

# #GlobalBenefitsBulletin Highlights

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Talent



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## Key Updates

### Australia

#### WATCH

#### Draft code of practice for insurance in a superannuation fund



Retirement

The Insurance in Superannuation Working Group, a coalition of Australia's superannuation bodies, has launched a consultation on a draft code of practice for superannuation funds that provide insurance. Elements include:

- Transparency and plain language in benefits communications, in particular explaining Total and Permanent Disability (TPD) cover and how TPD and income protection cover will be applied in practice;
- Premium caps set at 1% of estimated earnings, 0.5% for members below age 25;
- Protocols for cessation arrangements; and
- Higher standards for claims handling.

Critics of the draft note that the code would let member contributions lapse for 13 months before deduction of insurance premiums should be suspended. Tapping the savings for so long after contributions have stopped is known as "zombie fees" and is already one of the sector's major flaws. They also cite some vagueness on the issue of premium caps because if premiums are uniform, the earnings peg must be to a single figure such as average salary. The Financial Services Minister has reserved the right to a legislative solution if the final draft proves inadequate. Responses are welcome through October 20, 2017 and a final draft is expected by the end of the year.

Link

<https://goo.gl/5CwNSU>

## Australia

### NOTE

New penalty rates upheld in court



Talent

The Full Court of the Federal Court has dismissed a union legal challenge to the Fair Work Commission (FWC) decision cutting Sunday and holiday penalty rates. The Court concluded that it did not have legal authority to judge whether the FWC was in fulfillment of its mandate for modern awards and that there was nothing illegal in the FWC's decision. The head of the opposition Labor Party has made this decision a campaign issue and has pledged legislation reversing it within his first 100 days in office.

Link

<https://goo.gl/BJqLV6>

## Australia

### WATCH

Private health insurance reform plan



Health

The Health Ministry has unveiled the Private health insurance 2017 reforms strategy, an initiative to make private health insurance more affordable and efficient:

- Insurance products would be classified in a hierarchy of gold, silver, bronze, and basic, with minimum standards set out for each category. Comparison shopping would be easier on [privatehealth.gov.au](http://privatehealth.gov.au).
- There would be up to 10% discount on hospital insurance premiums for people aged 18-29, and the discount would phase out as people approach age 40.
- A number of suspect "natural" treatments would no longer be covered and an expert committee would flag additional cases of "low value or inefficient" care.
- There would be greater transparency on out-of-pocket costs and more flexibility for consumers who prefer the trade-off of a higher excess product with lower premiums.
- Wait periods and "benefit limitation periods" would be waived for mental health coverage upgrades.
- Travel and accommodation for rural people who cannot get the necessary care locally would be a more standard feature of health insurance coverage.

Link

<https://goo.gl/8rEheQ>

## Brazil

### NOTE

Low-income health schemes allowed



Health

Agência Nacional de Saúde Suplementar has approved a Health Ministry proposal to allow the development of low-cost health insurance plans. Options for the "popular plans" would include offering plans that charge clients for each service used and charging low premiums for a basic basket of health services. The ANS would be responsible for regulating these products and maintaining quality standards. This would support the Health Ministry goal of removing pressure from the Unified Health System (SUS), which has seen a huge influx from people leaving their private health insurance coverage. Justice Ministry officials and many in the press have expressed concern about consumer exploitation under these plans and the ANS has responded with a clarification of how they would work.

Link

<https://goo.gl/WufwZu>  
<https://goo.gl/3SWY6X>

## Brazil

### RESPOND

Data reporting system revised/Labor reform update



Talent

The website of the eSocial worker data reporting system alerted prospective users of its revised version 2.4 reflecting the labor reform legislation, Law No. 13,467. The eSocial system for digital reporting of tax, social security, payroll, and workplace accident information will now accommodate atypical work contracts made possible by the new law. The system must be adopted by January 1, 2018 by companies with turnover of at least R 78 million and all others must comply by July 1, 2018. Worth noting that authorities are aware of only 15% of employers being in even preliminary stages with the system at this late date and have warned that the January 1 deadline will not be postponed.

Incidentally, here is an update on the labor reform law's status. While the law is due to come into effect on November 11, there may yet be some changes to it. There has been mention of the Labor Prosecution Office, Congress, and the trade unions all reviewing the legality of certain measures, but no report of concrete challenges. Also, the President was expected to issue a decree modifying parts of the law by mid-October, but there have been no further updates in the press on this and he is now under another criminal investigation, so he may have other priorities.

Link

<https://goo.gl/8rEheQ>

## El Salvador

### NOTE

#### Pension reform agreement



Retirement

The Legislative Assembly has almost unanimously passed a comprehensive set of pension reform measures while deferring a few of the more difficult decisions:

- Those who reach retirement age without saving enough in their accounts to generate a lifetime pension will have 100% of the contributions refunded.
- AFP private pension funds will have their maximum fees cut from 2.2 to 1.9% and there will be no fees for inactive accounts.
- Workers will contribute 7.25% and employers 7.75%, up from 6.25% and 6.75% respectively.
- Part of the employer and employee contributions will join government contributions in a solidarity account guarantee fund generating a minimum pension for all.
- Death and disability pensions will be up to 55% of the old age pension, depending on contribution period.

The Finance Minister referred to this package as a "temporary patch" and noted that the retirement age of 55 for women and 60 for men cannot last much longer.

Link

<https://goo.gl/iFdySj>

## European Union

### WATCH

#### Ruling expands criteria for redundancy consultation



Talent

The European Court of Justice (ECJ) decision in Case C-149/16 appears to expand the employer duty to consult employees prior to a redundancy. An employer undergoing financial hardship altered the terms and conditions of employment and fired the employees who balked. The ECJ noted that this qualified as a redundancy and stated that the employer should have anticipated that workers would resist the change and end up with their contracts terminated. Therefore, the employee consultation process should have occurred before the changes in employment conditions were announced. As the redundancy consultation process is normally triggered by a concrete collective dismissal plan, it may be premature to regard this case as a broad precedent.

Link

<https://goo.gl/8QJxst>

## France

### RESPOND

#### President signs labor reform decrees



Talent

For the record, the President has now signed the five ordinances reflecting social partner agreements on labor reform. A few highlights missing from the September 14 overview:

- Employee representative bodies, often three per enterprise, may be consolidated by agreement.
- The conditions are set out for negotiating voluntary termination plans.
- Telecommuting will be easier to arrange. The details should be addressed in a collective agreement or company rules.
- The point system for awarding early retirement for arduous work will be revised.
- A multinational employer facing the prospect of economic dismissals must still consider alternative positions within France, but no longer globally.

Most provisions went into effect a week after the September 22 signing and the balance will come into force by the end of this year.

Link

<https://goo.gl/NeDk2k>

## Ireland

### WATCH

#### Auto-enrollment scheme proposed



Retirement

The Prime Minister has delivered a speech previewing a five-year roadmap for pension reform that would feature a launch of auto-enrollment by 2021. The government would join employers and employees in contributing to the scheme. He also divulged a long-term plan to merge the Universal Social Charge into Pay Related Social Insurance (PRSI). Details of both plans are due by the end of the year.

Link

<https://goo.gl/BYiPQ>

#### Consultation on leave, holiday, and working hour measures



Talent

The Labor Affairs Bureau (DSAL) has opened a public consultation on a set of draft amendments to the Labor Relations Act:

- The 56-day paid maternity leave would be complemented by an opportunity for 14 days' unpaid leave.
- The three-day paid paternity leave would expand to five days.
- There would be replacement days off for holidays that fall on a day of rest.
- The entitlement to a day of compensatory leave within 30 days for those who work on a public holiday would now allow a 90-day range.

The consultation also seeks feedback on a proposed regulatory framework for part-time work. Macau residents who need reduced hours for work/life balance would draw up contracts for part-time work with their employers. For a work schedule of not over 72 hours in four weeks:

- The status of rest days, overtime, and public holidays would be addressed in the contract.
- There would be no social welfare contributions, annual leave, severance pay, or probation periods in these arrangements.
- Workers would have a right to take maternity leave or sick leave, but it would be unpaid.

The consultation runs through November 8, 2017.

Link

<https://goo.gl/i4Trjz>  
<https://goo.gl/VqADnu>



## Netherlands

### WATCH

#### Highlights of Coalition Agreement



Talent

The government elected last March has finally negotiated a coalition agreement, Confidence in the Future, which has drawn some attention with a plan to modify the "30% rule" tax break for qualifying expatriates from 2019. Their tax relief on the first 30% of income would last for five years, down from eight. The four parties have also agreed to:

- Ease the obligation to offer a worker a permanent contract after two years on the job to three years.
- Make employee dismissal less complicated, but empower judges to award up to 50% more in a wrongful dismissal.
- Expand the two days paid paternity leave to five days and give them the option of five weeks at 70% of pay.
- Cap probationary periods for workers on permanent employment contracts at five months, and allow a three-month limit on probation for fixed-term contracts of at least two years.
- Establish minimum hourly rates for freelancers to ensure against zero-hour exploitation.
- Set out the terms of engagement with a freelancer in a "client certification."

Link

## Philippines

### WATCH

#### Unemployment insurance scheme in the works



Talent

The Department of Labor and Employment (DOLE) has been exploring the feasibility of unemployment insurance in recent years, generally thinking of extending a scheme already in place for government workers to the private sector. The National Economic and Development Authority (NEDA) has now advised the press that the government is intent on creating a national unemployment insurance scheme financed by employer and government contributions. This would be offset by the removal of mandatory severance pay. Employer groups have been receptive to this plan and NEDA has set out to draft the necessary legislation.

Link

<https://goo.gl/Xi6mFM>

## Poland

### WATCH

OFE reform paused



Retirement

The Press has widely reported that officials have reached an impasse on how to divide the assets of the OFE second-pillar pension scheme and are proceeding, for now, with interdepartmental and social partner consultation on just the companion legislation on establishing a regulatory framework for employee capital plans. The PPK would be mandatory employer-sponsored savings schemes with an opt-out feature. Employees would contribute 2% pretax with an additional 2% after-tax encouraged and employers would add 1.5% (tax-deductible) with an additional 1% encouraged. This bill is due within a month and the law would come into effect in 2019. Since this round of press coverage, the Finance Minister has asserted that the government still intends to launch second-pillar reforms in 2018.

Link

<https://goo.gl/QcxCsw>

## Russia

### WATCH

Health care reform strategy document



Health

The Health Ministry has reportedly delivered a draft health care strategy covering 2017-2025 to the Cabinet. Among the highlights:

- Tax deductions for voluntary health insurance premiums would be part of an effort to better harmonize mandatory and voluntary health insurance.
- A "patient-oriented" health delivery system would team primary care facilities, local hospitals, and centers of excellence.
- A nationwide health information system would be established and access to telemedicine would be more comprehensive.
- A healthy lifestyle factor would affect premiums in the compulsory health insurance system.
- There would be significant investment in cutting-edge medical technology.

## Saudi Arabia

### NOTE

Parallel nationalization fees guidance



Talent

The Nitaqat Saudization program recently introduced steeper fees for companies that fall short of their Saudi worker quota and a range of color-coded classifications for compliance with the quotas. A new Parallel Nationalization program allows employers to pay monthly fees - in lieu of hiring additional Saudis - to reach their desired compliance level (the higher compliance levels offer incentives such as block visas). The monthly payments are based on how far short a company is below its goals for Saudi staffing, but there are some variables involved. The Ministry of Labor has now posted an online calculation tool [accessible in Saudi Arabia only] to help employers determine their monthly fees and decide whether staffing changes are preferable.

Incidentally, the freshly-increased SAR 300 (US \$80) per month levy for foreign workers in enterprises with a Saudi majority workforce will be climbing to SAR 700 per month by 2020. The rate when there is a Saudi minority workforce will hit SAR 400 per month in January 2018 and reach SAR 800 in 2020.

Link

<https://goo.gl/itfaVM>

## Singapore

### NOTE

Tripartite FWA standard



Talent

The Ministry of Manpower has unveiled a new Tripartite Standard on Flexible Work Arrangements. This voluntary standard sets out a range of flexible work arrangements (FWA) that workers may negotiate with their managers to improve their work-life balance. These include telecommuting, a compressed workweek, job sharing, and part-time work. The standards offer guidelines for assessing FWA applications and for exploring "suitable alternatives" if the FWA isn't viable. Over 250 employers adopted the standard prior to its formal release and the commitment entails appointing a member of senior management as FWA "champion."

Link

<https://goo.gl/rfQRfG>

## Swaziland

### WATCH

Five-year plan for Ministry of Labour and Social Security



Talent

The Labor Ministry's Action Plan for 2018-2022 includes some ambitious goals, including establishment of the regulatory framework for a social security system:

- A National Pension Fund would complement the existing voluntary provident fund.
- The requirement for employers to obtain workers' compensation coverage from a private insurer would be replaced by creation of a Workmen's Compensation Insurance Fund.
- A National Health Insurance Fund would be accompanied by a wellness program encompassing occupational safety and prevention of communicable diseases.
- Tripartite consultation, collective bargaining, worker rights education, vocational training, and compliance mechanisms would all advance.
- A national minimum wage would serve as a floor for the sectoral minimum wages.

Link

<https://goo.gl/dHMjUJ>

## Sweden

### WATCH

Tax exemption for health insurance may end



Health

The Finance Minister has opened a consultation on a proposal to end the employee tax exemption for private health care plans. Health insurance would be valued for tax purposes as the cost incurred by the employer. The tax exemption would remain for health services and medicines associated with one's service abroad. Comments are welcome through November 24, 2017 and entry into force is forecast for July 1, 2018.

Link

<https://goo.gl/cCK4H6>

## Thailand

### NOTE

Tax break planned for health insurance



Health

The Cabinet has approved a Finance Ministry proposal for tax relief on health insurance premiums. A broad definition of health insurance includes long-term care insurance, disability insurance, and personal accident insurance. The annual tax relief would be 15,000 baht (US \$453.72), but may not come to a total of 100,000 baht per year when combined with relief on life insurance premiums. This measure would be retroactive to January 1, 2017.

## Thailand

### RESPOND

Tax regime for severance payment at retirement



Talent

A Labour Protection Act amendment that went into effect on September 1 entitles workers to severance pay upon retirement. While a normal severance, payment is tax-exempt up to the equivalent of salary from the last 300 days of employment (under a measure before the Legislative Assembly that would rise to 400 days' wage for people with at least 20 years of service) the severance at retirement is taxable income. If the retiree was with the employer for at least five years and opts to have the severance pay taxed separately, up to 50% may be deducted. The deduction may only apply to payments made in the same tax year as retirement.

Link

<https://goo.gl/NeDk2k>

## Ukraine

### NOTE

#### Parliament adopts pension reform law



Retirement

Parliament has approved the pension reform package that will entail launching a defined contribution pension system on January 1, 2019. Some notable provisions included in the final version:

- A person with 40 years of pensionable service will be entitled to a full pension from January 1, 2028, irrespective of age.
- From January 1, 2018, the minimum years of pensionable service for retirement at age 63 will start a climb from 15 years to 25 that will conclude in 2028.
- That same decade will see the minimum threshold for retirement at age 60 rise from 25 years to 35.
- From October 1, 2017, working pensioners will be entitled to their full pensions.
- The maximum pensionable salary will be 15x the minimum wage.
- The regulatory framework for the accumulative pension should be concluded by July 1, 2018.
- From 2021, an automatic annual benefit increase will blend equal parts wage inflation and the CPI.
- People may pay a lump-sum contribution to make up for a pensionable service shortfall of up to five years.

Following passage, some legislators sought to scuttle the bill because many proposed amendments had not been debated, but the challenge was defeated and the President has now signed the law.

Link

<https://goo.gl/nYTtup>

<https://goo.gl/Nnmcp1>

## Ukraine

### WATCH

#### Compulsory funded pension previewed



Retirement

The Cabinet has endorsed an "Action Plan" to ensure that it meets its January 1, 2019 goal for introduction of a compulsory funded pension. Elements include:

- Passage of legislation apportioning supervisory roles to a few different regulators.
- Addition of new financial instruments to improve the investment options.
- Establishment of various performance requirements for asset managers and nonstate pension funds.
- Refinement of numerous laws to improve the environment for free movement of capital.



The Social Policy Minister has spoken out in favor of employment quotas for older workers, and a privately managed funded pension system financed by employee contributions.

Incidentally, the six-party opposition bloc has committed to challenging the pension reform in Constitutional Court. It will contest several provisions, but the only one specified so far is the retirement age hike.

Link


<https://goo.gl/eUKRmT>

## Other Notable Updates

Area	Country	Date	Name
 Health	Algeria	10/26	Third-party payment service arriving soon
	Kuwait	10/26	Health system tweaks
	Nepal	10/26	Health reform bill passed
	Romania	10/26	New law on health quality management
	Singapore	10/26	Medisave contribution threshold to rise
	UAE	10/05	Dubai's EBP adds cancer coverage
	USA	10/19	Departments Expand Exemption From ACA Contraceptive Coverage Mandate
	USA	10/19	Trump Administration Ends ACA Cost-Sharing Reduction Payments to Insurers
	USA	10/19	President Orders Departments to Relax and Reverse ACA Rules on HRAs, AHPs, and Short-Term Health Insurance
 Retirement	Canada	10/26	Information Bulletin - Alberta and British Columbia Pension Plan Assessments
	Channel Islands	10/05	Guernsey's new pension regulations
	Finland	10/12	TyEL premium return flexibility
	Germany	10/12	East/West social security harmonization
	Global	10/05	Climate risk disclosure demanded
	Iceland	10/05	New pension fund investment, risk management regulations
	Kazakhstan	10/19	Standard APF payment schedules
	Kazakhstan	10/26	New social levy rules
	Namibia	10/12	Foreign investment cap lowered
	Netherlands	10/26	Data protection officers proposed for pension funds
	Portugal	10/12	Early retirement for long service workers
	UK	10/26	Update on proposed IAS changes
	UK	10/26	Disclosure by asset managers of transaction costs



Area	Country	Date	Name
	Uruguay	10/26	Upgrade for actuarial assumptions
	US	10/12	PBGC Posts New Insurance Coverage Web Page
	US	10/12	IRS Releases Qualified Pension Mortality Guidance
	Zambia	10/19	Proposal to end pension tax break
	Nigeria	10/26	LIRS guidance on life insurance taxation
	Austria	10/19	Workplace smoking ban tightened
	Azerbaijan	10/26	New entry visa requirement
	Brazil	10/05	Ruling against MNC's profit-sharing scheme
	Denmark	10/05	Sick leave extension for serious illness
	Denmark	10/05	Telecommuters ruled a PE for MNC
	EU	10/05	Border Focal Point
	Finland	10/12	OSHA notification for foreign worker postings
	France	10/26	Reprieve on income tax withholding system
	India	10/05	Salary threshold under Payment of Wages Act raised
	Israel	10/05	Disability pension rise planned
	Jordan	10/05	Antidiscrimination law/Malpractice bill
	Kenya	10/26	New visa requirement introduced
	Macedonia	10/12	Temporarily-subsidized minimum wage hike
	Moldova	10/12	Meal voucher, holiday consolidation measures passed
	Moldova	10/19	Guidance on tax treatment of employee prizes
	Netherlands	10/26	Social partners negotiate new temporary worker rights
	Nigeria	10/12	Guidance on tax regimes for employee loans and outsourcing
	Nigeria	10/19	PIRS guidance on benefit issues
	Norway	10/26	Guidance on housing benefits
	Panama	10/05	Harsher penalties for immigration violations

Area	Country	Date	Name
 Talent	Russia	10/19	Ruling on excess Executive Compensation
	Russia	10/26	Further details on working time flexibility package
	Singapore	10/19	Salary threshold for dependant passes to rise
	Slovenia	10/26	Law on employment status
	South Korea	10/12	Occupational safety responsibilities broaden
	South Korea	10/19	Workers' compensation coverage for commuters
	Turkey	10/05	Paid leave regulations modified
	Uruguay	10/12	Decree on workplace sexual harassment
	Uruguay	10/19	Labor reporting consolidation
	US	10/05	SEC Releases Interpretive Guidance on Pay Ratio Rule
	Zimbabwe	10/05	Public holiday added

## Contacts

If you have questions please contact your Aon Hewitt representative or send a note to [Country.Profiles@aonhewitt.com](mailto:Country.Profiles@aonhewitt.com).

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