

# IGP Country Profile 2021

## Brazil

Prepared by:  
MAPFRE Brazil





## Preface

This Country Profile has been prepared by **MAPFRE Vida S.A.** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 80 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston and our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is managed by John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

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### **John Hancock Financial**

P.O. Box 111, Boston, Massachusetts 02117  
United States  
T + 1 617-572-8677  
E [igpinfo@jhancock.com](mailto:igpinfo@jhancock.com)  
W [www.igpinfo.com](http://www.igpinfo.com)

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## Your Local Link to IGP in Brazil MAPFRE Vida S.A.

**MAPFRE Vida S.A.** is one of the largest group insurance operations in Brazil and offers a wide range of insurance products and services that can be customized to meet the specific requirements and objectives of customers.

MAPFRE Vida was founded in 1985 and is the only insurance company in Brazil with a presence in all major cities. It provides dedicated and timely service to customers via an extensive network of around 100 branch offices, 10 regional offices and over 20,000 brokers located throughout the country. Specialized teams ensure clients receive service appropriate for their needs, and customer support representatives are available via phone 24 hours a day, seven days a week.

MAPFRE Vida is part of the MAPFRE Group, the third largest insurance group in Latin America and the leading company in the region's non-life insurance market. MAPFRE is the largest insurance company in its home country of Spain and the 11th largest insurance group in Europe based on premium volume.

The MAPFRE Group was founded in 1933 and is a global company with a presence in over 100 countries across five continents offering a vast array of insurance, reinsurance and financial services products. It has 36,000 employees, 84,000 brokers and a network of more than 5,800 offices that provide service to more than 30 million customers worldwide. MAPFRE S.A., the group's parent and holding company, is listed on the Madrid and Barcelona stock exchanges.

MAPFRE Vida S.A. has been an IGP Network Partner since 2006.

### Key Products

#### Life

- Life
- Double Indemnity
- Permanent and total Disability Rider
- Widow's and Orphans' Benefits
- Retiree Life
- Optional Supplemental Life

#### Disability

- Accident and Sickness
- Long-Term Disability
- Waiver of Premium

#### Pensions

- Pension Products

#### Other

- Funeral Benefit
- Group Personal Accident
- Travel Accident

MAPFRE Vida S.A. is located on the internet at: <http://www.mapfre.com.br>  
(Information available in English, Spanish and Portuguese.)



## Social Security Benefits and Customary Private Employee Benefits

### Introduction:

National Social Security Institute (INSS) provides old age, disability, and death benefits, as well as health, sickness, maternity, unemployment, retirement, special pensions, and a family salary and health benefit.

It covers all employees, including the self-employed. Additional information is available on the INSS website: [www.inss.gov.br](http://www.inss.gov.br)

Monthly benefits are paid 13 times a year and are adjusted together with the minimum monthly salary (BRR 1,100.00 as of January 1, 2021).

### Eligibility:

INSS covers all employees, including the self-employed.

### Contributions:

Contributions are payable by both the employer and the employee.

The amount of salary on which contributions are paid is also referred to as the "contribution salary."

#### Employer Contribution Rates

20.0%	Total Payroll
22.5%	Total Payroll – Employers in Financial Sector
15.0%	Earnings – Work Cooperatives
15.5%	Payroll – Domestic Workers
2.7%	Earnings – Rural Employees

#### Employee Contribution Rates (as of January 2021) (based on monthly earnings)

7,5%	Earnings up to BRR 1,100.00
9%	BRR 1,100.00 to BRR 2,203.48
12%	BRR 2,203.49 to BRR 3,305.22
14%	BRR 3,305.23 to BRR 6,433.57

8% Employer contribution for Severance Indemnity. Employee does not contribute.

### Benefit Salary:

The benefit salary is the basic value used to calculate the monthly amount of continued benefit payments.

The benefit salary is the average of the last contribution salaries immediately preceding the month activity ceased or the date of the request, up to a maximum of 36 months out of the last 48 months.

All contribution salaries are indexed by the INPC (Indice Nacional de Preços ao Consumidor (Consumer Price Index)).

The benefit salary cannot be lower than the minimum salary (BRR 1,100.00) or higher than the maximum limit of the Contribution Salary (BRR 6,433.57).



## Social Security Benefits and Customary Private Employee Benefits

<b>LIFE BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Lump Sum Death Benefits</b></p> <p><i>Eligibility</i></p> <p>The death benefit is payable to the dependents of the deceased insured, whether retired or not, from the date of death.</p> <p>Eligible dependents include spouses and companions, children under age 18 or disabled, stepchildren and dependent minors, parent, unmarried siblings under age 18 or disabled.</p> <p><i>Benefit Amount</i></p> <p>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.</p> <p>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.</p>	<p><b>Group Life</b></p> <p>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.</p> <p>Riders are often attached covering Accidental Death and Dismemberment, and Permanent and Total Disability. Coverage may also include spouse and children.</p> <p>Most plans are contributory. Premiums are shared between employer and employee and are tax-deductible for the employer.</p> <p><b>Accidental Death</b></p> <p>This rider provides for payment of double the death benefit in the event of accidental death. Coverage is without limit.</p> <p><b>Permanent and Total Disability as a Result of Illness:</b></p> <p>This coverage provides a benefit of up to 100% of the death benefit.</p> <p><b>Total or Partial Accident Disability:</b></p> <p>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.</p> <p><b>Supplemental Group Life:</b></p> <p>This coverage is generally offered on a voluntary basis, and each employee may select the level of additional insurance from the schedule provided.</p>

DISABILITY BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Social Security provides pensions for non-work-related disabilities.</p> <p><b>Permanent and Total Disability</b></p> <p><i>Eligibility</i></p> <p>All persons working in Brazil who have contributed to Social Security for at least 12 months unless the disability is the result of an accident.</p> <p>A panel of physicians (selected by INSS) must certify that the individual is totally and permanently disabled.</p> <p><i>Benefit Amount</i></p> <p>No minimum qualifying period. The amount is 100% of the benefit salary. The retirement benefit for an insured who is disabled and needs the permanent assistance of another person will be raised by 25% of the benefit salary.</p> <p>The benefit is payable for life, although the case may be reviewed periodically.</p> <p><b>Temporary Disability:</b></p> <p><i>Eligibility</i></p> <p>No minimum qualifying period. The employer is required to provide full salary for the first 15 days of illness. The Social Security benefit is paid from the 16th day until recovery or declaration of permanent disability.</p> <p><i>Monthly Benefit</i></p> <p>91% of the salary during the last 36 months (payable as of the 16<sup>th</sup> day of disability).</p>	<p><b>Short-Term Disability</b></p> <p>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.</p> <p><b>Long-Term Disability</b></p> <p>Very few employers offer separate long-term disability income benefits.</p> <p>Riders are often attached covering <b>Accidental Death and Dismemberment</b>, and <b>Permanent and Total Disability</b>.</p> <p><b>Accidental Death (rider)</b></p> <p>This rider provides for payment of double the death benefit in the event of accidental death. Coverage is without limit.</p> <p><b>Permanent and Total Disability as a Result of Illness (rider)</b></p> <p>This coverage provides a benefit of up to 100% of the death benefit.</p> <p><b>Total or Partial Accident Disability (rider)</b></p> <p>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.</p>



## Social Security Benefits and Customary Private Employee Benefits

<b>SURVIVORS' BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Survivors' Benefits</b></p> <p>The benefit is equal to the old-age or disability pension that the deceased received or was entitled to receive. The pension is split equally among all eligible survivors. If one of the survivors becomes ineligible, the benefit is then recalculated and divided among the remaining survivors.</p> <p>The minimum monthly pension is equal to the legal monthly minimum wage.</p> <p>The duration of the pension depends on the number of months of contributions made by the deceased, age of the spouse or partner and the amount of time that they were married or living together.</p>	<p><b>Survivors' Benefits via Lump Sum Death Benefit</b></p> <p>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.</p> <p>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.</p>



<b>MEDICAL BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Medical Benefits</b></p> <p><i>Eligibility</i></p> <p>All citizens are covered. There is no minimum qualifying period. The employee and his or her dependents are eligible for treatment in government-approved clinics and centers.</p> <p><i>Contributions</i></p> <p>Included in the pension contribution.</p> <p><i>Benefits</i></p> <p>All clinical, surgical, and dental services in outpatient centers, hospitals, nursing homes, or at home are covered. Prescription drugs are also covered; however, the patient contributes to the cost. There is no limit on the duration of care.</p> <p><b>Maternity Benefits</b></p> <p><i>Eligibility</i></p> <p>No minimum period of contributions by the insured female or by the father-to-be.</p> <p><i>Benefits</i></p> <p>A maternity benefit is paid to the employee for a period of 120 days, beginning on any date between 28 days before the childbirth and the date of delivery. The maternity benefit consists of a monthly income equal to prior salary and will be paid by the employer.</p>	<p>The “Instituto Nacional do Seguro Social” (INSS) provides basic healthcare to millions of Brazilian workers and their dependents.</p> <p>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.</p> <p><b>Group Health Programs</b></p> <p>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.</p> <p>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.</p> <p>The market offers four types of programs:</p> <ul style="list-style-type: none"> <li>• <i>Clinics</i></li> </ul> <p>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. In the beginning, they were the only alternative to Social Security, and by and large, they did a very good job.</p> <ul style="list-style-type: none"> <li>• <i>Systems Based on Cooperatives</i></li> </ul> <p>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 Unimed, which have a large network of private resources and enrolled services.</p> <ul style="list-style-type: none"> <li>• <i>Preferred Provider Organizations (PPO)</i></li> </ul> <p>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.</p>

	<ul style="list-style-type: none"> <li>• <i>Health Insurance Policies Provided by Insurance Companies</i></li> </ul> <p>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.</p> <p>The more comprehensive plans include:</p> <ul style="list-style-type: none"> <li>• Medical appointments</li> <li>• Complementary lab exams and diagnosis</li> </ul> <p>The limits on reimbursement as well as the exclusions in the coverage vary from one plan to another.</p> <p>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.</p>
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### Health Legislation:

#### Law No. 9656/98 - Main Changes:

Regulations established by Law No. 9656/98 introduced four types of plans that can be offered by insurance and health plan companies. Each of these plans should guarantee a minimum coverage established by the Government. Nevertheless, companies are free to add additional coverage. The plans are listed below:

- Ambulatorial (Out-patient)
- Hospitalar c/Obstetrícia (In-patient)
- Odontológico (Dental)
- Referencial (Comprehensive plan)

In addition, the Law:

- Allows the Government to seek financial reimbursement from a private health carrier whose member has made use of the public system;
- Prohibits the private health carriers from increasing the premiums for members over 60 years old who have been in a scheme for at least ten years;
- Requires the private health carriers to cover treatment for pre-existing illnesses after a two-year waiting period or after six months in cases where a member states he/she has a pre-existing disease (in this case, he/she agrees to pay a higher premium);
- Reduces the waiting period to 24 hours for emergency treatment, 300 days for pregnancy and 180 days for all other treatment; and
- Requires all health carriers to cover AIDS treatment (pre-AIDS antiretroviral medication not included), kidney and cornea transplants, and mental illnesses.

## Social Security Benefits and Customary Private Employee Benefits

### 2019 Pension Reform:

The long-awaited reform of the Brazilian pension system was approved in late 2019. In Brazil, the right to retirement benefits is guaranteed by the constitution, so it was necessary that a majority of both houses of the Brazilian Congress approve the changes. The goal of the reform is to reduce Brazil's expenditures on social security pensions, which are among the highest in the world.

The following is a summary of the major changes:

- **Minimum Retirement Age**

The most significant part of the reform is the implementation of a new minimum retirement age. To qualify for the old-pension, men must now be age 65 and women must be age 60. The minimum retirement age for women will be raised gradually to age 62 by 2023.

- **Contribution Period**

In order to qualify for the old-age pension, men must now contribute to social security for a minimum of 20 years. The contribution period for women remains at 15 years. Before the reform, the contribution period was 15 years for both men and women, and as long as the contribution period had been met, there was no age requirement. It was possible for people to retire with a full pension in their early 50's. For those already in the workforce at the time of the reform, the contribution period will remain at 15 years for both men and women.

- **Calculation of Pension**

Prior to the reform, the formula for the retirement pension was 70% of average salary with an additional 1% added for each additional year of service beyond the minimum contribution period. The formula set by the reform is 60% of average salary with 2% added for each additional year of service beyond the minimum contribution period (15 years for women and 20 years for men).

Therefore, men must work 40 years and women 35 years to receive the maximum pension (100% of earnings). And average monthly earnings will be calculated based on total covered salary and not the best 80% of covered salary as was done prior to the reform.

- **Changes to Benefits**

- **Death (Dependents' Pensions):** Upon the death of the insured, the pension payable to dependents will be 50% of average salary plus 10% for each additional dependent up to 100%. Prior to the reform, the pension would have started at 100%.
- **Disability Pension:** The maximum disability pension will be a minimum of 60% of the average of the highest salaries with an additional 2% paid for each additional year of contributions after 20 years. In case of a work accident, the pension is 100% of the average of the highest salaries. Prior to the reform, the pension would have started at 100%.

<b>RETIREMENT BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Old Age Pension:</b></p> <p><i>Eligibility</i></p> <p>To qualify for the old-pension, men must be age 65 and women must be age 60. The minimum retirement age for women will be raised gradually to age 62 by 2023.</p> <p><i>Contribution Period</i></p> <p>In order to qualify for the old-age pension, men must contribute to social security for a minimum of 20 years. The contribution period for women is 15 years.</p> <p><i>Calculation of Pension</i></p> <p>60% of average salary with 2% added for each additional year of service beyond the minimum contribution period (15 years for women and 20 years for men).</p> <p>Therefore, men must work 40 years and women 35 years to receive the maximum pension (100% of earnings). And average monthly earnings will be calculated based on total covered salary.</p> <p><b>Death (Dependents' Pensions)</b></p> <p>Upon the death of the insured, the pension payable to dependents will be 50% of average salary plus 10% for each additional dependent up to 100%.</p> <p><b>Disability Pension</b></p> <p>The maximum disability pension will be a minimum of 60% of the average of the highest salaries with an additional 2% paid for each additional year of contributions after 20 years. In case of a work accident, the pension is 100% of the average of the highest salaries.</p> <p><b>Pension for Length of Service:</b></p> <p><i>Total Pension</i></p> <p>35 years of contributions for females and 40 years of contributions for males. 10 to 15 years of contributions for workers in hazardous conditions.</p> <p><i>Proportional Pension</i></p> <p>For persons who as of December 16, 1998 had not completed the minimum years of contributions required for a full pension.</p> <p>Persons insured before December 16, 1998 must contribute 40% of the difference between the mandated years of contribution at age 53 for men and age 45 for</p>	<p>Trusteed 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.</p> <p>The social security contribution is compulsory, yet the private plans are facultative.</p> <p>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.</p> <p>Law No. 108 applies to closed pension funds sponsored by state-run organizations and closed pension funds for employees in the public sector.</p> <p>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.</p> <p>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.</p> <p><b>Closed Pension Funds</b></p> <p>These plans are similar to trusteed 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.</p> <p><i>Cost</i></p> <p>The sponsor is financially responsible for all of the operations, assuming the majority of the cost and the risk of mortality, disability, and longevity.</p> <p><i>Benefits</i></p> <p>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.</p> <p>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.</p>

women, and the number of contribution years actually paid as of December 16, 1998.

Age: 53 for males and 45 for females.

Contribution Period: 30 years of contributions for males and 25 years of contributions for females.

*Benefit Amount:*

*Female*

60% of the benefit salary for 15 years of service, plus 2% of the benefit salary for each additional year of contribution, limited to 100% of the benefit salary after 35 years of service.

*Male*

60% of the benefit salary for 20 years of service, plus 2% of the benefit salary for each additional year of contribution, limited to 100% of the benefit salary after 40 years of service.

**Return to Service:**

In the case of retirement for length of service or old age pension, if a retiree returns to active employment, his or her pension continues during that period. If retired by permanent disability, the benefit ceases if the person returns to work. When employment ceases permanently, he or she receives an amount of money that is the sum of all contributions made while receiving benefits.

**Special Pension:**

*Eligibility*

A special pension is due to an employee after 20, 25, or 30 years of service in an excessively fatiguing, unhealthy, or dangerous occupation if at least 240 monthly contributions have been paid.

*Benefit Amount*

An amount equal to 100% of the salary benefit, with a minimum value equal to the minimum salary, and a maximum limit equal to the contribution salary.

**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.
- 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.



## Social Security Benefits and Customary Private Employee Benefits

### Other Benefits:

#### Family Allowance (Bolsa Família):

**Eligibility:** Bolsa Família provides monthly stipends to low-income families whose income does not exceed BRR 89.00 per person registered in the family.

**Benefit:** 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 January 2020, the benefits are as follows:

- BRR 41 for children aged 0-15 years of age (limit 5 children)
- BRR 48 for adolescents between 16-17 years of age (limit 2 children)
- BRR 41 for pregnant women (for up to nine months)
- BRR 41 for nursing women (for up to six months)

Children and adolescents of age are required to be enrolled in school, meet attendance requirements, and be immunized.

Families whose monthly income does not exceed the average of BRR 89.00 per person are eligible for an additional monthly benefit of BRR 89.00 to meet their basic needs.

#### 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.

## Social Security Benefits and Customary Private Employee Benefits

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:

Unemployment benefits are a social assistance benefit totally financed by the government via taxes.

Unemployment must not be due to misconduct or resignation.

The insured must have no other resources to support themselves or their family and must not be receiving any other social insurance benefits.

The monthly benefit varies according to the average earnings of the insured in the last 3 months of employment as follows:

- Earnings up to BRR 1,683.74  
Multiply the amount of remuneration by 0.8% (80%)
- Earnings of BRR 1,683.74 up to BRR 2,806.53  
Multiply the amount of remuneration by 0.5% (50%) and add up to BRR 1,347.00
- Earnings above BRR 2,806.53  
The insured would only receive BRR 1,909.34

The minimum monthly benefit is equal to the legal monthly minimum wage, which for 2021 is BRR 1,100.00. The maximum monthly benefit is BRR 1,909.34.

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.

## Social Security Benefits and Customary Private Employee Benefits

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

	Number of Months Worked	Number of Installments
1 <sup>st</sup> Time	At least 12 and maximum of 23 months	4
	At least 24 months	5
2 <sup>nd</sup> Time	At least 9 and maximum of 11 months	3
	At least 12 and maximum of 23 months	4
	At least 24 months	5
3 <sup>rd</sup> Time or More	At least 6 and maximum of 11 months	3
	At least 12 and maximum of 23 months	4
	At least 24 months	5

Additional information is available on the Ministry of Labor website:

<https://empregabrasil.mte.gov.br/>

### 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.

### PIS-PASEP:

In 1970, the Government introduced a new program of profit sharing called PIS (Programa de Integração Social).

It is a fund formed by monthly contributions made by the employer, calculated based on its earnings. These resources are used for social development and to improve the lives of the employees.

These savings are paid by companies to their employees as additional earnings or as a bonus.

- **Additional earnings:** Employees who have earned up to two minimum monthly salaries have the right to receive an additional amount of one minimum salary (works as an additional month's salary).
- **Bonus:** Employees who have earned more than two minimum monthly salaries are entitled to receive the annual earnings of the contributions made by the employer.



## Tax Considerations

Type of Insurance	Contributions	Benefits
Social Security	<b>Employer:</b> Total Payroll: 20.0% Total Payroll – Employers in Financial Sector: 22.5% Earnings – Work Cooperatives: 15.0% Payroll – Domestic Workers: 12.0% Earnings – Rural Employees: 2.7%	<ul style="list-style-type: none"> <li>• Old Age Pension</li> <li>• Pension for Length of Service</li> <li>• Return to Service</li> <li>• Special Pensions</li> <li>• Lump Sum Death Benefits</li> <li>• Disability Benefits (permanent and temporary)</li> <li>• Medical</li> <li>• Maternity</li> <li>• Family Allowance</li> <li>• Workmen's Compensation</li> <li>• Termination Indemnities</li> <li>• Unemployment</li> <li>• 13th Salary</li> </ul>
	<b>Employee:</b> Earnings up to BRR 1,100.00: 7.5% BRR 1,100.00 to BRR 2,203.48: 9% BRR 2,203.48 to BRR 3,305.55: 12% BRR 3,305.55 to BRR 6,433.57: 14%	
Group Life Insurance	<b>Employer:</b> 90% of companies contribute with 100% of the cost	Plans provide a lump-sum benefit based on monthly earnings, commonly variable between 18 and 24 times salary. In case of Accidental Death, that is a common attached covering, the employee receives doubled indemnity due to Death and accidental death. Plan may include Spouse and Children and Funeral Service Individual or Familiar.
	<b>Employee:</b> 10% of employees contribute with 25% to 50% of the cost	
Group Disability Benefits	<b>Employer:</b> 90% of companies contribute with 100% of the cost	The coverage for Disability per Illness provides a benefit of up to 100% of the death benefit.  In case of Disability per Accident, the plan provides a benefit of up to 200% of the death benefit.  Plan may include Spouse disability per Accident with up to 100% of the holder death benefit.
	<b>Employee:</b> 10% of employees contribute with 25% to 50% of the cost	
Group Medical Benefits	<b>Employer:</b> Up to 60%	The plans provide employees and their dependents with laboratories, clinics and hospitals for exams, health treatments and obstetrical services, as well as reimbursement of hospital expenses outside the accredited network.
	<b>Employee:</b> Up to 40%	
Pensions	<b>Employer:</b> From 3% up to 10% of the month salary	Lifetime monthly income.  Reversible monthly income for the beneficiary indicated by the employee.  Lifetime monthly income reversible to the employee's spouse with continuity to the children until they turn 24 years old. Monthly income with a fixed term.
	<b>Employee:</b> From 100% up to 200% of employee's contribution	



## Sample Employee Benefit Plans

### Industry: Metals & Mining

#### *Group Life Insurance:*

No. of Employees:	Approx. 600
Eligibility:	All employees
Cost Sharing:	100% employer paid
Death Benefit:	A lump sum equal to 24 times monthly salary up to a defined maximum.
Accidental Death Benefit:	A lump sum equal to the death benefit
Disability by Accident:	A lump sum equal to the death benefit
Disability by Illness:	A lump sum equal to the death benefit
Death of Spouse:	50% of death benefit
Funeral Assistance:	BRL 5,000

### Industry: Nutrition, Hygiene and Personal Care

#### *Group Life Insurance:*

No. of Employees:	Approx. 10,000
Eligibility:	All employees
Cost Sharing:	100% employer paid
Death Benefit:	A lump sum equal to 24 times monthly salary up to a defined maximum.
Accidental Death Benefit:	A lump sum equal to the death benefit
Disability by Accident:	A lump sum equal to the death benefit
Disability by Illness:	A lump sum equal to the death benefit
Spouse:	50% (death + accidental death + disability by accident)
Death of Child:	10% of the death benefit (limited to BRL 5,000)
Food Assistance:	BRL 3,000
Education Assistance:	BRL 2,500
Extraordinary Expenses:	BRL 2,000
Funeral Assistance:	BRL 3,000



## Sample Employee Benefit Plans

### Industry: Air Treatment Systems

#### *Group Life Insurance:*

No. of Employees:	Approx. 600
Eligibility:	All employees
Cost Sharing:	100% employer paid
Death Benefit:	A lump sum equal to 48 times monthly salary (up to BRL 1,500,000)
Accidental Death Benefit:	A lump sum equal to the death benefit
Disability by Accident:	A lump sum equal to the death benefit
Disability by Illness:	A lump sum equal to the death benefit
Funeral Assistance:	BRL 5,000

### Industry: Management Consulting

#### *Group Life Insurance:*

No. of Employees:	Approx. 250
Eligibility:	All employees
Cost Sharing:	100% employer paid
Death Benefit:	A lump sum equal to 24 times monthly salary (up to a limit of BRL 2,000,000)
Accidental Death Benefit:	A lump sum equal to the death benefit
Disability by Accident:	A lump sum equal to the death benefit
Disability by Illness:	A lump sum equal to the death benefit
Spouse:	50% of the death benefit
Death of Child:	10% of the death benefit (limited to BRL 5,000)
Food Assistance:	BRL 1,500
Funeral Assistance:	BRL 5,000

## Useful Links

National Social Security Institute (INSS)	<a href="http://www.inss.gov.br">www.inss.gov.br</a>
Ministry of Finance	<a href="http://www.fazenda.gov.br/">http://www.fazenda.gov.br/</a>
Ministry of Health	<a href="http://portalms.saude.gov.br/">http://portalms.saude.gov.br/</a>
Ministry of Labor	<a href="https://empregabrasil.mte.gov.br/">https://empregabrasil.mte.gov.br/</a>
National Social Security Institute	<a href="http://www.previdencia.gov.br/">http://www.previdencia.gov.br/</a>
Ministry of Social Development	<a href="http://www.mds.gov.br/">http://www.mds.gov.br/</a>
Demographic Information	<a href="https://www.cia.gov/library/publications/the-world-factbook/">CIA World Factbook</a> <a href="https://www.cia.gov/library/publications/the-world-factbook/">https://www.cia.gov/library/publications/the-world-factbook/</a>
Macro-Economic Indicators	<a href="https://www.cia.gov/library/publications/the-world-factbook/">CIA World Factbook</a> <a href="https://www.cia.gov/library/publications/the-world-factbook/">https://www.cia.gov/library/publications/the-world-factbook/</a>
For more information about <b>MAPFRE Vida S.A.</b> , visit:	<a href="http://www.mapfre.com.br">www.mapfre.com.br</a> <i>(Information not in English.)</i>



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