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Dear readers,

Trends in Social Security (TSS) is a quarterly newsletter that delivers the latest news and analysis about developments and trends in social security and is largely made possible through contributions from the ISSA's global network of experts and correspondents. The new design and editorial style aim to better meet the demands of our readers for easy access to short and topical publications. Importantly, TSS also comes to you free of charges. To receive all future editions of TSS by email for free, click on *subscribe now*. We hope you will find TSS useful and look forward to receiving your comments and suggestions.

Hans-Horst Konkolewsky
Secretary General



Uganda: New monthly allowance for the chronically poor

On 7 August 2007, the Minister for Elderly and Disabled People announced the introduction of a new cash transfer scheme for chronically poor Ugandans, including the needy, the elderly, persons with disabilities, and needy orphans. Such persons will be eligible for a monthly allowance of UGX 18,000. An additional UGX 10,000 a month will be given to families looking after needy orphans and children with disabilities. The program is reportedly based on similar types of schemes that operate in Brazil, Mozambique, South Africa and Zambia.

In line with the government's Social Development Sector Strategic Investment Plan aimed at promoting issues of social protection, gender quality and equity, the three year pilot program will

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be implemented in 2008, and will affect 9,000 households identified by community workers and the Uganda Bureau of Statistics. A pilot project has been started in six districts to assess how best to implement the policy.

The USD 7.7 million allowance program is being funded by Britain's Department for International Development and aid agencies including HelpAge International.

According to the government, more than 25 per cent of Uganda's population of 30 million are chronically poor.

Source: All Africa.com, 8 August 2007, <http://allafrica.com/>; Global Action on aging, 9 August 2007, <http://www.globalaging.org/>; BBC, 8 August 2007, <http://www.bbc.co.uk/>

Date of legislation: August 2007

 ***Dominican Republic:***
Restructuring of family health insurance

New regulations concerning family health insurance (*Seguro Familiar de Salud, SFS*) were adopted in February 2007 to provide global physical and mental health cover for members of the social security scheme and their families. The object of the new regulations is to provide universal cover for all members of the family unit with guaranteed access to basic health care for the most vulnerable social groups.

Membership of family health insurance is mandatory. It is financed through contributions from employers and workers which must cover the amount of the premium for each member's family unit. Retirees and their families will also be able

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take out sickness insurance through payment of a percentage of their pensions.

The legally recognised family unit is composed of the insured member, his or her spouse or partner, dependent or underage children (under 18 or with no age limit if the child is handicapped) and children aged between 18 and 21 if full-time students. The children of a spouse or partner are also covered. All the members of one family unit must be members of the same risk management administrative body; this may be one of the private administrations for health risks (*Administradora de Riesgos de Salud, ARS*) or the National Health Insurance Fund (*Seguro Nacional de Salud, SENASA*).

Members of the contributory SFS scheme are eligible for health and maternity benefits, paediatric care and the scheme's basic health programme (*Plan Basico de Salud, PBS*), which provides global health care including preventive care, medical and surgical treatment, diagnosis and rehabilitation as well as essential medication. The basic health scheme will be administered by the SENASA and the ARS and will be financed from social security funds.

Employees who do not register with an ARS or the SENASA on their own initiative will automatically be registered by the enterprise responsible for the data bases (*Empresa Procesadora de la Base de Datos, EPBD*). The ARS will be informed of members automatically assigned to them for inclusion in their respective data bases.

Members who lose their jobs will no longer have family health insurance cover unless they are declared as beneficiaries of another member of an ARS or the SENASA. This also applies to members' children who come of age or reach the end of their studies, who are not employed and who have not been registered as dependents of a

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member of the social insurance scheme.

Reference document(s): Resolucion No. 155-02 de 22 de febrero 2007

Source: Consejo Nacional de Seguridad Social, CNSS aprueba reglamento

Date of legislation: February 2007; **Date of implementation:** May 2007

 *Peru: A complementary benefit to top-up insufficient private pensions*

The president of Peru established an urgent decree in February 2007 to create a complementary pension for insured persons under the Private Pension System (Sistema Privado de Pensiones (SPP)) whose pension income is less than the monthly minimum pension (PEN 415).

The decree will benefit the pensioners who joined the SPP at an advanced age and were therefore unable to accumulate a comparable pension to the one they would have received under the National Pension System (Sistema Nacional de Pensiones, (SNP)). It will also benefit the SPP pensioners who were granted early retirement due to work-related health risk.

It is worth noting that in January 2000, a law introduced an early retirement scheme for SNP insured persons whose work entails health and occupational risks, such as mining or working with toxic materials, through a system of "Complementary Recognition Bonds" (Bono de Reconocimiento Complementario (BRC)). A similar system was established for the SPP affiliates in 2001. The 2001 BRC is also applicable to SNP workers, who have contributed to the SNP for a minimum period of 48 months during the last ten

years prior to 1 January 2002 (according to their contributions to the SNP).

Despite these provisions, there still remains a group of pensioners who were unable to benefit from these complementary bonds and that ended up with pension income insufficient to their needs. The urgent Decree is targeting this group of pensioners and provides for a complementary pension for the SPP pensioners born in 1945 or before, aged 65 or more, with a total combined contribution under the SPP and SNP of no less than 20 years (based on an income at least equal to the legal minimum wage) and whose pension is less than the legal minimum pension.

Reference document(s): Decreto de Urgencia No. 007 2007-10-04

Source: Informe Laboral, March 2007

Date of legislation: March 2007

 *Portugal: Portugal to speed up its first-pillar pension reform*

As it is the case for the majority of European countries, the Portuguese economy and its social security system are currently facing several important demographic challenges related to population ageing. In fact, during the last twenty years, the part comprising economically active citizens has constantly diminished when compared to the elderly population. Nonetheless, Portugal has until very recently managed to maintain its generous pay-as-you-go pension plan under which an average retiree was entitled to no less than 80 per cent of preretirement income.

However, according to the specialists, the current scheme could be sustainable for no more than

10 years notwithstanding the positive balance of its assets (EUR 6 billion, corresponding roughly to one-year's expenditures). Therefore, Portuguese authorities started to implement this year a series of measures to counter negative trends, acting simultaneously on three main axes: retirement age, benefit levels and public saving.

Retirement age will be set at 65 for both private and public sectors (until now, public sector employees could retire at the age of 60 after 36 years' service, this will change gradually to 65 years after 40 years' service). Some groups of workers will be offered additional flexibility and thus they can either work beyond the official retirement age or retire earlier with reduced benefits while increasing their contributions during their working years.

From 2010, the pension benefit level will be calculated based on the entire working life (until now, employees had the possibility to use for reference income the ten top-earning years out of the last 15 years before retirement). The persons that still fall under the old ten-best-years system will see their pension level capped. From 2008, a sustainability coefficient will be implemented so that increases in life expectancy will induce reduced pensions. Also the pension benefit penalty for workers with an insufficient number of working years will be increased from 4.5 per cent per annum to 6 per cent. Finally, the contribution levels will be differentiated depending on the number of children: persons with less than two children will see their contribution increased while those with more than two children will benefit from a reduction.

The reform also establishes a new classification of disability pensions: absolute and relative disability pension. The relative pension is paid for the loss of at least two-thirds of earnings capacity, with no recovery expectation until age 65, with 5 years of contributions. The absolute pension is paid for permanent and definitive loss of work capacity with

3 years of contributions. All payable disability benefits are converted into relative disability pensions. This pension is not subject to the sustainability coefficient that will be applied to old-age pensions.

The reform is expected to move the Portuguese pension system gradually from a mainly pay-as-you-go model, with a population heavily relying on the state-sponsored old-age pension, towards a more balanced multipillar pay-as-you-go/capitalization pension model. As the reform will reduce the first-pillar pensions by 10-20 per cent, (with the higher-income class touched the most), it is therefore expected that more and more persons should turn towards both the occupational schemes (2nd pillar) and the personal saving plans (3rd pillar) if they want to maintain their current lifestyles. A campaign will be put in place in order to increase the awareness level among the population regarding the new pension system and its implications.

It is worth noting that the above-described measures were initially planned to be introduced only in 2017 but are finally set to come into force already this year. It is estimated that the entire reform package will guarantee the sustainability of the Portuguese old age pension scheme for at least the next 40 years.

Reference document(s): Lei de bases de segurança social No. 4/2007, de 16 Janeiro; Decreto-Lei No. 187/2007, de 10 de Maio.

Source: Diário da República, 1.a série - No. 90 - 10 Maio de 2007; Instituto da Segurança Social.

Dates of legislation: January 2007 / May 2007;
Date of implementation: 2007



Switzerland: Childcare facilities outside the home: pilot schemes for

the introduction of childcare vouchers

The Federal Council is in favour of replacing financial subsidies for the provision of care facilities by a childcare voucher system. The Confederation is willing to provide financial support for a given period of time for cantons and communes ready to implement pilot schemes based on childcare vouchers.

Up to now, the policy of the public authorities has usually been to increase the supply of childcare facilities by providing direct subsidies for service providers and support for community day-care facilities and extra-scholastic structures offering additional places. This policy was implemented through an eight-year programme (see entry no. 2854) designed to make it easier for parents to combine family life with work or training. Although the programme speeded up the creation of new places, their number remains limited. The high cost of day-care centres, their failure to meet the demands of their clients and over-regulation have also been criticised.

The Federal Council believes that the transition from financing places to financing individuals should stimulate competition among service providers and revitalise the system for the provision of childcare outside the home. The vouchers will enable parents to pay for the type of care that suits them best. The pilot schemes will provide an opportunity to evaluate various voucher systems based on different conditions, for example in terms of their duration, amount, or the conditions governing eligibility.

The Federal Council is ready to support the implementation of pilot schemes based on care vouchers initiated by the cantons and communes. It will provide financial support and technical assistance, evaluate the projects and disseminate the information thus acquired. Up to 30 per cent of

the cost of the pilot schemes could be covered by the Federal Council for a maximum period of 3 years.

Reference document(s): Communiqué de presse du 30 août 2007.

Source: Département fédéral de l'intérieur.

Date of implementation: October 2008

United Kingdom: Developments in maternity and paternity leave

After a period of consultation, the government has announced its intent to provide employed fathers with the possibility of up to 6 months' paid paternity leave, some of which may be paid if the child's mother returns to work. This proposed change will be made available during the child's second 6 months of life.

The United Kingdom government believes such a reform will provide parents with more choice in how they share child care responsibilities, not least since it will now enable parents to divide a period of paid leave between them.

If implemented, employed fathers will be able to take up to 26 weeks of paternity leave as long as the first 26 weeks were taken by the mother and as long as she then returned to work. Employed fathers include the partner of a child's mother, civil partners of mothers, and adopting couples.

This proposed change is tied closely to amendments to maternity benefit entitlements in the United Kingdom. In April 2007, the maternity leave period was extended from 6 to 9 months. The government's intention is to further extend the maternity leave period to a maximum of 12 months,

thus enabling the introduction of maternity/paternity leave sharing.

The earliest date that these proposals for the extension of maternity leave for up to 12 months, including, optionally, the provision of paternity leave for up to 6 months, could be implemented would be April 2009.

Source: <http://www.dti.gov.uk/consultations/page39405.html> <http://www.berr.gov.uk/files/file39396.pdf>

Date of implementation: April 2009



Australia: New health checks for elderly Australians introduced

On 5 October 2007, the Commonwealth Government announced new Medicare-funded comprehensive health checks for people aged 65 or over aimed at improving their quality of care. New Medicare items for comprehensive geriatric assessment and management of those patients will be introduced from 1 November 2007.

Current annual, voluntary health assessments for elderly Australians aged 75 and over under the Enhanced Primary Care Program (EPC) provide an opportunity for a general practitioner (GP) to undertake an in-depth assessment of the patient's health. Health assessments cover the patient's medical, physical, psychological and social functions.

The new assessment items for patients who have been referred by a GP to a geriatric specialist, will have a particular focus on cognition, polypharmacy, incontinence and falls, which often lead to elderly people prematurely entering an aged care facility or ending up in hospital.

It is expected that the new items will cost around AUD 15 million over four years, and will improve the quality and accessibility of appropriate medical care for elderly patients who often suffer from chronic disease and cognitive impairment.

According to Ministers, the government has introduced new Medicare-funded health checks and care plans for people with chronic illnesses over the past few years, and this new measure for elderly Australians will not only build on these initiatives, but also provide greater support to geriatricians who are considered to be the best placed to manage the health of elderly persons with serious health problems.

Source: Minister for Health and Ageing, Minister of Ageing, Media release, 5 October 2007, <http://www.health.gov.au/internet/wcms/publishing.nsf/Content/Home>

Date of legislation: October 2007



Bolivia: A universal lifetime benefit for older persons

President Evo Morales submitted draft legislation to Congress concerning a universal benefit financed from direct oil tax on 15 October 2007. This measure would provide a lifetime benefit for older persons who do not qualify for a retirement pension. The President underlined his determination to provide help for this social category and announced that he would resort to a presidential decree should Parliament reject this draft legislation.

The new benefit, entitled "Dignity", will amount to BOB 200 a month and will be available for all those over the age of 60 with no retirement income. If accepted, it will replace the current lower benefit known as "Bonosol", as from January 2008. "Bonosol", which provides a benefit of BOB 150 per month, is allocated only to those over the age of 65. If implemented, the new measure is expected to benefit more than 640 thousand people.

Source: Presidencia del Congreso, 'El Presidente entrega al Congreso el proyecto de Ley de la renta vitalicia 'Dignidad''.', <http://www.presidencia.gov.bo/prensa/Noticias.asp?id=200710153&p=5>

Date of legislation: November 2007; **Date of implementation:** January 2008



Bolivia: Private pension system under review

The Bolivian government has announced its intention to abolish the private pensions system introduced in 1996. The main changes to the current pensions system which are currently under discussion with the social partners concern:

- the disappearance of the Pensions Fund Administrators (Administradoras de Fondos de Pensiones, AFP), to be replaced by Group Capitalization Funds (Fondos de Capitalización Colectiva) and an autonomous National Pensions Fund (Fondo Nacional de Pensiones, Fonape), under the supervision of the Comptroller and the Ministry of Finance; and
- a 10-year reduction in the statutory age of retirement, to age 55 for men and age 50 for women.

The government has set up a Drafting Committee (Comisión Redactora) to examine proposals. This Committee is composed of representatives of the government and social sectors; it has been asked to draft new legislation to reform the pensions system, abolishing the AFPs and creating an integrated pensions system, in 2008.

There are currently two AFPs in Bolivia which manage the private pension scheme. They signed a 10-year contract with the State in 1996, which has been extended for a further two years.

Source: Viceministerio de Pensiones y Servicios Financieros, <http://www.vmps.gov.bo>; Diario los Tiempos, página visitada el 14 de noviembre de 2007, http://www.lostiempos.com/noticias/18-03-07/18_03_07_eco6.php

Date of implementation: January 2008

Switzerland: The Third Pillar for those actively employed after retirement

The Federal Council has decided to allow those who continue to work after reaching normal retirement age to postpone their application for retirement benefits under the Third Pillar until they stop work, in order to encourage older workers to remain on the labour market. However, they may not postpone for more than five years. They may continue to contribute to the Third Pillar throughout this maximum five-year period, with additional tax advantages, as long as they are in paid employment. The Federal Council has already made the necessary changes to the tax legislation, which will come into effect on 1 January 2008.

Reference document(s): Communiqué de presse du 17 octobre 2007.

Source: Département fédéral de l'intérieur.

Date of implementation: January 2008

Switzerland: Old age and survivors' insurance: changes in the contribution base

The Federal Council has approved changes in the regulations governing old age and survivors' insurance (AVS); they concern the contributions deducted from benefits paid by employers on termination of an employment contract. These changes also affect the deduction of commercial losses from their contribution base for the self-employed.

Theoretically, all payments made by an employer to an employee are subject to contributions. The change in the AVS regulations creates an exception to this rule in that under some circumstances, it excludes certain insurance benefits paid by an employer on termination of a work contract, from the contribution base. This applies to benefits paid voluntarily by an employer to employees with little or no employment insurance as well as to termination payments for workers laid off when an enterprise closes down, merges with another, or restructures.

Furthermore, changes in the AVS regulations limit deductions from the gross income contribution base by the self-employed to commercial losses registered and included in the accounts for the current or preceding contribution year.

Reference document(s): Communiqué de presse du 17 octobre 2007.

Source: Département fédéral de l'intérieur.

Date of implementation: January 2008

China, The People's Republic of: New Employment Promotion Law takes effect in 2008

The Standing Committee of the National People's Congress, China's top legislature, approved on 30 August 2007 the Employment Promotion Law (EPL), which will enter into force as of 1 January 2008, the same date as for the Labour Contract Law.

The nine-chapter and 69-article law, which highlights the role of the governments at various levels in ensuring equal opportunities in a fair employment environment and combating work discrimination rather than stipulating any detailed rules, is considered in general as a policy document instead of a law in the traditional sense.

On one hand, under the EPL, the national government will implement an active labour market policy, establish a national coordination mechanism for employment promotion and strive to expand employment through various channels such as labour-intensive businesses, the service sector, small and medium-sized enterprises, public construction projects as well as a strengthened unemployment insurance system. Tax concessions will be offered accordingly to the enterprises which have recruited an adequate number of disabled or unemployed people as prescribed, the medium and small-sized enterprises created by the unemployed as well as the unemployed or disabled people engaged in single proprietorships.

On the other hand, local governments are required to simplify procedures for individuals to set up their businesses and county-level governments should set up an exclusive fund for employment promotion to be used for employment service, vocational training, vocational skills appraisal, start-up loans and subsidies for social insurance premiums, etc, although there is no guidance on how they are to be financed or how much money will go into them. Older persons (females aged 40 and above and males 50 and above) who are unable to start their own businesses and who are not otherwise employed will be offered community public welfare posts (such as patrollers and cleaners) and receive work subsidy as well as social insurance premium subsidy.

The other relevant policies mentioned in the law include, but are not limited to, government support for the economic development of ethnic minority regions in their expansion of employment, the development of early warning systems to help prevent and control large scale unemployment, and a requirement for enterprises to establish operating funds to provide vocational training and continuing education.

According to the EPL, an employer may find itself in court if it discriminates against a job applicant on the grounds of sex, age, religion, race or physical disability, since prohibiting employment discrimination is also a major goal of the EPL, and employees who have been discriminated against have a specific right to lodge a lawsuit in a people's court.

The employment situation remains grave in China, where the population totals more than 1.3 billion and the labour supply remains larger than the market demand. In 2007, for instance, around 24 million people (including 10 million new entrants into the labour market) in urban areas are expecting jobs while only half of them can actually find employment. Among the 5 million new graduates from the universities, only about 70 per cent will be able to find a job in the same year. In rural areas alone, the surplus rural labour totals about 100 million of which 9 million persons are expected to migrate to urban areas each year between 2006 and 2010.

Official statistics show that the registered unemployed people in urban areas reached 8.38 million and the registered urban unemployment rate was 4.1 per cent by the end of June 2007, 0.1 per cent lower compared to the same period of the previous year.

Source: <http://english.cri.cn/4026/2007/10/12/191@283378.htm>; <http://www.encyclopedia.com/printable.aspx?id=1Y1:111163820>; <http://www.mallesons.com/publications/2007/Sep/9123337w.htm>; http://ldt.hunan.gov.cn/pub/govweb/gzdt/2007/ws/t20040123_24470.htm (in Chinese only); <http://npc.people.com.cn/GB/28320/100180/100188/6195718.html> (in Chinese only); http://www.cpirc.org.cn/news/rkxw_gn_detail.asp?id=7667 (in Chinese only). Reference: Employment Promotion Law (EPL).

Date of legislation: August 2007; **Date of implementation:** January 2008

Colombia: Old age pension contributions requirement increased

As of first January 2007, the minimum required period of contributions to qualify for an old age pension has been increased from 1,075 to 1,100 weeks. This 25-week increase will be reapplied annually until 2015 when the required period of contributions will have reached 1,300 weeks.

The increase in the qualifying period will not affect the pensionable age, which will remain at 55 years for women and 60 years for men until 2014 when it will be raised to 57 years for women and 62 years for men.

These changes to the pension system were introduced through the 2003 Law to create a more sustainable financing system for old age pension, and will consequently help increase coverage and equity.

The current contribution rate to the pension plan is equal to 15.5 per cent of income. However, there will also be future changes to this rate as the Colombian government will increase it by 0.5 percentage points starting January 2008, as long as the GDP's annual rate of growth remains at, or is superior to, 4 per cent between 2006 and 2008.

Reference document(s): Ley 797, del 29 de enero de 2003

Source: http://www.presidencia.gov.co/prensa_new/sne/2003/enero/30/01292003.htm

Date of legislation: January 2003; **Date of implementation:** January 2007



Spain: Parental leave: greater equality for men and women

New draft legislation will improve the conditions governing eligibility for maternity benefits, making them more flexible and harmonizing the right to parental leave for men and women.

A minimum contribution period will no longer be required for female workers under 21 years of age when they give birth or take the administrative decision to adopt a child. Female workers over 21 and under 26 will require a minimum contribution period of 90 days in the 7 years immediately prior to the onset of authorized maternity leave or 180 days throughout their entire working lives. Women over 26 will need to have contributed for a minimum period of 180 days in the 7-year period immediately preceding the beginning of authorized maternity leave or for 360 days throughout their entire working lives.

Under the new draft legislation, fathers will be eligible for 13 days' paternity leave following the birth of a child, provided they have contributed for at least 180 days during the 7 years immediately prior to the onset of the authorized paternity leave or 360 days throughout their entire working lives.

Mothers on maternity leave will be able to claim full replacement of their contribution base salary for a period of 42 days from the date of birth. This period may be extended if necessary. Under the new legislation, fathers on paternity leave are eligible for a replacement income under the same conditions.

Reference document(s): Ley Organica 3/2007, de 22 de marzo, para la igualdad efectiva de mujeres y hombres

Source: Ministerio de Trabajo y Asuntos Sociales, Novedades

Date of legislation: March 2007



Jordan: National debate on improving the pension system

The Social Security Corporation, (SSC) has begun national discussions to review the pension legislation in order to improve benefits and ensure greater equality in the face of the old age contingency.

Discussions will focus on early retirement and on capping old age pensions. There has been a significant increase in the number of applications for early retirement in recent years, so much so that early retirement is becoming the rule rather than the exception.

No reduction in benefits is envisaged. However, efforts will concentrate on finding ways to guarantee better redistribution and greater equity through the pensions system.

The functioning and financing of the pensions system will also be examined together with possible ways of simplifying the procedures and diversifying investments and the investment of social security reserve funds. Further objectives will be to extend social cover and to introduce unemployment insurance in the near future.

The SSC Board of Directors, the Government and Parliament will take part in the discussions.

Source: Jordan Times, 'SSC to open national dialogue on pension regulations', 03/06/2007; Jordan Times, 'SSC working on amending legislation', 23/06/2007.

Date of legislation: June 2007



Korea, Republic of: National Pension reform bill passed

On 3 July 2007, the National Pension reform bill was finally passed in the plenary session of the National Assembly, putting an end to controversy over the past 4 years.

The main purposes of the reform are the following:

- to prevent depletion of the pension fund by adjusting the level of pension benefits;
- to encourage births through awards of 12-to-50-month's pension credits to insured persons with more than two children;
- to provide 6-month's pension credits for those who have served in the military to compensate for lost opportunities;
- to remove gender discrimination in granting survivors' pension benefits; and
- to prevent loopholes in the existing act.

The main changes to be brought about by the reform are the following:

The contribution rate will remain at the current level of 9 per cent of monthly salary. However, pension benefit will be lowered in 2008 from the current 60 per cent to 50 per cent of average monthly salary, and then will be further decreased by 0.5 percentage points per year from 2009 until it reaches the level of 40 per cent by 2028.

In order to increase the birth rate, a 12-month's pension credit will be awarded to those under insurance coverage at the date of birth of a second child. The award is augmented by half in the case of birth of a third child. This will increase both the amount of pension benefits and the number of those eligible to receive benefits. The benefit increase will be financed by the government.

Split pension, which only a divorced non-remarried spouse receives under the current law, will be provided even after remarriage.

Under the current law, only diseases that developed during the coverage period are recognized for disability benefit purposes. Thanks to the reform bill, diseases

that developed before the pension insurance period will also be recognized if they are diagnosed after the enrollment.

Moreover, 60 per cent of the elderly population will receive a new supplementary benefit (the Basic Old-Age Pension), which provides 5 per cent of average monthly income to all National Pension recipients. The payout rate will increase to 10 per cent by 2028 although details have not yet been decided. The National Pension System Improvement Committee, that will be established under the National Assembly in January 2008, will discuss the financial resources, when and how to increase the benefits and how to consolidate this supplementary benefit with the National Pension.

The reform bill changes will be effective as of 1 January 2008.

Source: The National Assembly of the Republic of Korea <http://korea.na.go.kr/index.jsp>; Korea International Labour Foundation, LABOR TODAY issue no.472, 4 July 2007 <http://www.koilaf.org/>; The Korea Times, 1 December 2006, 7 December 2006, <http://www.koreatimes.co.kr/www/index.asp>

Date of implementation: January 2008

Sri Lanka: Contributory pension scheme for migrant workers launched

On 3 September 2007, the Sri Lanka Bureau of Foreign Employment (SLBFE) and the Social Security Board (SSB) introduced a contributory pension scheme for its two million overseas migrant workers who contribute substantially to the country's economic development. The new scheme will be under the administration of the SLBFE and the SSB.

According to the Foreign Employment Promotion and Welfare Minister, the country is responsible for the welfare of expatriate workers, whose contribution exceeds USD 1.3 billion annually or 21 per cent in total foreign exchange earnings. It is also recognized that overseas workers undergo untold hardships thousands of miles away for the survival of their families in Sri Lanka.

Under the scheme, migrant workers will pay a minimum monthly contribution of LKR 5 or a lump sum payment of LKR 600 to be entitled to a monthly pension of LKR 250 from the age of 60 for life if they had contributed to the scheme on a regular basis. If the beneficiary dies before reaching the age of 80, the spouse or dependant would benefit from the scheme. In accordance with the scheme, the worker will contribute 40 per cent of the cost of the scheme, whereas the state will subsidize the remaining 60 per cent.

It is reported that workers who leave the country for employment overseas from now on would be registered under this scheme. Workers currently employed abroad will be informed as to the arrangements for external enrollment.

It is expected the new pension scheme will help these workers to become economically stable during their retirement years.

Source: Global Action on Aging, 24 August 2007, <http://www.globalaging.org/index.htm> Daily News, 5 September 2007, http://www.dailynews.lk/2007/10/25/main_News.asp The Scalabrini Migration Centre, Asian Migration News, <http://smc.org.ph/>

Date of implementation: August 2007



Panama: Implementation of a mixed pension system

In 2006, Panama introduced a mixed pensions system to provide insurance cover for disability, old age and survivorship. This system comprises two subsystems, one based on defined benefits and the other on defined contributions. The first is a pay-as-you-go scheme financed by contributions based on the insured's salary up to PAB 500; the second, which will come into effect on 1 January 2008, consists of an insurance savings in individual accounts and is financed by contributions based on the part of the insured's salary above PAB 500.

The new subsystem based on defined contributions will cover:

- Members of the Social Security Fund who were aged 35 or younger on 1 January 2006 who choose to participate in the subsystem. Those concerned will have until 31 December 2007 to exercise their right to choose;
- All self-employed workers joining the social security system for the first time between 1 January 2006 and the 31 December 2007 who opt for the new subsystem;
- All self-employed workers entering the social security system for the first time on or after 1 January 2008;
- All self-employed workers younger than age 35 on 1 January 2007; and
- All other self-employed workers who opt for participation.

If workers who meet the above requirements fail to express a preference, they will automatically remain members of the defined-benefit subsystem.

The Social Security Fund, which is a legally recognized autonomous government body with its own funding, has been made responsible for the administration, planning and surveillance of both subsystems. It has 26 branch offices throughout the country ready to receive workers who opt for the new pension subsystem.

With the introduction of the new subsystem and other savings opportunities, the Social Security Fund hopes to reverse the negative trends of 2005 and 2006 when cumulated deficits amounted to USD 67 million and USD 40 million, respectively.

Reference document(s): Ley 51 del 27 de diciembre de 2005

Source: Caja de Seguro Social, www.css.org.pa; Diario Pa-digital, página visitada el 14 de noviembre de 2007, <http://www.pa-digital.com.pa/archive/04262007/finance04.shtml>

Date of legislation: December 2005; **Date of implementation:** January 2008



Peru: Simplifying the regulations on health and safety at work

Several amendments to the Regulations on Occupational Health and Safety, promulgated in September 2005, were proposed and adopted in early 2007. The aim of these amendments is to simplify the incorporation of enterprises and introduce more flexibility in order to facilitate their inclusion and respect of the regulations governing health and security at work. The establishment of a health and safety committee and the incorporation of internal regulations concerning health and safety at work will become mandatory in all sectors as from 1 October 2007, which is a significant step forward.

Several of the changes concern the maintenance of records and other documents concerning the management of safety and health at work that employers must incorporate into the day-to-day running of their enterprises. Greater flexibility will be allowed in the methods used (manual, electronic or a combination of the two) to maintain these compulsory records describing employment accidents, occupational diseases, risks inherent in the activities of the enterprise, internal health and safety checks, etc. For example, both accidents and occupational diseases may in future be registered in the same file.

The amendments also provide more instructions concerning the conditions and criteria which apply to the maintenance of the registers and the procedures for follow-up of safety and health at work. They also focus more on the internal responsibilities of enterprises in the management of occupational risks.

Reference document(s): Decreto Supremo No. 007-2007-TR del 6 de abril 2007, Decreto Supremo No. 009-2005-TR

Source: Informe Laboral, Reglamento de Seguridad y Salud en el Trabajo Modifican Articulado, Suplemento de Análisis Laboral Vol. XXII No. 255, abril 2007

Date of legislation: April 2007

 **Peru: Withdrawal rights under the private pensions system**

Those who were not well-informed when they joined the private pensions system (*Sistema Privado de Pensiones, SPP*) created in 1992 or who have realised that it does not meet their needs or is inappropriate to their situation, may in future cancel their membership and return to the national pensions system (*Sistema Nacional de Pensiones, SNP*) to which they previously belonged and which would provide them with a minimum pension.

Those most directly concerned are older workers on low incomes. The SPP does not enable this working group to accumulate sufficient capital in their individual accounts (*Cuenta Individual de Capitalization, CIC*) to guarantee an adequate retirement pension. Members of the SPP will be provided with information concerning the various benefits and conditions offered by both the SNP and the SPP, to enable them to choose the most appropriate system depending on their situation, based on full knowledge of the facts.

A three-month information campaign is to be launched by the Ministry of Work and Employment (*Ministerio de Trabajo y Promocion de Empleo, MTPE*) to make the population more aware of the conditions and procedures for an eventual transfer from the SPP to the SNP.

Reference document(s): Ley No. 28991 del 27 de Marzo de 2007.

Source: Informe Laboral, La desafiliación en el sistema privado de pensiones, Análisis legal, Abril 2007

Date of legislation: March 2007



Singapore: Compulsory health insurance for expatriates

The Ministry of Manpower will shortly require employers to take out health insurance to cover the cost of health care for foreign employees.

This new requirement will be introduced in tandem with the withdrawal of health care subsidies for foreign workers. Health insurance will be required for all new employees and holders of current work permits as from 1 January 2008. Employers will be obliged to provide health insurance cover for domestic workers only when their work permits are due for renewal.

In order to help employers meet this demand, the Ministry of Manpower has established a detailed list of the minimum requirements concerning health insurance contracts for employees, in collaboration with private insurance companies. However, employers are free to choose the insurance contract they consider most appropriate, provided it meets these minimum requirements.

Source: Ministry of Manpower: http://www.mom.gov.sg/publish/momportal/en/general/FW_Medical_Insurance.html

Date of implementation: January 2008

Singapore: Employment incentives for those over 62 years of age

The Ministry of Manpower has put forward a recommendation to facilitate and guarantee continued employment or re-employment for workers over 62 years of age. This measure could be incorporated into existing legislation or could be made the object of new legislation within the next five years.

The recommendation responds to the needs of ageing workers by providing a legal framework which will enhance the employability of the elderly and encourage employers to make more use of the services of this working group.

The recommendations include a Workfare Income Supplement for workers on low incomes aged over 55 and subsidies for enterprises which recruit or retain older workers. Higher interest rates on Central Provident Fund savings accounts provide a further incentive to remain at work beyond the minimum retirement age.

Source: http://www.mom.gov.sg/publish/momportal/en/general/Enhancing_Retirement_Adequacy.html

Date of publication: August 2007

Trinidad and Tobago: A move towards improved benefits and higher contributions

Changes have been proposed affecting both contributions and benefits, following a review carried out by the National Insurance System (NIS), the International Labour Office and the National Insurance Board of Trinidad and Tobago (NIBTT).

A certain number of recommendations will be submitted to Parliament before the end of the year; if approved, they could be implemented as from 8 January 2008. The principal measures include the following:

- an increase in the minimum monthly retirement pension which will be doubled, from TTD 1,000 to TTD 2,000;
- a significant increase in the minimum lump sum, currently TTD 200, which will be increased tenfold;
- allocation of a maternity benefit based on the father's contributions if the mother cannot claim this benefit in her own right;
- an increase in the monthly child allowance from TTD 320 to TTD 400 and from TTD 640 to TTD 800 for orphans;
- the introduction of a minimum survivors' pension of TTD 400 for a widow/widower and TTD 200 for dependent parents of the deceased;
- an increase in the maximum medical expenses reimbursed following an employment accident from TTD 18,000 to TTD 22,500 with reimbursement of the cost of magnetic resonance imaging (MRI) of up to TTD 2,000 per examination and per part of body.

To finance these measures, contribution rates will be increased from 9.9 per cent to 10.5 per cent from January 2008; they will be reviewed every two years.

Source: Le Conseil de l'assurance National de Trinidad et Tobago, http://www.nibtt.co.tt/benefits/improved_benefits_07.htm

Date of legislation: January 2008

International: Ibero-American Social Security Agreement

The 17th Ibero-American Summit of Heads of State and Government held in Chile in November 2007 ended with the signature of the Multilateral Convention on Social Security.

The aim of the Convention is to preserve the rights of Ibero-American migrant workers, ensuring that all workers retain their social rights and access to adequate social protection independent of their migrant status.

The Convention is the first international instrument of its kind within the Ibero-American community; it provides for the preservation of mobility rights and applies to cash benefits for disability, old age, survivors and occupational accidents and diseases but excludes medical care provided under national legislation. The Convention is expected to benefit more than 5 million people.

The starting point for the Convention was the 5th Ibero-American Conference of Ministers and high-ranking Social Security Officers held in Spain in September 2005; the Conference decided to begin drafting a Convention and requested the Ibero-American Social Security Organization to provide technical support for the processes of drafting and discussion.

Countries subscribing to the Convention will have to ratify it through the established legal procedures prior to its implementation.

Reference document(s): Convenio Iberoamericano de Seguridad Social

Source: Organización Iberoamericana de Seguridad Social, www.oiss.org

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