

## Bulgaria

Exchange rate: US\$1.00 equals 1.57 leva.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1924.

**Current law:** 2000 (social insurance code).

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

Note: A new system consisting of a social insurance first-pillar plus a second pillar of individual accounts was implemented in January 2002. Coverage under the first-pillar is universal. The mandatory individual account system covers all employees born after December 31, 1959.

#### Coverage

Employees, self-employed persons, free-lance professionals, artists, craftsmen, and farmers.

#### Source of Funds

**Insured person:** 21% of earnings (social insurance) plus 0.75% of earnings (mandatory individual account).

**Self-employed person:** 26% of declared income (social insurance) plus 3% of declared income (mandatory individual account).

**Employer:** 5% of payroll (social insurance) plus 2.25% of payroll (mandatory individual account).

**Government:** Any deficit in the social insurance system.

#### Qualifying Conditions

##### Old-age pension

**Social insurance:** Age 62 and 6 months (men) or age 57 and 6 months (women). The insured's age plus the insured's length of insurance must be equal to at least 100 points for men and 91 points for women (individuals are awarded one point for each year of age as well as one point for each year of insurance coverage). The retirement age is to be increased (by 6 months every year until 2009) to age 63 (men) or age 60 (women).

**Mandatory individual account:** All employees born after December 31, 1959.

**Old-age social pension:** Aged 70 or older and subject to an income test.

##### Disability pension for general disease (social insurance):

There is no minimum qualifying period for individuals under age 20 or for the blind; 1 year for those aged 25 to 29; 3 years for those aged 30; and 5 years' affiliation for those above age 30.

**Disability pension for work injury or occupational disease (social insurance):** There is no minimum qualifying period.

**Disability social pension:** Aged 16 or older with an assessed loss of working capacity of more than 71% and subject to an income test.

**Survivor pension (social insurance):** Children up to age 18 (up to age 26 if a student or soldier), a spouse, and parents older than the official retirement age.

#### Old-Age Benefits

##### Old-age pension

**Social insurance:** One percent of taxable income for every year of insurance coverage. (Taxable income for benefit purposes is proportionally reduced for any partial year of insurance coverage.)

The minimum social insurance old-age pension is 115% of the social pension.

**Mandatory individual account:** Benefits are paid as a life-long pension and are based on the accumulated capital in the individual account and life expectancy. Benefits are paid directly by the private fund, and no annuity is bought.

**Social pension (income-tested):** 50 leva a month.

#### Permanent Disability Benefits

##### Disability pension for general disease (social insurance):

The pension is based on the number of years of contributions, taxable income, the age of the insured if younger than the official retirement age, and the assessed degree of loss of working capacity.

##### Disability pension for work injury or occupational disease (social insurance):

The pension is based on the number of years of contributions, taxable income, the age of the insured if younger than the official retirement age, and the degree of loss of working capacity.

**Disability social pension (income-tested):** An income-tested benefit calculated as a percentage of the social pension (50 leva a month) according to the assessed degree of disability.

#### Survivor Benefits

**Survivor pension (social insurance):** 50% of the insured's pension is paid for one survivor; 75% for two survivors; 100% for three or more survivors.

The minimum pension for each survivor is 90% of the social pension (50 leva a month).

#### Administrative Organization

National Social Security Institute administers the social insurance system.

Financial Supervision Commission is responsible for the licensing and supervision of pension funds and controls the system of mandatory individual accounts.

## **Sickness and Maternity**

---

### **Regulatory Framework**

**First law:** 1918.

**Current laws:** 1998 (health insurance law) and 2000 (social insurance code).

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

### **Coverage**

**Cash benefits:** Employees, self-employed persons, free-lance professionals, artists, craftsmen, and farmers. Covered individuals must be insured for all contingencies.

**Medical benefits:** Compulsory insurance for all residents.

### **Source of Funds**

#### **Insured person**

*Cash benefits:* 0.75% of earnings.

*Medical benefits:* 1.5% of earnings.

#### **Employer**

*Cash benefits:* 2.25% of payroll.

*Medical benefits:* 4.5% of payroll.

**Government:** Any deficit.

### **Qualifying Conditions**

**Cash sickness and maternity benefits:** Six months of insurance coverage.

**Medical benefits:** Resident in the country.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 80% of the average daily gross wage or the average daily insurance basis for the 6 calendar months before the onset of sickness.

**Maternity benefit:** 90% of the average daily insurance basis. The benefit is paid for a period of 135 days, beginning 45 days before the expected date of childbirth.

**Funeral grant:** Twice the minimum wage (240 leva).

### **Workers' Medical Benefits**

Medical services are provided directly to patients according to a National Framework contract between medical institutions and the National Health Insurance Fund. Benefits include general and specialist care at health centers, outpatient departments of hospitals, or home; hospitalization; prescribed medicines; dental care; and necessary appliances.

### **Dependents' Medical Benefits**

Medical services are provided directly to patients according to a National Framework contract between medical institutions

and the National Health Insurance Fund. Benefits include general and specialist care at health centers, outpatient departments of hospitals, or home; hospitalization; prescribed medicines; dental care; and necessary appliances.

### **Administrative Organization**

National Social Security Institute administers cash benefits.

National Health Insurance Fund administers medical benefits.

## **Work Injury**

---

### **Regulatory Framework**

**First law:** 1924.

**Current law:** 2000 (social insurance code).

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

### **Coverage**

Employed persons.

### **Source of Funds**

**Insured person:** None.

**Employer:** 0.7% of payroll.

**Government:** None.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

90% of earnings, payable from the first day of incapacity until recovery or certification of permanent disability.

### **Permanent Disability Benefits**

**Permanent disability pension:** 50% to 100% of earnings, depending on the assessed degree of loss of working capacity.

The minimum disability pension is based on the assessed degree of loss of working capacity and is paid as a percentage of the social pension (50 leva a month). If the assessed degree of loss of working capacity is more than 90%, 150% of the social pension is paid; if between 71% and 90%, 140% of the social pension is paid; if between 50% and 70%, 115% of the social pension is paid.

### **Survivor Benefits**

**Survivor pension:** One survivor receives 50% of the insured's disability pension; two survivors receive a combined total of 75%; three or more survivors receive a combined total of 100%.

The minimum pension is 90% of the social pension (50 leva a month).

### **Administrative Organization**

National Social Security Institute administers the program.

### **Unemployment**

#### **Regulatory Framework**

**First law:** 1925.

**Current law:** 2002, with amendment.

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

#### **Coverage**

Employed persons.

#### **Source of Funds**

**Insured person:** 1% of earnings.

**Employer:** 3% of payroll.

**Government:** None.

#### **Qualifying Conditions**

**Unemployment benefits:** Nine months of insurance coverage.

#### **Unemployment Benefits**

Calculated as 60% of average earnings during the last 9 months. The duration of benefit depends on the length of service from 4 months for the minimum service period of up to 3 years to 12 months for more than 25 years of service.

### **Administrative Organization**

National Social Security Institute administers the program.

### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1942.

**Current law:** 2002 (family benefits law).

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

#### **Coverage**

Resident in the country.

#### **Source of Funds**

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

### **Qualifying Conditions**

**Family allowances:** The monthly income for each family member must be less than 200 leva.

#### **Family Allowance Benefits**

**Family allowances:** 18 leva a month.

**Birth grant:** 100 leva on the birth of the first child, 200 leva for the second, 250 leva for the third, and 100 leva on the birth of each subsequent child.

### **Administrative Organization**

Social Assistance Agency of the Ministry of Labor and Social Assistance administers the program.