

# Withdrawal from sickness benefits

## Practical Information for Employees in Saxony

Anyone who is on sick leave for more than six weeks at a time receives sickness benefit from the health insurance fund instead of their salary. Sickness benefit is paid for a maximum of 78 weeks. If an employee has exhausted their maximum entitlement to sickness benefit after 78 weeks (within three years), they fall under "Withdrawal" (Aussteuerung). The health insurance fund will inform you when your sickness benefit entitlement expires.

### What do you have to do if you have been withdrawn?

If you have been withdrawn, there are various steps you can take to remain financially secure:

#### 1. Apply for unemployment benefit (ALG)

Even if you are not unemployed in the traditional sense, you are often entitled to unemployment benefit I from the employment agency (Agentur für Arbeit) if you are still unable to work. This is possible if you are available to the labor market for less than three hours a day due to illness. In this case, a so-called "seamlessness regulation" (,Nahtlosigkeitsregelung' according to § 145 SGB III) is applied.

The seamlessness regulation ensures that people who are withdrawn receive unemployment benefit I even though they are unable to work in the long term due to illness, they are still formally employed by their employer and their entitlement to sickness benefit ends.

This applies if **they are not available** to the labor market due to their health restrictions. In order to be entitled to **unemployment benefit I under the seamlessness regulation**, employees must present themselves to the employment agency after they have been withdrawn (even if the employment relationship continues). They must prove that they are still unable to work. Health insurance continues to apply while you are receiving this special unemployment benefit. The insurance contributions are paid by the employment agency.

#### 2. Apply for a pension

If the illness is permanent, it may be advisable to apply for a reduced earning capacity pension (Erwerbsminderungsrente). The pension insurance medical service will check whether the person is no longer able to work at least three hours a day on a permanent basis.

The employment agency or pension insurance company often requires a health check or



participation in medical rehabilitation in order to help restore the person's ability to work or to determine whether they have a permanent reduction in earning capacity.

**Important:** The reduced earning capacity pension should be applied for early in order to be financially secure. It is recommended that you apply for it around **three months before your sickness benefit entitlement ends**. If the decision on the reduced earning capacity pension is not yet available at the end of the sickness benefit entitlement, employees can apply for unemployment benefit for the transitional period and have their entitlement to unemployment benefit I checked as a transitional benefit in accordance with the seamlessness regulation.

### **What applies to cross-border employees who are withdrawn?**

Cross-border employees are normally entitled to benefits in their **country of residence**, not in their country of employment.

If the incapacity to work persists and health does not improve, there are usually the following main options:

#### **1. Unemployment benefit (ALG) for cross-border employees**

In cases where the **employment relationship continues** and social security contributions are paid in Germany, German regulations generally apply. This means that cross-border employees can

potentially be entitled to **unemployment benefit under the seamlessness regulation** after withdrawal, even if they are still employed by their employer.

In cases where **the employment relationship has already ended**, cross-border employees are obliged to apply for unemployment benefit in their country of residence and not in Germany. Therefore, they should contact the responsible institutions at an early stage.

#### **2. Reduced earning capacity pension for cross-border employees:**

If cross-border employees become permanently unable to work, they can usually still apply for a reduced earning capacity pension in Germany as they have paid contributions here. However, coordination with the authorities in the country of residence may also be necessary here.

**Important:** Employees should seek advice from their health insurance fund, the employment office and the pension insurance fund early on to ensure that they do not lose any entitlements and take the right steps.

If you have any questions, please do not hesitate to contact us. **Our advice is free of charge.**