

## Colombia

Exchange rate: US\$1.00 equals 2,338.14 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1946, implemented in 1965.

**Current law:** 1993 (social insurance), implemented in 1994, with 2003 amendments.

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

Note: The insured may choose either the social insurance system or the system of 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 public-sector employees, domestic workers, and new employees joining the state oil company (Ecopetrol) after January 29, 2003; and the self-employed. (The program is being gradually extended to all regions.)

Exclusions: Agricultural employees in some regions.

Voluntary coverage is possible.

Special systems for employees of the state oil company (Ecopetrol) who joined before January 30, 2003; teachers; armed forces personnel; and national police personnel.

#### Source of Funds

**Insured person:** 3.75% of earnings (3.875% of earnings from January 2006), plus 1% of earnings for income greater than four times the minimum wage and between 0.2% and 1% of earnings for income greater than 16 times the minimum wage to finance the solidarity fund, which subsidizes low earners. (Insured persons who opt for the individual account also contribute up to a maximum of 1.39% of earnings for disability and survivor insurance and up to a maximum of 1.61% of earnings for administrative fees.)

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (381,500 pesos); half the legal monthly minimum wage for domestic workers.

The maximum earnings for contribution purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

**Self-employed person:** 15% of declared earnings (15.5% of declared earnings from January 2006.) (Self-employed

persons who opt for the individual account also contribute up to a maximum of 1.39% of declared earnings for disability and survivor insurance and up to a maximum of 1.61% of declared earnings for administrative fees.)

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (381,500 pesos).

**Employer:** 11.25% of payroll (11.625% of payroll from January 2006.)

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for contribution purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

**Government:** A partial subsidy to the solidarity fund; contributes as an employer.

#### Qualifying Conditions

##### Old-age pension

Note: Insured persons who were aged 40 (men) or aged 35 (women) and workers with 15 years of contributions when the mandatory individual account system was implemented receive social insurance benefits.

**Social insurance old-age pension:** Age 60 (men) or age 55 (women) with 1,050 weeks of contributions.

Beginning January 2006, the required number of weeks of contributions is to increase by 25 weeks each year, up to a maximum of 1,300 weeks by 2015.

**Special pension:** Aged 50 to 55 with 1,050 weeks of contributions for certain hazardous forms of employment, according to specified qualifying conditions.

**Social insurance old-age settlement:** Payable if the insured does not meet the full qualifying conditions for a social insurance old-age pension.

**Mandatory individual account:** Payable if the accumulated capital in the individual account is sufficient to purchase an annuity greater than 110% of the minimum wage.

**Guaranteed minimum pension:** Age 62 (men) or age 57 (women) with 1,150 weeks of contributions and the pension (based on the value of the accumulated capital plus accrued interest) is less than the minimum pension set by law.

**Disability pension:** If younger than age 20, the insured must be assessed with at least a 50% loss in normal earning capacity and have 26 weeks of contributions in the year before the onset of disability. If aged 20 or older, the insured must have 50 weeks of contributions in the last 3 years and contributions for at least 20% of the period between age 20 and the onset of disability.

The assessed degree of disability is reviewed every 3 years.

**Disability settlement:** Payable if the insured does not meet the qualifying conditions for a disability pension.

**Survivor pension:** If the deceased was younger than age 20, must have had 50 weeks of contributions at the time of death. If the deceased was aged 20 or older, must have had 50 weeks of contributions in the last 3 years and contributions for 25% of the period between age 20 and the date of death if the death was the result of an illness; 20% of the period if the death was the result of an accident.

**Survivor settlement:** Payable if the deceased did not meet the qualifying conditions for a pension.

### **Old-Age Benefits**

#### **Old-age pension**

*Social insurance old-age pension:* The pension is equal to between 55% and 65% of the basic monthly wage, plus 1.5% for each 50-week period of contributions, up to a maximum of 80% of the basic monthly wage.

The basic monthly wage is based on the insured's average earnings in the last 10 years before receiving the pension.

The minimum earnings for benefit calculation purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for benefit calculation purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

The minimum social insurance pension is equal to the legal monthly minimum wage (381,500 pesos).

Schedule of payments: Thirteen or fourteen payments a year, according to the value of the pension.

Benefit adjustment: Pensions are adjusted annually for changes in the consumer price index.

*Social insurance old-age settlement:* If the insured does not meet the contributions requirement at the normal retirement age, a pension is provided.

*Mandatory individual account:* The pension is based on the value of the insured's contributions plus accrued interest. 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. (The value of accrued rights under the social insurance system is combined with the individual account balance.)

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

#### **Permanent Disability Benefits**

**Disability pension:** For an assessed degree of disability greater than 66%, the pension is equal to 54% of the basic monthly wage, plus 2% of earnings for each 50-week period of contributions exceeding 800 weeks. For an assessed degree of disability of between 50% and 66%, the pension is equal to 45% of the basic monthly wage, plus 1.5% of

earnings for each 50-week period of contributions exceeding 500 weeks. (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 basic monthly wage is based on the insured's average earnings in the last 10 years before receiving the pension.

The minimum earnings for benefit calculation purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for benefit calculation purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

The minimum pension is equal to the legal monthly minimum wage (381,500 pesos).

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

Schedule of payments: Thirteen or fourteen payments a year, according to the value of the pension.

Benefit adjustment: Pensions are adjusted annually for changes in the consumer price index.

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

#### **Survivor Benefits**

**Survivor pension:** The pension is equal to 45% of the basic monthly wage, plus 2% for each 50-week period of contributions exceeding 500 weeks, up to a maximum of 75% of the basic monthly wage. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance is less than the required minimum to finance the survivor pension.)

The basic monthly wage is based on the deceased's average earnings in the last 10 years.

**Orphan's pension:** Each orphan younger than age 18 (age 25 if a student, no limit if disabled) receives 20% of the deceased's pension; 30% for a full orphan. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance is less than the required minimum to finance the survivor pension.)

The minimum earnings for benefit calculation purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for benefit calculation purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

The minimum survivor pension is equal to the legal monthly minimum wage (381,500 pesos).

The maximum survivor pension is equal to 100% of the deceased's pension.

Schedule of payments: Thirteen or fourteen payments a year, according to the value of the pension.

**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 five times and not greater than 10 times the legal monthly minimum wage (381,500 pesos).

### **Administrative Organization**

**Social insurance:** Ministry of Labor and Social Security (<http://www.minproteccionsocial.gov.co>) provides general supervision.

Social Security Institute (<http://www.iss.gov.co>) administers the program nationally.

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

**Mandatory individual account:** National Banking Superintendent (<http://www.superbancaria.gov.co>) provides general supervision.

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

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law:** 1938.

**Current laws:** 1993 (social insurance), implemented in 1994, with 2003 amendments; and 2002 (parental leave).

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

#### **Coverage**

All resident employees, including pensioners, students, and apprentices; self-employed workers and residents with earnings greater than twice the legal minimum monthly wage (381,500 pesos).

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

Special systems for armed forces personnel and national police personnel.

#### **Source of Funds**

**Insured person:** 4% of earnings.

The minimum earnings for contribution purposes are equal to the legal minimum monthly wage (381,500 pesos); half the legal minimum monthly wage for domestic workers.

**Self-employed person:** 12% of declared earnings.

Declared earnings for contribution purposes are equal to 1.5 or 2 times the legal minimum monthly wage (381,500 pesos), depending on trade union affiliation.

**Employer:** 8% of payroll; 12% for students and apprentices.

The minimum earnings for contribution purposes are equal to the legal minimum monthly wage (381,500 pesos).

**Government:** Finances the program for low earners through the solidarity fund and through additional government contributions; contributes as an employer.

### **Qualifying Conditions**

**Cash sickness and medical benefits:** Must have 4 weeks of contributions immediately before the claim, except in emergency cases.

**Cash maternity benefits:** Must have 9 months of contributions before the expected date of childbirth. (Benefits are also payable to parents of adopted children.)

**Paternity leave:** Fathers must have 100 weeks of contributions.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is equal to 66.6% of the insured's earnings in the month before the onset of incapacity and is payable after a 4-day waiting period for up to 180 days.

**Maternity benefit:** The benefit is equal to 100% of the insured's earnings and is 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.

**Paternity leave:** Up to 4 days of paid leave; 8 days if both parents are insured.

### **Workers' Medical Benefits**

The insured may choose either 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.

### **Dependents' Medical Benefits**

The insured may choose either 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**

Superintendent of Health (<http://www.supersalud.gov.co>) provides general supervision.

Ministry of Labor and Social Security (<http://www.minproteccionsocial.gov.co>) and the National Social Security Council on Health administer the program.

State Social Enterprises (ESSs) and private health institutions (IPs) provide health services.

## Work Injury

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### Regulatory Framework

**First law:** 1915.

**Current laws:** 1993 (social insurance), implemented in 1994, with 2003 amendments; and 1994 (work injury), with 2003 amendment.

**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 the self-employed.

Special systems for employees of the state oil company (Ecopetrol), teachers, armed forces personnel, and national police personnel.

### Source of Funds

**Insured person:** None.

**Self-employed person:** 0.348% to 8.7% of declared earnings, according to the assessed degree of risk.

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for contribution purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

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

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for contribution purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

**Government:** Contributes to the work injury fund from general revenue; contributes as an employer.

### 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

The benefit is equal to 100% of earnings in the month before the onset of disability and is payable for up to 180 days; may be extended to 360 days.

### Permanent Disability Benefits

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

Base earnings are equal to average earnings in the last 6 months for work accidents or in the last 12 months for occupational diseases.

Constant-attendance allowance: Equal to 15% of the pension.

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

The minimum earnings for benefit calculation purposes are equal to the legal monthly minimum wage (381,500 pesos).

The maximum earnings for benefit calculation purposes are equal to 25 times the legal monthly minimum wage (381,500 pesos).

The minimum pension is equal to the legal minimum wage (381,500 pesos).

The maximum pension is equal to 20 times the legal minimum wage (381,500 pesos).

Benefit adjustment: Pensions are adjusted annually for changes in the consumer price index.

### Workers' Medical Benefits

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

### Survivor Benefits

**Survivor pension:** The survivor pension is equal to 75% of the insured's earnings or 100% of the insured's disability pension.

Eligible survivors are a widow or partner who lived with the deceased for at least 5 years or who had children with the deceased, a dependent disabled widower, children younger than age 18 (age 25 if a student, no limit if disabled), 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 Security Institute (<http://www.iss.gov.co>) and life insurance companies authorized by the National 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

All private-sector employees.

Voluntary coverage for public-sector employees and self-employed workers.

### Source of Funds

**Insured person:** None.

**Self-employed person:** 8.3% of annual declared earnings.

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

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

### Qualifying Conditions

**Unemployment benefits:** The insured must be unemployed or retired.

### Unemployment Benefits

The benefit is equal to 1 monthly wage for each year of employment; a reduced benefit is paid for less than a 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 (<http://www.superbancaria.gov.co>) supervises the SAFCs.

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

## Family Allowances

### Regulatory Framework

**First law:** 1957.

**Current law:** 1982 (family allowances), with 2002 amendment.

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

### Coverage

All employees.

Voluntary coverage for pensioners, self-employed workers, and the unemployed.

Exclusions: Occasional workers.

Special systems for armed forces personnel and national police personnel.

### Source of Funds

**Insured person:** None. Voluntary contributors pay 2% of the legal monthly minimum wage or the pension; 0.6% of the legal monthly minimum wage for reduced allowances.

The legal monthly minimum wage is 381,500 pesos.

**Self-employed person:** 2% of declared earnings; 0.6% of the legal monthly minimum wage for reduced allowances.

The legal monthly minimum wage is 381,500 pesos.

**Employer:** 4% of payroll.

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

### Qualifying Conditions

**Family allowances (income-tested):** The child must be younger than age 18 (age 23 if a student, no limit if disabled). The parent must be older than 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 must not exceed four times the legal monthly minimum wage (381,500 pesos).

### Family Allowance Benefits

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

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**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***

Superintendent for Family Subsidies (<http://www.ssf.gov.co>) supervises family allowance funds.