

GREECE - AN OVERVIEW OF EMPLOYEE BENEFITS

<p>State and Mandatory Benefits</p>	<p>The main system for private sector employees is IKA (the Social Security Institute). The normal retirement age is 65 for men and 60 for women. A full retirement pension is paid after 40 years of contributions. From 2011, the pension is made up of a basic pension of EUR 360 a month plus a supplementary pension, based on career average earnings. The supplementary pension is from 0.8% for the first year up to 1.5% for the 40th year. The social security system also provides survivors' and disability pensions and medical care. Basic medical care is available free of charge from IKA hospitals with charges for higher levels of care.</p> <p>Before the current reforms, there were some 130 different social security systems, including special systems for agricultural workers, public-sector employees, and other professions and trades. Each system had different retirement ages and contribution rates. Under a law in 2010, the system is being reformed between 2011 and 2018 to introduce a number of changes: unifying the systems for all employees; equalising and increasing retirement ages; discouraging early retirement through financial penalties; increasing the contribution periods required for a full pension; and changing the calculation of the supplementary pension to career average earnings with reduced accrual rates. Further reforms in 2012 are intended to protect the long-term sustainability of the system through the introduction of a sustainability factor to provide a link between contributions and benefits.</p>
<p>Typical New Pension Plan</p>	<p>Historically, Greece has offered the most generous pension system in the EU, with a pension of 90% to 110% of final earnings for some employees. Medical insurance is the most common benefit. Larger employers may also provide life assurance, disability and insured retirement benefits. Some employers give employees the option to make voluntary contributions to provide defined contribution retirement benefits. A law was introduced in 2002 to make provision for private pension funds, but few funds have been set up.</p>
<p>Typical Costs</p>	<p>For retirement, survivors' and disability benefits employers pay 13.33% of covered monthly payroll and employees pay 6.67% of covered monthly earnings, with higher contributions for employees in arduous work. The earnings ceiling for contributions is EUR 5,543.55 a month. Employers and employees also pay contributions for sickness and unemployment benefits, medical care and family allowances, bringing the combined total up to around 29% for employers and 16% for employees. Employees do not usually contribute to private pension plans but may be required to contribute towards medical insurance.</p>
<p>Tax Implications</p>	<p>Employer and employee contributions to private plans are tax deductible up to certain limits. Insured lump sum benefits are tax free. Pensions are taxed as income.</p>
<p>Labour Law Issues</p>	<p>Employers must provide a severance payment on retirement of 40% to 50% of up to 24 months' pay, depending on the length of service. The first EUR 20,000 is tax free. Salaries and pensions are paid 14 times a year, including Christmas and Easter bonuses</p>
<p>Pooling Potential</p>	<p>Insured benefits can be included in multinational pooling arrangements.</p>
<p>International Financial Reporting</p>	<p>EU/EEA rules apply. For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, IFRSs are permitted in consolidated and separate statements.</p>
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