

## Spain

Exchange rate: US\$1.00 equals 0.80 euros (€).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1919.

**Current law:** 1994.

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

#### Coverage

Employees in industry and services (classified according to 11 occupational classes).

Special systems for agricultural workers and small farmers, domestic servants, the self-employed, seamen, and coal miners.

#### Source of Funds

**Insured person:** 4.7% of covered earnings based on wage classes that vary according to 11 occupational classes.

**Employer:** 23.6% of earnings according to 11 occupational classes.

**Government:** Annual subsidy.

The maximum earnings for contribution and benefit purposes are €731.50 a month for occupational classes 1 to 7 and a maximum daily base of €1.05 for occupational classes 8 to 11.

#### Qualifying Conditions

**Old-age pension:** Age 65 (age 64 if the position of the retiring worker is to be taken by a person registered as unemployed) with 15 years of contributions, including 2 years of contributions in the last 15 years. Retirement from employment is necessary.

The retirement age is lower for difficult, dangerous, or unhealthy work.

**Early pension:** Age 61 with 30 years of contributions if the insured is involuntarily unemployed and registered as a job seeker for at least 6 months before applying for the pension. The pension is paid at a reduced rate.

Under transitional provisions, entitlement to a reduced pension at age 60 (legislation before January 1, 1967) is also still in effect.

The pension is payable abroad if reciprocity exists.

**Disability pension:** The loss of normal earning capacity. If under age 26, the insured must have contributed for 1/2 of the period between age 16 and the onset of disability; if over age 26, the insured must have contributed for 1/4 of the

period from age 20 to the onset of disability, with at least 5 years of contributions and at least 1/5 of the required contributions in the last 10 years.

**Survivor pension:** The insured had 500 days of contributions in the last 5 years and died from a common illness, was a pensioner at the time of death, or had at least 15 years of contributions.

#### Old-Age Benefits

**Old-age pension:** 50% of the benefit base for the first 15 years of contributions, plus 3% for each year between 16 and 25 years of contributions and 2% for each year beginning with the 26th year, up to a maximum of 100%. Since January 1, 2002, the pension amount may exceed 100% for those who retire at age 65 or older and who have at least 35 years of credited contributions. The value of 2% of the benefit base is added for each deferred year. The benefit amount cannot exceed the maximum public pension benefit in effect.

The minimum pension at age 65 is €111.76 a month; €148.89 with a dependent spouse.

**Early pension:** A reduced pension is payable if under age 65. Early pensions are reduced by 8% for each year the pension is taken before age 65 for persons with 30 years of contributions, by 7.5% with 31 to 34 years of contributions, 7% with 35 to 37 years of contributions, by 6.5% with 38 to 39 years of contributions, or by 6% if 40 years or more of contributions.

The minimum early pension is €86.66; €113.16 with a dependent spouse.

**Schedule of payments:** Fourteen payments a year.

**Benefit adjustment:** Periodic adjustment of pensions each year according to the anticipated changes in the consumer price index for that year.

#### Permanent Disability Benefits

**Disability pension:** For permanent total (all work) disability, the pension is 100% of the benefit base. For permanent total (occupational) disability (100% loss of working capacity in the insured's trade or profession), the award is 55% of the benefit base, plus 20% if aged 55 or older and not employed.

**Permanent total disability (all work):** The minimum award, if age 65, is €111.76 a month; €148.89 with a dependent spouse.

**Permanent total disability (occupational):** The minimum award, if age 65, is €111.76 a month; €148.89 with a dependent spouse.

**Permanent total disability (third-person assistance):** The minimum award is €117.64 a month; €152.34 with a dependent spouse.

**Eligibility for a permanent disability benefit caused by a work injury or an occupational disease occurring at age 65,** according to the assessed degree of disability, is possible.

If the disability is not caused by a work injury or an occupational disease occurring at age 65 or older and the person does not meet the old-age pension qualifying conditions, the pension benefit is calculated subject to the assessed degree of disability and 50% of the benefit base.

Constant-attendance allowance: 50% of the value of the pension.

Schedule of payments: Fourteen payments a year.

Permanent partial disability: A lump-sum award equal to 24 times the monthly benefit base for a temporary disability that may result in a permanent disability.

Schedule of payments: Fourteen payments a year.

Benefit adjustment: Periodic adjustment of pensions each year according to anticipated changes in the consumer price index for that year.

### **Survivor Benefits**

**Survivor pension:** 52% of either the survivor's or the insured's benefit base. For survivors with income below a government-set level, the pension is 50% of income (70% of the benefit base with dependents). The pension is payable to a widow(er).

A widow(er) or a surviving former spouse who remarries is not eligible unless the beneficiary is aged 61 or older at the time of remarriage, receives a permanent disability pension (all work or third-person assistance), or is at least 65% disabled; the survivor pension represents 75% of the pensioner's total income; or the newly married couple's income does not exceed twice the minimum wage (if the income exceeds this level, the amount of the pension will be decreased proportionately).

The minimum survivor pension is €306.15 a month for persons younger than age 60 without dependent children; €383.66 for persons with dependents. For survivors aged 60 to 64, €383.66; aged 65 or older, €411.76.

**Orphan's pension:** 20% of the insured's benefit base for each orphan under age 18 or disabled. If not disabled or working but annual income is less than 75% of the minimum wage, the pension is paid up to age 22 with one surviving parent; up to age 24 for a full orphan. The same rules apply to grandchildren and siblings.

The minimum orphan's pension is €24.46 a month for each orphan. If there is only one full orphan, €30.65 a month; if there are other surviving children, the individual pension is increased by €306.15 and divided by the number of orphans.

**Other eligible survivors:** Dependent parents and grandparents; minor or disabled siblings or grandchildren; children or siblings over age 45; and single, widowed, separated, or divorced spouses, under certain circumstances. Entitlement is 20% of the insured's benefit base, which can be increased by the widow's pension if there is no surviving spouse or eligible surviving children.

The minimum pension for other eligible survivors is €24.96 a month. If there is no surviving spouse or eligible surviving

children, a single beneficiary receives €20.44 a month (over age 65) or €301.71 a month (under age 65). If there are several beneficiaries, a monthly sum of €181.69 is divided among all eligible survivors.

The maximum total survivor pension is 100% of the benefit base.

**Funeral grant:** €30.05.

### **Administrative Organization**

Ministry of Labor and Social Affairs provides general supervision.

General Treasury of Social Security administers the economic resources of the social security system.

National Institute of Social Security administers and pays cash benefits.

Institute of Migration and Social Services administers benefits in kind.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First laws:** 1929 (maternity) and 1942 (sickness).

**Current law:** 1994.

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

#### **Coverage**

**Sickness and maternity cash benefits:** Employees in industry, commerce, and services.

**Medical benefits:** Pensioners and employees in industry, commerce, and services.

Special systems for agricultural workers and small farmers, domestic servants, the self-employed, seamen, and coal miners.

#### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** An annual subsidy.

The maximum earnings for contribution and benefit purposes are €2,731.50 a month for occupational classes 1 to 7 and a daily maximum base of €91.05 for occupational classes 8 to 11.

#### **Qualifying Conditions**

**Cash sickness benefits:** Must have 180 days of contributions during the last 5 years.

**Cash maternity benefits:** Must have 180 days of contributions during the 5 years before childbirth or the official date of the fostering (or the adoption) of the child.

**Medical benefits:** Currently insured, a pensioner, or a recipient of periodic social security benefits. There is no minimum qualifying period.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 60% of the benefit base is payable for the 4th to the 20th day (the employer pays from the first through to the 15th day); thereafter, 75% of the benefit base for up to 12 months (may be extended to 18 months; 30 months in special cases).

**Maternity benefit:** 100% of benefit base is payable for 16 weeks; 18 weeks for each child in the case of multiple births. For the adoption or foster care of a child under age 6 (or older if disabled and in other exceptional circumstances), benefit is payable for 16 weeks (plus 2 weeks for a second and subsequent adopted or fostered children). If the mother does not meet the qualifying conditions, the benefit is payable to the father for 6 fewer weeks. If both parents are employed, the benefit can be shared between the mother and father and the leave period may also be taken on a part-time basis. The timing of the payment period can be adjusted in cases of premature birth and the extended hospitalization of the child.

### **Workers' Medical Benefits**

Medical services are provided to patients directly through the facilities of the National Health Institute, the regional autonomous health services, or by contracted doctors and hospitals. Benefits include general and specialist care, hospitalization, medicines, dental care, maternity care, laboratory services, appliances, and transportation.

**Cost sharing:** The patient generally pays 40% of the cost of medicines prescribed for outpatient treatment. Medicines are free for pensioners and when dispensed by social security facilities. In the case of some specific and chronic listed diseases, the beneficiary pays 10% of the cost up to a maximum of €2.64. When the cost of the prescribed medicine is higher than the reference cost, the beneficiary pays the difference.

There may be a limit to duration in certain cases.

### **Dependents' Medical Benefits**

Medical services are provided to patients directly through the facilities of the National Health Institute, the regional autonomous health services, or by contracted doctors and hospitals. Benefits include general and specialist care, hospitalization, medicines, dental care, maternity care, laboratory services, appliances, and transportation.

**Cost sharing:** The patient generally pays 40% of the cost of medicines prescribed for outpatient treatment. Medicines are free for pensioners and when dispensed by social security

facilities. In the case of some specific and chronic listed diseases, the beneficiary pays 10% of the cost up to a maximum of €2.64. When the cost of the prescribed medicine is higher than the reference cost, the beneficiary pays the difference.

There may be a limit to duration in certain cases.

### **Administrative Organization**

Ministry of Labor and Social Affairs and Ministry of Health and Consumers provide general supervision.

National Institute of Social Security administers and pays cash benefits.

General Treasury of Social Security administers the resources of the social security system.

Ministry of Health and Consumers, through the National Health Institute, operates its own medical centers.

Regional autonomous communities provide benefits through their health services.

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### **Work Injury**

#### **Regulatory Framework**

**First law:** 1900.

**Current law:** 1994.

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

#### **Coverage**

Employed persons.

Special systems for some categories of worker.

#### **Source of Funds**

**Insured person:** None.

**Employer:** 0.81% to 16.20% of payroll, according to the assessed degree of risk. The average contribution rate is 1.98%.

**Government:** None.

The maximum monthly earnings for contribution and benefit purposes are €2,731.50.

#### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period, even for those who sustained a work injury or who were diagnosed with an occupational disease at age 65.

#### **Temporary Disability Benefits**

75% of the benefit base. The calculation of the benefit base also includes the extra number of hours worked during the 12 months prior to the work injury. The benefit is payable from the day following the work injury for up to 12 months

(may be extended to 18 months; 30 months in exceptional cases).

### **Permanent Disability Benefits**

**Permanent disability pension:** For all assessed degrees of disability, the award is calculated according to the insured's wage at the time the disability occurred.

Constant-attendance allowance: 50% of the value of the pension.

### **Workers' Medical Benefits**

All necessary care, medicine, appliances, and rehabilitation. There is no limit to duration.

### **Survivor Benefits**

**Survivor pension:** 52% of either the survivor's or the insured's benefit base. For survivors with income below a government-set level, the benefit is 50% of income (70% of the benefit base with dependents). The pension is payable to a widow(er).

A widow(er) or a surviving former spouse who remarries is not eligible unless the beneficiary is aged 61 or older at the time of remarriage, receives a permanent disability pension (all work or third-person assistance), or is at least 65% disabled; the survivor pension represents 75% of the pensioner's total income; or the newly married couple's income does not exceed twice the minimum wage (if the income exceeds this level, the amount of the pension will be decreased proportionately).

The minimum pension is €306.15 a month for persons younger than age 60 without dependent children; €383.66 for persons with dependents. For survivors aged 60 to 64, €383.66; aged 65 or older, €411.76.

**Orphan's pension:** 20% of the insured's benefit base for each orphan under age 18 or disabled. If not disabled or working but annual income is less than 75% of the minimum wage, the pension is paid up to age 22 with one surviving parent; up to age 24 for a full orphan. The same rules apply to grandchildren and siblings.

The minimum orphan's pension is €24.46 a month for each orphan. If there is only one full orphan, €430.65 a month; if there are other surviving children, the individual pension is increased by €306.15 and divided by the number of orphans.

**Other eligible survivors:** Dependent parents and grandparents; minor or disabled siblings or grandchildren; children or siblings over age 45; and single, widowed, separated, or divorced spouses, under certain circumstances. Entitlement is 20% of the insured's benefit base, which can be increased by the widow's pension if there is no surviving spouse or eligible surviving children.

The minimum pension for other eligible survivors is €24.96 a month. If there is no surviving spouse or eligible surviving

children, a single beneficiary receives €20.44 a month (over age 65) or €301.71 (under age 65). If there are several beneficiaries, a monthly sum of €181.69 is divided among all eligible survivors.

**Lump-sum benefits:** Lump sums are provided for needy dependent parents who are not entitled to a pension.

**Funeral grant:** €30.05.

### **Administrative Organization**

Ministry of Labor and Social Affairs and Ministry of Health and Consumers provide general supervision.

National Institute of Social Security pays benefits.

### **Unemployment**

#### **Regulatory Framework**

**First law:** 1919.

**Current law:** 1994.

**Type of program:** Social insurance and social assistance system.

#### **Coverage**

Employees in industry and services, railway employees, miners, and seamen.

Exclusions: The self-employed and other specified groups.

Special systems for agricultural workers and members of cooperatives.

#### **Source of Funds**

**Insured person:** 1.55% of the contribution base if the insured has a permanent employment contract; 1.60% with a fixed-term contract, regardless of occupational class.

**Employer:** 6% of payroll per employee if the employment contract is permanent; for fixed-term contracts, the contribution is 6.7% for full-time work or 7.7% for part-time work (7.7% for full-time or part-time employment provided through an agency specializing in temporary work contracts). Contribution rates apply to all employees regardless of their occupational class.

**Government:** Variable subsidies.

The maximum earnings for contribution and benefit purposes are €2,731.50 for occupational classes 1 to 7 and a maximum daily base of €11.05 for classes 8 to 11.

#### **Qualifying Conditions**

**Unemployment benefit:** The insured must have 12 months of contributions during the last 6 years, be registered at the employment office, and unemployment must not be due to the refusal of a suitable job offer or training. The duration of



the benefit varies with the number of days of contributions. The maximum duration of benefit is 720 days with 2,160 days or more of contributions.

**Unemployment assistance:** Provided to workers who have exhausted their contributory benefit entitlement or who are not covered.

### Unemployment Benefits

**Unemployment benefit:** 70% of average covered earnings during the last 6 months for up to 180 days; 60% after 180 days.

The minimum benefit is 75% of the minimum wage or 100% of the minimum interprofessional salary if the insured has at least one dependent child.

The maximum benefit is 170% of the minimum interprofessional salary, with a possible increase to 220% for workers with children.

**Unemployment assistance:** The assistance is 75% of the minimum interprofessional salary for 6 months (and may be extended for two additional 6-month periods, to 18 months) if earnings are less than 75% of the minimum interprofessional salary.

Interprofessional salary: The minimum interprofessional salary is €490 a month (July 2004).

### Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Employment Institute administers the program.

### Family Allowances

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#### Regulatory Framework

**First law:** 1938.

**Current law:** 1994, with 2003 amendment.

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

#### Coverage

All Spanish citizens and legal residents.

#### Source of Funds

**Insured person:** None.

**Employer:** None.

**Government:** Total cost is financed from general revenue.

### Qualifying Conditions

**Family allowances:** The child must be under age 18 (no limit if at least 65% disabled). There is no minimum contribution requirement.

**Income-tested allowance:** Family income is under €8,495.65 per year for a family with one child (the income limit is increased by 15% for each additional child). There is no family income limit for a family with a disabled child under age 18 who has an assessed degree of disability of at least 33%; 65% if aged 18 or older.

**Birth or adoption grant:** A lump-sum benefit is paid on the birth or adoption of a third child. The lump sum is payable to the mother, father, or legal guardian or custodian if family income does not exceed the base income established for the family allowance.

**Multiple births or adoption grant:** A lump-sum benefit is payable to the mother, father, or legal guardian or custodian in the event of multiple births or adoption. There is no income limit.

### Family Allowance Benefits

#### Family allowances

**Income-tested allowance:** For a child under age 18, the allowance is €291.01 a year; €581.66 a year if the child is at least 33% disabled; €3,217.08 a year if aged 18 or older and at least 65% disabled; €4,825.68 a year if 75% or more disabled and requires the help of another person to complete essential routine tasks.

**Birth or adoption grant:** A lump-sum benefit of €450.76 is paid on the birth of the third and subsequent children.

**Multiple births or adoption grant:** For the birth of twins, a lump sum equal to four times the minimum interprofessional salary; for the birth of triplets, a lump sum equal to eight times the minimum interprofessional salary; for four or more births, a lump sum equal to twelve times the minimum interprofessional salary.

For multiple births, the lump sum can be paid at the same time as the birth grant for third and subsequent children.

Interprofessional salary: The minimum interprofessional salary is €490 a month (July 2004).

### Administrative Organization

Ministry of Labor and Social Affairs provides general supervision.

National Institute of Social Security and the Treasurer General of Social Security pay benefits.