

Dominican Republic

Exchange rate: US\$1.00 = 37.95 pesos.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1947.

Current laws: 2001 (social security), implemented in 2003; 2005 (contribution exemptions); 2007 (financing and investments); and 2009 (financing).

Type of program: Mandatory individual account and social assistance system.

Note: Subsidized individual accounts for self-employed persons have not yet been implemented.

The pay-as-you-go social insurance system, which is being phased out, covers pensioners who began receiving their pension before June 2003 and public-sector employees who opt not to join the individual account system.

Coverage

Mandatory individual account: All private-sector workers and employers. Voluntary coverage for Dominican citizens living abroad, public-sector workers, and private-sector workers older than age 45 in 2003.

Exclusions: Self-employed persons.

Social assistance: Severely disabled, needy, unemployed, and self-employed persons with income below the legal minimum wage.

The legal monthly minimum wage for private-sector workers ranges from 6,035 pesos to 9,905 pesos, depending on the type and size of business; the legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

Source of Funds

Insured person

Mandatory individual account: 2.87% of covered earnings.

Of the total insured person and employer contributions (9.97%), 8.0% is directed to the individual account, 1% pays for disability and survivor insurance, 0.5% pays for pension fund management companies' administrative fees, and 0.07% contributes to the Superintendent of Pensions' operating costs.

The minimum earnings used to calculate contributions are the legal minimum wage.

The maximum earnings used to calculate contributions are 20 times the legal monthly minimum wage.

The legal monthly minimum wage is 7,583 pesos.

Social assistance: None.

Self-employed person

Mandatory individual account: Not applicable.

Social assistance: None.

Employer

Mandatory individual account: 7.10% of covered payroll.

Of the total insured person and employer contributions (9.97%), 8.0% is directed to the individual account, 1% pays for disability and survivor insurance, 0.5% pays for pension fund management companies' administrative fees, and 0.07% contributes to the Superintendent of Pensions' operating costs.

The minimum earnings used to calculate contributions are the legal minimum wage.

The maximum earnings used to calculate contributions are 20 times the legal monthly minimum wage.

The legal monthly minimum wage is 7,583 pesos.

Social assistance: None.

Government

Mandatory individual account: Finances the guaranteed minimum pension; partially finances the subsidized mandatory individual accounts; and finances the value of accrued rights for those who made contributions under the social insurance system.

Social assistance: The total cost.

Qualifying Conditions

Old-age pension (mandatory individual account):

Age 60 with at least 30 years of contributions.

Pensioners are required to cease gainful activity.

Early pension: Age 55 if the individual account balance is sufficient to finance a pension equal to the minimum pension; aged 57 to 59, unemployed, and with at least 25 years of contributions; with less than 25 years, the insured can receive a pension based on the accumulated funds or continue contributing to reach 25 years.

Guaranteed minimum pension (Solidarity Fund): Age 60 with at least 30 years of contributions and insufficient accumulated capital plus accrued interest in the individual account to finance the minimum pension set by law.

The minimum old-age pension is the lowest legal monthly minimum wage for private-sector workers.

The lowest monthly minimum wage for private-sector workers is 6,035 pesos.

The pension is not payable abroad.

Social assistance old-age pension (income-tested):

Age 60 and needy.

Disability pension (mandatory individual account): The insured has a chronic illness or injury (nonwork- or work-related) and has exhausted sickness benefits or work injury benefits. A total disability is defined as a loss of at least 66.7% of earning capacity; a partial disability, as loss of earning capacity of greater than 50% but less than 66.7%.

A regional medical committee assesses the degree of disability. The national medical committee may revise, validate, or reject the decision of a regional medical committee.

The pension is not payable abroad.

Social assistance disability pension (income-tested):

Paid at any age if assessed as severely disabled and needy.

Survivor pension (mandatory individual account): The deceased was insured or a pensioner at the time of death.

Eligible survivors are a widow(er) or partner and unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled).

The pension is not payable abroad.

Social assistance survivor pension (income-tested):

Paid to needy survivors.

Eligible survivors are a widow(er) or partner and unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled).

Old-Age Benefits

Old-age pension (mandatory individual account): The pension is based on the value of the accumulated capital plus accrued interest, which can be used to purchase a price-indexed annuity or to make programmed withdrawals. (The value of accrued rights under the social insurance system is combined with the individual account balance at retirement.)

Early pension: The maximum early pension is the insured's final salary.

The minimum old-age pension is the lowest legal minimum wage for all groups of workers.

The lowest legal minimum wage for private-sector workers is 6,035 pesos; the legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

Benefit adjustment: Benefits are adjusted according to changes in the minimum public-sector legal minimum wage.

Social assistance old-age pension: 60% of the legal monthly minimum wage for public-sector workers (plus a Christmas bonus) is paid.

The legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

Permanent Disability Benefits

Disability pension: For a total disability, the pension is 60% of the insured's indexed average earnings in the three years immediately before the disability began. The disability pension is financed by disability insurance until retirement or death. The insurance company also pays a monthly contribution to the insured person's individual account until retirement or death. The disability pension ceases at the normal pensionable age when the insured may access the individual account balance to purchase a price-indexed annuity or make programmed withdrawals.

Partial disability: 30% of the insured's indexed average earnings in the three years immediately before the disability began is paid.

There is no minimum or maximum disability pension.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

Social assistance disability pension: 60% of the legal monthly minimum wage for public-sector workers (plus a Christmas bonus) is paid.

The legal monthly minimum wage for public-sector workers is 5,117.50 pesos.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

Survivor Benefits

Survivor pension: 60% of the deceased's indexed average earnings in the previous three years is paid. (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.)

A spouse older than age 55 receives the pension for life; a spouse aged 50 to 55 receives a pension for six years (five years if younger than age 50).

If there are orphans younger than age 18 (up to age 21 if a full-time student, no limit if disabled), the pension is split between the spouse and the orphans.

There is no minimum or maximum survivor pension.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

Social assistance survivor pension: 60% of the legal monthly minimum wage for public-sector workers (plus a Christmas bonus) is paid.

The legal monthly minimum wage for public-sector workers is 5,117.5 pesos.

Benefit adjustment: Benefits are adjusted according to changes in the consumer price index.

Administrative Organization

National Social Security Board (<http://www.cnss.gob.do>) provides overall governance of the social security system.

Superintendent of Pensions (<http://www.sipen.gov.do>) provides general supervision and fiscal control.

Individual pension fund management companies administer the individual accounts and contract with insurance companies for disability and survivors insurance.

Sickness and Maternity

Regulatory Framework

First law: 1947.

Current laws: 1948 (social insurance), implemented in 1949; and 2001 (social security), implemented in 2007.

Type of program: Social insurance (cash benefits) and universal (medical benefits) system.

Note: A system of subsidized cash and medical benefits for self-employed persons and their dependents has not yet been implemented.

Coverage

Cash and medical benefits: Employed persons and their spouses or partners, the insured's children up to age 21 if a full-time student (no limit if disabled), and pensioners. Children older than age 21 and parents who are economically dependent on the insured may be covered under certain conditions.

Exclusions: Self-employed persons.

Source of Funds

Insured person: 3.04% of covered earnings.

There are no minimum earnings used to calculate contributions.

The maximum earnings used to calculate contributions are 10 times the legal monthly minimum wage.

The legal monthly minimum wage is 7,583 pesos.

Self-employed person: Not applicable.

Employer: 7.09% of covered payroll.

There are no minimum earnings used to calculate contributions.

The maximum earnings used to calculate contributions are 10 times the legal monthly minimum wage.

The legal monthly minimum wage is 7,583 pesos.

Government: The total cost of social assistance and part of the cost for the subsidized program.

Qualifying Conditions

Cash sickness benefits: The insured must have at least 12 months of contributions or be a pensioner.

Cash maternity benefits: The insured must have at least eight months of contributions in the 12 months before childbirth or have been without paid work in the 12 months before childbirth.

Medical benefits: Citizens and residents of the Dominican Republic.

Sickness and Maternity Benefits

Sickness benefit: 60% of earnings in the last six months (40% if hospitalized) is paid after a three-day waiting period, for up to 26 weeks.

Maternity benefit: The total benefit is three months of the insured's earnings and is paid for six weeks before and six weeks after the expected date of childbirth.

Nursing allowance: If the insured's salary is less than three times the minimum national wage, an allowance is paid for up to 12 months after the child's birth.

Workers' Medical Benefits

Medical benefits (basic health plan): Benefits include preventive, inpatient and outpatient, maternity, pediatric, emergency, surgery and specialist care; medicine; and prostheses for persons with disabilities, according to a schedule in law.

Cost sharing: The insured is reimbursed for 70% of the cost of some medicines up to 3,000 pesos per year.

Social assistance beneficiaries receive basic medicines free of charge.

Dependents' Medical Benefits

Medical benefits for dependents (basic health plan): Medical benefits for dependents are the same as those for the insured.

Medical benefits for dependents (pediatric health care): Provided from the 45th day after birth until age 5. Benefits include nutrition, pediatric care, and child development programs.

Administrative Organization

National Health Insurance (<http://www.arssenasa.gov.do>) and Health Risk Management Companies administer the basic health plan.

Health Risk Management Companies may be private, public, or mixed entities.

Superintendent of Health and Labor Risks (<http://www.sisalril.gov.do>) supervises the National Health Insurance and Health Risk Management Companies.

Dominican Social Insurances Institute administers the pediatric health care program under the supervision of the National Council of Children Establishments.

Work Injury

Regulatory Framework

First law: 1932.

Current law: 2001 (social security), implemented in 2003.

Type of program: Social insurance system.

Coverage

All insured workers.

Exceptions: Self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost is met through contributions that vary according to the assessed degree of risk. The average contribution is 1.2% of covered payroll.

There are no minimum earnings used to calculate contributions.

The maximum earnings used to calculate contributions are four times the minimum average national wage.

Government: None; contributes as an employer.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The labor code requires that cash benefits be provided for temporary disability.

Permanent Disability Benefits

Permanent disability pension: Benefits are provided according to four degrees of assessed disability: severe total disability (totally disabled and in need of constant attendance); permanent total disability (unable to perform any occupation); permanent total disability for usual occupation (unable to perform usual occupation); and permanent partial disability for current occupation (the loss of at least 50% of earning capacity).

All benefits are calculated using the base salary. The base salary is the insured's average covered earnings in the six

months before the injury occurred or occupational disease began. For insured workers with less than six months of covered earnings, the base salary is 50% of total covered earnings.

For an assessed degree of disability of 100% (severe total disability), 100% of the base salary is paid. For an assessed degree of disability of at least 67% (permanent total disability), 70% of the base salary is paid. For an assessed degree of disability of 50% to 66% (permanent total disability for usual occupation), 50% of the base salary is paid. For an assessed degree of disability of 15% to 49% (permanent partial disability for current occupation), a lump sum of five to 10 times the base salary is paid.

Workers' Medical Benefits

Medical benefits are the same as provided under the basic health plan. Benefits include preventive, inpatient and outpatient, pediatric, emergency, surgery and specialist care; medicine; and prostheses for persons with disabilities, according to a schedule in law.

Survivor Benefits

Survivor pension: 50% of the deceased's pension is paid to a widow(er) aged 45 or older or disabled.

The pension ceases on remarriage and a lump sum of two years of pension is paid.

A lump sum of two years of pension is paid to a widow(er) younger than age 45.

Orphan's pension: 20% of the deceased's pension is paid to each orphan younger than age 18 (age 21 if a full-time student, no limit if disabled).

Administrative Organization

Superintendent of Health and Labor Risks (<http://www.sisalril.gov.do>) supervises and monitors the work injury program.

Family Allowances

Regulatory Framework

Benefits are paid to unemployed single mothers with unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled) who lack sufficient resources to meet basic needs. (Social assistance benefits are provided under the Old Age, Disability, and Survivors program).