

Examples of calculating the amount of the old age pension on the basis of the Coordination Regulations

Pursuant to the current Hungarian legislation, at least 20 years of service are required to qualify for a full old age pension.

Example I: The applicant has an independent Hungarian entitlement based on their Hungarian service period:

Case a): The benefit determined under Hungarian legislation is the more favourable:

Hungarian service period: 25 years, i.e., 9,125 days

Length of service which can be recognised under the coordination regulations: 5 years, i.e., 1,825 days

Total service period: 30 years, i.e., 10,950 days

Amount of average monthly earnings on which the pension is based: HUF 100,000

In the above case, the applicant's Hungarian service period is sufficient to qualify for a Hungarian pension, therefore, taking into account the service period in Hungary and the Hungarian earnings, income and service period eligible for recognition under the Coordination Regulations, the calculation based on the independent Hungarian entitlement provided for in the Coordination Regulations and the pro rata calculation should also be made as follows.

1. Calculation on the basis of independent Hungarian entitlement:

Amount of average monthly earnings on which the pension is based:	HUF 100,000
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Service period taken into account for determining the amount (rate) of pension:	25 years
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Multiplying factor to be applied on the basis of the service period to be taken into account (Annex 2 of Government Decree 168/1997. (X.6.) on the implementation of Act LXXXI of 1997 on Social Security Pension Benefits, hereinafter SSPA):	63%
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The amount of the Hungarian pension:	HUF 63,000
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2. Pro rata calculation

Amount of average monthly earnings on which the pension is based:	HUF 100,000
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Service period taken into account for determining the amount (rate) of pension:	30 years
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Multiplying factor to be applied on the basis of the service period to be taken into account (SSPA Annex 2):	68%
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The amount of the theoretical pension:	HUF 68,000
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The ratio of the Hungarian service period to the total service period:	$9125/10950=83.3\%$
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The amount of the Hungarian pension component:	HUF 56,644
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Rounded	HUF 56,645
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Based on the above results, the amount determined in the calculation based on the

independent Hungarian entitlement is higher than the proportional calculation, therefore this amount is determined as the pension.

Case b): The benefit portion determined on the basis of the Coordination Regulations is the more favourable:

Hungarian service period: 35 years 350 days or 13,125 days

Length of service which can be recognised under the coordination regulations: 1 year 20 days or 385 days

Total service period: 37 years 5 days, or 13,510 days

Amount of average monthly earnings on which the pension is based: HUF 100,000

In the above case, the applicant's Hungarian service period is sufficient to qualify for a Hungarian pension, therefore, taking into account the service period in Hungary and the Hungarian earnings, income and service period eligible for recognition under the Coordination Regulations, the calculation based on the independent Hungarian entitlement provided for in the Coordination Regulations and the pro rata calculation should also be made as follows.

1. Calculation on the basis of independent Hungarian entitlement:

Amount of average monthly earnings on which the pension is based: HUF 100,000

Service period taken into account for determining the amount (rate) of pension: 35 years

Multiplying factor to be applied on the basis of the period of service to be taken into account (SSPA Annex 2): 73%

The amount of the Hungarian pension: HUF 73,000

2. Pro rata calculation

Amount of average monthly earnings on which the pension is based: HUF 100,000

Service period taken into account for determining the amount (rate) of pension: 37 years

Multiplying factor to be applied on the basis of the period of service to be taken into account (SSPA Annex 2): 75.5%

The amount of the theoretical pension: HUF 75,500

The ratio of the Hungarian service period to the total service period: $13,125/13,510=97.15\%$

The amount of the Hungarian pension component: HUF 73,348

Rounded HUF 73,350

3. Based on the above results, the amount determined in the calculation based on the independent Hungarian entitlement is lower than the proportional calculation and therefore the latter amount is determined as the pension.

Example II: The applicant has no independent Hungarian entitlement based on their Hungarian period of service:

Hungarian service period: 5 years, i.e., 1,825 days

Length of service which can be recognised under the coordination regulations: 25 years, i.e., 9,125 days

Total: 30 years, i.e., 10,950 days

Amount of average monthly earnings on which the pension is based: HUF 100,000

In the above case, the applicant's Hungarian service period is not sufficient for entitlement to a Hungarian pension, therefore, taking into account the foreign service period that can be recognised in Hungary and under the Coordination Regulations, only the pro rata calculation can be made as follows.

Amount of average monthly earnings on which the pension is based:	HUF 100,000
Service period taken into account for determining the amount (rate) of pension:	30 years
Multiplying factor to be applied on the basis of the period of service to be taken into account (SSPA Annex 2):	68%
The amount of the theoretical pension:	HUF 68,000
The ratio of the Hungarian service period to the total service period:	$1,825/10,950=16.7\%$
The amount of the Hungarian pension component:	HUF 11,356
Rounded	HUF 11,360

As only one calculation method could be used in this case, the result of the pro rata calculation is always taken as the Hungarian pension part.

Example III: To determine entitlement to a Hungarian pension, a service period in a third country must also be taken into account

Under the Coordination Regulations, insurance periods completed in another country may be taken into account for the purpose of determining entitlement to a Hungarian pension if Hungary has concluded a bilateral agreement with that country providing for the aggregation of service periods.

Service periods completed in a country with such an agreement can only be taken into account for the purpose of determining entitlement to pension, i.e. they do not affect the amount of pension. For the purposes of determining the Hungarian pension under the rules of the Coordination Regulations, the service period certified by the following countries may be taken into account for the purposes of pension entitlement: Republic of Albania, United States of America, Australia, Bosnia and Herzegovina, Republic of India, Japan, Agreement with the Federal People's Republic of Yugoslavia, which is applicable to the Republic of Kosovo, Canada, Republic of Korea, North Macedonia, Republic of Moldova, Mongolia, Montenegro, Russian Federation, Quebec, Republic of Serbia, Republic of Turkey, former Soviet successor states applying the Hungarian-Soviet Social Policy Agreement.

Hungarian service period: 5 years, i.e., 1,825 days
Length of service which can be recognised under the coordination regulations: 5 years, i.e., 1,825 days
Total: 10 years, or 3,650 days
Service period in a state party to the Agreement: 20 years, or 7,300 days
Total together: 30 years, i.e., 10,950 days
Amount of average monthly earnings on which the pension is based: HUF 100,000

Amount of average monthly earnings on which the pension is based:	HUF 100,000
Service period taken into account for determining the amount (rate) of pension:	10 years
Multiplying factor to be applied on the basis of the period of service to be taken into account (SSPA Annex 2):	33%
The amount of the theoretical pension:	HUF 33,000
The ratio of the Hungarian service period to the total service period:	$1,825/3,650=50\%$
The amount of the Hungarian pension component:	HUF 16,500