

## Peru

Exchange rate: U.S.\$1.00 equals  
3.49 nuevos soles.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1936 (wage earners) and 1962 (salaried employees).

**Current laws:** 1973 (unified social security retirement), 1991 (private pensions), and 1995 (private pensions).

**Type of program:** Dual social insurance and private insurance system.

Note: When public- and private-sector employees enter the workforce, they may choose between the private insurance system (SPP) and the public social insurance system (SNP). SNP members may switch to the SPP but may not switch back.

#### Coverage

**Social insurance (SNP):** Wage earners and salaried employees in private and public sectors, employees of worker-owned and cooperative enterprises, teachers, self-employed drivers, artists, domestic workers, wage earners and the self-employed in the agricultural sector.

Special systems for fishermen, stevedores, and employees not covered under the SNP.

Voluntary coverage for the self-employed, for those who are economically active but no longer in covered employment (a minimum of 18 months' previous coverage is required), and housewives.

**Private insurance (SPP):** Employed persons.

Voluntary coverage for the self-employed.

#### Source of Funds

##### Social insurance (SNP)

*Insured person:* 13% of earnings.

*Employer:* None.

*Government:* None; the government finances the minimum pension as well as special subsidies needed to finance the program.

The minimum earnings for contribution purposes are equal to the legal minimum wage; for domestic workers, 33.3% of the legal minimum wage.

There are no maximum earnings for contribution purposes.

##### Private insurance (SPP)

*Insured person:* 8% of earnings for old-age benefits, plus an additional amount for disability and survivor insurance and administrative fees.

*Employer:* None.

*Government:* The government finances the guaranteed minimum pension.

#### Qualifying Conditions

##### Social insurance (SNP)

*Old-age pension:* Men born up to December 18, 1932, and women born up to December 18, 1937, with 15 years and 13 years of contributions, respectively. Men and women born after these respective dates with 20 years of contributions and aged 65.

*Disability pension:* A loss of 2/3 of earning capacity and employed at the onset of disability; has 36 months of contributions with 18 months in last 36 months, 12 months of contributions in the last 36 months with 3 to 15 years of contributions, or 15 or more years of contributions.

*Survivor pension:* The insured was a pensioner or met the qualifying conditions for a pension at the time of death.

##### Private insurance (SPP)

*Old-age pension:* Age 65; a pension is payable at any age if the individual account has accumulated assets that will replace at least 50% of average indexed earnings in the last 10 years and provide at least 110% of the minimum benefit at the date of the payment.

*Disability pension:* A loss of 2/3 of earning capacity.

*Survivor pension:* The insured was a pensioner or met the qualifying conditions for a pension at the time of death.

#### Old-Age Benefits

##### Social insurance (SNP)

*Old-age pension:* Men born up to December 18, 1932, and women born up to December 18, 1937, receive 50% of the reference salary, plus 2% (men) or 2.5% (women) for every additional year of contributions beyond 15 and 13, respectively. The reference salary is equal to average earnings in the last 12 months.

Reduced pension: 1/30 (men) or 1/25 (women) of the reference salary for between 5 and 14 years of contributions (men) or 5 and 12 years of contributions (women).

Men born after December 18, 1932 and women after December 18, 1937, receive 50% of the reference salary, plus 4% for every additional year of contributions beyond 20. The reference salary for between 20 and 25 years of contributions is the average earnings of the last 5 years; for between 25 and 30 years of contributions, average earnings in the last 4 years; for more than 30 years of contributions, average earnings in the last 3 years.

Dependents' supplements: All social insurance pensioners are entitled to an increment of between 2% and 10% for a spouse and 2% and 5% for each child.

The minimum pension with up to 5 years of contributions is 145 nuevos soles; with 6 to 9 years of contributions,

173 nuevos soles; with 10 to 19 years, 200 nuevos soles; and with more than 20 years, 250 nuevos soles.

The maximum pension is 100% of the reference salary but not more than 600 nuevos soles.

Constant-attendance supplement: An amount equal to the minimum wage.

Benefit adjustment: Pensions are adjusted according to cost-of-living changes in Lima.

#### **Private insurance (SPP)**

*Old-age pension:* The value of retirement savings varies according to the insured's contributions to an individual account plus accrued earnings, minus administrative fees.

Retirement savings can be used to make programmed withdrawals from the individual's account or to purchase a personal annuity, a joint survivor life annuity, or a deferred annuity accompanied by temporary periodic withdrawals.

Guaranteed minimum pension: For insured persons born no later than 1945 who satisfy the minimum requirements for contributions.

### **Permanent Disability Benefits**

#### **Social insurance (SNP)**

*Disability pension:* 50% of the reference salary, plus 1.5% for each year of contributions over 3 years. For a contribution period of between 1 and 3 years, 1/6 of average earnings for each year of contributions.

Reference salary: The reference salary is equal to average earnings in the last 12 months; for voluntarily insured self-employed persons, the reference salary is average earnings in the last 60 months.

The minimum pension is three times the minimum wage.

The maximum pension is 80% of total earnings.

Dependents' supplements: 2% to 10% of earnings for a spouse and 2% to 5% for each child. The amount is reduced if concurrent earnings and pension income exceed the insured's former average earnings.

Constant-attendance supplement: An amount equal to the minimum wage.

Benefit adjustment: Pensions adjusted according to cost-of-living changes in Lima.

#### **Private insurance (SPP)**

*Disability pension:* In addition to the accumulated assets of the individual account, the private pension fund administrator purchases a group insurance product on behalf of the fund member. The pension is calculated on the basis of the insured's average monthly salary and is proportional to the assessed degree of disability.

### **Survivor Benefits**

#### **Social insurance (SNP)**

*Survivor pension:* 50% of the pension paid or accrued to the insured is payable to a widow or a disabled widower.

The minimum pension is three times the minimum wage.

*Orphan's pension:* 20% of the pension is payable to the widow for each orphan (40% is payable to each full orphan) under age 18 (age 21 if a student, no limit if disabled).

The minimum orphan's pension is 1.5 times the minimum wage.

*Other eligible survivors (in the absence of the above):* Dependent parents receive 20% each.

The maximum survivor pension is 100% of the insured's pension.

Funeral grant: Up to five times the minimum wage.

Constant-attendance supplement: An amount equal to the minimum wage, if disabled.

Benefit adjustment: Pensions are adjusted according to cost-of-living changes in Lima.

#### **Private insurance (SPP)**

*Survivor pension:* In addition to the accumulated assets of the individual account, the private pension fund administrator purchases a group insurance product on behalf of the fund member. The pension for a spouse, orphans, and dependent parents is calculated on the basis of the insured's average monthly salary, according to the schedule in law. The group insurance also covers the cost of funeral grants.

### **Administrative Organization**

#### **Social insurance (SNP)**

Comptroller General of the Republic provides general supervision.

Office of Social Security Normalization administers the program.

#### **Private insurance (SPP)**

Superintendent of Banks and Insurance is responsible for the licensing and supervision of pension fund administrators and insurance companies.

Investment Classification Commission assesses investment risks.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First laws:** 1936 (wage earners) and 1948 (salaried employees).

**Current laws:** 1979 (social insurance), 1991 (private pensions), 1997 (modernizing health), and 1999 (social security health insurance, or EsSALUD).

**Type of program:** Social insurance and private insurance system. Cash and medical benefits.

### Coverage

#### EsSALUD (Social Security Health Insurance)

Employed persons in the public and private sectors, employees of worker-owned and cooperative enterprises, professional artists, self-employed drivers, domestic workers, pensioners, self-employed persons and other persons who do not meet the requirements for regular affiliation, employed and self-employed persons in agriculture, spouses or partners of insured persons, and children.

**Exclusions:** Employees whose employers provide health services directly.

Special systems for fishermen, stevedores, and employees not covered under the national system.

#### EPS (Private health care provider)

All persons opting out of EsSALUD and their dependents.

### Source of Funds

**Insured person:** None; pensioners contribute 4% of their pension.

**Employer:** 9% of payroll. (Employers providing health services directly to their employees, or who use services provided under contract by a private health care provider (EPS), receive a 25% credit toward the cost of the contribution.)

**Government:** None.

### Qualifying Conditions

**Sickness cash benefits:** Three months' consecutive contributions or 4 months of contributions in the 6 months preceding the onset of illness.

**Maternity care and cash benefits:** Covered when the child was conceived.

### Sickness and Maternity Benefits

**Sickness benefit:** 100% of average daily earnings in the last 4 calendar months, payable after a 20-day waiting period for up to 11 months and 10 days. The employer pays the full salary during the waiting period.

**Maternity benefit:** 100% of earnings, up to a maximum. The benefit is payable for 45 days before and 45 days after the expected date of childbirth.

**Nursing allowance:** Twice the minimum wage (820 nuevos soles from 8 to 14 months of age).

**Funeral grant:** 2,070 nuevos soles.

### Workers' Medical Benefits

Benefits include general, specialist, maternity, and dental care; hospitalization; laboratory services; appliances; medicines; rehabilitation; health education; preventative care; and immunization.

Benefits are provided for up to 12 months (may be extended in certain cases).

Employees have the option of receiving medical benefits from EsSALUD or from an EPS provider. In order to opt for an EPS provider, 51% of employees must agree to the change.

Medical benefits provided by an EPS provider require a copayment of 2% of monthly income, up to a maximum of 10% of income or 240 nuevos soles, whichever is lower. The insured may purchase additional coverage.

### Dependents' Medical Benefits

The spouse or partner of the insured receives the same benefits for sickness and maternity as the insured. Children under age 18 (no limit if disabled) receive medical care.

### Administrative Organization

Comptroller General of the Republic provides general supervision.

Social Security Health Insurance (EsSALUD) administers the program.

Private health care providers (EPS) under contract provide complementary and private medical care.

### Work Injury

#### Regulatory Framework

**First laws:** 1911 (work injury) and 1935 (occupational diseases).

**Current law:** 1997.

**Type of program:** Social insurance system. Cash and medical benefits.

#### Coverage

Employed persons in the public and private sectors, including fishermen, domestic workers, and journalists working for one employer, and employees of worker-owned and cooperative enterprises.

#### Source of Funds

**Insured person:** None.

**Employer:** 1.0% to 12.2% of payroll, according to the assessed degree of risk and the accident rate.

**Government:** Contributes as an employer.

Maximum earnings for benefit purposes are equal to six times the local minimum wage.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

100% of wages, payable after a 20-day waiting period for up to 11 months and 10 days or 340 days. The employer pays the full salary during the waiting period.

The maximum duration of benefit is 18 months in a 36-month period.

### **Permanent Disability Benefits**

**Permanent disability pension:** 80% of average wages (100% in cases requiring constant attendance) if totally disabled (an assessed degree of disability of more than 65%).

Partial disability: The pension is proportionately reduced for an assessed degree of disability of between 40% and 65%. A lump sum of 2 years' pension is paid if the assessed degree of disability is less than 40%.

### **Workers' Medical Benefits**

Benefits include necessary medical, surgical, and hospital care and appliances, until full recovery or certification of permanent disability.

### **Survivor Benefits**

**Survivor pension:** 50% of the insured's total disability pension, payable to a widow or a disabled widower.

**Orphan's pension:** 25% of the insured's pension for each orphan under age 18 (age 23 if a student).

**Other eligible survivors (in the absence of the above):** 25% of the insured's pension for each parent.

The maximum survivor pension is 100% of the insured's pension.

Funeral grant: 2,070 nuevos soles.

### **Administrative Organization**

Comptroller General of the Republic provides general supervision.

Office of Social Security Normalization (ONP) administers the program.

### **Unemployment**

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#### **Regulatory Framework**

No statutory benefits are provided. (Under the Labor Code, private-sector employees are entitled to a severance payment at the end of the labor contract.)