

Latvia

Exchange rate: US\$1.00 equals 0.53 lats.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1922.

Current laws: 1995, 1996, 1998, and 2001.

Type of program: Notional defined contribution (NDC) social insurance and mandatory individual accounts system.

Note: Membership of an individual account is mandatory for individuals who were under age 30 in 2001 and voluntary for those who were between ages 30 and 49 in 2001.

Coverage

Old-age and survivor pensions: Employed persons, self-employed persons, active military personnel, individuals caring for children less than 18 months old, unemployed persons, diplomatic staff spouses, and sickness and maternity benefit recipients.

Voluntary coverage is possible.

Disability pension: Employed and self-employed persons.

Source of Funds

Insured person

NDC: Included in the employer contribution.

Individual account: 2% of earnings, rising gradually to 10% by 2010.

Employer

NDC: 18% of payroll, decreasing gradually to 10% by 2010 (includes the employee contribution).

Individual account: None.

Government: Contributes for active military personnel, individuals caring for children less than 18 months old, and spouses of diplomatic staff.

Qualifying Conditions

Old-age pension: Age 62 (men) or age 59.5 (women) with 10 years of insurance. The age requirement for women will increase by 6 months each year to age 62 by 2009.

Early pension: Age 60 (men) or age 57.5 (women) with 30 years of insurance. Employment must cease.

Disability pension: Three years of insurance.

Survivor pension: The deceased was insured or was a pensioner at the time of death.

Old-Age Benefits

Old-age pension

NDC: The amount of the insured's contributions plus annual capital growth adjusted according to changes in the earnings index divided by the average remaining life expectancy.

The minimum pension is equal to the state social security benefit of 35 lats. The minimum pension is increased by 1.1% for an insurance period of at least 20 years; by 1.3% for an insurance period of 20 to 30 years; and by 1.5% for an insurance period of more than 30 years.

Early pension: Equal to 80% of the old-age pension until the insured reaches the statutory retirement age; thereafter, the full amount is paid.

Individual account: The pension is based on the amount of the insured's contributions plus annual capital growth. At retirement, the insured can purchase an annuity or have the funds transferred to his or her NDC account.

Permanent Disability Benefits

Disability pension: The disability pension is paid according to three categories of disability.

Category I: 0.45 times the average wage in 3 consecutive years in the last 5 years, plus the average wage times the ratio of actual contribution years to total possible number of years between age 15 and retirement.

The minimum pension is 1.6 times the minimum state social security benefit.

Category II: 0.4 times the average wage in 3 consecutive years in the last 5 years, plus the average wage times the ratio of actual contribution years to total possible number of years between age 15 and retirement.

The minimum pension is 1.4 times the minimum state social security benefit.

Category III: The minimum state social security benefit (35 lats).

Survivor Benefits

Survivor pension: 50% of the insured's potential old-age pension for one survivor; 75% for two; 90% for three or more. The pension is payable to children and dependent brothers, sisters, and grandchildren. The full-orphan's pension is based on the potential old-age pensions of both parents.

The minimum survivor pension is equal to the state social security benefit.

Administrative Organization

Ministry of Welfare handles general supervision.

State Social Insurance Agency and its local offices grant and pay cash benefits.

Sickness and Maternity

Regulatory Framework

First law: 1924.

Current law: 1995.

Type of program: Social insurance system.

Coverage

Sickness and maternity benefits: Employed and self-employed persons.

Medical benefits: All permanent residents.

Source of Funds

Insured person and employer: 2.37% of payroll.

Government: Finances minimum health care services.

Qualifying Conditions

Cash and medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 80% of average earnings. The benefit is payable from the 15th day of incapacity for work until recovery or, if declared permanently disabled, up to 52 weeks from day of incapacity for work or 78 weeks within a 3-year period if the incapacity for work recurs. The benefit is payable from the first day if caring for a child younger than age 14.

The employer pays for the 2nd to the 14th day of incapacity.

Maternity benefit: 100% of average earnings. The benefit is payable for 112 calendar days (56 days before and 56 days after the expected date of childbirth); payable for 14 additional calendar days for complications during pregnancy, delivery, or postnatal period as well as for multiple births and in cases in which medical care associated with pregnancy has been started at a medical institution and continued before the 12th week of pregnancy.

Workers' Medical Benefits

Benefits are provided by state-owned and private hospitals under contract with a sickness fund. Benefits include general and specialist care, medicines, hospitalization, maternity care, and dental treatment.

Free treatment for maternity care, for persons with low income, for persons suffering from certain infectious diseases, and for emergency treatment.

Special provisions for victims of the Chernobyl catastrophe.

Cost sharing: Copayments are required for inpatient and dental care; free dental care for children under age 18.

Dependents' Medical Benefits

Insured in their own right.

Administrative Organization

Ministry of Welfare handles general supervision.

State Social Insurance Agency and its local offices grant and pay cash benefits.

State Health Insurance Agency manages medical benefits.

Work Injury

Regulatory Framework

First law: 1927.

Current laws: 1995 and 1998.

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: None.

Employer: 0.09% of payroll.

Government: Finances state-guaranteed health care services.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

80% of average earnings. The benefit is payable from the 15th day of incapacity for work until recovery or, if declared permanently disabled, up to 52 weeks from day of incapacity for work or 78 weeks within a 3-year period if the incapacity for work recurs. The benefit is payable from the first day if caring for a child younger than age 14.

The employer pays for the 2nd to the 14th day of incapacity.

Permanent Disability Benefits

A percentage of the insured's average monthly earnings depending on the loss of earning capacity: 80% for a 100% loss of earning capacity, 75% for a loss of 90% to 99%, and 70% for a loss of 80% to 89%. The benefit decreases by 5% for each successive reduced degree of disability, down to a minimum of 25% for a loss of 10% to 14%.

Workers' Medical Benefits

Same as for sickness benefit, plus reimbursement for additional expenses for medical treatment, nursing care, prosthesis, travel expenses, and occupational rehabilitation.

Survivor Benefits

Survivor pension: 25% of the insured's average monthly earnings for one survivor, up to 35% for two, up to 45% for three, and up to 55% for four or more.

A higher percentage is paid for orphans.

Eligible survivors: Children and dependent brothers, sisters, grandchildren, surviving spouse, parents, and grandparents.

Administrative Organization

Ministry of Welfare handles general supervision.

State Social Insurance Agency and local insurance offices grant and pay insurance-based and related benefits.

Unemployment

Regulatory Framework

First law: 1991.

Current law: 1999.

Type of program: Social insurance system.

Coverage

Employed and self-employed persons, active military personnel, and individuals taking care of children under age 18 months.

Source of Funds

Insured person and employer: 1.89% of payroll.

Government: Contributes for active military personnel and for individuals taking care of children under age 18 months.

Qualifying Conditions

Unemployment benefit: Registration at a state employment office, total insurance contributions for not less than 1 year, and 9 months of insurance contributions in the 12 months before unemployment.

Unemployment Benefits

The benefit is based on the length of insurance contributions and the length of unemployment: 50% of earnings is paid with 1 to 9 years of insurance, 55% with 10 to 19 years, 60% with 20 to 29 years, 65% with over 30 years. The full amount is paid for the first 3 months, 75% for 3 to 6 months, and 60% for 6 to 9 months.

Administrative Organization

Ministry of Welfare handles general supervision.

State Social Insurance Agency and local insurance offices grant and pay benefits.

State Employment Service and local employment offices handle placement, training, and retraining.

Family Allowances

Regulatory Framework

First law: 1990.

Current laws: 1995 and 1998.

Type of program: Universal system.

Coverage

Permanent residents with a child of prescribed age.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances: Child under age 15; age 20 if at secondary school.

Family Allowance Benefits

Family allowances: 20% of the monthly minimum state social security benefit for the first child, 1.2 times the amount awarded for the first child for the second, 1.6 times for the third, and 1.8 times for the fourth and subsequent children.

The minimum state social security benefit is 35 lats.

Administrative Organization

Ministry of Welfare handles general supervision.

State Social Insurance Agency and local insurance offices grant and pay benefits.