

## Palau

Exchange rate: Currency is the US dollar (US\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1967.

**Current law:** 1987, implemented in 1991.

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

#### Coverage

Gainfully employed persons, including some categories of self-employed persons.

Voluntary coverage for self-employed persons (including farmers, fishermen, and taxi drivers) with no employees and gross earnings of less than US\$10,000 a year but more than US\$300 per quarter.

Exclusions: Casual labor and self-employed persons with no employees and annual gross income of less than US\$300 per quarter.

#### Source of Funds

**Insured person:** 6% of earnings.

The maximum earnings used to calculate contributions are US\$5,000 per quarter.

**Self-employed person:** 12% of twice the salary of their highest-paid employee (if there are no employees and declared annual earnings are greater than US\$10,000, 12% of 1/4 of gross annual earnings).

The maximum earnings used to calculate contributions are US\$5,000 per quarter.

**Employer:** 6% of payroll.

The maximum earnings used to calculate contributions are US\$5,000 per quarter.

**Government:** None; contributes as an employer.

#### Qualifying Conditions

**Old-age pension:** Age 60 with at least 38 quarters of coverage.

The old-age pension is paid to a pensioner who begins a new job after retirement.

**Disability pension:** Incapacity for substantial gainful activity due to a physical or mental disability that is likely to last at least a year or result in death. One quarter of coverage for each year after June 1968 (or since age 21, if later)

with at least 12 quarters of coverage; or at least 8 quarters of coverage during the last 13 quarters; or a total of at least 120 quarters of contributions at the time the disability began.

**Survivor pension:** The deceased had at least 1 quarter of coverage for each year after June 1968 (or since age 21, if later) or had at least 8 quarters of coverage in the 13 quarters before death. Survivors are eligible for only one survivor pension.

Eligible survivors are a widow(er) who was married to the deceased at the time of death and unmarried children younger than age 18 (22 if a student) who were dependent on or living with the deceased. Employed widow(er)s younger than age 60 are subject to an earnings test.

The survivor pension is payable abroad under reciprocal agreement.

**Lump-sum survivor benefit:** Paid for the death of a worker with less than the minimum number of required quarters of coverage for a pension.

Eligible survivors are (in order of priority) the spouse, children, parents, legal representative, or persons who lived with the deceased.

#### Old-Age Benefits

**Old-age pension:** The monthly pension is 8.3% of the sum of the following: 21.5% of the first US\$11,000 of the insured's cumulative covered earnings, 2.9% of earnings between US\$11,000 and US\$44,000, and 1.5% of earnings over US\$44,000.

The minimum monthly old-age pension is US\$98.

#### Permanent Disability Benefits

**Disability pension:** The monthly pension is 8.3% of the sum of the following: 21.5% of the first US\$11,000 of the insured's cumulative covered earnings, 2.9% of earnings between US\$11,000 and US\$44,000, and 1.5% of earnings over US\$44,000.

The minimum monthly disability pension is US\$98.

#### Survivor Benefits

**Survivor pension:** Up to 60% of the deceased's pension is paid to an unmarried widow(er) younger than age 60; 60% of the pension to a married widow(er) aged 60 or older; 100% of the pension to an unmarried widow(er) aged 60 or older.

**Orphan's pension:** Each orphan younger than age 18 (age 22 if a student; no limit if disabled before age 22) receives 15% of the deceased's pension.

**Earnings test:** The survivor pension is reduced by US\$1 for each US\$3 of earnings above US\$500 a quarter if aged 50 or younger and employed.

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The minimum monthly survivor pension is US\$98.

The maximum survivor pension is 100% of the deceased's pension.

**Lump-sum survivor benefit:** A lump sum is paid and split equally among eligible survivors.

### ***Administrative Organization***

Palau Social Security System (<http://www.ropssa.org>) administers the program.