

Romania

Exchange rate: US\$1.00 = lei 3.25.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1912.

Current laws: 2004 (mandatory individual accounts) and 2010 (public pension system), implemented in 2011.

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

Coverage

Social insurance: Employed persons with individual labor contracts; civil servants; military personnel; unemployment benefit recipients; certain self-employed persons; and certain other workers.

Voluntary coverage is available.

Special systems for certain professions, such as lawyers and the clergy.

Mandatory individual accounts: All employed and self-employed persons younger than age 36 on January 1, 2008.

Voluntary coverage for those aged 36 to 45 on January 1, 2008.

Source of Funds

Insured person

Social insurance: 10.5% of gross earnings (social insurance only); 6% of gross earnings (social insurance and mandatory individual account).

There are no minimum or maximum earnings used to calculate contributions.

Mandatory individual account: 4.5% of gross earnings plus administrative fees.

The maximum earnings used to calculate contributions are lei 11,490.

Self-employed person

Social insurance: 31.3% of income.

The maximum earnings used to calculate contributions are lei 11,490.

Mandatory individual account: 4.5% of gross earnings plus administrative fees.

The maximum earnings used to calculate contributions are lei 11,490.

Employer

Social insurance: 20.8% of gross earnings; 25.8% for arduous conditions; 30.8% for very arduous conditions.

The maximum earnings used to calculate contributions are lei 11,490.

Mandatory individual account: None.

Government

Social insurance: Any deficit.

Mandatory individual account: None.

Qualifying Conditions

Old-age pension (social insurance and individual account)

Age 64 and 9 months with at least 14 years and 6 months of contributions (men) or age 59 and 9 months with at least 14 years and 6 months of contributions (women). The full pension is paid with at least 34 years and 6 months of contributions (men) or 29 years and 6 months of contributions (women).

The pensionable age is gradually rising to age 65 by 2015 (men) and age 63 by 2030 (women). The contribution periods are gradually rising to 15 years of contributions for the minimum pension by 2015 (men and women) and 35 years of contributions for the full pension by 2015 (men) or 2030 (women).

Coverage is credited for certain periods, including periods during which social insurance benefits are received and for periods of university study, military service, or imprisonment.

Lower age requirements apply to persons employed in arduous work, persons who have a disability, and women who have given birth to at least three children (under certain conditions).

Early pension: Paid from up to five years before the normal retirement age if the insured's number of paid contributions exceeds the number of contributions required for the full pension by at least eight years.

Partial early pension: Paid from up to five years before the normal retirement age if the insured's number of paid contributions exceeds the number of contributions required for the full pension by less than eight years.

Disability pension (social insurance): Must have a loss of at least 50% of working capacity as the result of an accident (including work-related accidents) or disease (including occupational diseases). The insured must be assessed with a first-degree disability (incapacity for any work and requiring constant attendance), a second-degree disability (incapacity for any work but not requiring constant attendance), or a third-degree disability (incapacity for usual work). For students and apprentices, only disabilities resulting from work are covered. Prior contribution conditions vary according to the insured's age when the disability began. Contribution conditions are waived if the disability is the

result of a work accident, an occupational disease, neoplasia, schizophrenia, HIV/AIDS, or military service.

Disability pension (individual account): Assessed with a permanent disability and incapacity for any work.

Spouse's pension (social insurance): The insured was eligible for a pension or was a pensioner at the time of death.

Eligible survivors include a widow(er) who is of retirement age and has been married for 15 years or has a disability (waived if the death is caused by a work accident, an occupational disease or if the survivor has a dependent child younger than age 7) and cares for children up to age 16 (age 26 if a student, depending on the duration of studies; no limit if disabled).

Funeral grant (social insurance): Paid when the insured or the insured's dependent dies. The benefit is paid to an eligible survivor, the deceased's legal heir, or the person who paid for the funeral.

Spouse's pension (individual account): If the insured dies before receiving a benefit from the individual account, the value of his or her accumulated assets is split and transferred to the individual accounts of eligible survivors.

Old-Age Benefits

Old-age pension (social insurance): The pension is the insured's average lifetime accumulated number of pension points multiplied by the pension point value at the date of retirement. The number of pension points obtained during one year is the insured's monthly average wage divided by the national monthly average wage.

The pension point value is lei 790.7.

Employment may continue if the net pension is less than the national monthly average gross wage.

The national monthly average gross wage is lei 1,693.

Early pension: The early pension is calculated in the same way as the old-age pension. Credited covered periods are not taken into account for pension calculation purposes.

Partial early pension: A reduced pension is paid. Credited covered periods are not taken into account for pension calculation purposes.

Old-age benefits are payable abroad.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is adjusted annually to changes (100%) in the inflation rate plus 50% of the real growth in the average wage.

Old-age pension (individual account): A monthly pension for life is paid based on the value of the accumulated capital. If the calculated monthly pension is lower than a prescribed monthly minimum, a lump sum may be paid or a pension paid for up to five years.

Permanent Disability Benefits

Disability pension (social insurance): The pension is based on the insured's total lifetime number of accumulated pension points and the value of the pension point at the time of retirement. Pension points obtained during one year are calculated using the insured's monthly average wage divided by the national monthly average wage. Additional pension points are credited for "missed" contributions since the disability began. Pension points accrue at varying rates according to the degree of disability.

The pension point value is lei 790.7.

Constant-attendance supplement: A lump sum of 80% of the pension point value is paid for a first degree disability.

At the pensionable age, the insured can opt for a disability pension or an old-age pension, whichever is greater. The constant-attendance supplement is paid with either option.

A third degree disabled pensioner may also receive earnings from gainful employment.

Disability benefits are payable abroad.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is adjusted annually to changes (100%) in the inflation rate plus 50% of the real growth in the average wage.

Disability pension (individual account): A monthly pension is paid based on the value of the accumulated lifetime capital. If the calculated monthly pension is lower than a prescribed monthly minimum, a lump sum may be paid or a pension paid for up to five years.

Survivor Benefits

Spouse's pension (social insurance): The pension is calculated in the same way as the old-age pension, but is based on a percentage of the deceased's average lifetime number of pension points according to the number of eligible survivors: 50% for one survivor; 75% for two; or 100% for three or more. A pension is paid for six months to a low-income uninsured spouse who does not satisfy the age and marriage conditions.

If the deceased was ineligible for the old-age pension or received a disability or early or partial old-age pension, the survivor pension is based on the first degree disability pension. Pension points accrue at varying rates according to the degree of disability.

If the survivor is also eligible for an old-age pension in his or her own right, the greater of the two benefits is paid. Full orphans receive two pensions if both parents were insured.

Survivor benefits are payable abroad under bilateral agreement.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is adjusted annually to changes (100%) in the

inflation rate plus 50% of the real growth in the average wage.

Spouse's pension (individual account): If the insured dies before receiving a benefit from the individual account, the value of his or her accumulated assets is split and transferred to the individual accounts of eligible survivors. If eligible survivors are not participants in the individual account system, the accumulated assets are paid to them as a lump-sum or as a fixed-term annuity for up to five years.

Funeral grant (social insurance): A lump sum is paid for the insured's funeral; the grant is reduced by 50% for the funeral of the insured's dependent.

Administrative Organization

Social insurance

Ministry of Labor, Family, Social Protection and Elderly (<http://www.mmuncii.ro>) is responsible for general supervision and policy development.

National House of Pensions and Other Social Insurance Rights (<http://www.cnpas.org>) administers the program.

Individual account

Financial Supervisory Authority (<http://www.asfromania.ro>) regulates and supervises private pension fund administrators.

Private pension fund administrators manage individual accounts and pay pensions.

Sickness and Maternity

Regulatory Framework

First law: 1930.

Current laws: 2005 (benefits) and 2006 (social health insurance).

Type of program: Social insurance system.

Coverage

Cash sickness and maternity benefits: Employed persons with individual labor contracts; civil servants; unemployment benefit recipients; self-employed persons; and certain other workers.

Medical benefits: All legal residents of Romania.

Voluntary coverage for temporary residents and diplomatic staff accredited in Romania.

Source of Funds

Insured person

Cash benefits: None.

Medical benefits: 5.5% of earnings.

Self-employed person

Cash benefits: 0.85% of taxable income.

Medical benefits: 5.5% of earnings.

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

Employer

Cash benefits: 0.85% of covered payroll.

Medical benefits: 5.2% of covered payroll.

The employer's contributions for medical benefits also finance work injury medical benefits.

Government

Cash benefits: None.

Medical benefits: Provides subsidies to lower the deficit.

Qualifying Conditions

Cash sickness benefits: Must have at least one month of contributions in the 12 calendar months before the incapacity began; no contribution requirement for emergency surgery and in cases of contagious diseases, pregnancy, or postnatal care.

Coverage is credited for certain periods, including periods during which social insurance benefits are received and for periods of university study, military service, or imprisonment.

Illness prevention and rehabilitation for work benefit:

Paid to a person undergoing rehabilitation who is placed temporarily in an alternative job.

Cash maternity benefits: Must have at least one month of contributions in the last 12 months.

Maternity risk benefit: Paid to a pregnant worker or to an employed mother (who has just returned to work following childbirth) to protect the health of the mother or her child.

Child care allowance: Paid for providing care for a sick child younger than age 7 (age 18 if disabled).

Medical benefits: Must have at least one month of contributions in the last 12 months; no contribution requirement for certain categories of residents, for emergency surgery, and in cases of tuberculosis, AIDS, or other contagious diseases.

Sickness and Maternity Benefits

Sickness benefit: 75% of the insured's average monthly earnings in the last six months before the incapacity began (100% for emergency surgery, tuberculosis, AIDS, and other contagious diseases) is paid for up to 183 days a year for each illness; may be extended in some cases.

The maximum monthly earnings used to calculate benefits are lei 10,200.

Illness prevention and rehabilitation for work benefit:

The benefit comprises two elements: rehabilitation and temporary placement in an alternative job and a cash benefit to replace part of the earnings lost as a result of reduced working hours. The value of each element must not exceed 25% of the insured's average monthly earnings in the six months before the incapacity began. Benefits are paid for up to 90 days a year. A benefit of 75% of the insured's average monthly earnings in the six months before the incapacity began is paid to persons who are quarantined.

The maximum monthly earnings used to calculate benefits are lei 10,200.

Maternity benefit: 85% of the insured's average monthly earnings in the six months before the expected date of childbirth is paid for up to 126 days.

The maximum monthly earnings used to calculate benefits are lei 10,200.

Maternity risk benefit: 75% of the insured's average monthly earnings in the six months before the expected date of childbirth is paid.

The maximum monthly earnings used to calculate benefits are lei 10,200.

Child care allowance: 85% of the insured's average monthly earnings in the six months before the claim is paid for up to 45 days for each calendar year (may be extended in case of emergency surgery, tuberculosis, AIDS, and other contagious diseases).

Average monthly earnings are equal to the insured's average earnings in the last six months before the incapacity began.

The maximum monthly earnings used to calculate benefits are lei 10,200.

Workers' Medical Benefits

Providers under contract with local health insurance funds provide medical services directly to patients. Medical benefits include general and specialist care, outpatient care, hospitalization, medicine, appliances, rehabilitation, preventive medical care, maternity care, and transportation.

Dependents' Medical Benefits

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

Administrative Organization

National Health Insurance Fund (<http://www.cnas.ro>) administers cash sickness and maternity benefits.

Work Injury

Regulatory Framework

First law: 1912.

Current laws: 2002 (work injury) and 2010 (social insurance), implemented in 2011.

Type of program: Social insurance system.

Coverage

Persons with individual labor contracts; civil servants; unemployment benefit recipients; full-time students, apprentices, and students in occupational training.

Voluntary coverage is available for self-employed persons, agricultural workers and certain other workers.

Source of Funds

Insured person: None; the voluntarily insured pay 1% of the average monthly income (not less than the national monthly minimum gross wage).

The minimum monthly income used to calculate contributions is the national minimum gross wage.

The national monthly minimum gross wage is lei 850.

Self-employed person: 1% of the average monthly income (not less than the national monthly minimum gross wage).

The minimum monthly income used to calculate contributions is the national monthly minimum gross wage.

The national minimum gross wage is lei 850.

Employer: From 0.15% to 0.85% of average gross monthly income, according to the assessed degree of risk.

Government: Provides subsidies.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

80% of the insured's average wage in the six calendar months before the disability began is paid from the first day of disability for up to 180 days a year; 100% if the insured has to undergo emergency medical treatment. The benefit is paid by the employer until recovery or certification of permanent disability.

Permanent Disability Benefits

Permanent disability pension: The pension is based on the insured's total lifetime number of accumulated pension points and the value of the pension point at the time of retirement. Pension points obtained during one year are calculated using the insured's monthly average wage divided by the national monthly average wage. Additional pension points are credited for missed contributions since the disability began. Pension points accrue at varying rates according to the degree of disability.

The pension point value is lei 790.7.

Constant-attendance supplement: A lump sum of 80% of the pension point value is paid for a first degree disability.

At the pensionable age, the insured can opt for a disability pension or an old-age pension, whichever is greater. The constant-attendance supplement is paid with either option.

Insured persons receiving a third degree disability pension can combine the pension with earnings from gainful employment subject to certain conditions.

Benefits are payable abroad.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is adjusted annually to changes (100%) in the inflation rate plus 50% of the real growth in the average wage.

Workers' Medical Benefits

Providers under contract with local health insurance funds provide medical services directly to patients. Medical benefits include general and specialist care, outpatient care, hospitalization, medicine, appliances, rehabilitation, preventive medical care, maternity care, and transportation.

Survivor Benefits

Spouse's pension: The pension is based on the old-age pension the deceased received or was entitled to receive, but calculated as a percentage of the deceased's average lifetime number of pension points that varies according to number of eligible survivors: 50% for one survivor; 75% for two; or 100% for three or more.

If the deceased was ineligible for the old-age pension or received a disability or early old-age pension, the survivor pension is based on the first-degree disability pension. Pension points accrue at varying rates according to the degree of disability.

If the survivor is also eligible for an old-age pension in his or her own right, the greater of the two benefits is paid. Full orphans receive two pensions if both parents were insured.

Benefits are payable abroad.

Benefit adjustment: Benefits are adjusted annually in December according to changes in the pension point value, which is adjusted annually to changes (100%) in the inflation rate plus 50% of the real growth in the average wage.

Funeral grant: A lump sum of four times the insured's monthly average gross earnings is paid when the insured dies.

Administrative Organization

Ministry of Labor, Family, Social Protection and Elderly (<http://www.mmuncii.ro>) is responsible for general supervision and policy development.

National House of Pensions and Other Social Insurance Rights (<http://www.cnpas.org>) administers the program.

Unemployment

Regulatory Framework

First law: 1991.

Current law: 2002.

Type of program: Social insurance system.

Coverage

Employed persons with individual labor contracts; and civil servants.

Voluntary coverage for self-employed persons, and certain other workers.

Source of Funds

Insured person: 0.5% of covered earnings.

The maximum monthly earnings used to calculate contributions are lei 11,490.

Self-employed person: 1% of declared covered earnings.

The maximum monthly earnings used to calculate contributions are lei 11,490.

Employer: 1% of gross payroll.

There are no maximum earnings used to calculate contributions.

Government: Any deficit.

Qualifying Conditions

Unemployment benefits: Must have at least 12 months of contributions in the last 24 months before unemployment, be younger than pensionable age, have income below a certain level, and be registered at the local labor office.

First-time job seekers older than age 16 with no independent income who have not found employment 60 days after the end of their school or university studies are also eligible.

Unemployment Benefits

75% of the reference social index plus 3% to 10% of the insured's average earnings in the last 12 months is paid (depending on the number of contributions) for six months if the insured has at least one year of contributions; nine months with more than five years; 12 months with more than 10 years.

Graduates who are first-time job seekers receive 50% of the reference social index for six months.

An unemployed person who resumes full-time employment before the awarded benefit period ends receives 30% of the benefit during the remaining period.

If the new workplace is more than 50 kilometers from the insured's home, a lump sum of twice the reference social

index is paid; seven times the reference social index if relocation is necessary.

The reference social index is lei 500.

Certain other incentives in the form of subsidies, exemption from unemployment insurance contribution payments, or access to loans under favorable conditions are awarded to certain employers to enhance job creation and encourage the recruitment of unemployed persons.

Administrative Organization

National Agency for Employment provides general supervision. Local offices administer the program.

Family Allowances

Regulatory Framework

First law: 1950.

Current laws: 1993 (State children allowances), 2001 (minimum guarantee), 2002 (HIV/AIDS benefits), 2005 (benefits for persons with disability), 2010 (family support), 2010 (parental leave), and 2011 (social assistance).

Type of program: Universal system.

Coverage

All residents of Romania.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

State children allowances: Paid for children younger than age 18 (older if a full-time student or trainee).

Family Income supplement (income tested): Paid to families with children under age 18 if average per capita family income is lei 370 a month or less.

Single-parent allowance (income tested): Paid to single parents if average per capita family income is lei 530 a month or less.

Parental leave (income tested): Paid to parents who had income from work during the 12 months prior to the birth. The benefit is paid until the child reaches age 2 (age 3 if disabled).

If the parents resume work before the end of the parental leave period, a reduced benefit is paid.

Benefits for persons diagnosed with HIV/AIDS: Paid to all persons diagnosed with HIV/AIDS.

Benefits for disabled persons: Paid to disabled persons, according to the degree of disability.

Attendance allowance: Paid to persons assessed as blind if they require the assistance of others to perform daily functions.

Social Assistance: Paid to families and persons with low or no income.

Family Allowance Benefits

State children allowances: lei 200 a month is paid for each child up to age 2 (age 3 if disabled); lei 42 a month for each child aged 3 or older.

Family Income supplement (income tested): If average per capita family income is less than lei 200, lei 40 a month is paid for one child; lei 80 for two; lei 120 for three; or lei 160 for four or more children. If average per capita family income is lei 200 to lei 530, lei 33 a month is paid for one child; lei 66 for two; lei 99 for three; or lei 132 for four or more children.

Single-parent allowance (income tested): If average per capita family income is less than lei 200, lei 65 a month is paid for one child; lei 130 for two; lei 195 for three; or lei 260 for four or more children. If average per capita family income is lei 200 to lei 530, lei 60 a month is paid for one child; lei 120 for two; lei 180 for three; or lei 240 for four or more children.

Parental leave (income tested): lei 600 a month or 85% of average earnings of the last 12 months, up to lei 3,400, is paid if the child is under 1 year; or up to lei 1,200 if the child is under 2 years (3 years if disabled).

Benefits for persons diagnosed with HIV/AIDS: A child receives lei 11 a day; an adult receives lei 13 a day.

Benefits for disabled persons: lei 202 is paid for a severe disability; lei 166 for a moderate disability. A supplement of lei 91, lei 68, or lei 33.5 is paid under certain conditions.

Attendance allowance: lei 525 is paid.

Social Assistance: lei 142 is paid for households with one person; lei 255 with two persons; lei 357 with three persons; lei 442 with four persons; lei 527 with five persons; plus lei 37 for each additional person in the household over five persons.

Unmarried persons and households with per capita income less than a fixed amount may receive cash and in-kind benefits to help pay heating costs.

Emergency assistance may be paid to persons, including refugees, assessed as needy.

Administrative Organization

Ministry of Labor, Family, Social Protection and Elderly (<http://www.mmuncii.ro>) is responsible for general supervision and policy development.

The National Agency for Social Benefits administers all social benefits.

Local offices, local councils, and other institutions pay the benefits.