

MISSOC – Glossary

A B C D E F H I L M P Q R S T U W

Term	Definition
A	
Active population	The economically active population, or labour force, includes both employed (employees and self-employed) and unemployed people.
Advance on maintenance payment	Recoverable payments to compensate for the failure of an absent parent to fulfil their maintenance obligations.
B	
Benefit calculation rules	<p>Defined-benefit (DB) schemes: the amount of pension payable is guaranteed based on the years of employment and earnings over a given period.</p> <p>Defined-contribution (DC) schemes: the amount of pension benefits payable depends on the amount of contributions and the performance of the fund into which they are paid.</p> <p>Hybrid schemes: both defined-benefit and defined-contribution elements are present, implying that the risk is shared between the scheme's operator and the beneficiaries.</p> <p>Schemes in transition: different provisions co-exist during a transitional period to a new scheme.</p> <p>Notionally defined-contribution (NDC) schemes: contributions (from both employee and employer) are used to finance current pensions but they are also credited to notional accounts which build up over time to finance the future pensions of current workers.</p> <p>Points schemes: workers earn pension points based on their earnings and years of contributions. At retirement, the sum of pension points is multiplied by the value of a pension-point to determine the amount payable.</p>
Birth or adoption grant	One-off payments intended to help parents to meet the initial costs of having a child.
C	
Child benefit	Benefits intended to contribute to the costs incurred in bringing up children.
Child-care allowances	Benefits paid to cover all or part of the costs of childcare. They include both benefits paid to parents whose children are cared for while they go to work and those that allow at least one parent to remain at home to care for their children.

D	
Death grant	A lump sum payable on death due to an employment injury in order to cover the associated costs (such as funeral costs).
Deferred retirement	A situation where an individual delays claiming old-age pension beyond the standard retirement age and continues to work while building up additional pension rights.
Defined-benefit (DB) schemes	See Benefit calculation rules
Defined-contribution (DC) schemes	See Benefit calculation rules
E	
Early retirement	The pension payable to someone who retires before the standard retirement age.
Eligible dependants	Dependent family members of the insured who are entitled to coverage as a result of their relationship with the insured.
F	
Financing principle	The principle underlying the financing of social benefits, which is usually either by social <i>contributions</i> (regular payments made by insured persons and/or employers either flat-rate or a percentage of earnings) or from general tax revenue.
Funded scheme	See Management of funding
H	
Hybrid schemes	See Benefit calculation rules
I	
Indexation	Adjustment (whether or not at regular intervals) of benefit amounts in order to reflect developments in prices and/or wages.
Informal care	Care provided without formal contractual arrangements, for which some form of compensation or support from the social security system is available (i.e. through a carers' benefit, paid or unpaid leave, credited social contributions, respite care or training). Informal care

	may be provided by spouses or partners, other household members, relatives, friends or someone outside the family.
L	
Long-term care	Benefits in cash or in kind provided to or for people who, as a result of frailty related to old age or mental or physical disability, have a reduced degree of functional capacity, physical or cognitive, and are consequently dependent on help to perform the basic activities of daily living and/or instrumental activities of daily living (i.e. those that enable someone to live independently) over an extended period of time.
M	
Management of funding	The way in which pensions are financed. This is mainly either through funded schemes where contributions are paid into a fund which is intended to provide for future pensions or through unfunded, or Pay-as-you-go (PAYG) , schemes where contributions are paid to finance the pensions of people currently retired. Schemes can also be mixed where pensions are financed partly from a fund and partly from current contributions (e.g. schemes in transition between the two or schemes using reserves to complement a PAYG scheme).
Maternity allowances	Benefits paid to mothers not eligible for maternity benefits.
Maximum pension	The maximum amount of pension payable even in cases where the pension would exceed this amount if calculated according to the pension formula.
Means test	A condition for qualifying for benefit according to which entitlement is dependent on the claimant's means or financial resources or those of their household being less than a specific amount. "Means" may include all types of income as well as accumulated savings.
Minimum pension	In insurance-based systems, the minimum amount payable to those whose pension would fall below this amount if calculated according to the pension formula. Under universal, flat-rate systems, the "basic pension" represents the <i>de facto</i> minimum pension.
Mixed benefits	Benefits including both in-kind and cash elements (e.g. for long-term care).
P	
Parental leave and benefit	Benefits payable to parents taking time off from work to take care of their children. Parental leave usually starts after maternity/paternity leave comes to an end.

Partial retirement	A situation where persons reduce their working hours to less than full-time before reaching retirement age and receive at the same time a "partial" pension.
Partial/temporary unemployment	A situation where a person's normal work schedule is involuntarily reduced or interrupted (because of, e.g. economic reasons or bad weather).
Periods credited or treated as contributory	Credited periods are periods of absence from work during which no contributions were paid by the insured person or their employer but which are taken into account for the purpose of entitlement to and/or calculation of benefits (e.g. periods of maternity leave, caring for children or an adult in need of care, military service, unemployment or sickness).
Pay-as-you-go (PAYG)	See Management of funding
Points schemes	See Benefit calculation rules
Q	
Qualifying period	A condition according to which entitlement to benefits is subject to the person concerned having completed a minimum period of insurance, (self-)employment or residence.
R	
Redemption	The conversion of incapacity benefit (pension), or part of it, into a one-off lump sum. Redemption may be compulsory (typically in cases of a low level of incapacity) or optional (at the request of the beneficiary).
S	
Schemes in transition	See Benefit calculation rules
T	
Tax concessions	Deductions from or offsets against the tax due, in the form, for example, of tax allowances or tax relief for costs incurred.
U	
Unfunded scheme	See Management of funding
W	
Waiting period	Period of time between the occurrence of the social security risk and the payment of benefit.