

## Bolivia

Exchange rate: US\$1.00 equals  
8.07 bolivianos (Bs).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1949 (social insurance); and 1956 (social security), implemented in 1959.

**Current laws:** 1996 (mandatory individual account), implemented in 1997; and 2002 (Bonosol pension), implemented in 2003.

**Type of program:** Mandatory individual account, private insurance, and universal pension (Bonosol) system.

Note: In 1997, all active members of the social insurance system transferred to a system of mandatory individual accounts. Until September 2005, only active members who were already eligible for a social insurance pension in 1997 were able to retire under the old system.

#### Coverage

**Mandatory individual account:** Salaried workers, including armed forces personnel, and apprentices.

Voluntary coverage for the self-employed.

**Universal pension (Bonosol):** All resident citizens who were born before January 1, 1974.

#### Source of Funds

##### Mandatory individual account

**Insured person:** 10% of gross earnings for old-age benefits, plus a fixed 1.71% of gross earnings for disability and survivor insurance and a fixed 0.5% of gross earnings for administrative fees.

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

The maximum earnings for contribution purposes are equal to 60 times the legal monthly minimum wage.

The legal monthly minimum wage is Bs440. (The legal monthly minimum wage is adjusted for changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in May 2003.)

**Self-employed person:** A voluntary contribution of 10% of declared gross earnings, plus a fixed 1.71% of declared gross earnings for disability and survivor insurance and a fixed 0.5% of declared gross earnings for administrative fees.

The minimum declared earnings for contribution purposes are equal to the legal monthly minimum wage (Bs440 a month).

The maximum declared earnings for contribution purposes are equal to 60 times the legal monthly minimum wage.

**Employer:** None.

**Government:** Finances pensions payable under the previous social insurance system and the funeral grant; contributes as an employer.

##### Universal pension (Bonosol)

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** Financed from the privatization of state-owned enterprises.

#### Qualifying Conditions

**Old-age pension:** Age 65; any age if the accumulated capital in the individual account, plus accrued interest, is sufficient to finance a monthly pension equal to 70% of the insured's average covered earnings in the last 5 years.

The sole qualifying condition for armed forces personnel is 35 years of continuous service.

The old-age pension is payable abroad temporarily in specific cases.

**Universal pension (Bonosol):** Resident citizens aged 65 or older who were born before January 1, 1974.

The universal pension is payable abroad temporarily in specific cases.

**Disability pension:** The insured must be younger than age 65 with an assessed degree of disability of at least 60%.

Must have made 60 months of contributions to the old or new scheme or have made contributions during half the period between the date of the first contribution to the new scheme and the onset of disability and must be currently contributing or have ceased contributing no longer than 12 months before the onset of disability. If the disability is due to an illness, the insured must also have 18 months of contributions in the last 36 months before the onset of disability.

The Assessment Body (EEC) assesses the degree of disability through a Medical Assessment Panel consisting of three medical professionals. The insured or his or her dependents are entitled to require the Superintendent of Pensions, Values, and Insurance to review the assessed degree of disability once only.

The disability pension is payable abroad temporarily in specific cases.

**Survivor pension:** The deceased was a pensioner or had made 60 months of contributions to the old or new scheme or had made contributions during half the period between the date of the first contribution to the new scheme and the date of death or was still contributing or had ceased contributing no longer than 12 months before the date of death. If the death was due to illness, the deceased must also have had 18 months of contributions in the last 36 months before the date of death.

Eligible survivors include the spouse or cohabiting partner and children younger than age 18 (age 25 if a student, no limit if disabled).

In the absence of a spouse or cohabiting partner and eligible children, eligible survivors include the insured's father and mother, the insured's brothers and sisters younger than age 18, or other survivors named by the insured.

The survivor pension is payable abroad temporarily in specific cases.

**Funeral grant:** Paid for the death of an insured worker or a citizen aged 65 or older who was born before January 1, 1974.

### **Old-Age Benefits**

**Old-age pension:** The insured's accumulated capital (contributions plus accrued interest) is used to purchase a fixed or variable life annuity, depending on the total amount of the accumulated capital. (The value of accrued rights under the old system is combined with the individual account balance.)

The first monthly amount payable under a variable life annuity must not be less than 70% of the insured's average covered earnings in the last 5 years.

For armed forces personnel, the pension is equal to 100% of the insured's average covered earnings in the last 5 years.

Schedule of payments: Thirteen payments a year.

Benefit adjustment: Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank for changes in the cost of living.

**Universal pension (Bonosol):** The annual benefit payable for life is Bs1,800.

Schedule of payments: One annual payment.

Benefit adjustment: The benefit is adjusted every 5 years according to an actuarial evaluation by the Superintendent of Pensions, Values, and Insurance. (The current value is fixed until December 31, 2007.)

### **Permanent Disability Benefits**

**Disability pension:** The monthly pension is equal to 70% of the insured's average earnings in the last 5 years or in the last 18 months if the insured has less than 60 months of contributions. (Disability insurance tops up the accumulated capital in the individual account if the balance is less than the required minimum to finance the permanent disability pension.)

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are equal to 60 times the legal monthly minimum wage.

The legal monthly minimum wage is Bs440. (The legal monthly minimum wage is adjusted by decree for changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in May 2003.)

Schedule of payments: Thirteen payments a year.

The pension ceases at age 65 when the insured becomes entitled to the old-age pension.

The insurance company also pays a monthly contribution equal to 10% of the insured's last monthly earnings before the onset of disability to the disabled insured's old-age pension account.

If a disabled insured person is not eligible for a pension, the insured may use the accumulated capital in his or her individual account to purchase a temporary annuity. The monthly amount of the annuity must not be less than 70% of the legal monthly minimum wage.

Benefit adjustment: Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank for changes in the cost of living.

### **Survivor Benefits**

**Survivor pension:** The monthly pension payable to a widow(er) or cohabiting partner with no eligible children is equal to 80% of the monthly base survivor pension; 60% if there is one eligible child; and 50% if there are two or more eligible children. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance plus the compensation pension is less than the required minimum to finance the survivor pension.)

The monthly base survivor pension is equal to 70% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 70% of the deceased's old-age or disability monthly pension.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are equal to 60 times the legal monthly minimum wage.

The legal monthly minimum wage is Bs440. (The legal minimum wage is adjusted by decree for changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in May 2003.)

Schedule of payments: Thirteen payments a year.

The widow(er)'s or partner's pension ceases on remarriage or if cohabiting with a new partner.

**Orphan's pension:** The monthly pension is equal to 20% of the monthly base survivor pension for a single orphan; 50% is split equally if there are two or more orphans; and 100% is split equally between full orphans. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance plus the compensation pension is less than the required minimum to finance the survivor pension.)

The monthly base survivor pension is equal to 70% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 70% of the deceased's old-age or disability monthly pension.

Schedule of payments: Thirteen payments a year.

When an orphan ceases to be eligible, the widow(er)'s or partner's pension is recalculated.

The total survivor pension payable to the widow(er) or cohabiting partner and to children must not exceed 100% of the base survivor pension.

**Other eligible survivors (in the absence of the above):**

The monthly pension is equal to 20% of the monthly base survivor pension for each parent and 10% for each brother or sister younger than age 18. Other persons named by the insured may also be eligible.

The monthly base survivor pension is equal to 70% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 70% of the deceased's old-age or disability monthly pension.

Schedule of payments: Thirteen payments a year.

The total pension for other survivors must not exceed 60% of the base survivor pension.

If the deceased was not eligible to receive a pension, the accumulated capital plus interest of the deceased's individual account may be used to finance temporary payments to the eligible survivors according to pension allocation rules. The monthly payments are based on a hypothetical base survivor pension equal to at least 70% of the legal monthly minimum wage.

If the deceased died before age 65, contributions made to the social insurance system are recognized as a compensation pension, which is paid to survivors on the date of the deceased's 65th birthday. The compensation pension is

split among survivors in the same way as the survivor pension.

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank for changes in the cost of living.

**Funeral grant:** A lump sum of Bs900.

### **Administrative Organization**

Superintendent of Pensions, Values, and Insurance (<http://www.spvs.gov.bo>) supervises the Pension Fund Administrators (AFPs) and defines the investment limits for each financial instrument.

Pension Fund Administrators (AFPs) administer the old-age benefits (including Bonosol benefits and funeral grants) and contract with insurance companies for disability and survivor insurance.

Insurance companies administer the disability pension and survivor pension program.

Assessment Body (EEC), established by the AFPs and the insurance companies, determine the origin, cause, degree, and date of the disability for disability benefit calculation purposes as well as the origin and cause of death.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law:** 1949.

**Current laws:** 1987 (social security), 1988, 1998 (health), and 2002 (maternity).

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

#### **Coverage**

**Cash and medical benefits:** All workers.

Voluntary coverage for the self-employed.

**Medical benefits only:** Persons older than age 60.

#### **Source of Funds**

**Insured person:** None; pensioners contribute 5% of the pension.

**Self-employed person:** Voluntary contributions. (Self-employed miners contribute 10% of 1.3 times the minimum wage.)

The self-employed person's contributions also finance temporary disability benefits and medical benefits under Work Injury, below.

**Employer:** 10% of payroll.

The employer contributions also finance temporary disability benefits and medical benefits under Work Injury, below.

**Government:** None.

### **Qualifying Conditions**

**Cash sickness benefits:** Must have at least two contributions before the onset of incapacity.

**Cash maternity and medical benefits:** Must have at least 4 months of contributions before the start of pregnancy for cash and medical benefits. The benefit is payable to an insured woman or to the spouse of an insured man.

**Medical benefits:** Must have at least 1 month of contributions in the previous 2 months.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is equal to 75% of the insured's last earnings and is payable after a 3-day waiting period for up to 26 weeks; may be extended to 52 weeks if continuing medical care will prevent permanent disability.

**Maternity benefit:** The benefit is equal to 95% of the insured's earnings and is payable for up to 45 days before and 45 days after the expected date of childbirth.

**Nursing and prenatal allowances:** See Family Allowances, below.

### **Workers' Medical Benefits**

Medical benefits include general, specialist, and preventive care; diagnostic services; surgery; hospitalization; and medicines.

### **Dependents' Medical Benefits**

Medical benefits include general, specialist, and preventive care; diagnostic services; surgery; hospitalization; and medicines.

### **Administrative Organization**

Minister of Health (<http://www.sns.gov.bo>) provides supervision.

National Health Fund administers the program.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1924.

**Current laws:** 1987 (social security); and 1996 (mandatory individual account), implemented in 1997.

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

### **Coverage**

Salaried workers and apprentices.

Voluntary coverage for the self-employed.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Voluntary contributions of 1.71% of declared gross earnings for permanent disability and survivor pensions. For temporary disability benefits and medical benefits, see source of funds under Sickness and Maternity, above.

**Employer:** 1.71% of payroll for permanent disability and survivor pensions. For temporary disability benefits and medical benefits, see source of funds under Sickness and Maternity, above.

**Government:** None; contributes as an employer.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered if the employer provides the transportation.

Voluntarily insured self-employed workers must have 6 months of contributions in the 12 months before the onset of disability or death. Coverage is extended for up to 6 months after the last contribution.

### **Temporary Disability Benefits**

The benefit is the same as the cash sickness benefit payable under Sickness and Maternity, above. The benefit is equal to 75% of the insured's last earnings and is payable after a 3-day waiting period for up to 26 weeks; may be extended to 52 weeks if continuing medical care will prevent permanent disability.

### **Permanent Disability Benefits**

**Permanent disability pension:** If the assessed degree of disability is at least 60%, the monthly pension is equal to 100% of the insured's average earnings in the last 5 years.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are equal to 60 times the legal monthly minimum wage.

The legal monthly minimum wage is Bs440. (The legal monthly minimum wage is adjusted by decree for changes in the cost of living, depending on the financial resources of

the state budget. The last adjustment was made in May 2003.)

**Partial disability:** If the assessed degree of disability is between 25% and 60%, the pension is equal to a percentage of the total disability pension according to the assessed degree of disability.

The disability pension is replaced by the old-age pension at age 65.

**Disability grant:** If the assessed degree of disability is between 10% and 25%, a lump sum equal to 4 years' partial disability pension is paid according to the assessed degree of disability.

The insurance company also pays a monthly contribution equal to 10% of the insured's last monthly earnings before the onset of disability to the disabled person's old-age pension mandatory individual account.

The Assessment Body (EEC) assesses the degree of disability through a Medical Assessment Panel consisting of three medical professionals. The insured or his or her dependents are entitled to require the Superintendent of Pensions, Values, and Insurance to review the assessed degree of disability once only.

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank for changes in the cost of living.

### **Workers' Medical Benefits**

Benefits include necessary medical and surgical care, hospitalization, and medicines.

### **Survivor Benefits**

**Survivor pension:** The monthly pension payable to a widow(er) or cohabiting partner with no eligible children is equal to 80% of the monthly base survivor pension; 60% if there is one eligible child; and 50% if there are two or more eligible children.

The monthly base survivor pension is equal to 100% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 100% of the deceased's old-age pension or disability pension.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are equal to 60 times the legal monthly minimum wage.

The legal monthly minimum wage is Bs440. (The legal monthly minimum wage is adjusted by decree for changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in May 2003.)

**Schedule of payments:** Thirteen payments a year.

The widow(er)'s or partner's pension ceases on remarriage or if cohabiting with a new partner.

**Orphan's pension:** The monthly pension is equal to 20% of the monthly base survivor pension for a single orphan; 50% is split equally if there are two or more orphans; 100% is split equally between full orphans.

The monthly base survivor pension is equal to 100% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 100% of the deceased's old-age or disability monthly pension.

**Schedule of payments:** Thirteen payments a year.

When an orphan ceases to be eligible, the widow(er)'s or partner's pension is recalculated.

The total survivor pension payable to the widow(er) or cohabiting partner and to orphans must not exceed 100% of the base survivor pension.

#### **Other eligible survivors (in the absence of the above):**

The monthly pension is equal to 20% of the monthly base survivor pension for each parent and 10% for each brother or sister younger than age 18. Other persons named by the insured may also be eligible.

The monthly base survivor pension is equal to 100% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 100% of the deceased's old-age or disability monthly pension.

**Schedule of payments:** Thirteen payments a year.

The total pension for other survivors must not exceed 60% of the base survivor pension.

If the deceased was not eligible for a pension, the accumulated capital, plus interest, of the deceased's mandatory individual account may be used to finance temporary payments to the eligible survivors according to pension allocation rules. The monthly payments must be based on a hypothetical base survivor pension equal to at least 70% of the legal monthly minimum wage.

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank for changes in the cost of living.

**Funeral grant:** A lump sum of Bs900.

### **Administrative Organization**

Superintendent of Pensions, Values, and Insurance (<http://www.spvs.gov.bo>) supervises the Pension Fund Administrators (AFPs) and defines the investment limits for each financial instrument.

## Bolivia

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The authorized Pension Fund Administrators (AFPs) collect contributions and contract insurance companies for work injury disability and survivor insurance.

Insurance companies administer work injury disability and survivor programs.

Assessment Body (EEC), established by the AFPs and the insurance companies under the legal form of a civil association, determines the origin, cause, degree, and date of the disability for disability benefit purposes as well as the origin and cause of death for survivor benefit purposes.

National Health Fund administers temporary disability benefits and medical benefits.

### **Unemployment**

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#### **Regulatory Framework**

No statutory unemployment benefits are provided.

Labor law requires employers to grant severance pay to dismissed employees. Dismissed workers are covered for medical and maternity benefits for 2 months after employment ceases.

#### **Family Allowances**

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##### **Regulatory Framework**

**First law:** 1953.

**Current laws:** 1956 (social security), implemented in 1959; and 1987 (social security).

**Type of program:** Employment-related system.

##### **Coverage**

All workers.

Special systems for bank employees, military personnel, drivers, miners, railroad employees, petroleum workers, and other groups of workers.

##### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** Total cost.

**Government:** None.

##### **Qualifying Conditions**

**Family allowances:** The child must be between age 1 (when the nursing allowance ceases) and age 19; no limit if disabled. The family head must be currently working more than 15 days a month.

**Housing allowance:** Provided to single and married workers.

**Prenatal grant:** Provided from the 5th month of pregnancy.

**Birth grant:** Payable for the birth of a child.

**Nursing allowance:** Provided for each child for the 12-month period following birth (paid in kind).

**Burial allowance:** Paid for the funeral of a child younger than age 19.

#### **Family Allowance Benefits**

**Family allowances:** A monthly allowance is paid for each child.

**Housing allowance:** An allowance is provided to single and married workers.

**Prenatal grant:** Milk and a cash benefit is provided from the fifth month of pregnancy.

**Birth grant:** A grant equal to the national monthly minimum wage is paid for each birth.

**Nursing allowance:** A monthly milk allowance is provided for each child for the 12-month period following birth (paid in kind).

**Burial allowance:** An allowance equal to the national monthly minimum wage is paid.

#### **Administrative Organization**

Ministry of Housing and Economic Development (<http://www.desarrollo.gov.bo>) provides general supervision.

National Secretariat of Pensions, through the National Institute of Pensions, administers the program.

Employers pay allowances for single and married adults to employees.