

## Bolivia

Exchange rate: US\$1.00 equals 6.97 bolivianos.

### **Old Age, Disability, and Survivors**

#### **Regulatory Framework**

**First laws:** 1949 (social insurance); and 1956 (social security), implemented in 1959.

**Current laws:** 1996 (mandatory individual account), implemented in 1997; 2007 (minimum pension), implemented in 2008; and 2007 (universal pension), implemented in 2008.

**Type of program:** Mandatory individual account and universal pension (Renta Dignidad) system.

Note: In 1997, all active members of the social insurance system transferred to a system of mandatory individual accounts.

In 2008, the annual Bonosol pension was replaced by a new universal pension (Renta Dignidad). The Bonosol pension of 1,800 bolivianos was available to all resident citizens of Bolivia older than age 65 from 1996 to 2008.

#### **Coverage**

**Mandatory individual account:** Salaried workers, including armed forces personnel and apprentices.

Voluntary coverage for self-employed persons.

**Universal pension (Renta Dignidad):** All resident citizens aged 60 or older.

#### **Source of Funds**

##### **Mandatory individual account**

**Insured person:** 10% of covered earnings for old-age benefits plus 1.71% of covered earnings for disability and survivor insurance and 0.5% of covered earnings for administrative fees.

The minimum earnings for contribution calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for contribution calculation purposes are 60 times the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The insured's contributions for disability and survivor insurance also finance permanent disability and survivor benefits under Work Injury.

**Self-employed person:** Voluntarily insured persons contribute 10% of declared earnings plus 1.71% of declared earnings for disability and survivor insurance and 0.5% of declared earnings for administrative fees.

The minimum declared earnings for contribution calculation purposes are equal to the legal monthly minimum wage.

The maximum declared earnings for contribution calculation purposes are 60 times the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The voluntarily covered self-employed person's contributions for disability and survivor insurance also finance permanent disability and survivor benefits under Work Injury.

**Employer:** None.

**Government:** Finances accrued rights under the social insurance system and the funeral grant.

##### **Universal pension (Renta Dignidad)**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** Financed through direct taxation on hydrocarbons and dividends from public enterprises.

#### **Qualifying Conditions**

**Old-age pension:** Age 65; at any age if the accumulated capital in the individual account plus accrued interest is sufficient to finance a monthly pension of 70% of the insured's average covered earnings in the last 5 years.

The sole qualifying condition for armed forces personnel is 35 years of continuous service.

**Guaranteed minimum pension:** Age 60 with at least 180 months of contributions. Paid if the accumulated capital and interest in the individual account is insufficient to provide the minimum pension set by law.

The minimum pension set by law is the legal monthly minimum wage. The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The old-age pension is payable abroad temporarily in specific cases.

**Universal pension (Renta Dignidad):** Paid to resident citizens aged 60 or older.

The universal pension is payable abroad temporarily in specific cases.

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**Disability pension:** The insured must be younger than age 65 with an assessed degree of disability of at least 60%.

Additionally, the insured must have made at least 60 months of contributions to either the social insurance or individual account schemes or have made contributions during half the period between the date of the first contribution to the individual account and the date the disability began; must be currently contributing or have ceased contributing no longer than 12 months before the disability began. If the disability is due to an illness, the insured must also have at least 18 months of contributions in the last 36 months before the disability began.

The Assessment Body (EEC) assesses the degree of disability through a Medical Assessment Panel consisting of three medical professionals.

The disability pension is payable abroad temporarily in specific cases.

**Survivor pension:** The deceased was a pensioner, had made at least 60 months of contributions to either the social insurance or individual account schemes, had made contributions during half the period between the date of the first contribution to the individual account and the death, was still contributing, or had ceased contributing no longer than 12 months before the death. If the death was the result of an illness, the deceased must also have had at least 18 months of contributions in the last 36 months before the death.

Eligible survivors include the spouse or cohabiting partner and children younger than age 18 (age 25 if a student, no limit if disabled).

In the absence of a spouse or cohabiting partner and eligible children, eligible survivors include the insured's father and mother, the insured's brothers and sisters younger than age 18, or other survivors named by the insured.

The survivor pension is payable abroad temporarily in specific cases.

**Funeral grant:** Paid for the death of an insured worker or a citizen aged 65 or older who was born before January 1, 1974.

## Old-Age Benefits

**Old-age pension:** The insured's accumulated capital (contributions plus accrued interest) is used to purchase a fixed or variable life annuity, depending on the total amount of the accumulated capital. (The value of accrued rights under the social insurance system based on contributions made before 1997 is combined with the individual account balance at retirement.)

The first monthly amount paid under a variable life annuity must not be less than 70% of the insured's average covered earnings in the last 5 years.

For armed forces personnel, the pension is 100% of the insured's average covered earnings in the last 5 years.

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

The minimum pension is equal to the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The benefit is paid 13 times a year.

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank according to changes in the cost of living.

**Universal pension (Renta Dignidad):** 2,400 bolivianos a year is paid for life. The benefit is reduced by 25% if the person receives another pension.

The benefit is paid monthly, bi-monthly, quarterly, or annually.

**Benefit adjustment:** The benefit is adjusted every 3 years by the Executive Branch based on an assessment of the source of funds.

## Permanent Disability Benefits

**Disability pension:** The monthly pension is 70% of the insured's average earnings in the last 5 years or in the last 18 months if the insured has less than 60 months of contributions. (The pension is financed by disability insurance until retirement or death.)

The insurance company also pays a monthly contribution of 10% of the insured's last monthly earnings before the disability began to the insured person's individual account until retirement or death.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are 60 times the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The benefit is paid 13 times a year.

The disability pension ceases at age 65 and is replaced by the old-age pension.

If an insured person with a disability is not eligible for a pension, the insured may use the accumulated capital plus accrued rights under the social insurance system (if applicable) in his or her individual account to purchase a temporary annuity. The monthly amount of the annuity must not be less than 70% of the legal monthly minimum wage.

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank according to changes in the cost of living.

### **Survivor Benefits**

**Survivor pension:** The monthly pension paid to a widow(er) or cohabiting partner with no eligible children is 80% of the monthly base survivor pension; 60% if there is one eligible child; and 50% if there are two or more eligible children. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance plus accrued rights under the social insurance system (if applicable) is less than the required minimum to finance the survivor pension.)

The monthly base survivor pension is 70% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 70% of the deceased's old-age or disability monthly pension.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are 60 times the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The benefit is paid 13 times a year.

The widow(er)'s or partner's pension ceases on remarriage or cohabitation.

**Orphan's pension:** The monthly pension is 20% of the monthly base survivor pension for one orphan; 50% is split equally if there are two or more orphans; and 100% is split equally between full orphans. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance plus accrued rights under the social insurance system (if applicable) is less than the required minimum to finance the survivor pension.)

The monthly base survivor pension is 70% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 70% of the deceased's old-age or disability monthly pension.

The benefit is paid 13 times a year.

When an orphan ceases to be eligible, the widow(er)'s or partner's pension is recalculated.

All survivor benefits combined must not exceed 100% of the base survivor pension.

### **Other eligible survivors (in the absence of the above):**

The monthly pension is 20% of the monthly base survivor pension for each parent and 10% for each brother or sister younger than age 18. Other persons named by the insured may also be eligible.

The monthly base survivor pension is 70% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 70% of the deceased's old-age or disability monthly pension.

The benefit is paid 13 times a year.

All benefits combined for other eligible survivors must not exceed 60% of the base survivor pension.

If the deceased was not entitled to receive a pension, the accumulated capital plus accrued rights under the social insurance system (if applicable) in the deceased's individual account may be used to finance temporary payments to the eligible survivors according to pension allocation rules. The monthly payments are based on a hypothetical base survivor pension of at least 70% of the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank according to changes in the cost of living.

**Funeral grant:** A lump sum of 1,100 bolivianos is paid.

### **Administrative Organization**

The Pension Inspection and Social Monitoring Authority (<http://www.ap.gob.bo>) supervises the Pension Fund Administrators (AFPs).

Pension Fund Administrators (AFPs) administer the old-age benefits and contract with insurance companies for disability and survivor insurance.

Insurance companies administer the disability pension and survivor pension program.

Assessment Body (EEC), established by the AFPs and the insurance companies, carries out assessments for the calculation of disability and survivor benefits.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law:** 1949.

**Current laws:** 1987 (social security), 1988, 1998 (health), and 2002 (maternity).

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

## Coverage

**Cash and medical benefits:** All workers.

Voluntary coverage for self-employed persons.

**Medical benefits only:** Persons older than age 60.

## Source of Funds

**Insured person:** None; pensioners contribute 5% of the pension.

**Self-employed person:** Voluntarily insured persons make contributions. (Self-employed miners contribute 10% of 1.3 times the legal monthly minimum wage.)

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The self-employed person's contributions also finance temporary disability benefits and medical benefits under Work Injury.

**Employer:** 10% of payroll.

The employer's contributions also finance temporary disability benefits and medical benefits under Work Injury.

**Government:** None.

## Qualifying Conditions

**Cash sickness benefits:** The insured must have made at least two contributions before the incapacity began.

**Cash maternity and medical benefits:** The insured must have at least 4 months of contributions before the start of the pregnancy. The benefit is paid to an insured woman or to the wife of an insured man.

**Medical benefits:** The insured must have made at least 1 month of contributions in the previous 2 months.

## Sickness and Maternity Benefits

**Sickness benefit:** The benefit is 75% of the insured's last earnings and is paid after a 3-day waiting period for up to 26 weeks; may be extended to 52 weeks if continuing medical care will prevent permanent disability.

**Maternity benefit:** The benefit is 95% of the insured's earnings and is paid for up to 45 days before and 45 days after the expected date of childbirth.

**Nursing and prenatal allowances:** See Family Allowances, below.

## Workers' Medical Benefits

Medical benefits include general, specialist, and preventive care; diagnostic services; surgery; hospitalization; and medicine.

## Dependents' Medical Benefits

Medical benefits include general, specialist, and preventive care; diagnostic services; surgery; hospitalization; and medicine.

## Administrative Organization

Ministry of Health and Sports (<http://www.sns.gov.bo>) provides supervision.

National Health Fund (<http://www.cns.gov.bo>) administers the program.

## Work Injury

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### Regulatory Framework

**First law:** 1924.

**Current laws:** 1987 (social security); and 1996 (mandatory individual account), implemented in 1997.

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

### Coverage

Salaried workers and apprentices.

Voluntary coverage for self-employed persons.

### Source of Funds

**Insured person:** None for temporary disability benefits and medical benefits. For permanent disability and survivor benefits, see source of funds under Old Age, Disability, and Survivors.

**Self-employed person:** For temporary disability benefits and medical benefits, see source of funds under Sickness and Maternity. For permanent disability and survivor benefits, see source of funds under Old Age, Disability, and Survivors.

**Employer:** For temporary disability benefits and medical benefits, see source of funds under Sickness and Maternity. None for permanent disability and survivor benefits.

**Government:** 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 covered if the employer provides the transportation.

Voluntarily insured self-employed workers must have at least 6 months of contributions in the 12 months before the disability began or death. Coverage is extended for up to 6 months after the last contribution.

## Temporary Disability Benefits

The benefit is 75% of the insured's last earnings and is paid after a 3-day waiting period for up to 26 weeks; may be extended for an additional 26 weeks if continuing medical care will prevent permanent disability.

## Permanent Disability Benefits

**Permanent disability pension:** If the assessed degree of disability is at least 60%, the monthly pension is 100% of the insured's average earnings in the last 5 years. (The pension is financed by disability insurance until retirement or death.)

The insurance company also pays a monthly contribution of 10% of the insured's last monthly earnings before the disability began to the insured person's individual account until retirement or death.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are 60 times the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

Partial disability: If the assessed degree of disability is between 25% and 60%, the pension is a percentage of the total disability pension according to the assessed degree of disability.

The disability pension ceases at age 65 and is replaced by the old-age pension.

Disability grant: If the assessed degree of disability is between 10% and 25%, a lump sum of 4 years of the partial disability pension is paid according to the assessed degree of disability.

The Assessment Body (EEC) assesses the degree of disability through a Medical Assessment Panel consisting of three medical professionals.

Benefit adjustment: Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank according to changes in the cost of living.

## Workers' Medical Benefits

Benefits include necessary medical and surgical care, hospitalization, and medicine.

## Survivor Benefits

**Survivor pension:** The monthly pension paid to a widow(er) or cohabiting partner with no eligible children is 80% of the monthly base survivor pension; 60% if there is

one eligible child; and 50% if there are two or more eligible children.

The monthly base survivor pension is 100% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 100% of the deceased's old-age pension or disability pension.

The minimum earnings for pension calculation purposes are equal to the legal monthly minimum wage.

The maximum earnings for pension calculation purposes are 60 times the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

The benefit is paid 13 times a year.

The widow(er)'s or partner's pension ceases on remarriage or cohabitation.

**Orphan's pension:** The monthly pension is 20% of the monthly base survivor pension for one orphan; 50% is split equally if there are two or more orphans; 100% is split equally between full orphans.

The monthly base survivor pension is 100% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 100% of the deceased's old-age or disability monthly pension.

The benefit is paid 13 times a year.

When an orphan ceases to be eligible, the widow(er)'s or partner's pension is recalculated.

All survivor benefits combined must not exceed 100% of the base survivor pension.

**Other eligible survivors (in the absence of the above):**

The monthly pension is 20% of the monthly base survivor pension for each parent and 10% for each brother or sister younger than age 18. Other persons named by the insured may also be eligible.

The monthly base survivor pension is 100% of the deceased's average monthly earnings in the last 5 years (in the last 18 months if the deceased had less than 60 months of contributions) or 100% of the deceased's old-age or disability monthly pension.

The benefit is paid 13 times a year.

All benefits combined for other eligible survivors must not exceed 60% of the base survivor pension.

If the deceased was not eligible for a pension, the accumulated capital plus interest of the deceased's mandatory individual account may be used to finance temporary payments to the eligible survivors according to pension allocation rules. The monthly payments must be based on

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a hypothetical base survivor pension of at least 70% of the legal monthly minimum wage.

**Benefit adjustment:** Pensions are adjusted annually according to the UFV (Unidad de Fomento de Vivienda), calculated by the Central Bank according to changes in the cost of living.

**Funeral grant:** A lump sum of 1,100 bolivianos is paid.

### **Administrative Organization**

Pension Inspection and Social Monitoring Authority (<http://www.ap.gob.bo>) supervises the Pension Fund Administrators (AFPs).

The authorized Pension Fund Administrators (AFPs) collect contributions and contract insurance companies for work injury disability and survivor insurance.

Insurance companies administer work injury disability and survivor programs.

Assessment Body (EEC), established by the AFPs and the insurance companies, carries out assessments for the calculation of disability and survivor benefits.

National Health Fund (<http://www.cns.gov.bo>) administers temporary disability benefits and medical benefits.

## **Unemployment**

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### **Regulatory Framework**

No statutory unemployment benefits are provided.

Labor law requires employers to grant severance pay to dismissed employees. Dismissed workers are covered for medical and maternity benefits for up to 2 months after employment ceases.

## **Family Allowances**

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### **Regulatory Framework**

**First law:** 1953.

**Current laws:** 1956 (social security), implemented in 1959; 1987 (social security); and 2009 (conditional cash transfers).

**Type of program:** Employment-related system and social assistance.

### **Coverage**

All workers and unemployed pregnant women.

**Exclusions:** Self-employed persons.

Special systems for bank employees, military personnel, and other groups of workers.

### **Source of Funds**

**Insured person:** None.

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

**Employer:** The total cost.

**Government:** The total cost of the conditional cash transfers.

### **Qualifying Conditions**

**Family allowances:** The child must be between age 1 (when the nursing allowance ceases) and age 19; no limit if disabled. The family head must be currently working more than 15 days a month.

**Mother and baby bonus:** Paid to unemployed women during pregnancy and up until her child is aged two. The payment is conditional on regular attendance at medical appointments during pregnancy and during the child's first two years. Beneficiaries may not receive any other family allowances.

**Housing allowance:** Paid to single and married workers.

**Prenatal grant:** Paid from the 5th month of pregnancy.

**Birth grant:** Paid for the birth of a child.

**Nursing allowance:** Paid (in kind) for each child for the 12-month period following birth.

**Burial allowance:** Paid for the funeral of a child younger than age 19.

### **Family Allowance Benefits**

**Family allowances:** A monthly allowance is paid for each child.

**Mother and baby bonus:** The mother receives 50 bolivianos for each medical appointment attended during pregnancy, up to four; 120 bolivianos at child birth, provided she uses public health services; and 125 bolivianos for each bimonthly medical appointment attended by the child until age two.

**Housing allowance:** An allowance is paid to single and married workers.

**Prenatal grant:** In-kind benefit, including milk, is provided from the fifth month of pregnancy. The benefit is equivalent to the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

**Birth grant:** A grant equal to the legal monthly minimum wage is paid for each birth.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

**Nursing allowance:** A monthly milk allowance is provided for each child for the 12-month period following birth (paid in kind).

**Burial allowance:** A lump sum is paid equal to the legal monthly minimum wage.

The legal monthly minimum wage is 647 bolivianos. (The legal monthly minimum wage is adjusted according to changes in the cost of living, depending on the financial resources of the state budget. The last adjustment was made in January 2009.)

### ***Administrative Organization***

Ministry of Housing and Economic Development provides general supervision.

National Secretariat of Pensions, through the National Institute of Pensions, administers the program.

Employers pay allowances for single and married adults to employees.