Panama

Exchange rate: US$1.00 equals 1.00 balboa.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1941.

Current law: 2005 (social insurance).

Type of program: Social insurance and individual account system.

Note: In January 2008, a system of individual accounts was introduced as a supplement to the social insurance system. The mixed system is mandatory for all new entrants to the labor force since 2008 and self-employed persons who were younger than age 35 on January 1, 2007 who earn more than 500 balboas per month.

Coverage

Social Insurance: Public- and private-sector employees, including citizens working abroad; casual, seasonal, and household workers; and certain self-employed persons.

Voluntary coverage for persons not subject to compulsory coverage.

Individual Account: Public- and private-sector employees with gross monthly earnings greater than 500 balboas, including citizens working abroad; casual, seasonal, and household workers; and certain self-employed persons.

Source of Funds

Insured person: With gross monthly earnings of 500 balboas or less, 7.5% of earnings (8.5% as of 2011, 9.25% as of 2013) is paid to social insurance only.

With gross monthly earnings greater than 500 balboas, 7.5% (8.5% as of 2011, 9.25% as of 2013) of 500 balboas is paid to social insurance and 6.41% (7.41% as of 2011, 8.16% as of 2013) of the earnings above 500 balboas is paid to the individual account; plus 1% of the earnings above 500 balboas for collective old-age and disability insurance and 0.0875% of the earnings above 500 balboas for the solidarity contribution.

With gross declared monthly earnings of 500 balboas or less, voluntary contributors pay 11% (12.5% as of 2011, and 13.5% as of 2013) of earnings to social insurance only.

With gross monthly earnings greater than 500 balboas, voluntary contributors pay 11% (12.5% as of 2011, and 13.5% as of 2013) of 500 balboas to social insurance and 9.91% (11.41% as of 2011, and 12.41% as of 2013) of the earnings above 500 balboas to the individual account; plus 1% of the earnings above 500 balboas for collective old-age and disability insurance and 0.0875% of the earnings above 500 balboas for the solidarity contribution.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage; 100 balboas for household workers; 300 balboas for the voluntarily insured.

There are no maximum earnings for contribution calculation purposes.

Self-employed person: With gross declared monthly earnings of 500 balboas or less, 11% (12.5% as of 2011, and 13.5% as of 2013) of earnings is paid to social insurance only.

With gross declared monthly earnings greater than 500 balboas, 11% (12.5% as of 2011, and 13.5% as of 2013) of 500 balboas is paid to social insurance and 9.91% (11.41% as of 2011, and 12.41% as of 2013) of the earnings above 500 balboas is paid to the individual account; plus 1% of the earnings above 500 balboas for collective old-age and disability insurance and 0.0875% of the earnings above 500 balboas for the solidarity contribution.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage; 100 balboas for household workers; 300 balboas for the voluntarily insured.

There are no maximum earnings for contribution calculation purposes.

Employer: If the employee has gross monthly earnings of 500 balboas or less, 3.5% (4% as of 2011, and 4.25% as of 2013) of gross payroll for social insurance only.

If the employee has gross monthly earnings greater than 500 balboas, 3.5% (4% as of 2011, and 4.25% as of 2013) of 500 balboas is paid to social insurance and 3.5% (4% as of 2011, and 4.25% as of 2013) of the payroll above 500 balboas is paid to the individual account.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage; 100 balboas for household workers; 300 balboas for the voluntarily insured.

There are no maximum earnings for contribution calculation purposes.

Government: An annual subsidy of 20.5 million balboas; a deposit of 75 million balboas a year to a reserve fund for old age, disability, and survivors social insurance benefits (100 million balboas a year from 2010 to 2012; 140 million balboas a year from 2013 to 2060).

Qualifying Conditions

Old-age pension (social insurance and individual account): Age 62 (men) or age 57 (women) with at least 216 months of contributions (240 months as of 2013). Retirement is necessary.

Early pension (social insurance): Age 60 (men) or age 55 (women) with at least 180 months of contributions.

Partial pension (social insurance): Age 62 (men) or age 57 (women) with 180 to 215 months of contributions (239 months in 2013).

Early partial pension (social insurance): Age 60 (men) or age 55 (women) with 180 to 215 months of contributions (239 months in 2013).

Deferred pension (social insurance): A deferred pension is possible.

The pension is payable abroad.

Old-age settlement (social insurance and individual account): Paid at the normal retirement age if the insured does not meet the contribution conditions for an old-age pension.

Disability pension (social insurance and individual account): Paid for a loss of 66.7% of earning capacity. Up to age 30 with at least 36 months of contributions, including at least 18 months in the last 3 years; age 31 to 40 with at least 48 months of contributions, including at least 24 months in the last 4 years; older than age 40 but younger than the normal age of retirement with at least 60 months of contributions, including at least 30 months in the last 5 years; or at any age younger than the normal retirement age with at least 216 months of contributions (240 months as of 2013).

The pension is paid for up to 2 years (may be extended) and the assessed degree of disability may be reviewed at any time when requested by the insured or the Social Insurance Fund.

The Medical Qualification Commission assesses the degree of disability.

The disability pension is payable abroad.

Disability grant (social insurance and individual account): Paid if the insured does not meet the qualifying conditions for a full pension.

Survivor pension (social insurance): The insured was an old-age or disability pensioner or had at least 36 months of contributions, including at least 18 months in the last 3 years before the time of death.

Eligible survivors include a widow(er) and orphans younger than age 14 (age 18 if a student, no limit if disabled); in the absence of other survivors, the mother and father.

The survivor pension is payable abroad.

Survivor pension (individual account): Eligible survivors include a widow(er) and orphans younger than age 18 (no limit if disabled); in the absence of other survivors, the mother and father; in the absence of any family member, the designated heir.

Survivor grant (social insurance): Paid if the insured did not meet the qualifying conditions for any pension.

Old-Age Benefits

Old-age pension (social insurance): The pension is 60% of the insured's average earnings in the best 10 years of earnings plus 1.25% of earnings for each 12-month period of contributions exceeding 216 months (240 months as of 2013).

Early pension: A reduced pension is paid equal to the old-age pension multiplied by 0.9128 for one year before the normal age of retirement or by 0.8342 for two years before the normal age of retirement.

Partial pension: The pension is 60% of the insured's average earnings in the best 10 years of earnings multiplied by the number of months of contribution divided by 216 (240 as of 2013).

Early partial pension: A reduced pension is paid equal to the partial pension multiplied by 0.9128 for one year before the normal age of retirement or by 0.8342 for two years before the normal age of retirement.

Deferred pension: An additional 2% of earnings is paid for each 12-month period of contributions after the normal retirement age.

The minimum monthly pension is 185 balboas (2010).

The maximum monthly pension is 1,500 balboas (2,000 balboas or 2,500 balboas under certain conditions).

Dependent's supplement (at the normal retirement age): 20 balboas a month is paid for a wife, female partner, or a disabled husband; 10 balboas a month for each child younger than age 14 (age 18 if a student, no limit if disabled), up to 100 balboas.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on economic conditions; unless otherwise stated, the minimum pension will increase by 10 balboas a month every 5 years.

Old-age pension (individual account): The pension is calculated based on the insured's contributions plus accrued interest divided by an actuarial value linked to life expectancy and paid in programmed withdrawals. (If the pensioner lives beyond the estimated life expectancy and the individual account is depleted, collective insurance tops up the accumulated capital in the individual account to finance the old-age pension.)

The maximum old-age pension (individual account) is 500 balboas a month.

Old-age settlement (social insurance): A lump sum of 1 month of an old-age pension is paid for each 6-month period of contributions.

Old-age settlement (individual account): A lump sum is paid equal to the accumulated capital and interest in the individual account.

Permanent Disability Benefits

Disability pension (social insurance): The pension is 60% of the insured's average earnings in the best 10 years of earnings plus 1.25% of earnings for each 12-month period of contributions exceeding 216 months (240 months as of 2013).

The minimum monthly pension is 185 balboas (2010).

The maximum monthly pension is 1,500 balboas (2,000 balboas or 2,500 balboas under certain conditions).

Dependent's supplement: 20 balboas a month is paid for a wife, female partner, or a disabled husband; 10 balboas a month for each child younger than age 14 (age 18 if a student, no limit if disabled), up to 100 balboas.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on economic conditions; unless otherwise stated, the minimum pension will increase by 10 balboas a month every 5 years.

Disability pension (individual account): The pension is calculated based on the insured's contributions plus accrued interest divided by an actuarial value linked to life expectancy and paid in programmed withdrawals.

If the combined social insurance plus individual account disability pension is less than what the insured would have been entitled to under the old social insurance system, collective insurance pays the difference.

The disability pension is paid until death.

The maximum old-age pension (individual account) is 500 balboas a month.

Disability grant (social insurance): A lump sum of 1 month of old-age pension is paid for each 6-month period of contributions.

Disability grant (individual account): A lump sum is paid equal to the accumulated capital and interest in the individual account.

Survivor Benefits

Survivor pension (social insurance): 50% of the pension the deceased received or would have been entitled to receive is paid to a widow.

Orphan's pension (social insurance): 20% of the pension the deceased received or would have been entitled to receive is paid for each orphan younger than age 14 (age 18 if a student, no limit if disabled); 50% for a full orphan.

Other dependents in the absence of the above (social insurance): The deceased's mother or aged or disabled father receives 30% of the deceased's pension.

All survivor benefits combined must not exceed 100% of the deceased's pension.

Survivor pension (individual account): The accumulated capital and interest in the individual account is paid to eligible survivors in programmed withdrawals, according to rules set by the advisory board of the Social Insurance Fund.

Survivor grant (social insurance): A lump sum of 1 month of old-age pension is paid for each 6-month period of contributions.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on economic conditions.

Funeral grant (social insurance): A lump sum of 300 balboas is paid.

Administrative Organization

Managed by a director general with an advisory board, the Social Insurance Fund (http://www.css.org.pa) administers the social insurance and individual account programs.

Sickness and Maternity

Regulatory Framework

First law: 1941.

Current law: 2005 (social insurance).

Type of program: Social insurance system.

Coverage

Public- and private-sector employees, including voluntary and household workers, and pensioners.

Source of Funds

Insured person: 0.5% of gross earnings; 8.75% for the voluntarily insured; pensioners pay a percentage of the monthly pension.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage; 100 balboas for household workers; 300 balboas for the voluntarily insured.

There are no maximum earnings for contribution calculation purposes.

Self-employed person: A contribution of 8.75% of declared earnings (8.5% as of 2011).

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage; 100 balboas for household workers; 300 balboas for the voluntarily insured.

There are no maximum earnings for contribution calculation purposes.

Employer: 8.25% of gross payroll (8% as of 2011).

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage; 100 balboas for household workers; 300 balboas for the voluntarily insured.

There are no maximum earnings for contribution calculation purposes.

Government: 10% of income received from the sale of rights to fiber optic business operations.

Qualifying Conditions

Cash sickness benefits: The insured must have at least 6 months of contributions in the last 9 months.

Cash maternity benefits: The insured must have at least 9 months of contributions in the 12 months before the 7th month of pregnancy.

Medical benefits: Must be currently insured or a pensioner; if the insured becomes unemployed, coverage continues for 3 months after the end of employment (24 months for insured persons with at least 216 months of contributions; 240 months as of 2013).

Sickness and Maternity Benefits

Sickness benefit: The benefit is 70% of the insured's average earnings in the last 2 months. The benefit is paid after a 3-day waiting period for up to 52 weeks for any one incapacity; may be extended for up to 26 additional weeks for the same incapacity with a possible further extension of up to a year with the agreement of the Social Insurance Fund.

There are no minimum or maximum benefits.

Maternity benefit: The benefit is 100% of the insured's average earnings in the last 9 months and is paid for up to 6 weeks before and 8 weeks after the expected date of childbirth.

There is no provision for paid parental leave.

Workers' Medical Benefits

Benefits include general and specialist care, surgery, hospitalization, laboratory services, medicine, maternity care, dental care, dental prosthesis (50% of up to 200 balboas every 5 years), eyeglasses (50% of up to 125 balboas every 5 years) and appliances.

Medical services are normally provided directly through the facilities of the Social Insurance Fund or are provided by the Ministry of Health, with the total cost reimbursed. In special cases, including those in which the Fund or Ministry have no facilities, the cost of private care obtained in the country or abroad may be reimbursed in part or in full, with the authorization of the Fund.

Dependents' Medical Benefits

Benefits include general and specialist care, surgery, hospitalization, laboratory services, medicine, maternity care, dental care, dental prosthesis (50% of up to 200 balboas every 5 years), eyeglasses (50% of up to 125 balboas every 5 years), and appliances.

Medical services are normally provided directly through the facilities of the Social Insurance Fund or are provided by the Ministry of Health, with the total cost reimbursed. In special cases, including those in which the Fund or Ministry have no facilities, the cost of private care obtained in the country or abroad may be reimbursed in part or in full, with the authorization of the Fund.

Benefits are provided to the insured's wife or partner who lived with the insured for at least 9 months; children younger than age 18 (age 25 if a student, no limit if disabled); a father older than age 60; and a mother older than age 50.

Administrative Organization

Managed by a director general with an advisory board, the Social Insurance Fund (http://www.css.org.pa) administers the program.

Social Insurance Fund operates its own hospitals and other medical facilities in larger cities.

Work Injury

Regulatory Framework

First law: 1916.

Current laws: 1970 (occupational risks).

Type of program: Employer-liability system, involving compulsory insurance with a public carrier.

Coverage

Public- and private-sector employees.

Exclusions: Self-employed persons and household workers.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost is met through the payment of insurance premiums. The cost of premiums varies with the assessed degree of risk.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.

Temporary Disability Benefits

Temporary disability benefit: The monthly benefit is 100% of the insured's earnings until cured or assessed with a permanent disability.

Permanent Disability Benefits

Permanent disability pension: If assessed with a 100% disability, the pension is 60% of the insured's earnings.

The minimum monthly pension is 185 balboas (2010).

The maximum monthly pension is 1,500 balboas.

Partial disability: If assessed with a disability of at least 35%, a percentage of the full pension is paid according to the assessed degree of disability.

A lump sum equivalent to 3 years of the full pension is paid if the assessed degree of disability is less than 35%.

The Medical Qualification Commission assesses the disability.

The permanent disability pension is paid for life when the insured reaches age 60 (men) or age 55 (women).

The pension is payable abroad.

Benefit adjustment: Unless otherwise stated, the minimum pension will increase by 10 balboas a month every 5 years.

Workers' Medical Benefits

Benefits include general and specialist care, surgery, medicine, hospitalization, and appliances.

Survivor Benefits

Survivor pension: The widow or female partner receives 25% of the deceased's earnings (30% if the sole beneficiary or disabled); a disabled or aged widower receives a pension of 25% of the deceased's earnings (30% if the sole beneficiary).

Orphan's pension: The pension is 15% of the deceased's earnings for one orphan younger than age 18 (no age limit if disabled); 25% for two orphans; 35% for three orphans; 40% for four or more orphans. In the absence of a widow(er), one orphan receives 20% of the deceased's earnings; 15% each for two or more full orphans.

Other dependent's pension (in the absence of the above): The deceased's mother receives between 20% and 30% of the deceased's earnings for up to 10 years. A father who is disabled or age 60 or older receives 10% of the deceased's earnings for up to 10 years. Brothers or sisters younger than age 18 (no limit if disabled) receive the same amount as an orphan would have received.

If the value of all survivor benefits combined exceeds 75% of the deceased's earnings, the benefits are reduced proportionately.

If the deceased was a permanent partial or full work injury disability pensioner, the survivor pensions are calculated based on the work injury disability pension. Up to 100% of the full work injury disability pension is paid.

The pension is payable abroad.

Funeral grant: A lump sum of 300 balboas is paid.

Administrative Organization

Managed by a director general with an advisory board, the Social Insurance Fund (http://www.css.org.pa) administers the program.

Social Insurance Fund operates its own hospitals and other medical facilities in larger cities.

Unemployment

Regulatory Framework

No statutory benefits are provided.

Under the 1972 Labor Code, employers are required to provide workers with a severance payment at the end of the labor contract.