TaylorWessing

All countries

Requirement for Pension Plan

Asia

China	Enterprise annuity plans exist but are currently voluntary. Statutory basic pension insurance is part of the social insurance system.
Hong Kong	The amount of contribution required under the Mandatory Provident Fund Scheme for the employee is 5% of the relevant monthly income of the employee, subject to a maximum cap of HK$1,500 per month and except for where the relevant monthly income of the employee is less than HK$7,100. The amount of contribution required for the employer is 5% of the relevant monthly income of the employee, subject to a maximum cap of HK$1,500 per month.
Singapore	Singapore's compulsory pension plan is the Central Provident Fund (CPF) scheme. This is available to Singapore Citizens and Singapore Permanent Residents only. Non-domestic employees are not eligible to pay or receive CPF contributions.
United Arab Emirates	The statutory pension requirements only apply in relation to employees who are UAE and GCC nationals and who meet certain statutory eligibility requirements. Employer contributions (including employee deductions) are deposited with the General Pensions and Social Security Authority. Expatriates working in the UAE are not eligible for a UAE state pension. If an employer chooses to establish a company pension scheme for its expatriate employees, the employees are entitled to select either the pension scheme or the end of service gratuity (whichever is more favourable to the employee). In respect of end of service gratuity, in the UAE, an expatriate employee (non UAE/GCC national) who has completed at least one year of continuous service may be entitled to an end of service gratuity payment on termination of employment, which is calculated with reference to basic salary (excluding any allowances): - 21 calendar days basic pay for each year of service for the first 5 years of service; and - 30 calendar days basic pay for each additional year The maximum end of service gratuity is capped at two years' salary.

Europe

Austria	There is no requirement for a pension plan in the common sense. However there is mandatory employer contributions of 1.53% of the gross monthly salary into an employee severance fund (for employment relationships commenced on or after 1 January 2003).
Czech Republic	A pension plan per se does not exist in the Czech Republic. In general, the Czech public pension system consists of: - a mandatory basic pension insurance, in the context of a pay-as-you-go system - a voluntary complementary additional pension insurance with state contributions, capital funded.
England & Wales	There are legal obligations on employers to automatically enrol certain workers into a pension plan and contribute with respect to them.
France	This is managed by the National Pension Fund, which provides for base as well as complementary pensions to French employees. Supplementary pension scheme may exist within some companies but is not mandatory.
Germany	Not statutory.
Hungary	What is mandatory is the state required pension insurance contribution which consists of the employee's contribution deducted by the employer of/from the employee's gross salary and the employer's contribution (both paid by the employer to the Hungarian Tax Authority). There is no statutory obligation to have a pension plan. It is only a possibility for employers to grant a pension plan, but it is highly unusual in Hungary. You as employer may provide a certain supplementation of the pension your employees will receive by opening a voluntary pension fund account. (A voluntary supplementary pension fund is a non-profit organisation founded by private persons which provides supplementary pension insurance services to its members according to the Act LXXXII of 1997 on Private Pensions and Private Pension Funds). It is a more cost-conscious possibility than wage increase and also promotes the improvement of the self-provisioning and financial culture of the employees. In addition to this the employer can account the membership fee assumed (employer's contribution) as cost. Also, there is a possibility to give a pension plan benefit based on the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.
Ireland	Employers are not obliged to establish an occupational pension scheme for their employees. Employers must provide employees with access to a personal retirement savings account (or PRSA), a contract-based retirement savings product. Employers are not required to make contributions to a PRSA on behalf of their employees. The Irish government is planning to introduce an auto-enrolment system to increase pensions coverage from late 2024 onward. Employees that (1) are aged between 23 and 60 years old; (2) are not part of a pension scheme currently; and (3) earn €20,000 or more per annum, will be automatically enrolled in the new pension scheme.
Italy	Pension plans are managed by the Italian National Institute of Social Security. There are also supplementary funds to which employer can accede.

Netherlands	No statutory obligations. Some sectors are covered by an industry-wide Pension Plan, but not in technology.
Poland	There is a voluntary national pension program “PPK” (Employee Capital Pension Plans) available for the employees and mandate (non B2B) contractors. PPK consists in the fact that an employee enrolled in the program has a specific part of his remuneration paid monthly to an account maintained by a selected financial institution. The second part is financed by the employer and the state also contributes its part once a year. The employee may pay the basic contribution – 2% of the gross remuneration but may increase the contribution by another 2%. The basic employer's contribution is 1.5% of the employee’s gross remuneration, but may increase it by an additional 2.5%, i.e. The State contributes to provide the participants with a welcome payment of PLN 250 and each participating year with PLN 240. If only at least one employee or mandate contractor intends to participate in the PPK, the employer must establish a PPK. This requires concluding the agreements with a chosen financial institution on running the PPK and managing the PPK and afterwards fulfilling all remaining statutory obligations. Anyway, the potential participants may voluntarily resign from participating by submitting a declaration thereto. Incompliance with PPK statutory obligations may be a subject to criminal liability.
Portugal	Social security provides pensions, namely the retirement pension, and others such as the disability pension. For this pension to be granted, the contributions made over the years and the age of the person are taken into consideration. The current total amount of the Social Security’s contributions rate is of 34,75%, being 11% of the Employee’s responsibility and 23,75% borne by the Employer. In addition to these pensions, there are, within the private sector, possible pension plans that anyone can benefit from if they so wish.
Slovakia	A pension plan per se does not exist in Slovakia. The pension system is based on three separate systems - (old-age pension from the mandatory pension insurance, old-age pension saving scheme, voluntary supplementary pension saving scheme).
Spain	There is no entitlement to private pension plan schemes under Spanish Law, although some collective bargaining agreements can require providing employees with pension undertakings and certain employers provide with private pension plan schemes to their employees on a voluntary basis.

South America

Brazil	Employers and employees must pay tax for the public pension scheme - calculated on salary, set at approximately 11% (due by the employer) and 8% (due by the employee).