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

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1967.
Type of program: Social insurance system.

Coverage

Gainfully occupied persons, including some categories of self-employed persons.

Voluntary coverage for self-employed persons with no employees and gross earnings 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 for contribution and benefit purposes are US$3,000 per quarter.

Self-employed person: 12% of twice the salary of their highest-paid employee (12% of 1/4 of gross annual earnings, if no employees and declared annual earnings greater than US$10,000).

The maximum earnings for contribution and benefit purposes are US$3,000 per quarter.

Employer: 6% of payroll.

The maximum earnings for contribution and benefit purposes are US$3,000 per quarter.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 60 with 1 quarter of coverage for each year after June 1968 (or since age 21, if later) up to age 60.

The old-age pension is payable 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.

Survivor pension: The deceased had 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 preceding death.

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 pension is equal to 16.5% of the first US$11,000 of the insured’s cumulative covered earnings, plus 2.7% of earnings between US$11,000 and US$44,000, plus 1.35% of earnings over US$44,000.

The minimum monthly old-age pension is US$47.50.

Permanent Disability Benefits

Disability pension: The pension is equal to 16.5% of the first US$11,000 of the insured’s cumulative covered earnings, plus 2.7% of earnings between US$11,000 and US$44,000, plus 1.35% of earnings over US$44,000.

The minimum monthly disability pension is US$47.50.

Survivor Benefits

Survivor pension: 60% of the deceased’s pension is paid to a widow(er) at any age.

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.

The minimum monthly survivor pension is US$47.50.

The maximum survivor pension is equal to 100% of the deceased’s pension.

Lump-sum survivor benefit: A cash payment is paid and split equally among eligible survivors.

Administrative Organization

Palau Social Security System (http://www.ropssa.org) administers the program at the local level.