

Ecuador

Exchange rate: Currency is the US dollar (\$).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1928.

Current laws: 2001 (social security), 2006 (social pensions), 2010 (disability attendance grant), 2012 (general law on disabilities), and 2013 (social pensions increment).

Type of program: Social insurance and social assistance system.

Note: The provision under the 2001 law to create a system of individual accounts to complement the social insurance old-age pension program was not implemented.

The social insurance system also includes special programs to provide old-age, disability, and survivor benefits for families of rural workers and fishermen and for unpaid home-based workers. The programs are financed by a nominal contribution from the head of the family and contributions from workers, employers (except for unpaid home-based workers), and the government.

Coverage

Social insurance: Persons receiving income for work.

Voluntary coverage for persons without mandatory coverage, including Ecuadorian citizens living abroad.

Special systems for agricultural workers and small-scale fishermen and for unpaid home-based workers.

Social assistance: Needy citizens of Ecuador.

Source of Funds

Insured person

Social insurance: 6.64% (public sector) and 8.64% (private sector) of gross earnings, plus 1% (special disability pension). The voluntarily insured pay 9.74% of gross earnings, plus 1% (special disability pension).

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Social assistance: None.

Self-employed person

Social insurance: 9.74% of gross declared earnings, plus 1% (special disability pension).

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Social assistance: None.

Employer

Social insurance: 3.10% (public sector) and 1.10% (private sector) of gross payroll.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Social assistance: None.

Government

Social insurance: 40% of the cost of old-age, disability, and survivor pensions; contributes as an employer.

Social assistance: The total cost.

Qualifying Conditions

Old-age pension

Old-age pension (social insurance): At any age with at least 480 months of contributions; age 60 with at least 360 months of contributions; age 65 with at least 180 months of contributions; or age 70 with at least 120 months of contributions.

Old-age pension (social assistance): Age 65 and not insured under any social insurance system.

Income test: Families must have income in the bottom 40% of all household incomes according to the SIIRS.

The SIIRS is a national registry used to target needy families.

Disability pension

Disability pension (social insurance): Must have at least 60 months of contributions including the six months before the disability began and an assessed loss of more than 50% of earning capacity; at least 120 months of contributions and not receiving an old-age pension if the disability began within two years after the termination of employment.

Special disability pension (social insurance): Must be assessed with a disability of at least 40% (physical disability) or 20% (mental disability) and have at least 300 (physical disability) or 240 (mental disability) months of contributions; no contribution requirements for a total or absolute disability.

Disability pension (social assistance): Must be assessed with a disability of at least 40% and not be insured under any social insurance scheme.

Attendance grant Joaquin Gallegos Lara (social assistance):

Paid to the primary caregiver of a person assessed with a severe physical (at least 75%) or mental (at least 65%) disability, suffering from a rare or catastrophic disease, or living with HIV/AIDS and younger than age 14.

Income test: Families must have no more than 50 points in the SIIRS; no income test if living with HIV/AIDS and younger than age 14.

The SIIRS is a national registry used to target needy families.

Survivor pension

Survivor pension (social insurance): The deceased received or was entitled to receive a social insurance old-age or disability pension or had at least 60 months of contributions at the time of death.

Eligible survivors include a widow or a dependent, disabled widower; a female or dependent, disabled male partner who cohabitated with the deceased for at least two years before the death or had children with the deceased; dependent children younger than age 18 (no limit if disabled); and, if there are no other survivors, a dependent mother and a dependent, disabled father.

The widow(er)'s pension ceases on remarriage or cohabitation.

Funeral grant (social insurance): The deceased received or was entitled to receive a social insurance old-age or disability pension or had at least six months of contributions in the last 12 months at the time of death.

Old-Age Benefits

Old-age pension (social insurance): A percentage of the insured's average monthly earnings in the five best years of earnings is paid, according to the total number of years of contributions (50% for 10 years, 75% for 30 years, 81.25% for 35 years, and 100% for 40 years). The pension is increased by 1.25% for each year exceeding 40 years.

The minimum monthly pension is \$177.

The maximum monthly pension is \$1,947.

Old-age pensioners may return to work and receive a pension. During the first year of receiving the pension, the pensioner must work for a different employer than the employer who certified the pension claim.

Schedule of payments: 12 monthly payments plus two bonus payments a year.

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.16% and are inversely proportional to the amount of benefit.

Old-age pension (social assistance): \$50 a month is paid.

Permanent Disability Benefits

Disability pension (social insurance): A percentage of the insured's average monthly earnings in the five best years of earnings is paid, according to the total number of years of contributions (43.75% for five years, 50% for 10 years, 62.5% for 20 years, 68.75% for 25 years, and 75% for 30 years).

The minimum monthly pension is \$177.

The maximum monthly pension is \$1,947.

Schedule of payments: 12 monthly payments plus two bonus payments a year.

Special disability pension (social insurance): 68.75% of the insured's average monthly earnings in the best five years of earnings is paid.

The minimum monthly pension is \$177.

The maximum monthly pension is \$1,947.

Schedule of payments: 12 monthly payments plus two bonus payments a year.

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.16% and are inversely proportional to the amount of benefit.

Disability pension (social assistance): \$50 a month is paid.

Joaquin Gallegos Lara attendance grant (social assistance): \$240 a month is paid.

Survivor Benefits

Spouse's pension: 40% of the old-age or disability pension the deceased received or was entitled to receive is paid to an eligible widow(er) or partner.

Orphan's pension: 20% of the old-age or disability pension the deceased received or was entitled to receive is paid to each orphan younger than age 18 (no limit if disabled); 40% for a full orphan.

Other eligible survivors: 20% of the old-age or disability pension the deceased received or was entitled to receive is paid to a mother or father.

The minimum monthly pension is \$177.

The maximum monthly pension is \$1,947.

Benefit adjustment: Benefits are adjusted annually by 8.4%.

Funeral grant: Up to \$1,416 is paid.

Administrative Organization

Social Security Institute (<http://www.iess.gov.ec>), through its Directive Council, regulates and administers the social insurance program.

Ministry of Social and Economic Inclusion (<http://www.inclusion.gob.ec>) administers the old-age and disability social assistance pensions as part of the Bono de Desarrollo

Humano program (see Family Allowances) and pays the Joaquin Gallegos Lara attendance grant.

Sickness and Maternity

Regulatory Framework

First law: 1935.

Current law: 2001 (social security).

Type of program: Social insurance system.

Coverage

Persons receiving income for work and beneficiaries of old-age, disability, work injury, or survivor benefits.

Voluntary coverage for persons not subject to mandatory coverage

Special systems for agricultural workers and small-scale fishermen.

Source of Funds

Insured person: None; 4.15% of the pension (survivor beneficiaries); 5.71% of gross earnings (voluntarily insured persons).

Insured persons may insure their spouse with an additional contribution of 3.41%.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Self-employed person: 5.71% of gross declared earnings.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Employer: 5.71% of payroll.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Government: The total cost for old-age, disability, and work injury beneficiaries.

Qualifying Conditions

Cash sickness benefits: Must have at least six months of contributions before the incapacity began or at least 189 days of contributions in the eight months before the incapacity began. Coverage continues for 60 days after the insured ceases to pay contributions.

Cash maternity benefits: Must have at least 12 months of contributions before giving birth. Prenatal care is provided with at least three months of contributions.

Medical benefits: Must have at least three months of continuous contributions. Coverage continues for 60 days after the insured ceases to pay contributions.

Sickness and Maternity Benefits

Sickness benefit: Paid from the fourth day of incapacity for the first 10 weeks, 75% of the insured's earnings used to calculate contributions in the three months before the incapacity began is paid for up to 70 days; thereafter, 66% for up to 182 days.

Maternity benefit: 75% of the insured's last earnings used to calculate contributions is paid for two weeks before and 10 weeks after the expected date of childbirth; paid for an additional 10 days for multiple births. (The employer pays 25% of the insured's last earnings for the same period of time.)

Workers' Medical Benefits

Medical facilities of the Social Security Institute provide medical services directly to patients. Benefits include general and specialist care, surgery, hospitalization, medicine, laboratory services, and dental care. A refund for the cost of medical care provided through medical facilities not part of the Social Security Institute is possible in case of emergency.

Dependents' Medical Benefits

Full medical care is provided for children of insured persons up to age 18 and beneficiaries of the orphan's pension.

Administrative Organization

Social Security Institute (<http://www.iess.gob.ec>), through its Directive Council, regulates and administers the program and operates its own clinics, dispensaries, and hospitals.

Work Injury

Regulatory Framework

First law: 1964.

Current law: 2001 (social security).

Type of program: Social insurance system.

Coverage

Persons receiving income for work.

Voluntary coverage for persons without mandatory coverage.

Exclusions: Ecuadorians citizens residing abroad.

Source of Funds

Insured person: None; 0.55% of gross earnings for the voluntarily insured.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Self-employed person: 0.55% of gross declared earnings.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Employer: 0.55% of payroll.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Government: 40% of the cost of work injury pensions.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Occupational disease benefits: Must have at least six months of contributions.

Temporary Disability Benefits

For the first 10 weeks, 75% of the insured's average earnings in the three months before the disability began is paid after a two-day waiting period for up to 70 days; after 70 days, 66% until the end of the 12th month. If the disability lasts more than one year, 80% is paid for up to two additional years.

Permanent Disability Benefits

Permanent disability pension: 80% of the insured's average earnings (100% if constant attendance is required) in the last year or in the previous five years (whichever is greater) is paid.

Partial disability: A percentage of the full pension is paid according to the assessed degree of disability.

Schedule of payments: 12 monthly payments plus two bonus payments a year.

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.16% and are inversely proportional to the amount of benefit.

Workers' Medical Benefits

Benefits include medical and surgical care, hospitalization, appliances, and rehabilitation.

Survivor Benefits

Spouse's pension: 40% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow or a dependent, disabled widower, or to a female or dependent, disabled male partner who cohabitated with the deceased.

Orphan's pension: 20% of the permanent disability pension the deceased received or was entitled to receive is paid to each dependent orphan younger than age 18 (no limit if disabled); 40% for a full orphan.

Other eligible survivors: If there is no eligible spouse, partner, or child, 20% of the permanent disability pension the deceased received or was entitled to receive is paid to a dependent mother or a dependent, disabled father.

The minimum monthly pension is \$177.

The maximum monthly pension is \$1,947.

Funeral grant: Up to \$1,416 is paid.

Administrative Organization

Social Security Institute (<http://www.iess.gov.ec>), through its Directive Council, regulates and administers the program.

Unemployment

Regulatory Framework

First law: 1951.

Current laws: 2001 (social security).

Type of program: Mandatory individual account system.

Coverage

Employed persons.

Exclusions: Self-employed persons.

Source of Funds

Insured person: 2% of gross earnings.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Self-employed person: Not applicable.

Employer: 1% of gross payroll.

The minimum earnings used to calculate contributions are \$354.

There are no maximum earnings used to calculate contributions.

Government: Provides subsidies in special cases; contributes as an employer.

Qualifying Conditions

Must have at least 24 months of contributions. The benefit is paid after two months of unemployment.

Unemployment Benefits

A lump sum of the individual account balance is paid to the insured person if unemployed or when the insured person begins to receive an old-age, permanent disability, or permanent work injury pension; if the insured person dies, the benefit is paid to a widow, a disabled widower, children younger than age 18, or, if there is no surviving spouse or child, certain other surviving relatives.

Administrative Organization

Social Security Institute (<http://www.iess.gov.ec>) administers the program.

Family Allowances

Regulatory Framework

First law: 1998 (Bono Solidario).

Current laws: 2003 (conditional cash transfer) and 2013 (conditional cash transfer increment).

Type of program: Social assistance system.

Coverage

Needy citizens of Ecuador.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Bono de Desarrollo Humano cash transfer (social assistance): Children younger than age 5 and pregnant women must attend regular medical visits; children aged 5 to 18 must be enrolled in and regularly attend school. Parents must receive training in early childhood development.

Income test: Families must have income in the bottom 40% of all household incomes according to the SIIRS.

The SIIRS is a national registry used to target needy families.

Family Allowance Benefits

Bono de Desarrollo Humano cash transfer (social assistance): \$50 a month is paid to the mother.

Administrative Organization

Ministry of Social and Economic Inclusion (<http://www.inclusion.gob.ec>) administers the program.