IGP Country Profile
Italy

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Customary employee benefits

Death benefits

This type of insurance provides a lump-sum benefit, generally linked to the annual salary of the insured (e.g., two, three, four, etc. times annual compensation).

It is not an expensive coverage. Rates are lower than the normal individual tariffs, and some tariffs have a local dividend based on the mortality experience of the group insured.

Employers are giving more serious consideration to setting up such plans due to the absence of death benefits (lump-sums) provided by Social Security.

Accident benefits

In Italy, all gainfully employed persons are divided into the following four classes:

- Impiegati (white collar workers)
- Operai (blue collar workers)
- Dirigenti (executives and senior managers)
- Quadri (highly trained technicians and middle managers)

Since 1986, the National Labor Agreement of the Industrial Dirigenti provides that dirigenti must be compulsorily covered by an Accident Policy in case of Death caused by accident.

The coverage must provide a lump-sum equal to five times the annual salary in case of Accidental Death.

In certain industrial sectors, there is a tendency to introduce a compulsory form of private insurance for employees as well as for executives

Disability benefits

Permanent and Total Disability

Typical rider to a life policy and provides a benefit if an insured has lost at least 2/3rds of earning capacity due to accident or illness. A lump-sum benefit equal to 2- or 3-times annual salary is common.

Illness & Temporary Disability due to Accident

There is a tendency in Italy to offer benefits to complement Social Security, or complete coverage for classes of professionals who are not covered by Social Security, or for uninsured relatives of people covered by Social Security (only for hospitalization).

Medical Expenses for doctors' home visits are offered by some companies but have evidenced a very negative trend. An integration of hospitalization expenses is generally offered with fixed limits for each year of insurance.

Private insurance companies have considered other types of coverage, such as a system of daily allowances in substitution for the reimbursement of hospitalization expenses, and a plan for catastrophic expenses, subject to a deductible. Some insurance companies offer wage replacement for workers in case of illness; however, this form of insurance is rather costly.

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Since 1986, the National Labor Agreement of the Industrial Dirigenti provides that dirigenti must be compulsorily covered by an Accident Policy in case of Permanent and Total Disability caused by accident.

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Medical benefits

In Italy, medical benefits are typically designed to complement or supplement the national Social Security system. Employers often provide private health insurance plans that cover a range of services, including:

- Hospitalization: Coverage for inpatient care, including surgeries and extended hospital stays.
- Outpatient Services: Reimbursement for specialist consultations, diagnostic exams, and treatments.
- Dental and Vision Care: Coverage for dental procedures and corrective eyewear.
- Maternity Care: Support for prenatal, delivery, and postnatal services.
- Chronic Disease Management: Monitoring and treatment for long-term health conditions.
- 24/7 Medical Assistance: Access to emergency medical support and telemedicine services.

Some companies also offer daily allowances in lieu of direct reimbursement for hospitalization expenses, as well as catastrophic coverage with deductibles. While home visits by doctors are available, they have shown a declining trend. Wage replacement benefits for illness are offered by certain insurers but are considered costly.

These benefits are increasingly tailored to meet the needs of professionals not covered by Social Security and family members of insured employees.

Retirement benefits

Pension funds

In Italy there are four types of pension funds:

- Closed or contractual pension funds which are implemented either as company pension funds by a single company or as industry-wide pension funds set up by the employers' association and the trade unions for a specific group of participants;
- Open pension funds that are offered by banks, insurance companies or investment management companies for a generic group of participants, i.e. the self-employed.
- PIP (Piano Integrativo di Previdenza)
- FPPRE (pre-existing fund)

By law, all pension funds have to sign an agreement with:

- an external investment manager that can only be an insurance company, a bank or a registered asset management company ('Società Gestione Risparmio' or SGR)
- a bank to set up a specific bank account as cash flow deposit
- an administrative services provider.

Today, all pension funds now operate on a defined contribution basis, as this is the only permitted type of pension plan. Defined benefit plans are restricted to the pre-existing funds.

There are no minimum funding requirements.

Investments

Closed pension funds, created after 1995, predominantly offer one single investment strategy for all their members, ignoring factors such as age or risk profiles. Therefore, asset allocation has traditionally been based on balanced portfolios with a heavy weight in bonds and cash.

Multiple investment strategies have become more widespread. This trend towards multiple investment strategies strongly favors the outsourcing of asset management activities in occupational pension funds to external managers.

Although balanced and bond mandates still constitute a healthy portion of the overall investment, there are emerging signs that investors are demanding a more active approach to strategic asset allocation and are seeking higher risk/return strategies to achieve yield enhancement.

Pre-existing funds

Before 1993, there was no coordinated legislation governing pension provision and the only private pensions available were the pre-existing funds, which had no clear legal structure or processes. As a consequence, employers who established pension plans were able to structure the benefits they offered and the means of funding them almost as they wished.

Pension funds established before November 15, 1992 (pre-existing funds) may preserve their old tax treatment, provided that they were closed to new entrants by April 28, 1993.

Tax treatment of pensions:

Contributions

Contributions paid by the employer are deductible from income of the company. Contributions paid by the employee are deductible from personal income with a maximum of total contribution (employee + employer) of € 5,165.

Accumulation

Taxes rate of 20% on the annual net performance of the Pension Fund.

Benefit

Maximum 50% as lump-sum, to encourage employees to transfer their future TFR allocations to pension funds. Benefits paid by the pension fund will be taxed at a flat rate of 15% both on lump sum and on life annuity.

After 15 years of pension fund membership, this rate will be reduced by 0.3% for every additional year of membership, with a minimum tax rate of 9% after 35 years of membership. Previously the benefit attributable to contributions was taxed applying the average income tax rate (23% to 43%) of the five years preceding payment of the benefit.

The annuity is taxed 12.5% on the annual net annuity increase.

Trends

Italian companies are adapting to a rapidly evolving labor market and employee expectations. Key trends include:

- Flexible and personalized benefits:
  - Employers are increasingly offering modular benefits packages that allow employees to choose perks based on personal needs (e.g., wellness, childcare, remote work support).
  - Digital platforms are being used to manage and customize benefits.
- Mental health and wellbeing:
  - Mental health support is now a standard offering, including access to psychologists, stress management programs, and mindfulness apps.
  - Companies are investing in employee assistance programs (EAPs) and burnout prevention initiatives.
- Telemedicine and digital health
  - Growth in telehealth services, especially for remote workers.
  - Wearable health tech and preventive screenings are being integrated into corporate wellness programs.
- Sustainability and social impact
  - Benefits linked to sustainable commuting, volunteer days, and green pensions are gaining traction.
  - Employees value companies that align benefits with social responsibility.
- Retention-focused incentives
  - Use of long-term incentive plans (LTIs) and employee share ownership is increasing, especially for managers and high performers.
  - Performance-based bonuses are being tied to ESG goals and innovation metrics.

Legislative news

- Fixed-term contracts: Extended use of fixed-term contracts until December 31, 2026 for technical, organizational, or productive reasons without needing NCBA justification.
- Minimum wage discussions: Italy is considering a statutory minimum wage, aligning with EU directives. Currently, wages are governed by National Collective Agreements (NCAs).
- Tax reforms: Adjustments to IRPEF brackets per 1/1/2026:
  - Income up to €12,000: 0%
  - €12,001–€28,000: 23%
  - €28,001–€50,000: 33%
  - Above €50,000: 43%
- Smart working regulations: New rules for remote work arrangements, including clearer guidelines for contract duration and communication deadlines.
- Health & safety Updates
  - Enhanced pre-employment medical checks and post-absence assessments.
  - ASL (local health authority) now oversees appeals against occupational health decisions.

Typical employee benefits plans and benchmarking

Overview of plans

Retirement benefit plans

Regulated by the new law on pension funds. Old rules and practices are no longer applicable.

Group life plans

These plans are provided to full-time employees, according to the regulations generally established in collective agreements between the company and the union. In some sectors, such as industrial sectors, rules are fixed by the National Labor Agreement. Voluntary increases in the benefits established by Company Plan could be available on an optional basis (one-half, one, two, or three times' annual salary).

Accidental death

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Group health insurance

Health Insurance reimburses the expenses incurred in case of sickness or personal accident.

Typical plan amounts

Benefit type	Typical plan design
Retirement Benefits	Defined contribution plans; No minimum funding; Tax-deductible contributions; 15% tax rate on benefits
Life Insurance	Fixed amount or multiple of salary; Commonly 2–4× annual salary
Total & Partial Disability	Equal to life insurance amount; 2–3× annual salary for total disability
Accidental Death	€25,822.84 – €774,685.35; 5× annual salary for executives
Medical	Covers hospitalization, exams, dental, glasses, maternity, chronic disease monitoring, 24/7 assistance

Useful links

Demographic information and macro-economic indicators
World Bank Group (please select the country to review)

Social security
INPS

More information on Unipol Assicurazioni S.p.A.

Your Local Link to IGP in Italy (LIfe & Pensions)
Go to partner page on www.igpinfo.com

More information on UniSalute S.p.A

Your Local Link to IGP in Italy (Medical)
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