

## United States

Exchange rate: US dollar (US\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current law:** 1935 (social security), with amendments.

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

#### Coverage

Gainfully occupied persons, including self-employed persons.

Exclusions: Casual agricultural and domestic employees, some categories of self-employed persons (when annual net income is below \$400), and some federal employees hired before 1984.

Voluntary coverage for employees of state and local governments (mandatory coverage for employees of state and local governments not covered under a retirement system, effective July 1, 1991) and clergy. Voluntary coverage applies in the United States, Puerto Rico, Northern Mariana Islands, Virgin Islands, Guam, and American Samoa, and to citizens and residents employed abroad by U.S. employers.

Special systems for railroad employees, federal employees, and many employees of state and local governments.

#### Source of Funds

**Insured person:** 6.2% of earnings.

The maximum annual earnings for contribution and benefit purposes are \$90,000. (The maximum earnings for contribution and benefit purposes are automatically adjusted to wage levels.)

**Self-employed person:** 12.4% of earnings.

The maximum annual earnings for contribution and benefit purposes are \$90,000. (The maximum earnings for contribution and benefit purposes are automatically adjusted to wage levels.)

**Employer:** 6.2% of payroll.

The maximum annual earnings for contribution and benefit purposes are \$90,000. (The maximum earnings for contribution and benefit purposes are automatically adjusted to wage levels.)

**Government:** Total cost of the means-tested old-age benefit.

#### Qualifying Conditions

**Old-age pension:** Effective for workers retiring at age 65 in 2005, the full retirement age required for a nonreduced pension has been raised from age 65 to age 65 and 6 months. (The full retirement age will increase gradually to age 67 by 2027.) The insured must have 40 quarters of coverage.

Early pension: A reduced pension is payable from age 62.

Deferred pension: The pension may be deferred up to age 70.

Pensions are payable abroad to noncitizens under reciprocal agreement. However, noncitizens' dependents who were first eligible after 1984 generally must meet a residency test.

**Old-age supplemental income benefit (means-tested):**

Aged 65 or older with low income and limited resources. The means test is based on earned and unearned income, including benefits.

**Disability pension:** Incapable of substantial gainful activity as the result of a physical or mental impairment that is expected to last at least a year or result in death. The insured must have a quarter of coverage for each year since age 21 up to the year of the onset of disability, up to a maximum of 40 quarters of coverage. The insured must also have 20 quarters of coverage in the 10-year period before the onset of disability.

The qualifying conditions for young and blind persons are more liberal.

Pensions are payable abroad to noncitizens under reciprocal agreement. However, noncitizens' dependents who were first eligible after 1984 generally must meet a residency test.

**Disability supplemental income benefit (means-tested):**

Payable to disabled and blind persons younger than age 65 with low income and limited resources. The means test is based on earned and unearned income, including benefits. Certain impairment-related work expenses are deductible from income.

**Survivor pension:** The deceased was a pensioner or had a quarter of coverage for each year since age 21 up to the year before the year of death, up to a maximum of 40 quarters of coverage.

For orphans or a nonaged widow(er) with an eligible dependent orphan, the deceased had 6 quarters of coverage in the 13 quarters ending with the quarter in which the death occurred.

Eligible survivors are a widow(er) (or a surviving divorced spouse, if the marriage lasted at least 10 years), orphans younger than age 18 or aged 18 to 19 and attending elementary or secondary school full time (no limit if disabled before age 22), and dependent parents aged 62 or older and at least 50% dependent on the deceased.

Pensions are payable abroad to noncitizens under reciprocal agreement. However, noncitizens' survivors who were first eligible after 1984 generally must meet a residency test.

### **Old-Age Benefits**

**Old-age pension:** The pension is based on the insured's average covered earnings since 1950 (or age 21, if later) and indexed for past wage inflation, up to age 62 (or death, if earlier) excluding the 5 years with the lowest earnings. (Earnings in years outside this period may be substituted, if higher.)

**Early pension:** The pension is payable from age 62 but is reduced for each month of receipt before the full retirement age.

There is no minimum pension for insured persons reaching age 62 after 1981.

The maximum monthly pension for workers retiring in 2005 at the full retirement age is \$1,939.

**Deferred pension:** An increment is provided for each month the insured defers retirement after the full retirement age, up to age 70. The increment amount depends on the year the insured person reached age 62. In 2005, the annual increment is 8% for those aged 62.

**Benefit adjustment:** Benefits are adjusted automatically for changes in the cost of living.

**Dependent's allowance:** 50% of the insured's primary insurance amount is paid to a wife or a husband (or an unmarried divorced spouse, if the marriage lasted at least 10 years) at the full retirement age (reduced from age 62 up to the full retirement age) or to a wife or a husband at any age caring for a child younger than age 16 or disabled; to each child (or dependent grandchild) younger than age 18 or aged 18 to 19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

The primary insurance amount is derived from the insured's covered lifetime earnings and is the basis for determining benefit amounts for the insured and the insured's family members.

The maximum family pension ranges from 150% to 188% of the insured's primary insurance amount.

The maximum monthly family pension for an insured person retiring in 2005 at the full retirement age is \$3,393.

**Old-age supplemental income benefit (means-tested):** The maximum monthly benefit is \$579 for an individual; \$869 for a couple.

**Benefit adjustment:** Benefits are adjusted automatically for changes in the cost of living.

### **Permanent Disability Benefits**

**Disability pension:** The pension is based on the insured's average covered earnings since 1950 (or age 21, if later) and

indexed for past wage inflation, up to the onset of disability, excluding up to 5 years with the lowest earnings.

There is no minimum pension for insured persons who became disabled after 1981.

The maximum monthly pension for insured persons who become disabled at age 50 in 2005 is \$2,036. The maximum pension for insured persons disabled at any other age is computed on the basis of that age.

**Dependent's allowance:** 50% of the insured's pension is paid to a wife or a husband (or an unmarried divorced spouse aged 62 or older, if the marriage lasted at least 10 years) at the full retirement age (reduced from age 62 up to the full retirement age) or to a wife or a husband at any age caring for a child younger than age 16 or disabled; to each child (or dependent grandchild) younger than age 18 or aged 18 to 19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

The maximum family benefit ranges from 100% to 150% of the insured's primary insurance amount.

The maximum monthly family pension for an insured person who becomes disabled in 2005 is \$3,054.

**Benefit adjustment:** Benefits are adjusted automatically for changes in the cost of living.

**Disability supplemental income benefit (means-tested):** The maximum monthly benefit is \$579 for an individual; \$869 for a couple.

**Benefit adjustment:** Benefits are adjusted automatically for changes in the cost of living.

### **Survivor Benefits**

**Survivor pension:** The pension is equal to 100% of the deceased's primary insurance amount at the full retirement age (reduced if at least aged 60 and up to the full retirement age); a reduced pension is paid if the deceased was disabled at age 50 to 59 or received the early retirement benefits.

The pension is payable to a widow(er) (or a surviving divorced spouse, if the marriage lasted at least 10 years); 75% of the insured's primary insurance amount for a widow(er) or surviving divorced spouse at any age caring for a child younger than age 16 or disabled.

The primary insurance amount is derived from the deceased's covered lifetime earnings and is the basis for determining benefit amounts for survivors.

The pension is not payable before age 50 if the survivor is disabled.

The pension ceases if the survivor remarries before age 60.

**Death benefit:** A lump sum of \$255 is also payable to a surviving spouse.

**Orphan's pension:** 75% of the deceased's pension for each child.

**Dependent parent's pension:** The pension is equal to 82.5% of the deceased's pension at age 62; 150% for two eligible parents.

The maximum family pension ranges from 150% to 188% of the deceased's primary insurance amount.

The maximum monthly family pension, if the insured died at age 40 in 2005, is \$3,602.

### Administrative Organization

Social Security Administration (<http://www.socialsecurity.gov>), an independent agency within the executive branch, administers the program through regional program centers, district offices, and branch offices.

Treasury Department (<http://www.treasury.gov>) supervises the collection of Social Security taxes through the Internal Revenue Service and supervises the payment of benefits and the management of funds.

Administered by the Social Security Administration, the Supplemental Security Income (SSI) program provides means-tested benefits.

### Sickness and Maternity

#### Regulatory Framework

**First and current laws:** 1965 (health insurance for older persons) and 1972 (health insurance for the disabled). Medical benefits only.

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

Note: Beginning in 2006, subsidized access to prescription drug insurance coverage under the health insurance program for older persons and disabled persons (Medicare) will be provided on a voluntary basis with premium and cost-sharing subsidies for low-income persons.

#### Coverage

**Cash sickness and maternity benefits:** There is no national program. Cash benefits may be provided at the state level. (Cash benefits for workers in industry and commerce are available in five states (Rhode Island, California, New Jersey, New York, and Hawaii) and Puerto Rico; agricultural workers are covered to varying degrees in three states (California, Hawaii, and New Jersey) and Puerto Rico. Contribution rates and benefits vary by jurisdiction.) Special federal system for railroad employees.

#### Medical benefits

**Hospitalization:** Persons eligible for a pension and aged 65 or older and certain others who qualify at age 65; persons who have been a disability pensioner for more than 2 years; and persons with end-stage renal disease.

**Other medical services:** Persons eligible for a pension and aged 65 or older and certain others who qualify at age 65; persons who have been a disability pensioner for more than 2 years; persons with end-stage renal disease; and all other persons aged 65 or older, through voluntary coverage.

Separate federal and state systems for the medically indigent.

### Source of Funds

#### Insured person

**Cash benefits:** There is no national program.

**Hospitalization:** 1.45% of earnings is paid by all workers covered for old-age, disability, and survivor benefits, plus some federal, state, and local employees.

There are no maximum earnings for contribution purposes for hospitalization.

**Other medical services:** Pensioners contribute \$78.20 a month.

#### Self-employed person

**Cash benefits:** There is no national program.

**Hospitalization:** 2.9% of declared earnings.

There are no maximum earnings for contribution purposes for hospitalization.

**Other medical services:** None.

#### Employer

**Cash benefits:** There is no national program.

**Hospitalization:** 1.45% of payroll.

There are no maximum earnings for contribution purposes for hospitalization.

**Other medical services:** None.

#### Government

**Cash benefits:** There is no national program.

**Hospitalization:** Total cost of hospitalization benefits for certain noninsured elderly persons.

**Other medical services:** The balance of the cost for voluntary insurance.

### Qualifying Conditions

**Cash sickness and maternity benefits:** There is no national program. Cash benefits may be provided at the state level.

#### Medical benefits

**Hospitalization:** Pensioners aged 65 or older, disabled persons who have been entitled to disability benefits for at least 2 years, or persons with end-stage renal disease.

**Other medical services:** Meets the requirement for hospitalization benefits, election of coverage, and payment of required premiums.

### **Sickness and Maternity Benefits**

**Sickness benefit:** There is no national program. Cash benefits may be provided at the state level.

**Maternity benefit:** There is no national program. Cash benefits may be provided at the state level.

### **Workers' Medical Benefits**

**Hospitalization:** Inpatient care is provided for stays of up to 90 days; the beneficiary is responsible for the first-day deductible of \$912 (amount adjusted each year) and, for the 60th to the 90th day, \$228 per day. For inpatient care longer than 90 days, coverage is available for up to 60 lifetime reserve days (may be used only once); the beneficiary is responsible for \$456 per day. Posthospital skilled nursing facility care for an additional 100 days (the patient pays \$115 for the 21st to the 100th day), laboratory and X-ray services for inpatients, and posthospital home health services.

**Other medical services:** Payment for 80% of medically necessary charges above \$110 a year for physician's services, outpatient diagnostic and physical therapy, laboratory services, appliances, and transportation.

Persons eligible for both hospitalization and other medical services under the regular Medicare program, except for those with end-stage renal disease, can as an alternative elect to participate in one of several types of Medicare Advantage plans if one is available in their jurisdiction.

**Federal and state assistance programs:** Medical services are provided to medically indigent persons of any age.

### **Dependents' Medical Benefits**

Benefits are only for persons aged 65 or older who satisfy other qualifying requirements or who have end-stage renal disease.

**Hospitalization:** Inpatient care is provided for stays of up to 90 days; the beneficiary is responsible for the first-day deductible of \$912 (amount adjusted each year) and, for the 60th to the 90th day, \$228 per day. For inpatient care longer than 90 days, coverage is available for up to 60 lifetime reserve days (may be used only once); the beneficiary is responsible for \$456 per day. Posthospital skilled nursing facility care for an additional 100 days (the patient pays \$115 for the 21st to the 100th day), laboratory and X-ray services for inpatients, and posthospital home health services.

**Other medical services:** Payment for 80% of medically necessary charges above \$110 a year for physician's

services, outpatient diagnostic and physical therapy, laboratory services, appliances, and transportation.

Persons eligible for both hospitalization and other medical services under the regular Medicare program, except for those with end-stage renal disease, can as an alternative elect to participate in one of several types of Medicare Advantage plans if one is available in their jurisdiction.

**Federal and state assistance programs:** Medical services are provided to medically indigent persons of any age.

### **Administrative Organization**

**Medical benefits:** Department of Health and Human Services provides general supervision. Centers for Medicare and Medicaid Services (<http://www.cms.hhs.gov>) provide the national administration of the program in cooperation with the Public Health Service, Social Security Administration, and state health departments.

Private carriers and public agencies, serving under contract as intermediary administrative agents, determine and make payments to providers of services or to patients.

Medical services are furnished by providers paid for directly by carriers, or through refunds to patients by carriers of part of the medical expenses.

Includes nonprofit Blue Cross and Blue Shield plans, commercial insurance companies, and group-practice prepayment plans.

### **Work Injury**

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#### **Regulatory Framework**

**First laws:** 1908 (federal employees) and 1911 (nine state laws).

**Current laws:** All states, Puerto Rico, District of Columbia, Guam, and Virgin Islands; federal employees, longshoremen, and harbor workers. Most laws were enacted before 1920.

**Type of program:** Compulsory (elective for employers in one state) insurance through a public or private carrier (according to the state) or self-insurance.

#### **Coverage**

Employees in industry and commerce generally and most public-sector employees.

Exclusions: Common exemptions from coverage are domestic service workers, agricultural employees, small employers, and casual labor. However, 39 programs have some coverage for agricultural workers, and 25 programs have some coverage for domestic workers.

Special federal program for miners (pneumoconiosis).

## Source of Funds

**Insured person:** Nominal contributions in a few states.

**Self-employed person:** Not applicable.

**Employer:** Total cost in most states and most of the cost in others, met through either insurance premiums varying with the assessed degree of risk or self-insurance. (The average cost in 2002 was 1.58% of payroll.) Total cost of pneumoconiosis benefits for insured persons who entered the workforce after 1973.

**Government:** None; contributes as an employer. Total cost of pneumoconiosis benefits for insured persons who entered the workforce before 1974.

## Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period, except for exposure to occupational disease.

## Temporary Disability Benefits

In most states, the benefit is equal to 66.6% of earnings. The benefit is payable after a waiting period of 3 to 7 days (first day in Virgin Islands). Benefits are paid retroactively if the disability lasts a specified period, ranging from 4 days to 6 weeks.

**Dependent's supplement:** About 1/5 of all states provide supplements for dependents, in some instances as a lump sum.

The maximum weekly benefit varies by state.

**Benefit adjustment:** About 4/5 of all states increase benefits automatically according to increases in state wages.

## Permanent Disability Benefits

**Permanent disability pension:** In most states, the pension is equal to 66.6% of earnings for a total disability. The pension is limited to between 312 days and 500 weeks in nine jurisdictions.

**Partial disability:** A reduced pension is paid according to the assessed loss of earning capacity, or at the full rate for fewer weeks in the case of scheduled injuries.

**Pneumoconiosis pension:** The basic monthly pension is \$549. The maximum monthly family pension is \$1,098 (2004).

**Constant-attendance supplement:** Provided in some states. The supplement is payable for life or for the duration of the disability in 4/5 of all states. Some states provide limited supplements for a duration of 104 to 500 weeks.

**Dependent's supplement:** Provided in some states, the supplement is payable for life or for the duration of the disability in 4/5 of all states. Some states provide limited supplements for a duration of 104 to 500 weeks.

## Workers' Medical Benefits

Medical care is provided for as long as is required in all states.

## Survivor Benefits

**Survivor pension:** The pension is equal to between 35% and 70% of the deceased's earnings for a widow(er); 60% to 80% for a widow(er) with dependent children.

Other eligible survivors (under some work injury laws) include dependent parents, brothers, and sisters.

**Survivor pension (pneumoconiosis):** The basic monthly pension is \$549. The family maximum monthly is \$1,098 (2004).

Other eligible survivors include dependent parents, brothers, and sisters.

**Funeral grant:** A lump sum is paid. The amount varies by state.

## Administrative Organization

**Work injury:** State workers' compensation agencies administer the program in about 1/2 of all states, state Departments of Labor administer the program in about 3/8 of all states, and courts administer the program in three states.

Employers must insure with the state fund in six states; may insure with the state fund or a private carrier in 14 states and with a private carrier in the remainder.

Self-insurance by employers is also permitted under all but three state laws.

**Pneumoconiosis:** Department of Labor, Office of Workers' Compensation Programs, administers the program and pays benefits.

## Unemployment

### Regulatory Framework

**Federal law:** 1935.

**State laws:** All states, Puerto Rico, Virgin Islands, and District of Columbia have separate laws creating their own programs. State laws were first enacted between 1932 and 1937.

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

### Coverage

Employees of firms in industry and commerce and employees of nonprofit organizations with four or more employees during 20 weeks in a year or that pay wages of \$1,500 or more in any calendar quarter in a year. Almost all state and local government workers, domestics, and more than 3/4 of

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farm workers are covered. Federal civilian and military employers are also covered.

**Exclusions:** Some agricultural employees, employees of religious organizations, casual employees, family labor, and self-employed persons.

Special federal system for railroad employees.

### Source of Funds

**Insured person:** None, except in Alaska, New Jersey, and Pennsylvania.

**Self-employed person:** Not applicable.

### Employer

**Federal tax:** 0.8% of taxable payroll. (The full amount is 6.2%. However, there is a 5.4% credit if states meet all federal requirements; includes a temporary surcharge of 0.2% on the first \$7,000 earned by each worker in covered employment annually.)

**State programs:** The standard rate is 5.4%. Actual rates vary from zero to 10% or more, according to the individual employer's experience with laying off workers. The first \$7,000 to \$32,000 earned by each worker in covered employment is subject to this tax annually.

**Government:** Federal tax revenue is used for the administration of state unemployment compensation programs, loans to states to pay for unemployment benefits, or to finance the extended benefits program. State tax revenue is used for unemployment benefits.

### Qualifying Conditions

**Unemployment benefit:** Most states require minimum earnings in the base period equal to a specified multiple of the weekly benefit amount or high-quarter wages, or a specified total amount of wages. A few states require a specified number of weeks of employment (for example, from 15 to 20 weeks). One state requires a certain number of hours of work. To be eligible, an unemployed worker must be registered with the employment service, be capable of and available for work, and must actively seek work. An unemployed worker will be disqualified for voluntarily leaving a job without good cause, being discharged from employment for misconduct, or refusing an offer of suitable work. Unemployed workers may be disqualified if they are participating in a labor dispute. The length of the disqualification period varies among states and depends on the reason for disqualification.

### Unemployment Benefits

**Unemployment benefit:** The benefit is equal to about 50% of the insured's earnings (usually capped at around 50% of the state's average weekly wage), according to diverse state formulas. The benefit is payable after a 1-week waiting

period in most states, for up to a maximum of 26 weeks in most states.

**Dependent's supplement:** About 1/4 of states provide from \$1 to \$120 a week for each child and sometimes for other dependents.

Federal law provides for up to 13 additional weeks of benefits in states with high levels of unemployment.

**Unemployment assistance:** Assistance is available in some states to workers who are ineligible for unemployment benefits because of insufficient periods of covered employment, to unemployed persons who have exhausted benefit rights under the federal and state assistance programs, and to unemployed persons participating in training programs.

### Administrative Organization

Department of Labor (<http://www.ows.doleta.gov/unemployment>) administers the program nationally through its Employment Training Administration and Office of Workforce Security.

State workforce agencies are responsible for the administration of individual state programs. More than half of agencies are within a department of the state government; the remainder are independent boards or commissions.

### Family Allowances

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#### Regulatory Framework

A federal and state system of aid (cash payments, social services, and job training) provides temporary assistance to needy families, and a system of liberalized refundable federal tax credits operates for low-income families with eligible children and for some single persons.