Assessing Benefit Portability for International Migrant Workers: A Review of the Austria-Turkey Bilateral Social Security Agreement

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Abstract

The portability of social benefits is gaining importance given the increasing share of individuals working at least a part of their life outside their home country. Bilateral social security agreements (BSSAs) are considered a crucial approach to establishing portability, but the functionality and effectiveness of these agreements have not yet been investigated; thus important guidance for policymakers in migrant-sending and migrant-receiving countries is missing. To shed light on how BSSAs work in practice, this document is part of a series providing information and lessons from studies of portability in four diverse but comparable migration corridors: Austria-Turkey, Germany-Turkey, Belgium-Morocco, and France-Morocco. A summary policy paper draws broader conclusions and offers overarching policy recommendations.

This report looks specifically into the working of the Austria-Turkey corridor. Findings suggest that the BSSA between Austria and Turkey is broadly working well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. Process issues around information and automation of information exchange are recognized and are beginning to be addressed.

JEL Code: D69, H55, I19, J62

Keywords: acquired rights, labor mobility, migration corridor, administration, evaluation

* The study was initiated at the World Bank International Labor Migration team at the Marseille Center for Mediterranean Integration and led by Manjula Luthria - now back to headquarters in Washington, DC, and working as international labor mobility team leader in the Global Practice on Social Protection and Labor. Robert Holzmann served as conceptualizer and senior research advisor and Axel Boersch-Supan and Ulrich Becker (both Munich), Florence Legros (Paris), and Bernd Marin (Vienna) assisted in supervising the teams and offered guidance in the study development. All corridor studies went through the Bank’s internal review process. The study profited enormously from interviews with representatives from public and social security administrations, and migrants’ nongovernmental organizations in Austria and Turkey. Their experience and views helped the team better understand the complexity of issues and task at hand. All errors are, however, the authors’ own.

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## Acronyms and Abbreviations

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<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSSA</td>
<td>Bilateral Social Security Agreement</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PVA</td>
<td>Pensionsversicherungsanstalt (Austrian Pension Insurance Institution)</td>
</tr>
<tr>
<td>UHI</td>
<td>Universal Health Insurance</td>
</tr>
</tbody>
</table>
1. Motivation, Purpose, and Key Results

The share of individuals residing outside their home country in 2015 was 3.3 percent of the world population and is rising (UN 2015). Non-European Union (EU) citizens residing in the EU-28 in 2013 were 4 percent of the EU population; the share of the foreign-born population in 2013 was 7 percent, totaling over 11 percent of foreign residents (Eurostat 2015). While impressive, these figures mask the much larger share of individuals who will spend part of their working life outside their home country. For the EU, the future scope of current workers with foreign residency experience is estimated at around 20 percent (Holzmann 2015).

During their stay abroad, international migrants often acquire rights to current social benefits that they want to export to their families left behind or to future social benefits—particularly old-age pensions and health care when old—that they want to take with them when they move. It is this phenomenon that gives rise to the issue of portability of social benefits: that is, the ability to preserve, maintain, and transfer vested social security rights independent of nationality and country of residence.

Transborder portability of social benefits may be achieved in various ways. The most prominent way is bilateral social security agreements (BSSAs), in which two countries agree on the social security benefits to which they will offer mutual access to migrant workers and their families in the residence and home country. BSSAs are the norm between most Organisation for Economic Co-operation and Development (OECD) countries but are used much less frequently between developed and developing countries even when a major migration corridor exists. Only about 23 percent of international migrants profit from BSSAs and their functioning has not yet been systematically investigated.

This country corridor paper is part of a project to explore the working of BSSAs in four popular migration corridors—Morocco’s agreements with Belgium and France; and Turkey’s agreements with Austria and Germany. Each corridor study follows the same structure, is based on the same methodological approach, and draws country-specific conclusions. Each
paper offers a qualitative assessment based on available data and information, including interviews with responsible parties in social security institutions and migrants’ organizations. A summary policy paper was prepared as part of the project and is best read in parallel.

Findings suggest that the BSSA between Austria and Turkey is broadly working well, with no major substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. The most contentious issue concerns the discontinuation of family allowances for children residing in Turkey by the Austrian authorities in the 1990s. Process issues around portability information for migrants in Turkey and automation of information exchange are recognized and are beginning to be addressed.
2. International Migration and Benefit Portability

In 2015, 244 million people worldwide, or 3.3 percent of the global population, were international migrants: that is, they resided outside of their home country (United Nations 2015). The majority of migrants are from countries in the global south. They are slightly more likely to migrate to other countries in the south than to countries in the north (82.3 million versus 81.9 million migrants, respectively, though as a whole, developed countries are home to a larger number of global migrants [United Nations Department of Economic and Social Affairs and the OECD 2013]). The reasons for initial migration can include humanitarian or political purposes, family reunification or education, or very importantly, economic necessities and incentives, though movement often occurs between these categories (for example, educational migrants may seek employment in their host country after graduation).¹

Contributing to rising economic and other migration is the strengthening of areas of economic integration throughout the world, with prominent examples including the European Economic Area,² the Association of Southeast Asian Nations, MERCOSUR in Latin America, and CARICOM in the Caribbean. As workers increasingly spend a portion of their careers outside their country of birth, the number of workers acquiring pension insurance periods in more than one country is on the rise (Austrian Pension Insurance Institution [Pensionsversicherungsanstalt, PVA] 2013a). Consequently, individuals and policymakers are grappling with how to make acquired benefits portable between two or more countries. As defined in Cruz (2004), portability is the ability to preserve, maintain, and transfer vested social security rights independent of nationality and country of residence. It is predominantly the north-north migrants who enjoy access to and portability of social protection benefits;

¹ For a recent book on the theory and policy of economic migration, see Bodvarsson and Van den Berg (2013).
² The 28 member countries of the EU, plus Iceland, Lichtenstein, Norway, and Switzerland.
whereas migrants moving within low-income regions, where formal social protection is less developed, have little access to portability.

At its most successful, portability should render labor mobility, labor supply, and residency decisions independent of social benefit considerations. Though little definitive research exists on how portability, or the lack thereof, impacts labor mobility, the inability to transfer acquired rights is presumed to influence labor market decisions, as well as the capacity of individuals and families to adequately manage social risks and lifecycle planning (Holzmann and Koettl 2012). If benefits are not portable, individuals may decide not to migrate or return or may offer labor in the informal sector instead, with implications for the overall tax revenues and economic growth of both the host and home countries. Furthermore, insufficient portability conflicts with individuals’ rights to social protection, as enshrined in various international agreements.³

A variety of methods are used to ensure portability of benefits, including multilateral agreements, which establish a general framework for a group of countries, and bilateral agreements between individual countries that offer specificities. The most elaborate regulations on multilateral level are the EU decrees⁴ that establish the principles of design and implementation of portability (Holzmann and Koettl 2012; Jousten 2012; Jacob 2015). Social security portability rights within the EU are coordinated primarily through Regulation (EC) No. 883/2004 and Implementing Regulation (EC) No. 987/2009, which update EU provisions on social security coordination that have existed since 1958 (European Commission 2014). While maintaining the sovereignty of national social security systems, these regulations and their predecessors establish principles of social security coverage within the EU-28, Iceland, Liechtenstein, Norway, and Switzerland, and ensure benefit portability and totalization of employment periods in different countries for vesting purposes.

³ Including, among other things, the Universal Declaration of Human Rights and the International Covenant on Economic on Social and Cultural Rights.

⁴ Strictly speaking, within the EU there exists no multilateral agreement. There are respective EU decrees that represent supranational EU law.
BSSAs specify multilateral agreements, where they exist, or form the basic document that regulates portability between two sovereign countries, but with widely varying range of content and coverage across countries. Both multilateral and bilateral agreements are more common between high-income countries, as seen in table 2.1.

Though these agreements are presumed to offer the best guarantee of portability of acquired social benefits, little evidence exists of how they function in practice. To fill this information gap, the World Bank International Labor Migration team at the Marseille Center for Mediterranean Integration launched a study examining the implementation of BSSAs in four popular migration corridors—Morocco’s agreements with Belgium and France; and Turkey’s agreements with Austria and Germany. This study examined the provisions in these four agreements and their evolution over time, and collected data and information from social security institutions and experts, policymakers, and migrants’ associations who provided their insights on BSSAs’ effectiveness in promoting portability.
Table 2.1. Global Migrant Stock Estimates by Origin Country Income Group and Portability Regime, 2000

<table>
<thead>
<tr>
<th>Origin Country Income Group</th>
<th>Regime I (Portability)</th>
<th>Regime IIa (Exportability)</th>
<th>Regime IIIb (No Access)</th>
<th>Regime IVc (Informal)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income countries (number)</td>
<td>850,985</td>
<td>36,720,832</td>
<td>5,293,338</td>
<td>10,757,086</td>
<td>53,622,241</td>
</tr>
<tr>
<td>% of total</td>
<td>2</td>
<td>68</td>
<td>10</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Lower-middle-income countries (number)</td>
<td>11,312,511</td>
<td>47,224,671</td>
<td>3,476,163</td>
<td>14,473,805</td>
<td>76,487,150</td>
</tr>
<tr>
<td>% of total</td>
<td>15</td>
<td>62</td>
<td>5</td>
<td>19</td>
<td>100</td>
</tr>
<tr>
<td>Upper-middle-income countries (number)</td>
<td>3,521,212</td>
<td>10,724,671</td>
<td>189,357</td>
<td>7,203,975</td>
<td>21,639,215</td>
</tr>
<tr>
<td>% of total</td>
<td>16</td>
<td>50</td>
<td>1</td>
<td>33</td>
<td>100</td>
</tr>
<tr>
<td>Non-OECD high-income countries (number)</td>
<td>2,063,914</td>
<td>3,534,415</td>
<td>192,987</td>
<td>57,809</td>
<td>5,849,125</td>
</tr>
<tr>
<td>% of total</td>
<td>35</td>
<td>60</td>
<td>3</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>OECD high-income countries (number)</td>
<td>24,778,310</td>
<td>3,658,850</td>
<td>291,007</td>
<td>189,802</td>
<td>28,917,969</td>
</tr>
<tr>
<td>% of total</td>
<td>86</td>
<td>13</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Total (number)</td>
<td>42,526,932</td>
<td>101,863,439</td>
<td>9,442,852</td>
<td>32,682,476</td>
<td>186,515,699</td>
</tr>
</tbody>
</table>


Note: a. Legal migrants with access to social security in the host country in the absence of a bilateral or multilateral arrangement; b. Legal migrants without access to social security in their host country; c. Undocumented immigrants.

To allow for comparability of outcomes, the study assessed each of these four BSSAs against the same three criteria:5

- Fairness for individuals: a successful portability arrangement will not result in a benefit disadvantage for migrants or their dependents (for example, via lower pensions or gaps in health care coverage);
- Fiscal fairness for countries: neither the host nor home country should experience a negative fiscal effect or an unfair fiscal advantage at the expense of the other country; and
- Bureaucratic efficiency: administrative provisions should not cause a bureaucratic burden for the institutions involved and should be accessible to migrants.

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5 As developed by Holzmann, Koettl, and Chernetsky (2005); Holzmann and Koettl (2012).
This document summarizes detailed information on the Austria-Turkey BSSA. Findings from the other three corridor studies can be found in parallel documents in this series. Common conceptual issues and broader policy lessons emerging from all four corridor studies are presented in a document entitled ‘Do Bilateral Social Security Agreements Deliver on the Portability of Pensions and Health Care Benefits? A Summary Policy Paper on Four Migration Corridors Between EU and Non-EU Member States’ (Holzmann 2016, forthcoming). This summary policy document is best read jointly with a corridor study.

Each corridor document in the series starts with a summary of the applied methodology to provide a framework for further research on other corridors that will add to the knowledge base on BSSAs. The next sections provide profiles of migration, relevant social protection programs, and the BSSA for both countries in each respective corridor. A further section assesses the BSSA against the three criteria outlined above. Each document’s final section presents key findings for the corridor and outlines broader policy considerations.
3. Methodology

Corridor studies are a useful tool for reviewing and comparing BSSAs to inform policymakers and social policy researchers on issues, effectiveness, and areas for improvement. They provide the opportunity to delve in substantial detail into the functioning of one particular BSSA while providing a comparative review of the agreement against a common set of criteria. For the present study, a multinational team of social security and migration experts developed a standard methodological framework for studying and measuring the extent to which BSSAs meet the three criteria (individual fairness, fiscal fairness, and minimal bureaucratic burden) introduced in the previous section.

BSSAs in four corridors were chosen for this study and the selection of corridors was guided by considerations of (a) proximity of sending country pairs, to allow for better comparability of differences and (b) diversity with regard to experience. The Austria/Germany-Turkey agreements are considered mature and advanced, as they included health benefits from the beginning. The Belgium/France-Morocco agreements started with a more modest scope and were only recently reformed to include health care benefits.

The research focused on each BSSA’s effectiveness in facilitating portability of pensions (old age, survivor’s, and disability) and health care benefits, as these are the core (or only) benefits typically covered by BSSAs between developed and developing countries. Thus, the selected corridors provide a useful starting point for understanding the functioning of BSSAs, as their scope of coverage varies somewhat and over time, as do the history and relationship between the signatories, but the principles on which they are based are largely similar. Furthermore, one of the signatory governments (Morocco) specifically requested an analysis of the functionality of its BSSAs.

The corridor study approach comprised preparation of three main sets of background documents before the evaluation of each BSSA against the three criteria. The first set of documents concerns country and corridor profiles on relevant topics. The second set relates
to the development of a relevant dataset and selection of key performance indicators. The final set contains the minutes of in-depth interviews with key participants in the BSSA process.

For the first set of documents, the respective researchers established four types of profile documents relevant to the BSSA:

(a) A migration profile that sketches migration stocks and flows and key labor market characteristics for the corridor countries;

(b) Social insurance profiles of each corridor country, with a focus on portability-relevant contingencies;

(c) A profile of the BSSA, including benefits covered, rules/instruments applied to achieve portability, rules of coordination, motivation for the BSSA, trends and changes, and special issues; and

(d) A profile of each country’s national social insurance institutions and their administrative support for BSSAs, with a focus on administrative arrangements and processes (for example, information and communication technology support, application, decision, and disbursement), compared to national applicants and international best practice.

Work on the second set of documents started with identification of a wish list of data considered desirable and relevant for the analysis, with the intent to develop a results matrix that would bring together the BSSA’s objectives and outcomes (as measured against the three criteria) with the related inputs, including the BSSA’s regulations. It soon became apparent that the desired data were extremely sparse and often simply not available or comparable across countries, impeding researchers’ ability to implement this approach in full. For example, most countries’ data do not distinguish whether host country nationals living abroad (to whom pensions are distributed) are return migrants or temporary/seasonal
residents (snowbirds). Further, the level of naturalization across all corridors is remarkable, albeit not identical. All else being constant, different levels of naturalization lead to different numbers of people remaining with a foreign passport, while the number of those born abroad is the same. As some countries do not allow collection of information about those born abroad, determining who receives a pension abroad gets complicated. As a result, the initial objective to develop and use key performance indicators needed to be dropped.6

The third set of documents consists of in-depth interviews that were undertaken with two types of participants in the BSSA process: (a) representatives from ministries and/or social security institutions in charge of BSSA implementation and design and (b) nongovernmental organizations involved in the field, such as migrants’ associations. This qualitative research proved very productive to gain major insights into substance, process, and issues around portability and BSSAs. While the interviews are referred to in the corridor studies, for reasons of confidentiality, they cannot be made public.

Based on these country-specific documents and a first joint assessment of BSSAs in the east corridor (Austria and Germany with Turkey) and in the west corridor (Belgium and France with Morocco),7 the individual corridor studies were prepared.

The applied methodology would have profited from a benchmark against which each corridor could have been assessed. Such a benchmark could have been the best or an average BSSA corridor between two EU countries, or the best or an average south-north corridor between an emerging and a highly developed country. Unfortunately, none of these benchmarks are available and the project resources did not allow preparation of one. While internal EU BSSA corridors may be conjectured to work well it is far from clear that each of them would get an A+ under each of the three proposed criteria.

6 The project participants strongly hope that in a future BSSA assessment, data will come forward that allow not only the elaboration of a full results matrix but also a rigorous quantitative evaluation.
7 For the east corridor, see Fuchs and Elitok (2014). For the west corridor, see Legros et al. (2014) and Wels, Bensaid, and Legros (2015, in French).
Despite all the restrictions in the implementation of the methodology, to the authors’ knowledge, this is the first study of its kind, and the data and lessons learned should provide a useful addition to the understanding of BSSAs and benefits portability. Hopefully the research methodology will be applied to other corridors with appropriate adjustments to test the findings’ resonance and explore their broader applicability.
4. Size, Composition, and Labor Market Participation of Migrants in the Austria-Turkey Corridor

4.1. Austrian Migration Developments and Turkish Migration to Austria

Since the 1960s, immigration has played a considerable role in demographic development in Austria. In the second half of the 1960s and the beginning of the 1970s, the number of foreign-born persons increased substantially due to targeted recruitment of workers from the former Yugoslavia and Turkey. In 1964, Austria and Turkey concluded a recruitment contract. Originally planned to facilitate temporary stay for migrant workers, over time the recruitment program led to permanent immigration, especially for those immigrants who stayed in Austria after the end of a large-scale guest worker recruitment and a shift toward family reunification-based policies in 1974 (Himmelreicher and Scheffelmeier 2012; Holzmann, Koettl, and Chernetsky 2005).

The first wave of labor migration lasted from the early 1960s to the first oil-price crisis in 1973, leading to an increase in Austrian residents with foreign passports from below 1.5 percent to above 4 percent in a little more than a decade (figure 4.1). Thereafter, the share of persons with foreign citizenship in Austria remained largely unchanged, as increases due to family reunification were counteracted by emigration of guest workers. The next sharp increase in the share of foreign population took place within a few years, around the fall of the Iron Curtain in 1990, which led to a more than doubling of the share. Since then, the foreign share of population in Austria has continued to increase, reaching 12.5 percent on January 1, 2014, according to the national registry (Meldeamt in Austria and Germany).
The strong relationship between economic developments in Austria, Europe, and the rest of the world is evident in figure 4.2, which presents Austria’s migration balance (immigration minus emigration) from 1961 to 2013. The spikes (dips) correspond largely to periods of strong (slow/negative) growth, with the economic developments around 1990, the dot-com hike and bust, and the financial crisis of 2008 clearly visible. Since 2008, however, the migration balance has more than doubled, leading to a peak population in Austria of 8,507,786 as of January 1, 2014.
The most populous foreign nationalities represented in Austria as of January 1, 2014, were from Germany (164,820 persons), followed by Turkey (114,740), Serbia (112,447), and then neighboring countries in south, central, and eastern Europe (for example, Bosnia and Herzegovina, 90,963 persons; Croatia, 61,959; Romania, 59,702; Poland, 50,271; and Hungary, 26,264), of which some, but not all, are EU members.

Austria’s data allow for identification of the size of the population with a migration background, defined as individuals born abroad or whose parents were born abroad. This group comprises a much larger share of the population (19.4 percent in 2013) compared to foreign nationals (12.5 percent as of January 1, 2014). The difference is largely due to naturalization, including that of Turkish migrants.

Since 2006, tightened legal regulations related to the immigration of ‘third country citizens’ led to another decline in the migration balance from these countries (Statistik Austria 2012a, 2013a). For Turkish citizens in particular, the peak of the migration balance was reached between 1987 and 1991, as shown in table 4.1.

Table 4.1. Total Migration and Migration of Turkish Citizens Beyond the Borders of Austria, 1982-2012

<table>
<thead>
<tr>
<th>Period</th>
<th>Total (in thousands)</th>
<th>Turkish Citizenship (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance</td>
<td>Balance</td>
</tr>
<tr>
<td>1982–86</td>
<td>-10</td>
<td>1</td>
</tr>
<tr>
<td>1987–91</td>
<td>196</td>
<td>45</td>
</tr>
<tr>
<td>1992–96</td>
<td>114</td>
<td>11</td>
</tr>
<tr>
<td>1997–01</td>
<td>84</td>
<td>11</td>
</tr>
<tr>
<td>2002–06</td>
<td>192</td>
<td>28</td>
</tr>
<tr>
<td>2007–11</td>
<td>153</td>
<td>8</td>
</tr>
<tr>
<td>2012</td>
<td>—</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Statistik Austria 2012a, 2012b.

4.2. Population Size and Composition

4.2.1. Population Size

As shown in table 4.2, as of 2012, around 275,000 people, or 3.3 percent of the Austrian
population, had a Turkish migration background,\(^8\) and 113,000 (1.3 percent) held Turkish citizenship (Statistik Austria 2013a). At 60 percent, the naturalization rate in Austria of people with a Turkish migration background is above average: 53 percent of people with Turkish citizenship naturalized in 2012 were born in Austria, and 44 percent were below 18 years of age (Statistik Austria 2013a).

### Table 4.2. Total Austrian Population versus Persons with Turkish Migration Background and Citizenship, 1981–2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Austrian Population (in thousands)</th>
<th>Turkish Population in Austria (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Austrian Population (in thousands)</td>
<td>With a Migration Background</td>
</tr>
<tr>
<td>1981</td>
<td>7,584</td>
<td>—</td>
</tr>
<tr>
<td>1986</td>
<td>7,573</td>
<td>—</td>
</tr>
<tr>
<td>1991</td>
<td>7,799</td>
<td>—</td>
</tr>
<tr>
<td>1996</td>
<td>7,965</td>
<td>—</td>
</tr>
<tr>
<td>2001</td>
<td>8,064</td>
<td>—</td>
</tr>
<tr>
<td>2006</td>
<td>8,283</td>
<td>—</td>
</tr>
<tr>
<td>2011</td>
<td>8,443</td>
<td>—</td>
</tr>
<tr>
<td>2012</td>
<td>8,452</td>
<td>275 (3.3%)</td>
</tr>
</tbody>
</table>

Source: Statistik Austria 2013b.

#### 4.2.2. Population Composition

At 51.7 percent, the gender balance of Turkish citizens in Austria is more male than that of Austrian citizens (48.6 percent) (www.statistik.at). Turkish migrants are also younger than the Austrian population, with an average age of 36.8 years versus 42 years for Austrians. As shown in table 4.3, just 5.6 percent of the Turkish population in Austria was over 65 as of 2013, a substantially smaller proportion than in the population at large (Statistik Austria 2013a).

### Table 4.3. Total Austrian Population versus Population with Foreign and Turkish Citizenship by Age Group, 2013

<table>
<thead>
<tr>
<th>Total (in thousands)</th>
<th>&lt;25 years (in thousands)</th>
<th>25–64 years (in thousands)</th>
<th>65+ years (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Austrian population</td>
<td>8,452 (100%)</td>
<td>2,239 (26.5%)</td>
<td>4,686 (55.4%)</td>
</tr>
<tr>
<td>Those with foreign citizenship</td>
<td>1,004 (100%)</td>
<td>293 (29.2%)</td>
<td>651 (64.9%)</td>
</tr>
<tr>
<td>Those with Turkish citizenship</td>
<td>114 (100%)</td>
<td>37 (32.6%)</td>
<td>70 (61.8%)</td>
</tr>
</tbody>
</table>

---

\(^8\) Definition: The birth country of the parents is not Austria. If both parents were born in different states abroad, the mother’s birth country is the relevant one (www.statistik.at).
In general, migrants coming to Austria are younger than migrants leaving Austria. The migration balance of Turkish citizens is positive for those up to the age of approximately 30, while for those in the older age groups, return migration prevails. In 2011, immigrating Turkish citizens were 29.4 years on average, whereas emigrating Turkish citizens averaged 37.0 years (Statistik Austria 2012a).

4.2.3. Return Migration

In 2012, slightly more than 50 percent of all pensions paid to Turkish citizens were transferred to Turkey (PVA 2013d), and this number has remained relatively steady in recent years (Wieninger 2013). The central criteria for return and leisure migration around the time of one’s retirement generally centers on quality of life, local price and income levels, experiences during holidays, and transnational employment careers (Himmelreicher and Scheffelmeier 2012). In Turkey, another reason for taking up residency is to build a house during one’s working life. People often transfer money to Turkey for that reason for many years (Wieninger 2013). However, after years of work migration, many migrants adapt to life in Austria and may feel like strangers in Turkey (Ceviz and Kolm 2014). This may explain the recent transition whereby Turkish immigrants who reached pension age before the early 2000s are likely to return to Turkey, while more recent cohorts are more likely to stay in Austria after retirement. This is partly due to the fact that those migrants who came to Austria in the 1960s and 1970s did so without their families, whereas the younger generation migrated with their families (Dogan 2014).

Social benefits for pensioners may also provide Turkish migrants with an incentive to remain in Austria upon retirement. Turkish pensioners in Austria are eligible for a minimum pension top-up and related benefits (for example, reduced price or free medicines, no national broadcasting fees) that can help them maintain an adequate standard of living. The minimum pension top-up in particular may limit migrants’ return to Turkey, as it can be lost if they return for more than six months (Ceviz and Kolm 2014). Thus, it is conjectured that retirees

Source: www.statistik.at.
with a pension entitlement above the minimum pension top-up are more likely to migrate back to Turkey (Dogan 2014). A desire to maintain full access to the Austrian health care system also likely influences migrants’ decisions to remain for only short periods in Turkey after retirement (Spiegel 2013; Wieninger 2013), though this has diminished in importance with recent improvements in the Turkish health care system (Ceviz and Kolm 2014; Dogan 2014).

### 4.2.4. Naturalization

Of all persons with a migration background in Austria, 43 percent were naturalized over the years. Naturalization was relatively rare in the first wave of migrants (33 percent), but grew substantially in the second wave, reaching nearly 70 percent. The naturalization rate of Turkish citizens is well above the average for all Austrian migrants. Fifty-three percent of Turkish citizens naturalized in 2012 were born in Austria, and 44 percent were below 18 years of age (Statistik Austria 2013a).

**Table 4.4. Total Naturalized Persons in Austria versus Those Born in Turkey and Those with Turkish Citizenship, 1982–2011**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Persons Naturalized in Austria (in thousands)</th>
<th>Of Which, Born in Turkey (in thousands)</th>
<th>Of Which, with Turkish citizenship (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982–1986</td>
<td>40</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>1987–1991</td>
<td>41</td>
<td>—</td>
<td>4</td>
</tr>
<tr>
<td>1992–1996</td>
<td>71</td>
<td>—</td>
<td>19</td>
</tr>
<tr>
<td>1997–2001</td>
<td>114</td>
<td>—</td>
<td>38</td>
</tr>
<tr>
<td>2002–2006</td>
<td>183</td>
<td>34</td>
<td>56</td>
</tr>
<tr>
<td>2007–2011</td>
<td>45</td>
<td>3</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Statistik Austria 2012b, 2013a.

### 4.3. Migrants’ Education and Labor Market Participation

#### 4.3.1. Migrants’ Educational Attainment

The education level of persons with Turkish migration background (aged 25–64 years) is low in comparison to the Austrian population as a whole. Only 3.9 percent of Austrian migrants with a Turkish migration background possess a university degree (compared to 15.9 percent...
of those without a migration background), and 9 percent hold a secondary school degree (versus 14.5 percent of those without a migration background). Almost two-thirds (62 percent) of migrants with a Turkish background have only a compulsory school education compared to 12.2 percent of those without a migration background (table 4.5).

Table 4.5. Education Level for Austrian Population Aged 25–64 by Migration Background, 2013

<table>
<thead>
<tr>
<th>Highest Education Level</th>
<th>Total Austrian Population</th>
<th>Without Migration Background</th>
<th>With Migration Background</th>
<th>Of Which, from Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (in thousands)</td>
<td>4,565.4</td>
<td>3,594.7</td>
<td>970.7</td>
<td>148.3</td>
</tr>
<tr>
<td>Compulsory (%)</td>
<td>15.7</td>
<td>12.2</td>
<td>28.9</td>
<td>62.0</td>
</tr>
<tr>
<td>Vocational Education &amp; Training (%)</td>
<td>52.8</td>
<td>57.4</td>
<td>35.7</td>
<td>25.2</td>
</tr>
<tr>
<td>Secondary (%)</td>
<td>15.1</td>
<td>14.5</td>
<td>17.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Tertiary (%)</td>
<td>16.4</td>
<td>15.9</td>
<td>18.5</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: Statistik Austria 2014.

4.3.2. Labor Market Participation in Austria

As depicted in table 4.6, the levels of employment and income statistics for people with a Turkish migration background were substantially lower than those for people without a migration background. In 2012, the labor force participation rate of persons with a Turkish migration background in Austria was 56 percent, compared to 74 percent for persons without a migration background. The rate of activity for Turkish women was particularly low, and unemployment rates were higher for Turkish citizens than for Austrian citizens. Turkish migrants are also more likely to be low-skilled workers than the Austrian population as a whole. As a result, the personal median yearly net income of year-round employed people with Turkish citizenship is well below the yearly net income of Austrians, and Turkish migrants are at a much higher risk of poverty (Statistik Austria 2013a).
<table>
<thead>
<tr>
<th></th>
<th>Turkish Migration Background</th>
<th>No Migration Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men’s labor market participation rate (2012) (%)</td>
<td>56</td>
<td>74</td>
</tr>
<tr>
<td>Women’s labor market participation rate (2012) (%)</td>
<td>43</td>
<td>70</td>
</tr>
<tr>
<td>Unemployment rate (2012) (%)</td>
<td>13.8</td>
<td>6.5</td>
</tr>
<tr>
<td>Low-skilled workers (2012) (%)</td>
<td>63</td>
<td>23</td>
</tr>
<tr>
<td>Median yearly net income (2011) (€)</td>
<td>18,132</td>
<td>22,764</td>
</tr>
<tr>
<td>Population at risk of poverty (2013) (%)</td>
<td>44</td>
<td>11</td>
</tr>
</tbody>
</table>

*Source: Statistik Austria 2013a.*
5. Overview of Pensions and Health Insurance

5.1. Austria

5.1.1. Pension System Overview

All blue and white collar employees are insured in pension insurance according to the General Social Insurance Law (Allgemeines Sozialversicherungsgesetz ASVG), except civil servants and military personnel, who receive a separate public pension, and recipients of Austria’s childcare benefit. Business persons/self-employed represent the largest group of compulsorily insured persons according to the Trade Social Insurance Law (Gewerbliches Sozialversicherungsgesetz GSVG). The employee contribution rate for blue and white collar workers amounts to 10.25 percent, while employers contribute 12.55 percent. Self-employed persons also contribute to pension insurance, with a contribution rate of 18.5 percent and a minimum contribution base of €687.98 per month and an upper contribution limit of €5,285 per month (2014 values, 12 times per year). In the agriculture sector, farmers (managers) as well as spouses, children, and grandchildren, if mainly occupied at the farm, are compulsorily insured according to the Farmer Social Insurance Law (Bauerliches Sozialversicherungsgesetz BSVG) (Hauptverband der österreichischen Sozialversicherungsträger 2013).

For persons born before 1955, the following pension types are available:9

- Old-age pension for women who have reached 60 years of age and men who have reached 65 years, with the women’s retirement age increasing to 65 between 2024 and 2033.

- Entitlement to early old-age pension if the respective age according to the birth date is reached. Depending on the due date, a minimum number of contribution

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9 For persons born after 1955, the reform of 2004 (and almost annual changes in recent years) introduced benefit accounts that translated annual accruals immediately into annual benefits that are accumulated and indexed with wage growth. This has no bearing on portability and has little relevance for migrants retired till now, and is thus not presented.
months of compulsory insurance or insurance months that count for the amount of the pension must be available. A deduction of 4.2 percent is taken for each year before 60/65 years, up to a maximum of 15 percent.

- Entitlement to disability pension is provided if the disability will last for six months and if measures of occupational rehabilitation are not appropriate or reasonable. As with old-age pensions, 180 contribution months of compulsory or voluntary insurance are required. If the insured person is younger than 50 years, at least 60 insurance months within the last 120 calendar months are required.

- Entitlement to a widow’s or widower’s pension is provided after the death of the insured marriage partner. The same minimum insurance months as for disability pensions apply.

- Entitlement to orphan’s pension for children is provided after the death of the insured person. The same preconditions as for the widow’s/widower’s pension apply (PVA 2013a).

The basic requirements for entitlement to a pension in Austria are: (a) achievement of a certain age and (b) fulfilment of the stipulated minimum insurance period. A pension can only be granted upon application. The regular pension age in Austria is 65 years for men and 60 years for women, and 180 contribution months of compulsory or voluntary insurance are required. Based on the incomes from all employment periods liable to pension insurance, an average value (the assessment base) is calculated. The pension percentage related to the assessment base depends on the number of insurance months and amounts to 1.78 percent per year (PVA 2013c). A tax-financed minimum pension top-up for pensioners is granted in addition to a pension if the total income of the pensioner (and the spouse) does not reach the stipulated standard rates.
5.1.2. Health Insurance for Pensioners

Once an Austrian pension is received, compulsory health insurance for pensioners essentially continues the arrangement the pensioner had while still working. The health insurance contribution rate for pensioners amounts to 5.1 percent of total pension income (including, if applicable, a social insurance pension from abroad) and a supplement of 3.4 percent of the contribution base for eligible spouses or partners; this contribution supplement was introduced in 2001.

5.2. Turkey

5.2.1. Pension System Overview

Before Turkey’s 2008 reform, the institutional structure of the old social insurance system included three categories: workers employed under an employment contract (Sosyal Sigortalar Kurumu SSK); the self-employed (Bağ-Kur); and civil servants (Retirement Fund). The 2008 reform of Turkey’s social security system aimed to remove differences and inequalities among these categories. A Green Card\textsuperscript{10} was introduced in 1992 to cover the health costs of those without social security protection or the means to meet their health expenses. As a result of this reform, unconditional health insurance is provided for children under the age of 18. Furthermore, a general health insurance regulation (Law 5510) was introduced in 2012, under which stateless persons and refugees are covered.

The following pension types are available in Turkey:

- Old-age pensions can be received after the age of 60 for men (58 for women), which will gradually increase to 65 by 2046 for men (2048 for women), after

\textsuperscript{10} Since the beginning of 2012, approximately 10 million people who have a Green Card and 1.7 million people who have no social guarantee have been included in universal health insurance (UHI). Source: Acar 2012; Turkish Review 2014.
7,200 days of contributions (or 9,000 days for civil servants and the self-employed).

- Early retirement is possible if special conditions are met (for example, in occupations with a higher aging/stress factor).

- Disability pensions are available for workers based on their level of disability, completion of a certain number of years of work, and payment of insurance premiums for a stipulated number of days.

Pensions are paid based on a 2 percent accrual rate per year and average lifetime earnings up to a maximum replacement rate of 90 percent. All pensions are periodically adjusted accounting for the growth rate of wages and the consumer price index. Before 1999, there was no accrual rate and the pension was based on the salary 5–10 years earlier. Between 1999 and 2001, the accrual rate was introduced but started out high and then decreased, which created incentives for early retirement (Karadeniz 2010). A single lump-sum payment is paid to those who have reached retirement age but have not made enough contributions. The old-age pension is partially payable abroad under reciprocal agreements.

The pension allocation formula is as follows:

\[ \text{Pension} = \text{Average monthly earning} \times \text{replacement rate} \quad [1] \]

Past annual earnings on which premiums are based are updated using the update coefficient pertaining to each year, until the present value of all past earnings at the time of the pension claim is found.

\[ \text{Average daily earnings} = \frac{\text{Updated past earnings} + \text{current earnings}}{\text{total number of premium days}} \quad [2] \]

\[ \text{Average monthly earnings} = \text{Average daily earnings} \times 30 \quad [3] \]
The replacement rate is 2 percent for every 360 days covered by old age, disability, and survivor’s insurance. Periods of less than 360 days are taken into account proportionally. The old age, disability, or survivor’s pension allocated according to this formula cannot be less than 35 percent of minimum wage as of January of the year of death or pension claim (40 percent if the insured has a spouse or a child under his/her responsibility). Pensions are increased by the rate of inflation from the preceding six months.

Turkey has several provisions for its citizens working abroad. Most importantly, Turkish citizens can credit their time abroad, if greater than six months, toward their premium account after their definite return to Turkey. This is based on ‘The Assessment on Social Security Matters of the Time Spent Abroad by Turkish Citizens’ (Law No. 3201), which dates back to 1985 and was amended in 2008 and 2014 (see box 5.1). Through this law, Turkish citizens can earn eligibility for social security benefits despite not having worked in Turkey. Upon return, the person can request a credit for the amount of time spent abroad in employment, time spent as a housewife, or, to a certain extent, for periods spent out of employment. The person has to pay for forgone contributions and the debit sum is calculated based on 32 percent of his/her daily earnings, within a minimum and maximum range, and is to be paid within three months of the notification date. Partial pensions can be converted into full pensions by paying the determined debt.
5.2.2. Health Insurance for Pensioners

UHI is compulsory in Turkey; everyone has to be insured either as an insurance holder or a dependent. Benefits include medical as well as dental treatments, including preventive health care, emergency care, inpatient and outpatient consultations and treatment, laboratory work, rehabilitation, and other services.

Foreigners residing in Turkey have to be insured with the Sosyal Güvenlik Kurumu, the Social Security Institution), if they work in Turkey and are not covered by any other social security system. Foreigners residing in Turkey for more than one year are eligible to enter the general health insurance system. The base premium for voluntary membership in UHI is 12 percent of earnings. Dependents are not included. Students can voluntarily pay UHI contributions during their education. If foreigners are covered by their home country’s social security system, they are exempt from paying contributions and becoming part of the Turkish system. Nevertheless, the arrangements made by the Austria-Turkey BSSA may call for a different

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**Box 5.1. Blue Card Holders in Turkey**

The blue card (formerly pink) is designed for former Turkish citizensnaturalized in countries where dual citizenship is not recognized. Blue cards confer a non-citizenship status but blue card holders have various rights such as for residence, work, investment, or inheritance. The system intended to integrate Turks to their host country without losing their rights. The number of blue card holders in Turkey is estimated at between 150,000 and 200,000.

Initially, it was promised that blue card holders would keep their special social security rights as well but this promise was not kept. However, a recent legal regulation (T.C. Resmi Gazete 2014) in Turkey ensures blue card holders’ social security rights. In accordance with the ‘Law on Labour with the Amendment of Certain Legislative Decree and Law on the Restructuring of Receivables’ (dated 9. November 2014, numbered 29116, and issued in the official gazette), former Turkish citizens who work abroad as (former) citizens of Turkey have the right to credit the period of their employment abroad. Previously the law granted the right only to Turkish citizens. The eligibility to this right is established through payment of contributions due and return to Turkey; that is, re-establishment of residency.

*Source: Pacaci-Elitok 2015.*
procedure and always take precedence. Tourists and other short-term visitors are excluded, as are illegal immigrants. Moreover, the Ministry of Health excludes the treatment of foreigners with preexisting chronic diseases (Aydin et al. 2011).
6. Background and Content of BSSAs

The background of BSSAs is legal, both in their collective history and in the specific content of each bilateral agreement. The following exposition provides a brief presentation of the legal aspects of BSSAs.

6.1. Brief Introduction to BSSAs

BSSAs serve multiple objectives, including:

- Defining which social benefits will be coordinated (‘material scope’) — for example, only pension and health care benefits or family and unemployment benefits also;

- Defining the individuals covered under the agreement (‘personal scope’) — for example, only nationals or also assimilated persons with legal residence such as refugees;

- Establishing the depth of coordination (from time-limited exemptions to contribute to the host scheme to exportability of benefits to full-fledged coordination); and

- Establishing coordination on eligibility criteria, benefit calculation, disbursement, service delivery, financing, and processes of application, decision, and information.11

Effective BSSAs should ensure, among other things:

- Equality of treatment: This refers to the principle that all workers engaged in remunerated labor should enjoy equal provision of social security; this provision

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11 For an analysis of EU member states’ BSSAs with third countries, including comparison tables of the contents of these BSSAs, see Spiegel (2010).
can also be extended to workers’ dependent family members.

- **Payment of benefits abroad (exportability):** The portability principle provides for any acquired right, or right in the course of acquisition, to be guaranteed to the migrant worker in one territory even if it was acquired in another.

- **Determination of applicable legislation:** This principle ensures that the social security of a migrant worker is governed at any one time by the legislation of only one country; three basic rules apply:
  
  - Employees are covered by the legislation of the contracting party in which they work, even if they reside in the other contracting party;
  
  - Self-employed persons are covered by the legislation of the contracting party in which they perform their economic activity;
  
  - Civil servants are covered by the legislation of the contracting party within whose administration they are employed.

- **Maintenance of benefits in the course of acquisition (totalization):** This principle—a centerpiece of most BSSAs—provides that when a right is conditional upon the completion of a qualifying (‘waiting’) period (say 15 years for pensions), periods of insurance by the migrant worker in each country are taken into account.

- **Administrative assistance:** This principle aims to provide for mutual administrative assistance between the social security authorities and institutions of participating members.

Though these principles are largely observed in most BSSAs, the content and implementation of BSSAs are highly variable. The rest of this section presents a comprehensive review of the content of the Austria-Turkey BSSA.
6.2. Austria-Turkey BSSA

6.2.1. Overview

The BSSA concluded in 1966 between Austria and Turkey was a typical recruitment agreement with a broad program area of application, including health insurance. It was replaced in 1982. Both versions have one general administrative agreement that is about the implementation procedure for their provisions.

6.2.2. Area of Application

The benefit area of application of the Austria-Turkey BSSA includes:

- Health care;
- Old age, disability, and survivorship;
- Work injury insurance; and
- Family benefits (included in the initial BSSA agreement, but later dropped unilaterally by Austria).

The agreement relies on the following principles:

- Equal treatment of citizens of the contracting states in social security;
- Consideration of insurance periods in the other contracting state for determining the entitlement to benefits;
- Export of monetary benefits to entitled persons in the other contracting state; and
- Service support in the area of health and accident insurance by the insurance agencies in the other contracting state (Soziale Sicherheit 2012).
The BSSA applies to the following persons:

- Austrian and Turkish citizens as well as persons for whom the legal regulation of one or both contracting states applies;
- Other persons as far as they derive their legal entitlements from the persons mentioned above; and
- Refugees and stateless persons as defined by the Geneva Convention (Republik Österreich; Republik Türkei 1999).

6.2.3. Pensions

6.2.3.1. Application process

If the eligibility conditions for entitlement (‘waiting period’) to an Austrian old-age pension are already fulfilled with Austrian insurance periods, the pension is autonomously calculated on their base (‘direct methods’) and insurance periods outside Austria ignored. Alternatively, insurance periods in the other state(s) are also considered (that is, ‘totalized’). The acquired insurance periods in Turkey and Austria are summed up, as long as they do not apply to the same time period. However, the summing up or ‘totalization’ is only relevant for the fulfillment of the required waiting period and other preconditions for entitlement to the different pension types.

If entitlement to a disability or survivor’s pension is only given because of an accumulation of insurance periods (and the insured person is/was below 60 years of age), periods after the occurrence of the insured event have to be considered relative to the insurance periods in Austria to the amount of two-thirds of the calendar months starting with 16 years of age till the occurrence of the insured event (Republik Österreich; Republik Türkei 1999). If only two-thirds of the calendar months are reached, a full benefit consideration takes place. The BSSA is relatively generous, as a full pension entitlement is typically more difficult to achieve in the
case of cross-national careers. The regulation corresponds to a model-regulation of the European Council (Spiegel 2013).

6.2.3.2. Calculation of benefits

Following the BSSA, the amount of the Austrian pension is based on a ‘direct calculation’ method: the Austrian insurance period’s contribution base is considered exclusively if the waiting period is fulfilled (PVA 2013b; Republik Österreich; Republik Türkei 1999; Soziale Sicherheit 2012). Otherwise the insurance periods in Turkey (and other states) are also considered. The acquired insurance periods in Austria, Turkey, and other countries are summed up (totalized), as long as they do not apply to the same time period (that is, excluding overlaps). However, the summing up is only relevant for the fulfillment of the required waiting period (15 years of contribution) and other preconditions for entitlement to the different pension types. In case the insurance periods in one of the countries do not reach a minimum of 12 months, no pension entitlement is acquired in this country. However, the respective insurance months are considered by the responsible insurance agency in the other agreement state (Republik Österreich; Republik Türkei 1999, 948).

6.2.3.3. Tax-financed benefits

If pensioners take up regular residence in Austria, a tax-financed top-up is due in addition to a pension if the total income of the pensioner (and his/her spouse) does not reach the guaranteed minimum income level (with a higher level applicable in case of an eligible spouse) (PVA 2013b). Such tax-financed supplements guarantee, among other things, a minimum income to safeguard the means of subsistence that is related to the economic and social environment of the respective country. Like social assistance benefits, those benefits are provided exclusively by the residence state to all entitled inhabitants and are not exportable. However, if a similar benefit exists in the other residence state (depending on the stipulated standard rate), the person is entitled to this benefit, even if only an Austrian
pension is received (Verband der österreichischen selbständigen Betreuer und Pfleger, Zwischenstaatliche Sozialversicherung, no date n.d.).

6.2.3.4. Transfer and pay-out of benefits

In Austria, pensions are generally exportable to any country in the world, including countries with which no BSSAs have been concluded. If there is no bilateral agreement on the exportability of pensions, the pensioner has to provide proof of life to the Austrian pension system (Holzmann, Koettl, and Chernetsky 2005). The Austria-Turkey BSSA regulates that pensions and other monetary benefits due as a result of the legal regulations in one contracting state must also be paid in case of residence in the other contracting state. Benefits must be paid directly to the entitled person (Republik Österreich; Republik Türkei 1999; Republik Österreich; Republik Türkei 2000).

6.2.3.5. Taxation

According to the Austrian double-tax agreements with other countries, pensions transferred abroad are only taxed once. For pensioners with residence in Turkey, the pension is subject to taxation in the residence state (PVA 2013e). However, in Turkey pensions do not represent a taxable income, and retirees therefore pay taxes neither on pensions paid by Turkey nor on pensions paid by another country to individuals residing in Turkey.

6.2.4. Health Care Benefits

6.2.4.1. Responsibility

The Austria-Turkey BSSA provides for the assignment of all pensioners to the health insurance of the residence state. In-kind benefits are provided by the health insurance agencies of the residence state according to its legal regulations. Even a recipient of an Austrian pension who resides in Turkey and receives no pension from the residence state counts as an insured person of Turkey. However, in this case the insured person and his/her dependents receive health insurance benefits at the expense of the Austrian health insurance system. The take-
up of benefits requires registration at the responsible Austrian health insurance agency as well as corresponding registration at the health insurance agency in the residence state. The check for preconditions as well as the registration are conducted as part of the pension application process (PVA 2013d; Spiegel 2013). Turkish migrants and their dependents are also eligible to use urgently needed medical assistance (provided by both resident doctors and institutional care) during a temporary stay in Austria. The costs are borne by the health insurance agency in the residence state (PVA 2013e; Wieninger 2013).

Within the Austria-Turkey BSSA, a precondition for a targeted medical treatment in the other contracting state (as a rule special, often inpatient, examinations or surgeries) is that the agency responsible for the health insurance in the residence state must pay for the treatment but only after having provided consent in advance (Wieninger 2013). A certificate by the responsible agency stating the time period in which benefits may be granted is required. Unless a cost reimbursement via across-the-board payments is agreed, the granting of supplemental services with a value of more than €500 also requires agreement by the responsible agency. Again, a requirement is that the benefit cannot be postponed for medical reasons (Republik Österreich; Republik Türkei 1999; Republik Österreich; Republik Türkei 2000). The provisions aim at avoiding ‘medical tourism’. In such cases, the Turkish health system would be required to reimburse the Austrian system for any health expenses; since medical treatment costs are usually higher in Austria, such a practice would financially drain the Turkish health system (Holzmann, Koettl, and Chernetsky 2005).

6.2.4.2. Reimbursements

The responsible institutions can agree that in all or in some cases, across-the-board payments are used instead of individual, real-cost reimbursements (Republik Österreich; Republik Türkei 1999). With Turkey, for pensioners and their dependents (as well as for Turkey-based dependents of persons employed in Austria), across-the-board reimbursements are agreed, whereas in all other cases, real costs are used. For pensioners, Turkey insisted on across-the-
board accounting during BSSA negotiations because of an expected rise in health care costs (Spiegel 2013).

The Austrian approach to across-the-board accounting is as follows: based on calculations of the Turkish authorities, the sum of costs for health care benefits in a certain year is divided by the number of persons insured in Turkey in that year. This figure is then reduced by 5 percent to take into account the fact that pensioners with a residence in Turkey are entitled to emergency treatment during a temporary stay in Austria (Wieninger 2013). The alternative would be direct accounting of costs for emergency cases with the Turkish authorities. However, relatively high costs for emergency treatment in Austria would quickly consume the across-the-board reimbursements to Turkey (Spiegel 2013).

Across-the-board accounting for pensioners in Turkey includes—indeedependent of real family size in individual cases—the pensioner and his/her dependents (based on a ‘family factor’, which corresponds to the average family size of a pensioner in Turkey).

6.2.4.3. Health insurance contributions

In case of a pensioner’s regular residence in Austria and entitlement to benefits provided by the Austrian health insurance system, a health insurance contribution of 5.1 percent is levied on total pension income. A contribution rate of 3.4 percent is levied for co-insured spouses and legal partners.

6.2.5. Changes in the BSSA

The Austria-Turkey BSSA concluded in 1966, which also included family allowances, was terminated in 1996. Until this point in time, the Austrian family allowance covered both children residing in Austria and those remaining in Turkey. As Austrian authorities were not able to confirm the number of dependents, the new agreement completed in 2000 excludes the family allowance. Thus, a Turkish citizen can receive the family allowance only for children who reside in Austria (Spiegel 2013). In addition, a supplemental agreement on the
reimbursement of costs was concluded during the BSSA’s renegotiation. Apart from these changes, only minor adaptations have taken place, regulated at the level of liaison agencies (Wieninger 2013).

6.3. Comparisons with Relevant EU Decrees

How does this BSSA differ from the rules applied within the EU? Most of the differences between the Austria-Turkey BSSA and the EU multilateral social security agreement relate to the criteria of fairness for individuals. Within the EU agreement, a theoretical amount is calculated for pensions as if all insurance periods were acquired in Austria. From this theoretical amount, Austrian pensions are calculated on a pro rata basis (PVA 2013b). This amount is compared with the amount resulting from the ‘direct method’, that is, the pension benefit calculation based on Austrian insurance periods only. Pensioners are entitled to the higher amount resulting from either the pro-rata method or the direct method, the so-called ‘European method’ (Europäische Union 2011). In contrast, only the direct calculation method is used under the Austria-Turkey BSSA. However, in many cases the two calculation methods produce the same result (Spiegel 2013).

Other differences concern family and unemployment benefits. In contrast to the EU agreement, the Austria-Turkey BSSA does not provide for unemployment benefits and family allowances. However, the regulations in the BSSA concerning the child supplement for pension benefits provide better coverage than the EU regulation. Under the BSSA, if the pension is due on an automatic entitlement, the child supplement is paid on the full amount, and for pro rata benefits, the child supplement is also calculated on a pro rata basis (PVA 2013b).

Another difference between the EU and Austria-Turkey agreements relates to the criteria of fiscal fairness for countries. The agreed across-the-board accounting for reimbursement of health care costs for pensioners and their dependents aligns with the old EU decree, but there is a trend in newer agreements toward accounting in real costs (Spiegel 2013).
7. Pension and Health Care Transfers

7.1. Pension Transfers

In August 2012, Austria paid a total of 29,119 pensions to Turkish citizens (1.3 percent of all Austrian pensions), of which over 20,000 were direct pensions (table 7.1). The average direct pension amounted to €462 per month; survivor’s pensions averaged €221 per month. With a total value of €68.0 million, 15,772 pensions were transferred to Turkey in 2012. At €372 per month, the average direct pension transferred to Turkey was smaller than the average Austrian pension for Turkish citizens. As shown in table 7.1, less than 10,000 pensions (32.8 percent of all pensions to Turkish citizens) were paid inside Austria. The average direct and survivor’s pensions paid to Turkish citizens in Austria were substantially higher than those paid in Turkey or other countries, at €782 and €383 per month, respectively. However, the average amount is clearly below the average amount of all pensions paid by Austria (direct pension €1,139 per month; survivor pension €626 per month)12 (PVA data; Hauptverband der österreichischen Sozialversicherungsträger 2013). The lower pension level is quite likely due to lower wages for active workers and also the lower number of contribution months, reflecting a high unemployment rate but also reduced length of residency compared to that of the average Austrian worker. The extent to which the lower pension is supplemented by a pension from Turkey for contribution years before coming to Austria is unknown. Future work may be more successful in providing this information.

Table 7.1. Pensions Paid by Austria to Turkey/Turkish Citizens, August 2012a

<table>
<thead>
<tr>
<th>Pension type</th>
<th>Paid to Turkey</th>
<th>Paid to Turkish Citizens</th>
<th>Thereof to Turkish Citizens in Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>€/month</td>
<td>Number</td>
</tr>
<tr>
<td>Direct pension</td>
<td>9,905</td>
<td>372</td>
<td>20,231</td>
</tr>
<tr>
<td>Survivor’s pension</td>
<td>5,867</td>
<td>200</td>
<td>8,888</td>
</tr>
<tr>
<td>Total</td>
<td>15,772</td>
<td>308</td>
<td>29,119</td>
</tr>
</tbody>
</table>

Source: PVA data, Hauptverband 2013.
Note: a Amount without minimum pension top-up and child supplement.

12 Including minimum pension top-up and child supplement.
As shown in table 7.2, of all pensions to Turkish citizens, 51.5 percent were transferred to Turkey, 32.8 percent were paid inside Austria, and 15.3 percent were transferred to Germany. Of the 15,772 pensions Austria transferred to Turkey, only 4.9 percent, or less than 1,000, were paid to persons without Turkish citizenship.

Table 7.2. Number of Austrian Pensions Transferred to Turkish Citizens by Country, August 2012

<table>
<thead>
<tr>
<th>Country</th>
<th>Direct Pensions (Number)</th>
<th>Survivor’s Pensions (Number)</th>
<th>Total (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>9,325</td>
<td>5,680</td>
<td>15,005</td>
</tr>
<tr>
<td>Austria</td>
<td>7,471</td>
<td>2,080</td>
<td>9,551</td>
</tr>
<tr>
<td>Germany</td>
<td>3,346</td>
<td>1,099</td>
<td>4,445</td>
</tr>
<tr>
<td>Other</td>
<td>89</td>
<td>29</td>
<td>118</td>
</tr>
<tr>
<td>Total</td>
<td>20,231</td>
<td>8,888</td>
<td>29,119</td>
</tr>
</tbody>
</table>

Source: PVA data.

In August 2012, 3,199 Turkish citizens in Austria received a minimum pension top-up in addition to their direct or survivor’s pensions (table 7.3), for a yearly total of €16.5 million (on average, €369 per person per month). Thus, in approximately every third pension case, a minimum pension top-up was granted to a Turkish citizen in Austria. This is substantially higher than the 10 percent of total pensioners in Austria who receive a top-up, and reflects the low salary and contribution history and thus pension entitlements of Turkish citizens in Austria. A health care benefit was also paid to 1,241 Turkish citizens in Austria (Hauptverband der österreichischen Sozialversicherungs träger 2013; PVA data).

Table 7.3. Turkish Citizens with Minimum Pension Top-up, August 2012

<table>
<thead>
<tr>
<th>Pension Type</th>
<th>Number with Top-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct pensions</td>
<td>2,147</td>
</tr>
<tr>
<td>Survivor’s pensions</td>
<td>1,051</td>
</tr>
<tr>
<td>European Economic Area Top-up (with German pension in Austria)</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>3,199</td>
</tr>
</tbody>
</table>

Source: PVA data.

7.2. Health Care Transfers

The clearance of mutual claims for cost reimbursement on health care services provided follows two different costing procedures depending on the services rendered: health care
costs for visiting migrants (when temporarily returning home or for their visiting families left home) are billed as actually occurred; that is, the real (actual) costs calculated and transferred. In contrast, the health care costs for resident migrants who draw only pensions from abroad are based on averages that include weights for family members and these across-the-board claims are billed.

In the area of health insurance, Turkey was compensated for real cost claims amounting to €2.24 million in 2012, while Austria’s claims amounted to €1.38 million. Thus, the net amount transferred to Turkey was €0.86 million. Across-the-board claims for resident migrants have not been paid to Turkey for years, as no agreement could be reached on the amount of claims for the years 2005 through 2012.
8. Findings on Criteria Fulfillment

This section presents the findings of the BSSA’s evaluation against the three criteria outlined at the beginning of the document: fairness for individuals, fiscal fairness for countries, and minimum bureaucratic burden for all involved.

8.1. Fairness for Individuals

8.1.1. Gaps in Regulations and Implementation Problems

The Austria-Turkey BSSA is generally seen as a comprehensive agreement with few major gaps or problems. However, general modernization and actualization of the BSSA is needed in areas such as health cost reimbursements, payment deadlines, and use of exchange rates (Arbeiterkammer 2011; Wieninger 2013). From Turkey’s point of view, a substantial problem relates to missing benefits provisions (family allowance). Austria unilaterally canceled the BSSA in 1996 due to the lack of family benefits in Turkey and thus the lack of reciprocity (a key principle in BSSAs). As Turkey does not agree, this issue has been deadlocked.

8.1.2. Disparities Between Regulations and Reality

The agreements are regularly updated to take into account feedback and good practice by regular exchanges between all concerned agencies in both countries (Wieninger 2013). The view of the Austrian Federal Ministries of Foreign Affairs and Social Affairs is that no major disconnects arise between the regulations and the reality for pensioners. Any emerging issues or problems are discussed during regular liaison agency meetings and problematic individual cases are addressed by the Central Association of Austrian Social Security Institutions (Hauptverband der Sozialversicherungsträger), the umbrella organization (Wieninger 2013).

8.1.3. Potential Problems Related to Non-take-up of Pensions

Temporarily employed Turkish migrants were often not registered for social insurance in the 1970s in Austria, instead working on the black market. Therefore, cases exist of individuals
who worked in Austria but did not contribute to social security and thus do not receive pension transfers in retirement. However, beyond these cases, effective non-take-up of pensions owed is thought to be rare (Ceviz and Kolm 2014; Wieninger 2013). To quantify a potential non-take-up, a special analysis of data from the Central Association of Austrian Social Security Institutions by order of the Federal Ministry for Social Affairs would be required. Yet technical problems may preclude achievement of the objective even if the data analysis is undertaken (for example, when no information on insurance periods outside Austria is available, or in the event of a death abroad that is not communicated to authorities).

8.1.4. Potential Problems Related to Health Care Benefits

In case of entitlements to health care, some difficulties may occur if residence in both Austria and Turkey is claimed (Spiegel 2013). Potential problems may also arise due to temporary stays in the other contracting country. The regulations defining medical emergency cases can be misunderstood by pensioners, causing benefits to be foregone or reimbursements denied. Experts report that some pensioners are not aware that the entitlement is only to emergency treatment in the other contracting country, and that more easily understandable Turkish language explanations of benefits are needed (Dogan 2014). Further, because the BSSA applies only to contractual residential doctors and hospitals, it may be difficult for insured persons to know if services from a particular practitioner are reimbursable (Wieninger 2013). However, these problems are conjectured to occur only in rare cases (Spiegel 2013).

For Turkey, the main concern related to health care benefits is due to new levies imposed on pension income by the EU. The EU changed its internal regulations in 2002 and introduced supplementary premiums from pensions for health services. Turkey has argued that this
practice is at odds with the provisions in the BSSA and unfairly impacts residents of states that are not members of the EU’s common social security system.\(^{13}\)

### 8.2. Fiscal Fairness for Countries

Evaluating fiscal fairness requires a benchmark against which to assess the impact of the BSSA/full portability of benefits. The simple version of such a benchmark states that no participating country should have a fiscal advantage or be harmed by the agreement, but the meaning of this needs to be assessed in context. Fiscal neutrality for both countries does not mean that both do not economically benefit from the agreement relative to the situation in its absence (for example, through higher labor market formality).

#### 8.2.1. Financial Fairness - Pension Regulations

Portability of pensions means that income generated in one country is transferred to another country, not dissimilar to remittances sent from migrant-receiving to migrant-sending countries; that is, a shift in purchasing power (Jousten 2012). It corresponds to the export of factor income (labor, and for funded pensions, also partially capital) from the factor-using to the factor-providing country. As such, fiscal neutrality is not harmed. However, inasmuch as tax privileges have been granted to pensions during the accumulation phase (for example, through non-taxation of contributions and interest earned) that would be recovered through the taxation of benefits when disbursed, fiscal neutrality may be hurt but not under all circumstances. Non-taxation of returns on retirement savings may not be a privilege, but simply the taxation principle under a consumption-type tax treatment. Furthermore, the taxes levied in the new recipient country may simply pay for the public goods and services provided. But the tax transfer mechanism may include age-related transfers when beneficiaries are young (for example, child allowances and housing subsidies) that are

\(^{13}\) The new regulation also applies to Austrian residents in receipt of an Austrian public pension and health insurance who also receive a public pension from an EU member state. A health insurance contribution is levied on the pension from abroad as health care benefits are provided locally.
recovered when they are older, including when drawing a pension. Then the pension-sending country would lose and the pension-receiving country would gain.

In the Austria-Turkey corridor, the situation gets complicated, as Austrian pensions transferred to Turkey are taxed neither in Austria nor Turkey, indicating further fiscal losses for Austria but no direct gains for Turkey. Yet Austria incurred tax expenditures through the deductibility on contribution payments during the long accumulation phase of pension (and health) rights that are not recovered at disbursement, which conceptually increases the Austrian fiscal flows abroad. Income tax is not the only fiscal revenue in both countries and Turkey is also likely to gain through indirect taxes generated by pension recipients’ consumption abroad.

The amount of tax expenditure in Austria and how the taxation rights of pensions in disbursement should best be arranged between source and resident country are empirically unknown and conceptually and operationally unclear. This area of international coordination of financial flows has until now been left largely to the legal profession and to its treatment in double taxation treaties—the BSSA equivalent for taxation issues. The international taxation of portable pensions and how best to establish individual and fiscal fairness with minimal bureaucratic hassles is still terra incognita. Yet to clarify the concepts and get a better understanding of the flows involved, some first research steps have been launched.14

There are potential fiscal fairness concerns related to the non-exportability of the minimum pension top-up, partly due to Turkey’s long-standing status as an EU candidate country and a generous and not repeated protocol between Turkey and the EU’s predecessor. In one individual case involving a Turkish migrant worker in the Netherlands, the European Court of

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14 A project with two scheduled seminars by the Center for Economic Studies & Ifo Institute CESifo (Munich) and Centre of Excellence In Population Ageing Research CEPR (Sydney) in November 2014 (Sydney) and September 2015 (Munich), respectively, addressed the issue of the taxation of pensions, including those of portable accrued rights and benefits in disbursement. See http://www.cepar.edu.au/ and https://www.cesifo-group.de/ifoHome/events/Archive/conferences/2015/09/2015-09-03-tag15-Holzmann.html, respectively. The revised papers are published as CESifo Working Papers: https://www.cesifo-group.de/ifoHome/publications/working-papers/CESifoWP.html
Justice ruled that a benefit not tied to individual contributions has to be exportable to Turkey. If a similar ruling were to be made in the case of a pensioner in Turkey with entitlement to an Austrian pension, there is a possibility that the minimum pension top-up would have to be paid to all pensioners with an Austrian pension in Turkey who file a corresponding application. To date, however, a complaint of this nature has not been brought before the court, and the benefit in the Netherlands case is not directly comparable to the Austrian minimum pension. Further, there are arguments that due to its EU accession in 1995, after a limitation of benefits had come into effect, the Austrian case is different than the one in the Netherlands (Spiegel 2013).

8.2.2. Financial Fairness - Health Care Regulations

Public health care systems are typically designed to give everyone access to a comprehensive set of services. Contributions are typically flat or a fixed share of income, while expenditures rise strongly with age. When developing countries send more young net contributors abroad and receive more elderly net beneficiaries, their public health systems are burdened. However, worldwide there is no arrangement to share the savings components of health care provisions of a migrant who contributed to the public health institutions of various countries (Holzmann, Koettl, and Chernetsky 2005; Holzmann and Koettl 2012; Werding and McLennan 2011).

Under the Austria-Turkey BSSA, the Turkish health insurance agency is financially responsible for persons residing in Turkey with an Austrian and/or a Turkish pension. Thus, given current trends, the more frequent and more expensive health care benefits for those of pension age have to be financed although those individuals’ health insurance contributions went to Austria; Turkey does not levy any contributions. The expenses for pensioners with only an Austrian pension are covered via reimbursements, not at real cost, but instead at across-the-board averages based on the number of persons insured in Turkey in that year (Wieninger 2013). On the other hand, one expert interviewed reported that Turkish citizens have more or less unlimited access to health care in Turkey even if their permanent residence is in
Austria. They can also use medical treatments beyond emergency treatment. As a consequence, in these cases Turkey bears medical costs that the country would otherwise not be obliged to bear (Dogan 2014).

Reportedly, the BSSA more or less represents a zero-sum game for the Austrian social insurance institution. However, this is not true for Turkey due to settlement/clearance issues originating from different calculation systems. Three calculation methods exist for clearance processes between countries party to a BSSA. The first one uses the real costs incurred by the insured (‘actual values’). The second method is based on ‘average values’ calculated for four quarters of the year. The final one uses an ‘across-the-board’/‘lump-sum method’, by which countries fix an average value. For health benefits, the Turkish social security institution prefers calculation based on actual values, which is also aligned with EU norms and is the form of clearance used for reimbursement of health premiums for temporary stays. However, at present, Turkey pays on the basis of actual values for permanent stays, whereas Austria pays on an across-the-board basis. From Turkey’s perspective, this disharmony in calculation methods causes dualities when transferring rights between countries and problems in the BSSA’s actual implementation.

During quality checks, fluctuations in the average health care costs presented by Turkey that could not be explained by real developments attracted the attention of Austrian authorities. In comparing Turkey’s calculation bases in relation to those of Germany and France, it was found that Turkey used different family factors (lowest for Germany, middle for Austria, highest for France). Following negotiations, the same family factor used for Germany is now also used for Austria (Wieninger 2013).

In summary, it is not clear whether the fiscal neutrality of portable health care is achieved in the current BSSA and existing legal environment. This ambiguity may be due less to the lack of a conceptual framework (see Holzmann and Koettl 2012; Werding and McLennan 2011) and more to a traditional and disputed implementation as well as differences in how countries themselves finance their health care provisions.
8.3. **Minimal Bureaucratic Burden**

Critical elements required to keep the bureaucratic burden low for migrants and social security institutions include appropriate information for potential beneficiaries; timely records on insurance periods; and electronic communications and file exchange between institutions. The Austria-Turkey BSSA seems to have room for improvement in all three elements.

8.3.1. **Available Information Sources for Migrants**

Due to the age structure of migrants, their pensions represent a comparatively recent issue, and many eligible persons are not aware of the BSSA’s provisions. Migrant retirees from emerging economies often have a low educational level and are not used to contact with the social security administration. In addition, they face language barriers and have often had discriminatory experiences with the administration. These factors can contribute to retirees’ difficulties in understanding their benefits. Advisory services provided by both Turkey and Austria can play a part in overcoming these barriers.

Overall, advisory services provided by Austria are viewed favorably. Terra, an advisory center for elderly migrants, serves as a neutral information center for migrants in Vienna, providing information on social rights as well as benefits. Terra also facilitates links between migrants and the administration (Ceviz and Kolm 2014). Advisory services are provided by the Association for Austrian-Turkish Friendship as well (Dogan 2014). However, several gaps are noted. An advisory service in clients’ mother tongue provided by the pension insurance association and the city administration (Magistratsabteilung A 17: integration and diversity) of the City of Vienna was discontinued for administrative reasons (Ceviz and Kolm 2014; Dogan 2014), though it is planned that consultation days by the pension insurance association will be set up in the Vienna area and in Vorarlberg, Austria’s westernmost province (Wieninger 2013). A general deficit in spreading information lies in the fact that the
administration does not provide adequate information channels. Concerned migrants often cannot read documentation or fill in forms on their own (Ceviz and Kolm 2014).

In Turkey, advisory services provided by public institutions are viewed as inadequate. In some cases, administrative staff are not fully informed on the BSSA’s contents and thus cannot provide adequate information to clients.

8.3.2. Delays in the Application Process

It takes longer to process cross-national pension applications than those of national pensions. Frequent delays occur during the confirmation of the extent of insurance periods in Turkey, as Turkish institutions must generate individual insurance data from documents provided in paper form by regional offices. The list of insurance periods is collected only at the time of a pension application, and account clearances with yearly entitlement announcements do not exist. Thus, the pension application for the Austrian part is processed very quickly as the domestic insurance file is essentially ready at the time of application, but in Turkey the process may take many months (Dogan 2014; Wieninger 2013). When an application in Turkey has to be processed before an Austrian minimum pension top-up can be granted, an advance payment of the benefit can be granted (Ceviz and Kolm 2014). However, one expert mentioned that special problems may arise in succession as the Austrian Pension Insurance Institution (PVA) requires information on the Turkish pension entitlement by Turkish insurance institutions every six months. If the application process on the Turkish side lasts longer than this, the minimum pension top-up is not disbursed and is paid only later when the corresponding information is available. This can lead to considerable financial difficulties for the retiree (Dogan 2014).

Difficult cases of pension application or access to health care are brought to the attention of the periodic bilateral meetings, but the involved parties attempt to handle such cases beforehand using informal electronic interactions and other communications.
8.3.3. **Electronic Data Exchange and Modernization**

The Austrian Federal Ministry for Social Affairs intends to subject older agreements to a collective revision, as both the EU and national regulations have been further developed (for example, related to data protection regulations). Electronic data exchange would improve both the fight against fraud (for example, disclosure of a double submission of bills) and cooperation between institutions (for example, ascertainment of the actual main residence of a pensioner). Electronic exchange of information with Turkey (and other agreement states) is envisaged for 2016.
9. Conclusions

The review of the Austrian-Turkey migration corridor and its BSSA invites corridor-specific conclusions as well as broader reflections on BSSAs for developing countries. The latter draw on the summary policy paper (Holzmann 2016).

9.1. Corridor-specific Conclusions

The findings of Austria-Turkey corridor study suggest that its BSSA is broadly working quite well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability. Outside the current agreement but on the mind of the Turkish government is the exclusion since the 1990s of family benefits (family allowance) for children remaining in Turkey due to lack of reciprocity and to fiscal and verification reasons.

- The health care-related issues mostly centered on the rules of access to services and cost coverage for migrants and their families when they return temporarily to Austria, and compensation for health costs for eligible beneficiaries between both countries and the use of different costing/billing approaches.

- Some process issues around information and automated exchange of information with modern information technologies have been recognized and are beginning to be addressed. Such information modernization, including the role of data security and personal data protection, will be the main driver of a likely revision of the BSSA envisaged in the coming years.

Beside the main topics raised in this summary report and its associated background papers, a number of other minor issues call for attention, as follows (see Fuchs and Pacaci-Elitok 2014):

- According to the BSSA, only the direct method is used to calculate pensions, not
the double calculation (‘European’) method of both direct and pro rata methods and the subsequent granting of the superior benefit. In many, but not all cases, no differences result from the direct method compared to the pro rata method ordained at the EU level. However, even at European level the ‘European method’ is actually not applied between all countries (for example, only the direct method is applied between Germany and Austria) and no information seems to exist about which countries use this and at what frequency.

- Differences in the definition of ‘permanent residence’ between the countries and over time create inconsistencies in eligibility and benefit calculation.

- ‘Third country issues’ remain unsolved in practice. This is the treatment of workers from a third country who work in Austria and Turkey but are from a country that has no BSSA with any of them. It is unclear how to address these conceptually and they are not covered by the BSSA.

- Differences in duration (that is, the minimum and maximum days of contribution to be insured) are not uniform across both countries.

- From Turkey’s point of view, the alliance/collusion between Germany and Austria is perceived as an obstacle in the BSSA’s implementation.

- Settlement/clearance issues due to different methods used to calculate health service claims cause fiscal imbalances.

This corridor study and the evaluation of the Austria-Turkey BSSA are essentially based on qualitative information, including some useful available data, comparison of regulations, and interviews with responsible bureaucrats and migrant representatives in Austria and Turkey. The original ambition of having an elaborate results framework with key performance indicators—such as the average time between application submission and first benefit payment, survey indicators on consumer satisfaction, and measures of fiscal fairness that are
all tracked over time—was abandoned rather quickly. It was not possible to establish comparable data across the four corridor studies to produce simple performance indicators. Yet such a rigorous evaluation approach is needed to more objectively identify issues and assess policy changes in agreements, while the discussion of such a results agreement and the data should become part and parcel of the periodic meetings between countries. Even without this ambitious goal, further corridor studies such as this one would be useful to broaden the overall information base and to help identify emerging issues of increasing importance.

9.2. Broader Reflections on BSSAs

From a policy perspective, a number of questions not fully addressed in this paper (if at all) include:

**Does portability or its absence matter?** If so, is it for labor mobility or social risk management, and for what phase of labor mobility—departing, staying, or returning, and for what part of risk management—pension, health, and so on? The findings in the corridor studies are consistent with sparse empirical evidence that departure consideration may be little influenced by the presence or absence of portability (even if the reviewed BSSAs from the 1960s were considered an important competitive element); for example, no BSSAs exist between Mexico and the United States, or between Asian and GCC countries, although these have the largest migration corridors on earth. This suggests implications for the risk management of migrants (forcing own provisioning) and home countries (offering special arrangements such as health care by Mexico and a range of support programs by the Philippines).

Portability arrangements seem to have some but limited effect on return migration while some specificity of pension and health care provisions may make many migrants stay on: for pensions it is top-ups that seem to matter, while for health care it is access to high-quality care if needed. It would be interesting and relevant to experiment with limited portability of
top-ups and/or selective access to health care to former host countries for return migrants (including visas) to explore the mobility effects.

**What are the conclusions, if any, for low-income countries/minimum requirements?** For a BSSA to be worthwhile, a developing country needs to have a sizable migration corridor that offers its migrants access to receiving countries’ social security systems (often not the case in the GCC, Malaysia, Singapore, and so on). But the developing country should also have a (perhaps small) functioning social security system or at least one or two well-operating schemes. Similarity between home and host country’s schemes also helps, or the host country will have limited interest in engaging in a BSSA and no credibility with and interest by its own migrants to participate at home and abroad. Furthermore, operation of the relevant scheme should be computerized (ideally with a unique personal identification number), have birth and death certificates, and have an institutional set-up that takes care of its migrants for departure, during their stay, and upon return.

**What should developing countries pursue a narrow or an ambitious approach to BSSAs?** A narrow approach with a focus on few benefits, particularly on pensions (old-age, disability, and survivor’s), work injury, and health care for family members left behind and visiting, has higher chances of early success. Renegotiating the BSSA for broader benefits such as family allowance and health care in retirement when the migration corridor intensifies and domestic equivalents are created is possible but requires a more lengthy process. Striving from the very beginning for a comprehensive BSSA and benefit coverage as within the EU may not be very promising and would need to build on a very strong migration corridor. Current signals from the EU indicate a reluctance to include health care in future third country agreements.

**Are private sector provisions easier to make portable?** Not necessarily, and in any case this would only be relevant for long-term contingencies—retirement and health care. Of course, private saving offers a first defense against many financial risks in life and money should be easy to carry along when moving from country to country. But finding reliable financial institutions at home and abroad to park the money is often a challenge. And private sector
pension arrangements often profit from tax privileges during the accumulation phase that countries increasingly ask back when leaving the country and the exit tax may be sizable. Private health care insurance is not easily portable between countries (or even within countries) so that sizable savings elements get lost when moving. Even within the EU, private provisions (for pension and health care) are much less portable than public and mandated ones. This has given rise to pan-European or international private programs in health and preparation of a pan-European fund for supplementary pension benefits.
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<td>Assessing Benefit Portability for International Migrant Workers: A Review of the Austria-Turkey Bilateral Social Security Agreement</td>
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Abstract

The portability of social benefits is gaining importance given the increasing share of individuals working at least a part of their life outside their home country. Bilateral social security agreements (BSSAs) are considered a crucial approach to establishing portability, but the functionality and effectiveness of these agreements have not yet been investigated; thus important guidance for policymakers in migrant-sending and migrant-receiving countries is missing. To shed light on how BSSAs work in practice, this document is part of a series providing information and lessons from studies of portability in four diverse but comparable migration corridors: Austria-Turkey, Germany-Turkey, Belgium-Morocco, and France-Morocco. A summary policy paper draws broader conclusions and offers overarching policy recommendations.

This report looks specifically into the working of the Austria-Turkey corridor. Findings suggest that the BSSA between Austria and Turkey is broadly working well, with no main substantive issues in the area of pension portability and few minor substantive issues concerning health care portability and financing. Process issues around information and automation of information exchange are recognized and are beginning to be addressed.

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