

NATIONAL REPORT FOR PORTUGAL

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WHATEVER IS NEW SINCE 1992

1 - PENSION

Pensions Funds show a moderate stagnation due to the absence of fiscal stimulations as well as to some restraint - on the companies part - in assuming additional responsibilities as far as the terms of the collective labour contracts are concerned.

It is important to know that the conditions of some of these labour contracts are now being revised, and the employers are exerting pressure in order to reduce their obligation to carry on the make up of the amount of pensions granted by Social Security. This is happening right now with the negotiation of the Insurance Labour Contract.

Concerning the legislation, there is nothing particularly important to be said, except for the new basis on which the Social Security benefits are to be paid, owing to the repercussions on the amounts granted by Pensions Funds when these are to be allowed as complement to Social Security Pensions.

Below is the information on Pensions Funds and their evolution since 1990

Pension Funds (including FP-PPR)							
	1990	1991	91/90	1992	92/91	1993	93/92
	Amounts (p esc: 1,000,000\$)						
Insur. Companies	51,424	81,213	57.93%	53,537	-34.08%	78,745	47.09%
Soc. Gestoras	119,307	209,411	75.52%	398,858	90.47%	716,792	79.71%
TOTAL	170,731	290,624	70.22%	452,395	55.66%	795,537	75.85%
	Number of funds						
Insur. Companies	90	90	0.00%	90	0.00%	87	-3.33%
Soc. Gestoras	100	110	10.00%	125	13.64%	132	5.60%
TOTAL	190	200	5.26%	215	7.50%	219	1.86%

Source: Instituto de Seguros de Portugal

2 - SOCIAL SECURITY

The benefits included are:

- old age pensions;
- disability pensions;
- survivors pensions;
- death allowance;
- cash sickness benefits:
- family allowances;
- unemployment benefits.

FINANCING ASPECTS

Contributions for the General Social Security System (R.G.):

Employer: 24.5% of salary (including 0.5% for occupational sickness risks)

Employee: 11.0% of salary

A - PENSION BENEFITS

By decree 329/93 (of September 25th, 1993) the basis for Social Security pensions for dependent employees has been altered. Consequently, the connected benefits have been defined as follows:

A.1. Old Age Pensions

Conditions for eligibility:

Must have paid contributions for at least 15 calendar years, consecutive or not, of work for which contributions have been paid, at least, during 120 days.

Normal retirement age is 65 for men and women.

(In 1994 minimal pension age for women is fixed at 62 years and 6 months, adding subsequently per each calendar year, a period of 6 months to the age established for the previous year, up to the age of 65.)

Benefits:

Monthly pension = $0.02 * N * R/140$ where $0.3 < 0.02 * N < 0.8$

R = the 10 best annual salaries actualised out of the 15 years before retirement.

N = Number of calendar years of contribution payments.

Minimum Monthly Pension = Esc. 26,200\$

Note: The best annual salaries (R) are chosen after actualisation by the general index of consumer price (without habitation).

Below is the information on the coefficients applicable at 1994, corresponding to different years of earnings:

1980	6.2826	1981	5.2355	1982	4.2774
1983	3.4083	1984	2.6359	1985	2.2095
1986	1.9781	1987	1.8081	1988	1.6497
1989	1.4651	1990	1.2920	1991	1.1598
1992	1.0650	1993	1.0000	1994	1.0000

These factors are based on the consumer prices index excluding housing. This indexation is granted until 31 December 1999.

A.2. Disability Pensions

Conditions for eligibility:

Paid to individuals who become permanently disabled (but not including disability due to occupational illness or which is work related - see C and D for these cases) and who have not attained the normal retirement age.

Must have paid contributions for at least five calendar years.

Only applies if there is a loss of earnings at least 2/3 in the individual's normal profession or trade.

Benefits:

The monthly Pension is calculated as for the old age pension.

There is a further supplement for individuals with total permanent disablement and who need permanent assistance from a third person.

A.3. Survivors Pension

Conditions for eligibility:

The benefit is paid on the death of active employees or old age or invalidity pensioners (does not include death due to occupational illness or which is work related - see C and D for these cases).

Must have paid contributions for at least 36 months.

Benefits:

The amount of survivor's pension is calculated on the basis of the deceased's retirement pension or of the pension that would have been granted to him if he were to retire at the time of his death (P), as follows:

A.3.1 - Surviving spouse 60%P or 70%P, depending on whether there is one spouse (or former spouse) or more than one.

1 - For widows aged under 35 with no children, the pension is only paid for 5 years;

2 - These limitations do not apply to widows who are totally and permanently disabled.

(The pension ceases in case of remarriage)

A.3.2 - Orphans 20%P, 30%P, or 40%P for one, two or more than two children respectively, when there exists also a spouse or former spouse; double these percentages if there is no spouse or former spouse;

Paid up to 18 years,

beyond the age of 18 years so long as they do not engage in an activity which renders them subject to the system of compulsory social security:

up to the age of 25 years if they attend an educational course defined as complementary or middle or higher;

up to the age of 27 years if they attend a course for master's or post-graduate degree or if they are preparing a thesis for a licentiatehip or a doctorate or also if they are undergoing a period of training at the end of a course necessary to obtain a diploma;

without age limit, if they are handicapped having a right to family allowances.

A.3.3 - Ancestors 30%P, 50%P, or 80%P for one, two, three or more than three relatives respectively. This is only payable if neither of the previous two types of pension is applicable.

A.4. Death Allowance

Conditions for eligibility:

The benefit is paid to members of the families of beneficiaries who at the time of death have been registered.

This benefit is also applicable to all individuals whether retired or still in active service.

Benefits:

Lump sum = 6 x RF

RF = $1/24 \times S$, where S means the two best salaries out of the last five with contributions paid

Minimum = 6 x SMN (official minimum monthly wages, actually p esc. 49,300\$)

A.5. Cash Sickness Benefits

Conditions for eligibility:

Must have been registered for at least 6 months and paid contributions for at least 12 days in the last 4 months.

There is a period of 3 days and the benefit is paid up to a maximum of 1095 days after which the disability pension begins.

Benefits:

The amount of daily benefit is equal to 65% of the reference income, defined by $R/180$, where R is the total income recorded in the 6 months which precede the second month prior to the beginning of disability.

B - HEALTH BENEFITS

- Under the supervision of the Secretariat of State Health. It covers all employees, pensioners and dependants.

Benefits:

- Include hospital treatment subsidy, reimbursement of medical care expenses, subsidy for prescribed drugs.

C - OCCUPATIONAL ILLNESS

- Under the supervision of the Secretariat of State Social Security. It is run by the National Occupational Illness Insurance Fund (C.N.S.D.P.). The system is compulsory for all employees, except for independent workers and banking industry.

Conditions for eligibility:

- Covers occupational illnesses included in a prescribed list, or an equivalent situation:

Benefits:

Temporary Incapacity

daily benefits = $2/3 * RB$ (with three days waiting period)

where $RB = [\text{real salary} - \text{SMN}] * 80\% + \text{SMN}$

(SMN = official minimum salary)

Partial Permanent Disability

monthly benefits = $2/3 * g * RB$

where g is the degree of disability and RB as above

Total Permanent Disability

a) for all and any work

monthly benefits = $80\% RB$

b) for normal work

monthly benefits = $g * RB$

where g is the degree of disability and varies from 1/2 to 2/3

Survivor's pension

30% (or 40% depending on age)* RB per month for the spouse, and
20% (or 40% or 50% depending of the number of children)* RB for
children (this doubles if both parents are dead).

Funeral grant

30*SR (daily salary) lump sum or double if there is translation.

where SR = real salary if $> S.M.N.$
= S.M.N. if $\leq S.M.N.$

TAXATION

Included in A

Employer: 0.5% of salary

D - WORKMEN'S COMPENSATION

It is compulsory for all employees. Employers must insure this benefit with an insurance company and at present this presents a significant percentage of insurance companies portfolios (approximately 30%)

Benefit:

As for occupational illness but now with respect to workmen's compensation accidents.

FINANCING ASPECTS

Employer: insurance premium related to the salary and to occupational risk.

3 - LIFE AND GENERAL INSURANCE

Portugal having become a member of the EC in full capacity, the third directives have already been converted into public law (decree 102/94, of April 20th, 1994). Under the circumstances, a total conformity with the rules concerning insurance business in the countries of the EC will be in force starting on the 1st of July 1994.

Free performance of services will be a factor of importance and, surely, a reason more for the technicians of each and every country to excel in their capacity of intervention, in order to meet competition. Also, best attention will be given to follow and study all innovations possible within the insurance products market.