

Albania

Exchange rate: U.S.\$1.00 equals 136.3 lek.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1947.

Current law: 1993, amended 1995 and 1998.

Type of program: Social insurance system.

Coverage

Employed persons, self-employed persons, and university students. Voluntary coverage for other groups who do not qualify for compulsory insurance. Supplementary systems for civil servants, private employers and employees, and military personnel. Special state pensions are available for those who have contributed to the political and cultural development of Albania.

Source of Funds

Insured person: 11.5% of total earnings (10% for old-age, disability, and survivor pensions and for sickness and maternity benefits; 1.5% for medical care).

Employer: 35% of payroll (26% for old-age, disability, and survivor pensions and for sickness and maternity benefits; 1.5% for health cash benefits, 1.5% for work injury, and 6% for unemployment insurance).

Government: Any deficit. Covers costs for persons in compulsory military service and credits contributions on behalf of the unemployed. Contributions also partially finance benefits for sickness and maternity.

Qualifying Conditions

Old-age pension: Age 60 (men) or 55 (women), 35 years of contributions, and retirement from economic activity.

Mothers with six or more children over age 8 are eligible at age 50 with 30 years of contributions.

Partial old-age pension: Age 60 (men) or age 55 (women), with between 20 and 35 years of contributions.

Disability pension: Incapable of any work, blind, or suffering from severe mutilation.

Minimum insurance period is at least 1/2 the difference in years between the claimant's age and 20.

Disability must be certified by Medical Experts Committee (MEC). At pensionable age, the claimant may choose to take the old-age pension if the amount is higher.

Partial disability pension: Incapacity to perform work at the last place of employment but can work under special working conditions. The minimum insurance period must be met.

Disability and special work conditions as determined by MEC.

Survivor pension: Deceased was insured or had terminated insurance not more than 1 year before death. Eligibility for old-age or disability pension.

Eligible survivors: Dependents include a surviving spouse caring for dependent child under age 8; a disabled or aged spouse (aged 50 for a widow or aged 60 for a widower); dependent orphans under age 18 (age 25 if a student), or a spouse or a child who became disabled prior to reaching these ages; parents and grandparents aged 65 or older who shared the same household with the deceased for 12 months prior to the death and have no one else to care for them; dependent grandchildren. A surviving spouse loses entitlement to the survivor pension on remarriage.

Old-Age Benefits

Consists of a basic pension and an earnings-related increment.

Basic flat-rate pension (equal to the minimum living standard) is awarded to all insured persons.

Earnings-related increment for employed persons is equal to 1% for each year of coverage multiplied by the average assessed wage for which contributions were paid.

Maximum pension: Twice the basic pension amount, or 75% of average net wages during 3 years of the last 10 years of employment.

Increment for deferred retirement: 4% of full pension for each year of deferred retirement, with continued contributions.

Maximum pension: 80% of the average net wage during 3 years of the last 10 years of employment.

Partial pension: Calculated as a percentage of the full pension, depending on the number of years worked.

Benefit adjustment: The basic pension amount is indexed annually according to price changes of selected commodities.

Permanent Disability Benefits

Disability pension: The award consists of a basic pension and an increment as for the old-age pension, above.

Maximum pension: Twice the basic pension or 80% of the last average net wage, whichever is less.

Partial disability pension: 50% of the full disability pension.

Constant-attendance supplement: 15% of the assessed wage for contribution purposes.

Supplements for dependent children: Equal to 5% of the basic old-age pension for each dependent child under age 15. The maximum supplement is 20% of the basic old-age pension.

Benefit adjustment: Benefits are adjusted in accordance with changes to the old-age pension.

Survivor Benefits

Survivor pension: Equal to 50% of the old-age pension of the deceased for the surviving spouse; 25% for each orphan and

other dependents up to a maximum of 100% (50% if the surviving spouse is economically active or receiving a pension in own right) of the pension of the deceased.

50% for a sole orphan provided that there is no other eligible dependent.

Full orphans are eligible for the pension entitlements of both parents.

Death benefit: Equal to 1 month's basic old-age pension.

Administrative Organization

Ministry of Labor and Social Affairs and a tripartite Administrative Council provide general supervision.

Social Insurance Institute administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1947.

Current law: 1993 (amended 1994, 1995, 1998, 2000, and 2001).

Type of program: Dual social insurance system (cash benefits) and universal system (medical care).

Coverage

Sickness benefits: Employees.

Maternity benefits: Employees, employers, and self-employed persons.

Medical care: All residents.

Source of Funds

Insured person: Cash benefits, part of the 10% combined contribution made for Old Age, Disability, and Survivors and Sickness and Maternity; medical care, 1.5% (1.7% of salary for persons living in urban areas).

Employer: Cash benefits, part of the 26% combined contribution made for Old Age, Disability, and Survivors and Sickness and Maternity; health cash benefits, 1.5%.

Government: Medical care, 1.7% of payroll for employees. Total cost for persons not currently in the labor force.

Qualifying Conditions

Sickness benefits: One week of employment.

Maternity benefits: Twelve months of contributions.

Medical care: No minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 70% of the average daily wage in the last calendar year if less than 10 years of contributions; 80% for more than 10 years. During hospitalization, benefits equal 50% of the average daily wage, provided there are no dependents.

Benefit is payable from the 15th day of medical certification (first 14 days are the responsibility of the employer) for up to 6 months. Benefit may be extended for an additional 3 months if MEC certifies likelihood of recovery in that period. Income compensation is also available for changes of employment due to health reasons.

Maternity benefit: Employees are entitled to 365 days of paid maternity leave (with a minimum of 35 days prior to the expected date of childbirth and 42 days after). Benefit is 80% of the average daily wage in the last calendar year for leave period prior to childbirth and for 150 days after. Benefit is paid at 50% of the average daily wage for the remainder of the period. For multiple births, the paid leave period is extended to 390 days, including a minimum of 60 days prior to and 42 days after the expected date of childbirth. Benefits are also available in cases of adoption. Compensation is payable for changes of employment due to pregnancy.

For employers and the self-employed, benefit is equal to the basic old-age pension.

Birth grant: A lump-sum payment of 1,500 lek for either insured parent with a minimum of 1 year's contributions.

Workers' Medical Benefits

Free general practitioners' services. Reimbursement is provided from 35% to 100% for various essential medicines.

Dependents' Medical Benefits

Same as for the family head.

Administrative Organization

Ministry of Labor and Social Affairs and Ministry of Health Protection provide general supervision.

Social Insurance Institute administers sickness and maternity benefits.

Health Insurance Institute administers medical benefits.

Work Injury

Regulatory Framework

First law: 1947.

Current laws: 1993, 1995, 1998, 2000, and 2001.

Type of program: Social insurance.

Coverage

Employees, apprentices, and students in practical training.

Source of Funds

Insured person: None.

Employer: 1.5% of payroll.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

100% of the average daily wage over the last 3 years, payable for up to 12 months.

Permanent Disability Benefits

For loss of working capacity of at least 67%, the entitlement is 80% of the average wage over the last 3 years but not less than the minimum standard of living.

Partial disability (the loss of at least 33% of working capacity): Benefits equal to 80% of the average wage over the last 3 years (depending on degree of loss of work capacity) but not less than 50%.

Minor permanent disability (loss of between 10% and 33% of working capacity): A lump sum determined in accordance with regulations. Material damages incurred by the insured person are compensated in full.

Workers' Medical Benefits

Compensation is available for additional medical care and for the cost of rehabilitation required to recover lost capacity.

Survivor Benefits

Survivor pension: 50% for the surviving spouse and 25% for each orphan, parent, grandchild, and grandparent. The total award is subject to a maximum of 100% of the pension of the deceased.

Orphan's pension: Orphans have right to survivor's pension even if the surviving parent is economically active or receives a pension, but the pension is subject to a maximum of 50% of the pension of the deceased.

Death benefit: Equal to 1 month's basic old-age pension.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

Social Insurance Institute administers the program.

Unemployment

Regulatory Framework

First and current law: 1993.

Type of program: Social insurance.

Source of Funds

Insured person: None.

Employer: 6% of payroll.

Government: Covers any deficit.

Qualifying Conditions

Unemployment benefit: At least 1 year's contribution and receiving no other benefits (except for partial disability), registered at an unemployment office, and willing to undergo training.

Unemployment Benefits

A flat rate providing at least for a minimum standard of living, as decided by Council of Ministers (4,000 leks per month as of 1998). Benefit is payable for up to 12 months or for a total of 365 calendar days if the insured has temporary periods of employment.

Child supplement: A supplement for dependent children under age 15. The supplement is 5% of the unemployment benefit for each child up to a maximum of 20% (the supplement is reduced by 50% if one parent is employed or receiving a pension).

For persons attending training courses but not receiving stipends or wages, benefits are payable up to 18 months.

Benefit adjustment: Indexed annually in accordance with price changes to selected commodities.

Administrative Organization

Ministry of Labor, Emigration, and Social Affairs provides general supervision.

National Employment Service administers the payment of benefits.

Social Insurance Institute administers the collection of contributions.

Family Allowances

Regulatory Framework

Current law: 1993 (amended 1994, 1995, 1998, 2000, and 2002).

Type of system: Dual social insurance and public assistance systems.

Coverage

Insured persons, dependents, and carers for social insurance family allowances. Resident families for public assistance.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost of public assistance.

Qualifying Conditions

Family allowances (social insurance): An insured person entitled to a disability pension or unemployment benefit with dependent children under age 15. An insured person or pensioner in the case of the death of a dependent family member. A caregiver of a deceased insured person who has paid the funeral expenses of the latter. The beneficiary of a disability pension who, according to expert medical opinion, requires constant care.

Family allowances (public assistance): Families resident in Albania.

Family Allowance Benefits

Family allowances (social insurance)

Dependent child supplement: 5% of basic pension or unemployment benefit for each dependent child up to a maximum of 20%.

Family supplement: A flat-rate family supplement paid at the level of 15% of the basic pension.

Death benefit: Equal to 1 month's basic old-age pension.

Family allowances (public assistance): 494 leks per employed person; 414 leks for children and dependents, including an unemployed dependent of an employed person; 350 leks per month for an employed person in the private sector; 1,700 leks for those disabled due to an employment accident and requiring constant care; 1,500 leks for a person disabled due to an employment accident and incapable of work; 1,300 leks for a person disabled due to an employment accident and partially incapable of work; 1,500 leks if paralyzed or disabled and requiring constant care; 5,306 leks for those born disabled or for those who became disabled prior to age 24; 5,306 leks for tetraplegics and paraplegics; 5,300 leks for the blind, 10,612 leks for the blind attending middle school, and 15,918 leks for the blind attending high school; 4,548 leks for those who are disabled and blind and in need of continuous care. In cases of blindness, the benefit is 70% of the minimum monthly wage earned in the state sector regardless of age or other income.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

Social Insurance Institute administers the program.