

## Armenia

Exchange rate: US\$1.00 = 485 drams.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1956 and 1964.

**Current laws:** 2002 (state pensions), implemented in 2003; 2010 (individual accounts); 2013 (public welfare); 2010 (income tax), implemented in 2013; and 2014 (elected officials).

**Type of program:** Social insurance, mandatory individual account, and social assistance system.

Note: On January 1, 2014, individual accounts were introduced that are mandatory for workers born on or after January 1, 1974. On July 1, 2018, mandatory coverage was extended to all workers regardless of date of birth.

The 2010 law on income tax replaced mandatory social contributions with a tax-financed system, but the basic structure of the social insurance program remains in place.

#### Coverage

**Social insurance and mandatory individual account:** Employed and self-employed persons.

Special systems for military and police personnel, judges, elected officials, public prosecutors, and their family members.

**Social assistance:** Citizens of Armenia.

#### Source of Funds

##### Insured person

**Social insurance:** Financed through a portion of personal income taxes.

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

**Mandatory individual account:** 5% (temporarily reduced to 2.5%) of gross monthly earnings.

The maximum monthly earnings used to calculate contributions are 500,000 drams.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** Financed through a portion of personal income taxes.

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

**Mandatory individual account:** 5% (temporarily reduced to 2.5%) of annual declared earnings.

The maximum annual earnings used to calculate contributions are 6,000,000 drams.

**Social assistance:** None.

#### Employer

**Social insurance:** None.

**Mandatory individual account:** None.

**Social assistance:** None.

#### Government

**Social insurance:** Provides subsidies as needed.

**Mandatory individual account:** 5% (temporarily increased to 7.5%) of gross monthly earnings.

The maximum monthly earnings used to calculate contributions are 500,000 drams.

**Social assistance:** The total cost.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 63 with at least 25 years of covered employment; age 59 with at least 25 years of covered employment, including at least 20 years in arduous or hazardous work before January 1, 2014, or at least 10 years in arduous or hazardous work after January 1, 2014; or age 55 with at least 25 years of covered employment, including at least 15 years in arduous or hazardous work before January 1, 2014, or at least 7.5 years in arduous or hazardous work after January 1, 2014.

Covered employment also includes years as a university student, years of service in the military, years caring for a child, and periods receiving unemployment benefits.

**Partial pension:** A reduced pension is paid with at least 10 years of work.

**Deferred pension:** The pension may be deferred.

The old-age pension is payable abroad under reciprocal agreement.

**Old-age benefit (mandatory individual account):** Age 63.

**Old-age social pension (social assistance):** Age 65 with less than 10 years of covered employment.

The old-age social pension is payable abroad under reciprocal agreement.

**Disability pension (social insurance):** Must be assessed with a Group I (total incapacity for work and requiring constant attendance), Group II (total incapacity for work but not requiring constant attendance), or Group III (partial incapacity for work) disability. The required years of covered employment vary depending on the insured's age when the disability began: at least two years of covered employment if younger than age 23, three years if aged 23

to 26, four years if aged 26 to 28, five years if aged 29 to 31, six years if aged 32 to 34, seven years if aged 35 to 37, eight years if aged 38 to 40, nine years if aged 41 to 43, or at least 15 years if aged 44 or older.

Covered employment also includes years as a university student, years of service in the military, years caring for a child, and periods receiving unemployment benefits.

A specialized medical committee assesses the degree of disability.

The disability pension is payable abroad under reciprocal agreement.

**Disability social pension (social assistance):** Must be assessed with a disability and have less than the number of years of covered employment required for a social insurance disability pension.

The disability social pension is payable abroad under reciprocal agreement.

**Disability settlement (mandatory individual account):** Must be assessed with a Group I, II, or III disability.

**Survivor pension (social insurance):** The deceased received or was entitled to receive a social insurance old-age or disability pension.

Eligible survivors include a widow(er) or other person who is not employed at the time of deceased's death, is not receiving any other pension, and cares for the deceased's children, brothers, sisters, or grandchildren younger than age 14; a half orphan younger than age 18 (no age limit if assessed with a disability that began before age 18); full orphans younger than age 18 (at any age if a full-time student who lost both parents from age 18 to 23) who are not receiving any other pension; and dependent brothers, sisters, and grandchildren younger than age 18 under certain conditions.

The survivor pension is payable abroad under reciprocal agreement.

**Survivor social pension (social assistance):** The deceased received or was entitled to receive an old-age or disability social pension.

Eligible survivors include a widow(er) or other person who is not employed at the time of deceased's death, is not receiving any other pension, and cares for the deceased's children, brothers, sisters, or grandchildren younger than age 14; or full orphans younger than age 18 (at any age if a full-time student who lost both parents from age 18 to 23) who are not receiving any other pension.

**Survivor benefit (mandatory individual account):** Paid when the insured dies.

**Funeral grant (social insurance and social assistance):** Paid when an old-age or disability pensioner dies.

### Old-Age Benefits

**Old-age pension (social insurance):** The pension consists of a basic pension and a bonus pension.

*Basic pension:* 16,000 drams a month.

*Bonus pension:* 800 drams a month is paid for each of the first 10 full calendar years of covered employment plus 500 drams a month for each additional full calendar year of covered employment, multiplied by a personal coefficient based on the length of service.

There is no maximum old-age pension.

Partial pension: A reduced pension is paid.

Deferred pension: Calculated in the same way as the old-age pension.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

**Old-age benefit (mandatory individual account):** The insured has three payment options: purchase an annuity, receive programmed withdrawals, or receive a lump sum.

The benefit is the total employee and government contributions, adjusted for inflation, minus administrative fees.

**Old-age social pension (social assistance):**

16,000 drams a month is paid.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

### Permanent Disability Benefits

**Disability pension (social insurance):** The pension consists of a basic pension and a bonus pension.

*Basic pension:* 140% of the basic pension is paid for a Group I disability, 120% for a Group II disability, 100% for a Group III disability.

The basic pension is 16,000 drams a month.

*Bonus pension:* 800 drams a month is paid for each of the first 10 full calendar years of covered employment plus 500 drams a month for each additional full calendar year of covered employment, multiplied by a personal coefficient based on the length of service.

There is no maximum disability pension.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

**Disability social pension (social assistance):** 21,500 drams a month is paid for a Group I disability, 19,000 drams a month for a Group II disability, and 16,000 drams a month for a Group III disability.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

**Disability settlement (mandatory individual account):**

The account balance is paid as a lump sum.

## Survivor Benefits

### Survivor pension (social insurance)

*Spouse's pension:* 100% of the basic pension plus 50% of the bonus pension is paid.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year the deceased was in covered employment from the 11th year of covered employment multiplied by a personal coefficient based on the length of service.

The spouse's pension ceases upon remarriage.

*Full orphan's pension:* 500% of the basic pension plus 50% of the bonus pension is paid.

The basic pension is 16,000 drams a month.

The bonus pension is 500 drams a month for each full calendar year both deceased parents were in covered employment.

There is no maximum orphan's pension.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

### Survivor social pension (social assistance):

16,000 drams a month is paid for a spouse; 80,000 drams a month for a full orphan.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

**Survivor benefit (mandatory individual account):** The value of the insured's accumulated assets is split and transferred to the individual accounts of eligible survivors. If eligible survivors are not participants in the individual account program, the accumulated assets are paid to them as a lump sum or as a fixed-term annuity for up to five years.

### Funeral grant (social insurance and social assistance):

A lump sum of 200,000 drams is paid.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

## Administrative Organization

Ministry of Labor and Social Affairs (<http://www.mlsa.am/>) is responsible for policy.

State Social Security Service (<http://www.ssss.am/>) administers the social insurance and social assistance programs.

Licensed pension management companies manage the mandatory individual accounts.

State Revenue Committee (<http://www.petekamutner.am/>) collects contributions.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1912.

**Current laws:** 2005 (temporary disability insurance) and 2013 (public welfare).

**Type of program:** Universal (birth or adoption grant and medical benefits), social insurance (cash benefits), and social assistance (maternity benefits) system.

### Coverage

**Universal (birth or adoption grant and medical benefits):** Residents of Armenia.

**Social insurance (cash sickness and maternity benefits):** Employed and self-employed persons.

**Social assistance (maternity allowance):** Residents of Armenia.

### Source of Funds

#### Insured person

*Universal and social assistance:* None.

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

#### Self-employed person

*Universal and social assistance:* None.

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

#### Employer

*Universal and social assistance:* None.

*Social insurance:* None.

#### Government

*Universal and social assistance:* The total cost.

*Social insurance:* Provides subsidies as needed.

### Qualifying Conditions

**Cash sickness and maternity benefits (social insurance):** There is no minimum qualifying period. A medical certification may be required.

**Maternity allowance (social assistance):** Paid to nonemployed pregnant mothers. A medical certification may be required.

**Birth or adoption grant (universal):** Paid for the birth or adoption of a child.

**Medical benefits (universal):** There is no minimum qualifying period.

### **Sickness and Maternity Benefits**

**Sickness benefit (social insurance):** The daily benefit is 80% of the insured's average monthly earnings in the last 12 months before the incapacity began (or in the total period of covered employment if less than 12 months) divided by 21 (by 25 for a six-day work week). The benefit is paid from the sixth day of incapacity (the employer pays benefits for the second to the fifth day; the first day is not paid) for up to six months.

The maximum earnings used to calculate the sickness benefit are five times the legal monthly minimum wage (10 times the legal monthly minimum wage for a six-day work week).

The legal monthly minimum wage is 55,000 drams.

The benefit is also paid to a person providing care for a sick child or adult family member.

**Maternity benefit (social insurance):** The daily benefit is 100% of the insured's average monthly earnings (regardless of the number of years of covered employment) divided by 30.4 (average number of days in a month). The benefit is paid for 140 days (70 days before and 70 days after the expected date of childbirth), 155 days if there are complications from childbirth, and 180 days for multiple births.

The minimum earnings used to calculate the maternity benefit are 0.5 times the legal monthly minimum wage.

The maximum earnings used to calculate the maternity benefit are 15 times the legal monthly minimum wage (employed persons) or five times the legal monthly minimum wage (self-employed persons).

The legal monthly minimum wage is 55,000 drams.

**Maternity allowance (social assistance):** A lump sum of 50% of the legal monthly minimum wage divided by 30.4 and multiplied by 140 is paid.

**Birth or adoption grant (universal):** A lump sum of 50,000 drams is paid for the first child; 150,000 for the second child (as of October 1, 2018); 1,000,000 drams for the third and fourth child; and 1,500,000 drams for each additional child. The lump sum is paid within the 12-month period after childbirth or adoption.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

### **Workers' Medical Benefits**

Government health providers offer medical services directly to patients. Benefits include general and specialist care, hospitalization, laboratory services, dental care, maternity care, and transportation.

Cost sharing: Patients pay part of the cost of appliances. Medicine is free if provided while the patient is hospitalized or for pensioners. The government fully or partially covers certain medical treatments.

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

Free medicine is provided for children with a disability younger than age 16 and for all children younger than age 1.

### **Administrative Organization**

State Social Security Service (<http://www.ssss.am/>) administers the cash benefits.

Ministry of Health (<http://www.moh.am/>) develops and implements health policy.

State Health Agency purchases publicly financed services from health care provider organizations and monitors the use of state financial resources.

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### **Work Injury**

#### **Regulatory Framework**

**First laws:** 1955 and 1974.

**Current laws:** 1998 (civil code), 2006 (occupational diseases), 2010 (state pensions), and 2010 (temporary disability insurance).

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

#### **Coverage**

Employed persons.

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:** None.

**Government:** Provides subsidies as needed.

#### **Qualifying Conditions**

Must be assessed with a work injury or occupational disease. Accidents that occur while commuting to and from work are not covered (except if the employer provides the transportation). Occupational diseases are specified by law.

#### **Temporary Disability Benefits**

The daily benefit is 80% of the insured's average monthly earnings in the last 12 months before the incapacity began (or in the total period of covered employment if less than 12 months) divided by 21 (by 25 for a six-day work week). The benefit is paid from the first day of incapacity until recovery or the award of a permanent disability pension.

A specialized medical committee assesses the degree of disability.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

### Permanent Disability Benefits

**Permanent disability pension:** The pension consists of a basic pension and a bonus pension.

**Basic pension:** 140% of the basic pension is paid for a Group I disability, 120% for a Group II disability, and 100% for a Group III disability.

The basic pension is 16,000 drams a month.

**Bonus pension:** 800 drams a month is paid for each of the first 10 full calendar years of covered employment plus 500 drams a month for each additional full calendar year of covered employment, multiplied by a personal coefficient based on the length of service.

The minimum permanent disability pension is 20% of the legal monthly minimum wage.

The legal monthly minimum wage is 55,000 drams.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

### Workers' Medical Benefits

Medical benefits include the cost of necessary medical treatment, medicine, rehabilitation, and appliances.

### Survivor Benefits

**Survivor pension:** See Old Age, Disability, and Survivors.

### Administrative Organization

State Social Security Service (<http://www.ssss.am/>) administers the temporary disability benefits.

Enterprises and employers pay temporary disability benefits directly to their employees.

Ministry of Labor and Social Affairs (<http://www.mlsa.am/>) is responsible for policy for permanent disability pensions.

State Health Agency (<http://www.moh.am/>) purchases publicly financed medical services from health care provider organizations and monitors the use of state financial resources.

### Unemployment

#### Regulatory Framework

No statutory benefits are provided.

Note: In 2015, unemployment benefits were discontinued and replaced by employment-promotion measures,

including cash assistance to persons who are uncompetitive in the labor market.

Under the labor code (2004), employers are required to provide severance pay to dismissed employees. The amount is the employee's average monthly salary if dismissal is due to firm closure or downsizing. If dismissal is due to retirement, military service, mutual consent, a change in the essential conditions of employment, or if the employee is unable to perform the duties of the position, for example due to disability, the amount depends on the employee's length of service: 10 days of pay for one year of service, 25 days for more than one and up to five years, 30 days for more than five and up to 10 years, 35 days for more than 10 and up to 15 years, and 44 days for more than 15 years.

### Family Allowances

#### Regulatory Framework

**First law:** 1944.

**Current laws:** 2013 (public welfare) and 2014 (benefit amounts).

**Type of program:** Universal and social assistance system.

#### Coverage

**Universal:** Residents of Armenia.

**Social assistance:** Needy residents of Armenia.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

#### Qualifying Conditions

**Child care leave allowance (universal):** Paid to parents who take time off work to care for a child younger than age 2. The beneficiary must be employed at the time of the child's birth.

**Family allowances (social assistance, means tested):** Paid to families with one or more children younger than age 18.

**First day of school allowance:** Paid on the first day of school every year.

**Means test:** Must be assessed with a certain family insecurity score, which varies depending on family situation and geographical location.

### **Family Allowance Benefits**

**Child care leave allowance (universal):** 18,000 drams a month is paid for each eligible child.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

**Family allowances (social assistance, means tested):**

The benefit consists of a basic benefit and a supplementary benefit.

*Basic benefit:* 18,000 drams.

*Supplementary benefit:* 5,500 drams to 8,000 drams a month is paid for each eligible child depending on family situation, family income, and geographical location.

*First day of school allowance:* A lump sum of 25,000 drams is paid on the first day of school.

Benefit adjustment: Benefits are adjusted on an ad hoc basis depending on available resources.

### **Administrative Organization**

Ministry of Labor and Social Affairs (<http://www.mlsa.am/>) administers the program.