

## Peru

Exchange rate: US\$1.00 equals 3 nuevos soles.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1973 (unified social security), 1992 (individual account), 2002 (early retirement), and 2007 (early retirement for unemployed).

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

Note: When public- and private-sector employees enter the workforce, they may choose between the individual account system (SPP) and the public social insurance system (SNP). Insured persons who do not make a choice become SPP members. SNP members may switch to the SPP but may not switch back, except under certain circumstances.

#### Coverage

**Social insurance (SNP):** Wage earners and salaried employees in the private and public sectors, employees of worker-owned and cooperative enterprises, teachers, artists, household workers, seamen, journalists, tannery workers, and certain self-employed workers.

Voluntary coverage for certain self-employed persons, those who are economically active but no longer in covered employment (at least 18 months of previous coverage is required), and housewives.

Special systems for fishermen and military and police personnel.

**Individual account (SPP):** Private- and public-sector employees.

Voluntary coverage for self-employed persons.

#### Source of Funds

##### Insured person

**Social insurance (SNP):** 13% of gross earnings.

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

The legal monthly minimum wage is 550 nuevos soles.

There are no maximum earnings for contribution calculation purposes.

**Individual account (SPP):** 10% of gross earnings; an average of 1.87% of gross earnings for administrative fees

and 0.96% of covered earnings for disability and survivor insurance.

The maximum monthly earnings for contribution calculation purposes for disability and survivor benefits are 7,306.96 nuevos soles.

There are no maximum earnings for contribution calculation purposes for old-age benefits or administrative fees.

##### Self-employed person

**Social insurance (SNP):** 13% of gross declared earnings.

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

The legal monthly minimum wage is 550 nuevos soles.

There are no maximum earnings for contribution calculation purposes.

**Individual account (SPP):** 10% of gross earnings; an average of 1.87% of gross earnings for administrative fees and 0.96% of covered earnings for disability and survivor insurance.

The maximum monthly earnings for contribution calculation purposes for disability and survivor benefits are 7,306.96 nuevos soles.

There are no maximum earnings for contribution calculation purposes for old-age benefits or administrative fees.

##### Employer

**Social insurance (SNP):** None.

**Individual account (SPP):** None.

##### Government

**Social insurance (SNP):** The cost of the minimum pension; special subsidies as needed to finance the program.

**Individual account (SPP):** Subsidizes the cost of the guaranteed minimum pension and finances accrued rights under the SNP.

#### Qualifying Conditions

##### Social insurance (SNP)

**Old-age pension:** Age 60 with at least 20 years of contributions (men and women).

**Early pension:** Age 55 with at least 30 years of contributions (men) or age 50 with at least 25 years of contributions (women); age 55 with at least 20 years of contributions (men or women) in the event of a collective lay-off from employment.

**Constant-attendance supplement:** Paid if the insured requires the constant attendance of others to perform daily functions.

**Disability pension:** The insured is assessed with a loss of at least 66.7% of earning capacity and was employed when the disability began; with at least 36 months of

contributions, including at least 18 in the last 36 months; at least 12 months of contributions in the last 36 months with a total of at least 3 to 15 years of contributions; or 15 years or more of contributions.

**Constant-attendance supplement:** Paid if the insured requires the constant attendance of others to perform daily functions.

**Survivor pension:** The insured received or was entitled to receive a pension at the time of death.

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

**Constant-attendance supplement:** Paid if the survivor has a disability and requires the constant attendance of others to perform daily functions.

**Funeral grant:** The deceased had at least 3 months of contributions immediately before the time of death or a total of 4 months of contributions in the 8 months before the time of death.

### Individual account (SPP)

**Old-age pension:** Age 65 or at any age if the individual account has accumulated assets that will replace at least 50% of average indexed earnings in the last 120 months.

**Guaranteed minimum pension:** The insured was born no later than December 31, 1945; is at least age 65; has at least 20 years of contributions paid on earnings equal to or greater than the minimum wage; and 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 415 nuevos soles.

**Disability pension:** Paid if the insured is assessed with at least a 50% loss of earning capacity and does not receive an old-age pension.

The degree of disability is assessed by a medical committee or the Superintendent of Banks, Insurance, and AFPs.

**Survivor pension:** The deceased received or was entitled to receive a pension at the time of death.

Eligible survivors are a widow or partner, children younger than age 18 (no limit if disabled), and a father or mother older than age 60.

### 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 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 for those with 20 to 25 years of contributions is average earnings in the last 5 years; for those with 25 to 30 years, average earnings in the last 4 years; for those 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 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 is paid for a spouse and between 2% and 5% is paid for each child.

The minimum monthly pension is 415 nuevos soles.

The maximum monthly pension is 857.36 nuevos soles.

**Constant-attendance supplement:** A monthly amount is paid equal to the minimum wage.

The legal monthly minimum wage is 550 nuevos soles.

Pensioners may continue in paid employment and receive both the salary and the pension if their total monthly income does not exceed 1,725 nuevos soles.

**Benefit adjustment:** Benefits are adjusted periodically according to budget resources.

### Individual account (SPP)

**Old-age pension:** The value of the pension depends on the insured's contributions to the individual account plus accrued earnings. (The value of accrued rights under the social insurance system is combined with the individual account balance at retirement.)

At retirement, the accumulated capital can be used to make periodic withdrawals from the individual's account or to purchase a personal annuity, a joint survivor life annuity, or a deferred annuity combined with temporary periodic withdrawals.

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

The minimum monthly pension is 415 nuevos soles.

## **Permanent Disability Benefits**

### **Social insurance (SNP)**

*Disability pension:* The pension is 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, 16.7% of average earnings is paid for each year of contributions.

The reference salary is 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 monthly pension is 415 nuevos soles.

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

Constant-attendance supplement: A monthly amount is paid equal to the minimum wage.

The legal monthly minimum wage is 550 nuevos soles.

Benefit adjustment: Benefits are adjusted periodically according to budget resources.

### **Individual account (SPP)**

*Disability pension:* The pension is calculated based on the insured's average monthly earnings and 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 the deceased received or would have been entitled to receive is paid to a widow or a dependent widower older than age 60 or disabled.

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

The minimum monthly pension is 270 nuevos soles.

*Orphan's pension:* 50% of the pension the deceased received or would have been entitled to receive is paid to orphans younger than age 18 (age 21 if a student, no limit if disabled).

The minimum monthly pension is 270 nuevos soles.

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

All survivor benefits combined must not exceed 100% of the monthly pension the deceased received or would have been entitled to receive or 857.36 nuevos soles a month (whichever is less).

Constant-attendance supplement: An amount equal to the legal monthly minimum wage is paid.

The legal monthly minimum wage is 550 nuevos soles.

*Funeral grant:* Up to six times the legal monthly minimum wage is paid.

The legal monthly minimum wage is 550 nuevos soles.

Benefit adjustment: Benefits are adjusted periodically according to budget resources.

### **Individual account (SPP)**

*Survivor pension:* The pension for a widow(er), orphans, and dependent parents is calculated based on the deceased's average monthly earnings, according to a 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.)

*Funeral grant:* Up to 3,313.47 nuevos soles financed by life insurance or the deceased's individual account is paid.

## **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 and some special regimes.

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

### **Individual account (SPP)**

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

Pension fund administrators (AFPs) administer the individual accounts and contract with insurance companies for disability and survivor insurance.

## **Sickness and Maternity**

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### **Regulatory Framework**

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

**Current laws:** 1997 (modernizing health), 1999 (social security health insurance, EsSalud), 2002 (integrated health system), 2003 (administration of social security health insurance, EsSalud), and 2004 (household workers).

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

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

Public- and private-sector employees; employees of worker-owned and cooperative enterprises; professional artists; household workers; self-employed persons; agricultural workers; and spouses, partners, and children of insured persons.

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

Exclusions: Employees whose employers provide health services directly.

Special systems for fishermen, dock workers, 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:** Contributions vary, depending on the health plan chosen.

**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 calculation purposes are equal to the legal monthly minimum wage.

The legal monthly minimum wage is 550 nuevos soles.

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

### Qualifying Conditions

**Sickness cash benefits:** The insured must have at least 3 months of consecutive contributions or at least 4 months of contributions in the 6 months before the incapacity began.

**Maternity care and cash benefits:** The insured was covered when the child was conceived.

### Sickness and Maternity Benefits

**Sickness benefit:** The monthly benefit is 100% of the insured's average daily earnings in the last 4 months and is paid 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 100% of earnings, up to a maximum. The benefit is paid for 45 days before and 45 days after the expected date of childbirth; may be extended for up to 30 additional days for multiple births.

**Nursing allowance:** Twice the minimum wage is paid from when the child is 8 months until 14 months of age.

The legal monthly minimum wage is 550 nuevos soles.

**Funeral grant:** Up to six times the minimum wage is paid.

The legal monthly minimum wage is 550 nuevos soles.

### Workers' Medical Benefits

Benefits include general, specialist, maternity, and dental care; hospitalization; laboratory services; appliances; medicine; 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. 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 10% of income or 240 nuevos soles (whichever is less). 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) are covered for 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 to employees and self-employed persons. Each EPS must provide a care plan at least equivalent to the statutory care provided by EsSalud.

### Work Injury

#### Regulatory Framework

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

**Current law:** 1997.

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

#### Coverage

Public- and private-sector employees and employees of worker-owned and cooperative enterprises working in high risk activities listed by the government.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** A flat-rate contribution of between 10 and 30 nuevos soles.

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

The maximum earnings for contribution calculation purposes are 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 100% of the insured's covered earnings and is paid after a 20-day waiting period for up to 11 months and 10 days or 340 days. The employer pays the insured's full earnings during the waiting period.

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

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

### **Permanent Disability Benefits**

**Permanent disability pension:** If the insured has an assessed degree of disability greater than 65%, the pension is 80% of the insured's average earnings (100% if the insured requires constant attendance).

**Partial disability:** If the insured has an assessed degree of disability of 40% to 65%, a reduced pension is paid according to the assessed degree of disability. If the assessed degree of disability is less than 40%, a lump sum of 2 years of pension is paid.

### **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 pension the deceased received or would have been entitled to receive is paid to a widow or a dependent widower older than age 60 or disabled.

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

The minimum monthly pension is 270 nuevos soles.

**Orphan's pension:** 50% of the pension the deceased received or would have been entitled to receive is paid to orphans younger than age 18 (age 21 if a student, no limit if disabled).

The minimum monthly pension is 270 nuevos soles.

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

Each dependent parent receives 20% of the pension the deceased received or would have been entitled to receive.

All survivor benefits combined must not exceed 100% of the monthly pension the deceased received or would have been entitled to receive or 857.36 nuevos soles a month (whichever is less).

**Funeral grant:** Up to six times the minimum wage.

The legal monthly minimum wage is 550 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.