

Colombia

Exchange rate: U.S.\$1.00 equals 2,860.80 pesos.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1946, implemented in 1965.

Current laws: 1993, implemented in 1994; and 2003.

Type of program: Social insurance and private insurance systems.

Notes: The insured person may choose either the social insurance system or the system of private mandatory individual accounts and may switch membership every 3 years.

The labor code requires larger employers to provide generally similar benefits to employees in regions where either program has not yet been applied.

Coverage

All employees, including new employees joining the state oil company (Ecopetrol) after January 29, 2003.

Exclusions: Agricultural employees in some regions.

Voluntary coverage for the self-employed.

The program is being gradually extended to all regions.

Special system for employees of the state oil company (Ecopetrol) who joined before January 30, 2003, teachers, the military, and the national police.

Source of Funds

Insured person: 3.375% of earnings. An additional 1% of earnings for income over 4 times the minimum wage and between 0.2% and 1% of earnings for income over 16 times the minimum wage to the solidarity fund, which subsidizes low earners.

Employer: 10.125% of payroll.

Between February 2004 and February 2006, combined employee-employer contributions are to increase to 15.5% in three stages. Over the period, employee contributions will increase to 3.625%, to 3.75%, and to 3.875%; employer contributions will increase to 10.875%, to 11.25%, and to 11.625%, respectively.

Government: A partial subsidy to the solidarity fund.

The minimum earnings for contribution and benefit purposes are equal to the legal minimum wage; domestic workers, half the legal minimum wage. As of July 2003, the minimum wage was equal to 35,531.25 pesos.

Qualifying Conditions

Old-age pension

Social insurance: Age 60 (men) or age 55 (women) with 1,000 weeks of contributions.

Special pension: Age 50 or age 55 for certain hazardous forms of employment, according to specified qualifying conditions.

Old-age settlement: The insured does not meet the qualifying conditions for a pension.

Private insurance: Age 62 (men) or age 57 (women), and the accumulated capital in the individual account must be sufficient to purchase an annuity equal to 110% of the minimum wage.

Guaranteed minimum pension: Age 62 (men) or age 57 (women) and the pension is less than the minimum pension set by law.

Disability pension: If under age 20, at least a 50% loss of normal earning capacity with 26 weeks of contributions in the year before the onset of disability. If aged 20 or older, 50 weeks of contributions in the last 3 years and, in the case of illness, contributions for at least 25% of the period between age 20 and the onset of disability.

The assessed degree of disability is reviewed every 3 years.

Disability settlement: The insured does not meet the qualifying conditions for a disability pension.

Survivor pension: If the insured was under age 20, 50 weeks of contributions. If the insured was aged 20 or older, 50 weeks of contributions in the last 3 years and contributions for 20% of the period between age 20 and death if the death was the result of an illness; 25% of the period if the death was the result of an accident.

Survivor settlement: The insured did not meet the qualifying conditions for a pension.

Old-Age Benefits

Old-age pension

Social insurance: 65% of base earnings (average earnings in the 10 years prior to receiving the pension), plus an increment of 2% of earnings for each 50-week period of contributions between 1,000 weeks and 1,200 weeks, up to a maximum of 73% of the basic monthly wage; plus 3% for each 50-week period between 1,200 weeks and 1,400 weeks, up to a maximum of 85% of the basic monthly wage.

Beginning February 1, 2004, the pension is equal to between 55% and 65% of the basic monthly wage, plus 1.5% for every 50-week period of contributions up to a maximum of 80% of the basic monthly wage.

Old-age settlement: If the insured person meets the age requirement but does not meet the contributions requirement, a pension is provided.

The minimum social insurance pension is equal to the minimum wage.

Schedule of payments: Fourteen payments a year.

Benefit adjustment: Annual adjustment for changes in the consumer price index.

Private insurance: The pension is based on the value of the insured's contributions plus accrued interest. The capital in the individual account must be sufficient to purchase an annuity equal to 110% of the minimum wage. Contributions made to the public system are provided as a pension bond. At retirement, the insured may make periodic withdrawals from the individual account to guarantee income for the expected lifespan, buy an annuity from a private insurance company, or a combination of the two.

Guaranteed minimum pension: If the pension is less than the minimum pension set by law, the government will make up the difference.

Permanent Disability Benefits

Disability pension: For an assessed degree of disability greater than 66%, 54% of the basic monthly wage plus an increment of 2% of earnings for every 50-week period of contributions over 800 weeks. For an assessed degree of disability of between 50% and 66%, 45% of the basic monthly wage plus an increment of 1.5% of earnings for every 50-week period of contributions over 500 weeks.

The minimum pension is equal to the minimum monthly wage.

The maximum pension is 75% of the basic monthly wage.

Disability settlement: If the insured does not meet the contributions requirements, a pension is provided.

Schedule of payments: Fourteen payments a year.

Benefit adjustment: Annual adjustment for changes in the consumer price index.

Survivor Benefits

Survivor pension: 45% of the basic monthly wage plus an increment of 2% for every 50-week period of contributions over 500 weeks, up to a maximum of 75% of the basic monthly wage.

Eligible survivors are a spouse (or partner) aged 30 or older who lived with the insured for at least 5 years and all those economically dependent on the insured, including dependent parents and dependent disabled siblings. A surviving spouse (or partner) younger than age 30 receives a limited pension for up to a maximum of 20 years.

Orphan's pension: 20% of the insured's pension to each orphan under age 18 (age 25 if a student, no limit if disabled); 30% if a full orphan.

The minimum survivor pension is equal to the minimum monthly wage.

The maximum survivor pension is 100% of the insured's pension.

Schedule of payments: Thirteen payments a year.

Survivor settlement: A pension is provided to dependents.

Funeral grant: The cost of the funeral up to the value of the monthly old-age pension or the last wage, but not less than 5 times and no more than 10 times the minimum wage.

Administrative Organization

Social insurance: Ministry of Labor and Social Security provides general supervision.

Social Security Institute administers the program nationally.

Regional funds and local offices, established and supervised by the Social Security Institute, administer contributions and benefits locally.

Private insurance: National Banking Superintendent provides general supervision.

Individual pension fund management companies (SAFPs) administer individual capitalization accounts.

Sickness and Maternity

Regulatory Framework

First law: 1938.

Current law: 1993, implemented in 1995.

Type of program: Social insurance system. Cash and medical benefits.

Coverage

Coverage is to be extended gradually to all, regardless of their ability to contribute.

Source of Funds

Insured person: 4% of earnings; the self-employed, 12% of earnings.

Employer: 8% of payroll.

Government: Finances the program for low earners through the solidarity fund and through additional government contributions.

The minimum earnings for contribution purposes are equal to the minimum wage.

Qualifying Conditions

Cash sickness and medical benefits: Four weeks of contributions immediately before the claim, except in emergency cases.

Cash maternity benefits: Nine months of contributions before the expected date of childbirth. (Benefits are also payable to parents of adopted children.)

Sickness and Maternity Benefits

Sickness benefit: 66.6% of earnings in the month before the onset of illness is payable after a 4-day waiting period for up to 180 days.

Maternity benefit: 100% of earnings, payable for 12 weeks. The spouse may take one of the 12 weeks as paternity leave, with the benefit period for the mother reduced to 11 weeks.

Workers' Medical Benefits

The insured may choose between public or private health care. Benefits and facilities vary depending on the health plan. Benefits include medical, surgical, hospital, pharmaceutical, maternity, and dental care and related services. Preexisting conditions must be covered, although they may be subject to a waiting period; no waiting period for pregnant women and babies younger than 1 year.

Dependents' Medical Benefits

The insured may choose between public or private health care. Benefits and facilities vary depending on the health plan. Benefits include medical, surgical, hospital, pharmaceutical, maternity, and dental care and related services. Preexisting conditions must be covered, although they may be subject to a waiting period; no waiting period for pregnant women and babies younger than 1 year.

Administrative Organization

Ministry of Health provides general supervision.
National Social Security Council on Health administers the program.
State Social Enterprises (ESSs) provide health services.

Work Injury

Regulatory Framework

First law: 1915.

Current laws: 1993 and 1994.

Type of program: Social insurance system.

Coverage

All employees, including new employees joining the state oil company (Ecopetrol) after January 29, 2003, student placements, and casual workers.

Voluntary coverage for independent workers.

Special system for employees of the state oil company (Ecopetrol), teachers, the military, and the national police.

Source of Funds

Insured person: None.

Employer: 0.348% to 8.7% of payroll, according to the assessed degree of risk. (In addition, 1% of the employer's contribution finances the work injury fund, which promotes health and safety for workers.)

Government: None. (Contributes to the work injury fund from general revenue.)

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period. If the employer delays the payment of contributions for 2 consecutive months, the employer is automatically disqualified from the program.

Temporary Disability Benefits

100% of earnings in the month before the onset of disability until rehabilitation, reintegration, cure, determination of permanent disability, or death. The benefit is paid for up to 180 days (may be extended to 360 days).

Permanent Disability Benefits

Permanent disability pension: The benefit is in proportion to the assessed degree of disability. For an assessed degree of disability of more than 66%, the pension is 75% of base earnings; for an assessed degree of disability of between 50% and 66%, the pension is 60% of base earnings.

Partial disability: For an assessed degree of disability of between 5% and 49%, the benefit is from a minimum of one times base earnings up to a maximum of 24 times base earnings.

Base earnings: Average earnings in the last 6 months for work accidents or in the last 12 months for occupational diseases.

Constant-attendance allowance: 15% of the pension.

Workers' Medical Benefits

Benefits include medical, surgical, and hospital care; medicines; appliances; rehabilitation; and transportation.

Survivor Benefits

Survivor pension: 75% of the insured's earnings or 100% of the insured's disability pension, payable to each orphan under age 18 (age 25 if a student, no limit if disabled), a widow (a partner) who lived with the insured for 5 years or who had children with the insured, or a dependent disabled widower, dependent parents, or a disabled brother or sister.

Administrative Organization

Ministry of Labor and Social Security, Ministry of Health, National Banking Superintendent, and the National Council of Professional Risks provide general supervision.

Social Insurance Institute and life insurance companies authorized by the Banking Superintendent administer the program nationally.

Unemployment

Regulatory Framework

First and current law: 1990 (severance).

Type of program: Mandatory individual severance account system.

Note: Beginning January 1, 1991, acquired rights under the previous public system were transferred to the new private severance pay program.

Coverage

Mandatory individual severance account: All private-sector employees.

Voluntary coverage for employees covered under the public-sector system.

Source of Funds

Insured person: None.

Employer: 8.3% of the insured's annual salary.

Government: None.

Qualifying Conditions

Unemployment benefits: The insured must be unemployment or retired.

Unemployment Benefits

One monthly wage for every year of employment; a reduced benefit is paid for less than 1 year of employment. (The insured may make authorized partial withdrawals from the individual account to meet specified contingencies.)

Administrative Organization

Mandatory individual accounts are administered by Severance Pay Funds (SAFCs).

National Banking Superintendent supervises the SAFCs.

Juntas Directives, involving employer and employee representatives, monitor the SAFCs.

Family Allowances

Regulatory Framework

First law: 1957.

Current laws: 1963 and 1982.

Type of program: Employment-related system.

Note: This information is from 1999.

Coverage

All employees.

Source of Funds

Insured person: None.

Employer: 4% of payroll.

Government: None, except as an employer.

Qualifying Conditions

Family allowances (income-tested): The child must be under age 18 (age 23 if a student, no limit if disabled). The parent must be over age 60 or assessed as 60% disabled; must have completed 60 days of continuous employment with the same employer of which not less than 96 hours were credited during the last 25 working days.

Income test: Monthly income cannot exceed four times the legal minimum wage.

Family Allowance Benefits

Family allowances: Benefit amounts vary among funds and may be paid in cash or in kind. A child assessed as 60% or more disabled receives a double allowance.

Surviving spouse allowance: Twelve months' payment to a widow or the guardian of dependent children. If the dependent dies, the family receives a lump sum equal to 12 monthly payments.

Administrative Organization

Ministry of Labor and Social Security provides general supervision of funds.

Superintendent for Family Subsidies supervises family allowance funds.