

## Laos

Exchange rate: US\$1.00 equals 8,662 kip.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current law:** 1999 (employees in enterprises), implemented in 2001.

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

#### Coverage

Employees in private-sector and state-owned enterprises with 10 or more employees, and pensioners. (Coverage is currently available only in certain regions of the country.)

Exclusions: Self-employed persons and employees of embassies and international organizations in Laos.

Voluntary coverage for workers in smaller enterprises.

Special system for civil servants, the police, and armed forces personnel.

#### Source of Funds

**Insured person:** 4.5% of gross monthly earnings.

The insured's contributions also finance sickness, maternity, and funeral benefits.

The minimum earnings for contribution calculation purposes are 290,000 kip.

The maximum earnings for contribution calculation purposes are 1,500,000 kip.

**Self-employed person:** Not applicable.

**Employer:** 5% of monthly payroll.

The employer contributions also finance sickness, maternity, funeral, and work injury benefits.

The minimum earnings for contribution calculation purposes are 290,000 kip.

The maximum earnings for contribution calculation purposes are 1,500,000 kip.

**Government:** Administrative costs for the Social Security Organization.

#### Qualifying Conditions

**Old-age pension:** Age 60 with at least 5 years of covered employment. Retirement from gainful employment is not necessary.

Early pension: Age 55.

Deferred pension: Age 65.

**Old-age lump-sum benefit:** Paid if the insured reaches the pensionable age with less than 5 years of covered employment.

**Disability pension:** Paid for a permanent or long-term assessed disability resulting in an inability to earn normal income. For blue-collar workers, normal income must be more than the minimum wage; for white-collar workers, income must be equal to the typical earnings of such workers. The insured must have at least 5 years of covered employment and have been in covered employment when the disability began.

The minimum wage is 290,000 kip (December 2008).

The disability is assessed by the Social Security Organization.

The pension may be reduced or suspended if the pensioner refuses to undergo recommended medical treatment or rehabilitation.

Carer's benefit: The insured must have a need for frequent or constant attendance to perform daily functions.

**Disability lump-sum benefit:** Paid if the insured has less than 5 years of covered employment and has a permanent or long-term assessed disability resulting in the inability to earn normal income. For blue-collar workers, normal income must be more than the minimum wage; for white-collar workers, income must be equal to the typical earnings of such workers.

The minimum wage is 290,000 kip (December 2008).

**Adaptation benefit:** The deceased was in covered employment at the time of death. The benefit is paid to the surviving spouse and children up to age 18 (age 25 if a full-time student, no limit if disabled) for a 12-month period directly after the insured's death.

Other survivor benefits are only paid after the adaptation benefit ceases.

**Survivor pension:** The deceased had at least 5 years of covered employment. The spouse was married to the deceased at the time of death and must not have remarried. A widow must be at least age 44; a widow younger than age 44 must have dependents younger than age 15 (no limit if disabled) or be disabled or incapable of suitable employment; a widower must be disabled or incapable of suitable employment.

**Orphan's pension:** The pension is paid to orphans up to age 18 (age 25 if a full-time student, no limit if disabled).

**Survivor lump-sum benefit:** Paid if the deceased had less than 5 years of covered employment.

**Death grant:** The deceased was in covered employment for at least 12 of the last 18 months.

#### Old-Age Benefits

**Old-age pension:** The pension is calculated according to the insured's total pension points multiplied by the insured's

average covered earnings in the last 12 months before retirement multiplied by 1.5%.

Pension points may be earned, credited, or purchased. For a pension point to be earned, the insured's covered annual earnings must be equal to the average earnings of all insured persons in that year.

For a working career that began before the point system was introduced, workers are credited with 0.8 pension points per year for a minimum of 1 year (if they were age 31 when the program was introduced) increasing up to 15 years (if they were aged 45 or older at that time).

Pension points may be purchased under certain conditions to be established in the regulations (not yet implemented).

Early pension: Pensions are reduced by 0.5% for each month the pension is taken before age 60.

Deferred pension: Pensions are increased by 0.5% for each month the pension is deferred after age 60.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

**Old-age lump-sum benefit:** A lump sum is paid equal to 70% of the insured's average covered earnings in the last 12 months multiplied by the number of months of coverage and divided by 12.

### **Permanent Disability Benefits**

**Disability pension:** With at least 5 years of covered employment, the pension is calculated based on the average covered earnings of all insured persons in the last 12 months multiplied by the number of pension points multiplied by 1.5.

Pension points may be earned, purchased, or credited. For a pension point to be earned, the insured's covered annual earnings must be equal to the average earnings of all insured persons in that year. Pension points are credited based on the insured's average annual pension points over the insured period before the disability began until the insured reaches the normal pension age.

The disability pension is not reduced if the insured becomes employed.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

Carer's benefit: The benefit is calculated based on the number of hours of care needed per month multiplied by the minimum wage.

The minimum wage is 290,000 kip (December 2008).

**Disability lump-sum benefit:** A lump sum is paid equal to the actuarial value of the disability pension that the insured would have received.

### **Survivor Benefits**

**Adaptation benefit:** A monthly benefit equal to 80% of the deceased's average covered earnings in the 12 months before death is paid for a 12-month period directly after the date of death. Other survivor benefits are paid only after the adaptation benefit ceases.

**Survivor pension:** The spouse receives 60% of the deceased's old-age pension. If the deceased was not of pensionable age, the pension is equal to 60% of the disability pension, calculated as if the worker was entitled to a disability pension at the time of death.

**Orphan's pension:** Each orphan receives 20% of the deceased's old-age pension. If the deceased was not of pensionable age, the pension is equal to 60% of the disability pension, calculated as if the worker was entitled to a disability pension at the time of death.

The maximum orphan pension is equal to 60% of the deceased's old-age pension or projected disability pension for three or more children.

The maximum total survivor benefit is equal to 80% of the deceased's old-age pension or 100% of the deceased's projected disability pension.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

**Survivor lump-sum benefit:** A lump sum is paid equal to the actuarial value of the survivor pension that eligible survivors would have received.

**Death grant:** A lump sum is paid equal to the insured's average covered earnings in the 6 months before death.

### **Administrative Organization**

Ministry of Labor and Social Welfare supervises the program. Social Security Organization (<http://www.ssolao.gov.la>) collects contributions and administers the payment of benefits.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First and current law:** 1999 (employees in enterprises), implemented in 2001.

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

#### **Coverage**

Employees in private-sector and state-owned enterprises with 10 or more employees; pensioners. (Coverage is currently available only in certain regions of the country.)

Exclusions: Self-employed persons and employees of embassies and international organizations in Laos.

Voluntary coverage for workers in smaller enterprises.

Special system for civil servants, the police, and armed forces personnel.

### **Source of Funds**

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

**Self-employed person:** Not applicable.

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

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

### **Qualifying Conditions**

**Sickness benefit:** The insured must have been in covered employment for at least 3 of the last 12 months and no longer be eligible for statutory sick pay (paid by the employer for 30 days under the labor law).

The insured must provide a medical certificate issued by the hospital with which he or she is registered.

The benefit may be reduced or suspended if the insured refuses recommended rehabilitation or partial reemployment.

**Maternity benefit:** The insured must have at least 9 months of covered employment in the last 12 months. The benefit is paid to a female insured person who stops work because of pregnancy, childbirth, or a miscarriage. The benefit is also paid to a male or female insured person who stops work to adopt a child younger than age 1.

**Birth grant:** The insured must have at least 12 months of covered employment in the last 18 months. The grant is paid to a female insured person or the wife of a male insured person. The grant is also paid to a male or female insured person who adopts a child younger than age 1.

**Medical benefits:** The insured must have at least 3 months of covered employment in the last 12 months. Benefits are provided up to 3 months after the date of the last payment of contributions or after last receiving the sickness benefit. The benefits may be extended for treatment of a life-threatening condition.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is equal to 60% of the insured's average covered earnings in the 6 months before the incapacity began; for the partial resumption of work, the benefit is 60% of the difference between the insured's earnings from partial activity and the insured's previous earnings.

The benefit is paid for up to 12 months and may be extended for up to 6 months if the insured is likely to return to work at the end of this period.

**Maternity benefit:** The benefit is equal to 100% of the insured's average covered earnings in the 6 months before employment ceases and is paid for 3 months.

**Birth grant:** A lump sum is paid equal to 60% of the monthly minimum wage.

The minimum wage is 290,000 kip (December 2008).

### **Workers' Medical Benefits**

Benefits include preventive, curative, and rehabilitative services, including maternity care but excluding treatment resulting from motor vehicle accidents.

The maximum duration for hospitalization is 3 months a year.

Each insured person must register with a hospital, and only services provided by that hospital are covered (except in the case of emergencies). The choice of hospital may be changed every 12 months.

There is no cost sharing.

### **Dependents' Medical Benefits**

Benefits include preventive, curative, and rehabilitative services, including maternity care but excluding treatment resulting from motor vehicle accidents.

The maximum duration for hospitalization is 3 months a year.

There is no cost sharing.

Eligible dependents include the spouse and children up to age 18 (age 25 if a full-time student, no limit if disabled).

### **Administrative Organization**

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization (<http://www.ssolao.gov.la>) collects contributions, administers cash benefit payments, and contracts with hospitals to provide medical benefits. Contracts must be approved by the Ministry of Public Health.

---

### **Work Injury**

#### **Regulatory Framework**

**First and current law:** 1999 (employees in enterprises), implemented in 2001.

**Type of program:** Social insurance system (with an employer-liability system for noncovered employees).

#### **Coverage**

Employees in all private-sector and state-owned enterprises with 10 or more employees, paid trainees, and volunteers for rescue operations.

Exclusions: Self-employed persons and employees of embassies and international organizations in Laos.

Special system for civil servants, the police, and armed forces personnel.

Employers must provide similar benefits for noncovered employees.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

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

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

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

The benefit is equal to 100% of the insured's average covered earnings in the 6 months before the disability began and is paid for up to 6 months; thereafter, 60% for up to 12 months. If the insured is reemployed part time, the benefit is 100% of the difference between the insured's part-time earnings and previous earnings.

The benefit may be reduced if the insured refuses recommended rehabilitation or part-time reemployment.

### **Permanent Disability Benefits**

**Permanent disability benefit:** The monthly benefit is calculated as the percentage of permanent loss of earning capacity multiplied by 67.5% of the insured's average covered earnings during the last 12 months before the disability began.

The disability is assessed by the Social Security Organization. The disability is reassessed every 3 years.

The pension may be reduced or suspended if the pensioner refuses recommended medical treatment or rehabilitation.

**Benefit adjustment:** Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

**Carer's benefit:** Paid if the insured needs frequent or constant attendance to perform daily functions. The benefit is equal to the minimum wage multiplied by the number of hours of care needed per month.

The minimum wage is 290,000 kip (December 2008).

An insured person with an assessed degree of permanent disability of less than 25% may opt for a lump sum equal to 12 times the insured's monthly disability pension.

### **Workers' Medical Benefits**

Benefits include preventive, curative, and rehabilitative services, including the treatment of employment injuries and occupational diseases.

The maximum duration for hospitalization is 3 months a year.

Each insured person must register with a hospital, and only services provided by that hospital are covered (except in the case of emergencies). The choice of hospital may be changed every 12 months.

There is no cost sharing.

### **Survivor Benefits**

**Adaptation benefit:** A monthly benefit equal to 80% of the deceased's average covered earnings in the 12 months before death is paid to the surviving spouse and children up to age 18 (age 25 if a full-time student, no limit if disabled) for a 12-month period directly after the date of death. Other survivor benefits are paid only after the adaptation benefit ceases.

**Survivor pension:** An eligible spouse receives 50% of the insured's average covered earnings in the last 12 months before death.

An eligible spouse was married to the deceased at the time of death and has not remarried. A widow must be at least age 44; a widow younger than age 44 must have dependents younger than age 15 (no limit if disabled) or be disabled or incapable of suitable employment; a widower must be disabled or incapable of suitable employment.

**Parent's pension:** In the absence of an eligible spouse, dependent parents receive 50% of the deceased's average covered earnings in the last 12 months before death.

**Orphan's pension:** Each orphan up to age 18 (age 25 if a full-time student, no limit if disabled) receives 15% of the deceased's average covered earnings in the last 12 months before death. In the absence of an eligible surviving spouse or dependent parents, the orphan's pension is increased to 20% per child. The maximum total orphan pension is 60% of the deceased's average covered earnings.

The total benefit for all survivors must not exceed the maximum amount of permanent disability benefit to which the deceased would have been entitled.

**Benefit adjustment:** Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

**Death grant:** A lump sum is paid equal to the deceased's average covered earnings in the 6 months before death. The benefit is paid to the relatives who pay for the funeral.

### **Administrative Organization**

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization (<http://www.ssolao.gov.la>) collects contributions and administers the payment of benefits.