

## LAW &amp; POLICY GROUP

**GRIST****EGYPT CONSOLIDATES PENSION AND  
EMPLOYEE SOCIAL INSURANCE LAW**

*By Mercer's Fiona Webster and Stephanie Rosseau  
1 Oct 2019*

From 1 Jan 2020, a consolidated pension and social insurance law ([2019 Law No. 148](#)) (Arabic) will apply to workers in Egypt's private and public sectors, including certain temporary and seasonal workers. Future regulations will provide further details on implementation of the law. The National Authority for Social Insurance will manage the combined funds for pension, sickness, disability, death, workplace injury and unemployment benefits.

**HIGHLIGHTS**

**Increased normal pensionable age.** The new law provides one method for calculating pension entitlement for all eligible workers. From 1 Jul 2032, the normal retirement age will increase from age 60 to 61 and thereafter by one year every two years to reach age 65 by 2040. Employees will become eligible for pension benefits after at least 15 years of contributions, up from 10 years.

**Pension contribution rate.** Employers and employees will respectively contribute 12% and 9%, calculated on the employee's total pay. Each contribution rate will increase by 0.5% every seven years to reach a maximum combined rate of 26%.

**Pension benefits.** The basic pension for all workers will be at least 65% of the monthly minimum wage and capped at 80%, subject to having at least 15 years of insured employment.

- The National Wage Council will set the minimum wage for private-sector employees.
- Pension benefits will increase annually by up to 15% of inflation.
- Workers employed in hazardous or difficult jobs will receive increased pension benefits, but their employer will have to pay higher contributions. In certain circumstances (for example if an employee leaves Egypt), the employee will be eligible to receive a one-time indemnity payment in lieu of paid pension contributions.

**Early retirement.** Employees opting for early retirement must have contributed for at least 25 years (up from 20 years) to receive a pension.

**Revised unemployment insurance scheme.** Employers will pay a 1% unemployment insurance contribution calculated on payroll. Individuals meeting certain criteria will receive an unemployment benefit. For an employee who had at least 36 weeks' insured employment, the duration of benefit payments will increase gradually from three to seven months.

**Penalties.** Certain breaches of the law — including nonpayment of employer contributions — can trigger up to six months' imprisonment and financial penalties of EGP £20,000 to £60,000.

#### RELATED RESOURCES

- [Announcement by President of Egypt](#) (Arabic) (State Information Service, 25 Aug 2019)
- [2019 Law No. 148](#) (Arabic) (Official Gazette, 19 Aug 2019)

*Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.*