

TURKEY - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	Normal retirement age is 60 for men and 58 for women and is planned to increase in stages from 2035 to age 65 for both men and women. From 2008, the state retirement pension is 2.6% of average revalued earnings multiplied by years of coverage. The accrual rate is reducing to 2.0% in 2016. The state also provides survivors' pensions, disability pensions and limited medical care. There are plans to introduce universal health insurance.
Typical New Pension Plan	Defined contribution plans provide lump sums or annuities at retirement, but not before age 56. Lump sum death, accident and disability benefits may also be provided. Many employers provide private medical insurance.
Typical Costs	Employers contribute between 21.5% and 27.0% of earnings up to TRY 4,504.50 a month for state benefits. Depending on their risk classification for workmen's compensation; employees contribute 15%. Employer and employee contributions to private plans are typically 3% to 5% of basic pay. Many employers meet the full cost of private medical insurance.
Tax Implications	Employer and employee contributions for state benefits are tax deductible. Employer and employee contributions to private plans are tax deductible up to 10% of earnings for individual pensions and 5% for life and medical insurance, up to the minimum wage. Lump sum benefits are partly taxed. Pensions are tax free. Mandatory severance pay is tax free; additional severance pay is taxed as income.
Labour Law Issues	Severance pay of one month's earnings per year of service is due on retirement, death, redundancy, military service (for men) or marriage (for women), with an upper limit of TRY 2,365.16. Employer contribution to pension plans must vest within five years.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	Listed companies are permitted to follow International Financial Reporting Standards.
Local IBN Contacts	Gündüz Tezel, CEO, gtezel@brokers-house.com Mrs Yeşim Tanir, Life & Health Department, ytanir@brokers-house.com BH Sigorta ve Reasürans Brokerliği A.Ş., Kuleli Cd. Hasanpaşa Setti, Çıkmazı Aşağı Sok. No:4/1, 34680 Çengelköy-Üsküdar, İstanbul, Turkey. Tel: +90 216 401 29 29 Pbx Web site: www.brokers-house.com