

## Paraguay

Exchange rate: US\$1.00 = 5,564 guaraníes.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1943.

**Current laws:** 1992 (unified pension scheme), 2005 (retirement), 2009 (noncontributory old-age pension), 2011 (partial pension), 2013 (self-employed persons), and 2015 (household workers).

**Type of program:** Social insurance and social assistance system.

#### Coverage

**Social insurance:** Employed persons, including employees of decentralized state entities and enterprises partially owned by the state, municipal workers, household workers, and apprentices.

Voluntary coverage for self-employed persons and housewives.

Special systems for public-sector employees, teachers, police and military personnel, railroad employees, dockworkers, bank employees, and microentrepreneurs.

**Social assistance:** Needy resident citizens of Paraguay.

#### Source of Funds

##### Insured person

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

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage is 2,041,123 guaraníes.

There are no maximum earnings used to calculate contributions.

The insured person's contributions also finance sickness, maternity, and work injury benefits.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** 12.5% of the legal monthly minimum wage plus 0.5% for administrative fees.

The legal monthly minimum wage is 2,041,123 guaraníes.

The self-employed person's contributions also finance work injury benefits.

**Social assistance:** None.

#### Employer

**Social insurance:** 14% of gross monthly payroll.

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage is 2,041,123 guaraníes.

There are no maximum earnings used to calculate contributions.

The employer's contributions also finance sickness, maternity, and work injury benefits.

**Social assistance:** None.

#### Government

**Social insurance:** 1.5% of gross monthly earnings; contributes as an employer.

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage is 2,041,123 guaraníes.

There are no maximum earnings used to calculate contributions.

Government contributions also finance sickness, maternity, and work injury benefits, and cover administrative costs.

**Social assistance:** The total cost.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 60 with at least 1,250 weeks of contributions.

Employment must cease.

Early pension: Age 55 with at least 1,500 weeks of contributions.

Employment must cease.

Partial pension: Age 65 with at least 750 weeks of contributions.

Employment must cease.

**Old-age social pension (Pensión Alimentaria, social assistance, means tested):** Age 65, assessed as needy, and does not receive a salary or any other pension.

**Disability pension (social insurance):** Must have at least a 30% assessed loss of earning capacity and at least 150 weeks of contributions if younger than age 55; 150 weeks to 250 weeks if aged 55 to 59; or 250 weeks to 400 weeks if aged 60 to 65.

A medical commission of three Social Security Institute doctors assesses the degree of disability every six months. The disability is considered permanent after five years of pension receipt.

**Survivor pension (social insurance):** The deceased received or was entitled to receive an old-age or disability pension or had at least 750 weeks of contributions at the time of death.

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Eligible survivors include a widow(er) or partner who lived with the deceased for at least five years (two years if they had children); children younger than age 18 (no limit if disabled); and dependent parents if there are no other eligible survivors.

The pension ceases upon remarriage or cohabitation.

Remarriage settlement: Paid to a widow(er) or partner upon remarriage or cohabitation.

**Survivor grant (social insurance):** The deceased had less than 750 weeks of contributions.

**Funeral grant (social insurance):** Paid to the person who pays for the funeral if there are no eligible survivors.

### **Old-Age Benefits**

**Old-age pension (social insurance):** 100% of the insured's average monthly earnings is paid.

Average monthly earnings for employed persons are based on the insured's monthly earnings in the last 36 months (excluding the last month) before retirement; last 120 months for self-employed persons.

Early pension: 80% of the insured's average monthly earnings plus 4% of average monthly earnings for each year the insured is older than age 55, up to age 59, is paid.

Partial pension: 60% of the insured's average monthly earnings is paid.

The minimum monthly old-age pension is 33% of the legal monthly minimum wage.

The legal monthly minimum wage is 2,041,123 guaraníes.

The maximum monthly old-age pension is 300 times the minimum daily wage.

The legal daily minimum wage is 78,505 guaraníes.

The pension is paid monthly plus a December bonus of one month of the pension.

Old-age benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost of living, depending on available funds.

**Old-age social pension (Pensión Alimentaria, social assistance, means tested):** At least 25% of the legal monthly minimum wage is paid.

The legal monthly minimum wage is 2,041,123 guaraníes.

### **Permanent Disability Benefits**

**Disability pension (social insurance):** 50% of the insured's average monthly earnings in the last 36 months before the disability began plus 1.5% of average monthly earnings for each 50-week period of contributions exceeding 150 weeks, up to 100%, is paid.

The minimum monthly disability pension is 33% of the legal monthly minimum wage.

The legal monthly minimum wage is 2,041,123 guaraníes.

The maximum monthly disability pension is 300 times the minimum daily wage.

The legal daily minimum wage is 78,505 guaraníes.

The pension is paid monthly plus a December bonus of one month of the pension.

Disability benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost of living, depending on the availability of funds.

### **Survivor Benefits**

**Survivor pension (social insurance):** 60% of the old-age or disability pension the deceased received or was entitled to receive is split equally among a widow(er) or partner older than age 40 and children younger than age 18.

A lump sum of three times the annual old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er) or partner younger than age 40.

If there are no other eligible survivors, the pension is paid to the deceased's parents.

The pension is paid monthly plus a December bonus of one month of pension.

Remarriage settlement: A lump sum of twice the annual old-age or disability pension the deceased received or was entitled to receive is paid.

**Survivor grant (social insurance):** A lump sum of one month of the legal monthly minimum wage is paid for each year of contributions.

The legal monthly minimum wage is 2,041,123 guaraníes.

Survivor benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost of living and the availability of funds.

**Funeral grant (social insurance):** A lump sum of 75 times the legal daily minimum wage is paid.

The legal daily minimum wage is 78,505 guaraníes.

### **Administrative Organization**

Social Insurance Institute (<https://portal.ips.gov.py/>) administers and collects contributions for the social insurance program.

Directorate for Noncontributory Pensions (DPNC, <http://www.hacienda.gov.py/>), under the Ministry of the Interior, administers the old-age social pension.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1943.

**Current laws:** 1992 (unified pension scheme), 1996 (medical benefits), and 2015 (household workers; medical care subsidy).

**Type of program:** Social insurance system.

### Coverage

#### Social insurance

Employed persons, including employees of decentralized state entities and enterprises partially owned by the state, household workers, and teachers.

Exclusions: Self-employed persons, public-sector employees, police and military personnel, railroad employees, and bank employees.

Special systems for pensioners, dockworkers, war veterans, and microentrepreneurs.

#### Social assistance

Citizens of Paraguay suffering from chronic diseases or requiring prolonged treatment.

### Source of Funds

#### Insured person

**Social insurance:** See source of funds under Old Age, Disability, and Survivors. Pensioners contribute 6% of their pensions.

**Social assistance:** None.

#### Self-employed person

**Social insurance:** Not applicable.

**Social assistance:** None.

#### Employer

**Social insurance:** See source of funds under Old Age, Disability, and Survivors. 2.5% of gross payroll for public health programs through the National Service for Malaria Eradication and job training and placement programs through the National Service for Professional Promotion (see Unemployment).

**Social assistance:** None.

#### Government

**Social insurance:** See source of funds under Old Age, Disability, and Survivors.

**Social assistance:** The total cost.

### Qualifying Conditions

**Cash sickness and maternity benefits (social insurance):** Must have at least four consecutive months of contributions. (Insured women may not receive cash maternity benefits and cash sickness benefits at the same time.)

**Benefits in kind (social insurance):** Must have at least one month of contributions.

**Medical benefits (social insurance):** The minimum contribution period varies according to the type of medical procedure or service.

**Medical care subsidy (social assistance):** Must incur travel costs for receiving treatment in a medical institution that is linked to the Ministry of Public Health and Social Welfare. Beneficiaries are selected based on the type of illness and required care, socioeconomic status, and the distance travelled to access medical services.

### Sickness and Maternity Benefits

**Sickness benefit (social insurance):** 50% of the insured's average daily earnings in the four months immediately before the incapacity began is paid from the day after the incapacity began for up to 26 weeks; may be extended for 24 weeks in special cases. The benefit is reduced by half during periods of hospitalization if there are no dependents.

**Maternity benefit (social insurance):** 50% of the insured's average daily earnings in the four months immediately before the maternity leave is paid for three weeks before and six weeks after the expected date of childbirth.

**Benefits in kind (social insurance):** Milk vouchers are provided for up to eight months if the mother is unable to nurse the child.

### Workers' Medical Benefits

**Medical benefits (social insurance):** The Social Insurance Institute provides medical services directly to patients. Benefits include general and specialist care, hospitalization, laboratory services, medicine, prostheses, dental care, and maternity care.

Benefits are paid for 26 weeks for any one illness; may be extended to up to 52 weeks in certain cases.

Public hospitals and clinics provide free essential health care to the general population, including poor and unemployed persons and their families. Benefits include reproductive health, maternity care, pediatric services, laboratory services, immunizations, and essential medicine.

Cost sharing: Social Insurance Institute facilities and public hospitals and clinics may require copayments.

The National Service for Malaria Eradication provides prevention and treatment for certain tropical diseases, including malaria, snail fever, dengue, chagas disease, and black fever.

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**Medical care subsidy (social assistance):** A periodic subsidy of up to 10 times the legal monthly minimum wage is paid to cover travel costs for the duration of treatment.

The legal daily minimum wage is 78,505 guaranties.

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

Eligible dependents include the wife of the insured or pensioner (or a partner who has lived with him for at least two years before the sickness began); unemployed husband; unmarried children younger than age 18 (no limit if disabled); and the insured's dependent parents older than age 60.

### **Administrative Organization**

Social Insurance Institute (<https://portal.ips.gov.py/>) administers the social insurance program and collects contributions.

Social Insurance Institute operates its own clinics and hospitals.

Ministry of Public Health and Social Welfare (<https://www.mspbs.gov.py/>) administers the medical care subsidy program, public health care and the National Service for Malaria Eradication programs.

## **Work Injury**

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### **Regulatory Framework**

**First laws:** 1927 and 1943.

**Current laws:** 1992 (unified pension scheme), 2013 (self-employed persons), and 2015 (household workers).

**Type of program:** Social insurance system.

### **Coverage**

Employed persons, including employees of decentralized state entities and enterprises partially owned by the state, municipal workers, household workers, and apprentices.

Voluntary coverage for self-employed persons and housewives.

Special systems for public-sector employees, teachers, police and military personnel, railroad employees, dock workers, bank employees, and microentrepreneurs.

### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors.

**Employer:** See source of funds under Old Age, Disability, and Survivors.

**Government:** See source of funds under Old Age, Disability, and Survivors.

### **Qualifying Conditions**

Must be assessed with a work injury or occupational disease.

### **Temporary Disability Benefits**

75% of the insured's average monthly earnings in the last four months or the total contribution period, if shorter, is paid from the day after the disability began for up to 52 weeks.

A medical commission of three Social Security Institute doctors assess the degree of disability. The degree of disability is reviewed at least once every five years.

### **Permanent Disability Benefits**

**Permanent disability pension:** For an assessed degree of disability of at least 30%, 22.5% to 100% of the insured's average monthly earnings in the last 36 months before the disability began is paid, according to the number of contributions and the assessed degree of disability.

**Partial disability:** For an assessed degree of disability of up to 29%, 60% of the insured's lost earnings is paid for five years.

A medical commission of three Social Security Institute doctors assesses the degree of disability. The degree of disability is reviewed at least once every five years.

### **Workers' Medical Benefits**

Benefits include general and specialist care, hospitalization, medicine, and prostheses.

### **Survivor Benefits**

#### **Survivor pension**

**Spouse's pension:** 40% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow(er) or partner aged 40 or older.

A lump sum of three times the annual permanent disability pension the deceased received or was entitled to receive is paid to a widow(er) or partner younger than age 40.

The pension ceases upon remarriage or cohabitation and a lump sum of twice the annual permanent disability pension the deceased received or was entitled to receive is paid.

**Orphan's pension:** 20% of the permanent disability pension the deceased received or was entitled to receive is paid to each child younger than age 16 (no limit if disabled).

**Other eligible survivors pension:** If there is no eligible widow(er), partner, or child, the pension is paid to the deceased's parents.

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The maximum combined survivor benefit is 100% of the pension the deceased received or was entitled to receive.

Survivor benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost of living.

**Survivor grant:** If the deceased had less than 750 weeks of contributions at the time of death, a lump sum of one month of the legal monthly minimum wage for each year of contributions is paid.

The legal monthly minimum wage is 2,041,123 guaranties.

The survivor grant is payable abroad under bilateral or multilateral agreement.

**Funeral grant:** A lump sum of 75 times the legal daily minimum wage is paid.

The legal daily minimum wage is 78,505 guaranties.

### ***Administrative Organization***

Social Insurance Institute (<https://portal.ips.gov.py/>) administers the program.

Social Insurance Institute operates its own clinics and hospitals.

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## ***Unemployment***

### ***Regulatory Framework***

The 1993 labor code regulates severance pay for unjustified dismissal. A lump sum of 15 times the employee's daily wage for each year or fraction of a year of service above six months is paid.

Law No. 253 (1971) requires the National Service for Employment Promotion (SNPP), under the Ministry of Labor, Employment, and Social Security, to provide job training and placement programs.

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### ***Family Allowances***

#### ***Regulatory Framework***

No statutory benefits are provided.

The 1993 labor code requires employers to provide certain maternity and family allowance benefits to their employees based on the number of children an employee has.