



# **Case study – gaps in access to social protection for mini-jobs in Germany**

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Directorate-General for Employment, Social Affairs and Inclusion  
Directorate C – Social Affairs

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## Executive Summary

Mini-jobs have become a key feature of the German labour market, as one fifth of dependent employed hold a mini-job. Among the 7.6 million mini-jobber, 4.9 million have mini-jobs as a main job, the remaining ones as a second job. The by far most important form of mini-jobs (*geringfügige Beschäftigung*) is regulated through the definition of an income ceiling for monthly net income from work (accumulation of contracts is possible in case mini-jobs are the only income source from dependent work), since 2013 set at EUR 450 per month or EUR 5 400/year. In the long term, the share of persons with a mini-job as a second job on all mini-jobbers increased constantly. Mini-jobs, in particular if they are main jobs, are typically carried out in sectors like retail trade, repair services, accommodation and restaurant, health, social and household services as well as administrative support. Nearly half of mini-jobbers worked in unskilled or semi-skilled activities as compared of a fifth among standard dependent employed.

For mini-jobs social security contributions level differ depending on the activity: they are lower for employers in the private household sector than for those in the commercial sector. The sum of employer and employee contributions for mini-jobs are lower than for standard dependent employed. Employees have the option to opt out of paying their contributions to the pension system. Contributions to the health care system are solidarity payments that increase the budget of the statutory health insurance without creating eligibility for the employed mini-jobber to access health services. In addition, there are small contributions to the insolvency insurance, accident insurance and a sickness/maternity risk levy. No contributions are made to the unemployment insurance and the statutory old-age care insurance schemes. The employer of mini-jobbers transfers in general 2% of income taxes based on the gross wage. This means that this part of earned income is not taxed according to individual tax rate based on the totality of income and will consequently not be added up to other income in the individual income tax declaration. This represents saved taxes for most mini-jobber, in particular if their income from the main job, the pension or from spouse's income is high.

Specific rules regarding access to employment (early retirees), opt-out rules for pension contributions and the prevalence of derived social protection rights, as well as the income tax system in general and the taxation system for married couples in particular, set different incentives for working as a mini-jobber. For employers the registration of mini-jobs follows eased administrative procedures. The composition of mini-jobber reflects the different incentives.

More than one third of mini-jobber have acquired rights to the social security system from their main dependent employment. In 2014, more than a sixth of mini-jobbers were retired and 19% were in education and had usually derived rights to access services of the health care system. About 11% were unemployed and most of them will also have derived rights to health care. A fourth of mini-jobber were housewives. The vast majority of them have derived rights to the statutory health care system and to the pensions of their spouses. Overall, only a fifth of mini-jobbers acquire own pension rights, as the others make use of the opt-out regulation. About 4% of mini-jobber in the commercial sector are not covered by the statutory health insurance through derived rights and will need to get private health insurance. These will have a strong incentive to get a job subject to social security payments. One group more often affected by a social security gap is for example divorced women. They have no derived rights to access health care insurance. The risk of getting welfare net transfer at older ages is higher for divorced people, as a third of them would claim it, while widows have in general not a higher probability of getting this minimum income benefit. A fifth of widows getting the means-tested minimum income have neither own nor derived pension rights. The main underlying reason for getting low pensions and being at risk of old age poverty is linked to broken working biographies and a low number of hours worked, in particular among singles.

Other gaps may result from the fact that mini-jobbers are often not well informed about their rights, e.g. to paid holidays or rest time, accident or sick pay. Estimations of costs of mini-jobs in terms of lost income to the pension and health insurance scheme range between EUR 1.1 and 1.6 bn per year. Net fiscal costs (including lost social security contributions, taxes and paying of transfers) vary between 0.6 billion and 0.8 billion according to a study of IZA but may be significantly higher according to others, depending on assumptions made about the supply and demand effects as well as the income distribution. It has been argued that in cases mini-jobs have led to net employment creation the tax and contributions to the social security system losses are justified. However, also the costs of the net employment creation would need to be taken into consideration. Overall, deadweight effects as well as substitutions effects are likely to be large. Furthermore, major uncertainties remain about the assessment of labour supply and labour demand effects of mini-jobs. One important potential effect of the mini-job regulation is the limitation of the number of hours worked. Effects of a restricted labour supply in times of labour shortages, and thus foregone growth potentials, would need to be taken into account.

Regulations on mini-jobs have existed for many decades. In the 1960s and 1970s the main objective was to enhance labour supply mainly of those who were participating in the labour market and to expand the number of hours of those in employment in order to overcome labour shortages. Mini-job regulations were reformed in 2003 in the context of the major labour market reforms, the so-called "Hartz reforms". Mainly, the objectives have changed in response to high unemployment. Current reform discussions are marked by a changed labour market context of labour shortages. The discussion about mini-jobs is also influenced by major societal trends such as increased female employment, improved child-care facilities, more single parents, divorces etc. These trends puts a question mark on the initial intention of mini-jobs.

## 1. INTRODUCTION<sup>1</sup>

There are roughly 7.6 million mini-jobber in Germany, representing nearly a fifth (19.3% in 2016) of all dependent employed<sup>2</sup>. Among them, 4.9 million have mini-jobs as a main job, the remaining hold a mini-job as a second job.

Mini-jobs (*geringfügige Beschäftigung*) are ruled either (i) by a maximum monthly net income from work (accumulation of contracts is possible in case mini-jobs are the only income source from work) up to the defined income ceiling, which set since 2013 EUR 450 per month or EUR 5 400/year<sup>3</sup>, (ii) or by the yearly working time, called short-term marginal employment (*kurzfristige Beschäftigung*) (70 days a year).<sup>4</sup> Different rules applies to these two types of mini-jobs: while for mini-jobber subject to the EUR 450 ceiling specific rules exist as regards social security contributions (see Box 1), short-term marginally employed are exempted from social security contributions.

### **Box 1: Specific tax and social security contributions for mini-jobs under the EUR 450 rule compared to standard dependent employment**

For mini-jobs up to the set wage sum ceiling social security contribution level differ depending on the activity: The contribution rate to the public pension scheme amounts to 18.7% of gross wages, with a different split of employer and employee contributions depending on whether the employer is part of the commercial sectors<sup>5</sup> (15% of gross wages employer contribution in the commercial sector) or a private household<sup>6</sup> (5% of gross wages employer contribution), the mini-jobber has to pay the difference to the total social security contributions of 18.7% unless he/she opts out. In addition, employers pay a contribution of 13% of gross wages as health insurance contribution in the commercial sector and 5% of gross wages in private households if the mini-jobber has a statutory health insurance. Contributions to the health care system are solidarity payments that increase the budget of the statutory health insurance without creating health coverage for the employed mini-jobber. In addition there are small contributions to the insolvency insurance, accident insurance and a sickness/maternity risk levy. In both cases, no contributions are paid to the unemployment insurance and the old-age care insurance.

For mini-jobs in the commercial sector and for mini-jobs in private households the employer of mini-jobbers transfers in general 2% of income taxes based on the gross wage. This means that this part of earned income is not taxed according to individual progressive tax rate based on the totality of income and will consequently not been added up to other income in the individual income tax declaration. This represents saved taxes for most mini-jobber, in particular if their income from the main job or of the spouse is high.

In total the employer has to transfer 31.29% in the commercial sector or 14.8% in the private household sector, including the 2% income taxes.

Even when not considering the 2% of income taxes, the social security contributions of employers in the commercial sector are higher for mini-jobs than for standard employed (around 20%). Taking the employee contribution to the public pension system into account the total sum of contributions amounts to 33% in the commercial sector and to 26.5% in the private household sector. For dependent employment subject to social security contribution, the social security contributions of employers and employees amount to 40.2% of gross wages in 2017. Taxation of standard employment would depend of a number of factors, but would start at a marginal tax rate of 14% for those with earnings above the income free threshold (maximal marginal tax rate would usually raise up to 42% for higher income groups). For the decision to take up a mini-job the marginal tax rate would be relevant.

<sup>1</sup> The author wants to thank Tim Vetter and Lara Dunst for their support in data collection and most valuable feedback to an earlier version of this report.

<sup>2</sup> Dependent employed are defined as mini-jobber plus employees subject to social security contributions, Federal Employment Agency data, December 2016

<sup>3</sup> The annual income may also amount to more than EUR 5,400 if the monthly wage exceeds EUR 450 only three times in a twelve-month period and if this happens unpredictably, for example due to personnel shortages due to sickness

<sup>4</sup> [https://statistik.arbeitsagentur.de/nn\\_280848/Statischer-Content/Grundlagen/Methodische-Hinweise/BST-MethHinweise/SvB-und-GB-meth-Hinweise.html](https://statistik.arbeitsagentur.de/nn_280848/Statischer-Content/Grundlagen/Methodische-Hinweise/BST-MethHinweise/SvB-und-GB-meth-Hinweise.html)

<sup>5</sup> *Minijob im gewerblichem Sektor*, including the public sector and NGOs.

<sup>6</sup> *Minijob im Privathaushalt*, only applicable if the tasks carried out by the mini-jobber could also be carried out by a household member (that means they do not require specific vocational skills, e.g. plumbing)



A gradual scheme to standard contribution rates to the social security system is foreseen for an income between 451 and 850, the so-called *midi-jobs*. These have to pay social security contributions to all branches of the social security system, but at reduced rates (for the employee contribution) and midi-jobbers can derive their own rights as any other standard employed. *Midi-jobber* have no special tax treatment. The net wage of a worker earning EUR 451 lower than the net wage of a mini-jobber, therefore, the transition to a job subject to social security contributions is not attractive, even with the *midi-job* regulation.

Those who have a mini-job as a second job in addition to an employment subject to social security contributions ("standard employment") can only have one mini-job, while those who only hold mini-jobs can accumulate several mini-jobs up the earned income limit of EUR 450.

Specific rules regarding access to employment (early retirees), opt-out rules for pension contributions and the prevalence of derived social protection rights, as well as the taxation system for married couples set different incentives for working as a mini-jobber. For employers the registration of mini-jobs follows eased administrative procedures.

These specific rules with regard to contributions to the social protection system lead to a restricted or no access to some of the social security branches. Most of them are nevertheless protected through derived rights within the social protection system, while few others are not be protected or need to conclude private arrangements. As will be shown in the next section, more than one third of mini-jobber have acquired rights from the social security system from their main dependent employment and a small fraction from mainly private arrangements concluded as self-employed (no data is available on the number of mini-jobber combining mini-jobs and self-employment). In 2014, more than a sixth of mini-jobber were retired and 19% are in education and have usually derived rights to the health care system. About 11% were unemployed and most of them will also have derived rights to health care. A fourth of mini-jobber were housewives or housemen. The vast majority of them have derived rights to the statutory health care system and to the pensions of their spouses. Furthermore, mini-jobbers have no derived rights to unemployment benefits, but they may be eligible to means-tested minimum income scheme. Coverage by a pension scheme is uncertain, as many mini-jobber opt-out of contributions to the statutory pension scheme. The complex set of rules have evolved over time, and different objectives and labour market conditions have driven the set-up of the rules relating to the mini-jobs themselves as well as to other aspects of tax and welfare policies. This study will explore the magnitude and shape of mini-jobs and look into social protection coverage gaps.

This study reviews the different regulations as well the literature on mini-jobs prepared by different research institutes, relevant institutions and key actors. In addition, data on mini-jobs are collected from three sources. Official data distinguishing between mini-jobber as main dependent employment or second job is published by the Federal Employment Agency. Data on mini-jobbers earning up to EUR 450 per month is also published by the Minijob-Zentrale<sup>7</sup>, the institution in charge of the administration of mini-jobs (registering, collection of contributions, monitoring). The Minijob-Zentrale publishes data by the kind of employer (commercial sector vs. private households). However, this data is not congruent to official statistics<sup>8</sup>, but nevertheless provides insight into the structure of mini-jobs. Lastly, information on marginal employment can also be obtained from the German Labour Force Survey (*Mikrozensus*). Please note that the number of mini-jobbers according to the German Labour Force Survey is lower than official Federal Employment Agency data because pupils, students and persons in retirement often overlook to indicate marginal employment. Also, only marginal employment as main dependent employment is represented in this data (Bundestag 2017: 2).

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<sup>7</sup> <https://www.minijob-zentrale.de/>

<sup>8</sup> [https://statistik.arbeitsagentur.de/nn\\_280848/Statistischer-Content/Grundlagen/Methodische-Hinweise/BST-MethHinweise/SvB-und-GB-meth-Hinweise.html](https://statistik.arbeitsagentur.de/nn_280848/Statistischer-Content/Grundlagen/Methodische-Hinweise/BST-MethHinweise/SvB-und-GB-meth-Hinweise.html)

This report is organised as follows. In section 2, a short historical overview of objectives and policies regulating mini-jobs will be given. The historical perspective is necessary to understand the patchy set of rules, incentives and the heterogeneity of the mini-jobbers. Section 3 will show basic trends in the development of mini-jobs and paint a picture about the structure of mini-jobbers in terms of their socio-demographic characteristics, economic sectors and employment status. Stability of mini-job employment and transition patterns between mini-jobs and standard employment as well as the impact of mini-jobs on career development will be looked at. Issues of social justice, distribution of rights and obligations in relation with the social protection system as well as impacts of the regulations on income and wealth distribution and risk of poverty will also be addressed here. Incentives for employers to offer a mini-job will be analysed in section 4. The ability of mini-jobbers to acquire social protection compared to those of employees with employment contracts subject to social security contracts will be scrutinised in section 5. In section 6, it will be investigated whether gaps in acquiring social protection rights, derived rights of social protection and access and eventually take-up other forms of protection (e.g. private insurances) exist. The fiscal costs and benefits and features of cross-subsidising as well as costs and benefits in reaching other objectives such as increasing labour supply, reducing unemployment will be assessed in section 7. Conclusions and recommendations will be presented in section 8.

## 2. ORIGIN AND DRIVERS OF MINI-JOBS

Regulations on mini-jobs have existed for many decades. In the 1960s and 1970s the main objective was to enhance labour supply mainly of those who were participating in the labour market and to expand the number of hours of those in employment in order to overcome labour shortages. The exemption of social security contributions was intended to overcome employment barriers that consisted in implicit taxes for some groups of workers through existing regulations in the social security scheme and the taxation model<sup>9</sup>. The main characteristics of a mini-job were a maximum weekly working time of 15 hours, both for marginal employment as a main dependent employment and as a second job, and a wage threshold considered for social security exemption. Based on regular adaption to the average wage and determined as a reference value by German social security system, the dynamic threshold entailed a fundamental incentive problem: if a marginally employed person was exempted by social insurance, a person with a revenue above the applicable income limit was subject to full tax and social security contributions resulting in a financial unattractiveness of jobs with a slightly higher remuneration (*Abgabenfalle*) (Arntz/Feil/Spermann 2003: 272).

In 1999, the government revised marginal employment regulations. The dynamic threshold of one seventh of monthly reference income - 630 Deutsche Mark (DM)<sup>10</sup> for Western Germany and DM 530<sup>11</sup> for Eastern Germany at this time - was replaced by a static gross monthly income limit corresponding to EUR 325 (Berthold/Coban 2013: 3). The reform mainly aimed to increase employments subject to social security by reducing the high popularity of marginal employment (Arntz/Feil/Spermann 2003: 272f.). Furthermore, general tax exemption for marginal employment was abolished. Nevertheless, marginally (exclusively dependent) employed persons with one or several mini-jobs could circumvent compulsory taxation and social security contributions by applying a certificate of exemption (*Freistellungsbescheinigung*) (Berthold/Coban 2013: 3). Thus, employers could save additional non-wage labour costs amounting to about 20-22%<sup>12</sup> (Arntz/Feil/Spermann 2003: 274).

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<sup>9</sup> Mainly the coverage of spouses in the health insurance of the main earner, widows pensions, and the splitting model in income taxation scheme (*Ehegattensplitting*) that was introduced in 1958.

<sup>10</sup> corresponding to approximately EUR 315

<sup>11</sup> corresponding to approximately EUR 275

<sup>12</sup> Mainly including contributions to statutory pension funds (12%) and statutory health insurance (10%)

Mini-jobs regulations were reformed in 2003 in the context of the major labour market reforms, the so-called "Hartz reforms". Mainly, the objectives have changed in the context of high unemployment. It was intended to promote mini-jobs with the objective to create employment opportunities by distributing available work among more people (see Berthold/Coban 2013). The concept of mini-jobs complied with the new orientation of the activation policies towards stricter activation requirements of (means-tested) unemployment benefit recipients and the focus on in-work benefits. It should be possible to combine welfare benefits and small incomes from work. Furthermore, in line with the "transitional labour market" approach, developed by Günther Schmid of the WZB, which was guiding the Hartz reforms, it was expected that mini-jobs could represent a stepping stone into the regular labour market. The concept of mini-jobs was also perceived to be in line with the need for increased labour market flexibility. Finally, the reform attempted to reduce undeclared work (Pott et al. 2007: 8). Based on these aims, the minimum wage threshold was raised from initially 325 euros to 400 euros as monthly income. To provide more flexibility, the maximum of 15 working hours per week was abolished. Moreover, a flexible zone (*Gleitzone*) for gross monthly incomes exceeding 400 euros was implemented in order to reduce the unattractiveness of employment with slightly higher remunerations: Employment contracts with a gross monthly income between 400.01 euros and 800 euros – also referred to as *Midijobs* – are characterized by a progressive increase in tax and social security contributions for employees, whereas employer's contributions remain stable (Arntz/Feil/Spermann 2003: 273). In addition, the allocation of exemption certificates provided by the fiscal authority was abolished and marginally employed persons, both in main and second jobs, were now generally exempted from taxation and social security contributions. However, employers were obliged to pay a flat rate for statutory pension funds (12%), health insurance (11%), and income tax (2%) for marginally employed persons. Finally, a distinction has been made between activities in the commercial sector and in private households (§8a Social Code IV).

In 2006, wage tax and social contribution rates paid by employers were modified: In the commercial sectors, the contribution to the statutory pension scheme increased from 12% to 15% and to health insurance from 11% to 13%. This meant that the total fiscal burden for employers increased to above 30% including other small contributions such as employer's expenses for insolvency or pregnancy. This reform was meant to prevent a distortive competitive effect as mini-jobber should not be "cheaper" than standard employment. However, if considering the total sum of employer and employee contributions, mini-jobs are still "cheaper".

Concerning mini-jobs in private households, employers were subject to lowered contributions, respectively an income taxation of 2% and a flat tax rate of 5%, both for pension funds and health insurance (Berthold/Coban 2013: 4) to combat undeclared work.

In 2013, the wage threshold was increased from EUR 400/month to EUR 450/month by a legislative amendment. It was argued that an adjustment to general salary growth since 2003 had become necessary. Parallel to this, the flexible zone increased by the same amount to EUR 850/month. Furthermore, the opt-in regulation for contributions to the pension system was amended into an opt-out regulation. This change was made in response to criticism that mini-jobs would increase the risk of low pension coverage and old-age poverty. Thus, mini-jobbers have become obliged to contribute to the public pension scheme<sup>13</sup> (for details, see section 3). Yet, it is possible to request for exemption (opt-out regulation).

Current reform discussions are marked by a changed labour market context of labour shortages. Furthermore, the discussion is also influenced by major societal trends such as increased female employment, improved child-care facilities, more single parents, more divorces etc. These trend puts a question mark on the initial intention of mini-jobs. Reform discussions are also inherently linked to other policy fields: (i) adequacy of the

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<sup>13</sup> However, short-term marginal employment relationships who are also defined as mini-jobs are exempt from social contributions.

splitting model for income taxation and its impact on female labour supply; (ii) combining work and pre-retirement pension (new reform of 2016 on the flexi-pension package, see for details below); (iii) rewarding work after having reached statutory pension age, (iv) preventing old-age poverty; (v) labour supply of students; (vi) combatting undeclared work; (vii) potential adverse effects of mini-jobs on the volume of hours worked (problematic in the context of labour shortages), misallocation of skills; (viii) the effect of the minimum wage introduced in 2015 on mini-jobs; (ix) the need for flexibility at the labour market; (x) the activation of means-tested unemployment benefit II recipients. In the context of the discussion of possible fundamental reforms of mini-jobs an assessment of the fiscal effects of such reforms have been conducted (see for details section 7).

### **3. THE SUPPLY SIDE: SOCIAL AND ECONOMIC SITUATION AND INCENTIVES FOR WORKERS TO TAKE UP MINI-JOBS**

#### **3.1. Mini-jobs: key trends**

*The number of mini-jobbers under the EUR 450 rule increased until 2013 and has stagnated since then*

From December 2003 (Hartz-reforms) until December 2014, the number of mini-jobbers increased constantly from 6.1 million to 7.7 million people. For the first time, in December 2015 the number decreased by around 100 000. In December 2016, the number of mini-jobbers increased again to around 7.6 million (figure A1, see annex). Of these, only 184 000 were short-term employed mini-jobbers (figure A2, see annex). Annual growth rates of the number of mini-jobbers are displayed in figure A3 and A4 (see annex).

In 2004, the share of mini-jobbers on all employed (dependent employed and self-employed) was 17.8% or 20% on all dependent employees (Minijob-Zentrale 2017a: 9). This share decreased to 16.1% in 2006 (18.1% on all dependent employees). After 2006, it increased constantly to 17.4% in 2010 (19.5% on all dependent employees). After 2010, it constantly decreased to 16.2% (18.0% on all dependent employees in 2016).

The shares of mini-jobbers with foreign nationality increased from 8% in December 2003 to 12% in December 2016.<sup>14</sup>

*Increase in full-time equivalents are smaller*

While the number of persons with a mini-job as a second job as well as the total work volume in second jobs increased, the average number of hours worked in second jobs has been declining constantly since 1991 (see figure A5 in annex). From 2003 to 2004, the number persons with second jobs (from 1.29 million to 1.63 million) and in work volume in second jobs (410 million hours to 526 million hours) increased significantly. This can be attributed to the reforms regarding mini-jobs implemented in 2003 (see above). The working hours in mini-jobs on total working hours of employees amounted to 5.4% or 1.43 million full-time equivalents (6.7% and an additional 0.34 million full-time equivalents if mini-jobs as a second job are included) in 2014; in 2005, this share was 6.1%, amounting to 1.49 million full-time equivalents (respectively 7.4% and an additional 0.3 million full-time equivalents when including mini-jobs as side jobs) (Bundestag 2017: 11).

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<sup>14</sup> own calculations based on Federal Employment Agency data

*Increasing share of men*

Since December 2008, shares of men on all mini-jobbers kept increasing from 36% to 40% in December 2016 (figure A6)<sup>15</sup>.

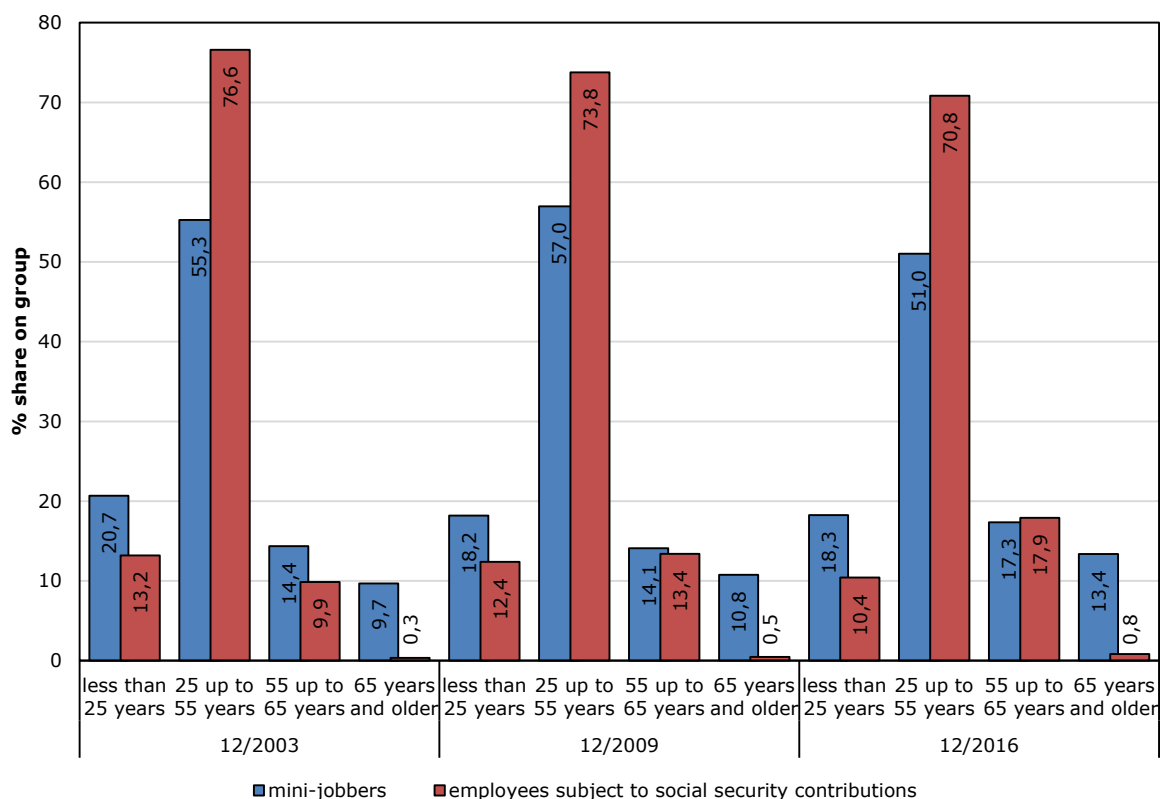
*More older workers are mini-jobber and this trend has been reinforced in the recent past*

Since December 2009, the share of older mini-jobbers (55 up to 65 years and 65 years and older) grew from 24.9% in December 2009 to 30.7% in December 2016 (figure 1<sup>16</sup>). The ageing of workers is a general trend in Germany: It is mainly the high share of older workers aged 65 and above who are more likely to hold a mini-job rather than a standard employment<sup>17</sup> that explains the raise of older workers among mini-jobber (see figure 1 and annex figure A10).

Data suggests that mini-jobbers aged 65 and older work in sectors with simpler activities that are appropriate to the age, or in charitable activities (KBS 2016: 16-17). The share of mini-jobbers aged 65 and older on elderly pensioners (*Altersrentner*) increased from 4.4% in 2004 to 5.3% in 2014 (KBS 2016: 16-17).

Mini-jobbers are also more likely to be young, their share among mini-jobber has remained stable over the past decade.

**Figure 1 Mini-jobbers by age groups**



<sup>15</sup> In this period, the shares of men increased significantly from 33% to 38% for persons with a mini-job as main job (see figure A7) and decreased from 45% to 44% for persons with a mini-job as a second job (figure A8). Please note that persons with a mini-job as main job refers to persons with a mini-job as the only dependent employment relationship. According to the Federal Employment Agency, self-employed persons with a mini-job would be counted as a person with a mini-job as main (dependent) job as the Federal Employment Agency has no information on self-employment.

<sup>16</sup> For details, see annex figures A9 to A12

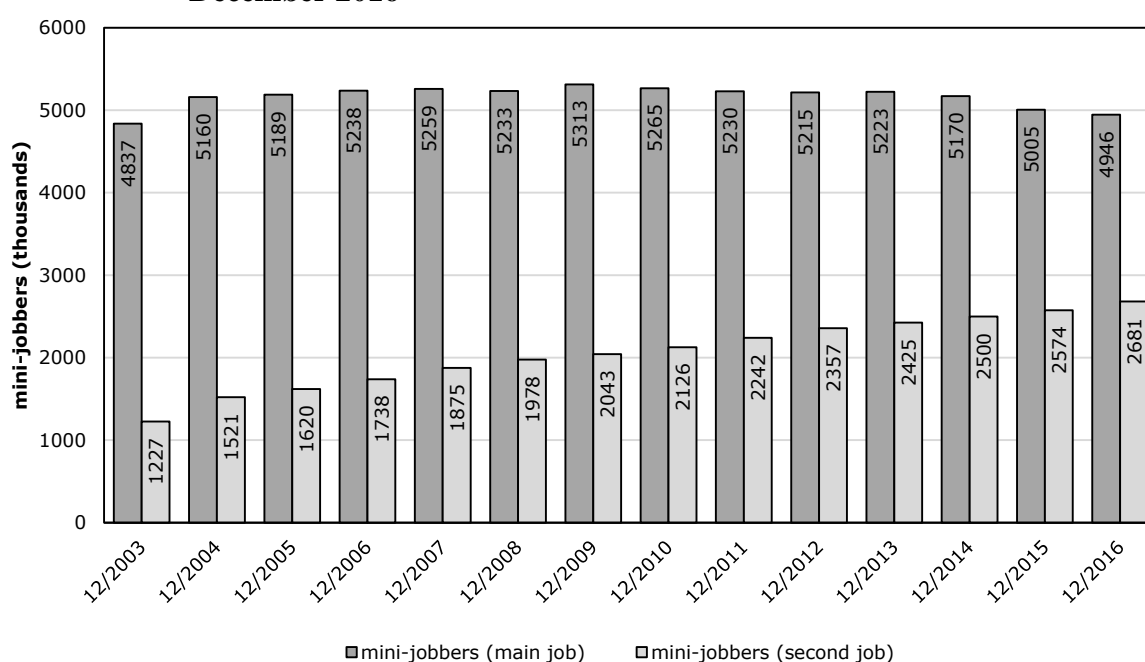
<sup>17</sup> defined as dependent employment subject to social security contribution

Source: own calculations based on Federal Employment Agency data

*The number of mini-jobbers topping up income from a main jobs has increased*

In the long term, the share of persons with a mini-job as a second job on all mini-jobbers increased constantly (see figure 2). The share of persons with a mini-job as a second job on all mini-jobbers increased from 23% in December 2004 (1.52 million) to 35% in December 2016 (2.68 million – figure 2)<sup>18</sup>. In the recent past, growth rates of persons with mini-jobs as their main job were negative, while the growth rates of persons with a mini-job as a second job were constantly positive since December 2004 (figure A4 in annex).

**Figure 2** Development in the number of mini-jobs from December 2004 to December 2016



Source: Federal Employment Agency (own calculations)

In December 2016, the number of employers of mini-jobbers in the commercial sector was 1.8 million. 46% of those employed only one, 21% two, and 11% three mini-jobbers (Minijob-Zentrale (2017a: 16)).

*Smaller companies rely on mini-jobbers more often*

According to a survey carried out in the *Land* of North-Rhine Westphalia (RWI 2016: 43), 34.6% of mini-jobbers worked in companies with up to 9 employees, 25.0% in companies with 10 to 49 employees, 4.9% in companies with 50 to 149, 1.2% in companies with 150-249 employees, 1.6% in companies with 250-500 employees, and 2.7% in companies with more than 500 employees (30% of mini-jobbers gave no information) (see for the sector composition of mini-jobs, next section).

<sup>18</sup> This share might be even higher as mini-jobbers (main job) might include self-employed with a mini-job as second job as the Federal Employment Agency has no data on self-employment.

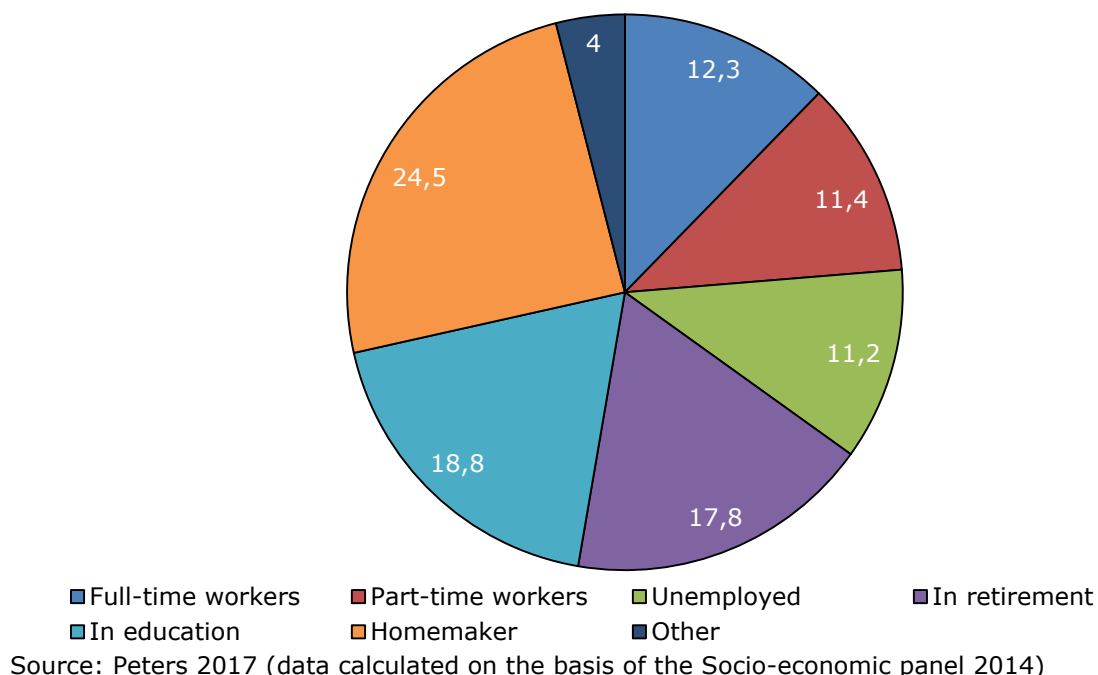
### 3.2. Who is carrying out what type of mini-job?

#### 3.2.1. Overview

##### *Mini-jobbers – a heterogeneous group working in diverse types of mini-jobs*

As already pointed out, mini-jobs are a patchy concept with different rules depending on the employment sector, length of work and type of employer (see section 1), mini-jobbers are also a highly heterogeneous group, because other systems, such as the income tax system, the health care scheme, the pensions scheme or the unemployment benefit scheme set specific incentives for particular groups to take up mini-jobs instead of or in addition to standard employment. Incentives to take-up a mini-job are especially interesting for persons who are already covered by the health insurance through other means as employment, e.g. as family members such as youth, housewives and housemen (homemakers), pensioners, unemployed (RWI 2016: 18). Consequently, mini-jobbers are composed by pupils and students, pensioners (in early retirement and after reaching statutory retirement age), homemakers, other people having a mini-job as a main job, as well as part-time and full-time dependent employed with a minimum-job as a second job. Figure 3 gives an overview of the main categories. The following sections will provide a closer look in the different categories of workers and type of mini-job performed.

**Figure 3 Main status of persons with a mini-job (main job and second job) 2014**



In the following sections more details on the different types of mini-job and typical groups performing mini-jobs will be given.

### 3.2.2. *Mini-job as second job and mini-job as main job*

In December 2016, the ratio of workers with mini-jobs as their main job to the employment subject to social security contribution was 15%, while the ratio of persons with a mini-job as a second job to all employed with an employment subject to social security contribution was 8% (Bundestag 2017: 3).

Official data have limitations as it is not possible to determine whether among those with a mini-job as a main job there also persons combining self-employment or an employment as a civil servant and mini-jobs. According to Labour Force Survey data<sup>19</sup>, in 2016 about 77% of all employment relationship are dependent employment with working hours of more than 20 hours/week. The Institut für Arbeitsmarkt- und Berufsforschung (IAB) has analysed second-jobs (Klinger/Weber 2017). Estimates on the working time accounting indicate that there are 3 million employed who hold a second job. On the basis of its employment history data base of 2014, which does not take civil servants and self-employed into account, there were 2.09 million employed with a second job in 2014 among whom the vast majority have a mini-job. About 29.1 million workers only had one job (including a mini-job as a main job). In all age groups women are more likely to hold a second job than men. Worker aged between 35 and 55, with a peak for the workers aged 40 to 45, are the most likely age groups to have a second job. Furthermore, they are more likely to be in the lower wage groups.

Those who combine an employment subject to social security contribution and a mini-job earn on average EUR 81.8 per day in their main job and EUR 9.7 in their mini-job (second job). In case their second job is also employment subject to social security than the earnings from the second job amount to EUR 31.4. This indicates that mini-jobs are mainly offered and taken-up in the low wage sector.

On average, workers with a mini-job as a main job worked 11.8 hours per week in 2015 (Bundestag 2017: 8). Working hours are shorter for mini-jobs as a second job. While the number of workers with a mini-job as a second job increased, average working hours in second jobs decreased (Figure A5 in Annex). This could be an indication that either the average number of hours worked in the main job increased or that the introduction of the minimum wage decreased the total number of hours as a mini-jobber.

Note that workers with a dependent employment subject to social security as a main job have only one mini-job they can opt for the flat tax rate of 2% (transferred by the employer). If they hold a second mini-job and are exceeding the EUR 450 threshold, they can opt for a 20% tax flat rate for this second mini-job.

#### *Worker with mini-jobs as a main job have a lower educational level*

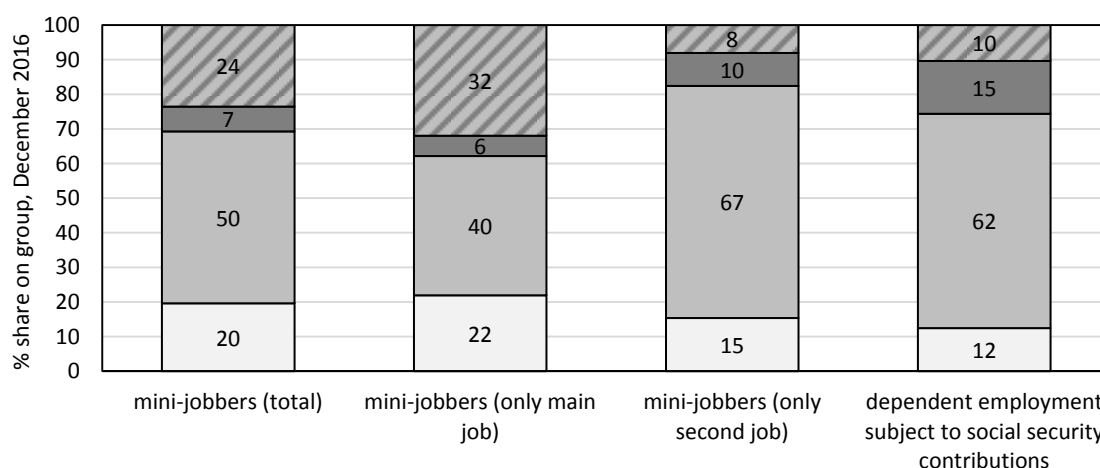
In December 2016, 22% of persons with a mini-job as their main job had not completed vocational education and training, 40% had a secondary vocational training degree, and 6% hold a tertiary education degree (figure 4). Please note that 32% of mini-jobber did not give information on their educational level. Not surprisingly, the educational structure of persons with a mini-job as a second job resembles much more the structure of regular employees subject to social security contributions (compare figure 4). On average, they are better qualified than persons who have a mini-job as their main job.

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<sup>19</sup><https://www.destatis.de/DE/ZahlenFakten/GesamtwirtschaftUmwelt/Arbeitsmarkt/Erwerbstaetigkeit/Tabellen/Arbeitskraefteerhebung/AtypKernerwerbErwerbsformZR.html>



**Figure 4 Educational levels of mini-jobbers and employees subject to social security contributions, December 2016**



□ training not completed □ secondary vocational training ■ tertiary training ■ no information on education level

Source: own calculations based on Federal Employment Agency data

#### *Women are more likely to hold a mini-job as a main job*

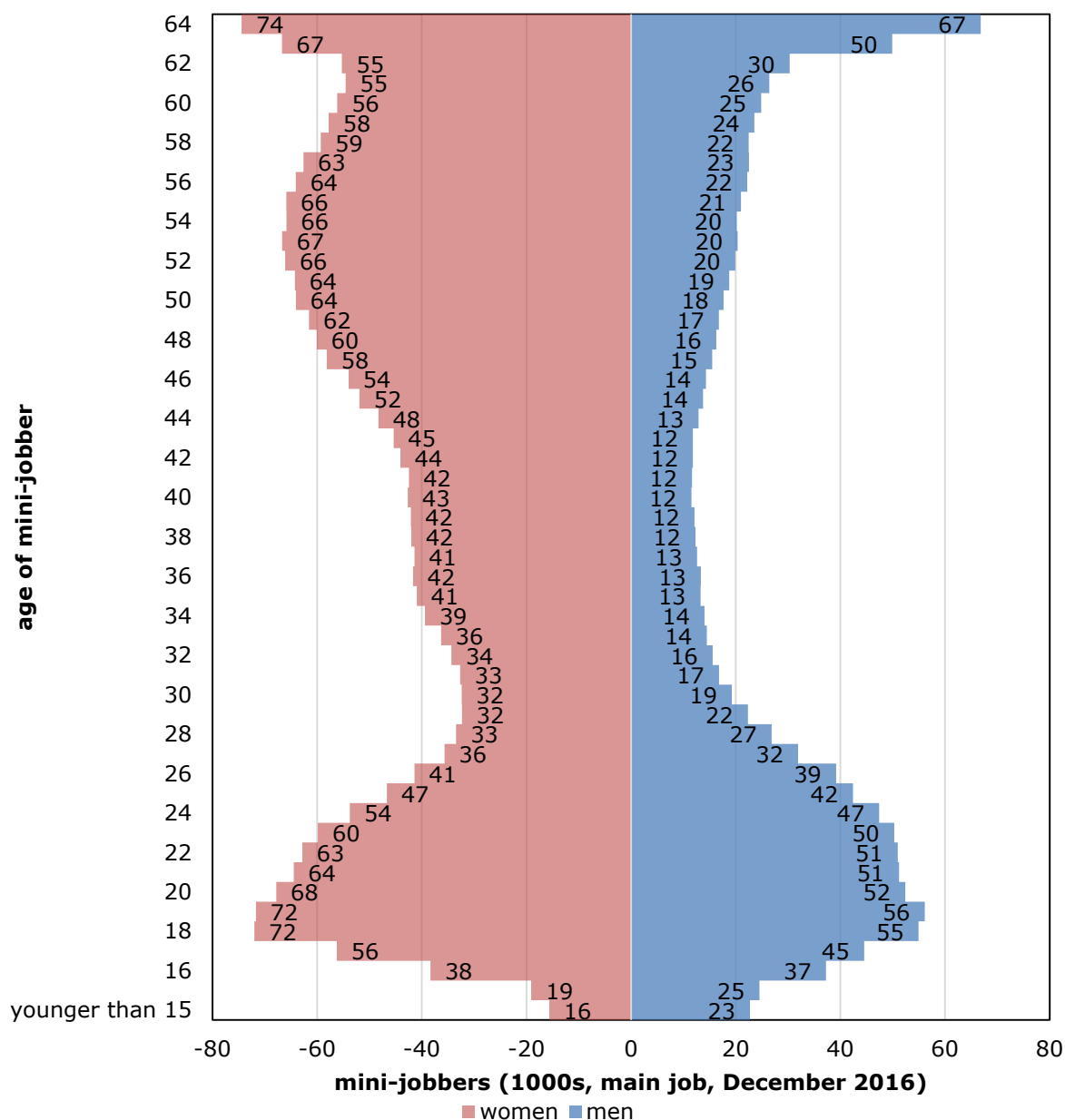
About 60% of workers with a mini-job as a main job are women, typically topping up household income from work. However, over time there has been a structural shift with the share of women among those holding a mini-job as the main job falling and instead their share among second job holder is increasing (figure A6 and A8 in Annex). This may indicate the increased employment orientation of women beyond marginal employment.

#### *Different gender disparities of mini-jobber over the life course*

Figure 5 shows the age distribution of mini-jobbers with mini-jobs as a main job up to the age of 64. The age distribution clearly shows a significantly higher probability of women in mini-jobs not only during the child-rearing phase, but also afterwards until reaching retirement age. Detailed data by age years were not available for the age group 65+. For this latter age group, the number of men (529 000) exceeded the number of women (469 000) by 60 000 in December 2016 (not depicted in figure 5, Federal Employment Agency data).

While the share of older mini-jobbers increased overall (figure A11/figure A12 in Annex), it was much more pronounced for mini-jobbers who have a mini-job as their main job. This can be explained by the fact that the number and shares of mini-jobbers aged between 63 and 65 as well as those being 65 and older combining a full pension with a mini-job increased. Combining a mini-job with early retirement may explain the higher share of the age group 55-69 among mini-jobbers as a main job as compared to those workers with mini-jobs as a second job.

**Figure 5 Mini-jobbers (main job) by age years (younger than 15 to 64 years), December 2016**



Digitisation does not seem to affect mini-jobbers directly: The share of mini-jobbers working in the information and communication sector decreased from 2.8% (main job) or 2.5% (second job) in December 2011 to 2.1% (main job, -46 000) or 2.0% (second job, -3 000) in December 2016. More mini-jobber may be affected by digitisation as this is not confined to the ICT sector but needs to be regarded as horizontal technology affected the organization of business and employment. Although, no data is available it could be presumed that with the increase of Airbnb, the number of mini-jobbers cleaning the accommodations increased. Crowdfunding and clickworking is an emerging form of work, although the volume of employment is still assessed to be low and these jobs are usually carried out by self-employed. Although there is no concrete evidence, digitisation may simplify (former) complicated tasks which then might be suited for mini-jobbers in the future. It is also possible that flexible working hours in the main occupation due to digitisation might allow full-time or part-time workers to take up a second job (which could be a mini-job).

### 3.2.3. *Mini-jobs in the commercial sector and in private households*

The number of mini-jobbers in the commercial sectors (*gewerblicher Bereich*) decreased from 6.8 million in December 2004 to 6.6 million in March 2017, while the number of mini-jobbers in private households tripled - from 103 000 (1.5% of all mini-jobbers) to 303 000 (4.4% on all mini-jobbers) - over the same period (figure A13 in Annex). The high growth rates of mini-jobs in private households (figure A14 in Annex) can be attributed to the implementation of state support for mini-jobs in this sector in 2003. To promote registered marginal employment (mini-jobs) and prevent illegal employment, the so-called household cheque procedure (*Haushaltscheckverfahren*) was established together with the EUR 400 income ceiling for mini-Jobs from April 2003 within the framework of the Hartz II laws (see above).<sup>20</sup> This procedure is a simplification of registration and social security contribution procedures for private households. As shown in the introduction, contribution rates to the public pension and health insurance are significantly reduced. In addition incentives for declared employment by private households has been introduced: Since 2003, households can deduct expenses for personal and household services from the collective income tax according to § 35a of the German income tax code (Becker/Einhorn/Gebe 2012: 35). According to Weinkopf 2014, mini-jobs in private households tax credit of 20%, annual assessment ceiling of EUR 2 550, maximum tax deduction per year EUR 510.

*Mini-jobber in private households are typically women and tend to be older*

Mini-jobbers in private households were almost predominantly women (91%, figures A16). The share of men grew in both the private household sector as well as in the commercial sector. As compared to the commercial sectors, mini-jobbers in the private household sector tend to be significantly older. While young people are only rarely employed in the private household sector, the share of 55-64 years old amounted to 29% as compared to a share of 18% in the commercial sectors (see Annex Figure A17 and A18). A survey among private households who employed a registered mini-jobber indicates that most mini-jobbers in private households are employed to perform domestic work tasks like house cleaning, vacuum cleaning, ironing, or textile cleaning (Pfeiffer/Metzger 2009: 305<sup>21</sup>). These tasks are not attractive for younger mini-jobbers.

<sup>20</sup> <http://dip21.bundestag.de/dip21/btd/15/000/1500026.pdf>

<sup>21</sup> [http://www.minijob-zentrale.de/DE/Service/03\\_service\\_rechte\\_navigation/DownloadCenter/6\\_Berichte\\_und\\_Statistiken/sonstige\\_/PDF-4\\_Minijobs\\_im\\_Haushalt.pdf?\\_\\_blob=publicationFile&v=1](http://www.minijob-zentrale.de/DE/Service/03_service_rechte_navigation/DownloadCenter/6_Berichte_und_Statistiken/sonstige_/PDF-4_Minijobs_im_Haushalt.pdf?__blob=publicationFile&v=1)

### *3.2.4. Portraits of selected groups of mini-jobbers and incentives for taking-up mini-jobs*

#### *Housewives and gender roles*

Originally, mini-jobs were established to encourage housewives who were covered by the health insurance of their spouses to take up work. The low flat tax rate quite likely still sets strong incentives to take up a mini-job. The advantages of the splitting model in the income tax scheme (which is highest if one spouse works and the other doesn't) are not entailed when taking up a mini-job. However, old age insurance is precarious for mini-jobbers as a large part of them is not able or willing to pay additional pension contributions during the employment. However, it can be advantageous to pay contributions in order to activate periods in education and child rearing if they would otherwise not work at all over their life. For being eligible for a pension of the public pension scheme a minimum number of five years of insured periods must be fulfilled. Child-rearing periods and education are accounted among these periods but they may not be long enough to constitute the right to a pension. Thus, in some cases a mini-job, without opting-out of pension contributions, can constitute the pension right. Furthermore, workers with below average incomes and with children between the age of 3 and 10 years, get an advantageous treatment in their pension calculation for this period. This sets an incentive for taking up a mini-job. Pensions rights arising from each year in a mini-job are very low, and cannot prevent old-age poverty, if no other income sources are available (see section 5).

About two-thirds of women with a mini-job and bit more than half of men live in a household with a partner (RWI 2016). According to a survey by Fischer et al. (2015) persons with a non-working partner are significantly less likely to have a mini-job. Most of these households have between 2 and 4 household members. The survey of RWI (2016) finds a clear gender divide in the type of mini-job carried out: while women living with a partner mainly have a mini-job as their main job and their partners work full-time, men living in a household tend to have a mini-job as a second job, while their wives are more often not working at all or are themselves mini-jobber or part-time employed. It can therefore be argued that indirectly mini-jobs are promoting the classical divide of roles and employment between men and women. They are somehow compensating for the low participation of women in full-time employment.

According to a survey conducted by Fischer et al. (2015: 50-51) 35% of women and 14% of men stated they took-up mini-jobs for family reasons. An East-West divide can be observed. As compared to East Germany, in West Germany female mini-jobbers are predominantly married women with children and have a relatively high educational attainment and live in households with higher incomes and show a comparatively more stable working biography (Klenner/Schmidt 2012). In contrast, in East Germany, they tend to be younger, have a low educational attainment and are more often in precarious employment. This difference between East and West Germany can be explained by two factors: (i) in East Germany employment rates of women have been traditionally significantly higher than in West Germany and mini-jobs are a less strong incentives for transition from inactivity to employment; (ii) the labour market situation in East Germany is generally more difficult and unemployment is still significantly higher.

Another interesting finding of the survey carried out by RWI (2016) is that women with a mini-job are less likely to depend from welfare benefits than men. Some women take up mini-jobs in case of separation or divorce, in order to compensate partially for the lost income, if they had not worked before (Schmidt/Voss 2014: 55). They may oversee that this form of employment does not provide them genuine rights to the healthcare insurance (see for details below).

### *Pupils and students*

The share of pupils and students among mini-jobber is relatively large. Students are in general allowed to work up to 20 hours per week on average. Many however seek to work less in order to have sufficient time for their studies. They are likely to take-up mini-jobs as these involve only a few hours work. As they have a low formal educational level, they will be more likely to perform jobs in the lower wage segments. Mini-jobs are an attractive option for them at first sight as they are in general covered by the health insurance of their parents or have an own health insurance as students. The tax incentive is likely to play a smaller role as for other groups as probably many of students would anyway not earn more than the tax free earnings limit and are singles. It might be advantageous for them to opt for an individual tax declaration rather than to pay the 2 per cent flat tax rate. They may also take advantage of opting-out to contributing to the public pension scheme, as pension rights arising are low and their time preference rate might be higher than lost pension rights. Furthermore, pupils and students acquire insurance periods (a maximum of 8 years after reaching the age of 17) without needing to be employed and paying contributions

Students are allowed to combine a mini-job of EUR 450 and a short-term employment under certain conditions (often carried out in form of internships) without becoming automatically a dependent employed subject to social security contributions.<sup>22</sup> After a reform in mid-2016, the additional income threshold for students from less well-off households who receive benefits according to BAföG law (state education financing) was raised to EUR 450/months.<sup>23</sup> These students can therefore generate income up to the mini-job threshold without losing claims to these BAföG benefits.

### *Pensioners*

Pensioners, including early pensioners (63-65) and those after reaching statutory retirement age (65 in 2016) represent a large group among the mini-jobbers (see figure 5 and figures A9, A11, A12, A17, A18 in Annex). In December 2016, 79% (or 997 000) of dependent employees (mini-jobbers and employees subject to social security contributions) aged 65 and older had a mini-job as main job (Federal Employment Agency data). This share was 20% in the age group 60 to 64. 258 000 mini-jobbers were aged 63 or 64. The number of mini-jobbers above the statutory retirement age increased during the last years from 17 000 in 2012 to 70 000 in 2016 (figure A19 in Annex).

Those pensioners who receive an early retirement pension are considered as if they were employed as subject to social security contributions. They would be counted among those have a mini-job as a second job.<sup>24</sup>

There are a number of reasons explaining the incentives for pensioners to take up a mini-job:

- Like other groups of mini-jobber they take advantage of a flat tax rate, in particular if they have higher pensions and other income from work or renting. Earning a higher income than EUR 450/month has the consequence that the pensioner has to declare the additional income in his/her tax declaration. If he/she has a lower pension and has earnings above EUR 450 per month, the tax free income threshold might be surpassed (if the total income is higher than EUR

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<sup>22</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/01\\_basiswissen/02\\_infos\\_kompakt\\_zu/03\\_studenten/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/01_basiswissen/02_infos_kompakt_zu/03_studenten/node.html)

<sup>23</sup> <https://www.bmbf.de/de/modernes-bafoeg-fuer-eine-gute-ausbildung-1688.html>

<sup>24</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/02\\_gewerblich/01\\_grundlagen/01\\_450\\_euro\\_gewerbe/04\\_mehrere\\_beschaefigungen/node.html;jsessionid=1D1F3F7DC2A133A9F6347F1B499993CE](https://www.minijob-zentrale.de/DE/01_minijobs/02_gewerblich/01_grundlagen/01_450_euro_gewerbe/04_mehrere_beschaefigungen/node.html;jsessionid=1D1F3F7DC2A133A9F6347F1B499993CE)

8 820 per year, including the taxable part of pensions.<sup>25</sup> This rule strongly penalises extending work above the EUR 450 ceiling. Past reforms to the pension scheme include a substantial change in taxation rules of pensions, increasing the taxable part of pensions. While for those who started to receive pensions in 2004 50% of their income was subject to taxation, this share raised to 74% of in 2017. In the past the majority of pensioners did not pay taxes. In 2040 pensions will be fully taxed, the special tax free pension share will by then be removed.<sup>26</sup> As the taxable share of pension is raising since 2005, more and more pensioners become taxable or are at risk to become taxable if adding income from work to pension income. Between 2004 and 2012 the number of pensioners with pensions as the main income source with taxable income increased from 6% to 41% of all pensioners, and from 3% to 35% among those who only declare pensions as an income source (Bundesfinanzministerium 2017). This explains the strong raise of pensioners above the regular retirement age taking on a mini-job, as mini-jobs will not be taxed.

- Older workers as of age 63 and fulfilling the requirement of 35 years of contribution period (waiting period) can receive a full pension (*Vollrente*) without cuts if the additional income from work does not exceed more than EUR 6 300 per year<sup>27</sup>. This allows the take-up of a mini-job as for mini-jobs the income threshold is EUR 5 400/year. Previously the income threshold for pensioners in early retirement was EUR 450 per month.<sup>28</sup>
- Disability pension benefit recipients are allowed to combine pension and work without any deduction up to an income ceiling of EUR 14 458.50/year (partial invalidity) or EUR 6 400/year (full invalidity).<sup>29</sup>
- Widows can top up their pensions up to a certain income ceiling without getting their pensions reduced, which allows working on a mini-job.<sup>30</sup>
- According to the Federal Statistical Office, more than one third of elderly mini-jobbers in pension age (*Altersrentner*) with a mini-job stated that they had this job to support their own livelihood (KBS 2016 18).
- An increasing number of pensioners wish to stay in contact to working life and to colleagues and clients. Performing a mini-job thus also has a social welfare dimension.
- Pensioners are covered by the statutory health insurance.

### *Combining unemployment benefit and a mini-job*

The regular and the means-tested unemployment benefit scheme allows for combining unemployment benefits and small incomes from work. The objective is to set incentives to take up work and to prevent detachment from the labour market. For those receiving regular unemployment benefit I, incomes up to EUR 165 per month (§ 155 Social Code III) are not taken into consideration when calculating the amount of the benefit and

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<sup>25</sup> <https://www.vlh.de/krankheit-vorsorge/altersbezuuge/rente-und-nebenjob-was-ist-steuerlich-zu-beachten.html>

<sup>26</sup> Note that taxation for pensions was reformed in 2005 with transitional rules until 2040; contributions to the pension scheme can gradually deducted from taxable income, while income from pensions will gradually be subject to taxation. [http://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/5\\_Services/03\\_broschueren\\_und\\_mehr/01\\_broschueren/01\\_national/versicherte\\_und\\_rentner\\_info\\_zum\\_steuerrecht.pdf?\\_\\_blob=publicationFile&v=29](http://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/5_Services/03_broschueren_und_mehr/01_broschueren/01_national/versicherte_und_rentner_info_zum_steuerrecht.pdf?__blob=publicationFile&v=29)

<sup>27</sup> <http://flexirente.driv.info/>

<sup>28</sup> For details on the pension reform, see [https://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/5\\_Services/03\\_broschueren\\_und\\_mehr/01\\_broschueren/01\\_national/flexirente\\_das\\_ist\\_neu\\_fuer\\_sie.pdf?\\_\\_blob=publicationFile&v=17](https://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/5_Services/03_broschueren_und_mehr/01_broschueren/01_national/flexirente_das_ist_neu_fuer_sie.pdf?__blob=publicationFile&v=17).

<sup>29</sup> [https://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/5\\_Services/03\\_broschueren\\_und\\_mehr/01\\_broschueren/01\\_national/erwerbsminderungsrentner\\_hinzuverdienen.pdf?\\_\\_blob=publicationFile&v=39](https://www.deutsche-rentenversicherung.de/Allgemein/de/Inhalt/5_Services/03_broschueren_und_mehr/01_broschueren/01_national/erwerbsminderungsrentner_hinzuverdienen.pdf?__blob=publicationFile&v=39)

<sup>30</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/01\\_basiswissen/02\\_infos\\_kompakt\\_zu/09\\_rentnern\\_ruhestand/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/01_basiswissen/02_infos_kompakt_zu/09_rentnern_ruhestand/node.html)

working hours are less than 15 hours/week.<sup>31</sup> Means-tested unemployment benefit II recipients can earn up to EUR 100 per month as well 20% of each additional earned Euro if the income is at most EUR 1000/month. That means that an unemployment benefit II –recipient who earns EUR 450 with a mini-job is left with EUR 170 additional income per month to top up unemployment benefit II.<sup>32</sup>

Unemployment benefit I and II recipients as well as recipients of social assistance and people in parental leave are allowed to hold several EUR 450 mini-jobs.<sup>33</sup>

Combining means-tested unemployment benefit II with work was a key element of the activation approach of the Hartz reforms. In 2016 (annual average), 403,000 out of a total of 1.2 million unemployment benefit II recipients who were in employment (*Aufstocker*) were persons with a mini-job as main job (table A3 in Annex).

The choice of *Aufstocker* to work in a mini-job, and thus to work only a few hours, might also be related to a poor health status (Achatz/Gundert 2017: 45) or due to family reasons (Achatz/Gundert 2017: 26).

A mini-job can enable the low-skilled to collect work experience and might lead to employment subject to social security contributions, although whether that happens is debated controversially in scientific literature (RWI 2016: 19). As the range of tasks in mini-jobs is usually demanding a low skills level and as work is rarely self-determined, these employment relationships hardly provide an opportunity for *Aufstocker* to develop their skills and qualifications. This might also affect employment stability and upward mobility (Achatz/Gundert 2017: 22).

#### *Occupational groups of mini-jobbers*

Mini-jobbers hold lower educational levels compared to employees subject to social security contributions (see above figure 4). In December 2016, 45% of mini-jobbers worked in unskilled or semi-skilled activities<sup>34</sup> (*Helfer* requirement level – share on all dependent employees: 19%), 43% in specialist activities (*Fachkraft* requirement level - share on all dependent employees: 57%), 4% in complex specialist activities (*Spezialist* requirement level - share on all dependent employees: 12%), and 4% in highly complex activities (*Experte*) requirement level - share on all dependent employees: 12%; Bundestag 2017: 6).

#### *Summary: incentives for workers to take up a mini-job*

From the above analysis it can be concluded, that workers see the main incentive in taking up a mini-job the significant tax reduction for those individuals and couples who earn more than the tax-free minimum. The tax advantage rises with income from other sources, as tax rates are progressive.

Fischer et al. (2015: 52-54) interviewed 1 110 companies employing mini-jobbers. 72% of companies stated that the respective employee wished to be employed as a mini-jobber. In addition to tax and social security contribution incentives, workers may perceive other advantages, such as flexible working time or easier access to the labour market. An overview over incentives for workers to take up a mini-job that was collected

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<sup>31</sup>

[https://www3.arbeitsagentur.de/web/wcm/idc/groups/public/documents/webdatei/mdaw/mdk2/~edisp/l6019022dstbai378635.pdf?\\_ba.sid=L6019022DSTBAI378638](https://www3.arbeitsagentur.de/web/wcm/idc/groups/public/documents/webdatei/mdaw/mdk2/~edisp/l6019022dstbai378635.pdf?_ba.sid=L6019022DSTBAI378638)

<sup>32</sup> [https://www3.arbeitsagentur.de/web/wcm/idc/groups/public/documents/webdatei/mdaw/mdk2/~edisp/l6019022dstbai378635.pdf?\\_ba.sid=L6019022DSTBAI378638](https://www3.arbeitsagentur.de/web/wcm/idc/groups/public/documents/webdatei/mdaw/mdk2/~edisp/l6019022dstbai378635.pdf?_ba.sid=L6019022DSTBAI378638)

<sup>33</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/02\\_gewerblich/01\\_grundlagen/01\\_450\\_euro\\_gewerbe/04\\_mehrere\\_beschaeftigung/node.html;jsessionid=1D1F3F7DC2A133A9F6347F1B499993CE](https://www.minijob-zentrale.de/DE/01_minijobs/02_gewerblich/01_grundlagen/01_450_euro_gewerbe/04_mehrere_beschaeftigung/node.html;jsessionid=1D1F3F7DC2A133A9F6347F1B499993CE), seen on 19 Oct 2017

<sup>34</sup> Occupational requirement levels according to German Classification of Occupations 2010 (KldB2010) – see [http://doku.iab.de/fdz/reporte/2013/MR\\_08-13\\_EN.pdf](http://doku.iab.de/fdz/reporte/2013/MR_08-13_EN.pdf)

by RWI (2016) for *Land* West-Rhine Westphalia in West Germany. Results are shown in table 1.



**Table 1 Incentives for workers to take up a mini-job (North-Rhine Westphalia)**

	men		women		total	
	2012	2016	2012	2016	2012	2016
Internship	less than 3	less than 3	less than 3	less than 3	less than 3	less than 3
To gain experience	16.3	18.4	16.3	14.7	14.7	15.4
Found nothing else	15.3	8.6	15.7	15.5	14.4	13.5
Additional income	57.3	73.3	53.2	63.4	57	65.3
To find regular employment in the future	6.9	less than 3	8.8	4.6	7.1	4.1
Minor employment could become regular employment	7.4	4.8	8	4.9	7	4.9
Reconciliation of work and family life	4.5	5.8	16.9	25.7	10.6	19.8
Flexible working hours	14.6	18.1	16.7	22.1	14.4	20.2
Social contacts	/	11.8	/	14.3	/	13.4
To keep in contact with employer during parental leave	/	less than 3	/	less than 3	/	less than 3
Health status	/	6.3	/	7.9	/	7.5
Other reasons	12.5	14.3	9	11.4	13.1	12.5

% of mini-jobbers that stated the reason, Multiple responses were possible

Source: RWI 2016: 36

### 3.3. Transition patterns

It has been argued that mini-jobs could represent a stepping stone into a regular employment, in particular for women after a child rearing break and for unemployed. Transitions have improved recently. The transitions from mini-jobs into standard employment, mainly in form of part-time employment (vom Berge/Weber 2017: 3) increased from 46 700 in 2013 (of these 12 300 full-time and 34 500 part-time) to 109 500 in 2015 (18 100 full-time and 91 400 part-time).

When looking at transition patterns, a few general comments need to be made:

- Transitions between mini-jobs and employments subject to social security contribution are somehow inherent to the system, as there might be variations to the monthly sum of incomes (e.g. through paid overtime, Christmas gratifications and the like). The Minijob-Zentrale carries out regular checks and tracks false declarations or under-declaration. This creates some uncertainty for employers as the employment status of their employees might change due to increased wages by other employers. Employers need to get informed by their mini-jobber on whether they are multiple mini-job holders as well as about income from other employers. Income from other employers may however vary (e.g. overtime) or it is not clear to the workers what needs to be declared (e.g. end of year gratification). Mini-jobber need to indicate any change occurred with other employers and their status change in case they surpass the EUR 450 threshold. Employers need them to declare the mini-jobber as a worker with a standard contract subject to social security payment.

- To comply with the introduction of the minimum wage legislation in 2015, two adaptations pathways were possible for companies who paid previously wages below the minimum wage: either reducing the number of hours worked or convert a mini-job into a standard employment. Within one company, 7% (2013) and 8% (2014) of all terminated mini-jobs were promptly transformed into part-time or full-time employment (vom Berge/Weber 2017: 1). In January 2015, after the introduction of the minimum wage, this rate was 13%. With the introduction of the minimum wage, the number of mini-jobs decreased by 125 000 from December 2014 to January 2015.

According to German Labour Force Survey data (2015), 15% of mini-jobbers have a fixed-term working contract as compared to 9.1% of all dependent employees (Bundestag 2017: 6). Three quarters of mini-job employment relationships exist for three years at the most (KBS 2017b: 27). Transitions between mini-jobs are high: half of mini-jobbers hold at least another mini-job in the past and a fourth of interviewed mini-jobbers, mainly women, had no employment subject to social security contributions over the past five years (RWI 2016). According to data provided by vom Berge/Weber (2017: 2), outflows<sup>35</sup> from mini-jobs increased from 612 200 in 2013 (outflow rate: 7.86) to 629,200 in 2014 (outflow rate: 8.12) and 717,900 in 2015 (outflow rate: 9.27), while inflow rates oscillated around 6%. Mini-jobs are more volatile than regular part-time and full-time employment where inflow as well as outflow-rates were between 2% and 4% over the same period (vom Berge/Weber 2017: 2).

The transition rate of women with a mini-job as their main job to standard employment was only 14 % (Bundesministerium für Familie, Senioren, Frauen und Jugend 2012). Vom Berge/Weber (2017: 5) compared the probability of being affected by a transition from a mini-job to standard employment. Compared to 2013/2014, transitions in 2015 were more likely for women, older employees, employees in East Germany, employees in mid-sized companies (10 to 249 employees), and in the “transport and warehousing” and “trade, maintenance and repair of motor vehicles” sector. The probability that a mini-job ended was higher for women, younger and older workers, non-German nationals, people with a low education level, persons working in East Germany, and in small companies after the implementation of the minimum-wage in 2015.

### **3.4. Income and wealth situation of mini-jobbers**

*Earning from mini-jobs are on average below the income ceiling of EUR 450*

According to recent data, the monthly average income of mini-jobbers (EUR 291/month) is far below the income threshold of EUR 450/month (table 2). While women earned EUR 302/month in the first quarter of 2017, men earned EUR 275/month on average (see Table A5, annex). Mini-jobbers in the production sector earn more than those in the service sectors. The fact that many mini-jobbers do not take advantage of earning income up to 450 EUR is linked to income limits for unemployed as well as time constraints for those who have other obligations (like pupils and students) and might also be due to business strategies to increase flexibility by employing a larger number of mini-jobbers with few working hours per week.

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<sup>35</sup> Outflow: employment relationship that existed in a given month in a company that does not exist any longer in the month after.

### *Hourly wages of mini-jobbers are comparatively low*

According to data from the Structures of Earnings study 2014, 3.8 million or nearly two-thirds of all mini-jobbers who earned up to EUR 450/month had wages below the low wage threshold of EUR 10/hour (Bundestag 2016: 15). This share amounted to 63.2% for mini-jobbers in Western Germany, 80.9% for mini-jobbers in East Germany, 74.9% for mini-jobbers aged younger than 25, between 61.5% and 63.2% for mid-aged mini-jobbers aged 25 to 54, 66.2% for mini-jobbers aged 55 to 64, and 60.8% for mini-jobbers aged 65 and older.

According to the survey carried out by Fischer et al. (2015: 56-57) in 2014, hourly wages of 90% of mini-jobbers were below median wage of other employment types (full-time employment and part-time employment with or without open-ended employment contracts). Back then, almost half of mini-jobbers earned less than the minimum wage of EUR 8.50 introduced in 2015, compared to 5% of full-time employees with open-ended employment contracts and 12% of full-time employees with a fixed-term employment contract.

In a wage estimation regression controlling for variables like the educational level, Fischer et al. 2015 show that hourly wages of mini-jobber were only half as high as those of full-time employees with an open-ended employment contract. The wage gap between mini-jobber and standard employed might be explained in the first place by the differences in employment structure by sectors and occupations. Only around 23% of mini-jobbers are employed by a company bound by collective bargaining agreements compared to 50% of employees subject to social security contributions (Bundesregierung 2017: 72-73). About 40.2% of mini-jobbers with a fixed-term employment contract and 31.1% of mini-jobbers with an open-ended employment contract stated that they do not think that they are entitled to receive the same hourly wage as a person in full-term employment, given the same work duties (Fischer et al. 2015: 62). Furthermore, many mini-jobber do not get additional pay elements (like end-of-year gratifications, etc), paid holidays etc. Moreover, it is also not clear what effects the flat rate income tax and exemptions or lower social security contribution rates have on the net wages paid by the employers to the mini-jobber (RWI 2016: 73).

### *Mini-jobber more often at risk of poverty*

Mini-jobs are often taken up in order to avoid or alleviate poverty. According to Fischer et al. (2015: 50-51), more than half of interviewed mini-jobbers stated that they depend on this income. Little surprisingly, the risk of poverty rate for mini-jobbers (only main job) was 25.7% as compared to 15.4% for all persons employed, 5.6% for regular employed persons, 15.6% for part-time workers up to 20 hours per week and 11.7% for part-time workers with at least 20 and up to 30 hours per week (Bundesregierung 2017: 95-96; Thomsen et al. 2016). Also, while 22% of employees with a mini-job search for another job, this share is only 7% for other employees (Achatz/Gundert 2017: 40).

The survey carried out by RWI (2016: 38) finds that 57.3% of men in North-Rhine Westphalia with a mini-job do not get transfer welfare benefits (defined as unemployment I, unemployment II, and other benefits – 2012 55.7%). This share is 75.6% for women (2012: 60%).

According to the poverty report of the Federal Government (Bundesregierung 2017: 97), low income due to being employed in a mini-job contributes to the risk of being poor not only individually but also in the household context.

### *Wealth disparities between households with mini-jobber*

While a fourth of mini-jobber was at risk of poverty, some mini-jobbers live in wealthy households and seek to take advantage from the favourable tax treatment. A third group belongs to the lower and middle income class (workers and pensioners) who seek to top up their income with a second job or to combine pensions and work.

According to calculations of Peters (2017: 30) on the basis of the socio-economic panel of 2014, the net household income of households with mini-jobbers (including social transfers) with less than EUR 2,000 per month was 29 %, with EUR 2,000 up to less than 3,000 25.4%, and with EUR 3,000 up to less than EUR 4,000/month 20.9%. Three quarter of households had a net income below EUR 4,000. About 11% have an income ranging between EUR 4000 and 5000 and 13% have an income above EUR 5000/month. In comparison, the average net household income in Germany was EUR 3,147 per month in 2014 (Statistisches Bundesamt 2017: 13). The average net household income for 28% of households was less than EUR 1,700, for 21% is was between EUR 1,700 and less than EUR 2,600, for 19% between EUR 2,600 and less than EUR 3,600, for 16.4% it was between EUR 3600 and less than EUR 5000, and also for 16.4% the income was higher than EUR 5,000 per month (Statistisches Bundesamt 2017: 12).

#### 4. THE DEMAND SIDE: INCENTIVES OF COMPANIES TO EMPLOY MINI-JOBBERS

The advantages of a mini-job for commercial employers are not obvious at first sight. While for private households contributions to the social security system are far below those of standard employment, contributions are slightly higher for mini-jobbers than for standard employment in the commercial sector (MAIS 2016). However, studies suggest that the tax flat rate of 2% and the opt-out rules of the pension system is taken into account when determining the wages (RWI 2016: 73). There is no evidence on how the gains from the smaller tax rate and social security exemption is *de facto* split between workers and employers, as this will depend from wage elasticities of demand and supply as well as on the bargaining power of workers and employers. Nevertheless, it can be assumed that costs reductions for the employer might result from such an effect. As shown, mini-jobber tend to work in the low wage sector and are likely to have a weak bargaining position. In a survey carried out by Fischer et al. (2015), more than a quarter of companies stated that they intend to save labour costs by employing mini-jobbers. Please note that this survey among 1 110 companies was carried out in 2014 and therefore before the introduction of the minimum wage in 2015. According to the survey carried out by RWI (2016) in North-Rhine Westphalia after the introduction of the minimum wage, less than a fifth of companies stated costs reasons for employing mini-jobbers, while in 2012 this share amounted to 20%.

Furthermore, cost reductions for the employer result from a loser implementation of the labour law as concerns paid vacations. Although mini-jobbers have a legal claim to paid vacation, a survey carried out by Fischer et al (2015: 75) shows that 28.1% of mini-jobbers with a fixed-term contract and 29.9% of mini-jobbers with an open-ended employment contract did not know that they had this claim. This share was between 1.9% (part-time with an open-ended employment contract) and 4.1% (full-time with an open-ended employment contract) for respondents in other employment forms and 6.1% on average. Eventually, 50.4% of interviewed mini-jobbers did not get paid leave, compared to 2.7% of part-time and 1.9% of full-time employees with a fixed-term employment contract and 1.7% with an open-ended employment contract (Fischer et al. 2015: 99). 65.7% of mini-jobbers that did not get paid leave stated that they were not entitled to paid vacation, 19.4% stated that they did not get paid leave due to "other reasons" (Fischer et al. 2015: 99-100). This is result is confirmed by a multivariate analysis showing that mini-jobbers are denied paid vacation significantly more frequently even when compared to part-time employed persons who work less than 13 hours per week. 91% of companies stated that mini-jobbers did not get the opportunity to go on paid leave because they only work a few hours per week, 90.2% justified it by stating that mini-jobbers are only casual employees (*Aushilfskräfte*), and 39.3% stated that mini-jobbers do not have a claim to paid leave in general.

Similarly, mini-jobbers are less well informed on the legal claim to paid public holidays (*Lohnfortzahlung an Feiertagen*): 36.4% of mini-jobbers with a fixed-term contract and

38.7% of mini-jobbers with an open-ended employment contract did not know about this right compared to an average of 12.6%; many also did not know that they have the right to accident or sick pay for up to six weeks. (Fischer et al. 2015: 75).

A survey carried out among employers confirms that mini-jobbers do not access their rights with regard to paid vacations and breaks. This holds also true for further training, as indicated by a third of employers in a survey carried out in North-Rhine Westphalia (RWI 2016: 105). Many employers still pay mini-jobbers below the minimum wage. The weak bargaining power of mini-jobbers and their lower level of information, as well as their smaller attachment to the labour market and the employer may explain why mini-jobbers get worse working conditions as regular employees.

It is often argued that administration of mini-jobs is easier for employers. While administrative procedures are clearly eased for private households, this is de facto less evident in the commercial sector. From the employer side some uncertainty exists regarding the status of the mini-jobber if they hold several mini-jobs as it is out of their control if they surpass the EUR 450 threshold. Nevertheless, eased administrative procedures may be an incentive for very small employers who don't have a payroll system in place for standard employees. Smaller companies are indeed more likely to employ mini-jobbers (Fischer et al. 2015: 46-48).

Mini-jobs may fit well in the work organisation, because the task requires anyway only a few hours worked or if tasks can be easily de-composed in several mini-jobs. Mini-jobs may serve as a flexibility buffer in some sectors. According to the survey by Fischer et al. (2015: 50-51), nearly a fifth of mini-jobbers stated that the job was only available as a mini-job. 85% of companies stated that they employ mini-jobbers as the job does not require employing persons who could work more hours (Fischer et al. 2015: 52-54). 61% of interviewed company representatives stated that they employ mini-jobbers as this employment form allows more flexibility.

## 5. DIFFICULTIES FOR MINI-JOBBER'S OF ACQUIRING THEIR OWN SOCIAL PROTECTION RIGHTS

If a person has a short-term mini-job (*kurzfristige Minijobs*), neither the employer nor the employee has to pay pension insurance contributions<sup>36</sup>. Therefore these workers can also not derive pension rights. Mini-jobbers under the EUR 450 rule usually only acquire pension rights, although there are many exceptions as will be shown in the next section.

### **Pension insurance**

#### *Contribution rates and coverage*

The contribution rate for mini-jobs to the pension insurance is 18.7 % of gross wage. Both employer and mini-jobber pay these contributions. For mini-jobbers in the commercial sector, the employer pays a contribution of 15% and the mini-jobber pays 3.7% of the gross wage. In private households, the employer pays 5% and the employee pays 13.7% of the gross wage.<sup>37</sup> Before 2013, mini-jobbers could pay these contributions voluntarily (opt-in). Currently, mini-jobbers can submit an application for exemption from compulsory pension insurance to their employer (opt-out).

The employer has to pay the pension insurance contribution regardless if the mini-jobber opted out of the pension insurance scheme in order to avoid unfair competition. The contributions to the public pension scheme are at least EUR 32.73/month as the minimum contribution threshold (*Mindestbeitragsbemessungsgrundlage*) is EUR 175/month. The minimum threshold is not valid if the mini-jobber has a main occupation subject to social security contributions or if the person is obliged to pay pension insurance contributions for other reasons due to their main activity, for example apprentices (*Auszubildende*), some occupational groups like self-employed like midwives, recipients of sickness or transitional benefits (*Kranken- oder Übergangsgeldbezieher*), unemployment benefit I recipients, and persons in child rearing times calculation process (*Personen während der Anrechnung von Kindererziehungszeiten*). In these cases, pension insurance contributions are calculated from the gross wage of the mini-job. If a person earns less than EUR 175 per month, the employer pays 15% (or 5% in private households) of the gross wage as pension insurance contribution and the mini-jobber pays the difference to the minimum threshold of EUR 32.73<sup>38</sup>.

If a mini-jobber has several mini-jobs, contributions are calculated from the total pay. If total pay is below EUR 175/month, the minimum pension contribution of EUR 32.73 is paid according to the share of the respective mini-job on the total pay of the mini-jobber<sup>39</sup>.

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<sup>36</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/02\\_gewerblich/01\\_grundlagen/01\\_450\\_euro\\_gewerbe/05\\_rentenversicherungspflicht/03\\_beitraege\\_zur\\_rv450/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/02_gewerblich/01_grundlagen/01_450_euro_gewerbe/05_rentenversicherungspflicht/03_beitraege_zur_rv450/node.html)

<sup>37</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/03\\_haushalt/01\\_grundlagen\\_minijobs\\_im\\_privathaushalt/02\\_450\\_euro\\_minijobs\\_imph/04\\_rvpflicht/03\\_beitraege\\_zur\\_rv450/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/03_haushalt/01_grundlagen_minijobs_im_privathaushalt/02_450_euro_minijobs_imph/04_rvpflicht/03_beitraege_zur_rv450/node.html)

<sup>38</sup> In theory, mini-jobbers with a very low pay might be obliged to pay contributions that are higher than their actual pay. According to the Minijob-Zentrale, an employer of a mini-jobber that earns EUR 25/month would have to pay EUR 3.75 (15% of EUR 25 actual pay) and the mini-jobber would have to pay EUR 28.98/month (minimum threshold EUR 32.73 – employers' contribution of EUR 3.75). That means that the mini-jobber would have to refund the employer EUR 3.98 (mini-jobbers share on contributions of EUR 28.98 – actual pay of EUR 25) – see [https://www.minijob-zentrale.de/DE/01\\_minijobs/02\\_gewerblich/01\\_grundlagen/01\\_450\\_euro\\_gewerbe/05\\_rentenversicherungspflicht/04\\_mindestbeitrag/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/02_gewerblich/01_grundlagen/01_450_euro_gewerbe/05_rentenversicherungspflicht/04_mindestbeitrag/node.html)

<sup>39</sup> In theory, it is possible that mini-jobbers with a very low pay might be obliged to pay contributions that are higher than their actual pay. According to the Minijob-Zentrale, an employer of a mini-jobber in the commercial sector that earns EUR 25/month would have to pay EUR 3.75 (15% of EUR 25 actual pay) and the mini-jobber would have to pay EUR 28.98/month (minimum threshold EUR 32.73 – employers' contribution of

In December 2016, only 18.2% of mini-jobbers in the commercial sector and 14.3% in private households paid eventually pension insurance contributions (Minijob-Zentrale 2017a: 7). Opting-out of the pension scheme provides a short-term advantage in the view of the mini-jobber as this would – at least theoretically – enhance the net wage. The long-term disadvantage consists in the fact that they do not acquire pension rights, although employers pay contributions. Thus, the decision to opt-out may be irrational in a long-term perspective in case the mini-jobbers earn more than EUR 175 per month. As pension rights acquired on such a small wage lead only to a very small pension, individuals may not consider opting-out as harmful for them. Currently, the pension amount acquired over one year of mini-job with a wage of EUR 450 amounts to EUR 4.51. In case of opting out in the commercial sector this worker would lose pension rights of EUR 3.26 in the commercial sector and EUR 1.21 in the private household sector through not activating employer's contributions.

There were strong incentives for opting-out for pensioners, as before the 2017 Flexi-pension reform pensioners could not acquire additional pension rights when working. This held true in the past for pensioners before or after having reached the statutory pension age.

#### *Pensioners can acquire voluntarily pension rights*

With the Flexi-pension package in force since January 2017, working *full pensioners* (*Vollrentner*) above the statutory retirement age<sup>40</sup> can renounce the exemption from employees' pension insurance contributions in the case they combine pensions and work, regardless which type of employment (mini-jobs or employment subject to social security contribution)<sup>41</sup>. In this case the workers would pay contributions to the public pension scheme and, at the same time, will "activate" the contributions paid by their employer, resulting in an increase of their pension amount. That means that for a full pensioner above the statutory retirement age *that started working in a specific mini-job in or after January 2017*, pension insurance contributions paid by the employer and the mini-jobber will increase pension insurance entitlements only if the mini-jobber decides to renounce the exemption from employees' pension insurance contributions<sup>42</sup>.

#### *Pension eligibility*

All employees, including mini-jobbers, only have claims from the pension insurance if they have fulfilled certain waiting months (*Wartemonate*) as minimum insurance periods. These are requirements for being entitled to an early, medical rehabilitation services, and disability pension (*Erwerbsminderungsrente*). Mini-jobbers who pay pension insurance contributions acquire these waiting times just like regular employees, that means that every employment year corresponds to twelve waiting months while mini-jobbers who are exempt from pension insurance contributions only acquire 4 waiting months (commercial sector) respectively 2 waiting months (private households).<sup>43</sup> Therefore, for those who have otherwise not worked, or not worked for a sufficiently long time to acquire pension rights have an incentive to take up a mini-job and contribute to the pension scheme as this offers them the possibility to activate with only a small amount of own contribution periods of non-employment that are counted as waiting months, such as education and children.

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EUR 3.75). That means that the mini-jobber would have to refund the employer EUR 3.98 (mini-jobbers share on contributions of EUR 28.98 – actual pay of EUR 25) – see [https://www.minijob-zentrale.de/DE/01\\_minijobs/02\\_gewerblich/01\\_grundlagen/01\\_450\\_euro\\_gewerbe/05\\_rentenversicherungspflicht/04\\_mindestbeitrag/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/02_gewerblich/01_grundlagen/01_450_euro_gewerbe/05_rentenversicherungspflicht/04_mindestbeitrag/node.html)

<sup>40</sup> For the birth years 1947 to 1963, the age limit was increased step by step from 65 to 67 years. The statutory retirement age will therefore be 67 in 2029.

<sup>41</sup> <http://flexirente.driv.info/>

<sup>42</sup> <https://blog.minijob-zentrale.de/2016/12/16/wie-sich-das-neue-flexirentengesetz-auf-minijobs-auswirkt/>

<sup>43</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/02\\_gewerblich/01\\_grundlagen/01\\_450\\_euro\\_gewerbe/05\\_rentenversicherungspflicht/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/02_gewerblich/01_grundlagen/01_450_euro_gewerbe/05_rentenversicherungspflicht/node.html)

### *Voluntary company pension schemes*

While about half of full-time and part-time dependent employed aged between 44 and 67 are covered by a company pension scheme, only 8% of mini-jobber acquire rights from a company pension scheme (data from the socio-economic Panel, Bertelsmann Stiftung 2017: 41). Contributions to the second pillar of the pension schemes have overall increased as a consequence of past pension reforms. Currently, only 10% of pensioners had acquired rights from a company pension scheme in the past.

### *Voluntary pension schemes with state subsidies (Riester contracts)*

With the payment of pension insurance contributions, mini-jobbers are eligible to *the Riester* pension scheme, a voluntary pension scheme (Minijob-Zentrale 2017a: 7). Here, insured get subsidies from the government in order to compensate for the consequences of past pension reforms that lowered the net replacement rate in the public pension scheme. Marginally employed persons are also entitled to subsidies if they did not opt out of (or in the past did not opt in to) the statutory pension system (Bertelsmann 2017: 36). In total the number of workers covered by one or several Riester contracts increased from 2.1 million in 2002 to 10.9 million in 2013 (BMAS2016: 141). No data is available about the coverage of mini-jobber.

Workers who conclude Riester contracts and claim the subsidy have typically low income: in 2013, a fifth had a yearly income of less than EUR 10,000 and roughly 80% had a yearly income below EUR 40,000 (BMAS 2016:144). Coverage rate among women is higher than among men. According to data of the socio-economic panel, coverage rate is highest among part-time employed (35%), followed by full-time employed (26%), and only 12% among mini-jobber (Bertelsmann Stiftung 2017: 38).

### **Unemployment insurance**

Mini-jobbers do not contribute to the unemployment insurance and therefore do not acquire unemployment benefit I claims. As a result, the proportion of the unemployed receiving income and means-tested basic income (*Grundsicherung*) has risen (Bosch/Kalina 2017: 28).

### **Health insurance**

Employers pay flat-rate contributions to the statutory health insurance system for employing a mini-jobber. These lump-sums co-fund the statutory health insurance system. The mini-jobber does not acquire any claims to these funds and has to provide for their health insurance otherwise. In 2016, these contributions amounted to EUR 3.07 billion, while total income of the statutory health insurance amounted to EUR 205.8 billion (KBS 2017a: 5-6). Since 2009, the Minijob-Zentrale transfers these contributions to a healthcare fund (KBS 2015: 12). This fund is administered by the Federal Insurance Office (Bundesversicherungsamt).

For mini-jobbers with a private health insurance, employers are not obliged to pay these contributions (RWI 2016: 13). That means that the employment of employees with a private health insurance is in principle more attractive for employers. According to data provided by the Minijobzentrale about 4% of minijobber in the commercial sector have an own private health insurance, are covered by the private health insurance of their spouse or parents or have no health insurance coverage at all. It is not possible to split this information up, as only the number of minijobber for whom no contributions were made are recorded (273 000 minijobber out of a total of 6 916 000 employed in the commercial sector in June 2017), without any further differentiation. The fund is used to subsidise services and administrative costs of statutory health insurance companies.



### **Accident insurance**

Like all dependent employees, mini-jobbers are compulsorily insured against accidents at work and occupational diseases at the respective accident insurance institutions which are responsible for their respective sectors financed by their employer; employers in private households pay an accident insurance contribution of 1.6% of the gross wage to the Minijob-Zentrale (RWI 2016: 14).

Fischer et al. (2015: 170) show that the reason for the high share of mini-jobbers that did not get accident or sick pay is linked to the fact that mini-jobbers are often not sufficiently informed about their rights. 26.1% of mini-jobbers with a fixed-term employment contract and 28.2% of mini-jobbers with an unlimited employment contract did not know that they were entitled to accident or sick pay for up to six weeks – compared to 5.1% on average (Fischer et al. 2015: 75).

### **Mini-jobber covered by social security system of their home countries**

Employers are obliged to register mini-jobbers at the Minijob-Zentrale if the German social insurance code is applicable<sup>44</sup>. That means that if a prospect employee from the EU, the European Economic Area, or Switzerland is covered by social insurance abroad (verified by the so-called A1 certificate), German (mini-job) regulations do not apply and the employee might have to be insured according to foreign law. The prospect employee from abroad can obtain this certificate by informing his/her national social security agency of his/her plans of working in Germany.

With only having a mini-job, the employee from abroad does not obtain health or care insurance in Germany. Therefore, according to German law, the mini-jobber from abroad is obliged to inform a German statutory health insurance company (*gesetzliche Krankenkasse*) that then checks whether the mini-jobber has to insure him-/herself in statutory or private health insurance. Like regular mini-jobbers, mini-jobbers living abroad can obtain pension entitlements in Germany according to the above described regulations.<sup>45</sup> They are also obliged to pay income tax in Germany<sup>46</sup>.

According to data provided by the Minijob-Zentrale, in March 2017 around 20 100 mini-jobbers in Germany live abroad (commercial sectors: 17 900, private household: 2 300). More than half of these commuters are from Poland (5 400) and France (4 300).

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<sup>44</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/01\\_basiswissen/02\\_infos\\_kompakt\\_zu/06\\_minijobbern\\_aus\\_dem\\_ausland/061\\_wann/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/01_basiswissen/02_infos_kompakt_zu/06_minijobbern_aus_dem_ausland/061_wann/node.html)

<sup>45</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/01\\_basiswissen/02\\_infos\\_kompakt\\_zu/06\\_minijobbern\\_aus\\_dem\\_ausland/062\\_besonderheiten/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/01_basiswissen/02_infos_kompakt_zu/06_minijobbern_aus_dem_ausland/062_besonderheiten/node.html)

<sup>46</sup> [https://www.minijob-zentrale.de/DE/01\\_minijobs/01\\_basiswissen/02\\_infos\\_kompakt\\_zu/06\\_minijobbern\\_aus\\_dem\\_ausland/062\\_besonderheiten/node.html](https://www.minijob-zentrale.de/DE/01_minijobs/01_basiswissen/02_infos_kompakt_zu/06_minijobbern_aus_dem_ausland/062_besonderheiten/node.html)

## **6. POSSIBILITIES OF GAINING ACCESS TO SOCIAL PROTECTION THROUGH DERIVED SOCIAL PROTECTION RIGHTS**

### **6.1. Derived pension benefits**

Derived pension rights consist in widow pensions, which are of great importance for women. In 2015, 49% of widowers and 89% of widows aged 65 and above received statutory pensions payments with an average gross income of EUR 338/month for widowers and EUR 735/month for widows (BMAS 2016: 75). For comparison, own pension rights amounted to an average of EUR 1, 286/month for men and EUR 709/month for women.

In 2015, 26% of men, 7% of women, and 14% of widows and widowers aged 65 and above received company pensions of the private sector with an average gross income of EUR 601/month for men, EUR 243/month for women, and EUR 313/month for widowers (BMAS 2016: 75).

Old-age poverty has consequently been more widespread among women. Although, not all women with a broken or no working biographies are at risk of poverty. Wealth accumulation among households has been uneven, independently from the employment status of women.

### **6.2. Old-age minimum income (Mindestsicherung)**

Those who have not acquired own pension rights and cannot derive pension rights, or for whom acquired own and derived pensions rights are at a very low level can claim means-tested old-age minimum income (*Grundsicherung im Alter*).<sup>47</sup> This implies that for mini-jobbers as a main job and low derived pension rights it may be rational to not contribute to the pension scheme as pension rights will anyway be below the income threshold for claiming tax-financed means-tested old-age minimum income. Furthermore, small pensions would be deducted from the minimum payment. In 2015, about 3.3% of women and 2.7% of men aged 65 years and above got old-age means-tested minimum income (BMAS 2016: 100). The risk of getting this welfare net transfer is high for divorced people, as a third of them would claim it, while widows have in general not a higher probability of getting this minimum income benefit. A fifth of widows getting the minimum income have neither own nor derived pension rights.

### **6.3. Access to health insurance**

Mini-jobber have access to derived rights to the public health care insurance. This is one of the reason for the composition of mini-jobs (see section 3). This concerns the following groups:

- married women or men with a partner who is in employment or pensioner or has otherwise a private health insurance with a "family insurance coverage",
- young people being insured by their parents ("family insurance coverage"),

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<sup>47</sup> <http://www.bmas.de/DE/Themen/Soziale-Sicherung/Sozialhilfe/grundsicherung-im-alter-und-bei-erwerbsminderung.html>

- welfare benefit recipients (mainly unemployment benefits and means-tested unemployment benefits, disability pensions, etc.) as well as pensioners are insured with the public health insurance,
- Second-job holders are insured through their main job if they are dependent employed or civil servants. There is no obligation of health insurance for all categories of self-employed.

About 96% of mini-jobber have derived rights to the statutory health insurance and probably most of the 4% not covered by the statutory health insurance are covered by private health insurance of spouses and parents.

#### **6.4. Coverage and access by other means**

##### *Pensions*

In 2015, the number of private pension beneficiaries in Germany was very low: only 440 000 men and 277 000 women aged 55 and above received benefits from private life assurances according to the Riester pension plan. On average they contributed to these private pension plans with average payments of EUR 455 per month for men and EUR 291 per month for women (BMAS 2016: 39). As a consequence of past pension reforms it can be assumed that more workers will in future get pensions private pension plans. Currently 11 million people contribute to private pension funds, 3.1 million to funds saving plans and 0.8 million have bank savings plans. Investments in real estate would need to be added to this list. There are no information about the share of mini-jobbers among these schemes.

##### *Health insurance*

There are cases where no rights can be derived. In this case the mini-jobber would need to get a private health insurance, which is expensive. It would be more advantageous to switch employment form and get a part-time job subject to social security. However, access to the public health insurance would not be possible for workers hired at age 55 or above if they had not contributed for the past five years (§6 Social Code V). Data on mini-jobber with a private health insurance are not available. .

## 7. COSTS AND BENEFITS OF MINI-JOBS

### 7.1. Assessing fiscal costs and benefits – general comments

The assessment of foregone taxes and net effects of paid contributions to the social protection system and social transfers depends on the assumption on how large the net employment effects of the reduced tax and social security contributions are. The employment enhancing effect varies depending on the economic and labour market context as well as on the societal context. As shown mini-jobs were introduced at a time of labour shortages and a low labour market participation rate of women. It was assumed that mini-jobs would enhance the volume of hours offered and eventually worked. In times of high unemployment, an additional effect was assumed to result from lower gross wages as well as lower implicit tax rates for taking up employment. In the current context of a higher participation of women in part-time and full-time jobs and the prevalence of labour shortage a positive net employment effect is questionable, as the EUR 450 income threshold is likely to reduce the volume of hours worked offered in particular by married women and pensioners.

It has been argued that in case of net employment creation the tax and contributions to the social security system losses are justified. However, the costs of the net employment creation would need to be taken into consideration. Overall, deadweight effects, meaning that people would have taken up employment and employers offered jobs also without the preferential treatment, as well as substitutions effects, meaning that the number of volume of standard employment is reduced by the same amount than the increase in mini-job measured by the volume of hours worked, are likely to be large. Bäcker and Neuffer roughly assess a share of net job creation of a fourth of all mini-jobs.

A damaging effect for the economy would result if total employment volume was reduced. A further negative effect would result from misallocation of labour to the low productivity and low wage sectors. According to a survey (Fischer et al. 2015: 243), of those mini-jobbers who wished to work more hours male mini-jobbers worked 11.5 hours per week and wished to work 15.3 hours per week on average. Female mini-jobbers worked 11.3 hours per week and wished to work 15.6 hours per week on average. The wish to work more hours of mini-jobbers is independent from the fact that children aged 14 or less live in the household. If we assume that involuntary part-time as well as the negative labour supply incentives of mini-jobs were removed, and mini-jobbers in main jobs would on average work 5 hours more, then the labour supply in full-time equivalents would be higher by 0.6 million full-time workers. Under the assumptions of labour shortages Vogler-Ludwig and Düll (2013) have estimated in the context of their labour market forecast until 2030, that an increase of labour supply in 0.7 million full-time equivalents would increase average GDP growth by 0.1 percentage points. Although, these are only rough estimates, a positive impact on GDP of the removal of the mini-job scheme is plausible.

The impact on undeclared work is unclear. On the one hand, through the regulations of mini-jobs in the private household sector, it is plausible that undeclared work could be transformed into mini-jobs in some cases, and thus the net effect is probably positive. On the other hand, the trade-union confederation DGB (2016) has claimed that mini-jobs in the commercial sector ease the practice of envelope wages, meaning that only a part of the remuneration is declared, as working hours of employees are usually not subject to labour control. Employers are able to pretend to legally employ a mini-jobber who is in fact working more hours (that means generating a higher income than EUR 450) than legally allowed. Income above the threshold is paid while the employer faces only a slim risk of detection. Furthermore, DGB argues that the fixed threshold of EUR 450/month forces some employees into accepting envelope wages if they work for more than this amount.



## 7.2. Effects on income tax revenues

### *Effects of tax treatment of mini-jobs*

As shown mini-jobs are taxed at a rate of 2%, independently from the level of other incomes, or by 0% if the mini-jobber is not earning more than the tax free threshold. The low tax rate for mini-jobs set strong disincentives for working above EUR 450 for those who have income of more than the tax-free income (EUR 8820 per year in 2017). Incomes above this level are subject to a progressive taxation rate, starting at a marginal tax rate of 14% in 2017.<sup>48</sup> The individual benefit will be higher the higher the individual tax rate on other income sources is. The net tax effects will depend from the level of income from a regular main job, income of the partner and other income sources of an individual or a couple.

Peters (2017) has estimated the potential tax losses by using socio-economic household data of 2014, without taking changes in the supply of labour as a reaction of a changed taxation rate into account. According to his estimates, about 38.3% of mini-jobber households had a yearly imposable income below EUR 10 000 (they were mainly students and unemployed, the large majority of whom don't benefit from specific tax treatment), 24.7% had an income between EUR 10 000 and 20 000, 19% had EUR 20 000 to 30 000, 10.2% EUR 30 000 to 40 000 and 7.8% more than EUR 40 000. More than three quarters of those with a yearly household income of EUR 20 000 were married. Housemakers among mini-jobber represented more than 20% of mini-jobber in all the relevant income classes (near to 40 % in the household income class EUR 20 000 to 30 000). The tax losses are estimated to range between EUR 1 and 499 for 16.4% of mini-jobber, EUR 500 - 999 for 21.1% of mini-jobber and at least EUR 1000 for 22.3% of mini-jobber (but only very few cases with more than EUR 2000). The study only assess the lost tax revenue for the Land of Bremen. According to own rough estimates, the net lost tax revenue could be around for 2014 EUR 3 billion, the largest share of this budget is allocated to the higher income classes. If assuming a net negative effect of mini-jobs on the volume of hours worked, the income tax revenues would be further reduced. The foregone tax revenues were also higher in a dynamic model taking multiplier effects into account.

## 7.3. Effects on pension and health insurance contributions

Since 2004, contributions to pension and health insurance from mini-jobs increased although the number of persons in mini-jobs (commercial sector) decreased (table A 4). This increase is due to the increase of the specific contribution rate in 2006, the raise of the income threshold to EUR 450/month and the implementation of the opt-out regulation for pension insurance payments in 2013, and, by own account, to the greater efficiency of the Minijob-Zentrale in collecting contributions (KBS 2017a: 5-6).

Bäcker and Neuffer (2012) estimate that the loss of contributions in the public health and pension insurance scheme was around EUR 1.1 billion, under the assumption that otherwise all mini-jobs would be subject to social security contribution (thus, without any adaptations of labour demand and labour supply). This would mean a cross-subsidising by EUR 144 per mini job per year. Even if we assume a net employment creation of a fourth of mini-jobs as proposed by Bäcker and Neuffer– amounting to 357 500 full-time equivalents – there would still be a cross-subsidising of the remaining 1 072 500 full-time

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<sup>48</sup> [http://www.sozialpolitik-aktuell.de/tl\\_files/sozialpolitik-aktuell/\\_Politikfelder/Finanzierung/Datensammlung/PDF-Dateien/abbIII19.pdf](http://www.sozialpolitik-aktuell.de/tl_files/sozialpolitik-aktuell/_Politikfelder/Finanzierung/Datensammlung/PDF-Dateien/abbIII19.pdf)

equivalents (approximately EUR 720 per full-time equivalent per year).<sup>49</sup> This subsidy could be justified if well targeted at bringing highly vulnerable people into employment in a sustainable way. When looking at the composition of the mini-jobber this is not the case.

According to estimates of IZA (2012: 52), taking also midi-jobs into account as well as reactions of labour supply in a scenario abolishment of mini-jobs would generate an additional social security contributions of about EUR 1.6 billion per year (and EUR 700 million from the public pension scheme, EUR 600 million from the health care and old age care insurance) and EUR 300 million from the unemployment insurance. This increase is the result of converting mini-jobs into jobs subject to social security contributions. On the negative side, expenditures for means-tested unemployment benefits are assumed to increase by EUR 700 million in case mini-jobs are abolished. The tax effects (all types of taxes) are negligible if taking supply-side and demand-side effects of the abolishment of mini-jobs into account. The positive net fiscal effects of an abolishment of the mini- and midi-job regulations would vary between EUR 600 and 800 million per year, depending on whether supply-side and demand-side effects are taking into account. The other way round this means that the mini-job and midi-regulations engender fiscal costs (social security contributions and taxes) ranging between EUR 0.6 and 0.8 billion. .

According to an answer of the Federal Government to a minor interpellation (Bundestag 2017a: 11), it is not possible to assess costs of mini-job regulations for the social security system as no information is available about the insurance branches (e.g. private or statutory health insurance) mini-jobbers would have to pay contributions. According to the Federal Government, costs of cross-subsidising mini-jobs are highly dependent from the individual case.

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<sup>49</sup> In this rough estimate it is assumed that 5 mini-jobs correspond to one full-time equivalents

## 8. CONCLUSIONS

Mini-job regulations have evolved over time to respond to changing labour market conditions and to tackle some of its negative impact. Their objective have been to increase labour supply and to ease transition into the regular labour market. A poorer coverage of mini-jobber by the social protection system has been criticised for many years. The findings of these study can be summarised as follows:

- Mini-jobbers are a highly heterogeneous group consisting mainly of second-job holders in the lower and middle-income classes as well as of housewives with mini-jobs as a main job, pensioners with mini-jobs as a main job, and pupils and students, unemployed topping up their (means-tested) unemployment benefits. Their main incentive to take up a mini-job consists in tax savings as well as reduced rates for contributions to the social security system. They share in common that they have access to derived rights from the public health insurance and often opt out of employee contributions to the public pension scheme. Not many mini-jobbers pay pension insurance contributions and acquire own pension rights.
- The mini-job regulations are constructed on the prevalence of derived rights to health care and pensions. The risk of not being covered by derived rights is given in particular in case of divorce.
- Contributions paid by employers to the health insurance system help to avoid a distortive effect on competition, but are inconsistent with the insurance principle as they are not opening up own rights of workers to health insurance. The same inconsistency arises when workers are opting out of pension contributions. The employer still has to pay contributions, but workers cannot derive own pension rights from these.
- Mini-jobber are less likely to get company pensions.
- Mini-jobber are not covered by the old-age care insurance. Mini-jobber are not covered by the unemployment insurance.
- Poor information of many mini-jobber about their rights in terms of labour standards leads to a poor *de facto* coverage by labour market regulations. Furthermore, there are reasons to believe that mini-jobber overestimate the advantage of being employed as a mini-jobber. In praxis gross wages offered by employers may anticipate the tax and lower social security gains of mini-jobber.
- Mini-jobs tend to *de facto* subsidise the expansion of the low wage sector, which leads to a misallocation of human capital in times of labour shortage. Mini-jobs are more widespread among jobs requiring a low level of skills and expertise and in sectors with low wage levels (e.g. retail trade, hotels and restaurants, household services, ...). As has been shown mini-jobs are reducing the total non-wage labour costs (including employees' contributions to the social security scheme). Tax reductions might be *de facto* shared between workers and employers and thus have the effect of a *de facto* subsidy.
- Mini-jobs are not per se targeted at lower income groups. Mini-jobs subsidise the take up of a second job, independently of the wage level earned in the main job.
- Mini-jobs are promoting the traditional gender roles in families, as they offer strong incentives for women to only work few hours. There is to some extent cross-subsidising of employment of wealthier households, in particular in West Germany. Furthermore, the risk of future old-age poverty of women results from breaks in life and working biographies. To prevent the risk of old-age poverty it is important that women are encouraged to acquire own pension rights to a reasonable amount. This involves working more than on a mini-job.



- Transition rates in standard employment are low. Mini-jobs cannot be regarded as an adequate bridge into employment.
- On the positive side, mini-jobs may correspond to flexibility needs of companies and workers. However, in principle this could also be achieved through small hours standard employment contracts.
- In current and future times of labour shortage in Germany the concept of mini-jobs has to be questioned. Instead of boosting employment, mini-jobs are potentially reducing the volume of work. Misallocation and a reduced labour supply could have a negative impact on labour supply in the future. Rough estimates of the fiscal costs, in terms of foregone tax revenues and social security contributions of mini-jobs could range around EUR 4 billion. This can be regarded as the costs of subsidising mini-jobs. With a view of potential negative effects of on labour supply this subsidy is not justified.

There are thus strong arguments to remove the concept of mini-jobs. Instead, it is advisable that all type of employment become subject to the same social security contribution rules. Instead of not well targeted social security contribution and tax exemptions, an increase in the income tax free income threshold for those with low incomes and implementing a slow progression at the lower end of the income tax system could increase the incentive to enhance labour supply. Furthermore, wage subsidies could be used for those vulnerable groups who would need such support to enhance their probability of getting an employment.

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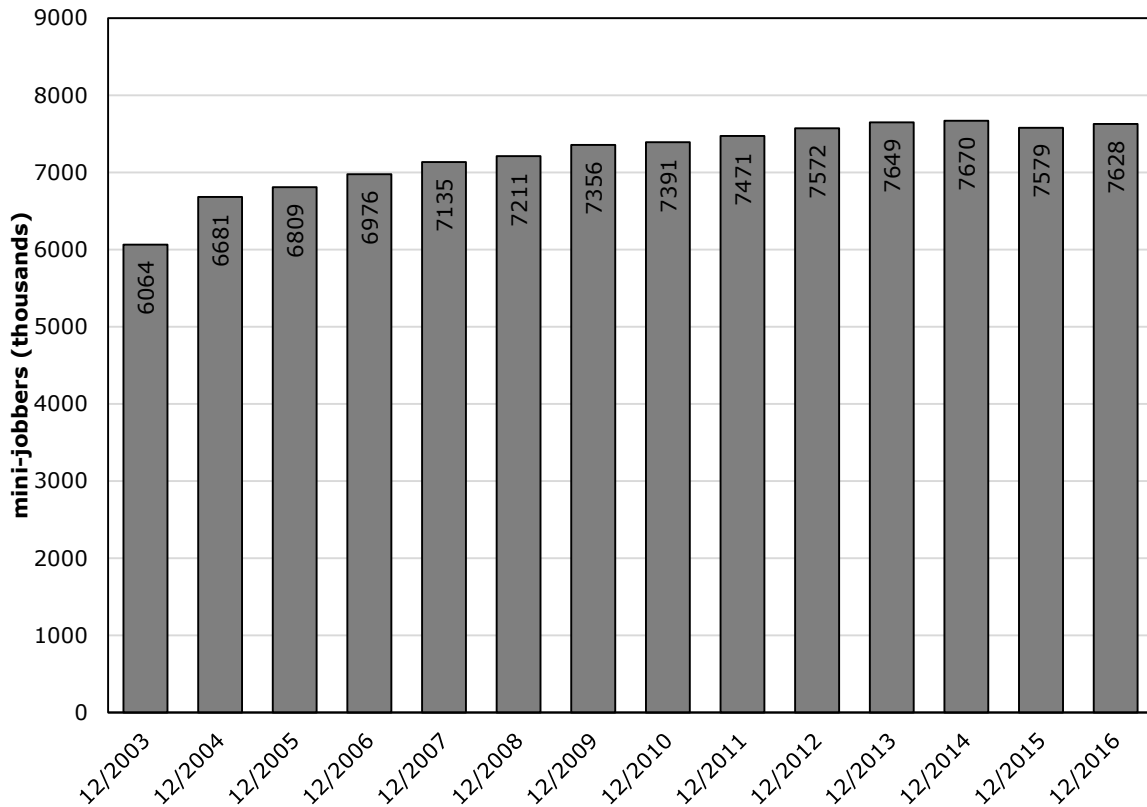
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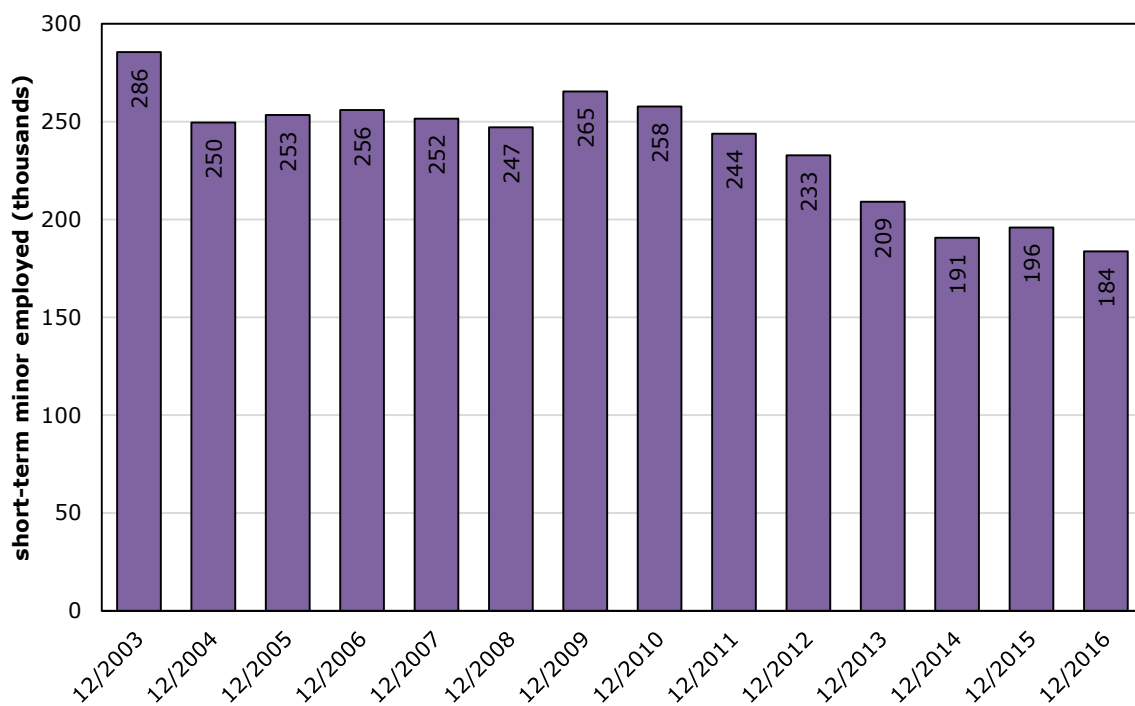
**Annex**

**Figure A 1 Development in the number of mini-jobs**



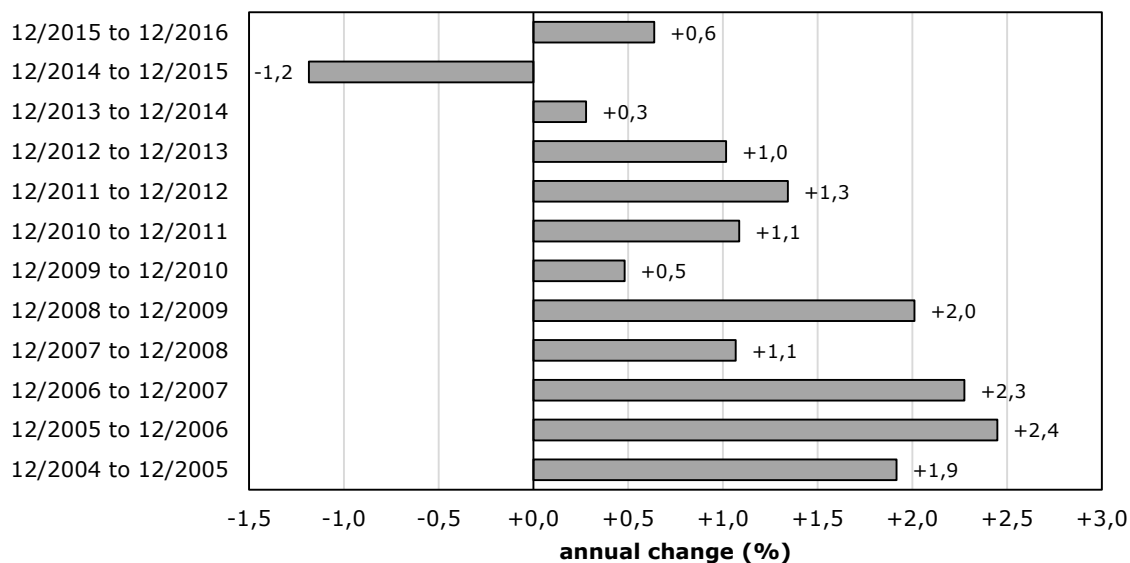
Source: Federal Employment Agency (own calculations)

**Figure A 2 Short-term marginally employed**



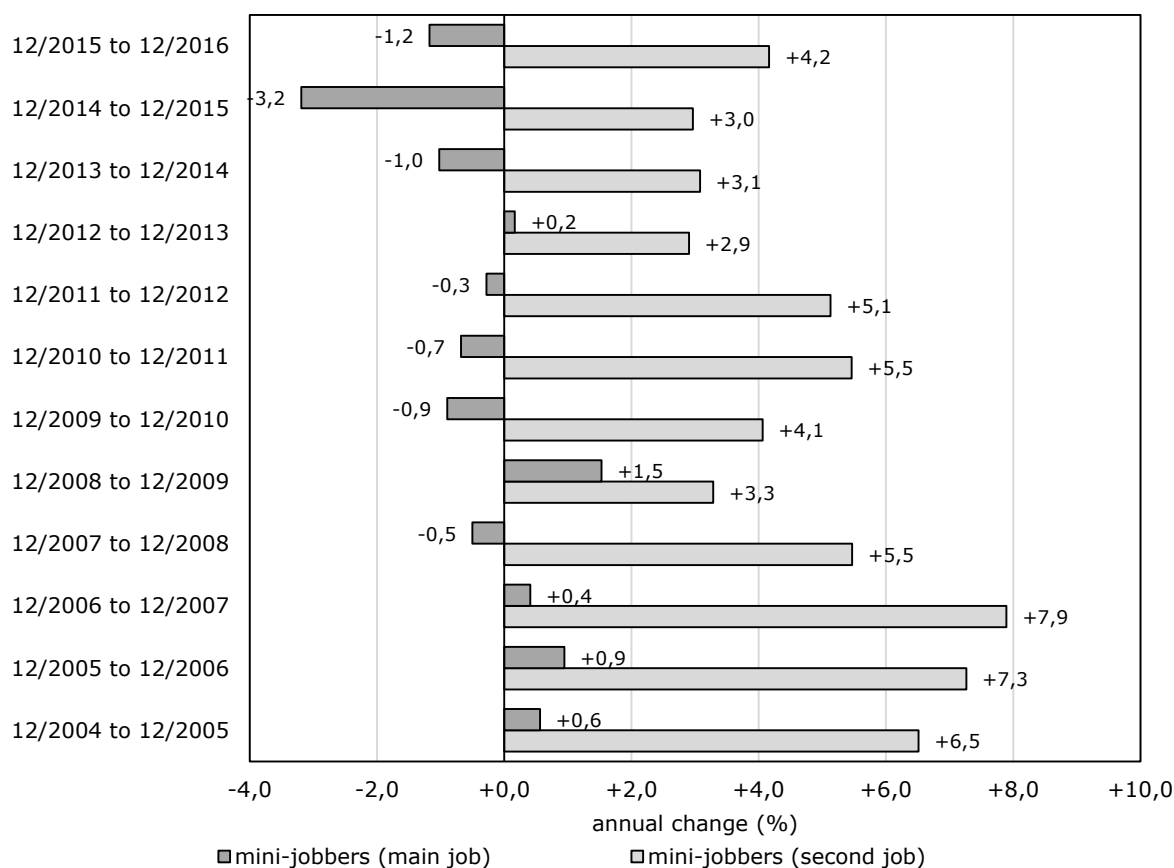
Source: Federal Employment Agency

**Figure A 3 Annual growth rates of mini-jobs**



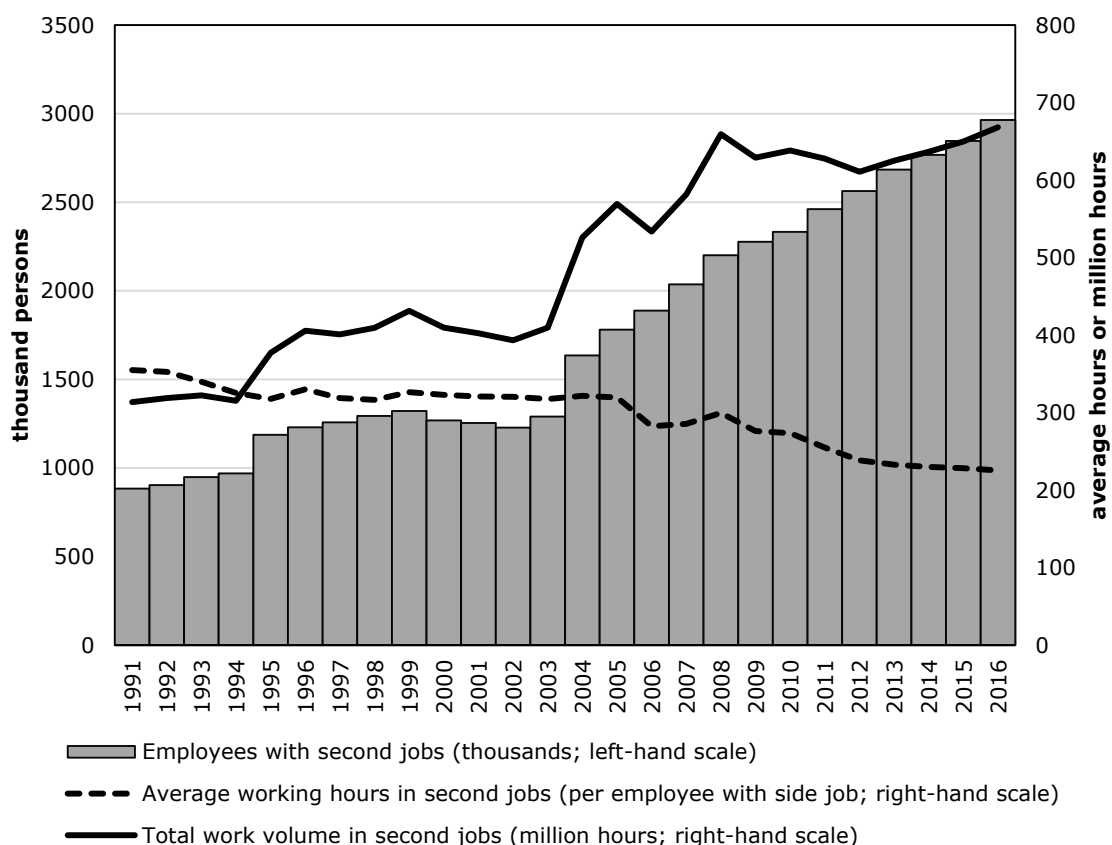
Source: Federal Employment Agency (own calculations)

**Figure A 4 Annual growth rates of mini-jobs (main job and second job)**



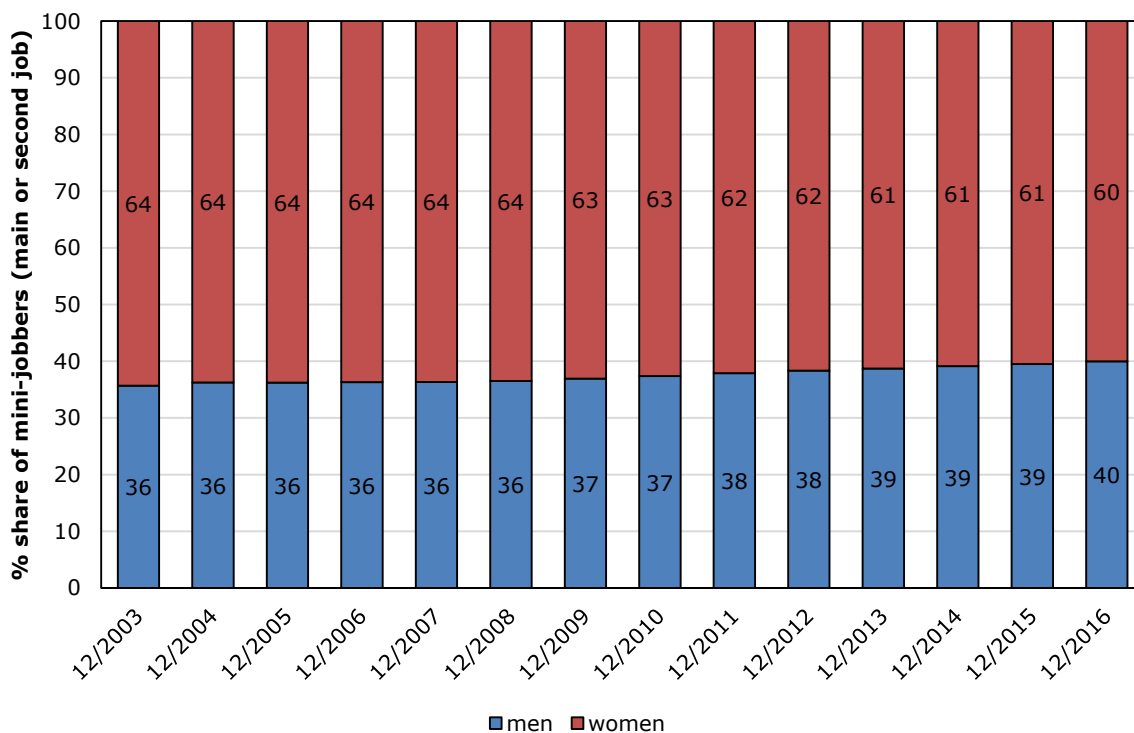
Source: Federal Employment Agency (own calculations)

**Figure A 5** Persons with second jobs and total hours worked in second jobs, 1991 - 2016



Source: IAB ([http://doku.iab.de/arbeitsmarktdaten/AZ\\_Komponenten.xlsx](http://doku.iab.de/arbeitsmarktdaten/AZ_Komponenten.xlsx))

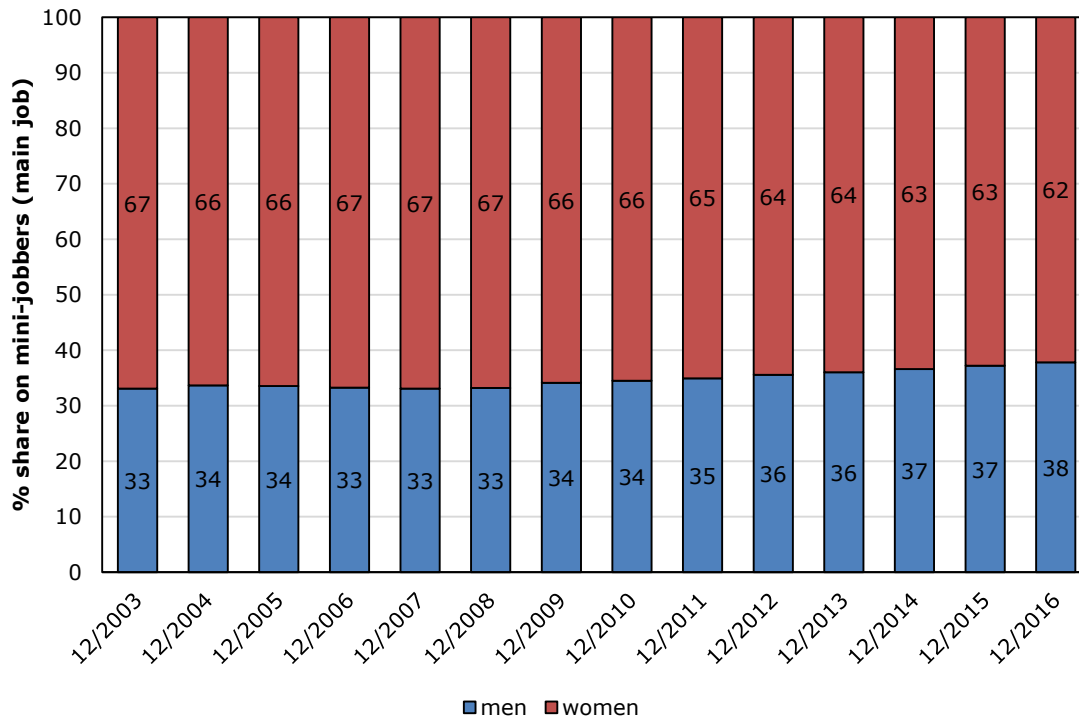
**Figure A 6** Mini-jobbers by gender



Source: own calculations based on Federal Employment Agency data

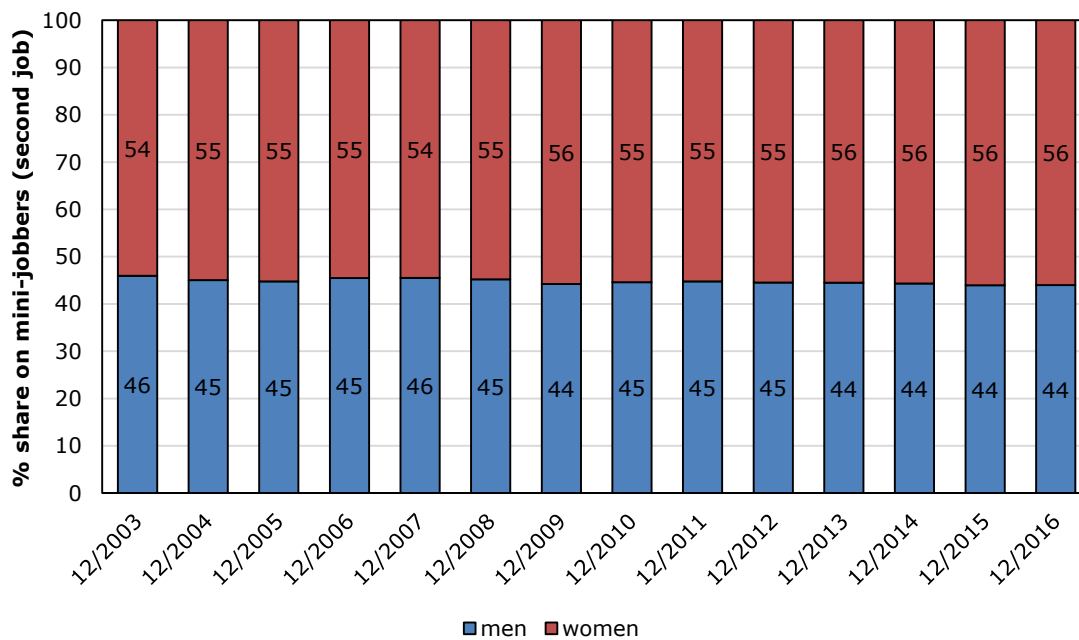


**Figure A 7 Mini-jobbers (main job) by gender**



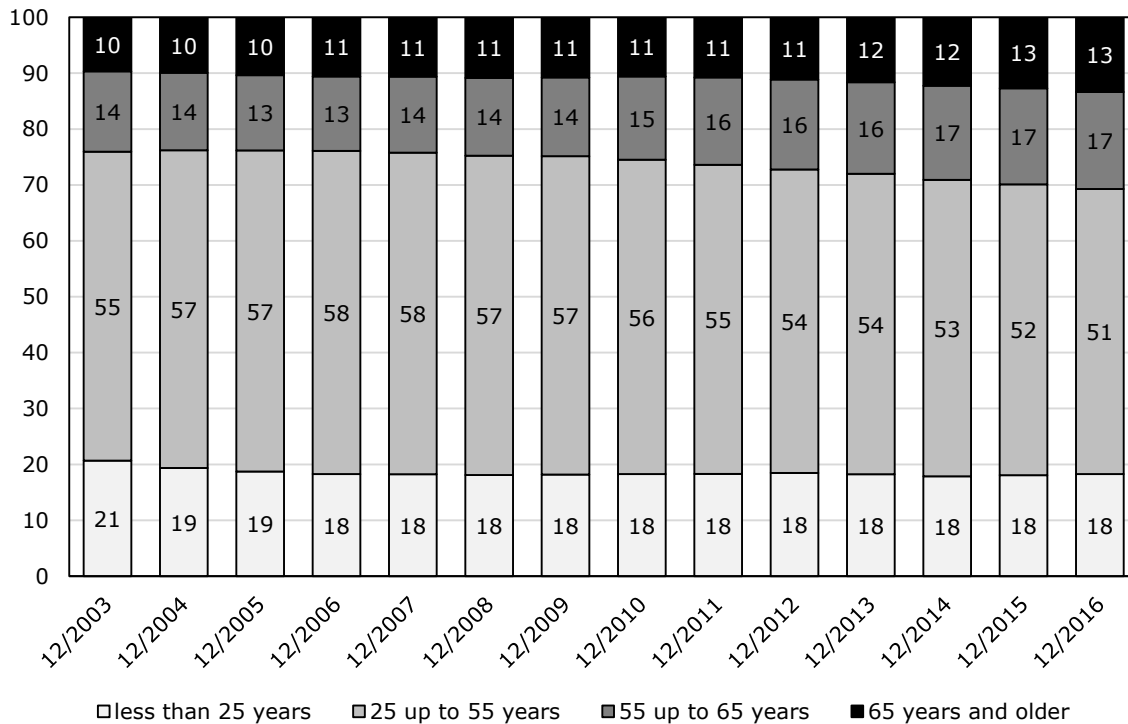
Source: own calculations based on Federal Employment Agency data

**Figure A 8 Mini-jobbers (second job) by gender**



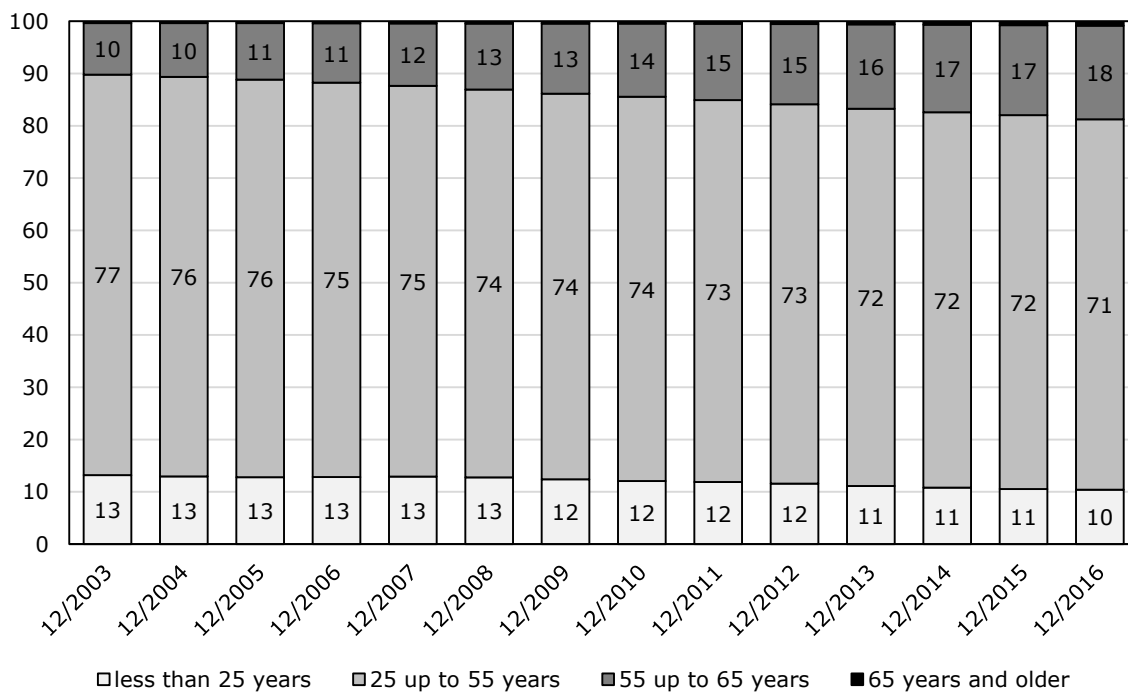
Source: own calculations based on Federal Employment Agency data

**Figure A 9 Mini-jobbers by age groups**



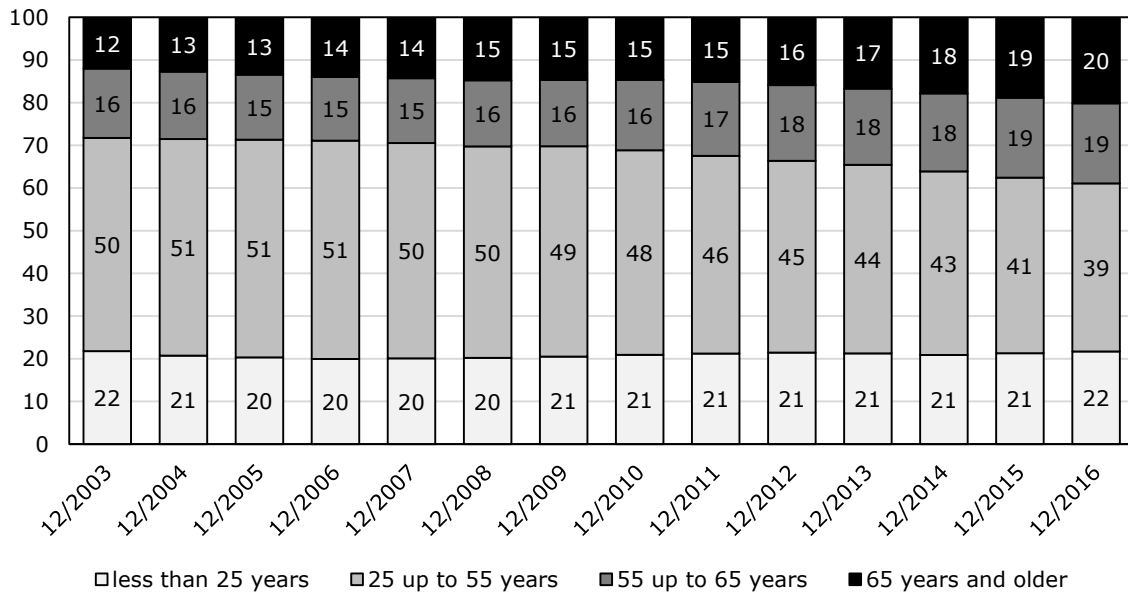
Source: own calculations based on Federal Employment Agency data

**Figure A 10 Employment subject to social security contributions by age groups**



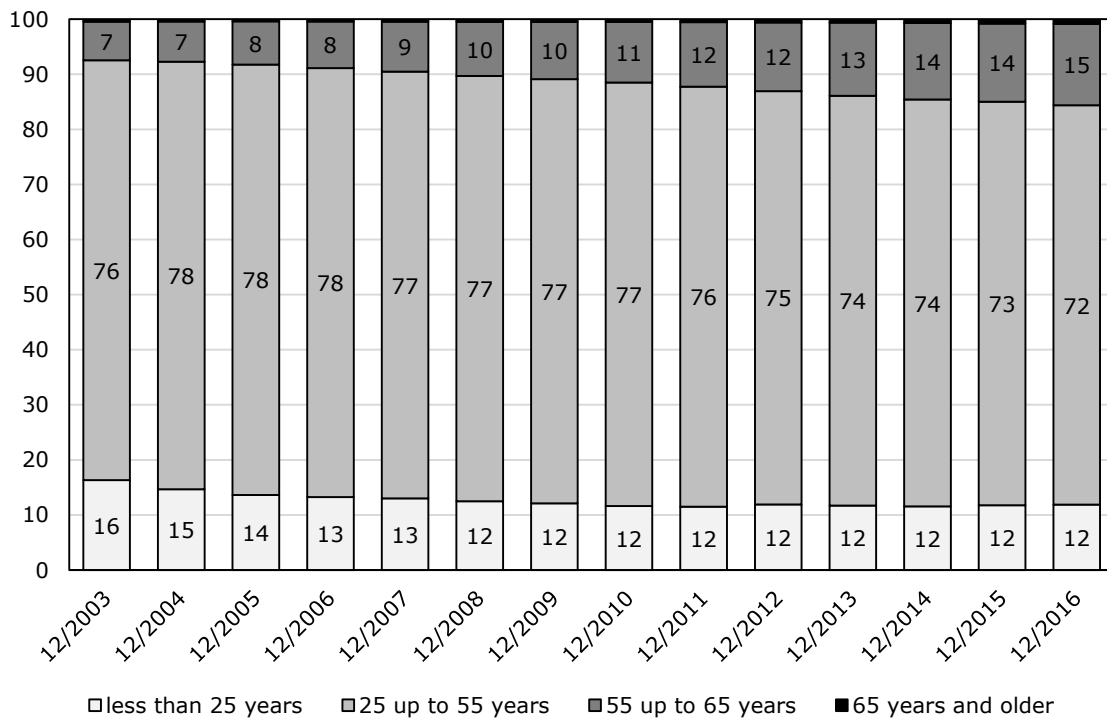
Source: own calculations based on Federal Employment Agency data

**Figure A 11 Mini-jobbers (main job) by age groups**



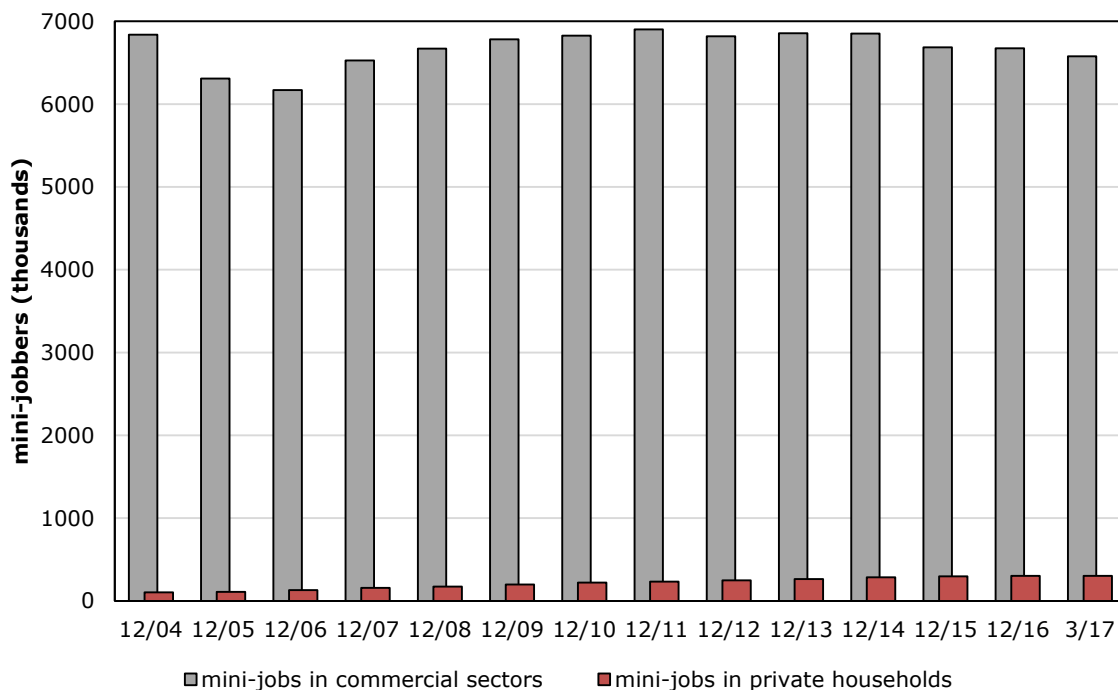
Source: own calculations based on Federal Employment Agency data

**Figure A 12 Mini-jobbers (second job) by age groups**



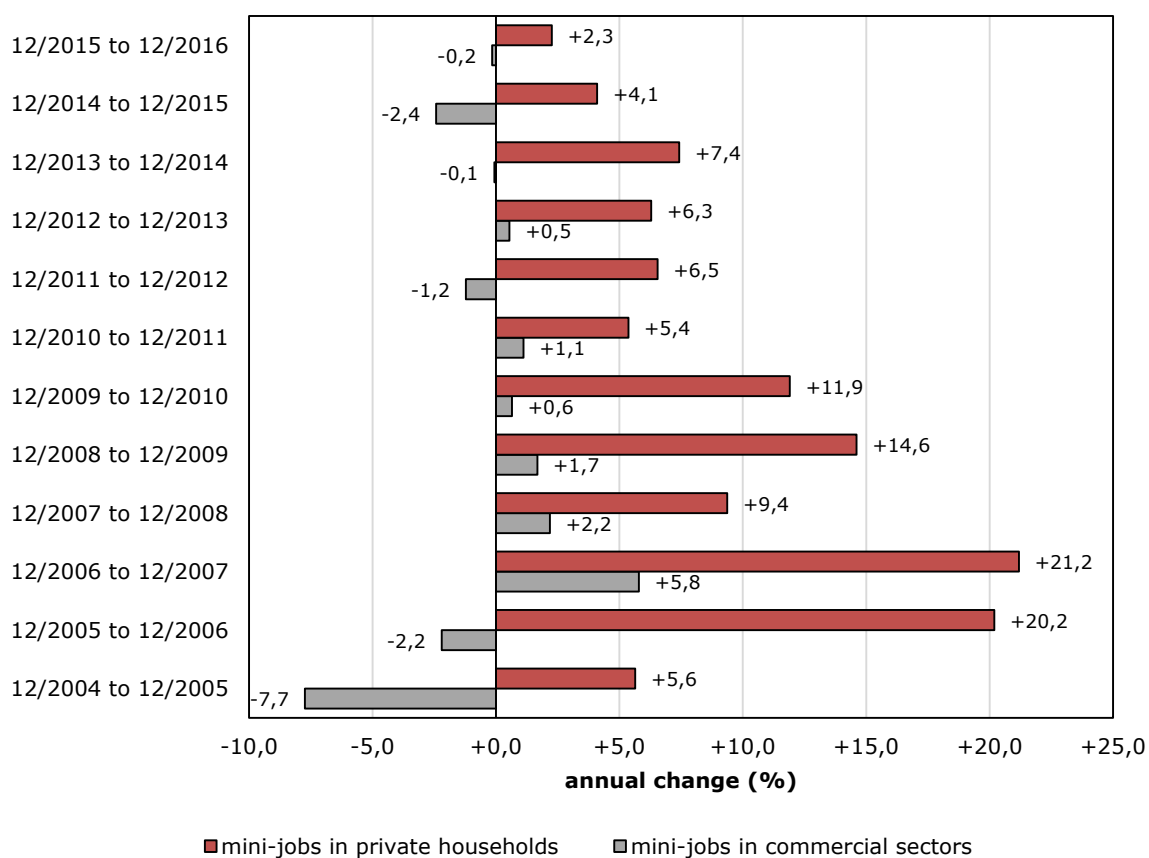
Source: own calculations based on Federal Employment Agency data

**Figure A 13 Mini-jobbers in commercial sectors and private households, 2004 – 2016**



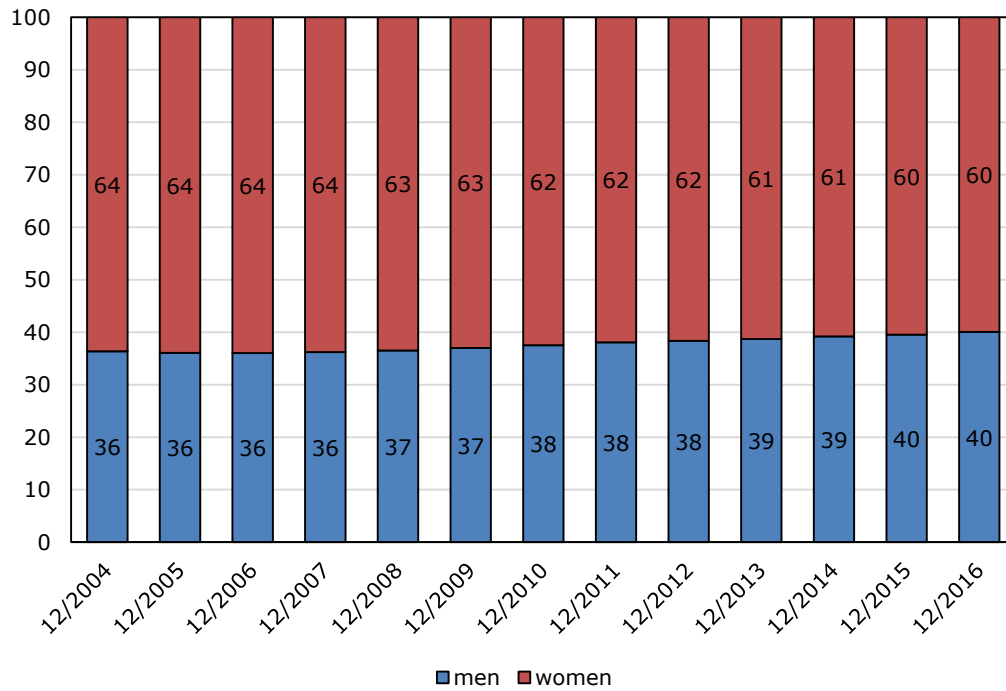
Source: Minijob-Zentrale quarterly report IV/2016 and I/2017 (own calculations)

**Figure A 14 Annual growth rates of mini-jobs in commercial sectors and mini-jobs in private households**



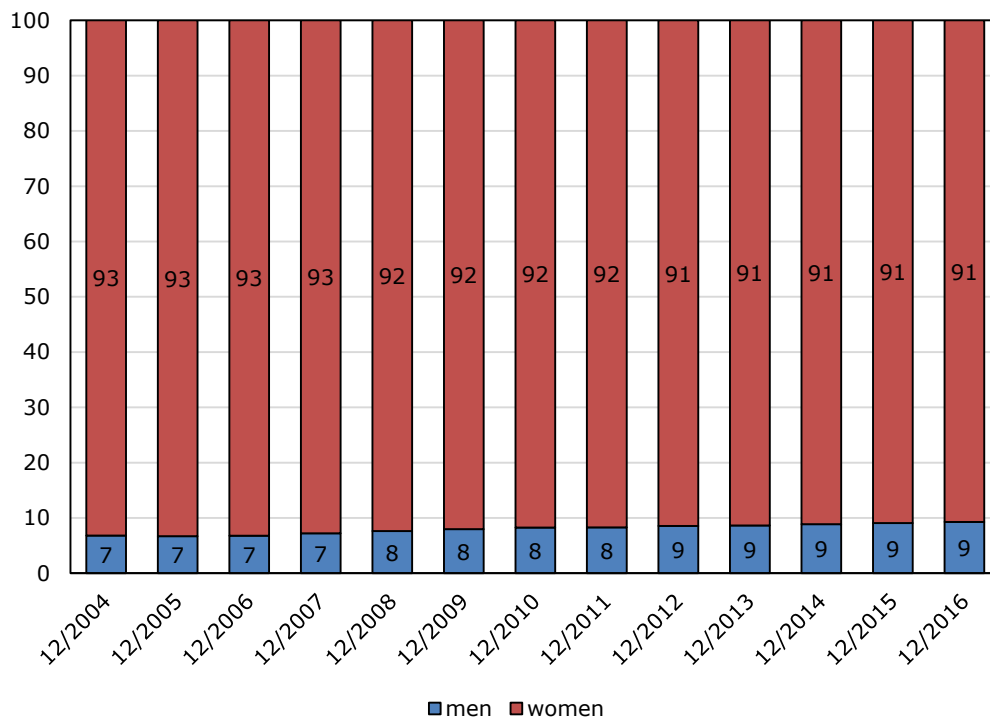
Source: Minijob-Zentrale (2017a, 2017b), own calculations

**Figure A 15 Mini-jobbers in commercial sectors by gender**



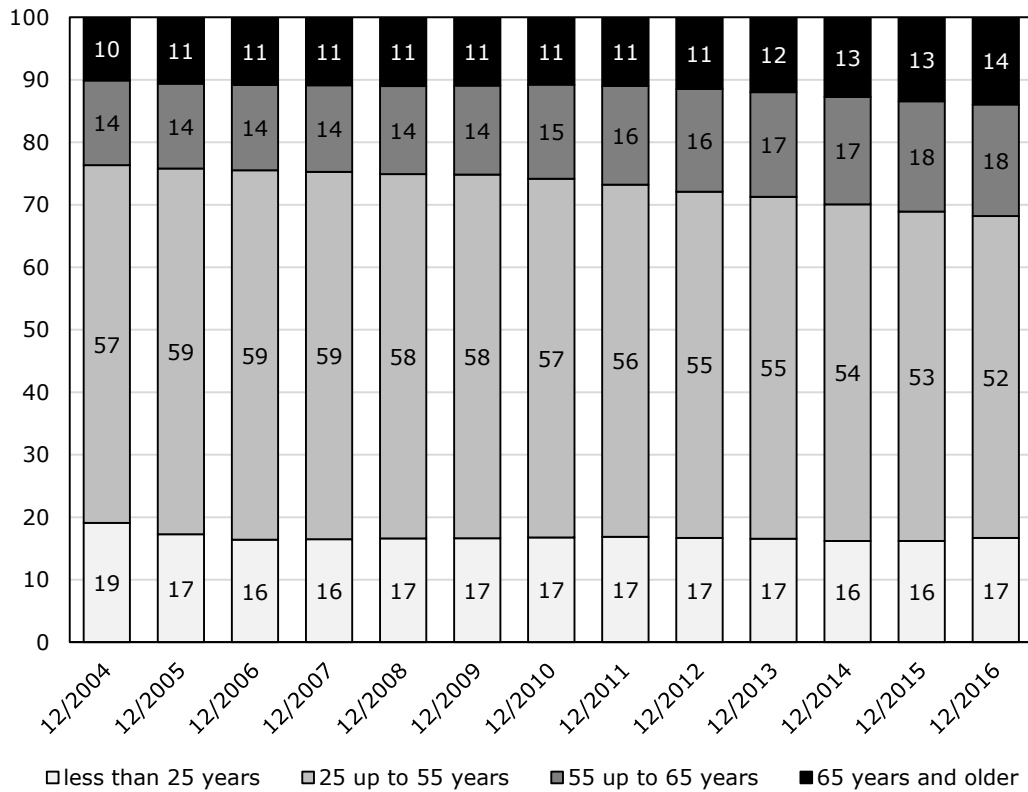
Source: own calculations based on Minijob-Zentrale(2017a: 28)

**Figure A 16 Mini-jobbers in private households by gender**



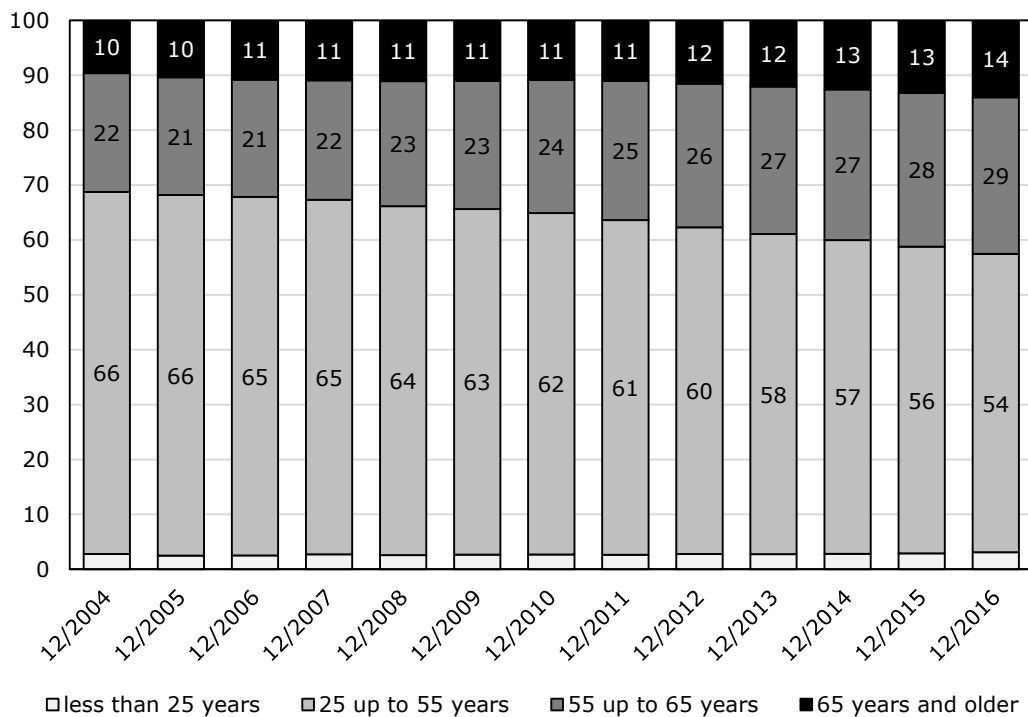
Source: own calculations based on Minijob-Zentrale(2017a: 36)

**Figure A 17 Mini-jobbers in commercial sectors by age**



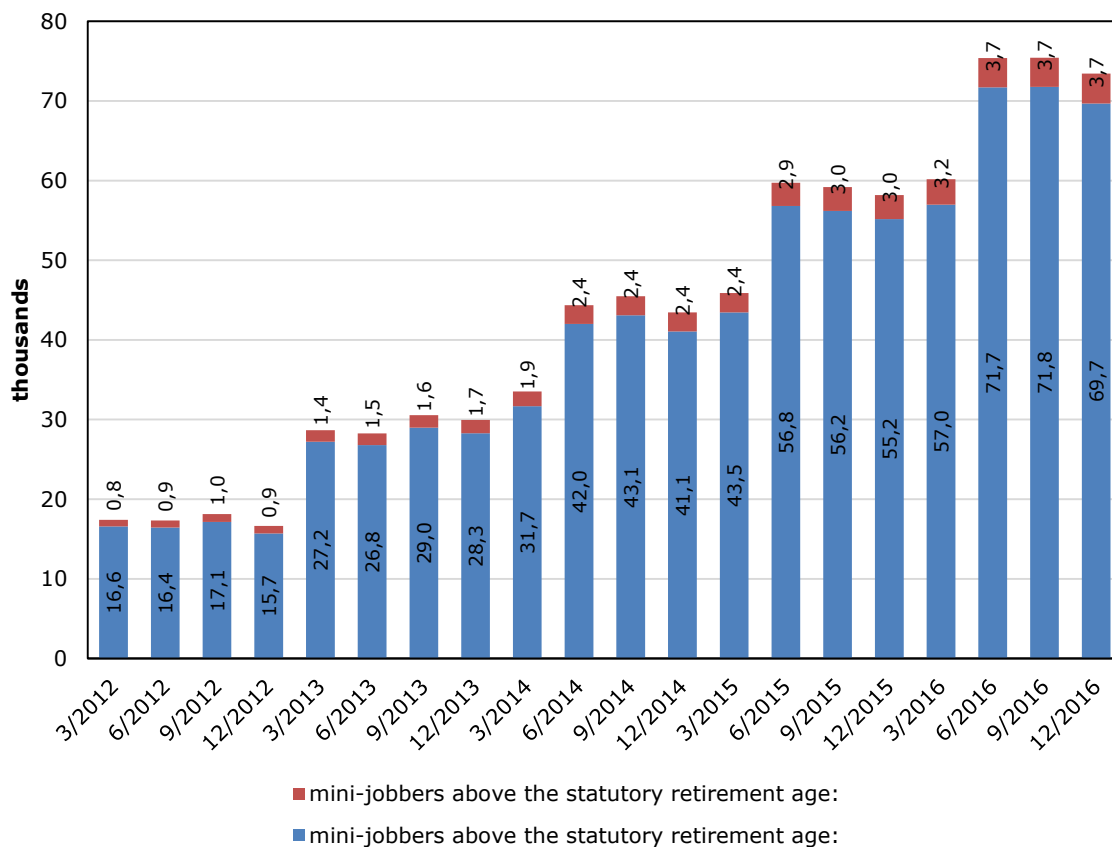
Source: own calculations based on Minijob-Zentrale(2017a: 29)

**Figure A 18 Mini-jobbers in private households by age**



Source: own calculations based on Minijob-Zentrale(2017a: 37)

**Figure A 19 Mini-jobbers above the statutory retirement age**



Source: Federal Employment Agency (own calculations)

**Table A 1 Mini-jobbers (main job) by sector**

Year	Mini-jobbers (main occupation)									
	12/ 2008	12/ 2009	12/ 2010	12/ 2011	12/ 2012	12/ 2013	12/ 2014	12/ 2015	12/ 2016	
Agriculture, forestry and fishing	1,4	1,4	1,3	1,3	1,4	1,4	1,4	1,4	1,4	
Mining and quarrying	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Manufacturing	9,3	8,5	8,6	8,6	8,5	8,2	8,2	7,9	7,8	
Electricity, gas, steam and air conditioning supply	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Water supply, sewerage, waste management and remediation activities	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	
Construction	3,6	3,7	3,6	3,7	3,7	3,8	3,8	3,8	3,9	
Wholesale and retail trade, repair of motor vehicles and motorcycles	21,1	20,6	20,7	20,2	19,8	19,5	19,1	18,7	18,5	
Transportation and storage	6,3	6,3	6,4	6,3	6,4	6,4	6,4	6,3	6,3	
Accommodation and food service obligation	9,4	10,3	10,3	10,6	10,9	11,1	11,5	11,6	11,8	
Information and communication	3,1	3,0	2,9	2,8	2,8	2,5	2,3	2,2	2,1	
Financial and insurance activities	3,9	3,8	3,8	3,8	3,8	3,8	3,8	3,8	3,8	
Professional, scientific and technical activities	6,1	6,0	5,9	6,0	5,8	6,0	5,9	5,9	6,0	
Administrative and support service activities	10,8	11,1	11,0	10,9	11,0	11,0	11,1	11,3	11,3	
Public administration and defence; compulsory social security	1,6	1,6	1,6	1,6	1,6	1,6	1,6	1,7	1,7	
Education	3,3	3,4	3,4	3,5	3,6	3,7	3,8	3,8	3,8	
Human health and social work activities	11,7	11,7	11,7	11,8	11,9	11,9	11,9	12,0	12,1	
Other service activities	5,2	5,1	5,1	5,1	5,1	5,1	5,1	5,1	5,0	
Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use	2,5	2,8	3,0	3,2	3,3	3,5	3,7	3,9	4,0	
Activities of extraterritorial organisations and bodies	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Not specified	0,1	0,1	0,1	0,0	0,0	0,0	0,0	0,0	0,0	
Total (thousands)	5233	5313	5265	5230	5215	5223	5170	5005	4946	

Source: own calculations based on Federal Employment Agency data



**Table A 2 Mini-jobbers (second job) by sector**

Year	Mini-jobbers (second job)									
	12/ 2008	12/ 2009	12/ 2010	12/ 2011	12/ 2012	12/ 2013	12/ 2014	12/ 2015	12/ 2016	
Agriculture, forestry and fishing	1,1	1,2	1,2	1,3	1,4	1,5	1,6	1,5	1,6	
Mining and quarrying	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Manufacturing	9,0	7,9	8,2	8,3	8,1	7,8	7,7	7,3	7,0	
Electricity, gas, steam and air conditioning supply	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	
Water supply, sewerage, waste management and remediation activities	0,4	0,4	0,3	0,3	0,3	0,3	0,3	0,3	0,3	
Construction	4,1	4,2	4,2	4,3	4,3	4,4	4,3	4,2	4,3	
Wholesale and retail trade, repair of motor vehicles and motorcycles	15,2	15,0	14,8	14,5	14,3	14,1	13,9	13,6	13,3	
Transportation and storage	7,0	6,8	6,8	6,7	6,6	6,5	6,4	6,3	6,2	
Accommodation and food service obligation	10,3	11,2	11,2	11,4	11,8	11,9	12,2	12,9	13,2	
Information and communication	3,0	2,8	2,6	2,5	2,5	2,2	2,1	2,0	2,0	
Financial and insurance activities	5,9	5,9	5,8	5,7	5,7	5,7	5,6	5,5	5,4	
Professional, scientific and technical activities	6,5	6,5	6,3	6,3	6,2	6,4	6,3	6,2	6,1	
Administrative and support service activities	14,0	14,0	14,3	14,4	14,4	14,4	14,5	14,9	15,3	
Public administration and defence; compulsory social security	1,3	1,4	1,4	1,4	1,3	1,3	1,3	1,3	1,3	
Education	2,0	2,0	2,0	2,0	2,0	2,1	2,1	2,1	2,2	
Human health and social work activities	13,4	13,8	13,7	13,7	13,8	14,0	14,0	14,1	14,2	
Other service activities	4,4	4,4	4,3	4,2	4,2	4,3	4,2	4,2	4,1	
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	2,0	2,2	2,4	2,5	2,6	2,8	3,0	3,2	3,2	
Activities of extraterritorial organisations and bodies	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Not specified	0,1	0,1	0,1	0,0	0,0	0,0	0,0	0,0	0,0	
Total	1978	2043	2126	2242	2357	2425	2500	2574	2681	

Source: own calculations based on Federal Employment Agency data

**Table A 3 Means-tested unemployment-II-recipients and Aufstocker**

year	Unemployment-benefit-II recipients capable of working (1000s)	working unemployment-benefit-II recipients receivers (Aufstocker, 1000s)	of these (%)			
			employees subject to social security contributions	mini-jobbers (marginal employed)	no employment registration	self-employed
2010	4838	1377	41,4	38,5	12,2	8,5
2011	4565	1351	no data	38,2	11,7	8,8
2012	4403	1322	no data	37,2	11,0	9,0
2013	4390	1307	44,1	37,2	10,2	9,1
2014	4354	1292	44,8	37,1	9,8	9,1
2015	4327	1236	47,0	34,7	9,6	9,5
2016	4312	1186	48,5	34,0	9,4	8,9

Source: Federal Employment Agency data (https://statistik.arbeitsagentur.de/Statistikdaten/Detail/201705/iiia7/einkommen/einkommen-d-0-201705-xlsx.xlsx)

**Table A 4 Contributions to pension and health insurance for mini-jobbers in commercial sectors**

year*	mini-jobs in commercial sectors	contributions to pension insurance	contributions to health insurance	contributions per mini-jobber in commercial sectors
	million persons	billion €		€
2004	6,8	2,14	1,89	589
2005	6,3	2,24	1,99	670
2006	6,2	2,79	2,44	848
2007	6,5	2,98	2,56	849
2008	6,7	3,21	2,61	873
2009	6,8	3,24	2,61	863
2010	6,8	3,29	2,65	870
2011	6,9	3,39	2,73	887
2012	6,8	3,43	2,77	909
2013	6,9	3,67	2,9	958
2014	6,9	3,81	3,01	995
2015	6,7	3,85	3,02	1028
2016	6,7	3,89	3,06	1041

Source: KBS (2017: 6), Minijob-Zentrale Quarterly Report IV/2016, own calculations

**Table A5 Employees' monthly salaries and structure of dependent employment, 1. Quarter of 2017**

Sector	Employment type	% share on all employees of sector	Gender structure		Gross monthly earnings in EUR		
			Male	Female	Male	Female	average
All sectors (100% of employees)	<i>all employees (full-time, part-time, mini-jobbers)</i>	100,0	53,8	46,2	3670	2329	3051
	full-time employees	64,6	69,4	30,6	4179	3408	3943
	part-time employees	23,7	17,1	82,9	2124	1943	1974
	mini-jobbers <sup>50</sup>	11,7	41,8	58,2	275	302	291
Production sector of (26.8% employees)	<i>all employees (full-time, part-time, mini-jobbers)</i>	100,0	76,3	23,7	4037	2696	3719
	full-time employees	86,3	83,5	16,5	4195	3447	4071
	part-time employees	8,6	20,5	79,5	2629	2062	2178
	mini-jobbers	5,1	47	53	334	338	336
Service sector of (73.2% employees)	<i>all employees (full-time, part-time, mini-jobbers)</i>	100,0	45,6	54,4	3445	2271	2806
	full-time employees	56,7	61,5	38,5	4168	3399	3872
	part-time employees	29,2	16,7	83,3	2057	1931	1952
	mini-jobbers	14,1	41,1	58,9	.	.	285

Source: own presentation based on Federal Statistical Office data ([https://www.destatis.de/DE/Publikationen/Thematisch/VerdiensteArbeitskosten/Arbeitnehmerverdienste/ArbeitnehmerverdiensteVj2160210173215.xlsx?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/Thematisch/VerdiensteArbeitskosten/Arbeitnehmerverdienste/ArbeitnehmerverdiensteVj2160210173215.xlsx?__blob=publicationFile))

<sup>50</sup> Short-term employed mini-jobbers or seasonally employed mini-jobbers were classified as either part-time or full-time employees if their monthly work volume resulted in wages that were higher than EUR 450/month.

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