

## Peru

Exchange rate: US\$1.00 = 3.24 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), 2011 (noncontributory old-age pension), 2012 (individual account), and 2012 (persons with disabilities).

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

Note: When public- and private-sector employees enter the workforce, they may choose between the mandatory 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 switch back only under certain conditions.

#### Coverage

**Social insurance (SNP):** Public- and private-sector employees, including employees of worker-owned and cooperative enterprises, teachers, artists, household workers, seamen, journalists, and tannery workers.

Voluntary coverage for certain self-employed workers and housewives.

Special systems for fishermen, diplomats, certain public-sector employees, and military and police personnel.

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

Voluntary coverage for self-employed persons.

**Social assistance:** Needy citizens of Peru.

#### Source of Funds

##### Insured person

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

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

The legal monthly minimum wage is 850 soles.

There are no maximum earnings used to calculate contributions.

**Mandatory individual account (SPP):** 10% of gross earnings; 8% for fishermen; 11% for construction workers; 2% for miners (old-age benefits) plus an average of 1.5775% of gross earnings for persons insured before February 2013, or an average of 0.6325% a month plus 1.2% to 1.5% of the account balance a year for persons insured since February 2013 (administrative fees) and 1.36% of covered earnings (disability and survivor insurance) (January 2018).

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 insurance are 9,290.07 soles.

Voluntary contributions are possible.

**Social assistance:** None.

##### Self-employed person

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

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

The legal monthly minimum wage is 850 soles.

There are no maximum earnings used to calculate contributions.

**Mandatory individual account (SPP):** 10% of gross earnings (old-age benefits) plus a percentage of gross earnings (administrative fees) and 1.36% of covered earnings (disability and survivor insurance). The percentage of contributions for old-age benefits is regulated by law; the percentages of administrative fees and contributions to disability and survivor insurance are determined by the AFPs.

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 insurance are 9,290.07 soles.

**Social assistance:** None.

##### Employer

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

**Mandatory individual account (SPP):** None; 5% of gross payroll or fishermen, 1% for construction workers; 2% for miners.

**Social assistance:** None.

##### Government

**Social insurance (SNP):** Special subsidies as needed.

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

**Social assistance:** The total cost.

## Qualifying Conditions

**Old-age pension (SNP, social insurance):** 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 cases of a collective lay-off from employment.

Dependent's supplement: Paid for a dependent spouse or a child younger than age 18 (no limit if a student or disabled).

**Old-age family pension (SNP, social insurance):** Paid at the normal retirement age to a married couple or a couple in a recognized partnership with at least 20 years of combined contributions but who are not entitled to receive an SNP old-age pension.

**Old-age pension (SPP, mandatory individual account):** Age 65; at any age if the account balance is sufficient to finance a benefit of at least 40% of the insured's average indexed earnings in the last 120 months.

Guaranteed minimum old-age pension: Must be born before January 1, 1946, have at least 20 years of contributions paid on earnings equal to or greater than the legal monthly minimum wage, and have an account balance that is insufficient to finance the minimum monthly pension set by law.

The legal monthly minimum wage is 850 soles.

The minimum monthly pension is 415 soles.

**Noncontributory old-age pension (Pensión 65, social assistance, means tested):** Age 65 and not receiving any other pension or any benefits administered by the social security health insurance program (EsSalud).

Means test: Must be classified as extremely poor according to the Sistema de Focalización de Hogares (SISFOH).

The SISFOH is a national system to target needy households based on earnings, expenditures, and a quality of life index.

**Disability pension (SNP, social insurance):** Must have at least a 66.7% assessed loss of earning capacity and at least 15 years of contributions; or at least 36 months of contributions, including at least 12 months of contributions in the 36 months before the disability began, if the insured has at least three but less than 15 years of contributions. Must have been covered when the disability began, unless the insured has at least 15 years of contributions or at least 18 months of contributions in the 36 months before the disability began.

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

**Disability pension (SPP, mandatory individual account):** Must have at least a 50% assessed loss of earning capacity and not be receiving an SPP old-age pension.

A medical committee assesses the degree of disability.

Guaranteed minimum disability pension: Paid if the account balance is insufficient to finance the permanent disability pension the insured would have been entitled to receive.

**Noncontributory disability pension (social assistance, means tested):** Must be assessed with a severe and permanent disability and not be receiving or entitled to receive any other pension.

Means test: Must be classified as poor according to the Sistema de Focalización de Hogares (SISFOH).

The SISFOH is a national system to target needy households based on earnings, expenditures, and a quality of life index.

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

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

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

Remarriage settlement: Paid to a widow(er) receiving a SNP spouse's pension upon remarriage.

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

**Survivor pension (SPP, mandatory individual account):** The deceased received an SPP old-age or disability pension or had at least four months of contributions in the last eight months before death.

Eligible survivors include a widow(er) or partner, children younger than age 18 (no limit if disabled), a dependent mother older than age 50 and a dependent father older than age 60.

Guaranteed minimum survivor pension: Paid if the deceased's account balance is insufficient to finance the pension the survivors would have been entitled to receive.

**Death grant (Capital de Defunción, SNP, social insurance):** The deceased received or was entitled to receive an SNP old-age or disability pension; legal heirs are not entitled to receive a survivor pension.

**Funeral grant (SPP, mandatory individual account):** The deceased received or was entitled to receive an SPP old-age or disability pension.

## Old-Age Benefits

**Old-age pension (SNP, social insurance):** 30% to 45% of the insured's average monthly 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% of average monthly earnings for each additional year of contributions exceeding 20, up to 100%, is paid to persons born after December 31, 1946.

50% of the insured's reference salary plus 4% of the reference salary 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 before January 1, 1947.

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

50% of the reference salary plus 2% (men) or 2.5% (women) of the reference salary 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 monthly earnings in the last 12, 36, or 60 months, depending on the choice of the insured.

Early pension: The pension is reduced by 4% for each year that the pension is claimed before the normal retirement age.

Dependent's supplement: 2% to 10% of the insured's reference salary is paid for a spouse and 2% to 5% is paid for each eligible child.

The minimum old-age monthly pension is 415 soles.

The maximum monthly old-age pension is 857.36 soles.

Retirement is not necessary if the insured's total monthly income does not exceed half of the tax reference unit (Unidad Impositiva Tributaria, UIT).

The UIT is 4,050 soles a year (4,150 soles as of January 2018).

Benefit adjustment: Benefits are adjusted periodically depending on financial resources.

**Old-age pension (SPP, mandatory individual account):**

The insured has five different payment options: periodic withdrawals, a personal annuity, a joint survivor life annuity, a deferred annuity combined with temporary periodic withdrawals, or a lump-sum withdrawal of 95.5% of the total account balance.

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

The minimum monthly pension is 415 soles.

If the insured chooses the lump-sum withdrawal, the remaining 4.5% finances medical benefits (see source of funds under Sickness and Maternity).

**Noncontributory old-age pension (Pensión 65, social assistance, means tested):** 250 soles is paid every two months.

**Permanent Disability Benefits**

**Disability pension (SNP, social insurance):** 50% of the insured's reference salary plus 1% of the reference salary for each year of contributions exceeding three years is paid. For a contribution period of one to three years, 16.7% of the insured's reference salary is paid for each year of contributions.

The reference salary is the insured's average monthly earnings in the last 12 months; for self-employed persons, the reference salary is the insured's average monthly earnings in the last 60 months.

The minimum monthly disability pension is 415 soles.

The maximum monthly disability pension is 857.36 soles.

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

Constant-attendance supplement: The legal monthly minimum wage is paid.

The legal monthly minimum wage is 850 soles.

Benefit adjustment: Benefits are adjusted periodically depending on financial resources.

**Disability pension (SPP, mandatory individual account):**

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 between the disability pension covered by the account balance and the permanent disability pension the insured would have been entitled to receive.

**Noncontributory disability pension (social assistance):** 150 soles a month is paid.

The pension is paid every two months.

**Survivor Benefits**

**Survivor pension (SNP, social insurance)**

*Spouse's pension:* 50% of the SNP old-age or disability pension the deceased received or was entitled to receive is paid to an eligible widow(er).

Remarriage settlement: A lump sum of 12 times the spouse's pension is paid to the widow(er).

*Orphan's pension:* 50% of the SNP old-age or disability pension the deceased received or was entitled to receive is paid for eligible children.

*Dependent parent's pension:* If there is no eligible widow(er) or orphan, 20% of the SNP old-age or disability

pension the deceased received or was entitled to receive is paid to each dependent parent.

The maximum combined survivor benefit is 100% of the SNP old-age or disability pension the deceased received or was entitled to receive or 857.36 soles a month, whichever is less.

Constant-attendance supplement: The legal monthly minimum wage is paid.

The legal monthly minimum wage is 850 soles.

Benefit adjustment: Benefits are adjusted periodically depending on financial resources.

#### **Survivor pension (SPP, mandatory individual account):**

The pension is based on the deceased's average monthly earnings in the last 48 months before death, according to a schedule in law.

Guaranteed minimum survivor pension: Life insurance pays the difference between the survivor pension covered by the deceased's account balance and the pension the survivors would have been entitled to receive.

**Death grant (Capital de Defunción, SNP, social insurance):** A lump sum of up to six times the deceased's average monthly income in the last 60 months before death is paid.

The maximum monthly earnings used to calculate the death grant are 857 soles.

**Funeral grant (SPP, mandatory individual account):** A lump sum of up to 4,127.17 soles is paid (December 2016).

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

### **Administrative Organization**

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

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

Office of Social Security Normalization (<https://www.onp.gob.pe/>) administers the program and some special schemes.

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

#### **Mandatory 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 insurance.

#### **Social assistance**

Ministry of Development and Social Inclusion (<http://www.midis.gob.pe/>) provides general supervision.

National Solidarity Assistance Program–Pensión 65 program office (<http://www.pension65.gob.pe/>) administers the Pensión 65 program.

Ministry of Development and Social Inclusion (<http://www.midis.gob.pe/>) administers the noncontributory disability pension.

### **Sickness and Maternity**

#### **Regulatory Framework**

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

**Current laws:** 1997 (healthcare modernization), 1999 (health insurance EsSalud), 1999 (self-employed fishermen and fish processors), 2000 (agricultural workers), 2001 (aquacultural workers), 2002 (integrated health system), 2003 (social security health insurance administration), 2003 (household workers), 2004 (maternity benefits), 2006 (pensioners), 2009 (universal health insurance), 2011 (dock workers), and 2011 (maternity benefits).

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

Note: Insured persons and their dependents can opt to receive basic health care from a private health care provider (EPS) if it offers equivalent or more generous benefits than the minimum health care plan established by law (Plan Esencial de Aseguramiento en Salud). Under this option, the insured persons remain covered by the social security health insurance program (EsSalud) for more serious conditions and specialized care.

#### **Coverage**

Public- and private-sector employees; employees of worker-owned and cooperative enterprises; household workers; agricultural workers; self-employed fishermen and fish processors; pensioners; and spouses, partners, and children or dependents of insured persons.

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

Voluntary coverage for self-employed persons (medical benefits only), housewives, and other persons without a dependent work relation.

#### **Source of Funds**

**Insured person:** None; pensioners contribute 4% of the pension; pensioners who opt for a lump-sum payment at retirement under the mandatory individual account (SPP) program pay a one-time contribution of 4.5% of their total account balance for medical benefits.

**Self-employed person:** 64 soles a month, plus an additional flat-rate contribution for each dependent for insured persons covered before 2016, and 137 to 215 soles a month for persons covered since 2016, depending on the age of the

insured (medical benefits only); 9% of the legal monthly minimum wage for fishermen; 9% of the sales value for fish processors; 4% of the legal monthly minimum wage for agricultural workers.

The legal monthly minimum wage is 850 soles.

**Employer:** 9% of the monthly payroll; 4% for agricultural workers. (Employers providing health services directly to their employees or who use services provided under contract by a private health care provider (EPS) receive a 2.5% credit toward the cost of contributions.)

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

The legal monthly minimum wage is 850 soles.

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

### **Qualifying Conditions**

**Sickness, medical, and funeral benefits:** Must have at least three consecutive months of contributions or at least four months of contributions in the six months before the incapacity began. There is no qualifying period for pensioners or in the case of accidents. Agricultural and dock workers must have at least three consecutive months or four months of contributions in the 12 months before the incapacity began; fishermen and fish processors must have at least three consecutive months of contributions.

**Cash maternity benefit and nursing allowance:** Must have at least three consecutive months of contributions or at least four months of contributions in the six months before 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. The nursing allowance is not paid to agricultural workers.

### **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 or for up to 540 nonconsecutive days in a three-year period. The employer pays the benefit in the first 20 days; afterwards the benefit is paid by health insurance.

**Maternity benefit:** 100% of the insured's average daily earnings in the last four months is paid, up to a maximum earnings level, for 98 days. The benefit may be extended for up to 30 additional days for multiple births or the birth of a child with a disability.

**Nursing allowance:** A lump sum of 820 soles is paid for each child.

**Funeral grant:** A lump sum of up to 2,070 soles is paid to the person who paid for the funeral.

The benefit cannot be combined with the funeral or death grant paid under Old-age, Disability, and Survivors, and is not paid if death is the result of a work injury.

### **Workers' Medical Benefits**

Benefits are paid for prevention, health promotion, and health recovery. They include general, specialist, maternity, and dental care; hospitalization; laboratory services; appliances; medicine; rehabilitation; health education; preventive care; and immunization.

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.

A copayment of 2% to 10% of monthly income is required for medical benefits offered by an EPS provider.

The program for the voluntary insured covers ambulatory care and hospitalization, emergency care, maternity care, and medicines and medical supplies.

### **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**

Social Security Health Insurance (EsSalud) (<http://www.essalud.gob.pe/>) administers the program.

National Superintendent of Health (SUSALUD) authorizes and supervises private health providers (EPS).

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

### **Work Injury**

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#### **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, self-employed persons, 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 monthly contribution of 13 to 37 soles, according to the sector and associated risk.

**Employer:** 0.63% to 1.83% of covered payroll, according to the sector and associated risk.

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

The legal monthly minimum wage is 850 soles.

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

## Qualifying Conditions

Must be assessed with a work injury or occupational disease. Accidents that occur while commuting to and from work are not covered.

## Temporary Disability Benefits

See sickness benefit under Sickness and Maternity.

## Permanent Disability Benefits

**Permanent disability pension:** For an assessed degree of disability of at least 66.67%, 70% of the insured's average earnings is paid.

Constant-attendance benefit: 100% of the insured's average earnings is paid if the insured requires constant attendance of others to perform daily functions.

Partial disability: For an assessed degree of disability of 50% to 66.66%, a reduced permanent disability pension is paid according to the assessed degree of disability. For less than a 50%, assessed degree of disability a lump sum of two years of the permanent disability 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

### Survivor pension

**Spouse's pension:** 42% 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 (no limit if disabled).

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

**Orphan's pension:** 42% of the permanent disability pension the deceased received or was entitled to receive is paid to a full orphan younger than age 18 (age 21 if a student, no limit if disabled); 14% for each full orphan if there is more than one.

The legal monthly minimum orphan's pension is 415 soles.

**Dependent parent's pension:** If there is no eligible widow(er) or orphan, 14% of the permanent disability pension the deceased received or was entitled to receive is paid to each dependent parent.

The maximum combined survivor pension is 100% of the permanent disability pension the deceased received or was entitled to receive or 857.36 soles a month, whichever is less.

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

The legal monthly minimum wage is 850 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

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

## Family Allowances

### Regulatory Framework

**First and current law:** 1989 (family benefit), implemented in 1990.

**Type of program:** Employer-liability system.

### Coverage

Private-sector employees with salaries that are not regulated by collective agreement.

Exclusions: Self-employed persons.

## Source of Funds

**Insured person:** None.

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

**Employer:** The total cost.

**Government:** None.

## Qualifying Conditions

Must be currently employed and have at least one child younger than 18 (age 24 if a student).

## Peru

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If a qualifying employee has multiple employers, the family allowance is paid by each employer.

### ***Family Allowance Benefits***

A monthly allowance of 10% of the legal monthly minimum wage is paid.

The legal monthly minimum wage is 850 soles.

### ***Administrative Organization***

Employers pay the family allowance directly to employees.

National Labor Superintendence (SUNAFIL) (<https://www.sunafil.gob.pe/>) provides general supervision.