



Portugal – an overview of employee benefits

State and Mandatory Benefits	Normal retirement age is 65. Early retirement is possible in some circumstances from age 55. The state retirement pension ranges from 2.0% to 2.3% of the average of the best 10 years revalued earnings for each year of contributions. From 2008, the pension calculation also includes an adjustment to reflect increases in average life expectancy. From 2017, the calculation base is being changed to average adjusted lifetime earnings. The state also provides lump sum death benefits, survivors' pensions, disability pensions and limited medical care.
Typical New Private Plan	Company pension plans are not common but multinational employers may provide defined contribution retirement benefits. Employees have the option of making voluntary contributions of 2%, 4% or 6% to a unit-based fund, managed by the state fund management institution (IGFCSS), to provide a lump sum or annuity at retirement. Employers typically provide lump sum death and disability benefits. Most employers provide private medical insurance.
Typical Costs	Employers contribute 23.75% of total earnings for state benefits and employees contribute 11.0%. Employers typically contribute 1% to 3% to defined contribution pension plans, with voluntary employee contributions.
Tax Implications	Employer contributions are tax deductible up to 15% of earnings and not taxable to employees. For life insurance, 25% of employee contributions are tax deductible up to a maximum of EUR 60 a year. For private medical insurance, 30% of employee contributions are tax deductible up to EUR 80 a year. For savings plans, 20% of employee contributions are tax deductible up to EUR 350 a year. Lump sum benefits on death or disability are tax free. Lump sum benefits on retirement are taxed at 8%. Pensions are taxed as income on the amount over EUR 11,704.70 a year.
Labour Law Issues	Pension plans must provide vested rights in order for contributions to qualify for tax relief.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	For listed companies, International Financial Reporting Standards apply in both consolidated and separate company statements. For unlisted companies, International Financial Reporting Standards are usually permitted in both consolidated and separate company statements.
Local IBN Contact	Median - Corretores de Seguros, S.A. Avenida Julio Dinis, 6 – 3º.Esqº. 1050-131 Lisbon Portugal Contact: João Almeida-Santos Phone: +351 217 990 850 E-mail: joao.as@median.pt Web site: www.median.pt