

## Summary of Social Security System in Armenia

Original document found at <http://www.ssa.gov/policy/docs/progdsc/ssptw/2004-2005/asia/armenia.html>

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### 1. **Old Age, Disability, and Survivors**

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#### **Regulatory Framework**

**First laws:** 1956 and 1964

**Current law:** 2002 (state pensions), implemented in 2003 (in force since April 10, 2003)

**Type of program:** Social insurance and social/pension assistance system.

**Coverage:** All employees, self-employed persons, collective farmers, scientists, and artists. Special systems for military personnel and the police and their family members.

#### **Source of Funds**

**Insured person:** 3% of net monthly earnings.

The minimum monthly earnings for contribution purposes are 5,000 dram (dr). (is paid by employer and this contribution will be increased and will become 7000 beginning January 1, 2006).

There are no maximum earnings for contribution purposes.

The contributions of insured persons also finance sickness and maternity, work injury, and unemployment benefits.

**Self-employed person:** 15% of annual income less than 1,200,000 dr. (applies also to some artists and scientists). If annual income is greater than 1,200,000 dr., the contribution is a flat rate of 180,000 dr., plus 5% of the amount greater than 1,200,000 dr. (Collective farmers are exempt from payments.)

The contributions of self-employed persons also finance sickness and maternity, work injury, and unemployment benefits.

**Employer:** A flat-rate monthly contribution of 5,000 dr. (will be increased and will become 7000 beginning January 1, 2006) on behalf of employees with monthly income less than 20,000 dr. If monthly income is greater than 20,000 dr., a flat-rate monthly contribution of 5,000 dr., plus 15% of the amount greater than 20,000 dr. but less than 100,000 dr. (If collective farmers are employers, they also make a social payment on behalf of employees.) If monthly income exceeds 100,000 dr., a flat-rate monthly contribution of 17,000 dr. plus 5% of the amount greater than 100,000 dr. The above employer contributions also finance sickness and maternity and unemployment benefits.

**Government:** Total cost of the social pension and subsidies as needed. The above government contributions also finance sickness and maternity, work injury, and unemployment benefits.

#### **Qualifying Conditions**

**Old-age pension:** Age 63 (men) or age 60 (women) with at least 25 years of covered employment. *[Note that by the age for women will increase by ½ year each year until the qualifying age is the same as for men, that is, by 2011 the qualifying age for women will be 63 years]*

Age 59 (men) or age 54 (women) with at least 20 years of covered employment in arduous or hazardous work; age 55 (men) or age 50 (women) with at least 15 years of covered employment in extremely arduous or hazardous work.

## Annex 3 - SPSS

There is no legal minimum pension, but the base pension is 4,000 dr. (will be increase and will become 4250 beginning January 1, 2006).

**Disability pension:** Total or partial disability with at least 5 years of covered employment. The pension is awarded according to three assessed degrees of disability: total incapacity for work and requiring constant attendance (Group I); total incapacity for work but not requiring constant attendance (Group II); or partial incapacity for usual work (Group III). A specialized medical committee assesses the degree of disability.

**Survivor pension:** The deceased had at least 15 years of covered employment.

The pension is payable to a surviving spouse; a person, not employed at the time of deceased's death and not receiving any pension, who cares for the deceased's children, brothers, sisters, or grandchildren younger than age 8; full orphans younger than age 18 who are not receiving any other pension. For all pensions, covered employment includes years in university education, years of service in the armed forces, caring for disabled persons or children younger than age 3, and periods receiving unemployment benefits.

**Social pension:** Age 65 (any age if disabled) for men and women with less than 5 years of covered employment. All pensions are payable abroad under reciprocal agreement.

### Old-Age Benefits

**Old-age pension:** 100% of the base pension, plus a bonus pension (160 dr. (will be increased and will become 180 beginning January 1, 2006). for every year of covered employment, multiplied by a coefficient. The base pension is 4,000 dr. (will be increased and will become 4250 beginning January 1, 2006). There is no maximum pension.

**Social pension:** 4,000 dr. a month. (will be increased and will become 4250 since January 1, 2006). Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

### Permanent Disability Benefits

**Disability pension:** For a Group I pension, 120% of the base pension a month, plus a bonus pension (160 dr. (will be increased and will become 180 dr.beginning January 1, 2006). for each full calendar year of covered employment); for a Group II pension, 100% of the base pension a month, plus a bonus pension (160 dr. (will be increased and will become 180 dr.beginning January 1, 2006). for each year of covered employment, multiplied by a coefficient).

Partial disability (Group III): 80% of the base pension a month, plus a bonus pension (160 dr. (will be increased and will become 180 dr.beginning January 1, 2006). for each year of covered employment, multiplied by a coefficient). The base pension is 4,000 dr. (will be increase and will become 4250 beginning January 1, 2006). There is no maximum pension.

**Social pension:** 4,000 dr. a month. (will be increase and will become 4250 beginning January 1, 2006). Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

### Survivor Benefits

**Survivor pension:** 100% of the base pension, plus 50% of the bonus pension (160 dr. (will be increased and will become 180 dr. beginning January 1, 2006). for each year the deceased was in covered employment, multiplied by a coefficient); full orphans, 120% of the base pension, plus 50% of the bonus pension (160 dr. (will be increased and will become 180 dr. beginning January 1, 2006). for each year of covered employment of both deceased parents).

**The base pension is 4,000 dr. (will be increase and will become 4250 beginning January 1, 2006).**

There is no maximum survivor pension. The survivor pension payable to a spouse ceases on remarriage. Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

### **Administrative Organization**

Ministry of Labor and Social Issues (<http://www.mss.am>) is responsible for policy. The SSIF provides social insurance. The SSIF Board is headed by Prime Minister of Armenia and the following are Board members: President of SSIF, Assistant to the President of Armenia, Deputy Minister of Labor and Social Issues, Deputy Minister for Finance and Economics, Deputy Minister for Health, Deputy Minister of Justice, Deputy Chairman of State Tax Service, Chairman of Association of Producers and Businessmen, Deputy Chairman of the Confederation of Trade Unions. The SSIF's Board provides general coordination and oversight. There are 51 Regional and regional SSIF branch offices. The SSIF administers the program (<http://www.sif.am>).

## **2.      Sickness and Maternity**

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### **Regulatory Framework**

**First law:** 1912

**Current laws:** 1991 (maternity benefits) and 1992 (state social benefits).

**Type of program:** Social insurance (cash benefits) and universal (medical care) system.

### **Coverage**

**Cash sickness and maternity benefits:** All employees, self-employed persons, collective farmers, scientists, and artists.

**Medical benefits:** All residents.

### **Source of Funds**

#### **Insured person**

*Cash benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None.

#### **Self-employed person**

*Cash benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None.

#### **Employer**

*Cash benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None. (The total cost of optional employer-operated health care facilities.)

#### **Government**

*Cash benefits:* Subsidies as needed from central and local governments and the total cost of child-care leave benefit.

*Medical benefits:* Total cost of medical care is paid by central and local government budgets.

### **Qualifying Conditions**

**Cash sickness benefits:** There is no minimum qualifying period.

**Cash maternity benefits:** In insured employment.

**Childbirth or adoption lump sum:** There is no minimum qualifying period.

**Medical benefits:** Resident in Armenia.

### **Sickness and Maternity Benefits**

**Sickness benefit:** If insured for at least 8 years, 100% of average earnings in the last 3 months before the onset of incapacity; if insured for less than 8 years, 80% of earnings.

The benefit is also payable to care for a sick child.

**Maternity benefit:** 100% of average earnings in the last 3 months is payable for a maximum of 140 days (70 days before and 70 days after the expected date of childbirth); up to 155 days if there are complications resulting from childbirth; up to 180 days for multiple births.

**Child-care leave benefit:** 2,300 dr. a month until the child is age 2.

**Childbirth or adoption lump sum:** 35,000 dr. per child.

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

### **Workers' Medical Benefits**

Medical services are provided directly to patients by government health providers. Medical benefits include preventive care, general and specialist curative care, hospitalization, laboratory services, dental care, maternity care, and transportation. Care in sanatoria and rest homes is provided, with preference being given to insured workers who may pay part of the cost.

Cost sharing: Patients pay part of the cost of appliances.

Medicines, if provided with hospitalization, are free. Medicines are free for disabled children younger than age 16, for all infants until age 1, and for pensioners receiving only the social pension.

### **Dependents' Medical Benefits**

Same as for the insured.

### **Administrative Organization**

**Cash benefits:** Sate Social Insurance Fund provides general oversight of the program. The Fund's regional and provincial departments within local governments administer benefits.

**Medical benefits:** Ministry of Health and health departments of local governments provide general supervision and coordination. Medical services are provided through clinics, hospitals, maternity homes, and other facilities administered by the Ministry of Health and local health departments.

## **3. Work Injury**

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### **Regulatory Framework**

**First laws:** 1956 and 1974.

**Current laws:** 1992 (state social benefits), 1996 (short-term benefits), and 2002 (state pensions). [Note that a new law on work injury is currently being developed and is expected to be submitted to Parliament o/a February 2006]

**Type of program:** Social insurance (cash benefits) and universal (medical care) system.

### **Coverage**

**Cash benefits:** All employees.

**Medical benefits:** All residents.

### **Source of Funds**

#### **Insured person**

*Cash benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None.

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

#### **Employer**

*Cash benefits:* See source of funds under Old Age, Disability, and Survivors, above.

*Medical benefits:* None. (The total cost of optional employer-operated health care facilities.)

### **Government**

*Cash benefits:* Subsidies as needed from central and local governments.

*Medical benefits:* Total cost of medical care is paid by central and local government budgets.

### **Qualifying Conditions**

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

#### **Temporary Disability Benefits**

100% of the insured's average monthly earnings in the last 3 (for self-employed persons during last 12 years) months before the onset of disability or occupational disease. The benefit is payable from the first day of incapacity until recovery or the award of a permanent disability pension.

A specialized medical committee assesses the degree of disability. Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

#### **Permanent Disability Benefits**

**Permanent disability pension:** For a Group I pension (total incapacity for any work), 120% (will be 140% beginning January 1, 2006) of the base pension a month, plus a bonus pension (160 dr. (will be increased and will become 180 dr. beginning January 1, 2006 for each full calendar year of covered employment); for Group II (total incapacity for usual work), 100% (will be 120% beginning January 1, 2006) of the base pension a month, plus a bonus pension ((160 dr. (will be increased and will become 180 dr. beginning January 1, 2006) for each year of covered employment, multiplied by a coefficient). Partial disability (Group III): 80% (will be 100% beginning January 1, 2006) of the base pension a month, plus a bonus pension (160 dr. (will be increased and will become 180 dr. beginning January 1, 2006) for each year of covered employment). A specialized medical committee assesses the degree of disability.

The base pension is 4,000 dr. (will be increase and will become 4250 beginning January 1, 2006). There is no maximum pension. Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

#### **Workers' Medical Benefits**

Medical services are provided directly to patients by government health providers. Benefits include preventive care, general and specialist curative care, hospitalization, laboratory services, dental care, maternity care, and transportation. Care in sanatoria and rest homes is provided, with the insured paying part of the cost. The insured must pay the full cost of appliances and medicines.

#### **Survivor Benefits**

**Survivor pension (orphan's pension):** 100% of the base pension, plus 50% of the bonus pension (160 dr. (will be increased and will become 180 dr. beginning January 1, 2006) for each year the deceased was in covered employment); full orphans, 120% of the base pension, plus 50% of the bonus pension (160 dr. (will be increased and will become 180 dr. beginning January 1, 2006) for each year of covered employment of both deceased parents).

**Benefit adjustment:** Benefits are adjusted on an ad hoc basis according to available resources.

#### **Administrative Organization**

**Temporary disability benefits:** General supervision by the SSIF.

Enterprises and employers pay benefits to their employees.

**Permanent disability and survivor pensions:** Ministry of Labor and Social Issues is responsible for policy. The SSIF Board is headed by the Prime Minister of Armenia and the following are Board members: President of the SSIF, Assistant to the President of Armenia, Deputy Minister of Labor and Social Issues, Deputy Minister for Finance and Economics, Deputy Minister for Health, Deputy Minister of Justice, Deputy Chairman of State Tax Service, Chairman of Association of Producers and Businessmen, Deputy Chairman of the Confederation of Trade Unions.

The SSIF Board provides general coordination and oversight. There are 51 Regional and provincial SSIF branch offices. The SSIF (<http://www.sif.am>) administers the program.

**Medical benefits:** Ministry of Health and health departments of local governments provide general supervision and coordination. The Ministry of Health and local health departments administer the provision of medical services through clinics, hospitals, maternity homes, and other facilities.

#### 4. Unemployment

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##### **Regulatory Framework**

**First law:** 1921

**Current law:** 1996 (unemployment), implemented in 1997.

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

##### **Coverage**

All employees.

##### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** Subsidies from central and local governments as needed.

##### **Qualifying Conditions**

**Unemployment benefit:** Payable if unemployed as a result of enterprise reorganization, staff reduction, or cancellation of a collective agreement; a partial benefit is paid if dismissed for a breach of discipline or for voluntarily unemployment. The insured had a minimum of 12 weeks of covered employment in the 12 months before unemployment; a minimum of 7 months of covered employment between two episodes of unemployment; is seeking to rejoin the labor force after a lengthy period of unemployment; or is seeking work for the first time. The insured must be registered at an employment office and be able and willing to work.

##### **Unemployment Benefits**

For involuntary unemployment, the monthly benefit is 100% of the base unemployment benefit; for voluntary unemployment, 80% of the base benefit; for those dismissed for a breach of discipline, 60% of the base benefit. The base unemployment benefit is 3,900 dr. a month. The benefit is paid for up to 12 months. Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

##### **Administrative Organization**

State Social Insurance Fund (<http://www.sif.am>) and the Ministry of Labor and Social Issues (<http://www.mss.am>) provide general oversight.

Regional Employment Service and regional Departments of Labor and Employment administer the program.

#### 5. Family Allowances

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##### **Regulatory Framework**

**First law:** 1944

**Current laws:** 1997, 1999, and 2002 (family allowances).

**Type of program:** Universal and social assistance system.

##### **Coverage**

Families with children.

**Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** Total cost.

**Qualifying Conditions**

**Family allowances:** The beneficiary must be employed at the time of the child's birth. Benefits are payable for children up to age 18.

Low-income family supplement: Urban families with children and a per capita family income lower than 60% of the minimum wage (beginning January 1, 2006 minimum wage will be 15,000).

**Family Allowance Benefits**

**Family allowances:** 2,300 dr. a month for a child younger than age 2;

Supplementary benefit: none

Low-income family supplement: A supplement for low-income families equal to 10% of the minimum wage a month per child, up to a maximum of 60% of the minimum wage per family.

The minimum wage is 13,000 dr. (beginning January 1, 2006 minimum wage will be 15,000).

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

**Administrative Organization**

Ministry of Labor and Social Issues (<http://www.mss.am>) is responsible for the program.