

# IGP Country Profile

## Brazil





# Table of Contents

<b>Customary employee benefits</b>	<b>3</b>
Group Life benefits	3
Disability benefits	3
Survivor benefits	3
Medical benefits	4
Retirement benefits	5
<b>Other benefits</b>	<b>7</b>
Family allowance (Bolsa Família)	7
Workmen's compensation	7
<b>Legally required benefits</b>	<b>8</b>
Termination indemnities	8
Unemployment benefits	8
Profit sharing:	8
<b>Typical employee benefits plans</b>	<b>9</b>
Group life	9
<b>Legislative news</b>	<b>10</b>
2025 - INSS contribution limits updated	10
<b>Useful links</b>	<b>11</b>
More information on MAPFRE Vida S.A.	11



# Customary employee benefits

## Group life benefits

Group life insurance has become a standard benefit for employees in Brazil. Plans provide a lump-sum benefit based on monthly earnings. The common amount insured is equal to 18 or 24 times monthly earnings.

Riders are often attached covering Accidental Death and Dismemberment, and Permanent and Total Disability. Coverage may also include spouse and children.

Most plans are contributory. Premiums are shared between employer and employee and are tax-deductible for the employer.

### Accidental death

This rider provides for payment of double the death benefit in the event of accidental death. Coverage is without limit.

Permanent and Total Disability as a Result of Illness:

This coverage provides a benefit of up to 100% of the death benefit.

Total or Partial Accident Disability:

This coverage provides a benefit of up to 200% of the death benefit depending on the level of disability and the conditions requested by the client.

### Supplemental group life

This coverage is generally offered on a voluntary basis, and each employee may select the level of additional insurance from the schedule provided.

## Disability benefits

### Short-Term Disability

While about 70% of companies supplement Social Security short-term disability benefits, about 68% provide 100% of salary. Most plans cover all employees. The average benefit period is 11 months.

### Long-term disability

Very few employers offer separate long-term disability income benefits.

Riders are often attached covering Accidental Death and Dismemberment, and Permanent and Total Disability.

### Accidental death (rider)

This rider provides for payment of double the death benefit in the event of accidental death. Coverage is without limit.

### Permanent and total disability as a result of illness (rider)

This coverage provides a benefit of up to 100% of the death benefit.

### Total or partial accident disability (rider)

This coverage provides a benefit of up to 200% of the death benefit depending on the level of disability and the conditions requested by the client.

## Survivor benefits

Survivors' Benefits via Lump Sum Death Benefit

The eligible dependents will receive up to 100% of the retirement benefit that the retiree had been receiving or that the employee would be receiving if retired on the date of death.

If there is more than one eligible survivor, the benefit is divided equally among all of them. If one of the survivors becomes ineligible, the benefit is then recalculated and divided among the remaining survivors.

## Medical benefits

The “Instituto Nacional do Seguro Social” (INSS) provides basic healthcare to millions of Brazilian workers and their dependents.

However, to the majority of the population, INSS can provide only a minimum level of care. Therefore, private companies have been encouraged to help improve the standard of healthcare by providing supplemental care for their employees.

### Group health programs

Group health programs that serve the Brazilian market are largely regional. Most provide services through their own hospitals and clinics, as well as through independent facilities.

The benefit level varies from plan to plan and depends on the employee's level in the organization. Contributions are shared between the employee and the employer. This benefit is not compulsory; the employer can choose whether to provide it or not.

The market offers four types of programs:

- **Clinics**

Clinics are the most prevalent form of health care providers. There are networks of clinics and hospitals characterized by fixed low prices, pre-payment, and their own personnel and facilities.

- **Systems based on cooperatives**

These cooperatives are associations of physicians who are the owners of the business. Each cooperative has its own administration, so in order to join a plan, the person must contact the cooperative of his/her region. The main ones are the Unimeds, which have a large network of private resources and enrolled services.

- **Preferred Provider Organizations (PPO)**

Programs provided by companies for their own employees are offered as a supplement to the public services, but in fact, they replace the public health service. Clinics, doctors, hospitals, labs, etc. are directly accredited. Participating physicians practice out of their own offices, and participating providers are paid directly by the PPO on a fee-for-service basis subject to a maximum fee schedule agreed to in advance.

- **Health insurance policies provided by insurance companies**

A large number of insurance companies provide a wide range of health insurance plans. These are “free choice” plans that cover employees and dependents for room and board, auxiliary hospital expenses and surgery, including doctor's, assistant's, and anesthetist's fees.

The more comprehensive plans include:

- Medical appointments
- Complementary lab exams and diagnosis

The limits on reimbursement as well as the exclusions in the coverage vary from one plan to another.

Most companies desiring more than the basic INSS service use one or a combination of these alternatives. Smaller firms may take out individual policies for every employee with one of the medical organizations, while larger companies may provide their entire workforce with a blanket group health program.

## Retirement benefits

Trusted and self-administered funds are common among State-owned companies. Private plans are increasing in Brazil because of the need to complement the benefits offered by the National Pension Plan. There is an increasing search for private pension plans that offer additional benefits after retirement or when needed.

The social security contribution is compulsory, yet the private plans are facultative.

The first comprehensive legislation governing pensions was enacted in 1977 via Law 6.435, which was later replaced in May 2011 by complementary laws No. 108 and No. 109.

- Law No. 108 applies to closed pension funds sponsored by state-run organizations and closed pension funds for employees in the public sector.
- Law No. 109 governs all closed pension plans including Law No. 108 plans. It gives access to closed pensions to members of professional organizations and trade unions.
- Law No. 109 stated that pensions should function as a complement to Social Security and should be classified as either closed or open entities. It also clarified actuarial and other issues not previously addressed.

## Closed pension funds

These plans are similar to trusted or self-administered funds and are sponsored by a company or group of companies in the same industry, by labor unions or by professional groups such as associations, class unions, etc.

### Cost

The sponsor is financially responsible for all of the operations, assuming the majority of the cost and the risk of mortality, disability, and longevity.

### Benefits

The plans are intended as supplements to the official Social Security coverage in order to provide a total retirement income that in practice varies from 50% to 100% of the salary at retirement. Typically, the benefit is 60% of pay, reduced (offset) by 100% of Social Security.

The closed entities are regulated by the Ministry of Social Security and Assistance. There are over 350 of these in operation; the majority are state-owned and mixed capital companies. The latter provide higher percentages of salary complementation and require larger contributions by the employer.

## Open pension funds

Open pension funds are available to individuals and companies. They are operated by insurance companies, banks or non-profit organizations. Open pension funds are regulated by the Insurance Supervisory Authority.

The products marketed include monthly annuities and lump sum benefits that can be converted to monthly annuities.

### Tax treatment

Employer contributions provided for retirement benefits through open entities can be deducted from the employer's income tax up to 20% of the payroll of employees that take part in the pension program.

For the employees, there is a deduction limited to 12% of the income tax (this rule also applies to individual pension plans).

In addition, for accounting purposes, the employer is allowed to consider all contributions, without limit, as "operating expenses."

Under current open-entity plans, up to 30% of the total contribution, administration and brokerage expenses are freely negotiable, and a dividend clause is also possible covering results for all risks, including investments.

Private pensions can be funded through different plans:

- PGBL (Plano Gerador de Benefícios Livre), which returns 100% of net profitability through the administration of financial portfolios. PGBL represents an active way of attracting participants, mainly because of its diversified investment portfolio, given the risk is assumed by the customer.
- PGBLs provide a flexible defined contribution arrangement consisting of employee contributions that can be matched by the employer. The administrator of the PGBL is chosen by the employer, who also selects the investment options. A PGBL has a more favorable tax treatment of its investment earnings than does a closed fund.

## Customary employee benefits (continued)

- VGBL (Vida Gerador de Benefícios Livre); today is the one of the most popular funds, for it was made to the public that are classified in the simplest tax contribution. The taxes are only due to the income share when the money is withdrawn. The contribution can be made randomly.

# Other benefits

## Family allowance (Bolsa Família)

Bolsa Família is a program created by the federal government and managed by the Ministry of Development and Social Assistance, Family and Fight Against Hunger (MDS) to assist families who are socially vulnerable.

The program provides family allowances via direct cash transfers to low-income households, prioritizing the well-being of children and teenagers. It ensures families receive a minimum monthly benefit amount, with extra payments for pregnant women, nursing mothers, children, and adolescents.

Beneficiaries must fulfill specific obligations, like maintaining school attendance for children and adolescents, and ensuring children under seven are vaccinated.

### Eligibility

To be eligible, the family's income cannot exceed BRR 218 per person registered in the family.

### Benefits

The amount of the benefit depends on the size of the family, number of people registered in the family group and the income of the family. Benefits are indexed annually to the Consumer Price Index.

As of 2025:

- The minimum payment is BRR 600 per family
- Citizenship Income Benefit: BRR 142 per family member
- Supplementary Benefit: If the family does not reach the minimum of BRR 600, the government pays the difference
- Early Childhood Benefit: BRR 150 for each child between zero and six years old
- Family Variable Benefit: BRR 50 for each child aged seven to 12, teenagers aged 12 to 18, and for pregnant women
- Nursing Family Variable Benefit: BRR 50 for families with babies 6 months old and younger.
- Gas Aid: a bimonthly payment to help with the cost of cooking gas cylinders, a basic necessity for many vulnerable families.

## Workmen's compensation

It is not covered by an insurance company.

### Eligibility

All employees who become injured while working or commuting to and from Work, or who acquire an illness due to working conditions.

### Contribution

Contributions are paid by the employer: 1%, 2%, or 3% depending on the level of the company's risk for labor accidents.

### Benefits

Full benefit salary is paid to the employee by the INSS after 15 days of leave, provided he or she has contributed to Social Security for at least 12 months. (During the first 15 days, the employer is responsible for employee's salary). Medical expenses are covered by the INSS.

# Legally required benefits

## Termination indemnities

Until 1967, Brazilian labor law protected an employee from unjustified dismissal by requiring the employer to pay a severance indemnity. Under this law, an employee who was terminated was entitled to a severance indemnity of one month's pay per year of service, except for terminations within the first year or with just cause. Once an employee had been employed for ten years, he or she had tenure and could not be dismissed. In practice, an employee would usually agree to leave for a payment of at least two months' pay per year of service.

Over time, this system started to be abused:

- By employees who no longer actively worked at their jobs because they had obtained tenure; and
- By employers who discharged employees automatically when they had accumulated between seven and nine years of service.

Under the current law, an employee must be covered under the F.G.T.S., the employer-financed Guarantee Fund for Time of Service. Under this system, the employer deposits 8% of each employee's monthly earnings into his or her F.G.T.S. account.

These accounts pay annual interest of 3% and are indexed monthly. The employee's account is not transferable to the next employer if the employee changes jobs voluntarily, but it becomes payable to the employee at retirement, death, disablement, or discharge without just cause.

Money may also be withdrawn for the following purposes:

- To buy or build his/her own house
- In the case of unemployment or illness
- If carrier of HIV virus
- If employee or his/her dependents has cancer

## Unemployment benefits

In Brazil, the monthly unemployment benefit is called "Seguro-Desemprego". The payment varies depending on the work history and number of unemployment claims previously filed by the individual. The individual's unemployment cannot be the result of misconduct or resignation. The individual must have no other

resources to support themselves or their family and must not be receiving any other social insurance benefits.

Unemployment benefits are considered social assistance and totally financed by the government via taxes.

Eligible employees can receive three to five monthly payments, and the amount of each payment is determined by their previous salary. Unemployment benefits are generally calculated as a percentage of the minimum wage (BRR 1,518 as of January 1, 2025) and cannot be lower than this amount.

- Earnings up to BRR 2,138.76:  
Multiply the amount of remuneration by 0.8%.
- Earnings of 2,138.77 up to BRR 3,564.96:  
Whatever exceeds R\$ 2,138.76 is multiplied by 0.5% and up to BRR 1,711.01 is added.
- Earnings above BRR 3,564.96:  
The insured would receive BRR 2,424.11

The minimum monthly benefit is equal to the legal monthly minimum wage (BRR 1,518.00). The maximum monthly benefit is BRR 2,424.11.

If the insured has worked for only two months, the average of the last two months' earnings will be used to determine the benefit. If the insured has worked for only one month, the earnings for this month will be used to determine the benefit. Special rules are used to determine the benefit for those who have not completed one month of work in the last three months.

The benefit is paid for 3 to 5 months, depending on the length of time that the insured had coverage.

## Profit sharing:

Profit sharing is the participation of all employees in the results and profits of the company. It is established through negotiations between the employer and the employees and can be done by means of a commission chosen by both parties including a representative of the syndicate of the respective category, or by a convention/collective agreement.



# Typical employee benefits plans

## Group life

Below you will find the group life plan most commonly requested by multinationals:

### Coverages

- Death
- Accidental Death - 100%
- Disability due to Accident and Illness - 100%
- Spouse Benefit - 50% (Death)
- Children Benefit - 10% (Death)
- Family Funeral Assistance - BRL 5,000

### Capital insured

Multiple of 24 or 36 times monthly salary, limited to BRL 3,000,000.

Based on the experience of its own portfolio and market research, Mapfre Vida has focused on the following activities, offering discounts ranging from 50% to 70% on the established mortality table in Brazil:

- Financial
- Education services
- Transformation industry: automotive, food, metallurgical, pharmaceutical and textile
- Real estate services
- Retail business
- Human health care and social services.

Small (<100) / medium (100-500) / large (>500) – if these thresholds are applicable in Brazil,

# Legislative news

## 2025 - INSS contribution limits updated

Effective January 1, 2025, the INSS (National Social Security Institute) contribution limits have been updated, which will impact social security contributions for both employers and individuals.

The contribution ceiling has been updated to: BRR 8,157.41  
The contribution floor is: BRR 1,518.00

### Social Security Contribution Rates

Based on the revised limits, the latest social security rates for employees are as follows:

<u>Earnings (BRR)</u>	<u>Contribution Rate</u>
Up to 1,518.00	7.5%
1,518.01 to 2,793.88	9%
2,793.89 to 4,190.83	12%
4,190.84 to 8,157.41	14%

# Useful links

## **Demographic information and macro-economic indicators**

[CIA World Factbook](#) (please select the country to review)

[World Bank Group](#) (please select the country to review)

## **Instituto Nacional do Seguro Social - INSS**

<https://www.gov.br/inss/en>

## **Ministry of Labor and Employment**

<https://www.gov.br/trabalho-e-emprego/pt-br>

## **More information on MAPFRE Vida S.A.**

### **Your Local Link to IGP in Brazil**

[Go to partner page on www.igpinfo.com](http://www.igpinfo.com)





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