

## Cyprus

Exchange rate: US\$1.00 equals 0.68 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1957.

**Current laws:** 1980 (social insurance), with amendments; and 1995 (social pension), with amendments.

**Type of program:** Social insurance and social assistance system.

#### Coverage

**Social insurance:** Employed and self-employed persons aged 16 to 65.

Voluntary coverage for formerly covered persons and for Cypriots working abroad for Cypriot employers.

Exclusions: Family labor.

There are no special systems for any specified groups of employees.

**Social assistance:** Persons aged 65 or older residing in Cyprus.

#### Source of Funds

##### Social insurance

**Insured person:** 6.3% of covered earnings; voluntary contributors working in Cyprus pay 10% of covered earnings; voluntary contributors working abroad pay 12.6% of covered earnings.

The maximum weekly earnings for contribution purposes are €885.

The insured's contributions also finance cash sickness and maternity, work injury, and unemployment benefits.

**Self-employed person:** 11.6% of covered earnings.

The maximum weekly earnings for contribution purposes are €885.

The self-employed person's contributions also finance cash sickness and maternity benefits.

**Employer:** 6.3% of covered payroll.

The maximum weekly earnings for contribution purposes are €885.

The employer's contributions also finance cash sickness and maternity, work injury, and unemployment benefits.

**Government:** 4% of covered payroll; contributes as an employer; and 3.5% of covered earnings for voluntary contributors.

The maximum weekly earnings for contribution purposes are €885.

The government contributions also finance cash sickness and maternity, work injury, and unemployment benefits.

#### Social assistance

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost of the social pension is financed from general revenue.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 65 (age 63 for miners) with at least 3 years of contributions, covered earnings at least equal to 156 times the weekly basic covered earnings, and weekly average earnings (paid and credited) since 1964 or since age 16 at least equal to 25% of basic covered earnings.

Weekly basic covered earnings are €147.45.

**Early pension:** Age 63 if the weekly average of paid and credited earnings is at least equal to 70% of weekly basic covered earnings. (Miners aged 58 or older with a minimum of 5 years of employment may receive a pension 1 month earlier for every 5 months of mining work if they retire from that occupation.)

**Deferred pension:** A deferred pension is possible until age 68.

Benefits are payable abroad.

**Old-age settlement (social insurance):** Paid at age 68 to an insured person who does not meet the contribution conditions for the old-age pension because their weekly average covered earnings are less than 25% of weekly basic covered earnings.

Weekly basic covered earnings are €147.45.

**Social pension (social assistance):** Age 65 or older and the claimant has resided in Cyprus for at least 20 years after age 40 or 35 years after age 18.

**Special allowance to pensioners:** Paid to all pensioners with pension income (excluding dependent supplements) up to €854.30.

**Disability pension (social insurance):** Paid for a permanent incapacity for work with at least 3 years of contributions, covered earnings at least equal to 156 times the weekly basic covered earnings, and weekly average earnings (paid and credited) since 1964 or since age 16 at least equal to 25% of basic covered earnings; paid or credited contributions in the year before the disability began must be

equal to at least 20 times the weekly basic covered earnings or average covered earnings in the last 2 years must be equal to at least 20 times basic covered earnings. If the disability is caused by an accident, the same qualifying conditions apply as for the cash sickness benefit (see Sickness and Maternity).

Weekly basic covered earnings are €147.45.

Benefits are payable abroad.

**Survivor pension (social insurance):** The deceased had at least 3 years of contributions, covered earnings at least equal to 156 times the weekly basic covered earnings, and weekly average earnings (paid and credited) since 1964 or since age 16 at least equal to 25% of basic covered earnings.

Weekly basic covered earnings are €147.45.

If the death is caused by an accident, the same qualifying conditions apply as for the cash sickness benefit (see qualifying conditions under Sickness and Maternity).

Benefits are payable abroad.

**Orphan's pension (social insurance):** The deceased was insured and supported the child; for full orphans, one of the parents must have been insured.

Benefits are payable abroad.

**Survivor settlement (social insurance):** Paid if a widow(er) is not entitled to the survivor pension because the deceased spouse's weekly average covered earnings were less than 25% of weekly basic covered earnings. The survivor must not receive the social pension.

Weekly basic covered earnings are €147.45.

**Missing person's allowance (social insurance):** Paid to a dependent if the whereabouts of the insured person are unknown and he or she is presumed dead.

### **Old-Age Benefits**

**Old-age pension (social insurance):** The basic pension is equal to 60% of average basic covered earnings, plus a supplementary pension equal to 1.5% of covered earnings exceeding basic covered earnings.

Weekly basic covered earnings are €147.45.

Past earnings are adjusted once a year according to changes in wages.

The maximum weekly earnings for benefit calculation purposes are €885.

The minimum pension is equal to 85% of the full basic pension.

Deferred pension: The pension is increased by 0.5% for each month of deferral, up to age 68.

Dependent's supplement: The basic pension is increased by 1/3 for the first dependent and by 1/6 for the second and third dependents; for a married female beneficiary, 1/6 of

the basic pension is paid for each child up to a maximum of two children.

Schedule of payments: Thirteen payments a year.

**Old-age settlement (social insurance):** A lump sum is paid equal to 15% of the total paid and credited covered earnings.

**Social pension (social assistance):** €286.64 a month is paid. If receiving another pension or a similar payment that is less than the social pension, the difference between the two pensions is paid.

**Special allowance to pensioners:** A monthly amount is paid.

Benefit adjustment: Benefits are adjusted in January and July each year. (In January, the basic pension is adjusted according to wages and the supplementary pension according to prices; in July, the basic and supplementary pensions are adjusted according to prices.)

### **Permanent Disability Benefits**

**Disability pension (social insurance):** The basic pension is equal to 60% of average basic covered earnings, plus a supplementary pension equal to 1.5% of covered earnings exceeding basic covered earnings.

Weekly basic covered earnings are €147.45.

Past earnings are adjusted once a year according to changes in wages.

The maximum weekly earnings for benefit calculation purposes are €885.

Dependent's supplement: The basic pension is increased by 1/3 for the first dependent and by 1/6 for the second and third dependents; for a married female beneficiary, 1/6 of the basic pension is paid for each child up to a maximum of two children.

Schedule of payments: Thirteen payments a year.

Benefit adjustment: Benefits are adjusted in January and July each year. (In January, the basic pension is adjusted according to wages and the supplementary pension according to prices; in July, the basic and supplementary pensions are adjusted according to prices.)

### **Survivor Benefits**

**Survivor pension (social insurance):** The basic pension is equal to 60% of the insured's average basic covered earnings, plus 60% of the insured's supplementary pension. The pension is paid to a dependent widow(er).

Weekly basic covered earnings are €147.45.

Past earnings are adjusted once a year according to changes in wages.

The maximum weekly earnings for benefit calculation purposes are €885.

The survivor pension ceases on remarriage, and a lump sum equal to a year's pension is paid.

A person receiving a survivor pension may also receive an old-age pension or disability pension including the supplementary pensions, up to a maximum depending on covered earnings.

**Orphan's pension (social insurance):** The benefit is equal to 20% of the deceased's basic covered earnings for one child, 30% for two children, and 40% for three or more children; for full orphans, 40% of the deceased's basic covered earnings is paid plus 50% of the supplementary widow(er)'s pension for one orphan or 100% for two or more orphans younger than age 15 (age 23 for an unmarried female orphan who is a full-time student, age 25 for an unmarried son who is a full-time student or is serving in the National Guard, no limit if disabled).

**Termination settlement:** A lump sum equal to 1 year's orphan's pension is paid on the termination of the orphan's pension because of age.

Weekly basic covered earnings are €147.45.

The maximum weekly earnings for benefit calculation purposes are €885.

Schedule of payments: Thirteen payments a year.

**Survivor settlement (social insurance):** A lump sum is paid equal to 15% of the deceased's basic covered earnings plus 9% of the deceased's earnings exceeding basic covered earnings.

Weekly basic covered earnings are €147.45.

The maximum weekly earnings for benefit calculation purposes are €885.

**Missing person's allowance (social insurance):** The pension is equal to 60% of average basic covered earnings, plus a supplementary pension equal to 1.5% of covered earnings exceeding basic covered earnings.

A person receiving a missing person's allowance may also receive an old-age pension or disability pension including the supplementary pensions, up to a maximum depending on covered earnings.

**Dependent's supplement:** The basic pension is increased by 1/3 for the first dependent and by 1/6 for the second and third dependents; for a married female beneficiary, 1/6 of the basic pension is paid for each child up to a maximum of two children.

**Funeral grant (social insurance):** €607 is paid for the death of the insured or a pensioner; €303.50 for the death of a dependent.

**Benefit adjustment:** Benefits are adjusted in January and July each year. (In January, the basic pension is adjusted according to wages and the supplementary pension according to prices; in July, the basic and supplementary pensions are adjusted according to prices.)

## Administrative Organization

Directed by a tripartite advisory Social Insurance Board and a director, the Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>) administers the program.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1957.

**Current law:** 1980 (social insurance), with amendments.

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

### Coverage

**Cash benefits:** Employed and self-employed persons aged 16 to 63.

Voluntary coverage for Cypriots aged 16 to 63 working abroad for Cypriot employers. Persons aged 64 or 65 are covered if they are not entitled to the old-age pension.

Exclusions: Family labor.

There are no special systems for any specified groups of employees.

**Medical benefits:** Certain categories of persons residing in Cyprus, including civil servants, police force and armed forces personnel, low-income individuals and families, and persons diagnosed with certain chronic diseases.

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

**Government:** See source of funds under Old Age, Disability, and Survivors. The total cost of medical benefits.

### Qualifying Conditions

**Sickness benefits:** The insured must have at least 26 weeks of paid contributions including 20 contributions paid or credited in the last year. After entitlement to sickness benefits ceases, the insured can qualify again for benefits after the payment of 26 additional contributions.

**Maternity benefits:** The insured must have at least 26 weeks of paid contributions including 20 contributions paid or credited in the last year.

**Maternity grant:** The insured must have 26 weeks of paid contributions with 20 contributions paid or credited in the

last year. The grant is also paid to the nonworking wife of an insured man.

**Medical benefits:** The insured must reside in Cyprus.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The basic benefit is equal to 60% of the insured's average basic covered earnings in the last year plus a supplement equal to 50% of average covered earnings exceeding basic covered earnings in the last year, up to a maximum equal to twice the basic covered earnings. The benefit is paid after a 3-day waiting period (18 days for self-employed persons) for up to 52 weeks.

**Dependent's supplement:** The supplement is equal to 1/3 of basic benefit for a dependent spouse and 1/6 for other dependents, up to a maximum of two dependents. A spouse is considered dependent if he or she is not working or is not receiving any benefit from the Social Insurance Fund.

Weekly basic covered earnings are €147.45.

The maximum weekly earnings for benefit calculation purposes are €885.

Past earnings are adjusted once a year according to changes in wages.

**Maternity benefit:** The benefit is equal to 75% of the insured's average covered earnings during the last year. The benefit is paid for 18 weeks beginning between the 6th and 2nd week before the expected date of childbirth.

The benefit is also paid for 16 weeks to a stepmother for a child adopted before age 13.

The maximum weekly earnings for benefit calculation purposes are €885.

Past earnings are adjusted once a year according to changes in wages.

**Maternity grant:** A lump sum of €446 is paid.

### **Workers' Medical Benefits**

Medical services are provided directly to patients in government hospitals and dispensaries. Benefits include medical treatment, hospitalization, maternity care, and medicines.

Benefits are free for active and retired civil servants, police force and armed forces personnel, recipients of social assistance and their dependents, single persons with annual income not exceeding €15,377.41, families with annual income not exceeding €30,754.83 plus €1,708.60 for each dependent child, families with four or more children, and persons diagnosed with certain chronic diseases.

**Cost sharing:** A copayment is made by single persons with annual income between €15,379.12 and €20,503.22 and by families with total annual income between €30,756.53 and €37,589.23 plus €1,708.60 for each dependent child.

### **Dependents' Medical Benefits**

Medical services are provided directly to patients in government hospitals and dispensaries. Benefits include medical treatment, hospitalization, maternity care, and medicines.

Benefits are free for the dependents of active and retired civil servants, the dependents of police force and armed forces personnel, dependents of social assistance recipients, families with annual income not exceeding €30,754.83 plus €1,708.60 for each dependent child, families with four or more children, and persons diagnosed with certain chronic diseases.

**Cost sharing:** A copayment is made by families with total annual income between €30,756.53 and €37,589.23 plus €1,708.60 for each dependent child.

### **Administrative Organization**

Directed by a tripartite advisory Social Insurance Board and a director, the Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>) administers the program.

Ministry of Health (<http://www.moh.gov.cy>) provides medical services through government hospitals.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1957.

**Current law:** 1980 (social insurance), with amendments.

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

#### **Coverage**

Employed persons.

Exclusions: Self-employed persons.

There are no special systems for any specified groups of employees.

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

#### **Qualifying Conditions**

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

### Temporary Disability Benefits

The benefit is equal to 60% of the insured's average basic covered earnings in the last year and is paid after a 3-day waiting period for up to 12 months.

Dependent's supplement: The supplement is equal to 1/3 of the benefit for a dependent spouse and 1/6 for other dependents (up to a maximum of two dependents). A spouse is dependent if he or she is not working or is not receiving any benefit from the Social Insurance Fund.

Supplementary benefit: The benefit is equal to 50% of the insured's average covered earnings exceeding basic covered earnings in the last year, up to a maximum equal to twice the basic covered earnings.

Past earnings are adjusted once a year according to changes in wages.

Weekly basic covered earnings are €147.45.

The minimum benefit plus supplements is €147.45 a week.

The maximum weekly earnings for benefit calculation purposes are €885.

### Permanent Disability Benefits

**Permanent disability pension:** If the insured is assessed as 100% disabled, the weekly basic pension is €353.88.

Supplementary pension: The weekly pension is equal to 60% of the insured's average covered earnings exceeding basic covered earnings in the last 2 years.

Past earnings are adjusted once a year according to changes in wages. The maximum weekly earnings for benefit calculation purposes are €885.

Weekly basic covered earnings are €147.45.

Partial disability: A percentage of the full (basic and supplementary) pension is paid according to the assessed degree of disability (between 20% and 99%); a lump sum is paid for an assessed degree of disability of between 10% and 19%.

Dependent's supplement: The supplement is equal to 1/3 of the basic pension for a dependent spouse and 1/6 for other dependents, up to a maximum of two dependents. A spouse is dependent if he or she is not working or is not receiving any benefit from the Social Insurance Fund.

Constant-attendance supplement: €192.45 a week is paid if assessed as 100% disabled and in need of constant care and attention.

Benefit adjustment: Benefits are adjusted in January and July each year. (In January, the basic pension is adjusted according to wages and the supplementary pension according to prices; in July, the basic and supplementary pensions are adjusted according to prices.)

### Workers' Medical Benefits

Benefits for the treatment of work injuries and occupational diseases include all necessary medical treatment and hospitalization in government dispensaries and hospitals.

### Survivor Benefits

**Survivor pension:** A dependent widow(er) receives €192.45 a week plus 60% of the supplementary permanent disability pension.

The supplementary permanent disability pension is equal to 60% of the deceased's average covered earnings exceeding basic covered earnings in the last 2 years.

Past earnings are adjusted once a year according to changes in wages. The maximum weekly earnings for benefit calculation purposes are €885.

Weekly basic covered earnings are €147.45.

The survivor pension ceases on remarriage, and a lump sum equal to a year's pension is paid.

**Orphan's pension:** The benefit is equal to 20% of the deceased's basic covered earnings for one child, 30% for two children, and 40% for three or more children; for full orphans, 40% of the deceased's basic covered earnings is paid plus 50% of the supplementary widow's pension for one orphan or 100% for two or more orphans younger than age 15 (age 23 for an unmarried female orphan who is a full-time student, age 25 for an unmarried son who is a full-time student or is serving in the National Guard, no limit if disabled).

Weekly basic covered earnings are €147.45.

Termination settlement: A lump sum equal to a year's orphan's pension is paid on the termination of the pension because of age.

**Dependent parent's pension (in the absence of the above):** The weekly pension is equal to 40% of basic covered earnings plus 30% of the supplementary permanent disability pension.

Weekly basic covered earnings are €147.45.

**Funeral grant:** A lump sum of €607 is paid to the widow(er) or the person who paid for the funeral.

### Administrative Organization

Directed by a tripartite advisory Social Insurance Board and a director, the Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>) administers the program.

Ministry of Health (<http://www.moh.gov.cy>) provides medical services through government hospitals.

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## Unemployment

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### Regulatory Framework

**First law:** 1957.

**Current law:** 1980 (social insurance), with amendments.

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

### Coverage

Employed persons aged 16 to 63 (including voluntarily insured persons who work for Cypriot employers abroad).

Employed persons aged 64 or 65 are covered if they are not entitled to an old-age pension.

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

### Qualifying Conditions

**Unemployment benefits:** The insured must have at least 26 weeks of paid contributions including 20 contributions paid or credited in the last year. After entitlement to the benefit ceases, the insured can qualify again for benefits after the payment of 26 additional weeks of contributions. The insured must be capable of and available for work and must report weekly to the employment exchange. If unemployment is due to voluntary leaving, misconduct, direct participation in a trade dispute, the refusal of a suitable job offer, or the refusal of a job opportunity, the insured may be disqualified for up to 6 weeks.

### Unemployment Benefits

The benefit is equal to 60% of the insured's average basic covered earnings in the last year, plus a supplement of 50% of average covered earnings exceeding basic covered earnings in the last year, up to maximum equal to twice the basic covered earnings. The benefit is paid after a 3-day waiting period (30 days for the voluntarily insured) for at least 156 days.

Weekly basic covered earnings are €147.45.

The maximum weekly earnings for benefit calculation purposes are €885.

Dependent's supplement: The supplement is equal to 1/3 of the basic benefit for a dependent spouse and 1/6 for other dependents, up to a maximum of two dependents. A spouse

is dependent if he or she is not working or is not receiving any benefit from the Social Insurance Fund.

### Administrative Organization

Directed by a tripartite advisory Social Insurance Board and a director, the Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>) administers the program.

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## Family Allowances

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### Regulatory Framework

**First law:** 1987.

**Current laws:** 2002 (child benefit), with amendments; and 2003 (mother's allowance).

**Type of program:** Universal system.

### Coverage

**Child benefit:** All persons residing in Cyprus with at least one child.

**Mother's allowance:** Mothers residing in Cyprus with at least four children who are not entitled to a child benefit.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Child benefit:** Paid to parents living with at least one dependent child. The child must be younger than age 18 (age 23 if a student; age 25 if in the National Guard; no limit if disabled).

Supplementary annual benefit: Paid to families according to gross family income in the 3 years before applying for the child benefit.

**Mother's allowance:** Paid to mothers residing in Cyprus with at least four children who have ceased to be entitled to the child benefit as a result of exceeding the age limit. The allowance is not paid to mothers who are entitled to the social pension or any other pension from another source if the amount of this pension is equal to or greater than the maximum monthly rate of the basic old-age pension (€286.64).

**Marriage grant:** The insured's spouse has been insured for at least 26 weeks and has paid contributions on covered earnings that are at least 26 times the weekly amount of the basic covered earnings and the insured has paid or been credited with covered earnings in the previous contribu-

tion year that are at least 20 times the weekly amount of the basic covered earnings.

Weekly basic covered earnings are €147.45.

### **Family Allowance Benefits**

**Child benefit:** The annual basic benefit is €391.70 for families with one eligible child, €783.41 for two eligible children, €783.40 per child for families with three eligible children, and €1,292.62 per child for families with four or more children.

**Supplementary annual benefit:** If the annual family income is less than or equal to €17,086.11, the benefit is €97.92 for one eligible child, €391.70 for two eligible children, €293.78 per child for families with three eligible children, and €430.86 per child for families with four or more children.

If the annual family income is between €17,086.02 and €34,172.03, the benefit is €4.96 for families with one eligible child, €293.77 for two eligible children, €244.81 per

child for families with three eligible children, and €239.29 per child for families with four or more children (2007).

**Mother's allowance:** An eligible mother receives €63.12 a month regardless of the number of children.

Schedule of payments: Thirteen payments a year.

**Marriage grant:** €607 a month is paid for a year. The grant is divided equally between the two spouses if either spouse satisfies the contribution conditions.

**Benefit adjustment:** Benefits are adjusted in January each year according to changes in the cost of living.

### **Administrative Organization**

Ministry of Finance (<http://www.mof.gov.cy>) administers the child benefit and mother's allowance programs.

Directed by a tripartite advisory Social Insurance Board and a director, the Social Insurance Service of the Ministry of Labor and Social Insurance (<http://www.mlsi.gov.cy>) administers and pays the marriage grant.