

Bulgaria

Exchange rate: US\$1.00 equals 1.33 leva.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1924.

Current laws: 2000 (social insurance), with amendments; and 2000 (pensions), with amendments.

Type of program: Social insurance, mandatory individual account, and social assistance system.

Note: A new system consisting of a modified social insurance first pillar plus a second pillar of individual accounts was implemented between 2000 and 2002. Participation in the new system is mandatory for those persons born after December 31, 1959, who are covered by social insurance. All others are covered only by social insurance.

Coverage

Employed persons, self-employed persons, free-lance professionals, artists, craftsmen, and farmers.

Voluntary coverage is not possible.

There are no special systems for any specified groups of employees under the first pillar.

Source of Funds

Insured person: For persons born before January 1, 1960: 8.8% of covered earnings (social insurance); for persons born after December 31, 1959: 6.8% of covered earnings (social insurance) plus 2% of covered earnings (mandatory individual account) and up to 1% per year of accumulated funds for administrative fees.

The minimum monthly earnings for contribution purposes are 220 leva.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Self-employed person: For persons born before January 1, 1960: 22% of declared covered earnings for social insurance only; for persons born after December 31, 1959: 17% of declared covered earnings (social insurance) plus 5% of declared covered earnings (mandatory individual account) and up to 1% per year of accumulated funds for administrative fees.

The minimum monthly earnings for contribution purposes are 240 leva.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Employer: For persons born before January 1, 1960: 13.2% of covered payroll for social insurance; for persons born after December 31, 1959: 10.2 % of covered payroll (social insurance) plus 3% of covered payroll (mandatory individual account).

The minimum monthly earnings for contribution purposes are 220 leva.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Government: Any deficit in the social insurance system and the cost of social pensions; contributes as an employer.

Qualifying Conditions

Old-age pension

Social insurance: Age 63 (men) or age 59 and 6 months (women). The insured's age plus the length of the insured's coverage period must be equal to at least 100 points (men) or 93 points (women) (individuals are awarded one point for each year of age as well as one point for each year of coverage).

The retirement age for women is increasing gradually by 6 months each year until it reaches age 60 in 2009.

If the insured has an insufficient number of points, a pension is paid with at least 15 years of coverage (including 12 years of actual service) at age 65 (men and women).

Early pension: There is no early pension.

Deferred pension: The pension can be deferred. There is no maximum deferral period.

Benefits are payable abroad.

Mandatory individual account: Age 63 (men) or age 59 and 6 months (women). The retirement age for women is increasing gradually by 6 months each year up to age 60 in 2009.

Early pension: An early pension is possible, depending on the insured's occupation.

Benefits are payable abroad under reciprocal agreement.

Old-age social pension (income-tested): Aged 70 or older.

Disability pension

Disability pension (social insurance): There is no minimum qualifying period for individuals younger than age 20 or for persons assessed as blind; 1 year for those aged 25 to 29; 3 years for those aged 30; or 5 years for those older than age 30.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Benefits are payable abroad.

Mandatory individual account (disability pension): No benefits are provided.

Disability social pension (income-tested): Aged 16 or older with an assessed loss of working capacity greater than 71%.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Survivor pension

Survivor pension (social insurance): Paid for children up to age 18 (age 26 if a student or in military service, no limit if disabled), a surviving spouse within 5 years of attaining the normal retirement age (earlier if disabled), and parents older than the normal retirement age who do not receive a pension in their own right. Parents of insured persons who died during military service are eligible regardless of age.

Benefits are payable abroad.

Mandatory individual account (survivor pension): No benefits are provided.

Old-Age Benefits

Old-age pension

Social insurance old-age pension: The pension is equal to 1% of taxable income for each year of coverage. Taxable income for benefit calculation purposes is reduced proportionately for partial years of coverage.

The minimum old-age pension for pensioners with the required number of points at the normal retirement age is 102.85 leva a month (October 2007); pensioners without the required number of points receive 87.42 leva.

Benefit adjustment: The minimum pension is set annually by government.

Early pension: There is no early pension.

Deferred pension: There is no maximum deferral period.

Mandatory individual account: Benefits are paid as a pension and are based on the accumulated capital in the individual account and life expectancy. Benefits are paid directly by the pension insurance company to the insured. (The insured does not buy an annuity.)

Old-age social pension (income-tested): 76.23 leva a month is paid.

Income test: The income ceiling for eligibility for the social pension is the guaranteed minimum monthly income (55 leva) per family member in the last 12 months.

Permanent Disability Benefits

Disability pension

Disability pension (social insurance): The pension is based on the number of years of contributions, taxable income, the age of the insured if younger than the normal retirement age, and the assessed loss of working capacity.

The minimum disability pension varies from 85% to 115% of the minimum old-age pension, according to the assessed loss of working capacity (from 87.42 leva to 118.28 leva a month).

The minimum old-age pension is 102.85 leva a month (October 2007).

Mandatory individual account (disability pension): No benefits are provided.

Disability social pension (income-tested): The pension is calculated as a percentage of the old-age social pension (76.23 leva), according to the assessed loss of working capacity: 120% of the old-age social pension (91.48 leva) is paid for a loss of working capacity greater than 90%; 110% of the old-age social pension (83.85 leva) for a loss of working capacity of 71% to 90%.

Survivor Benefits

Survivor pension

Survivor pension (social insurance): 50% of the deceased's pension is paid for one survivor; 75% for two survivors; 100% for three survivors or more. The pension is split equally among all eligible survivors. Full orphans receive the sum of the pensions of both deceased parents.

Survivor's supplement: 20% of the deceased's pension is paid.

The minimum pension for each survivor is equal to 75% of the minimum old-age pension.

The minimum old-age pension is 102.85 leva a month (October 2007).

Mandatory individual account (survivor pension): No benefits are provided.

Administrative Organization

Ministry of Labor and Social Policy (<http://www.mlsp.government.bg>) is responsible for developing, coordinating, and implementing state policy in social insurance and social assistance.

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

Financial Supervision Commission (<http://www.fsc.bg>) is responsible for the licensing and supervision of pension insurance companies and oversees the system of mandatory individual accounts.

National Revenue Agency (<http://www.nra.bg>) collects social security contributions and transfers the part of the contributions allocated to the mandatory individual accounts to the respective pension insurance companies.

Sickness and Maternity

Regulatory Framework

First law: 1918.

Current laws: 1998 (health insurance); and 2000 (social insurance), with amendments.

Type of program: Social insurance system.

Coverage

Cash sickness and maternity benefits: Employees working for more than 5 days or 40 hours a month, including civil servants, judges, prosecutors, investigators, bailiffs, military personnel, members of cooperatives, paid public officials, and clergy.

Voluntary coverage for registered freelance professionals and artisans, sole proprietors, owners or partners in commercial companies, registered farmers, and working pensioners.

Medical benefits: All persons residing in Bulgaria.

Source of Funds

Insured person

Cash benefits: 1.4% of covered earnings.

Medical benefits: 2.4% of covered earnings.

The minimum monthly earnings for contribution purposes are 220 leva.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Self-employed person

Cash benefits: Voluntary contributions of 3.5% of declared covered earnings.

Medical benefits: 6% of declared covered earnings.

The minimum monthly earnings for contribution purposes are 240 leva.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Employer

Cash benefits: 2.1% of payroll.

Medical benefits: 3.6% of payroll.

Government: Any deficit; contributes as an employer.

Qualifying Conditions

Cash sickness and maternity benefits: The insured must have 6 months of coverage.

There is no qualifying period for an insured person younger than age 18.

Medical benefits: Must reside in Bulgaria.

Sickness and Maternity Benefits

Sickness benefit: The benefit is equal to 80% of the insured's earnings and is paid for up to 90 days. Benefits are also paid for the entire period of a temporary incapacity due

to quarantine. Benefits may be paid for sanatorium treatment, depending on the health authority.

Earnings are based on the insured's average daily gross wage or average daily insured earnings in the 6 calendar months before the incapacity began.

Benefits are paid for providing care to sick family members and accompanying them during medical treatment: for up to 10 days for a family member older than age 18; for up to 60 days if the family member is younger than age 18; for caring for a sick child up to age 3 if the insured is hospitalized with the child; or to provide care to a family member for the duration of the quarantine period.

Maternity benefit: The benefit is equal to 90% of the insured's average daily covered earnings and is paid for a period of 135 days, beginning 45 days before the expected date of childbirth.

Child care benefit: The benefit is 220 leva and is paid until the child reaches age 2.

Assistance to students: Includes a lump sum paid during pregnancy and a lump sum paid after giving birth; a monthly allowance paid for a child until she or he leaves secondary education or up to age 20; and a monthly allowance paid for child care for a child up to age 1.

Funeral grant: Twice the minimum wage (440 leva) is split equally among the surviving spouse, children, and parents.

Workers' Medical Benefits

Medical services are provided directly to patients according to a contract between medical institutions and the National Health Insurance Fund. Benefits include general and specialist care at health centers, outpatient departments of hospitals, or home; hospitalization; prescribed medicines; dental care; and necessary appliances.

Dependents' Medical Benefits

Medical services are provided directly to patients according to a contract between medical institutions and the National Health Insurance Fund. Benefits include general and specialist care at health centers, outpatient departments of hospitals, or home; hospitalization; prescribed medicines; dental care; and necessary appliances.

Administrative Organization

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

National Health Insurance Fund (<http://www.nhif.bg>) administers medical benefits.

Work Injury

Regulatory Framework

First law: 1924.

Current law: 2000 (social insurance), with amendments.

Type of program: Social insurance system.

Coverage

Employees working for more than 5 days or 40 hours a month, including civil servants, judges, prosecutors, investigators, bailiffs, military personnel, members of cooperatives, paid public officials, and clergy.

Voluntary coverage for registered freelance professionals and artisans, sole entrepreneurs, owners or partners in commercial companies, registered farmers, and working pensioners.

Source of Funds

Insured person: None.

Self-employed person: Voluntary contributions only.

Employer: 0.4% to 1.1% of payroll, according to the assessed degree of risk.

Government: None; contributes as an employer.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period for benefits for a work injury or an occupational disease.

Temporary Disability Benefits

The benefit is equal to 90% of the insured's earnings and is paid from the first day of incapacity until recovery or certification of permanent disability.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Permanent Disability Benefits

Permanent disability pension: The monthly pension is between 30% and 40% of the insured's earnings, according to the assessed loss of working capacity.

The minimum disability pension varies from 100% to 125% of the minimum old-age pension, according to the assessed loss of working capacity (from 102.85 leva to 128.56 leva a month).

The minimum old-age pension is 102.85 leva a month (October 2007).

Constant-attendance allowance: 75% of the old-age social pension is paid.

The old-age social pension is 76.23 leva a month.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Survivor Benefits

Survivor pension: One survivor receives 50% of the deceased's disability pension; two survivors receive a combined total of 75%; three survivors or more receive a combined total of 100%.

The minimum pension is equal to 75% of the minimum old-age pension.

The minimum old-age pension is 102.85 leva a month (October 2007).

Administrative Organization

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

Unemployment

Regulatory Framework

First law: 1925.

Current law: 2000 (social insurance), with 2002 amendment.

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: 0.4% of covered earnings.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Self-employed person: Not applicable.

Employer: 0.6% of covered payroll.

The maximum monthly earnings for contribution purposes are 2,000 leva.

Government: None.

Qualifying Conditions

Unemployment benefits: The insured must have at least 9 months of coverage.

Unemployment Benefits

The benefit is equal to 60% of the insured's average earnings in the last 9 months. The duration of benefit entitlement varies according to the length of the coverage period. The benefit is paid for up to 4 months with 3 years of coverage; for up to 12 months with more than 25 years of coverage.

The benefit is proportionately reduced for part-time workers. If an eligible worker becomes unemployed within 3 years of previous entitlement, the benefit is paid for a maximum of 4 months.

The benefit may be combined with a disability pension and family benefits paid for a child younger than age 18.

The minimum benefit is 100 leva; may be less for a part-time worker.

For voluntarily unemployed persons and persons who are dismissed or who become eligible for unemployment benefits within 3 years of previous entitlement, only the minimum benefit is paid.

The maximum benefit is 200 leva.

Administrative Organization

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

National Employment Agency (http://www.az.government.bg/eng/index_en.asp), an executive agency of the Minister of Labor and Social Policy, implements policy on employment promotion.

Family Allowances

Regulatory Framework

First law: 1942.

Current law: 2002 (family benefits).

Type of program: Social assistance system.

Coverage

All persons residing in Bulgaria.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowances: The monthly income for each family member must not be greater than 200 leva (except if the child is permanently disabled). The child must reside in Bulgaria, attend school (from age 7 to age 20), and not be in a specialized child care institution.

Child-rearing allowance: The monthly income for each family member must not be greater than 200 leva. The child must reside in Bulgaria and not be in a specialized child care institution. The allowance is paid until the child is age 1 if the mother is not receiving maternity benefits; age 2 if the child is disabled, regardless of any family income.

Birth grant: Paid for each live birth regardless of family income.

Family Allowance Benefits

Family allowances: Each child receives 30 leva a month; for a disabled child, 100 leva a month is paid.

Child-rearing allowance: 100 leva a month is paid.

Birth grant: 250 leva is paid for the birth of the first child, 600 leva for the second, and 200 leva for the birth of each subsequent child. For the birth of a disabled child, an additional 100 leva is paid.

Administrative Organization

Social Assistance Agency (<http://www.mlsp.government.bg>) of the Ministry of Labor and Social Assistance administers the program.