

## Ecuador

Exchange rate: Uses the US dollar (US\$).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1928.

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

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

Note: The provision under the 2001 law to create a system of individual accounts to complement the social insurance old-age pension program was not implemented.

A government-financed 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; domestic workers; and the self-employed.

Voluntary coverage for the President and Vice-President of the Republic and government ministers.

Exclusions: Congressmen and family labor (including a father, mother, spouse, sons younger than age 18, and dependents).

Special systems for small farmers and armed forces and police personnel.

#### Source of Funds

**Insured person:** 9.15% to 17.5% of gross earnings, according to occupation.

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 equal to 10 times the minimum wage.

Contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits (individual severance account).

**Self-employed person:** 17.5% to 20.5% of declared earnings.

The minimum declared 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 declared earnings for contribution purposes are equal to 10 times the minimum wage.

Contributions also finance sickness benefits, maternity benefits, and work injury benefits.

**Employer:** 9.15% to 20.5% of payroll, according to occupation.

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 equal to 10 times the minimum wage.

Contributions also finance sickness and maternity benefits, work injury benefits, and unemployment benefits (individual severance account).

**Government:** A subsidy for old-age, disability, and survivor pensions; contributes as an employer.

#### Qualifying Conditions

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

**Early pension:** Aged 45 or older before November 30, 2001, with at least 300 months of contributions or unemployed for 6 months.

**Disability pension:** Must have 5 years of contributions including the 6 months before the onset of disability and a loss of more than 50% of earning capacity.

**Survivor pension:** The deceased had 5 years of contributions or was a pensioner at the time of death.

Eligible survivors include a widow(er), a partner who had children with the deceased or who cohabited with the deceased for at least 2 years before death, 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:** The deceased had 6 months of contributions in the last 12 months or was a pensioner. The grant is also payable for a dependent.

#### Old-Age Benefits

**Old-age pension:** The monthly pension is equal to 50% of the insured's monthly average earnings with at least 120 months of contributions; 75% of the insured's monthly average earnings with 360 months of contributions; and 100% of the insured's monthly average earnings with 480 months of contributions. With more than 480 months of

contributions, the pension is increased for each additional year of coverage.

Average earnings for benefit calculation purposes are based on the 5 best years of earnings.

The minimum pension is US\$25; US\$12 for domestic workers.

The maximum pension is US\$240.

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

Early pension: A reduced pension is paid.

Schedule of payment: Fourteen payments a year.

Benefit adjustment: Pensions are adjusted annually according to scheme reserve funds.

### **Permanent Disability Benefits**

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

Average earnings for benefit calculation purposes are based on the 5 best years of earnings.

The minimum pension is US\$25; US\$12 for domestic workers.

Schedule of payment: Fourteen payments a year.

Benefit adjustment: Pensions are adjusted annually according to scheme reserve funds.

### **Survivor Benefits**

**Survivor pension:** 40% of the deceased's pension is payable to a widow(er) or partner.

**Orphan's pension:** Each orphan younger than age 18 (no limit if disabled) receives 20% of the deceased's pension; 40% for a full orphan.

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

The minimum survivor pension is equal to the legal minimum wage, plus income support for a family group.

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

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

**Death grant:** Twenty-one times the minimum wage, minus the value of the funeral grant, is paid to the person who pays for the funeral.

**Funeral grant:** Up to US\$450.

### **Administrative Organization**

Under the direction of the Minister of Social Welfare, the Advisory Council (<http://www.mbs.gov.ec>) 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, and 2001 (social security).

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

#### **Coverage**

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

Voluntary coverage for the President and Vice-President of the Republic, government ministers, and part-time workers.

Exclusions: Congressmen and family labor (including a father, mother, spouse, sons younger than age 18, and dependents).

Medical benefits are available to all insured persons.

Special system for small farmers.

#### **Source of Funds**

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

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

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

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

#### **Qualifying Conditions**

**Cash sickness benefits:** Must have at least 6 months of contributions before the onset of incapacity.

**Cash maternity benefits:** Must have at least 360 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 is provided with at least 6 months of contributions.

**Medical benefits:** Must have at least 180 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 to pay contributions.

### **Sickness and Maternity Benefits**

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

### **Administrative Organization**

Under the direction of the Minister of Social Welfare, the Advisory Council (<http://www.mbs.gov.ec>) provides general supervision.

Social Security Institute administers the program.

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

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1921.

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

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

### **Coverage**

All insured persons, including public employees, domestic workers, and self-employed workers.

Exclusions: Congressmen and family labor (including a father, mother, spouse, sons younger than age 18, and dependents).

### **Source of Funds**

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

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

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

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

### **Qualifying Conditions**

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

**Occupational disease benefits:** Must have 6 months of contributions; 12 months for voluntary contributors.

### **Temporary Disability Benefits**

For the first 10 weeks, the benefit is equal to 75% of average earnings in the 10 weeks before the onset of disability; thereafter, 66% of average earnings until the end of the 12th month. If the disability lasts for more than a year, the benefit is increased to 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:** The pension is equal to 80% of average earnings in the last year or in 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 is paid according to the assessed degree of disability, based on the schedule in law.

The minimum pension is US\$25; US\$12 for domestic workers.

Schedule of payments: Fifteen payments a year.

Benefit adjustment: Pensions are adjusted annually according to scheme reserve funds.

### **Workers' Medical Benefits**

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

### **Survivor Benefits**

**Survivor pension:** 40% of the deceased's pension is payable to a widow(er) or partner.

**Orphan's pension:** Each orphan younger than age 18 (no limit if disabled) receives 20% of the deceased's pension; 40% for a full orphan.

**Funeral grant:** Twenty-four times the minimum wage is paid to the person who pays for the cost of the funeral.

### **Administrative Organization**

Under the direction of the Minister of Social Welfare, the Advisory Council (<http://www.mbs.gov.ec>) provides general supervision.

Social Security Institute administers the program.

## **Unemployment**

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### **Regulatory Framework**

**First law:** 1951.

**Current laws:** 1958 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 younger than age 40 when the program was implemented. The previous social insurance system providing lump-sum benefits is being phased out.

### **Coverage**

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

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

Exclusions: Volunteer workers.

### **Source of Funds**

#### **Individual severance account**

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

*Self-employed person:* Not applicable.

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

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

#### **Social insurance**

*Insured person:* 2% of earnings.

*Self-employed person:* Not applicable.

*Employer:* 1% of payroll.

*Government:* None; contributes as an employer.

### **Qualifying Conditions**

#### **Unemployment benefits**

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

*Social insurance:* Must have at least 60 months of contributions. The benefit is payable after 90 days of unemployment or if unemployment is the result of the onset of a permanent disability.

### **Unemployment Benefits**

**Individual severance account:** A lump sum equal to three times the insured's average wage in the last 12 months is paid. (The total accumulated capital can be drawn down if the insured retires or is assessed as disabled, or by survivors in the event of the insured's death.)

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 insured's average wage in the last 12 months is paid.

**Survivor benefit (social insurance):** A lump sum is paid to a widow, a disabled widower, and children younger than age 21. In the absence of a spouse and children, certain other surviving relatives of an insured person born before November 30, 1961, may be eligible.

Benefit adjustment: Benefit amounts are fixed annually.

### **Administrative Organization**

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

Banking Superintendent (<http://www.superban.gov.ec>) supervises the EDAPs.

**Social insurance:** Under the direction of the Minister of Social Welfare, the Advisory Council (<http://www.mbs.gov.ec>) provides general supervision.

Social Security Institute administers the program.

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## ***Family Allowances***

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### ***Regulatory Framework***

No statutory benefits are provided.

Mothers assessed as needy with at least one child (younger than age 18) and low-income families receive a monthly allowance under the Bono de Desarrollo Humano program.