

## Ecuador

Exchange rate: Uses the U.S. dollar (U.S.\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1928.

**Current laws:** 1988, 1998, and 2001 (social security).

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

Note: The 2001 law to create a complementary system of mandatory individual accounts has not yet been implemented. The government-financed Bono de Desarrollo Humano 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

Employees in industry, commerce, and agriculture; government employees; and the self-employed.

Coverage is optional for the President of the Republic and government ministers.

Exclusions: Congressmen and family members working in a family enterprise (including a father, mother, spouse, sons under age 18, and dependents).

Special system for small farmers.

#### Source of Funds

**Insured person:** 9.15% to 11.35% of earnings, according to occupation; 17.5% to 20.5% for self-employed and seasonal workers.

**Employer:** 11.15% to 20.50% of payroll, according to occupation.

**Government:** A subsidy for old-age, disability, and survivor pensions.

The minimum earnings for contribution purposes are equal to the legal minimum wage. The legal minimum wage varies according to the nature of employment or work.

The maximum earnings for contribution purposes are 10 times the minimum wage.

#### Qualifying Conditions

**Old-age pension:** Age 55 with 360 months of contributions if born before November 30, 1946, or age 65 with 180 months of contributions. (Age 60 with 360 months of contributions to be phased in gradually by February 2006.) The required minimum number of monthly contributions is reduced beginning at age 66.

Early pension: Age 45 before November 30, 2001, with 300 months of contributions or unemployed for 6 months.

**Disability pension:** Five years of contributions and a loss of more than 50% of earning capacity.

**Survivor pension:** Five years of contributions or was a pensioner at the time of death. Eligible survivors include a widow, children younger than age 18 (no limit if disabled), a dependent mother and father, and brothers and sisters younger than age 18 (no limit if disabled).

**Survivor settlement:** The insured did not meet the qualifying conditions for a pension but had up to 59 contributions.

**Funeral grant:** Six months of contributions in the last 12 months; the insured was a pensioner (also payable for an eligible survivor).

#### Old-Age Benefits

**Old-age pension:** The pension is based on monthly average earnings during the 5 best years and the number of years of paid contributions. After 40 years of contributions, the pension is increased for every additional year of coverage.

The minimum pension is U.S.\$25.

The maximum pension is U.S.\$125.

Working old-age pensioners may receive pension benefits and earnings if they rejoin the social security scheme.

Early pension: A reduced benefit is paid.

Benefit adjustment: Pensions are adjusted periodically for increases in the legal minimum wage and cost-of-living compensation.

#### Permanent Disability Benefits

**Disability pension:** The pension is based on monthly average earnings during the 5 best years and the number of years of paid contributions. After 40 years of contributions, the pension is increased for every additional year of coverage.

#### Survivor Benefits

**Survivor pension:** 40% of the insured's pension, payable to a widow, a disabled widower, a common-law wife of at least 2 years, or the mother of the insured's children.

**Orphan's pension:** 20% of the insured's pension (40% if a full orphan) for each orphan under age 18 (no limit if disabled).

Other dependent survivors: A mother or father receives 20% of the insured's pension; each brother or sister who is under age 18, disabled, or a student receives 10% of the insured's pension.

**Survivor settlement:** Total contributions are refunded as a lump sum.

The minimum survivor pension is equal to the legal minimum wage plus cost-of-living compensation for a family group.

The maximum survivor pension is 100% of the insured's pension for a family group.

**Death grant:** Twenty-one times the minimum wage, minus the value of the funeral grant.

**Funeral grant:** Up to U.S.\$450.

### **Administrative Organization**

Under the direction of the Minister of Social Welfare, the Advisory Council provides general supervision.

Social Security Institute administers the program.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First law:** 1935.

**Current laws:** 1942, 1964, 1988, and 2001 (social security).

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

#### **Coverage**

Employees in industry, commerce, and agriculture; government employees; independent workers; and the self-employed.

Voluntary coverage for the self-employed and part-time workers.

Coverage is optional for the President of the Republic and government ministers.

Exclusions: Congressmen and family members working in a family enterprise (including a father, mother, spouse, and sons under age 18 and dependents).

Special system for small farmers.

Medical care is available to all insured persons.

#### **Source of Funds**

**Insured person:** None; widows who are not insured or retired contribute 4.71% of their widow pension for medical benefits.

**Employer:** 4.71% of payroll (3.41% for medical benefits and a 1.30% subsidy for sickness and maternity benefits).

**Government:** None.

#### **Qualifying Conditions**

**Cash sickness benefits:** At least 6 months of contributions before the onset of illness.

**Cash maternity benefits:** Three hundred and sixty 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 with 6 months of contributions.

**Medical benefits:** One hundred and eighty days of consecutive contributions in the 6 months before the onset of illness or at least 189 days of contributions in the 8 months before the onset of illness. For the voluntarily insured, 360 days of consecutive contributions in the 12 months before

the onset of illness or at least 378 days of contributions in the 16 months before the onset of illness. Benefits are provided for 60 days after the insured ceases contributions.

### **Sickness and Maternity Benefits**

**Sickness benefit:** For the first 10 weeks, 75% of average earnings in the 3 months before the onset of illness. The benefit is payable 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:** 75% of the insured's last earnings is payable 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 for infants during their first year.

### **Administrative Organization**

Under the direction of the Minister of Social Welfare, the Advisory Council provides general supervision.

Social Security Institute administers the program.

Social Security Institute operates its own clinics, dispensaries, and hospitals.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1921.

**Current laws:** 1964 and 1988.

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

#### **Coverage**

All insured persons.

#### **Source of Funds**

**Insured person:** 1.5% of earnings.

**Employer:** 1.5% of payroll.

**Government:** None.

## Qualifying Conditions

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

**Occupational disease:** Six months of contributions; 12 months for voluntary contributors.

## Temporary Disability Benefits

For the first 10 weeks, 75% of average earnings in the 10 weeks before the onset of illness; thereafter, 66% of average earnings up until the end of 12 months. If disability extends for more than 1 year, 80% of average earnings. Benefits are paid from the day after the onset of disability for a work injury and after a three-day waiting period for an occupational disease.

## Permanent Disability Benefits

**Permanent disability pension:** 80% of average earnings during the last year or during the previous 5 years if earnings were higher (100% of average earnings in cases of severe disability requiring constant attendance).

**Partial disability:** A percentage of the full pension in proportion to the assessed degree of disability, according to the schedule in law.

**Schedule of payments:** There are 15 payments a year.

## Workers' Medical Benefits

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

## Survivor Benefits

**Survivor pension:** 40% of the insured's pension to a widow.

**Orphan's pension:** 80% of the insured's pension.

**Funeral grant:** Twenty-four times the minimum wage.

## Administrative Organization

Under the direction of the Minister of Social Welfare, the Advisory Council provides general supervision.

Social Security Institute administers the program.

## Unemployment

### Regulatory Framework

**First law:** 1951.

**Current laws:** 1958, 1988, 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 under age 40 when the program was implemented. The previous social insurance system providing lump-sum benefits continues to operate.

## Coverage

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

**Social insurance:** Employees in the private and public sectors.

**Exclusion:** Volunteer workers.

## Source of Funds

### Individual severance account

**Insured person:** None.

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

**Government:** None.

### Social insurance

**Insured person:** 2% of earnings.

**Employer:** 1% of payroll.

**Government:** None.

## Qualifying Conditions

### Unemployment benefit

**Individual severance account:** The insured must be involuntarily unemployed with 48 monthly contributions.

**Social insurance:** At least 60 months of contributions. The benefit is payable after 90 days of unemployment or if unemployment is due to the onset of permanent disability.

## Unemployment Benefits

**Individual severance account:** A lump sum equal to three times the average wage for the last 12 months. (The total accumulated capital can be drawn down in the case of disability, retirement, or death of the insured.)

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 equal to three times the average wage for the last 12 months.

**Survivor benefit (social insurance):** A lump sum is paid to a widow, children under age 21, a disabled widower, or, in their absence, to certain other eligible surviving relatives of an insured person born before November 30, 1961.

**Benefit adjustment:** Benefit amounts are fixed annually.

## Administrative Organization

**Individual severance account:** Savings managing institutions (EDAPs) manage the accounts.

Banking Superintendency supervises the EDAPs.

**Social insurance:** Under the direction of the Minister of Social Welfare, the Advisory Council provides general supervision.

Social Security Institute administers the program.

### ***Family Allowances***

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#### ***Regulatory Framework***

No statutory benefits are provided. (Mothers with at least one child (under age 18) in low-income households receive a monthly allowance under the Bono de Desarrollo Humano program. The mother or her spouse should not be receiving a wage or be affiliated with the social insurance program.)