



SCREENING CHAPTER 19 SOCIAL POLICY AND EMPLOYMENT

AGENDA ITEM : SOCIAL PROTECTION

**Country Session: The Republic of TURKEY
22 March 2006**



RELATED LAWS

CONTRIBUTORY SYSTEM

- **Constitution;**
- **Social Insurance Law (for workers);**
- **Social Insurance Law For Agricultural Employees;**
- **Social Insurance Law (for craftsman, artisans and other self-employed);**
- **Social Insurance Law (for self-employed at agricultural sector);**
- **Law on Pension Fund (for civil servants);**
- **Law on Unemployment Insurance (for the unemployed workers).**



NON-CONTRIBUTORY SYSTEM

- **Law on Social Assistance and Solidarity Fund;**
- **Law on payment of salaries to the old aged (65 years old and over) and people with disabilities, homeless;**
- **Law on General Directorate for Social Services and Child Protection;**
- **Law on Green Card for the citizens who are incapable to pay for Health Care Services.**



ORGANIZATIONS

UNDER CONTRIBUTORY SYSTEM

- **Pension Fund** (ES-For Civil Servants)
- **Social Insurance Institution (SSK)** (Workers and Agricultural Workers working with contracts)
- **Bag-Kur** (For self-employed and farmers)
- **ISKUR** (Unemployment Insurance)
- **Funds** (for personnel of the banks, insurance and reinsurance companies, trade and industrial chambers, exchange markets and their unions under the Social Insurance Law for workers)



Organizations Providing Social Assistance

Social Assistance; in kind (fuel, food, clothes, educational needs etc) and cash benefits.

- General Directorate of Social Assistance and Solidarity (SYDGM) (Conditional cash transfer, health and educational material assistance, project supports)
- General Directorate for Social Services and Child Protection (SHCEK) (in kind and cash benefits to poor people)
- Ministry of Health (Green Card)
- Pension Fund (educational material assistance to disabled children, payment to elderly and disabled etc)
- General Directorate for Foundations (Payment to those in need, orphans and disabled and charitable services)
- Municipalities (fuel, food, clothes, educational needs etc)
- NGOs (various assistance in cash and kind)



Organizations Providing Social Service

Social services; protection and care, cure, rehabilitation, consultancy and bringing-up services etc.

- **SHCEK** (orphanages for children and the youth, nursing homes for the old-aged , rehabilitation centers, woman protection homes, child care centers)
- **General Directorate for Foundations** (Hostels for poor students)
- **Some municipalities** (nursing homes for the old-aged , centers for children and the youth, centers for the disabled)
- **Associations and Foundations** (nursing homes for the old-aged , rehabilitation centers, centers for children and the youth)
- **Pension Fund, SSK** (nursing homes for the old-aged)



STATISTICAL DATA FOR CONTRIBUTORY SYSTEM

End of 2005;

- 40 829 110 people in SSK,
- 16 036 392 people in Bag-Kur,
- 9 283 886 people in ES
- 308 282 people in Fund

66 457 670 are insured, pensioners or their dependents.

- The ratio of active insured to pensioners is 1.81
- Dependency ratio: 3.97
- a sum of 91.2 % of the population is under the coverage of social insurance institutions.



Social Services and Social Assistance in Numbers

- Pension Fund

- pays monthly income to 65 and older, also disabled person in need, who are not covered by social insurance institutions (940 000 old aged and 350 000 disabled)

- SHCEK

- provides care and protection services for 20 000 children in 205 orphanages
- offers 1 400 of the children, who reach 18 years of age, a job in the public sector each year.
- serves for 42 000 children living on the streets in 42 children and youth centers.
- pays an average of 103 Euros for 16 000 people in need per month.

- SYDGM

- periodic benefits, health assistance, educational material and fuel assistance and project supports
- organized in cities and districts as 931 foundations
- is working on a database including poverty



Social Services and Social Assistance in Numbers (cont.)

Others

- 66 nursing homes provide services for the elderly
- 65 public care and rehabilitation centres serve for 5 000 disabled people
- 511 private rehabilitation centres serve to 30 000 disabled people
- 5 000 abused women and 4 000 children benefited from sheltered house service, 1 000 women found a job



Social Services and Social Assistance in Numbers (cont.)

Others

- 61 society centers in slum areas provide education and rehabilitation services to women and children
- General Directorate for Foundations paid an average of 137 Euros to 2 500 disabled, poor and orphan in 2005
- 94 alms house provide 80 000 people with meals annually. Approximately 5 000 people get food assistance
- 47 000 people are served a time of meal in a day at their homes



SCREENING CHAPTER 19
SOCIAL POLICY AND EMPLOYMENT
AGENDA ITEM: SOCIAL PROTECTION



Regimes and the Insurance Branches

Insurance Branch	506 SSK Workers	2925 SSK Agricultural Workers	1479 Bag-Kur Self-Employed	2926 Bag-Kur Farmers	5434 Pension Fund Civil Servants
Old Age	+	+	+	+	+
Invalidity	+	+	+	+	+
Death	+	+	+	+	+
Work Accidents - Occupational Diseases	+	*	*	*	No reduction from salary
Maternity	+	**	**	**	** No reduction from salary
Health Care	+	+	+	+	+
Sickness – Cash Benefits	+				No reduction from salary
Unemployment	+				
Family Benefits	Civil Servants and workers registered in a trade union get some payments from non-contributory system				

* There is no payment for temporary incapacity.

** Health care expenditures are paid through health care system



The Status of Social Security Services and the Service Users

Old Age Pension;

- After 1999 Reform, the qualifying age for old age pension is on increase and it will become 58 for women and 60 for men gradually.
- There are special conditions that should be satisfied for the entitlement to a pension depending on different social security institutions.
- As of 2005 number of old age pensioners;
 - 2 998 054 in SSK
 - 1 061 509 in Pension Fund
 - 982 803 in Bag-Kur

5 042 336 Total

3 % of the pensioners from agricultural sector.



Invalidity Pension;

- The insured should prove that s/he has lost a certain amount of working capacity as stipulated in relative acts and must have required premium days within a certain period.

Invalidity pensioner;

- 62 700 in SSK,
- 16 877 in Bag-Kur
- 22 116 in Pension Fund.

101 703 Total

Death Pension;

- For the survivors to entitle a death pension, the insured must have required premium days within a certain period.

Number of survivors;

- 1 051 052 in SSK
- 620 379 in Bag-Kur
- 441 408 in Pension Fund

2 884 270 Total



Work Accident– Occupational Disease Insurance

SSK

- **Permanent incapacity income; 53 844 pensioners,**
- **Death income; 73 428 pensioners**

Pension Fund

- 10 006 pensioners

137 278 Total



Draft Law on Social Security Reform

consists of **4 main components** that complement each other;

- **The first** component is the setting up of a **single retirement insurance for all employees, employers, self-employed and civil servants** other than health.
- **The second** is the creation of a **General Health Insurance** for all population.



Draft Law on Social Security Reform (cont.)

- **The third** is the **gathering of social benefits and services that are currently being carried out in a dispersed manner** and establishment of a system where they are based on objective benefit criteria and can be reached by all groups who are in need.
- **The fourth** component is the creation of **a new institutional structure**, which will provide the opportunity to present services regarding to the three essential functions mentioned above.

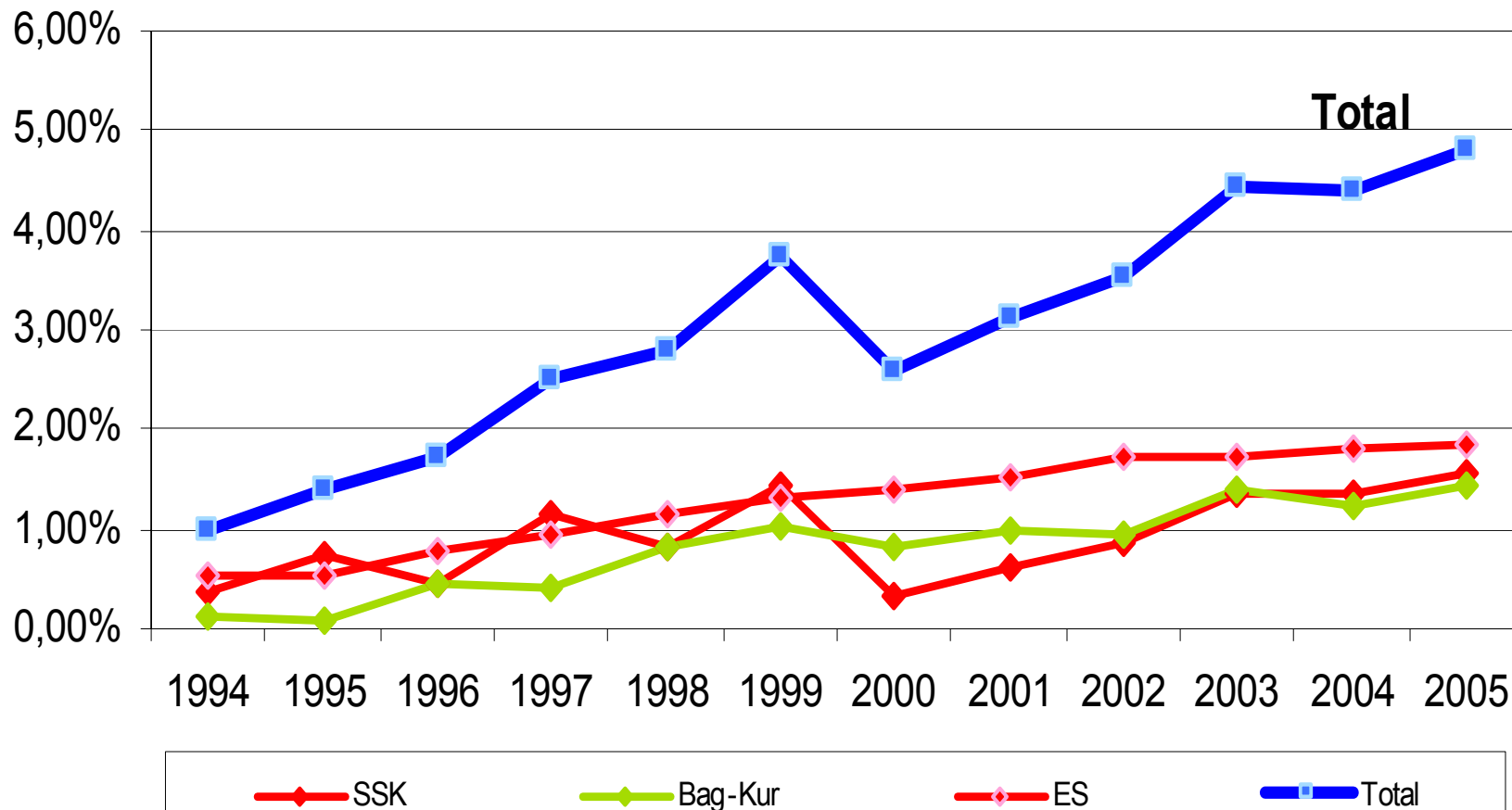


Main Goals of the Reform;

- To create a system in which “**Not the citizens but the information**” will run among the institutions
- To create a **sustainable social security system** and achieve social solidarity,
- To establish a **General Health Insurance** to cover whole population,
- To develop the **technological infrastructure** and to strengthen the inspection capacity,
- **To improve the local organizations** and to increase the citizen access to the system.

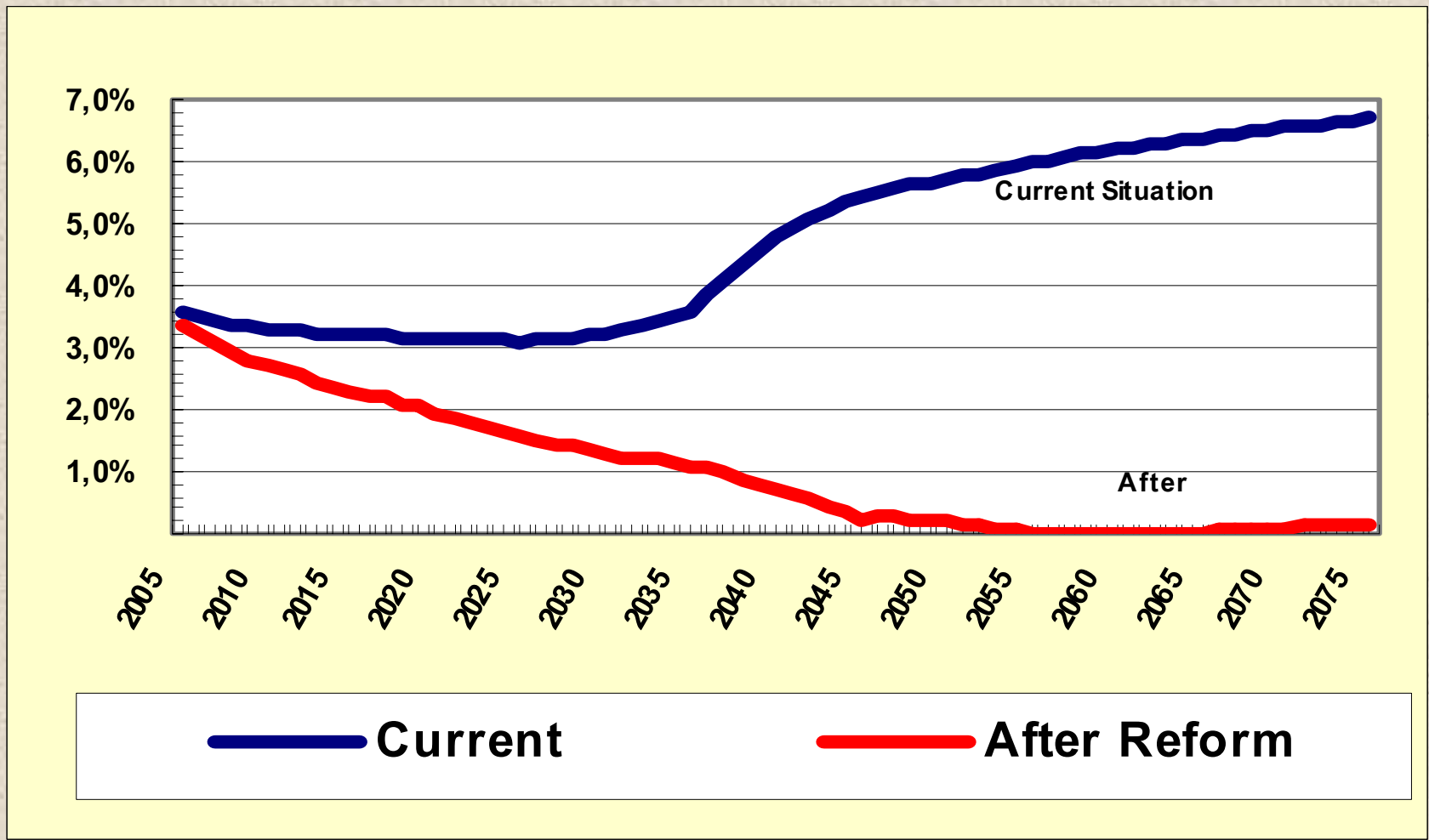


Financial Deficits of Current Social Security Institutions (GNP %)



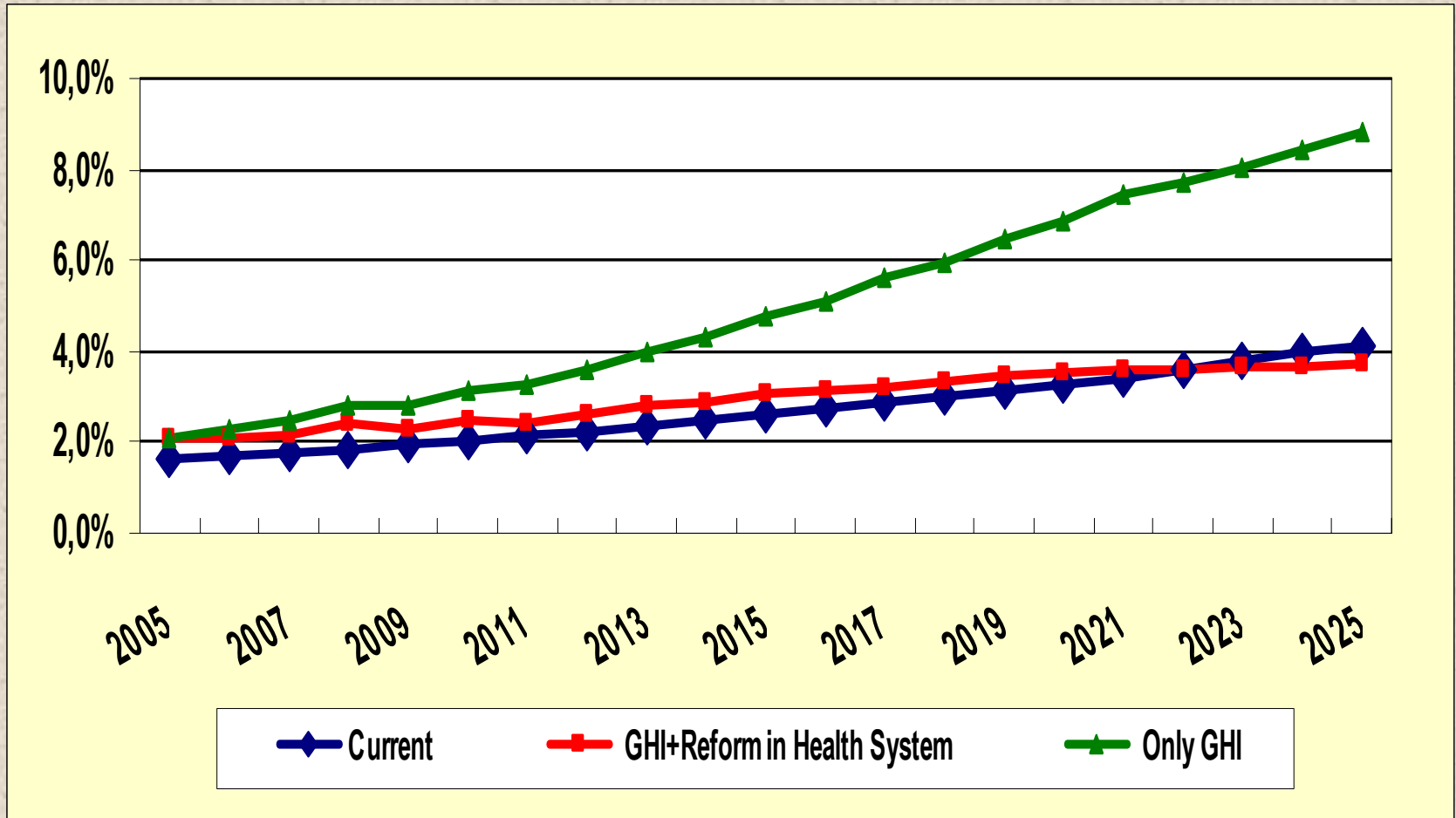


The Deficit Projection of the Pension System (GNP %)



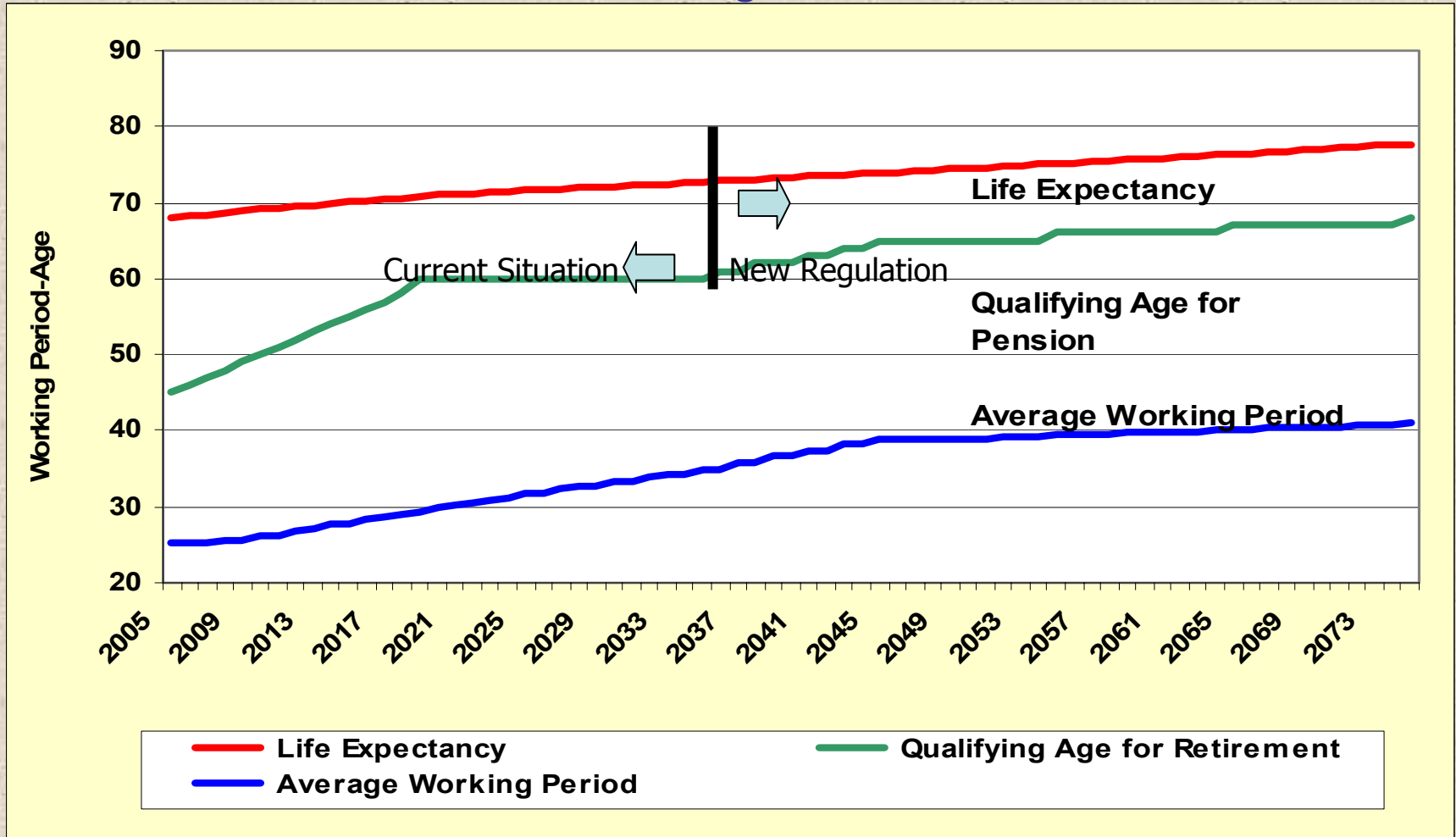


The Projection for public health expenditure (GNP %)





Life Expectancy, Increase in Pension Qualifying Age, Increase in Working Period



The Goals of New Social Insurance Regime

- To establish a **regime in which all employees will be equal in benefits-liabilities**
- To take **on-time measures against the ageing of the society**
- Not to create more liability on employment
- To redefine the statutory and voluntary insurance regimes in line with the realities of the society
- To **simplify** the system and reduce the bureaucracy



The Goals of General Health Insurance Regime

- **Equal coverage and quality** of the health insurance for all citizens,
- To attain a health insurance system with principles of **statutory joining**, income based premium and **service according to needs**,
- The payment of health insurance **premium of poor people on behalf of them by the state** with the resources allocated for social assistance,
- To support **protective health programmes**,
- To set up a system endowed with contemporary inspection/control systems to **prevent abuses**.



The objective of establishing a single social security institution; citizen satisfaction

- The least bureaucracy
- Not the citizens but the information run between institutions
- Fast and local service provision
- An increase of trust in the system as a result of transparency and certainty

management skills

- On time and useful policy making as a result of data increase,
- A decrease in hierarchy, timely adaptation to the changes by means of flexibility,
- An increase in inspection powers and skills.

finance

- An increase in the savings of the institution and multidimensional efficiency in income-expenditure balances.



SCREENING CHAPTER 19
SOCIAL POLICY AND EMPLOYMENT
AGENDA ITEM: SOCIAL PROTECTION



Insurance Branches According to Draft Law on Social Insurance and General Health Insurance

	Workers with contracts		Agricultural workers		Self Employed		Farmers		Civil Servants	
	Current	Reform	Current	Reform	Current	Reform	Current	Reform	Current	Reform
Old Age	+	+	+	+	+	+	+	+	+	+
Invalidity	+	+	+	+	+	+	+	+	+	+
Death	+	+	+	+	+	+	+	+	+	+
Occupational Diseases – Work Accidents	+	+	*	+	*	+	*	+	+	+
Maternity	+	+	**	+	**	+	**	+	No reduction from salary	+
Health Care	+	+	+	+	+	+	+	+	+	+
Sickness – Cash Benefits	+	+		+		+		+	No reduction from salary	+
Unemployment	+	+								
Family Allowances	It will be provided in the context of non contributory system.									

there is no payment for temporary incapacity., ** Health care expenditures are paid through health care system



Basic Characteristics of Private Pensions

- Fully funded defined contribution system
- Individual accounts
- Private personal pension plans
- Voluntary participation (both for employers & employees)
- Complementary to state social security system
- Pension companies may optionally have a license in life insurance business
- Contributions invested in “pension mutual funds”
- Assets are managed by portfolio management companies
- Pension assets legally segregated from pension company’s assets
- Pension assets kept by the Istanbul Stock Exchange Settlement & Custody Bank



General Indicators of Private Pensions

	February 2006
Number of Pension Companies	11
Number of Pension Mutual Funds	101
Number of Pension Contracts	768 698
Portfolio Value of Pension Mutual Funds	940 billion Euros



THANK YOU FOR YOUR ATTENTION