

## Cyprus

Exchange rate: US\$1.00 = 0.77 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1957.

**Current laws:** 1995 (social pension) and 2010 (social insurance).

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

#### Coverage

**Social insurance:** Employed and self-employed persons.

Voluntary coverage for formerly covered persons and citizens working abroad for Cypriot employers.

Exclusions: Family labor.

**Social assistance (social pension):** Residents of Cyprus.

#### Source of Funds

##### Social insurance

**Insured person:** 6.8% of covered earnings; voluntarily insured, 11% of declared income in Cyprus and 13.6% of covered earnings abroad.

The maximum weekly earnings used to calculate contributions are €1,025.

The insured's contributions also finance cash sickness and maternity, work injury, and unemployment benefits.

**Self-employed person:** 12.6% of notional income prescribed in regulations for specific occupational categories.

The maximum weekly earnings used to calculate contributions are €1,025.

The self-employed person's contributions also finance cash sickness and maternity benefits.

**Employer:** 6.8% of covered payroll.

The maximum weekly earnings used to calculate contributions are €1,025.

The employer's contributions also finance cash sickness and maternity, work injury, and unemployment benefits.

**Government:** 4.3% of covered payroll. 3.8% for the voluntarily insured working in Cyprus; 4.3% for those working abroad.

The maximum weekly earnings used to calculate contributions are €1,025.

The government contributions also finance cash sickness and maternity, work injury, and unemployment benefits.

#### Social assistance (social pension)

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost of the social pension is financed from general revenue.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 65 (age 63 for miners) with at least 10 years of coverage, paid contributions on earnings of at least 520 times the weekly basic covered earnings, and paid or credited contributions in at least 30% of the years from October 5, 1964 (from January 7, 1957, if more beneficial) or age 16 to the pensionable age

Weekly basic covered earnings are €170.88.

**Early pension:** Age 63 with paid or credited contributions in at least 70% of the years from October 5, 1964 (from January 7, 1957, if more beneficial) or age 16 to the pensionable age. (Miners aged 58 or older with at least three years of employment may receive a pension one month earlier for every five months of mining work if they retire from that occupation.)

Benefits are payable abroad.

**Old-age settlement (social insurance):** Age 68 and does not meet the contribution requirements for the old-age pension. Must have paid contributions in at least six years on earnings of at least 312 times the weekly basic covered earnings.

Weekly basic covered earnings are €170.88.

**Social pension (social assistance):** Age 65, a resident of Cyprus for at least 20 years after age 40 or 35 years after age 18, and not entitled to any other benefit.

**Special allowance to pensioners:** The combined total amount of pensions must be less than €854.30 a month.

**Disability pension (social insurance):** Paid for a loss of working capacity of at least 50% for at least 156 days. The insured must have at least three years of coverage, paid contributions on earnings of at least 156 times the weekly basic covered earnings, and paid or credited contributions in at least 25% of the years from October 5, 1964 (from January 7, 1957 if more beneficial) or age 16 to the pensionable age. Must have either paid or credited contributions in the year before the disability began or average covered earnings in the last two years of at least 20 times the weekly basic covered earnings.

If the disability is caused by an accident, the same qualifying conditions apply as for cash sickness benefit (see Sickness and Maternity).

Weekly basic covered earnings are €170.88.

Benefits are payable abroad.

**Survivor pension (social insurance):** Paid to a widow(er) if the deceased was insured for at least three years, paid contributions on earnings of at least 156 times the weekly basic covered earnings, and had paid or credited contributions in at least 25% of the years from October 5, 1964 (or from January 7, 1957 if more beneficial) or age 16 if later or was receiving an old-age pension.

If the death is caused by an accident, the same qualifying conditions apply as for cash sickness benefit (see qualifying conditions under Sickness and Maternity).

Weekly basic covered earnings are €170.88.

Benefits are payable abroad.

**Orphan's pension (social insurance):** The deceased was insured and was supporting a child up to age 15 (age 25 (men) or age 23 for (women) if a full-time student or in military service; no limit if disabled); for full orphans, one of the parents must have been insured.

Benefits are payable abroad.

**Survivor settlement (social insurance):** Paid to a widow(er) if the contribution conditions for a survivor pension are not met but the deceased had paid contributions on earnings of at least 156 times the weekly basic covered earnings. If the deceased was entitled to receive an old-age pension the qualifying conditions are the same as for the old-age settlement. The survivor may not receive a social pension and a survivor settlement at the same time.

Weekly basic covered earnings are €170.88.

**Missing person's allowance (social insurance):** Paid to a dependent if the whereabouts of the insured person are unknown and he or she is presumed dead.

**Funeral grant:** Paid if the deceased was receiving an old age, disability, survivor or orphan's pension, or a missing person's allowance; died as a result of an occupational accident or disease; or was insured for at least 26 weeks with paid contributions on covered earnings of at least 26 times the weekly basic covered earnings, and paid or credited contributions in the previous year on earnings of at least 20 times the weekly basic covered earnings. Also paid for the death of a dependent of an insured person.

Weekly basic covered earnings are €170.88.

### **Old-Age Benefits**

**Old-age pension (social insurance):** The pension consists of a basic pension and a supplementary pension. The full basic pension is 60% of the annual average basic covered earnings. The supplementary pension is 1.5% of earnings over the weekly basic covered earnings up to the maximum weekly covered earnings.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

The minimum pension is 85% of the full basic pension.

Dependent's supplement: The basic pension is increased to 80% of the annual average basic covered earnings for the first dependent; 90% for the second, and 100% for the third; for a married female beneficiary, an additional 10% of the annual average basic covered earnings is paid for each child, up to two children.

Schedule of payments: Thirteen payments (one every four weeks) a year.

**Old-age settlement (social insurance):** A lump sum of 15% of the total paid or credited contributions is paid.

**Social pension (social assistance):** €332.19 a month is paid. If receiving another pension or a similar payment less than the social pension, the difference between the two pensions is paid.

**Special allowance to pensioners:** Up to €128.15 a month is paid.

Benefit adjustment: Benefits are adjusted in January and July each year according to changes in wages and prices.

### **Permanent Disability Benefits**

**Disability pension (social insurance):** The full disability pension is paid for a 100% loss of working capacity. The pension consists of a basic pension and a supplementary pension. The basic pension is 60% of the annual average basic covered earnings. The supplementary pension is 1.5% of covered earnings over the weekly basic covered earnings up to the maximum covered earnings.

Partial disability: 85% of the full pension is paid for a loss of working capacity of 76% to 99%; 75% for a loss of working capacity of 66.7% to 75%; 60% for a loss of working capacity of 50% to 66.6%.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

Dependent's supplement: The basic pension is increased to 80% of annual average basic covered earnings for the first dependent; 90% for the second, and 100% for the third; for a married female beneficiary, an additional 10% of the annual average basic covered earnings is paid for each child, up to two children.

Schedule of payments: Thirteen payments (one every four weeks) a year.

Benefit adjustment: Benefits are adjusted in January and July each year according to changes in wages and prices.

## Survivor Benefits

**Survivor pension (social insurance):** The pension consists of a basic pension and a supplementary pension. The basic pension is 60% of the annual average basic covered earnings. The supplementary pension is 60% of the supplementary old-age or disability pension (1.5% of covered earnings exceeding basic covered earnings) the deceased received or was eligible to receive.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

The survivor pension ceases on remarriage and a lump sum of one year of pension is paid.

A person may receive a survivor pension and an old-age or disability pension (including the supplementary pension) at the same time, up to a maximum that varies according to the insured's covered earnings.

**Orphan's pension (social insurance):** The benefit is 20% of the deceased's basic covered earnings for one child, 30% for two children, and 40% for three or more children; for full orphans, 40% of the deceased's basic covered earnings is paid plus 50% of the supplementary survivor pension or one orphan or 100% for two or more orphans younger than age 15 (age 23 (unmarried women) if a full-time student or age 25 (unmarried men) if a full-time student or in military service; no limit if disabled).

**Termination settlement:** When an orphan's pension ends due to age restrictions, a lump sum of one year of pension is paid.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Schedule of payments:** Thirteen payments (one every four weeks) a year.

**Survivor settlement (social insurance):** A lump sum of 15% of the deceased's basic covered earnings plus 9% of the deceased's earnings exceeding basic covered earnings is paid.

Weekly basic covered earnings are €170.88.

The maximum weekly covered earnings are €1,025.

**Missing person's allowance (social insurance):** The basic pension is 60% of the annual average basic covered earnings. The supplementary pension is 60% of the supplementary old-age or disability pension (1.5% of covered earnings exceeding basic covered earnings) the deceased received or was eligible to receive.

A person receiving a missing person's allowance may also receive an old-age or disability pension (basic and supplementary) up to a maximum depending on covered earnings.

**Dependent's supplement:** The basic pension is increased to 80% of annual average basic covered earnings for the first dependent; 90% for the second, and 100% for the third. For a married female beneficiary, an additional 10% of annual average basic covered earnings is paid for each child, up to two children.

**Funeral grant (social insurance):** €710.88 is paid for the death of the insured or a pensioner; €355.44 for the death of a dependent.

**Benefit adjustment:** Benefits are adjusted in January and July each year according to changes in wages and prices.

## Administrative Organization

Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>), directed by a tripartite advisory Social Insurance Board and the Director of Social Insurance Services, administers the program.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1957.

**Current law:** 2010 (social insurance).

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

### Coverage

**Cash benefits:** Employed and self-employed persons.

Voluntary coverage for citizens working abroad for Cypriot employers and persons aged 64 or 65 not entitled to the old-age pension.

**Exclusions:** Family labor.

**Medical benefits:** Certain categories of persons residing in Cyprus, including civil servants, military and police personnel, low-income individuals and families, and persons diagnosed with certain chronic diseases.

### Source of Funds

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

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

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

**Government:** See source of funds under Old Age, Disability, and Survivors. The total cost of medical benefits.

### Qualifying Conditions

**Sickness benefits:** Must have at least 26 weeks of coverage, paid contributions on earnings of at least 26 times the weekly basic covered earnings, and paid or credited

contributions on earnings of at least 20 times the weekly basic covered earnings in the last year. Additional benefits are possible with 13 more weeks of work and paid contributions on earnings of at least 26 times the weekly basic covered earnings.

**Maternity benefits:** The insured must have paid contributions on earnings of at least 26 times the weekly basic covered earnings, and paid or credited contributions on earnings of at least 20 times the weekly basic covered earnings in the last year.

**Maternity grant:** The insured or the insured's husband must have at least 26 weeks of coverage, paid contributions on earnings of at least 26 times the weekly basic covered earnings, and paid or credited contributions on earnings of at least 20 times the weekly basic covered earnings in the last year. The grant is also paid to the nonworking wife of an insured man.

**Medical benefits:** The insured must reside in Cyprus.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit consists of a basic benefit and a supplementary benefit. The basic benefit is 60% of the insured's average basic covered earnings in the last year. The supplement is 50% of average covered earnings exceeding basic covered earnings in the last year, up to twice the weekly basic covered earnings. The benefit is paid after a three-day waiting period (nine days for self-employed persons) for up to 52 weeks.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Dependent's supplement:** The basic benefit is increased to 80% of average basic covered earnings for the first dependent; 90% for the second, and 100% for the third. A spouse is considered dependent if not working or receiving any benefit from the Social Insurance Fund.

**Maternity benefit:** The benefit consists of a basic benefit and a supplementary benefit. The basic benefit is 75% of the insured's average basic covered earnings in the last year. The supplement is 75% of average covered earnings exceeding basic covered earnings in the last year, up to the maximum covered earnings. The benefit is paid for 18 weeks beginning two to nine weeks before the expected date of childbirth.

The benefit is paid for 16 weeks to a stepmother of a child adopted before age 13.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Dependent's supplement:** The basic benefit is increased to 80% of average basic covered earnings for the first dependent; 90% for the second, and 100% for the third. A spouse is considered dependent if not working or receiving any benefit from the Social Insurance Fund.

**Maternity grant:** A lump sum of €533.16 is paid.

### **Workers' Medical Benefits**

Medical services are provided directly to patients in government hospitals and clinics. Benefits include medical treatment, hospitalization, maternity care, and medicine.

Benefits are free for active and retired civil servants, military and police personnel, recipients of social assistance and their dependents, unmarried persons with annual income up to €15,377.41, families with annual income up to €30,754.83 plus €1,708.60 for each dependent child (no income limit for families with four or more children), and persons diagnosed with certain chronic diseases.

**Cost sharing:** Copayments are required for unmarried persons with annual income from €15,379.12 to €20,503.22 and for families with total annual income from €30,756.53 to €37,589.23 plus €1,708.60 for each dependent child.

### **Dependents' Medical Benefits**

**Medical benefits for dependents:** Medical services are provided directly to patients in government hospitals and dispensaries. Benefits include medical treatment, hospitalization, maternity care, and medicine.

Benefits are free for the dependents of active and retired civil servants, the dependents of military and police personnel dependents, of social assistance recipients, families with annual income up to €30,754.83 plus €1,708.60 for each dependent child (no income limit for families with four or more children), and persons diagnosed with certain chronic diseases.

**Cost sharing:** Copayments are required for families with total annual income from €30,756.53 to €37,589.23 plus €1,708.60 for each dependent child.

### **Administrative Organization**

Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>), directed by a tripartite advisory Social Insurance Board and the Director of Social Insurance Services, administers the program.

Ministry of Health (<http://www.moh.gov.cy>) provides medical services through government hospitals.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1957.

**Current law:** 2010 (social insurance).



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

### Coverage

Employed persons.

Exclusions: Self-employed persons.

### Source of Funds

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

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

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

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

### Qualifying Conditions

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

### Temporary Disability Benefits

The pension consists of a basic benefit and a supplementary benefit. The basic benefit is 60% of the insured's average basic covered earnings in the last year. The supplementary benefit is 50% of average covered earnings exceeding basic covered earnings in the last year, up to twice the weekly basic covered earnings.

**Dependent's supplement:** The basic benefit is increased to 80% of average basic covered earnings for the first dependent; 90% for the second, and 100% for the third. A spouse is considered dependent if he or she is not working or is not receiving any benefit from the Social Insurance Fund.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

### Permanent Disability Benefits

**Permanent disability pension:** The pension consists of a basic pension and a supplementary pension. If the insured has an assessed incapacity of 100%, the full basic pension is 60% of weekly basic covered earnings. The supplementary pension is 60% of average covered earnings exceeding basic covered earnings in the last two years.

**Partial disability:** A percentage of the full (basic and supplementary) disability pension is paid according to the assessed degree of disability from 20% to 99%; a lump sum is paid for an assessed degree of disability from 10% to 19%.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Dependent's supplement:** The basic benefit is increased to 80% of average basic covered earnings for the first dependent; 90% for the second, and 100% for the third. A spouse is considered dependent if not working or receiving any benefit from the Social Insurance Fund.

**Benefit adjustment:** Benefits are adjusted in January and July each year according to changes in wages and prices.

### Workers' Medical Benefits

Benefits for the treatment of work injuries and occupational diseases include all necessary medical treatment and hospitalization in government clinics and hospitals.

### Survivor Benefits

**Survivor pension:** The pension consists of a basic pension and a supplementary pension. The basic pension is 60% of weekly basic covered earnings. The supplementary pension is 60% of the supplementary permanent disability pension for 100% incapacity.

The supplementary permanent disability pension for 100% incapacity is 60% of the deceased's average covered earnings exceeding basic covered earnings in the last two years.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

The survivor pension ceases on remarriage and a lump sum of one year of pension is paid.

**Orphan's pension:** The benefit is 20% of the deceased's basic covered earnings for one child, 30% for two children, and 40% for three or more children; for full orphans, 40% of the deceased's basic covered earnings is paid plus 50% of the supplementary survivor pension for one orphan or 100% for two or more orphans younger than age 15 (age 23 for an unmarried female orphan who is a full-time student, age 25 for an unmarried son who is a full-time student or is serving in the National Guard, no limit if disabled).

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Termination settlement:** When an orphan's pension ends due to age restrictions, a lump sum of one year of pension is paid.

**Dependent parent's pension (in the absence of the above):** The weekly pension is 40% of basic covered earnings plus 30% of the supplementary permanent disability pension.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Funeral grant:** A lump sum of €710.88 is paid to the widow(er) or the person who paid for the funeral.

### **Administrative Organization**

Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>), directed by a tripartite advisory Social Insurance Board and the Director of Social Insurance Services, administers the program.

Ministry of Health (<http://www.moh.gov.cy>) provides medical services through government-owned hospitals.

## **Unemployment**

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### **Regulatory Framework**

**First law:** 1956.

**Current law:** 2010 (social insurance).

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

### **Coverage**

Employed persons (including voluntarily insured persons who work for Cypriot employers abroad).

Employed persons aged 64 or 65 are covered if they are not entitled to an old-age pension.

Exclusions: Self-employed persons.

### **Source of Funds**

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

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

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

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

### **Qualifying Conditions**

**Unemployment benefits:** Must have at least 26 weeks of coverage, paid contributions on earnings of at least 26 times the weekly basic covered earnings, and paid or credited contributions on earnings of at least 20 times the weekly basic covered earnings in the last year. After entitlement to the benefit ceases, the insured can qualify for additional benefits after 26 weeks of work and paid contributions on earnings of at least 26 times the weekly basic covered earnings.

The insured must be capable of and available for work and must report weekly to the employment exchange. If unemployment is due to voluntary leaving, misconduct, direct participation in a trade dispute, or the refusal of a

suitable job offer, the insured may be disqualified for up to six weeks.

### **Unemployment Benefits**

The benefit consists of a basic benefit and a supplementary benefit. The basic benefit is 60% of the insured's average basic covered earnings in the last year. The supplement is 50% of average covered earnings exceeding basic covered earnings in the last year. The benefit is paid after a three-day waiting period (30 days for the voluntarily insured) for up to 156 days.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

The maximum weekly covered earnings are €1,025.

**Dependent's supplement:** The basic benefit is increased to 80% of average basic covered earnings for the first dependent; 90% for the second; and 100% for the third. A spouse is considered dependent if he or she is not working or is not receiving any benefit from the Social Insurance Fund.

### **Administrative Organization**

Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>), directed by a tripartite advisory Social Insurance Board and the Director of Social Insurance Services, administers the program.

## **Family Allowances**

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### **Regulatory Framework**

**First law:** 1987.

**Current laws:** 2002 (child benefit) and 2003 (mother's allowance).

**Type of program:** Universal system.

### **Coverage**

**Child benefit:** All residents of Cyprus.

**Mother's allowance:** Mothers residing in Cyprus.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### **Qualifying Conditions**

**Child benefit:** Paid to parents living with at least one dependent child. The child must be younger than age 15 (age 18 if unmarried; age 23 if a full-time student; age 25 if in military service; no limit if disabled).

Supplementary annual benefit: Paid to families according to gross family income in the three years before applying for the child benefit (annual income up to €34,172 in 2006).

**Mother's allowance:** Paid to mothers residing in Cyprus with at least four children who have ceased to be entitled to the child benefit as the children are older than the age limit.

**Marriage grant:** Either spouse must have at least 26 weeks of coverage, paid contributions on earnings of at least 26 times the weekly basic covered earnings, and paid or credited contributions on earnings of at least 20 times the weekly basic covered earnings in the last year. The grant is also paid to the nonworking wife of an insured man.

Weekly basic covered earnings are €170.88. Basic covered earnings are adjusted once a year according to changes in wages.

### **Family Allowance Benefits**

**Child benefit:** The annual basic benefit is €409.99 for families with one eligible child, €820 for two eligible children, €2,459.94 for three eligible children, and €1,352.98 for each child in families with four or more children.

Supplementary annual benefit: If the annual family income is €17,086 or less, the benefit is €102.49 for one eligible child, €409.98 for two eligible children, €922.50 for three

eligible children, and €430.86 for each child in families with four or more children.

If the annual family income is from €17,086.01 to €34,172.03, the benefit is €51.25 for families with one eligible child, €307.49 for two eligible children, €768.72 for three eligible children, and €281.87 for each child in families with four or more children.

**Mother's allowance:** An eligible mother receives €66.07 a month regardless of the number of children.

Schedule of payments: Thirteen payments (one every four weeks) a year.

**Marriage grant:** €710.88 is divided equally between the two spouses.

Benefit adjustment: Benefits are adjusted in January each year according to changes in the cost of living.

### **Administrative Organization**

Ministry of Finance (<http://www.mof.gov.cy>) administers the child benefit and mother's allowance programs.

Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>), directed by a tripartite advisory Social Insurance Board and the Director of Social Insurance Services, administers the program.