

# VSKT User Information

## Release 7-0-0

### Content

|  |    |
|--|----|
| 1. Introduction  | 2  |
| 2. The VSKT in the SHARE-RV context                                    | 3  |
| 3. Pension-relevant periods and the Social Income Situation            | 4  |
| 4. Hierarchy of the Social Income Situations                           | 6  |
| 4.1 Rules of priority in case of same hierarchy                        | 7  |
| 5. Social Income Situations  | 9  |
| 5.1 School education   | 9  |
| 5.2 Vocational training  | 9  |
| 5.3 Unpaid care  | 10 |
| 5.4 Child-raising and household  | 11 |
| 5.5 Incapacity to work/illness   | 13 |
| 5.6 Unemployment   | 13 |
| 5.7 Military and civilian service                                      | 14 |
| 5.8 Marginal employment  | 15 |
| 5.9 Gainfully employed and obligated to pay social insurance           | 15 |
| 5.10 Pension   | 16 |
| 6. Further information   | 17 |
| 6.1 Modules on earning point information (GMEGPT, MEGPT, MEGPTD)       | 17 |
| 6.2 Specifics of the Earning points acquired in the acceding territory | 17 |
| 6.3 Account clarification  | 18 |
| 6.4 Supplementary periods  | 19 |
| 7. Literature  | 19 |

## 1. Introduction

SHARE-RV is a cooperation project between the Munich Center for the Economics of Aging (MEA), the Max Planck Institute for Social Law and Social Policy, and the Research Data Center of the German Pension Insurance ([FDZ-RV](#)) in Berlin. It stands for the direct linkage of survey data of the *Survey of Health, Ageing and Retirement in Europe* ([SHARE](#)) with administrative records of the “Deutsche Rentenversicherung”, German Pension Insurance (DRV). More precisely, it is the linkage of the German SHARE survey data and selected administrative records provided by the FDZ-RV. The aim of the project SHARE-RV is to link survey data from SHARE with data from the Pension Insurance and to make them available to the entire research community.

This linkage offers a wide range of research possibilities. Regarding the appreciation of child-raising in the form of earning points (EGPT), for example, Mika and Czaplicki (2017) showed that even with the compensational EGPT for child-raising mothers have less EGPT and consequently less pension than childless women. However, researchers are faced with challenges when analyzing linked data because the two data sources are based on different structures. Public authorities, offices and agencies collect administrative data for fulfilling their function, whereas scientists collect survey data for research purposes. Most variables in survey data go back to specific questions in the questionnaire and, thus, the variables and their categories are disjoint and exhaustive. On the contrary, administrative data are a complex data collection about a particular field of people’s life, e.g., the Pension Insurance and every biographical information that can be relevant for the pension. In order to use these Pension Insurance data for research purposes, it is important to understand where the information comes from, what it means exactly, and how the quite complex data were summarized and simplified.

In this report we explain the concept and structure of the Versicherungskontenstichprobe (VSKT). For further information on the project, please refer to the [website](#)<sup>1</sup>. The second chapter of the report is about the distinction between the linked VSKT as a part of SHARE-RV and the “original” VSKT. In the third chapter we explain how the information of the German Pension Insurance is transformed for research purposes and what assumptions go along with this transformation. In the

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<sup>1</sup> <http://www.share-eric.eu/special-data-sets/record-linkage-project/share-rv.html>.

fourth chapter<sup>2</sup> we have a deeper look into the concept of the Social Income Situation (SES) and in the fifth chapter<sup>3</sup> we talk about the different SES and their peculiarities.

## 2. The VSKT in the SHARE-RV context

The VSKT is a data set provided by the Research Data Center of the German Pension Insurance. The “original”-VSKT is a stratified random sample of the insurance accounts of all insured persons and is (as a scientific use file) also available for research purposes. Since the SHARE respondents are not necessarily part of this random sample, the data from their insurance accounts is edited in the format of the VSKT. Except the different samples, there are no further differences between the “original”-VSKT and the SHARE-RV-VSKT.

So, the SHARE-RV VSKT data are available for respondents who consented to the linkage **and** who have an account<sup>4</sup> at the German Pension Insurance **and**:

- whose accounts are not closed down by the time of the record date
- whose accounts contain contribution periods until record date (that means, the account is not “empty”) or contains bonus from the pension rights adjustment
- who are alive
- who are minimum 15 years and maximum 67 years old by the time of the record date.

The VSKT informs about the pension entitlements and employment histories. It consists of a cross sectional fix part and various longitudinal modules. The data set ‘fix’ includes time-invariant information such as demographics and some pension-related variables. The different longitudinal modules contain monthly information on respondents’ employment histories from January of the year in which the respondent turned 14 until December of the year the respondent turned 65 (624 months in total). Each longitudinal variable is provided as a separate data set including 624 variables in wide-format which refer to one month each. The first variable (month 1) refers to

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<sup>2</sup> The fourth chapter refers to: Stegmann, Michael (2010): Methodische Umsetzung des SK79 in einen anonymisierten Datensatz fester Satzlänge: Sequentielle Biografiedaten.

<sup>3</sup> The fifth chapter refers to: FDZ-Biographiedatensätze – VSKT/VVL. Benutzerhinweise zu den Verlaufsmerkmalen und Merkmalen der Rentenberechnung.

<sup>4</sup> See chapter 1.4 in the SHARE-RV [User Guide](http://www.share-eric.eu/fileadmin/pdf_documentation/SHARE-RV_7-0-0_User_Guide.pdf) (http://www.share-eric.eu/fileadmin/pdf\_documentation/SHARE-RV\_7-0-0\_User\_Guide.pdf).

January of the year the respondent turned 14, the second variable (month 2) to February of the year the respondent turned 14 and so on. The VSKT contains information e.g., on the type of employment, EGPT for each month, and child-care periods.

### 3. Pension-relevant periods and the Social Income Situation

The old-age provision in Germany is based on the three pillar system: the German Pension Insurance, the Voluntary Occupational Pension Insurance and the Private Insurance. The German Pension Insurance as the first pillar is part of the statutory social security in Germany. Participation is obligated for people who are employed in Germany. All kinds of activities that are subject to social insurance contribution are reported to the Pension Insurance, e.g., education, (un-)employment, child-raising. Benefits and pensions are calculated for each person individually, based on the contributions.

The Pension Insurance is based on the redistributive model, also called pay-as-you-go (PAYG) system. Both employees and employers contribute half and half to the pension system. However, these provided contributions are not saved or invested, but are immediately used to pay current pensions of already retired persons. The contribution rate for the Pension Insurance in 2019 is 18.6% of the gross wage<sup>5</sup> up to the social security contribution ceiling of 76,200€ (West Germany) and 68,400€ (East Germany).

For the calculation of an individual pension the whole biography of a person is relevant. All insured periods with or without contributions influence the pension. Also certain periods without income, such as child-raising or unemployment, are relevant. The pension law differentiates between contributory periods, noncontributory periods, and consideration periods (see table 1).

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<sup>5</sup> Other social contribution rates (2019): health insurance: 14.6%; unemployment insurance: 2.5%; care insurance: 3.05% ([http://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/6\\_Wir\\_ueber\\_uns/03\\_fakten\\_und\\_zahlen/01\\_werte\\_der\\_rentenversicherung/werte\\_der\\_rentenversicherung.html](http://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/6_Wir_ueber_uns/03_fakten_und_zahlen/01_werte_der_rentenversicherung/werte_der_rentenversicherung.html)).

**Table 1: Overview of pension-relevant periods**

| Pension-relevant periods | Brief description  | Types                                   |
|--------------------------|--|---|
| Contributory periods     | Main factor for pension claim and amount of pension, e.g., gainfully employment, vocational training, voluntary civilian service | Compulsory contribution periods         |
|                          |  | Voluntary contribution periods          |
|                          |  | Credited EGPT for consideration periods |
| Noncontributory periods  | Some can be chargeable for pension claim   | Substitute periods                      |
|                          |  | Creditable periods                      |
|                          |  | Supplementary periods                   |
| Consideration periods    | Not directly influencing the pension amount  | Child-raising periods                   |
|                          |  | Unpaid care periods                     |

Source: Own presentation based on Begert (2016).

All this pension-relevant information is saved in the personal insurance account. The VSKT is based on these insurance accounts. However, the biographical information under pension law is not very likely to be used for research purposes, because there are too many possible combinations of contribution type and contribution peculiarity. For this reason, several types and peculiarity of paid contributions are transformed into the so-called “Social Income Situations” (**S**oziale **E**inkommens**s**ituation, SES) which is provided as a variable in the VSKT. This concept is more suitable for scientific analyses, because it sums up all possible combinations into fifteen categories<sup>6</sup>. Even though the VSKT pictures the whole biography of an insured person, most biographies include breaks or contain overlapping of different activities. In order to assign all

<sup>6</sup> 0 “no information available”; 1 “school education”; 2 “vocational training”; 3 “unpaid care”; 4 “child raising and household”; 5 “incapacity to work/illness”; 6 “unemployed: unemployment benefit/ALG II”; 7 “unemployed: unemployment allowance (including unemployment benefit up to 2000)”; 8 “unemployed: credit period”; 9 “military and civilian service”; 10 “marginally employed”; 11 “self-employed”; 12 “other”; 13 “gainfully employed and obligated to pay social insurance”; 14 “supplementary period”; 15 “pension provision (from own insurance)”.

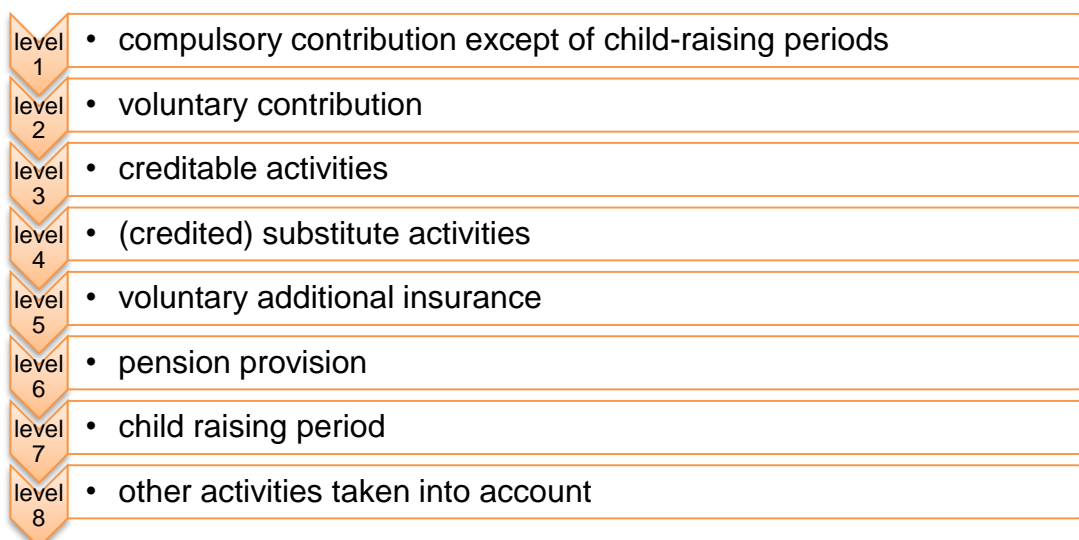
possible combinations of activities to the categories of the SES, a priority regulation was developed which we will describe in the following chapter.

#### 4. Hierarchy of the Social Income Situations

By the transformation into Social Income Situations some issues have to be considered:

- If there is **no information** given at a biography month, this can mean that there was no pension-relevant activity (e.g., unemployment without being registered unemployed, homemaker) or that the person has not told the Pension Insurance about pension-relevant activities yet (e.g., educational period).
- Time **overlapping** of two activities (e.g., end of vocational training and start of employment in the same month)
- Two or more pension-relevant activities **at the same time** (e.g., main job and minijob with contributions)
- Characteristic combinations meaning the same social situation can **differ due to the time they refer to**. This is caused by regulation changes. An example for this circumstance is unemployment (see 5.6).

If there is more than one pension-relevant activity in a month, the following priority regulations apply. The direction of the hierarchy is from 1 as the highest to 8 as the lowest.



*Example 1:*

Person A is 23 years old, insurable employed (compulsory contribution) and studies at a university (creditable period) at the same time. Since compulsory contribution periods have higher priority than creditable activities, SES would be assigned to 13 (“gainfully employed”).

*Example 2:*

In 2015 Person B has a ten month old child (child raising period), is unemployed and gets ALG II (creditable period). Since creditable periods have higher priority than child raising periods, SES would be assigned to 6 (“unemployed”).

#### 4.1 Rules of priority in case of same hierarchy

*a) Change of employer and parallel employment*

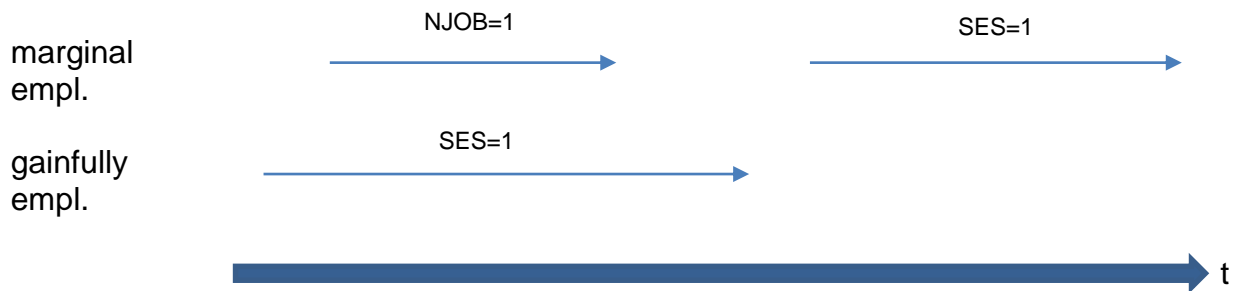
If the employer changed, there are two consecutive activities in the same month (with time lag). Both activities are summarized in one piece of information. In this case the monthly EGPT from both activities are summed up and saved in the variable MEGPT. The variable MANZ (number of days occupied by SES in a month) then results from the sum of the days that are occupied by the employment (overlapping days count only once). If there are two or more parallel employments in a month, e.g., two part-time jobs, also the sum of all employments is saved in MEGPT and MANZ is calculated as described above.

*b) Parallel, overlapping or consecutive compulsory contributions in the same month*

In case of parallel, overlapping or consecutive compulsory contributions (level 1 hierarchy) in the same month, the pension-relevant activity with the highest contribution is considered. The monthly contribution results from the variable EGPT for both activities for this month. The contribution is first calculated per day and then multiplied by the number of days occupied by SES in the respective month. This is why the EGPT differ according to the number of days in the respective month, e.g., there are always less EGPT in February, because February only has 28 or 29 days.

In the following example there is first a gainfully employment with compulsory contribution. Then a marginal employment with social contribution starts. For the overlapping time of these activities, SES remains 13 (“gainfully employment”), because

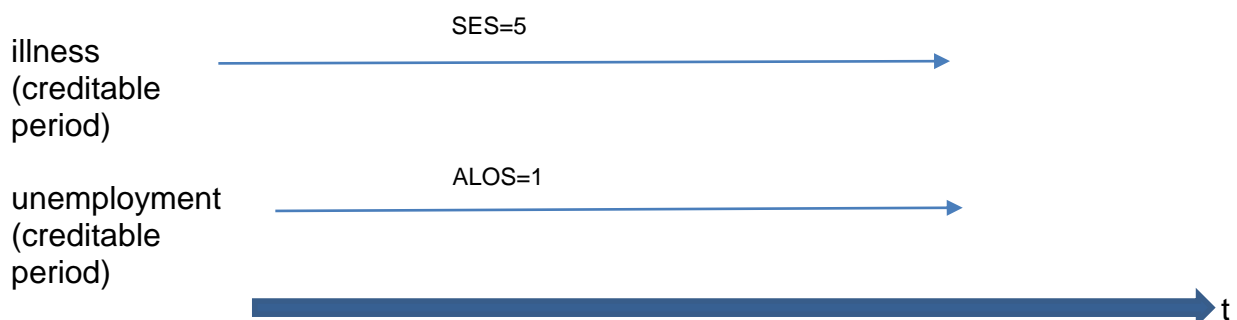
the gainfully employment has higher contributions. Only when there is no activity with higher contributions parallel to the marginal employment, SES changes to 10 (“marginal employment”).



*c) Time overlapping of two activities*

If there are two overlapping activities without contribution to the pension account, the activity that occupies more days in this month is considered for the SES. If both activities occupy an equal number of days, the one that has started first is considered for the SES.

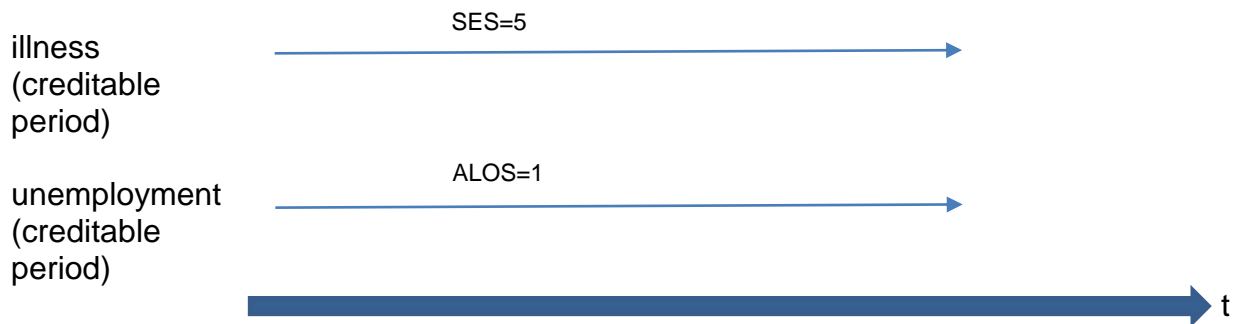
In the example below there are two activities without contributions as creditable periods: illness and unemployment. Since illness starts first and occupies more days, it counts for the SES. Additionally, the variable ALOS (“unemployment”) is set to 1.



*d) Time parallelism without contributions*

If there are two activities parallel in time, congruent and without information on EGPT, the activity that comes first in the data set is considered for the SES.





#### e) Child-raising periods

The contributions for child-raising are always treated subordinate. If there is a child-raising period and another parallel activity in the same month, the activity parallel to the child-raising is considered for the SES.

## 5. Social Income Situations

### 5.1 School education

*Variables in the VSKT:* TTSC3, TTSC2\_KLDB2010, SES.

*Definition:* School education is defined as education in general schools, secondary schools, vocational schools, colleges and universities that happened after the age of 17.

*Legal basis:* §58 Abs. 1 Satz 1 Nr. 4 SGB VI

*Pension start dates up to 31<sup>st</sup> of December 2004:*

Up to eight years of school education after the age of 17 count as creditable period. Additionally, 36 month of school education were evaluated as earning points.

*Pension start dates after 1<sup>st</sup> of January 2002:*

Up to eight years of school education after the age of 17 count as creditable period.

### 5.2 Vocational training

*Variables in the VSKT:* SES.

*Definition:* The German vocational education and training system is known as the dual training scheme. The main characteristic of the dual system is the

cooperation between companies and public vocational schools. Periods of vocational training are periods with reduced contributions<sup>7</sup>.

*Legal basis:* § 54 Abs. 3 Satz 2 SGB VI

*Pension start date until 31<sup>st</sup> of December 2004:*

All actual periods of vocational training count as reduced contributions periods. When there was no real vocational training then the first 36 months with compulsorily contributions before the age of 25 are counted as fictive periods of vocational training.

*Pension start date since 1<sup>st</sup> of January 2005:*

Only the first 36 months of real vocational training are evaluated by 75% of the total value (max. 0, 0625 EGPT). The vocational training is prior to the school education.

### 5.3 Unpaid care

*Variables in the VSKT:* SES, PFLEGE, KI, MEGPT.

*January 1992 – March 1995:*

On application, periods of unpaid care could be evaluated as consideration periods (§ 249b SGB VI).

*Since April 1995:*

Due to certain requirements, unpaid care is subject to mandatory insurance. These requirements are:

- the person who needs care is not gainfully employed and needs care at a minimum of 14 hours per week
- The amount of 14 hours a week is reached by caring for several persons (since January 2013). Gainfully Employment does not cover more than 30 hours per week (if the caregiver is employed, § 3 SGB VI).

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<sup>7</sup> Months that are defined as contributory periods as well as noncontributory periods (substitute, creditable, or supplementary periods) are called periods with reduced contributions.

## 5.4 Child-raising and household

*Variables in the VSKT:* GBKIJ1 - GBKIJ10, GBKIM1 - GBKIM10, GBKIZ1 - GBKIZ10, PSEGPT\_WEST, PSEGPT\_OST, SES, KI, MEGPT, KIND3, KIND12.

*Who gets crediting for child-raising periods?*

Mothers or fathers born 1921 or later who raise children are compulsorily insured in the Pension Insurance without paying contributions for a certain time. Compulsory contributions will be credited during the period of child-raising (§§ 56, 249 SGB VI). The compulsory insurance can last for one to three years. If both parents care for the child, but it is not possible to figure out who does the main part, the child-care periods are assigned to the mother. Generally, the child-care periods are assigned to the mother. On application it is possible to split the child-care period between the parents, but only one after another and not at the same time. The acceptance of child-care periods for foreign persons depends on their residence status.

*Value of child-care periods (also see § 256 d SGB VI)*

Child-care periods are contributory periods. Contributions are paid by the state. Furthermore, child-raising periods until the child's age of 10 years are consideration periods. By the pension reform 1999 the value of child-care periods was increased from 75 to 100 percent of the average income of all insured persons (since July 1998: 85%; since July 1999: 90%; since July 2000: 100%). Furthermore, the child-care periods are not supplanted by other contributory periods anymore. If there are child-care periods and other contributory periods at the same time, the resulting entitlements from both periods are considered up to the social security contribution ceiling.

*Duration and amendments*

The acceptance of child-care periods in the Pension Insurance was established in 1986. For children born before 1992 one year of child-care is evaluated; for children born in 1992 or later three years are evaluated. By the amendment from 1<sup>st</sup> July 2014, the child-care periods for children born before 1992 were extended from 12 to 24 months, retrospectively.

The periods can be only assigned to one parent. Child-care periods have the same effect on pension entitlements as the earning of a certain percentage of the average income of all insured persons. In case another child is born during the child-raising period, the child-care period is extended by the amount of months of parallel raising.

#### *Exceptions of evaluated child-care periods*

- Foreign persons without permanent residence permit
- Persons excluded from the German social security system
- Persons who are not compulsorily insured because of:
  - other than Pension Insurance entitlements (e.g., civil servants)
  - holding an old-age pension
  - reaching the standard retirement age
  - a membership in an alternative pension scheme (e.g., professional pension scheme) if a consideration of child-care periods equal to the ones in the Pension Insurance exists (§ 56 Abs. 4 No. 3 SGB VI)

#### *Registration of child-care periods in the VSKT*

The extended child-care periods (amendment 2014) for births before 1992 are registered in the VSKT from the reporting year 2013 on.

#### *Special regulations*

- Self-employed persons without or without membership in an alternative pension scheme become compulsorily insured in the Pension Insurance because of child-raising periods. They also do if they were exempted from compulsory insurance before.
- Parents born before 1921 (or before 1927 in East-Germany) are excluded from the regulations concerning child-care periods. For them a child-raising contribution (according to § 294 or § 294a) is provided. Since July 2000 the value corresponds to 100 percent of the at the time current pension value. No variable in the VSKT contains this information<sup>8</sup>. The variable KI only refers to child-care periods.

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<sup>8</sup> Only the variable ZLKI12 in the RTBN does.

## 5.5 Incapacity to work/illness

*Variables in the VSKT:* VSAT, SES, KRANK.

*Definition:* A situation of an incapacity to work is given if a person receives sickness benefit. However, the duration of incapacity to work is in general not limited to the duration of receiving sickness benefit.

*Before Oct 1974:*

Incapacity to work was only evaluated as credit period.

*Oct 1974 – Dec 1983:*

The first 12 months of incapacity to work and medical rehabilitation were obligated contributory periods.

*1984 – 1997:*

In case of incapacity to work and benefit receipt at the same time, these periods are evaluated as credit periods and contribution periods. If there is no benefit receipt, only credit periods are evaluated.

*Since 1998:*

In case of incapacity to work and benefit receipt at the same time, these periods are evaluated as contribution periods. If a person is younger than 25 years, then also credit periods are evaluated.

## 5.6 Unemployment

*Variables in the VSKT:* VSAT, SES, ALOS.

*Definition:* A person is defined as unemployed if the person is temporary not employed, is looking for employment, is registered as unemployed at the job center, or is available for job offers from the job center (§§ 16 i.V.m. 118,119 Abs. 1 no. 2 SGB III). Furthermore, an unemployed person can receive unemployment benefits. Whether a person is eligible for receiving unemployment benefit or not (e.g., because of savings), does not influence the credit periods in the Pension Insurance.

*Before 1978:*

All periods of unemployment are credit periods (non-contributory).

*July 1978 – Dec 1982:*

All periods of receiving social benefits are compulsory contribution periods. Periods without social benefits are credit periods.

*1983 – 1991:*

The job center pays the contributions for unemployment.

*1992 – 2010:*

All periods of receiving any kind of unemployment benefits are compulsory contribution periods (also ALG II from 2005 on). They are additionally credit periods for persons between the age of 17 and 25.

*Since 2011:*

Periods of receiving the unemployment benefit ALG I are compulsorily contribution periods; periods of receiving the unemployment benefit ALG II are credit periods (§ 58 Abs. 1 no. 6 SGB VI).

## 5.7 Military and civilian service

*Variables in the VSKT: VSAT, SES*

*1957 – 1961:*

The compulsorily contributions were paid out of the basic pay. On application, the insured persons could get 0.75 earning points per year.

*1961 – 1981:*

Per year one earning point is counted (0.0833 per month)

*1982 – 1991:*

Per year 0.75 earning points are counted (0.0625 per month)

*1992 – 1999:*

80 percent of the basic pay is contributing income

*Since 2000:*

60 percent of the basic pay is contributing income

*Since 2011:*

Compulsorily military and civilian service was suspended and replaced by a voluntary military/civilian service.

- Voluntary military service: The regulations from 2000 for compulsorily military service also apply for voluntary military service.

- Voluntary civilian service (“Bundesfreiwilligendienst”) is mandatory to social insurance. Periods of voluntary civilian service are assigned to SES=13.

### 5.8 Marginal employment

*Variables in the VSKT:* VSAT, SUEGPT\_WEST, SUEGPT\_OST, SES, RTVS, NJOB.

*Definition:* The variables NJOB and SES (SES=10) include any marginal employment no matter if the insured person is exempted from compulsory insurance.

*From 1999 to 2012:*

Persons in marginal employment were exempted from compulsory insurance (§ 5 Abs. 2 SGB VI). Marginal employment was defined as an employment with less than 15 hours per week and an income not higher than 630DM and 325 Euro respectively since 2002. Furthermore, persons who were employed less than two months or in total less than 50 days a year were listed as marginally employed. The employer had to pay a lump sum to the Pension Insurance (§172 Abs. 3 SGB VI). The employee could resign the exemption from compulsory insurance. In this case the employee had to pay the difference between the lump sum paid by the employer and the contribution rate.

*Since 2003:*

The allowed earnings for marginal employment was set to 400 Euro and the limit to 15 hours per week has been abolished.

*Since 2013:*

The allowed earnings were raised again up to 450 Euro and marginal employment has become compulsory insured (§ 8 Abs. 1 no. 1 SGB IV). But employees still have the possibility to ask for exemption from compulsory insurance.

### 5.9 Gainfully employed and obligated to pay social insurance

*Variables in the VSKT:* VSAT, SES, ERWERB, MEGPT, MEGPTD, MANZ, JKUM.

*Definition:* Occupations for which compulsory contributions have to be paid to the Pension Insurance (SES=13).

**Table 2: Pension types and qualifying conditions**

| <b>Qualifying period</b> | <b>Accountable periods for qualifying</b>   | <b>Pension type</b>   |
|--------------------------|---|---|
| <b>5 years</b>           | <ul style="list-style-type: none"><li>• contributory periods</li><li>• Substitute periods</li></ul>   | <ul style="list-style-type: none"><li>• regular old-age pension</li><li>• invalidity pension</li><li>• widow's and/or orphans' pension</li></ul>            |
| <b>15 years</b>          | <ul style="list-style-type: none"><li>• contributory periods</li><li>• Substitute periods</li></ul>   | <ul style="list-style-type: none"><li>• old-age pension for women</li><li>• old-age pension for unemployment or part-time employment based on age</li></ul> |
| <b>35 years</b>          | <ul style="list-style-type: none"><li>• all pension-relevant activities</li></ul>   | <ul style="list-style-type: none"><li>• old-age pension for long-term policy holders</li><li>• old-age pension for severely disabled people</li></ul>       |
| <b>45 years</b>          | <ul style="list-style-type: none"><li>• compulsory contributions for occupation and child-care (up to three years)</li><li>• Substitute periods</li><li>• Consideration periods</li></ul> | <ul style="list-style-type: none"><li>• old-age pension for particularly long-term policy holders</li></ul>   |

Source: [German Pension Insurance](#)<sup>9</sup>

### 5.10 Pension

*Variables in the VSKT: SES*

There are different types of pensions paid by the German Pension Insurance. Table 2 gives an overview of the most important ones and the qualifying conditions. Old-age pension and invalidity pension are coded as SES=15. Here are some rules to distinguish both pension types:

- 1) Times with SES=15 stand for old-age pension if
  - a) the regular pensionable age is reached and/or

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<sup>9</sup> [https://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/Muttertexte/04\\_leistungen/01\\_rente/mindestversicherungszeit.html](https://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/Muttertexte/04_leistungen/01_rente/mindestversicherungszeit.html)



b) the qualifying period has been completed

2) Invalidity Pension: Persons who are only capable of working less than three hours (full earning incapacity) or less than six but more than three hours (partial earning incapacity) a week get an invalidity pension from the German Pension Insurance. The maximum duration of getting invalidity pension is limited by the regular pensionable age.

Times with SES=15 stand for invalidity pension if

a) a person is younger than 60,

b) a person is older than 60 and PSGR<sup>10</sup>=2 and times with SES=15 are before the current pension start date

c) PSGR=1 and invalidity pension is paid up to the most recent reporting year

## 6. Further information

### 6.1 Modules on earning point information (GMEGPT, MEGPT, MEGPTD)

The SHARE-RV VSKT includes three modules with information on earning points: GMEGPT (Total credited earnings points for month X), MEGPT (Earnings points for month X with regard to SES), and MEGPTD (Earning Points for month X referring to SES 13 without appendix 10 SGB VI). MEGPTD refers to incomes from East Germany. The variable GMEPGT contains the sum of all earning points for this month. So, even if there are several activities in a month, e.g., two employments, or employment and child-raising, the earning points are summed up in GMEGPT. The variable MEGPT, in contrast, only contains the earning points for the activity assigned to SES. That means, that a difference between MEGPT and GMEGPT indicates that there is more than one period with compulsory contributions in that month.

### 6.2 Specifics of the Earning points acquired in the acceding territory

*Variables:* OPXAZ, SUEGPT\_OST, PSEGPT\_OST, RTVS, MEGPT, RCEG, MEGPTD.

Earning points acquired in the acceding territory are estimated differently than those in West Germany. Entitlements achieved in East Germany had to be integrated in the

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<sup>10</sup> Variable PSGR ("Category of person") in the fix-dataset.

system of the Pension Insurance. Therefore, the contribution assessment basis for contributory periods in East Germany is calculated by multiplying the earned income by the corresponding value of appendix 10 SGB VI. By this procedure the level of the contribution in East Germany assessment basis is raised to the level in the West. In order to calculate the earning points the result is divided by the corresponding value of appendix 1 SGB VI. Appendix 1 lists the yearly average income of all insured persons for the single years. Hence, for income analysis it is not possible to compare earning points in the East and the West directly, because the earning points in the East in the VSKT have already been risen artificially to the level in the West. Earning points acquired in East Germany can be identified by the monthly-based variable RCEG. Since reporting year 2010 the VSKT includes the variable MEGPTD which contains earning points from East Germany without being raised according to appendix 10. Table 3 below shows an example for the calculation of MEGPT according to appendix 10 for different years. The original East earning points in the variable MEGPTD are multiplied by the corresponding value of appendix 10 to result in earning points on Western level.

**Table 3: Example of MEGPT calculation**

| mergeid | year | megpt  | appendix 10 | megptd | rceg |
|---------|------|--------|-------------|--------|------|
| „DE-01“ | 1986 | 0,0547 | 3,2968      | 0,0166 | 6    |
| „DE-01“ | 1987 | 0,0544 | 3,2548      | 0,0167 | 6    |
| „DE-02“ | 1970 | 0,0774 | 1,8875      | 0,041  | 6    |
| „DE-02“ | 1971 | 0,0789 | 2,0490      | 0,0385 | 6    |

### 6.3 Account clarification<sup>11</sup>

*Variables:* KTSD, KTSD3.

In order to analyze the VSKT, it is important to know which degree of clarification the accounts have because missing periods of insurance can distort the results. Many pension-relevant activities are automatically transmitted to the Pension Insurance. However, there are also some exceptions, e.g., times of school education or child-

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<sup>11</sup> Since all pension relevant information is saved in the pension account, it needs to be checked if the information is complete and correct. In most cases this happens with the assistance of the insured person.

raising periods. In these cases a request for approval is necessary. If there has never been an account clarification until the age of 43, the Pension Insurance automatically induces one. Since most SHARE-respondents are 50 years and older, there are only few cases with no clarification at all (in release 6-1-0 there were 34 persons without clarification).

#### 6.4 Supplementary periods

Since the VSKT provides data from the age of 14 to the age of 65, for younger respondents also future times are pictured. These future times, from January of the reporting year plus one until the age of 62, are filled up with supplementary periods (SES=14). Due to the fact that these periods refer to the future, they are just imaginary.

### 7. Literature

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