

## Nigeria

Exchange rate: US\$1.00 = 156.10 naira.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1961 (provident fund).

**Current law:** 2004 (pensions).

**Type of program:** Mandatory individual account system.

#### Coverage

All federal public-sector employees (including the military), public-sector employees in the federal capital territory, and private-sector employees working in firms with five or more workers.

Voluntary coverage for some excluded categories of workers under specified conditions.

Exclusions: Public-sector employees in state and local governments, judges, diplomats, noncitizens covered by an equivalent program in another country, self-employed persons, the clergy, private-sector employees working in firms with less than five workers.

#### Source of Funds

**Insured person:** 7.5% of gross salary plus administrative fees of up to 100 naira a month and up to 1% of the account balance a year.

Gross salary includes basic salary, housing allowances, and transportation allowances.

Additional voluntary contributions are possible.

There are no maximum earnings used to calculate contributions.

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

**Employer:** 7.5% of gross salary; 12.5% of gross salary for military personnel.

Gross salary includes basic salary, housing allowances, and transportation allowances.

There are no maximum earnings used to calculate contributions.

**Government:** None; contributes as an employer for civil servants and military personnel.

#### Qualifying Conditions

**Old-age pension:** Age 50; employees in certain categories of employment may retire before age 50.

Employment must cease.

A guaranteed minimum pension is paid with at least 20 years of contributions.

The old-age pension is not payable abroad.

**Disability pension:** Must be assessed with an incapacity for work.

The disability may be reassessed every two years by the medical board or a qualified doctor at the insured's request.

The disability pension is not payable abroad.

**Survivor pension:** The deceased received or was entitled to receive an old-age or disability pension.

Eligible survivors include the widow(er) and children or persons named by the deceased; if there is no surviving spouse or child, the pension is paid to the next-of-kin or the administrator of the deceased's estate.

The survivor pension is not payable abroad.

#### Old-Age Benefits

**Old-age pension:** The pension is based on the insured's contributions plus accrued interest. At retirement, the insured may purchase an annuity or receive monthly or quarterly payments calculated based on life expectancy.

The insured can withdraw a partial lump sum from the individual account if the remaining balance is sufficient to purchase an annuity or to fund periodic payments of at least 50% of the insured's annual earnings at the date of retirement.

After a six-month waiting period, insured persons who retire before age 50 and who have not started new employment may receive up to 25% of the balance in their individual account as a lump sum.

The value of the guaranteed minimum pension is set by the government on the recommendation of the National Pension Commission.

#### Permanent Disability Benefits

**Disability pension:** The pension is based on the insured's contributions plus accrued interest. The insured may purchase an annuity or receive monthly or quarterly payments calculated based on life expectancy.

The insured can withdraw a partial lump sum from the individual account if the remaining balance is sufficient to purchase an annuity or to fund periodic payments of at least 50% of insured's annual earnings at the time the disability began.

#### Survivor Benefits

**Survivor pension:** 100% of the balance of the deceased's individual account is paid.

The survivor may purchase an annuity or receive monthly or quarterly payments calculated based on life expectancy.

The survivor can withdraw a partial lump sum from the deceased's individual account if the remaining balance is sufficient to purchase an annuity or to fund periodic payments of at least 50% of the deceased's annual earnings at the time of death.

### **Administrative Organization**

Office of the Secretary to the Government of the Federation (<http://www.osgf.gov.ng>) provides general guidance and supervision.

National Pension Commission (<http://www.pencom.gov.ng>) regulates, supervises, and provides licenses to privately run pension fund administrators (PFAs).

Privately run PFAs administer individual accounts.

Trustfund Pensions Plc (<http://www.trustfundpensions.com>), overseen by a tripartite board, administers contributions paid previously to the Nigeria Social Insurance Trust Fund (NSITF). Trustfund Pensions Plc also functions as a PFA.

### **Sickness and Maternity**

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#### **Regulatory Framework**

No statutory cash benefits for sickness and maternity are provided (The 2004 Pension Reform Act provides enabling legislation for the Nigeria Social Insurance Trust Fund to introduce a social insurance program for sickness and maternity benefits).

Under the 1999 National Health Insurance Decree, medical benefits are provided to insured employees of firms with 10 or more workers and to public-sector employees. The benefits are financed by contributions of 5% of basic monthly salary from insured persons and 10% of basic monthly salary from employers.

Limited free medical care is available to the population through public clinics and hospitals.

The labor code requires employers to provide employees with up to 12 days of paid sick leave a year and paid maternity leave at 50% of wages for six weeks before and six weeks after the expected date of childbirth.

#### **Work Injury**

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##### **Regulatory Framework**

**First law:** 1942 (workmen's compensation).

**Current law:** 2010 (employees' compensation).

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

##### **Coverage**

All employees in the public and private sectors.

Exclusions: Military personnel.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** As of February 2013, the financing mechanism for self-employed persons was still undetermined.

**Employer:** 1% of payroll for the first two years; may be increased thereafter according to the degree of risk.

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

### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

A lump sum is paid for a partial or total disability lasting no longer than one year, according to a schedule in law.

### **Permanent Disability Benefits**

**Permanent disability benefit:** A monthly benefit of 90% of the employee's monthly earnings is paid for a total disability until the employee reaches age 55. If the employee is aged 55 or older when the disability begins, the benefit is paid for two years from the date the disability begins.

For a partial disability or disfigurement, a periodic benefit of 90% of the estimated loss of earning capacity is paid.

Work injury benefits are paid in addition to benefits under Old Age, Disability, and Survivors.

Rehabilitation for the injured worker and counseling services for the injured worker's dependents are provided where possible.

### **Workers' Medical Benefits**

**Medical benefits:** Benefits include medical care, hospitalization, medicine, surgery, appliances, transportation, and a daily subsistence allowance.

### **Survivor Benefits**

**Survivor benefit:** A monthly benefit of 30% to 90% of the deceased's total monthly earnings is paid to the widow(er) according to the number of full orphans.

### **Administrative Organization**

Nigeria Social Insurance Trust Fund (<http://www.nsitf.gov.ng/>) administers the scheme.

### **Unemployment**

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#### **Regulatory Framework**

No statutory benefits are provided.

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Note: The Pension Reform Act of 2004 provides enabling legislation for the National Social Insurance Trust Fund to introduce a social insurance program for unemployment benefits. No scheme has been implemented to date.

The Provident Fund Act of 1961 permits limited cash draw-down payments after one year of unemployment for insured persons who contributed under the previous provident fund system.