

## Dominican Republic

Exchange rate: US\$1.00 = 40.86 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1947.

**Current laws:** 2001 (social security), implemented in 2003; 2005 (contribution exemptions); 2007 (financing and investments); 2007 (settlement of arrears); and 2009 (financing).

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

Note: The pay-as-you-go social insurance system for private-sector workers was closed to new entrants in 2003 and is being phased out. It covers private-sector workers aged 45 or older in 2003 who chose to remain in the social insurance system and private-sector pensioners who began receiving their pensions before June 2003. Public-sector workers who opted not to join the individual account system remain in the separate social insurance system for public-sector workers.

Subsidized individual accounts for self-employed persons and other vulnerable groups have not yet been implemented.

#### Coverage

**Mandatory individual account:** Private-sector workers who entered the labor force since June 2003. Voluntary coverage for Dominican citizens living abroad, public-sector workers, and private-sector workers older than age 45 in 2003.

Exclusions: Self-employed persons.

**Social assistance:** Needy residents of the Dominican Republic.

#### Source of Funds

##### Insured person

**Mandatory individual account:** 2.87% of covered earnings.

Of the total insured person and employer contributions (9.97%), 8.0% is directed to the individual account, 1% pays for disability and survivor insurance, 0.5% for administrative fees, 0.4% for the solidarity fund, and 0.07% towards the Superintendent of Pensions' operating costs.

The minimum monthly earnings used to calculate contributions are the minimum monthly covered salary.

The maximum monthly earnings used to calculate contributions are 20 times the minimum monthly covered salary.

The minimum monthly covered salary is 8,648 pesos.

**Social assistance:** None.

##### Self-employed person

**Mandatory individual account:** Not applicable.

**Social assistance:** None.

##### Employer

**Mandatory individual account:** 7.1% of covered payroll.

Of the total insured person and employer contributions (9.97%), 8.0% is directed to the individual account, 1% pays for disability and survivor insurance, 0.5% for administrative fees, 0.4% for the solidarity fund, and 0.07% towards the Superintendent of Pensions' operating costs.

The minimum monthly earnings used to calculate contributions are the minimum monthly covered salary.

The maximum monthly earnings used to calculate contributions are 20 times the minimum monthly covered salary.

The minimum monthly covered salary is 8,648 pesos.

**Social assistance:** None.

##### Government

**Mandatory individual account:** Partially finances the guaranteed minimum pension; finances the value of accrued rights for those who made contributions under the social insurance system.

**Social assistance:** The total cost.

#### Qualifying Conditions

##### Old-age pension (mandatory individual account):

Age 60 with at least 30 years of contributions.

Pensioners must cease gainful activity.

Early pension: Age 55 if the individual account balance is sufficient to finance a pension equal to 150% of the minimum old-age pension; aged 57 to 59, unemployed, and with at least 25 years of contributions (with less than 25 years, the insured can receive a pension based on the accumulated funds or continue contributing to reach 25 years).

Guaranteed minimum pension (Solidarity Fund): Age 65, low income, and with at least 25 years of contributions and the individual account balance is insufficient to finance the minimum old-age pension set by law.

The minimum old-age pension is the lowest legal monthly minimum wage for private-sector workers.

The lowest legal monthly minimum wage for private-sector workers is 6,880 pesos.

The pension is not payable abroad.

##### Social assistance old-age pension (income tested):

Age 60 and needy with income below the legal monthly minimum wage.

The legal monthly minimum wage for private-sector workers ranges from 6,880 pesos to 11,298 pesos, depending on the type and size of business; the legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

**Disability pension (mandatory individual account):**

Must have a chronic illness or injury (nonwork- or work-related) and have exhausted sickness benefits or work injury benefits.

A regional medical committee assesses the degree of disability. The national medical committee may revise, validate, or reject the decision of a regional medical committee.

The pension is not payable abroad.

**Social assistance disability pension (income tested):**

Any age if assessed as severely disabled and needy with income below the legal monthly minimum wage.

The legal monthly minimum wage for private-sector workers ranges from 6,880 pesos to 11,298 pesos, depending on the type and size of business; the legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

**Survivor pension (mandatory individual account):** The deceased received or was entitled to receive an old-age or disability pension at the time of death.

Eligible survivors include a widow(er) or partner and unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled).

The pension is not payable abroad.

**Social assistance survivor pension (income tested):**

Paid to needy survivors.

Eligible survivors include a widow(er) or partner and unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled).

### Old-Age Benefits

**Old-age pension (mandatory individual account):** The insured has two different options: a price-indexed annuity or programmed withdrawals. (The value of accrued rights under the social insurance system is combined with the individual account balance at retirement.)

**Early pension:** The pension is based on the individual account balance at retirement and must be at least equal to 150% of the minimum old-age pension set by law.

**Guaranteed minimum pension:** The difference between the individual account balance and the minimum old-age pension set by law is paid.

The minimum old-age pension is the lowest legal monthly minimum wage (private-sector workers) or the legal monthly minimum wage (public-sector workers).

The lowest legal minimum wage for private-sector workers is 6,880 pesos; the legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

**Benefit adjustment:** Benefits are adjusted according to changes in the legal monthly minimum wage for public-sector workers.

**Social assistance old-age pension:** 60% of the legal monthly minimum wage for public-sector workers (plus a Christmas bonus) is paid.

The legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

**Benefit adjustment:** Benefits are adjusted according to changes in the consumer price index.

### Permanent Disability Benefits

**Disability pension:** For a loss of earning capacity of at least 66.7%, 60% of the insured's indexed average earnings in the three years immediately before the disability began is paid. The disability pension is financed by disability insurance until retirement or death. The insurance company also pays a monthly contribution to the insured person's individual account until retirement or death. The disability pension ceases at the normal pensionable age when the insured may access the individual account balance to purchase a price-indexed annuity or make programmed withdrawals.

**Partial disability:** For a loss of earning capacity of greater than 50% but less than 66.7%, 30% of the insured's indexed average earnings in the three years immediately before the disability began is paid.

There is no minimum or maximum disability pension.

**Benefit adjustment:** Benefits are adjusted according to changes in the consumer price index.

**Social assistance disability pension:** 60% of the legal monthly minimum wage for public-sector workers (plus a Christmas bonus) is paid.

The legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

**Benefit adjustment:** Benefits are adjusted according to changes in the consumer price index.

### Survivor Benefits

**Survivor pension:** 60% of the deceased's indexed average earnings in the previous three years is paid. (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.)

A spouse or partner older than age 55 receives the pension for life; a spouse or partner aged 50 to 55 receives a pension for six years (five years if younger than age 50).

If there are orphans younger than age 18 (up to age 21 if a full-time student, no limit if disabled), 50% of the pension is paid to the spouse or partner and 50% is split among eligible orphans.

There is no minimum or maximum survivor pension.

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Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

**Social assistance survivor pension:** 60% of the legal monthly minimum wage for public-sector workers (plus a Christmas bonus) is paid.

The legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

### Administrative Organization

National Social Security Board (<http://www.cnss.gob.do>) provides overall governance of the social security system.

Superintendent of Pensions (<http://www.sipen.gov.do>) provides general supervision and fiscal control.

Individual pension fund management companies administer the individual accounts and contract with insurance companies for disability and survivors insurance.

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1947.

**Current laws:** 1948 (social insurance), implemented in 1949; and 2001 (social security), implemented in 2007.

**Type of program:** Social insurance (cash benefits) and universal (medical benefits) system.

#### Coverage

**Cash and medical benefits:** Employed persons and their spouses or partners, the insured's children up to age 18 (21 if a full-time student, no limit if disabled), and pensioners. Children older than age 21 and parents who are economically dependent on the insured may be covered under certain conditions.

Persons who are unemployed, needy, or disabled are covered for medical benefits only under a subsidized program.

Exclusions: Self-employed persons.

#### Source of Funds

**Insured person:** 3.04% of covered earnings.

The minimum monthly earnings used to calculate contributions are the minimum monthly covered salary.

The maximum monthly earnings used to calculate contributions are 10 times the minimum monthly covered salary.

The minimum monthly covered salary is 8,648 pesos.

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

**Employer:** 7.09% of covered payroll.

The minimum monthly earnings used to calculate contributions are the minimum monthly covered salary.

The maximum monthly earnings used to calculate contributions are 10 times the minimum monthly covered salary.

The minimum monthly covered salary is 8,648 pesos.

**Government:** The total cost of medical benefits under the subsidized program.

#### Qualifying Conditions

**Cash sickness benefits:** Must have at least 12 months of contributions or be a pensioner.

**Cash maternity benefits:** Must have at least eight months of contributions in the 12 months before childbirth and must not work during the period in which the benefit is paid.

**Medical benefits:** Citizens and residents of the Dominican Republic.

#### Sickness and Maternity Benefits

**Sickness benefit:** 60% of earnings in the last six months (40% if hospitalized) is paid after a three-day waiting period, for up to 26 weeks.

**Maternity benefit:** Three months of the insured's earnings is paid for six weeks before and six weeks after the expected date of childbirth.

**Nursing allowance:** If the insured's salary is less than three times the legal national minimum wage, an allowance is paid for up to 12 months after the child's birth.

The legal national minimum wage varies according to industry and the size of the enterprise.

#### Workers' Medical Benefits

**Medical benefits (basic health plan):** Benefits include preventive, inpatient and outpatient, maternity, pediatric, emergency, surgery and specialist care; medicine; and prostheses for persons with disabilities, according to a schedule in law.

#### Dependents' Medical Benefits

**Medical benefits for dependents (basic health plan):** Medical benefits for dependents are the same as those for the insured. Pediatric health care benefits are provided from the 45th day after birth until age 5. Benefits include nutrition, general care, and child development programs.

#### Administrative Organization

National Social Security Board (CNSS) (<http://www.cnss.gob.do>) provides overall governance of the social security system.

Superintendent of Health and Labor Risks (<http://www.sisalril.gov.do>) supervises the Health Risk Management Companies (ARS).

Health Risk Management Companies (ARS) administer the basic health plan and may be private, public, or mixed entities.

## Work Injury

### Regulatory Framework

**First law:** 1932.

**Current law:** 2001 (social security), implemented in 2003.

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

### Coverage

All insured workers.

Exclusions: Self-employed persons.

### Source of Funds

**Insured person:** None.

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

**Employer:** The total cost is financed through contributions that vary according to the assessed degree of risk. The average contribution is 1.2% of covered payroll.

There are no minimum earnings used to calculate contributions.

The maximum earnings used to calculate contributions are four times the average national minimum wage.

The average national minimum wage is 6,530.69 pesos (January 2012).

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

### Qualifying Conditions

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

### Temporary Disability Benefits

The labor code requires that cash benefits be provided for temporary disability.

### Permanent Disability Benefits

**Permanent disability pension:** Benefits are provided according to four degrees of assessed disability: severe total disability (assessed degree of disability of 100%, totally disabled, and in need of constant attendance); permanent total disability (assessed degree of disability of at least 67% and unable to perform any occupation); permanent total disability for usual occupation (assessed degree of disability

of 50% to 66% and unable to perform usual occupation); and permanent partial disability for current occupation (assessed degree of disability of 15% to 49 and a loss of at least 50% of earning capacity).

All benefits are calculated using the base salary. The base salary is the insured's average covered earnings in the six months before the injury occurred or occupational disease began. For insured workers with less than six months of covered earnings, the base salary is 50% of total covered earnings.

100% of the base salary is paid for a severe total disability; 70% for a permanent total disability; 50% for a permanent total disability for usual occupation; and a lump sum of five to 10 times the base salary for a permanent partial disability for current occupation.

### Workers' Medical Benefits

Medical benefits are the same as provided under the basic health plan. Benefits include preventive, inpatient and outpatient, pediatric, emergency, surgery and specialist care; medicine; and prostheses for persons with disabilities, according to a schedule in law.

### Survivor Benefits

**Spouse's pension:** 50% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow(er) aged 45 or older or disabled.

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

A lump sum of two years of pension is paid to a widow(er) younger than age 45.

**Orphan's pension:** 20% of the permanent disability pension the deceased received or was entitled to receive is paid to each orphan younger than age 18 (age 21 if a full-time student, no limit if disabled).

### Administrative Organization

National Social Security Board (CNSS) (<http://www.cnss.gov.do>) provides overall governance of the social security system.

Superintendent of Health and Labor Risks (SISALRIL) (<http://www.sisalril.gov.do>) supervises Labor Risk Management Funds.

Labor Risk Management Funds administer the work injury program.

### Family Allowances

#### Regulatory Framework

No statutory benefits are provided.

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Benefits are paid to unemployed single mothers with unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled) who lack sufficient resources to meet basic needs. (Social assistance benefits are provided under Old Age, Disability, and Survivors).