

## Peru

Exchange rate: US\$1.00 equals  
3.25 nuevos soles.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1936 (wage earners) and 1962 (salaried employees).

**Current laws:** 1973 (unified social security), 1991 (mandatory individual account), and 1995 (mandatory individual account).

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

Note: When public- and private-sector employees enter the workforce, they may choose between the mandatory individual account system (SPP) and the public social insurance system (SNP). SNP members may switch to the SPP but may not switch back.

#### Coverage

**Social insurance (SNP):** Wage earners and salaried employees in the private and public sectors, employees of worker-owned and cooperative enterprises, teachers, self-employed drivers, artists, domestic workers, wage earners, and the self-employed in the agricultural sector.

Special systems for fishermen, stevedores, and employees not covered under the SNP.

Voluntary coverage for the self-employed, for those who are economically active but no longer in covered employment (a minimum of 18 months' previous coverage is required), and housewives.

**Mandatory individual account (SPP):** Employed persons. Voluntary coverage for the self-employed.

#### Source of Funds

##### Social insurance (SNP)

**Insured person:** 13% of gross earnings.

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (460 nuevos soles); for domestic workers, 33.3% of the legal monthly minimum wage.

There are no maximum earnings for contribution purposes.

**Self-employed person:** 13% of declared earnings.

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (460 nuevos soles).

There are no maximum earnings for contribution purposes.

**Employer:** None; employers of domestic workers contribute 13% of payroll.

**Government:** None; the government finances the minimum pension as well as special subsidies needed to finance the program.

##### Mandatory individual account (SPP)

**Insured person:** 8% of gross earnings (10% from January 2006) for old-age benefits, plus an average 0.92% of gross earnings for disability and survivor insurance and an average 2.27% of gross earnings for administrative fees.

There are no maximum earnings for contribution purposes for old-age benefits; 6,486.33 nuevos soles for disability and survivor benefits.

**Self-employed person:** 8% of gross earnings (10% from January 2006) for old-age benefits, plus an average 0.92% of gross earnings for disability and survivor insurance and an average 2.27% of gross earnings for administrative fees.

There are no maximum earnings for contribution purposes for old-age benefits; 6,486.33 nuevos soles for disability and survivor benefits.

**Employer:** None.

**Government:** The government finances the guaranteed minimum pension.

#### Qualifying Conditions

##### Social insurance (SNP)

**Old-age pension:** Men born up to December 18, 1932, and women born up to December 18, 1937, with 15 years and 13 years of contributions, respectively. Men and women born after these respective dates with at least 20 years of contributions and aged 65.

**Early pension:** Age 55 with 30 years of contributions (men) or age 50 with 25 years of contributions (women).

**Disability pension:** A loss of 2/3 of earning capacity and employed at the onset of disability; with 36 months of contributions, including 18 months in the last 36 months; 12 months of contributions in the last 36 months with a total of 3 to 15 years of contributions; or 15 or more years of contributions.

**Survivor pension:** The insured was a pensioner or met the qualifying conditions for a pension at the time of death.

Eligible survivors are a widow, a dependent widower older than age 60 (any age if disabled), children younger than age 18 (age 21 if a student, no limit if disabled), and a father older than age 60 and a mother older than age 55 (no limit if disabled).

**Funeral grant:** The deceased contributed in the 3 months before the date of death; a total of 4 months of contributions in the 6 months before the date of death.

**Mandatory individual account (SPP)**

*Old-age pension:* Age 65; a pension is payable at any age if the individual account has accumulated assets that will replace at least 50% of average indexed earnings in the last 10 years.

*Guaranteed minimum pension:* The insured was born no later than 1945, satisfies the minimum requirements for contributions (20 years), and the pension (based on the value of the accumulated capital plus accrued interest) is less than the minimum pension.

*Disability pension:* Younger than age 65 and assessed with at least a 50% loss of earning capacity.

The degree of disability is assessed by the pension fund administrator or the Bank Superintendent.

*Survivor pension:* The deceased was a pensioner or met the qualifying conditions for a pension at the time of death.

Eligible survivors are a widow or partner, children younger than age 18 (age 21 if a student, no limit if disabled), and a dependent father and a mother older than age 65.

**Old-Age Benefits****Social insurance (SNP)**

*Old-age pension:* Men and women born after December 31, 1946, receive between 30% and 45% of average earnings in the last 60 months, according to the insured's age on June 14, 2002 (30% if younger than age 31, 35% if aged 31 to 39, 40% if aged 40 to 49, or 45% if older than age 49), plus 2% for each additional year of contributions exceeding 20, up to a maximum of 100%.

Men born after December 18, 1932, and women born after December 18, 1937, but not later than December 31, 1946, receive 50% of the reference salary, plus 4% for each additional year of contributions exceeding 20 years.

The reference salary with between 20 and 25 years of contributions is equal to average earnings in the last 5 years; with between 25 and 30 years, average earnings in the last 4 years; with more than 30 years, average earnings in the last 3 years.

Men born up to December 18, 1932, and women born up to December 18, 1937, receive 50% of the reference salary, plus 2% (men) or 2.5% (women) for each additional year of contributions exceeding 15 and 13 years, respectively.

The reference salary is equal to average earnings in the last 12 months.

*Early pension:* The pension is reduced by 4% for each year that the pension is taken before the normal pensionable age.

*Dependent's supplement:* Between 2% and 10% of earnings for a spouse and between 2% and 5% for each child.

The minimum pension is 415 nuevos soles.

The maximum pension is 857.36 nuevos soles.

*Constant-attendance supplement:* An amount equal to the minimum wage (460 nuevos soles).

*Benefit adjustment:* Pensions are adjusted according to changes in the cost of living in Lima.

**Mandatory individual account (SPP)**

*Old-age pension:* The value of retirement savings varies according to the insured's contributions to an individual account plus accrued earnings, minus administrative fees. (The value of accrued rights under the social insurance system is combined with the individual account balance.)

Retirement savings can be used to make programmed withdrawals from the individual's account or to purchase a personal annuity, a joint survivor life annuity, or a deferred annuity accompanied by temporary programmed withdrawals.

*Guaranteed minimum pension:* 415 nuevos soles.

**Permanent Disability Benefits****Social insurance (SNP)**

*Disability pension:* The pension is equal to 50% of the reference salary, plus 1.5% for each year of contributions exceeding 3 years. For a contribution period of between 1 and 3 years, 1/6 of average earnings for each year of contributions.

The reference salary is equal to average earnings in the last 12 months; for voluntarily insured self-employed persons, the reference salary is average earnings in the last 60 months.

The minimum pension is three times the minimum wage (460 nuevos soles).

The maximum pension is 80% of total earnings.

*Dependent's supplement:* 2% to 10% of earnings for a spouse and 2% to 5% for each child. The amount is reduced if earnings plus pension income exceed the insured's former average earnings.

*Constant-attendance supplement:* An amount equal to the minimum wage (460 nuevos soles).

*Benefit adjustment:* Pensions are adjusted according to changes in the cost of living in Lima.

**Mandatory individual account (SPP)**

*Disability pension:* The pension is calculated on the basis of the insured's average monthly salary and is proportional to the assessed degree of disability. (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.)

## Survivor Benefits

### Social insurance (SNP)

*Survivor pension:* 50% of the pension paid or payable to the deceased is payable to a widow or a disabled widower.

The pension ceases if the widow(er) remarries or if a disabled widower is assessed as capable of work.

The minimum pension is equal to three times the minimum wage (460 nuevos soles).

*Orphan's pension:* 20% of the deceased's pension is payable to the widow for each orphan younger than age 18 (age 21 if a student, no limit if disabled); 40% is payable to each full orphan.

The minimum orphan's pension is 1.5 times the minimum wage (460 nuevos soles).

*Other eligible survivors (in the absence of the above):* Each dependent parent receives 20% of the deceased's pension.

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

*Funeral grant:* Up to five times the minimum wage (460 nuevos soles).

*Constant-attendance supplement:* An amount equal to the minimum wage (460 nuevos soles) if the survivor is disabled.

*Benefit adjustment:* Pensions are adjusted according to changes in the cost of living in Lima.

### Mandatory individual account (SPP)

*Survivor pension:* The pension for a spouse, orphans, and dependent parents is calculated on the basis of the deceased's average monthly salary, according to the schedule in law. (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. Life insurance also covers the cost of funeral grants.)

## Administrative Organization

### Social insurance (SNP)

Comptroller General of the Republic (<http://www.contraloria.gob.pe>) provides general supervision.

Office of Social Security Normalization (<http://www.sunat.gob.pe>) administers the program.

National Superintendent of Tax Administration (<http://www.sunat.gob.pe>) collects contributions.

### Mandatory individual account (SPP)

Superintendent of Banks and Insurance (<http://www.sbs.gob.pe>) is responsible for licensing and supervising pension fund administrators and insurance companies.

Investment Classification Commission assesses investment risks.

Pension fund administrators (AFPs) administer the scheme.

## Sickness and Maternity

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### Regulatory Framework

**First laws:** 1936 (wage earners) and 1948 (salaried employees).

**Current laws:** 1991 (private pensions), 1997 (modernizing health), 1999 (social security health insurance, EsSalud), and 2004 (domestic workers).

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

Note: Insured persons and their dependents can opt out of the social security health insurance program (EsSalud) and receive health care from a private health care provider (EPS).

### Coverage

#### EsSalud

Employed persons in the public and private sectors, employees of worker-owned and cooperative enterprises, professional artists, self-employed drivers, domestic workers, pensioners, self-employed persons and other persons who do not meet the requirements for regular affiliation, employed and self-employed persons in agriculture, spouses or partners of insured persons, and children.

Pensioners are covered for the nursing allowance and the funeral grant only.

Exclusions: Employees whose employers provide health services directly.

Special systems for fishermen, stevedores, and employees not covered under the national system.

#### EPS

All persons opting out of EsSalud and their dependents.

### Source of Funds

**Insured person:** None; pensioners contribute 4% of the pension.

**Self-employed person:** No information is available.

**Employer:** 9% of payroll. (Employers providing health services directly to their employees or who use services provided under contract by a private health care provider (EPS) receive a 25% credit toward the cost of contributions.)

The minimum earnings for contribution purposes are equal to the legal monthly minimum wage (460 nuevos soles).

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

## Qualifying Conditions

**Sickness cash benefits:** Must have 3 months' consecutive contributions or 4 months of contributions in the 6 months before the onset of incapacity.

**Maternity care and cash benefits:** Insured when the child was conceived.

## Sickness and Maternity Benefits

**Sickness benefit:** The monthly benefit is equal to 100% of the insured's average daily earnings in the last 4 months and is payable after a 20-day waiting period for up to 18 months. The employer pays the full salary during the waiting period.

**Maternity benefit:** The benefit is equal to 100% of earnings, up to a maximum. The benefit is payable for 45 days before and 45 days after the expected date of childbirth; 30 additional days in case of multiple births.

**Nursing allowance:** Twice the minimum wage (920 nuevos soles) from 8 months to 14 months of age.

**Funeral grant:** 2,070 nuevos soles.

## Workers' Medical Benefits

Benefits include general, specialist, maternity, and dental care; hospitalization; laboratory services; appliances; medicines; rehabilitation; health education; preventative care; and immunization.

Benefits are provided for up to 12 months; may be extended in certain cases.

Employees have the option of receiving medical benefits from EsSalud or from an EPS provider. In order to opt for an EPS provider, 51% of employees must agree to the change.

Medical benefits provided by an EPS provider require a copayment of 2% of monthly income, up to a maximum of 10% of income or 240 nuevos soles, whichever is lower. The insured may purchase additional coverage.

## Dependents' Medical Benefits

The insured's spouse or partner receives the same benefits for sickness and maternity as the insured. Children younger than age 18 (no limit if disabled) receive medical care.

## Administrative Organization

Comptroller General of the Republic (<http://www.contraloria.gob.pe>) provides general supervision.

Social Security Health Insurance (EsSalud) (<http://www.essalud.gob.pe>) administers the program.

Superintendent of Private Health Providers (<http://www.seps.gob.pe>) authorizes and supervises private health providers.

Private health care providers (EPS) under contract provide complementary and private medical care.

## Work Injury

### Regulatory Framework

**First laws:** 1911 (work injury) and 1935 (occupational diseases).

**Current law:** 1997.

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

### Coverage

Employed persons in the public and private sectors, including fishermen, domestic workers, and journalists working for one employer; and employees of worker-owned and cooperative enterprises.

### Source of Funds

**Insured person:** None.

**Self-employed person:** A lump sum of 10 to 30 nuevos soles.

**Employer:** 0.63% to 1.84% of payroll, according to the assessed degree of risk and the accident rate.

The maximum earnings for benefit purposes are equal to six times the local minimum wage.

**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 not covered.

### Temporary Disability Benefits

The benefit is equal to 100% of wages and is payable after a 20-day waiting period for up to 11 months and 10 days or 340 days. The employer pays the full salary during the waiting period.

The maximum duration of benefit is 18 months in a 36-month period.

The maximum earnings for benefit calculation are equal to six times the local minimum wage.

### Permanent Disability Benefits

**Permanent disability pension:** The pension is equal to 80% of average wages (100% if the insured requires constant attendance) if totally disabled with an assessed degree of disability of more than 65%.

Partial disability: The pension is proportionately reduced for an assessed degree of disability of between 40% and 65%. A lump sum equal to 2 years' pension is paid if the assessed degree of disability is less than 40%.

### ***Workers' Medical Benefits***

Benefits include necessary medical, surgical, and hospital care and appliances until full recovery or certification of permanent disability.

### ***Survivor Benefits***

**Survivor pension:** 50% of the deceased's total disability pension is payable to a widow or a disabled widower.

**Orphan's pension:** Each orphan younger than age 18 (age 23 if a student) receives 25% of the deceased's pension.

**Other eligible survivors (in the absence of the above):** Each parent receives 25% of the deceased's pension.

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

**Funeral grant:** 2,070 nuevos soles.

### ***Administrative Organization***

Comptroller General of the Republic (<http://www.contraloria.gob.pe>) provides general supervision.

Office of Social Security Normalization (<http://www.sunat.gob.pe>) administers the program.

## ***Unemployment***

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### ***Regulatory Framework***

No statutory benefits are provided.

The labor code requires private-sector employers to provide a severance payment to employees at the end of the labor contract.