

Panama

Exchange rate: US\$1.00 equals 1.00 balboa.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1941.

Current law: 2005 (social insurance).

Type of program: Social insurance system.

Note: A system of mandatory individual accounts was introduced to complement the social insurance system in January 2008. The system covers all new entrants to the labour force in 2008 and self-employed persons who were younger than age 35 on January 1, 2007. Employees who were first employed in 2006 or 2007 and all other self-employed persons may opt to join. Insured persons who were aged 35 on January 1, 2006, could opt to join until December 31, 2007.

Coverage

Employees in public- and private-sector employment, including occasional, seasonal, and domestic workers.

Voluntary coverage for self-employed persons.

Source of Funds

Insured person: 7.25% of gross earnings (8% from 2008, 9% from 2011, and 9.75% from 2013).

The minimum earnings for contribution purposes are equal to either the monthly minimum pension (175 balboas) or 100 balboas for employees with earnings above this level.

There are no maximum earnings for contribution purposes.

The insured's contributions also finance sickness and maternity benefits.

Self-employed person: A voluntary contribution of 9.5% of declared earnings (11% from 2008, 12.5% from 2011, and 13.5% from 2013).

The minimum declared earnings for contribution purposes are 300 balboas.

There are no maximum earnings for contribution purposes.

Employer: 10.75% of gross payroll (11.5% from 2008, 12% from 2011, and 12.25% from 2013).

The minimum earnings for contribution purposes are equal to either the monthly minimum pension (175 balboas) or 100 balboas for employees with earnings above this level.

There are no maximum earnings for contribution purposes.

The employer's contributions also finance sickness and maternity benefits.

Government: 0.8% of earnings, declared earnings, and pensions paid to state pensioners; the proceeds of an earmarked tax on beverages and tobacco; a subsidy of 20.5 million balboas a year; and 10% of income received from optical fibre concessions.

Government contributions also finance sickness and maternity benefits.

Qualifying Conditions

Old-age pension: Age 62 (men) or age 57 (women) with 180 months of contributions. Retirement is necessary. Beginning 2008, the retirement age will decrease to age 60 (men) or age 55 (women).

Early pension: There is no early pension.

Deferred pension: A deferred pension is possible. There is no maximum age of deferral.

The pension is payable abroad.

Old-age settlement: Paid at the normal retirement age if the insured does not meet the contribution conditions for a pension.

Disability pension: Paid for a loss of 2/3 of earning capacity. The insured must have at least 36 months of contributions, including 18 months in the last 3 years; or a total of 180 months of contributions. The pension is paid for 2 years (may be extended) and the assessed degree of disability may be reviewed at any time at the request of the insured or the Social Insurance Fund.

The Medical Qualification Commission assesses the degree of disability.

The disability pension is payable abroad.

The disability pension is not replaced by the old-age pension at the normal retirement age.

Disability grant: Paid if the insured does not meet the qualifying conditions for a full pension but has at least 12 months of contributions, including 6 months in the year before the disability began.

Survivor pension: The insured met the qualifying conditions for the disability pension or was a pensioner at the time of death.

The survivor pension is payable abroad.

Old-Age Benefits

Old-age pension: The pension is equal to 60% of the insured's average earnings in the best 7 years of earnings, plus 1.25% of earnings for each 12-month period of contributions exceeding 180 months.

Early pension: There is no early pension.

Deferred pension: An additional 2% of earnings is paid for each 12-month period of contributions after the normal retirement age.

Dependent's supplement (at the normal retirement age): Twenty balboas a month is paid for a wife and 10 balboas for each child younger than age 18 (no limit if disabled), up to a maximum of 100 balboas.

The minimum monthly pension is 175 balboas.

The maximum monthly pension is 1,000 balboas; 1,500 balboas with 25 years of coverage and average monthly earnings of 1,500 balboas in a 15-year period.

The pension plus supplements must not exceed 100% of the insured's average earnings used for the pension calculation.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on economic conditions.

Old-age settlement: A lump sum is paid equal to 1 month's pension for each 6-month period of contributions.

Permanent Disability Benefits

Disability pension: The pension is equal to 60% of the insured's average earnings in the best 7 years of earnings, plus 1.25% of earnings for each 12-month period of contributions exceeding 180 months. If the total contribution period is less than 7 years, the pension is based on 60% of average earnings in the period credited.

Dependent's supplement: Twenty balboas a month is paid for a wife and 10 balboas for each child younger than age 18 (no limit if disabled), up to a maximum of 100 balboas.

The minimum monthly pension is 175 balboas.

The maximum monthly pension is 1,000 balboas; 1,500 balboas with 25 years of coverage and average monthly earnings of 1,500 balboas in a 15-year period.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on economic conditions.

Disability grant: A lump sum is paid equal to 1 month's pension for each 6-month period of contributions.

Survivor Benefits

Survivor pension: 50% of the pension paid or payable to the deceased is paid to a widow aged 57 or older or disabled or caring for a child. A limited pension is paid to other widows for 5 years only. The pension is also paid to a dependent disabled widower.

Orphan's pension: 20% of the deceased's pension is paid for each orphan younger than age 14 (age 18 if a student, no limit if disabled); 50% for a full orphan.

Other dependents (in the absence of the above): The deceased's mother or aged or disabled father receives 30% of the deceased's pension; eligible brothers and sisters receive 20% of the deceased's pension until age 14.

The minimum pension is equal to 87.50 balboas for a widow, 35 balboas for half orphans, 52.50 for parents in the absence of widow and orphans; 35 balboas for brothers and sisters in the absence of widow, orphans, and parents.

All survivor benefits combined must not exceed 100% of the deceased's pension, up to a maximum of 1,500 balboas.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on economic conditions.

Funeral grant: A lump sum of 300 balboas is paid.

Administrative Organization

Managed by a board of directors with tripartite representation and a director general with an advisory board for technical advice, the Social Insurance Fund (<http://www.css.org.pa>) administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1941.

Current law: 2005 (social insurance).

Type of program: Social insurance system.

Coverage

Employees in public- and private-sector employment, including occasional, seasonal and domestic workers, and pensioners.

Voluntary coverage for self-employed persons.

Source of Funds

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

Self-employed person: A voluntary contribution of 8.5% of declared gross earnings.

The minimum declared earnings for contribution purposes are 300 balboas.

There are no maximum earnings for contribution purposes.

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

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

Qualifying Conditions

Cash sickness benefits: The insured must have at least 6 months of contributions in the last 9 months.

Cash maternity benefits: The insured must have at least 9 months of contributions in the 12 months before the 7th month of pregnancy.

Medical benefits: Must be currently insured or a pensioner; if the insured becomes unemployed, coverage continues for 3 months after the end of employment (24 months for insured persons with at least 180 months of contributions).

Sickness and Maternity Benefits

Sickness benefit: The benefit is equal to 70% of the insured's average earnings in the last 2 months. The benefit is paid after a 3-day waiting period for up to 52 weeks for any one incapacity; may be extended for up to 26 additional weeks for the same incapacity with a possible further extension of up to a year with the agreement of the Social Insurance Fund.

There are no minimum or maximum benefits.

Maternity benefit: The benefit is equal to 100% of the insured's average earnings in the last 9 months and is paid for up to 6 weeks before and 8 weeks after the expected date of childbirth.

There is no provision of paid parental leave.

Workers' Medical Benefits

Benefits include general and specialist care, surgery, hospitalization, laboratory services, medicines, dental care, and maternity care.

Medical services are normally provided directly through the facilities of the Social Insurance Fund or are provided by the Ministry of Health, with the cost reimbursed. In special cases, including those in which the Fund or Ministry have no facilities, the cost of private care obtained in the country or abroad may be reimbursed in part or in full, with the authorization of the Fund.

There is no limit to duration if the medical service is necessary.

Dependents' Medical Benefits

Benefits include general and specialist care, surgery, hospitalization, laboratory services, medicines, and dental care. Benefits are provided to the insured's wife and children younger than age 18 (age 25 if a student or disabled), a dependent mother, a disabled father, or parents older than age 60.

Administrative Organization

Managed by a board of directors with tripartite representation and a director general with an advisory board for technical advice, the Social Insurance Fund (<http://www.css.org.pa>) administers the program.

Social Insurance Fund operates its own hospitals and other medical facilities in larger cities.

Ministry of Health (<http://www.minsa.gob.pa>) is responsible for national health policy.

Work Injury

Regulatory Framework

First law: 1916.

Current laws: 1970 (occupational risks) and 2005 (social insurance).

Type of program: Employer-liability system, involving compulsory insurance with a public carrier.

Coverage

Employees in public- and private-sector employment, including occasional, seasonal, and domestic workers.

Exclusions: Self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost is met through the payment of insurance premiums. The cost of premiums varies with the assessed degree of risk. The average premium is 1.7% of payroll.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.

Temporary Disability Benefits

Temporary disability benefit: The monthly benefit is equal to 100% of the insured's earnings for the first 2 months; thereafter, 60% of earnings from the 3rd to the 12th month.

Permanent Disability Benefits

Permanent disability pension: If assessed as 100% disabled, the pension is equal to 60% of the insured's earnings.

The minimum monthly pension is 175 balboas.

The maximum monthly pension is 1,000 balboas.

Partial disability: A percentage of the full pension is paid according to the assessed degree of disability. The pension may be increased if the assessed degree of disability is greater than 35%; may be paid as a lump sum if the assessed degree of disability is 35% or less.

The Medical Qualification Commission assesses the disability.

The permanent disability pension may be replaced by the old-age pension at the normal retirement age if the insured meets the qualifying conditions for the old-age pension.

The pension is payable abroad.

Benefit adjustment: Benefits are reviewed every 2 years.

Workers' Medical Benefits

Benefits include general and specialist care, surgery, medicines, hospitalization, and appliances.

Survivor Benefits

Survivor pension: A widow or a disabled widower receives a pension equal to 25% of the deceased's earnings; 30% if the survivor is the sole beneficiary or is disabled.

Orphan's pension: The pension for one orphan younger than age 18 is equal to 15% of the deceased's earnings; for two orphans, 25%; for three orphans, 35%; for four or more orphans, 40%. A sole full orphan receives 30% of the deceased's earnings; for two or more full orphans, 15% of the deceased's earnings each.

Other dependent's pension (in the absence of the above): In order of priority, the deceased's mother receives between 20% and 30% of the deceased's earnings. The pension is paid for up to 10 years. Brothers or sisters younger than age 18 (no limit if disabled) and disabled or elderly relatives, including great grandparents, receive 10% each, up to a maximum of 30%. The pension is paid for up to 6 years.

If the value of all survivor benefits combined exceeds 75% of the deceased's earnings, the benefits are reduced proportionately.

The pension is payable abroad.

Funeral grant: A lump sum of 300 balboas is paid.

Administrative Organization

Managed by a board of directors with tripartite representation and a director general with an advisory board for technical advice, the Social Insurance Fund (<http://www.css.org.pa>) administers the program.

Social Insurance Fund operates its own hospitals and other medical facilities in larger cities.

Ministry of Health (<http://www.minsa.gob.pa>) is responsible for national health policy.

Unemployment

Regulatory Framework

No statutory benefits are provided.

Under the 1972 Labor Code, employers are required to provide workers with a severance payment at the end of the labor contract.