

Estonia

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

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1924.

Current laws: 1992 (old-age pensions), 1992 (pensions), 2000 (funeral benefit), 2001 (individual accounts), 2004 (individual accounts), and 2004 (investments).

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

Coverage

Social insurance: All persons residing permanently in Estonia; noncitizens residing temporarily in Estonia and legal refugees.

Mandatory individual account: All persons born after December 31, 1982, who are covered by social insurance, including self-employed persons. Voluntary coverage for persons born after December 31, 1941, or before January 1, 1983.

Source of Funds

Insured person

Social insurance: None.

Mandatory individual account: 2% of earnings plus an administrative fee.

There are no maximum earnings used to calculate contributions.

Self-employed person

Social insurance: 16% of declared covered earnings.

Mandatory individual account: 4% of declared earnings plus an administrative fee.

Employer

Social insurance: 16% of gross payroll.

There are no maximum earnings used to calculate contributions.

Mandatory individual account: 4% of gross payroll.

There are no maximum earnings used to calculate contributions.

Government

Social insurance: The total cost of national pensions and pension supplements and allowances for some categories of insured persons; and the cost of funeral grants.

Mandatory individual account: None.

Qualifying Conditions

Social insurance

Old-age pension: Age 63 with at least 15 years of service (men) or age 61 with at least 15 years of service (women). (The retirement age for women is rising gradually until it reaches age 63 in 2016; the retirement age for men and women will rise gradually from 2017 to 2026 until it reaches age 65.)

Retirement is possible up to five years before the normal retirement age with at least 15 years of service if the insured worked under dangerous or hazardous conditions.

Early pension: Retirement is possible up to three years before the normal retirement age with at least 15 years of service.

Deferred pension: The pension may be deferred. There is no age limit.

National old-age pension: Age 63 and does not qualify for a social insurance old-age pension. Must have resided in Estonia for at least five years before applying for benefits and must not be receiving a pension from any other country.

Pension supplement: The supplement is paid to veterans of the Estonian War of Independence and their widow(er)s; persons assessed with at least a 40% loss of earning capacity as a result of a nuclear test or accident; and veterans of WWII or military personnel.

Disability pension: Aged 25 to 62 with one to 14 years of coverage, depending on age.

The pension is paid for a total disability (100% loss of earning capacity) or partial disability (40% to 99% loss of earning capacity).

The pension is paid for six months; for one, two, three, or five years (renewable periods); or until retirement age, according to the assessed degree of disability.

A medical expert assesses the degree of disability.

National disability pension: The insured must be assessed with a loss of at least 40% of earning capacity, must not qualify for a social insurance disability pension, and must not receive a pension from any other country.

Pension supplement: The supplement is paid to veterans of the Estonian War of Independence and their widow(er)s; persons assessed with at least a 40% loss of earning capacity as a result of a nuclear test or accident; veterans of WWII or military personnel; and certain prisoners of war.

Survivor pension: Survivors must be incapable of gainful activity. Paid to insured persons aged 25 to 62 with 1 to 14 years of coverage, depending on age.

An eligible spouse must meet one of the following conditions: be in at least the 12th week of pregnancy; nonworking and raising the deceased's child who is younger than age 3; permanently disabled and married to the deceased for at least a year; divorced and permanently incapable of work before the divorce or if the incapacity began in the year immediately after the divorce, must have been married for at least 25 years and reached pensionable age within three years after the divorce; or of pensionable age.

Other eligible survivors include children, stepchildren, siblings, and grandchildren younger than age 18 (age 24 if a full-time student, no limit if disabled); parents or step-parents of pensionable age or with a disability; or a nonemployed guardian raising the deceased's children.

National survivor pension: Paid on the death of the family breadwinner who was not eligible for a social insurance pension. The survivor must not receive a pension from any other country.

Mandatory individual account

Old-age pension: Age 63 with at least 15 years of service (men) or age 61 with at least 15 years of service (women), receiving the social insurance old-age pension, and first contributed to the individual account at least five years before the date of retirement. The retirement age for women is rising gradually until it reaches age 63 in 2016; the retirement age for men and women will rise gradually from 2017 to 2026 until it reaches age 65.

Survivor pension: The pension is paid to survivors named by the deceased; if there are no named survivors, the pension is paid to the deceased's spouse and orphans.

Old-Age Benefits

Social insurance

Old-age pension: A monthly flat-rate amount of €114.66 (April 2011) plus a length-of-service component (for years of service up to December 31, 1998) and an insurance component (for those who have paid the social tax since January 1, 1999).

The monthly length-of-service component is €4.34 (April 2011) multiplied by the number of years of service up to December 31, 1998.

The insured component is the sum of annual pension coefficients calculated on the basis of registered Social Tax paid after January 1, 1999 multiplied by €4.34 (April 2011).

Persons receiving an old-age pension may continue working.

Early pension: The pension is reduced by 0.4% for each month before the normal retirement age.

Persons receiving the early pension must cease all gainful activity.

Deferred pension: The pension is increased by 0.9% for each month of deferral.

The minimum monthly old-age pension is equal to the national pension rate of €128.45 (April 2011).

There is no maximum old-age pension.

Benefit adjustment: Benefits are adjusted annually in April according to changes in the consumer price index and the annual increase in social tax contributions.

National old-age pension: The pension is equal to the minimum monthly old-age pension.

The minimum monthly old-age pension is €128.45 (April 2011).

Pension supplement: Veterans of the Estonian War of Independence and their widow(er)s receive 100% of the national pension rate; persons incapacitated for work as a result of a nuclear test or accident and veterans of WWII or military personnel receive 10%.

The monthly national pension rate is €128.45 (April 2011).

Benefit adjustment: The national pension is adjusted annually by the Estonian parliament.

Mandatory individual account

Old-age pension: The value of the pension depends on the insured's contributions plus accrued interest. At retirement, the accumulated capital must be used to provide a life annuity or if the pension is less than 25% of the national pension rate, to make programmed withdrawals.

The monthly national pension rate is €128.45 (April 2011).

Permanent Disability Benefits

Social insurance

Disability pension: The monthly disability pension is the insured's old-age pension or a flat-rate amount of €114.66 (April 2011) plus a length-of-service component based on 30 years of coverage multiplied by the assessed degree of disability, whichever is greater.

The monthly length-of-service component is €4.34 (April 2011) multiplied by the number of years of service up to December 31, 1998.

The minimum monthly disability pension is the national pension rate of €128.45 (April 2011).

There is no maximum disability pension.

Persons receiving a disability pension may continue working.

The disability pension is replaced by an old-age pension at retirement age.

Benefit adjustment: Disability pensions are adjusted annually in April according to changes in the consumer price index and the annual increase in social tax contributions.

National disability pension: A percentage of the monthly national pension rate is paid according to the assessed degree of disability. The monthly national pension rate is €128.45 (April 2011).

Persons receiving the national disability pension may continue working.

Pension supplement: Veterans of the Estonian War of Independence and their widow(er)s receive 100% of the national pension rate; persons incapacitated for work as a result of a nuclear test or accident and veterans of WWII or military personnel receive 10%; and certain prisoners of war receive 20%.

The monthly national pension rate is €128.45 (April 2011).

Benefit adjustment: The national pension rate is adjusted annually by the Estonian parliament.

Survivor Benefits

Social insurance

Survivor pension: 50% of the reference pension for one survivor, 80% for two and 100% for three or more. The amount is split equally among all eligible survivors.

The reference pension is the higher of the deceased's old-age pension or the sum of the flat-rate amount of €114.66 (April 2011) plus a length-of-service component based on 30 years of coverage (see old-age pension).

The survivor pension is paid for 12 months after remarriage.

Full orphans receive the survivor pension for both parents.

The minimum survivor pension is 40% of the old-age pension paid for a person with a length-of-service component based on 30 years of coverage (see old-age pension).

The maximum survivor pension is 100% of the old-age pension paid for a person with a length-of-service component based on 30 years of coverage (see old-age pension).

National survivor pension: 50% of the national pension rate for one survivor, 80% for two and 100% for three or more. The amount is split equally among all eligible survivors.

The monthly national pension rate is €128.45 (April 2011).

Benefit adjustment: The national pension rate is adjusted annually by the Estonian parliament.

Death grant: A lump sum of €191.74 is paid by local governments only.

Mandatory individual account

Survivor pension: If the insured dies before retirement, designated survivors receive the accumulated value of the individual account. If the insured dies after retirement, designated survivors may receive a periodic benefit for at least five years.

Administrative Organization

Social insurance

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management and supervision.

National Social Insurance Board (<http://www.ensib.ee>) is responsible for overall planning and coordination.

Mandatory individual account

Ministry of Finance (<http://www.fi.ee>) supervises the Financial Supervisory Authority and the Registrar of the Estonian Central Register of Securities.

Financial Supervisory Authority (<http://www.fi.ee>) supervises financial services providers, including pension management companies and life insurance companies.

Registrar of the Estonian Central Register of Securities (<http://www.e-register.ee>) sets up a pension account for each insured person.

Sickness and Maternity

Regulatory Framework

First law: 1924.

Current laws: 2000 (health insurance fund), implemented in 2001; 2002 (health organization); and 2002 (health insurance).

Type of program: Social insurance system.

Coverage

Cash benefits: Insured employees, employers, and self-employed persons.

Medical benefits: Insured persons with an employment contract; public-sector workers; military personnel; persons receiving certain benefits; caregivers; persons younger than age 19; and students.

Voluntary coverage for persons who were previously insured for at least 12 months in the last two years and for persons receiving a pension from another country.

Source of Funds

Insured person: None.

Voluntarily insured contributors pay €103 a month.

Self-employed person: 13% of declared earnings.

The self-employed person's contributions also finance work injury benefits.

Employer: 13% of payroll.

The employer's contributions also finance work injury benefits.

Government: None.

Qualifying Conditions

Cash benefits: The insured must be a current member of the Health Insurance Fund, regardless of the length of service.

A doctor must certify the incapacity for work from the second day of incapacity.

Medical benefits: The insured must be a current member of the Health Insurance Fund.

Insured persons must satisfy a qualifying period: 14 days for workers with an employment or service contract exceeding one month, self-employed persons, and civil servants; three months for persons with contracts under the Law of Obligations. There is no qualifying period for persons for whom the government pays the total contribution (see source of funds under Old Age, Disability, and Survivors).

Sickness and Maternity Benefits

Sickness benefit: A percentage of the reference wage is paid from the ninth day of sickness: 70% for temporary sick leave from employment or periods of quarantine; 80% for hospitalization, outpatient treatment, nursing a child younger than age 12 or a sick family member at home, or caring for a child with a disability who is younger than age 16; and 100% for an occupational disease or a work injury. (The employer pays 70% of the insured's average wages from the fourth to the eighth day of incapacity.)

The reference wage is the insured's average gross daily wage in the previous calendar year. There is no maximum reference wage.

Paid for up to 182 calendar days for each case of sickness; for up to 240 calendar days for tuberculosis.

Benefits also include wage compensation for a temporary transfer to another job as a result of the incapacity. The benefit is the difference between earnings before and after the job transfer. The benefit is paid from the transfer day for up to 60 calendar days.

Maternity benefit: 100% of the reference wage and is paid for up to 140 calendar days; an adoption allowance is paid for up to 70 calendar days for the adoption of a child younger than age 10.

The reference wage is the insured's average gross daily wage in the previous calendar year. There is no maximum reference wage.

Benefits also include wage compensation for a temporary transfer to another job as a result of pregnancy. The benefit is the difference between earnings before and after the job transfer. The benefit is paid from the transfer day until the start of maternity leave.

Workers' Medical Benefits

Medical benefits: National and local health care institutions provide medical benefits.

The duration of the benefits is unlimited as long as the insured is covered; after coverage ceases, the insured continues to qualify for new benefits for up to two months.

Pharmaceutical products: Products must be approved by the Ministry of Social Affairs, based on the diagnosis and according to a schedule in law.

Cost sharing: The insured pays from €1.27 to €3.19 and from 0% to 50% of the cost of prescribed medicine, according to a schedule in law. If the price of a product exceeds the reference price (a standard maximum), the insured also pays the difference.

The Health Insurance Fund also compensates the insured for annual out of pocket cost of medicine of 50% from €384 to €640 plus 75% from €640 to €1,300 up to a maximum of €623 a year.

No copayment is required for periods of intensive care, inpatient specialized medical care as the result of pregnancy or childbirth, or inpatient medical care for a child.

The insured receives temporary prosthesis after amputation and certain additional appliances.

Pensioners receive cash benefits for prostheses every three years.

The Health Insurance Fund may authorize planned medical treatment abroad in special cases.

Dependents' Medical Benefits

National and local health care institutions provide medical benefits.

The duration of the benefits is unlimited as long as the insured is covered; after coverage ceases, the insured continues to qualify for new benefits for up to two months.

Pharmaceutical products: Products must be approved by the Ministry of Social Affairs, based on the diagnosis and according to a schedule in law.

Cost sharing: The insured pays from €1.27 to €3.19 and from 0% to 50% of the cost of prescribed medicine, according to a schedule in law. If the price of a product exceeds the reference price (a standard maximum), the insured also pays the difference.

The Health Insurance Fund also compensates the insured for annual out of pocket cost of medicine of 50% from €384 to €640 plus 75% from €640 to €1,300 up to a maximum of €623 a year.

Children younger than age of 19 receive free dental care.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management, supervision, and planning.

Health Insurance Fund (<http://www.haigekassa.ee>) coordinates health insurance and administer benefits.

Doctors, polyclinics, and hospitals provide medical benefits.

Work Injury

Regulatory Framework

First law: 1924.

Current laws: 1956 (civil code), 1999 (work injuries and occupational diseases), 2001 (pension insurance), 2002 (health insurance), and 2002 (obligations).

Type of program: Social insurance system (There is no specific program for work injuries and occupational diseases. Cash and medical benefits are provided through the Sickness and Maternity and Old Age, Disability, and Survivor programs, above. Under the civil code, additional benefits are provided by employers).

Coverage

Employed and self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: See source of funds under Sickness and Maternity, above.

Employer: See source of funds under Sickness and Maternity, above.

Government: The total cost for employees with work injuries or occupational diseases whose employer is insolvent.

Qualifying Conditions

Work injury benefits: All employed and self-employed persons who reside permanently in Estonia. Accidents that occur while commuting to and from work are covered.

Temporary Disability Benefits

100% of the reference wage is paid until the degree of disability has been assessed.

The reference wage is the insured's average gross daily wage in the previous calendar year. There is no maximum reference wage.

A medical commission assesses the degree of disability.

Permanent Disability Benefits

Permanent disability pension: Paid with at least a 40% loss of earning capacity.

The monthly pension is the reference pension multiplied by the assessed degree of loss of earning capacity.

The reference pension is the greater of the old-age pension or the sum of the flat-rate amount of €114.66 (April 2011) plus a length-of-service component based on 30 years of coverage.

The monthly length-of-service component is €4.34 (April 2011) multiplied by the number of years of service up to December 31, 1998.

The minimum monthly pension is the monthly national pension rate of €128.45 (April 2011).

There is no maximum permanent disability pension.

Benefit adjustment: Benefits are adjusted annually in April according to changes in the consumer price index and the annual increase in social tax contributions.

Compensation benefit: A benefit is paid for a loss of earning capacity from 10% to 40%. The benefit is the insured's average gross earnings in the last 12 months before the work injury or occupational disease began multiplied by the assessed loss of earning capacity minus the amount of any pension paid by the government.

Workers' Medical Benefits

National and local medical institutions provide medical benefits.

Medical rehabilitation is provided. Local authorities are responsible for the provision of social rehabilitation (including special transportation for persons with disabilities, necessary adaptation of the person's home, and personal assistance).

If the medical commission certifies the need for additional expenses, the responsible employer must meet the cost of prostheses and aids, prescribed medicine, travel expenses to and treatment in a sanatorium, and expenses for auxiliary care.

Survivor Benefits

Survivor pension: See source of funds under Old Age, Disability and Survivors.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management and supervision.

Health Insurance Fund (<http://www.haigekassa.ee>) administers health insurance in counties and towns.

Medical benefits are provided by doctors, polyclinics, and hospitals.

Social Insurance Board administers permanent disability benefits.

Unemployment

Regulatory Framework

First law: 1991.

Current laws: 2001 (unemployment insurance) and 2005 (labor market services).

Type of program: Social insurance and social assistance system.

Coverage

All persons residing permanently in Estonia who are capable of gainful activity, noncitizens residing temporarily in Estonia, and legal refugees.

Source of Funds

Insured person

Unemployment insurance benefit: 2.8% of gross earnings.

Unemployment allowance: None.

Self-employed person

Unemployment insurance benefit: None.

Unemployment allowance: None.

Employer

Unemployment insurance benefit: 1.4% of gross payroll.

Unemployment allowance: None.

Government

Unemployment insurance benefit: None.

Unemployment allowance: The total cost.

Qualifying Conditions

Unemployment insurance benefit (social insurance):

The insured must be aged 16 to the normal retirement age (except for early pensioners), registered as unemployed by an employment office of the Estonian Unemployment Insurance Fund, and be involuntarily unemployed with at least 12 months of insured work in the 36 months before registering as unemployed.

There is a waiting period of seven calendar days.

The benefit is suspended if the insured does not register with an employment office of the Estonian Unemployment Insurance Fund at least once every 30 calendar days or refuses a suitable job offer.

Unemployment allowance (social assistance): The insured must be aged 16 up to the retirement age (except for early pensioners), registered as unemployed with an employment office of the Estonian Unemployment Insurance Fund, have at least 180 calendar days of employment in the 12 months before registering as unemployed, and personal income must be less than the value of the unemployment allowance. Employment periods include full-time education, military service, raising a child younger than age 7, treatment in a hospital, providing care for a sick person, or periods of disability or detention.

There is a general waiting period of seven calendar days; 60 calendar days from the date of registration as an unemployed for recently graduated students.

Unemployment Benefits

Unemployment insurance benefit (social insurance):

50% of reference earnings is paid for the first 100 calendar days; thereafter, 40% of reference earnings. The benefit is paid for 180 calendar days with a coverage period of up to 56 months; for 270 calendar days with 56 to 110 months; or for 360 calendar days with 111 months or more.

Reference earnings are average daily earnings on which unemployment insurance contributions have been paid during the 12 months before registering as unemployed.

The maximum daily earnings used to calculate contributions are three times the national average daily income for the previous calendar year.

Unemployment allowance (social assistance): A daily allowance of €2.11 is paid for up to 270 calendar days; 210 calendar days for unemployed persons who are dismissed by their employer for a breach of duties, loss of confidence, or indecent act.

The unemployment allowance may be extended up to the pensionable age if there are less than 180 calendar days until the claimant reaches the pensionable age.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for legislation and supervision.

Estonian Unemployment Insurance Fund (<http://www.tootukassa.ee>) registers the unemployed and pays benefits.

Family Allowances

Regulatory Framework

First law: 1922.

Current laws: 2004 (family) and 2001 (family benefits).

Type of program: Social assistance system.

Coverage

Permanent residents of Estonia and aliens residing in Estonia with a temporary residence permit.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowances: All children younger than age 16 (age 19 if a full-time student).

The child and parent must reside in Estonia.

Family Allowance Benefits

Childbirth allowance: €320 is paid for each child; also paid to adoptive parents.

Child allowance: Twice the child allowance rate is paid monthly for each of the first two children; six times the child allowance rate is paid for each additional child.

The child allowance rate is €9.59.

Single parent's child allowance: A monthly benefit of twice the child allowance is paid.

Disabled child allowance: A monthly benefit of 2.7 times the social benefit rate is paid for a child with a moderate disability or 3.15 times for a severe disability.

The social benefit rate is €25.57.

Large family supplement: For families with at least seven children, a monthly benefit of 2.2 times the child allowance rate is paid for each child.

Child care allowance: A monthly allowance is paid for each child at 0.5 times the child care allowance rate to one parent (or guardian) raising one or more children younger than age 3; at 0.25 times the child care allowance rate for each child between ages 3 and 8 in a family of at least three children.

The child care allowance rate is €76.70.

Supplementary child care allowance: A monthly allowance of €6.40 is paid to a parent raising children at home for up to a year.

Disabled student allowance: A monthly allowance of between 25% and 100% of the social benefit rate (depending on expenses incurred by the student) is paid to a

nonworking, disabled student completing secondary school or in vocational or higher education (not paid in July and August).

The social benefit rate is €25.57.

Conscript's child allowance: A monthly allowance is paid for children of conscripted military personnel at five times the child allowance rate.

Foster care allowance: Twenty times the child allowance rate is paid monthly for children up to age 16 cared for by a guardian or foster parent.

Start in independent life allowance: A lump sum of €383.60 is paid to persons without parental care who have grown up in a social welfare institution or special needs school.

Parental benefit: A lump sum of 100% of the reference wage is paid for 435 days, after the maternity benefit period ends.

The reference wage is the insured's average gross daily wage in the previous calendar year calculated based on the insured income used for social tax contribution calculation purposes.

The minimum parental benefit is €278.02.

The maximum parental benefit is €2,143.41.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management and supervision.

National Social Insurance Board (<http://www.ensib.ee>) coordinates and administers benefits.