

For all employees whose employment relationship began after 1 January 2003, the company employee and self-employed pension plan (BMSVG) applies. This means that the employer selects a company provident fund (BVK) in due time and pays 1.53% of their gross monthly salary to the selected BVK monthly for these employees. If you forget to sign up, the Federation of Social Security Institutions must choose a provident fund for you after 9 months. In order to avoid unwanted assignments, please always provide us with all the account numbers - these will be provided by your local health insurance fund.

Employee severance claims in the new system are only directed to the BVK. For employment relationships that started before 31/12/2002, „Abfertigung Alt“ (old severance pay scheme) applies in principle, but a voluntary transfer to employee benefits can be agreed. There are 2 variants for the transfer.



With a full transfer, the employee changes completely to the new system. Existing severance payments are paid by the employer to the BVK.

In the case of a partial transfer, previously acquired severance payments are „frozen“ at the employer. In both cases, the employer pays 1.53% of the gross monthly salary of the employee monthly to the selected BVK as of the agreed deadline.

The benefits of full transfer

- absolute predictability of current contributions
- elimination of tax and commercial provisions
- elimination of the reporting effort of international accountants
- contributions and transfer amount are deductible as operating expenses
- interest expense for instalment payments of the full transfer is a business expense

Your benefits of a partial transfer

- absolute predictability of current contributions
- tax and commercial provision formation only in the amount of the frozen part
- reduction of the reporting burden on international accounts
- contributions are deductible as operating expenses

How can an employee change from ‘Abfertigung Alt’ (old severance pay scheme) to the new model?

The employee can enter into the new model by means of a voluntary individual agreement between employer and employee. This agreement must be in writing and fixed at the time of the transfer. Please note that the employees must be treated in accordance with the principle of equality.

Employee provision.

What advantages does my employee have with 'Abfertigung Neu' (new severance pay scheme)?

- paid contributions can no longer be lost
- gross capital guarantee on all contributions and tax-free sustainable investment
- survivors' benefits (retirement capital is inheritable)
- severance pay either as a tax-free additional pension or as a one-time privilege taxed at 6%
- employee capital is a special fund

How are the two transfer options different?

Full transfer

The employee changes completely into the new system, which means that only the new severance payment right applies to them. From the agreed transfer date, contributions are made for employee benefits.

The employer pays a transfer amount to Valida Plus as compensation for the 'Abfertigung Alt' (old severance payment scheme). The level of this amount can be freely agreed, but may not be disproportionately low (e.g. at least 50% of the 'Abfertigung Alt' at the time of the transfer). The transfer amount is only considered as a business expense up to the amount of the 'Abfertigung Alt' (old severance payment scheme) severance payment claim.

The transfer amount does not have to be paid in one go. An instalment payment plan is possible over a maximum period of five years, but with the individual instalments a 6% interest charge is incurred on the outstanding capital. This interest will be credited to the employee to compensate for the loss of performance due to the „late payment“. This is required by law.

Partial transfer

The employee changes only partially to the new system, which freezes the number of monthly salaries incurred under 'Abfertigung Alt' (old severance payment scheme) by the employer after being processed. The frozen part still has to use the old severance payment scheme, but a further increase in the scale in line with the 'Abfertigung Alt' (old severance payment scheme) is not possible. From the transfer date, employee contributions to Valida Plus will be paid by the employer. This part of the clearance is based on the provisions of employee benefits.