

## Chile

Exchange rate: US\$1.00 = 469.50 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1924.

**Current laws:** 1952 (social insurance and health insurance); 1952 (wage earners and salaried employees); 1975 (social assistance); 1980 (individual account); 1980 (contributory scheme); 1980 (institute of normalization); 2008 (social security reform).

**Type of program:** Mandatory individual account, social insurance, and social assistance system.

#### Coverage

##### Mandatory individual account

Employees who entered the labor force after December 31, 1982; mandatory coverage is gradually being extended to some self-employed persons from 2012 to 2015 (currently voluntary for self-employed persons).

Voluntary coverage for workers covered by social insurance before January 1, 1983.

##### Social insurance

Wage earners, salaried employees, and self-employed persons with earnings lower than three times the legal monthly minimum wage.

The legal monthly minimum wage is 182,000 pesos.

Special systems for particular groups of salaried employees, including railroad employees, seamen and port workers, public-sector employees, and military and police personnel.

##### Social assistance

Residents of Chile.

#### Source of Funds

##### Mandatory individual account

**Insured person:** 10% of covered earnings for the old-age pension plus an average of 1.55% of covered earnings for administrative fees. Persons working under arduous conditions contribute an additional 1% or 2% of covered earnings depending on occupation.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 182,000 pesos; 135,867 pesos for insured persons younger than age 18 or older than age 65.

The maximum monthly earnings used to calculate contributions are 66 UFs (unidad de fomento). The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Self-employed person:** 10% of declared earnings for the old-age pension plus an average of 1.49% of declared earnings for disability and survivor insurance and 1.55% for administrative fees.

The minimum monthly declared earnings used to calculate contributions are 182,000 pesos.

The maximum monthly declared earnings used to calculate contributions are 66 UFs. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Employer:** 1% or 2% of covered earnings for employees working under arduous conditions plus an average of 1.49% of payroll for employees' disability and survivor insurance.

The maximum monthly earnings used to calculate contributions are 66 UFs. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Government:** Finances the minimum benefit, old-age and disability social security solidarity benefits, and the value of accrued rights under the social insurance system.

##### Social insurance

**Insured person:** Wage earners contribute 18.84% of covered wages; salaried employees contribute 20% to 30% of covered earnings depending on the occupation.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 182,000 pesos; 135,867 pesos for insured persons younger than age 18 or older than age 65.

The maximum monthly earnings used to calculate contributions are 66 UFs. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Self-employed person:** 18.84% of declared earnings.

The minimum monthly declared earnings used to calculate contributions are 106,435 pesos.

The maximum monthly declared earnings used to calculate contributions are 66 UFs. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Employer:** None.

**Government:** Special subsidies as needed to finance the program.

##### Social assistance

**Insured person:** None.

**Self-employed person:** None.

*Employer:* None.

*Government:* The total cost.

## Qualifying Conditions

### Mandatory individual account

*Old-age pension:* Age 65 (men) or age 60 (women). The normal retirement age for insured persons with at least 20 years of contributions is reduced by one or two years for each five-year period of work under arduous conditions, depending on the occupation, up to 10 years (see below for the guaranteed minimum pension).

*Early pension:* If aged 55 or older (men) or aged 50 or older (women) on August 19, 2004, retirement before the normal retirement age is possible for insured persons with a pension of 50% or more of the insured's average wage in the last 10 years and at least 110% of the minimum old-age pension.

If younger than age 55 (men) or age 50 (women) on August 19, 2004, retirement before the normal retirement age is possible for insured persons with a pension of 70% or more of the insured's average wage in the last 10 years and at least 150% of the minimum old-age pension.

*Child benefit:* Women aged 65 or older who gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, and retired on or after July 1, 2009.

*Guaranteed minimum pension:* The benefit is being phased out and replaced by the old-age social security solidarity top-up benefit by 2023. Until then, there is a choice between the two benefits for persons who received the guaranteed minimum pension prior to July 1, 2008 and those aged 50 and older on July 1, 2008 who qualify for the guaranteed minimum pension at retirement. Age 65 (men) or age 60 (women) with at least 20 years of contributions whose sum of pensions, income, and taxable earnings is less than the minimum pension (111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75).

*Old-age social security solidarity top-up benefit (means-tested):* Age 65 and a resident of Chile for four of the last five years. The insured must have a base pension (old-age pension from individual account plus any survivor benefits received) of less than 255,000 pesos a month and the pensioner's family must be among the poorest 60% of the population as assessed by the census.

*Disability pension:* The insured must be assessed with at least a 66% loss in earning capacity (not caused by a work-related accident). Coverage is extended for up to 12 months after employment ceases if the insured has six months of contributions in the last year of employment. Coverage is extended up to age 65 for women who are employed after age 60.

*Partial disability:* The insured must be assessed with a loss of between 50% and 65% of earning capacity (not caused by a work-related accident). Coverage is extended for up to 12 months after employment ceases if the insured has six months of contributions in the last year of employment. Coverage is extended up to age 65 for women who are employed after age 60.

Regional medical commissions assess the degree of disability.

*Guaranteed minimum pension:* Persons who received the guaranteed minimum pension prior to July 1, 2008, and who do not opt for the new disability solidarity top-up benefit. The guarantee is paid if the insured's disability pension is less than the minimum pension (111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75).

*Disability social security solidarity top-up benefit (means-tested):* Age 18 to 64, a resident of Chile for five of the last six years, and assessed with a disability. The insured must have a base pension (disability pension from individual account plus any survivor benefits received) of less than the basic disability solidarity pension (78,449 pesos a month) and the pensioner's family must be among the poorest 60% of the population as assessed by the census.

*Survivor pension:* The insured was in covered employment or was a pensioner at the time of death. Coverage is extended for up to 12 months after employment ceases if the insured had at least six months of contributions in the last year of employment. Coverage is extended up to age 65 for women who are employed after age 60.

Eligible survivors are a widow(er) who was married to the insured for at least six months (at least three years if the insured was a pensioner); the mother of the deceased's extramarital children; children younger than age 18 (age 24 if a student, no age limit if disabled); and the deceased's parents if there are no other eligible survivors.

*Child benefit:* Women aged 65 or older who receive a survivor pension from the mandatory individual account system and gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, retired on or after July 1, 2009, and are not eligible for the benefit through any other program.

### Social insurance

*Old-age pension:* Wage earners must be age 65 or older with at least 1,040 weeks of work or 800 weeks of work with at least 50% of the weeks since coverage began in covered employment (men), or age 60 or older with at least 520 weeks of work (women).

Salaried employees must be age 65 or older (men) or age 60 or older (women) with at least 10 years of contributions.

Salaried employees must cease all gainful activity.

The normal retirement age for insured persons with at least 1,020 weeks of contributions is reduced by one year (two

years for workers in mining or smelting) for each five-year period of work under arduous conditions. The maximum reduction of the normal retirement age is five years (10 years for workers in mining or smelting).

**Winter grant (means-tested):** Paid to low-income pensioners.

**Disability pension:** Wage earners must be assessed with a total or partial disability and be younger than age 65 (men) or younger than age 60 (women) when the disability began. Additionally, they must have at least 50 weeks of contributions, including at least 40% of the weeks in the last five years and 50% of the weeks since coverage began (women are exempt from this last condition, as are men with at least 400 weeks of coverage).

Wage earners are assessed with a total disability when there is a loss in earning capacity of at least 70%; a partial disability is assessed when there is a loss in earning capacity from 30% to 69%.

Salaried employees younger than age 65 (men) or age 60 (women) must be assessed with a degree of disability of at least 66.7% with at least three years of contributions.

Preventive and disability medical commissions assess the degree of disability for wage earners and salaried employees.

**Survivor pension:** If the deceased was previously a wage earner, he or she must have had at least 400 weeks of paid coverage; or at least 50 weeks of paid coverage, including at least 40% of the weeks in the last five years and 50% of the weeks since coverage began (women are exempt from this last condition).

If the deceased was previously a salaried employee, he or she must have at least three years of contributions.

Eligible survivors are a widow or a widower with a disability; the mother of the deceased's extramarital children; children younger than age 18 (age 24 if a student, no limit if disabled); and the deceased's parents in the absence of other eligible survivors.

**Child benefit:** Women aged 65 or older who receive a survivor pension from the social insurance system and gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, retired on or after July 1, 2009, and are not eligible for the benefit through any other program.

**Funeral grant:** The grant is paid to the widow(er), children, or parents.

### Social assistance

**Basic old-age solidarity pension:** Age 65, a resident of Chile for 20 years, including at least four of the last five years, and ineligible for any other pension. The pensioner's family must be among the poorest 60% of the population as assessed by the census.

**Child benefit:** Women aged 65 or older who gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, retired on or after July 1, 2009, and not eligible for any other pension.

**Basic disability solidarity pension:** Age 18 to 64, a resident of Chile for five of the last six years, assessed with a disability, and ineligible for a pension. The pensioner's family must be among the poorest 60% of the population as assessed by the census.

### Old-Age Benefits

#### Mandatory individual account

**Old-age pension:** The value of the pension depends on the insured's contributions plus accrued interest. At retirement, the accumulated capital can be used to provide an immediate life annuity, temporary income with a deferred life annuity, programmed withdrawals, or an immediate life annuity with programmed withdrawals. (The value of accrued rights plus interest under the social insurance system is combined with the individual account balance at retirement.)

**Benefit adjustment:** Benefits are adjusted automatically each year according to variations in the value of the UF. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Child benefit:** A bond is paid for each live birth or adopted child. For women younger than age 65 on July 1, 2009, a bond of 10% of 18 minimum wages (approximately 300,000 pesos per child in July 2009) is deposited into the individual account during the month after the mother reaches age 65. The bond's interest rate is the average annual rate for Fund C less administrative fees for that period.

**Guaranteed minimum pension:** The monthly pension is 111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75.

**Old-age social security solidarity top-up benefit (means-tested):** The amount of the benefit depends on the base pension (old-age pension from individual account plus any survivor benefits received) and decreases with the size of the base pension.

The maximum combined old-age pension and old-age solidarity benefit is 255,000 pesos a month.

#### Social insurance

**Old-age pension:** Wage earners receive a monthly pension of 50% of the base wage plus 1% of wages for each 50-week period of contributions exceeding 500 weeks.

The base wage is the average monthly wage in the last five years, with the first two years adjusted for wage changes.

Salaried employees receive a monthly pension of 0.029% of the base salary multiplied by the number of years of contributions.

The base salary is the average monthly salary in the last five years with the first two years adjusted for salary changes.

Salaried woman's child supplement: A supplement of 0.029% of the base salary is paid for each dependent child to a woman with more than 20 years of contributions; 0.057% of the base salary if a widow.

The minimum monthly pension is 111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75.

Winter grant (means-tested): 44,265 pesos is paid annually to low-income pensioners.

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the consumer price index; may be earlier if the variation of the consumer price index within the year is at least 15%.

### Social assistance

*Basic old-age solidarity pension:* 78,449 pesos a month is paid.

Child benefit: A benefit is paid for each live birth or adopted child.

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the consumer price index; earlier if the variation of the consumer price index within the year is at least 10%.

### Permanent Disability Benefits

#### Mandatory individual account

*Disability pension:* For a total disability, the pension is financed through the individual account. (Disability insurance tops up the accumulated capital in the individual account if the balance is less than the required minimum to finance the permanent disability pension.)

For a partial disability, the individual pension fund management company finances a benefit for up to three years following an initial level of assessment and certification by the medical commission. The monthly benefit is 50% of the base salary.

The base salary is equal to the insured's average monthly wage in the last 10 years.

Long-term partial disability pension: Following a second level of assessment and certification, the pension is financed through the individual account. (Disability insurance tops up the accumulated capital in the individual account if the balance is less than the required minimum to finance the permanent disability pension.)

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the UF. The UF is

21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

Guaranteed minimum pension: The minimum monthly pension is 111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75.

Disability social security solidarity top-up benefit (means-tested): Decreases with the size of the base pension (disability pension from individual account plus any survivor benefits received).

The maximum combined disability pension and disability solidarity benefit is the 78,449 pesos a month.

### Social insurance

*Disability pension:* For a total disability, wage earners receive a monthly pension of 50% of the base wage plus 1% of wages for every 50-week period of contributions exceeding 500 weeks. For a partial disability, 50% of the total disability pension is paid.

The base wage is equal to the average monthly wage in the last five years, with the first two years adjusted for wage changes.

The minimum monthly pension is 111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75.

Salaried employees receive a monthly pension of 70% of the base salary plus 2% of the salary for every year of contributions exceeding 20 years.

The base salary is equal to the average monthly salary in the last five years, with the first two years adjusted for salary changes.

Salaried woman's child supplement: A supplement of 0.029% of the base salary is paid for each dependent child to a woman with more than 20 years of contributions; 0.057% of the base salary if a widow.

Civil servant supplement: A supplement of 0.033% of the base salary is paid for each dependent child to a woman with more than 20 years of contributions; 0.067% of the base salary if a widow.

The minimum monthly pension is 111,855.55 pesos for a pensioner younger than age 70; 122,305.43 pesos from age 70 to age 75; or 130,495.77 pesos if older than age 75.

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the consumer price index; may be earlier if the variation of the consumer price index within the year is at least 15%.

### Social assistance

*Basic disability solidarity pension:* The pension is 78,449 pesos a month.

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the consumer price

index; earlier if the variation of the consumer price index within the year is at least 10%.

### Survivor Benefits

#### Mandatory individual account

*Survivor pension:* A widow without eligible children receives a monthly pension of 60% of the deceased's pension (43% for a widower); 50% if a pension is also paid to children (36% for a widower). The mother of the insured's extramarital children receives 36% of the deceased's pension; 30% if the children are younger than age 18 (age 24 if a student, no limit if disabled). Each orphan younger than age 18 (age 24 if a student, no limit if disabled) receives 15% of the deceased's pension; 11% for each partially disabled orphan older than age 24.

*Other eligible survivors (in the absence of the above):* A parent receives 50% of the deceased's monthly pension.

If the deceased was actively contributing to an individual account, survivor pensions are calculated according to a reference pension of 70% of the average monthly wage in the last 10 years.

The pension paid as the result of the death of an insured person or a temporary disability beneficiary is financed with the deceased's individual account balance; if the deceased was a pensioner, the type of benefit depends on the type of retirement pension that the deceased chose. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance is less than the required minimum to finance the survivor pension.)

There is no maximum survivor pension.

*Child benefit:* A bond is paid for each live birth or adopted child. For women younger than age 65 on July 1, 2009, a bond of 10% of 18 minimum wages (approximately 300,000 pesos per child in July 2009) is deposited into the individual account during the month after the mother reaches age 65. The bond's interest rate is the average annual rate for Fund C less administrative fees for that period.

*Benefit adjustment:* Benefits are adjusted automatically each year according to variations in the UF. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

*Funeral grant:* A withdrawal of 15 UFs from the deceased's individual account is granted to the relative who paid for the funeral expenses. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

#### Social insurance

*Survivor pension (wage earner):* The monthly pension paid to a wage earner's widow of any age or a widower with a disability is 50% of the base wage (50% of the disability

pension the deceased was entitled to) and the pension increases to 60% if there are no children. Each orphan receives 20% of the base wage or average monthly pension in the preceding year. The mother of the deceased's extramarital children receives 60% of the widow's pension.

The pension ceases on remarriage.

A widow younger than age 55 receives a lump sum of two years of pension.

*Child benefit:* A benefit is paid for each live birth or adopted child by the female recipient of a social insurance survivor pension.

The minimum monthly widow(er)'s pension is 68,112.12 pesos for a survivor younger than age 70 without children; 84,986.92 pesos from age 70. The minimum monthly widow(er)'s pension is 56,974.09 pesos for a survivor younger than age 70 with children; 73,388.32 pesos from age 70.

The minimum monthly orphan's pension is 15,743.98 pesos.

*Benefit adjustment:* Benefits are adjusted automatically each year according to variations in the consumer price index; may be earlier if the variation of the consumer price index within the year is at least 15%.

*Funeral grant (wage earner):* The grant is up to three times the monthly minimum wage (352,203 pesos).

*Survivor pension (salaried employee):* For a salaried employee's widow or dependent widower, the monthly pension is 50% of the deceased's base salary (the average monthly wage in the last five years) or the deceased's pension. If there are no children, the pension is increased to 60% of the deceased's base salary. Each orphan and dependent parent receives 15% of the base salary or deceased's pension. The mother of the deceased's extramarital children receives 60% of the widow's pension.

The pension ceases on remarriage.

A widow younger than age 55 receives a lump sum of two years of pension.

The minimum monthly widow(er)'s pension is 68,112.12 pesos for a survivor younger than age 70 without children; 84,986.92 pesos from age 70. The minimum monthly widow(er)'s pension is 56,974.09 pesos for a survivor younger than age 70 with children; 73,388.32 pesos from age 70.

The minimum monthly orphan's pension is 15,743.98 pesos.

*Benefit adjustment:* Benefits are adjusted automatically each year according to variations in the consumer price index; may be earlier if the variation of the consumer price index within the year is at least 15%.

*Funeral grant (salaried employee):* The grant is up to three times the monthly minimum wage (352,203 pesos).

## Administrative Organization

### Mandatory individual account

Ministry of Labor and Social Security through the Superintendent of Pensions (<http://www.safp.cl>) provides general supervision.

Individual pension fund management companies administer individual capitalization accounts.

### Social insurance and social assistance

Social Security Institute (<http://www.ips.gob.cl>) administers the social insurance and assistance programs.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1924.

**Current laws:** 1979 (national health system); 1985 (public health system), implemented in 1986; 1990 (private health system); and 2004 (health guarantees), implemented in 2005.

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

Note: Insured persons may opt out of the public national health system and contract with a private health institute.

### Coverage

**Public and private systems:** All public- and private-sector workers; self-employed persons; contract workers; pensioners; persons receiving work injury, unemployment, or social assistance benefits; persons entitled to family allowances; and pregnant women. (Persons without earnings, beneficiaries of social assistance pensions, and pregnant women and mothers up to six months after childbirth are covered by the public system.)

Those who opt out of the public system must sign a contract with a private health institution.

### Source of Funds

#### Public system

**Insured person:** Insured person: 7% of covered earnings, pensioners, 7% of the pension (Solidarity beneficiaries are exempt); the voluntarily insured, 7% of declared earnings.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 182,000 pesos; 135,867 pesos for insured persons younger than age 18 or older than age 65.

The minimum monthly declared earnings used to calculate contributions are 106,435 pesos.

The maximum monthly earnings used to calculate contributions are 66 UFs (unidad de fomento). The UF is

21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Self-employed person:** 7% of declared earnings.

The minimum monthly declared earnings used to calculate contributions are 106,435 pesos.

**Employer:** None.

**Government:** Finances the cost of maternity benefits and meets any deficit.

#### Private system

**Insured person:** At least 7% of gross earnings, depending on the health plan.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 182,000 pesos; 135,867 pesos for insured persons younger than age 18 or older than age 65.

**Self-employed person:** At least 7% of declared earnings, depending on the health plan.

The minimum monthly declared earnings for contribution calculation purposes are 106,435 pesos.

**Employer:** None.

**Government:** Finances part of the cost of sickness benefits.

### Qualifying Conditions

**Cash sickness and maternity benefits (public and private systems):** Employees must have at least six months of contributions including at least three months of contributions in the last six months; contract workers must have at least six months of contributions including at least 30 days of contributions in the last 12 months; and self-employed persons must have at least 12 months of coverage with at least six months of paid contributions in the last 12 months.

There are no qualifying conditions for an incapacity that is the result of an accident.

**Medical benefits (public and private systems):** Must be currently covered.

### Sickness and Maternity Benefits

**Sickness benefit (public and private systems):** For public-sector employees, the benefit is 100% of net earnings before the incapacity began. For private-sector employees, the benefit is the average monthly net earnings in the last three months. For self-employed persons, the benefit is the average monthly declared earnings in the last six months.

Sickness benefits are paid retroactively from the first day if the sick-leave period is longer than 10 days; from the fourth day if the sick-leave period is shorter than 10 days. The employer is not required to pay benefits for the first three days, unless established under a collective agreement.

The duration of the benefit is the same as the period of sick leave.

The minimum daily sickness benefit is 1,773.92 pesos.

**Maternity benefit (public and private systems):** For public-sector employees the monthly benefit is 100% of earnings. For private-sector employees, the monthly benefit is the average monthly net earnings in the three months before the expected date of childbirth. For self-employed persons, the monthly benefit is the average monthly declared earnings in the last six months. The benefit is paid for six weeks before and 12 weeks after the expected date of childbirth.

The minimum daily maternity benefit is 1,773.92 pesos.

The maternity benefit is also paid for the adoption of a child younger than six months. The benefit is paid for 12 months.

### **Workers' Medical Benefits**

#### **Public system**

*Medical benefits:* Benefits are provided to patients through public or private health institutions and professionals registered with the National Health Fund. Benefits include general and specialist care, periodic medical examinations, hospitalization, medicine, dental care, and maternity care.

There is no limit to duration.

General Scheme of Health Guarantees establishes the minimum benefits to be provided by the public system.

There is no cost sharing for primary assistance and for low-income persons, beneficiaries of assistance pensions or family allowances, and persons older than age 60.

#### **Private system**

*Medical benefits:* The insured signs a minimum 12-month contract with a private health institute. The insured may choose among open or closed plans or preferred doctor plans. Benefits, as well as cost sharing, vary by contract but must be at least equal to those provided by the public system.

### **Dependents' Medical Benefits**

#### **Public system**

*Medical benefits:* Benefits include general and specialist care, periodic medical examinations, hospitalization, medicine, dental care, and maternity care.

There is no limit to duration.

General Scheme of Health Guarantees establishes the minimum benefits to be provided by the public system.

There is no cost sharing for primary assistance and for low-income persons, beneficiaries of assistance pensions or family allowances, and persons older than age 60.

#### **Private system**

*Medical benefits:* Benefits, as well as cost sharing, vary by contract but must be at least equal to those provided by the public system.

The widow(er) and children are covered for a year after the insured's death.

### **Administrative Organization**

Ministry of Health (<http://www.minsal.cl>) provides general supervision of the system.

Superintendent of Health (<http://www.supersalud.cl>) oversees the public and private schemes and public and private health providers.

National Health Fund (<http://www.fonasa.gov.cl>) administers cash benefits and the public system.

Health Institutions (<http://www.isapre.cl>) administer the private system.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1916.

**Current law:** 1968 (work injury and professional diseases) and 2008 (social security reform).

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

#### **Coverage**

All public- and private-sector workers, self-employed persons who contribute to old-age and sickness schemes, household workers, contract and temporary workers, students, apprentices, and trade union representatives.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 0.95% of declared income plus up to 3.4% of declared earnings, depending on the occupation.

The minimum monthly declared earnings used to calculate contributions are 106,435 pesos.

The maximum monthly earnings used to calculate contributions are 66 UFs (unidad de fomento). The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Employer:** 0.95% of covered payroll plus up to 3.4% of covered payroll according to the industry and the assessed degree of risk.

The minimum monthly earnings used to calculate contributions are 106,435 pesos.

The maximum monthly earnings used to calculate contributions are 60 UFs. The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

**Government:** None; contributes as an employer.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.

Self-employed persons must have paid all due contributions.

### **Temporary Disability Benefits**

For public-sector employees, the monthly benefit is 100% of net earnings. For private-sector employees, the monthly benefit is the average monthly net earnings in the three months before the disability began. The benefit is paid from the day of injury for up to 12 months (may be extended up to an additional 12 months).

Benefit adjustment: Benefits are adjusted according to wage increases.

### **Permanent Disability Benefits**

**Permanent disability pension:** With an assessed degree of disability of at least 70% (total disability), the monthly pension is 70% of the base salary.

The base salary is equal to average monthly net earnings in the six months before the disability began.

In most cases, Preventive and Disability Medical Commissions assess the degree of disability. The degree of disability is reassessed once every two years in the eight years after the pension is awarded.

**Constant-attendance allowance:** If the insured requires the constant attendance of others to perform daily functions, the pension is increased by 30% of the base salary.

**Child's supplement:** The pension is increased by 5% for the third and each subsequent child entitled to family allowances.

**Partial disability:** With an assessed degree of disability from 40% to 69%, the monthly pension is 35% of the base salary. A lump sum of up to 15 months of base salary is paid for an assessed degree of disability from 15% to 39%.

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the price index; may be earlier if the variation of the price index within the year is at least 15%.

### **Workers' Medical Benefits**

Benefits include necessary medical, surgical, dental, and pharmaceutical services; hospitalization; prostheses; rehabilitation; transfer costs, and occupational retraining. Benefits are provided from the first day after the disability began or the diagnosis of the occupational disease.

There is no limit to duration.

There is no cost sharing.

### **Survivor Benefits**

**Survivor pension:** A monthly benefit of 50% of the deceased's pension is paid to a widow older than age 44 (at any age if disabled or caring for a child) or a widower with a disability. If there are no eligible children, the pension is increased to 60% of the deceased's pension.

A widow younger than age 45 receives a limited pension for a year. If a widow caring for a child reaches age 45 during the eligible period, the benefit is paid for life.

The minimum monthly widow(er)'s pension is 68,112.12 pesos for a survivor younger than age 70 without children; 84,986.92 pesos from age 70. The minimum monthly widow(er)'s pension is 56,974.09 pesos for a survivor younger than age 70 with children; 73,388.32 pesos from age 70.

The pension ceases on remarriage and a lump sum of two years of pension is paid.

**Orphan's pension:** A monthly pension of 20% of the deceased's pension is paid for each orphan younger than age 18 (age 24 if a student, no limit if disabled); 50% for each full orphan.

The minimum monthly orphan's pension is 15,743.98 pesos.

All survivor benefits combined must not exceed 100% of the deceased's pension.

Benefit adjustment: Benefits are adjusted automatically each year according to variations in the consumer price index; earlier if the variation of the price index within the year is at least 15%.

**Education grant:** Eligible orphans who are students with an assessed degree of disability from 15% to 70% and with earnings lower than the legal monthly minimum wage receive a monthly benefit of 22.3% of the legal monthly minimum wage.

The legal monthly minimum wage is 182,000 pesos.

### **Administrative Organization**

Ministry of Labor and Social Security, through the Superintendent of Pensions (<http://www.safp.cl>), provides general supervision.

Occupational Safety Institute (<http://www.isl.gob.cl>) administers the program.

### **Unemployment**

#### **Regulatory Framework**

**First law:** 1937.

**Current laws:** 1981 (unemployment), implemented in 1982; 2001 (severance account system), implemented in 2002; and 2009 (mandatory severance pay).

**Type of program:** Employment-related and mandatory individual severance account system.

## Coverage

**Employment-related system:** Employed persons.

**Individual severance account:** Mandatory coverage for employed persons hired on or after October 2, 2002; voluntary coverage for employed persons hired prior to October 2, 2002.

Exclusions: Persons younger than age 18, household workers, apprentices, pensioners (unless partially disabled), self-employed persons, civil servants, and military personnel

## Source of Funds

### Employment-related system

*Insured person:* None.

*Self-employed person:* None.

*Employer:* None.

*Government:* The total cost is met through the Unified Family Allowances and Unemployment Fund.

### Individual severance account

*Insured person:* 0.6% of covered monthly earnings plus an administrative fee of about 0.05%. Workers employed under a fixed-term contract do not contribute.

The maximum monthly earnings used to calculate contributions are 99 UFs (unidad de fomento). The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

*Self-employed person:* Not applicable.

*Employer:* 2.4% of covered payroll a month for up to 11 years (1.6% to the insured's individual account and 0.8% to the Solidarity Severance Fund); 3% if an employee has a fixed-term contract (2.8% to the insured's individual account and 0.2% to the Solidarity Severance Fund).

The maximum monthly earnings used to calculate contributions are 99 UFs (unidad de fomento). The UF is 21,947.23 pesos and is adjusted daily according to changes in the consumer price index.

*Government:* An annual contribution to the Solidarity Severance Fund of 225,792 UTM (unidad tributaria mensual). The UTM, a monthly tax indexed unit set by law, is 38,441 pesos.

## Qualifying Conditions

### Unemployment benefits

*Employment-related system:* The insured must be involuntarily unemployed with at least 12 months or 52 weeks of contributions in the previous two years, registered for employment, and able and willing to work. The insured may not receive an employment-related benefit and an individual severance account benefit at the same time.

*Individual severance account:* The insured must be involuntarily unemployed with at least 12 months of contributions; insured persons with fixed-term contracts must have at least six months of contributions since they first joined the system or since the individual account was last fully drawn down. The benefit is suspended if the insured starts a new job.

If the balance in the individual account is insufficient to pay a benefit, the insured is eligible for a benefit under the Solidarity Severance Fund provided that unemployment was involuntary and the insured has made at least one year of continuous contributions in the last two years before unemployment began, was not employed on a fixed-term contract, and had not refused a suitable job offer. Solidarity Severance Fund benefits are payable only twice in any five-year period.

## Unemployment Benefits

### Unemployment benefit

*Employment-related system:* For the first 90 days, the benefit is 17,338 pesos a month; from 91 days to 180 days, 11,500 pesos a month; from 181 days to 360 days, 8,669 pesos a month.

Persons who are eligible for unemployment benefits may also continue to receive family allowances, maternity benefits, and medical benefits.

If the benefit ceases because the insured has started a new job before 360 days of benefits have been paid, but the insured subsequently becomes unemployed again, the insured may continue receiving the benefit for the remaining period, up to 360 days.

*Individual severance account:* The number of monthly benefits paid depends on the individual account balance plus accrued interest. The benefit has a decreasing replacement rate of 50%, 45%, 40%, 35%, 30%, 25% and 20%. This payment is independent of the type of contract.

If the insured is entitled to receive a benefit from the Solidarity Severance Fund, the fund may top up the individual account benefit. The first monthly benefit is 50% of average earnings in the last 12 months; 45% for the second; 40% for the third; 35% for the fourth; and 30% for the fifth month.

For every month that the national unemployment rate is one percentage point greater than the national four-year average, all beneficiaries who are due to collect their final payment are entitled to receive two additional months of benefits of 25% of average earnings in the last 12 months.

If the insured dies before retirement, the accumulated capital is transferred to a named survivor.

The insured can opt to stop receiving benefits to safeguard the accumulated capital for a future period of unemployment. Persons who are eligible for benefits may also continue to receive family allowances, maternity benefits, and medical benefits.

The minimum monthly benefit for insured workers entitled to a Solidarity Severance Fund benefit is 96,348 pesos for the first payment, decreasing gradually to 52,554 pesos for the fifth payment.

The maximum monthly benefit for insured workers entitled to a Solidarity Severance Fund benefit is 208,024 pesos for the first payment, decreasing gradually to 124,815 pesos for the fifth payment.

Benefits are paid 10 days after the claim is accepted.

Benefit adjustment: The minimum and maximum benefits provided under the Solidarity Severance Fund are adjusted annually in February according to the consumer price index.

### Administrative Organization

**Employment-related system:** Ministry of Labor and Social Welfare, through the Superintendent of Social Security (<http://www.suseso.cl>) provides general supervision.

Social Security Standards Institute (<http://www.ips.gob.cl>) and Family Allowance Compensation Funds administer the program.

**Individual severance account:** Superintendent of Pensions (<http://www.spensiones.cl>) provides general supervision.

Society of Severance Fund Managers (<http://www.afcchile.cl>) made up of six pension fund management companies, administer the program.

### Family Allowances

#### Regulatory Framework

**First laws:** 1937 (salaried employees) and 1953 (wage earners).

**Current laws:** 1981 (low-income persons); 1981 (wage earners and salaried employees), implemented in 1982; and 2008 (social security reform).

**Type of program:** Employment-related (unified program for wage and salaried workers) system.

Note: A social assistance program provides cash benefits to persons assessed as needy.

#### Coverage

All public- and private-sector workers; self-employed persons who contribute to old-age and sickness schemes; pensioners; persons receiving work injury, temporary disability, or unemployment benefits; and persons maintained or cared for in state institutions.

Exclusions: Some self-employed persons.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost paid by the Unified Family Allowances and Severance Pay Fund.

### Qualifying Conditions

**Family allowances (income-tested):** The child must be younger than age 18 (age 24 if a student; no limit if disabled); benefits are also paid from the fifth month of pregnancy.

Allowances are also paid for a wife, a husband with a disability, a widowed mother, stepchildren, orphaned or abandoned grandchildren and great-grandchildren, orphans, parents older than age 65 or with a disability, and minors who are entrusted to adults by a judge. All beneficiaries must be the insured's dependent.

**Maternity allowance (income-tested):** Paid from childbirth for up to nine months.

### Family Allowance Benefits

**Family allowances (income-tested):** A monthly allowance is paid for each dependent, based on the insured's income: 6,500 pesos with monthly earnings up to 170,000 pesos; 4,830 pesos with earnings from 170,001 to 293,624 pesos; and 1,526 pesos with earnings from 293,625 to 457,954 pesos.

All monthly allowances are doubled for dependents with disabilities.

Income test: No allowance is paid with monthly earnings of 457,954 pesos or more.

**Maternity allowance (income-tested):** An allowance is paid for nine months, depending on the insured's income.

Income test: No allowance is paid with monthly earnings of 457,954 pesos or more.

Benefit adjustment: Benefits are adjusted periodically.

### Administrative Organization

Ministry of Labor and Social Welfare, through the Superintendent of Social Security (<http://www.suseso.cl>) provides general supervision.

Social Security Standards Institute (<http://www.ips.gob.cl>) and Family Allowance Compensation Funds administer the program.