



Panama – an overview of employee benefits

State and Mandatory Benefits	From 2008, the normal retirement age is 60 for men and 55 for women. From January 2008, new employees are covered by a system of individual accounts. Employees who were first employed in 2006 or 2007 had the option to join. Older employees are provided with a state retirement pension of 60% of average base monthly earnings in the best seven years plus 1.25% for each 12 months over 180 months. The minimum pension is 175 PAB a month; the maximum is 1,500 PAB a month after 25 years. The state also provides survivors' pensions, disability pensions and medical care.
Typical New Private Plan	Most employers provide a lump sum benefit of one to three times earnings and private medical insurance for higher paid employees.
Typical Costs	For state benefits, employers contribute 11.5% of total earnings (increasing to 12.25% from 2013) and employees contribute 7.25% (increasing to 9.75% from 2013).
Tax Implications	Contributions to state benefits and insured benefits are deductible for both employers and employees.
Labour Law Issues	Employees are entitled to severance payments on termination without just cause.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	International Financial Reporting Standards apply in both consolidated and separate company statements for both listed and unlisted companies.
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