

Autonomo Social Security

What are the benefits of paying social security as self-employed in Spain?

When overseas residents in Spain discuss social security in the context of the self-employment (autonomo) system, it is usually to bemoan the high fixed cost of the monthly payments when set against the seemingly negligible benefits that they buy. It is well known that autonomo social security costs are approximately 250€ per month regardless of how much income and profits are earned by the payer.

Health cover

This is probably the main benefit of being in the autonomo social security system, formally known as RETA or Regimen Especial Trabajadores Autonomo (the link is http://www.seg-social.es/Internet_1/Trabajadores/CotizacionRecaudaci10777/Regimenes/RegimenEspecialTrab10724/index.htm?ID=10724)

For foreigners below the retirement age and without an employment contract, going self-employed is practically the only way of getting into the state healthcare system. Anyone paying into the RETA is entitled to get a healthcard from the month in which they join (contributions are payable for the whole of the month in which you join). Family members can be included in the autonomo's coverage as long as they live at the same address and they may be asked to prove their familial connection (e.g. by showing all the claimants on a Libro de Familia or family book, obtainable from the Registro Civil or Registry Office). But then again this may not be necessary. It seems that every autonomous region and almost every social security area have their own system. Ask either at the social security office when you join the RETA or at the health centre, the larger of which have a person / office dedicated to social security matters.

Pensions

Paying into the RETA counts towards a state pension which can be drawn even while still running the business / being autonomo (i.e. before actual retirement) but there are complications. You must have paid into

the system for 15 years before reaching retirement age (currently 65) and two of those years must have been in the last 8 years before retirement. Note that anyone short of the fifteen years contributions can continue contributing after reaching 65 to ensure their right to a contributory pension.

Anyone retiring without fifteen years of pension contributions will get the bare minimum "welfare" pension which is currently set at 340€ a month (but paid 14 times a year so annually 4,756€ a year)

Anyone who has made the 15 years will get a pension based on a combination of the amount of years contributions and the amount actually paid, but there is a minimum which is considerably more than the welfare pension: 588€ a month or 8,229€ a year, rising to 10,152€ a year if you are married to someone who has no pension. Those who have made the maximum contributions can receive up to 35,000€ pa.

If you have made contributions in another EU state these should count towards your Spanish pension and vice versa (if you retire in another EU state your Spanish contributions should count towards your state pension).

Most people attach little value to these accrued pension rights and focus on the health benefits. This can be short-sighted as, with today's low annuity rates (which show no sign of rising), it would cost a lot of money to buy a state pension of the magnitude possible in the Spanish system (150-200,000€).

Unemployment

Traditionally those in the autonomo system have not been entitled to unemployment benefits but this has been changed recently. For additional contributions of 14€ the autonomo can claim around 589€ (more for autonomos with children) for a limited time, between 2 and 12 months depending on how long the additional contributions have been made. But you cannot claim if you end your business "voluntarily"; the system is new so it is uncertain how voluntary will be defined in this context.

Sickness and accident benefits

Again this is an area where the benefits are not generous. For one thing you have to have paid the additional sickness and accident contributions and secondly to have got sick or injured while at work. While you are claiming you have to continue paying the monthly contributions, something which applies even if you are pregnant or on maternity leave.

http://www.seg-social.es/Internet_1/Trabajadores/CotizacionRecaudacion/Regimenes/RegimenEspecialTrab10724/TrabAutInfoGen2k9/index.htm