

## Armenia

Exchange rate: US\$1.00 = 480 drams.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1956 and 1964.

**Current laws:** 2002 (state pensions), implemented in 2003; 2010 (individual accounts); 2013 (public welfare); 2010 (income tax), implemented in 2013; and 2014 (elected officials).

**Type of program:** Social insurance, mandatory individual account, and social assistance system.

Note: On January 1, 2014, individual accounts were introduced that are mandatory for workers born on or after January 1, 1974. Workers born before 1974 could choose to opt out of the individual account system until July 1, 2014, after which participation became mandatory for all workers.

The 2010 law on income tax replaced mandatory social contributions with a tax-financed system, but the basic structure of the social insurance program remains in place.

#### Coverage

Employed and self-employed persons.

Special systems for military and police personnel, judges, elected officials, public prosecutors, and their family members.

#### Source of Funds

##### Insured person

**Social insurance:** A portion of personal income tax revenue finances the social insurance system.

**Mandatory individual account:** 5% of gross monthly earnings.

The maximum monthly earnings used to calculate contributions are 500,000 drams.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** A portion of personal income tax revenue finances the social insurance system.

**Mandatory individual account:** 5% of declared annual earnings.

The maximum annual earnings used to calculate contributions is 6,000,000 drams.

**Social assistance:** None.

#### Employer

**Social insurance:** None.

**Individual account:** None.

**Social assistance:** None.

#### Government

**Social insurance:** Subsidies as needed.

**Mandatory individual account:** 10% of the insured's gross monthly earnings.

The maximum monthly earnings used to calculate contributions are 500,000 drams.

**Social assistance:** The total cost.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 63 with at least 25 years of covered employment; age 59 with at least 25 years of covered employment, including at least 20 years in arduous or hazardous work before January 1, 2014, or at least 10 years in arduous or hazardous work after January 1, 2014; or age 55 with at least 25 years of covered employment, including at least 15 years in arduous or hazardous work before January 1, 2014, or at least 7.5 years in arduous or hazardous work after January 1, 2014.

A reduced pension is paid with at least 10 years of covered employment.

Covered employment also includes years as a university student, years of service in the military, years caring for a child, and periods receiving unemployment benefits.

Benefits are payable abroad under reciprocal agreement.

**Old-age benefit (mandatory individual account):** Age 63.

**Old-age social pension (social assistance):** Age 65 with less than 10 years of covered employment.

Benefits are payable abroad under reciprocal agreement.

**Disability pension (social insurance):** Must have two to 10 years of covered employment, depending on the insured's age when the disability began. The pension is paid according to three degrees of disability: Group I (total incapacity for work and requiring constant attendance); Group II (total incapacity for work but not requiring constant attendance); and Group III (partial incapacity for work).

Covered employment includes years as a university student, years of service in the military, years caring for a child, and periods receiving unemployment benefits.

A specialized medical committee assesses the degree of disability.

Benefits are payable abroad under reciprocal agreement.

**Disability social pension (social assistance):** Must be assessed with a disability and have less than the number

of years of covered employment required for the disability pension.

Benefits are payable abroad under reciprocal agreement.

**Survivor pension (social insurance):** The deceased received or was entitled to receive an old-age or disability social insurance pension.

Eligible survivors include a widow(er); a person who is not employed at the time of deceased's death, not receiving any pension, and who cares for the deceased's children, brothers, sisters, or grandchildren younger than age 14; or full orphans younger than age 18 (at any age if a full-time student who lost both parents from age 18 to 23) who are not receiving any other pension.

Covered employment includes years as a university student, years of service in the military, years spent caring for a child, and periods receiving unemployment benefits.

Benefits are payable abroad under reciprocal agreement.

**Survivor social pension (social assistance):** The deceased received or was entitled to receive an old-age or disability social pension.

Eligible survivors include a widow(er); a person who is not employed at the time of deceased's death, not receiving any pension, and who cares for the deceased's children, brothers, sisters, or grandchildren younger than age 14; or full orphans younger than age 18 (at any age if a full-time student who lost both parents from age 18 to 23) who are not receiving any other pension.

**Funeral grant (social insurance and social assistance):** Paid when an old-age or disability pensioner dies.

### **Old-Age Benefits**

**Old-age pension (social insurance):** 100% of the basic pension plus a bonus pension is paid.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year of covered employment from the 11th year of covered employment multiplied by a personal coefficient based on the length of service.

There is no maximum pension.

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

**Old-age benefit (mandatory individual account):** The insured has three options: purchase an annuity, programmed withdrawals, or a lump sum.

The minimum benefit is the total insured and government contributions, adjusted for inflation, minus administrative fees.

**Old-age social pension (social assistance):** 16,000 drams a month is paid.

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

### **Permanent Disability Benefits**

**Disability pension (social insurance):** 140% of the basic pension is paid for a Group I disability; 120% for a Group II disability; 100% for a Group III disability. Each group also receives a bonus pension.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year of covered employment from the 11th year of covered employment multiplied by a personal coefficient based on the length of service.

There is no maximum pension.

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

**Disability social pension (social assistance):** 21,500 drams a month is paid for a Group I disability; 19,000 drams a month for a Group II disability; and 16,000 drams a month for a Group III disability.

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

### **Survivor Benefits**

**Spouse's pension (social insurance):** 100% of the basic pension plus 50% of the bonus pension is paid.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year the deceased was in covered employment from the 11th year of covered employment multiplied by a personal coefficient based on the length of service.

The spouse's pension ceases on remarriage.

**Full orphan's pension (social insurance):** 500% of the basic pension plus 50% of the bonus pension is paid.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year both deceased parents were in covered employment.

There is no maximum orphan's pension.

**Survivor social pension (social assistance):** 16,000 drams a month is paid for a spouse; 80,000 drams a month is paid for a full orphan.

**Funeral grant (social insurance and social assistance):** A lump sum of 200,000 drams is paid.

Benefit adjustment: Benefits are adjusted on an ad hoc basis according to available resources.

## Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mlssa.am/>) is responsible for policy.

State Social Security Service (<http://www.ssss.am/>) administers the programs.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1912.

**Current laws:** 2005 (social benefits), 2005 (temporary disability insurance), and 2013 (public welfare).

**Type of program:** Social insurance (cash benefits), social assistance (maternity benefit), and universal (medical benefits) system.

### Coverage

**Cash sickness and maternity benefits (social insurance):** Employed and self-employed persons.

**Maternity allowance (social assistance):** Residents of Armenia.

**Medical benefits and childbirth or adoption lump sum (universal):** Residents of Armenia.

### Source of Funds

#### Insured person

*Social insurance benefits:* See source of funds under Old Age, Disability, and Survivors.

*Universal and social assistance benefits:* None.

#### Self-employed person

*Social insurance benefits:* See source of funds under Old Age, Disability, and Survivors.

*Universal and social assistance benefits:* None.

#### Employer

*Social insurance benefits:* None.

*Universal and social assistance benefits:* None.

### Government

*Social insurance benefits:* Subsidies as needed.

*Universal and social assistance benefits:* The total cost.

### Qualifying Conditions

**Cash sickness and maternity benefits (social insurance):** There is no minimum qualifying period.

**Maternity allowance (social assistance):** Paid to unemployed pregnant mothers.

**Childbirth or adoption lump sum (universal):** There is no minimum qualifying period.

**Medical benefits (universal):** Must reside in Armenia.

### Sickness and Maternity Benefits

**Sickness benefit (social insurance):** The benefit is 80% of the insured's average monthly earnings in the last 12 months before the incapacity began (or in the total period of covered employment if less than 12 months) divided by 21 (by 25 for a six-day work week). The benefit is paid from the sixth day of incapacity (the employer pays the second to the fifth day; the first day is not paid) for up to six months.

The maximum earnings used to calculate the sickness benefit are five times the legal monthly minimum wage (10 times the legal monthly minimum wage for a six-day work week).

The legal monthly minimum wage is 55,000 drams.

The benefit is also paid to a person providing care for a sick child or adult family member.

**Maternity benefit (social insurance):** The benefit is 100% of the insured's average monthly earnings (regardless of the number of years of covered employment) divided by 30.4 (average number of days in a month). The benefit is paid for 140 days (70 days before and 70 days after the expected date of childbirth); 155 days if there are complications from childbirth; 180 days for multiple births.

The minimum earnings used to calculate the maternity benefit are 0.5 times the legal monthly minimum wage.

The maximum earnings used to calculate the maternity benefit are 15 times the legal monthly minimum wage (employed persons) or five times the legal monthly minimum wage (self-employed persons).

The legal monthly minimum wage is 55,000 drams.

**Maternity allowance (social assistance):** The benefit is 50% of the legal monthly minimum wage divided by 30.4 and multiplied by 140. The benefit is paid for 70 days before and 70 days after childbirth.

**Childbirth or adoption lump sum (universal):** A lump sum of 50,000 drams is paid for the first and second child, 1,000,000 drams for the third and fourth child, and 1,500,000 drams for each subsequent child. The lump sum is paid within the 12-month period after childbirth or adoption.

**Benefit adjustment:** Benefits are adjusted on an ad hoc basis according to available resources.

### Workers' Medical Benefits

Government health providers offer medical services directly to patients. Benefits include general and specialist care, hospitalization, laboratory services, dental care, maternity care, and transportation.

Cost sharing: Patients pay part of the cost of appliances. Medicine is free if provided while the patient is hospitalized or for pensioners. The government fully or partially covers certain medical treatments.

### **Dependents' Medical Benefits**

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

Free medicine is provided for children with a disability younger than age 16, and for all infants until age 1.

### **Administrative Organization**

**Cash benefits:** State Social Security Service (<http://www.ssss.am/>) administers the program.

**Medical benefits:** Ministry of Health (<http://www.moh.am/>) develops and implements health policy.

State Health Agency purchases publicly financed services from health care provider organizations and monitors the use of state financial resources.

### **Work Injury**

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#### **Regulatory Framework**

**First laws:** 1955 and 1974.

**Current laws:** 1998 (civil code), 2010 (state pensions), and 2010 (temporary disability insurance).

**Type of program:** Social insurance system.

#### **Coverage**

Employed persons.

Exclusions: Self-employed persons.

#### **Source of Funds**

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

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors.

**Employer:** None.

**Government:** Subsidies as needed.

#### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

**Occupational diseases benefits:** Occupational diseases are specified by law.

#### **Temporary Disability Benefits**

The benefit is 80% of the insured's average monthly earnings in the last 12 months before the incapacity began

(or in the total period of covered employment if less than 12 months) divided by 21 (by 25 for a six-day work week). The benefit is paid from the first day of incapacity until recovery or the award of a permanent disability pension.

A specialized medical committee assesses the degree of disability.

**Benefit adjustment:** Benefits are adjusted on an ad hoc basis according to available resources.

#### **Permanent Disability Benefits**

**Permanent disability pension:** 140% of the basic pension is paid for a Group I disability; 120% for a Group II disability; and 100% for a Group III disability. Each group also receives a bonus pension.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year of covered employment multiplied by a personal coefficient based on the length of service.

The minimum permanent disability pension is 20% of the legal monthly minimum wage.

The legal monthly minimum wage is 55,000 drams.

**Benefit adjustment:** Benefits are adjusted on an ad hoc basis according to available resources.

#### **Workers' Medical Benefits**

Medical benefits include the cost of necessary medical treatment, medicine, rehabilitation, and appliances.

#### **Survivor Benefits**

**Spouse's pension:** 100% of the basic pension plus 50% of the bonus pension is paid to a widow(er) or to a person who is not employed at the time of the deceased's death, not receiving any pension, and who cares for the deceased's children, brothers, sisters, or grandchildren younger than age 14.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year the deceased was in covered employment from the 11th year of covered employment multiplied by a personal coefficient based on the length of service.

**Full orphan's pension:** 500% of the basic pension plus 50% of the bonus pension is paid to full orphans younger than age 18 (at any age if a full-time student who lost both parents from age 18 to 23) who are not receiving any other pension.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year both deceased parents were in covered employment.

**Benefit adjustment:** Benefits are adjusted on an ad hoc basis according to available resources.

## Administrative Organization

**Temporary disability benefits:** State Social Security Service (<http://www.ssss.am/>) administers the programs.

Enterprises and employers pay benefits directly to their employees.

**Permanent disability and survivor pensions:** Ministry of Labor and Social Affairs (<http://www.mlsa.am/>) is responsible for policy.

**Medical benefits:** State Health Agency (<http://www.moh.am/>) purchases publicly financed services from health care provider organizations and monitors the use of state financial resources.

## Unemployment

### Regulatory Framework

No statutory benefits are provided.

Note: In 2015, unemployment benefits were discontinued in 2015 and replaced by employment-promotion measures, including cash assistance to persons who are uncompetitive in the labor market.

Under the labor code (2004), employers are required to pay severance to dismissed employees. The amount is the employee's average monthly salary if dismissal is due to firm closure or downsizing. If dismissal is due to retirement, military service, mutual consent, a change in the essential conditions of employment, or if the employee is unable to perform the duties of the position, for example due to disability, the amount depends on the employee's length of service: 10 days' pay for one year of service; 25 days for more than one and up to five years; 30 days for more than five and up to 10 years; 35 days for more than 10 and up to 15 years; and 44 days for more than 15 years.

## Family Allowances

### Regulatory Framework

**First law:** 1944.

**Current law:** 2005 (social benefits), 2013 (public welfare), and 2014 (benefit amounts).

**Type of program:** Social assistance system.

## Coverage

Families with children.

## Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

## Qualifying Conditions

**Family allowances (means tested):** Benefits are paid for children up to age 18.

**Child care leave allowance:** The beneficiary must be employed at the time of the child's birth. Paid to parents who take time off work to care for a child younger than age 2.

## Family Allowance Benefits

**Family allowances (means tested):** 17,000 drams (basic sum) plus 5,500 drams to 8,000 drams (supplementary sum) a month is paid for each child younger than age 18, depending on family situation, family income, and geographical location.

**First day of school allowance:** A lump sum of 25,000 drams is paid on the first day of school.

**Child care leave allowance:** 18,000 drams a month is paid until the child reaches age 2.

**Benefit adjustment:** Benefits are adjusted on an ad hoc basis according to available resources.

## Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mlsa.am/>) administers the program.