

Romania

Exchange rate: US\$1.00 equals 3.11 new lei.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1912.

Current law: 2000 (social insurance), implemented in 2001.

Type of program: Social insurance system.

Note: Following the 2000 social insurance reform, Romania plans to introduce second-pillar individual accounts in 2007. The individual accounts will be mandatory for workers younger than age 35 and voluntary for all other workers younger than age 45.

Coverage

Employed persons with individual labor contracts; civil servants; judges; diplomatic personnel; certain officials within the executive, legislative, and judicial authorities; craft cooperative members; unemployment benefit recipients; and any worker (excluding farmers) with annual earnings equal to at least three times the national average wage (3,231 new lei).

Voluntary coverage for persons, including farmers, without compulsory coverage.

Special systems for lawyers and other professionals, military personnel, and the clergy.

Source of Funds

Insured person: 9.5% of gross earnings; voluntarily insured persons contribute 30% of insured income.

The minimum earnings for contribution purposes are equal to 25% of the national monthly average wage (269 new lei).

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

Self-employed person: 30% of insured income.

The minimum earnings for contribution purposes are equal to 25% of the national monthly average wage (269 new lei).

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

The self-employed person's contributions also finance work injury cash benefits.

Employer: The contribution rate for employers varies depending on working conditions: 20.5% of gross earnings for normal conditions, 25.5% of gross earnings for arduous conditions, or 30.5% of gross earnings for very arduous conditions.

The minimum earnings for contribution purposes are equal to 25% of the national monthly average wage (269 new lei).

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

The employer's contributions also finance work injury cash benefits.

Government: Any deficit.

Qualifying Conditions

Old-age pension: Age 63 with at least 11 years of contributions (men) and age 57 and 9 months with at least 10 years and 9 months of contributions (women). The full pension is paid with 31 years of contributions (men) and 25 years and 9 months of contributions (women).

The pensionable age is being raised gradually to age 65 (men and women) by December 2014 for women and January 2015 for men. The minimum contribution period is also being raised gradually to 15 years (men and women) by 2014 for women and 2015 for men. The contribution period for the full pension is being raised gradually to 35 years by 2015 for men and 30 years by 2014 for women.

Coverage is credited for certain periods, including periods during which social insurance benefits are received and for periods of university study, military service, or imprisonment.

Lower age requirements apply to persons employed in arduous or dangerous work, persons who are disabled or visually impaired, persons who were imprisoned because of their political beliefs, teachers (under certain conditions), and women who have given birth to three or more children (under certain conditions and if eligible for the full pension).

Early pension: Payable from up to 5 years before the normal retirement age if the insured's paid contribution record exceeds the number of contributions required for the full pension by at least 10 years.

Partial early pension: Payable from up to 5 years before the normal retirement age if the insured's paid contribution record exceeds the number of contributions required for the full pension by less than 10 years.

Disability pension: Paid for the loss of at least 50% of working capacity as the result of an accident (including work-related accidents), diseases (including occupational diseases), tuberculosis, or revolutionary events. For school pupils, apprentices, and students, only disabilities resulting from work are covered. For the victims of revolutionary

events, coverage is provided only to those who have contributed to the program. Prior contribution conditions vary according to age at the onset of disability. No prior contribution conditions apply if the disability is the result of a work accident, an occupational disease, tuberculosis, or military service.

Survivor pension: The insured was eligible for a pension or was a pensioner at the time of death.

Eligible survivors are a widow(er) who satisfies the age and marriage conditions or is disabled (waived if the death is caused by a work accident, an occupational disease, tuberculosis, or if the survivor has a dependent child younger than age 7) and children up to age 16 (age 26 if a student, depending on the duration of studies; no limit if disabled). A limited pension is payable for 6 months to a low-income uninsured spouse who does not satisfy the age and marriage conditions.

Funeral grant: Payable for the death of the insured or the insured's dependent. There are prior contribution conditions. The benefit is payable to an eligible survivor, to the deceased's legal heir, or to the person who paid for the funeral.

Old-Age Benefits

Old-age pension: The pension is based on the average lifetime accumulated number of pension points multiplied by the pension point value in force at the date of retirement. The number of pension points obtained during 1 year is equal to the average insured monthly wage divided by the national monthly average wage. At retirement, the average number of pension points is calculated by dividing the total lifetime accumulated number of pension points by the number of years of contributions.

The minimum pension point value is equal to 30% of the national monthly average wage.

The maximum pension point value is equal to 50% of the national monthly average wage.

The national monthly average wage is 1,077 new lei.

Insured persons can resume gainful activity after the normal pensionable age.

Early pension: The early pension is calculated in the same way as the old-age pension. Credited covered periods are not taken into account for pension calculation purposes.

Partial early pension: A reduced pension is paid. Credited covered periods are not taken into account for pension calculation purposes.

Old-age benefits are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is linked to the expected inflation rate for the coming year.

Permanent Disability Benefits

Disability pension: The pension is based on the total (paid and credited) lifetime number of accumulated pension points. The number of pension points obtained during 1 year is equal to the average insured monthly wage divided by the national monthly average wage. In addition, for each year that the onset of disability occurs before the insured has the required number of contributions for the full pension, the insured is credited with 0.75 pension points for a 1st degree disability (incapacity for any work and requiring constant attendance), 0.6 pension points for a 2nd degree disability (incapacity for any work but not requiring constant attendance), or 0.4 pension points for a 3rd degree disability (incapacity for usual work). The average lifetime number of pension points is calculated by dividing the total lifetime number of accumulated pension points by the number of years of contributions. The pension is based on the average lifetime number of pension points multiplied by the pension point value in force at the date of the onset of disability.

The minimum pension point value is equal to 30% of the national monthly average wage.

The maximum pension point value is equal to 50% of the national monthly average wage.

The national monthly average wage is 1,077 new lei.

Constant-attendance supplement: If the insured is assessed with a 1st degree disability, a lump sum of 310 new lei is paid.

At the pensionable age, the insured can opt for a disability pension or an old-age pension, whichever is greater. If the insured is assessed with a 1st degree disability, the constant-attendance allowance continues to be paid under either option.

Insured persons receiving a 3rd degree disability pension can combine the pension with earnings from gainful employment. There is no income test.

Disability benefits are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is linked to the expected inflation rate for the coming year.

Survivor Benefits

Survivor pension: The pension is based on the old-age pension paid or payable to the deceased. If the deceased was not eligible for the old-age pension or was receiving a disability pension or an early old-age pension, the survivor pension is based on the 1st degree disability pension. The pension amount is calculated as a percentage of the average lifetime number of pension points accrued to the deceased. That percentage varies according to number of eligible

survivors: for one survivor, 50%; for two survivors, 75%; or for 3 or more survivors, 100%.

If the survivor is also eligible for an old-age pension in his or her own right, the greater of the two benefits is paid. Full orphans receive a pension for each insured parent.

Survivor benefits are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is linked to the expected inflation rate for the coming year.

Funeral grant: A lump sum of 1,077 new lei is paid for the insured's funeral; the grant is reduced by 50% for the funeral of the insured's dependent.

Administrative Organization

Ministry of Labor, Social Solidarity, and the Family (<http://www.mmssf.ro>) is responsible for general supervision and policy development.

National Pension and Social Insurance Fund (<http://www.cnpas.org>), with regional pension funds, administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1912.

Current laws: 2005 (health) and 2005 (parental leave).

Type of program: Social insurance system.

Coverage

Cash sickness and maternity benefits: Employed persons with individual labor contracts; civil servants; judges; diplomatic and consular staff; certain officials within the executive, legislative, and judicial authorities; craft cooperative members; persons receiving unemployment benefits; and self-employed persons.

Parental leave: All persons with earned income and legal residence in Romania.

Medical benefits: All persons residing in the country, including foreign nationals permanently residing in the country.

Voluntary coverage for temporary residents and for diplomatic staff accredited in Romania.

Source of Funds

Insured person

Cash benefits: None.

Parental leave: None.

Medical benefits: 7% of gross earnings.

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

Self-employed person

Cash benefits: 0.75% of taxable income.

Parental leave: None.

Medical benefits: 7% of taxable income.

The self-employed person's contributions for medical benefits also finance work injury medical benefits.

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

Employer

Cash benefits: 0.75% of payroll.

Parental leave: None.

Medical benefits: 7% of payroll.

The employer's contributions for medical benefits also finance work injury medical benefits.

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

Government

Cash benefits: None.

Parental leave: The total cost.

Medical benefits: Subsidizes deficits. The National Agency for Employment, which administers the unemployment insurance program (below), pays 0.75% of its receipts to the National Health Insurance Fund.

Qualifying Conditions

Cash sickness benefits: The insured must have 6 months of contributions in the 12 calendar months before the onset of incapacity; no contribution conditions apply in cases of tuberculosis, contagious illnesses, AIDS, or emergency surgery.

Coverage is credited for certain periods, including periods during which social insurance benefits are received and for periods of university study, military service, or imprisonment.

Illness prevention and rehabilitation for work benefit:

Payable to a person undergoing temporary rehabilitation through a placement in an alternative place of work.

Cash maternity benefits: There is no minimum qualifying period.

Parental leave: Awarded to persons residing in Romania who have earned taxable income in the 12 months before the date of childbirth, contributed to the social insurance program, or received an unemployment benefit or a social insurance benefit.

Child care allowance: Payable to provide care for a sick child younger than age 7 (age 18 if disabled).

Medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: The benefit is equal to 75% of the insured's mean wage in the 6 calendar months before the onset of incapacity (100% for tuberculosis, AIDS, contagious illnesses, or emergency surgery). The benefit is payable for a maximum of 183 days a year for each illness; may be extended in some cases.

Illness prevention and rehabilitation for work benefit: The benefit comprises two elements: temporary rehabilitation through a placement in an alternative place of work and a cash benefit to replace part of the earnings lost as a result of a reduction in working hours. The value of each benefit must not exceed 25% of the insured's mean wage in the 6 calendar months before the onset of incapacity. Benefits are payable for a maximum of 90 days a year. A benefit equal to 75% of the insured's mean wage in the 6 calendar months before the onset of incapacity is awarded to persons in quarantine.

Maternity benefit: The benefit is equal to 75% of the insured's mean wage in the 6 calendar months before the date of childbirth. The benefit is payable for a maximum of 120 days.

Parental leave: 800 new lei a month (the benefit will decrease to 600 new lei a month in 2007). The benefit is payable until the child is age 2 (age 3 if disabled).

If the insured parent resumes gainful activity, the benefit is suspended and is replaced by an income supplement of 300 new lei a month (the supplement will decrease to 100 new lei a month in 2007).

From January 2007, the parental leave benefit and the supplement will be combined with a new monthly child allowance of 200 new lei.

Child care allowance: The allowance is equal to 85% of the insured's mean wage in the 6 calendar months before the claim. The benefit is payable for a maximum of 45 days per calendar year for a child younger than age 7; age 18 if disabled.

Workers' Medical Benefits

Medical services are provided directly to patients by local health insurance funds. Medical benefits include general

and specialist care, outpatient care, hospitalization, medicines, appliances, rehabilitation, preventive medical assistance, maternity care, transportation, and other services.

Dependents' Medical Benefits

Medical services are provided directly to patients by local health insurance funds. Medical benefits include general and specialist care, outpatient care, hospitalization, medicines, appliances, rehabilitation, preventive medical assistance, maternity care, transportation, and other services.

Administrative Organization

National Health Insurance Fund (<http://www.cnas.ro>) administers the program.

Ministry of Labor, Social Solidarity, and the Family (<http://www.mmssf.ro>) administers the parental leave benefit.

Work Injury

Regulatory Framework

First law: 1912.

Current laws: 2000 (social insurance), implemented in 2001; and 2002 (work injury), with 2005 amendment.

Type of program: Social insurance system.

Coverage

Employed persons, children in full-time education, apprentices, students undergoing occupational training, and military conscripts.

Source of Funds

Insured person: None.

Self-employed person: See source of funds under Old Age, Disability, and Survivors, above. Self-employed persons also contribute to medical benefit costs (see source of funds under Sickness and Maternity, above).

Employer: See source of funds under Old Age, Disability, and Survivors, above. Under certain conditions, the employer pays the sickness benefit directly to the employee when the period of absence from work as the result of incapacity is less than 90 days. Employers also contribute to medical benefit costs (see source of funds under Sickness and Maternity, above).

Government: Provides subsidies.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. The insured must have at least a 50% loss in working capacity as the result of a work injury or an occupational disease.

Temporary Disability Benefits

The benefit is equal to 100% of the insured's mean wage in the 6 calendar months before the onset of disability and is payable from the first day of disability. The benefit is payable by the employer until recovery or the certification of permanent disability.

Permanent Disability Benefits

Permanent disability pension: The pension is based on the total (paid and credited) lifetime number of accumulated pension points. The number of pension points obtained during 1 year is equal to the average insured monthly wage divided by the legal monthly national average wage. In addition, for each year that the onset of disability occurs before the insured has the required number of contributions for the full pension, the insured is credited with 0.75 pension points for a 1st degree disability (incapacity for any work and requiring constant attendance), 0.6 pension points for a 2nd degree disability (incapacity for any work but not requiring constant attendance), or 0.4 pension points for a 3rd degree disability (incapacity for usual work). The average lifetime number of pension points is calculated by dividing the total lifetime number of accumulated pension points by the number of years of contributions. The pension is based on the average lifetime number of pension points multiplied by the pension point value in force at the date of the onset of disability.

The minimum pension point value is equal to 30% of the national monthly average wage.

The maximum pension point value is equal to 50% of the national monthly average wage.

The monthly national average wage is 1,077 new lei.

Constant-attendance supplement: If the insured is assessed with a 1st degree disability, a lump sum of 310 new lei is paid.

At the pensionable age, the insured can opt for a permanent disability pension or an old-age pension, whichever is greater. If the insured is assessed with a 1st degree disability, the constant-attendance allowance continues to be paid under either option.

Insured persons receiving a 3rd degree disability pension can combine the pension with earnings from gainful employment. There is no income test.

Benefits are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is linked to the expected inflation rate for the coming year.

Workers' Medical Benefits

Medical services are provided directly to patients by local health insurance funds. Medical benefits include general and specialist care, outpatient care, hospitalization, medicines, appliances, rehabilitation, transportation, and other services.

Survivor Benefits

Survivor pension: The pension is based on the old-age pension payable to the deceased. If the deceased was not eligible for the old-age pension or was receiving a disability pension or an early old-age pension, the survivor pension is based on the 1st degree disability pension. The pension amount is calculated as a percentage of the average lifetime number of pension points accrued to the deceased. That percentage varies according to number of eligible survivors: for one survivor, 50%; for two survivors, 75%; or for 3 or more survivors, 100%.

If the survivor is also eligible for an old-age pension in his or her own right, the greater of the two benefits is paid. Full orphans receive a pension for each insured parent.

Benefits are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is linked to the expected inflation rate for the coming year.

Funeral grant: A lump sum of 1,077 new lei is paid for the insured's funeral; the grant is reduced by 50% for the funeral of the insured's dependent.

Administrative Organization

Ministry of Labor, Social Solidarity, and the Family (<http://www.mmssf.ro>) provides general supervision and develops policy.

National Pension and Social Insurance Fund (<http://www.cnpas.org>), with regional pension funds, administers the program.

Unemployment

Regulatory Framework

First law: 1991.

Current law: 2002 (unemployment insurance).

Type of program: Social insurance system.

Coverage

Employed persons with individual labor contracts; civil servants; military personnel; certain officials within the executive, legislative, and judicial authorities; craft cooperative members; young graduates; and any worker (excluding farmers) with annual earnings equal to at least nine times the national average wage (9,693 new lei).

Voluntary coverage for self-employed persons, family labor, Romanian citizens working abroad, and any worker without compulsory coverage.

Source of Funds

Insured person: 1% of gross salary.

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

Self-employed person: 6% of declared income.

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The monthly national average wage is 1,077 new lei.

Employer: 5% of payroll.

The maximum earnings for contribution purposes are equal to five times the national monthly average wage (5,385 new lei).

The national monthly average wage is 1,077 new lei.

Government: Any deficit.

Qualifying Conditions

Unemployment benefits: The insured must have 12 months of contributions in the last 24 months before unemployment and be involuntarily unemployed, registered at the local labor office, and actively seeking work.

First-time jobseekers older than age 18 with no independent income who have not found employment 60 days after the end of their school or university studies (30 days after the end of military service) are also eligible.

Unemployment Benefits

The benefit is equal to 75% of the national monthly minimum wage and is payable for 3 months if the insured has at least 5 years of contributions; 9 months with more than 5 years; 12 months with more than 10 years.

Graduate first-time jobseekers receive 50% of the national monthly minimum wage for up to 6 months.

An unemployed person who resumes full-time employment before the awarded benefit period ends receives 30% of the benefit entitlement during the remaining period.

If the new workplace is located more than 50 kilometers from the insured's home, a lump sum equal to twice the national monthly minimum wage is paid. If the new employment requires the insured to relocate, the lump sum is equal to seven times the national monthly minimum wage.

Certain other incentives in the form of subsidies, exemption from contribution payments, or access to loans under favorable conditions are awarded to certain employers to enhance job creation and encourage the recruitment of unemployed persons.

Administrative Organization

National Agency for Employment provides general supervision. Local offices administer the program.

Family Allowances

Regulatory Framework

First law: 1944.

Current laws: 1993 (family allowances); 2001 (minimum guarantee); 2002 (HIV/AIDS); 2003 (family and single-parent allowances), implemented in 2004; and 2006 (social assistance).

Type of program: Universal system.

Coverage

All children residing in Romania.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowances: Payable for children younger than age 16 (age 18 if in full-time education or training, age 26 if a student, no limit for a person with a 1st or 2nd degree disability that began before age 18).

Income supplement (income-tested): Payable if average per capita family income is 168 new lei or less.

Single-parent allowance (income-tested): Payable to single parents if average per capita family income is 168 new lei or less.

Birth grant: Payable to a mother for the birth of each child, for up to a maximum of four children.

Benefits for persons diagnosed with HIV/AIDS: Payable to all persons diagnosed with HIV/AIDS.

Benefits for the blind: Payable to persons assessed as blind, according to three categories of disability.

Family Allowance Benefits

Family allowances: 200 new lei a month is paid for each child up to age 2 (age 3 if disabled); 24 new lei a month for each child aged 3 or older (48 new lei if disabled).

Income supplement (income-tested): 34 new lei is paid for one child; 40 new lei for two; 45 new lei for three; or 50 new lei for four or more children.

Single-parent allowance (income-tested): 50 new lei a month is paid for one child; 59 new lei for two; 67 new lei for three; or 76 new lei a month for four or more children.

Birth grant: A lump sum of 196 new lei for each live birth.

Benefits for persons diagnosed with HIV/AIDS: 7.20 new lei is paid each day for a child; 9 new lei each day for an adult.

Benefits for the blind: Benefits are paid according to three degrees of assessed disability; 308 new lei for an adult with total blindness; 178 new lei for a significant reduction in eyesight; and 89 new lei for a partial reduction in eyesight.

A totally blind person who works receives only 20 new lei a month.

Single persons and households with per capita income less than a fixed amount may receive cash and in-kind benefits to help toward the cost of domestic heating, subject to conditions.

Emergency assistance may be paid to persons, including refugees, assessed as needy.

Administrative Organization

Ministry of Labor, Social Solidarity, and the Family (<http://www.mmssf.ro>) provides general supervision.

Local offices of labor and social protection, local councils, and other institutions administer the benefits.