

## Palau

Exchange rate: Currency is the US dollar (US\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1967.

**Current law:** 1987, implemented in 1991.

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

#### Coverage

Gainfully occupied persons, including some categories of self-employed persons.

Voluntary coverage for self-employed persons with no employees and gross earnings under US\$10,000 a year but more than US\$300 per quarter.

Exclusions: Casual labor and self-employed persons with no employees and annual gross income of less than US\$300 per quarter.

#### Source of Funds

**Insured person:** 6% of earnings.

The maximum earnings for contribution and benefit purposes are US\$3,000 per quarter.

**Self-employed person:** 12% of twice the salary of their highest paid employee (if no employees, 12% of 1/4 of gross revenue).

The maximum earnings for contribution and benefit purposes are US\$3,000 per quarter.

**Employer:** 6% of payroll.

The maximum earnings for contribution and benefit purposes are US\$3,000 per quarter.

**Government:** None; contributes as an employer.

#### Qualifying Conditions

**Old-age pension:** Age 60 with 1 quarter of coverage for each year after June 1968 (or since age 21, if later) up to age 60.

**Disability pension:** Incapacity for substantial gainful activity due to a disability that is likely to last a year or result in death. One quarter of coverage for each year after June 1968 (or since age 21, if later) with at least 12 quarters of coverage or at least 8 quarters of coverage during the last 13 quarters.

**Survivor pension:** The deceased had 1 quarter of coverage for each year after June 1968 (or since age 21, if later) or had at least 8 quarters of coverage in the 13 quarters preceding death.

The survivor pension is payable abroad if reciprocity exists.

#### Old-Age Benefits

**Old-age pension:** 16.5% of the first US\$11,000 of the insured's cumulative covered earnings, plus 2.7% of earnings between US\$11,000 and US\$44,000, plus 1.35% of earnings over US\$44,000.

The minimum old-age pension is US\$47.50 a month.

#### Permanent Disability Benefits

**Disability pension:** 16.5% of the first US\$11,000 of the insured's cumulative covered earnings, plus 2.7% of earnings between US\$11,000 and US\$44,000, plus 1.35% of earnings over US\$44,000.

The minimum disability pension is US\$47.50 a month.

#### Survivor Benefits

**Survivor pension:** 60% of the deceased's pension is payable to a widow(er) at any age.

**Orphan's pension:** 15% of the deceased's pension for each orphan younger than age 18 (age 22 if a student; no limit if disabled before age 22).

**Earnings test:** The survivor pension is reduced by US\$1 for each US\$3 of earnings above US\$500 a quarter if aged 50 or younger.

The minimum survivor pension is US\$47.50 a month.

The maximum survivor pension is 100% of the insured's pension.

#### Administrative Organization

U.S. Social Security Administration (<http://www.socialsecurity.gov>) administers the program.

Social Security System administers the program at the local level.