

## Paraguay

Exchange rate: US\$1.00 equals 6,220 guarani.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1943.

**Current law:** 1992 (unified pension scheme), with 1994, 1995, 2002, and 2003 amendments.

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

#### Coverage

Employed persons, including employees of decentralized state entities and enterprises partially owned by the state.

Exclusions: Public-sector employees, self-employed persons, domestic workers, and apprentices.

Special systems for public-sector employees, railroad employees, bank employees, elected parliamentary representatives, and military and police personnel.

#### Source of Funds

**Insured person:** 9% of gross earnings.

The minimum monthly earnings for contribution purposes are equal to the monthly minimum wage (1,089,000 guaranias).

There are no maximum earnings for contribution purposes.

The insured's contributions also finance sickness and maternity benefits and work injury benefits.

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

**Employer:** 14% of payroll.

The minimum monthly earnings for contribution purposes are equal to the monthly minimum wage (1,089,000 guaranias).

There are no maximum earnings for contribution purposes.

The employer's contributions also finance sickness and maternity benefits and work injury benefits.

**Government:** 1.5% of gross earnings; contributes as an employer.

The minimum monthly earnings for contribution purposes are equal to the monthly minimum wage (1,089,000 guaranias).

There are no maximum earnings for contribution purposes.

Government contributions also finance sickness and maternity benefits and work injury benefits.

#### Qualifying Conditions

**Old-age pension:** Age 60 (men and women) with 25 years of contributions.

A pension may be claimed by an insured person older than age 60. (If the insured was older than age 60 before January 1999, the number of years of required contributions for a new claim is 15.)

**Early pension:** Age 55 (men and women) with 30 years of contributions.

**Disability pension:** The loss of 2/3 of earning capacity with 150 weeks of contributions and younger than age 55; between 150 weeks and 250 weeks of contributions if younger than age 60; between 250 weeks and 400 weeks of contributions if younger than age 65.

A medical commission and three doctors assess the degree of disability. The degree of disability is reviewed at least once every 5 years.

**Survivor pension:** The insured was a pensioner at the time of death or had 750 weeks of contributions.

Eligible survivors include a widow(er) or a partner who lived with the deceased for at least 5 years (2 years if they had children); a child younger than age 18 (no limit if disabled); and dependent parents if there are no other eligible survivors.

**Survivor grant:** The deceased had less than 750 weeks of contributions.

**Funeral grant:** Paid to the person who pays for the funeral.

#### Old-Age Benefits

**Old-age pension:** The monthly pension is equal to 100% of the insured's average earnings.

**Early pension:** The monthly pension is equal to 80% of the insured's average earnings, plus 4% of average earnings for every year the insured is older than age 55, up to age 59.

Average earnings are based on earnings in the last 36 months before retirement.

The minimum monthly old-age pension is 300,000 guaranias.

The maximum monthly old-age pension is equal to 300 times the minimum daily wage. (The minimum monthly wage is 1,089,000 guaranias.)

All gainful activity must cease.

Old-age benefits are payable abroad under bilateral or multilateral agreement.

**Benefit adjustment:** Benefits are adjusted annually according to changes in the cost-of-living index.

#### Permanent Disability Benefits

**Disability pension:** The monthly pension is equal to 50% of the insured's average earnings in the last 36 months

before the onset of disability, plus 1.5% of average earnings for every 50-week period of contributions beyond 150 weeks, up to a maximum of 100%.

The minimum monthly disability pension is 300,000 guaranías.

The maximum disability pension is 300 times the minimum daily wage. (The minimum monthly wage is 1,089,000 guaranías.)

Disability benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost-of-living index.

### Survivor Benefits

**Survivor pension:** The monthly pension is equal to 60% of the pension paid or payable to the deceased. The pension is split equally between a widow(er) or partner older than age 40 and children younger than age 18; in the absence of a widow(er) or partner or children, the deceased's parents may receive the benefit.

If the widow(er) or partner remarries or cohabits, the pension ceases and a lump sum is paid equal to twice the annual pension paid or payable to the deceased.

A widow(er) or partner younger than age 40 receives a lump sum equal to three times the annual pension paid or payable to the deceased.

**Survivor grant:** A lump sum equal to 1 month's minimum wage for each year of contributions.

Survivor benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost-of-living index.

**Funeral grant:** A lump sum equal to 75 times the minimum daily wage. (The minimum monthly wage is 1,089,000 guaranías.)

### Administrative Organization

Social Insurance Institute (<http://www.ips.gov.py>) administers the program and is managed by a tripartite council and a director general.

### Sickness and Maternity

#### Regulatory Framework

**First law:** 1943.

**Current laws:** 1950 (social security), 1965 (teachers and domestic workers), 1992 (unified pension scheme), 1996 (medical benefits), 1999 (teachers), and 2003 (cohabitants).

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

### Coverage

Employed persons, including domestic workers and employees of decentralized state entities and enterprises partially owned by the state, teachers in public and private schools, university professors, and apprentices.

Pensioners are covered for medical benefits.

Exclusions: Public-sector employees and self-employed persons.

Special systems for public-sector employees, railroad employees, bank employees, and military and police personnel.

### Source of Funds

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above. (Pensioners contribute 6% of pensions; teachers in public and private schools and university professors contribute 5.5% of gross earnings; domestic workers contribute 2.5% of gross earnings.)

The minimum earnings for contribution purposes for domestic workers are equal to the minimum wage for domestic workers (400,000 guaranías).

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

**Employer:** See source of funds under Old Age, Disability, and Survivors, above. (Employers of teachers in public and private schools and university professors contribute 2.5% of payroll; employers of domestic workers contribute 5.5% of payroll.)

The minimum earnings for contribution purposes for employers of domestic workers are equal to the minimum wage for domestic workers (400,000 guaranías).

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

### Qualifying Conditions

**Cash sickness and maternity benefits:** Must have 6 weeks of contributions in the last 4 months (insured women cannot receive cash maternity benefits and cash sickness benefits at the same time).

**Medical benefits:** Currently insured.

### Sickness and Maternity Benefits

**Sickness benefit:** The monthly benefit is equal to 50% of the insured's average earnings in the last 4 months before the onset of incapacity. The benefit is payable from the day after the onset of the incapacity, for up to 26 weeks; may be extended to 50 weeks in special cases. The benefit is reduced by half during periods of hospitalization if there are no dependents.

**Maternity benefit:** The monthly benefit is equal to 50% of the insured's average earnings in the last 4 months immedi-

ately before the maternity leave and is payable for 3 weeks before and 6 weeks after the expected date of childbirth.

Benefits in-kind: Milk vouchers are provided for up to 8 months if the mother is unable to nurse the child.

### **Workers' Medical Benefits**

Medical services are provided directly to patients through the facilities of the Social Insurance Institute. Benefits include general and specialist care, hospitalization, laboratory services, medicines, prosthetics, dental care (with 8 weeks of recent contributions), and maternity care. The duration of benefits is 26 weeks for any one illness; may be extended to 52 weeks in special cases.

### **Dependents' Medical Benefits**

Medical services are provided directly to patients through the facilities of the Social Insurance Institute. Benefits include general and specialist care, hospitalization, laboratory services, medicines, prosthetics, dental care (with 8 weeks of recent contributions), and maternity care. The duration of benefits is 26 weeks for any one illness; may be extended to 52 weeks in special cases.

Eligible dependents include the spouse of the insured or pensioner (or a partner who has lived with the insured or pensioner for at least 2 years); an unemployed spouse of an insured woman; the spouse of a female pensioner if he is needy, unemployed, and older than age 60; unmarried children younger than age 18 (no limit if disabled); and the insured's dependent parents older than age 60.

### **Administrative Organization**

Social Insurance Institute (<http://www.ips.gov.py>) administers the program and is managed by a tripartite council and a director general.

Social Insurance Institute operates its own clinics and hospitals.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1927.

**Current laws:** 1950 (social security), implemented in 1952; and 1992 (unified pension scheme).

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

#### **Coverage**

Employed persons, including domestic workers and employees of decentralized state entities and enterprises partially owned by the state, teachers in public and private schools, and apprentices.

Exclusions: Public-sector employees and self-employed persons.

Special systems for public-sector employees, railroad employees, bank employees, and military and police personnel.

### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors, above. (Teachers in public and private schools contribute 5.5% of gross earnings; domestic workers contribute 2.5% of gross earnings.)

The minimum earnings for contribution purposes for domestic workers are equal to the minimum wage for domestic workers (400,000 guaranies).

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

**Employer:** See source of funds under Old Age, Disability, and Survivors, above. (Employers of teachers in public and private schools contribute 2.5% of payroll; employers of domestic workers contribute 5.5% of payroll.)

The minimum earnings for contribution purposes for domestic workers are equal to the minimum wage for domestic workers (400,000 guaranies).

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

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

The benefit is equal to 75% of the insured's average earnings in the last 4 months or the total contribution period if shorter. The benefit is payable from the day after the onset of disability, for up to 52 weeks.

A medical commission and three doctors assess the degree of disability. The degree of disability is reviewed at least once every 5 years.

### **Permanent Disability Benefits**

**Permanent disability pension:** The pension varies between 22% and 100% of the insured's average earnings in the last 36 months before the onset of disability, according to the length of the insured's contribution period and the assessed degree of disability.

**Total disability supplement:** The supplement is equal to 20% of the insured's average earnings in the last 3 years, plus 0.5% for each year of coverage beyond 3 years.

**Partial disability:** If the assessed degree of disability is more than 30%, the pension is equal to 60% of lost earnings, according to the schedule in law. If the value of the partial

disability pension is less than 30% of the total disability pension, a lump sum is paid equal to 5 years' pension.

Partial disability supplement: The total disability supplement is reduced in proportion to the assessed degree of disability.

A medical commission and three doctors assess the degree of disability. The degree of disability is reviewed at least once every 5 years.

### **Workers' Medical Benefits**

Benefits include general and specialist care, hospitalization, medicines, and prosthetics.

### **Survivor Benefits**

**Survivor pension:** A widow(er) or partner aged 40 or older receives a monthly pension equal to 40% of the pension paid or payable to the deceased.

If the widow(er) or partner remarries or cohabits, the pension ceases and a lump sum is paid equal to twice the annual pension paid or payable to the deceased.

A widow(er) or partner younger than age 40 receives a lump sum equal to three times the annual pension paid or payable to the deceased.

**Orphan's pension:** Each child younger than age 16 (no limit if disabled) receives 20% of the pension paid or payable to the deceased.

**Other eligible survivors (in absence of the above):** The pension is payable to the deceased's parents.

The maximum survivor pension is 100% of the pension paid or payable to the deceased.

Survivor supplement: 75% of the deceased's total disability supplement is paid to eligible survivors.

**Survivor grant:** If the insured had less than 750 weeks of contributions at the time of death, a lump sum equal to 1 month's minimum wage for each year of contributions is paid.

Survivor benefits are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually according to changes in the cost-of-living index.

**Funeral grant:** A lump sum equal to 75 times the minimum daily wage. (The minimum monthly wage is 1,089,000 guaranías.)

### **Administrative Organization**

Social Insurance Institute (<http://www.ips.gov.py>) administers the program and is managed by a tripartite council and a director general.

## **Family Allowances**

### **Regulatory Framework**

No statutory benefits are provided. (The 1993 labor code requires employers to provide specified maternity benefits and family allowance benefits.)