

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 government in the social insurance system.

Coverage

All persons who receive income for work.

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

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 for contribution calculation purposes are \$185 for microenterprise workers, \$200 for household workers, \$218 for private-sector workers, and \$370 for public-sector workers.

There are no maximum earnings for contribution calculation purposes.

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

The minimum earnings for contribution calculation purposes are \$185 for microenterprise workers, \$200 for household workers, \$218 for private-sector workers, and \$370 for public-sector workers.

There are no maximum earnings for contribution calculation purposes.

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

The minimum earnings for contribution calculation purposes are \$185 for microenterprise workers, \$200 for household workers, \$218 for private-sector workers, and \$370 for public-sector workers.

There are no maximum earnings for contribution calculation purposes.

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 6 months before the disability began and an assessed loss of more than 50% of earning capacity; 120 months of contributions and not be in receipt of an old-age pension if the disability began within 2 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, in the absence of 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 6 months of contributions in the last 12 months or was an old-age, disability, or survivor a pensioner.

Old-Age Benefits

Old-age pension: The monthly pension is equal to a percentage of the insured's average monthly earnings in the 5 best years of earnings. The percentage varies according to the total number of years of contributions (50% for 10 years, 75% for 30 years, 81.25% for 35 years, and 100% for 40 years).

The minimum monthly pension is \$109.

The maximum monthly pension is \$981.

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 2 bonus payments a year.

Benefit adjustment: Benefits are adjusted annually according to the percentage of inflation set by the government for the previous year.

Permanent Disability Benefits

Disability pension: The monthly pension is equal to a percentage of the insured's average monthly earnings in the 5 best years of earnings. The percentage varies according to the total number of years of contributions (43.75% for 5 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 \$109.

The maximum monthly pension is \$981.

Schedule of payment: 12 monthly payments plus 2 bonus payments a year.

Benefit adjustment: Benefits are adjusted annually according to the percentage of inflation set by the government for the previous year.

Survivor Benefits

Survivor pension: 40% of the pension the deceased received or would have been entitled to receive is paid to an eligible widow(er) or partner.

Orphan's pension: Each orphan younger than age 18 (no limit if disabled) receives 20% of the pension the deceased received or would have been entitled to receive; 40% for a full orphan.

Other eligible survivors (in the absence of the above): A mother or father receives 20% of the pension the deceased received or would have been entitled to receive.

The minimum survivor pension is for a family group is \$109.

The maximum survivor pension is for a family group is \$981.

Funeral grant: Up to \$817.50 is paid.

Administrative Organization

Social Security Institute (<http://www.iess.gov.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 until age 6 only).

Voluntary coverage for persons not subject to mandatory coverage.

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.

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

Employer: 5.71% of payroll.

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

Qualifying Conditions

Cash sickness and medical benefits: The insured must have at least 6 months of contributions before the date the incapacity began or at least 189 days of contributions in the 8 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 360 days of contributions in the year before giving birth or at least 378 days of contributions in the 16 months before giving birth. Prenatal care is provided with at least 6 months of contributions.

Sickness and Maternity Benefits

Sickness benefit: For the first 10 weeks, the benefit is 75% of the insured's earnings used for contribution calculation purposes in the 3 months before the incapacity began. The benefit is paid for up to 70 days; thereafter, 66% for up to 182 days.

Maternity benefit: The benefit is 75% of the insured's last earnings used for contribution calculation purposes and is paid 2 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 services are provided directly to patients through the medical facilities of the Social Security Institute. 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

Full medical care is provided for children of insured persons until age 6.

Administrative Organization

Social Security Institute (<http://www.iess.gov.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.

Source of Funds

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

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

Employer: 0.55% of payroll.

Government: 40% of the cost 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 6 months of contributions.

Temporary Disability Benefits

For the first 10 weeks, the benefit is 75% of average earnings in the 3 months before the disability began. The benefit is paid after a 2-day waiting period for up to 70 days; thereafter, 66% until the end of the 12th month.

Permanent Disability Benefits

Permanent disability pension: The pension is 80% of average earnings (100% if constant attendance is required) in the last year or in the previous 5 years (whichever amount is greater).

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

Schedule of payments: 12 monthly payments plus 2 bonus payments a year.

Benefit adjustment: Benefits are adjusted annually according to the percentage of inflation set by the government for the previous year.

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 would have been entitled 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: Each dependent orphan younger than age 18 (no limit if disabled) receives 20% of the pension the deceased received or would have been entitled to receive; 40% for a full orphan.

Other eligible survivors (in the absence of the above): A dependent mother or a dependent, disabled father receives 20% of the pension the deceased received or would have been entitled to receive.

The minimum survivor pension is for a family group is \$109.

The maximum survivor pension is for a family group is \$981.

Funeral grant: Up to \$817.50 is paid.

Administrative Organization

Social Security Institute (<http://www.iess.gov.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.

Self-employed person: Not applicable.

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Employer: 1% of gross payroll.

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 2 months of unemployment.

Unemployment Benefits

A lump sum of the value of the accumulated capital plus accrued interest is paid.

The value of the accumulated capital plus accrued interest is paid to the insured person when they begin 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, in the absence of a spouse and child, certain other surviving relatives.

Administrative Organization

Social Security Institute (<http://www.iess.gov.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.