non-profit non-governmental organisations (further NGOs) active in the areas of social assistance and social health care which took place between 1996 and 2001.

SKOK offers membership to all who identify with its goals and mission. It associates its members not only as social and social health care services providers but also as employers of social and social health care workers.

The mission of the Association is to contribute to the development and improvement in the quality of social assistance and social health care services. The goals of the Association:

- *to participate in the formation of social policies through advocacy of the interests and rights of the providers and clients of social assistance and social health care services;*
- *to develop new forms of humanitarian aid within social assistance and social health care services;*
- *to support NGOs as integral members of civil society;*
- *to support NGO cooperation;*
- *to provide information to the public on social assistance;*
- *to act on behalf of its members;*
- *to participate in European NGO network activities against poverty and social exclusion.*

Vláda České republiky – Government of the Czech Republic

Address: Office of the Government of the Czech Republic, nábřeží
Edvarda Beneše 4, 118 01, Prague 1, Czech Republic
Phone: 224 002 111
Fax: 257 531 283
Website: <http://www.vlada.cz>

The Government of the Czech Republic is created on the basis of elections to the Parliament of the Czech Republic. The Government is the highest body of executive power, and is made up of the Prime Minister, the deputy prime ministers and ministers. The Government is responsible to the Chamber of Deputies.

Vysoká škola finanční a správní – The University of Finance and Administration

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The University of Finance and Administration (VSFS) was founded by the Bank Academy and Czech Coal Group in 1999, in accordance with the state approval to act as a private institution of higher education. Since its foundation, the school has always paid attention to scientific work and international cooperation. It continuously organises international expert conferences and scientific seminars, solves a number of research tasks and participates in professional projects for state institutions and private firms. Recently, it has also been developing cooperation with foreign colleges and universities and participating in international educational programs of students' exchange Socrates and Erasmus.

VSFS pursues original and applicable knowledge in research areas which are current and interesting for both experts and the wider public. In doing so, VSFS is aware of the fact that research and development are the key tools for the reinforcement of competitive strength of the Czech Republic and Europe, and for progress in general. One of the areas of research VSFS focuses on long-term are pensions and pension reform issues.

Výzkumný ústav práce a sociálních věcí – Research Institute for Labour and Social Affairs – RILSA

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The institute's principal activity is applied research on labour and social affairs issues at a regional, national and international level; this research is formulated in line with the current requirements of state government authorities and possibly non-profit or private entities. The institute also provides consulting services for the users of research outputs, organises seminars and conferences and publishes specialist materials. Research projects are planned every year in collaboration with the institute's founder and other concerned parties and take into account the continuity of the development of science and research in the areas in question. The institute's chief research fields are: the labour market and employment; social dialogue and labour relations; social protection; the family; equal opportunities; incomes and wages; social policy theory.

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- (1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
- (2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
- (3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
- (4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
- (5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
- (6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:

<http://ec.europa.eu/social/main.jsp?catId=327&langId=en>