

## Social Security

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### **Program Operations Manual System (POMS)**

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**BASIC (06-09)**

## **GN 01751.020 Polish Old-Age Benefits — Eligibility Requirements**

### **A. Components of Polish Social Security benefits**

Two separate agencies administer the Polish old-age benefits system:

#### **1. Social Insurance Institution (Zakład Ubezpieczeń Społecznych-ZUS)**

In general, all non-farmers working in Poland are covered by ZUS. Prior to January 1, 1999, the ZUS program consisted of a defined benefits system administered by ZUS. On January 1, 1999, ZUS introduced an additional two-tier system. The first tier is a pay-as-you-go (PAYG) with theoretical defined contributions. The second tier is fully-funded, privately-managed individual account-defined contribution program administered by ZUS.

#### **2. Agricultural Social Insurance Fund (Kasa Rolniczego Ubezpieczenia Społecznego-KRUS)**

##### **In general, a farmer who**

- conducts the agricultural activity on his own account as the owner (independent or dependent) of the farm situated in the Republic of Poland, and
- possessing above 1 hectare (2.47 acres) of arable land or a special section of agricultural production, according to the interpretation of tax regulations is, by law, covered by the farmers' social insurance.

##### **A farmer's spouse who**

- works constantly on the farm, in the special section of agricultural production, or
- keeps the house which is directly connected with a farm is, by law, covered by the farmers' social insurance.

**A member of the household who**

- is at least 16 years old, and
- remains a farmer in the common household or lives on the farm or in the neighborhood, and
- works constantly on the farm and is not employed by a farmer as a worker, and
- is not covered by another social insurance, and
- does not have rights to old-age pension or disability pension from the farmer's social insurance or other social insurance is, by law, covered by the farmer's social insurance.

Funding and benefits are based on contributions and general revenue subsidies and are distinct from those of ZUS. Qualifying factors for old-age benefits are also distinct from those of ZUS.

**B. Policy — Eligibility requirements for retirement under the Polish Social Security system**

The eligibility requirements for Polish retirement benefits under the ZUS and KRUS programs are as follows:

**1. Social Insurance Institution (Zakład Ubezpieczeń Społecznych-ZUS) — System Prior to January 1, 1999**

- Covers insured persons born before January 1, 1949; some categories of insured persons born after December 31, 1948.
- Regular retirement pension for insured persons who meet the length of coverage requirements: 25 years of coverage for males and 20 years for females and persons are within normal retirement age (**normal retirement age is 65 for men and age 60 for women**).
- Possible retirement pension for an insured person who meets the lower than regular length of coverage requirements (20 years of coverage for males and 15 years of coverage for females and the person is within normal retirement age).
- Early old-age benefits are available for workers
  - working in specific circumstances, or

- in designated occupational categories, or
  - for completely disabled workers with a period of insurance
  - (25 years for males and 20 years for females) or
  - with 30 years of coverage (females) and 35 years of coverage (males).
- Early retirement age is applicable for some categories of Polish workers (e.g., miners; state inspectors; customs inspectors; creative/artistic workers; newspaper; magazine; radio/television and photojournalists subject to collective labor agreements; teachers; state uniformed services systems employees, and firemen).
- No provision for increased old-age benefits based on delayed retirement.
  - Guaranteed minimum pension for insured person (worker or self-employed) who meet the length of coverage at least 20 years for females and 25 years for males.

## **2. New retirement rules under ZUS effective January 1, 1999**

- Two tier mandatory retirement system for insured persons born after December 31, 1948. First tier – pay-as-you-go (PAYG), theoretical defined contributions. Second tier – fully-funded, privately-managed individual account-defined contributions.
- 1st tier pension – no minimum qualifying period for entitlement to retirement pension. Normal retirement age is 65 for males and 60 for females. The pension is calculated according to contributions paid to ZUS and initial capital (coverage and contributions) for an insured person covered in Poland before January 1, 1999. There is no provision for increased old-age benefits based on delayed retirement.
- 2<sup>nd</sup> tier pension – for members of the open pension fund (OFE). There are two types of pensions: a periodical pension for females at retirement age 60 years (it expires at age 65), and lifelong pension for females and males at retirement age (age 65). The pension is calculated according to contributions paid to the open pension fund which was chosen by the insured person.

## **3. Agricultural Social Insurance Fund (Kasa Rolniczego Ubezpieczenia Społecznego-KRUS)**

- An old-age pension is granted to men at age 65 and women at age 60, if their old-age and disability pension insurance period is 25 years long.

- Early retirement is possible for men at age 60 and women at age 55, if applicants have a 30-year insurance history and have ceased conducting agricultural activity (e.g., transfer of the farm – if applicant or wife is the owner, a co-owner or the possessor of the farm).
- For individuals born after December 31, 1948, it is required to complete a period of 25 years (30 years for early retirement) of sole insurance for farmers, without a possibility of including any period of employment.
- For individuals born before January 1, 1949, it is possible to include periods of employment in the period of old-age and disability insurance, provided that these periods have not been included in the labor system of ZUS.
- Individuals who ran a farm before July 1, 1977, or individuals who worked on a farm as family members before January 1, 1983, and who were not involved in the social insurance scheme for farmers after these dates (did not pay any premium) will not acquire any right to old-age pension for farmers. If after these dates such individuals were still employed, they can apply for a pension from ZUS.
- An old-age pension for farmers is guaranteed in the amount of the lowest (basic) old-age pension applied to ZUS. The amount of old-age pension for farmers is determined on the basis of years of paying old-age and disability pension insurance premiums in the amount of 1% of the basic pension for each year of being involved in this insurance scheme.
- The pension amount for early retirement is reduced by 25% of the basic pension than the pension at the basic pensionable age. The amount of this pension increases with each year separating the entitled person from the basic pensionable age. After a woman is age 60 or a man is age 65, then they are entitled to the full amount of the old-age pension for farmers.
- If it is necessary to include periods of coverage earned in the U.S., U.S. coverage will be added up (unless they overlap with Polish old-age and disability insurance) and KRUS will pay old-age pension benefits taking into account U.S. coverage (proportionally) if the calculation or benefit amount in this way is higher than if calculated with only Polish coverage.
- There is no provision for increased old-age benefits based on delayed retirement.

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GN 01751.020 - Polish Old-Age Benefits -- Eligibility Requirements -

06/04/2009

visited on 8/21/2017

*Batch run: 06/04/2009*

*Rev:06/04/2009*

