

Latvia

Exchange rate: US\$1.00 = 0.73 euros (€).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1922.

Current laws: 1995 (social insurance), 1997 (social insurance), and 2000 (individual accounts).

Type of program: Notional defined contribution (NDC), mandatory individual account, social insurance, and social assistance system.

Municipalities provide social assistance benefits (means tested and conditional) to the needy.

Coverage

Old-age and survivor pensions (NDC): Employed persons; self-employed persons; unemployed persons with disabilities; recipients of certain social insurance benefits; spouses of military personnel; and persons who perform temporary public work.

Voluntary coverage for all persons aged 15 or older residing permanently in Latvia who are not subject to compulsory insurance, for the spouse of a self-employed person younger than the retirement age, and for a micro-enterprise employee.

Old-age pension (mandatory individual account): The individual account is mandatory for persons covered under the social insurance system who were younger than age 30 on July 1, 2001; voluntary coverage for persons aged 30 to 49 on July 1, 2001.

Disability pension (social insurance): Employed and self-employed persons. Persons caring for a child younger than 18 months; recipients of the maternity and paternity benefit and parent's benefit.

Voluntary coverage for the spouse of a self-employed person younger than the retirement age.

Source of Funds

Insured person: 10.5% of covered earnings; administrative fees for the individual account.

The combined total insured person and employer contribution of 34.09% of covered earnings finances old-age, disability, survivors, sickness and maternity, work injury, parent's, and unemployment benefits. Of that total, 16% of covered earnings finances the NDC pension and 4% is directed to the individual account. (In 2015, the

contribution rate for the individual account will increase by 1% and the NDC contribution rate will decrease by 1%.)

For salary workers, the annual minimum earnings used to calculate contributions are the legal annual minimum wage; for wage workers the minimum daily earnings used to calculate contributions are the legal hourly minimum wage.

The legal hourly minimum wage is €1.99.

The legal annual minimum wage is €3,840.

The maximum annual earnings used to calculate contributions are €46,400.

Self-employed person: 16% of earnings (NDC); 4% of earnings plus administrative fees (individual account); 7.52% (survivors and disability). (In 2015, the contribution rate for the individual account will increase by 1% and the NDC contribution rate will decrease by 1%.)

The minimum annual declared earnings used to calculate contributions are €3,840.

The maximum annual earnings used to calculate contributions are €46,400.

Employer: 23.59% of covered earnings.

Of the total insured person and employer contribution of 34.09% of covered earnings, 16% of covered earnings finances the NDC pension and 4% of covered earnings finances the individual account. The remainder finances the disability pension, sickness and maternity benefits, work injury benefits, parent's benefits, and unemployment benefits. (In 2015, the contribution rate for the individual account will increase by 1% and the NDC contribution rate will decrease by 1%.)

For salary workers, the annual minimum earnings used to calculate contributions are the legal annual minimum wage; for wage workers the minimum daily earnings used to calculate contributions are the legal hourly minimum wage.

The legal hourly minimum wage is €1.99.

The legal annual minimum wage is €3,840.

The maximum annual earnings used to calculate contributions are €46,400.

Government: Contributes for residents of Latvia who receive certain social insurance benefits, unemployed persons with disabilities, and temporary workers in the public sector as well as spouses of military personal.

Qualifying Conditions

Old-age pension (NDC and mandatory individual account): Age 62 and three months (gradually rising by three months a year until it reaches age 65 in 2025) with at least 15 years of coverage.

Special conditions apply to certain persons with disabilities; to parents or guardians of large families (five or more children) or a child with a disability; to persons who worked under hazardous or dangerous conditions before

1996; to certain persons affected by the Chernobyl disaster; and to politically repressed persons.

Early pension: Age 60 and three months with at least 30 years of coverage (gradually rising by three months a year until it reaching age 65 in 2025).

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

Old-age benefits are payable abroad.

State social security benefit (social assistance): Age 67 and three months with less than 15 years of coverage; or age 18 with a disability. A benefit may also be paid to survivors if the deceased did not qualify for an old-age pension.

Disability pension (social insurance): Must be assessed with a disability and have at least three years of coverage. There are three groups of assessed disability: Group I (severe disability requiring constant attendance); Group II (severe disability but not in need of constant attendance); and Group III (disability).

State Medical Commission for the Assessment of Health Conditions and Working Ability assesses the degree of disability.

Disability benefits are payable abroad.

Disabled person care allowance (social assistance): Aged 18 or older with a disability and in need of special care.

Survivor pension (NDC and mandatory individual account): The deceased was insured or was a pensioner at the time of death.

Eligible survivors include the insured's children, including adopted children younger than age 18 (age 24 if a full time student, no limit if disabled); and dependent brothers, sisters, grandchildren, stepsons, and stepdaughters younger than age 18 (age 24 if a full time student, no limit if disabled) whose biological parents are incapable of working.

Survivor benefits are payable abroad.

Spouse benefit (NDC and mandatory individual account): Paid to a surviving spouse receiving an NDC pension if the insured died after January 1, 2007.

Death allowance (NDC and mandatory individual account): Paid when the insured person, an unemployed person, a pensioner, or the insured's dependent family member dies. For the death of an insured person or a family member of an insured person, the death must have occurred within one month after the end of the contribution period. The benefit can be claimed up to 12 months after the date of death.

Old-Age Benefits

Old-age pension (NDC): The pension is based on the insured's contributions, annual capital growth adjusted

according to changes in the earnings index, and average life expectancy.

The monthly minimum pension for a coverage period of up to 20 years is €70.43 (€117.39 if disabled since childhood); for 21 to 30 years, €83.24 (€138.74 if disabled since childhood); for 31 to 40 years, €96.05 (€160.08 if disabled since childhood); for 41 years or more, €108.85 (€181.42 if disabled since childhood).

Deferred pension: Calculated in the same way as the old-age pension.

Benefit adjustment: The pension benefits are adjusted annually on October 1 according to the consumer price index.

Old-age pension (mandatory individual account): The pension is based on the insured's account balance. At retirement, the insured can purchase an annuity or have the funds credited to his or her NDC account.

State social security benefit (social assistance): The monthly benefit is €64.03; €106.72 if disabled since childhood.

Permanent Disability Benefits

Disability pension (social insurance): The pension is 0.45 times (Group I) or 0.40 times (Group II) the insured's average earnings in three consecutive years in the last five years plus the insured's average wage multiplied by the ratio of actual contribution years to the total possible number of years of coverage from age 15 to retirement. For Group III, the pension is the state social security benefit of €64.03; €106.72 if disabled since childhood.

The minimum pension is €102 (€170.75 if disabled since childhood) for Group I and €89.64 (€149.41 if disabled since childhood) for Group II, which represents 1.6 times and 1.4 times the state social security benefit, respectively.

The minimum annual earnings used to calculate benefits for self-employed persons and voluntarily insured persons are €3,840.

The maximum annual earnings used to calculate benefits are €46,400.

Benefit adjustment: Pension benefits are adjusted annually on October 1 according to the consumer price index.

State social security benefit (social assistance): €64.03 is paid; €106.72 if disabled since childhood. The benefit is paid for as long as the disability lasts.

Disabled person care allowance (social assistance): €213.43 is paid for a child and €142.29 for an adult.

Survivor Benefits

Survivor pension (NDC and mandatory individual account): 50% of the deceased's old-age pension is paid for one survivor; 75% for two eligible survivors; 90% for three or more eligible survivors. The pension for a full orphan is based on the old-age pensions of both parents.

The minimum survivor pension for a single child is the state social security benefit; for two or more children, 65% of the state social security benefit is paid for each child. The state social security benefit is €64.03; €106.72 if disabled since childhood.

Benefit adjustment: Pension benefits are adjusted annually on October 1 according to the consumer price index. Spouse benefit (NDC and mandatory individual account): A lump sum of two months of the deceased's old-age NDC pension is paid.

Death allowance (NDC and mandatory individual account): The allowance is twice the deceased's last monthly average earnings used to calculate contributions or the deceased's old-age NDC pension. For the death of a dependent family member or an unemployed person, the allowance is three times the state social security benefit; for the death of a pensioner, two months of the deceased's old-age NDC pension; for a state social security benefit recipient, twice the state social security benefit.

The state social security benefit is €64.03; €106.72 if disabled since childhood.

State social security benefit (social assistance): €64.03 is paid; €106.72 if disabled since childhood.

Administrative Organization

Ministry of Welfare (<http://www.lm.gov.lv>) provides general supervision.

State Social Insurance Agency (<http://www.vsaa.gov.lv>) administers cash benefits and individual accounts.

Financial and Capital Market Commission (<http://www.fktk.lv>) supervises the asset managers.

Asset managers administer the individual accounts.

Sickness and Maternity

Regulatory Framework

First law: 1924.

Current law: 1995 (maternity and sickness benefits).

Type of program: Social insurance system.

Coverage

Cash benefits: Employed and self-employed persons.

Voluntary coverage for all permanent residents of Latvia who are not compulsorily covered and are not receiving an old-age pension; and for the spouse of a self-employed person younger than the retirement age.

Medical benefits: All resident Latvian citizens and noncitizens with residence permits.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors; the voluntarily insured pay 2.28% of earnings (sickness and maternity) and 1% of earnings (parent's benefit).

For salary workers, the minimum annual earnings used to calculate contributions are the legal minimum annual wage; for wage workers the minimum daily earnings used to calculate contributions depend on the legal minimum hourly wage.

The legal hourly minimum wage is €1.99.

The legal annual minimum wage is €3,840.

The minimum annual earnings used to calculate contributions for voluntarily insured persons are €3,840.

Self-employed person: 2.37% of gross earnings (sickness and maternity) and 1.17% (parent's benefit).

The minimum annual earnings used to calculate contributions for self-employed persons are €3,840.

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

Government: Finances state-guaranteed health care services through the annual state budget. Contributes as an employer.

Qualifying Conditions

Cash and medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 80% of the insured's average earnings in the last 12 months is paid from the 11th day of incapacity for work until recovery or up to 26 weeks from the first day of incapacity for work (52 weeks within a three-year period for a repeated incapacity for work); may be extended at the recommendation of the State Medical Commission. (The employer pays at least 75% of the insured's average earnings for the second and third days and at least 80% for the fourth to the 10th days).

The minimum annual earnings used to calculate benefits for self-employed persons and voluntarily insured persons are €3,840.

The sickness benefit is paid after the insured is certified as incapable of work by the State Social Insurance Agency.

Sick child care benefit: 80% of the insured's average earnings in the last 12 months is paid from the first day up to the 14th day if caring for a child younger than age 14. The benefit is also paid for a child receiving treatment in a hospital up to the 21st day.

Maternity benefit: 80% of the insured's average earnings in the last 12 months is paid for 112 consecutive days

(56 days before and 56 days after the expected date of childbirth); 14 additional days are paid for multiple births or complications arising during pregnancy, childbirth, or the postpartum period and in cases where inpatient medical care associated with the pregnancy began before the 12th week of pregnancy.

The minimum annual earnings used to calculate benefits for self-employed persons and voluntarily insured persons are €3,840.

Maternity benefits must be claimed within 12 months after the first day of the maternity leave period.

Maternity benefits are paid after the insured is certified as incapable of work by the State Social Insurance Agency.

Paternity benefit: 80% of the insured's average earnings in the last 12 months is paid for 10 consecutive days.

The minimum annual earnings used to calculate benefits for self-employed persons and voluntarily insured persons are €3,840.

Parent's benefit: Paid to persons on child care leave while raising a child younger than age 1. The benefit is 70% of the insured's average monthly earnings, but must be at least €171 a month.

Average earnings are based on earnings in the 12-month period starting two months before the child care leave.

The minimum annual earnings used to calculate benefits for self-employed persons and voluntarily insured persons are €3,840.

Workers' Medical Benefits

Medical benefits: Benefits are provided by state-owned, municipality-owned and private hospitals under contract with the National Health Service. Benefits include ambulance service, general practitioner and specialist care, medicine, hospitalization, maternity care, home health care, dental care for children up to age 18 and for certain persons affected by the Chernobyl disaster, and cochlear implants for children, according to a schedule in law.

Cost sharing: For outpatient care in clinics, the insured pays €1.42 for a general practitioner visit; €4.27 for a specialist; and from €7.11 to €9.96 for various treatments and from €1.42 to €9.96 for diagnostic examinations. Rates vary for a home visit by a general practitioner.

Emergency treatment is free for certain groups.

Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

Administrative Organization

Ministry of Welfare (<http://www.lm.gov.lv>) and Ministry of Health (<http://www.vm.gov.lv>) provide general supervision.

State Social Insurance Agency (<http://www.vsaa.gov.lv>) administers cash benefits.

National Health Service (<http://www.vmnvd.gov.lv>) administers medical benefits.

Work Injury

Regulatory Framework

First law: 1927.

Current law: 1995 (work injury and occupational disease).

Type of program: Social insurance system.

Coverage

Employed persons if the work-related accident occurred or the occupational disease was diagnosed after 1997.

Exclusions: Self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

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

Government: Finances state-guaranteed health care services through the annual state budget. Contributes as an employer.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Accidents that occur while commuting to and from work are not covered. For an occupational disease, the insured must have at least three years of coverage after 1997.

Temporary Disability Benefits

80% of the insured's average earnings in the last 12 months is paid from the 11th day of incapacity for work until recovery or up to 26 weeks from the first day of incapacity for work (52 weeks within a three-year period for a repeated incapacity for work). The employer pays at least 80% of the insured's average earnings for the first 10 days.

The sickness benefit is paid after the State Social Insurance Agency certifies that the insured is incapable of work.

Permanent Disability Benefits

Permanent disability benefit: 80% of the insured's average monthly earnings in the last 12 months is paid for a 100% loss of earning capacity.

Partial disability pension: 75% of the insured's average monthly earnings in the last 12 months is paid for a loss of earning capacity from 90% to 99%; 50% of the insured's

average monthly earnings for a loss of earning capacity from 25% to 49%. The Health and Working Capacity Medical Expert Commission assesses the loss of earning capacity.

Benefit adjustment: No adjustments from 2009 to 2014.

Workers' Medical Benefits

Benefits include general and specialist care, medicine, and hospitalization. The insured is reimbursed for additional expenses for medical treatment, nursing care, prostheses, travel expenses, and occupational rehabilitation.

Survivor Benefits

Spouse's pension: 25% of the deceased's average monthly earnings in the last 12 months is paid for one survivor, 35% for two, 45% for three, and 55% for four or more.

The minimum spouse pension is the state social security benefit.

The state social security benefit is €64.03; €106.72 if disabled since childhood.

The maximum spouse pension is 80% of the deceased's average monthly earnings in the last 12 months.

Eligible survivors include the surviving spouse; children; and dependent brothers, sisters, grandchildren, parents, and grandparents.

Orphan's pension: 40% of the deceased's average monthly earnings in the last six months is paid for one survivor, 35% for two, 45% for three, and 55% for four or more.

Full orphan's pension: 40% of the deceased's average monthly earnings in the last 12 months is paid for one survivor, 50% for two, 60% for three, and 70% for four or more.

Benefit adjustment: No adjustments from 2009 to 2014.

Death allowance: If the deceased was employed, twice the deceased's last monthly average earnings used to calculate contributions is paid; twice the permanent disability benefit if a pensioner.

Administrative Organization

Ministry of Welfare (<http://www.lm.gov.lv>) provides general supervision.

State Social Insurance Agency (<http://www.vsaa.gov.lv>) administers benefits.

Unemployment

Regulatory Framework

First law: 1991.

Current law: 1999 (unemployment insurance).

Type of program: Social insurance system.

Coverage

Employed persons; active military personnel and their spouses; residents of Latvia caring for a child younger than 18 months; and recipients of the child raising allowance, sickness benefit, or maternity benefit.

Exclusions: Self-employed persons.

Source of Funds

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

Self-employed person: Not applicable.

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

Government: Contributes 1.63% of €71.14 a month for spouses of active military personnel and for residents of Latvia caring for a child younger than 18 months.

Qualifying Conditions

Unemployment benefit: Must have at least one year of contributions, including nine months in the last 12 months before unemployment, and be registered at the state employment office.

Special conditions apply to persons caring for a child younger than 18 months or, a child with a disability younger than age 16, persons previously disabled who have regained the capacity to work, and military personnel.

Unemployment Benefits

50% of the insured's average earnings in the last 12 months is paid with one to nine years of coverage, 55% with 10 to 19 years, 60% with 20 to 29 years, and 65% with 30 years or more.

The benefit is paid for up to nine months in any 12 month period according to three different rates; 100% for the first three months, 75% for the following three months, and 50% for the last three months.

Persons caring for a child younger than 18 months or caring for a child with a disability younger than age 16 or formerly disabled persons who have regained the capacity to work before becoming unemployed receive 60% of twice the monthly state social security benefit.

The state social security benefit is €64.03; €106.72 if disabled since childhood.

Administrative Organization

Ministry of Welfare (<http://www.lm.gov.lv>) provides general supervision.

State Social Insurance Agency (<http://www.vsaa.gov.lv>) and local insurance offices administer benefits.

State Employment Agency (<http://www.nva.lv>) and local employment offices are responsible for job placements, training, and retraining.

Family Allowances

Regulatory Framework

First law: 1990.

Current laws: 1997 (social security) and 2002 (social benefits).

Type of program: Universal system.

Coverage

All Latvian citizens residing in Latvia and noncitizens with residence permits.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowance: The child must be older than age 1, younger than age 15 (age 19 if a full-time student; age 18 if disabled), and unmarried.

Foster family allowance: Paid to families providing foster care.

Foster care benefit: Paid to a family or person recognized as the foster family or parent.

Child-raising allowance (flat-rate benefit): The child must be younger than age 2. From age 1 to 2, the benefit is not paid if a maternity or paternity benefit has been paid to the child's other parent during the same period of time.

Child-raising allowance supplement: Paid in the event of multiple births.

Childbirth allowance: Paid to one of the parents (or guardians) of a child younger than age 1.

Disabled child-raising allowance: Paid to persons raising a child younger than age 18 with an assessed severe disability.

Disabled child supplement: Paid to persons receiving family allowances for a disabled child younger than age 18.

Adopted child care benefit: Paid to a person who has custody of a child whose adoption has not yet been approved by a court.

Adoption benefit: Paid to a person who has adopted a child and the adoption has been approved by a court.

Legal guardian allowance: Paid to the appointed legal guardian.

Legal guardian duties benefit: Paid to the appointed legal guardian.

Family Allowance Benefits

Family allowance: €11.38 a month is paid.

Foster family allowance: €113.83 a month is paid for the duration of the child's stay with the family regardless of the number of foster children.

Foster care benefit: At least €38.42 a month is paid. The amount paid is set by the local authority.

Child-raising allowance (flat-rate benefit): €171 a month is paid if the child is younger than age 18 months; €42.69 if the child is aged from 18 months to 2 years.

Child-raising allowance supplement: €171 a month is paid if the child is younger than age 18 months; €42.69 if the child is aged from 18 months to 2 years.

Childbirth allowance: A lump sum of €421.17 is paid.

Disabled child-raising allowance: €213.43 a month is paid until the disabled child reaches age 18.

Disabled child supplement: €106.72 a month is paid until the child reaches age 18.

Adopted child care benefit: €49.80 a month is paid.

Adoption benefit: A lump sum of €1,422.87 is paid for each child.

Legal guardian allowance: €45.53 a month is paid for each child.

Legal guardian duties benefit: €54.07 a month is paid.

Administrative Organization

Ministry of Welfare (<http://www.lm.gov.lv>) provides general supervision.

State Social Insurance Agency (<http://www.vsaa.gov.lv>) administers benefits.