

## 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; 1996 (pension supervision), implemented in 1998; 2009 (social assistance pension); and 2014 (social protection).

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

Note: Insured persons who were older than age 55 (men) or age 50 (women) in 1998 and workers older than age 36 in 1998 who did not opt for the individual account system are covered under the old pay-as-you-go social insurance system. The government subsidizes and finances an indexed bond for account holders who made contributions to the old social insurance system. The bond is the insured's contributions to the old social insurance system plus interest.

In June 2017, the universal basic old-age pension (social assistance) was terminated for new beneficiaries; current beneficiaries will continue to receive benefits.

In September 2017, a new Solidarity Guarantee Fund (Cuenta de Garantía Solidaria), was created to provide additional funds to finance guaranteed minimum benefits, a longevity pension, and certain contribution credits and special pensions, effective as of November 15, 2017.

#### Coverage

**Mandatory individual account:** Public- and private-sector employees.

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

**Social assistance:** Residents of municipalities designated as poor.

#### Source of Funds

##### Insured person

**Mandatory individual account:** 7.25% of monthly covered earnings (November 2017).

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

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

The maximum earnings used to calculate contributions are US\$6,377.15 (January 2017).

Pensioners receiving monthly pensions greater than the minimum monthly pension pay a special contribution to finance the Solidarity Guarantee Fund; the contribution ranges from 3% of the pension for a monthly pension up to three times the minimum monthly pension, to 10% of the pension for a monthly pension greater than eight times the minimum monthly pension.

The minimum monthly pension is US\$207.60.

**Social assistance:** None.

##### Self-employed person

**Mandatory individual account:** 15% of monthly covered declared earnings.

Of the self-employed person's contributions, 8% (gradually rising to 11.1% by 2050) is allocated to the individual account, 2% to disability and survivor insurance and administrative fees; and 5% (gradually decreasing to 2% by 2050) to the Solidarity Guarantee Fund (as of November 2017).

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

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

The maximum earnings used to calculate contributions are US\$6,377.15 (January 2017).

**Social assistance:** None.

##### Employer

**Mandatory individual account:** 7.75% of monthly covered payroll.

Of the employer's contributions, 0.75% (gradually rising to 3.85% by 2050) is allocated to the individual account, 2% to disability and survivor insurance and administrative fees; and 5% (gradually decreasing to 2% by 2050) to the Solidarity Guarantee Fund (as of November 2017).

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

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

The maximum monthly earnings used to calculate contributions are US\$6,377.15 (January 2017).

**Social assistance:** None.

**Government**

*Mandatory individual account:* Subsidies as needed; contributes as an employer.

*Social assistance:* The total cost.

**Qualifying Conditions****Old-age pension (mandatory individual account):**

Age 60 (men) or age 55 (women) with at least 25 years of contributions; at any age with at least 30 years of contributions until December 31, 2004.

Guaranteed minimum old-age pension: Age 60 (men) or age 55 (women) with at least 25 years of contributions. Paid when the account balance is exhausted after being used to finance the minimum monthly old-age pension for less than 20 years.

The minimum monthly old-age pension is US\$207.60.

The guaranteed minimum old-age pension ceases 20 years after the old-age pension is claimed or at age 85 (men) or age 80 (women), whichever occurs first, and is replaced by a longevity pension of the same amount.

Longevity pension: Paid to a pensioner 20 years after the old-age pension is claimed or at age 85 (men) or age 80 (women), whichever occurs first.

Special contribution supplement: Age 85 and paying the special contribution to the Solidarity Guarantee Fund.

**Permanent old-age benefit (Beneficio Económico Permanente, mandatory individual account):** Age 60 (men) or age 55 (women) with 21 to 24 years of contributions. Insured persons qualifying for this benefit may claim the old-age settlement instead of this benefit.

**Temporary old-age benefit (Beneficio Económico Temporal, mandatory individual account):** Age 60 (men) or age 55 (women) with 10 to 20 years of contributions. Insured persons qualifying for this benefit may claim the old-age settlement instead of this benefit.

**Old-age settlement (mandatory individual account):** Age 60 (men) or age 55 (women) with less than 25 years of contributions.

**Universal basic old-age pension (social assistance):** Age 70, not receiving any other pension, and assessed as needy. The insured must not have contributed to social security during his or her working life.

**Disability pension (mandatory individual account):** Must be assessed with a degree of disability of at least 66% and have been actively contributing before the disability began or have at least six months of contributions in the 12 months before the disability began; unemployed persons must have contributed in the 12 months before the disability began and have at least six months of contributions in the 12 months before the last contribution.

Partial disability: Must be assessed with a degree of disability of at least 50% but less than 65%.

Guaranteed minimum disability pension: Must have at least 10 years of contributions before the disability began; at least three years of contributions in the five years before the disability began; or at least six months of contributions in the 12 months before the disability began if the disability is the result of an accident and the insured was actively contributing before the disability began. Paid when the account balance is exhausted after being used to finance the disability pension.

The guaranteed minimum disability pension ceases at the normal retirement age and is replaced by the guaranteed minimum old-age pension.

The Disability Commission assesses the loss of work capacity.

**Survivor pension (mandatory individual account):** The deceased 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 must have contributed in the last 12 months and had at least six months of contributions in the 12 months before the last contribution.

Eligible survivors include the widow(er) or cohabiting partner who lived with the deceased for at least three years, 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; at least three years of contributions in the five years before the death; at least six months of contributions in the 12 months before death if the death was the result of an accident and the insured was actively contributing to an individual account. Paid when the deceased's account balance is exhausted after being used to finance the survivor pension.

**Old-Age Benefits**

**Old-age pension (mandatory individual account):** The insured has three different payment options: make programmed withdrawals; purchase an annuity from a private insurance company; or a combination of the two options. (For workers who opted to switch from the old social insurance system to the individual account system in 1998, the value of accrued rights under the old system is combined with the individual account balance at retirement.) The pension is paid for up to 20 years (240 monthly payments and 20 Christmas payments) if the programmed withdrawals option is chosen. For all payment options, the monthly benefit must be at least the minimum monthly old-age pension.

The minimum monthly old-age pension is US\$207.60.

Guaranteed minimum old-age pension: The minimum monthly old-age pension is paid.

Longevity pension: At least the minimum monthly old-age pension is paid.

Special contribution supplement: 10% of the old-age pension is paid.

The guaranteed minimum old-age pension and longevity pension are paid from the Solidarity Guarantee Fund.

**Permanent old-age benefit (Beneficio Económico Permanente, mandatory individual account):** The total account balance, divided into a monthly benefit over 20 years, is paid.

The monthly benefit may be lower than the minimum monthly old-age pension.

The minimum monthly old-age pension is US\$207.60.

**Temporary old-age benefit (Beneficio Económico Temporal, mandatory individual account):** A monthly benefit of 40% to 60% of the minimum monthly old-age pension, according to the insured's years of contributions, or the account balance divided by 12 times the insured's years of contributions, whichever is greater, is paid.

The minimum monthly old-age pension is US\$207.60.

**Old-age settlement (mandatory individual account):** A lump sum of the total account balance plus the total contributions to the Solidarity Guarantee Fund is paid.

**Universal basic old-age pension (social assistance):** \$100 is paid every two months.

### **Permanent Disability Benefits**

**Disability pension (mandatory individual account):** For a total disability, 50% of the insured's base salary is paid.

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

The minimum monthly disability pension for a total disability is US\$207.60

Partial disability: 36% of the insured's base salary is paid.

The minimum monthly disability pension for a partial disability is US\$145.32.

Guaranteed minimum disability pension: The minimum monthly pension for a total disability or partial disability is paid.

### **Survivor Benefits**

#### **Survivor pension (mandatory individual account)**

*Spouse's pension:* 50% of the old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er) or cohabiting partner with children (if there is no widow(er) or cohabiting partner, the pension is paid to orphans); 60% if there is no eligible orphan.

*Orphan's pension:* 25% of the old-age or disability pension the deceased received or was entitled to receive is paid to each eligible child; 40% for a full orphan.

*Dependent parent's pension:* 20% of the old-age or disability pension the deceased received or was entitled to receive is paid to each dependent parent; 30% if there is only one surviving parent. If there is no eligible widow(er) or partner, 40% is paid to each dependent parent; 80% if there is only one surviving parent.

Guaranteed minimum survivor pension: The minimum monthly survivor pension is paid.

The minimum monthly survivor pension is US\$207.60.

The maximum combined survivor pension is 100% of the old-age pension the deceased received or was entitled to receive.

### **Administrative Organization**

Superintendent of Financial System (<http://www.ssf.gob.sv/>) provides general supervision.

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

Social Investment Fund for Local Development (FISDL, <http://www.fisd.l.gob.sv/>) administers the universal basic old-age pension.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First law:** 1949.

**Current laws:** 1953 (social security), 1996 (social insurance), 2007 (for teachers and professors), and 2010 (household workers).

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

#### **Coverage**

Employed and self-employed persons in industry and commerce, public-sector employees, household workers, and pensioners and certain unemployed persons (medical benefits only).

Exclusions: Agricultural and casual workers.

#### **Source of Funds**

**Insured person:** 3% of monthly 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 monthly earnings used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

The maximum monthly earnings used to calculate contributions are US\$1,000 (US\$685.71 for pensioners).

The insured person's contributions also finance work injury benefits.

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

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

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

The maximum monthly earnings used to calculate contributions are US\$1,000 (US\$685.71 for pensioners).

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

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

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

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

The maximum monthly earnings used to calculate contributions are US\$1,000.

The employer's contributions also finance work injury benefits.

**Government:** An annual subsidy; contributes as an employer.

### Qualifying Conditions

**Cash sickness benefit:** Must be currently employed. There is no minimum qualifying period. Household workers do not qualify for a cash sickness benefit.

**Cash maternity benefit:** Must have at least 16 weeks of contributions in the 12 months before the expected date of childbirth.

**Medical benefits:** There is no minimum qualifying period if the insured is currently employed and contributing. Unemployed persons must have at least eight weeks of contributions in the last three months. Household workers have a qualifying period of six months for certain conditions.

### Sickness and Maternity Benefits

**Sickness benefit:** 75% of the insured's average daily base earnings in the first three of the four months before the sickness began 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 the insured's average daily base earnings in the first three of the four months before the maternity leave is paid for up to 16 weeks, including at least 10 weeks after childbirth; other benefits include milk (with a medical prescription) and a layette. The benefit is paid daily.

### Workers' Medical Benefits

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

Salvadorian Social Insurance Institute (<http://www.iss.gov.sv/>), supervised by a board of directors, administers the program and collects contributions.

Salvadorian Social Insurance Institute operates its own clinics and hospitals.

### Work Injury

#### Regulatory Framework

**First law:** 1949.

**Current laws:** 1953 (social security), 1996 (social insurance), and 2012 (occupational risks).

**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:** An annual subsidy; contributes as an employer.

#### Qualifying Conditions

Must be assessed with a work injury or occupational disease.

#### Temporary Disability Benefits

75% of the insured's average monthly base 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**

For an assessed degree of disability of more than 66%, 70% of the insured's average monthly earnings in the 12 months before the disability began is paid.

The minimum monthly permanent disability pension is US\$119.70.

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

Child supplement: A supplement is paid for each child.

Partial disability: For an assessed degree of disability of greater than 35% and up to 66%, a percentage of the full permanent disability pension is paid according to the assessed degree of disability. For an assessed degree of disability of 21% to 35%, 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**

*Spouse's pension:* 60% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow(er).

*Orphan's pension:* 30% of the permanent disability pension the deceased received or was entitled to receive is paid for each child younger than age 16 (age 22 if a student); 40% is paid to a full orphan who was not receiving a survivor pension before.

*Other eligible survivors' pension:* If there are no other eligible survivors, 60% of the permanent disability the deceased received or was entitled to receive is paid to parents who have reached the normal retirement age; 40% if there is only one eligible parent.

The maximum combined survivor pension is 100% of the permanent disability pension the deceased received or was entitled to receive.

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

## **Administrative Organization**

Salvadorian Social Insurance Institute (<http://www.iss.gov.sv/>), supervised by a board of directors, administers the program and collects contributions.

Social Insurance Institute operates its own clinics and hospitals.

## **Unemployment**

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### **Regulatory Framework**

Labor law (1972) requires employers to provide severance pay in cases of unfair dismissal. For an employee with a permanent contract, the benefit is 30 days of the employee's pay for each continuous year of service. The benefit is reduced proportionately for fractions of a year. Employees with a fixed term contract receive 100% of the outstanding basic earnings agreed to in their work contract, or the equivalent severance pay they would receive under a permanent contract, whichever is less.

The minimum severance benefit for employees with a permanent contract is 15 days of pay.

The maximum severance benefit is four times the legal minimum wage.

The legal monthly minimum wage ranges from US\$200 (agriculture and cotton industry) to US\$300 (commerce and service industry), according to the economic sector.

## **Family Allowances**

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### **Regulatory Framework**

**First law:** 2005 (Red Solidaria cash transfer).

**Current laws:** 2009 (Solidarity cash transfer).

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

Note: In June 2017, the universal basic old-age pension (social assistance) was terminated for new beneficiaries; current beneficiaries will continue to receive benefits.

### **Coverage**

Needy citizens of El Salvador.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### **Qualifying Conditions**

**Solidarity cash transfers (Comunidades Solidarias Urbanas y Rurales, means tested):** Must be assessed as living in extreme poverty and residing in one of the regions classified as having high rates of severe, high, or moderate poverty.

**Health cash transfer:** Paid to a family with a pregnant woman or children younger than age 5, and who comply with vaccination, medical service, and prenatal consultation requirements.

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*Education cash transfer:* Paid to a family with at least one child younger than age 18 who has not completed the sixth grade. Eligible children must register for school and comply with attendance requirements.

### **Family Allowance Benefits**

#### **Solidarity cash transfers (Comunidades Solidarias Urbanas y Rurales, means tested)**

*Health cash transfer:* US\$30 is paid every two months.

*Education cash transfer:* US\$30 is paid every two months.

The maximum combined cash transfer benefit is US\$40 every two months for families that qualify for both cash transfers.

### **Administrative Organization**

Social Investment Fund for Local Development (<http://www.fisd.l.gob.sv/>) administers the solidarity cash transfer program for rural areas.

Ministry of Education (<http://www.mined.gob.sv/>), Ministry of Health (<http://www.salud.gob.sv/>), and National Fund for Popular Housing (<http://www.fonavipo.gob.sv/>) administer the different components of the solidarity cash transfer program for urban areas, as per their areas of authority.