

Portugal

Exchange rate: U.S.\$1.00 equals 1.12 euros (€).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1935 (1919 legislation never implemented).

Current laws: 1980 (social pensions for noncontributors), 1985 (integrated agricultural workers into general system), 1989 (voluntary insurance), 1993 and 1999 (wage-linked pensions), 1999 (early pension), and 1999 (minimum pension).

Type of program: Social insurance system.

Coverage

Employed and self-employed persons. Special systems for miners, longshoremen, railway workers, fishermen, and merchant seamen.

Voluntary coverage available to persons not covered by any other contributory program.

Social pension: All persons not covered under a contributory pension program.

Special systems will gradually be unified with the general system.

Source of Funds

Insured person: 11% of earnings. Self-employed, 25.4% of earnings for mandatory coverage or 32% for voluntary coverage; may base contributions on one to eleven times the national minimum wage (•348).

Employer: 23.75% of payroll. The contribution includes 0.5% to cover employment-related illness.

The combined insured person and employer contribution is divided among the different branches as follows: old age, 16.01%; disability, 3.42%; survivors, 3.67%; sickness, 3.05%; maternity, 0.73%; work injury (employment-related illness only), 0.50%; unemployment, 5.22%; and family allowances, 2.15%.

Government: Subsidy for the social pension and for health care.

Qualifying Conditions

Old-age pension: Age 65 (men and women) and 15 years of contributions with 120 days of registered pay per year. The pension is payable at age 60 if unemployment benefit has been depleted. The pension is payable abroad.

Early retirement is possible at age 55.

Deferred retirement is permitted at age 65. Retirement from covered employment is necessary at age 70.

Special retirement age: Age 50 (miners) and age 55 (longshoremen, fishermen, and merchant seamen).

Disability pension: Loss of 2/3 of earning capacity; 60 months of contributions. The pension is payable abroad.

Survivor pension: The deceased met pension requirements or was a pensioner at the time of death. The pension is payable abroad.

Social pension: Age 65 (age 18 or older if disabled). No coverage under any contributory social security program. Monthly income may not exceed 30% of the national minimum wage for a single person; 50% for a couple. The pension is not payable abroad, except if specified in a reciprocal agreement.

Old-Age Benefits

Old-age pension: 2% of average annual earnings for the best 10 years out of the last 15 years multiplied by the total number of years of insurance.

A new method of calculating pensions is being introduced gradually and progressively from 2002 until 2017. For those with less than 21 years of contributions, 2% for each year of contribution, applied to the average adjusted lifetime salary; for those with 21 years or more of contributions, 2.00% to 2.35% (according to base salary scale) for each year of contribution, applied to the average adjusted lifetime salary. Contribution years accounted for must not exceed 40. For a transitional period only, this new method will be applied in cases favorable to the insured.

The minimum pension is 30% of average earnings or a minimum fixed amount (between •189.54 and •348 a month) depending on the number of contributions, whichever is higher.

The maximum pension is 80% of average earnings.

Schedule of payments: Fourteen monthly payments, with the 13th payment each Christmas and the 14th payment each July.

Benefit adjustment: According to changes in the annual cost of living.

Social pension (income-tested): •138.27 a month.

Constant-attendance supplement: 50% or 90% of the social pension for the general scheme according to degree of dependence; 45% or 85% for the noncontributory scheme.

Extraordinary complementary allowance: For those receiving the noncontributory pension, an allowance of •13.17 if aged 69 or younger; •26.34 if aged 70 or older.

Permanent Disability Benefits

Disability pension: See old-age pension, above.

Minimum pension: See old-age pension, above.

Schedule of payments: Fourteen monthly payments, with the 13th payment each Christmas and the 14th payment each July.

Benefit adjustment: According to changes in the annual cost of living.

Social pension (income-tested): •138.27 a month.

Constant-attendance supplement: See old-age pension, above.

Extraordinary complementary allowance: See old-age pension, above.

Survivor Benefits

Survivor pension: 60% of the pension of the insured. The pension is limited to 5 years unless the widow(er) is over age 35, disabled, or caring for a child. Paid to a widow or widower.

Orphan's pension: 20% of the insured's pension for one orphan, 30% for two orphans, and 40% for three or more orphans under age 18 (age 25 if a student, no limit if disabled); for full orphans the pension is 40%, 60%, or 80% according to whether there are one, two, or three beneficiaries, respectively.

Other eligible survivors (in absence of above): Parents or grandparents. Combined pensions total 30%, 50%, or 80% of the insured's pension, according to whether there are one, two, or three beneficiaries, respectively.

Maximum survivor pension: 100% of the pension of the insured.

Schedule of payments: Fourteen monthly payments, with the 13th payment each Christmas and the 14th payment each July.

Death grant: An amount equal to six times the average monthly earnings during the best 2 years of the last 5 years.

Widow's social pension (income-tested): 60% of the normal social pension.

Orphan's social pension: Combined benefit is 20%, 30%, or 40% of the normal social pension for one, two, or three orphans, respectively.

Administrative Organization

Ministry of Labour and Solidarity provides general supervision through the State Secretariat of Solidarity and Social Security.

Solidarity and Social Security Institute administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1935 (1919 legislation not implemented).

Current laws: 1988 and 1990 (sickness); 1988, 1995, and 1998 (maternity); 1999 and 2000 (paternity and adoption).

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

Coverage

Medical benefits: All resident citizens and foreign residents whose countries have reciprocal agreements with Portugal.

Cash sickness benefits: Employed persons. Self-employed persons have voluntary coverage.

Cash maternity, paternity, and adoption benefits: Employed and self-employed persons.

Voluntary insurance available to certain categories of persons not covered by any other contributory program.

Source of Funds

Insured person: See Old Age, Disability, and Survivors, above.

Employer: See Old Age, Disability, and Survivors, above.

Government: See Old Age, Disability, and Survivors, above.

Qualifying Conditions

Cash sickness benefit: Six months of insurance, including 12 days of contributions in the 4 months prior to the onset of illness.

Maternity, paternity, and adoption cash benefits: Six months of insurance.

Sickness and Maternity Benefits

Sickness benefit: 65% of earnings in the 6 months preceding the 2 months prior to the month during which illness began (80% to 100% if hospitalized for tuberculosis). Benefit rises to 70% of earnings in cases of long-term illness (at least 365 days). Benefit is payable after a 3-day waiting period (waived if hospitalized or postpartum) for up to 1,095 days (no limit for cases of tuberculosis).

The minimum sickness benefit is 30% of the minimum wage.

Maternity benefit: 100% of average earnings during the 6 months preceding the 2 months prior to childbirth, payable 120 days before the expected date of childbirth and 90 days after childbirth.

The minimum maternity benefit is 50% of the minimum wage.

Paternity benefit: 100% of average earnings calculated as per sickness benefit, payable for the first 5 days following the birth of a child.

The minimum paternity benefit is 50% of the minimum wage.

Adoption benefit: As for paternity benefit, payable for the first 100 days following the adoption of child under 15 years of age.

The minimum adoption benefit is 50% of the minimum wage.

Parental leave benefit: As for paternity benefit, payable to the father during the first 15 days of parental leave, but only if preceded by paternity or maternity leave. The parental leave period is recognized for the purpose of calculating disability and old-age pensions.

Special leave benefit for grandparents: 100% of the average salary. Benefit is payable for 30 days following the birth of a child if the parent of the newborn child is a minor and living in the family home. Exclusion: self-employed persons.

Allowances for handicapped or sick child: 65% of the average salary calculated as per sickness benefits, above. The

allowance is payable for a maximum of 30 days per year for each child under age 10, or without limit in cases of hospitalization; in cases of serious handicap or chronic sickness, and while the child is under age 12, the covered period can be from 6 months to 4 years.

Special maternity allowance: 65% of the average salary calculated as per sickness benefit, above. Payable for night-work or for work involving exposure to dangerous substances.

Workers' Medical Benefits

Medical services are provided directly to patients by health centers and hospitals. Benefits include general and specialist care, maternity care, hospitalization, surgery, and listed medicines. Services are provided as needed and are based on some patient participation. There is no limit to duration.

Dependents' Medical Benefits

Same as for insured worker (see above).

Administrative Organization

Ministry of Labour and Solidarity, through the State Secretariat of Solidarity and Social Security, provides general supervision.

Regional Social Security Centers administers the program for cash benefits.

Regional Health Administration administers the program for medical benefits.

Work Injury

Regulatory Framework

First law: 1913.

Current laws: 1965, 1971, and 1992.

Type of program: Employer must purchase liability insurance for work injury with a private carrier.

Employment-related illness: Social insurance system.

Coverage

Employed persons; self-employed persons have voluntary coverage.

Source of Funds

Insured person: None.

Employer: Premiums for work injury vary according to the assessed degree of risk. Contributes 0.5% of payroll for employment-related illness (see Old Age, Disability, and Survivors, above).

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Employment-related illnesses are assessed according to the degree of risk exposure based on official tables.

Temporary Disability Benefits

70% of the basic wage during the first 12 months and 75% thereafter. Benefit is payable until recovery or until determination of permanent total disability.

Temporary partial disability benefit: Temporary partial disability is compensated at the rate of 70% of lost earning capacity.

Permanent Disability Benefits

Permanent disability pension: In cases of total incapacity for work in the usual profession, the pension is between 50% and 70% of basic earnings according to residual earning capacity. In cases of total incapacity for all work, the pension is 80% of basic earnings plus 10% for each dependent up to the limit of 100%.

Permanent partial disability pension: 70% of lost earning capacity if the incapacity is more than 30%; if the incapacity is less than 30%, a sum equal to 70% of lost earning capacity is paid annually.

Survivor Benefits

Survivor pension: 30% of covered earnings to the spouse; 40% if the widow is aged 65 or disabled.

Orphan's pension: 20% of covered earnings for one orphan, 40% for two orphans, or 50% for three or more orphans under age 18 (age 25 if a student). Full orphans receive double benefits totaling no more than 80% of the salary of the deceased.

Funeral grant: Expenditure is limited to four times the monthly minimum wage; the limit is doubled if the body must be transported.

Death allowance: Twelve times the monthly minimum wage allocated on the basis of 50% for the spouse and 50% for the children, or 100% in cases of one dependent survivor only.

Administrative Organization

Ministry of Finance provides general supervision.

Insurance companies manage work accident insurance policies.

Ministry of Labor and Solidarity provides general supervision through the Secretary of State for Solidarity and Social Security.

National Occupational Disease Insurance Fund administers the occupational disease program.

Unemployment

Regulatory Framework

First law: 1975.

Current law: 1999.

Type of program: Social insurance system and social assistance system.

Coverage

Employed persons and first-time jobseekers.

Exclusions: Self-employed persons, domestic employees, and temporary and occasional employees.

Source of Funds

Insured person: See Old Age, Disability, and Survivors, above.

Employer: See Old Age, Disability, and Survivors, above.

Government: See Old Age, Disability, and Survivors, above.

Qualifying Conditions

Unemployment benefit: 540 days of earnings in the 24 months prior to unemployment. Registration at an employment office is required. Capable of, and available for, work. Involuntarily unemployed.

Social assistance unemployment benefit (income-tested): 180 days of earnings in the 12 months prior to unemployment or a first-time jobseeker. Registration at an employment office is required. Capable of, and available for, work. Involuntarily unemployed.

Unemployment Benefits

Unemployment benefit: 65% of average earnings.

The minimum benefit is the value of the minimum wage.

The maximum benefit is three times the minimum wage.

The duration of entitlement is calculated according to the age of the insured. For individuals up to age 30, 12 months; between ages 31 and 40, 18 months; between ages 41 and 45, 24 months; older than age 45, 30 months.

Social assistance unemployment benefit: 80% of the minimum wage if single; 100% if claimant has dependents.

The duration of entitlement is calculated according to the age of the insured. For individuals up to age 30, 12 months; between age 31 and age 40, 18 months; between ages 41 and age 45, 24 months; older than age 45, 30 months.

Partial unemployment benefit: For insured persons in part-time employment whose income is lower than the value of the unemployment benefit and who work more than 20% but less than 75% of the normal work week. Benefit is equal to the difference between 1.25 times the unemployment benefit and the value of part-time work earnings.

The duration of the benefit corresponds to the period of unemployment benefit that would otherwise have been awarded if fully unemployed.

For insured persons age 55 and over, the unemployment benefit is paid until age 60 when the unemployment benefit is converted to the old-age pension.

Administrative Organization

Ministry of Labour and Solidarity provides general supervision through the State Secretariat for Solidarity and Social Security.

Solidarity and Social Security Institute administers the program.

Family Allowances

Regulatory Framework

First law: 1942.

Current laws: 1980, 1997, 1999, and 2001.

Type of program: Employment-related system.

Coverage

Employed persons, the unemployed, and pensioners.

Voluntary insurance is available to certain categories of employed persons not covered by any other contributory program.

Source of Funds

Insured person: See Old Age, Disability, and Survivors, above.

Employer: See Old Age, Disability, and Survivors, above.

Government: None.

Qualifying Conditions

Family allowances: Child must be under age 16 (age 25 if a student or if handicapped).

Family Allowance Benefits

Family allowances: Allowances are calculated on the basis of four levels of family income assessed in relation to the national minimum wage.

First income level (family income equal to or lower than 1.5 times the national minimum wage): Children up to 12 months of age, •87.29 a month for each of the first two children and •131.03 for the third and each additional child; children over 12 months of age, •26.24 a month for each of the first two children and •39.36 for the third and each additional child.

Second income level (family income higher than 1.5 times the national minimum wage and lower than or equal to four times that wage): Children up to 12 months of age, •76.22 a month

for each of the first two children and •110.53 for the third and each additional child; children over 12 months of age, •20.45 a month for each of the first two children and •29.98 for the third and each additional child.

Third income level (family income higher than four times the national minimum wage and lower than or equal to eight times that wage): Children up to 12 months of age, •65.19 a month for each of the first two children and •87.64 for the third and each additional child; children over 12 months of age, •17.51 a month for each of the first two children and •23.74 for the third and each additional child.

Fourth income level (family income higher than eight times the national minimum wage): Children up to 12 months of age, •40.35 a month for each of the first two children and •52.52 for the third and each additional child; children over 12 months of age, •15.41 a month for each of the first two children and •20.05 for the third and each additional child.

Special supplements for each disabled child: •48.83 a month if under age 14; •71.13 if between ages 14 and 18; and •95.22 if between ages 18 and 24.

Special education allowance: A variable amount payable on behalf of a descendant of an insured person, if the descendant is under age 24 and attending school in a special educational establishment or receiving other special educational assistance.

Extraordinary complementary allowance: In addition to special education allowance, •13.17 if the insured person is less than 70 years of age, •26.34 if more than 70 years.

Constant-attendance supplement: •69.13 a month.

Monthly allowance: •138.27 a month for life.

Funeral grant: •180.02.

Administrative Organization

Ministry of Labour and Solidarity provides general supervision through the State Secretariat for Solidarity and Social Security.

Solidarity and Social Security Institute administers the program.