

Hungary



Self-Employment in Hungary

Eleven percent of Hungarians are self-employed compared to an EU average of 17 percent. The level of self-employment has been falling in Hungary in recent decades. Self-employed people pay the same social security contributions as employed workers; 8.5 percent of total gross earnings. However, they lose up to 21 percent gross income in additional contributions made by their employer. The majority only pay contributions in line with the minimum wage, which limits the value of their future benefits.^{1,2} Reforms in 2006 aimed to boost the retirement contribution levels among the self-employed. Tax benefits on pension contributions only apply to those who pay personal income tax so self-employed workers saving into the so-called simplified tax scheme for employed entrepreneurs, may miss out. Today, only around half (49 percent) of the Hungarian self-employed associate positive words with retirement (compared to 66 percent globally). They feel personally responsible for making sure that they have sufficient income in retirement (71 percent); however, only 55 percent say that they are aware of the need to plan financially for retirement. Although 39 percent of the Hungarian self-employed say that their retirement planning is well developed, only 26 percent are saving habitually for retirement, compared to 34 percent globally.

Key country indicators



10.9%³ of workers are self-employed



66%⁴ of self-employed are men



63 years official retirement age (when full entitlements are payable)

Profile of Hungarian self-employed



\$5.2k median personal income



85% cite positive reasons for becoming self-employed



86% are sole-proprietors



12% 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

Hungary: 23% **Global: 26%**



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

Hungary: 36% **Global: 40%**



Envision a flexible transition to retirement

Hungary: 75% **Global: 69%**

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



Habitual savers

Hungary: 26% **Global: 34%**



Have a written retirement strategy

Hungary: 9% **Global: 13%**



Have a backup plan

Hungary: 41% **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

Sources:

¹ <http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/national-contributions/hungary/hungary-self-employed-workers>

² <http://www.cfe-eutax.org/taxation/health-social-security/hungary>

³ [OECD Self Employment rate \(2015\)](#)

⁴ [OECD Self-Employment, proportion male \(2015\)](#)

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Contact information

Headquarters Aegon N.V.

Strategy & Sustainability

Mike Mansfield

Manager Retirement Studies

Telephone: +31 70 344 82 64

Email: mike.mansfield@aegon.com

www.aegon.com/thecenter

Media relations

Telephone: +31 70 344 89 56

Email: gcc@aegon.com