

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.