Social Security in Bulgaria

Information, data, facts

Sofia, 2010
INTRODUCTION

The present publication presents information on the State Social Security (SSS), managed by the National Social Security Institute (NSSI).

The state social security is the biggest and most significant part of the social security network and the security system of Bulgaria. The National Social Security Institute is the public institution, which provides administration services for all insured social risks, except for health insurance.

NSSI services the insurance benefits granting and payment for temporary and permanent incapacity. From January 1, 2006, the collection of contributions and the accrued liabilities of the Social Security Funds shall be made by the National Revenue Agency.

More detailed information about NSSI and Social Security System in Bulgaria is available on www.nssi.bg or www.noi.bg.

Exchange rate based on the Euro, according to the current Currency Board: one Bulgarian Lev (BGN) = 0, 51129 Euro; 1 Euro = 1, 95583 Bulgarian Lev.
OVERVIEW OF SOCIAL SECURITY IN BULGARIA

The social security in Bulgaria, based on security contributions, is managed by the National Social Security Institute, the National Health Insurance Fund and the companies for additional social security – additional pension insurance, additional unemployment insurance or professional qualification, additional health insurance.

Besides the classic social security based on insurance contributions, the social protection in Bulgaria includes also the social service system. It includes purpose programs for social support and help, for creation of employment for disadvantaged groups on the labor market, family support for children, etc. They are funded by the state budget. In order to test eligibility we apply a certain set of criteria, some of which include an income test. Those social programs are administered by the Ministry of Labor and Social Policy (MLSP) through the Agency for Social Assistance and the National Employment Agency with their territorial structures.

The state social security is carried out based on the principles of: 1) mandatory and universal character of the social security; 2) solidarity of the insured persons; 3) equality of the insured persons; 4) social dialogue in managing the social security system; 5) fund organization of the social security resources.

The state social security managed by the National Social Security Institute provides benefits, aids, and pensions in cases of:

- Temporary inability to work;
- Maternity;
- Temporary disabled workers (labor readjustment);
- Unemployment;
- Disability;
- Old age;
The pension system takes the most significant part of the social security network. It comprises all economically active persons and stimulates labor mobility. The Bulgarian pension system is universal and multi-pillar:

- **The zero pillar**, provisionally speaking, constitutes the means for non-contributory pensions, non-employment (social, personal, military disability, civil disability, special merit), which are financed by the state budget.

- **The first pillar** is an inherited compulsory PAYG (pay as you go system) – cost-covering system of the state social security, based on the current social security contributions by people who are currently employed.

- **The second pillar** consists of two components: universal and occupational pension funds:
  1. Universal pension funds are: Required additional funding system (capital covering system) in which part of the contributions of the workers born after 31.12.1959, shall be accumulated in individual pension accounts for supplementary pension;
  2. Occupational pension funds are also a mandatory, additional capital-covering system, in which contributions are accumulated for the early retirement of workers in the first and second category of work.

- **The third pillar** includes two types of capital-covering funds on the grounds of individual accounts:
  1. Supplementary voluntary pension funds;
  2. Funds for voluntary supplementary pension insurance according to occupational schemes.

The state social security in the zero and first pillar of the social security system is administered by the National Social Security Institute. Pensions in the second and third pillars are administered by licensed private pension companies. Basic health insurance is administered by the National Health Insurance Fund.
SOCIAL SECURITY LEGAL FRAMEWORK

National legislation

The basic legislative acts, which regulate social security are as follows:

- The Social Insurance Code (SIC) regulates the state social security, labor accidents, professional illness, maternity, unemployment, old age and death and supplementary obligatory pension social security, which includes: supplementary obligatory pension insurance in case of old age and death; supplementary obligatory pension insurance in case of old age, invalidity and death; supplementary obligatory pension insurance in case of unemployment and/or professional qualification. We have adopted the fund principle for security installment funds differentiation based on the specific social risk and financing mode.

- The Social Security Code logically includes the entire range of social security of the three kinds: 1) obligatory basic; 2) obligatory supplementary; 3) supplementary voluntary. In other words, the two social security schemes – the cost-covering and the capital-covering, are regulated by one code together with the cornerstone concept of the Bulgarian three-pillar social security model.

- The supplementary obligatory and supplementary voluntary pension social security for professional qualification and unemployment undertaken by the companies for additional social security is regulated in Section 2 of the SSC and with sub-statutory legislative acts in application of the code in this section.

- The State Social Security Budget Law regulates the consolidated budget of the State Social Security. It includes the budgets of the revenue and expenditure of the funds: “Pensions”, “Pensions unrelated work”, “Occupational accident and diseases”, “Sickness and maternity”, “Unemployment” and the budget of the National Social
Security Institute. It also serves in the approval process of the off-budget accounts of the Teacher Pension Fund and the Fund “Guaranteeing the receivables of workers and employees” in case of employer insolvency.

- The Law for Guaranteed Receivables of Workers and Employees in case of insolvency of the employer serves a guarantee and protective function when all legal criteria are met.

- The Ordinance for pensions and insurance service covers in detail all pension rights as well as the conditions associated with the granting, payment, conversion, suspension and termination of pensions and allowances towards them.

- The Ordinance for the manner and procedures of informing workers and employees and of granting and payment of the secured claims in case of employer insolvency.

- The Ordinance for Labor Categorization upon Retirement and the Instruction for its Application.

- The Ordinance for Social Security of self-employed persons, the Bulgarian citizens working abroad and at sea.

- The Ordinance for the Elements of Remuneration and Income on which Social Security Contributions are made.

- The Ordinance for calculation and payment of indemnification and aids from the State Social Security.

- The Ordinance for granting and payment of monetary compensation in case of unemployment.

- The Ordinance for detection, investigation, registration and reporting of labor accidents and the Ordinance for the procedures of notification, registration, verification, claims and reporting of occupational sickness.

- The Ordinance for the procedure for filing and distribution of mandatory con-
tributions and contributions for “Guaranteed receivables of Workers and Employees” Fund.

- The Ordinance on the medical expertise and working capacity.
- The Ordinance for the content and procedures for dispatch of the notification under art. 62, para. 4 of the Labor Code (for registration of concluded contracts, modified and terminated labor contracts of employment).
- The Health Insurance Act and the sub-statutory acts for its implementation regulate the public health insurance undertaken by the National Health Insurance Fund and the companies for additional health insurance.

**Bilateral international treaties**

Legally, the procedure for granting, amendment, update, cancellation, resumption, termination and restoration of pensions under international agreements and their payments is regulated by the corresponding international contracts in the field of social security, on which the Republic of Bulgaria is a party, the Social Security Code and the Ordinance for Pensions and Insurance Service.

The conclusion of international contract in the field of social security in Bulgaria dates back to the mid-20th century. Apart from the abovementioned legislative acts in the field of international social security relations, there are 10 bilateral international contracts (as of 01.09.2010) for social security and one agreement for payment of pensions granted in Bulgaria to people living on the territory of the neighboring Republic of Turkey.

Since January 1, 2007, all agreements in the area of social security with EU Member States have been replaced by European documents with the same scope and mainly they are:
1) Regulation No. 1408/71 on the application of social security schemes to employed persons and self-insured persons and members of their families moving within the European Community.


The only international agreements, which are still active, are the bilateral agreements with countries outside the EU.

The following new European regulations on the social security systems enter into force on May, 1, 2010:


These regulations replace the regulations of the Council No. 1408/71 and No. 574/72 applied so far.

The old coordination regulations shall be applied still in some specific cases:

– When the procedure, which started upon their application time, has not still ended;

– In relation to the countries of the European Economic Area (Norway, Iceland and Lichtenstein) under a concluded agreement to this purpose until conclusion of an agreement for expansion of the field of action of the new regulation;

– In relation to the Switzerland under a concluded agreement to this purpose until conclusion of an agreement for expansion of the field of action of the new regulation.
ORGANIZATION OF THE SOCIAL SECURITY SYSTEM MANAGED BY NSSI

SUPERVISORY BOARD

GOVERNOR

DEPUTY GOVERNOR

CENTRAL OFFICE

SOFIA OFFICE “SOCIAL SECURITY”

LOCAL OFFICE “SOCIAL SECURITY”
City ...

LOCAL OFFICE “SOCIAL SECURITY”
City ...
The National Social Security Institute is an autonomous organization with its own budget. It reports to the National Assembly, which elects its Governor and Deputy Governor. It consists of a Central Office based in Sofia and Local Offices – Local offices Social Security. The territorial scope and the seats of the Local (Sofia) Offices “Social Security” correspond to the borders and administrative centers of the regions in Republic of Bulgaria.

The management bodies of the National Social Security Institute are Supervisory Board, Governor and Deputy Governor. Structure, organization, powers and functional responsibilities of the structural units are governed by regulations adopted and approved by the NSSI Supervisory Board.

The directors of the Local Offices “Social Security” (LOSS) are appointed by the Governor of NSSI. They act as ushers in the second degree with the budget of state social security and account for their activities to the Manager (Director).

Up to 31.12.2009 year, the NSSI system has 3 647 employees, of which 3 048 women (83.6%) and 599 men (16.4%). Up to the end of 2009 the 28 territorial departments of NSSI have 3 285 employees, or 90.1% of all people employed in the system. The NSSI Central office there worked 362 employees, of with women were 274 (75.7%) and 88 (24.3%) men.

According to their educational background, workers with higher education in the NSSI are 2 572 people or 70.5% of all employees. With secondary specialized education are 590, or 16.2%, while secondary education – 445, or 12.2%.
NSSI TERRITORIAL UNITS

LOCAL OFFICES “SOCIAL SECURITY” ON THE TERRITORY OF THE REPUBLIC OF BULGARIA
### CENTRAL OFFICE

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<th>COUNCIL OF GOVERNOR</th>
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#### DIRECTORATES

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NSSI – MAIN PART OF THE SOCIAL SECURITY SYSTEM

Mission

The National Social Security Institute is a public institution, which guarantees the citizens’ right to pension and benefit, provides qualitative service and manages efficiently and transparently the funds of public state social security on the grounds of the legislative obligations for social security.

NSSI Strategic Purposes

- Development and significant improvement of the quality of the services offered by NSSI with higher efficiency, honesty, attention and compassion in servicing each client.
- Higher social trust and support of the obligatory public social security.
- Development of the NSSI institutional capacity.
- Financial stability of NSSI and the SSS funds and limitation of the budget subsidy.
- Development and support of the personnel as a key resource and factor for the success of NSSI.

Responsibility distribution among the management bodies

The Supervisory Board consists of: one representative of the nationally represented workers and employees organizations and one representative of the employers and an equal number of representatives, determined by the Council of Ministers, one of which must be the Executive Director of the National Revenue Agency. The man-
date of the Board of Trustees is four years. The members elect on the principle of rotation a chair and two vice-chairs from its members. The Governor of NSSI participates in the Board’s meetings with a counseling vote. The functions of the Board of Trustees are regulated by the Social Security Code. The Board approves the projects of the annual budget of the state social security and the account for its performance, projects of laws and decrees for amendment and addition or approval of new legislative acts related to social security; the rules of management of the organization, the authority and functional obligations of the NSSI structural units. It exercises control over the NSSI activity, the Governor, the Deputy Governor, the Council of the Governor.

The Governor and Deputy Governor are elected by the National Assembly for a mandate of four years. The Governor acts on behalf of NSSI, organizes and manages its activity and represents it before all physical and legal entities in the country and abroad. When the Governor is not present, his functions are taken by the Deputy Governor. The Deputy Governor calls and chairs the meetings of the Governor’s Council.

Council of Governor assists the Governor’s activity and consists of directors of the institute’s functional directions and Deputy Governor. The Governor’s Council offers projects of solutions to the Governor related to his authorities.

Basic functional activities of Central Office

Through functionally separate general directorates, directorates, departments and sectors the Central Management of the Institute executes the following basic activities:

- Organizes, methodologically manages and controls the activity of granting and payment of pensions, short-term benefits and aids;
- Develops methodological instructions, forms and templates for granting and payment of social security benefits;
- Organizes, performs, methodologically leads and controls the activities for de-
tection, investigation and registration of labor accidents and the studying of occupational diseases;

- Participates in the development of programs for labor safety and health protection;
- Participates in the preparation of laws and other legislative acts related to social security;
- Provides methodological instructions to the regional offices for application of legislative documents;
- Answers to questions, proposals, reports, appeals, applications in the field of the social security;
- Prepares standpoints on topics in regard to NSSI;
- Performs methodological management and control over the insurers in order to provide the correct issue of documents for retirement and the short-term cash benefits;
- Develops indexes for statistical supervision of the insurance benefits and maintains a centralized database;
- Prepares and improves the methods for current control for payment of all types of social security benefits;
- Develops forms and instructions concerning the content, issue, storage of documents related to registration of the insurers, insured persons, their participation in the social security process and improves the social security time of service and their income;
- Prepares statements on the requests for rescheduling of obligations to funds of the state social security and the requests for exchange of debt to property;
- Prepares statements on requests sent to the President of the Republic of Bulgaria concerning the uncollectable claims from incorrectly paid pensions;
- Prepares opinions for the cancellation of bad debts to the State Social Security funds to a fixed amount.
- Organizes, analyzes, controls and prepares methodological instructions for the actions undertaken in relation to expertise of temporary and permanent work incapacity, health prophylactics and rehabilitation for reduction of insurance risks, accountability with hospital documentation for temporary incapacity, the work of the representatives of the NSSI territorial subdivisions in the regional councils for control of the temporary incapacity at the Territorial Medical Expertise Commission and National Medical Expertise Commission;
- Provides methodological help to the medical commissions at the territorial NSSI departments in relation to a medical evaluation of the permanently reduced capacity;
- Provides methodological supervision, coordination and control for reception and storage of the payment documentation of terminated insurers with no assignee in the NSSI archive, responsible for the use of archive documents on behalf of the regional NSSI departments.
- Cooperates with state administration, non-governmental organizations, foreign social security institutes and international organizations within the institute’s competences;
- Represents NSSI in various national councils and workshops on an interdepartmental level;
- Performs the full legal service of the institute and the legal protection before the judicial authorities;
- Contacts the mass media, prepares a constant overview and analysis of the content of the press and other mass media, provides methodological instructions for the operations of the territorial sub-departments in the field of media relations;
- Provides administrative, technical, accounting, legal and information service of
the Guaranteed Claims of Workers and Employees in case of employer insolvency and control the payment of the guaranteed claims.

- Develops and automates the basic technological processes and activities in the institute, designs, implements and maintains the software products necessary for the functioning of the institute;
- Provides software and system maintenance of the insured and self-insured persons’ register and the compensation register.
- Provides the software for data and information exchange with other national institutions, as well as with the insurance systems of the EU Member States and under various other international contracts.
- Maintain relations with the insurance institutes outside of the country and other international organizations and institutions.
- Organizes the preparation of information necessary for observation of the European Unions regulations;
- Performs the obligations of NSSI as a competent institution and performs methodological activities for application of the European Union regulations and the international contracts;
- Methodologically supervises and controls the activity of determining the applicable jurisdiction in cases related to granting and payment of cash benefits under international contracts;
- Participates in negotiations for conclusion, amendment, termination and application of international contracts;
- Performs analysis and evaluation of the policy for performed social security;
- Organizes, coordinates and methodologically supervises the risk management in the operations in case of strategic planning.
- Prepares statistical and actuarial analysis and forecast.
Analyzes statistical data for the economic, social and demographic state of the country and forecasts its reflection over the functioning of the social security system;

Plans and draws the budget of the state social security and the account for its performance.

Performs internal auditing and financial control of the legally correct performance of the state social security and other procedures related to financial activities of the NSSI.

Main functional activities of the Local Offices “Social Security”

Organizes and performs activities related to the granting, amendment, suspension, termination and resumption of pensions, including pensions under international contract in the area of social security, for the persons whose permanent address is in Bulgaria and the monetary compensations and aids from the State Social Security;

Performs the payments, accounting and statistical supervision of the pensions, including the pensions under international contract in the area of social security, for the persons whose permanent address is in Bulgaria and the cash benefits and aids from the State Social Security;

Issues documents for insurance time of service in relation to the concluded international contracts or by request on behalf of the insured person in the cases when their permanent address is on the territory of the Republic of Bulgaria.

Performs the methodological management and control over the insurers to provide a correct preparation of documents for retiring;

Provides the citizens with the necessary information related to pension insurance;

Provides methodological management and control over the insurer’s actions related to social security expenditure;
Exercises financial control on the Social Insurance Code and interacts with the state controlling authorities;

Considers and makes decisions related to offers, signals, appeals and requests on behalf of the insured persons and on questions related to state social security;

Performs control over the activities in prophylactics and rehabilitation and the labor-medical expertise;

Performs security payments and accounts the execution of the budget for the corresponding territorial division;

Performs the creation and functioning of the archive;

Executes the delegated part of the activities related to international contracts.

Organizes and executes activities related to the detection, investigation and registration of labor accidents and the studying of occupational diseases;

Creates and preserves dossiers of labor accidents and occupational diseases and performs control over the activity of the insurers upon the detection, investigation and registration of labor accidents and the studying of occupational diseases.

Main interconnections of NSSI

➢ The NSSI account of its activities to the **National Assembly**, which adopted a law with an independent budget of state social insurance. Governor and Deputy Governor of the NSSI are directly elected by the parliament and have a four-year term. This status determines the active interaction between the NSSI and the legislature. Due to the nature of work, financial planning and management, based on the Social Insurance Code, the most intense and narrow is the interconnection NSSI with the standing committees on the Labor and Social Policy, and Budget and Finance at the National Assembly.

➢ **The Ministry of Labor and Social Policy** (develops, organizes, coordinates
and controls the performance of the state policy in the field of income and living standard, social security, protection in case of unemployment and improvement of employment, the labor market, work safety and health, social protection and equal possibilities of both sexes.

The representatives of the NSSI Central Office participate in interdepartmental workshops under the coordination of the MLSP.

The NSSI experts prepare responses to questions related to social security directed to the Minister of Labor and Social Policy during the parliamentary control.

- NSSI cooperates with Executive Agency “General Labor Inspectorate” at MLSP and with other state controlling authorities for execution of inspections, conjunction in preparation of methodological prescription, interdepartmental exchange of information. NSSI is affected by the efficient work of the labor inspection for discipline among employers/insurers in order to correctly follow the labor and social security laws. The joint inspections of the NSSI territorial divisions and General Labor Inspectorate in investigation of labor accidents, legalization of labor relations and reduction of the grey economy, are of great significance.

- The National Social Security Institute keeps a regular connection with the National Statistical Institute in joint exchange of data for the purposes of the national statistics, as well as for analysis and evaluation of the social security policy, the statistical and actuary analysis and forecasts, the budget planning, etc.

- Since the beginning of 2006, the functions related to collection of social security contributions and obligations to the funds of the state social security were transferred from NSSI to the National Revenue Agency. The preparation of the National Revenue Agency was performed with the active participation of NSSI experts. The direct connection between the information systems of both institutions, as well as the joint preparation of the methodological prescriptions related to the control and collection of the social security contributions, are a basic prerequisite for the practical start of the new revenue agency and its current operations.
NSSI keeps regular contact with the representatives of the mass media, publishes materials in the press, and is present in the media in relation to the current topics in social security. The NSSI bi-monthly bulletin includes publications related to the evolution of the reforms, expert opinions on discussed topics, news in legislations and procedures, social security and European integration, foreign experience, etc. It also maintains and updates the website of the institute in Bulgarian and English language.

Issued Yearbook “Social Security in Bulgaria” containing an extensive overview and a detailed analysis of the social security system under the currently applicable social security programs. Through the institute’s work, financial results, problem topics, conclusions, and strategic intentions become available to all interested parties from the legislative and judicial authorities, the education sphere, the syndical and employers’ organizations and other non-governmental organizations.

NSSI answers in all due competence letters from citizens and organizations sent to the National Assembly, individual Members of Parliament (MP’s), the Ministry of Labor and Social Policy, the Ministry of Finance. Provides reports, consultations and statements upon request.

The National Social Security Institute is a member of the International Social Security Association (ISSA).

Insurance funds (Insurance Cases)

The self-insured persons and the insurers with less than 50 hired personnel may form security funds, which are registered at the National Revenue Agency territorial directorates. The social security funds perform the social security of its members by intermediating for the performance of social security between them, as one party, and the National Social Security Institute and the National Revenue Agency.
Social Security programs of the State Social Security

The social security system, administered by the National Social Security Institute, includes eight social security risks (out of nine under the Convention No. 102 of the International Labor Organization), which are served by the social security administration. They are: 1) disease; 2) disability; 3) pregnancy and childbirth; 4) parental leave; 5) labor accident and occupational diseases; 6) old age/reached age; 7) death of a grantor or loss of a family member who supports the family; 8) unemployment. The servicing of the ninth social security risk, related to health and medical services, is performed by the National Health Insurance Fund.

Each social security risk is included in some of the social security programs based on the fund principle, for servicing the granting and payment of pensions, benefits and aids in relation to:

- Pension insurance for old age, invalidity and death of a grantor;
- Payment of pensions not related to work;
- Social security for temporary disability in case of illness, pregnancy and birth, maternity, labor readjustments;
- Social security for occupational accidents and diseases;
- Social security for unemployment.

The social security programs of the State Social Security predetermine the corresponding functional directions and activities in the organizational structure of NSSI for the servicing of the following payments:

- **Indemnification and benefits** (for temporary disability, pregnancy, birth and child raising, labor readjustments, death of an insured person, prevention and rehabilitation, unemployment, secured claims of employees);

- **Pensions** (for social security length of service and old age, for disability due to sickness, for accident at work and occupational diseases, hereditary, social old age, social disability, for special merits and personal).
Coverage of insured persons

Obligatorily insured against general illness and motherhood, invalidity due to general illness, old age and death, labor accident and professional illness and unemployment, are:

- The persons working under labor contracts concluded for more than 5 working days or 40 hours within one calendar month, as well as the persons working under a second or additional labor contract. (When they are employed for no more than 5 working days /40 hours/ through the calendar month, the persons are insured mandatory against disability, old age and death and against accidents at work and occupational diseases);
- The state employees, judges, prosecutors, investigators, state law enforcement agents, registry judges, court officers, contracted military and the persons employed under special laws;
- Members of cooperatives;
- Contractors under management and control contracts, syndics and liquidators of all kinds of commercial enterprises, as well as the persons employed under management contract of single-member traders and of non-personified companies;
- Elected officials and employees with a spiritual title under the Denominations Act;
- Sailors, no matter whether they work under labor contracts, shall be entirely insured at their own expense for the abovementioned social security risks except for unemployment.

Compulsorily insured for disability due to sickness, old age and death are:

- The persons who are registered as self-employed and/or craftsmen;
- The persons who are employed as single-member traders, owners or partners
in commercial enterprises and physical entities – members of non-personified companies;

- Registered agricultural producers and tobacco producers;

  (The persons listed in this paragraph are free to choose whether to pay social security in the Sickness and Maternity Benefits Fund.)

- The persons who work without labor relations and receive a monthly remuneration equal to or over the minimum salary, after reducing it with the activity-specific expenditures, if they are not insured on other grounds in the same month;

- The persons who work without labor relations who are insured on other grounds within the corresponding month, no matter what the size of the received remuneration is;

- The persons who work on doctorate if not insured for pensions on other grounds.

**The following may insure themselves against invalidity due to general illness, for old age and death voluntarily:**

- The persons sent to work abroad from Bulgarian intermediary;

- The spouse of a diplomatic service employee on service abroad during a mandate in a foreign country;

- Pensioners if they are self-insured or work without labor relations.

### Insurance contributions

The social security contributions are a specific percentage of the income subject to social security. They are divided between the insurer and the insured in ratio 65:35 in 2007, 60:40 in 2008, 2009 and 2010 (only for the Sickness and Maternity Benefits Fund and the Unemployment Fund).
Since 01.01.2009, transfers from the national budget are made to the Pensions Fund to the amount of 12 per cent of the sum of all social security income of all insured persons through the calendar year.

- The social security contributions of the state employees, judges, prosecutors, investigators, state law enforcement agents, court officers and contracted military are covered entirely by the national budget.

- The self-insured persons pay the entire amount of the due social security contributions at their own expense.

- The social security contribution against accidents at work and occupational diseases (AWOD) is differentiated according to the labor conditions from 0.4 to 1.1 % and is entirely at the employer /insurer’s expense.

- Contribution to fund “Guaranteed Receivables of Workers and Employers” in case of insolvency of the employer is also entirely at the employer’s expense.

- The persons employed under the conditions of first and second labor category are insured mandatory in a professional pensions fund for supplementary obligatory pensions insurance (SOPI). The size of the social security contribution for first labor category is 12%, and for second labor category – 7%. The contributions are made exclusively at the employer’s expense. For these employees, the employer is obliged to contribute 3% to the Pensions Fund at his own expense.

- The insurer of teachers must contribute an additional 4.3% at the Teachers’ Pensions Fund at his expense.

- The Pensions Fund social security contribution for persons born after 01.01.1960 is reduced. The difference of 5% is kept in an individual account in the universal pensions fund for supplementary obligatory pension insurance.
Insurance income

- The social security base for calculation and payment of social security contributions includes the gross remunerations and other income from labor activity of the persons insured on the grounds of labor conditions, the gross remunerations reduced by the activity-specific expenditures for persons under civil contracts.

- The self-insured or self-employed people pick the size of their social security income within the minimum and maximum size envisioned in the Social Security Budget Law for the corresponding year. After the annual tax equation, if their average monthly income proves to be higher than the chosen social security income, they repay the rest but no more than the maximum determined security income.

- The social security income of the persons, insured by their employer, is the paid gross labor remuneration, but no less than the determined minimum social security thresholds by qualification groups of professions and economic activities of the insured. It includes all remunerations and other income from labor and is limited by the maximum monthly amount of the social security income.

- The minimum social security income of the persons, insured by their employer, is differentiated by groups of economic activities and 9 qualification profession groups. The lowest social security threshold is equal to the minimum labor salary in the country, which for 2010 is BGN 240.

- The social security income of the self-insured persons, registered as free professionals or craftsmen, is the taxable income reduced by the activity-specific expenditures. The final social security income for these persons (excluding the agricultural producers) is determined as the difference between the declared income in the annual tax declaration and the sum of incomes, over which the person has paid social security contributions in advance.

- The minimum monthly social security income for the self-insured people for 2009 is BGN 260, and for 2010 – BGN 420.
The agricultural producers and tobacco producers are included in the general social security scheme but they are an exception of the minimum social security income. The minimum monthly amount of the social security income of the registered agricultural and tobacco producers is lower than the income of the self-insured persons. For 2009 it is BGN 130, and for 2010 – BGN 240.

The fixed maximum amount of the social security income for all categories of insured persons for 2009 and 2010 is BGN 2 000.
BUDGET OF THE STATE SOCIAL SECURITY

The monetary revenues from the social security contributions according to the social risk, for which they are allocated, are separated in five funds within the structure of the state social security. The Budget of State Social Security Act for the corresponding year is the basic financial plan and follows the fund construction of social security.

The Budget of State Social Security Act includes the budgets of the five insurance funds: 1) Pensions, 2) Accidents at Work and Occupational Diseases, 3) Sickness and Maternity, 4) Unemployment, 5) Pensions not related to labor, as well as the NSSI budget, representing the general administration plan of the organization.

Apart from the State Social Security funds, the NSSI administrates the Teachers’ Pensions Fund, which is accounted for on a separate off-budget account, and the Guaranteed Receivables of Workers and Employers. The last one is also approved in a separate account.

Revenues of the State Social Security

The revenues of the state social security is formed by own sources of financing, transfers from the national budget and a subsidy or covering the deficit.

The revenues from social security are determined by the number of insured persons, the average social security income, the rate of the social security contributions, and the rate of collectability.
Expenditures of the State Social Security

The expenditures in the State Social Security consolidated budget are mainly for pensions, short-term benefits and aids for social security service support.

The expenditures for pensions include the pensions financed by the State Social Security and the national budget and pensions paid under international agreements, without the postage fees and VAT. In 2009, the pensions’ expenditures were at the amount of BGN 6 480 412,5 thousand and represents 9.8% of the country’s GDP.
### ALLOCATION OF INSURANCE CONTRIBUTIONS FOR COMPULSORY SOCIAL SECURITY

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<th>Funds and groups of insured persons</th>
<th>from 01.01.2007</th>
<th>from 01.10.2007</th>
<th>from 01.01.2008</th>
<th>from 01.01.2009</th>
<th>from 01.01.2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Pension Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Third category of employment:</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) persons born before 1.1.1960</td>
<td>23%</td>
<td>22%</td>
<td>22%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>b) persons born after 31.12.1959</td>
<td>18%</td>
<td>17%</td>
<td>17%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td><em>First and second category of work:</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) persons born before 1.1.1960</td>
<td>26%</td>
<td>25%</td>
<td>25%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>b) persons born after 31.12.1959</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td><em>Military personnel, investigators and other special laws:</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) persons born before 1.1.1960</td>
<td>26%</td>
<td>25%</td>
<td>25%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>b) persons born after 31.12.1959</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>2. Fund “Sickness and maternity”</strong></td>
<td>3,5%</td>
<td>3,5%</td>
<td>3,5%</td>
<td>3,5%</td>
<td>3,5%</td>
</tr>
<tr>
<td><strong>3. Fund “labour accidents and professional disease” (by main groups of economic activities)</strong></td>
<td>0,4 – 1,1%</td>
<td>0,4 – 1,1%</td>
<td>0,4 – 1,1%</td>
<td>0,4 – 1,1%</td>
<td>0,4 – 1,1%</td>
</tr>
<tr>
<td><strong>4. “Unemployment” Fund</strong></td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>5. Teacher’s Pension Fund</strong></td>
<td>4,3%</td>
<td>4,3%</td>
<td>4,3%</td>
<td>4,3%</td>
<td>4,3%</td>
</tr>
<tr>
<td><strong>6. Fund “Guaranteed receivables of workers and employers”</strong></td>
<td>0,5%</td>
<td>0,5%</td>
<td>0,5%</td>
<td>0,1%</td>
<td>0,1%</td>
</tr>
<tr>
<td><strong>7. Funds for supplementary pension insurance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Universal Pension Fund</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>– Professional Pensions Fund:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>First category work</em></td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td><em>Second category work</em></td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>8. Health insurance</strong></td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>
# Rate and Distribution of the Obligatory Social Security Contributions in 2010

<table>
<thead>
<tr>
<th>Type of insured person</th>
<th>Size of social security contributions (w/o LAPD and GRVE)</th>
<th>Distribution of social security contributions (w/o LAPD and GRWE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Pensions Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers and employees working under the conditions for 3d category work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Born before January, 1, 1960</td>
<td>20,5%</td>
<td>16,0%</td>
</tr>
<tr>
<td>Born after December, 31,1959</td>
<td>20,5%</td>
<td>11,0%</td>
</tr>
<tr>
<td>Workers and employees working under the conditions for 1st and 2nd category work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Born before January, 1, 1960</td>
<td>23,5%</td>
<td>19,0%</td>
</tr>
<tr>
<td>Born after December, 31,1959</td>
<td>23,5%</td>
<td>14,0%</td>
</tr>
<tr>
<td>Self-insured persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Born before January, 1, 1960</td>
<td>16,0% (19,5%)</td>
<td>16,0%</td>
</tr>
<tr>
<td>Born after December, 31,1959</td>
<td>16,0% (19,5%)</td>
<td>11,0%</td>
</tr>
</tbody>
</table>
### NUMBER OF PERSONS INSURED IN STATE SOCIAL SECURITY AND AVERAGE MONTHLY INCOME FOR 2009

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Plan</th>
<th>Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number AMI (BGN)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INSURED PERSONS WITH CONTR.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Persons insured by employer/contracting parties</td>
<td>2 887 125 587,41</td>
<td>2 829 819 554,78</td>
</tr>
<tr>
<td>Working on employment:</td>
<td>2 649 800 630,15</td>
<td>2 566 440 551,24</td>
</tr>
<tr>
<td>– first work category</td>
<td>8 000 1 119,53</td>
<td>7 759 900,05</td>
</tr>
<tr>
<td>– second work category</td>
<td>88 000 889,69</td>
<td>106 052 713,92</td>
</tr>
<tr>
<td>– third work category</td>
<td>2 373 347 600,05</td>
<td>2 260 246 524,71</td>
</tr>
<tr>
<td>State officials and special activities</td>
<td>128 832 1 160,67</td>
<td>137 387 1 000,58</td>
</tr>
<tr>
<td>Members of cooperation operating without employment</td>
<td>3 500 234,43</td>
<td>1 184 188,76</td>
</tr>
<tr>
<td>Persons involved in the program of &quot;SPOZ&quot; And &quot;In Support of Motherhood&quot;</td>
<td>25 121 218,66</td>
<td>30 847 199,58</td>
</tr>
<tr>
<td>Insured by contracting parties (excluding employment)</td>
<td>58 000 290,54</td>
<td>66 358 266,84</td>
</tr>
<tr>
<td>Insured persons of disability, old age and death and labor accidents</td>
<td>23 000 111,18</td>
<td>22 965 95,82</td>
</tr>
<tr>
<td>II. Self-insured persons</td>
<td>237 325 258,78</td>
<td>263 379 242,19</td>
</tr>
<tr>
<td>Self-insured persons for all social risks</td>
<td>92 000 299,78</td>
<td>120 633 285,61</td>
</tr>
<tr>
<td>Self-insured persons only for retirement</td>
<td>100 325 299,69</td>
<td>92 578 272,91</td>
</tr>
<tr>
<td>Self-insured persons agricultural producers and tobacco producers insured for all social risks</td>
<td>17 000 88,04</td>
<td>21 711 92,91</td>
</tr>
<tr>
<td>Self-insured agricultural producers and Tobacco producers insured only for pension</td>
<td>28 000 81,14</td>
<td>28 457 72,10</td>
</tr>
<tr>
<td>III. Persons purchased their time of training</td>
<td>1250 n. 30 m.</td>
<td>1410 n. 34,30 m.</td>
</tr>
<tr>
<td>– Insurance service of one person (in months)</td>
<td>260,0</td>
<td></td>
</tr>
<tr>
<td>IV. Persons purchased up to 5 years of pensionable service under § 9, para. 3 of TFD of SIC (in number)</td>
<td>50 000 n. 3,0 m.</td>
<td>64 524 n. 2,76 m.</td>
</tr>
<tr>
<td>– insurance service of 1 p. in months</td>
<td>260,0</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The number of persons insured by their employer includes the hired in the special activities and in the Supreme Judicial Council. It does not include the persons who have bought back service and are insured by assignor, who are insured on different grounds.
**Social security in Bulgaria – information, data, facts**

**DYNAMICS IN THE STRUCTURE OF INSURED PERSONS FOR THE PERIOD 2002–2009**

<table>
<thead>
<tr>
<th>Year</th>
<th>Provided by employer/assignor of III work category</th>
<th>Provided by employer/contractor of I and II work category</th>
<th>Self-insured persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>7.48%</td>
<td>8.51%</td>
<td>90%</td>
</tr>
<tr>
<td>2003</td>
<td>7.48%</td>
<td>8.51%</td>
<td>90%</td>
</tr>
<tr>
<td>2004</td>
<td>7.68%</td>
<td>8.08%</td>
<td>90%</td>
</tr>
<tr>
<td>2005</td>
<td>8.91%</td>
<td>4.46%</td>
<td>90%</td>
</tr>
<tr>
<td>2006</td>
<td>8.33%</td>
<td>7.60%</td>
<td>90%</td>
</tr>
<tr>
<td>2007</td>
<td>8.18%</td>
<td>7.12%</td>
<td>90%</td>
</tr>
<tr>
<td>2008</td>
<td>8.92%</td>
<td>3.35%</td>
<td>90%</td>
</tr>
<tr>
<td>2009</td>
<td>9.31%</td>
<td>4.02%</td>
<td>90%</td>
</tr>
</tbody>
</table>

**DISTRIBUTION OF INSURED PERSONS BASED ON THEIR INSURANCE STATUS FOR THE PERIOD 2003–2009 (thousands)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Self insured</th>
<th>Provided by employer/assignor</th>
<th>Total insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>178</td>
<td>2 216</td>
<td>2 394</td>
</tr>
<tr>
<td>2004</td>
<td>191</td>
<td>2 301</td>
<td>2 492</td>
</tr>
<tr>
<td>2005</td>
<td>207</td>
<td>2 390</td>
<td>2 597</td>
</tr>
<tr>
<td>2006</td>
<td>229</td>
<td>2 518</td>
<td>2 747</td>
</tr>
<tr>
<td>2007</td>
<td>239</td>
<td>2 681</td>
<td>2 864</td>
</tr>
<tr>
<td>2008</td>
<td>254</td>
<td>2 597</td>
<td>2 851</td>
</tr>
<tr>
<td>2009</td>
<td>263</td>
<td>2 566</td>
<td>2 830</td>
</tr>
</tbody>
</table>
FINANCIAL CONDITION OF SSS FOR THE PERIOD 2004–2009 (MLN BGN)

STRUCTURE OF THE REVENUES RECEIVED IN THE SSS CONSOLIDATED BUDGET BY SOURCE OF FINANCING IN 2009

- Subsidies from The state budget (SB) 19,99%
- Transfer from SB to the amount of 12% of the sum of the social insurance income of all insured persons 27,16%
- Transfers for performed payments to SSS on behalf of the SB 3,84%
- Revenues from own sources of financing 49,01%
REVENUES FROM SOCIAL SECURITY CONTRIBUTIONS. COVERING COSTS FOR PENSIONS, FUNDED BY SSS

PENSION EXPENDITURES TO GROSS DOMESTIC PRODUCT
INFORMATION SYSTEM OF THE SOCIAL SECURITY

NSSI has its own information system that covers the needs of the main activities of the institute, the exchange of information with external information systems and the provision of electronic services to insurers and insured persons, as well as to the ministries and departments.

SSIS REGISTERS

- REGISTER OF SELF-INSURED, AGRICULTURAL PRODUCERS REGISTERED LENGTH OF SERVICE
- REGISTRY OF INSURED PERSONS
- REVENUE
- LABOR CONTRACTS
- REGISTRATION, FOLLOW-UP AND REPAYMENT OF OBLIGATIONS UNDER SSS EXPENDITURES
- ACCIDENTS AT WORK
- OCCUPATIONAL DISEASES
- Archive of the liquidated insurer
- Records of the insured in special departments

RECORDS OF THE INSURED AND SELF EMPLOYED

RECORDS OF THE BENEFITS

- PENSIONS
- Cash benefits and benefits from State Social Insurance
- Unemployment benefits
- Aid for Prevention and Rehabilitation
- Secured claims in bankruptcy
- Benefits from the EU and bilateral agreements
The information system is built on modern hardware and software platforms. It is maintained and developed by its own team of IT professionals in the Headquarters and Regional Offices of the NSSI. In addition, to more fully institution’s needs ensuring, another major objective in its development is the increasingly broad range of electronic services offered to citizens, businesses and the related administrations in implementing the requirements of the legislation.
FUNCTIONAL MODULES OF THE NSSI INFORMATION SYSTEM

REGISTRATION AND INSURANCE INFORMATION
- National Revenue Agency
- Employment Agency
- Registry Agency
- Major Directorate “Civil Registration and Administrative Services”
- Ministry of Agriculture and Food

INFORMATION PROVIDED DIRECTLY TO THE RECORDS AND DEPARTMENTS
- National Revenue Agency
- Commercial Banks
- Bulgarian Posts
- Ministry of Labour and Social Policy
- Social Assistance Agency
- Employment Agency
- National Health Insurance Fund
- National Statistical Institute
- References for ministries and departments

ELECTRONIC SERVICES
- Insured persons with a personal identification code
- Insurers with a identification code of insurers
- Financial Institutions
- Electronic Government
- Certified Clients
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Directorate General “Analysis, Planning and Forecasting”
Department “Analysis and Strategic Planning”

With assistance from:
Department “Statistics, actuarial analysis and projections”
Department “Analysis and Planning of the Budget”
Directorate General “Information Systems”

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