

Ecuador

Exchange rate: Uses the US dollar (US\$).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1928.

Current law: 2001 (social security).

Type of program: Social insurance and social assistance system.

Note: The provision under the 2001 law to create a system of individual accounts to complement the social insurance old-age pension program was not implemented.

A government-financed program provides basic social assistance cash benefits to needy persons aged 65 or older and persons aged 18 to 65 assessed as at least 70% disabled.

Coverage

Social insurance: Employees in industry, commerce, and agriculture; government employees; domestic workers; and self-employed persons.

Voluntary coverage for the President and Vice-President of the Republic, government ministers, and persons not mandatorily covered.

Special systems for small farmers, builders, and armed forces and police personnel.

Social assistance: Needy elderly and disabled persons.

Source of Funds

Insured person: 6.64% and 8.64% of gross earnings for private- and public-sector employees, respectively; 9.74% of gross earnings for voluntary contributors.

The minimum earnings for contribution purposes are equal to the legal minimum wage (US\$170 a month). The legal minimum wage varies according to the nature of employment or work.

There are no maximum earnings for contribution purposes.

The insured's contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits (individual severance account).

Self-employed person: 6.64% of gross declared earnings.

The minimum earnings for contribution purposes are equal to the legal minimum wage (US\$170 a month). The legal minimum wage varies according to the nature of employment or work.

There are no maximum earnings for contribution purposes.

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

Employer: 3.10% and 1.10% of gross payroll for private- and public-sector employees, respectively.

The minimum earnings for contribution purposes are equal to the legal minimum wage (US\$170 a month). The legal minimum wage varies according to the nature of employment or work.

There are no maximum earnings for contribution purposes.

The employer's contributions also finance unemployment benefits (individual severance account).

Government: Finances 40% of the cost of social insurance pensions; the total cost of social assistance pensions; contributes as an employer;

Qualifying Conditions

Social Insurance

Old-age pension: Paid 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.

Disability pension: The insured must have at least 60 months of contributions including the 6 months before the disability began and an assessed loss of more than 50% of earning capacity; 120 months of contributions and not be in receipt of an old-age pension if the disability began within 2 years after the termination of employment.

Survivor pension: The deceased had at least 60 months of contributions or was a pensioner at the time of death.

Eligible survivors include a widow(er), a partner who had children with the deceased or who cohabited with the deceased for at least 2 years before his or her death, dependent children younger than age 18 (no limit if disabled), and a dependent mother and father.

Funeral grant: The deceased had at least 6 months of contributions in the last 12 months or was a pensioner.

Social assistance

Noncontributory old-age pension (means-tested): Age 70 and not eligible to receive a social insurance old-age pension.

Noncontributory disability pension (means-tested): Must be assessed as disabled and not eligible to receive a social insurance disability pension.

Old-Age Benefits

Social insurance

Old-age pension: The monthly pension is equal to a percentage of the insured's average monthly earnings in the 5 best years of earnings. The percentage varies according to the total number of years of contributions from 50% for

10 years up to 100% for 40 years. The percentage amount is increased by 1.25% for each year of contributions exceeding 40 years.

The maximum monthly pension is US\$810.

Employed old-age pensioners may combine pension income with earnings (except if the employer in the first year of retirement was the pensioner's last employer before retirement).

Schedule of payment: Fourteen payments a year.

Benefit adjustment: Benefits are adjusted annually according to budget resources.

Social assistance

Noncontributory old-age pension: The monthly pension is equal to the difference between the legal monthly minimum wage and the beneficiary's monthly earnings.

Permanent Disability Benefits

Social insurance

Disability pension: The monthly pension is equal to a percentage of the insured's average monthly earnings in the 5 best years of earnings. The percentage varies according to the total number of years of contributions from 50% for 10 years up to 100% for 40 years. The percentage amount is increased by 1.25% for each year of contributions exceeding 40 years.

The maximum monthly pension is US\$810.

Schedule of payment: Fourteen payments a year.

Benefit adjustment: Benefits are adjusted annually according to budget resources.

Social assistance

Noncontributory disability pension: The monthly pension is equal to the difference between the legal monthly minimum wage and the beneficiary's monthly earnings.

Survivor Benefits

Social insurance

Survivor pension: 40% of the deceased's pension is paid to a widow(er) or partner.

The pension ceases on remarriage.

Orphan's pension: Each orphan younger than age 18 (no limit if disabled) receives 20% of the deceased's pension; 40% for a full orphan.

Other dependent's pension: A mother or father receives 20% of the deceased's pension.

The minimum survivor pension is equal to the legal minimum wage, plus income support for a family group.

All survivor benefits combined must not exceed 100% of the deceased's pension for a family group.

Funeral grant: Up to US\$450 is paid.

Administrative Organization

Social Security Institute (<http://www.iess.gov.ec>), through its Directive Council, regulates and administers the program.

Ministry of Social and Economic Inclusion (<http://www.mbs.gov.ec>) is responsible for the social assistance program.

Sickness and Maternity

Regulatory Framework

First law: 1935.

Current law: 2001 (social security).

Type of program: Social insurance system.

Coverage

Employees in industry, commerce, and agriculture; government employees; domestic workers; self-employed persons; and beneficiaries of old-age, disability, survivor, or work injury benefits.

Voluntary coverage for persons not mandatorily covered.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors, above; beneficiaries of survivor pensions contribute 4.15% of the pension; voluntary contributors, 5.71% of gross earnings.

Self-employed person: See source of funds under Old Age, Disability, and Survivors, above.

Employer: 5.71% of payroll.

Government: See source of funds under Old Age, Disability, and Survivors, above.

Qualifying Conditions

Cash sickness benefits: The insured must have at least 6 months of contributions before the date the incapacity began.

Cash maternity benefits: The insured must have at least 360 days of contributions in the year before giving birth or at least 378 days of contributions in the 16 months before giving birth. Prenatal care is provided with at least 6 months of contributions.

Medical benefits: The insured must have at least 180 days of consecutive contributions in the 6 months before the illness began or at least 189 days of contributions in the 8 months before the illness began. The voluntarily insured must have at least 360 days of consecutive contributions in the 12 months before the illness began or at least 378 days of contributions in the 16 months before the illness began.

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

Sickness and Maternity Benefits

Sickness benefit: For the first 10 weeks, the benefit is equal to 75% of the insured's average earnings in the 3 months before the incapacity began. The benefit is paid after a 4-day waiting period for up to 70 days; thereafter, 66% of earnings for up to a maximum of 182 days.

Maternity benefit: The benefit is equal to 75% of the insured's last earnings and is paid 2 weeks before and 10 weeks after the expected date of childbirth. (The employer pays 25% of the insured's last earnings for the same period.)

Workers' Medical Benefits

Medical services are ordinarily provided directly to patients through the medical facilities of the Social Security Institute. Medical care in private clinics is possible under certain conditions. A refund for the cost of medical care provided through medical facilities not belonging to the Social Security Institute is possible in certain cases. Benefits include general and specialist care, home care, surgery, hospitalization, medicines, appliances, rehabilitation, laboratory services, and dental care.

Dependents' Medical Benefits

Full medical care is provided for infants during their first year.

Administrative Organization

Social Security Institute (<http://www.iess.gov.ec>), through its Directive Council, regulates and administers the program.

Social Security Institute (<http://www.iess.gov.ec>) operates its own clinics, dispensaries, and hospitals.

Work Injury

Regulatory Framework

First law: 1921.

Current law: 2001 (social security).

Type of program: Social insurance system.

Coverage

Employees in industry, commerce, and agriculture; government employees; domestic workers; and self-employed persons.

Voluntary coverage for persons not mandatorily covered.

Exclusions: Small farmers.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors, above; voluntary contributors, 0.55% of gross earnings.

Self-employed person: See source of funds under Old Age, Disability, and Survivors, above.

Employer: 0.55% of payroll.

Government: See source of funds under Old Age, Disability, and Survivors, above.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Occupational disease benefits: The insured must have at least 6 months of contributions; 12 months for voluntary contributors.

Temporary Disability Benefits

For the first 10 weeks, the benefit is equal to 75% of average earnings in the 10 weeks before the disability began; thereafter, 66% of average earnings until the end of the 12th month. If the disability lasts for more than a year, the benefit is increased to 80% of average earnings. Benefits are paid from the day after the disability began for a work injury and after a three-day waiting period for an occupational disease.

Permanent Disability Benefits

Permanent disability pension: The pension is equal to 80% of average earnings (100% if constant attendance is required) in the last year or in the previous 5 years if earnings were higher.

Partial disability: A percentage of the full pension is paid according to the assessed degree of disability, based on the schedule in law.

Schedule of payments: Fifteen payments a year.

Benefit adjustment: Benefits are adjusted annually according to budget resources.

Workers' Medical Benefits

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

Survivor Benefits

Survivor pension: 40% of the deceased's pension is paid to a widow(er) or partner.

The pension ceases on remarriage.

Orphan's pension: Each orphan younger than age 18 (no limit if disabled) receives 20% of the deceased's pension; 40% for a full orphan.

Other dependent's pension: A mother or father receives 20% of the deceased's pension.

The minimum survivor pension is equal to the legal minimum wage, plus income support for a family group.

All survivor benefits combined must not exceed 100% of the deceased's pension for a family group.

Funeral grant: Up to US\$450 is paid.

Administrative Organization

Social Security Institute (<http://www.iess.gov.ec>), through its Directive Council, regulates and administers the program.

Unemployment

Regulatory Framework

First law: 1951.

Current laws: 1958 and 2001 (social security).

Type of program: Individual severance account and social insurance system.

Note: In 2001, a system of individual severance accounts was introduced. Participation is mandatory for workers younger than age 40 when the program was implemented. The previous social insurance system providing lump-sum benefits is being phased out.

Coverage

Individual severance account: Employees in the private and public sectors.

Social insurance: Employees in the private and public sectors.

Exclusions: Volunteer workers.

Source of Funds

Individual severance account

Insured person: See source of funds under Old Age, Disability, and Survivors, above.

Self-employed person: Not applicable.

Employer: See source of funds under Old Age, Disability, and Survivors, above.

Government: See source of funds under Old Age, Disability, and Survivors, above.

Social insurance

Insured person: 2% of earnings.

Self-employed person: Not applicable.

Employer: 1% of payroll.

Government: None; contributes as an employer.

Qualifying Conditions

Unemployment benefits

Individual severance account: The insured must be involuntarily unemployed with at least 48 months of contributions.

Social insurance: The insured must have at least 60 months of contributions. The benefit is paid after 90 days of unemployment or if unemployment is the result of a permanent disability.

Unemployment Benefits

Individual severance account: A lump sum is paid equal to three times the insured's average wage in the last 12 months. (The total accumulated capital can be drawn down if the insured retires or is assessed as disabled, or by survivors in the event of the insured's death.)

The maximum benefit is equal to the accumulated capital in the individual account, plus interest.

Benefit adjustment: Benefit amounts are fixed annually.

Unemployment benefit (social insurance): A lump sum is paid equal to three times the insured's average wage in the last 12 months.

Survivor benefit (social insurance): A lump sum is paid to a widow, a disabled widower, and children younger than age 21. In the absence of a spouse and children, certain other surviving relatives of an insured person born before November 30, 1961, may be eligible.

Benefit adjustment: Benefit amounts are fixed annually.

Administrative Organization

Individual severance account: Individual savings management institutions (EDAPs) manage the accounts.

Banking Superintendent (<http://www.superban.gov.ec>) supervises the EDAPs.

Social insurance: Under the direction of the Ministry of Social and Economic Inclusion (<http://www.mbs.gov.ec>), the Advisory Council provides general supervision.

Social Security Institute (<http://www.iess.gov.ec>) administers the program.

Family Allowances

Regulatory Framework

No statutory benefits are provided.

Mothers assessed as needy with at least one child (younger than age 18) and low-income families receive a monthly allowance under the Bono de Desarrollo Humano program.