

## El Salvador

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

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1953 and 1969.

**Current laws:** 1996 (individual account), implemented in 1998; and 1996 (pension supervision), implemented in 1998.

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

#### Coverage

**Mandatory individual account:** All public- and private-sector employees not covered under social insurance.

Voluntary coverage for self-employed persons, owners of small enterprises, and citizens of El Salvador residing abroad.

**Social insurance:** All insured persons who were older than age 55 (men) or age 50 (women) in 1998.

Voluntary coverage for those who were aged 36 or older in 1998.

#### Source of Funds

##### Mandatory individual account

*Insured person:* 6.25% of covered earnings.

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

The legal monthly minimum wage ranges from US\$193.75 to US\$231.57, depending on the sector.

The maximum earnings used to calculate contributions are US\$5,274.52.

*Self-employed person:* A voluntary contribution of 13% of declared covered earnings for the old-age pension plus up to 2.7% of declared covered earnings for disability and survivor insurance and for administrative fees.

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

The legal monthly minimum wage ranges from US\$193.75 to US\$231.57, depending on the sector.

The maximum earnings used to calculate contributions are US\$5,274.52.

*Employer:* 4.05% of covered payroll for the old-age pension plus up to 2.7% of covered payroll for disability and survivor insurance and for administrative fees.

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

The legal monthly minimum wage ranges from US\$193.75 to US\$231.57, depending on the sector.

The maximum earnings used to calculate contributions are US\$5,274.52.

*Government:* Finances the guaranteed minimum pension.

##### Social insurance

*Insured person:* 7% of earnings.

*Self-employed person:* Not applicable.

*Employer:* 7% of payroll.

*Government:* Special subsidies as needed to finance the program. Finances the value of accrued rights under the social insurance system.

#### Qualifying Conditions

##### Mandatory individual account

*Old-age pension:* Age 60 (men) or age 55 (women) with at least 25 years of contributions. Retirement is permitted before the normal retirement age if the accumulated capital and interest in the individual account is sufficient to provide a pension of at least 60% of the base salary or 160% of the minimum pension.

The base salary is the insured's average earnings in the last 120 months.

The minimum monthly pension is US\$143.64.

Guaranteed minimum old-age pension: Age 60 (men) or age 55 (women) with at least 25 years of contributions. Paid if the accumulated capital and interest in the individual account is insufficient to provide the minimum pension set by law.

*Disability pension:* The insured was actively contributing to an individual account before the disability began or had at least six months of contributions in the 12 months before the disability began; unemployed persons whose disability began in the 12-month period following the last contribution and had at least six months of contributions in the 12 months before the last contribution.

If none of the qualifying conditions are met, the insured receives a pension financed by the value of the accumulated capital plus accrued interest only.

The Disability Commission assesses the degree of loss in working capacity.

Guaranteed minimum disability pension: The insured had at least 10 years of contributions; if the disability is the result of a disease, three years of contributions in the five years before the disability began; if the disability is the result of an accident, the insured was actively contributing to an individual account before the disability began and had at least six months of contributions in the 12 months before

the disability began. Paid if the accumulated capital and interest in the individual account is insufficient to provide the minimum pension set by law.

The minimum monthly pension is US\$143.64 for a disability of 66% or more; US\$100.55 a month for a partial disability.

*Survivor pension:* The insured was actively contributing to an individual account at the time of death and had at least six months of contributions in the 12 months before death; unemployed persons who died in the 12-month period following the last contribution and had at least six months of contributions in the 12 months before the last contribution.

Eligible survivors are the deceased's spouse or cohabiting partner, children younger than age 18 (age 24 if a student, no limit if disabled), and dependent parents.

*Guaranteed minimum survivor pension:* The deceased had at least 10 years of contributions; if the death is the result of a disease, three years of contributions in the five years before the death; if the death is the result of an accident, the insured was actively contributing to an individual account and had at least six months of contributions in the 12 months before the death. Paid if the accumulated capital and interest in the individual account is insufficient to provide the minimum pension set by law.

The minimum monthly pension is US\$143.64.

### Social insurance

*Old-age pension:* Age 60 (men) or age 55 (women) with at least 25 years of contributions; any age with at least 30 years of contributions.

*Disability pension:* The insured must be assessed with a disability, be younger than age 60 (men) or age 55 (women), and have at least 36 months of contributions, including at least 18 months in the 36 months before the disability began.

The Disability Commission assesses the degree of disability.

*Constant-attendance supplement:* Paid if the insured is assessed with at least a 66% loss of earning capacity and requires the constant attendance of others to perform daily functions.

*Survivor pension:* The deceased was an old-age or disability pensioner or had at least five years of contributions; 10 years if no contributions were made in the last 12 months before the death.

Eligible survivors are the widow(er) or cohabiting partner as defined by the Family Code; children younger than age 18 (age 24 if a student, no limit if disabled); and if there are no other survivors, the deceased's dependent mother aged 55 or older or dependent father aged 60 or older (no limit if disabled at the time of death).

## Old-Age Benefits

### Mandatory individual account

*Old-age pension:* At retirement, the insured may use the contributions plus accrued interest in the individual account in one of three ways: to make periodic withdrawals to guarantee income for the duration of the expected lifespan; to buy an annuity from a private insurance company; or a combination of both options. (The value of accrued rights under the social insurance system is combined with the individual account balance at retirement.)

*Guaranteed minimum pension:* If the pension is less than the minimum pension set by law, the government makes up the difference.

The minimum monthly pension is US\$143.64.

### Social insurance

*Old-age pension:* The pension is 30% of the base salary for the first three years of contributions plus 1.5% for each additional year.

The base salary is the insured's average earnings in the last 120 months.

The minimum monthly pension is US\$143.64.

The maximum monthly pension is 100% of the base salary.

## Permanent Disability Benefits

### Mandatory individual account

*Disability pension:* With at least a 66% assessed loss in working capacity, the pension is 70% of the base salary.

*Partial disability:* With an assessed loss in working capacity of 50% to 65%, the pension is 50% of the base salary.

The base salary is the insured's average earnings in the last 120 months.

*Guaranteed minimum pension:* If the pension is less than the minimum pension set by law, disability insurance tops up the accumulated capital in the individual account to make up the difference.

The minimum monthly pension is US\$143.64 for a disability of at least 66%; US\$100.55 a month for a partial disability.

The minimum old-age pension replaces the minimum disability pension at the normal retirement age.

### Social insurance

*Disability pension:* The pension is 30% of the base salary for the first three years of contributions plus 1.5% for each additional year.

The base salary is the insured's average earnings in the last 120 months.

The minimum monthly pension is US\$143.64.

*Constant-attendance supplement:* 20% of the pension is paid.

The minimum old-age pension replaces the minimum disability pension at the normal retirement age.

### Survivor Benefits

#### Mandatory individual account

*Survivor pension:* 50% of the pension the deceased received or was entitled to receive is paid to a spouse or partner with children (if there is no spouse or partner the pension is paid to orphans); 60% if there are no eligible children.

*Orphan's pension:* 25% of the pension the deceased received or was entitled to receive is paid to each eligible child.

*Parent's pension:* 20% of the pension the deceased received or was entitled to receive is paid to each eligible parent; 30% if there is only one surviving parent. If there is no eligible spouse or partner, 40% is paid to each parent; 80% if there is only one surviving parent.

**Guaranteed minimum pension:** If the pension is less than the minimum pension set by law, life insurance tops up the accumulated capital in the deceased's individual account to make up the difference.

The minimum monthly pension is US\$143.64.

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

#### Social insurance

*Survivor pension:* 50% of the deceased's pension is paid to a widow or a disabled widower.

*Orphan's pension:* 25% of the deceased's pension is paid to each eligible child; 40% to a full orphan.

*Other eligible survivors:* If there is no eligible surviving widow(er) or child, 30% of the deceased's pension is paid to a mother aged 55 or older; 30% to a father aged 60 or older; 40% if there is only one surviving eligible parent.

**Guaranteed minimum pension:** US\$143.64 a month.

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

### Administrative Organization

**Mandatory individual account:** Superintendent of Pensions provides general supervision.

Individual pension fund management companies (AFPs) administer individual accounts.

**Social insurance:** Social Insurance Institute (ISSS) (<http://www.iss.gov.sv>) supervised by a board of 12 directors plans, manages, and administers the program.

## Sickness and Maternity

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### Regulatory Framework

**First law:** 1949.

**Current laws:** 1953 and 1996.

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

### Coverage

Employed and self-employed persons in industry and commerce, household workers, and pensioners.

Exclusions: Teachers, agricultural workers, and casual workers.

### Source of Funds

**Insured person:** 3% of covered earnings. Pensioners contribute 7.8% of the old-age, disability, or survivor pension; or 6% of the work injury disability or survivor pension.

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

The legal monthly minimum wage is US\$231.40.

The maximum earnings used to calculate contributions are US\$685.71.

**Self-employed person:** 10.5% of declared income.

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

The legal monthly minimum wage is US\$231.57.

The maximum earnings used to calculate contributions are US\$685.71.

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

**Employer:** 7.5% of covered payroll.

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

The legal monthly minimum wage is US\$231.57.

The maximum earnings used to calculate contributions are US\$685.71.

The employer's contributions also finance work injury benefits.

**Government:** An annual subsidy.

### Qualifying Conditions

**Cash sickness benefits:** The insured is currently employed. There is no minimum qualifying period.

**Cash maternity benefits:** The insured must have at least 12 weeks of contributions in the 12 months before the expected date of childbirth; if unemployed, at least eight weeks of contributions in the last three months.

**Medical benefits:** There is no minimum qualifying period if the insured is currently employed; if unemployed, at least eight weeks of contributions in the last three months.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 75% of average monthly earnings is paid after a three-day waiting period for up to 26 weeks for the same incapacity; may be extended for an additional 26 weeks. The benefit is paid daily.

**Maternity benefit:** 100% of average earnings is paid for up to 12 weeks; other benefits include milk (with a medical prescription) and a layette (clothing and other necessities for the newborn). The benefit is paid daily.

### **Workers' Medical Benefits**

Benefits include complete medical and maternity care, hospitalization, medicine, auxiliary services for diagnosis and treatment, and dental care (except for cosmetic reasons). Unemployed persons receive medical benefits up to a year.

### **Dependents' Medical Benefits**

The insured's wife receives maternity care (including a breastfeeding grant and layette) and medical and dental benefits. Children up to age 12 receive basic medical care.

### **Administrative Organization**

Social Insurance Institute (<http://www.issv.gob.sv>) supervised by a board of 12 directors plans, manages, and administers the program.

Social Insurance Institute operates its own clinics and hospitals.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1949.

**Current laws:** 1953 and 1996.

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

#### **Coverage**

Public- and private-sector employees, self-employed persons in industry and commerce, and household workers.

Exclusions: Casual and rural workers.

#### **Source of Funds**

**Insured person:** See source of funds under Sickness and Maternity.

**Self-employed person:** See source of funds under Sickness and Maternity.

**Employer:** See source of funds under Sickness and Maternity.

**Government:** See source of funds under Sickness and Maternity.

### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

75% of the insured's average monthly earnings in the first three of the last four months is paid from the day after the disability began for up to 52 weeks.

### **Permanent Disability Benefits**

**Permanent disability pension:** With an assessed degree of disability of greater than 66%, the pension is 70% of the insured's average monthly earnings in the last year.

The minimum monthly pension is US\$119.70.

**Constant-attendance supplement:** Up to 50% of the pension is paid if the insured requires the constant attendance of others to perform daily functions.

**Partial disability:** With an assessed degree of disability of 35% to 66%, a percentage of the full pension is paid according to the assessed degree of disability. With an assessed degree of disability of 20% to 34%, the benefit is double the amount of the permanent disability pension based on the assessed degree of disability and is paid for up to three years.

### **Workers' Medical Benefits**

Benefits include complete medical and maternity care, hospitalization, medicine, auxiliary services for diagnosis and treatment, and dental care (except for cosmetic reasons).

### **Survivor Benefits**

**Survivor pension:** 60% of the deceased's pension is paid to a spouse.

**Orphan's pension:** 30% of the deceased's pension is paid for each child.

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

**Funeral grant:** A lump sum of twice the deceased's average monthly salary (used to calculate contributions) in the two years before the death occurred is paid.

### **Administrative Organization**

Social Insurance Institute (<http://www.issv.gob.sv>) supervised by a board of 12 directors plans, manages, and administers the program.

Social Insurance Institute operates its own clinics and hospitals.