

## Peru

Exchange rate: US\$1.00 = 2.59 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), 2007 (early retirement for the unemployed), 2009 (early retirement in the private sector), and 2012 (individual account).

**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.

#### Coverage

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

Voluntary coverage for housewives.

Special systems for fishermen and military and police personnel.

**Individual account (SPP):** Public- and private-sector employees.

Voluntary coverage for self-employed persons.

#### Source of Funds

##### Insured person

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

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

The legal monthly minimum wage is 750 nuevos soles.

There are no maximum earnings used to calculate contributions.

**Individual account (SPP):** 10% of gross earnings plus an average of 1.25% of gross earnings for administrative fees and 1.23% of covered earnings for disability and survivor (life) insurance.

There are no maximum earnings used to calculate contributions for old-age benefits or administrative fees.

The maximum monthly earnings used to calculate contributions for disability and survivor benefits are 8,267.43 nuevos soles.

##### Self-employed person

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

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

The legal monthly minimum wage is 750 nuevos soles.

There are no maximum earnings used to calculate contributions.

**Individual account (SPP):** 10% of gross earnings plus an average of 1.25% of gross earnings for administrative fees and 0.96% of covered earnings for disability and survivor insurance.

There are no maximum earnings used to calculate contributions for old-age benefits or administrative fees.

The maximum monthly earnings used to calculate contributions for disability and survivor benefits are 8,267.43 nuevos soles.

##### Employer

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

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

##### Government

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

**Individual account (SPP):** Finances the value of accrued rights under the SNP.

#### Qualifying Conditions

##### Social insurance (SNP)

**Old-age pension:** Age 65 with at least 20 years of contributions.

**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 (men) or age 50 (women) with at least 20 years of contributions 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:** Assessed with a loss of at least 66.7% of earning capacity with at least 36 months of contributions, including at least 18 months in the last 36 months; at least 12 months of contributions in the last 36 months with a total of at least three but less than 15 years of contributions; or at least 15 years of contributions. Must have been employed when the disability began.

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

*Survivor pension:* The deceased received or was entitled to receive an old-age or disability pension (SNP) at the time of death.

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

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

*Funeral grant:* The deceased had at least three months of contributions immediately before death or a total of four months of contributions in the six months before death; in the 12 months before death for agricultural workers.

### Individual account (SPP)

*Old-age pension:* Age 65; at any age if the individual account is sufficient to provide a benefit to replace at least 40% of the insured's average indexed earnings in the last 120 months.

Guaranteed minimum pension: Age 65 and born no later than December 31, 1945, with at least 20 years of contributions paid on earnings equal to or greater than the minimum wage. Paid if the individual account balance is insufficient to finance the minimum pension set by law.

The legal monthly minimum wage is 750 nuevos soles.

The minimum monthly pension is 415 nuevos soles.

*Disability pension:* Assessed with at least a 50% loss of earning capacity and does not receive an old-age pension.

A medical committee of the Superintendent of Banks and AFPs assesses the degree of disability.

*Survivor pension:* The deceased received or was entitled to receive an old-age or disability pension (SPP) at the time of death.

Eligible survivors include a widow or partner, children younger than age 18 (no limit if disabled), and dependent parents older than age 60.

### Old-Age Benefits

#### Social insurance (SNP)

*Old-age pension:* 30% to 45% of the insured's 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%, is paid to persons born after December 31, 1946.

50% of the reference salary plus 4% for each additional year of contributions exceeding 20 years is paid to men

born after December 18, 1932, and women born after December 18, 1937, but not later than December 31, 1946.

The reference salary for persons with 20 to 24 years of contributions is the insured's average earnings in the last five years; with 25 to 30 years, average earnings in the last four years; with more than 30 years, average earnings in the last three years.

50% of the reference salary plus 2% (men) or 2.5% (women) for each additional year of contributions exceeding 15 or 13 years, respectively, is paid to men born up to December 18, 1932, and women born up to December 18, 1937.

The reference salary is the insured's 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: 2% to 10% of earnings is paid for a spouse and 2% to 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 equal to the minimum wage is paid.

The legal monthly minimum wage is 750 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 insured has four different options: periodic withdrawals, a personal annuity, a joint survivor life annuity, or a deferred annuity combined with temporary periodic withdrawals. (The value of accrued rights under the social insurance system is combined with the individual account balance at retirement.)

Guaranteed minimum pension: The difference between the individual account balance and the minimum pension set by law is paid.

The minimum monthly pension is 415 nuevos soles.

### Permanent Disability Benefits

#### Social insurance (SNP)

*Disability pension:* 50% of the reference salary plus 1% for each year of contributions exceeding three years is paid. For a contribution period from one and three years, 16.7% of average earnings is paid for each year of contributions.

The reference salary is the insured's average earnings in the last 12 months; for voluntarily insured self-employed persons, the reference salary is the insured's 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 750 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.

Guaranteed minimum disability pension: Disability insurance pays the difference if the individual account balance is insufficient to finance the permanent disability pension.

### Survivor Benefits

#### Social insurance (SNP)

*Spouse's pension:* 50% of the old-age or disability pension (SNP) the deceased received or was entitled to receive is paid to a widow or a dependent widower older than age 60 with a disability.

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

The legal monthly minimum pension is 415 nuevos soles.

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

The legal monthly minimum pension is 415 nuevos soles.

*Other eligible survivors:* If there is no eligible widow(er) or orphan, 20% of the old-age or disability pension (SNP) the deceased received or was entitled to receive is paid to each dependent parent.

All survivor benefits combined must not exceed 100% of the old-age or disability pension (SNP) the deceased received or was 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 750 nuevos soles.

*Funeral grant:* A lump sum of up to six times the legal monthly minimum wage is paid.

The legal monthly minimum wage is 750 nuevos soles.

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

### Individual account (SPP)

*Survivor pension:* The pension is calculated based on the deceased's average monthly earnings, according to a schedule in law.

Guaranteed minimum survivor pension: Life insurance pays the difference if the deceased's individual account balance is insufficient to finance the survivor pension.

*Funeral grant:* Life insurance pays up to 2,500 nuevos soles.

### 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.onp.gob.pe/inicio.do>) administers the program and some special schemes.

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 (AFPs) and insurance companies.

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

### Sickness and Maternity

#### Regulatory Framework

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

**Current laws:** 1997 (healthcare modernization); 1999 (health insurance EsSalud); 1999 (fishermen and dock workers); 2001 (agricultural workers); 2002 (integrated health system); 2003 (social security health insurance administration); 2003 (household workers); 2004 (maternity benefits); 2006 (pensioners); 2009 (universal health insurance); 2011 (maternity benefits).

**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) if it offers more generous benefits than a minimum health care plan established by law.

#### Coverage

**EsSalud:** Public- and private-sector employees; employees of worker-owned and cooperative enterprises; professional artists; household workers; agricultural workers; dock

## Peru

---

workers and fishermen; and spouses, partners and children of insured persons.

Pensioners are covered for medical benefits and the funeral grant only.

Exclusions: Employees whose employers provide health services directly.

Voluntary coverage for self-employed persons, including housewives.

**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:** A flat-rate contribution of 64 nuevos soles a month, plus an additional flat-rate contribution for each dependent.

**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 used to calculate contributions are the legal monthly minimum wage.

The legal monthly minimum wage is 750 nuevos soles.

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

### Qualifying Conditions

**Sickness cash benefits:** Must have at least three months of consecutive contributions or at least four months of contributions in the six months before the incapacity began. There is no qualifying period for accidents. Dock workers previously under the dock workers' scheme must have at least two months of consecutive contributions before the incapacity began.

**Maternity care and cash benefits:** Must have at least three months of consecutive contributions or at least four months of contributions in the six months prior to becoming pregnant. Agricultural and dock workers must have at least three consecutive months of contributions or at least four months of contributions in the 12 months prior to becoming pregnant and must have contributed during the month in which the child is born.

### Sickness and Maternity Benefits

**Sickness benefit:** 100% of the insured's average daily earnings in the last four months is paid after a 1-day waiting period for up to 11 months and 10 days. (The employer pays the full salary for the first day.)

**Maternity benefit:** 100% of earnings is paid, 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:** A lump sum of 820 nuevos soles.

**Funeral grant:** A lump sum of up to 2,070 nuevos soles is paid.

### Workers' Medical Benefits

Benefits include general, specialist, maternity, and dental care; hospitalization; laboratory services; appliances; medicine; rehabilitation; health education; preventive 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 the company's employees must agree to the change.

Medical benefits provided by an EPS provider require a copayment of 2% to 10% of monthly income.

### Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

Eligible dependents include the insured's spouse or partner and children younger than age 17 (no limit if disabled).

### 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.

National Superintendent of Health Insurance (SUNASA) (<http://app3.sunasa.gob.pe/index.aspx>) authorizes and supervises private health providers (EPS).

### Work Injury

---

#### Regulatory Framework

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

**Current laws:** 1997 (health), 1998 (work injury), 2009 (health insurance), and 2011 (workplace health and safety).

**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 11 to 34 nuevos soles.

**Employer:** 0.63% to 1.84% of half of the tax reference unit, according to the employer's assessed degree of risk and reported accident rate.

The tax reference unit is 3,700 nuevos soles.

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

The legal monthly minimum wage is 750 nuevos soles.

**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

100% of the insured's covered earnings is paid after a 20-day waiting period for up to 11 months and 10 days. (The employer pays the insured's full earnings for the first 20 days.)

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

The maximum earnings used to calculate benefits are six times the legal monthly minimum wage.

The legal monthly minimum wage is 750 nuevos soles.

## Permanent Disability Benefits

**Permanent disability pension:** For an assessed degree of disability greater than 65%, 50% of the insured's average earnings is paid.

**Constant attendance supplement:** 100% of the insured's average earnings plus a lump sum of 415 nuevos soles to 903 nuevos soles is paid if the insured requires constant attendance to perform daily functions.

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

## Workers' Medical Benefits

Benefits include necessary medical, surgical, rehabilitation, and hospital care and appliances until full recovery or certification of permanent disability.

## Survivor Benefits

**Spouse's pension:** 50% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow or a dependent widower aged 60 or older (at any age if disabled).

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

The legal monthly minimum pension is 415 nuevos soles.

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

The legal monthly minimum pension is 415 nuevos soles.

**Other eligible survivors:** If there is no eligible widow(er) or orphan, 20% of the permanent disability pension the deceased received or was entitled to receive is paid to each dependent parent.

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

**Funeral grant:** A lump sum of up to six times the minimum wage is paid.

The legal monthly minimum wage is 750 nuevos soles.

## Administrative Organization

Comptroller General of the Republic (<http://www.contraloria.gob.pe>) provides general supervision.

Office of Social Security Normalization (<http://www.onp.gob.pe>) administers the program.

## Unemployment

### Regulatory Framework

No statutory benefits are provided.

At the end of a contract, the labor code requires private-sector employers to provide a severance payment of 1.5 times the insured's last monthly salary for each year of employment, up to 12 times the insured's last monthly salary.