

Lecture Title: Hands-On Payroll A-Z Practicals



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Social Security

- What does this mean to you?



Social Security

- The main aim of Social Security is to provide financial protection for people of that Nation. Chances that you receive social security benefits of that you know someone who receives social security benefits are extremely high



Social Security

- Do you know when social security services started in Malta?



Social Security

- The development of social security services in Malta could possibly be traced back to the rule of the Order of the Knights of St. John in Malta
- In the 19th century the first-ever state sponsored social benefit was introduced in Malta. It took the form of a pension scheme launched in 1885 for police officers, and which a few years later, was extended to civil servants



Social Security

- The core operations of the Social Security Department are to:
 - Assess and provide information on social security benefits
 - Encourage individuals and organisations to be aware of, and to comply with their obligations under the social security legislation
 - Keep account and update the social security system
 - Advise the Minister responsible on the development of effective and dynamic policies for social security and any updates that might be valuable in terms of sustainability of the social welfare system
- It is important to bear in mind that collections of social security contributions and payments of benefits are coordinated by the IRD



Social Security & Covid-19

- Did Covid-19 have an impact on how we look at Social Security?



Social Security & Covid-19

- Medical Benefits – Vulnerable Employees
- Parental Benefits – While schools were closed
- Benefit to persons with disabilities – who had to stay at home
- Additional Unemployment Benefits – for those who lost their job



Special classification – individuals working outside Malta

Social Security Act

- <https://legislation.mt/eli/cap/318/eng/pdf>
- To establish a scheme of social security and to consolidate with amendments existing provisions concerning the payment of social security benefits, pensions and allowances, social and medical assistance, non-contributory pensions and the payment of social security contributions by employees, employers, self-employed and the State



Social Security Law

Trust and Trustees Act

- The Maternity Leave Contribution that came into effect as of 1st July 2015 through Legal Notice 257 of 2015 (Trusts and Trustees Act Cap. 331) is to be paid by Employers for all their employees in the private sector
- <https://legislation.mt/eli/cap/331/eng/pdf>



Social Security Law

Widows' Orphans' and Pensions Act

- To make provision for granting pensions to Widows and Children of deceased Public Officers.
- <https://legislation.mt/eli/cap/58/eng/pdf>



Benefits

There are a number of Benefits that a person might be eligible to

<https://socialsecurity.gov.mt/en/>



Benefits

The benefit we are most exposed to is the **Sickness Benefit**

Daily Married Rate - €21.85

Daily Single Rate - €14.14

This is deducted post-tax from the salary of the person who has taken more than 3 days sick leave in consecutive days



Contributory Pensions

The Contributory Retirement Pension may be awarded to a person who reached retirement age

There are 3 types of pensions



Contributory Pensions

1. **TTP – TWO THIRDS PENSION** which is earnings related according to the contribution average
2. **RP – RETIREMENT PENSION** which is based on flat rate and is paid to claimants in receipt of a service pension
3. **NMP – NATIONAL MINIMUM PENSION** which is paid to claimants paying a low rate of social security contributions



Contributory Pensions

Between 1962 and 1968, the pension age is 65 years – for employed, self-occupied and self-employed persons, pension is to be calculated on the best 10 calendar years out of the last 40 years

For persons born on or after 1st January 1969, the pension age is still 65 years, however this is calculated on the best 10 years in the last 41 years – this is applicable to employed, self-occupied and self-employed persons



Contributory Pensions

Eligibility to a Contributory Pension depends on a number of criteria

A person can decide to go for an Early opt out at the age of 61 or retire with full benefits according to the year they were born



Contributory Pensions

35 years, paid or credited contributions for a person born during calendar years 1952 to 1961 (the total number of Social Security Contributions required for this group is 1820 contributions)

40 years, paid or credited contributions for a person born during calendar years 1962 to 1968 (the total number of Social Security Contributions required for this group is 2080 contributions)

41 years, paid or credited contributions for a person born on or after 1st January 1969, of which 35 years need to be paid contributions (the total number of Social Security Contributions required for this group is 2132 contributions)



Contributory Pensions

For more information regarding contributory pensions please follow the said link:

<https://socialsecurity.gov.mt/en/information-and-applications-for-benefits-and-services/contributory-pensions/>



Pensioners who continue to work post pension age

Persons who satisfy the eligibility conditions to claim a Pension prior to their Pension Age, but opt to defer such claim and continue in employment within the private sector, public sector and public service, and self-occupation are eligible to a percentage increase in their pension rate up to 23%

<https://socialsecurity.gov.mt/en/information-and-applications-for-benefits-and-services/contributory-pensions/retirement-pension/incentives-for-persons-opting-to-defer-their-pension-entitlement-and-continue-in-employment-or-self-employment/>



Social Security online

- It is important to familiarise yourselves with the Social Security online portal

<https://socialsecurity.gov.mt/en/>



