

Poland

Exchange rate: US\$1.00 equals 3.74 zlotys.

Old Age, Disability, and Survivors

Regulatory Framework

First laws: 1927 (salaried employees) and 1933 (wage earners).

Current law: 1998, with amendments, implemented in 1999.

Type of program: Notional defined contribution (NDC) social insurance and mandatory individual account system for old-age benefits; social insurance system for disability and survivor benefits.

Note: A new system consisting of a modified social insurance first pillar (notional defined contributions, NDC) plus a second pillar of mandatory individual accounts was implemented in April 1999. Persons born after December 31, 1968, joined the new system; those born after December 31, 1948, could choose to join the new system. Those born before January 1, 1949, remain in the old social insurance system.

Coverage

All economically active persons.

Exclusions: Individual farmers, public prosecutors, and judges.

Voluntary insurance for students, Polish citizens working abroad, persons taking care of a family member, and persons opting to continue coverage.

Special systems for individual farmers, the military, and the police.

Source of Funds

Insured person: 9.76% of gross salary for old-age pensions (2.46%, first pillar; 7.3%, second pillar) and 6.5% of gross salary for disability and survivor pensions.

Employer: 9.76% of gross payroll for old-age pensions (9.76%, first pillar; 0%, second pillar) and 6.5% of gross payroll for disability and survivor pensions.

Government: Total cost of the guaranteed minimum pension. Pays pension contributions on behalf of insured persons taking child care leave or receiving maternity allowances and for unemployed persons (receiving unemployment benefit or unemployed graduates).

The maximum annual earnings for contribution purposes are 30 times the average national monthly earnings forecast for a given year (68,700 zlotys in 2004).

Qualifying Conditions

Old-age pension (old system): Age 65 with 25 years of insurance (men) or age 60 with 20 years of insurance (women).

Noncontributory years may not exceed 1/3 of contributory years. The age requirement is reduced for dancers, acrobats, miners, and persons in underground or unhealthy work, teaching, aviation, and maritime employment.

Partial pension: A partial pension is paid if the insured does not satisfy the contribution condition at retirement age.

The pensionable age is reduced by 5 years for women with 30 years of insurance, for war veterans, and for the disabled.

Nursing allowance: Payable to persons aged 75 or older.

Old-age pension (new system): Age 65 (men) or age 60 (women). There is no early pension.

Guaranteed minimum pension: Paid if the total amount of first- and second-pillar pensions (old-age pension and the annuity from the individual account) is below the legal minimum old-age pension. On reaching the statutory retirement age, the insured must have a total of at least 20 years (women) or 25 years (men) of insurance from full-time employment.

Disability pension: Total disability (incapacity for any work) or partial disability (greatly impaired earning capacity or total incapacity for usual work) with 5 years of insurance during the last 10 years (1 to 4 years if under age 30). Noncontributory years may not exceed 1/3 of contributory years. The disability occurred during the insurance period or within 18 months of the cessation of contributions.

Nursing allowance: Payable to persons certified as disabled.

Training pension: Paid to a person who is no longer capable of work in his or her previous occupation and is undergoing vocational retraining. The pension is paid for 6 months; may be paid for up to 30 months if necessary.

Survivor pension: The deceased was a pensioner or met the coverage requirement for a disability or old-age pension at the time of death.

Eligible survivors are dependent children under age 16 (age 25 if a student, no limit if disabled and the disability began before age 16 or before age 25 if a student); a widow(er) aged 50 at the time of the insured's death, or incapable of work, or rearing a child under age 16 (under age 18 if a student), or caring for a disabled child whose disability began before age 16 or before age 25 if a student (a divorced spouse must be entitled to alimony and meet the qualifying requirements applied to a widow(er)); and parents if they were dependent on the deceased and fulfill the requirements applied to a widow(er).

Funeral grant: Covers the cost of the funeral for the death of the insured, a pensioner, or a member of his or her family.

Old-Age Benefits

Old-age pension

Old-age pension (old system): 24% of national average earnings, plus 1.3% of the insured's earnings times the number of contribution years, plus 0.7% of the insured's earnings times the number of noncontributory years (for example, for years spent rearing children). Noncontributory years may not exceed 1/3 of contributory years.

The insured's earnings for pension calculation purposes are equal to average monthly earnings during 10 consecutive calendar years chosen by the insured from the 20 years before the year of the pension application or during 20 years selected from the total insurance period. Previous earnings are adjusted for inflation.

The maximum earnings for benefit calculation purposes for each contributory year are equal to 250% of the average national monthly salary.

The average national monthly salary is 2,332.17 zlotys (March 2004).

The minimum monthly pension is 562.58 zlotys (March 2004).

Nursing allowance: 144.25 zlotys a month (March 2004).

Earnings test: The pension is reduced if the insured is under the statutory retirement age, is gainfully employed, and receives income that is higher than 70% but lower than 130% of the average national salary. If the income received exceeds 130% of the average national salary, the pension is suspended. There is no earnings test after reaching the statutory retirement age.

Benefit adjustment: Pensions are automatically adjusted according to price increases when the aggregate growth of the consumer price index exceeds 5%.

Old-age pension (new system): The pension is based on the total value of contributions paid to the old-age insurance scheme (subject to adjustment) divided by average life expectancy at the age of retirement.

Mandatory individual account (new system): An annuity is purchased with the funds from the individual account.

Guaranteed minimum pension: Paid if the total amount of first- and second-pillar pensions (old-age pension and the annuity from the individual account) is below the legal minimum old-age pension.

Permanent Disability Benefits

Disability pension (old and new systems): For a total disability, the benefit is calculated as 24% of the average national salary, plus 1.3% of the insured's earnings times the number of contribution years, plus 0.7% of the insured's earnings times the number of noncontributory years, plus 0.7% of the insured's earnings times the number of projected years needed to give a maximum of 25 years of coverage, from the day of application to the insured's 60th birthday.

Noncontributory years may not exceed 1/3 of contributory years.

The insured's earnings for pension calculation purposes are equal to average monthly earnings during 10 consecutive calendar years chosen by the insured from the 20 years before the year of the pension application or during 20 years selected from the total insurance period. Previous earnings are adjusted for inflation.

The maximum earnings for benefit calculation purposes for each contributory year are equal to 250% of the average national monthly salary.

The average national monthly salary is 2,332.17 zlotys (March 2004).

Earnings test: The pension is reduced if the insured is under the statutory retirement age, is gainfully employed, and receives income that is higher than 70% but lower than 130% of the average national salary. If the income received exceeds 130% of the average national salary, the pension is suspended. There is no earnings test after reaching the statutory retirement age.

The monthly minimum pension for total disability is 562.58 zlotys (March 2004).

Partial disability pension: 75% of the benefit paid for total disability.

The monthly minimum pension for partial disability is 432.74 zlotys (March 2004).

Benefit adjustment: Pensions are automatically adjusted according to price increases when the aggregate growth of the consumer price index exceeds 5%.

Nursing allowance: 144.25 zlotys a month (March 2004).

Training pension: The pension is calculated using 75% of the earnings used for calculating the insured's disability pension.

The monthly minimum training pension is 100% of the monthly minimum pension for partial disability.

Survivor Benefits

Survivor pension (old and new systems): The pension varies with the number of survivors. One survivor receives 85% of the insured's old-age pension; two survivors receive 90%; three or more survivors receive 95%. If the insured was not eligible for the old-age pension, the disability pension forms the basis for the calculation of the survivor pension.

Earnings test: The pension is reduced if the survivor is under the statutory retirement age, is gainfully employed, and receives income that is higher than 70% but lower than 130% of the average national salary. If the income received exceeds 130% of the average national salary, the pension is suspended. There is no earnings test after reaching the statutory retirement age.

Full orphan supplement: 271.12 zlotys a month (March 2004).

The minimum survivor pension is 562.58 zlotys a month (March 2004).

Benefit adjustment: Pensions are automatically adjusted according to price increases when the aggregate growth of the consumer price index exceeds 5%.

Funeral grant: A lump sum of twice the average national salary in force on the day of the insured's death. The grant is 4,664.34 zlotys (June 2004).

Administrative Organization

Old system: Ministry of Social Policy provides general supervision.

Social Insurance Institute administers the program through 51 branch offices.

The Institute and branch offices are supervised by tripartite boards composed of representatives of government, the insured, and employers.

Ministry of Social Policy provides general supervision for the farmers' program.

Agricultural Social Security Fund administers the farmers' program.

New system: Social Insurance Institute administers the program.

Pension fund supervision office controls mandatory individual account providers.

Sickness and Maternity

Regulatory Framework

First law: 1920.

Current law: 1999.

Type of program: Social insurance system. Cash and medical benefits.

Coverage

All employees.

Voluntary coverage for medical benefits for pensioners, self-employed persons, artists, and authors.

Special systems for individual farmers, the military, and the police.

Source of Funds

Insured person: 10.7% of earnings (2.45% for cash benefits and 8.25% for medical benefits).

Employer: None; the labor code requires the employer to provide cash benefits for the first 33 days of incapacity.

Government: Subsidies for medical benefits.

Qualifying Conditions

Cash sickness and maternity benefits: Currently in insured employment with 30 days of uninterrupted insurance; 180 days of uninterrupted insurance for the voluntarily insured.

Incapacity for work due to an accident on the way to or from work is covered under sickness insurance.

Medical benefits: Persons covered by social insurance, persons receiving social benefits, as well as nonemployed persons, including persons in full-time education and the unemployed.

Sickness and Maternity Benefits

Sickness benefit: 80% of average earnings during the preceding 6 months (70% in the case of hospitalization) is paid for 90 days; thereafter, the benefit is 100% of earnings. The benefit is 100% of earnings from the first day of incapacity if the incapacity begins during pregnancy or is due to an accident on the way to or from work.

The benefit is payable from the first day of incapacity for up to 26 weeks (may be extended to 39 weeks if recovery is likely or in the case of tuberculosis). The employer pays the benefit for the first 33 days.

Rehabilitation allowance: If recovery is likely, entitlement to sickness benefit may be followed by entitlement to rehabilitation benefit. The benefit is paid at 75% of earnings for up to 12 months.

Compensatory allowance: Payable to employees to compensate for lost earnings resulting from a loss in working capacity. The insured must undergo vocational rehabilitation for a period not longer than 24 months. The benefit is equal to the difference between the insured's average salary during the last 3 months and the earnings received during vocational rehabilitation.

Maternity benefit: 100% of average earnings during the preceding 6 months is payable for 16 weeks for the birth of the first child; 18 weeks for all subsequent births. For multiple births, the benefit is payable for 26 weeks.

Care allowance: 80% of average earnings during the preceding 6 months is payable for a maximum period of 60 days per calendar year if the insured takes leave from work to care for a healthy child under age 8 or a sick child under age 14. A care allowance may be awarded for a maximum of 14 days to care for any other sick family member. The total period of receiving care allowance must not exceed 60 days in a calendar year.

Workers' Medical Benefits

Medical services are provided directly to patients by private health care providers contracted by the National Health Fund. Benefits include general and specialist care, hospitalization, and basic prescription drugs. Government provides a partial subsidy for basic prescription drugs. Patients may choose the doctor and hospital.

There is no limit on the duration if employed; if employment ceases, 26 weeks (may be extended to 39 weeks).

Dependents' Medical Benefits

Medical services are provided directly to patients by private health care providers contracted by the National Health Fund. Benefits include general and specialist care, hospitalization, and basic prescription drugs. Government provides a partial subsidy for basic prescription drugs. Patients may choose the doctor and hospital.

There is no limit on the duration if employed; if employment ceases, 26 weeks (may be extended to 39 weeks).

Administrative Organization

Ministry of Social Policy supervises cash benefits.

Social Insurance Institute administers cash benefits.

Ministry of Health supervises medical benefits.

National Health Fund administers public health funds and contracts medical services.

Work Injury

Regulatory Framework

First law: 1984.

Current laws: 2002 (cash benefits) and 2003 (medical benefits).

Type of program: Social insurance system.

Coverage

All economically active persons.

Exclusions: Individual farmers, public prosecutors, and judges.

Special systems for individual farmers, the military, and the police.

Source of Funds

Insured person: None.

Employer: From 0.97% to 3.86% of payroll, according to the assessed degree of risk and the number of employees.

Government: The cost of specialized procedures and public health promotion.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: 100% of average earnings during the preceding 6 months is payable from the first day of incapacity for up to 26 weeks (may be extended to 39 weeks).

Rehabilitation allowance: If recovery is likely, entitlement to temporary disability benefit may be followed by entitlement to rehabilitation allowance. The allowance is 100% of earnings, for up to 12 months.

Permanent Disability Benefits

Permanent disability benefit: For a total disability, the benefit is calculated as 24% of the average national salary, plus 1.3% of the insured's earnings times the number of contribution years, plus 0.7% of the insured's earnings times

the number of noncontributory years, plus 0.7% of the insured's earnings times the number of projected years needed to give a maximum of 25 years of coverage from the day of application to the insured's 60th birthday. Noncontributory years may not exceed 1/3 of contributory years. The benefit may not be less than 80% of insured earnings.

The insured's earnings for benefit calculation purposes are equal to average monthly earnings during 10 consecutive calendar years chosen by the insured from the 20 years before the year of the pension application or during 20 years selected from the applicant's total insurance period. Previous earnings are adjusted.

The maximum earnings for benefit calculation purposes are equal to 250% of the average national monthly salary. The average national monthly salary is 2,332.17 zlotys (March 2004).

The minimum benefit is set by law, subject to indexation, and must not be lower than 120% of the regular minimum old-age pension.

Earnings test: The benefit is reduced if the insured is under the statutory retirement age, is gainfully employed, and receives income that is higher than 70% but lower than 130% of the average national salary. If the income received exceeds 130% of the average national salary, the pension is suspended. There is no earnings test after reaching the statutory retirement age.

Nursing allowance: 144.25 zlotys a month (March 2004).

Partial disability benefit: 80% of the benefit paid for a total incapacity for work resulting from a work injury or an occupational disease; not less than 60% if partially incapable of work.

The minimum benefit is set by law, subject to indexation, and must not be lower than 120% of the regular minimum old-age pension.

Training benefit: 100% of the earnings used for calculating the disability benefit. The benefit is awarded under the same conditions as for the training pension under pension insurance.

The minimum benefit is set by law, subject to indexation, and must not be lower than 120% of the regular minimum old-age pension.

Lump-sum compensation: Paid for permanent or long-term health damage as the result of a work injury or an occupational disease. The compensation is equal to 17% of average monthly earnings for each percentage of permanent or long-term health damage (will increase gradually to reach 20% by the end of the first quarter of 2007). The lump sum is increased by 3.5 times average monthly earnings if the insured needs constant attendance.

Workers' Medical Benefits

All necessary medical care is provided. The cost of medical services is met by the National Health Fund.

Survivor Benefits

Survivor pension: The pension varies with the number of survivors. One survivor receives 85% of the insured's work injury disability pension (total disability); two survivors, 90%; three or more survivors, 95%.

The minimum benefit is set by law, subject to indexation, and may not be lower than 120% of the minimum survivor pension (see Old Age, Disability, and Survivors, above).

Eligible survivors are dependent children under age 16 (age 25 if a student, no limit if disabled and the disability began before age 16 or before age 25 if a student); a widow(er) aged 50 at the time of the insured's death, or incapable of work, or rearing a child under age 16 (under age 18 if a student), or caring for a disabled child whose disability began before age 16 or before age 25 if a student (a divorced spouse must be entitled to alimony and meet the qualifying requirements applied to a widow(er)); and parents if they were dependent on the deceased and fulfill the requirements applied to a widow(er).

Lump-sum compensation for family members: Equal to 18 times average monthly earnings if there is a surviving spouse or one child, plus 3.5 times average monthly earnings for the second and each subsequent survivor; 9 times average monthly earnings if there is no surviving spouse or child, plus 3.5 times average monthly earnings for the second and each subsequent survivor.

Administrative Organization

Ministry of Social Policy provides general supervision of cash benefits.

Social Insurance Institute administers cash benefits.

Ministry of Health provides general supervision of medical benefits.

Agricultural Social Security Fund administers the farmers' program.

Unemployment

Regulatory Framework

First law: 1924.

Current law: 1994, with amendments.

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: None.

Employer: 2.45% of payroll.

Government: Any deficit is met from the state budget.

Qualifying Conditions

Unemployment benefit: The insured must be over age 18, be registered with the employment bureau, be able and ready to work, be involuntarily unemployed, have not received any redundancy pay or compensation, and had earnings equal to at least the minimum wage during at least 365 days within the 18-month period preceding the day of registration. Military service, parental leave, and allowances periods are credited toward the period of 365 days.

Preretirement benefit: The insured is unemployed, eligible to receive unemployment benefit, and aged 63 with 25 years of insurance (men) or aged 58 with 20 years of insurance (women); aged 60 with 25 years of insurance (men) and involuntarily unemployed or aged 55 with 20 years of insurance (women) and involuntarily unemployed; or any age and involuntarily unemployed with 40 contributory and noncontributory years of coverage (men) or 35 contributory and noncontributory years of coverage (women).

Unemployment Benefits

A flat-rate base amount (504.20 zlotys in 2004) for those with between 5 and 20 years of employment; 80% of the base amount with less than 5 years; 120% of the base amount for more than 20 years. The benefit is payable for 6 to 18 months, depending on the unemployment rate in the region.

The benefit is subject to indexation.

Preretirement benefit: The benefit is 90% of the old-age pension that would be due at age 65 (men) or age 60 (women).

Administrative Organization

Ministry of Social Policy provides general supervision.

Voivodships (provinces) and local labor bureaus keep registry of unemployed persons and work possibilities and pay benefits.

Institute of Social Security collects payroll contributions from enterprises.

Family Allowances

Regulatory Framework

First law: 1947.

Current law: 2004.

Type of program: Universal system.

Coverage

All residents.

Source of Funds

Insured person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Family allowances (means-tested): The child must be under age 18 (age 21 if in secondary education; age 24 with a learning disability). The family's per capita average monthly income did not exceed 504 zlotys in the preceding calendar year (583 zlotys for families with a disabled child). The allowance is payable to a mother, father, or guardian.

Childbirth supplement (means-tested): Eligible for family allowances. The supplement is payable to a mother, father, or guardian for each child born after April 30, 2004.

Parental leave supplement (means-tested): Eligible for family allowances and taking parental leave for a child under age 4 (age 18 if disabled). The leave period is 24 months for one child; 36 months for multiple births; 72 months in the case of a disabled child. The supplement is payable to a mother, father, or guardian entitled to child care leave.

Single parent's young child supplement (means-tested): Paid to a single parent who is eligible for family allowances but not for unemployment benefit. The child must be under age 7. The supplement is payable to a mother, father, or guardian for a maximum of 3 years.

Single parent's child supplement (means-tested): Paid to a single parent who is eligible for family allowances and meets the income test (alimony is excluded). The child must be under age 18 (age 21 if a student; age 24 with a learning disability). The supplement is payable to a mother, father, or guardian.

Education and rehabilitation supplement (means-tested): Payable for up to 12 months to cover part of the cost of the rehabilitation or education of a disabled child under age 16 (age 24 if moderately or severely disabled). The supplement is payable to a mother, father, or guardian.

Beginning of school year supplement (means-tested): Payable in September each year to children entitled to family allowances. The supplement is payable to a mother, father, or guardian.

School travel and board supplement (means-tested): Payable for 10 months (from September to June) to children entitled to family allowances. When the school is distant from the child's home, the supplement covers part of the travel or boarding costs necessary to attend school. The supplement is payable to a mother, father, or guardian.

Nursing allowance (means-tested): Paid to persons incapable of living independently, disabled children under age 16 (older than age 16 if severely disabled), adults with a moderate degree of disability whose disability began before age 21, and persons aged 75 or older.

Nursing benefit (means-tested): Paid to persons who resign from economic activity to care for a disabled child under age 16 or an older, severely disabled person. The supplement is payable to a mother, father, or guardian.

Family Allowance Benefits

Family allowances (means-tested): From May 1, 2004, to August 31, 2005, 43 zlotys a month for each of the first two children; 53 zlotys for the third child; 66 zlotys for the fourth and subsequent children. Beginning September 1, 2005, the amount paid will depend on the child's age.

Childbirth supplement (means-tested): A lump sum of 500 zlotys for each child.

Parental leave supplement (means-tested): 400 zlotys a month (May 1, 2004).

Single parent's young child supplement (means-tested): 400 zlotys a month.

Single parent's child supplement (means-tested): 170 zlotys a month for each child (250 zlotys a month for each disabled child), up to a maximum of 750 zlotys per family.

Education and rehabilitation supplement (means-tested): 50 zlotys a month for a child under age 5; 70 zlotys for a child aged 5 to 24.

Beginning of school-year supplement (means-tested): A lump sum of 90 zlotys.

School travel and board supplement (means-tested): 80 zlotys a month (40 zlotys for children who commute).

Nursing allowance (means-tested): A lump sum of 144.25 zlotys (May 1, 2004).

Nursing benefit (means-tested): 420 zlotys a month (May 1, 2004).

Administrative Organization

Ministry of Social Policy provides general supervision.

Social Insurance Institute and Agricultural Social Security Fund administer the program through 51 branch offices.

The Institute and branch offices are supervised by tripartite boards composed of representatives of government, the insured, and employers.