

# XXX years of social insurance for farmers in KRUS and what next?

*Marian Podstawka, Łukasz Podstawka*

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## Abstract

The aim of the study is to present some provisions contained in the Act of 20 December 1990 on social insurance of farmers, which are not adequate to the existing economic conditions in the country. It is shown that the existing rules of calculation of the supplementary part of the old-age pension from KRUS insurance are more favourable for insured persons with smaller insurance period than for insured persons with longer insurance period. In addition, it has been shown that the separation – by type and standard – of special departments of agricultural production for the purposes of KRUS is inconsistent and illogical. Some of the special departments give the persons running them a chance of making a living (100 pigs, 2000 laying hens, 80 bee families) and others that do not (100 m<sup>2</sup> of heated greenhouse, 100 m<sup>2</sup> of mushrooms and mycelium, 200 m<sup>2</sup> of heated foil tunnel).

The study proposes changes to the rules for calculating KRUS insurance old-age pensions. For insured persons with 25 years of insurance period, 25% of the basic old-age pension was provided for – as a contributory part of the pension. In addition, an additional contributory part was proposed, taking into account insurance period exceeding 25 years. This would be the product of the difference between the actual number of years of insurance period and the number 25 and 2% of the basic old-age pension. Insured persons who cease agricultural activity would additionally be entitled to a supplementary part equal to 75% of the basic pension, regardless of their insurance period. In addition to these three parts of the KRUS old-age pension, a capital part is proposed, which would be received by those who make additional contributions to the pension insurance. The principle of calculating this part of the pension could be the same as in ZUS. Its amount would be a quotient of the indexed contributions and the length of life in retirement. As far as special departments of agricultural production are concerned, it has been proposed to extend them, as adopted for PIT (Personal Income Tax) purposes, and to adopt the level of income (it could be 50% of the average salary in the national economy) as the criterion for access to insurance at KRUS.

**Keywords:** old-age pension capital part, old-age pension contribution part, supplementary old-age pension part, additional old-age pension contribution part, special departments of agricultural production, old-age pension, insurance period, changes.

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**Marian Podstawka**, prof. dr hab., Institute of Agricultural and Food Economics – PIB;  
**Łukasz Podstawka**, M., Institute of Economics and Finance, Warsaw University of Life Sciences.

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## Introduction

Thirty years of the existence of the Agricultural Social Insurance Fund (KRUS) is a long period, which gives reason for a certain summary and assessment. It seems that the activities of the KRUS over that period should be assessed very positively. However, this does not mean that there have been no criticisms of the KRUS<sup>1</sup>. The establishment of the KRUS on 1 January 1991 and its activity have contributed to the empowerment of people working in agriculture. Thus, insured farmers were finally made equal in terms of insurance rights with persons working outside agriculture. It should be mentioned that this was a long process, starting from 1962, through 1968, 1971, 1973, 1977, 1982. A great progress was made in this process by the 1982 Act “On pension insurance for individual farmers and members of their families”<sup>2</sup>. It was thanks to this law that social insurance of farmers was “built in” to the general insurance system. The provisions of this act resulted in awarding as many old-age and disability pensions as many people were subject to social insurance. The scope of benefits was extended. It was then decided that the lowest old-age or disability pension for insured farmers would be equal to the lowest old-age or disability pension for employees.

The fundamental shape of the legal solutions concerning the current rules of social insurance for farmers was introduced by the Act of December 20, 1990<sup>3</sup>. Certain quite significant changes were approved by the Act of April 2, 2004<sup>4</sup>. In the basic act and in its amendment, there are legal regulations concerning the rules of calculating basic benefits that have become obsolete. They are inconsistent with the new principles of the market economy that have been in force in Poland since 1989.

The aim of the study is to indicate the provisions relating to the social insurance of farmers inadequate to the existing farming conditions in our country and to some existing solutions at the Social Insurance Institution (ZUS), as well as to propose changes to the insurance regulations of the Agricultural Social Insurance Fund (KRUS), regarding the principles of pensions’ calculation and defining special departments of agricultural production.

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1. W. Józwiak, W. Jagła, *Problemy ubezpieczenia społecznego rolników*, Warsaw, IERiGŻ-PIB, 2014, p. 29–30.

2. Dz. U. z 1982r. nr 40, poz. 268.

3. Ustawa z 20 grudnia 1990 r. o ubezpieczeniu społecznym rolników, Dz. U. 2008 nr 50 poz. 291 ze zm.

4. Ustawa z 2 kwietnia 2004 r. o zmianie ustawy o ubezpieczeniu społecznym rolników oraz o zmianie niektórych innych ustaw, Dz. U. 2004 nr 91 poz. 873.

## Hypotheses

1. The differences in the amounts of old-age pensions between insured persons with significantly different periods of being insured are symbolic.
2. Special departments of agricultural production for KRUS insurance purposes do not have a generic and standard logic.

The study uses literature, legal acts and experience resulting from meetings with farmers during various types of training. The following methods were used to verify the hypotheses and achieve the aims of the study: descriptive, financial analysis and inference.

### Basic requirements for receiving the old-age pension from KRUS social insurance

The agricultural old-age pension is regulated by the Act on Farmers' Insurance of 20 December 1990. At that time, and several years earlier, the Polish economy was in crisis. There were problems in the country with the food supply of cities. In this situation, it was decided to use the provisions on social insurance for farmers in order to improve the supply of cities, and earlier, to increase the agricultural production. These solutions were introduced to accelerate the generational change in agriculture and increase its production, because it was believed that the successor, the young farmer, was more innovative and more efficient. This was seen as an opportunity to improve the productivity of Polish agriculture and to increase supply of food products to cities. In retrospect, these hopes proved to be misplaced. Firstly, as regards the conditions for receiving old-age pensions and the rules of their calculation, they are unknown to the insured farmers<sup>5</sup>. Secondly, even if they were known, then the transfer of the farm to a successor or its sale depends on completely different conditions than the established in 1990 criteria for receiving the old-age pension and the rules of its calculation.

Pursuant to the provisions of the Act of 20 December 1990, the main benefit for farmers, which is the old-age pension, consists of two parts:

- contributory,
- supplementary.

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5. Co-author M. Podstawka carried out in the years 2014–2015 and in 2020 about 200 training courses, of about 5000 farmers and he did not meet anyone who knew the rules of the calculation of pensions at KRUS.

Pensions were split into these two parts to compensate for unfair practices that occurred before 1990. Namely, if the insured farmer met the conditions of the age and the insurance period to receive the old-age pension, but did not stop farming activity, then he did not receive an old-age pension. Additionally, he was obliged to pay contributions. Such restrictions were not applied to the insured in ZUS. Entrepreneurs, members of the liberal professions and many people from other professional groups, after meeting the age and insurance period conditions, received retirement benefits without having to cease their previous activity. Hence, in 1990 it was decided that an insured farmer, if he meets the age and insurance period conditions, and continues to run the farm, will receive a part of the old-age pension, i.e. the contributory part.

As for the conditions for receiving the contributory part of the old-age pension from KRUS insurance, the insured person should meet two criteria jointly, i.e. in the case of women 60 and 25 years of insurance period and, in the case of men, 65 and 25 years of insurance period.

The regulations also provide the possibility for the insured farmer to be granted the contributory part of the agricultural old-age pension earlier, if by 31 December 2017 he/she met the following conditions:

- 1) the farmer has reached the age of 55 if she is a woman, or 60 if he is a man.
- 2) he/she has been subject to old-age and disability pension insurance for at least 30 years.

The period of service of the insured person with KRUS includes the following periods of:

1. Running or working on a farm after reaching the age of 16 of the insured person before 1 January 1983.
2. Individual farmers and their family members being subject to social insurance in the years 1983–1990.
3. Farmers being subject to social insurance since 1 January 1991 until retirement.

For persons born after 31 December 1948 the insurance period other than agricultural social insurance period is not taken into account when determining the right to an agricultural old-age pension. However, if such a person, after reaching the retirement age and completing 25 years of insurance period, acquires the right to an agricultural old-age pension and the right to an old-age pension from the general insurance system, he will receive both pensions.

In order for the insured to receive the entire old-age pension, consisting of a contributory part and a supplementary part, the insured must, apart from meeting the age and insurance period criteria, stop farming activity. This condition will be met if the insured (the farmer or his/her spouse) leaves for himself/herself less than 1 reference ha from the farm acreage or does not have and run a special agricultural

production department. On the other hand, the remaining parts of the farm the farmer may:

- sell,
- lease,
- hand over to the successor,
- transfer against payment to the resources of the National Support Centre for Agriculture (KOWR).

As far as the sale is concerned, it takes place by means of a contract by which the owner of the farm transfers its value to the new owner.

Lease consists in concluding an agreement, for at least 10 years, to lease a farm or a special department of agricultural production, which is confirmed by the mayor of the town or city with jurisdiction over the location of the leased property.

The transfer to the successor may take place on the basis of a donation contract or a contract for life. An agreement for life consists in a gratuitous transfer of ownership of a farm or a special department of agricultural production in return for the provision of care, assistance (to the person who transfer the ownership) from the person who takes over ownership of the property.

### **Principles of calculation of the agricultural old-age pension**

As far as the contributory part of the agricultural old-age pension is concerned, a general rule has been adopted that for each year of insurance period the insured person is entitled to 1% of the basic old-age pension. However, this general rule does not apply to period II. Period II requires establishing the so-called individual contribution rate. This is because the Act of 14 December 1982 was in force at that time<sup>6</sup>, which – as never before – determined the social insurance contributions for farmers and their family members depending on the number of hectares of arable land and the number of insured persons. Calculating contributions in this way led to a significant burden on the insured with large farms. In order to satisfy these principles, the said individual contribution rate is set for each year of the period 1983–1990. For this purpose, the sum of contributions paid per persons and per hectares of agricultural land is taken, then these amounts are divided by the number of insured persons and the resulting quotient relates to 120% of the basic old-age

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6. Ustawa z 14 grudnia 1982 r. o ubezpieczeniu społecznym rolników indywidualnych i członków ich rodzin, Dz. U. 1982 nr 40 poz. 268.

pension in each year of that period. The calculation of this indicator will be illustrated by an example in which it was assumed that we had one insured person who paid contributions for a 10-hectare farm. Therefore, Table 1 presents the method and value of calculating individual indices of the contribution rate in the years 1983–1990.

**Table 1. An example of determining individual indices of the contribution rate for a 10-hectare farm run by one person in the years 1983–1990**

Year	Contribution size (in PLN)		The sum of contributions in PLN / person	120% of the basic old-age pension	Individual contribution rate indicator
	per person	per 1 ha UR			
1	2	3	2 + 3 x 10	4	(2 + 3 x 10)/4
1983	1 200	500	6 200	6 000	1,03
1984	1 600	800	9 600	6 000	1,60
1985	1 600	800	96 000	6 000	1,60
1986	3 400	1 600	19 400	8 000	2,43
1987	4 650	2 560	30 250	8 400	3,60
1988	5 810	3 080	36 610	14 440	2,50
1989	16 080	7 840	94 480	59 500	1,60
1990	312 000	780 000	1 092 000	414 000	2,64

Source: M. Podstawka, *Podstawy finansów. Teoria i praktyka*, Warszawa, SGGW, 2005, p. 254.

Thus, for a hypothetical insured person an individual value of the contribution rate was set at 17.

As for period I, it is divided into two sub-periods. The first one starts from the insured person's 16th birthday until 30 June 1977. This is the time when the Act of 27 October 1977 on retirement benefits and other benefits for farmers and their families came into force<sup>7</sup>. For each year of this period, 0.5% of the basic old-age pension is calculated. This rate is reduced because there was no obligation to pay contributions during this period. The second sub-period from period I begins on 1 July 1977 and ends on 31 December 1982. During this period, the contributory part is set at 1% of the basic old-age pension for each year of insurance coverage. Let us assume that our hypothetical insured person is a woman who was born on 1 January 1961, and in January 2021 she handed over a farm to the successor, and in

7. Ustawa z 27 października 1977 r. o zaopatrzeniu emerytalnym oraz innych świadczeniach dla rolników i ich rodzin, Dz. U. 1977 nr 32 poz. 140.

February 2021 she applied for an agricultural old-age pension. The interested party showed the following insurance periods:

- 1) from 1 January 1976 to 30 June 1977, work on the parents' farm (this period is included in the insurance period of the insured person);
- 2) from 1 July 1977 to 31 December 1982, work on one's own farm (5%);
- 3) from 1 January 1982 to 31 December 1990, work on one's own farm (17%) according to Table 1;
- 4) from 1 January 1991 to 31 December 2021, work on one's own farm (30%).

Therefore, our insured person collected 52% in total, which was related to the basic retirement pension, amounting to PLN 972.40 since 1 March 2020. As a result, the old-age pension in the contributory part will amount to PLN 505.65 (52% x PLN 972.40).

In this situation, the insured will receive the supplementary part in amount of PLN 850.85. In the case of our insured person, the rule is that for each year over 20 years taken to determine the contribution part, excluding period II (that is, 1983–1990), the complementary part is reduced by 0.5%. Thus, this reduction would be:  $(52-17) - 20 \times 0.5 = 7.5\%$  and 95% of the basic old-age pension should be reduced by this amount. As a result, this part of the old-age pension would be 87.5% of the basic old-age pension, i.e. PLN 850.85.

Taking into account the amount of the contributory part (PLN 505.65) and the supplementary part (PLN 850.50), our insured person will receive a total of PLN 1 356.60 of the agricultural pension. Having the amount of this benefit calculated, KRUS determines its relation to the basic old-age pension. In our case, it will be  $(\text{PLN } 1\,356.60 / \text{PLN } 972.40) \text{ PLN } 1.395$ . This rate remains unchanged throughout the period of receiving an old-age pension. Its new value is determined each year from 1 March, along with the change of the basic old-age pension, taking into account the previously determined rate<sup>8</sup>.

The presented principles of calculating agricultural old-age pensions take into account the assumptions of socialist egalitarianism. They are constructed in such a way that the amount of the agricultural retirement pension in the supplementary part is inversely correlated with the insurance period. In fact, the longer it is, the lower this part of the pension is. On the other hand, the contributory part is positively correlated with the period of insurance. As a result, the insured, both with long and short insurance period, receive a similar level of retirement pension. Let's illustrate it with the following examples:

- Example 1. An insured person with 20 years of insurance period will receive:
- contributory part of the old-age pension (20% x PLN 972.40) PLN 195.50,
  - supplementary part of the old-age pension (95% x PLN 972.40) PLN 923.80.

8. From 1 March 2021 the amount of the basic agricultural old-age pension is PLN 1 013.63.

In total, the pension will amount to PLN 1 119.30. In this situation, KRUS pays a minimum pension of PLN 1 200.

Example 2. An insured person with 40 years of insurance period will receive:

- contributory part of the old-age pension (40% x PLN 972.40) PLN 388.96,
- supplementary part of the old-age pension  $95\% - (40 - 17^9 - 20) \times 0.5\% \times \text{PLN } 972.40 = \text{PLN } 909.19$ .

In total, the pension will amount to PLN 1 298.15.

Therefore, the difference in the amount of old-age pension between the insured persons presented in our examples amounts to less than PLN 100. The insured person representing Example 1 had twice as long insurance period as the insured person presented in Example 2, who had paid twice as much of the insurance contributions. It should be emphasized that if the difference in the period of insurance between the insured was greater, the difference in the amount of the old-age pension would be even smaller. Thus, the first research hypothesis is confirmed.

## Special departments of agricultural production for the purposes of KRUS

Special departments of agricultural production provide the basis for covering the persons running them with KRUS insurance. Until 2 April 2004, they were defined in the same way, both for PIT (Personal Income Tax) purposes and for social insurance purposes. The aforementioned act of 2 April 2004 introduced regulatory changes regarding special departments of agricultural production. Currently, these departments for KRUS insurance purposes are represented by 10 types of production. For PIT purposes, there are still 17 of them and their production normativity is different. Table 2 presents the list of special departments for KRUS insurance purposes, together with their standard sizes.

**Table 2. List of special departments for insurance purposes at KRUS**

On.	Types of crops and production	Production sizes
1	Growing ornamental and other plants in heated greenhouses	above 100 m <sup>2</sup>
2	Growing in unheated greenhouses	above 100 m <sup>2</sup>
3	Growing ornamental and other plants in heated foil tunnels	above 200 m <sup>2</sup>

9. 17 years – is the individual contribution rate under the Act of 1982 (adopted from Table 1), which is not taken into account when calculating the supplementary part of the agricultural old-age pension.



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On.	Types of crops and production	Production sizes
4	Growing mushrooms and their mycelium	above 100 m <sup>2</sup>
5	Slaughter poultry:	
	a) chickens	above 1 000 (per year)
	b) geese	above 500 (per year)
	c) ducks	above 500 (per year)
	d) turkeys	above 500 (per year)
	e) ostriches	above 20 (per year)
6	Laying poultry:	
	a) laying hens (in the breeding herd)	above 2 000 (per year)
	b) geese (in the breeding herd)	above 200 (per year)
	c) ducks (in the breeding herd)	above 500 (per year)
	d) turkeys (in the breeding herd)	above 500 (per year)
	e) hens (production of consumption eggs)	above 1 000 (per year)
	f) ostriches (in the breeding herd)	above 6 (per year)
7	Poultry hatching establishments (capacity – number of eggs)	
	a) chickens	above 3 000
	b) geese	above 3 000
	c) ducks	above 3 000
	d) turkeys	above 3 000
	e) ostriches	above 50
8	Fur animals	
	a) foxes and raccoon dogs	above 50 females of the basic herd
	b) minks	above 50 females of the basic herd
	c) ferrets	above 50 females of the basic herd
	d) chinchillas	above 50 females of the basic herd
	e) coypus	above 50 females of the basic herd
	f) rabbits	above 50 females of the basic herd
9	Apiaries	above 80 families
10	Breeding and rearing pigs outside the farm	above 100

Source: *The Act of 2 April 2004 on amending the act on social insurance for farmers and amending certain other acts, Dz. U. 2004 nr 91 poz. 146, 236.*

In 2004, apart from reducing the number of special departments for KRUS purposes to 10, their normativities were increased in relation to those that are still applicable today for PIT purposes. For example, in the case of greenhouse crops, foil tunnels and the cultivation of mushrooms and mycelium, the norms of these activities are four

times higher for social security purposes than for the purposes of personal income tax. It is worth emphasizing that there is a normative imbalance among the special departments for the purposes of KRUS. This applies to sections such as 80 bee colonies, 2000 laying hens or 100 pigs. These departments can be a livelihood for those running them. On the other hand, growing on an area of 100 m<sup>2</sup> in a heated greenhouse, 200 m<sup>2</sup> of a heated foil tunnel or 100 m<sup>2</sup> of mushrooms are not able to provide sufficient income.

According to the Polish FADN<sup>10</sup> (Farm Accountancy Data Network) data, the income together with subsidies from 100 m<sup>2</sup> of crops under cover was in 2017 – PLN 1 058.76, in 2018 – PLN 1 172.93 and in 2019 – PLN 1 593.36. The situation was similar for mushroom and mycelium crops. From 100 m<sup>2</sup>, the income together with subsidies from this crop in 2017 was PLN 1 138.92, in 2018 – PLN 1 288.79 and in 2019 – PLN 1 146.30. On the other hand, the income from 100 pcs of fattening pigs in 2017 was PLN 6 7057.43, in 2018 – PLN 47 589.75, and in 2019 – PLN 96 163.80. As for the income with subsidies from 80 stationary bee colonies was in 2017 – PLN 16 584.15, in 2018 – PLN 25 349.82 and in 2019 – PLN 25 976.40. In the case of migratory apiaries, the income can be three times higher. Income from 2000 laying hens was PLN 44 819.75 in 2017, PLN 65 821.94 in 2018 and PLN 53 780.14 in 2019.

The comments presented regarding the standard regulation as well as the type of special departments of agricultural production require changes in the context of KRUS insurance. Thus, the hypothesis 2 was positively verified.

### **Proposals for changes to the rules of calculating the old-age pensions and in regulations defining special departments of agricultural production for the purposes of KRUS**

The proposed changes to the old-age pension calculation result from the market rules introduced to our economy in 1989 and from some of the regulations introduced to the Social Insurance Institution in the 1999 reform. Therefore, it would be reasonable to apply them to farmers' social insurance within the KRUS' framework.

The proposal of changes to calculation of the old-age pensions of farmers is as follows:

1. The division of pension into a contributory part and a supplementary part should be maintained.
2. For all insured persons, who meet the basic requirements for receiving a retirement pension (a woman – 60 years, a man – 65 years and a 25-year period of insurance), the pension should amount to:

10. FADN data from the Institute of Agricultural and Food Economics – PIB, Warsaw 2021.

- a. in the contributory part, the equivalent of 25% of the basic old-age pension,
- b. in the supplementary part, 75% of the basic old-age pension.

In this way, the insured person would receive a pension equal to the basic old-age pension (PLN 972.40). However, we propose to differentiate it into two parts, in case the insured person does not cease agricultural activity. Then he/she would only receive 25% of the basic old-age pension as a contributory part of the pension. On the other hand, if he/she ceased his/her agricultural activity, he/she would receive 75% of his/her basic old-age pension as a supplementary part.

3. For the insured with over 20 years of insurance period:

- a. the additional contributory part should be determined as the difference between the actual insurance period and the period of 25 years, multiplied by 2%, and this product should be related to the basic old-age pension, i.e.:

$$\text{cz. skł. } E = (R_{su}-25) \times 2\% \times E_p,$$

where:

cz. skł. E – the contributory part of pension

R<sub>su</sub> – the actual number of years of insurance period

E<sub>p</sub> – the basic pension

- b. the supplementary part would be 75% of the basic old-age pension

With this proposal, an insured person with twice as long insurance period, e.g. 50 years, would receive:

- additional contributory part  $(50-25) \times 2\% \times \text{PLN } 972.40 = \text{PLN } 486.20$ ,
- the contributory part due for the first 25 years of PLN 243.10  $(25\% \times \text{PLN } 972.40)$ .

The total contributory part of the old-age pension would be PLN 486.20 + PLN 243.10 = PLN 729.30.

If our insured person stopped farming, he would be entitled to, apart from this part of the old-age pension, a supplementary part of the old-age pension, which would be 75% of the basic pension. Therefore, the supplementary part is PLN 972.40 x 75% = PLN 729.30.

In this situation, the total old-age pension would amount to PLN 1 458.60 and would be much higher than the one granted to an insured person with twice as short the insurance period. The difference would be PLN 486.20 (PLN 1 458.60 – PLN 972.40).

4. For people paying additional pension insurance contributions according to Table 3, the capital part of the old-age pension should be calculated according to the solutions existing in ZUS, i.e.:

$$E_k = \frac{\sum Skz}{\bar{x}}$$

E<sub>k</sub> – the capital part of pension

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$\Sigma Skz$  – the sum of the valorised contributions since 2011 for farmers with farms over 50 ha, and for farmers simultaneously running agricultural and economic activity since 2005

$\bar{x}$  – life expectancy in retirement

**Table 3. The amount of social security contributions for farmers in the second, third and fourth quarter of 2020**

Status of the insured person and size of the agricultural farm	The amount of the insurance contribution in PLN						
	old-age and disability pension				accidents, sickness, maternity		Contributions altogether from one insured person quarterly
	basic monthly contribution	supplementary monthly contribution	monthly contribution altogether (2+3)	quarterly	monthly contribution	quarterly	
1	2	3	4	5	6	7	8
<b>I. A farmer/a spouse of a farmer running an agricultural activity on a farm with an area in ha converted:</b>							
to 50 ha	97.00	0.00	97.00	291.00	42.00	126.00	417.00
above 50 ha to 100 ha	97.00	117.00	214.00	642.00	42.00	126.00	768.00
above 100 ha to 150 ha	97.00	233.00	330.00	990.00	42.00	126.00	1 116.00
above 150 ha to 300 ha	97.00	350.00	447.00	1 341.00	42.00	126.00	1 467.00
above 300 ha	97.00	467.00	564.00	1 692.00	42.00	126.00	1 818.00
Farmer's household member (in each area category)	97.00	0.00	97.00	291.00	42.00	126.00	417.00
<b>II. A farmer/a spouse of a farmer running a non-agricultural business and an agricultural activity on a farm with an area in ha converted:</b>							
to 50 ha	194.00	0.00	194.00	582.00	42.00	126.00	708.00
above 50 ha to 100 ha	194.00	117.00	311.00	933.00	42.00	126.00	1 059.00
above 100 ha to 150 ha	194.00	233.00	427.00	1 281.00	42.00	126.00	1 407.00
above 150 ha to 300 ha	194.00	350.00	544.00	1 632.00	42.00	126.00	1 758.00
above 300 ha	194.00	467.00	661.00	1 983.00	42.00	126.00	2 109.00
Farmer's household member running a non-agricultural business (in each area category)	194.00	0.00	194.00	582.00	42.00	126.00	708.00

Source: Agricultural Social Insurance Fund, [www.krus.gov.pl](http://www.krus.gov.pl), access 15.05.2021.

It seems that when it comes to special departments of agricultural production, one should abandon defining them in terms of production size. In this case, an income criterion could be applied, which is easy to assess due to the fact that these producers account for income tax. It can be assumed that if a farmer generates income from such production which constitutes at least 50% of the average wage in the national economy, he meets the criterion of access to insurance at KRUS. As for the availability in terms of the types of production, they should be extended by adopting for KRUS purposes the same activities that apply to the PIT tax, and perhaps it would be justified to extend them, e.g. with bumblebees, fish, pheasants, earthworms, silkworms, etc.

Another problem is real estate taxation of abandoned farmer's place of living. It does not seem justified, because the farmer-pensioner has a lower tax capacity than the one he had when running a farm. Therefore, the farmer's place of living should be taxed with agricultural tax, as regulated by the act on agricultural land tax.

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## Summary

The current principles of the calculation of agricultural old-age pensions presented in the study result from the doctrine of social egalitarianism that existed until 1989. It assumed that "equal means fair to everyone". It seems that after 30 years, since the change in the economic system in Poland, the rules for calculating KRUS old-age pensions should be changed. The study proposes these changes. According to the presented proposals, the agricultural retirement pension should consist of the following parts:

- contributory – basic and additional,
- supplementary,
- capital.

For the insured with 25 years of insurance period, it has been proposed that the contributory part should be the product of the number of 25 years of insurance period and 1% of the basic old-age pension. On the other hand, the additional contributory part, for the insured with an insurance period of over 25 years, should be the product of the difference between the number of years of actual insurance period and the number of 25 years and 2% of the basic old-age pension. The supplementary part is 75% of the value of the basic pension for each insured person. On the other hand, the capital part is the quotient of the contributions paid and indexed from 2005 and 2011 divided by the further life expectancy in retirement.

As far as special departments are concerned, it was proposed to extend their generic number and to adopt the income from them as a criterion for access to KRUS insurance. It is possible to adopt the income criterion because these farmers are taxed

on their income from agricultural production with PIT tax. The amount of income received is a matter of debate. It may constitute 50% of the average wage in the national economy or the value of the minimum wage in the national economy per person.

It is obvious that the proposed changes are questionable. They ignore the effects on public finances. It will be necessary to try to estimate them. The intention was for the article to start a discussion on the proposed changes to the rules of calculating old-age pensions for farmers and the definition of special departments of agricultural production.

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