

Ecuador

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

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1928 (social security).

Current laws: 2001 (social security), 2003 (social pensions), 2006 (social pensions), 2010 (disability attendance grant), 2012 (general law on disabilities), and 2013 (social pensions increment).

Type of program: Social insurance and social assistance system.

Note: The provision under the 2001 law to create an individual account program to complement the social insurance program has not been implemented yet.

A 2018 decree introduced a new old-age social pension (Pensión Mis Mejores Años) and disability social pension (Pensión Toda Una Vida), each of which pays \$100 a month. Once rolled out across the country, these pensions will completely replace the social assistance old-age and disability pensions.

Coverage

Social insurance: Employed and self-employed persons.

Voluntary coverage for persons without mandatory coverage, including citizens of Ecuador residing abroad.

Special systems for agricultural workers and small-scale fishermen and for unpaid home-based workers.

Social assistance: Needy residents of Ecuador.

Source of Funds

Insured person

Social insurance: 6.64% (most public- and private-sector employees) or 8.64% (employees of subnational public institutions and bank employees) of gross monthly earnings, plus 0.1% of gross monthly earnings for the special disability pension. The voluntarily insured pay 8.86% of gross monthly earnings plus 0.1% of gross monthly earnings for the special disability pension.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Social assistance: None.

Self-employed person

Social insurance: 8.86% of gross monthly declared earnings plus 0.1% of gross monthly declared earnings for special disability pension.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Social assistance: None.

Employer

Social insurance: 2.22% of gross monthly payroll.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Social assistance: None.

Government

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

Social assistance: The total cost.

Qualifying Conditions

Old-age pension (Jubilación Ordinaria por Vejez, social insurance): 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.

Employment must cease at the time the claim is made, but it may resume afterwards. During the first year of receiving the pension, a pensioner who resumes employment must work for an employer other than the one that certified the pension claim.

Old-age social pension (Pensión para Adultos Mayores, social assistance, income tested): Age 65 and not receiving or entitled to receive any social insurance benefit.

Income test: The family's income must be in the bottom 40% of all household incomes according to the SIIRS.

The SIIRS is a national registry used to identify needy families.

Disability pension (Jubilación por Invalidez, social insurance): Must have at least a 50% assessed loss of earning capacity and at least 60 months of contributions, including contributions in the six months before the disability began; at least 120 months of contributions and not receiving an old-age pension if the disability began within two years after the termination of employment.

Special disability pension (Jubilación Especial de Discapacidad, social insurance): Must have at least a 30% assessed degree of disability and at least 300 (physical

disability) or 240 (mental disability) months of contributions; no contribution requirements for a total (100%) or absolute disability.

Disability social pension (Pensión para Personas con Discapacidad, social assistance, income tested): Must have at least a 40% assessed degree of disability and not be receiving or entitled to receive any social insurance benefit.

Income test: The family's income must be in the bottom 40% of all household incomes according to the SIIRS.

The SIIRS is a national registry used to identify needy families.

Caregiver allowance (Bono Joaquín Gallegos Lara, social assistance, income tested): Paid to the primary caregiver of a person with at least a 75% (physical disability) or 65% (mental disability) assessed degree of disability, suffering from a rare or catastrophic disease, or diagnosed with HIV/AIDS and younger than age 14.

Income test: The family must be assessed as vulnerable, or living in poverty or extreme poverty, based on the SIIRS; no income test if the beneficiary is diagnosed with HIV/AIDS and is younger than age 14.

The SIIRS is a national registry used to identify needy families.

Survivor pension (Pensión de Montepío, social insurance): The deceased received or was entitled to receive a social insurance old-age or disability pension or had at least 60 months of contributions at the time of death.

Eligible survivors include a widow or a dependent, disabled widower; a female or dependent, disabled male partner who cohabitated with the deceased for at least two years before the death or had children with the deceased; dependent orphans 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) or partner's pension ceases upon (re)marriage or cohabitation.

Funeral grant (Auxilio de Funerales, social insurance): The deceased received or was entitled to receive a social insurance old-age or disability pension or had at least six months of contributions in the last 12 months at the time of death.

Old-Age Benefits

Old-age pension (Jubilación Ordinaria por Vejez, social insurance): A percentage of the insured's average monthly earnings is paid based on the insured's years of contributions: 43.75% with five years of contributions, increasing by 1.25% for each additional year of contributions up to 35 years. 83.25% of the insured's average monthly earnings is paid with 36 years of contributions, 86.05% with 37 years, 89.70% with 38 years, 94.30% with 39 years, or 100% with 40 years of contributions. The pension is

increased by 1.25% of average monthly earnings for each year of contributions exceeding 40 years.

Average monthly earnings are based on the insured's best five years of earnings.

The minimum monthly old-age pension is \$197.

The maximum monthly old-age pension is \$2,167.

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

Benefit adjustment: The old-age pension is adjusted annually based on the average inflation rate in the previous year.

Old-age social pension (Pensión para Adultos Mayores, social assistance, income tested): \$50 a month is paid.

Permanent Disability Benefits

Disability pension (Jubilación por Invalidez, social insurance): A percentage of the insured's average monthly earnings is paid based on the insured's years of contributions: 43.75% with five years of contributions, increasing by 1.25% for each additional year of contributions up to 35 years. 83.25% of the insured's average monthly earnings is paid with 36 years of contributions, 86.05% with 37 years, 89.70% with 38 years, 94.30% with 39 years, or 100% with 40 years of contributions. The pension is increased by 1.25% of average monthly earnings for each year of contributions exceeding 40 years.

Average monthly earnings are based on the insured's best five years of earnings.

The minimum monthly disability pension is \$197.

The maximum monthly disability pension is \$2,167.

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

Benefit adjustment: The disability pension is adjusted annually based on the average inflation rate in the previous year.

Special disability pension (Jubilación Especial de Discapacidad, social insurance): 68.75% of the insured's average monthly earnings in the best five years of earnings is paid.

The minimum monthly special disability pension is \$197.

The maximum monthly special disability pension is \$2,167.

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

Benefit adjustment: The special disability pension is adjusted annually based on the average inflation rate in the previous year.

Disability social pension (Pensión para Personas con Discapacidad, social assistance, income tested): \$50 a month is paid.

Caregiver allowance (Bono Joaquín Gallegos Lara, social assistance, income tested): \$240 a month is paid.

Survivor Benefits

Survivor pension (*Pensión de Montepío, social insurance*)

Spouse's pension: 60% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid to an eligible widow(er) or partner.

Orphan's pension: 40% of the social insurance old-age or disability pension the deceased received or was entitled to receive is split equally among eligible orphans.

Other dependent's pension: In the absence of an eligible widow(er), partner, or orphan, 40% of the social insurance old-age or disability pension the deceased received or was entitled to receive is split equally among eligible dependent parents.

The minimum monthly combined survivor pension is \$197.

The maximum monthly combined survivor pension is \$1,737 (2018).

Benefit adjustment: Benefits are adjusted annually based on the average inflation rate in the previous year.

Funeral grant (*Auxilio de Funerales, social insurance*):

A lump sum of up to \$1,357.73 is paid.

Administrative Organization

Ecuadorian Social Security Institute (<https://www.iess.gob.ec/>), through its Directive Council, regulates, administers, and collects contributions to the social insurance program.

Ministry of Social and Economic Inclusion (<http://www.inclusion.gob.ec/>) administers the old-age and disability social pensions as part of the Bono de Desarrollo Humano program (see Family Allowances) and pays the caregiver allowance.

Sickness and Maternity

Regulatory Framework

First law: 1935 (social insurance), implemented in 1942.

Current law: 2001 (social security).

Type of program: Social insurance (cash and medical benefits) and employer-liability (cash maternity benefit) system.

Coverage

Social insurance: Employed and self-employed persons; and beneficiaries of old-age, disability, work injury, or survivor benefits (medical benefits only).

Voluntary coverage for persons without mandatory coverage.

Special systems for agricultural workers and small-scale fishermen.

Employer liability: Employed persons.

Exclusions: Self-employed persons.

Source of Funds

Insured person

Social insurance: None for private-sector employees, employees of subnational public institutions, and social security beneficiaries; 2% of gross monthly covered earnings for other public-sector employees; 9% of gross monthly covered earnings for the voluntarily insured.

Insured persons may insure their spouse with an additional contribution of 3.41% of gross monthly covered earnings; beneficiaries of an old-age, disability, or work injury pension may insure a spouse with an additional contribution of 4.15% of the monthly pension and children younger than 18 with an additional contribution of 3.41% of the monthly pension.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Employer liability: None.

Self-employed person

Social insurance: 9% of gross declared earnings.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Employer liability: Not applicable.

Employer

Social insurance: 9% of payroll for private-sector employees and employees of subnational public institutions; 7% for other public-sector employees.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Employer liability: The total cost.

Government

Social insurance: The total cost for old-age, disability and work injury beneficiaries; contributes as an employer.

Employer liability: None.

Qualifying Conditions

Cash sickness benefit (*Subsidio de Enfermedad, social insurance*): Must have at least six months of contributions before the incapacity began or at least 189 days of contributions in the eight months before the incapacity began.

Coverage continues for 60 days after the insured ceases to pay contributions.

Cash maternity benefit (Subsidio de Maternidad, social insurance and employer liability): Must have at least 12 months of contributions before giving birth. Prenatal care is provided with at least three months of contributions.

Medical benefits (social insurance): Must have at least three months of continuous contributions. Coverage continues for 60 days after the insured ceases to pay contributions.

Eligible dependents include a worker's children up to age 18, and beneficiaries of the orphan's pension.

Sickness and Maternity Benefits

Sickness benefit (Subsidio de Enfermedad, social insurance): 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 after a three-day waiting period; thereafter, 66% is paid for up to 112 days. (The employer pays 50% of the insured's earnings during the first three days of incapacity.)

Maternity benefit (Subsidio de Maternidad, social insurance and employer liability): 100% 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 benefit is paid for an additional 10 days for multiple births. (The Ecuadorian Social Security Institute pays 75% of the cost of the benefit, and the employer pays the remaining 25%.)

Workers' Medical Benefits

Medical benefits (social insurance): Medical facilities operated by the Ecuadorian 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 external health service providers is available.

Dependents' Medical Benefits

Medical benefits (social insurance): Benefits for dependents are the same as for the insured.

Administrative Organization

Ecuadorian Social Security Institute (<https://www.iess.gob.ec/>), through its Directive Council, regulates, administers, and collects contributions to the programs and operates its own clinics, dispensaries, and hospitals.

Work Injury

Regulatory Framework

First law: 1964 (work injury insurance).

Current law: 2001 (social security) and 2015 (labor justice and domestic work).

Type of program: Social insurance system.

Coverage

Employed and self-employed persons.

Voluntary coverage for persons without mandatory coverage.

Exclusions: Citizens of Ecuador residing abroad.

Source of Funds

Insured person: None; 0.2% of gross monthly covered earnings for the voluntarily insured.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Self-employed person: 0.2% of gross monthly covered declared earnings.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Employer: 0.2% of monthly covered payroll.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Government: Covers 40% of the cost of work injury pensions; contributes as an employer.

Qualifying Conditions

Must be assessed with a work injury or occupational disease. Must have at least six months or 180 days of contributions for a disability resulting from an occupational disease. Accidents that occur while commuting to or from work are covered.

Temporary Disability Benefits

75% of the insured's average earnings is paid after a two-day waiting period for up to 70 days; thereafter, 66% until the end of the 12th month. If the disability lasts more than one year, 80% of the insured's average earnings is paid for up to one additional year.

Average earnings are based on the insured's earnings in the three months before the disability began.

Permanent Disability Benefits

Permanent disability pension (Pensión por Incapacidad Permanente): 80% of the insured's average monthly earnings is paid if the insured is assessed with a total disability that does not require the constant attendance of others; 100% of average monthly earnings if the insured requires the constant attendance of others to perform daily functions.

Average monthly earnings are based on the insured's covered earnings the last year before the disability began or in the last five years, whichever is greater

Partial disability (Indemnización Global Única por Incapacidad Permanente Parcial): For an assessed partial disability, a lump sum of 60 times the insured's average monthly earnings in the year before the disability began (over the total contribution period if less than one year) multiplied by the assessed degree of disability is paid.

The maximum partial disability benefit is 100 times the minimum monthly earnings used to calculate contributions.

The minimum monthly earnings used to calculate contributions are \$394.

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

Benefit adjustment: Benefits are adjusted annually. Adjustments range from 4.31% to 16.16% and are inversely proportional to the benefit amount.

Workers' Medical Benefits

Benefits include medical and surgical care, hospitalization, appliances, and rehabilitation.

Survivor Benefits

Survivor pension (Pensión de Montepío)

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

Orphan's pension: 40% of the permanent disability pension the deceased received or was entitled to receive is split equally among dependent orphans younger than age 18 (no limit if disabled).

Other dependent's pension: If there is no eligible widow(er), partner, or orphan, 40% of the permanent disability pension the deceased received or was entitled to receive is split equally among a dependent mother and a dependent father with a disability.

The minimum monthly combined survivor pension is \$197.

The maximum monthly combined survivor pension is \$1,737 (2018).

Funeral grant (Auxilio de Funerales): A lump sum of up to \$1,357.73 is paid.

Administrative Organization

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

Unemployment

Regulatory Framework

First law: 1951.

Current laws: 2001 (social security) and 2016 (unemployment benefit).

Type of program: Social insurance and mandatory individual account system.

Note: In 2016, a new unemployment benefit was introduced that is partially financed through funds that were previously accumulated in the individual account.

Coverage

Social insurance: Public- and private-sector employees.

Exclusions: Self-employed persons, agricultural workers, small-scale fishermen, and unpaid home-based workers.

Mandatory individual account: Employed persons.

Exclusions: Self-employed persons.

Source of Funds

Insured person

Social insurance: None.

Mandatory individual account: 2% of gross monthly covered earnings.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Self-employed person

Social insurance: Not applicable.

Mandatory individual account: Not applicable.

Employer

Social insurance: 1% of gross monthly covered payroll.

The minimum monthly earnings used to calculate contributions are \$394.

There are no maximum earnings used to calculate contributions.

Mandatory individual account: None.

Government

Social insurance: None; contributes as an employer.

Mandatory individual account: Provides subsidies in special cases.

Qualifying Conditions

Unemployment benefit (social insurance and mandatory individual account): Must have at least 24 months of contributions, including six continuous months of contributions immediately before unemployment began. The benefit is paid after two months of involuntary unemployment.

Severance benefit (mandatory individual account): Must have at least 24 months of contributions. The benefit is paid after two months of unemployment.

Unemployment Benefits

Unemployment benefit (social insurance and mandatory individual account): Up to 70% of the insured's average monthly earnings in the 12 months before unemployment began is paid in the first month; 65% in the second month; 60% in the third month; 55% in the fourth month; and 50% in the fifth month. The benefit is paid for a maximum of five months.

After the fifth month, the insured may withdraw the total account balance remaining in the individual account.

The social insurance solidarity fund pays part of the monthly benefit, and the individual account funds the remainder.

Severance benefit (mandatory individual account): A lump sum of the account balance is paid if the insured becomes unemployed or starts receiving an old-age, permanent disability, or permanent work injury pension. If the insured dies, the benefit is paid to a widow, a disabled widower, orphans younger than age 18, or, if there is no widow(er) or orphan, certain other surviving relatives.

Administrative Organization

Ecuadorian Social Security Institute (<https://www.iess.gob.ec/>) collects contributions and administers the programs.

Family Allowances

Regulatory Framework

First law: 1998 (Bono Solidario).

Current laws: 2003 (conditional cash transfer), 2013 (conditional cash transfer increment), and 2019 (social assistance benefits).

Type of program: Social assistance system.

Coverage

Needy citizens of Ecuador.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family cash transfer (Bono de Desarrollo Humano, income tested): Paid to vulnerable families who meet certain requirements related to health, education, housing, eradication of child labor, and family development.

Income test: Must be registered as living in poverty or extreme poverty in the SIIRS.

The SIIRS is a national registry used to identify needy families.

Child supplement (Bono de Desarrollo Humano con Componente Variable): Paid to families living in extreme poverty with children younger than age 18.

Family Allowance Benefits

Family cash transfer (Bono de Desarrollo Humano, income tested): \$50 a month is paid to the head of household.

Child supplement (Bono de Desarrollo Humano con Componente Variable): \$30.00 a month is paid for the first child younger than age 5, \$27.00 a month for the second, and \$24.30 a month for the third. \$10 a month is paid for the first child aged 5 to 17, \$9.00 a month for the second, and \$8.10 a month for the third.

The maximum monthly family cash transfer is \$150.

Administrative Organization

Ministry of Social and Economic Inclusion (<http://www.inclusion.gob.ec/>) administers the program.