

Factsheet – U.S. – Slovenia Social Security Agreement

The U.S. Ambassador to Slovenia, Brent Hartley, and the Slovenian Minister of Labor, Family, Social Affairs, and Equal Opportunity, Anja Kopač Mrak, signed a new bilateral international social security Agreement today. The signing follows two rounds of talks between social security experts from the two countries, one in Ljubljana in May 2014 and one in Baltimore in October 2014.

Social security agreements have three main purposes:

- They exempt workers and their employers from double taxation on the same earnings, a situation that often occurs when a worker is transferred by his or her employer from the territory of one country to the other;
- They fill coverage gaps for workers who have divided their careers between two countries by allowing both countries to count coverage earned in the other country to pay partial benefits if a person does not qualify for a benefit under ordinary national rules; and
- They remove payment restrictions to residents of the two countries. Under other provisions of U.S. and Slovenian law, the United States and Slovenia already pay nationals of the other country outside their respective borders.

The U.S. Social Security Administration estimates that in its first 7 years in effect, the Agreement will save U.S. and Slovenian workers and their employers nearly \$40 million in dual social security and health insurance taxes. The Agreement will also permit payment of benefits to about 1,500 additional people from the two countries. Currently, (without an Agreement), the U.S. Social Security Administration is paying benefits to 179 people who reside in Slovenia, with an average benefit amount of about \$958 per month.

While the Agreement has been finalized and signed, it cannot enter into force until the U.S. Congress and the Slovenian Parliament have approved it. Delegations from the two countries will meet in the coming months to finalize the administrative details for bringing the Agreement into effect.

FAQs – U.S. – Slovenia Social Security Agreement

What is the Social Security Agreement?

Social security, or “totalization,” agreements provide for the limited coordination of the social security systems in two countries. They have three main purposes:

- They exempt workers and their employers from double taxation on the same earnings, a situation that often occurs when a worker is transferred by his or her employer from the territory of one country to the other;
- They fill coverage gaps for workers who have divided their careers between two countries by allowing both countries to count coverage earned in the other country to pay partial benefits if a person does not qualify for a benefit under ordinary national rules; and
- They remove payment restrictions to residents of the two countries. Under other provisions of U.S. and Slovenian law, the United States and Slovenia already pay nationals of the other country outside their respective borders.

Why did the U.S. and Slovenia choose to work together on the Social Security Totalization Agreement now?

The U.S.-Slovenia Social Security Agreement is many years in the making. The two sides held preliminary talks in 2012 to begin discussions, but due to budgetary concerns, were not able to hold a first round of talks until May 2014 in Ljubljana. A second round of discussions was held in Baltimore in October 2014. After completing all the required internal approval steps and harmonizing the texts in Slovene and in English, the Agreement is now ready for signature.

When will the Social Security Agreement go into force?

While the Agreement has been finalized and signed, it cannot enter into force until the U.S. Congress and the Slovenian Parliament have approved it. Delegations from the two countries will meet in the coming months to finalize the administrative details for bringing the Agreement into effect.

Who does the U.S have this type of agreement with already?

The United States has in effect 26 such Agreements, including with Australia, Canada, Chile, Japan, Norway, South Korea, Switzerland, and most European Union member states. Another agreement with Brazil is currently under consideration by the U.S. Congress, and agreements with Iceland and Uruguay have recently been signed.

Why is it good for Slovenians (and Americans)? How many Slovenians (and Americans) will benefit from the agreement and what are they likely to receive in terms of financial benefits?

The U.S. Social Security Administration estimates that in its first 7 years in effect, the Agreement will save U.S. and Slovenian workers and their employers nearly \$40 million in social security and health insurance taxes. The Agreement will also permit payment of benefits to about 1,500 additional people from the two countries.

How do Slovenians go about applying for benefits or determining if they qualify for benefits with the new agreement?

After the Agreement has entered into force, residents of the two countries will be able to file for benefits with the social security agency of either country. The U.S. Embassy in Ljubljana will also be able to provide limited assistance to Slovenes in filing for U.S. benefits.

Will the agreement result in anyone receiving benefits from both countries?

It is currently possible, without the agreement, for a person to receive benefits from both countries if he or she has contributed long enough to meet minimum eligibility requirements under each country's system. The agreement will not change this. The agreement will make it possible for a person who has worked in both countries, but has not worked long enough to meet minimum eligibility requirements under one or both systems, to combine coverage under the two systems. If a person meets minimum eligibility requirements based on combined coverage, he or she will receive a partial benefit or pension based upon his or her work in that country. For example, if a worker has 5 years of coverage in the United States and needs 10 years of coverage in order to qualify for benefits, the United States will use 5 years of coverage in Slovenia to qualify a person to receive benefits. The United States would then pay a benefit amount based on the 5 years of contributions to the United States. Similar rules apply to Slovenian benefits under this Agreement.