

## **REPORT**

**for the period of July 1, 2016 to June 30, 2017**  
**by the Government of the Republic of Estonia on measures implementing the provisions**  
**of the European Code of Social Security signed by the Government of Estonia on**  
**January 24, 2000.**

The provisions of the Code are connected with the following legal acts in Estonian social security system.

Acts:

- 1) Health Insurance Act – parts II, III, VIII;
- 2) State Pension Insurance Act – parts V, IX, X;
- 3) Labour Market Services and Benefits Act – part IV and XII;
- 4) Unemployment Insurance Act – part IV and XII;
- 5) Work Ability Allowance Act – part IX;
- 6) State Family Benefits Act (until December 31, 2016) – part VII and XII;
- 7) Parental Benefit Act (until December 31, 2016) – part VII;
- 8) Family Benefits Act (since January 1, 2017) - part VII and XII;
- 9) Social Tax Act – parts II, III, V, VII, IX, X;
- 10) Administrative Procedure Act – part XII.

The legislation can be accessed in Estonian and English at [www.riigiteataja.ee](http://www.riigiteataja.ee).

## INTRODUCTORY EXPLANATIONS TO THE REPORT

**Methodological explanations of differences in Estonian reference wages amounts (in comparison with data for year 2014 obtained from the new Eurostat Structure of Earnings Survey published in 2016 (SES))**

### Average wage in Estonia in 2014

ILO Committee of Experts suggests, on the basis of the data for year 2014 obtained from the Eurostat Structure of Earnings Survey published in 2016, that 125% of average wage should be equal to **1 332,5** euros, i.e. average wage in Estonia in 2014 should be equal to **1066** euros<sup>1</sup>.

Although the Committee have not provided any reference to the precise Eurostat table, supposedly, this figure comes from the table „Structure of earnings survey: monthly earnings (earn\_ses\_monthly)“

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses\\_monthly&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses_monthly&lang=en) (see annex 1).

Indeed this figure (1066 euros) corresponds to Eurostat total in full-time equivalents Estonian average wage, wherefrom certain economic activities and small enterprises are opted out.

Same figure is provided in Eurostat table „Mean monthly earnings by sex, economic activity and occupation“

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_ses14\\_48&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_ses14_48&lang=en) (see annex 2).

To be more precise, in both referred Eurostat tables only the data for B-S\_X\_O economic activity (*Industry, construction and services (except public administration, defence, compulsory social security)*) and only for the enterprises having 10 and more employees is provided. At the same time according to Eurostat database in 2014 in Estonia the total number of employees in B-S economic activity (*Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies)*) was 493 461 persons, only 361 052 persons worked in enterprises having 10 and more employees in B-S\_X\_O economic activity (see annexes 3 and 3a) or the wage data of more than one quarter of employees (26,8%) is opted out from the tables referred (tables presented in annex 1 and 2). If we look at the total number of persons employed in enterprises operating in B-S\_X\_O economic activity (458 281 persons, see annex 3b), then more than one fifth of employees (21,2%) is opted out from the data provided in the referred tables (annex 1 and 2). Estonian economy is centralized around microenterprises (0-9 employees) and alas a microenterprise's possibilities to pay its employees high salary are more limited compared to larger enterprises.

Also it should be taken into account that the annual average number of employed persons in Estonia in 2014 accounted for 624,8 thousands (Statistics Estonia table - TT0200/ML0200, annex 4) and thus the average wage shown in referred Eurostat tables represents the average wage of only 57,8% of employed persons in given period.

The data used in Estonian calculations reported (**908,1** euros in 2014) is the statistics of the Social Insurance Board on the average income of the insured persons subject to social tax.

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<sup>1</sup> According to the figures provided on page 19 of the 2016 Report and Conclusions of the ILO Committee of Experts on the application of the European Code of Social Security and its Protocol

Social Insurance Board statistics varies from Eurostat tables as it does not compute working hours. At the same time it covers all the insured persons. If we extract from Eurostat tables just the average wage (not total in full-time equivalents), then it would be equal to 999 euros (see annex 1) or higher than Social Insurance Board figure by 90,9 euros only.

Estonia is using the statistics of the Social Insurance Board on the average income of the insured persons subject to social tax in order to determine the skilled male worker average wage for the purpose of calculation of the replacement rates of sickness, unemployment and maternity benefit. This indicator is more suitable than the average gross monthly salary published by Eurostat or Statistics Estonia as it covers all (100%) the insured persons, including:

- Small enterprises, where an important share of Estonian employees is working;
- Those insured persons, who do not belong to the salaried employees category, but on whose earnings the social tax is paid and who are thus eligible to receiving the benefits mentioned.

This indicator can be compared only to the common average wage statistics (not total in full-time equivalents) as working hours are not computed when keeping record of real contributions paid-in.

#### **Skilled male worker monthly wage in Estonia in 2014**

Estonia reports skilled male worker monthly wage in line with provisions of the Art. 65(6)c of the Code:

„For the purpose of this article, a skilled manual male employee shall be a person whose earnings are equal to 125 per cent of the average earnings of all the persons protected.“

ILO Committee of Experts suggests, on the basis of the data for year 2014 obtained from the Eurostat Structure of Earnings Survey published in 2016, that the skilled male worker monthly wage should be equal to **1 168,0 euros**<sup>2</sup>, which is only 2,9% higher than the calculated amount of **1135,15 euros**. As the Committee have not provided any reference to the precise Eurostat table, where this figure could come from, it is difficult to comment on the amount. Estonian actuaries see from Eurostat tables that total in full-time equivalents of skilled male worker (skilled manual workers OC6-8) is equal to 1097 euros (see annex 5) or lower than the amount of 1135,15 euros calculated by Estonia. At the same time, the difference of 2,9% between the figure suggested by the Committee and the amount of reference wage calculated by Estonia is not really big and from Estonian point of view it is much more important to reach a common understanding of the indicator that is the most suitable to represent an average monthly wage. Eurostat indicator is not a suitable one from Estonian point of view as:

- ✓ Eurostat opts out agriculture, forestry and fishing as well as public administration and defence economic activities;
- ✓ Enterprises having 10 and less employees are opted out;
- ✓ Insured employed persons, who do not belong to salaried workers category, are opted out.

Upon calculation of the replacement rates of sickness, unemployment and maternity benefit in its reports on implementation of the Code Estonia takes into account all the insured persons,

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<sup>2</sup> According to the figures provided on page 19 of the 2016 Report and Conclusions of the ILO Committee of Experts on the application of the European Code of Social Security and its Protocol

regardless of their sector of economic activity, enterprise size or belonging to the category of traditional salaried worker.

### **Unskilled male worker monthly wage in Estonia in 2014**

ILO Committee of Experts suggests, on the basis of the data for year 2014 obtained from the Eurostat Structure of Earnings Survey published in 2016, that the unskilled male worker monthly wage should be equal to **832,0<sup>3</sup>** euros, which is 15,3% higher than the amount calculated by (**721,4** euros). As the Committee have not provided any reference to the precise Eurostat table, where this figure could come from, it is difficult to comment on the amount.

In its previous reports Estonia has provided the explanation of the exact calculation of unskilled male worker monthly wage, based on publically available data published by Statistics Estonia (Statistics Estonia table PA634/WS634, annex 6). According to Statistics Estonia data the unskilled male worker hourly wage for 2014 is equal to 4,45 euros. The data for year 2014 obtained from the Eurostat Structure of Earnings Survey published in 2016 shows that the same indicator was 4,41 euros (annex 7) or re-calculated to monthly wage (**714,9** euros) corresponding **Eurostat indicator is 0,9% lower than the amount reported by Estonia.**

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<sup>3</sup> According to the figures provided on page 19 of the 2016 Report and Conclusions of the ILO Committee of Experts on the application of the European Code of Social Security and its Protocol

## PART II – MEDICAL CARE

### **No significant changes (persons protected, contingencies covered, cost-sharing) during the reporting period**

The protected persons are defined in the Health Insurance Act, § 5 subsection (1) - “an insured person is a permanent resident of Estonia or a person residing in Estonia on the basis of a temporary residence permit or the right of residence or a person legally staying and working in Estonia based on a temporary ground for stay for whom a payer of social tax must pay social tax or who pays social tax for themselves in accordance with the procedure, in the amounts and within the time limits provided for in the Social Tax Act, or a person considered equal to such persons on the basis of this Act”.

Estonian Health Insurance Fund will assume the obligation of an insured person to pay for health services if the services are entered in the list of health services of the Health Insurance Fund and the provision thereof is therapeutically justified. (subsection § 29 (1) of the Health Insurance Act).

Although there were no changes to the classes of persons protected, contingencies covered or cost-sharing during the reporting period (please refer to the previous report p.11-18 in order to obtain a detailed overview), an important legislation changes were developed in order to implement in-kind adult dental care benefit, that applies to essential dental care services. Dental services reimbursed are X-ray, inserting medication, temporary and inexpensive permanent filling, tooth removal, opening and treating abscess, root canal treatment, gum pockets deep cleaning, anaesthesia. Patient cost-sharing applies as following:

- 50% for working-age adults, benefit amount up to 30 euros per calendar year;
- 15% for old-age pensioners, pregnant women, mothers of children under one year of age and persons with increased need; benefit amount up to 85 euros per calendar year.

Dental care benefit is established on July, 1, 2017.

Dental care of the persons of 19 years of age and younger is fully reimbursed by the Estonian Health Insurance Fund

## PART II – UPDATED STATISTICAL INFORMATION

### Article 9

A. The recourse is had to Article 9 (c) of the Code

C. Statistical information (Part III Article 74)

- a) Number of insured persons at Estonian Health Insurance Fund as of December 31, 2016 was 1 237 277 (Estonian Health Insurance Fund);
- b) Eesti Total population as of January 1, 2017 was 1 315 635 (Statistics Estonia);
- c) Number of insured persons amounted to 94,0% of the total.

	Insured persons	
31.12.2016	1 237 277	
31.12.2015	1 237 336	(Estonian Health Insurance Fund)
31.12.2014	1 232 819	(Estonian Health Insurance Fund)
31.12.2013	1 231 203	(Estonian Health Insurance Fund)
31.12.2012	1 237 104	(Estonian Health Insurance Fund)
31.12.2011	1 245 469	(Estonian Health Insurance Fund)

b) Total population (beginning of the year)

	Total population	
01.01.2017	1 315 635	
01.01.2016	1 315 944	(Statistics Estonia)
01.01.2015	1 313 271	(Statistics Estonia)
01.01.2014	1 315 819	(Statistics Estonia)
01.01.2013	1 320 174	(Statistics Estonia)
01.01.2012	1 325 217	(Statistics Estonia)

c) Number of insured persons per cent total population, %

	%
2016	94,0
2015	94,0
2014	93,9
2013	93,6
2012	93,7
2011	94,0

### **PART III – SICKNESS BENEFIT**

#### **No significant changes (persons protected, contingencies covered) during the reporting period**

Pursuant to subsection § 50 (1) of the Health Insurance Act, the benefit for temporary incapacity for work is financial compensation paid by the Health Insurance Fund to an insured person on the basis of a certificate of incapacity for work in cases where the person does not receive income subject to individually registered social tax due to a temporary release from the their duties or economic or professional activity.

The benefit for temporary incapacity for work is paid to the following insured persons:

- 1) employee;
- 2) officials, active servicemen, members of the Riigikogu, the President of the Republic, members of the Government of the Republic, judges, the Chancellor of Justice, the Auditor General, the Public Conciliator, members of councils of local authorities, members of city or rural municipality governments, mayors of rural municipality or city districts;
- 3) members of the management or controlling bodies of legal persons
- 4) persons receiving remuneration or service fees on the basis of a contract or contracts under the law of obligations for the provision of services, who are not entered in the commercial register as self-employed persons
- 5) self-employed persons
- 6) spouse participating in activities of undertaking of self-employed person.

The types of the benefit for temporary incapacity for work are:

- 1) sickness benefit;
- 2) maternity benefit;
- 3) adoption benefit;
- 4) care benefit.

#### **The benefit for temporary incapacity for work**

The benefit for temporary incapacity for work will not be paid to persons covered by insurance on the grounds specified in clauses 5 (2) 3) (persons for whom social tax is paid by state, local authority or artistic association) and 6) (persons receiving an unemployment insurance benefit on the basis of the Unemployment Insurance Act) or subsection 5 (4) (persons considered equal to insured persons) of the Health Insurance Act or to persons considered equal to insured persons on the basis of a contract.

No benefits will be paid for the first 3 days of sickness, an employer shall pay to an employee sickness benefit from the fourth until the eighth calendar day of sickness (§ 122 of the Occupational Health and Safety Act), the Health Insurance Fund will pay sickness benefit to everyone as of the ninth day of sickness (subsection § 56 (1) of the Health Insurance Act).

**Starting from January 1, 2017**, an employer who wishes to pay sickness benefit to a sick employee already starting from the second day of sickness is exempt from social tax obligation on sickness benefit paid for those 2 days (second and third day of sickness).

Employer will pay sickness benefit of 70 per cent of the employee's average wages for previous 6 months, the Health Insurance Fund will pay sickness benefit of 70 per cent of the income the calendar year prior to the sickness.

A detailed table on different types of benefits for temporary incapacity for work and rates of benefits can be found in previous report (p.22).

During the reporting period legislation changes that widen the circle of persons eligible for care leave benefit took place. Namely, the **legislation changes entered into force on the July 1, 2017**, enable a caregiver, who is nursing a disabled person under 19 years of age, to care benefit. The Health Insurance Fund pays the benefit up to 14 days, rate of benefit is 80%. Care benefit is paid starting from the first day of absence from work, that is noted on certificate for care leave.



### PART III – UPDATED STATISTICAL INFORMATION

#### Article 15

- A. The recourse is had to Article 15 (b) of the Code.
- B. No changes

#### Titles I and II, Article 65

- C. Statistical information (Part II, Article 74):
  - a) number of economically active insured as of December 31, 2016 was 604 781 (Estonian Health Insurance Fund);
  - b) Total population as of January 1, 2017 was 1 315 635 (Statistics Estonia);
  - c) number of economically active insured made up 46,0% of total population

#### Number of economically active insured (end of the year)

	Number of economically active insured	
31.12.2016	604 781	
31.12.2015	615 333	(Estonian Health Insurance Fund)
31.12.2014	600 998	(Estonian Health Insurance Fund)
31.12.2013	584 094	(Estonian Health Insurance Fund)
31.12.2012	575 277	(Estonian Health Insurance Fund)
31.12.2011	568 434	(Estonian Health Insurance Fund)

#### b) Total population as of (beginning of the year)

	Total population	
01.01.2017	1 315 635	
01.01.2016	1 315 944	(Statistics Estonia)
01.01.2015	1 313 271	(Statistics Estonia)
01.01.2014	1 315 819	(Statistics Estonia)
01.01.2013	1 320 174	(Statistics Estonia)
01.01.2012	1 325 217	(Statistics Estonia)

#### c) Number of economically active insured of total population, %

	%
2016	46,0
2015	46.8
2014	45.8
2013	44.4
2012	43.6
2011	42.9

### Article 16

A. The recourse is had to Article 65 of the Code.

### Titles I and II, Article 65

A. In 2016, the minimum monthly wage for full-time work was 430 euros and the upper limit of income of sole proprietors taxable with social tax respectively 6450 euros per month. From January 1, 2017, the minimum monthly wage is 470 euros per month.

The sickness benefit is taxable with income tax (in 2016, the income tax rate amounted to 20 percent and the income tax exemption was 170 euros per month; in 2017, the income tax rate is 20 percent and the income tax exemption is 180 euros per month).

B,C. The average income of insured persons taxable with social tax was 1029,85 euros per month in 2016 (data by the Social Insurance Board). Respectively, the gross monthly earnings of a regular skilled male worker pursuant to Article 65 (6) (c) of the Code were as follows in 2016:

$$1,25 * 1029,85 = 1287.31 \text{ 1 euros.}$$

Average income of insured persons taxable with social tax, euros a month

	euros	
2016	1029,85	
2015	969.05	(Social Insurance Board)
2014	908.12	(Social Insurance Board)
2013	849.65	(Social Insurance Board)
2012	792.75	(Social Insurance Board)
2011	744.73	(Social Insurance Board)

Gross monthly earnings of a regular skilled male worker, euros

	euros	
2016	1287.31	
2015	1211.32	(Social Insurance Board)
2014	1135.15	(Social Insurance Board)
2013	1062.06	(Social Insurance Board)
2012	990.94	(Social Insurance Board)
2011	930.91	(Social Insurance Board)

D. In 2016, the amount of the sickness benefit for a standard beneficiary (in in-patient care) for one month was as follows:

$$0,7 * 1287.31 = 901.12 \text{ euros.}$$

Sickness benefit for a standard beneficiary, euros

	euros	
2016	901.12	
2015	847.92	(Social Insurance Board)

2014	794.61	(Social Insurance Board)
2013	743.44	(Social Insurance Board)
2012	693.66	(Social Insurance Board)
2011	651.64	(Social Insurance Board)

E, F. In 2016, the amount of family benefits for a standard beneficiary with two children amounted to 100 euros per month. Payment of family benefits is not related with working/not working of parents or receiving other social security benefit, i.e. the same family benefit is paid both while working and receiving sickness benefits.

Family benefits for a standard beneficiary with two children, euros

	eurot	
2016	100	(Ministry of Social Affairs)
2015	90	(Ministry of Social Affairs)
2014	38.35	(Ministry of Social Affairs)
2013	38.35	(Ministry of Social Affairs)
2012	38.35	(Ministry of Social Affairs)
2011	38.35	(Ministry of Social Affairs)

G. The gross replacement rate of a standard beneficiary of sickness benefit was  $(901.12 + 100) / (1287.32 + 100) * 100 = 72.2\%$ .

Gross replacement rate of a standard beneficiary of sickness benefit, %

	%
2016	72.2
2015	72.1
2014	71.0
2013	71.0
2012	71.1
2011	71.2

## **PART IV – UNEMPLOYMENT BENEFIT**

### **No significant changes (persons protected, contingencies covered) during the reporting period**

The contingency covered shall include the situation where a person has not left his/her last place of employment or position on his/her own initiative (except in the cases mentioned in subsections § 37 (5), § 91 (2) and § 107 (2) of the Employment Contracts Act), by agreement with employer (§ 79 of the Employment Contracts Act) or due to wrongful behaviour (clauses § 88 (1) 3)-8) of the Employment Contracts Act, § 94 of the Public Service Act). Thus, a person is entitled to receive unemployment insurance benefit, for example, if the person was made redundant, his/her employer has been liquidated, his/her employment contract was terminated at the probation period on employer's initiative, employer has cancelled employment contract because of a long-term working inability of the employee, his/her fixed-term employment contract expired.

The insured persons shall comprise an employee, an official, a natural person providing services on the basis of a contract under the law of obligations, a Public Conciliator, a member of a rural municipality or city government, a rural municipality or city district elder, a non-working spouse accompanying an official on a long-term assignment abroad, and a non-working spouse accompanying an official serving in a foreign mission of the Republic of Estonia (subsection § 3 (1) of the Unemployment Insurance Act). The insurance cover does not apply to self-employed persons, notaries, bailiffs or another independent persons engaging in a profession in public law, old-age pensioners or other persons listed in subsection § 3 (2) of the Unemployment Insurance Act.

The maximum amount of unemployment insurance benefit in 2017 is 1 347,57 euros a month. The minimum amount of unemployment insurance benefit for 31 day is 222,27 euros (minimum daily rate is 7,17 euros).

The basis of the maximum amount of unemployment insurance benefit is three times the average remuneration per calendar day in Estonia, which is 28,98 euros this year. The average remuneration per calendar day is recalculated every year by Unemployment Insurance Fund on the basis of unemployment insurance premiums paid in the preceding year.

The amount of unemployment insurance benefit is:

- for the first 100 days - 50% of nine months average daily remuneration a person has received 3 months before getting unemployed (maximum daily rate 43,47 euros in 2017);
- for the subsequent days - 40% of nine months average daily remuneration a person has received 3 months before getting unemployed (maximum daily rate 34,78 euros in 2017).

Also unemployment allowance daily rate has changed on January 1, 2017, and is 4,86 euros a day. Previous year, unemployment allowance daily rate was 4,41 euros. Unemployment allowance amount for 31 day is 150,66 euros.

## PART IV – UPDATED STATISTICAL INFORMATION

### Article 20

No changes.

### Article 21

A. The recourse is had to Article 21 (a) of the Code

B. No changes.

C. In 2016, according to Estonian Tax and Customs Board, unemployment insurance premiums were collected from 613 899 insured persons. The total number of employed and unemployed persons was 691 300 in 2016 (according to Statistics Estonia). Therefore 88,8% of the total number of employed and unemployed persons was insured.

Number of insured persons by collection of unemployment insurance premiums

	Insured persons	
2016	613 899	
2015	612 216	(Estonian Tax and Customs Board data )
2014	608 476	(Estonian Tax and Customs Board data )
2013	598 544	(Estonian Tax and Customs Board data )
2012	596 351	(Estonian Tax and Customs Board data )
2011	588 031	(Estonian Tax and Customs Board data )

Total number of employed and unemployed persons

	Total	
2016	691 300	
2015	683 200	(Statistics Estonia)
2014	674 400	(Statistics Estonia)
2013	680 000	(Statistics Estonia)
2012	683 400	(Statistics Estonia)
2011	688 000	(Statistics Estonia)

Number of insured persons per cent of total number of employed and unemployed, %

	%
2016	88.8
2015	89.6
2014	90.2
2013	88.0
2012	87.3
2011	85.5

In 2016 the unemployment insurance premiums from insured persons added up to 103 472 thousand euros and the unemployment insurance premiums from employers added up to 55 715 thousand euros.

	Unemployment insurance premiums from insured persons, thousand euros	Unemployment insurance premiums from employers, thousand euros	Total of unemployment insurance premiums , thousand euros	
2016	103 472	55 715	159 187	
2015	97 376	52 433	149 809	(Unemployment Insurance Fund data)
2014	113 517	61 124	174 641	(Unemployment Insurance Fund data)
2013	105 306	56 699	162 005	(Unemployment Insurance Fund data)
2012	137 160	73 846	211 006	(Unemployment Insurance Fund data)
2011	126 336	68 022	194 358	(Unemployment Insurance Fund data)

## Article 22

A. The recourse is had to the provisions of Article 65 of the Code

Unemployment insurance benefit is taxable with income tax. In 2016 the income tax rate was 20% and the income tax exemption is 170 euros a month.

B, C. The average income of insured persons taxable with social tax was 969.05 euros per month in 2016 (data by the Social Insurance Board). Respectively, the gross earnings of a regular skilled male worker pursuant to Article 65 (6) (c) of the Code were as follows in 2016:  
 $1,25 * 1029.85 = 1287.31$  euro.

D. The amount of unemployment insurance benefit to a standard beneficiary (during the first 100 days of unemployment) in a month was:  
 $0,5 * 1287.31 = 643.66$  euro.

E, F. In 2016, the amount of family benefits for a standard beneficiary with two children amounted to 100 euros per month. Payment of family benefits is not related with working/not working or receiving other benefits, i.e. the same family benefit is paid both while working and during unemployment.

G. Accordingly, the gross replacement rate of a standard beneficiary of unemployment insurance benefit was:

$$(643.66+100) / (1287.31 +100)*100 = 53.6\%$$

B.C. The average income of insured persons taxable with social tax, euros

	euros	
2016	1029.85	
2015	969.05	(Social Insurance Board)
2014	908.12	(Social Insurance Board)
2013	849.65	(Social Insurance Board)
2012	792.75	(Social Insurance Board)
2011	744.73	(Social Insurance Board)

Gross wage of a regular skilled male worker, euros

	euros	
2016	1287.31	
2015	1211.32	(Social Insurance Board)
2014	1135.15	(Social Insurance Board)
2013	1062.06	(Social Insurance Board)
2012	990.94	(Social Insurance Board)
2011	930.91	(Social Insurance Board)

D. The amount of unemployment insurance benefit to a standard beneficiary (during the first 100 days of unemployment)

	euros	
2016	643.66	
2015	605.66	(Social Insurance Board)
2014	567.58	(Social Insurance Board)
2013	531.03	(Social Insurance Board)
2012	495.47	(Social Insurance Board)
2011	465.46	(Social Insurance Board)

E, F. Family benefits for a standard beneficiary (corresponds to child allowance paid to a family with 2 children)

	euros	
2016	100	(Ministry of Social Affairs)
2015	90	(Ministry of Social Affairs)
2014	38.35	(Ministry of Social Affairs)
2013	38.35	(Ministry of Social Affairs)
2012	38.35	(Ministry of Social Affairs)
2011	38.35	(Ministry of Social Affairs)

G. Gross replacement rate of a standard beneficiary of unemployment insurance benefit, %

	%
2016	53.6
2015	53.5
2014	51.6
2013	51.7



2012	51.9
2011	54.1

*Article 23*

No changes.

*Article 24*

1. Starting from July 1, 2014, the insurance accumulation period is accounted in months and years. Every 12 months of an insurance accumulation period are accounted as one year of the insurance accumulation period.

According to the provisions of subsection §8 (1) of Unemployment Insurance Act If the insured person's insurance accumulation period is:

- shorter than 5 years, the Unemployment Insurance Fund grants the benefit for 180 calendar days;
- 5 to 10 years, the Unemployment Insurance Fund grants the benefit for 270 calendar days;
- 10 years or more, the Unemployment Insurance Fund grants the benefit for 360 calendar days.

2. *No changes.*

3. *No changes.*

4. *No changes.*

## PART V – OLD-AGE BENEFIT

### Persons protected and contingencies covered

In 2017, a person who has become at least 63 years old (birth year 1953) and whose length of employment in Estonia is at least 15 years is entitled to receive the old-age pension. One year towards the accumulation period of an insured person shall be calculated for the insured person for whom the pension insurance part of individually registered social tax has been paid or calculated pursuant to the Social Tax Act in an amount equal to at least the minimum wage for a year. Old-age pensions shall be granted to permanent residents of Estonia and aliens residing in Estonia on the basis of temporary residence permits or temporary right of residence.

National pension ensures the minimum pension for those people who have attained the age of old-age pension and who do not become entitled to old-age pension based on work contribution and who have been permanent residents of Estonia or have resided in Estonia on the basis of a temporary residence permit or temporary right of residence for at least five years immediately before making a pension claim. As of 01.04.2017, the amount of national pension is 175.94 euros per month and its payment will not be suspended or reduced, if the person is engaged with any kind of gainful activity. National pension is adjusted by a retirement index once a year.

### Important changes:

**Starting from January 1, 2017 pensionable age in Estonia is gradually raising to attend 65 years by 2026. Pensionable age depends on year of birth.**

Year of Birth	Pensionable age
1953	63 y
1954	63 y. and 3 m.
1955	63 y. and 6 m.
1956	63 y. And 9 m.
1957	64 y.
1958	64 y. 3 m.
1959	64 y. 6 m.
1960	64 y. 9 m.
1961 and later	65 y.

### Pensions' export:

During the reporting period Estonia has made important amendments to the provisions of State Pension Insurance Act in order to expand protected persons' pension rights. According to current national regulation in order to receive a pension a person has to live in Estonia. Outside Estonia pensions are paid only to EU, EFTA and other countries, covered with pension agreements. Amendments abolish the residence requirement thus expanding persons' rights. Starting from January 1, 2018 all the old-age pensions and survivor's pensions earned in Estonia will be exported all over the world.

### **Old-age pension system's sustainability analysis and forthcoming reform**

During the reporting period the analysis of social and financial sustainability of the state old-age pension system in Estonia was finalized. Summary of the analysis in English can be found at: [https://www.sm.ee/sites/default/files/content-editors/Uudised\\_pressiinfo/summary\\_eng.pdf](https://www.sm.ee/sites/default/files/content-editors/Uudised_pressiinfo/summary_eng.pdf)

Based on analysis the Government has decided in January 2017 to continue work on legislation amendments leading to flexible pensions, linking pensionable age to life-expectancy and changes in pension formula, according to which starting from 2027 state pension amount would depend on years of working.

## PART V – UPDATED STATISTICAL INFORMATION

### Article 27

A. The recourse is had to the sub-paragraph (b) of Article 27 of the Code.

B. Starting from January 1, 2017 pensionable age in Estonia is gradually raising to attend 65 years by 2026. Pensionable age depends on year of birth.

C. **Statistical information (Article 74):**

- a) **the number of economically active insured persons as of December 31, 2016 was 604 781 (data by Estonian Health Insurance Fund);**
- b) **the total population of Estonia as of January 1, 2017 was 1 315 635 (data by Statistics Estonia);**
- c) **number of economically active insured persons was 46,0% of total population.**

a) number of economically active insured as of December 31

2016	604 781	
2015	615 333	(Estonian Health Insurance Fund)
2014	600 998	(Estonian Health Insurance Fund)
2013	584 094	(Estonian Health Insurance Fund)
2012	575 277	(Estonian Health Insurance Fund)
2011	568 434	(Estonian Health Insurance Fund)

b) total population of Estonia as of January 1

2017	1 315 635	
2016	1 315 944	(Statistics Estonia)
2015	1 313 271	(Statistics Estonia)
2014	1 315 819	(Statistics Estonia)
2013	1 320 174	(Statistics Estonia)
2012	1 325 217	(Statistics Estonia)

c) economically active insured persons per cent of total population

	%
2016	46.0
2015	46,8
2014	45,8
2013	44.4
2012	43.5
2011	42.9

D. Non-applicable

### Article 28

The recourse is had to Article 66 of the Code with regard to the calculation of old-age pension.

As of April 1, 2016 the base amount for pension was 153,3035 euros per month, the monthly national pension rate was 167,40 euros and the value of a year was 5,514 euros per month.

According to the Income Tax Act, income tax is charged in 2016 on the component of pension that exceeds 225 euros per month. Every person, including an old-age pensioner, is entitled to receive additional basic exemption of 170 euros per month. Therefore, pensioners are entitled to a basic exemption of 395 (225+170) euros per month in 2016. Any amounts above this sum will be subject to 20% income tax. Taxation by income tax will be imposed cumulatively and on accrual basis.

As of April 1, 2017 the base amount for pension is 161,9038 euros per month, the monthly national pension rate is 175,94 euros and the value of a year is 5,767 euros per month.

According to the Income Tax Act, income tax is charged in 2017 on the component of pension that exceeds 236 euros per month. Every person, including an old-age pensioner, is entitled to receive additional basic exemption of 180 euros per month. Therefore, pensioners are entitled to a basic exemption of 416 (236+180) euros per month in 2016. Any amounts above this sum will be subject to 20% income tax. Taxation by income tax will be imposed cumulatively and on accrual basis.

#### *Titles I and III Article 66*

a. Regular unskilled male worker is defined as an unskilled male industry worker (ISCO-08 International Standard Classification of Occupations, occupation code 9).

Gross wage of a regular unskilled male worker is calculated and forecasted on the basis of gross hourly wage of a male worker in processing industry. Processing industry was chosen because it has been the industry with the largest number of employees (18,7% of all employees) for years (120.7 thousand employees in 2016, total number of employed people 644,6 thousand).

b. In 2016, the average gross hourly wage of a male worker working in processing industry for full-time and part-time work was 7.56 euros. The calculated average gross hourly wage of a regular unskilled male worker for full-time and part-time work was 5 euros and 53 cents (i.e., 73,2% of the male worker's gross hourly wage). The calculation is based on Statistics Estonia gender gap pay survey from October 2016 (PA5335) and October 2015 survey (gross hourly wage for workers with full-time and part-time work, PA 632). Thus, the calculated average gross monthly wage of a regular unskilled male worker was 907,56 euro and the calculated net monthly wage was 733,91 euros (average estimated number of working hours in processing industry was 164 hours a month in 2015 according to Statistics Estonia). The income tax exemption for 2016 was 170 euros per month, the income tax rate was 20%, the unemployment insurance premium rate was 1.6% and the rate of contributions to the mandatory funded pensions (the second pillar of pension insurance) for people who had joined pension insurance was 2%.

c. According to the pension formula, in 2016 the old-age pension of a beneficiary with a pensionable period of 30 years was  $153,3035 + 5,514 \cdot 30 = 318,72$  euro

c. According to the pension formula, in 2017 the old-age pension of a beneficiary with a pensionable period of 30 years was  $161,9038 + 5,767 \cdot 30 = 334,91$  euro

d, e. The persons with pension insurance shall still not receive family benefit for their wife during their work or pension period.

f. In 2016 the old-age pension of a standard beneficiary (a man with a wife of pensionable age) formed  $(318,72+167,40)/733,91*100=66,2\%$  of a regular unskilled male worker's net wage.

a) the old-age pension of a beneficiary with a pensionable period of 30 years, euros

	the old-age pension with a pensionable period of 30 years	Pension components			
		Base part	National pension rate	Value of a year	
2016	318,72	153,3035	167,40	5,514	
2015	301.61	144.2585	158.37	5.245	(Social Insurance Board)
2014	283.83	134.9093	148.98	4.964	(Social Insurance Board)
2013	268.36	126.8183	140.81	4.718	(Social Insurance Board)
2012	255.66	120.2069	134.1	4.515	(Social Insurance Board)
2011	244.95	114.6575	128.45	4.344	(Social Insurance Board)

d, e) Gross and net monthly wage of a regular unskilled male worker in processing <sup>1</sup>, euros

	Gross wage	Net wage
2016	907.56	733.91
2015	787.39	638.03
2014 <sup>1</sup>	721.35	577.31
2013	624.4	503.78
2012	581.55	467.61
2011	560	455

<sup>1</sup> Data for the year 2014. is updated (In a report submitted in 2015 the gross and net monthly wage of a regular unskilled male worker was 658.49 and 529,64 euros respectively).

f) Old-age pension of a standard beneficiary (a man with a woman of pensionable age) per cent of a regular unskilled male worker

	%
2016	66.2
2015	72.1
2014 <sup>1</sup>	75.0
2013	81.2
2012	83.4
2011	81.7

<sup>1</sup> Data for the year 2014 is updated as the corresponding data on gross and net monthly wage of a regular unskilled male worker was recalculated (In the report submitted in 2015 the percentage for the year 2014 was 81,7).

## PART VII – FAMILY BENEFIT

Although there were no significant changes in family benefit system during the reporting period, in 2016 the codification of the Family Benefits Special Part of Social Code Act has been finalized. From the beginning of 2017 all the three social security schemes aimed to support children's birth and upbringing – provisions of State Family Benefits Act, Parental Benefit Act and Maintenance Allowance Act – are assembled together within Family Benefits Act. All the allowances and benefits paid under the schemes mentioned are defined as family benefits.

All the family benefits in Estonia are universal, no qualifying period is required. All the residents are entitled to receive the benefits as of the first day of registration of residence in Estonia (entering the data of a person's residence in the population register).

### Periodical benefits and their amounts as of entry into force of Family Benefits Act:

Type of benefit	Amount of benefit
Child allowance	- for the first and second child of family - 50 euros per month  - for third and every consequent child - 100 euros per month.
Single parent's child allowance	19.18 euros per month
Child care allowance	- to the parent raising a child of up to three years of age or to the person other than a parent who uses parental leave 38.35 euros for each child of up to 3 years of age per month;  - in the family where in addition to the child of up to 3 years of age, there are also children between 3 and 8 years of age, to one parent 19.18 euros per month for each child between 3 and 8 years of age;  - in the family with three or more children who are at least 3 years of age and who receive child allowance to one parent 19.18 euros per month for each child between 3 and 8 years of age.  A person who is paid child care allowance has the right to receive additional child care allowance for each child of up to one year of age. The amount of additional child care allowance is 6.40 euros.

	Child care allowance shall not be paid, if a parent receives parental benefit.
Foster care allowance	240 euros per month
Parent's allowance for family with seven or more children (until June 30, 2017)	Family benefit for the family with seven or more children is 168.74 euros per month.
Parental benefit	<p>The amount of benefit is calculated on the basis of the applicant's average income of one calendar month of the preceding calendar year and it is generally 100% of the average income of one calendar month of the preceding calendar year subject to social tax.</p> <p>The ceiling for parental benefit is 2 907,15 euros per month. The parental benefit rate is 430 euros per month. Parental benefit in the amount of the benefit rate is paid to a person who had no income taxable with social tax in the preceding calendar year (e.g. not working students).</p>

On July 1, 2017, allowance for families with many children was introduced. Families raising 3 to 6 children receive 300 euros a month in addition to child allowance. Families raising more than 7 children receive 400 euros in addition. To be eligible for allowance all the children should be raised together in one family. One of the main objectives of the allowance is to decrease poverty risk for large families. Parents allowance for families with 6 and more children, in force till June 30, 2016, is integrated under the new allowance.



## PART VII – UPDATED STATISTICAL INFORMATION

### Article 41

- A. The recourse is had to the sub-paragraph (b) of Article 41 of the Code
- B. Protected persons are all permanent residents of Estonia or aliens residing in Estonia on the basis of temporary residence permits or temporary right of residence.
- C. Statistical information Title II Article 74:

Title II of Article 74 is not the most suitable for getting statistical data on persons affected by the State Family Benefits Act. Therefore, in order to show the fulfilment of the requirements in Article 41 of the Code, the number of covered persons shall be deemed equal to the total number of male population of economically active age (15–64).

- a) In 2016, the number of Estonian male population aged 15–64 was 422 397 (Statistics Estonia);
- b) In 2016, the total population of Estonia (annual average) was 1 315 790 (Statistics Estonia);
- c) The number of covered persons amounted to 32.1% of the total population.

a) number of Estonian male population aged 15–64 (annual average)

2016	422 397	
2015	423 583	(Statistics Estonia)
2014	425 348	(Statistics Estonia)
2013	428 714	(Statistics Estonia)
2012	432 428	(Statistics Estonia)
2011	436 109	(Statistics Estonia)

b) total population of Estonia (annual average)

2016	1 315 790	
2015	1 314 608	(Statistics Estonia)
2014	1 314 545	(Statistics Estonia)
2013	1 317 997	(Statistics Estonia)
2012	1 322 696	(Statistics Estonia)
2011	1 327 439	(Statistics Estonia)

Notes (Statistics Estonia):

Data for 2000-2013 recalculated on January 17, 2014.

Corresponding changes male for years 2011 and 2012.

c) covered persons per cent of total population

	%
2016	32.1
2015	32.2
2014	32.4
2013	32.5
2012	32.7
2011	32.9

## Article 42

The recourse is had to the sub-paragraph (a) of Article 42 of the Code

A. Gross monthly wage of a regular unskilled male worker was 907,56 euros in 2016 (see information provided under Article 28).

B. The total amount of family benefits (excluding parental benefits and (one-time) childbirth allowance) for 2016 was 189,45 million euros (data by the Ministry of Social Affairs), which makes on average 15,787 million euros per month.

C. i. The number of children (average, entitled to payment of child allowance) was 224 725 in 2016 (data by Statistics Estonia, children 0–15 years of age);

ii. In 2016, the total value of family benefits was 7.7% of the multiplication of the gross wage of a regular unskilled male worker by the children of all residents.

ii. In 2015, the total value of family benefits was 8.3% of the multiplication of the gross wage of a regular unskilled male worker by the children of all residents.

A. Gross monthly wage of a regular unskilled male worker, euros

	euros	
2016	907.56	
2015	787.39	(Statistics Estonia)
2014	721.35	(Statistics Estonia)
2013	624.4	(Statistics Estonia)
2012	581.55	(Statistics Estonia)
2011	560	(Statistics Estonia)

### **B. Total amount of family benefits, millions of euros**

	millions of euros	
2016	189.45	
2015	174.581	(Social Insurance Board)
2014	96.074	(Social Insurance Board)
2013	94.415	(Social Insurance Board)
2012	92.866	(Social Insurance Board)
2011	93.900	(Social Insurance Board)

C. i. Number of children entitled to payment of child allowance

	Children 0-15 y.o (annual average)	
--	---------------------------------------	--

2016	224 725	
2015	222 527	Statistics Estonia
2014	220 345	Statistics Estonia
2013	219 029	Statistics Estonia
2012	218 362	Statistics Estonia
2011	217 441	Statistics Estonia

ii. total value of family benefits per cent of the multiplication of the gross wage of a regular unskilled male worker by the children of all residents

	%
2016	7.74
2015	8.3
2014 <sup>1</sup>	5.04
2013	5.75
2012	6.09
2011	6.43

<sup>1</sup> According to gross wage presented in previously the percentage 5.52.

## PART VIII – MATERNITY BENEFIT

### **No significant changes (persons protected, contingencies covered) during the reporting period**

Insured persons are set out in Part III (sickness benefit) of the report.

Pursuant to subsection § 50 (1) of the Health Insurance Act, the benefit for temporary incapacity for work, including maternity benefit, is financial compensation paid by the Health Insurance Fund to an insured person on the basis of a certificate of incapacity for work in cases where the person does not receive income subject to individually registered social tax due to a temporary release from their duties or economic or professional activity.

Pursuant to subsection § 51 (2) of the Health Insurance Act, the insured event in respect of which maternity benefit is paid to an insured person is the pregnancy and maternity leave of the insured person and without pregnancy and maternity leave to the members of management or controlling bodies of legal persons and persons receiving remuneration and service fees based on contract under law of obligations, self-employed persons and a spouse participating in the operation of his/her undertaking. The basis for the calculation of maternity benefit is given in § 58 of the Health Insurance Act.

Maternal benefit will not be paid to persons covered by insurance on the grounds specified in clauses 5 (2) 3) (persons for whom social tax is paid by state, local authority or artistic association) and 6) (persons receiving an unemployment insurance benefit on the basis of the Unemployment Insurance Act) or subsection (4) (persons considered equal to insured persons) of the Health Insurance Act or to persons considered equal to insured persons on the basis of a contract. The aforementioned persons are entitled to receive all other health insurance benefits equal to the persons receiving maternal benefit.

All pregnant women living in Estonia have an individual right to medical care, this right is not related to the insurance status of their spouses. Pursuant to clause § 5 (4) 1) of the Health Insurance Act, pregnant women, whose pregnancy has been identified by a doctor or a midwife and for whom are ensured all the health insurance benefits, except benefits for temporary incapacity for work, including maternal benefit in case they are not working, are considered to be equal to insured persons.

Pursuant to § 29 of the Health Insurance Act, the Health Insurance Fund will pay for health services if the services are entered in the list of health services of the Health Insurance Fund and the provision thereof is therapeutically justified. Health Insurance Fund will pay for the services to the health service provider on the basis of a contract for financing medical treatment. The list includes, inter alia, monitoring of pregnancy, obstetrical care and gynaecological examinations and procedures and postnatal services.

Insured persons is not obliged to pay for health services. Pursuant to the Health Insurance Act, it is not allowed to charge from pregnant woman a visit fee upon provision of outpatient specialised medical care and home visit, and it is also not allowed to charge an in-patient fee upon provision of in-patient specialised medical care in connection with pregnancy or delivery.

Pursuant to § 59 of the Employment Contracts Act, a woman has the right to pregnancy and maternity leave of 140 calendar days. The leave becomes collectible at least 70 calendar days before the estimated date of birth determined by a doctor or midwife. If a woman starts using pregnancy and maternity leave less than 30 days before the estimated date of birth determined by a doctor or midwife, the pregnancy and maternity leave is shortened by the respective period. Pursuant to § 58 of the Health Insurance Act, pregnant woman has the right to receive maternity benefit on the basis of a certificate for maternity leave for 140 calendar days if her pregnancy and maternity leave commences at least 30 calendar days before the estimated date of delivery as determined by a doctor or midwife. The number of the days by which the pregnancy and maternity leave of the woman commences after the term of 30 calendar days will be deducted from the period for which the woman has the right to receive maternity benefit.

If a pregnant woman has been provided with work corresponding to her state of health or the conditions of service of a pregnant woman have been eased during her pregnancy, she will have the right to receive the maternity benefit for 140 calendar days if the pregnancy and maternity leave commences at least 70 calendar days before the estimated date of delivery as determined by a doctor or midwife. The number of the days by which the pregnancy and maternity leave of the woman commences after the term of 70 calendar days will be deducted from the period for which the woman has the right to receive maternity benefit.

A person specified in clauses 5 (2) 4) and 5) and in subsections (3) and (31) of the Health Insurance Act has the right to receive the maternity benefit for 140 calendar days on the basis of a certificate for maternity leave. The number of the days by which the certificate for maternity leave is issued later than the term of 30 calendar days will be deducted from the period for which the woman has the right to receive the maternity benefit.

Maternity benefit shall be calculated pursuant to § 55 of the Health Insurance Act (see Article 16). Health Insurance Fund shall pay maternal benefit as of the first day of release from employment, with the rate of benefit of 100% for one calendar day of the average income of one calendar day for up to 140 calendar days. Maternal benefit is taxable with income tax, income tax rate is 20%. No maximum limit of salary is established for the calculation of maternity benefit.

## PART VIII – UPDATED STATISTICAL INFORMATION

### Article 47

No changes.

### Article 48

The recourse is had to the sub-paragraph (b) of Article 48 of the Code

B. No changes.

C. Updated statistical information

a) In 2015, the number of Estonian female population aged 15–64 was 423,583 (Statistics Estonia);

b) In 2015, the total population of Estonia (annual average) was 1,314,608 (Statistics Estonia);

c) The number of covered persons amounted to 32.2% of the total population.

#### a) number of Estonian female population aged 15–64 (annual average)

2016	428 467	
2015	432 167	(Statistics Estonia)
2014	436 323	(Statistics Estonia)
2013	441 942	(Statistics Estonia)
2012	447 722	(Statistics Estonia)
2011	453 155	(Statistics Estonia)

#### b) total population of Estonia (annual average)

2016	1 315 635	
2015	1 314 608	(Statistics Estonia)
2014	1 314 545	(Statistics Estonia)
2013	1 317 997	(Statistics Estonia)
2012	1 322 696	(Statistics Estonia)
2011	1 327 439	(Statistics Estonia)

Notes (Statistics

Estonia):

Data for 2000-2013 recalculated on January 17,

2014. Corresponding changes made for years

2011 and 2012.

#### c) covered persons per cent of total population

	%
2016	32,6
2015	32.9
2014	33.2

2013	33.5
2012	33.8
2011	34.1

D. No changes.

#### *Article 49*

No changes.

#### *Article 50*

For the calculation of the in cash (maternity) benefit the recourse is had to the Article 65 of the Code

B. Updated statistical information Titles I and V, Article 65 of the Code

a. Maternity benefit is subject to income tax. In 2016, the income tax rate was 20% and the income tax exemption was 170 euros; in 2017, the income tax rate is 20% and the income tax exemption is 180 euros.

In 2016, the minimum wage was 430 euros per month in case of full-time work and accordingly the upper limit for the income taxable with social tax for sole proprietors was 6450 euros per month. As of January 1, 2017 the minimum monthly wage for full-time work is 470 euros per month and accordingly the upper limit for the income taxable with social tax for sole proprietors is 7050 euros per month.

b, c. In 2016, the pursuant to Article 65 (6) (c) were 1287.31 euros.

Gross earnings of a regular skilled male worker, euros

	Gross earnings of a regular skilled male worker, euros	
2016	1287.31	
2015	1211.32	(Social Insurance Board)
2014	1135.15	(Social Insurance Board)
2013	1062.06	(Social Insurance Board)
2012	990.94	(Social Insurance Board)
2011	930.91	(Social Insurance Board)

d. In 2016, the standard beneficiary's maternity benefit per month was:  
 $1,00 * 1287.31 = 1287.31$  euros.

Standard beneficiary's maternity benefit per month and maternity benefit gross replacement rate

	Standard beneficiary's maternity benefit per month, euros	maternity benefit gross replacement rate, %
2016	1287.31	
2015	1211.32	100
2014	1135.15	100
2013	1062.06	100
2012	990.94	100
2011	930.91	100

g. Standard beneficiary's maternity benefit gross replacement rate was:  
 $1287.31/1287.21 = 100$

*Article 51*

No changes.

*Article 52*

1. No changes.
2. No changes.
3. No changes.



## **PART IX – INVALIDITY BENEFIT**

### Work ability reform

On July 1, 2016, work ability reform, by which a new system of work ability support is created, was launched.

Under the old system (incapacity for work pension) a degree of permanent incapacity for work, expressed in percentages (10, 20...100%), was established. With at least 40% of permanent incapacity for work a person was eligible to incapacity for work pension and considered a pensioner.

Starting from July 1, 2016, notions of “partial work ability” and “no work ability” are used and no percentages are established any more. Under the new work ability system one’s work ability, not incapacity for work, is assessed. This assessment is done to determine what a person is able to do and on this basis a suitable job is identified together with a case manager from Unemployment Insurance Fund. “Partial work ability” means activity requirements for a person, to a person with “no work ability” no activity requirements are applied.

Reduced work ability decision is based on assessment on activity restrictions, not diagnosis, as the same diagnosis may pose very different restrictions on different persons.

### Eligible persons

All persons of at least 16. years age until pensionable age. Allowance is residence-based, no qualifying period is required.

### Work ability allowance

Work ability reform replaces incapacity for work pension with work ability allowance. The latter’s amount is not linked nor to a person’s previous income, neither employment record.

Work ability allowance daily rate (as of April 1, 2017) is 11,82 euros. The effective allowance amount is:

- 57% of daily rate in case of partial work ability – 6,74 euros a day or ca 202 euros a month;
- 100% of daily rate in case of no work ability – 11,82 euros a day or ca 355 euros a month.

Similarly to state pensions daily rate of work ability allowance is also indexed on yearly basis on April 1, which presumably raises the rate each year. Unlike state pensions work ability allowance is not taxed with income tax.

### Transition provisions from the old system to the new one

To those, whose pension for incapacity for work paid earlier was greater than the work ability allowance rate in force, the work ability allowance is paid in the same amount as the pension

received previously. On the condition that a person has incapacity for work being established for at least two years and that the reassessments is done by the date of re-examination indicated in the decision on the results of the medical examination for establishment of incapacity for work. In such a case work ability allowance is not indexed on yearly basis, but paid in fixed amount, until it equals with the amount paid to new persons entering the scheme.

Transition from the old system to the new system is done gradually. During the first stage (July 1, 2016 – December 31, 2016) the work ability was assessed only of those who have not been assessed as having incapacity for work in the last five years. Starting from January 1, 2017, work ability is assessed and the allowance is paid also to those, whose term of reassessment of permanent incapacity for work has approached.

All the incapacity for work pensioners will enter the new work ability system by 2020. With an exception for a small category of those who are assessed as permanently incapable for work with no re-assessment term given (termless) – this category will be receiving incapacity for work pension until reaching retirement age. Nevertheless, they can join the new system on voluntary basis.

#### Reduction of work ability allowance

Reduction of work ability allowance emanates from a principle that the allowance should be paid if a person is not able to provide for his living himself.

If a person's income (with partial work ability or no work ability) for the month preceding the month of allowance payment is higher than 90-fold allowance daily rate (1063,80 euros as of 1.04.2017), then allowance amount would be recalculated. In this case work ability allowance would be reduced by amount which is equal to the half of difference between a person's income and 90-fold daily rate. In other words, work ability allowance is reduced by 50 cents for each euro which exceeds the limit amount.

## PART IX – UPDATED STATISTICAL INFORMATION

### Article 56

The recourse is had to the Article 66 of the Code

A. The national pension rate is the minimum guarantee in determination of pension for incapacity for work. Starting with April 1, 2016, the national pension rate was 167,40 euros per month. Starting with April 1, 2017, the national pension rate is 175.94 euros per month.

B. In 2016, the old-age pension for a person with 30 years of pensionable service was 318,72 euros per month. In 2017, the old-age pension for a person with 30 years of pensionable service is 334,91 euros per month.

### *Titles I and II, Article 66*

a. For the selection of a regular unskilled male worker, see information under Article 28.

b. In 2016, the gross wage for a regular unskilled male worker was 907 euros and 56 cents and the net wage was 733 euros and 91 cents (see also information under Article 28). In 2015, the gross wage for a regular unskilled male worker was 787 euros and 39 cents and the net wage was 638 euros and 03 cents (see also information under Article 28).

c. At the end of 2016, the pension for incapacity for work for a standard beneficiary (a person totally incapacitated for work) was at least 318,72 euros. At the end of 2015, the pension for incapacity for work for a standard beneficiary (a person totally incapacitated for work) was at least 301.61 euros.

d, e. In 2016, the family benefit sum paid for a standard beneficiary with two children was 100 euros per month. Payment of family benefits is not related to the parents working or receiving other social security benefits, i.e. the same family benefit is paid both while working and during periods of incapacity for work. In 2015, the family benefit sum paid for a standard beneficiary with two children was 90 euros per month. Payment of family benefits is not related to the parents working or receiving other social security benefits, i.e. the same family benefit is paid both while working and during periods of incapacity for work.

f. In 2016, the standard beneficiary's pension for incapacity for work amounted to:

$(318,72 + 100 / (733,91 + 100) * 100 = 50.2\%$  of a regular unskilled male worker's net wage.

In 2015, the standard beneficiary's pension for incapacity for work amounted to:

$(301,61 + 90,00) / (638,03 + 90,00) * 100 = 53,8\%$  of a regular unskilled male worker's net wage.

a. Gross and net monthly wage of a regular unskilled male, euros

Gross and net monthly wage of a regular  
unskilled male worker, euros

	Gross wage	Net wage, euros	
2016	907.56	733.91	
2015	787.39	638.03	(Statistics Estonia)
2014 <sup>1</sup>	721.35	577.31	(Statistics Estonia)
2013	624.4	503.78	(Statistics Estonia)
2012	581.55	467.61	(Statistics Estonia)
2011	560	455	(Statistics Estonia)

Previously submitted data for year 2014: Gross and net monthly wage of a regular unskilled male 658.49 euros and 529.64 euros respectively.

b. Pension for incapacity for work for a standard beneficiary (a person totally incapacitated for work), euros

	euros	
2016	318.72	
2015	301.61	Social Insurance Board
2014	283.83	Social Insurance Board
2013	268.36	Social Insurance Board
2012	255.66	Social Insurance Board
2011	244.95	Social Insurance Board

d, e. Family benefits for a standard beneficiary with two children, euros

	euros	
2016	100	
2015	90	Social Insurance Board
2014	38.35	Social Insurance Board
2013	38.35	Social Insurance Board
2012	38.35	Social Insurance Board
2011	38.35	Social Insurance Board

Pension for incapacity for work for a standard beneficiary per cent of a regular unskilled male worker net monthly wage, %

	%
2016	50.2
2015	53.8
2014 <sup>1</sup>	52.3
2013	56.6
2012	58.1
2011	57.4

<sup>1</sup> Data for year 2014 was recalculated. Previously submitted per cent was 56,7.

### Article 57

The national pension for a person with total incapacity for work is 100 percent of national pension rate. Starting with April 1, 2016, the national pension rate was 167.40 euros per month and the national pension for a person with 40 percent incapacity for work was 66.96 euros per month. Starting with April 1, 2017, the national pension rate is 175,94 euros per month and the national pension for a person with 40 percent incapacity for work is 70.38 euros per month.

## **PART X – SURVIVOR’S BENEFIT**

### **Persons protected, and contingencies covered during the reporting period**

Contingency covered is death of provider. In this case, family members who were maintained by the provider have the right to receive survivor’s pension. It is important to point out that the right of the provider’s widow or widower to receive a survivor’s pension does not depend on whether they were maintained by the provider or not (during provider’s lifetime).

However, incapacity of widow or widower to maintain himself/herself is essential for determining eligibility for survivor’s pension.

Provider’s non-working widow who is pregnant (from the 12th week of pregnancy) has the right to receive a survivor’s pension.

Provider’s widow or widower, who has been established to have no work ability or who is of pensionable age, has also the right to receive a survivor’s pension.

### **Important changes:**

#### **Pensions’ export**

During the reporting period Estonia has made important amendments to the provisions of State Pension Insurance Act in order to expand protected persons’ pension rights. According to current national regulation in order to receive a pension a person has to live in Estonian. Outside Estonia pensions are paid only to EU, EFTA and other countries, covered with pension agreements. Amendments abolish the residence requirement thus expanding persons’ rights. Starting from January 1, 2018 all the old-age pensions and survivor’s pensions earned in Estonia will be exported all over the world.

## PART X – UPDATED STATISTICAL INFORMATION

### Article 62

A. The recourse is had to the Article 66 of the Code

Survivor's pension for a spouse with two children is equal or bigger (but no less) than old-age pension, available to a person with a pensionable period of 30 years. Starting from April 1, 2016 the old-age pension for a person with 30 years of pensionable service was 318,72 euros per month and starting from April 1, 2017 the old-age pension for a person with 30 years of pensionable service is 334,91 euros per month. Therefore, in 2016, the survivor's pension for a spouse with two children was at least 318,72 euros per month and starting with April 1, 2017 the survivor's pension for a spouse with two children is at least 334,91 euros per month. Starting from April 1, 2017 the survivor's pension amount is:

- for three family members 334,91 euros;
- for two family members 267.93 euros;
- for one family member 167.46 euros.

### Titles I and IV, Article 66

- a. For the selection of a regular unskilled male worker, see information under Article 28.
- b. In 2016, the gross wage for a regular unskilled male worker was 907.56 euros and the net wage was 733.91 euros (see also information under Article 28).
- c. In 2016, the survivor's pension for a standard beneficiary (spouse with two children) was 318,72 euros per month.
- d, e. In 2016, the family benefit sum paid for a standard beneficiary with two children was 100 euros per month. Payment of family benefits is not related to the parents working or receiving other social security benefits, i.e. the same family benefit is paid both while working and during periods of incapacity for work.
- f. In 2016, the survivor's pension for a standard beneficiary per cent of a regular unskilled male worker's net wage was:

$$(318,72 + 100) / (733,91 + 100) * 100 = 50,2\%$$

b) Gross and net monthly wage of a regular unskilled male, euros

	Gross wage	Net wage, euros	
2016	907,56	733,91	
2015	787.39	638.03	(Statistics Estonia)
2014 <sup>1</sup>	721.35	577.31	(Statistics Estonia)
2013	624.4	503.78	(Statistics Estonia)
2012	581.55	467.61	(Statistics Estonia)
2011	560	455	(Statistics Estonia)

<sup>1</sup> Previously submitted data for year 2014: Gross and net monthly wage of a regular unskilled male 658.49 euros and 529.64 euros respectively.

c) Survivor's pension for a standard beneficiary (with 2 children), euros

	euros	
2016	318,72	
2015	301.61	Social Insurance Board
2014	283.83	Social Insurance Board
2013	268.36	Social Insurance Board
2012	255.66	Social Insurance Board
2011	244.95	Social Insurance Board

d, e)

Family benefits for a standard beneficiary with two children, euros

	euros	
2016	100	
2015	90	Social Insurance Board
2014	38.35	Social Insurance Board
2013	38.35	Social Insurance Board
2012	38.35	Social Insurance Board
2011	38.35	Social Insurance Board

the survivor's pension for a standard beneficiary per cent of a regular unskilled male worker's net wage, %

	%
2016	50.2
2015	53.8
2014 <sup>1</sup>	52.3
2013	56.6
2012	58.1
2011	57.4

<sup>1</sup> Data for year 2014 is recalculated. Previously submitted percentage was 56,7.