

## Ecuador

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

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1928.

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

**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 and a social assistance program for needy elderly and persons with disabilities was not implemented.

The social insurance system also includes a special program to provide old-age, disability, and survivor benefits for families of rural workers and fishermen. The program is financed by a nominal contribution from the head of the family and contributions from workers, employers, and the government.

#### Coverage

All persons who receive income for work.

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

Special system for agricultural workers and small-scale fishermen.

#### Source of Funds

**Insured person:** 6.64% and 8.64% of gross earnings for private- and public-sector employees, respectively; 9.74% of gross earnings for voluntary contributors.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

**Self-employed person:** 9.74% of gross declared earnings.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

**Employer:** 3.10% and 1.10% of gross payroll for private- and public-sector employees, respectively.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

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

#### Qualifying Conditions

**Old-age pension:** Paid 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.

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

**Survivor pension:** The deceased had at least 60 months of contributions or was an old-age or disability pensioner at the time of death.

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

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

**Funeral grant:** The deceased had at least six months of contributions in the last 12 months or was an old-age or disability pensioner.

#### Old-Age Benefits

**Old-age pension:** The monthly pension is a percentage of the insured's average monthly earnings in the five best years of earnings, according to the total number of years of contributions (50% for 10 years, 75% for 30 years, 81.25% for 35 years, 100% for 40 years, 125% for more than 40 years).

The minimum monthly pension is \$132.

The maximum monthly pension is \$1,452.

Old-age pensioners may continue to work and receive a pension, except if the employer in the first year the pension is received was the pensioner's last employer.

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

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.15% and are inversely proportional to the amount of benefit.

## Permanent Disability Benefits

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

The minimum monthly pension is \$132.

The maximum monthly pension is \$1,452.

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

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.15% and are inversely proportional to the amount of benefit.

## Survivor Benefits

**Survivor pension:** 40% of the pension the deceased received or was eligible to receive is paid to an eligible widow(er) or partner.

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

**Other eligible survivors (in the absence of the above):** 20% of the pension the deceased received or was eligible to receive is paid to a mother or father.

The minimum monthly pension is \$132.

The maximum monthly pension is \$1,452.

Benefit adjustment: Benefits are adjusted annually by 8.40%.

**Funeral grant:** Up to \$1,056 is paid.

## Administrative Organization

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

## Sickness and Maternity

### Regulatory Framework

**First law:** 1935.

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

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

### Coverage

All persons who receive income for work and beneficiaries of old-age, disability, work injury, or survivor benefits (orphans up to age 6 only).

Voluntary coverage for persons not subject to mandatory coverage

Special systems for agricultural workers and small-scale fishermen.

## Source of Funds

**Insured person:** None for employees; beneficiaries of survivor pensions contribute 4.15% of the pension; 5.71% of gross earnings for voluntary contributors.

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

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

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

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

**Employer:** 5.71% of payroll.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

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

## Qualifying Conditions

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

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

**Medical benefits:** The insured 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:** For the first 10 weeks, 75% of the insured's earnings used to calculate contributions in the three months before the incapacity began is paid for up to 70 days; thereafter, 66% for up to 182 days.

**Maternity benefit:** 75% of the insured's last earnings used to calculate contributions is paid for two weeks before and 10 weeks after the expected date of childbirth. The

employer pays 25% of the insured's last earnings for the same period.

### **Workers' Medical Benefits**

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

### **Dependents' Medical Benefits**

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

### **Administrative Organization**

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

### **Work Injury**

---

#### **Regulatory Framework**

**First law:** 1964.

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

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

#### **Coverage**

All persons who receive income for work.

Voluntary coverage for persons without mandatory coverage.

**Exclusions:** Ecuadorians residing abroad.

#### **Source of Funds**

**Insured person:** None; 0.55% of gross earnings for voluntary contributors.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

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

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

**Employer:** 0.55% of payroll.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

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

#### **Qualifying Conditions**

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

**Occupational disease benefits:** The insured must have at least six months of contributions.

#### **Temporary Disability Benefits**

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

#### **Permanent Disability Benefits**

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

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

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

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.15% 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:** 40% of the pension the deceased received or was eligible to receive is paid to a widow or female partner who cohabitated with the deceased male, or a dependent, disabled widower or male partner who cohabitated with the deceased female.

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

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

The minimum monthly pension is \$132.

The maximum monthly pension is \$1,452.

**Funeral grant:** Up to \$1,056 is paid.

### **Administrative Organization**

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

### **Unemployment**

#### **Regulatory Framework**

**First law:** 1951.

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

**Type of program:** Mandatory individual account.

#### **Coverage**

All employed persons.

Exclusions: Self-employed persons.

#### **Source of Funds**

**Insured person:** 2% of gross earnings.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

**Self-employed person:** Not applicable.

**Employer:** 1% of gross payroll.

The minimum earnings used to calculate contributions are \$264.

There are no maximum earnings used to calculate contributions.

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

### **Qualifying Conditions**

**Unemployment benefits:** The insured must have at least 24 months of contributions. The benefit is paid after two months of unemployment.

### **Unemployment Benefits**

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

### **Administrative Organization**

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

### **Family Allowances**

#### **Regulatory Framework**

No statutory benefits are provided.

Mothers assessed as needy with at least one child (younger than age 18) and low-income families receive a monthly allowance under the Bono de Desarrollo Humano program.