

## Paraguay

Exchange rate: US\$1.00 = 6,184.35 guaraníes.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1943 (social insurance) and 2009 (noncontributory old-age pension).

**Current laws:** 1950 (social insurance), 1992 (unified pension scheme), 2005 (retirement), 2009 (noncontributory old-age pension), 2011 (partial pension), 2011 (teachers), 2011 (minimum pension), 2013 (self-employed persons), and 2015 (household workers).

**Type of program:** Social insurance and social assistance system.

#### Coverage

**Social insurance:** Employed persons, including employees of decentralized state entities and enterprises partially owned by the state, municipal workers, part-time and daily workers, household workers, and apprentices.

Voluntary coverage for self-employed persons, housewives; and for persons who previously had mandatory coverage (old-age and survivor benefits only).

Special systems for public-sector employees, teachers in the public school system, police and military personnel, railroad employees, dockworkers, bank employees, and microentrepreneurs.

**Social assistance:** Needy resident citizens of Paraguay. Special system for certain war veterans and their dependents.

#### Source of Funds

##### Insured person

**Social insurance:** 9% of gross monthly covered earnings (excluding benefits paid under Family Allowances); 12.5% of the insured's average monthly earnings in the last 36 months of contributions for the voluntarily insured who previously had mandatory coverage (old-age and survivor benefits only).

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage; 60% of the legal monthly minimum wage for apprentices; 1,518,120 guaraníes for daily workers and certain agricultural workers.

The legal monthly minimum wage is 2,192,839 guaraníes.

There are no maximum earnings used to calculate contributions.

The mandatorily insured person's contributions also finance cash sickness and maternity benefits, medical benefits, and work injury benefits.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** 12.5% of the legal monthly minimum wage plus 0.5% for administrative fees.

The legal monthly minimum wage is 2,192,839 guaraníes.

The self-employed person's contributions also finance work injury benefits.

**Social assistance:** None.

##### Employer

**Social insurance:** 14% of gross monthly covered payroll (excluding benefits paid under Family Allowances).

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage; 60% of the legal monthly minimum wage for apprentices; 1,518,120 guaraníes for daily workers and certain agricultural workers.

The legal monthly minimum wage is 2,192,839 guaraníes.

There are no maximum earnings used to calculate contributions.

The employer's contributions also finance cash sickness and maternity benefits, medical benefits, and work injury benefits.

**Social assistance:** None.

##### Government

**Social insurance:** 1.5% of gross monthly covered earnings; contributes as an employer.

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage; 60% of the legal monthly minimum wage for apprentices; 1,518,120 guaraníes for daily workers and certain agricultural workers.

The legal monthly minimum wage is 2,192,839 guaraníes.

There are no maximum earnings used to calculate contributions.

Government contributions also finance cash sickness and maternity benefits, medical benefits, and work injury benefits, and cover administrative costs.

**Social assistance:** The total cost.

#### Qualifying Conditions

**Old-age pension (Jubilación ordinaria, social insurance):** Age 60 with at least 1,250 weeks of contributions.

Partial pension (Jubilación proporcional): Age 65 with at least 750 weeks of contributions.

Early pension (Jubilación anticipada): Age 55 with at least 1,500 weeks of contributions.

The old-age pension is payable abroad under bilateral or multilateral agreement.

**Old-age social pension (Pensión Alimentaria para Adultos Mayores, social assistance, means tested):** Age 65 and not receiving any other pension or salary.

Means test: Must be assessed as needy based on the Quality of Life Index for Older Persons (Indice de Calidad de Vida para Adultos Mayores, ICV-AM).

The ICV-AM is a targeting system used to identify poor and vulnerable older persons based on their income, consumption patterns, and housing conditions.

**Disability pension (Jubilación de invalidez por enfermedad o accidente común, social insurance):** Must be younger than age 65, have at least a 30% assessed loss of earning capacity in the usual occupation due to a nonwork related disability and at least 150 weeks of contributions if younger than age 55; 150 weeks to 250 weeks if aged 55 to 59; or 250 weeks to 400 weeks if aged 60 to 64.

A medical commission of three Social Security Institute doctors assesses the loss of earning capacity. The disability is considered permanent after five years of pension receipt.

The disability pension is payable abroad under bilateral or multilateral agreement.

**Survivor pension (Pensión de sobrevivientes, social insurance):** The deceased received or was entitled to receive an old-age or disability pension; or was insured, younger than age 60, and had at least 750 weeks of contributions at the time of death.

Eligible survivors include a widow(er) or partner who lived with the deceased for at least five years (two years if they had children); orphans younger than age 18 (no limit if disabled). If there is no widow(er), partner, or eligible orphan, the pension is paid to the deceased's dependent parents.

The widow(er)'s or partner's pension ceases upon remarriage or cohabitation.

Remarriage settlement: Paid to a widow(er) or partner upon remarriage or cohabitation.

The survivor pension is payable abroad under bilateral or multilateral agreement.

**Survivor grant (Subsidio de sobrevivientes, social insurance):** The deceased was insured but had less than 750 weeks of contributions the time of death.

The survivor grant is payable abroad under bilateral or multilateral agreement.

**Funeral grant (Reembolso de gastos funerarios, social insurance):** Paid to the person who pays for the funeral if

there are no eligible survivors who qualify for a survivor pension or a survivor grant.

### Old-Age Benefits

**Old-age pension (Jubilación ordinaria, social insurance):** 100% of the insured's average monthly earnings is paid.

Average monthly earnings are based on the insured's monthly earnings in the last 36 months (excluding the last month) before retirement; last 120 months for self-employed persons.

Partial pension (Jubilación proporcional): 60% of the insured's average monthly earnings plus 4% of average monthly earnings for each year of contributions exceeding 15 years, up to 100% of earnings, is paid.

Early pension (Jubilación anticipada): 80% of the insured's average monthly earnings is paid plus 4% of average monthly earnings for each year the insured is older than age 55 at the time the claim is made, up to age 59.

The minimum monthly old-age pension is 33% of the legal monthly minimum wage.

The legal monthly minimum wage is 2,192,839 guaraníes.

The maximum monthly old-age pension is 300 times the legal daily minimum wage.

The legal daily minimum wage is 84,340 guaraníes.

Schedule of payments: The old-age pension is paid monthly plus a December bonus of one month of the pension.

Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index.

**Old-age social pension (Pensión Alimentaria para Adultos Mayores, social assistance, means tested):** At least 25% of the legal monthly minimum wage is paid.

The legal monthly minimum wage is 2,192,839 guaraníes.

### Permanent Disability Benefits

**Disability pension (Jubilación de invalidez por enfermedad o accidente común, social insurance):** 50% of the insured's average monthly earnings in the 36 months before the disability began plus 1.5% of average monthly earnings for every 50 weeks of contributions exceeding 150 weeks, up to 100%, is paid.

The minimum monthly disability pension is 33% of the legal monthly minimum wage.

The legal monthly minimum wage is 2,192,839 guaraníes.

The maximum monthly disability pension is 300 times the legal daily minimum wage.

The legal daily minimum wage is 84,340 guaraníes.

Schedule of payments: The disability pension is paid monthly plus a December bonus of one month of the pension.

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Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index.

### Survivor Benefits

**Survivor pension (Pensión de sobrevivientes, social insurance):** 60% of the old-age or disability pension the deceased received or was entitled to receive is split equally among a widow(er) or partner older than age 40 and eligible orphans.

A lump sum of three times the annual old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er) or partner younger than age 40.

If there is no widow(er), partner, or eligible orphan, the survivor pension is paid to the deceased's parents.

Schedule of payments: The pension is paid monthly plus a December bonus of one month of pension.

Remarriage settlement: A lump sum of two times the individual annual survivor pension is paid.

Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index.

**Survivor grant (Subsidio de sobrevivientes, social insurance):** A lump sum of one month of the legal monthly minimum wage is paid for each year of contributions.

The legal monthly minimum wage is 2,192,839 guaraníes.

**Funeral grant (Reembolso de gastos funerarios, social insurance):** A lump sum of up to 75 times the legal daily minimum wage is paid.

The legal daily minimum wage is 84,340 guaraníes.

### Administrative Organization

Social Insurance Institute (<https://portal.ips.gov.py/>) administers and collects contributions for the social insurance program.

Directorate for Noncontributory Pensions (DPNC, <http://www.hacienda.gov.py/>), under the Ministry of the Interior, administers the old-age social pension.

### Sickness and Maternity

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#### Regulatory Framework

**First law:** 1943 (social insurance).

**Current laws:** 1950 (social insurance), 1992 (unified pension scheme), 1996 (medical benefits), and 2015 (household workers and medical care subsidy).

**Type of program:** Social insurance (cash and medical benefits) and social assistance (medical benefits) system.

#### Coverage

**Social insurance (cash and medical benefits):** Employed persons, including employees of decentralized state entities

and enterprises partially owned by the state, municipal workers, part-time and daily workers, household workers, and apprentices.

Exclusions: Self-employed persons.

Special systems for public-sector employees, teachers in the public school system, police and military personnel, railroad employees, dockworkers, bank employees, pensioners, war veterans, microentrepreneurs, and certain artists.

**Social assistance (medical care subsidy):** Citizens of Paraguay suffering from chronic diseases or requiring prolonged treatment.

### Source of Funds

#### Insured person

**Social insurance:** See source of funds under Old Age, Disability, and Survivors.

**Social assistance:** None.

#### Self-employed person

**Social insurance:** Not applicable.

**Social assistance:** None.

#### Employer

**Social insurance:** See source of funds under Old Age, Disability, and Survivors. 2.5% of gross payroll for public health programs through the National Service for Malaria Eradication and job training and placement programs through the National Service for Professional Promotion (see Unemployment).

**Social assistance:** None.

#### Government

**Social insurance:** See source of funds under Old Age, Disability, and Survivors.

**Social assistance:** The total cost.

### Qualifying Conditions

**Cash sickness and maternity benefits (social insurance):** Must have at least four consecutive months of contributions and provide a medical certificate. (Insured women may not receive cash sickness and maternity benefits at the same time.)

**Nursing allowance (social insurance):** Must have at least one month of contributions.

**Medical benefits (Atención médica, social insurance):** The minimum contribution period varies depending on the type of medical procedure or service. There is no minimum qualifying period for maternity medical benefits.

Eligible dependents include a spouse or cohabiting partner, dependent unmarried children up to age 18 (no limit if disabled), and dependent parents aged 60 or older.

**Medical care subsidy (Subsidio de ayuda social, social assistance):** Must incur travel costs for receiving treatment in a medical institution that is linked to the Ministry of Public Health and Social Welfare. Beneficiaries are selected based on the type of illness and required care, socioeconomic status, and the distance travelled to access medical services.

### **Sickness and Maternity Benefits**

**Sickness benefit (Subsidio por enfermedad común, social insurance):** 50% of the insured's average daily earnings in the four months immediately before the incapacity began is paid from the day after the incapacity began for up to 26 weeks; may be extended for 24 weeks in special cases. The benefit is reduced by half during periods of hospitalization if there are no dependents.

**Maternity benefit (Subsidio por maternidad, social insurance):** 100% of the insured's last earnings is paid for 18 weeks, beginning up to two weeks before the expected date of childbirth (may be extended to 24 weeks if there are complications during childbirth). For multiple births, an extra month of leave is paid for each additional child.

**Nursing allowance (social insurance):** Milk vouchers are provided for up to eight months if the mother is unable to nurse the child.

### **Workers' Medical Benefits**

**Medical benefits (Atención médica, social insurance):** The Social Insurance Institute provides medical services directly to patients. Benefits include general and specialist care, hospitalization, laboratory services, medicine, prostheses, dental care, and maternity care.

Benefits are paid for 26 weeks for any one illness; may be extended to up to 52 weeks in certain cases.

Public hospitals and clinics provide free essential health care to the general population, including poor and unemployed persons and their families. Benefits include reproductive health, maternity care, pediatric services, laboratory services, immunizations, and essential medicine.

Cost sharing: Social Insurance Institute facilities and public hospitals and clinics may require copayments.

The National Service for Malaria Eradication provides prevention and treatment for certain tropical diseases, including malaria, snail fever, dengue, chagas disease, and black fever.

**Medical care subsidy (Subsidio de ayuda social, social assistance):** A periodic subsidy of up to 10 times the legal daily minimum wage is paid to cover travel costs for the duration of treatment.

The legal daily minimum wage is 84,340 guaraníes.

### **Dependents' Medical Benefits**

**Medical benefits (Atención médica, social insurance):** Benefits for dependents are the same as those for the insured.

**Medical care subsidy (Subsidio de ayuda social, social assistance):** No benefits are provided.

### **Administrative Organization**

Social Insurance Institute (<https://portal.ips.gov.py/>) administers the social insurance program and collects contributions.

Social Insurance Institute operates its own clinics and hospitals.

Ministry of Public Health and Social Welfare (<https://www.mspps.gov.py/>) administers the medical care subsidy program, public health care and the National Service for Malaria Eradication programs.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1943 (social insurance).

**Current laws:** 1950 (social insurance), 1992 (unified pension scheme), 2013 (self-employed persons), and 2015 (household workers).

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

#### **Coverage**

Employed persons, including employees of decentralized state entities and enterprises partially owned by the state, municipal workers, part-time and daily workers, household workers, and apprentices.

Voluntary coverage for self-employed persons and housewives.

Special systems for public-sector employees, teachers in the public school system, police and military personnel, railroad employees, dockworkers, bank employees, micro-entrepreneurs, and certain artists.

#### **Source of Funds**

**Insured person:** See source of funds under Old Age, Disability, and Survivors.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors.

**Employer:** See source of funds under Old Age, Disability, and Survivors.

**Government:** See source of funds under Old Age, Disability, and Survivors.

### **Qualifying Conditions**

Must have a work injury or occupational diseases that results in an incapacity for work lasting at least three days. Accidents that occur while commuting to and from work are covered. Occupational diseases are specified by law.

### **Temporary Disability Benefits**

**Temporary disability benefit (Subsidio por accidente de trabajo):** 75% of the insured's average earnings is paid from the first day of incapacity for up to 52 weeks or certification of permanent incapacity for work, whichever occurs earlier.

Average earnings are the insured's average daily earnings in the four months before the incapacity began. If the employee has been employed for less than four months, average daily earnings are based on the minimum earnings used to calculate contributions.

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage; 60% of the legal monthly minimum wage for apprentices; 1,518,120 guaraníes for daily workers and certain agricultural workers.

The legal monthly minimum wage is 2,192,839 guaraníes.

The maximum daily temporary disability benefit is five times the legal daily minimum wage.

### **Permanent Disability Benefits**

**Permanent disability pension (Jubilación de invalidez):** For an assessed degree of disability of at least 30%, 22.5% to 100% of the insured's average monthly earnings in the 36 months before the disability began is paid, depending on the number of contributions and the assessed degree of disability.

Partial disability: For an assessed degree of disability of up to 29%, 60% of the insured's lost earnings is paid for five years.

A medical commission of three Social Security Institute doctors assesses the degree of disability. The degree of disability is reviewed at least once every five years.

### **Workers' Medical Benefits**

Benefits include general and specialist care, hospitalization, medicine, and prostheses.

### **Survivor Benefits**

#### **Survivor pension (Pensión de sobrevivientes)**

*Spouse's pension:* 30% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow(er) or partner aged 40 or older; 60% if there are no eligible orphans.

A lump sum of three times the annual permanent disability pension the deceased received or was entitled to receive is paid to a widow(er) or partner younger than age 40.

The pension ceases upon remarriage or cohabitation and a lump sum of two times the annual permanent disability pension the deceased received or was entitled to receive is paid.

*Orphan's pension:* 30% of the permanent disability pension the deceased received or was entitled to receive is paid to each orphan younger than age 18 (no limit if disabled); 60% if there is no eligible widow(er) or partner.

*Other eligible survivors pension:* If there is no eligible widow(er), partner, or orphan, the pension is paid to the deceased's parents.

The maximum combined survivor pension is 60% of the permanent disability pension the deceased received or was entitled to receive.

Survivor pensions are payable abroad under bilateral or multilateral agreement.

Benefit adjustment: Benefits are adjusted annually based on changes in the consumer price index.

**Funeral grant (Reembolso de gastos funerarios):** See Old Age, Disability, and Survivors.

### **Administrative Organization**

Social Insurance Institute (<https://portal.ips.gov.py/>) administers the program.

Social Insurance Institute operates its own clinics and hospitals.

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## **Unemployment**

### **Regulatory Framework**

The 1993 labor code regulates severance pay for unjustified dismissal. A lump sum of 15 times the employee's daily wage for each year or fraction of a year of service above six months is paid.

Law No. 253 (1971) requires the National Service for Employment Promotion (SNPP), under the Ministry of Labor, Employment, and Social Security, to provide job training and placement programs.

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## **Family Allowances**

### **Regulatory Framework**

**First law:** 1961 (labor code).

**Current law:** 1993 (labor code).

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

**Coverage**

Employed persons covered by the labor code.

Exclusion: Self-employed persons.

Special systems for civil servants, employees of decentralized state entities and enterprises owned by the state, and teachers.

**Source of Funds**

**Insured person:** None.

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

**Employer:** The total cost.

**Government:** None.

**Qualifying Conditions**

**Family allowance (Asignación familiar, income tested):**

Paid for dependent children aged 3 to 16 (no age limit if assessed with a disability) who reside in Paraguay. There is no minimum qualifying period.

Income test: The employee's monthly earnings, including family allowances, must not exceed two times the legal monthly minimum wage.

The legal monthly minimum wage is 2,192,839 guaraníes.

**Family Allowance Benefits**

**Family allowance (Asignación familiar, income tested):**

5% of the legal monthly minimum wage is paid for each eligible child.

The legal monthly minimum wage is 2,192,839 guaraníes.

**Administrative Organization**

Ministry of Labor, Employment, and Social Security (<http://www.mtess.gov.py/>) provides general supervision.

Employers pay the family allowance directly to employees.