

CYPRUS - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The retirement age is 65 for men and women and age 63 for miners. Early retirement is available from age 63 (age 58 for miners) if sufficient contributions have been paid. The state pension is 60% of average basic covered earnings plus 1.5% of covered earnings in excess of basic covered earnings. The basic pension increased by supplements for dependants. Basic covered earnings are EUR 162.22 a week and maximum covered earnings are EUR 973 a week. The minimum state pension is 85% of the basic pension. The state also provides disability and survivors' pensions. Medical care is provided from Government Medical Institutions, subject to co-payments by patients. Medical care is provided free to public sector employees and low income families. There are plans to introduce a national health system.
Typical New Pension Plan	Pensions can be provided from pension funds or provident schemes. Private sector employees tend to be provided with benefits from defined contribution provident schemes that provide a lump sum on retirement. Many employees have the option to retire at age 63. Employers may provide life, personal accident and health insurance.
Typical Costs	Employers and employees both contribute 6.8% of earnings up to EUR 4,004 a month for state benefits (2010). The contribution rate is due to increase by 0.5% every five years until 2039. Employers contribute an additional 2% to a social cohesion fund.
Tax Implications	There is no tax relief on employer contributions. Employee contributions are exempt from tax within an allowance of one-sixth of annual income for life assurance, social insurance and pension contributions. Pensions are taxable.
Labour Law Issues	New pension plan regulations were introduced in 2010 which require plans to take professional advice and follow investment guidelines. The regulations apply to plans with more than 100 employees. Members are allowed to borrow from plans against their pension entitlement and to withdraw funds if they change employers. Pension plans typically provide for employer contributions to vest after 5 years' service.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	EU/EEA rules apply. International Financial Reporting Standards are required for all companies.
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