

## Chile

Exchange rate: US\$1.00 = 471.50 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1924.

**Current laws:** 1952 (social insurance and health insurance), 1952 (wage earners and salaried employees), 1975 (social assistance), 1980 (individual account), 1980 (contributory scheme), 1980 (institute of normalization), and 2008 (social security reform).

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

#### Coverage

**Mandatory individual account:** Employees who entered the labor force after December 31, 1982; mandatory coverage is gradually being extended to certain self-employed persons by 2015.

Voluntary coverage for workers covered by social insurance before January 1, 1983.

**Social insurance:** Wage earners, salaried employees, and self-employed persons with earnings lower than three times the legal monthly minimum wage.

The legal monthly minimum wage is 210,000 pesos (August 2013).

Special systems for certain salaried employees, including railroad employees, seamen and port workers, public-sector employees, and military and police personnel.

**Social assistance:** Residents of Chile.

#### Source of Funds

##### Insured person

**Mandatory individual account:** 10% of covered earnings for the old-age pension plus an average of 1.42% of covered earnings for administrative fees. Persons working under arduous conditions contribute an additional 1% or 2% of covered earnings depending on occupation.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 210,000 pesos (August 2013); 144,079 pesos for insured persons younger than age 18 or older than age 65.

The maximum monthly earnings used to calculate contributions are 70.3 UFs (unidad de fomento). This figure is adjusted annually according to changes in real wages

during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

**Social insurance:** Wage earners contribute 18.84% of covered wages; salaried employees contribute 20% to 30% of covered earnings depending on the occupation.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 210,000 pesos (August 2013); 144,079 pesos for insured persons younger than age 18 or older than age 65.

The maximum monthly earnings used to calculate contributions are 60 UFs. This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

**Social assistance:** None.

##### Self-employed person

**Mandatory individual account:** 10% of declared earnings for the old-age pension plus an average of 1.26% of declared earnings for disability and survivor insurance and 1.42% for administrative fees.

The minimum monthly declared earnings used to calculate contributions are 210,000 pesos (August 2013).

The maximum monthly declared earnings used to calculate contributions are 70.3 UFs. This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

**Social insurance:** 18.84% of declared earnings.

The minimum monthly declared earnings used to calculate contributions are 124,497 pesos.

The maximum monthly declared earnings used to calculate contributions are 60 UFs. This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

**Social assistance:** None.

##### Employer

**Mandatory individual account:** 1% or 2% of covered earnings for employees working under arduous conditions plus an average of 1.26% of payroll for employees' disability and survivor insurance.

The maximum monthly earnings used to calculate contributions are 70.3 UFs. This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

*Social insurance:* None.

*Social assistance:* None.

### Government

*Mandatory individual account:* The total cost of the minimum benefit, old-age and disability social security solidarity benefits, and the value of accrued rights under the social insurance system.

*Social insurance:* The total cost of accrued rights under the social insurance system.

*Social assistance:* The total cost.

### Qualifying Conditions

#### Mandatory individual account

*Old-age pension:* Age 65 (men) or age 60 (women). The normal retirement age for insured persons with at least 20 years of contributions is reduced by one or two years for each five-year period of work under arduous conditions, depending on the occupation, up to 10 years (see below for the guaranteed minimum pension).

*Early pension:* Early retirement is possible if the individual account balance is sufficient to provide a pension of at least 70% of the insured's average wage in the last 10 years or 80% of the PMAS (pensión máxima con aporte solidario).

The PMAS is the lowest value of the old-age pension before qualifying for the old-age social security top-up benefit. The PMAS is 266,731 pesos a month.

*Child benefit:* Women aged 65 or older who gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, and retired on or after July 1, 2009.

*Guaranteed minimum old-age pension:* Age 65 (men) or age 60 (women) with at least 20 years of contributions whose sum of pensions, income, and taxable earnings is less than the minimum pension (114,238.07 pesos if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75).

The guaranteed minimum pension is being phased out and replaced by the old-age social security solidarity top-up benefit by 2023. Until then, there is a choice between the two benefits for persons who received the guaranteed minimum pension prior to July 1, 2008, and those aged 50 and older on July 1, 2008, who qualify for the guaranteed minimum pension at retirement.

*Old-age social security solidarity top-up benefit (means tested):* Age 65 and a resident of Chile for 20 years, including four of the last five years. Must have a base pension (old-age pension from individual account plus any survivor benefits received) of less than PMAS, and the pensioner's family must be among the poorest 60% of the population as assessed by the census.

The PMAS is the lowest value of the old-age pension before qualifying for the old-age social security top-up benefit. The PMAS is 266,731 pesos a month.

*Disability pension:* Must be assessed with at least a 66% loss in earning capacity (not caused by a work-related accident). Coverage is extended for up to 12 months after employment ceases if the insured has six months of contributions in the last year of employment; extended up to age 65 for women who are employed after age 60.

*Partial disability (temporary and long term):* Must be assessed with a loss of 50% to 65% of earning capacity (not caused by a work-related accident). Coverage is extended for up to 12 months after employment ceases if the insured has six months of contributions in the last year of employment (voluntarily insured and self-employed persons must also have contributed in the month immediately before the disability began); extended up to age 65 for women who are employed after age 60.

A temporary partial disability benefit is paid for up to three years; thereafter, a long-term partial disability pension is paid if the disability is assessed as permanent.

Regional medical commissions assess the degree of disability.

*Guaranteed minimum disability pension:* Persons who received the guaranteed minimum pension prior to July 1, 2008, and who do not opt for the new disability solidarity top-up benefit. Paid if the insured's disability pension is less than the minimum pension (114,238.07 pesos if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75).

*Disability social security solidarity top-up benefit (means tested):* Aged 18 to 64, a resident of Chile for five of the last six years and assessed with a disability. Must have a base pension (disability pension from individual account plus any survivor benefits received) of less than the basic disability solidarity pension (82,058 pesos a month) and the pensioner's family must be among the poorest 60% of the population as assessed by the census.

*Survivor pension:* The deceased received or was entitled to receive an old-age or disability pension at the time of death. Coverage is extended for up to 12 months after employment ceases if the insured had at least six months of contributions in the last year of employment; extended up to age 65 for women who are employed after age 60.

Eligible survivors include a widow(er) who was married to the insured for at least six months (at least three years if the insured was a pensioner); the mother of the deceased's extramarital children; children younger than age 18 (age 24 if a student, no age limit if disabled); and the deceased's parents if there are no other eligible survivors.

#### Social insurance

*Old-age pension:* Wage earners must be aged 65 or older with at least 1,040 weeks of work or 800 weeks of work

with at least 50% of the weeks since coverage began (men), or aged 60 or older with at least 520 weeks of work (women).

Salaried employees must be aged 65 or older (men) or aged 60 or older (women) with at least 10 years of contributions.

Salaried employees must cease all gainful activity.

The normal retirement age for insured persons with at least 1,020 weeks of contributions is reduced by one year (two years for workers in mining or smelting) for each five-year period of work under arduous conditions, up to five years (10 years for workers in mining or smelting).

*Disability pension:* Wage earners must be assessed with a total (loss of earning capacity of at least 70%) or partial (loss of earning capacity of 30% to 69%) disability, have been younger than age 65 (men) or age 60 (women) when the disability began, and have at least 50 weeks of contributions, including at least 40% of the weeks in the last five years and 50% of the weeks since coverage began (women, and men with at least 400 weeks of coverage, are exempt from this last condition).

Salaried employees younger than age 65 (men) or age 60 (women) must be assessed with a degree of disability of at least 66.7% with at least three years of contributions.

Preventive and disability medical commissions assess the degree of disability for wage earners and salaried employees.

*Survivor pension:* The insured wage earner must have had at least 400 weeks of paid contributions; or at least 50 weeks of paid contributions, including at least 40% of the weeks in the last five years and 50% of the weeks since coverage began (women are exempt from this last condition).

The insured salaried employee must have had at least three years of contributions.

Eligible survivors include a widow or a widower with a disability; the mother of the deceased's extramarital children; children younger than age 18 (age 24 if a student, no limit if disabled); and the deceased's parents if there are no other eligible survivors.

Child benefit: Women aged 65 or older who receive a survivor pension from the social insurance system and gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, retired on or after July 1, 2009, and are not eligible for any benefit through any other program.

*Funeral grant:* Paid to the widow(er), children, or parents.

### Social assistance

*Basic old-age solidarity pension:* Age 65; a resident of Chile for 20 years, including at least four of the last five years; and does not meet the contribution requirements for any other pension. The pensioner's family must be among the poorest 60% of the population as assessed by the census.

Child benefit: Women age 65 or older who gave birth to or adopted at least one child in their lifetime, have been residents of Chile for at least 20 years, retired on or after July 1, 2009, and do not meet the contribution requirements for any other pension.

*Basic disability solidarity pension:* Aged 18 to 64, a resident of Chile for five of the last six years, assessed with a disability, and does not meet the contribution requirements for any other pension. The pensioner's family must be among the poorest 60% of the population as assessed by the census.

*Winter grant (means tested):* Paid to low-income pensioners.

*Golden wedding anniversary grant (means tested):* Paid to couples married for 50 years whose household income falls in the first four income quintiles. Must have resided in Chile for at least four of the five years before the claim is made. The claim must be made within one year of the 50th anniversary.

*Funeral grant:* Paid to the person who pays for the funeral of a basic old-age solidarity pensioner.

## Old-Age Benefits

### Mandatory individual account

*Old-age pension:* The insured has four different options: an immediate life annuity, temporary income with a deferred life annuity, programmed withdrawals, or an immediate life annuity with programmed withdrawals. (The value of accrued rights plus interest under the social insurance system is combined with the individual account balance at retirement.)

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

Child benefit: A bond is paid for each live birth or adopted child. For women younger than age 65 on July 1, 2009, a bond of 10% of 18 minimum wages (approximately 347,400 pesos per child in July 2013) is deposited into the individual account during the month after the mother reaches age 65. The bond's interest rate is the average annual rate for Fund C minus administrative fees for that period.

Guaranteed minimum pension: 114,238.07 pesos is paid if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75.

Old-age social security solidarity top-up benefit (means tested): The amount of the benefit decreases with the size of the base pension (old-age pension from individual account plus any survivor benefits received).

### Social insurance

*Old-age pension:* The monthly pension is 50% of the base wage plus 1% of wages for each 50-week period of

contributions exceeding 500 weeks for wage earners; 0.029% of the base salary multiplied by the number of years of contributions for salaried workers.

The base wage or salary is the average monthly wage or salary in the last five years with the first two years adjusted for wage or salary changes.

Salaried woman's child supplement: 0.029% of the base salary is paid for each dependent child to a woman with at least 20 years of contributions; 0.057% of the base salary if a widow.

The minimum monthly pension is 114,238.07 pesos if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75.

Benefit adjustment: Benefits are adjusted automatically each year according to changes in the consumer price index; earlier if the change in the consumer price index within the year is at least 15%.

### Social assistance

*Basic old-age solidarity pension:* 82,058 pesos a month is paid.

Child benefit: A benefit is paid for each live birth or adopted child.

*Winter grant (means tested):* 49,500 pesos a year is paid.

*Golden wedding anniversary grant (means tested):* A lump sum of \$264,528 pesos (\$132,264 per spouse) is paid.

Benefit adjustment: Benefits are adjusted automatically each year according to changes in the consumer price index; earlier if the change in the consumer price index within the year is at least 10%.

### Permanent Disability Benefits

#### Mandatory individual account

*Disability pension:* For a total disability, 70% of the base salary is paid. The pension is financed through the individual account. (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.)

Temporary partial disability benefit: 50% of the base salary is paid for up to three years. The individual pension fund management company pays the benefit through an insurance policy for the account holder. The funds from the individual account are only used to pay the benefit if the worker is not covered by insurance (has not made any contributions to the individual account for at least one year).

The base salary is the insured's average monthly salary in the last 10 years.

Long-term partial disability pension: Following a second level of assessment and certification, the pension is financed through the individual account. (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.)

Benefit adjustment: Benefits are adjusted automatically each year according to changes in the UF. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

Guaranteed minimum disability pension: 114,238.07 pesos is paid if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75.

Disability social security solidarity top-up benefit (means tested): Decreases with the size of the base pension (disability pension from individual account plus any survivor benefits received).

The maximum combined disability pension and disability solidarity benefit is 82,058 pesos a month.

### Social insurance

*Disability pension:* For a total disability, the monthly pension is 50% of the base wage plus 1% of wages for every 50-week period of contributions exceeding 500 weeks for wage earners; 70% of the base salary plus 2% of the salary for every year of contributions exceeding 20 years for salaried employees.

The base wage or salary is the average monthly wage or salary in the last five years, with the first two years adjusted for wage or salary changes.

For a partial disability, 50% of the total disability pension is paid.

The minimum monthly disability pension is 114,238.07 pesos if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75.

Child supplement: 0.029% of the base salary is paid for each dependent child to a woman with more than 20 years of contributions; 0.057% of the base salary if a widow.

Civil servant supplement: 0.033% of the base salary is paid for each dependent child to a woman with more than 20 years of contributions; 0.067% of the base salary if a widow.

The minimum monthly pension is 114,238.07 pesos if younger than age 70; 124,910.54 pesos if aged 70 to 75; or 133,275.33 pesos if older than age 75.

Benefit adjustment: Benefits are adjusted automatically each year according to changes in the consumer price index; earlier if the change in the consumer price index within the year is at least 15%.

### Social assistance

*Basic disability solidarity pension:* 82,058 pesos a month is paid.

Benefit adjustment: Benefits are adjusted automatically each year according to changes in the consumer price index; earlier if the change in the consumer price index within the year is at least 10%.

## Survivor Benefits

### Mandatory individual account

*Spouse's pension:* 60% of the old-age or disability pension the deceased received or was entitled to receive is paid to a widow (43% to a widower) if there are no eligible children; 50% to a widow (36% to a widower) with eligible children; and 36% is paid to the mother of the deceased's extramarital children (30% if the children are younger than age 18 (age 24 if a student, no limit if disabled)).

*Orphan's pension:* 15% of the old-age or disability pension the deceased received or was entitled to receive is paid to each orphan younger than age 18 (age 24 if a student, no limit if disabled); 11% for each partially disabled orphan older than age 24.

*Other eligible survivors:* If there are no other eligible survivors, 50% of the deceased's monthly pension is paid to each parent.

If the deceased was actively contributing to an individual account, survivor pensions are calculated according to a reference pension of 70% of the deceased's average monthly wage in the last 10 years.

The pension paid as the result of the death of an insured person or a temporary partial disability beneficiary is financed with the deceased's individual account balance; if the deceased was a pensioner, the type of benefit depends on the type of retirement pension that the deceased chose. (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.)

There is no maximum survivor pension.

*Benefit adjustment:* Benefits are adjusted automatically each year according to changes in the consumer price index.

*Funeral grant:* A withdrawal of 15 UFs from the deceased's individual account is granted to the relative who paid for the funeral expenses. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

### Social insurance

*Spouse's pension:* 60% of the base wage or salary (the insured's average monthly wage or salary in the last five years) or of the old-age or disability pension the deceased received or was entitled to receive, whichever is greater, is paid to a widow aged 55 or older or a widower with a disability if there are no eligible children; 50% with eligible children. The mother of the deceased's extramarital children receives 60% of the widow's pension.

A widow younger than age 55 receives a lump sum of two years of pension.

The minimum monthly widow(er)'s pension is 74,133.07 pesos for a survivor younger than age 70 without

children; 92,499.56 pesos from age 70. The minimum monthly widow(er)'s pension is 62,010.46 pesos for a survivor younger than age 70 with children; 79,875.67 pesos from age 70.

*Orphan's pension:* 20% of the base wage or salary (the insured's average monthly wage or salary in the last five years) or of the old-age or disability pension the deceased received or was entitled to receive, whichever is greater, is paid to each orphan.

The minimum monthly orphan's pension is 17,135.71 pesos.

*Child benefit:* A benefit is paid to a woman receiving a social insurance survivor pension for each live birth or adopted child.

*Benefit adjustment:* Benefits are adjusted automatically each year according to changes in the consumer price index; may be earlier if the variation of the consumer price index within the year is at least 15%.

*Funeral grant:* The grant is up to three times the monthly non-remuneration minimum wage.

The monthly non-remuneration minimum wage is 406,389 pesos (August 2013).

### Social assistance

*Funeral grant:* The grant is up to three times the monthly non-remuneration minimum wage.

The monthly non-remuneration minimum wage is 406,389 pesos (August 2013).

## Administrative Organization

### Mandatory individual account

Ministry of Labor and Social Security through the Superintendent of Pensions (<http://www.spensiones.cl/>) provides general supervision.

Individual pension fund management companies administer individual accounts.

### Social insurance and social assistance

Social Security Institute (<http://www.ips.gob.cl>) administers the social insurance and assistance programs.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1924.

**Current laws:** 1979 (national health system); 1985 (public health system), implemented in 1986; 1990 (private health system); 2004 (health guarantees), implemented in 2005; and 2011 (extended parental leave).

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

Note: Insured persons may opt out of the national public health system and contract with a private health institute.

### Coverage

**Public and private systems:** All public- and private-sector workers; self-employed persons; contract workers; pensioners; persons receiving work injury, unemployment, or social assistance benefits; persons entitled to family allowances; and pregnant women. (Persons without earnings, beneficiaries of social assistance pensions, pregnant women, and mothers up to six months after childbirth are covered by the public system.)

Voluntary coverage is available for the public system.

### Source of Funds

#### Insured person

*Public system:* 7% of covered earnings. Pensioners pay 7% of the pension (Solidarity beneficiaries are exempt); the voluntarily insured, 7% of declared earnings.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 210,000 pesos (August 2013); 144,079 pesos for insured persons younger than age 18 or older than age 65.

The maximum monthly earnings used to calculate contributions are 70.3 UFs (unidad de fomento). This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

*Private system:* At least 7% of gross earnings, depending on the health plan.

The minimum monthly earnings used to calculate contributions for insured persons aged 18 to 65 are the legal monthly minimum wage of 210,000 pesos (August 2013); 144,079 pesos for insured persons younger than age 18 or older than age 65.

#### Self-employed person

*Public system:* 7% of declared earnings.

The minimum monthly declared earnings used to calculate contributions are 124,497 pesos.

*Private system:* At least 7% of declared earnings, depending on the health plan.

The minimum monthly declared earnings used to calculate contributions are 124,497 pesos.

#### Employer

*Public system:* None.

*Private system:* None.

### Government

*Public system:* The total cost of maternity benefits; any deficit.

*Private system:* Partially finances the cost of sickness benefits.

### Qualifying Conditions

**Cash sickness and maternity benefits (public and private systems):** Employees must have at least six months of contributions, including at least three months of contributions in the last six months; contract workers, at least six months of contributions, including at least 30 days of contributions in the last six months; and self-employed persons, at least 12 months of coverage with at least six months of paid contributions in the last 12 months.

There are no qualifying conditions for an incapacity that is the result of an accident.

**Medical benefits (public and private systems):** Must be currently insured.

### Sickness and Maternity Benefits

**Sickness benefit (public and private systems):** For public-sector employees, the benefit is 100% of net earnings before the incapacity began; private-sector employees, average monthly net earnings in the last three months; self-employed persons, average monthly declared earnings in the last six months.

Sickness benefits are paid retroactively from the first day if the sick-leave period is longer than 10 days; from the fourth day if the sick-leave period is shorter than 10 days. The employer is only required to pay benefits for the first three days if established under a collective agreement.

The duration of the benefit is the same as the period of sick leave.

The minimum daily sickness benefit is 2,074.95 pesos.

**Maternity benefit (public and private systems):** For public-sector employees, the monthly benefit is 100% of earnings; private-sector employees, average monthly net earnings in the three months before the expected date of childbirth; self-employed persons, average monthly declared earnings in the last six months. The benefit is paid for six weeks before and 12 weeks after the expected date of childbirth; may be extended in cases of premature or multiple births.

The minimum daily maternity benefit is 2,074.95 pesos.

The maternity benefit is also paid for 12 months for the adoption of a child younger than age 6 months.

Extended postnatal parental leave: 100% of the maternity benefit is paid for 12 weeks after the maternity benefit ends; 50% is paid for up to 18 weeks if the woman returns to work part time. Up to six weeks of the benefit may be transferred to the father from the seventh week.

## Workers' Medical Benefits

**Medical benefits (public system):** Public or private health institutions and professionals registered with the National Health Fund provide benefits. Benefits include general and specialist care, periodic medical examinations, hospitalization, medicine, dental care, and maternity care.

There is no limit to duration.

General Scheme of Health Guarantees establishes the minimum benefits to be provided by the public system.

There is no cost sharing for general care, nor for low-income persons, beneficiaries of social assistance pensions or family allowances, or persons older than age 60.

**Medical benefits (private system):** The insured signs a minimum 12-month contract with a private health institute and may choose among open, closed, or preferred doctor plans. Benefits, as well as cost sharing, vary by contract but must be at least equal to those provided by the public system.

## Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured in the public and private systems. The widow(er) and children are covered for a year after the insured's death in the private system.

## Administrative Organization

Ministry of Health (<http://www.minsal.cl>) provides general supervision of the system.

Superintendent of Health (<http://www.supersalud.cl>) oversees the public and private schemes and public and private health providers.

National Health Fund (<http://www.fonasa.gov.cl>) administers cash benefits and the public system.

Health Institutions (<http://www.isapre.cl>) administer the private system.

## Work Injury

### Regulatory Framework

**First law:** 1916.

**Current law:** 1968 (work injury and professional diseases) and 2008 (social security reform).

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

### Coverage

All public- and private-sector workers, self-employed persons who contribute to old-age and sickness schemes, household workers, contract and temporary workers, students, apprentices, and trade union representatives.

## Source of Funds

**Insured person:** None.

**Self-employed person:** 0.95% of declared income plus up to 3.4% of declared earnings, depending on the occupation.

The minimum monthly declared earnings used to calculate contributions are 124,497 pesos.

The maximum monthly earnings used to calculate contributions are 70.3 UFs (unidad de fomento). This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

**Employer:** 0.95% of covered payroll plus up to 3.4% of covered payroll according to the industry and the assessed degree of risk.

**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 covered.

Self-employed persons must have paid all due contributions.

## Temporary Disability Benefits

For public-sector employees, the monthly benefit is 100% of net earnings. For private-sector employees, the monthly benefit is the average monthly net earnings in the three months before the disability began. The benefit is paid from the day of injury for up to 52 weeks (may be extended up to an additional 52 weeks).

**Benefit adjustment:** Benefits are adjusted according to wage increases.

## Permanent Disability Benefits

**Permanent disability pension:** For a total disability (assessed degree of disability of at least 70%), 70% of the base salary is paid.

The base salary is the insured's average monthly net earnings in the six months before the disability began.

In most cases, Preventive and Disability Medical Commissions assess the degree of disability. The degree of disability is reassessed once every two years in the eight years after the pension is awarded.

**Constant-attendance allowance:** If the insured requires the constant attendance of others to perform daily functions, the pension is increased by 30% of the base salary.

**Child's supplement:** The pension is increased by 5% for the third and each subsequent child entitled to family allowances.

## Chile

---

**Partial disability:** For an assessed degree of disability of 40% to 69%, 35% of the base salary is paid. A lump sum of up to 15 months of base salary is paid for an assessed degree of disability from 15% to 39%.

**Benefit adjustment:** Benefits are adjusted automatically each year according to changes in the consumer price index; earlier if the change in the price index within the year is at least 15%.

### **Workers' Medical Benefits**

Benefits include necessary medical, surgical, dental, and pharmaceutical services; hospitalization; prostheses; rehabilitation; transfer costs, and occupational retraining. Benefits are provided from the first day after the disability began or the diagnosis of the occupational disease.

There is no limit to duration.

There is no cost sharing.

### **Survivor Benefits**

**Spouse's pension:** 50% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow older than age 44 (at any age if disabled or caring for a child) or to a widower with a disability; 60% if there are no eligible children.

A widow younger than age 45 receives a limited pension for a year. If a widow caring for a child reaches age 45 during this one-year period, the benefit is paid for life.

The minimum monthly widow(er)'s pension is 74,133.07 pesos for a survivor younger than age 70 without children; 92,499.56 pesos from age 70. The minimum monthly widow(er)'s pension is 62,010.46 pesos for a survivor younger than age 70 with children; 79,875.67 pesos from age 70.

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

**Orphan's pension:** 20% of the permanent disability pension the deceased received or was entitled to receive is paid for each orphan younger than age 18 (age 24 if a student, no limit if disabled); 50% for each full orphan.

The minimum monthly orphan's pension is 17,135.71 pesos.

All survivor benefits combined must not exceed 100% of the deceased's pension.

**Benefit adjustment:** Benefits are adjusted automatically each year according to changes in the consumer price index; earlier if the change in the price index within the year is at least 15%.

**Funeral grant (wage earner):** Up to three times the minimum monthly non-remuneration wage is paid.

The minimum monthly non-remuneration wage is 406,389 pesos (August 2013).

**Education grant:** Eligible orphans who are students with an assessed degree of disability of 15% to 70% and with earnings lower than the legal monthly minimum wage receive a monthly benefit of 22.3% of the legal monthly minimum wage.

The legal monthly minimum wage is 210,000 pesos (August 2013).

### **Administrative Organization**

Ministry of Labor and Social Security, through the Superintendent of Social Security (<http://www.suseso.cl>), provides general supervision.

Occupational Safety Institute (<http://www.isl.gob.cl>) administers the program.

## **Unemployment**

---

### **Regulatory Framework**

**First law:** 1937.

**Current laws:** 1981 (unemployment), implemented in 1982; 2001 (severance account system), implemented in 2002; and 2009 (mandatory severance pay).

**Type of program:** Employment-related and mandatory individual severance account system.

### **Coverage**

**Employment-related system:** Employed persons.

Exclusions: Self-employed persons.

**Individual severance account:** Mandatory coverage for employed persons hired on or after October 2, 2002; voluntary coverage for employed persons hired prior to October 2, 2002.

Exclusions: Household workers; apprentices; pensioners (unless partially disabled); self-employed persons who entered the labor force since October 2, 2002; civil servants; and military personnel.

### **Source of Funds**

#### **Insured person**

*Employment-related system:* None.

*Individual severance account:* 0.6% of covered monthly earnings plus an administrative fee of about 0.05%. Workers employed under a fixed-term contract do not contribute.

The maximum monthly earnings used to calculate contributions are 105.4 UFs (unidad de fomento). This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).



**Self-employed person**

*Employment-related system:* Not applicable.

*Individual severance account:* Not applicable.

**Employer**

*Employment-related system:* None.

*Individual severance account:* 2.4% of covered payroll a month for up to 11 years (1.6% to the insured's individual account and 0.8% to the Solidarity Severance Fund); 3% if an employee has a fixed-term contract (2.8% to the insured's individual account and 0.2% to the Solidarity Severance Fund).

The maximum monthly earnings used to calculate contributions are 105.4 UFs (unidad de fomento). This figure is adjusted annually according to changes in real wages during the previous year. The UF, an index that is adjusted daily according to changes in the consumer price index, is 22,852.67 pesos (July 2013).

**Government**

*Employment-related system:* The total cost, financed through the Unified Family Allowances and Unemployment Fund.

*Individual severance account:* An annual contribution to the Solidarity Severance Fund of 225,792 UTM (unidad tributaria mensual). The UTM, a monthly tax indexed unit set by law, is 40,085 pesos.

**Qualifying Conditions****Unemployment benefits (employment-related system):**

Must be involuntarily unemployed with at least 12 months or 52 weeks of contributions in the previous two years, registered for employment, and able and willing to work. The insured may not receive an employment-related benefit and an individual severance account benefit at the same time.

**Unemployment benefits (individual severance account):**

Must be involuntarily unemployed with at least 12 months of contributions. Insured persons with fixed-term contracts must have at least six months of contributions since they first joined the system or since the individual account was last fully drawn down. The benefit is suspended if the insured starts a new job.

If the balance in the individual account is insufficient to pay a benefit, the insured is eligible for a benefit under the Solidarity Severance Fund if unemployment was involuntary and the insured has made at least one year of continuous contributions in the last two years before unemployment began, was not employed on a fixed-term contract, and has not refused a suitable job offer.

**Unemployment Benefits****Unemployment benefit (employment-related system):**

17,338 pesos a month is paid for the first 90 days; from

91 days to 180 days, 11,560 pesos a month; from 181 days to 360 days, 8,669 pesos a month.

Unemployment beneficiaries may continue to receive family allowances, maternity benefits, and medical benefits.

If the benefit ceases because the insured has started a new job before 360 days of benefits have been paid, but the insured subsequently becomes unemployed again, the insured may continue receiving the benefit for the remaining period, up to 360 days.

**Unemployment benefits (individual severance account):**

The number of monthly benefits paid depends on the individual account balance plus accrued interest. The benefit has a decreasing replacement rate of 50%, 45%, 40%, 35%, 30%, 25% and 20%.

If the insured is entitled to receive a benefit from the Solidarity Severance Fund, the fund may top up the individual account benefit. The first monthly benefit is 50% of average earnings in the last 12 months; 45% for the second; 40% for the third; 35% for the fourth; and 30% for the fifth month.

For every month that the national unemployment rate is one percentage point greater than the national four-year average, all beneficiaries who are due to collect their final payment are entitled to receive two additional months of benefits of 25% of average earnings in the last 12 months.

If the insured dies before retirement, the accumulated capital is transferred to a named survivor.

The insured can opt to stop receiving benefits to safeguard the accumulated capital for a future period of unemployment. Unemployment beneficiaries may continue to receive family allowances, maternity benefits, and medical benefits.

The minimum monthly benefit for insured workers entitled to a Solidarity Severance Fund benefit is 108,747 pesos for the first payment, decreasing gradually to 59,317 pesos for the fifth payment.

The maximum monthly benefit for insured workers entitled to a Solidarity Severance Fund benefit is 234,794 pesos for the first payment, decreasing gradually to 140,877 pesos for the fifth payment.

Benefits are paid 10 days after the claim is accepted.

Solidarity Severance Fund benefits are payable only twice in any five-year period.

Benefit adjustment: The minimum and maximum benefits provided under the Solidarity Severance Fund are adjusted annually in February according to changes in the consumer price index.

**Administrative Organization**

**Employment-related system:** Ministry of Labor and Social Welfare, through the Superintendent of Social Security (<http://www.suseso.cl>) provides general supervision.

## Chile

---

Social Security Standards Institute (<http://www.ips.gob.cl>) and Family Allowance Compensation Funds administer the program.

**Individual severance account:** Superintendent of Pensions (<http://www.spensiones.cl>) provides general supervision.

Society of Severance Fund Managers (<http://www.afchile.cl>) made up of six pension fund management companies, administer the program.

### Family Allowances

---

#### Regulatory Framework

**First laws:** 1937 (salaried employees) and 1953 (wage earners).

**Current laws:** 1981 (low-income persons); 1981 (wage earners and salaried employees), implemented in 1982; and 2008 (social security reform).

**Type of program:** Employment-related (unified program for wage and salaried workers) system.

Note: A social assistance program provides cash benefits to persons assessed as needy.

#### Coverage

All public- and private-sector workers; self-employed persons who contribute to old-age and sickness schemes; pensioners; persons receiving work injury, temporary disability, or unemployment benefits; and persons maintained or cared for in state institutions.

Exclusions: Certain self-employed persons.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost, financed through the Unified Family Allowances and Severance Pay Fund.

#### Qualifying Conditions

**Family allowances (income tested):** Paid to insured persons with dependents and monthly income of up to 501,978 pesos.

Allowances are paid for children younger than age 18 (age 24 if a student; no limit if disabled), a wife, a husband with a disability, a widowed mother, stepchildren, orphaned or abandoned grandchildren and great-grandchildren, orphans, parents older than age 65 or disabled, and minors who are entrusted to adults by a judge. An allowance is also paid for pregnancy.

#### Family Allowance Benefits

**Family allowances (income tested):** A monthly allowance is paid for each dependent, according to the insured's income: 8,626 pesos with monthly earnings up to 220,354 pesos; 5,294 pesos with earnings greater than 220,354 and up to 321,851 pesos; and 1,673 pesos with earnings greater than 321,851 and up to 501,978 pesos.

For a pregnancy, the allowance is paid to an insured woman or an insured man whose spouse is pregnant. The allowance may be claimed from the fifth month of pregnancy and is retroactively paid for the duration of the pregnancy.

All monthly allowances are doubled for dependents with disabilities.

**Income test:** The allowance is paid with monthly earnings up to 501,979 pesos.

**Benefit adjustment:** Benefits are adjusted periodically.

#### Administrative Organization

Ministry of Labor and Social Welfare, through the Superintendent of Social Security (<http://www.suseso.cl>) provides general supervision.

Social Security Institute (<http://www.ips.gob.cl>) and Family Allowance Compensation Funds administer the program.