

# Germany



## Self-Employment in Germany

Just over one-in-ten (11 percent) of Germans work for themselves, while the EU average is 17 percent. However, the number of freelancers in Germany has increased by 40 percent over the last two decades.<sup>1</sup> Unlike employed workers, the self-employed are not liable to pay social security, which impacts on pension eligibility during retirement. Freelance artists and journalists are required (with some exceptions such as those on low incomes) to pay into a social insurance pension system. Other sole proprietors need to make their own provision. Life insurance products provide a popular route to supplementing retirement incomes.<sup>2</sup> More than four-in-five (82 percent) feel responsible for making sure that they have sufficient income in their retirement (compared to 75 percent globally). The majority of self-employed people in Germany are aware of the need to plan financially for retirement (94 percent compared to 72 percent globally). However, this does not necessarily translate into action. Thirty-one percent of the German self-employed say that their personal retirement plan is well developed, below the global average 38 percent. To address this issue, the government announced controversial proposals in 2012/13 to mandate freelancers, not in specialized professions, to make contributions worth up to €300 per month into a pension under the "Rewarding Life's Work" law effecting three million German workers.

### Key country indicators



**10.8%**<sup>3</sup> of workers are self-employed



**66%**<sup>4</sup> of self-employed are men



**65 years** official retirement age (when full entitlements are payable)

### Profile of German self-employed



**\$45.0k** median personal income



**92%** cite positive reasons for becoming self-employed



**77%** are sole-proprietors



**15%** will sell their business to prepare for retirement

### What attitudes and expectations do the self-employed hold toward retirement?



Confident you will be able to fully retire with a lifestyle you consider comfortable

**Germany: 20%**      **Global: 26%**



Proportion that expect to retire at over 65 (includes never)

**Germany: 52%**      **Global: 40%**



Envision a flexible transition to retirement

**Germany: 76%**      **Global: 69%**

### How are the self-employed planning and saving for retirement?



Habitual savers

**Germany: 40%**      **Global: 34%**



Have a written retirement strategy

**Germany: 10%**      **Global: 13%**



Have a backup plan

**Germany: 44%**      **Global: 38%**

This country profile is part of the report “Retirement Preparations in a New Age of Self-Employment” and contains research findings from the fifth annual Aegon Retirement Readiness Survey. To read the full report and view videos and infographics, please visit: [aegon.com/Self-Employed](http://aegon.com/Self-Employed)

#### **Sources:**

<sup>1</sup> <http://www.pri.org/stories/2013-01-11/germany-tax-increase-freelancers>

<sup>2</sup> [http://www.expatica.com/de/finance/Tax-and-freelancers-in-Germany\\_100950.html](http://www.expatica.com/de/finance/Tax-and-freelancers-in-Germany_100950.html)

<sup>3</sup> [OECD Self Employment rate \(2015\)](#)

<sup>4</sup> [OECD Self-Employment, proportion male \(2015\)](#)

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