

AGREEMENT ON SOCIAL SECURITY BETWEEN THE  
UNITED STATES AND THE REPUBLIC OF SLOVENIA

---

MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A SOCIAL SECURITY TOTALIZATION AGREEMENT WITH SLOVENIA,  
PURSUANT TO 42 U.S.C. 433(e)(1); AUG. 14, 1935, CH. 531, TITLE  
II, SEC. 233(e)(1) (AS AMENDED BY PUBLIC LAW 95-216, SEC.  
317(a)); (91 STAT. 1539)



MAY 17, 2018.—Message and accompanying papers referred to the  
Committee on Ways and Means and ordered to be printed

---

U.S. GOVERNMENT PUBLISHING OFFICE



*To the Congress of the United States:*

Pursuant to section 233(e)(1) of the Social Security Act, as amended by the Social Security Amendments of 1977 (Public Law 95–216, 42 U.S.C. 433(e)(1)), I transmit herewith a social security totalization agreement with Slovenia, titled “Agreement on Social Security between the United States of America and the Republic of Slovenia” and the accompanying legally binding administrative arrangement, titled “Administrative Arrangement between the United States of America and the Republic of Slovenia for the Implementation of the Agreement on Social Security between the United States of America and the Republic of Slovenia” (collectively the “Agreements”). The Agreements were signed in Ljubljana, Slovenia, on January 17, 2017.

The Agreements are similar in objective and content to the social security totalization agreements already in force with other leading economic partners in Europe and elsewhere, including Australia, Canada, Chile, Japan, Norway, the Republic of Korea, and Switzerland. Such bilateral agreements provide for limited coordination between the United States and foreign social security systems to eliminate dual social security coverage and taxation and to help prevent the loss of benefit protection that can occur when workers divide their careers between two countries.

The Agreements contain all provisions mandated by section 233 of the Social Security Act and, pursuant to section 233(c)(4), other provisions which I deem appropriate to carry out the purposes of section 233.

I also transmit for the information of the Congress a report required by section 233(e)(1) of the Social Security Act on the estimated number of individuals who will be affected by the Agreements and the Agreements’ estimated cost effect. Also included are a summary of the main provisions of the Agreements and an annotated version of the Agreements with descriptions of each article. The Department of State and the Social Security Administration concluded that these Agreements are in the national interest of the United States.

I commend to the Congress the Agreement on Social Security between the United States of America and the Republic of Slovenia and the Administrative Arrangement between the United States of America and the Republic of Slovenia for the Implementation of the Agreement on Social Security between the United States of America and the Republic of Slovenia.

DONALD J. TRUMP.

THE WHITE HOUSE, *May 17, 2018.*

**MAIN PROVISIONS  
OF THE UNITED STATES-SLOVENIA SOCIAL SECURITY AGREEMENT**

**Introduction**

In general, section 233(c)(1) of the Social Security Act ("Act") requires that international agreements concluded pursuant to that section meet three requirements:

- They must eliminate dual coverage of the same work under the social security systems of the United States and the other country.
- They must allow for combining credits that the worker earns under the two systems for benefit eligibility purposes.
- When combined credits establish eligibility for U.S. Social Security benefits, the basis for the U.S. benefit payable must be the proportion of the worker's periods of coverage completed under title II of the Act.

The U.S.-Slovenia agreement includes these required provisions.

**Elimination of Dual Coverage**

The agreement establishes rules to eliminate dual coverage and taxation, the situation that now exists when a person from either the United States or Slovenia works in the other country. The agreement sets forth a general rule under which the social security system of the country where the employee performs the work will cover the employee, subject to the following exceptions:

- If an employer sends an employee from one of the agreement countries to work in the other country for a period not expected to exceed five years, the agreement provides that the employee will remain covered under the social security system of the country from which he or she was sent. Under a separate provision of the agreement, this same rule applies to a self-employed person who moves to work in the other country for a period not expected to exceed five years.
- Thus, a person whose U.S. employer temporarily transfers him or her to Slovenia will retain coverage under, and pay contributions to, the U.S. program exclusively. The agreement will relieve the employer and employee (or self-employed person) of the additional burden of paying social security contributions to the Slovenian program.
- The agreement also sets forth special coverage rules for employees of the governments of the two countries and for workers in international air and maritime transportation.

### Totalization Benefit Provisions

The agreement will also help prevent situations where workers suffer a loss of benefit rights because they divide their careers between the United States and Slovenia.

Under the rules that apply to the United States, if a person has:

- credit for at least six quarters of coverage under the U.S. Social Security system; and
- not enough credits under the U.S. Social Security system to qualify for a retirement, survivors, or disability benefit,

the United States will totalize (i.e., combine) the worker's coverage credits from both countries for the purpose of determining eligibility for a U.S. retirement, survivors, or disability benefit. A person is eligible for a benefit if the worker meets the requirements for a benefit under the U.S. Social Security system based on the combined credits. The benefit amount payable to a person who qualifies based on totalized credits is proportional to the amount of coverage completed in the United States.

Under the rules that apply to Slovenia, if a person does not have enough total or recent coverage under the Slovene system to qualify for a retirement, survivors, or disability benefit, Slovenia will totalize the worker's coverage credits from both countries for the purpose of determining eligibility for a Slovene retirement, survivors, or disability benefit. Where combined credits from both countries establish eligibility, Slovenia will compute a theoretical benefit amount as if the worker had completed his or her U.S. periods of coverage under Slovene law. To determine the benefit amount actually payable, Slovenia will prorate the theoretical amount by multiplying it by the ratio of the periods of coverage credited under Slovene law to the total periods credited in both countries.

If a person qualifies for a benefit from the social security system of either country without the need to use credits the worker earned under the other country's social security system, a totalized benefit will not be paid by the country under whose laws the person qualifies; rather, a non-totalized benefit will be paid. However, entitlement to such benefit shall not preclude entitlement to a totalized benefit from the social security system of the other country, provided the person meets all the applicable requirements.

## UNITED STATES-SLOVENIA ADMINISTRATIVE ARRANGEMENT

### Purpose

The administrative arrangement establishes a number of principles which will serve as the basis for developing operating procedures. In particular, it authorizes the designated liaison agencies to develop procedures and forms necessary to implement the principal agreement. The liaison agencies are:

- for the United States, the Social Security Administration (SSA); and
- for Slovenia, jointly the Pension and Disability Insurance Institute of Slovenia (PDII) and the Healthcare Insurance Institute of Slovenia (HII).

### Elimination of Dual Coverage

The administrative arrangement sets forth rules for issuing the documentation necessary to exempt workers covered under one country's system from coverage under the other country's system. These rules provide that the Agency (as defined in the agreement) whose coverage laws will apply to a person working in the other country will, upon request, issue a certificate of coverage. The certificate shall serve as proof of exemption from social security tax obligations under the other country's social security system.

### Benefit Provisions

SSA and the Liaison Agency of Slovenia will exchange coverage records and other information required to process benefit claims filed under the agreement. The administrative arrangement sets forth procedures governing this exchange of claims-related information.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

AGREEMENT ON SOCIAL SECURITY  
BETWEEN  
THE UNITED STATES OF AMERICA  
AND  
THE REPUBLIC OF SLOVENIA

The United States of America and

The Republic of Slovenia (hereinafter individually known as  
“Contracting State” or collectively as “Contracting States”),

Being desirous of regulating the relationship between the two countries in  
the field of social security,

have agreed as follows:

**PART I**  
**General Provisions**

**Article 1**  
**Definitions**

1. For the purposes of the Agreement on Social Security between the  
United States of America and the Republic of Slovenia (hereinafter  
“Agreement”):

Article 1 defines key terms used in this Agreement.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- (a) "National" means,  
as regards the United States, a national of the United States as defined in Section 101, Immigration and Nationality Act, as amended, and  
as regards the Republic of Slovenia, a national of the Republic of Slovenia as defined in the Citizenship of the Republic of Slovenia Act, as amended;
- (b) "Laws" means the laws and regulations specified in Article 2 of this Agreement;
- (c) "Competent Authority" means,  
Under section 101(a)(22) of the Immigration and Nationality Act, "the term 'national of the United States' means (A) a citizen of the United States, or (B) a person who, though not a citizen of the United States, owes permanent allegiance to the United States." Those in category (B) include natives of American Samoa.  
The Act on Citizenship of the Republic of Slovenia of 7 December 2006 specifies the categories of persons to whom the Republic of Slovenia ("Slovenia") accords citizenship. A Slovenian citizen is any person whom Slovenia accords citizenship.  
This includes persons born to Slovenian parents, persons born in the territory of Slovenia whose parents are unknown or whose citizenship is unknown, persons who have become naturalized through specific application, and persons to whom an international agreement accords Slovenian citizenship.  
Citizenship in Slovenia can be lost by means of release, renunciation, deprivation, or under the terms of an international agreement.  
The term "Laws," as used in this Agreement, refers to each country's social security laws and regulations as set forth in Article 2.  
"Competent Authority," wherever it appears in this Agreement, refers to the government official in each country with ultimate responsibility for administering the social security program and the provisions of this Agreement.



PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 3 -

as regards the United States, the Commissioner of Social Security, and

as regards the Republic of Slovenia, the competent ministries with the powers conferred by the legislative acts defined in Article 2 of this Agreement;

(d) "Agency" means,

"Agency," as used in this Agreement, refers to the administrative body in each country responsible for taking and processing claims and making coverage determinations under each country's social security Laws.

as regards the United States, the Social Security Administration, and

The Social Security Administration (SSA) is the Agency for the United States. However, the U.S. Internal Revenue Service (IRS) retains its responsibility for determining Social Security tax liability based on SSA coverage determinations under this Agreement.

as regards the Republic of Slovenia, the institutions, funds and bodies, responsible for the implementation of the Laws defined in Article 2, Paragraph 1, subparagraph b of this Agreement;

For Slovenia, the Agency is the Institute for Pension and Invalidity Insurance of Slovenia (IPI). Other compulsory programs of social insurance in Slovenia that are not included in the OASDI program (health insurance, work injury, unemployment, etc.) from which U.S. workers will be exempt by virtue of Part II of this Agreement are administered by other Slovenian Agencies which, while not responsible for the provision of Benefits under this Agreement, still maintain administrative control over those programs (See Article 2.1 (b)(ii))

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 4 -

(e) "Period of Coverage" means a period of payment of contributions or a period of earnings from employment or self-employment, as defined or recognized as a period of coverage by the Laws under which such period has been completed, or any similar period in-so-far as it is recognized by such Laws as equivalent to a period of coverage;

(f) "Benefit" means any benefit provided for in the Laws specified in Article 2 of this Agreement;

(g) "Personal Data" means any information relating to a specific (identified or identifiable) person, as well as any information that can be used to distinguish or trace an individual's identity. This includes, but is not limited to, the following: any individual identifier; citizenship, nationality, statelessness, or refugee status; benefits, eligibility, or other claims information; contact information; medical information or lay information used in a medical determination; information about marital, familial, or personal relationships; and information pertaining to work, financial, or economic status; and

"Period of Coverage" means any period credited under the social security Laws of either country for purposes of determining Benefit eligibility, including periods of covered employment and self-employment.

"Benefit" refers to old-age, survivors, and disability Benefits provided under the social security Laws of either country. With respect to the United States, the term also includes the lump-sum death payment under section 202(i) of the Social Security Act ("Act"). It also excludes special age-72 payments provided for certain uninsured persons under section 228 of the Act.

"Personal data" refers to personally identifiable information. Since there is no definition of "personal data" in the Act, this term incorporates and expands upon essential elements of the definition of "information" applying to SSA at 20 CFR 401.25.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 5 -

(h) "Liaison Agencies" means institutions authorized to route inquiries and correspondence for effective implementation of this Agreement.

Article 2 of the Administrative Arrangement designates the agencies in each country that will coordinate implementation and administration of this Agreement's coverage and Benefit provisions. SSA is the designated Liaison Agency for the United States. The counterpart Liaison Agencies for Slovenia are the IPII and the Health Insurance Institute of Slovenia (HIJ).

2. Any term not defined in this Article shall have the meaning assigned to it in the applicable Laws.

If this Agreement does not define a term, that term has the same meaning as it does under each country's national laws.

**Article 2**  
**Material Scope**

1. For the purposes of this Agreement, the applicable Laws are:

Article 2.1 specifies the Laws to which this Agreement applies.

(a) as regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:

(i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A, and 228 of that title, and regulations pertaining to those sections, and

For the United States, this Agreement applies to title II of the Act. It also applies to the corresponding tax laws (the Federal Insurance Contributions Act—FICA and the Self-Employment Contributions Act—SECA) and any regulations pertaining to those laws. This Agreement does not apply to Medicare provisions (sections 226 and 226A of the Act). It also does not apply to provisions for special payments to uninsured individuals age 72 or over under section 228 of the Act. Persons to whom this Agreement applies who qualify for Medicare hospital insurance or age-72 payments without application of this Agreement may still receive such benefits.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 6 -

(ii) Chapters 2 and 21 of the Internal Revenue Code of 1986 and regulations pertaining to those chapters; and

A worker who is exempt from making U.S. contributions by virtue of Article 5 of this Agreement shall be exempt from U.S. FICA and SECA taxes, which include old-age, survivors, disability, and Medicare contributions.

(b) as regards the Republic of Slovenia:

(i) the laws governing pension and disability insurance, except the provisions on residual working capacity, and

For Slovenia, this Agreement applies to the Laws governing the old-age, survivors, and disability insurance (OASDI) Benefits programs of the social security system.

(ii) with regard to Part II of this Agreement only, the laws of the Republic of Slovenia governing the compulsory participation in social insurance system.

A worker subject only to U.S. Laws under the coverage provisions of this Agreement and his or her employer will be exempt from making contributions for Slovenian OASDI, maternity, sickness, work injury, unemployment insurance, and health insurance programs.

2. Unless otherwise provided in this Agreement, the Laws referred to in paragraph 1 of this Article shall not include treaties or other international agreements or supranational legislation on Social Security concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.

Except as this Agreement itself provides, the Laws to which the Agreement applies do not include treaties and other international agreements. This includes either country's bilateral social security agreements with third countries or multilateral agreements. This provision ensures that if a person has Periods of Coverage in the United States and Slovenia and periods of coverage in a third country with which either country has a social security agreement, SSA cannot combine periods from all three countries to meet U.S. Benefit eligibility requirements.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 7 -

3. No provision in this Agreement shall affect the obligation of either Contracting State's social security agreements or any other international agreements by which either Contracting State is bound.

This paragraph provides that none of the provisions of this Agreement affect Slovenia's commitments under any bilateral or multilateral agreements or other arrangements. These include, but are not limited to, its obligations under European Union (EU) rules, its agreements as a member of the European Economic Area (EEA), and its bilateral agreements with other countries.

4. Except as provided in the following sentence, this Agreement shall also apply to laws and regulations that amend or supplement the Laws specified in paragraph 1 of this Article. This Agreement shall apply to future laws and regulations of a Contracting State which create new categories of beneficiaries or new Benefits under the Laws of that Contracting State unless the Competent Authority of that Contracting State notifies the Competent Authority of the other Contracting State in writing within three (3) months of the date of the official publication of the new laws or regulations that no such extension of this Agreement is intended.

Article 2.4 provides that this Agreement will automatically apply to any future U.S. or Slovenian legislation that amends or supplements the Laws set forth in paragraph 1. This includes legislation that creates new categories of beneficiaries or new Benefits. The country enacting the legislation may exclude it from the scope of this Agreement by giving written notice to the other country within 3 months of the legislation's official publication.

**Article 3**  
**Personal Scope**

This Agreement shall apply:

Article 3 specifies the persons to whom this Agreement applies. These include persons currently or previously covered under U.S. or Slovenian Laws. This Agreement also applies to the dependents and survivors of such persons when the Laws of one or both countries confer rights to dependents or survivors because of their relationship to such persons.

- (a) to any person who is or has been subject to the Laws of either Contracting State, and

- (b) to the dependents and survivors of a person described in subparagraph (a) of this Article within the meaning of the applicable Laws of either Contracting State.

**Article 4**  
**Equality of Treatment and Portability of Benefits**

1. Unless otherwise provided in this Agreement, persons described in Article 3 of this Agreement who reside in the territory of one Contracting State shall receive equal treatment with Nationals of the second Contracting State in the application of the Laws of the second Contracting State.

Article 4.1 provides that persons to whom this Agreement applies who reside in the United States or Slovenia will receive the same treatment as that country gives its own Nationals. Article 6.7 of this Agreement limits this provision to ensure that any equal treatment accorded in this paragraph does not contravene existing U.S. law.

The intent of this provision is to eliminate discrimination based on a person's nationality with respect to Benefits. It would not affect U.S. restrictions on Benefit eligibility or payment because a person is not lawfully present in that country or did not have permission to work in that country. The provision also does not affect the coverage provisions of either country's Laws, since Part II of the Agreement deals with social security coverage.

2. Unless otherwise provided in this Agreement, any provision of the Laws of a Contracting State which restricts entitlement to or payment of Benefits solely because a person resides outside or is absent from the territory of that Contracting State shall not be applicable to a person who resides in the territory of the other Contracting State.

Article 4.2 provides that where the Laws of either country require residence in that country in order to qualify for or receive social security Benefits, a person may also qualify for and receive those Benefits while residing in the other country. By virtue of an exchange of diplomatic notes in 1959 between the United States and the former Socialist Federal Republic of Yugoslavia and SSA's published finding about Slovenia's social security system (see 79 Fed. Reg. 42,867), the United States has long paid benefits to Slovenian (formerly Yugoslav) citizens who do not satisfy

U.S. residency requirements for Benefit payment contained in section 202(t)(1) of the Act. However, the nonpayment exception is subject to other U.S. payment restrictions based on residency requirements for dependents and survivors; e.g., section 202(t)(11) of the Act. Both countries intend that under this Agreement, Nationals of either country may qualify for or receive Benefits while residing in the other country. Accordingly, under section 233(c)(2) of the Act, this Agreement will permit the United States to pay dependents and survivors currently subject to such residency requirements as well as certain persons who are third country nationals residing in either country.

**PART II**  
**Provisions Concerning Applicable Laws**  
**Article 5**  
**Coverage Provisions**

Part II eliminates dual social security coverage, which occurs when a worker must pay social security taxes to both countries for the same earnings. This Agreement complies with the existing coverage provisions under the Laws of both countries except when necessary to prevent payment of social security taxes to both countries for the same earnings. The provisions in this Part retain the worker's social security coverage and taxation in the country to whose economy he or she has the more direct connection, while exempting the worker from coverage and taxation under the other country's system.

1. Except as otherwise provided in this Article, a person employed or self-employed within the territory of one of the Contracting States, with respect to that employment or self-employment, shall be subject to the Laws of only that Contracting State.

Article 5.1 establishes a basic territoriality rule, stating that ordinarily, only the country in which a person is working will compulsorily cover the person's work in that country. Work that both countries would otherwise cover will remain covered exclusively under the system of the country where the person is working. Such work activity will be exempt from coverage under the other country's system.

PRINCIPAL AGREEMENT

- 10 -

ANNOTATIONS AND COMMENTS

2. Where a person who is normally employed in the territory of one Contracting State by an employer in that territory is sent by that employer to the territory of the other Contracting State for a temporary period that is not expected to exceed five (5) years, the person shall be subject to the Laws of only the first Contracting State as if the person were employed in the territory of the first Contracting State.

Under Article 5.2, an employee who normally works for an employer located in the United States or in Slovenia who temporarily transfers to work in the other country for the same employer will continue to pay social security taxes to the system of the country from which the employee transferred. This rule will apply only if the employer expects the period of transfer to be 5 years or less.

In determining the length of a transfer for workers whose employer sent them from one country to the other before this Agreement entered into force, both countries will ignore any period of work before this Agreement's entry into force. (See Article 20.3).

3. For purposes of applying paragraph 2 of this Article in the case of an employee who is sent from the territory of the United States by an employer in that territory to the territory of the Republic of Slovenia, that employer and an affiliated company of the employer (as defined under the laws of the United States) shall be considered one and the same, provided that the employment would have been covered under United States Laws absent this Agreement.

Article 5.3 broadens the scope of Article 5.2 to include certain workers whose employers in the United States send them to work for a subsidiary or other affiliate of that employer in Slovenia. U.S. law allows American companies to extend U.S. Social Security coverage to U.S. citizens and resident aliens employed by an affiliated company in another country. To do this, the parent company in the United States must enter into an agreement with the IRS to pay Social Security contributions on behalf of all U.S. citizens and residents the foreign affiliate employs. Under Article 5.2, U.S. citizens or resident aliens an American employer sends to work for a Slovenian affiliate for 5 years or less will continue to have coverage in the United States and be exempt from Slovenian coverage and contributions, if an IRS agreement covers the affiliate.



4. Paragraphs 2 and 3 of this Article shall apply where a person who has been sent by his or her employer from the territory of a Contracting State to the territory of a third State, and who is compulsorily covered under the Laws of that Contracting State while employed in the territory of the third State, is subsequently sent by that employer from the territory of the third State to the territory of the other Contracting State.

Under Article 5.4, the provisions of Articles 5.2 and 5.3 will apply even if an employee did not transfer directly from one country to the other, but first transferred to work in a third country.

5. A person who is normally self-employed in the territory of one Contracting State, and who temporarily transfers his or her self-employment activity to the territory of the other Contracting State shall be subject to the Laws of only the first Contracting State, provided that the period of self-employment activity in the territory of the other Contracting State is not expected to exceed five (5) years.

Article 5.5 provides that a person who is self-employed in one country who transfers his or her trade or business to the other country for a period of 5 years or less will remain covered only by the country from which he or she moved. This rule will apply only if the self-employed person expects the period of transfer to last 5 years or less.

In determining the duration of such a transfer for a person who moves his or her business to the other country before this Agreement enters into force, Article 20.3 provides that both countries will ignore any period of self-employment before the Agreement's entry into force.

PRINCIPAL AGREEMENT

- 12 -

ANNOTATIONS AND COMMENTS

(a) A person who is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and who would be covered under the Laws of both Contracting States shall be subject to the Laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the Laws of the United States.

Article 5.6(a) states that an employee on a U.S. or Slovenian ship, who would otherwise have coverage in both countries, will have coverage only in the country whose flag the ship flies. U.S. law considers a ship to fly the flag of the United States if the Act defines it as an American vessel. Section 210(c) of the Act defines an American vessel as one that is, "documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State."

(b) Traveling employees of air transportation companies who perform work in the territories of both Contracting States and who would otherwise be covered under the Laws of both Contracting States shall, with respect to that work, be subject to the Laws of only the Contracting State in the territory of which the company has its headquarters. However, if such employees reside in the territory of the other Contracting State, they shall be subject to the Laws of only that Contracting State.

Under Article 5.6(b), a member of the flight crew of an aircraft operating between the United States and Slovenia who would otherwise have coverage in both countries will have coverage only in the country in which the company employing the person has its headquarters. However, if the employee resides in the other country, he or she will only have coverage in that country.

7. (a) This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

Article 5.7(a) specifies that the coverage provisions of this Agreement will not affect the relevant provisions of the Vienna Conventions on Diplomatic and Consular Relations. The Vienna Conventions, to which both the United States and Slovenia are parties, address the application of social security provisions in force in the receiving state to diplomatic agents, members of the administrative and technical staffs, member of consular posts and family members of such staff who form part of their households, the service staffs of the missions, and private servants whom the members of such missions employ.

The Vienna Conventions usually exempt such persons from social security coverage and contributions in the host country with respect to services rendered for the sending state, with certain limited exceptions. Persons who do not enjoy an exemption under the Conventions would be subject to the Laws of the host country and the coverage provisions of this Agreement, including Article 5.7 (b), if applicable.

- (b) Nationals of one of the Contracting States who are employed by the Government of that Contracting State in the territory of the other Contracting State but who are not exempt from the Laws of the other Contracting State by virtue of the Vienna Conventions mentioned in subparagraph (a) of this paragraph shall be subject to the Laws of only the first Contracting State. For the purpose of this paragraph, employment by the United States Government includes employment by an instrumentality thereof.

Under Article 5.7(b), if a U.S. or Slovenian National works for his or her country's Government in the other country, but the Vienna Conventions do not provide an exemption to this person, the person will be subject only to his or her country's Laws. This provision applies to U.S. Government and Slovenian Government employees, as well as to persons working for a U.S. Government instrumentality.

8. The Competent Authorities of the two Contracting States may agree to grant an exception to the provisions of this Article with respect to particular persons or categories of persons, provided that any affected person shall be subject to the Laws of one of the Contracting States.

Under Article 5.8, either country may grant an exception to the coverage rules of this Agreement if the other country agrees and the person involved retains coverage in one of the countries. Either country may grant such an exception to an individual worker or to all workers under similar circumstances, e.g., in the same profession or working for the same employer. This provision allows the Competent Authorities to resolve anomalous coverage situations that are unfavorable to workers or to eliminate dual coverage in unforeseen circumstances.

**PART III**  
**Provisions on Benefits**  
**Article 6**  
**United States Benefits**

Part III establishes the basic rules for determining social security Benefit entitlement when an individual has coverage in both countries. It sets out the rules for determining Benefit amounts when entitlement is possible only with combined work credits. Article 6 deals with the U.S. system, and Article 7 contains rules applicable to the Slovenian system.

Article 6 contains rules for using combined coverage to determine U.S. Benefit eligibility and amounts.

1. Where a person has completed at least six (6) quarters of coverage under United States Laws, but does not have sufficient Periods of Coverage to satisfy the requirements for entitlement to Benefits under United States Laws, the Agency of the United States shall take into account, for the purpose of establishing entitlement to Benefits under this Article, Periods of Coverage which are credited under Republic of Slovenia Laws and which do not coincide with Periods of Coverage already credited under United States Laws.

Under Article 6.1, if a person has at least six U.S. quarters of coverage, but not enough quarters to qualify for U.S. Benefits, SSA will take into account any Periods of Coverage that Slovenian Laws credit, if these periods do not coincide with quarters of coverage that the United States already credited.

2. In determining eligibility for Benefits under paragraph 1 of this Article, the Agency of the United States shall credit one (1) quarter of coverage for every ninety (90) days of coverage certified by the Agency of the Republic of Slovenia. The total number of quarters of coverage to be credited for a year shall not exceed four (4).

Article 6.2 establishes how SSA will convert Periods of Coverage under the Slovenian system into equivalent periods under the U.S. system. The U.S. system measures Periods of Coverage in terms of calendar quarters while the Slovenian system measures Periods of Coverage in days, months, and years.

Beginning in 1978, SSA bases quarters of coverage on the amount of a person's annual earnings (e.g., for 2017, \$1,300 in earnings equals one quarter of coverage). Under Article 6.2, SSA will credit one quarter of coverage in a calendar year for every 90 days of coverage that the Slovenian Agency certifies for that year. (Article 7.5 provides a corresponding rule for converting U.S. quarters of coverage into Slovenian Periods of Coverage when determining Slovenian Benefit eligibility.)

SSA will not credit more than 4 quarters of coverage for any calendar year. SSA will also not credit months of coverage under Slovenian Laws that fall within a calendar quarter that SSA already credited as a U.S. quarter of coverage.

3. Where it is not possible to determine the calendar quarter during which a specific Period of Coverage was completed under the Laws of the United States, the United States Agency will presume that the Period of Coverage does not coincide with a Period of Coverage completed in the Republic of Slovenia.

Since 1978, SSA has credited quarters of coverage based on a worker's total earnings in a given calendar year. It is not generally possible to determine the period in any given calendar year during which a person worked. Accordingly, where necessary, SSA credits Periods of Coverage within such calendar year in a manner to entitle the worker and his or her dependents or survivors to Benefits (see 20 C.F.R. § 404.1908 (b)(2)).

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

4. The Agency of the United States shall not take into account Periods of Coverage that occurred prior to the earliest date for which Periods of Coverage may be credited under its Laws, nor will the Agency of the United States take into account any Periods of Coverage that are not based on paid contributions.

For purposes of entitlement to Benefits under this Agreement, SSA will not consider periods of Slovenian coverage credited prior to 1937, the earliest date for which U.S. law permits crediting Periods of Coverage. SSA also will not consider Slovenian Periods of Coverage that are not based on a worker's paid contributions to the Slovenian system.

5. Where entitlement to a Benefit under United States Laws is established according to the provisions of paragraph 1 of this Article, the Agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States Laws based on

Article 6.5 describes the method of computing U.S. Benefit amounts when SSA establishes entitlement by totalizing (i.e., combining) U.S. and Slovenian coverage. Persons whose U.S. coverage alone qualifies them for U.S. Benefits will not receive U.S. totalization Benefits.

(a) the person's average earnings credited exclusively under United States Laws and

Under Article 6.5, the amount of the worker's Benefit depends on both the level of his or her earnings and the duration of his or her U.S. Social Security coverage. SSA regulations (20 CFR 404.1918) describe this computation procedure in detail.

(b) the ratio of the duration of the person's Periods of Coverage completed under United States Laws to the duration of a coverage lifetime as determined in accordance with United States Laws.

The first step in the procedure is to compute a theoretical Primary Insurance Amount (PIA) as though the worker had spent a full career under U.S. Social Security at the same level of earnings as during his or her actual periods of U.S. covered work. SSA then prorates the theoretical PIA to reflect the proportion of a coverage lifetime completed under the U.S. program. The regulations define a coverage lifetime as the number of years used in determining a worker's average earnings under the regular U.S. national computation method.

Benefits payable under United States Laws shall be based on the pro rata Primary Insurance Amount.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 17 -

6. Entitlement to a Benefit from the United States that results from paragraph 1 of this Article shall terminate with the acquisition of sufficient Periods of Coverage under United States Laws to establish entitlement to an equal or higher Benefit without the need to invoke the provision of paragraph 1 of this Article.
7. Article 4 of this Agreement shall be applied by the United States in a manner consistent with section 233(c)(4) of the United States Social Security Act.

Article 6.6 provides that if a worker entitled to a U.S. totalization Benefit acquires additional U.S. coverage that enables the worker to qualify for an equal or higher Benefit based only on his or her U.S. coverage, SSA will pay the regular national law Benefit rather than the totalization Benefit.

Section 233(c)(1) and (2) of the Act specifies certain benefit and coverage provisions which either must be or may be included in U.S. international Social Security agreements. In addition, section 233(c)(4) permits agreements to contain other unspecified provisions which are not inconsistent with the provisions of title II of the Act. Article 6.7 is intended to make clear that where the only authority for the equality of treatment provisions in Article 4 of this Agreement is section 233(c)(4) of the Act, these provisions will be applied by the United States only to the extent that they do not conflict with other provisions of title II of the Act.

**Article 7**  
**Republic of Slovenia Benefits**

Slovenia pays social security benefits to workers who meet the applicable eligibility standards, including minimum length-of-coverage and other requirements. Under Article 7, Slovenia will add a person's U.S. coverage to his or her Slovenian coverage, if necessary, to meet eligibility rules. If the person meets the requirements based on combined U.S. and Slovenian coverage, Slovenia will pay a partial benefit proportional to the amount of coverage credited under the Slovenian system.

## SLOVENIAN SOCIAL SECURITY BENEFITS

## GENERAL

The Slovenian social security system consists of a mandatory defined benefit pension financed on a pay-as-you-go basis, supplemented by a voluntary occupational pension system and a voluntary tax deductible savings scheme for employers and their employees. This Article applies to the defined benefit system, which is a contributory program that covers almost all residents of Slovenia.

Slovenia pays Benefits in amounts that it bases primarily on a percentage of a worker's average earnings, which varies based on the total number of years of contributions a worker has made into the Slovenian system and his or her gender. The voluntary pension system exists to supplement the basic Benefit and is not subject to this Agreement.

## OLD-AGE BENEFITS

Effective with 2013 reforms, the retirement age in Slovenia is age 65 for males and females with at least 15 years of contributions to the Slovenian system. Early retirement is possible for workers who have worked for at least 40 years under the Slovenian system and have attained age 60. Prior to this reform, the retirement age could, under certain circumstances, be as low as 58, and females could retire several years earlier than males.



The Slovenian system requires a minimum of 15 years of coverage for entitlement to an old-age Benefit, but provides incentives in the form of a higher Benefit for workers making additional contributions to the system. In addition, a worker who meets the criteria for an early retirement Benefit is eligible for credits for deferring receipt of his or her Benefit past age 60.

The Slovenian old-age Benefit is calculated as 26% for males (29% for females) of the worker's most advantageous 24 year period of lifetime earnings. If a worker has fewer than 24 years of earnings, Slovenia will base the Benefit on his or her total career earnings. For each year of contribution over 15, Slovenia adds 1.25% to the percentage without limit. Additionally, workers who have attained age 60 and have at least 40 years of contributions are eligible for a Benefit increase for deferring receipt of the Benefit past age 60.

The statutory minimum pension amount since January 1, 2015 has been €199.99 (approximately \$215) per month. While there is no statutory maximum pension amount, a worker's average earnings for purposes of calculating a Benefit cannot exceed €3,076.76 (approximately \$3,300) per month.

#### DISABILITY BENEFITS

The Slovenian system pays Benefits to three categories of disability beneficiaries. Category I disabled workers are completely incapable of work. Category II disabled workers have lost at least 50% of their work capacity. Category III disabled workers can work at least 4 hours per day, but not without prior rehabilitation.

In order to qualify, workers age 30 or older must have worked for 1/3 of the period between attainment of age 20 and the date of disability onset. Workers age 21 – 29 must have worked at least 1/4 of the same period, and workers younger than 21 must have worked at least 3 months. In addition, Category II disabled workers must either be older than 55 or unable to be rehabilitated.

The amount of a disability Benefit depends on the worker's most advantageous 24 year period of lifetime earnings, the age at which he or she became disabled, and his or her gender. If a worker has fewer than 24 years of earnings, Slovenia will base the Benefit on his or her total career earnings. Workers who are disabled at an earlier age receive a higher percentage of the earnings they accrued prior to the disability onset, with a minimum of 36% for males and 39% for females. Category III disabled workers only receive a partial Benefit based on a number of different factors, including their ability to be rehabilitated.

The statutory minimum pension amount since January 1, 2015 has been €199.99 (approximately \$215) per month. While there is no statutory maximum pension amount, a worker's average earnings for purposes of calculating a Benefit cannot exceed €3,076.76 (approximately \$3,300) per month. The statutory minimum pension does not apply to Category III disabled workers.

#### SURVIVORS' BENEFITS

Survivors' Benefits are payable to the worker's widow(er)s, divorced spouses, surviving partners/cohabitants, children, stepchildren, adopted children, grandchildren, parents, adoptive parents, and grandparents.

In order for survivors to be eligible to receive a Benefit, the worker must have been either in receipt of or eligible for an old-age or disability Benefit. In cases where a worker's death was related to an injury that he or she sustained at work, this requirement is waived.

Surviving spouses must be at least 53 at the time of the worker's death (receipt of the Benefit is deferred until age 58), disabled, caring for a child of the worker, or give birth to a child of the worker within 300 days of the worker's death. Surviving partners/cohabitants must additionally have either cohabitated for the 3 years prior to the worker's death or have cohabitated for at least the past year in case they had a child. For divorced spouses, the spouse must have been entitled to a maintenance right (alimony) prior to the worker's death. Any spouse, partner, or cohabitant is ineligible to receive a Benefit if he or she remarries or enters into a registered cohabitation prior to attaining age 58.

Children of the worker can receive a Benefit until age 15 under any circumstances, age 18 if registered at an employment office, age 26 if attending a secondary or tertiary level educational institution, or without age limit if disabled. Stepchildren, grandchildren, and adopted children must have additionally been in the worker's care at the time of his or her death. Parents, adoptive parents, and grandparents must have likewise been in the worker's care at the time of his or her death.

The amount of a survivors' Benefit varies depending on the number of other entitled beneficiaries. If only one survivor is eligible, then he or she receives 70% of the Benefit to which the worker would have been entitled. Two survivors will split 80% of the worker's Benefit, while three survivors will split 90%. Four or more survivors will all split 100% of the worker's Benefit amount.

#### COST-OF-LIVING ADJUSTMENTS

Benefits rise according to the Swiss Indexation method. This method uses a composite of changes in the consumer price index and changes in national wages to determine cost of living adjustments. Changes in the national wage level account for 60% of the cost of living adjustment (COLA), while changes in the consumer price index account for 40% of the COLA.

1. Where the requirements for entitlement to Benefits under Republic of Slovenia Laws are satisfied without the Periods of Coverage under United States Laws, the Republic of Slovenia Agency shall provide Benefits for the Periods of Coverage exclusively completed under Republic of Slovenia Laws.

2. Where the requirements for entitlements to Benefits under Republic of Slovenia Laws are not satisfied on the basis of Periods of Coverage completed under Republic of Slovenia Laws alone, the Republic of Slovenia Agency shall take into account, for the purpose of establishing entitlements to Benefits, Periods of Coverage which are credited under United States Laws and do not coincide with Periods of Coverage credited under Republic of Slovenia Laws.

Article 7.1 makes clear that a Slovenian Benefit based only on Slovenian Periods of Coverage will be payable unless a person is eligible only if the IPII credits both U.S. and Slovenian Periods of Coverage.

Article 7.2 provides that if a person does not have enough Slovenian Periods of Coverage to qualify for Slovenian Benefits, the Slovenian Agency will add U.S. quarters of coverage to Slovenian Periods of Coverage in determining whether a person meets the minimum requirements for Benefits under Slovenian Laws. The Slovenian Agency will not consider any U.S. Periods of Coverage that coincide with a Period of Coverage already credited under Slovenian Laws.

3. Where entitlement requirements under paragraph 2 of this Article are not satisfied, the Republic of Slovenia Agency shall also take into account the periods completed under the Laws of third countries with which the Republic of Slovenia has concluded international Social Security Agreements with provisions on the totalization of periods.
  4. When entitlement to Benefits is established through procedures referred to in paragraphs 2 and 3 of this Article, the Republic of Slovenia Agency shall calculate the Benefit amount as follows:
    - (a) First, a theoretical amount of the Benefit which would be paid if all the totalized Periods of Coverage were completed under Republic of Slovenia Laws, is calculated.
    - (b) The theoretical amount is then used for the calculation of the actual amount of the Benefit to be paid in the proportional relation to the Period of Coverage completed under Republic of Slovenia Laws and other Periods of Coverage used for the purposes of totalization.
- Article 7.3 expands upon Article 7.2, stating that if a person does not have enough combined U.S. and Slovenian Periods of Coverage to qualify for Slovenian Benefits, the Slovenian Agency will also consider third country periods that do not coincide with Slovenian Periods of Coverage for purposes of entitlement to a Benefit.
- Article 7.4 describes the method for Slovenian Benefit computations under this Agreement. The Slovenian Agency will perform a three step Benefit calculation. Initially, it will combine Periods of Coverage in Slovenia and in the United States. If the combined coverage meets the length of coverage requirements under Slovenian Laws, the Slovenian Agency will then compute a theoretical Benefit amount using only Periods of Coverage acquired under Slovenian Laws. Finally, it will determine a pro rata Benefit amount by multiplying the theoretical amount by the ratio of the Periods of Coverage completed under Slovenian Laws to the total Periods of Coverage completed in both (or, as needed, multiple) countries.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 24 -

(c) The calculation of the theoretical amount of the Benefit referred to in subparagraph (a) of this paragraph for the purposes of the determination of the Benefit shall only take into account Periods of Coverage completed under the Republic of Slovenia Laws.

5. When establishing the entitlement to Benefits referred to in paragraphs 2 and 3 of this Article, the Republic of Slovenia Agency shall equal each quarter reported by the United States Agency to a Period of Coverage of three (3) months.

6. Where the total Periods of Coverage completed under Republic of Slovenia Laws amount to less than twelve (12) months, the Benefit shall not be granted. This provision does not apply if -- under Republic of Slovenia Laws -- the entitlement to Benefit exists solely on the basis of such a short Period of Coverage.

7. Assistance and Attendance Allowance, Disability Allowance, Residual Working Capacity Benefit or any other noncontributory benefit which is not exportable under Republic of Slovenia Laws, shall be paid as long as the beneficiary resides in the territory of the Republic of Slovenia.

In combining Periods of Coverage to determine Benefit eligibility, the Slovenian Agency will credit 3 months of coverage for each quarter of coverage SSA certifies. Article 6.2 provides a corresponding rule for converting Slovenian Periods of Coverage into U.S. quarters of coverage when determining U.S. Benefit eligibility.

Under Article 7.6, the Slovenian system will not take U.S. Periods of Coverage into account under this Agreement if the worker has fewer than 12 months of Slovenian coverage and cannot establish entitlement to Slovenian Benefits based on Slovenian coverage alone (in certain circumstances, it is possible to qualify for Slovenian Benefits with less than one year of coverage).

Like the similar six quarters of coverage required for totalization by the United States under Article 6.1, this provision removes the considerable administrative burden of processing claims for very small Benefits based on minimal Periods of Coverage.

Slovenia provides special classes of non-contributory, social assistance benefits paid from general tax revenues that are not exportable outside the territory of Slovenia. Article 7.7 stipulates that the Slovenian Agency will pay such social assistance benefits under this Agreement only to residents of Slovenia.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 25 -

PART IV  
Miscellaneous Provisions

Article 8  
Administrative Arrangements

The Contracting States shall:

Article 8 outlines various duties of the Competent Authorities under this Agreement. Paragraph (a) authorizes and requires the Competent Authorities to conclude an Administrative Arrangement and designate Liaison Agencies to facilitate the implementation of this Agreement. Paragraph (b) requires them to notify each other of steps they take unilaterally to implement this Agreement. Paragraph (c) obligates the Competent Authorities to notify each other of any changes in their social security Laws that may affect the application of this Agreement.

- (a) make all necessary administrative arrangements for the implementation of this Agreement and designate Liaison Agencies;
- (b) communicate to each other information concerning the measures taken for the application of this Agreement; and
- (c) communicate to each other, as soon as possible, information concerning all changes in their respective Laws which may affect the application of this Agreement.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 26 -

**Article 9**  
**Mutual Assistance**

The Competent Authorities and the Agencies of the Contracting States, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge, subject to exceptions to be agreed upon in an administrative arrangement.

Article 9 authorizes the two countries to furnish each other non-reimbursable assistance in administering this Agreement. Such assistance may include taking Benefit applications and the gathering and exchange, including the electronic exchange, of information relevant to claims filed and Benefits paid under this Agreement. Although Article 9 establishes a general principle that mutual administrative assistance will be free of charge, the provision authorizes the two sides to agree to exceptions, such as the exception for medical examinations in Article 7.3 of the Administrative Arrangement.

30

**Article 10**  
**Confidentiality of Exchanged Personal Data**

1. Unless otherwise required by the national statutes of a Contracting State, Personal Data transmitted in accordance with this Agreement to one Contracting State by the other Contracting State shall be used exclusively for purposes of administering this Agreement and the Laws referred to in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection of privacy and confidentiality of Personal Data, and the provisions of this Agreement generally, shall govern such use.

Both the United States and Slovenia recognize the great importance of ensuring the integrity of Personal Data, as well as a person's rights pertaining thereto. Accordingly, both countries have statutes and regulations that govern disclosure and provide strict safeguards for maintaining the confidentiality of Personal Data in the possession of their respective governments.



In the United States, these statutes include the Freedom of Information Act, the Privacy Act, section 6103 of the Internal Revenue Code, and pertinent provisions of the Act and other related statutes. In Slovenia, the applicable laws include the Personal Data Protection Act No. 86/2004 and EU Directive 95/46/EC. Article 10.1 provides that both countries will protect Personal Data furnished under this Agreement in accordance with the applicable provisions of the privacy and confidentiality laws of the country that receives the Personal Data.

2. The Competent Authorities of the Contracting States shall inform each other about all amendments to their national statutes regarding the protection of privacy and confidentiality of Personal Data that affect the transmission of Personal Data.

3. The Competent Authority or Agency requesting or transmitting Personal Data pursuant to this Agreement, upon request, must disclose to a person the following:

- (a) the content of his or her Personal Data,
- (b) the Agency receiving his or her Personal Data,
- (c) the duration of use of his or her Personal Data, and

Article 10.2 provides that if either country modifies any of its statutes that regulate the privacy or confidentiality of Personal Data transmitted between the countries, the Competent Authority of the Contracting State that modified its statute must notify the Competent Authority of the other Contracting State.

Article 10.3 protects a person's right to request particular information about any of his or her Personal Data requested from or transmitted to either country under this Agreement. Article 10.3 also provides that when a person requests such information about his or her Personal Data from a country, that country must provide the requested information to the person.

(d) the purpose and legal grounds for which his or her Personal Data were used or requested.

4. The Competent Authority or Agency transmitting Personal Data pursuant to this Agreement shall, subject to the information available to the transmitting Contracting State, take all reasonable steps to ensure that transmitted Personal Data are accurate, up to date and limited to data required to fulfill the receiving Competent Authority's or Agency's request. In accordance with its respective national statutes, the receiving Competent Authority or Agency shall correct, limit access to, or delete any inaccurate or outdated transmitted Personal Data and any data not required to fulfill the receiving Agency's request, and immediately notify the other Contracting State's Competent Authority or Agency of such correction. This shall not limit a person's right to request such correction, limitation of access, or deletion of his or her Personal Data directly from the Agencies.

5. Both the transmitting and the receiving Competent Authority or Agency shall effectively protect Personal Data against unauthorized or illegal access, alteration, or disclosure.

Article 10.4 provides that both countries will take reasonable steps to ensure the accuracy of Personal Data transmitted between the two countries and will limit the transmission of Personal Data to only that information necessary to satisfy the other country's request. However, if one country later discovers that it transmitted or received inaccurate or outdated Personal Data, or Personal Data not required to satisfy a country's request, the country that discovers the discrepancy will correct or delete the Personal Data in question and immediately notify the Agency of the other country. The countries will perform such correction or deletion in accordance with their respective statutes governing alteration and destruction of data.

Article 10.4 also recognizes the right of a person to ask either Agency directly to correct or delete any of his or her own Personal Data that he or she discovers to be inaccurate or not required to satisfy a Contracting State's request.

Both the United States and Slovenia agree to protect the integrity, privacy, and confidentiality of Personal Data under their respective laws when receiving or transmitting such data under this Agreement.

**Article 11**  
**Confidentiality of Exchanged Employers' Information**

Unless otherwise required by the national statutes of a Contracting State, employers' information transmitted between Contracting States in accordance with this Agreement shall be used exclusively for purposes of administering this Agreement and the Laws referred to in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection and confidentiality of employers' information, and the provisions of this Agreement generally, shall govern such use.

Article 11 provides protections for employers' confidential information. It provides to any business-related information exchanged under this Agreement similar protections to those provided for Personal Data under this Agreement and under each country's national statutes.

**Article 12**  
**Documents**

1. Where the Laws of a Contracting State provide that any document which is submitted to the Competent Authority or an Agency of that Contracting State shall be exempted, wholly or partly, from fees or charges, including consular and administrative fees, the exemption shall also apply to corresponding documents which are submitted to the Competent Authority or an Agency of the other Contracting State in the application of this Agreement.

Article 12.1 states that if the Laws of one country exempt documents submitted in connection with a social security claim from fees or charges, that exemption will also apply if a country sends such documents to the other country by or on behalf of a claimant or beneficiary.

2. Documents and certificates presented for purposes of this Agreement shall be exempted from requirements for authentication by diplomatic or consular authorities.

Some countries require that a diplomatic, consular, or other official representative in the other country certify the authenticity of documents submitted to their social security authorities by or on behalf of persons in another country. Both the United States and Slovenia are parties to the Hague Convention Abolishing the Requirement for Legalisation for Foreign Public Documents. Article 12.2 reaffirms that neither country will require such authentication of documents submitted under this Agreement.

3. Copies of documents certified as true and exact copies by an Agency of one Contracting State shall be accepted as true and exact copies by an Agency of the other Contracting State, without further certification. The Agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

If the Agency of one country certifies that a copy of a document it furnishes to the Agency of the other country is a true and exact copy of an original document, the other country will accept this certification. Nevertheless, each country will remain the final judge of the probative value of any documents submitted to it under this Agreement.

#### Article 13 Correspondence and Language

1. The Competent Authorities and Agencies of the Contracting States may correspond directly with each other and with any person, wherever the person may reside, whenever it is necessary for the administration of this Agreement.
2. An application or document may not be rejected by a Competent Authority or Agency of a Contracting State solely because it is in the language of the other Contracting State. If so needed, the Contracting States may agree to exchange model letters in the English or Slovenian language.

Article 13.1 authorizes direct correspondence between the Competent Authorities and Agencies of the two countries and between these bodies and any person with whom they may need to communicate.

The Competent Authorities and Agencies of each country may not reject an application or document because it is in the language of the other country. SSA already accepts applications and documents written in any language.

Article 13.2 also permits the Agencies of the two countries to exchange model letters in either language to facilitate the implementation of this Agreement.

**Article 14  
Applications**

1. A written application for Benefits filed with an Agency of one Contracting State shall protect the rights of the claimants under the Laws of the other Contracting State if the applicant requests that it be considered an application under the Laws of the other Contracting State.
2. If an applicant has filed a written application for Benefits with an Agency of one Contracting State and has not explicitly requested that the application be restricted to Benefits under the Laws of that Contracting State, the application shall also protect the rights of the claimants under the Laws of the other Contracting State if the applicant provides information at the time of filing indicating that the person on whose record Benefits are claimed has completed Periods of Coverage under the Laws of the other Contracting State.
3. The provisions of Part III of this Agreement shall apply only to Benefits for which an application is filed on or after the date on which this Agreement enters into force.

Article 14 provides for situations in which an application filed for Benefits from one country will also be an application for Benefits from the other country.

Under Article 14.1, a written application submitted to the Agency of one country that expresses intent to file for Benefits in the other country will protect the claimant's right to Benefits under the Laws of the other country as if the applicant presented it to the other country, provided the applicant expresses an intent to file for Benefits in the other country when filing the application.

An applicant who files an application with the Agency of one country may not always know about his or her Benefit rights in the other country. Article 14.2 provides that even if it states no intention to file for Benefits in the other country, an application will also protect the claimant's rights under the other country's laws if the applicant indicates at the time of filing that the worker had coverage in the other country.

Article 14.3 requires that a person claiming Benefits under this Agreement file an application on or after the date this Agreement enters into force.

**Article 15**  
**Appeals and Time Limits**

1. A written appeal of a determination made by an Agency of one Contracting State may be validly filed with an Agency of either Contracting State. The appeal shall be decided according to the procedure and Laws of the Contracting State whose decision is being appealed.
2. Any claim, notice, or written appeal which, under the Laws of one Contracting State, must have been filed within a prescribed period with an Agency of that Contracting State, but which is instead filed within the same period with an Agency of the other Contracting State, shall be considered to have been filed on time.

Both the United States and Slovenia have formal procedures for appealing the determinations of their Agencies. Under Article 15.1, a claimant may file a written appeal of a decision by the Agency of one country with the Agency of either country. The appropriate Agency of the country whose decision a person is appealing will consider the appeal under its own laws and procedures.

Article 15.2 provides that when the Laws of one country require the submission of a claim, notice, or written appeal within a set time limit, the Agency of that country will consider it filed on time if the claimant files it with the Agency of the other country within that prescribed time limit.

**Article 16**  
**Transmittal of Claims, Notices, and Appeals**

In any case to which the provisions of Article 14 or 15, or both, of this Agreement apply, the Agency to which the claim, notice, or written appeal has been submitted shall indicate the date of receipt on the document and transmit it without delay to the Liaison Agency of the other Contracting State.

The Agency with which an applicant files a claim, notice, or written appeal under Article 14 or 15 of this Agreement shall transmit it immediately to the Liaison Agency of the other country. The sending Agency will indicate the date on which it received the document.

**Article 17  
Currency**

1. Payments under this Agreement may be made in the currency of the Contracting State making the payments.
2. In case provisions designed to restrict the exchange or export of currencies are introduced by either Contracting State, the Governments of both Contracting States shall immediately take measures necessary to ensure the transfer of sums owed by either Contracting State under this Agreement.

The Agencies may pay Benefits under this Agreement in the currency of either country. The United States pays Benefits abroad in U.S. dollars or, where possible, in the local currency. The IPIH may pay Slovenian Benefits abroad in Euros.

Should either country restrict the exchange of its currency, both Contracting States will take steps to ensure the payment of amounts due under the Agreement.

**Article 18  
Resolution of Disagreements**

Any disagreement regarding the interpretation or application of this Agreement shall be resolved by consultation between the Competent Authorities.

Article 18 requires the Competent Authorities to attempt to resolve any dispute between them regarding this Agreement through consultation or negotiation.

**Article 19  
Supplementary Agreements**

This Agreement may be amended by supplementary Agreements.

Article 19 provides that future supplementary agreements may amend this Agreement.

PRINCIPAL AGREEMENT

ANNOTATIONS AND COMMENTS

- 34 -

PART V  
Transitional and Final Provisions

Article 20  
Transitional Provisions

1. This Agreement shall not establish any claim to payment of a Benefit for any period before the date of entry into force of this Agreement, or to a lump sum death payment if the person died before the entry into force of this Agreement.
2. In determining the right to Benefits under this Agreement, consideration shall be given to Periods of Coverage under the Laws of both Contracting States and other events that occurred before the entry into force of this Agreement.

The Agencies will pay Benefits based on the Agreement no earlier than the effective date of this Agreement. In addition, no person will be eligible to receive a lump-sum death payment if the worker died prior to the entry into force of this Agreement.

38

In determining Benefit eligibility and amounts under this Agreement, Article 20.2 provides that the Agencies will consider Periods of Coverage earned before this Agreement enters into force. The Agencies will also consider events relevant to the determination of Benefit rights, such as marriage, death, disability, or attainment of a certain age, which happened prior to this Agreement's effective date.

However, the United States will not consider Slovenian Periods of Coverage credited prior to 1937, the earliest date for which U.S. Laws permit crediting Periods of Coverage. (See Article 6.4). Additionally, the United States will not pay a lump-sum death payment under this Agreement if the person on whose record a claimant files for Benefits died prior to this Agreement's entry into force. (See Article 20.1).



PRINCIPAL AGREEMENT

- 35 -

ANNOTATIONS AND COMMENTS

3. In applying paragraphs 2, 3, 4 or 5 of Article 5 of this Agreement in the case of persons who were sent to work by their employer or transferred their self-employment activity to the territory of a Contracting State prior to the date of entry into force of this Agreement, the period of employment or self-employment shall be considered to begin on the date of entry into force of this Agreement.
4. Determinations concerning entitlement to Benefits made before the entry into force of this Agreement shall not affect rights arising under it.
5. The application of this Agreement shall not result in any reduction in the amount of a Benefit to which entitlement was established prior to the entry into force of this Agreement.

Article 21

Duration and Termination

1. This Agreement shall remain in force until the expiration of one (1) calendar year following the year in which written notice of its termination is given by one of the Contracting States to the other Contracting State.

Article 20.3 provides that the Agencies will measure the 5-year period to which paragraphs 2, 3, 4, and 5 of Article 5 refer beginning no earlier than the date this Agreement enters into force. Thus, for persons to whom these provisions apply who were working in the other country before this Agreement's effective date, the prior period will not count for purposes of the 5-year limit.

A decision to award or deny a claim either Agency renders prior to the effective date of this Agreement will not prevent a person from filing a new application for other Benefits that may be payable because of this Agreement.

Article 20.5 guarantees that the entry into force of this Agreement will not result in a reduction in Benefits already payable at the time this Agreement becomes effective.

Either country can terminate this Agreement by giving written notice of termination to the other. If either country takes actions to terminate this Agreement, it will remain in effect until the expiration of one (1) calendar year after the year in which one of the countries receives written notice of termination from the other.

2. If this Agreement is terminated, rights regarding entitlement to or payment of Benefits acquired under it shall be retained, and any claim filed, but not adjudicated, before the termination of this Agreement shall be adjudicated in accordance with the provisions of this Agreement.

If either country terminates this Agreement, a person will retain Benefit rights acquired before termination. In addition, if any person files a claim prior to this Agreement's termination, the Agency of the country under whose Laws the person is applying for Benefits will adjudicate the claim in accordance with the provisions of this Agreement, even if such adjudication will be made after the termination of this Agreement.

**Article 22**  
**Entry into Force**

This Agreement shall enter into force on the first day of the fourth month following the date of the last note of an exchange of diplomatic notes in which the Contracting States notify each other of the completion of their respective internal procedures necessary for the entry into force of this Agreement.

Once each country completes its internal approval process, the two governments will exchange formal instruments of approval. This Agreement will enter into force on the first day of the fourth calendar month after the month in which each government receives notification of approval from the other government.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement.

DONE at Ljubljana this 17<sup>th</sup> day of January, 2017, in duplicate in the English and Slovenian languages, both texts being equally authentic.

The U.S. Ambassador to Slovenia, Brent R. Hartley, and the Slovenian Minister of Labour, Family, Social Affairs and Equal Opportunities, Anja Kopač Mrak, signed this Agreement on January 17, 2017 in Ljubljana.

FOR THE UNITED STATES      FOR THE REPUBLIC OF SLOVENIA:  
OF AMERICA:

Brent R. Hartley

Anja Kopač Mrak

ADMINISTRATIVE ARRANGEMENTS AND COMMENTS

ADMINISTRATIVE ARRANGEMENT

ADMINISTRATIVE ARRANGEMENT  
BETWEEN  
THE UNITED STATES OF AMERICA  
AND THE REPUBLIC OF SLOVENIA  
FOR THE IMPLEMENTATION OF THE  
AGREEMENT ON SOCIAL SECURITY  
BETWEEN THE UNITED STATES OF AMERICA  
AND THE REPUBLIC OF SLOVENIA

The United States of America and  
the Republic of Slovenia,

In conformity with Article 8(a) of the Agreement on Social Security  
between the United States of America and the Republic of Slovenia of this  
date, hereinafter referred to as the "Agreement," have agreed as follows:

**CHAPTER I**  
**General Provisions**

**Article 1**

Where terms that appear in the Agreement are used in this  
Administrative Arrangement, they shall have the same meaning as they  
have in the Agreement.

Article 1 provides that terms have the same meaning in this  
Administrative Arrangement as they do in the Agreement.

**Article 2**

1. The Liaison Agencies referred to in Article 8(a) of the Agreement shall be:

Article 2.1 designates the Liaison Agencies in each country responsible for implementing and administering the coverage and Benefit provisions of the Agreement. The United States designates the Social Security Administration as its Liaison Agency, and the Republic of Slovenia ("Slovenia") designates the Pension and Disability Insurance Institute of Slovenia and the Health Insurance Institute of Slovenia as its counterpart Liaison Agencies for purposes of Benefits and coverage issues, respectively.

- (a) for the United States of America, the Social Security Administration; and
- (b) for the Republic of Slovenia,
  - (i) for the Laws referred to under Article 2, paragraph 1, subparagraph (b)(i) of the Agreement: the Pension and Disability Insurance Institute of Slovenia, and
  - (ii) for the Laws referred to under Article 2, paragraph 1, subparagraph (b)(ii) of the Agreement: the Health Insurance Institute of Slovenia.

2. The Liaison Agencies designated in paragraph 1 of this Article shall decide upon the joint procedures, methods, and bilingual forms necessary for the implementation of the Agreement and this Administrative Arrangement.

Article 2.2 authorizes and requires the Liaison Agencies of both countries to agree upon those procedures, methods and forms they will use for the implementation of the Agreement and this Administrative Arrangement.

## CHAPTER II

### Provisions on Coverage

#### Article 3

1. Where the Laws of one Contracting State are applicable in accordance with any of the provisions of Article 5 of the Agreement, the Agency of that Contracting State, upon request of the employer or self-employed person, shall issue a certificate stating that the employee or self-employed person is subject to those Laws and indicating the duration for which the certificate shall be valid. This certificate shall be evidence that the employee or self-employed person is exempt from the Laws on compulsory coverage of the other Contracting State.

Under Article 3.1, the Agency of the country whose social security coverage Laws will continue to apply to a person in accordance with the rules in Part II of the Agreement will issue a certificate to that effect when an employer or a self-employed person requests one. Employers and self-employed persons should request certificates before work begins in the other country, whenever possible. The certificate will serve as evidence of the exemption of the person from the coverage Laws of the other country when provided to the Agency of the other country.

2. The certificate referred to in paragraph 1 of this Article shall be issued:

- (a) in the United States of America, by the Social Security Administration; and
- (b) in the Republic of Slovenia, by the Health Insurance Institute of Slovenia.

The Social Security Administration (United States) and the Health Insurance Institute of Slovenia (Slovenia) will issue coverage certificates.

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

- 4 -

3. The Agency of a Contracting State that issues a certificate referred to in paragraph 1 of this Article shall furnish a copy of the certificate or mutually decided information from the certificate to the Liaison Agency of the other Contracting State as needed by the Agency of the other Contracting State.

Article 3.3 provides that the Agency issuing a coverage certificate will furnish a copy of the certificate or information from the certificate to the Liaison Agency in the other country when needed.

4. The Competent Authorities referred to in paragraph 8 of Article 5 of the Agreement shall be:

Article 3.4, added at the behest of the Slovenian delegation, designates the Slovenian Competent Authority for purposes of granting exceptions to the normal coverage rules of the Agreement as provided in Article 5.8 of the Agreement. Since the Health Insurance Institute of Slovenia will share a joint role as Competent Authority with the Ministry of Labor, Family, Social Affairs, and Equal Opportunities, this provision makes clear that only the Ministry of Labor, Family, Social Affairs, and Equal Opportunities can grant such exceptions described in Article 5.8 of the Agreement. For the United States, the Competent Authority remains the Commissioner of Social Security.

(a) for the United States of America, the Commissioner of Social Security; and

(b) for the Republic of Slovenia, the Ministry of Labor, Family, Social Affairs, and Equal Opportunities.

**CHAPTER III**  
**Provisions on Benefits**

**Article 4**

1. Claims for Benefits under the Agreement shall be submitted on forms to be developed by the Liaison Agencies of the two Contracting States.
2. The Agency of the Contracting State with which a claim for Benefits is first filed in accordance with Article 14 of the Agreement, shall provide the Agency of the other Contracting State with such evidence and other information in its possession as may be required to complete action on the claim.
3. The Agency of a Contracting State which receives a claim that was first filed with an Agency of the other Contracting State, shall without delay provide the Agency of the other Contracting State with such evidence and other available information in its possession as may be required for it to complete action on the claim.

The U.S. and Slovenian Liaison Agencies will agree on special application forms that people who wish to file for Benefits based on the Agreement will use.

Articles 4.2 and 4.3 outline the procedures both countries will follow for the exchange of evidence and information they need to process claims filed under the Agreement.

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

- 6 -

4. The Agency of the Contracting State with which a claim for Benefits has been filed shall verify the information pertaining to the applicant and the applicant's family members. The Liaison Agencies of both Contracting States shall decide upon the types of information to be verified.

Article 4.4 deals with the verification of claims information. Both U.S. and Slovenian Laws require verification of certain information about people claiming Benefits (e.g., age and family relationship to the worker) before either country can approve the claim. Article 4.4 provides that when a person files a claim for Benefits under the Agreement in one country, the Agency of that country will verify the relevant information and inform the Liaison Agency of the other country of its findings. The Liaison Agencies will agree upon the specific types of information requiring verification.

This provision expedites the claims process by avoiding duplicate verification of the same information. An Agency may still request additional evidence to support the finding of the other Agency.

5. Upon request, the Agency of one Contracting State shall inform the Agency of the other Contracting State on bilingual forms of its decision to award or deny a claim filed under Part III of the Agreement.

Article 4.5 requires an Agency, upon request of the other country's Agency, to notify the Agency of the other country of its decision pertaining to the award or denial of Benefits with respect to any specific person. Such notification will be carried out on bilingual liaison forms to be developed at a later implementation meeting between the two Liaison Agencies.



**CHAPTER IV**  
**Miscellaneous Provisions**

**Article 5**

1. In accordance with measures to be decided upon pursuant to paragraph 2 of Article 2 of this Administrative Arrangement, the Agency of one Contracting State shall, upon request by the Agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.
2. For the purpose of facilitation of the implementation of the Agreement and this Administrative Arrangement, the Liaison Agencies may decide on measures for the provision and transmission of the electronic exchange of data.

Article 5.1 provides that the Agency of one country will, upon request, furnish claims-related information to the Agency of the other country in accordance with agreed upon procedures. Such procedures will be decided upon by the Agencies and will be consistent with the governing statutes of both countries.

**Article 6**

The Liaison Agencies shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement. These statistics shall be furnished annually in a manner to be decided upon by the Liaison Agencies.

Under Article 5.2, the Liaison Agencies of both countries may choose to implement electronic data exchanges to facilitate administration of the Agreement and this Administrative Arrangement. Such exchanges must comply with the laws of each country governing the protection of privacy and confidentiality of Personal Data.

Article 6 provides for an exchange of statistics concerning certificates issued pursuant to Article 3.1 of this Administrative Arrangement and payments made to beneficiaries under the Agreement.

## Article 7

1. Where administrative assistance is requested and provided under Article 9 of the Agreement, expenses other than regular personnel and operating costs of the Agency providing the assistance shall be reimbursed, except as may be otherwise agreed to by the Competent Authorities or Liaison Agencies of the Contracting States.

In accordance with Article 9 of the Agreement, the Agencies of the two countries will provide each other with administrative assistance required to implement the Agreement. Under Article 7.1, the requesting Agency will pay expenses the other Agency incurs in responding to requests for administrative assistance that require it to go outside its own organization unless the two countries agree on a different arrangement. This includes hiring interpreters, conducting special field investigations, or arranging medical examinations. The Agencies will not reimburse expenses for regular personnel and operating costs.

2. Upon request, the Agency of either Contracting State shall furnish without cost to the Agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

48

When the Agency in one country requests medical information from the Agency in the other country, the other Agency will provide the requesting Agency with any pertinent medical records it has in its possession free of charge.

3. Where the Agency of a Contracting State requires that a person in the territory of the other Contracting State who is receiving or applying for Benefits under the Agreement submit to a medical examination, such examination, if requested by that Agency, shall be arranged by the Agency of the other Contracting State in accordance with the rules of the Agency making the arrangements and at the expense of the Agency requesting the examination.

Article 7.3 provides that where a medical examination is necessary to establish eligibility for or continuing entitlement to a country's Benefits that are payable under the Agreement, and the claimant or beneficiary is in the other country, the Agency of the other country, upon request, will arrange for the examination at the expense of the Agency requesting the examination.

4. The Agency of one Contracting State shall reimburse amounts owed under paragraphs 1 or 3 of this Article upon presentation of a statement of expenses by the Agency of the other Contracting State.

In order to receive reimbursement for the cost of administrative assistance, the Agency that provides the assistance must provide the requesting Agency with a statement of expenses.

**Article 8**

1. The Agency shall pay Benefits directly to the beneficiary or his or her designee.
2. Upon request of the Agency referred to in paragraph 1 of this Article, a beneficiary shall submit proof, annually at minimum, that he or she is still alive.

Article 8.1 provides that both countries will only pay Benefits under the Agreement to either the beneficiary or a legally appointed designee of the beneficiary.

Slovenia requested the inclusion of this provision. Under Article 8.2, an Agency making payments under the Agreement shall be able to request evidence and other information from a beneficiary indicating that he or she is alive.

**Article 9**

The Competent Authorities shall notify each other, in writing, of changes in the names of the Liaison Agencies without the need to modify the Administrative Arrangement.

Article 9 provides that changes to the names of the Liaison Agencies will not require the two sides to modify this Administrative Arrangement.

**Article 10**

This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and remain in force so long as the Agreement is in force.

This Administrative Arrangement will enter into force on the same date as the Agreement and will remain in effect for the same period as the Agreement.

DONE at Ljubljana, this 17<sup>th</sup> day of January, 2017, in duplicate in the English and Slovenian languages, both texts being equally authentic.

The U.S. Ambassador to Slovenia, Brent R. Hartley, and the Slovenian Minister of Labour, Family, Social Affairs and Equal Opportunities, Anja Kopač Mrak, signed this Administrative Arrangement on January 17, 2017 in Ljubljana.

FOR THE  
UNITED STATES OF AMERICA: .FOR THE  
REPUBLIC OF SLOVENIA

ADMINISTRATIVE ARRANGEMENT

ANNOTATIONS AND COMMENTS

- 10 -

Brent R. Hartley

Anja Kopač Mrak

**AGREEMENT ON SOCIAL SECURITY  
BETWEEN  
THE UNITED STATES OF AMERICA  
AND  
THE REPUBLIC OF SLOVENIA**

The United States of America and

The Republic of Slovenia (hereinafter individually known as  
"Contracting State" or collectively as "Contracting States"),

Being desirous of regulating the relationship between the two countries in  
the field of social security,

have agreed as follows:

**PART I**  
**General Provisions**

**Article I**  
**Definitions**

1. For the purposes of the Agreement on Social Security between the United States of America and the Republic of Slovenia (hereinafter "Agreement"):
  - (a) "National" means,
    - as regards the United States, a national of the United States as defined in Section 101, Immigration and Nationality Act, as amended, and
    - as regards the Republic of Slovenia, a national of the Republic of Slovenia as defined in the Citizenship of the Republic of Slovenia Act, as amended;
  - (b) "Laws" means the laws and regulations specified in Article 2 of this Agreement;

- (c) "Competent Authority" means,
- as regards the United States, the Commissioner of Social Security, and
- as regards the Republic of Slovenia, the competent ministries with the powers conferred by the legislative acts defined in Article 2 of this Agreement;
- (d) "Agency" means,
- as regards the United States, the Social Security Administration, and
- as regards the Republic of Slovenia, the institutions, funds and bodies, responsible for the implementation of the Laws defined in Article 2, Paragraph 1, subparagraph b of this Agreement;
- (e) "Period of Coverage" means a period of payment of contributions or a period of earnings from employment or self-employment, as defined or recognized as a period of coverage by the Laws under which such period has been completed, or any similar period in-so-far as it is recognized by such Laws as equivalent to a period of coverage;
- (f) "Benefit" means any benefit provided for in the Laws specified in Article 2 of this Agreement;
- (g) "Personal Data" means any information relating to a specific (identified or identifiable) person, as well as any information that can be used to distinguish or trace an individual's identity. This includes, but is not limited to, the following: any individual identifier; citizenship, nationality, statelessness, or refugee status; benefits, eligibility, or other claims information; contact information; medical information or lay

information used in a medical determination; information about marital, familial, or personal relationships; and information pertaining to work, financial, or economic status; and

- (h) "Liaison Agencies" means institutions authorized to route inquiries and correspondence for effective implementation of this Agreement.
2. Any term not defined in this Article shall have the meaning assigned to it in the applicable Laws.

**Article 2**  
**Material Scope**

1. For the purposes of this Agreement, the applicable Laws are:
- (a) as regards the United States, the laws governing the Federal old-age, survivors, and disability insurance program:
    - (i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A, and 228 of that title, and regulations pertaining to those sections, and
    - (ii) Chapters 2 and 21 of the Internal Revenue Code of 1986 and regulations pertaining to those chapters; and
  - (b) as regards the Republic of Slovenia:
    - (i) the laws governing pension and disability insurance, except the provisions on residual working capacity, and
    - (ii) with regard to Part II of this Agreement only, the laws of the Republic of Slovenia governing the compulsory participation in social insurance system.



2. Unless otherwise provided in this Agreement, the Laws referred to in paragraph 1 of this Article shall not include treaties or other international agreements or supranational legislation on Social Security concluded between one Contracting State and a third State, or laws or regulations promulgated for their specific implementation.
3. No provision in this Agreement shall affect the obligation of either Contracting State's social security agreements or any other international agreements by which either Contracting State is bound.
4. Except as provided in the following sentence, this Agreement shall also apply to laws and regulations that amend or supplement the Laws specified in paragraph 1 of this Article. This Agreement shall apply to future laws and regulations of a Contracting State which create new categories of beneficiaries or new Benefits under the Laws of that Contracting State unless the Competent Authority of that Contracting State notifies the Competent Authority of the other Contracting State in writing within three (3) months of the date of the official publication of the new laws or regulations that no such extension of this Agreement is intended.

**Article 3**  
**Personal Scope**

This Agreement shall apply:

- (a) to any person who is or has been subject to the Laws of either Contracting State, and
- (b) to the dependents and survivors of a person described in subparagraph (a) of this Article within the meaning of the applicable Laws of either Contracting State.

**Article 4**

**Equality of Treatment and Portability of Benefits**

1. Unless otherwise provided in this Agreement, persons described in Article 3 of this Agreement who reside in the territory of one Contracting State shall receive equal treatment with Nationals of the second Contracting State in the application of the Laws of the second Contracting State.
2. Unless otherwise provided in this Agreement, any provision of the Laws of a Contracting State which restricts entitlement to or payment of Benefits solely because a person resides outside or is absent from the territory of that Contracting State shall not be applicable to a person who resides in the territory of the other Contracting State.

**PART II**

**Provisions Concerning Applicable Laws**

**Article 5**

**Coverage Provisions**

1. Except as otherwise provided in this Article, a person employed or self-employed within the territory of one of the Contracting States, with respect to that employment or self-employment, shall be subject to the Laws of only that Contracting State.
2. Where a person who is normally employed in the territory of one Contracting State by an employer in that territory is sent by that employer to the territory of the other Contracting State for a temporary period that is not expected to exceed five (5) years, the person shall be subject to the Laws of only the first Contracting State as if the person were employed in the territory of the first Contracting State.

3. For purposes of applying paragraph 2 of this Article in the case of an employee who is sent from the territory of the United States by an employer in that territory to the territory of the Republic of Slovenia, that employer and an affiliated company of the employer (as defined under the laws of the United States) shall be considered one and the same, provided that the employment would have been covered under United States Laws absent this Agreement.
4. Paragraphs 2 and 3 of this Article shall apply where a person who has been sent by his or her employer from the territory of a Contracting State to the territory of a third State, and who is compulsorily covered under the Laws of that Contracting State while employed in the territory of the third State, is subsequently sent by that employer from the territory of the third State to the territory of the other Contracting State.
5. A person who is normally self-employed in the territory of one Contracting State, and who temporarily transfers his or her self-employment activity to the territory of the other Contracting State shall be subject to the Laws of only the first Contracting State, provided that the period of self-employment activity in the territory of the other Contracting State is not expected to exceed five (5) years.
6. (a) A person who is employed as an officer or member of a crew on a vessel which flies the flag of one Contracting State and who would be covered under the Laws of both Contracting States shall be subject to the Laws of only the Contracting State whose flag the vessel flies. For purposes of the preceding sentence, a vessel which flies the flag of the United States is one defined as an American vessel under the Laws of the United States.  
  
(b) Traveling employees of air transportation companies who perform work in the territories of both Contracting States and who would otherwise be covered under the Laws of both Contracting States shall, with respect to that work, be subject to the Laws of only the Contracting State in the territory of

which the company has its headquarters. However, if such employees reside in the territory of the other Contracting State, they shall be subject to the Laws of only that Contracting State.

7. (a) This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.
  - (b) Nationals of one of the Contracting States who are employed by the Government of that Contracting State in the territory of the other Contracting State but who are not exempt from the Laws of the other Contracting State by virtue of the Vienna Conventions mentioned in subparagraph (a) of this paragraph shall be subject to the Laws of only the first Contracting State. For the purpose of this paragraph, employment by the United States Government includes employment by an instrumentality thereof.
8. The Competent Authorities of the two Contracting States may agree to grant an exception to the provisions of this Article with respect to particular persons or categories of persons, provided that any affected person shall be subject to the Laws of one of the Contracting States.

**PART III**  
**Provisions on Benefits**

**Article 6**  
**United States Benefits**

- I. Where a person has completed at least six (6) quarters of coverage under United States Laws, but does not have sufficient Periods of Coverage to satisfy the requirements for entitlement to Benefits under United States Laws, the Agency of the United States shall take into account, for the purpose of establishing entitlement to Benefits

under this Article, Periods of Coverage which are credited under Republic of Slovenia Laws and which do not coincide with Periods of Coverage already credited under United States Laws.

2. In determining eligibility for Benefits under paragraph 1 of this Article, the Agency of the United States shall credit one (1) quarter of coverage for every ninety (90) days of coverage certified by the Agency of the Republic of Slovenia. The total number of quarters of coverage to be credited for a year shall not exceed four (4).
3. Where it is not possible to determine the calendar quarter during which a specific Period of Coverage was completed under the Laws of the United States, the United States Agency will presume that the Period of Coverage does not coincide with a Period of Coverage completed in the Republic of Slovenia.
4. The Agency of the United States shall not take into account Periods of Coverage that occurred prior to the earliest date for which Periods of Coverage may be credited under its Laws, nor will the Agency of the United States take into account any Periods of Coverage that are not based on paid contributions.
5. Where entitlement to a Benefit under United States Laws is established according to the provisions of paragraph 1 of this Article, the Agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States Laws based on
  - (a) the person's average earnings credited exclusively under United States Laws and
  - (b) the ratio of the duration of the person's Periods of Coverage completed under United States Laws to the duration of a coverage lifetime as determined in accordance with United States Laws.

Benefits payable under United States Laws shall be based on the pro rata Primary Insurance Amount.

6. Entitlement to a Benefit from the United States that results from paragraph 1 of this Article shall terminate with the acquisition of sufficient Periods of Coverage under United States Laws to establish entitlement to an equal or higher Benefit without the need to invoke the provision of paragraph 1 of this Article.
7. Article 4 of this Agreement shall be applied by the United States in a manner consistent with section 233(c)(4) of the United States Social Security Act.

**Article 7**  
**Republic of Slovenia Benefits**

1. Where the requirements for entitlement to Benefits under Republic of Slovenia Laws are satisfied without the Periods of Coverage under United States Laws, the Republic of Slovenia Agency shall provide Benefits for the Periods of Coverage exclusively completed under Republic of Slovenia Laws.
2. Where the requirements for entitlements to Benefits under Republic of Slovenia Laws are not satisfied on the basis of Periods of Coverage completed under Republic of Slovenia Laws alone, the Republic of Slovenia Agency shall take into account, for the purpose of establishing entitlements to Benefits, Periods of Coverage which are credited under United States Laws and do not coincide with Periods of Coverage credited under Republic of Slovenia Laws.
3. Where entitlement requirements under paragraph 2 of this Article are not satisfied, the Republic of Slovenia Agency shall also take into account the periods completed under the Laws of third countries with which the Republic of Slovenia has concluded international Social Security Agreements with provisions on the totalization of periods.

4. When entitlement to Benefits is established through procedures referred to in paragraphs 2 and 3 of this Article, the Republic of Slovenia Agency shall calculate the Benefit amount as follows:
  - (a) First, a theoretical amount of the Benefit which would be paid if all the totalized Periods of Coverage were completed under Republic of Slovenia Laws, is calculated.
  - (b) The theoretical amount is then used for the calculation of the actual amount of the Benefit to be paid in the proportional relation to the Period of Coverage completed under Republic of Slovenia Laws and other Periods of Coverage used for the purposes of totalization.
  - (c) The calculation of the theoretical amount of the Benefit referred to in subparagraph (a) of this paragraph for the purposes of the determination of the Benefit shall only take into account Periods of Coverage completed under the Republic of Slovenia Laws.
5. When establishing the entitlement to Benefits referred to in paragraphs 2 and 3 of this Article, the Republic of Slovenia Agency shall equal each quarter reported by the United States Agency to a Period of Coverage of three (3) months.
6. Where the total Periods of Coverage completed under Republic of Slovenia Laws amount to less than twelve (12) months, the Benefit shall not be granted. This provision does not apply if – under Republic of Slovenia Laws – the entitlement to Benefit exists solely on the basis of such a short Period of Coverage.
7. Assistance and Attendance Allowance, Disability Allowance, Residual Working Capacity Benefit or any other noncontributory benefit which is not exportable under Republic of Slovenia Laws, shall be paid as long as the beneficiary resides in the territory of the Republic of Slovenia.

**PART IV**  
**Miscellaneous Provisions**

**Article 8**  
**Administrative Arrangements**

The Contracting States shall:

- (a) make all necessary administrative arrangements for the implementation of this Agreement and designate Liaison Agencies;
- (b) communicate to each other information concerning the measures taken for the application of this Agreement; and
- (c) communicate to each other, as soon as possible, information concerning all changes in their respective Laws which may affect the application of this Agreement.

**Article 9**  
**Mutual Assistance**

The Competent Authorities and the Agencies of the Contracting States, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge, subject to exceptions to be agreed upon in an administrative arrangement.

**Article 10**  
**Confidentiality of Exchanged Personal Data**

- 1. Unless otherwise required by the national statutes of a Contracting State, Personal Data transmitted in accordance with this Agreement to one Contracting State by the other Contracting State shall be used exclusively for purposes of administering this Agreement and the Laws referred to in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection of privacy and confidentiality of Personal Data, and the provisions of this Agreement generally, shall govern such use.



2. The Competent Authorities of the Contracting States shall inform each other about all amendments to their national statutes regarding the protection of privacy and confidentiality of Personal Data that affect the transmission of Personal Data.
3. The Competent Authority or Agency requesting or transmitting Personal Data pursuant to this Agreement, upon request, must disclose to a person the following:
  - (a) the content of his or her Personal Data,
  - (b) the Agency receiving his or her Personal Data,
  - (c) the duration of use of his or her Personal Data, and
  - (d) the purpose and legal grounds for which his or her Personal Data were used or requested.
4. The Competent Authority or Agency transmitting Personal Data pursuant to this Agreement shall, subject to the information available to the transmitting Contracting State, take all reasonable steps to ensure that transmitted Personal Data are accurate, up to date and limited to data required to fulfill the receiving Competent Authority's or Agency's request. In accordance with its respective national statutes, the receiving Competent Authority or Agency shall correct, limit access to, or delete any inaccurate or outdated transmitted Personal Data and any data not required to fulfill the receiving Agency's request, and immediately notify the other Contracting State's Competent Authority or Agency of such correction. This shall not limit a person's right to request such correction, limitation of access, or deletion of his or her Personal Data directly from the Agencies.
5. Both the transmitting and the receiving Competent Authority or Agency shall effectively protect Personal Data against unauthorized or illegal access, alteration, or disclosure.

**Article 11**  
**Confidentiality of Exchanged Employers' Information**

Unless otherwise required by the national statutes of a Contracting State, employers' information transmitted between Contracting States in accordance with this Agreement shall be used exclusively for purposes of administering this Agreement and the Laws referred to in Article 2 of this Agreement. The receiving Contracting State's national statutes for the protection and confidentiality of employers' information, and the provisions of this Agreement generally, shall govern such use.

**Article 12**  
**Documents**

1. Where the Laws of a Contracting State provide that any document which is submitted to the Competent Authority or an Agency of that Contracting State shall be exempted, wholly or partly, from fees or charges, including consular and administrative fees, the exemption shall also apply to corresponding documents which are submitted to the Competent Authority or an Agency of the other Contracting State in the application of this Agreement.
2. Documents and certificates presented for purposes of this Agreement shall be exempted from requirements for authentication by diplomatic or consular authorities.
3. Copies of documents certified as true and exact copies by an Agency of one Contracting State shall be accepted as true and exact copies by an Agency of the other Contracting State, without further certification. The Agency of each Contracting State shall be the final judge of the probative value of the evidence submitted to it from whatever source.

**Article 13**  
**Correspondence and Language**

1. The Competent Authorities and Agencies of the Contracting States may correspond directly with each other and with any person, wherever the person may reside, whenever it is necessary for the administration of this Agreement.
2. An application or document may not be rejected by a Competent Authority or Agency of a Contracting State solely because it is in the language of the other Contracting State. If so needed, the Contracting States may agree to exchange model letters in the English or Slovenian language.

**Article 14**  
**Applications**

1. A written application for Benefits filed with an Agency of one Contracting State shall protect the rights of the claimants under the Laws of the other Contracting State if the applicant requests that it be considered an application under the Laws of the other Contracting State.
2. If an applicant has filed a written application for Benefits with an Agency of one Contracting State and has not explicitly requested that the application be restricted to Benefits under the Laws of that Contracting State, the application shall also protect the rights of the claimants under the Laws of the other Contracting State if the applicant provides information at the time of filing indicating that the person on whose record Benefits are claimed has completed Periods of Coverage under the Laws of the other Contracting State.
3. The provisions of Part III of this Agreement shall apply only to Benefits for which an application is filed on or after the date on which this Agreement enters into force.

**Article 15**  
**Appeals and Time Limits**

1. A written appeal of a determination made by an Agency of one Contracting State may be validly filed with an Agency of either Contracting State. The appeal shall be decided according to the procedure and Laws of the Contracting State whose decision is being appealed.
2. Any claim, notice, or written appeal which, under the Laws of one Contracting State, must have been filed within a prescribed period with an Agency of that Contracting State, but which is instead filed within the same period with an Agency of the other Contracting State, shall be considered to have been filed on time.

**Article 16**  
**Transmittal of Claims, Notices, and Appeals**

In any case to which the provisions of Article 14 or 15, or both, of this Agreement apply, the Agency to which the claim, notice, or written appeal has been submitted shall indicate the date of receipt on the document and transmit it without delay to the Liaison Agency of the other Contracting State.

**Article 17**  
**Currency**

1. Payments under this Agreement may be made in the currency of the Contracting State making the payments.
2. In case provisions designed to restrict the exchange or export of currencies are introduced by either Contracting State, the Governments of both Contracting States shall immediately take measures necessary to ensure the transfer of sums owed by either Contracting State under this Agreement.

**Article 18**  
**Resolution of Disagreements**

Any disagreement regarding the interpretation or application of this Agreement shall be resolved by consultation between the Competent Authorities.

**Article 19**  
**Supplementary Agreements**

This Agreement may be amended by supplementary Agreements.

**PART V**  
**Transitional and Final Provisions**

**Article 20**  
**Transitional Provisions**

1. This Agreement shall not establish any claim to payment of a Benefit for any period before the date of entry into force of this Agreement, or to a lump sum death payment if the person died before the entry into force of this Agreement.
2. In determining the right to Benefits under this Agreement, consideration shall be given to Periods of Coverage under the Laws of both Contracting States and other events that occurred before the entry into force of this Agreement.
3. In applying paragraphs 2, 3, 4 or 5 of Article 5 of this Agreement in the case of persons who were sent to work by their employer or transferred their self-employment activity to the territory of a Contracting State prior to the date of entry into force of this Agreement, the period of employment or self-employment shall be considered to begin on the date of entry into force of this Agreement.

4. Determinations concerning entitlement to Benefits made before the entry into force of this Agreement shall not affect rights arising under it.
5. The application of this Agreement shall not result in any reduction in the amount of a Benefit to which entitlement was established prior to the entry into force of this Agreement.

**Article 21**  
**Duration and Termination**

1. This Agreement shall remain in force until the expiration of one (1) calendar year following the year in which written notice of its termination is given by one of the Contracting States to the other Contracting State.
2. If this Agreement is terminated, rights regarding entitlement to or payment of Benefits acquired under it shall be retained, and any claim filed, but not adjudicated, before the termination of this Agreement shall be adjudicated in accordance with the provisions of this Agreement.

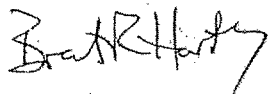
**Article 22  
Entry into Force**

This Agreement shall enter into force on the first day of the fourth month following the date of the last note of an exchange of diplomatic notes in which the Contracting States notify each other of the completion of their respective internal procedures necessary for the entry into force of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement.

DONE at Ljubljana this 17<sup>th</sup> day of January, 2017, in duplicate in the English and Slovenian languages, both texts being equally authentic.

FOR THE UNITED STATES  
OF AMERICA:



FOR THE REPUBLIC  
OF SLOVENIA:



**ADMINISTRATIVE ARRANGEMENT  
BETWEEN  
THE UNITED STATES OF AMERICA  
AND THE REPUBLIC OF SLOVENIA  
FOR THE IMPLEMENTATION OF THE  
AGREEMENT ON SOCIAL SECURITY  
BETWEEN THE UNITED STATES OF AMERICA  
AND THE REPUBLIC OF SLOVENIA**



The United States of America and

the Republic of Slovenia,

In conformity with Article 8(a) of the Agreement on Social Security between the United States of America and the Republic of Slovenia of this date, hereinafter referred to as the "Agreement," have agreed as follows:

**CHAPTER I**  
**General Provisions**

**Article 1**

Where terms that appear in the Agreement are used in this Administrative Arrangement, they shall have the same meaning as they have in the Agreement.

**Article 2**

- I. The Liaison Agencies referred to in Article 8(a) of the Agreement shall be:
  - (a) for the United States of America, the Social Security Administration; and
  - (b) for the Republic of Slovenia,
    - (i) for the Laws referred to under Article 2, paragraph 1, subparagraph (b)(i) of the Agreement: the Pension and Disability Insurance Institute of Slovenia, and
    - (ii) for the Laws referred to under Article 2, paragraph 1, subparagraph (b)(ii) of the Agreement: the Health Insurance Institute of Slovenia.

2. The Liaison Agencies designated in paragraph 1 of this Article shall decide upon the joint procedures, methods, and bilingual forms necessary for the implementation of the Agreement and this Administrative Arrangement.

## CHAPTER II Provisions on Coverage

### Article 3

1. Where the Laws of one Contracting State are applicable in accordance with any of the provisions of Article 5 of the Agreement, the Agency of that Contracting State, upon request of the employer or self-employed person, shall issue a certificate stating that the employee or self-employed person is subject to those Laws and indicating the duration for which the certificate shall be valid. This certificate shall be evidence that the employee or self-employed person is exempt from the Laws on compulsory coverage of the other Contracting State.
2. The certificate referred to in paragraph 1 of this Article shall be issued:
  - (a) in the United States of America, by the Social Security Administration; and
  - (b) in the Republic of Slovenia, by the Health Insurance Institute of Slovenia.
3. The Agency of a Contracting State that issues a certificate referred to in paragraph 1 of this Article shall furnish a copy of the certificate or mutually decided information from the certificate to the Liaison Agency of the other Contracting State as needed by the Agency of the other Contracting State.

4. The Competent Authorities referred to in paragraph 8 of Article 5 of the Agreement shall be:
  - (a) for the United States of America, the Commissioner of Social Security; and
  - (b) for the Republic of Slovenia, the Ministry of Labor, Family, Social Affairs, and Equal Opportunities.

**CHAPTER III**  
**Provisions on Benefits**

**Article 4**

1. Claims for Benefits under the Agreement shall be submitted on forms to be developed by the Liaison Agencies of the two Contracting States.
2. The Agency of the Contracting State with which a claim for Benefits is first filed in accordance with Article 14 of the Agreement, shall provide the Agency of the other Contracting State with such evidence and other information in its possession as may be required to complete action on the claim.
3. The Agency of a Contracting State which receives a claim that was first filed with an Agency of the other Contracting State, shall without delay provide the Agency of the other Contracting State with such evidence and other available information in its possession as may be required for it to complete action on the claim.
4. The Agency of the Contracting State with which a claim for Benefits has been filed shall verify the information pertaining to the applicant and the applicant's family members. The Liaison Agencies of both Contracting States shall decide upon the types of information to be verified.

5. Upon request, the Agency of one Contracting State shall inform the Agency of the other Contracting State on bilingual forms of its decision to award or deny a claim filed under Part III of the Agreement.

#### **CHAPTER IV Miscellaneous Provisions**

##### **Article 5**

1. In accordance with measures to be decided upon pursuant to paragraph 2 of Article 2 of this Administrative Arrangement, the Agency of one Contracting State shall, upon request by the Agency of the other Contracting State, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.
2. For the purpose of facilitation of the implementation of the Agreement and this Administrative Arrangement, the Liaison Agencies may decide on measures for the provision and transmission of the electronic exchange of data.

##### **Article 6**

The Liaison Agencies shall exchange statistics on the number of certificates issued under Article 3 of this Administrative Arrangement and on the payments made to beneficiaries under the Agreement. These statistics shall be furnished annually in a manner to be decided upon by the Liaison Agencies.

##### **Article 7**

1. Where administrative assistance is requested and provided under Article 9 of the Agreement, expenses other than regular personnel and operating costs of the Agency providing the assistance shall be reimbursed, except as may be otherwise agreed to by the Competent Authorities or Liaison Agencies of the Contracting States.

2. Upon request, the Agency of either Contracting State shall furnish without cost to the Agency of the other Contracting State any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.
3. Where the Agency of a Contracting State requires that a person in the territory of the other Contracting State who is receiving or applying for Benefits under the Agreement submit to a medical examination, such examination, if requested by that Agency, shall be arranged by the Agency of the other Contracting State in accordance with the rules of the Agency making the arrangements and at the expense of the Agency requesting the examination.
4. The Agency of one Contracting State shall reimburse amounts owed under paragraphs 1 or 3 of this Article upon presentation of a statement of expenses by the Agency of the other Contracting State.

**Article 8**

1. The Agency shall pay Benefits directly to the beneficiary or his or her designee.
2. Upon request of the Agency referred to in paragraph 1 of this Article, a beneficiary shall submit proof, annually at minimum, that he or she is still alive.

**Article 9**

The Competent Authorities shall notify each other, in writing, of changes in the names of the Liaison Agencies without the need to modify the Administrative Arrangement.

**Article 10**

This Administrative Arrangement shall enter into force on the date of entry into force of the Agreement and remain in force so long as the Agreement is in force.

DONE at Ljubljana, this 17<sup>th</sup> day of January, 2017, in duplicate in the English and Slovenian languages, both texts being equally authentic.

FOR THE  
UNITED STATES OF AMERICA:



FOR THE  
REPUBLIC OF SLOVENIA:





SOCIAL SECURITY

MEMORANDUM

Date: November 21, 2017 Refer To: TCC

To: Stephen C. Goss, ASA, MAAA  
Chief Actuary

From: Chris Chaplain, ASA /s/  
Supervisory Actuary

Nettie Barrick /s/  
Actuary

Subject: Estimated Effects of a Potential Totalization Agreement between Slovenia and the United States—**INFORMATION**

This memorandum and the attached tables present estimates of the effects of implementing a potential totalization agreement with Slovenia assuming an effective date of January 1, 2019.

Table 1 shows the estimated net additional program costs to the Social Security systems of the United States (OASDI) and Slovenia under the potential agreement for fiscal years 2019 through 2026. In each case, these net additional program costs arise under the respective systems due to: (1) benefits payable because of the agreement; and (2) tax contributions eliminated for temporary foreign workers under the agreement.

The first three rows of Table 2 show estimates of the numbers of persons (as of mid-year) who would receive "totalized" benefits from each system. The fourth row of the table shows the number of Slovenian citizens living outside the U.S., and Slovenian residents who are citizens of a third country, who would be affected by removing the 5-year U.S. residency requirement for survivor or dependent benefits. The last two rows of the table show estimates of the numbers of temporary foreign workers in the respective countries who would be exempt from taxation by the local Social Security system under a totalization agreement. Under the agreement, U.S. workers working for a U.S. firm in Slovenia for a period expected to last 5 years or less would pay Social Security taxes only to the United States. Slovenian workers working for a Slovenian firm in the U.S. for a period expected to last 5 years or less would pay Social Security taxes only to the Slovenian system. We base estimates shown in the tables on the intermediate set of assumptions of the 2017 OASDI Trustees Report. The exchange rate used in these estimates is 0.850412 euros per U.S. dollar (1 EUR = \$1.1759), the exchange rate as of October 17, 2017. To provide a frame of reference, the average exchange rate over the past 5 years is about 0.8370 EUR per U.S. dollar, with a low of about 0.7167 EUR per U.S. dollar and a high of about 0.9649 EUR per U.S. dollar.

These estimates are subject to much uncertainty. Many of the estimates are based on limited data for Slovenia and the assumption that certain relationships that apply on average for other countries where totalization agreements already exist will apply for Slovenia as well.

#### Numbers of Totalized Beneficiaries

To estimate the numbers of totalized beneficiaries under the U.S. Social Security system resulting from an agreement with Slovenia, we use two data sources for 21 of the existing agreement countries in a regression analysis.<sup>1</sup> From Census Bureau files, we estimate immigration and emigration. From counts of nonimmigrant visas issued by U.S. Foreign Service posts in each country to persons traveling to the U.S., over a 5-year period roughly 30 years ago when 2019-2026 retirees potentially receiving benefits under the totalization agreement were in their prime working years, we estimate the influx of temporary workers. This analysis yields an estimate of about 210 totalized beneficiaries under the U.S. Social Security system at the end of the 5<sup>th</sup> year of the potential agreement with Slovenia. For 9 of these existing-agreement countries, the predicted number of beneficiaries from the regression is higher than the actual number at the end of 5 years, by a median value of about 89 percent of the actual number. For 12 of these existing-agreement countries, the predicted number of beneficiaries from the regression is lower than the actual number, by a median value of about 29 percent of the actual number. Therefore, the number of OASDI beneficiaries at the end of the 5<sup>th</sup> year of implementation would be: (1) about 110, if the median relationship for countries with fewer beneficiaries than predicted by the regression analysis applies to Slovenia; and (2) about 290, if the median relationship for countries with more beneficiaries than predicted by the regression applies to Slovenia.

To estimate the number of totalized Slovenian beneficiaries under the agreement, we use Census Bureau immigration data to make an initial estimate of the number of beneficiaries who will receive totalized benefits under the Slovenian system. We then adjust this estimate based on a comparison of the number of beneficiaries under the U.S. system estimated using the same data, and the regression estimate for the U.S. system described in the previous paragraph.

Totalization agreements provide OASDI benefits mainly to three groups. The first group is Slovenian non-immigrants (temporary visa holders) who work in the U.S. for less than 10 years. These workers would have coverage under the U.S. Social Security system (unless they work for a Slovenian firm in the U.S. for 5 years or less after a totalization agreement becomes effective), and may be eligible for U.S. totalized benefits when their work in Slovenia is also considered. The second group is legal immigrants (generally permanent) from Slovenia to the U.S. who work in the U.S. for less than 10 years, frequently because they immigrate later in their working careers. The third group is emigrants from the U.S. to Slovenia (Slovenia-born or U.S.-born) who worked in the U.S. for less than 10 years, frequently because they emigrated relatively early in their careers.

---

<sup>1</sup> We excluded 5 totalization agreement countries from the analysis—the Slovak Republic and Hungary because the agreements have not been in effect long enough for us to have five full years of data available, South Korea because work before 1986 in South Korea would not be counted as coverage in determining eligibility for totalized benefits, Luxembourg because of lack of data, and Canada because it is a border country with emigrant and immigrant patterns that would likely vary widely from those of Slovenia.



A totalization agreement between Slovenia and the United States precludes OASDI disability benefits for Slovenian workers employed by a Slovenian employer in the U.S. for 5 years or less who become disabled while working in the U.S. or shortly thereafter. However, temporary workers from Slovenia are unlikely to work long enough to qualify for U.S. disability benefits (generally at least 5 years), and are expected to be relatively healthy at the time they come to the U.S. to work. Therefore, we believe that reductions in OASDI disability benefits due to eliminating double taxation under a totalization agreement between Slovenia and the United States would be minimal. Similarly, we believe the reductions in disability benefits under the Slovenian system would be very small, relative to removing taxation to the Slovenian system for temporary U.S. workers in Slovenia.

#### 5-Year Residency Requirement

In addition to estimates of the number of persons who would receive totalized OASDI benefits, we also estimate the number of alien dependents and survivors who do not meet the 5-year U.S. residency requirement for receipt of Social Security benefits. These individuals would receive OASDI benefits under a totalization agreement because the residency requirement does not apply to the potential Slovenian agreement.

#### Effects Related to Other U.S. Social Insurance Programs

The principal financial effects of a totalization agreement apply to the Social Security programs of the countries involved. Totalization agreements do not cover Medicare benefits. Thus, the U.S. cannot use credits for work in Slovenia to establish entitlement under the Medicare program. However, the tax side of the U.S. Medicare program would be affected because of the removal of double taxation for Slovenian workers who temporarily work in the U.S. for a Slovenian firm. We do not expect corresponding reduced Medicare outlays, because attainment of Medicare entitlement by these workers is highly unlikely under the current (no totalization) rules. Medicare eligibility is largely restricted to individuals who either: (1) are at least age 65 and eligible for U.S. Social Security benefits; or (2) were entitled to U.S. Social Security disability benefits (as a disabled worker, disabled widow(er), or disabled adult child) for at least 24 months. Furthermore, Medicare reimbursement is generally restricted to services provided in the U.S. Under the current (no totalization) rules, it is unlikely that temporary workers from Slovenia would (a) work enough to qualify for Medicare and (b) live in the U.S. when they might avail themselves of Medicare services; therefore, we believe a totalization agreement between Slovenia and the United States would reduce Medicare benefits very minimally.

By law, totalization agreements do not affect payroll taxes paid for work injury (workers' compensation) and unemployment programs administered by the United States. Therefore, Slovenian temporary workers employed by Slovenian firms in the U.S., and their employers would still be required to pay any applicable workers' compensation and unemployment payroll taxes. These programs generally operate at the state, and not the federal, level.

#### Effects Related to Other Slovenian Social Insurance Programs

Under a totalization agreement, the Slovenian system would no longer require U.S. temporary workers in Slovenia (and their U.S.-based employers) to pay into Slovenia's national health and sickness insurance system. The reduction in contributions increases from an estimated \$0.8 million in fiscal year (FY) 2019 to \$1.5 million in FY 2026. These estimates assume the current contribution rate of 12.92% (6.56% employer, 6.36% employee) to the Slovenian national health insurance and sickness system continues through this period. By eliminating contributions to the Slovenian national health insurance and sickness system for these temporary U.S. workers in Slovenia, a totalization agreement would result in these workers no longer being eligible for services under that system. These foregone health insurance and sickness services represent a savings to the Slovenian system.

The value of foregone national *health insurance and sickness* services for U.S. temporary workers in Slovenia is extremely difficult to estimate, but is expected to be small. It is very likely that U.S. temporary workers in Slovenia are relatively healthy and do not need much in the way of health services. Due to the assumed healthiness of the U.S. temporary worker population, the propensity to use health providers outside the Slovenian system, and the benefits paid by U.S. employers, we estimate, very roughly, that the value of benefits currently provided to U.S. workers by the Slovenian national health insurance and sickness system is about one-tenth of the amount of their contributions to that system. Table 1 shows the estimates of net costs to the Slovenian health insurance and sickness system, which range from \$0.7 million in FY 2019 to \$1.3 million in FY 2026—about 8 times the estimated net cost to the U.S. Medicare system for those years.

Under a totalization agreement, the Slovenian system would lose work injury payroll tax contributions from the employers of affected workers. Also, the Slovenian system would lose maternity and unemployment payroll tax contributions from the affected workers and their employers. Under a totalization agreement, U.S. employers and their U.S. employees working temporarily in Slovenia would no longer contribute to these programs, and the Slovenian government would no longer pay benefits to these workers. We believe that most U.S. employers provide benefits to their employees, such that these workers would rarely receive Slovenian maternity benefits. Most U.S. employers also continue to pay earnings to people incapacitated due to injury for relatively short periods, such that Slovenia rarely pays work injury benefits to these workers. Therefore, we estimate that the value of Slovenian *work injury* benefits no longer paid to U.S. temporary workers affected by a potential totalization agreement would be very small.

The Slovenian unemployment program pays benefits for a period of 3 to 19 months depending on the individual's number of years of contributions and age. However, we believe that very few temporary U.S. workers (working for U.S. employers) in Slovenia lose their jobs, and the few that do lose their jobs most likely move back to the United States and do not look for other work in Slovenia. Under a potential totalization agreement, U.S. temporary workers in Slovenia would no longer be eligible for Slovenian unemployment benefits. Because payment of unemployment benefits to temporary U.S. workers in Slovenia is unlikely, we expect the value of *unemployment* benefits no longer paid by Slovenia's system, under a totalization agreement, to be very small.

Long-Range Financial Effects

Implementing the potential totalization agreement between the U.S. and Slovenia would decrease the long-range (75-year) actuarial balance of the OASDI program by an amount that is estimated to be negligible (that is, by less than 0.005 percent of taxable payroll).

Table 3 displays the components of the estimated net cost to the OASDI Trust Funds for years 2017 through 2091 on a "CPI-indexed to 2017" basis, i.e., indexing the amounts back to the year 2017 by assumed changes in the consumer price index (CPI). In addition, the table displays total estimated OASDI net costs on an annual and cumulative present-value basis, i.e., indexing the amounts back to January 1, 2017 by projected interest rates earned by the OASDI Trust Funds on special-issue U.S. Government bonds.

Attachments: 3

**Table 1.--Estimated net additional program costs for the U.S. and Slovenian Social Security (and other) systems under a potential totalization agreement between the two countries, fiscal years 2019-2026**  
(In millions)

	Fiscal year								Total, FY 2019-26
	2019	2020	2021	2022	2023	2024	2025	2026	
Financial Effects for the U.S.									
Social Security system:									
Increase in OASDI benefit payments .....	a	a	a	a	a	\$1	\$1	\$1	\$3
Reduction in OASDI tax contributions .....	<u>a</u>	<u>a</u>	<u>a</u>	<u>\$1</u>	<u>\$1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>4</u>
Net OASDI cost .....	a	\$1	\$1	1	1	1	1	1	7
Net cost to the Medicare system .....									
	a	a	a	a	a	a	a	a	1
Net costs to the Social Security System of Slovenia:									
Increase in benefit payments .....	a	1	1	2	3	3	4	4	18
Reduction in OASDI tax contributions .....	<u>\$1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>19</u>
Total .....	2	3	3	4	5	6	6	7	36
Net cost to the Slovenian national health insurance system <sup>b</sup> .....									
	1	1	1	1	1	1	1	1	9
Net cost for other Slovenian payroll tax contributions <sup>c</sup> .....									
	a	a	a	a	a	a	a	a	1

<sup>a</sup> Less than \$500,000.

<sup>b</sup> Includes health insurance payroll tax contributions that the totalization agreement with Slovenia would eliminate.

<sup>c</sup> Includes maternity, work injury, and unemployment payroll tax contributions that the totalization agreement with Slovenia would eliminate.

Notes:

1. The agreement is assumed to become effective on January 1, 2019.
2. The estimates are based on the intermediate assumptions of the 2017 Trustees Report.
3. Totals may not equal the sums of the components due to rounding.
4. Estimates are in U.S. dollars. The assumed exchange rate is 0.850412 euros per U.S. dollar.

Social Security Administration  
Office of the Chief Actuary  
November 21, 2017

Table 2.—Estimated number of persons affected by a potential totalization agreement between the United States and Slovenia, fiscal years 2019-2026  
(In thousands)

	Fiscal year							
	2019	2020	2021	2022	2023	2024	2025	2026
Number of persons receiving a totalized OASDI benefit based in part on employment in Slovenia (in current-pay status at mid-year).....	a	a	.1	.1	.2	.2	.2	.3
Number of persons receiving a totalized Slovenian benefit based in part on employment in the United States (in current-pay status at mid-year).....	a	.2	.4	.6	.8	.9	1.0	1.1
Number of persons receiving both a totalized OASDI benefit and a totalized benefit from Slovenia (in current-pay status at mid-year)...	a	a	a	a	a	a	a	.1
Number of residents of Slovenia, or Slovenian citizens living outside the U.S., who would now be able to receive OASDI dependent or survivor benefits because the 5-year residency requirement would no longer apply (in current-pay status at mid-year).....	a	a	a	a	a	a	a	a
Number of U.S. employees in Slovenia who, along with their employers, would no longer make tax contributions during the year to the Social Security system of Slovenia.....	.1	.1	.1	.1	.1	.1	.1	.1
Number of Slovenian employees in the U.S who, along with their employers, would no longer make tax contributions during the year to the OASDI trust funds.....	a	a	a	.1	.1	.1	.1	.1

<sup>a</sup> Fewer than 50.

Notes:

1. The agreement is assumed to become effective on January 1, 2019.
2. The estimates are based on the intermediate assumptions of the 2017 Trustees Report.

Table 3—Projected Net OASDI Cost of Implementing Proposed Totalization Agreement Between U.S. and Slovenia

Year	Additional OASDI Net Benefits For Year 1/	Change in OASDI Payroll Taxes For Year	Additional OASDI Net Cost For Year 2/	Additional OASDI Net Cost For Year 2/	Cumulative Additional OASDI Net Cost 2/
	(Millions of CPI-Indexed 2017\$)			(Millions of \$, Present Value as of 1-1-17)	
2017	0	0	0	0	0
2018	0	0	0	0	0
2019	0	0	1	0	0
2020	0	0	1	1	1
2021	0	0	1	1	2
2022	0	0	1	1	3
2023	0	0	1	1	3
2024	0	0	1	1	4
2025	1	0	1	1	5
2026	1	-1	1	1	6
2027	1	-1	1	1	7
2028	1	-1	1	1	8
2029	1	-1	1	1	9
2030	1	-1	1	1	10
2031	1	-1	1	1	11
2032	1	-1	1	1	12
2033	1	-1	1	1	13
2034	1	-1	1	1	14
2035	1	-1	1	1	15
2036	1	-1	1	1	16
2037	1	-1	1	1	17
2038	1	-1	1	1	18
2039	1	-1	1	1	19
2040	1	-1	1	1	20
2041	1	-1	1	1	21
2042	1	-1	1	1	22
2043	1	-1	1	1	23
2044	1	-1	1	1	24
2045	1	-1	1	1	25
2046	1	-1	2	1	26
2047	1	-1	2	1	27
2048	1	-1	2	1	28
2049	1	-1	2	1	29
2050	1	-1	2	1	29
2051	1	-1	2	1	30
2052	1	-1	2	1	31
2053	1	-1	2	1	32
2054	1	-1	2	1	33
2055	1	-1	2	1	33
2056	1	-1	2	1	34
2057	1	-1	2	1	35
2058	1	-1	2	1	36
2059	1	-1	2	1	36
2060	1	-1	2	1	37
2061	1	-1	2	1	38
2062	1	-1	2	1	39
2063	1	-1	2	1	39
2064	1	-1	2	1	40
2065	1	-1	2	1	41
2066	1	-1	2	1	41
2067	1	-1	2	1	42
2068	1	-1	2	1	43
2069	1	-1	2	1	44
2070	1	-1	2	1	44
2071	1	-1	2	1	45
2072	1	-1	2	1	46
2073	1	-1	2	1	46
2074	1	-1	2	1	47
2075	1	-1	3	1	48
2076	1	-1	3	1	48
2077	1	-1	3	1	49
2078	1	-1	3	1	49
2079	1	-1	3	1	50
2080	1	-1	3	1	51
2081	2	-1	3	1	51
2082	2	-1	3	1	52
2083	2	-1	3	1	53
2084	2	-1	3	1	53
2085	2	-1	3	1	54
2086	2	-1	3	1	54
2087	2	-1	3	1	55
2088	2	-1	3	1	55
2089	2	-1	3	1	56
2090	2	-1	3	1	56
2091	2	-1	3	1	57

Based on Intermediate Assumptions of the 2017 Trustees Report.  
 1/ Additional benefits less revenue to OASDI from taxes on benefits.  
 2/ Additional net benefit payments minus change in payroll-tax revenue.

