

Bulgaria

Exchange rate: US\$1.00 equals 1.65 leva.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1924.

Current laws: 2000 (social insurance), with 2000, 2001, 2002, and 2003 amendments; and 2000 (pensions), with amendments.

Type of program: Social insurance, mandatory individual account, and social assistance system.

Note: A new system consisting of a social insurance first pillar plus a second pillar of individual accounts was implemented in January 2002. Coverage under the first pillar is universal. The mandatory individual account system covers all employees born after December 31, 1959.

Coverage

Employed persons, self-employed persons, free-lance professionals, artists, craftsmen, and farmers.

Voluntary coverage is not possible.

There are no special systems for any specified groups of employees under the first pillar.

Source of Funds

Insured person: 8.05% of gross earnings for social insurance only; 6.65% of gross earnings (social insurance) plus 1.4% of gross earnings (mandatory individual account) for persons born after December 31, 1959, and up to 5% of contributions (deducted from the insured's contributions) and up to 1% per year of accumulated funds for administrative fees.

The minimum monthly earnings for contribution purposes are 180 leva.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Self-employed person: 23% of declared income for social insurance only; 19% of declared income (social insurance) plus 4% of declared income (mandatory individual account) for persons born after December 31, 1959, and up to 5% of contributions (deducted from the self-employed person's contributions) and up to 1% per year of accumulated funds for administrative fees.

The minimum monthly earnings for contribution purposes are 180 leva.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Employer: 14.95% of payroll for social insurance only; 12.35% of payroll (social insurance) plus 2.6% of payroll (mandatory individual account) on behalf of persons born after December 31, 1959.

The minimum monthly earnings for contribution purposes are 180 leva.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Government: Any deficit in the social insurance system and the cost of social pensions; contributes as an employer.

Qualifying Conditions

Old-age pension

Social insurance: Age 63 (men) or age 58 and 6 months (women). The insured's age plus the length of the insured's insurance coverage period must be equal to at least 100 points for men and 92 points for women (individuals are awarded one point for each year of age as well as one point for each year of insurance coverage).

The retirement age for women is increasing gradually by 6 months each year until it reaches age 60 in 2009.

If the insured has an insufficient number of points, a pension is payable with 15 years of insurance coverage (including 12 years of actual service) at age 65 (men and women).

Early pension: There is no early pension.

Deferred pension: The pension can be deferred. There is no maximum deferral period.

Benefits are payable abroad.

Mandatory individual account: Age 63 (men) or age 58 and 6 months (women). The retirement age for women is increasing gradually by 6 months each year up to age 60 in 2009.

Early pension: An early pension is possible, depending on the insured's occupation.

Benefits are payable abroad under reciprocal agreement.

Old-age social pension (income-tested): Aged 70 or older.

Disability pension

Disability pension for a general disease (social insurance): There is no minimum qualifying period for individuals younger than age 20 or for persons assessed as blind; 1 year for those aged 25 to 29; 3 years for those aged 30; or 5 years for those older than age 30.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Benefits are payable abroad.

Disability pension for a work injury or an occupational disease (social insurance): There is no minimum qualifying period.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Mandatory individual account (disability pension): No benefits are provided.

Disability social pension (income-tested): Aged 16 or older with an assessed loss of working capacity of more than 71%.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Survivor pension

Survivor pension (social insurance): Payable for children up to age 18 (age 26 if a student or soldier, no limit if disabled), a surviving spouse within 5 years of attaining the retirement age (earlier if disabled), and parents older than the normal retirement age who do not receive a pension in their own right. Parents of insured persons who died during military service are eligible regardless of age.

Benefits are payable abroad.

Mandatory individual account (survivor pension): No benefits are provided.

Old-Age Benefits

Old-age pension

Social insurance old-age pension: The pension is equal to 1% of taxable income for each year of insurance coverage. Taxable income for benefit calculation purposes is proportionally reduced for partial years of insurance coverage.

The minimum old-age pension for pensioners with the required number of points at the normal retirement age is 85 leva (July 2006); otherwise, 66.15 leva.

Benefit adjustment: The minimum pension is set annually by government.

Early pension: There is no early pension.

Deferred pension: There is no maximum deferral period.

Mandatory individual account: Benefits are paid as a pension and are based on the accumulated capital in the individual account and life expectancy. Benefits are paid directly by the private fund, and no annuity is bought.

Social pension (income-tested): 63 leva a month.

Income test: The income ceiling for eligibility for the social pension is the guaranteed minimum monthly income (55 leva) per family member during the last 12 months.

Permanent Disability Benefits

Disability pension

Disability pension for a general disease (social insurance): The pension is based on the number of years of contributions, taxable income, the age of the insured if younger than the normal retirement age, and the assessed degree of loss of working capacity.

The minimum disability pension for a general disease varies from 50% to 140% of the social pension (from 31.50 leva to 88.20 leva a month). (Beginning July 2006, the minimum disability pension will be calculated as a percentage of the minimum old-age pension.)

The social pension is 63 leva a month.

Disability pension for a work injury or an occupational disease (social insurance): The pension is based on the number of years of contributions, taxable income, the age of the insured if younger than the normal retirement age, and the degree of loss of working capacity.

Mandatory individual account (disability pension): No benefits are provided.

Disability social pension (income-tested): The pension is calculated as a percentage of the social pension, according to the degree of loss of working capacity: 120% of the social pension (75.60 leva) is paid for a loss of working capacity greater than 90%; 110% of the social pension (69.30 leva) for a loss of working capacity of 71% to 90%. (Beginning July 2006, the minimum disability social pension will be calculated as a percentage of the minimum old-age pension.)

Survivor Benefits

Survivor pension

Survivor pension (social insurance): 50% of the deceased's pension is paid for one survivor; 75% for two survivors; 100% for three or more survivors. The pension is split equally among all entitled survivors. Full orphans receive the sum of the pensions of both deceased parents.

Survivor's supplement: 20% of the deceased's pension is paid.

The minimum pension for each survivor is 90% of the monthly social pension (56.70 leva). (Beginning July 2006, the minimum survivor pension will be calculated as a percentage of the minimum old-age pension.)

The social pension is 63 leva a month.

Mandatory individual account (survivor pension): No benefits are provided.

Administrative Organization

Ministry of Labor and Social Policy (<http://www.mlsp.government.bg>) is responsible for developing,

coordinating, and implementing state policy in social insurance and social assistance.

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

Financial Supervision Commission (http://www.fsc.bg/e_start.asp) is responsible for the licensing and supervision of pension funds and controls the system of mandatory individual accounts.

Sickness and Maternity

Regulatory Framework

First law: 1918.

Current laws: 1998 (health insurance); and 2000 (social insurance), with amendments.

Type of program: Social insurance system.

Coverage

Cash sickness and maternity benefits: Employees working for more than 5 days or 40 hours a month, including civil servants, judges, prosecutors, investigators, bailiffs, military personnel, members of cooperatives, paid public officials, and clergy.

Voluntary coverage for registered freelance professionals and artisans, sole proprietors, owners or partners in commercial companies, registered farmers, and working pensioners.

Medical benefits: All persons residing in Bulgaria.

Source of Funds

Insured person

Cash benefits: 1.05% of gross earnings.

Medical benefits: 2.1% of gross earnings.

The minimum monthly earnings for contribution purposes are 180 leva.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Self-employed person

Cash benefits: Voluntary contributions of 3% of declared earnings.

Medical benefits: 6% of declared earnings.

The minimum monthly earnings for contribution purposes are 180 leva.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Employer

Cash benefits: 1.95% of payroll.

Medical benefits: 3.9% of payroll.

Government: Any deficit; contributes as an employer.

Qualifying Conditions

Cash sickness and maternity benefits: Must have 6 months of insurance coverage.

There is no qualifying period for an insured person younger than age 18.

Medical benefits: Must reside in Bulgaria.

Sickness and Maternity Benefits

Sickness benefit: The benefit is equal to 80% of earnings and is payable for up to 90 days. Benefits are also payable for the entire period of a temporary incapacity due to quarantine. Benefit may be paid for sanatorium treatment including 3 days for travel, depending on the health authority.

Earnings are based on the average daily gross wage or average daily insured earnings during the 6 calendar months before the onset of the incapacity.

Benefits are payable for providing care to sick family members and accompanying them during medical treatment: for up to 10 days for a family member older than age 18; for up to 60 days if the family member is younger than age 18; for caring for a sick child up to age 3 if the insured is hospitalized with the child; or to provide care to a family member for the duration of the quarantine period.

Maternity benefit: The benefit is equal to 90% of the average daily insurance basis. The benefit is paid for a period of 135 days, beginning 45 days before the expected date of childbirth.

Child care benefit: The benefit is 130 leva and is paid until the child reaches age 2.

Assistance to students: Includes a lump sum payable during pregnancy and a lump sum for giving birth; a monthly allowance for a child until she or he leaves secondary education or up to age 20; and a monthly allowance for child care for a child up to age 1.

Funeral grant: Twice the minimum wage (240 leva) is split equally among the spouse, children, and parents.

Workers' Medical Benefits

Medical services are provided directly to patients according to a contract between medical institutions and the National Health Insurance Fund. Benefits include general and specialist care at health centers, outpatient departments of hospitals, or home; hospitalization; prescribed medicines; dental care; and necessary appliances.

Dependents' Medical Benefits

Medical services are provided directly to patients according to a contract between medical institutions and the National Health Insurance Fund. Benefits include general and specialist care at health centers, outpatient departments of hospitals, or home; hospitalization; prescribed medicines; dental care; and necessary appliances.

Administrative Organization

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

National Health Insurance Fund (<http://www.nhif.bg>) administers medical benefits.

Work Injury

Regulatory Framework

First law: 1924.

Current law: 2000 (social insurance), with 2000, 2001, 2002, 2003, 2004, and 2005 amendments.

Type of program: Social insurance system.

Coverage

Employees working for more than 5 days or 40 hours a month, including civil servants, judges, prosecutors, investigators, bailiffs, military personnel, members of cooperatives, paid public officials, and clergy.

Voluntary coverage for registered freelance professionals and artisans, sole entrepreneurs, owners or partners in commercial companies, registered farmers, and working pensioners.

Source of Funds

Insured person: None.

Self-employed person: Voluntary contributions only.

Employer: 0.4% to 1.1% of payroll, according to the assessed degree of risk.

Government: None; contributes as an employer.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The benefit is equal to 90% of the insured's earnings and is payable from the first day of incapacity until recovery or certification of permanent disability.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Permanent Disability Benefits

Permanent disability pension: The monthly pension is between 50% and 100% of the insured's earnings, according to the assessed degree of loss of working capacity.

The pension is paid as a percentage of the social pension: 150% of the social pension is paid for an assessed degree of loss of working capacity greater than 90%; 140% is paid if between 71% and 90%; and 115% is paid if between 50% and 70.99%.

The minimum pension varies from 64.15 leva to 94.50 leva a month. (Beginning July 2006, the minimum permanent disability pension will be calculated as a percentage of the minimum old-age pension.)

Constant-attendance allowance: 75% of the social pension is paid.

The social pension is 63 leva a month.

Ministry of Health Medical Expert Commissions are responsible for assessing the degree of loss of working capacity.

Survivor Benefits

Survivor pension: One survivor receives 50% of the insured's disability pension; two survivors receive a combined total of 75%; three or more survivors receive a combined total of 100%.

The minimum pension is 90% of the social pension. (Beginning July 2006, the minimum survivor pension will be calculated as a percentage of the minimum old-age pension.)

The social pension is 63 leva a month.

Administrative Organization

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

Unemployment

Regulatory Framework

First law: 1925.

Current law: 2000 (social insurance), with 2002 amendment.

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Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: 1.225% of gross earnings.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Self-employed person: Not applicable.

Employer: 2.275% of payroll.

The maximum monthly earnings for contribution purposes are 1,400 leva.

Government: None.

Qualifying Conditions

Unemployment benefits: Must have 9 months of insurance coverage.

Unemployment Benefits

The benefit is equal to 60% of average earnings in the last 9 months. The duration of benefit entitlement varies according to the length of the insurance coverage period. The benefit is paid for up to 4 months with 3 years of insurance coverage; for up to 12 months with more than 25 years of insurance coverage.

The benefit is proportionately reduced for part-time workers.

If an eligible worker becomes unemployed within 3 years of previous entitlement, the benefit is payable for a maximum of 4 months.

The benefit may be combined with a disability pension and family benefits for a child younger than age 18.

The minimum benefit is 80 leva; may be less for a part-time worker.

For voluntarily unemployed persons and persons who are dismissed or who become eligible for unemployment benefits within 3 years of previous entitlement, only the minimum benefit is paid.

The maximum benefit is 120 leva.

Administrative Organization

Managed by a tripartite supervisory board comprising representatives of the government, employers, and workers, the National Social Security Institute (<http://www.nssi.bg>) administers the social insurance system.

National Employment Agency (<http://www.nsz.government.bg>), an executive agency of the Minister of Labor and Social Policy, is responsible for the implementation of policy on employment promotion.

Family Allowances

Regulatory Framework

First law: 1942.

Current laws: 1985 (family); 2000 (social insurance), with 2000, 2001, 2002, and 2003 amendments; and 2002 (family benefits).

Type of program: Social assistance system.

Coverage

All persons residing in Bulgaria.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowances: The monthly income for each family member must not be greater than 200 leva (except if the child is permanently disabled). The child must reside in Bulgaria, attend school (from age 7 up to age 18), and not be in a specialized child care institution.

Child-rearing allowance: The monthly income for each family member must not be greater than 200 leva. The child must reside in Bulgaria and not be in a specialized child care institution. The allowance is payable until the child is age 1 if the mother is not receiving maternity benefits; age 2 if the child is disabled, regardless of any family income.

Birth grant: Payable for each live birth regardless of family income.

Family Allowance Benefits

Family allowances: Each child receives 18 leva a month. If the child is permanently disabled, 36 leva a month is paid, plus a monthly supplement of 70% of the guaranteed minimum income.

The guaranteed minimum income is 55 leva a month.

Child-rearing allowance: 100 leva a month is paid.

Birth grant: 200 leva is paid for the first, second, and third child, and 100 leva on the birth of each subsequent child.

For the birth of twins, one of which is the third child, the benefit is paid for each twin at the amount of a third child. If the child is assessed as more than 50% permanently disabled, one additional birth grant is paid.

Administrative Organization

Social Assistance Agency (<http://www.mfsp.government.bg>) of the Ministry of Labor and Social Assistance administers the program.