

Founding a Company, Self-Employment, Receiving Unemployment Benefits II

People receiving Unemployment Benefits II (German: *Arbeitslosengeld-II, ALG II*) are allowed to be self-employed. Conversely, entrepreneurs and freelancers in need of assistance can receive ALG II.

Freelancers who find themselves “in need of help” can claim the “basic income for jobseekers” (**German: *Grundsicherung für Arbeitssuchende***) according to the Social Code Book II (German: *Sozialgesetzbuch II, SGB II*). They needn't give up their self-employment to receive it. This is because recipients of ALG II are allowed to work for a company or be a freelancer. (Additional) income from self-employment is even expressly desired since experience shows that it increases a person's chances for full reintegration into the labour market. There is no upper limit on working hours.

Introductory Benefits

Introductory benefits are regulated in Section 29 SGB II.

How high are the introductory benefits?

The introductory benefits are a supplement to ALG II and can amount to up to 50 per cent of the standard benefits.

Who is entitled to the introductory benefits?

Prerequisites for eligibility are:

- Eligibility for ALG II
- The start of full-time self-employment
- Viability of this self-employment after 24 months at the latest (after this period, a person is no longer eligible for ALG II, not even as a supplementary benefit)
- The necessity of this cash benefit as regards “integration into the general labour market”

If you are already receiving ALG II, you should inform your case manager about your plans to found a company. The case manager will ask you to submit a business plan.

A comprehensive market analysis, target group analysis and competitor analysis are necessary for your self-employment/your company to be able to stop receiving benefits after two years at the latest. Also required is sustainable pricing as well as very good abilities to sell your products or services. Inquire at your JobCenter about sponsored offerings that can assist you in putting together a business plan.

Your case manager decides whether you receive introductory benefits or not, how long you receive them and in what amount. A person doesn't have any legal right to receive such benefits.