

## Colombia

Exchange rate: US\$1.00 = 1,824.00 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1946, implemented in 1965.

**Current law:** 1993 (social insurance), implemented in 1994.

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

Note: The insured may choose between the social insurance and individual account systems and may switch membership every five years up to the last 10 years before retirement.

In 2014, a new subsidized pension program, Beneficios Económicos Periódicos (BEP) is scheduled to begin operation. BEP will cover workers who earn less than the minimum wage, have made sporadic contributions, and will not qualify for the minimum pension.

#### Coverage

**Social insurance and individual account:** Public- and private-sector employees, household workers, and employees of the state oil company (Ecopetrol) hired on or after January 29, 2003; and self-employed persons.

Insured persons who were aged 40 or older (men) or aged 35 or older (women) and workers with at least 15 years of contributions when the individual account system was implemented are covered for social insurance only.

Voluntary coverage is available.

Special systems for Ecopetrol employees hired before January 30, 2003, teachers, and military and police personnel.

**Social assistance:** Citizens of Colombia.

#### Source of Funds

##### Insured person

**Social insurance and individual account:** 4% of covered earnings. An additional contribution from 1% of covered earnings with income from four to 16 times the legal monthly minimum wage to 2% of covered earnings with income above 20 times the legal monthly minimum wage finances the Pension Solidarity Fund (for contribution subsidies and social assistance benefits).

Certain vulnerable persons may receive a subsidy of 70% to 95% of their required contribution for up to 750 weeks.

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

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

Of the total (16%) insured person and employer contributions to the social insurance system, 13% is allocated to the old-age fund, 1.81% for disability and survivor insurance (including permanent disability and survivor pensions under work injury) (see also source of funds under Work Injury), and 1.09% for administrative fees.

Of the total (16%) insured person and employer contributions to the individual account system, 11.5% is allocated to the individual account for old age, 1.5% for disability and survivor insurance (including permanent disability and survivor pensions under work injury) (see also source of funds under Work Injury), 1.5% for administrative fees, and 1.5% to the Minimum Pension Guarantee Fund.

**Social assistance:** None.

##### Self-employed person

**Social insurance and individual account:** 16% of declared earnings.

Certain vulnerable persons may receive a subsidy of 70% to 95% of their required contribution for up to 750 weeks.

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

The legal monthly minimum wage is 616,000 pesos (January 2014).

For self-employed persons enrolled in the social insurance system, 13% of the contribution is allocated to the old-age fund, 1.81% for disability and survivor insurance (including permanent disability and survivors pensions under work injury) (see also source of funds under Work Injury), and 1.09% for administrative fees.

For self-employed persons enrolled in the individual account system, 11.5% of the contribution is allocated to the individual account for old age, 1.5% for disability and survivor insurance (including permanent disability and survivors pensions under work injury) (see also source of funds under Work Injury), 1.5% for administrative fees, and 1.5% to the Minimum Pension Guarantee Fund.

**Social assistance:** None.

##### Employer

**Social insurance and individual account:** 12% of covered payroll.

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

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage.

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The legal monthly minimum wage is 616,000 pesos (January 2014).

Of the total (16%) insured person and employer contributions to the social insurance system, 13% is allocated to the old-age fund, 1.81% for disability and survivor insurance (including permanent disability and survivors pensions under work injury) (see also source of funds under Work Injury), and 1.09% for administrative fees.

Of the total (16%) insured person and employer contributions to individual account system, 11.5% of the contribution is allocated to the individual account for old age, 1.5% for disability and survivor insurance (including permanent disability and survivor pensions under work injury) (see also source of funds under Work Injury), 1.5% for administrative fees, and 1.5% to the Minimum Pension Guarantee Fund.

*Social assistance:* None.

### Government

*Social insurance and individual account:* Partially finances the Pension Solidarity Fund; contributes as an employer; subsidies as needed.

*Social assistance:* None.

### Qualifying Conditions

#### Old-age pension

*Old-age pension (social insurance):* Age 60 (men, rising to age 62 in 2014) or age 55 (women, rising to age 57 in 2014) with at least 1,250 weeks (rising by 25 weeks each year until reaching 1,300 weeks in 2015) of contributions.

Special pension (social insurance): Aged 50 to 55 with at least 1,250 weeks of contributions for certain hazardous forms of employment, according to specified qualifying conditions.

*Old-age settlement (social insurance):* The insured is of pensionable age but does not meet the contribution requirements for a social insurance old-age pension.

*Old-age pension (individual account):* The accumulated capital in the individual account is sufficient to purchase an annuity greater than 110% of the legal monthly minimum wage.

Guaranteed minimum pension (individual account): Age 62 (men) or age 57 (women) with at least 1,150 weeks of contributions and the individual account balance is insufficient to finance the minimum pension set by law.

The minimum pension set by law is the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

*Colombia Mayor (social assistance):* Must be at least three years younger than the normal retirement age, be assessed as needy, and have lived in Colombia for the last 10 years.

**Disability pension:** Younger than age 20, assessed with at least a 50% loss in normal earning capacity, and has at least 26 weeks of contributions in the year before the disability began; or aged 20 or older, assessed with at least a 50% loss in normal earning capacity, has at least 50 weeks of contributions in the last three years, and contributed for at least 20% of the period from age 20 to the date the disability began.

The degree of disability may be reviewed every three years.

**Disability settlement:** The insured does not meet the contribution requirements for a disability pension.

**Survivor pension:** The deceased was younger than age 20 with at least 50 weeks of contributions at the time of death; or aged 20 or older with at least 50 weeks of contributions in the last three years and contributed for at least 25% of the period from age 20 to the date of death if the death was the result of an illness (20% of the period if the death was the result of an accident).

Eligible survivors include a widow or partner who lived with the deceased for at least five years or who had children with the deceased; a dependent, a disabled widower; children younger than age 18 (age 25 if a student, no limit if disabled); dependent parents; or a sibling with a disability.

**Survivor settlement:** The deceased did not meet the contribution requirements for an old-age or disability pension.

Eligible survivors include a widow or partner who lived with the deceased for at least five years or who had children with the deceased; a dependent, a disabled widower; children younger than age 18 (age 25 if a student, no limit if disabled); dependent parents; or a sibling with a disability.

**Funeral grant:** Paid when an old-age or disability pensioner dies.

### Old-Age Benefits

**Old-age pension (social insurance):** 55% to 65% of the basic monthly wage plus 1.5% for each 50-week period of contributions is paid, up to 80% of the basic monthly wage.

The basic monthly wage is the insured's average earnings in the last 10 years before receiving the pension.

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

The maximum earnings used to calculate benefits are 25 times the legal monthly minimum wage.

The minimum social insurance pension is the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

Schedule of payments: 13 or 14 payments a year, according to the value of the pension.

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

**Old-age settlement (social insurance):** A benefit is paid.

**Old-age pension (individual account):** The insured has three different options: programmed withdrawals, an annuity from a private insurance company, or a combination of both options. (If the insured person had at least 150 weeks of paid contributions under the social insurance system before 2004, the value of accrued rights prior to 2004 is combined with the individual account balance at retirement.)

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

The minimum pension set by law is the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

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

**Colombia Mayor (social assistance):** 120,000 pesos a month is paid.

### **Permanent Disability Benefits**

**Disability pension:** For an assessed degree of disability greater than 66%, 54% of the basic monthly wage plus 2% of earnings for each 50-week period of contributions exceeding 800 weeks is paid. For an assessed degree of disability of 50% to 66%, 45% of the basic monthly wage plus 1.5% of earnings for each 50-week period of contributions exceeding 500 weeks is paid. (The difference between the individual account balance and the minimum pension set by law is paid.)

The basic monthly wage is the insured's average earnings in the last 10 years before receiving the pension.

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

The maximum earnings used to calculate benefits are 25 times the legal monthly minimum wage.

The minimum disability pension is the legal monthly minimum wage.

The maximum disability pension is 75% of the basic monthly wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

Schedule of payments: 13 or 14 payments a year, according to the value of the pension.

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

**Disability settlement:** A benefit is paid.

### **Survivor Benefits**

**Spouse's pension:** 45% of the deceased's monthly earnings plus 2% for each 50-week period of contributions exceeding 500 weeks is paid, up to 75% of the deceased's monthly earnings.

Monthly earnings are the deceased's average earnings in the last 10 years.

**Orphan's pension:** 20% 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 25 if a student, no limit if disabled); 30% for a full orphan.

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

The maximum earnings used to calculate benefits are 25 times the legal monthly minimum wage.

All survivor benefits combined must be at least equal to the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

The maximum survivor pension is 100% of the old-age or disability pension the deceased received or was entitled to receive.

Schedule of payments: 13 or 14 payments a year, according to the value of the pension.

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

**Survivor settlement:** A benefit is paid.

**Funeral grant:** The cost of the funeral is paid up to the value of the monthly old-age or disability pension or the last wage, but must be at least five times and up to 10 times the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

### **Administrative Organization**

**Social insurance:** Ministry of Labor (<http://www.mintrabajo.gov.co>) provides general supervision.

Colpensiones (<http://www.colpensiones.gov.co>) administers the program nationally.

Regional funds and local offices, established and supervised by Colpensiones, administer contributions and benefits locally.

**Individual account:** National Superintendent of Finance (<http://www.superfinanciera.gov.co>) provides general supervision.

Pension and Severance Pay Fund management companies (SAFPCs) administer individual accounts.

**Social assistance:** Ministry of Labor (<http://www.mintrabajo.gov.co>) provides general supervision.

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Colombia Mayor Consortium (<http://colombiamayor.co>) manages the Pension Solidarity Fund.

Banks pay benefits.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First law:** 1938.

**Current laws:** 1993 (social insurance), implemented in 1994; 2002 (parental leave); and 2011 (health care).

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

#### **Coverage**

All employees residing in Colombia, including pensioners, students, apprentices; and unemployed persons.

Coverage is being gradually extended to all citizens, regardless of the individual's ability to contribute.

Special systems for military and police personnel.

#### **Source of Funds**

**Insured person:** 4% of earnings.

**Self-employed person:** 12.5% of declared earnings.

Declared earnings used to calculate contributions are 1.5 or two times the legal monthly minimum wage, depending on trade union affiliation.

The legal monthly minimum wage is 616,000 pesos (January 2014).

**Employer:** 8.5% of payroll.

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

The legal monthly minimum wage is 616,000 pesos (January 2014).

**Government:** Finances the program for low earners through additional contributions to the Solidarity and Guarantee Fund; contributes as an employer.

#### **Qualifying Conditions**

**Cash sickness and medical benefits:** Must have at least four weeks of contributions immediately before the claim, except for emergencies.

**Cash maternity benefits:** Must have at least nine months of contributions before the expected date of childbirth or adoption.

**Paternity leave:** Must have at least 100 weeks of contributions.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 66.6% of the insured's earnings in the month before the incapacity began is paid after a four-day waiting period for up to 180 days.

**Maternity benefit:** 100% of the insured's earnings is paid for 14 weeks.

**Paternity leave:** 100% of the insured's earnings is paid for eight days.

#### **Workers' Medical Benefits**

The insured may choose between public and private health care. Benefits include medical, surgical, hospital, pharmaceutical, maternity, and dental care and related services. Preexisting conditions are covered but may be subject to a waiting period; no waiting period for pregnant women.

#### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured. There is no waiting period for pregnant women or children younger than age 1.

#### **Administrative Organization**

National Superintendent of Health (<http://www.supersalud.gov.co>) provides general supervision.

Ministry of Health (<http://www.minsalud.gov.co>) and the Regulatory Commission on Health administer the program.

State Social Enterprises and private health institutions provide health services.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1915.

**Current laws:** 1993 (social insurance), implemented in 1994.

**Type of program:** Social insurance and individual account system.

Note: The insured person's choice between the social insurance and the individual account systems under Old Age, Disability, and Survivors determines how the permanent disability and survivors pensions (work injury) are financed and paid.

#### **Coverage**

All employees; pensioners who re-enter the workforce; certain students; and self-employed persons in high-risk work.

Voluntary coverage for certain self-employed persons and informal-sector workers.



## Source of Funds

**Insured person:** None for temporary or partial disability benefits. For permanent disability (assessed degree of disability of at least 50%) and survivor benefits, see source of funds under Old Age, Disability and Survivors.

**Self-employed person:** For temporary or partial disability benefits, 0.348% to 8.7% of declared covered earnings, according to the assessed degree of risk. For permanent disability (assessed degree of disability of at least 50%) and survivor benefits, see source of funds under Old Age, Disability and Survivors.

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

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

**Employer:** For temporary or partial disability benefits, 0.348% to 8.7% of covered payroll, according to the assessed degree of risk. (Up to 3% of the employer's contribution finances the work injury fund, which promotes health and safety for workers.) For permanent disability (assessed degree of disability of at least 50%) and survivor benefits, see source of funds under Old Age, Disability and Survivors.

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

The maximum earnings used to calculate contributions are 25 times the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

**Government:** Contributes to the work injury fund from general revenue; contributes as an employer.

## Qualifying Conditions

**Work injury benefits:** There is no minimum qualifying period.

## Temporary Disability Benefits

100% of the insured's covered earnings is paid from the day after the work injury occurred or the occupational disease was diagnosed until rehabilitation or certification of permanent disability, up to 180 days (may be extended under certain circumstances).

## Permanent Disability Benefits

**Permanent disability pension:** For an assessed degree of disability of more than 66%, 75% of base earnings is paid; for an assessed degree of disability of 50% to 66%, 60% of base earnings is paid.

Base earnings are equal to the insured's average earnings in the last six months for a work accident benefit or in the last 12 months for an occupational disease benefit.

Constant-attendance allowance: 15% of the permanent disability pension is paid if the insured requires the constant attendance of others to perform daily functions.

Partial disability: For an assessed degree of disability of 5% to 49%, from two to 24 times base earnings is paid.

Base earnings are equal to the insured's average earnings in the last six months for a work accident benefit or in the last 12 months for an occupational disease benefit.

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

The maximum earnings used to calculate benefits are 25 times the legal monthly minimum wage.

The minimum pension is the legal minimum wage.

The maximum pension is 20 times the legal minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

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

## Workers' Medical Benefits

Benefits include medical, surgical, and hospital care; medicine; appliances; rehabilitation; and transportation.

## Survivor Benefits

**Survivor pension:** If the deceased was employed at the time of death, 75% of the deceased's monthly earnings is paid to eligible survivors; 100% of the permanent disability pension if the deceased was a pensioner at the time of death. If the pensioner received a constant attendance allowance, the survivor pension is reduced by 15% of the permanent disability pension.

Eligible survivors include a widow or partner who lived with the deceased for at least five years or who had children with the deceased; to a dependent, disabled widow(er); or to orphans younger than age 18 (age 25 if a student, no limit if disabled).

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

The maximum earnings used to calculate benefits are 25 times the legal monthly minimum wage.

All survivor benefits combined must be at least equal to the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

All survivor benefits combined must not exceed 100% of the permanent disability pension the deceased received or was entitled to receive.

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Schedule of payments: 13 or 14 times a year, according to the value of the pension.

**Funeral grant:** The cost of the funeral is paid up to the value of the monthly permanent disability pension or the last wage, but must be at least five times and up to 10 times the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

### Administrative Organization

Ministry of Labor (<http://www.mintrabajo.gov.co>), National Superintendent of Finance (<http://www.superfinanciera.gov.co>), and the National Superintendent of Health (<http://www.supersalud.gov.co>) provide general supervision.

Occupational Risk Administrators (ARPs) authorized by the National Superintendent of Finance administer temporary disability benefits and partial disability pensions.

Colpensiones administers permanent disability and survivor pensions for persons insured in the social insurance system.

Pension and Severance Fund management companies (SAFPCs) administer permanent disability and survivor pensions for persons insured in the individual account system.

### Unemployment

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#### Regulatory Framework

**First and current laws:** 1990 (severance) and 2013 (unemployment protection).

**Type of program:** Mandatory individual severance account and unemployment insurance system.

#### Coverage

Employed persons.

Voluntary coverage for self-employed persons.

#### Source of Funds

##### Insured person

*Mandatory individual severance account:* None.

*Unemployment benefit (social insurance):* None.

##### Self-employed person

*Mandatory individual severance account:* 8.3% of annual declared earnings.

Self-employed persons may choose to allocate a portion of their severance account contribution to an individual unemployment account, which is used to supplement the unemployment benefit (social insurance).

*Unemployment benefit (social insurance):* See source of funds under Family Allowances.

##### Employer

*Mandatory individual severance account:* 8.3% of the insured's annual salary.

Insured persons may choose to allocate a portion of the employer's severance account contribution to an individual unemployment account, which is used to supplement the unemployment benefit (social insurance).

*Unemployment benefit (social insurance):* See source of funds under Family Allowances.

##### Government

*Mandatory individual severance account:* Subsidizes voluntary contributions to unemployment individual accounts.

*Unemployment benefit (social insurance):* None; contributes as an employer.

### Qualifying Conditions

**Severance benefit (mandatory individual severance account):** The insured must be employed or retired.

**Unemployment benefit (social insurance):** The insured must have been enrolled in a family allowances fund for at least one year (at least two years for self-employed persons) in the three years prior to becoming unemployed, register with an employment service, and participate in training and vocational rehabilitation programs. Employed persons must provide a certificate of employment termination.

**Supplemental unemployment benefit (individual unemployment account):** An additional monthly benefit is paid if the balance in the individual unemployment account is at least 10% of the insured's average monthly wage in the last year (for those with earnings less than twice the legal monthly minimum wage) or at least 25% of the insured's average monthly wage in the last year (for those with earnings equal to at least twice the legal monthly minimum wage).

The legal monthly minimum wage is 616,000 pesos (January 2014).

### Unemployment Benefits

**Severance benefit (mandatory individual severance account):** One monthly wage is paid for each year of employment; a reduced benefit is paid for less than a year of employment. (The insured may make authorized partial withdrawals from the mandatory individual severance account to meet specified contingencies.)

**Unemployment benefit (social insurance):** The Solidarity Fund for Employment Promotion and Protection against Unemployment pays the unemployed person's social security contributions for old-age, disability, survivors, and medical benefits for up to six months. The contribution is calculated based on the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

**Supplemental unemployment benefit (individual unemployment account):** A monthly benefit proportional to the balance of the individual unemployment account is paid for up to six months.

### **Administrative Organization**

Ministry of Labor (<http://www.mintrabajo.gov.co>) and the Superintendent for Family Subsidies (<http://www.ssf.gov.co>) provide general supervision.

Solidarity Fund for Employment Promotion and Protection against Unemployment (FOSFEC), administered by family allowance funds, pays social insurance unemployment benefits.

Pension and Severance Pay Fund management companies (SAFPCs) administer individual accounts.

### **Family Allowances**

#### **Regulatory Framework**

**First law:** 1957.

**Current law:** 1982 (family allowances).

**Type of program:** Employment-related system.

#### **Coverage**

All employees.

Voluntary coverage for pensioners, self-employed persons, and unemployed persons.

Exclusions: Casual workers.

Special systems for military and police personnel.

#### **Source of Funds**

**Insured person:** None. Voluntarily insured persons pay 2% of the legal monthly minimum wage or the pension; 0.6% of the legal monthly minimum wage for reduced allowances.

The legal monthly minimum wage is 616,000 pesos (January 2014).

**Self-employed person:** 2% of declared earnings; 0.6% of the legal monthly minimum wage for reduced allowances.

The legal monthly minimum wage is 616,000 pesos (January 2014).

The self-employed person's contribution also finances the social insurance unemployment benefit under Unemployment.

**Employer:** 4% of payroll.

The employer's contribution also finances the social insurance unemployment benefit under Unemployment.

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

### **Qualifying Conditions**

**Family allowances (income tested):** The child must be younger than age 18 (age 23 if a student, no limit if disabled). The parent must be older than age 60 or assessed with a degree of disability of at least 60% and have completed at least 60 days of continuous employment with the same employer, 96 hours of which were credited during the last 25 working days.

**Income test:** Monthly income must not exceed four times the legal monthly minimum wage.

The legal monthly minimum wage is 616,000 pesos (January 2014).

### **Family Allowance Benefits**

**Family allowances:** Benefit amounts vary among funds and may be paid in cash or in kind. A double allowance is paid to a child assessed with a disability of at least 60%.

**Surviving spouse allowance:** Twelve monthly allowances are paid to a widow or the guardian of dependent children. If the surviving spouse or guardian dies, a lump sum of 12 months of benefit is paid to the surviving children.

### **Administrative Organization**

Ministry of Labor (<http://www.mintrabajo.gov.co>) provides general supervision.

Superintendent of Family Subsidies (<http://www.ssf.gov.co>) supervises family allowance funds.

Individual family allowance funds provide benefits.