

Summary of Covid-19 measures Pension Regulator, Chile

Law 21,248: 10% withdrawal of the Pension Funds (in place between 30th July 2020 and 30th July 2021)

- Exceptionally, and to mitigate the social effects derived from the constitutional state of emergency due to COVID-19, affiliates of the private pension system are authorized, and only once during a year, to voluntarily withdraw part of their accumulated funds in their individual capitalization account from mandatory contributions.
- The withdrawal establishes 10 percent of the funds, establishing a maximum amount equivalent to 150UF and a minimum of 35UF. In the event that 10 percent of the accumulated funds are less than 35UF, the affiliate may withdraw up to said amount. In the event that the funds accumulated in their account are less than 35UF, the affiliate may withdraw all of the funds accumulated.
- The funds withdrawn will be considered extraordinarily intangible for all legal purposes. The pension fund administrators are not allowed to charge any commissions or discounts for such withdrawals.
- On-line procedures have to be provided to request withdrawals. Besides, digital, telephone and face-to-face support has to be available.
- The withdrawn funds may be transferred to current account hosted by the pension fund administrator company, without administration fee or any cost to the affiliate, or to a bank account or financial institutions, as determined by the affiliate.
- If the funds withdrawn are less than 35UF, it will be delivered in a single payment within a maximum period of business days from the submission of the request.
- On the other hand, if the funds withdrawn are greater than 35UF, the delivery of the funds authorized to withdraw will be carried out as follows:
 - 50% within a maximum period of ten business days after the request is submitted to the respective pension fund administrator to which the member belongs.
 - the remaining 50% within a maximum period of thirty business days from the previous disbursement.

Law 21,227 empowers access to unemployment insurance benefits of Law 19.728, in exceptional circumstances (in place between 6th April 2020 and January 2021).

- The law protects the income and the labor relationship of the workers when the “acts of the authority”, such as quarantines or company closures related to COVID-19, prevent the worker from rendering their services.

- The law also establishes a general rule applicable to all employment contracts, which expressly states that for six months or while the State of Catastrophe period are in place, workers may not be made redundant on the grounds of force majeure or fortuitous event due to consequences of the COVID-19.
- The law offers three options: “Suspension of the contract by act of authority”, “Pact of suspension of the contract” and “Pact of temporary reduction of the working hours”.
- In the first case, the employment relationship or contract is suspended for the sole effect of the Law, when the authority declares the stoppage of economic activities temporarily, for the country or a particular area. In the second case, it applies to employers whose activity is affected, totally or partially, by the Pandemic, allowing them to agree with their workers the temporary suspension of their contracts.
- In both scenarios above, employers must continue paying social security and health contributions.
- The workers receive benefits from the Unemployment Insurance starting with a replacement rate of 70% the first month, decreasing over time. The benefits are financed primarily with the resources in the individual account and once they are exhausted, with the unemployment solidarity fund in eligibility conditions applied (see table 1 and 2 below).
- Eligibility criteria to access the unemployment solidarity fund: to have three continues contributions the last 3 months, or 2 contributions with the same employer the last 2 months, plus at least six contributions registered during the last 12 months.
- Finally, in the third case, employers may agree with their workers individually or collectively the reduction of up to 50% of the monthly working hour, with a reduction in monthly wages up to 75% of normal salary (50% paid by the employer, 25% paid by the Unemployment Insurance funds)¹.

Law 21,247 establishes benefits for fathers, mothers and caregivers of children, under the conditions indicated (in place between 27th July 2020 and January 2021)

- The law establishes the option to temporarily suspend working contracts and get benefits from the Unemployment Insurance Funds to parents who are taking postnatal parental leave or who are taking personal care of children born after 2013, who due to the pandemic caused by the disease called COVID-19, are not attending school.
- It establishes a preventive parental medical leave for workers who made use of the postnatal parental leave and whose term runs from March 18 until the end of the state of catastrophe.
- The payment of these leaves contemplates the same average with which the postnatal leave was paid.

¹ Eligibility criteria: 10 (5) contributions to the system since affiliation to the system or since the last unemployment benefit received for workers with indefinite contracts (fixed term contracts). To get access to the unemployment solidarity fund, those contributions must be registered during the last 24 months. Besides, only for workers with indefinite contracts, the last three contributions must have been paid by the same employer.

- The law establishes also that fathers, mothers and caregivers of minors born from 2013 onwards and who are affiliated to the Unemployment Insurance, may unilaterally request the suspension of the contract for care purposes and access the benefits of the Employment Protection Law.
- The request is voluntary and the employer cannot refuse.
- This option is in effect as long as the educational facility where the child attends remains closed by decision of the authority by COVID-19.
- While this suspension is in effect, the employer must continue to pay contributions under the Employment Protection Act.
- Workers who have suspended the effects of the employment contract for care purposes may, at their sole discretion, leave such suspension without effect, and must give the employer written notice, preferably by electronic means, five working days prior to their return to work. The employer may, at any time, offer the worker the subscription of an addendum to the labor agreement in order to grant other conditions to the worker, which will allow him/her to privilege the care of the child.
- For those who do not suspend the contract, and cannot attend the work place because they have no other options for the care of the child, such non-attendance may not be invoked as a cause for the termination of the contract (the cause for the termination of the work contract established in number 3 of article 160 of the Labor Code may not be invoked). This circumstance must be duly communicated to the employer as soon as the impediment arises, and credited to the employer within two business days following the respective non-attendance.
- Benefits and eligibility criteria are the same than for Law 21.227.

Law 21,263 temporarily relaxes the access requirements and increases the amount of unemployment insurance benefits of Law N°19.728, due to the pandemic originated by the COVID-19, and improves the benefits of Law N°21.227 (in place between 4rd September 2020 and January 2021).

- The Act temporarily increases the benefit amounts a worker receives in each round of unemployment insurance, recalculating the amounts for those who applied for insurance before August 1 and have payments pending. Eligibility criteria are relaxed to follow Law 21.227.
- It also provides for the possibility of full withdrawal of the Individual Account balance without more restrictions that to be unemployed.
- New solicitors as well as members and workers who had already applied for Severance Insurance as of August 1 and have outstanding drafts will have their payments calculated according to tables 1 and 2.

Table 1: Benefits from private individual account as a percentage of reference salary

Months	Average Salary Percentage
First	70%
Second	55%
Third	55%



Quarter	55%
Fifth	55%
Sixth or higher	50%

Table 2: Benefits from the unemployment solidarity fund as a percentage of reference salary

Months	Average percentage of salary	Upper value	Lower value
First	70%	\$652.956	\$225.000
Second	55%	\$513.038	\$225.000
Third	55%	\$513.038	\$225.000
Quarter	55%	\$513.038	\$225.000
Fifth	55%	\$419.757	\$225.000

- If the funds in the individual account are exhausted and provided the requirements are met, the Unemployment Solidarity Fund is accessed.

Law 21,269 Incorporates domestic service workers to the unemployment insurance of law N°19.728 (permanent change, starting 21st September 2020)

- The rule in place before this Act consisted in a private account for each domestic service worker, accessible under any unemployment event and financed by the employer (4.11% of monthly salary).
- A fraction of the contribution above is now deviated to the Unemployment Insurance system. Also payable by the employer, it amounts to 3% of the worker's taxable remuneration, without distinguishing the duration of the contract; 2.2% of which will go to the Individual Severance Account and the remaining 0.8% to finance the Unemployment Solidarity Fund. Therefore, the contribution fraction going to the private account in place before this law reduces from 4.11% to 1.11%.
- The provisions of this law shall be applicable to all new contracts for domestic service workers. For purposes of accessing the unemployment insurance benefits, workers currently working in private households would have the option to transfer their private savings to be able to comply with the access requirements applicable under the regulations in force. That is, as long as Law No. 21,227 and its amendments are in force.