

Palau

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

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1967.

Current law: 1987 (social security), implemented in 1991, and 2013 (social security reform).

Type of program: Social insurance system.

Coverage

Gainfully employed persons and some categories of self-employed persons.

Voluntary coverage for self-employed persons, including farmers, fishermen, and taxi drivers, with no employees and gross earnings of at least US\$300 a quarter but less than US\$10,000 a year.

Exclusions: Casual labor and self-employed persons with no employees and annual gross income of less than US\$300 a quarter.

Source of Funds

Insured person: 6% of earnings.

The maximum earnings used to calculate contributions are US\$6,000 (rising to US\$8,000 on October 1, 2017) a quarter.

Self-employed person: 12% of twice the salary of his or her highest-paid employee (12% of one-quarter of gross annual earnings with no employees).

The maximum earnings used to calculate contributions are US\$6,000 (rising to US\$8,000 on October 1, 2017) a quarter.

Employer: 6% of payroll.

The maximum earnings used to calculate contributions are US\$6,000 (rising to US\$8,000 on October 1, 2017) a quarter.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 62 (rising to age 63 on October 1, 2020) with at least 38 quarters of coverage.

Earnings test: From the normal retirement age up to age 65, employment may continue and a reduced pension is paid. From age 65, there is no penalty for continuing to work.

The old-age pension is payable abroad under reciprocal agreement.

Disability pension: Assessed as incapable of substantial gainful activity due to a physical or mental disability that is likely to last at least a year or result in death. Must have one quarter of coverage for each year after June 1968 (or since age 21, if younger than age 21 in June 1968) with at least 12 quarters of coverage; at least eight quarters of coverage in the last 13 quarters; or a total of at least 120 quarters of coverage at the time the disability began.

Earnings test: For pensioners younger than age 65, employment may continue and a reduced pension is paid. From age 65, there is no penalty for continuing to work.

The disability pension is payable abroad under reciprocal agreement.

Survivor pension: The deceased had at least one quarter of coverage for each year after June 1968 (or since age 21, if younger than age 21 in June 1968) or had at least eight quarters of coverage in the 13 quarters before death. Survivors may only receive one survivor pension.

Eligible survivors include a widow(er) who was married to the deceased at the time of death and unmarried children younger than age 18 (age 22 if a student) who were dependent on or living with the deceased. Employed widow(er)s younger than age 60 must meet an earnings test.

Earnings test: For a widow(er) younger than age 59, employment may continue and a reduced pension is paid. From age 59, there is no penalty for continuing to work.

The survivor pension is payable abroad under reciprocal agreement.

Survivor lump-sum benefit: The deceased did not meet the coverage requirements for an old-age or disability pension at the time of death.

Eligible survivors include (in order of priority) a widow(er), children, parents, a legal representative, or persons who lived with the deceased.

Old-Age Benefits

Old-age pension: The monthly pension is 8.3% of the sum of the following: 27% of the first US\$11,000 of the insured's cumulative covered earnings, 2.9% of earnings greater than US\$11,000 up to US\$44,000, 1.5% of earnings greater than US\$44,000 up to US\$499,999, and 0.75% of earnings above US\$499,999.

The minimum monthly old-age pension is US\$148.

Earnings test: The old-age pension is reduced by US\$1 for every US\$3 of earnings above US\$3,000 a quarter until the insured reaches age 65.

Permanent Disability Benefits

Disability pension: The monthly pension is 8.3% of the sum of the following: 27% of the first US\$11,000 of the

insured's cumulative covered earnings, 2.9% of earnings greater than US\$11,000 up to US\$44,000, 1.5% of earnings greater than US\$44,000 up to US\$499,999, and 0.75% of earnings above US\$499,999.

The minimum monthly disability pension is US\$148.

Earnings test: The disability pension is reduced by US\$1 for every US\$3 of earnings above US\$3,000 a quarter until the insured reaches age 65.

Survivor Benefits

Spouse's pension: 100% of the old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er) aged 60 or older; 60% if younger than age 60 or aged 60 or older and remarried.

The maximum monthly spouse's pension is US\$148.

Earnings test: The spouse's pension is reduced by US\$1 for every US\$3 of earnings above US\$3,000 a quarter until the widow(er) reaches age 59.

The spouse's pension ceases upon remarriage if the widow(er) is younger than age 60.

Orphan's pension: 15% of the old-age or disability pension the deceased received or was entitled to receive is paid to each orphan younger than age 18 (age 22 if a student; no limit if disabled before age 22).

The minimum monthly orphan's pension is US\$148.

The maximum combined monthly spouse's and orphan's pension is 100% of the old-age or disability pension the deceased received or was entitled to receive.

Survivor lump-sum benefit: A lump sum is paid and split equally among eligible survivors.

Administrative Organization

Palau Social Security System Administration (<http://www.roppsa.org/>) administers the programs.

Sickness and Maternity

Regulatory Framework

First and current law: 2010 (health care financing).

Type of program: Social insurance and individual account system (medical benefits only).

Coverage

Employed persons.

Voluntary coverage for unemployed persons; self-employed persons with no employees and with quarterly earnings up to US\$1,300; and dependents of beneficiaries of government-subsidized National Health Insurance.

Source of Funds

Insured person

National health insurance (social insurance): None.

Medical savings account (individual account): 2.5% of monthly earnings.

The insured's contributions are paid quarterly.

Self-employed person

National health insurance (social insurance): US\$40.95 with earnings up to US\$1,300 a quarter; 2.25% of earnings with earnings greater than US\$1,300 but less than US\$10,000 a quarter; and 5% of earnings with earnings of at least US\$10,000 a quarter.

The self-employed person's contributions are paid quarterly.

Medical savings account (individual account): A minimum deposit of US\$10.

Employer

National health insurance (social insurance): 2.5% of monthly payroll.

The employer's contributions may be paid on a biweekly or quarterly basis.

Medical savings account (individual account): None.

Government:

National health insurance (social insurance): The total cost of health insurance for persons older than age 60, unemployed, or disabled.

Medical savings account (individual account): None.

Qualifying Conditions

There is no minimum qualifying period for persons older than age 60, unemployed or disabled. Currently employed persons must have at least two quarters of contributions.

Sickness and Maternity Benefits

No statutory benefits are provided.

Workers' Medical Benefits

National health insurance (social insurance): 80% of the cost of necessary medical treatment, including off-island referrals to the Philippines and Taiwan (up to US\$35,000 for each case).

Copayment: The maximum copayment ranges from US\$200 to US\$400 for treatment in Palau (US\$1,000 to US\$4,000 for treatment abroad), depending on annual household income.

Medical savings account (individual account): The medical savings account may be used to cover copayments of up to 20% of the cost of treatment at public hospitals and clinics and participating private clinics (up to the cost of equivalent treatment, if available, at public hospitals) and private insurance premiums.

Withdrawals are not possible. If the account holder dies or permanently leaves the country (noncitizens only), the individual account balance is paid to (in order of priority) the surviving spouse, children (split equally), parents (split equally), or other designated beneficiaries.

Dependents' Medical Benefits

National health insurance (social insurance) and medical savings account (individual account): Medical benefits for dependents are the same as those for the insured.

Administrative Organization

National Healthcare Governing Committee provides general supervision.

Palau Social Security System Administration administers the programs.