

Albania

Exchange rate: US\$1.00 equals 105.6 leks.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1947.

Current law: 1993, with amendments.

Type of program: Social insurance system.

Coverage

Employed persons, self-employed persons, and university students.

Voluntary coverage for those who do not qualify for compulsory insurance.

Supplementary systems for civil servants, private employers and employees, and military personnel.

Special state pensions are available for those who have contributed to the political and cultural development of Albania.

Source of Funds

Insured person: 9.5% of total earnings (8% for old-age, disability, and survivor pensions and for sickness and maternity benefits; 1.5% for medical benefits).

Employer: 29.9% of payroll.

Government: Any deficit. Covers costs for persons in compulsory military service and credits contributions on behalf of the unemployed.

Qualifying Conditions

Old-age pension: Age 65 (men) or age 60 (women) with 35 years of contributions. Retirement from economic activity is necessary.

Age 50 with 30 years of contributions for mothers with six or more children over age 8.

Partial pension: Age 65 (men) or age 60 (women) with between 20 and 35 years of contributions.

Deferred pension: A deferred pension is possible.

Disability pension: Incapable of any work, blind, or suffering from severe mutilation.

The minimum insurance period is at least one-half the difference in years between the claimant's age and age 20.

The degree of disability is assessed by the Medical Experts Committee (MEC). At pensionable age, the claimant may choose to take the old-age pension if the amount is higher.

Partial disability pension: Incapacity to perform work at the last place of employment but capable of work under special working conditions as determined by the MEC. The minimum insurance period must be met.

Survivor pension: The deceased was an old-age or disability pensioner or was insured at the time of death or insurance coverage ceased not more than 1 year before death.

Eligible survivors include a surviving spouse caring for a dependent child under age 8; a disabled or aged spouse (age 50 for a widow or age 60 for a widower); dependent orphans under age 18 (age 25 if a student), or a spouse or a child who became disabled before reaching these ages; parents and grandparents aged 65 or older who shared the same household with the deceased for 12 months before the insured's death and have no one else to care for them; and dependent grandchildren. A surviving spouse loses entitlement to the survivor pension on remarriage.

Old-Age Benefits

Old-age pension: A basic flat-rate pension (equal to the minimum standard of living) is payable to all insured persons, plus an earnings-related pension for employed persons equal to 1% for each year of coverage multiplied by the average assessed wage for which contributions were paid.

The maximum pension is twice the basic pension amount or 75% of average net wages during 3 of the last 10 years of employment.

Deferred pension: An increment of 4% of the full pension is paid for each year of deferral with continued contributions.

The maximum deferred pension is 80% of the average net wage during 3 of the last 10 years of employment.

Partial pension: A percentage of the full pension, corresponding to the number of years worked.

Benefit adjustment: The basic flat-rate pension is indexed annually according to price changes of selected commodities.

Permanent Disability Benefits

Disability pension: A basic flat-rate pension (equal to the minimum standard of living) is payable to all insured persons, plus an earnings-related pension for employed persons equal to 1% for each year of coverage multiplied by the average assessed wage for which contributions were paid.

The maximum pension is twice the basic flat-rate pension or 80% of the last average net wage, whichever is less.

Partial disability pension: 50% of the insured's full disability pension (the basic flat-rate pension plus the insured's earnings-related pension).

Constant-attendance supplement: 15% of the assessed wage for contribution purposes.

Supplements for dependent children: A supplement equal to 5% of the basic old-age pension is paid for each dependent child under age 15. The maximum supplement is 20% of the basic old-age pension.

Benefit adjustment: Benefits are adjusted according to changes to the old-age pension.

Survivor Benefits

Survivor pension: 50% of the insured's old-age pension for the surviving spouse; 25% for each orphan and each other dependent.

The maximum pension is 100% of the insured's old-age pension; 50% if the surviving spouse is economically active or receiving a pension in his or her own right.

Full orphan's pension: 50% of the insured's old-age pension for a sole orphan provided there is no other eligible dependent. Full orphans are eligible for the pension entitlements of both parents.

Death benefit: A lump sum equal to 1 month's basic flat-rate old-age pension.

Administrative Organization

Ministry of Labor and Social Affairs and a tripartite Administrative Council provide general supervision.

Social Insurance Institute administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1947.

Current law: 1993, with 1994, 1995, 1998, 2000, 2001, 2002, and 2003 amendments.

Type of program: Social insurance (cash benefits) and universal system (medical care).

Coverage

Sickness benefits: Employees.

Maternity benefits: Employees, employers, and self-employed persons.

Medical care: All residents.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors, above. (Persons living in urban areas contribute 1.7% of earnings for medical benefits.)

Employer: 0.8% of payroll (sickness benefits), 2.3% of payroll (maternity benefits), and 1.5% for medical cash benefits.

Government: 1.7% of payroll for employees (medical benefits). Total cost for persons not currently in the labor force (medical benefits).

Qualifying Conditions

Sickness benefits: Currently insured.

Maternity benefits: Twelve months of contributions.

Medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 70% of the average daily wage in the last calendar year if the insured has less than 10 years of contributions; 80% for more than 10 years. The benefit is payable from the 15th day of medical certification (the first 14 days are paid by the employer) for up to 6 months. The benefit may be extended for an additional 3 months if the Medical Experts Committee (MEC) certifies the likelihood of recovery in that period. The benefit is equal to 50% of the average daily wage during periods of hospitalization, provided there are no dependents. Income compensation is also available for changes of employment due to health reasons.

Maternity benefit: Employees are entitled to 365 days of paid maternity leave (with a minimum of 35 days before the expected date of childbirth and 42 days after). The benefit is 80% of the average daily wage in the last calendar year for the leave period taken before childbirth and for 150 days after; the benefit is paid at 50% of the average daily wage for the remainder of the entitlement period. For multiple births, the paid leave period is extended to 390 days, including a minimum of 60 days before and 42 days after the expected date of childbirth. Benefits are also payable in cases of adoption. Compensation is payable for changes of employment due to pregnancy.

For employers and the self-employed, the benefit is equal to the basic old-age pension.

Birth grant: A lump-sum payment of one-half of the minimum wage set by the Council of Ministers, payable to either insured parent with a minimum of 1 year's contributions.

Workers' Medical Benefits

Free general practitioners' services.

Cost sharing: Reimbursement is provided from 35% to 100% for various essential medicines.

Dependents' Medical Benefits

Same as for the family head.

Administrative Organization

Ministry of Labor and Social Affairs and Ministry of Health Protection provide general supervision.

Social Insurance Institute administers sickness and maternity benefits.

Health Insurance Institute administers medical benefits.

Work Injury

Regulatory Framework

First law: 1947.

Current laws: 1993, 1995, 1998, 2000, 2001, 2002, and 2003.

Type of program: Social insurance system.

Coverage

Employees, apprentices, and students in practical training.

Source of Funds

Insured person: None.

Employer: 0.5% of payroll.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Occupational diseases are defined by the Ministry of Health.

Temporary Disability Benefits

100% of the average daily wage during the last 3 years is payable for up to 12 months.

Permanent Disability Benefits

For an assessed loss of working capacity of at least 67%, the benefit is 80% of the average wage during the last 3 years but not less than the minimum standard of living.

Partial permanent disability: For an assessed loss of at least 33% of working capacity, the benefit is equal to between 50% and 80% of the average wage during the last 3 years, depending on the degree of loss of working capacity.

Minor permanent disability: For an assessed loss of between 10% and 33% of working capacity, the benefit is a lump sum set by regulations. Material damages incurred by the insured person are compensated in full.

Workers' Medical Benefits

Compensation is available for additional medical care and for the cost of rehabilitation.

Survivor Benefits

Survivor pension: 50% of the insured's pension for the surviving spouse.

Orphan's pension: 25% is payable for each orphan, even if the surviving parent is economically active or receiving a pension.

The maximum orphan's pension is 50% of the insured's pension.

Other eligible survivors: 25% for each parent, grandchild, and grandparent.

The maximum total pension is 100% of the insured's pension.

Death benefit: A lump sum equal to 1 month's basic old-age pension.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

Social Insurance Institute administers the program.

Unemployment

Regulatory Framework

First and current law: 1993.

Type of program: Social insurance system.

Coverage

Employees.

Source of Funds

Insured person: None.

Employer: 6% of payroll.

Government: Covers any deficit.

Qualifying Conditions

Unemployment benefit: At least 1 year's contributions and receiving no other benefits (except for partial disability), registered at an unemployment office, and willing to undergo training.

Unemployment Benefits

A flat-rate benefit providing at least for a minimum standard of living, as decided by the Council of Ministers (3,960 leks a month in 2003). The benefit is payable for up to 12 months or for a total of 365 calendar days if the insured has temporary periods of employment.

Child supplement: 5% of the unemployment benefit for each dependent child under age 15, up to a maximum of 20% (the supplement is reduced by 50% if one parent is employed or receiving a pension).

For persons attending training courses but not receiving a grant or wages, benefits are payable up to 18 months.

Benefit adjustment: Benefits are indexed annually according to price changes of selected commodities.

Administrative Organization

Ministry of Labor, Emigration, and Social Affairs provides general supervision.

National Employment Service administers the payment of benefits.

Social Insurance Institute administers the collection of contributions.

Family Allowances

Regulatory Framework

First and current law: 1993 (financial aid and social services).

Type of program: Social assistance system.

Note: Social insurance benefits for dependent children are provided through the Social Insurance Act, under Old Age, Disability, and Survivors and Unemployment.

Coverage

Resident families.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances (social assistance): Families resident in Albania.

Family Allowance Benefits

Family allowances (social assistance): Financial aid is provided to families with low or inadequate income or to families with a member who is disabled or blind.

Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

General Administration of Social Assistance and Services administers the program at district level.