Explanatory Note No. 15
concerning
Contribution Support Measures taken under the Pension Fund Law
(“Riester Support Measures”)
(shortened version)

1. General points
Since January 1, 2002, state funding has been provided for a supplementary old-age pension system. The German Theatrical Pension Fund (VddB) is classified as a pension fund under the company pension scheme. Thus, insurance with the VddB satisfies the prerequisites for state support.

2. Support for employer’s contributions
Employer’s contributions to the VddB under the first employment contract are tax-free provided that they do not exceed 8% of the statutory social security ceiling in a calendar year. In 2020 this is equivalent to (8% x EUR 82,800 =) EUR 6,624 (§ 3 para. 63 of the Income Tax Law).

Tax exemption for the employer’s contributions to the VddB is granted for the first employment contract. If several employment contracts exist in parallel (guest performances), tax exemption is only granted for contributions paid by the employer under the first employment contract. This means employment that is not subject to wage income tax according to tax bracket VI.

3. Support for employee’s contributions
The employee’s contribution to the VddB is also tax-deductible if employees are also subject to compulsory insurance under the national statutory pension insurance system in accordance with § 10a and 82ff of the Income Tax Law. The state pays supplementary allowances for these contributions and the amounts can be deducted from income tax as special expenditure (see para. 6 for more details). Entitled beneficiaries include basically all employees subject to compulsory insurance under the German statutory pension insurance system, self-employed theatrical artists who are insured under the Artists’ Social Security (KSK) and civil servants.

4. Support for non-compulsory continued contributions
Support can be granted for non-compulsory continued insurance contributions that are paid immediately following subsidised compulsory insurance and meet the general prerequisites for support (compulsory insurance in the German statutory pension insurance system or Artists’ Social Security).
5. Calculating supplementary allowances

These comprise basic allowance and children's allowance.

The basic allowance amounts to EUR 175 per annum.

For each child for whom the insured person receives child benefit, the children's allowance amounts to EUR 185 per annum or EUR 300 per annum for a child born after December 31, 2007.

The prerequisite for receiving the full allowance is that the insured person pays a minimum own contribution of 4 % of the previous year's income that is subject to contributions under the statutory pension insurance system less the allowance (max. EUR 2,100). The minimum own contribution is generally included in the employee's contribution paid to the VddB.

A calculation formula to determine the minimum own contribution can be found at www.buehnenversorgung.de under “Downloadcenter → Riester → Infomaterial”.

6. Deduction of special expenditures

In addition, under § 10a Income Tax Law it is possible to deduct up to EUR 2,100 per annum as special expenditures for income tax assessment purposes.

The allowances that have been paid are deducted from the tax saving. To receive the optimum state assistance, it is therefore necessary to apply for the allowance.

7. Procedure

The supplementary allowance for contributions paid to VddB may be applied for from VddB at the end of the calendar year in which the contributions were paid. Together with or after your first application you can authorize VddB to submit applications for the following years. If you do not give such an authorization you will have to file an application with VddB annually.

VddB forwards the relevant data to the central office of the Statutory German Pension Insurance, which calculates the allowance and transfers it to VddB. The allowance is then credited to you in addition to your contributions and - like the contributions - is adjusted and converted into pension entitlements.

The deduction of special expenses must be applied for when submitting the income tax return, annex AV. VddB forwards the pension contributions eligible for subsidies electronically via the central office to the responsible tax offices. If you do not want to apply for the deduction of special expenses please do not fill in annex AV.

The allowance and granted tax benefits must be repaid to the central office by the VddB if a case of "misuse" exists according to the provisions of the Income Tax Law (in particular refund of contributions or dancer's compensation). It is therefore recommended that members of corps de ballet who already know they will have the dancers' compensation paid to them should not apply for support for employee contributions to the VddB. The same applies to foreign insured persons who want to return to their home country outside the European Union.

The application forms for allowances and the form to grant power of attorney are available from VddB or on the internet at www.buehnenversorgung.de under “Downloadcenter → Riester → Antragsvordrucke”.

8. Tax

Tax must be paid in full on the shares of pension benefits and supplementary allowances based on subsidised (i.e. tax-free) contributions. This is known as deferred taxation (§ 22 para. 5 sentence 1 Income Tax Law). When they first draw their pension and in the event of any change in benefits (adjustment), pension recipients receive a special official notification about the taxable benefits they received in the previous year for presentation to the tax office.