

## Estonia

Exchange rate: US\$1.00 equals  
12.61 kroons (EEK).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1924.

**Current laws:** 2002 and 2003.

**Type of program:** Social insurance and mandatory individual account system.

#### Coverage

**Social insurance:** All persons currently residing in Estonia.

**Mandatory individual account:** All persons born on or after January 1, 1983, covered by social insurance, including the self-employed.

Persons born on or after January 1, 1942, or before January 1, 1983, may contribute voluntarily.

#### Source of Funds

##### Social insurance

**Insured person:** None.

**Self-employed person:** 33% of income equal to or above the minimum salary.

**Employer:** 33% of payroll.

**Government:** The cost of some pensions and the cost of pension supplements and funeral grants.

All of the above contributions also finance sickness and maternity benefits and work injury benefits.

##### Mandatory individual account

**Insured person:** 2% of earnings.

**Self-employed person:** 4% of income. (The contribution is taken from the 33% of income contribution for social insurance.)

**Employer:** 4% of payroll. (The contribution is taken from the 33% of payroll contribution for social insurance.)

**Government:** None.

#### Qualifying Conditions

##### Old-age pension

**Social insurance:** Age 63 with 15 years of service (men) or age 59 with 15 years of service (women). (The retirement age for women is to be raised 6 months each year until it reaches age 63.)

**National pension:** Age 63 and does not qualify for a social insurance old-age pension. Must have been resident in Estonia for at least 5 years before making the claim and not receiving a pension from any other country.

**Mandatory individual account:** Age 63 with 15 years of service (men) or age 59 with 15 years of service (women). (The retirement age for women is to be raised 6 months each year until it reaches age 63.)

##### Disability pension

**Social insurance:** Aged 16 to 63 with between 1 and 14 years of insurance coverage or credited pensionable service depending on the insured's age.

**National pension:** The loss of at least 40% of working capacity and does not qualify for a social insurance disability pension. Must not receive a pension from any other country.

**Mandatory individual account:** No disability benefits are provided.

##### Survivor pension

**Social insurance:** Survivors must be incapable of gainful activity. The insured had 1 to 14 years of insurance coverage or pensionable service depending on age.

**Eligible survivors:** Survivors include children, stepchildren, siblings, and grandchildren under age 18 or disabled; a parent, stepparent, surviving spouse or guardian not gainfully employed and raising the deceased's children; and brothers, sisters, or grandchildren under age 14.

**National pension:** Payable on the death of the family breadwinner who does not qualify for a social insurance pension. The survivor must not receive a pension from any other country.

**Mandatory individual account:** Survivors designated by the insured are eligible for benefits; in the absence of designated survivors, the insured's spouse and orphans are considered the primary beneficiaries.

#### Old-Age Benefits

##### Old-age pension

**Social insurance old-age pension:** The pension includes a flat-rate base amount (577.33 EEK) and an amount based on years of pensionable service.

**National pension:** The benefit is 100% of the national pension rate (913.37 EEK).

**Benefit adjustment:** The national pension is set by legislation and adjusted for changes in the cost of living.

**Mandatory individual account:** The accumulated capital is normally used to purchase a fixed or indexed annuity. In certain cases, phased withdrawal of the accumulated capital is permitted.

## Permanent Disability Benefits

### Disability pension

*Social insurance disability pension:* Based on the old-age pension and corresponding to the assessed degree of loss of working capacity.

*National pension:* The benefit is a percentage of the national pension rate (913.37 EEK) according to the assessed degree of loss of working capacity.

*Benefit adjustment:* The national pension is set by legislation and adjusted for changes in the cost of living.

*Mandatory individual account:* No disability benefits are provided.

### Survivor Benefits

#### Survivor pension

*Social insurance survivor pension:* Based on the old-age pension and the number of survivors. One survivor receives 40% of the insured's pension, two survivors receive 70%, and three or more survivors receive 100%.

*National pension:* For one survivor the benefit is 50% of the national pension rate (913.37 EEK); for two survivors, 80%; for three or more survivors, 100%.

*Benefit adjustment:* The national pension is set by legislation and adjusted for changes in the cost of living.

*Funeral grant:* 2,000 EEK.

*Mandatory individual account:* If the insured dies before retirement, the designated survivor(s) receive the accumulated value of the individual account. If the insured dies after retirement, retirement annuity payments normally cease; thereafter, the designated survivor(s) may receive a guaranteed periodic benefit for a period of at least 5 years.

### Administrative Organization

**Social insurance:** Ministry of Social Affairs is responsible for general management and supervision.

National Social Insurance Board is responsible for overall planning and coordination.

Regional pension offices are responsible for administration at the local level.

**Mandatory individual account:** Financial Supervisory Authority supervises financial services providers, including pension management companies and life insurance companies.

Registrar of the Estonian Central Register of Securities opens a pension account for each member. The Registrar maintains an account in the Bank of Estonia where all contributions are received from the Tax Board.

Ministry of Finance supervises the Financial Supervisory Authority and the Registrar of the Estonian Central Register of Securities.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1924.

**Current law:** 2002.

**Type of program:** Social insurance system.

### Coverage

**Cash sickness and maternity benefits:** Insured employees, insured employers, and insured self-employed persons.

**Medical benefits:** Insured employees, insured employers, insured self-employed persons, the spouse of an insured person, persons under age 19, schoolchildren or full-time students, disabled persons, nonworking persons raising a child up to age 3, pregnant women from the twelfth week of pregnancy, social insurance pensioners, persons registered as unemployed, and military personnel.

### Source of Funds

**Insured person:** None.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** None.

### Qualifying Conditions

**Sickness and maternity benefits:** Current affiliation to the Health Insurance Fund regardless of length of service.

**Medical benefits:** Current affiliation to the Health Insurance Fund regardless of length of service.

### Sickness and Maternity Benefits

**Sickness benefit:** 80% of the insured's average income is paid for each calendar day of hospital treatment or outpatient care. Benefits are payable from the first day of sickness.

Benefits include providing care at home for a family member over 12 years of age, 80% of the insured's average income for 7 calendar days; caring at home for a child under age 3 (up to age 16 if disabled) if the parent providing the care is ill, 80% for 14 calendar days; caring for a child up to age 12, 100% for 14 calendar days; a work injury caused by an employer and for health damage, occupational disease, or work injury resulting from trying to prevent a criminal offense, 100%; and adopting a child up to age 4, 100% for 70 days.

**Maternity benefit:** 100% of the insured's average income is paid for 140 calendar days. In the case of multiple births or a birth with complications, the benefit is provided for 156 calendar days.

### **Workers' Medical Benefits**

State and local medical institutions provide medical benefits.

### **Dependents' Medical Benefits**

State and local medical institutions provide medical benefits.

### **Administrative Organization**

Ministry of Social Affairs is responsible for general management, supervision, and planning.

Health Insurance Fund coordinates health insurance.

Medical benefits are provided by doctors and in polyclinics and hospitals.

Health Insurance Fund administers benefits.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1924.

**Current law:** 1991.

**Type of program:** Social insurance system.

#### **Coverage**

Insured employees and insured self-employed persons.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** The payment of compensation for employees with work injuries whose employer is insolvent.

#### **Qualifying Conditions**

**Work injury benefits:** All permanent residents.

#### **Temporary Disability Benefits**

100% of average income until the degree of disability has been assessed.

#### **Permanent Disability Benefits**

Based on the old-age pension and corresponding to the assessed degree of loss of working capacity.

### **Workers' Medical Benefits**

State and local medical institutions provide medical benefits.

### **Survivor Benefits**

**Survivor pension:** Based on the old-age pension and the number of survivors. One survivor receives 40% of the insured's pension, two survivors receive 70%, and three or more survivors receive 100%.

### **Administrative Organization**

Ministry of Social Affairs is responsible for general management and supervision.

Health Insurance Fund administers health insurance in counties and towns.

Medical benefits are provided by doctors and in polyclinics and hospitals.

Regional pension offices administer permanent disability benefits.

### **Unemployment**

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#### **Regulatory Framework**

**First law:** 1991.

**Current laws:** 2000 and 2002.

**Type of program:** Social assistance system.

#### **Coverage**

Permanent residents aged 16 to retirement age who are capable of gainful activity.

#### **Source of Funds**

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

#### **Qualifying Conditions**

Aged 16 to retirement age, registered as unemployed with the employment service, and with 180 days of work during the 12 months before unemployment. Work may include full-time education, military service, raising a child under age 7, treatment in a hospital, nursing the sick, periods of disability or detention, and being elderly.

#### **Unemployment Benefits**

400 EEK a month for 180 calendar days. The benefit may be extended for up to 180 days if less than 180 days remain until the age of retirement. Benefit entitlement may be extended for up to 90 days if the insured is raising three or more children

under age 18, is undertaking vocational training or a community placement, or if family income is below the poverty level.

### **Administrative Organization**

Ministry of Social Affairs is responsible for general management and supervision.

Labor Market Board, with local employment offices, is responsible for registering the unemployed, administering job search and retraining, and guaranteeing the payment of benefits.

### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1922.

**Current law:** 2002.

**Type of program:** Social assistance system.

#### **Coverage**

Permanent residents, noncitizens with temporary residence permits, and refugees.

#### **Source of Funds**

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

#### **Qualifying Conditions**

**Family allowances:** All children under age 17; up to age 19 if a full-time student.

#### **Family Allowance Benefits**

**Childbirth allowance:** The first child receives 25 times the child allowance rate; each subsequent child, 20 times.

**Adoption allowance:** A lump-sum allowance is paid to the foster parent at 20 times the child allowance rate, if the childbirth allowance was not paid for the same child.

**Child allowance:** A monthly allowance is paid to families at twice the child allowance rate for each child.

**Child care allowance:** A monthly allowance is paid for each child at 0.5 times the child care allowance rate to one parent raising one or more children up to age 3; thereafter, 0.25 times the child care allowance rate for each child between ages 3 and 8.

**Single parent's child allowance:** A monthly allowance is paid for children up to age 16 and for children enrolled in school at twice the child allowance rate.

**Conscript's child allowance:** A monthly allowance is paid for children of conscripts in the armed forces at five times the child allowance rate.

**Child's school allowance:** An annual allowance is paid for each child enrolled in school at three times the child allowance rate.

**Foster care allowance:** A monthly allowance is paid at six times the child allowance rate.

**Start in independent life allowance:** 6,000 EEK is paid to orphans or persons without parental care who have spent at least the last 3 years in a children's home or in a school for the disabled.

**Allowance for families with three or more children and families raising triplets:** An annual allowance equal to the child allowance rate multiplied by the number of children who receive child allowance for a family per quarter.

The child allowance rate is 150 EEK.

The child care allowance rate is 1,200 EEK.

### **Administrative Organization**

Ministry of Social Affairs is responsible for general management and supervision.

National Social Insurance Board coordinates and administers benefits.

Regional pension offices administer benefits at the local level.