

Palau

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

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1967.

Current law: 1987 (social security), implemented in 1991.

Type of program: Social insurance system.

Coverage

Gainfully employed persons and certain categories of self-employed persons.

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

Exclusions: Casual labor and self-employed persons with no employees and gross quarterly earnings of less than US\$300.

Source of Funds

Insured person: 7% of earnings.

There are no maximum earnings used to calculate contributions.

Self-employed person: 14% of twice the salary of his or her highest paid employee; 14% of one quarter of gross annual earnings with no employees; none for persons who have reached the normal retirement age.

There are no maximum earnings used to calculate contributions.

Employer: 7% of payroll.

There are no maximum earnings used to calculate contributions.

Government: None; contributes as an employer.

Qualifying Conditions

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

Deferred pension: The pension may be deferred.

Earnings test: From the normal retirement age up to age 64, employment may continue and a reduced pension is paid. From age 65, there is no penalty for continuing to work.

The old-age pension is payable abroad under reciprocal agreement.

Disability pension: Must be assessed as incapable of substantial gainful activity due to a physical or mental disability that is expected to last for at least a year or result in death. Must have one quarter of coverage for each year after June 1968 or since age 21 (whichever is later) with at least 12 quarters of coverage, including at least eight quarters of coverage in the 13 quarters before the disability began; or at least 120 quarters of coverage at the time the disability began.

Earnings test: If the insured is younger than age 65, employment may continue and a reduced pension is paid. From age 65, there is no penalty for continuing to work.

The disability pension is payable abroad under reciprocal agreement.

Survivor pension: The deceased had at least one quarter of coverage for each year after June 1968 or since age 21 (whichever is later) or had at least eight quarters of coverage in the 13 quarters before death. Survivors may only receive one survivor pension.

Eligible survivors include a widow(er) and unmarried children younger than age 18 (age 22 if a student; no limit if disabled before age 22) who were dependent on or living with the deceased.

Earnings test: For a widow(er) younger than age 60, employment may continue and a reduced pension is paid. From age 60, there is no penalty for continuing to work.

The widow(er)'s pension ceases upon remarriage if the widow(er) is younger than age 60.

The survivor pension is payable abroad under reciprocal agreement.

Survivor settlement: The deceased did not meet the coverage requirements for an old-age or disability pension at the time of death.

Eligible survivors include (in order of priority) a widow(er), children, parents, a 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: 27% of the first US\$11,000 of the insured's cumulative covered earnings, 2.9% of earnings greater than US\$11,000 up to US\$44,000, 1.5% of earnings greater than US\$44,000 up to US\$499,999, and 0.75% of earnings above US\$499,999.

The minimum monthly old-age pension is US\$148.

Earnings test: The pension is reduced by US\$1 for every US\$3 of earnings above US\$3,000 a quarter until the insured reaches age 65.

Deferred pension: A pension is paid.

Permanent Disability Benefits

Disability pension: The monthly pension is 8.3% of the sum of the following: 27% of the first US\$11,000 of the insured's cumulative covered earnings, 2.9% of earnings greater than US\$11,000 up to US\$44,000, 1.5% of earnings greater than US\$44,000 up to US\$499,999, and 0.75% of earnings above US\$499,999.

The minimum monthly disability pension is US\$148.

Earnings test: The pension is reduced by US\$1 for every US\$3 of earnings above US\$3,000 a quarter until the insured reaches age 65.

Survivor Benefits

Survivor pension

Spouse's pension: 100% of the old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er) aged 60 or older; 60% if younger than age 60 or aged 60 or older and remarried.

The minimum monthly spouse's pension is US\$148.

Earnings test: The pension is reduced by US\$1 for every US\$3 of earnings above US\$3,000 a quarter until the widow(er) reaches age 60.

Orphan's pension: 15% of the old-age or disability pension the deceased received or was entitled to receive is paid to each eligible child.

The minimum monthly orphan's pension is US\$148.

The maximum combined monthly spouse's and orphan's pension is 100% of the old-age or disability pension the deceased received or was entitled to receive.

Survivor settlement: A lump sum is paid and split equally among eligible survivors.

Administrative Organization

Palau Social Security System Administration (<http://www.ropssa.org/>) administers the programs and collects contributions.

Sickness and Maternity

Regulatory Framework

First and current law: 2010 (health care financing).

Type of program: Social insurance and mandatory individual account system (medical benefits only).

Coverage

Employed persons.

Voluntary coverage for unemployed persons younger than age 60; self-employed persons with no employees and with quarterly earnings of up to US\$1,300; and dependents of

beneficiaries of government-subsidized National Health Insurance.

Source of Funds

Insured person

Social insurance (national health insurance): None.

Mandatory individual account (medical savings account): 2.5% of gross monthly earnings.

The insured's contributions are paid quarterly.

Self-employed person

Social insurance (national health insurance): US\$40.95 with quarterly earnings up to US\$1,300; 2.25% of earnings with quarterly earnings greater than US\$1,300 but less than US\$10,000; and 5% of earnings with quarterly earnings of at least US\$10,000.

The self-employed person's contributions are paid quarterly.

Mandatory individual account (medical savings account): A minimum deposit of US\$10.

Employer

Social insurance (national health insurance): 2.5% of gross monthly payroll.

The employer's contributions may be paid every two weeks or quarterly.

Mandatory individual account (medical savings account): None.

Government

Social insurance (national health insurance): The total cost of health insurance for persons older than age 60, unemployed, or disabled.

Mandatory individual account (medical savings account): None.

Qualifying Conditions

Persons older than age 60, unemployed, or disabled must have at least two quarters of coverage. Currently employed persons must have at least two quarters of contributions.

Sickness and Maternity Benefits

No statutory benefits are provided.

Workers' Medical Benefits

National health insurance (social insurance): 80% of the cost of necessary medical treatment, including off-island referrals to the Philippines and Taiwan (up to US\$35,000 for each case).

Copayment: The maximum copayment ranges from US\$200 to US\$400 for treatment in Palau (US\$1,000 to US\$4,000 for treatment abroad), depending on annual household income.

Medical savings account (mandatory individual account): The medical savings account may be used to cover copayments of up to 20% of the cost of treatment at public hospitals and clinics and participating private clinics (up to the cost of equivalent treatment, if available, at public hospitals) and private insurance premiums.

Other withdrawals are not possible. If the account holder dies or permanently leaves the country (noncitizens only), the individual account balance is paid to (in order of priority) the surviving spouse, children (split equally), parents (split equally), or other designated beneficiaries.

Dependents' Medical Benefits

National health insurance (social insurance) and medical savings account (mandatory individual account): Medical benefits for dependents are the same as those for the insured.

Eligible dependents include a spouse, a cohabiting partner under certain conditions, and children younger than age 18 (age 21 if a student). Other family members are not covered by the National health insurance program but may receive benefits through the insured's medical savings accounts.

Administrative Organization

National Healthcare Governing Committee provides general supervision.

Palau Social Security System Administration (<http://www.ropssa.org/>) administers the programs and collects contributions.