

## Ecuador

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

### 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 has not been implemented.

#### Coverage

**Social insurance:** Employed and self-employed persons.

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% (most public- and private-sector employees) or 8.64% (employees of subnational public institutions and bank employees) of gross earnings, plus 0.1% (special disability pension). The voluntarily insured pay 6.8% of gross earnings, plus 0.1% (special disability pension).

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** 6.8% of gross declared earnings, plus 0.1% (special disability pension).

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Social assistance:** None.

#### Employer

**Social insurance:** 0.16% of gross payroll.

The minimum monthly earnings used to calculate contributions are \$375.

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 (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, income tested):** Age 65 and not receiving or entitled to receive any social insurance benefit.

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 (social insurance):** Must have at least a 50% assessed loss of earning capacity and at least 60 months of contributions, including in the six months before the disability began; 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 have at least a 40% (physical disability) or 20% (mental disability) assessed loss of earning capacity and at least 300 (physical disability) or 240 (mental disability) months of contributions; no contribution requirements for a total (100%) or absolute disability.

**Disability pension (social assistance, income tested):** Must have at least a 40% assessed loss of earning capacity and not be receiving or entitled to receive any social insurance benefit.

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.

**Caregiver allowance (Bono Joaquín Gallegos Lara, social assistance, income tested):** Paid to the primary caregiver of a person with at least a 75% (physical disability) or 65% (mental disability) assessed degree of disability,

suffering from a rare or catastrophic disease, or diagnosed 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 diagnosed with HIV/AIDS and younger than age 14.

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

**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 upon 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 of contributions exceeding 40 years.

The minimum monthly old-age pension is \$187.50.

The maximum monthly old-age pension is \$2,062.50.

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, income tested):** \$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 disability pension is \$187.50.

The maximum monthly disability pension is \$2,062.50.

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

**Special disability pension (social insurance):** 66.25% of the insured's average monthly earnings in the best five years of earnings is paid.

The minimum monthly special disability pension is \$187.50.

The maximum monthly special disability pension is \$2,062.50.

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, income tested):** \$50 a month is paid.

**Caregiver allowance (Bono Joaquín Gallegos Lara, social assistance, income tested):** \$240 a month is paid.

### Survivor Benefits

#### Survivor pension (social insurance)

*Spouse's pension:* 60% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid to an eligible widow(er) or partner (September 2017).

*Orphan's pension:* 40% of the social insurance old-age or disability pension the deceased received or was entitled to receive is split equally among eligible children (September 2017).

*Other dependent's pension:* In the absence of an eligible widow(er) or partner, 40% of the social insurance old-age or disability pension the deceased received or was entitled to receive is split equally among eligible dependent parents (September 2017).

The minimum monthly combined survivor pension is \$187.50.

The maximum monthly combined survivor pension is \$1,687.50.

Benefit adjustment: Benefits are adjusted annually by 1.12%.

**Funeral grant (social insurance):** A lump sum of up to \$1,354.07 is paid.

## **Administrative Organization**

Social Security Institute (<https://www.iess.gob.ec/>), through its Directive Council, regulates, administers, and collects contributions to 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**

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### **Regulatory Framework**

**First law:** 1935.

**Current law:** 2001 (social security).

**Type of program:** Social insurance and employer-liability system.

### **Coverage**

**Social insurance:** 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.

**Employer liability:** Employed persons.

Exclusions: Self-employed persons.

### **Source of Funds**

#### **Insured person**

**Social insurance:** None for private-sector employees, employees of subnational public institutions, and social security beneficiaries; 2% of gross earnings for other public-sector employees; 9% of gross earnings for the voluntarily insured.

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

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Employer liability:** None.

#### **Self-employed person**

**Social insurance:** 9% of gross declared earnings.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Employer liability:** Not applicable.

#### **Employer**

**Social insurance:** 9% of payroll for private-sector employees and employees of subnational public institutions; 7% for other public-sector employees.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Employer liability:** The total cost.

#### **Government**

**Social insurance:** The total cost for old-age, disability, and work injury beneficiaries.

**Employer liability:** None.

### **Qualifying Conditions**

**Cash sickness benefit (social insurance):** 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 benefit (social insurance and employer liability):** Must have at least 12 months of contributions before giving birth. Prenatal care is provided with at least three months of contributions.

**Medical benefits (social insurance):** 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 (social insurance):** 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 after a three-day waiting period (the employer pays 50% of the insured's earnings during the first three days of incapacity); thereafter, 66% is paid for up to 112 days.

**Maternity benefit (social insurance and employer liability):** 100% 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; 75% of the benefit is paid by the Social Security Institute and 25% by the employer. The benefit is paid for an additional 10 days for multiple births.

## 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 external health service providers is available.

## Dependents' Medical Benefits

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

## Administrative Organization

Social Security Institute (<https://www.iess.gob.ec/>), through its Directive Council, regulates, administers, and collects contributions to 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; 0.2% of gross earnings for the voluntarily insured.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Self-employed person:** 0.2% of gross declared earnings.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

**Employer:** 0.2% of payroll.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

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

## Qualifying Conditions

Must be assessed with a work injury or occupational disease. Must have at least six months of contributions for a disability resulting from an occupational disease.

## Temporary Disability Benefits

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; thereafter, 66% until the end of the 12th month. If the disability lasts more than one year, 80% is paid for up to one additional year.

## Permanent Disability Benefits

**Permanent disability pension:** 80% of the insured's average earnings (100% if the insured requires the constant attendance of others to perform daily functions) 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

### Survivor pension

**Spouse's pension:** 60% 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:** 40% of the permanent disability pension the deceased received or was entitled to receive is split equally among dependent children younger than age 18 (no limit if disabled).

**Other dependent's pension:** If there is no eligible widow(er) or partner, 40% of the permanent disability pension the deceased received or was entitled to receive is split equally among eligible dependent parents.

The minimum monthly combined survivor pension is \$187.50.

The maximum monthly combined survivor pension is \$1,687.50.

**Funeral grant:** A lump sum of up to \$1,354.07 is paid.

## Administrative Organization

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

## Unemployment

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### Regulatory Framework

**First law:** 1951.

**Current laws:** 2001 (social security) and 2016 (unemployment benefit).

**Type of program:** Social insurance and mandatory individual account system.

Note: In 2016, a new unemployment benefit was introduced that is partially financed through funds that were previously accumulated in the individual account.

### Coverage

**Social insurance:** Employed persons.

Exclusions: Self-employed persons.

**Mandatory individual account:** Employed persons.

Exclusions: Self-employed persons.

### Source of Funds

#### Insured person

*Social insurance:* None.

*Mandatory individual account:* 2% of gross earnings.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

#### Self-employed person

*Social insurance:* Not applicable.

*Mandatory individual account:* Not applicable.

#### Employer

*Social insurance:* 1% of gross payroll.

The minimum monthly earnings used to calculate contributions are \$375.

There are no maximum earnings used to calculate contributions.

*Mandatory individual account:* None.

#### Government

*Social insurance:* None.

*Mandatory individual account:* Provides subsidies in special cases.

## Qualifying Conditions

**Unemployment benefit (social insurance and mandatory individual account):** Must have at least 24 months of contributions, including six continuous months of contributions immediately before unemployment began, and two months of involuntary unemployment.

**Severance benefit (mandatory individual account):** Must have at least 24 months of contributions. The benefit is paid after two months of unemployment.

## Unemployment Benefits

**Unemployment benefit (social insurance and mandatory individual account):** Up to 70% of the insured's average monthly earnings in the 12 months before unemployment is paid in the first month; 65% in the second month; 60% in the third month; 55% in the fourth month; and 50% in the fifth month. The benefit is paid for a maximum of five months.

After the fifth month, the insured may withdraw the total account balance in the individual account.

A solidarity fund pays part of the monthly benefit, and the individual account funds the remainder.

**Severance benefit (mandatory individual account):**

A lump sum of the account balance is paid if the insured becomes unemployed or starts receiving 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 (<https://www.iess.gov.ec/>) collects contributions and administers the programs.

## Family Allowances

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### 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.

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**Government:** The total cost.

### **Qualifying Conditions**

**Family cash transfer (Bono de Desarrollo Humano, social assistance, income tested):** Paid for children younger than age 5 and pregnant women who 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**

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

### **Administrative Organization**

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