

# Global View<sup>®</sup>

## Update on benefits issues around the world

### Buck News

#### Global Wellness survey now open

Buck Consultants' **WORKING WELL: A Global Survey of Health Promotion, Workplace Wellness, and Productivity Strategies** is designed to gain insight into how employers around the world implement and evaluate strategic wellness and health promotion initiatives to improve employee health and morale, control costs, and enhance workforce productivity and performance.

We invite you to participate in this survey if you are responsible for wellness or health promotion strategy at your company, either globally or at a regional level. This is our sixth Global Wellness survey and it is open to employers of every size, in all industries and regions of the world, and available in multiple languages. All survey participants will receive a complimentary copy of the published report.

Please [click here](#) to take the survey. For more information, email: [GlobalWellness@buckconsultants.com](mailto:GlobalWellness@buckconsultants.com)

#### Transfer of Buck's Belgian Business to Esofac

Buck's global go to market strategy is to work with highly qualified network partners that have a strong local presence and an impeccable reputation. This approach ensures that our clients get the best available resources, the most efficient delivery, and genuine local market expertise — through either a Buck office or an affiliate partner.

Following this strategy, Buck formed a strategic partnership with Esofac Belgium in 2011, where Esofac provided pension consulting services to Buck's clients, while Buck focused on delivering pension administration services. This partnership, with one of Belgium's leading actuarial and employee benefits advisory firms, was immediately well received by our clients.

We are pleased to announce that with effect from 1 November 2013 Esofac and Buck agreed to further promote our affiliation by transferring Buck's remaining Belgian pension administration business and Belgian

Buck employees to Esofac. The decision to transfer our Belgian team started with the knowledge that our clients would be better served by a unified team led by Esofac's recognized local experts and supported by the same people as they were at Buck.

#### Buck UK newsletter: Pensions News

Our Pensions News publication provides a comprehensive summary of recent and expected changes affecting pension provision in the UK.

#### In this issue:

Buck news	1
Dominican Republic	2
France	2
Italy	2
Japan	3
Latvia	3
Mexico	3
Papua New Guinea	4
Philippines	4
Portugal	4
Taiwan	5
Zambia	5

The December 2013 edition of Pensions News covers a number of key topics, including:

- Forthcoming legislative change
- State pension reform
- Recent Pensions Regulator guidance
- Recent Pension Protection Fund guidance

as well as other current UK pensions issues. [Click here](#) to read more.

### Buck affiliate HICA reports on Australia's 457 Visa health insurance requirements

Our Australian network partner, Health Insurance Consultants Australia (HICA), has recently prepared [an article](#) covering the health insurance requirements for workers coming to work in Australia with a 457 visa. The 457 visa allows skilled workers that are sponsored by an approved business to come to Australia and work for up to four years.

## Dominican Republic

### Regulation - Pensions

CNSS Resolution 317-04 of 23 May 2013 provided for the payment of pensions earned or repayment of contributions made in the Dominican Republic to such persons in their country of origin if it is one with a reciprocal agreement (currently only Spain), while those living in other countries remain subject to Law No 87-01.

## Social Security - Contributions

After negotiation between government and labour leaders the minimum monthly wage base on which social security and healthcare contributions are calculated was increased from 1 June 2013 by 14% to DOP 8,645 (USD 212). The last change dated from mid-2011, but the figure will be reviewed in 2014 depending on the state of the economy.

## France

### Legislation - Unemployment and Healthcare

Law No 2013-504 (Loi No 2013-504 du 14 juin 2013 relative a la securitisation de l'emploi) was passed on 14 June 2013. Under the provisions of the law, from 1 July 2013, employers' contributions to unemployment insurance are higher for fixed-term employment contracts. Also employers are required to put in place extended health insurance coverage for their employees (with a health insurer of their choice, instead of a designated insurer as proposed in the draft bill published in April 2013) by 1 January 2016 at the latest.

### Projected Legislation - Social Security

- In August 2013 pension reforms were announced that would see the contributions due from employers and employees increased in stages by a total of 0.3% and the number of years' contributions for entitlement to a full pension increased from 41.5 to 43.0.

Together with a change in the date of indexation of pensions, the measures are expected to help reduce the social security deficit. The reforms were presented to parliament in October.

- In October 2013 the draft bill *Projet de Loi de financement de la securite sociale pour 2014 (PLFSS2014)* was published. Included in the bill were measures designed to reduce the cost of social security healthcare, the main one being limiting the increase in total expenditure to 2.4%.

## Italy

### Social Security - Contributions - Short-term Sickness

In 2013, employer contributions for short-term sickness benefits were:

- Industrial employers - 2.22% of pensionable salaries in respect of non-clerical employees and no employer contribution in respect of clerical and executive employees
- Commercial employers - 2.44% of pensionable salaries in respect of non-clerical and clerical employees and no employer contribution in respect of executive employees
- Financial employers - 2.55% of pensionable salaries in respect of non-clerical employees and no employer contribution in respect of clerical and executive employees

## Social Security - Parental Leave

From 2013 to 2015 male employees must take an obligatory day of paternity leave within five months of childbirth; an employer-provided paternity benefit is payable equal to 100% of salary. A further two days' paternity leave may be taken in lieu of two days of the mother's maternity leave; this period is compensated by the National Institute for Social Security (Istituto Nazionale Previdenza Sociale - INPS) whilst the benefit payable is 100% of salary.

Employer contributions for maternity benefits in 2013 were as follows:

- Industrial employers - 0.46% of pensionable salaries for non-clerical, clerical and executive employees
- Commercial employers - 0.24% of pensionable salaries for non-clerical, clerical and executive employees
- Financial employers - 0.46% of pensionable salaries for non-clerical, clerical and executive employees

## Social Security - Retirement Age

The linking of retirement ages to life expectancy began in 2013, instead of 2014 as originally planned.

From 1 January 2013, in accordance with the provisions of Legislative Decree No 67 of 21 April 2011 which introduced new rules concerning early retirement for people in physically or psychologically stressful occupations, workers have had to be at least 58 years, and the sum of the worker's age and years of social security contributions at least 94.

## Japan

### Projected Legislation - Pensions

Proposed pension legislation for fiscal year 2014 include removing the cap on defined contribution (DC) plan contributions and abolishing the special corporate tax on pension reserves (this tax was suspended in 1999 but the suspension is due to lapse at the end of fiscal year 2013; it affects both defined benefit and defined contribution funds and, if allowed to be reinstated when its suspension lapses, would tax the reserves at a rate of 1.173%). Market sources also suggested that pension funds could be given special tax breaks for buying equities.

### Legislation - Social Security and Pensions

The long-awaited bill to terminate employee pension funds (EPFs) was passed by the Diet in June 2013 and will become effective from April 2014. Unsound EPFs will have five years to dissolve and return the minimum reserve value in respect of the contracted-out portion to the government funds. Dissolved EPFs with assets less than the minimum will require additional funding from the sponsoring employer to make up the shortfall. EPFs with assets exceeding the minimum reserve will be allowed to continue subject to either of the following annual assets test (which will begin five years after implementation of the new law ie in 2019):

- Assets must be equal to or above 1.5 times the minimum reserve, or

- Assets must be equal to or above liabilities on a non-continuing basis.

EPFs that fail the annual assets test will be dissolved.

Regulations are expected that would, among other things, encourage employers with sound funds to convert to different types of pension plans.

## Latvia

### Pensions - Contributions

In 2013 the pension insurance contribution has increased from 2% to 4%. Contributions will be increased to 5% in 2015 and to 6% in 2016.

## Mexico

### Projected Legislation - Social Security

In July 2013 plans for a new universal retirement scheme were being considered by the National Retirement Savings Commission (Comision Nacional del Sistema de Ahorro para el Retiro - CONSAR). The initiative forms part of various reforms featured in the cross-party agreement, the Pact for Mexico (Pacto por Mexico). Other key areas to be addressed include reforms to the social security system and improved access to health services.

The tax reform package for 2014 contains proposals for a new universal pension law (Ley de la Pension Universal). In November 2013, the proposals were still under discussion.

## Papua New Guinea

### Legislation - Pensions

It is reported by the Supervisory Department that delayed amending legislation in the form of the Superannuation Amendment Act 2010 was passed by parliament in July 2013.

This legislation brought about the following changes to pre-existing superannuation legislation:

- The minimum employee number requirement for mandatory contribution to a licensed superannuation fund was reduced from 15 to 10 employees.
- Expatriates are henceforth permitted to become members of superannuation funds on a voluntary basis.
- Decision-making powers in respect of investment are henceforth vested in the trustees of the superannuation funds and no longer in the investment manager (as was the case previously).

## Philippines

### Projected Legislation - Social Security

In September 2013 it was reported that a bill presented to the Senate would mandate a 14th-month pay each year. The current 13th-month pay would be moved from December to June (no later than 14 June) and the new 14th-month pay would be payable before 24 December each year. The 13th and 14th month salary payments are based on the total basic earnings of the employee during the year in question, which could lead

to employers having to recoup overpaid June payments from employees whose employment is terminated between June and December of that year.

### Regulation - Social Security

- Under Circular No 2013 - 010 issued by the Social Security System (SSS) in October 2013 the total contribution in respect of SSS benefits will increase from 10.4% to 11% from January 2014 (the 0.6% increase will be split equally between the employer and the employee). The maximum monthly salary credit will be PHP 16,000 (up from PHP 15,000), related to the salary bracket of PHP 15,750 (up from PHP 14,750) and above.
- The SSS suspended the implementation of guidelines allowing people aged 65 and over to continue contributing to the SSS in order to qualify for a retirement monthly pension. The guidelines had been issued in early 2013 in response to Resolution No 979-s-2012, which came into force from 1 April 2013 and allowed existing members aged 65 and over to apply to continue their contributions if they did not have the minimum 120 monthly contributions required for a monthly pension. The SSS stated its intention to reconsider the issue but that the suspension was to protect the fund.

## Portugal

### Legislation - Social Security

- Ordinance (Portaria) No 97/2013 of 4 March 2013 modified Ordinance (Portaria) No 3-A/2013 of 4 January

2013 introducing an initiative to encourage employers to hire older workers. Under the ruling, social security contributions will be refunded by up to 100% for new employees aged 45 or over and registered with an employment centre for a minimum of six consecutive months. The exact level of rebate is determined by the type of employment contract and is subject to a monthly ceiling.

- In March 2013 a new social security agreement (SSA) was signed between Portugal and India. The key benefits of the SSA include an exemption of social security contributions for employees whilst in the host country, the sum of contribution periods made in each country for the calculation of benefits, and the export of certain social security benefits to other countries.

### Projected Legislation - Social Security

In May 2013 the government announced a series of social security reforms designed to facilitate compliance with the conditions of the country's bailout package. Included in the measures are proposals to raise the normal retirement age to 66, the removal of subsidy schemes for length of service and a review of the sustainability factor used for calculation of future pensions. Other reforms will target the public sector and include increases to health contributions.

## Taiwan

### Projected Legislation - Social Security

After six months of planning on 25 April 2013 Taiwan's Executive Yuan approved social security pension reforms aimed at addressing future fund solvency before it became an urgent issue. Inter alia, the draft legislation proposes to reduce the pension benefit by lowering the rate of payment from 1.55% to 1.3% in respect of average monthly earnings over TWD 30,000 (USD 1,031) and by using an average monthly insurance salary based on the highest 144 months of income, instead of the current highest 60 months. It is also proposed that the contribution rate increases by 0.5% each year from the current 8% until it reaches 12% in 2021, with the possibility to continue the increases to 18.5% after 2021 if necessary.

## Zambia

### Social Security - Healthcare

A social health insurance scheme has been proposed with a potential implementation date of 2015. The intention is to phase in the scheme incrementally, with public servants being the first mandatory members, followed by private sector employees. Those working in the informal sector will be the last to join, with membership available on a voluntary basis initially. The scheme, it is envisaged, will be administered by a quasi-government agency. The agency would be responsible for enrolment of new members, accrediting health service providers and processing claims. Funding, it is anticipated, will be via payroll deductions, possibly 5% of salary shared by the employer and employee, direct contributions from the informal sector through an annual premium, and general government revenue.

### Contact us

Buck Consultants  
353 Sacramento Street, Suite 800  
San Francisco, CA 94111

+1 415.617.3928  
jill.neilson@buckconsultants.com  
www.buckconsultants.com



Content provided by Axco Insurance Information Services.  
www.axcoinfo.com

The information provided by Axco is compiled from sources which Axco considers to be reliable and accurate. However, whilst Axco has endeavoured to ensure the accuracy of this information, it is provided 'as is' and should not be used or relied upon without taking appropriate professional and legal advice. Axco expressly disclaims all warranties, express or implied, relating to the information or any results obtained from its use including without limitation (1) any warranties as to its accuracy, completeness, and/or non-infringement of third party rights, and (2) any warranties of reasonable care, merchantability or fitness for a particular purpose. Axco shall have no liability for any results obtained by using or otherwise relying on the information.

This newsletter and the information herein is provided by Buck 'as is' and should not be used or relied upon without taking appropriate professional and legal advice. Buck expressly disclaims all warranties, express or implied, relating to the information or any results obtained from its use including without limitation (1) any warranties as to its accuracy, completeness, and/or non-infringement of third party rights, and (2) any warranties of reasonable care, merchantability or fitness for a particular purpose. Buck shall have no liability for any results obtained by using or otherwise relying on the information.