

## El Salvador

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

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1949 (social insurance); 1953 (social insurance fund); 1968 (old-age, disability, and survivor insurance), implemented in 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 program are covered under the old pay-as-you-go social insurance program. The government has issued indexed bonds to individual account participants who made contributions under the social insurance program. The bond is equal to an insured person's social insurance contributions plus accrued interest.

In June 2017, new enrolments for the universal basic old-age pension ceased; persons enrolled in the pension before this date can continue to receive benefits.

#### 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 with severe or high prevalence of extreme poverty.

#### Source of Funds

##### Insured person

**Mandatory individual account:** 7.25% of monthly covered earnings.

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

The legal monthly minimum wage ranges from \$202.88 (agriculture and cotton sector) to \$304.17 (commerce and service sector), depending on the economic sector.

The maximum earnings used to calculate contributions are \$6,500 (January 2019).

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 \$207.60.

**Social assistance:** None.

##### Self-employed person

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

Of the self-employed person's contributions, 8.05% (gradually rising to 11.1% by 2050) is allocated to the individual account, 0.8797% to disability and survivor insurance, 1.0703% for administrative fees, and 5% (gradually decreasing to 2% by 2050) to the Solidarity Guarantee Fund.

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

The legal monthly minimum wage ranges from \$202.88 (agriculture and cotton sector) to \$304.17 (commerce and service sector), depending on the economic sector.

The maximum earnings used to calculate contributions are \$6,500 (January 2019).

**Social assistance:** None.

##### Employer

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

Of the employer's contributions, 0.8% (gradually rising to 3.85% by 2050) is allocated to the individual account, 0.8797% to disability and survivor insurance, 1.0703% for administrative fees; and 5% (gradually decreasing to 2% by 2050) to the Solidarity Guarantee Fund.

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

The legal monthly minimum wage ranges from \$202.88 (agriculture and cotton sector) to \$304.17 (commerce and service sector), depending on the economic sector.

The maximum monthly earnings used to calculate contributions are \$6,500 (January 2019).

**Social assistance:** None.

##### Government

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

**Social assistance:** The total cost.

## Qualifying Conditions

**Old-age pension (Pensión de Vejez, 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 (Pensión de vejez mínima garantizada): 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 \$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 (Pensión de longevidad): 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.

Longevity benefit (Beneficio de longevidad): Paid when the account balance is exhausted after being used to finance the permanent old-age 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 (Devolución de Saldo, mandatory individual account):** Age 60 (men) or age 55 (women) with less than 25 years of contributions.

**Basic old-age pension (Pensión Básica Universal, Programa Nuestros Mayores Derechos, social assistance, income tested):** Age 70, not receiving any other pension, and never contributed to social security during his or her working life.

**Disability pension (Pensión de Invalidez, mandatory individual account):** Must be assessed with at 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% and meet the contribution requirements for a total disability pension.

Guaranteed minimum disability pension (Pensión de invalidez mínima garantizada): 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 degree of disability.

**Survivor pension (Pensión de Sobrevivencia, 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, orphans younger than age 18 (age 24 if a student; no limit if disabled), and dependent parents.

Guaranteed minimum survivor pension (Pensión de sobrevivencia mínima garantizada): 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 (Pensión de Vejez, 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 these two options. (For workers who opted to switch from the old social insurance program to the individual account program in 1998, the value of accrued rights under the old program 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 \$207.60.

Guaranteed minimum old-age pension (Pensión de vejez mínima garantizada): The minimum monthly old-age pension is paid.

Longevity pension (Pensión de longevidad): 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.

Schedule of payments: Twelve monthly payments a years plus a 13th payment for Christmas equal to 50% of the monthly pension.

**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 \$207.60.

Longevity benefit (Beneficio de longevidad): The longevity benefit is equal in value to the permanent old-age benefit the insured received.

**Temporary old-age benefit (Beneficio Económico Temporal, mandatory individual account):** A monthly benefit of 40% to 60% of the minimum monthly old-age pension, based on 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 \$207.60.

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

**Basic old-age pension (Pensión Básica Universal, Programa Nuestros Mayores Derechos, social assistance, income tested):** \$100 is paid every two months.

### Permanent Disability Benefits

**Disability pension (Pensión de Invalidez, 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 \$207.60

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

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

Guaranteed minimum disability pension (Pensión de invalidez mínima garantizada): The minimum monthly pension for a total disability or partial disability is paid.

Schedule of payments: Twelve monthly payments a years plus a 13th payment for Christmas equal to 50% of the monthly pension.

### Survivor Benefits

#### Survivor pension (Pensión de Sobrevivencia, 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 orphan; 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 (Pensión de sobrevivencia mínima garantizada): The minimum monthly survivor pension is paid.

The minimum monthly survivor pension is \$207.60.

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

Schedule of payments: Twelve monthly payments a years plus a 13th payment for Christmas equal to 50% of the monthly pension.

### Administrative Organization

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

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

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

### Sickness and Maternity

#### Regulatory Framework

**First law:** 1949 (social insurance).

**Current laws:** 1953 (social security), 1996 (social insurance), 2007 (for teachers and professors), 2010 (household workers), 2017 (voluntary health insurance for nationals residing abroad), and 2018 (voluntary health insurance for self-employed persons).

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

## Coverage

Public- and private-sector employees, household workers, and pensioners and certain unemployed persons (medical benefits only).

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

Exclusions: Agricultural and casual workers.

## Source of Funds

**Insured person:** 3% of monthly covered earnings; a monthly premium of \$55.92 for voluntarily covered citizens residing abroad. 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 \$202.88 (agriculture and cotton sector) to \$304.17 (commerce and service sector), depending on the economic sector.

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

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

**Self-employed person:** A monthly premium of \$40; \$56 if the insured chooses to cover family members.

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

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

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

The legal monthly minimum wage ranges from \$202.88 (agriculture and cotton sector) to \$304.17 (commerce and service sector), depending on the economic sector.

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

The employer's contributions also finance work injury benefits.

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

## Qualifying Conditions

**Cash sickness benefit (Subsidio de Enfermedad):** Must be currently employed. There is no minimum qualifying period. Household workers do not qualify for cash sickness benefits.

**Cash maternity benefit (Subsidio de Maternidad):** 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. Self-employed persons, household workers, and citizens residing abroad have a qualifying period of six months for certain conditions.

## Sickness and Maternity Benefits

**Sickness benefit (Subsidio de Enfermedad):** 75% of the insured's average daily base earnings in the first three of the four months before the incapacity 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.

Schedule of payments: The benefit is paid daily.

**Maternity benefit (Subsidio de Maternidad):** 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.

Schedule of payments: 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. Benefits are the same for dependents of self-employed persons covered under family insurance as for the primary insured.

## 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.

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## Work Injury

### Regulatory Framework

**First law:** 1949 (social insurance).

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

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

## Coverage

Public- and private-sector employees and household workers.

Voluntary coverage for self-employed persons.

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

**Temporary disability benefit (Subsidio Diario por Incapacidad Temporal):** 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

**Permanent disability pension (Pensión por Incapacidad Permanente):** For an assessed degree of disability greater 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 \$119.70.

Constant-attendance supplement (Aumento por ayuda de tercera persona): 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 (Asignación por hijo): 20% of the minimum disability pension is paid for each child younger than age 16 (age 22 if a student; no limit if disabled).

Partial disability: For an assessed degree of disability greater than 35% and up to 66%, a percentage of the full permanent disability pension is paid based on the assessed degree of disability. For an assessed degree of disability of at least 21% and up to 35%, two times 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 (Pensión de Sobrevivientes)

*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 eligible widow(er) or orphan, 60% of the permanent disability pension 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 up to \$937.86 is paid to the person who paid for the funeral (2018).

## 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

### Regulatory Framework

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

The minimum severance pay for an employee with a permanent contract is 15 days of pay.

The maximum daily earnings used to calculate the severance pay for an employee with a permanent contract is four times the legal daily minimum wage.

## El Salvador

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The legal monthly minimum wage ranges from \$202.88 (agriculture and cotton sector) to \$304.17 (commerce and service sector), depending on the economic sector.

### Family Allowances

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#### Regulatory Framework

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

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

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

Note: In June 2017, new enrolments in the solidarity cash transfer program ceased; persons enrolled in the program before this date 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 (Bono Salud):** Paid to families with children younger than age 5 who comply with vaccination and medical service requirements.

**Education cash transfer (Bono Educación):** Paid to families 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 (Bono Salud):** \$30 is paid every two months.

**Education cash transfer (Bono Educación):** \$30 is paid every two months.

The maximum combined solidarity cash transfer for families who qualify for both types of transfers is \$40 every two months.

#### 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.