

**SOCIAL
INSURANCE
INSTITUTE**

Albanian Compulsory Social Insurance Scheme

Albanian Flag and brief facts



Resident Population: 2,402,113

Area: 28,748 square kilometers

Capital: Tirana is the capital and largest city of Albania

Language: The official language is Albanian.

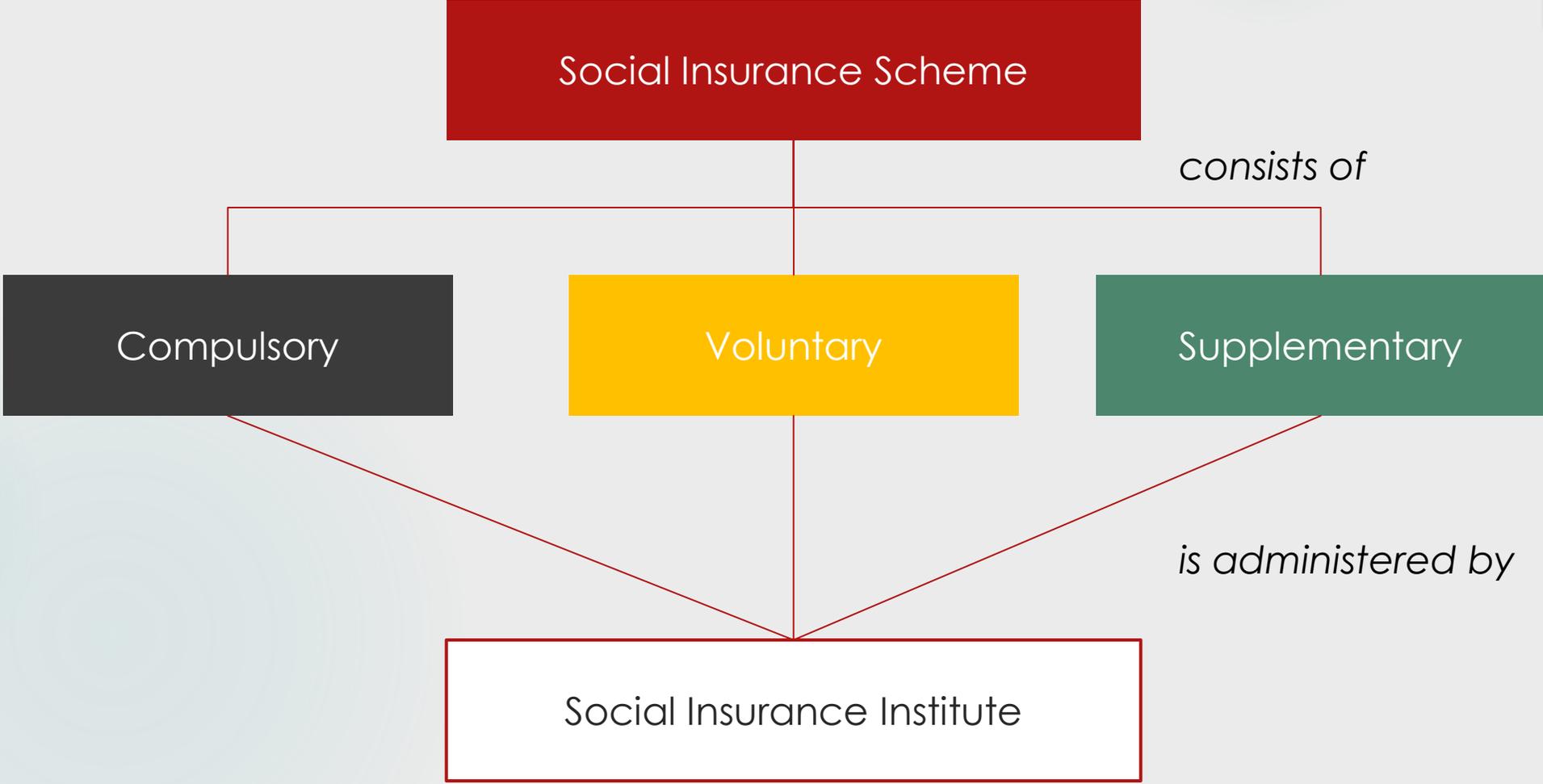
Independence day: November 28, 1912, today parliamentary republic

The current pension system

- The political, economic and social changes of the country after the 1990s made it necessary to have a radical reformation of the social insurance system
- The current pension system is based on the PAYGO (Pay-As-You-Go) principle.
- Law no. 7703, dated 11.05.1993 "On Social Insurance in the Republic of Albania" (amended), which entered into force on 1 October 1993.

The general social insurance system

- Compulsory social insurance
- Voluntary social insurance
- Supplementary social insurance
- Special state pensions
- Social pensions, and
- Occupational funds and voluntary pension funds



Personal Scope

Employees are covered for:

- Temporary incapacity due to sickness
- Maternity
- Old age, disability, and loss of breadwinner
- Accidents at work and occupational diseases
- Unemployment

Employers and self-employed are covered for:

- Maternity
- Old age, disability, and loss of breadwinner

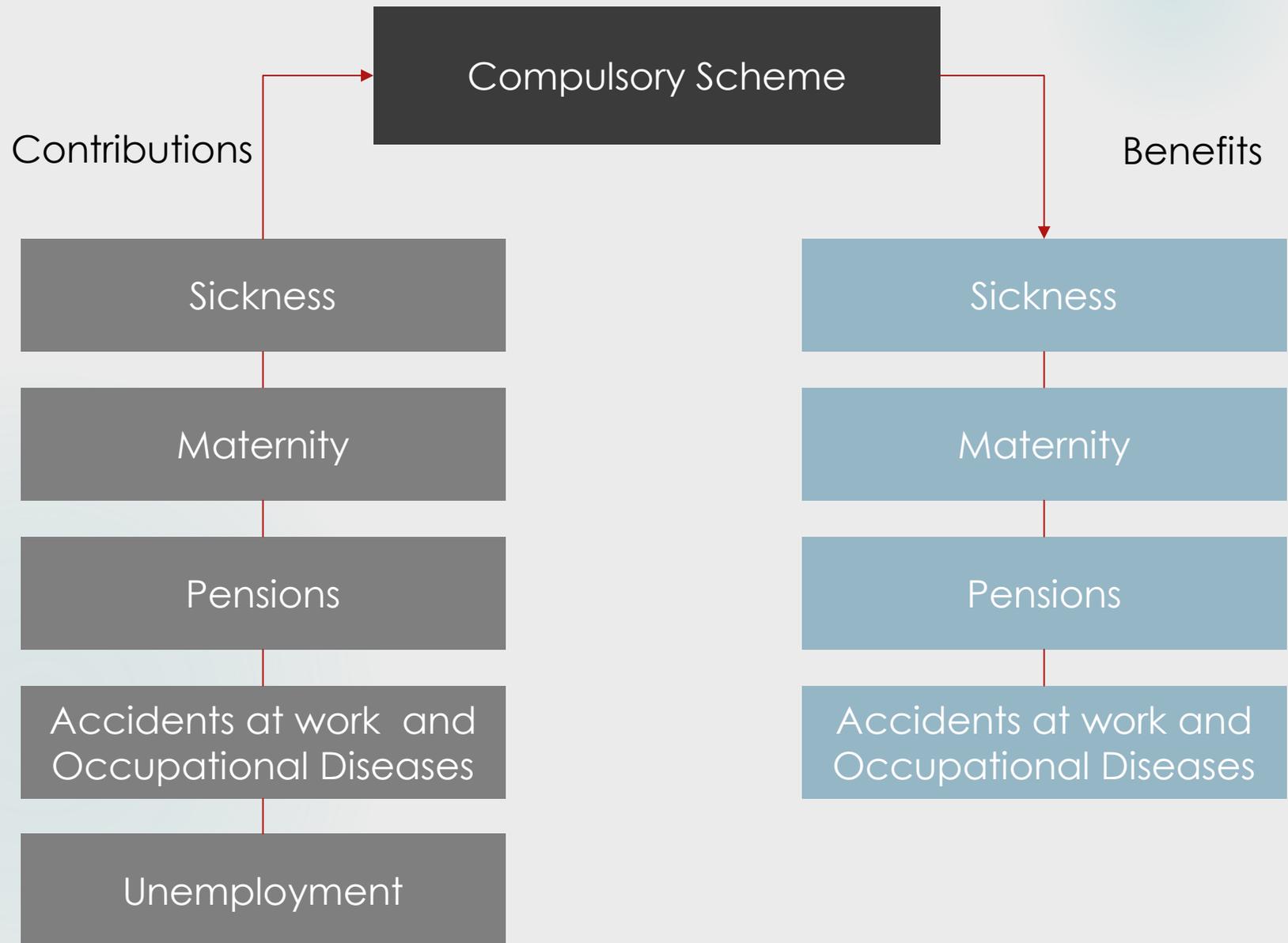
Coverage

Albanian citizens abroad & Foreigners

Article 7 of Law no. 7703, dated 11.05.1993 (as amended):

Social insurance shall provide coverage to:

- Albanian citizens and stateless persons who previously held Albanian citizenship and are residing abroad, in accordance with international conventions, bilateral agreements, and the regulations of the Social Insurance Institute (SII).
- Foreign citizens and stateless persons who are working in Albania.



By Law no. 7703, date 11.05.1993 "On Social Insurance in Albania" amended

Contributions

- Employed persons and their employers pay contributions depending on their total wage (gross). Contributions can not be awarded under a minimum and over a maximum monthly wage.
- Economically active persons pay monthly contributions starting from the minimum wage up to the maximum one.
- The unpaid household workers who work and cohabit with the self-employed, pay contributions for maternity and pensions upon the national minimum wage
- Self-employed in agriculture contributions rate and criteria are determined by Council of Ministers.
- The government pays contributions for persons determined by laws and decisions of Ministers' Council

Distribution of Contributions

The percentage rates of contributions according to insurance branches for the employed are:

Insurance Branch	Contribution rate %	Contribution rate % paid by the employer	Contribution rate % paid by the employee
Sickness insurance	0.3	0.07	0.23
Maternity	1.4	0.74	0.66
Pension insurance	21.6	12.99	8.61
Accidents insurance	0.3	0.3	-
Unemployment	0.9	0.9	-
Total	24.5	15.0	9.5

Distribution of Contributions

The percentage rates of contributions according to insurance branches for the self-employed

Insurance Branch	Contribution rate %
Maternity	1.4
Pension insurance	21.6
Total	23

Collection of Contributions

General Tax Directorate

- Contribution collection for employed and self-employed persons is managed by tax authority, (responsible for revenue, inspection, and penalties)

Social Insurance Institute

- Collects mandatory contributions for self-employed in agriculture
- Collects voluntary contributions

Contributors to the scheme (as of 12/2024): 843,867 persons

Sickness Benefits

The sickness insurance branch covers with :

- *Monthly cash sickness benefit*
- *Sickness allowance, as compensation of workplace changing*

Conditions:

- To be insured
- Medically certified as being temporarily incapable to work and such incapacity is not due to work accidents/occupational disease

Sickness Benefits

Amount:

- 70% of the daily average of the net assessment basis of the last 6 months, up to 10 insurance years
- 80% - more than 10 years of insurance
- 50% in any period the beneficiary is hospitalized provided he does not support any dependent

Benefit period:

- Start on the 15-th day of incapacity
- Up to 6 months
- 3 months more in special cases

Maternity Benefits

- Monthly cash maternity benefit
- Maternity allowance, due to employment change
- Birth grant

Maternity Benefits

Criteria

- 12 months of insurance
- The right to this benefit is awarded to the father provided the mother does not exercise such a right or is not qualified for the maternity leave
- Period of payment
- 365 calendar days or 390 calendar days when there are more children

Amount

- 80% of daily average of the net assessment basis of last 12 months - for the period prior to birth and for 150 calendar days, - after the birth
- 50% for the rest

Birth Grant

- Awarded to an insured person who is the mother or father of a newborn child, provided one of them has contributed for one year prior to the childbirth.
- The grant shall be payable only once and the mother shall have priority in eligibility, if insured
- A lump sum equal to 50% of the monthly minimum month.

Pensions

- Old-age pension
- Reduced old-age pension
- Multiple child mother's pension
- Full invalidity pension
- Partial invalidity pension
- Reduced invalidity pension
- Survivors' pensions
- Death grant
- Social pension

Old Age Pension

- 35 – 40 years of insurance from 2015 to 2025, gradually
- minimum insurance period of no less than 15 years
- age 65 for men from 2015 – 2032, after 2032 it increases 1 month per year up to 67 by 2056
- age 60 – 63 for women from 2015 – 2032, increasing 2 months per year

Old –age pension beneficiaries as of 12/2024: 607.567 persons

Pension Formula

Pension = basic amount + an increment

Basic amount = social pension multiplying the insurance periods divided by the insurance periods set in the article 92 of the law
Increment = 1% for every insurance year multiplying assessment base

Reduced Old Age Pension

- **Required insurance period:** 35 – 40 years of insurance (38 years and 8 months in 2025)
- **Retirement age :** Three years before the statutory retirement age
- retired from economic activity being employed or self-employed person, or employer.
- the reduction coefficient - 0.6 % per month of retirement before the statutory retirement age.
- is part of pension and remains as such during the entire benefit period

Old-age pension for mothers with many children

- Eligible for mothers with **6 or more children** raised beyond age 8
- **Retirement age:** 55 years
- **Required insurance period:** 30 years

Invalidity Pension

- ▶ full invalidity pension
- ▶ partial invalidity pension
- ▶ reduced invalidity pension

Disability pension beneficiaries as of 12/2024: 65,926 persons

Full Invalidity Pension

- Fully disabled, assigned by a Medical Evaluating Committee.
- The incapacity must not be the result of a work-related accident or an occupational disease, as these cases are covered by other branches of social insurance.
- The minimum insurance period to qualify for an invalidity pension shall be equal to $\frac{3}{4}$ of the period that disability age of the insured person exceeds 20 years of age
- In the last 5 years before entitlement to the benefit he/she must have acquired at least one insurance year

Partial Invalidity Pension

- Minimum insurance period
- Disabled to perform last employment, but may work under special working conditions
- Disability and the special work conditions are to be determined by MEC
- Amount = 50% of full invalidity pension

Reduced Invalidity Pension

- ▶ Condition = full disability
- ▶ Not completed the minimum insurance period
- ▶ Amount- multiplying the full invalidity pension amount with the coefficient from the ratio between the insurance period completed and the insurance period required for a full invalidity pension

Allowance for Helplessness

- ▶ 15% of the assessment basis
- ▶ The need of constant care determined by the Medical Committee, responsible on work ability assignment

Supplements for Dependent Children

- ▶ Dependent children up to 18 years of age (up to 25 years of age in case of university studies)
- ▶ 5% of basic pension, in respect of each dependent child, but not more than 30%

Survivors' Pensions

a) the widow/widower

- caring for a dependent child of the deceased person, up to 8 years old
- disabled or
- 55 years of age -widow & 60 -widower

The widow and widower shall lose their right to a survivors' pension upon marriage.

b) the orphan under 18 years of age, or 25, if studying, or disabled, prior to the above mentioned ages

Other beneficiaries entitled to the survivors' pension

c) Parents, grandparents, and stepparents, provided that:

- they shared the same household with the deceased for at least one year prior to the death;
- they have no other persons legally on charge; and
- They have reached the age of 65 or are disabled

d) Grandchildren, provided that:

- they were dependent on the deceased;
- shared the same household with the deceased. In such cases, they shall be treated as orphans.

Survivor's Pension Amount

- 50% for widow or widower, and
- 25% for orphan and other eligible dependents

Death Grant

- 50% of the minimum wage
- **Survivor's pension beneficiaries as of 12/2024: 47,905 persons**

Social pension

- All Albanian citizens residing in Albania at least the last 5 years
- Over 70 years of age
- Not entitled to a pension from the compulsory scheme
- Not other incomes

Social pension beneficiaries as of 12/2024: 2,318 persons

Accidents at Work/ Occupational Diseases Insurance Benefits

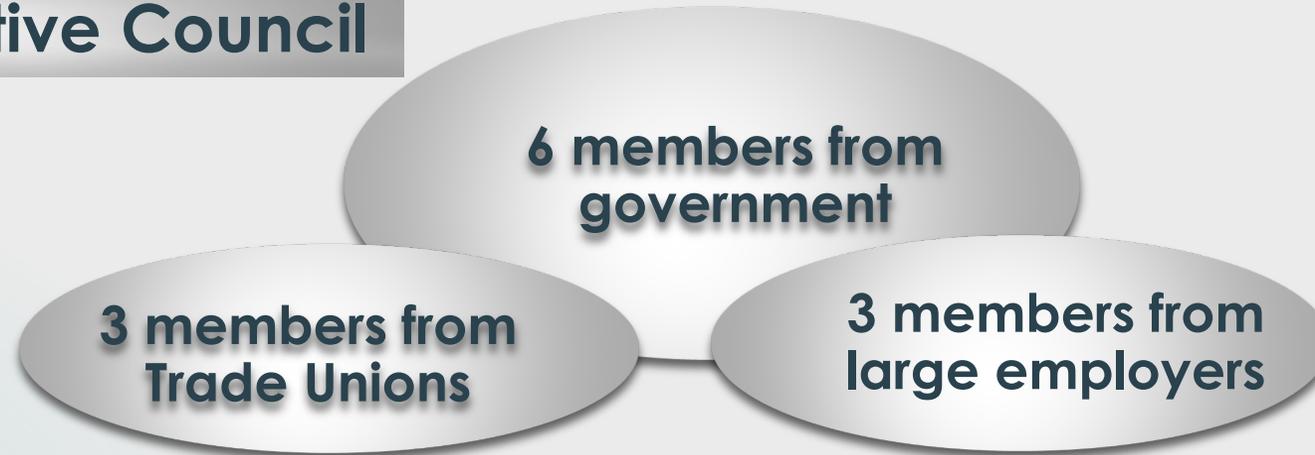
- Additional medical care and rehabilitation
- Benefits in case of incapacity:
 - benefit in respect of Temporary Incapacity
 - benefit in respect of Permanent Incapacity
- Compensation for reasonable damages
- Benefits in case of death and Survivors' Pension

Unemployment Benefit

- insurance period -12 months
- certified by labor office that:
 - ▶ they are unemployed job-seekers, available to get employed, provided they are offered a paid and appropriate job
 - ▶ accept to be qualified or re-qualified
- has no other benefits by the present Act, except the partial disability pension
- The unemployment benefit shall be flat rate

Social Insurance Institute of Albania

Administrative Council



The management and administration of social insurance in the Republic of Albania shall be entrusted to the Social Insurance Institute (SII), which is managed by:

- ▶ Administrative Council (AC)
- ▶ General Director of the SII

Social Insurance Institute

A public independent Institution

- It provides benefits for more than 800,000 beneficiaries.
- There are over 765,000 monthly pension payments.
- The payment of benefits is outsourced to banks and Albanian Post.
- 90 % of payments are made through post offices and they are everyday payments in cash.
- 10% of payments are made monthly through banks on definite days (on the 20th of every month).

Social Insurance Institute

- Beneficiaries living abroad
- SII pays benefits within the territory of Albania.
- There is an exception for pensioners who are residents in countries with which Albania has concluded bilateral agreements.
- Pensioners who are resident abroad can withdraw their pension by themselves, or with a legal authorized representative at the post office or bank.
- For pensions that are withdrawn in the bank, they must declare the living status physically or through a notarial statement in the country where they live, submitted at the diplomatic missions or in the social insurance offices of the country of residence for the countries where there are bilateral agreements.

Coordination of Social Security Schemes

Albania has bilateral agreements in force with the following countries:

- Belgium
- Luxembourg
- Hungary
- Czech Republic
- Germany
- Austria
- Croatia
- Bulgaria
- Romania
- Italy
- Turkey
- North Macedonia
- Kosovo
- Canada
- Swiss Confederation
- Montenegro

Bilateral agreements in progress with:

- **Poland**, the agreement has been finalized and is awaiting signature
- **Serbia**, the agreement has been finalized and is awaiting signature
- **Latvia**, the agreement is in the negotiation process
- **Slovenia**, the agreement is in the negotiation process
- **Moldovia**, the agreement is in the negotiation process

Website

- ▶ For further and a detailed information you can visit our official website: www.ish.gov.al

Thank you for your attention!