

## SAUDI ARABIA – AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	<p>Retirement age is 60 for men and 55 for women. The state system covers Saudi employees in the public and private sectors, excluding agricultural workers, domestic servants and foreign workers. The state retirement pension is 2.5% of average monthly earnings in the last two year for each year of contributions, up to a maximum of 100%. The minimum pension is SAR 1,725 a month. In addition, the state provides disability and survivors' pensions.</p> <p>Medical insurance is compulsory to all residents of the Kingdom regardless of their nationality. It covers employees and their families, with a minimum cover limit of SAR 250,000. The minimum benefits must include out-patient treatment (with a 20% co-insurance, up to SAR 100 per visit), physicians' fees, hospital accommodation, dental and optical treatment, and a repatriation benefit for expatriate employees who die or suffer permanent total disability as a result of a work-related accident.</p>
Typical New Pension Plan	Expatriate employees would typically be provided with offshore pension arrangements, lump sum death benefits and medical insurance. International employers may provide benefit plans for local nationals.
Typical Costs	For state benefits, both employers and employees pay 9% of earnings up to SAR 45,000 a month. For medical insurance, the employer is bound by law to pay the medical premium.
Tax Implications	Saudi nationals and expatriate employees are not subject to tax on employment income. There are no inheritance taxes.
Labour Law Issues	A severance payment is due on the termination of service without just cause.
Pooling Potential	Insured benefits cannot be included in multinational pooling arrangements under local laws.
International Financial Reporting	The use of International Financial Reporting Standards is not permitted.
Local IBN Contact	<p>Associated Insurance Consultants P.O. Box: 35049 Abu Dhabi United Arab Emirates</p> <p>Contact: Tatiana Akl Tel: +961 4 711327 Email: <a href="mailto:t.akl@ins-aic.com">t.akl@ins-aic.com</a> Web site: <a href="http://www.ins-aic.com">www.ins-aic.com</a></p> <p>Other locations: Lebanon, Syria, Jordan, Oman, Qatar, Kuwait, Bahrain, Egypt, Algeria, Iraq and the United Arab Emirates.</p>