

Palau

Currency is the US dollar (US\$).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1967.

Current law: 1987, implemented in 1991.

Type of program: Social insurance system.

Coverage

Gainfully employed persons, including 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 more than 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\$5,000 a quarter.

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

The maximum earnings used to calculate contributions are US\$5,000 a quarter.

Employer: 6% of payroll.

The maximum earnings used to calculate contributions are US\$5,000 a quarter.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 60 with at least 38 quarters of coverage.

Pensioners may continue to work but their pension is earnings tested.

Disability pension: Assessed with an incapacity for substantial gainful activity due to a physical or mental disability that is likely to last at least a year or result in death. 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 during the last 13 quarters; or a total of at least 120 quarters of contributions at the time the disability began.

Pensioners may continue to work but their pension is earnings tested.

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 are eligible for only 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 (22 if a student) who were dependent on or living with the deceased. Employed widow(er)s younger than age 60 are subject to an earnings test.

Surviving spouses may continue to work but their pension is earnings tested.

The survivor pension is payable abroad under reciprocal agreement.

Lump-sum survivor benefit: Paid when a worker with less than the minimum number of required quarters of coverage for a pension dies.

Eligible survivors include (in order of priority) the spouse, 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: 21.5% 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, and 1.5% of earnings above US\$44,000.

The minimum monthly old-age pension is US\$98.

Earnings test: The old-age pension is reduced by US\$1 for each US\$3 of earnings above US\$1,800 a quarter if younger than age 65 and employed.

Permanent Disability Benefits

Disability pension: The monthly pension is 8.3% of the sum of the following: 21.5% 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, and 1.5% of earnings over US\$44,000.

The minimum monthly disability pension is US\$98.

Earnings test: The disability pension is reduced by US\$1 for each US\$3 of earnings above US\$1,800 a quarter if younger than age 65 and employed.

Survivor Benefits

Survivor pension: 100% of the deceased's pension is paid to a widow(er) aged 60 or older; 60% if younger than age 60.

In case of remarriage, 60% of the pension is paid if aged 60 or older; if younger than age 60, the pension ceases.

Orphan's pension: 15% of the deceased's pension is paid to each orphan younger than age 18 (age 22 if a student; no limit if disabled before age 22).

Earnings test: The survivor pension is reduced by US\$1 for each US\$3 of earnings above US\$1,500 a quarter if aged 59 or younger and employed.

The minimum monthly survivor pension is US\$98.

The maximum survivor pension is 100% of the deceased's pension.

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

Administrative Organization

Palau Social Security System (<http://www.ropssa.org>) administers the program.