

## Costa Rica

Exchange rate: US\$1.00 = 501.70 colones.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1941 (social insurance fund).

**Current laws:** 1992 (pensions), 1995 (self-employed), 1995 (individual accounts), 2000 (workers' protection), and 2005 (old-age, disability, and survivors).

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

#### Coverage

**Social insurance:** Public- and private-sector employees and self-employed persons. Workers older than age 54 in 2005 remain in the social insurance system only.

Special systems for teachers and employees of the justice department.

**Individual account:** Public- and private-sector employees. Workers aged 45 to 54 in 2005 gradually joined the individual account system; and workers younger than age 45 in 2005 and workers entering the labor force after 2005 must join the individual account system.

Exclusions: Self-employed persons.

#### Source of Funds

##### Social insurance

**Insured person:** 2.67% of gross earnings.

The minimum monthly earnings used to calculate contributions are 101,000 colones.

There are no maximum earnings used to calculate contributions.

**Self-employed person:** 7.59% of gross declared earnings.

The minimum monthly earnings used to calculate contributions are 101,000 colones.

There are no maximum earnings used to calculate contributions.

**Employer:** 4.92% of payroll.

The minimum monthly earnings used to calculate contributions are 101,000 colones.

There are no maximum earnings used to calculate contributions.

**Government:** 0.41% of the gross income of all workers and self-employed persons.

##### Individual account

**Insured person:** 1% of earnings plus up to 0.19% of gross earnings for administrative fees.

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

**Employer:** 3.25% of payroll.

**Government:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** The normal retirement age is 65 years with at least 300 months of contributions. The retirement age may be reduced with additional months of contributions to as low as age 61 years and 11 months (men) with at least 462 months of contributions and age 59 years and 11 months (women) with at least 450 months of contributions.

**Advanced pension:** Age 62 (men) and age 60 (women) with at least 300 months of contributions.

**Proportional old-age pension:** Age 65 with at least 180 months of contributions but less than 300 months of contributions.

**Deferred pension:** A deferred pension is possible.

Retirement from covered employment is not necessary, except for state employees.

The old-age pension is payable abroad.

**Old-age pension (individual account):** The normal retirement age is 65 years with at least 300 months of contributions. The retirement age may be reduced with additional months of contributions to as low as age 61 years and 11 months (men) with at least 462 months of contributions and age 59 years and 11 months (women) with at least 450 months of contributions. The insured must submit proof of eligibility for pension benefits under the social insurance program; if not eligible, an individual may withdraw accumulated funds from his/her individual account at the age 65.

**Old-age benefit (noncontributory):** See Family Allowances, below.

##### Disability pension

**Disability pension (social insurance):** The insured must be assessed with a loss of at least 66.7% of normal earning capacity. Insured persons aged 48 or younger must have at least 12 months of contributions in the two years before the disability began; 24 months in the last four years for insured persons older than age 48. These requirements are waived if the insured has 180 months of contributions.

The disability pension is payable abroad.

**Proportional disability pension:** The insured must be assessed with a loss of at least 66.7% of normal earning

capacity, have made at least 60 months of contributions; and be ineligible for a disability pension.

*Disability benefit (noncontributory):* See Family Allowances, below.

### Survivor pension

*Survivor pension (social insurance):* The deceased received an old-age or disability pension, had at least 12 months of contributions in the last 24 months, or had a total of at least 180 months of contributions.

Eligible survivors are a widow(er) or cohabiting partner; children up to age 18 (age 25 if a student; no limit if disabled); and dependent parents and siblings if there are no other eligible survivors.

*Survivor benefit (noncontributory):* See Family Allowances, below.

### Old-Age Benefits

**Old-age pension (social insurance):** The pension is the insured's average indexed earnings in the last 240 months multiplied by 43% to 52.5%, depending on average earnings in the last 60 months, plus 0.0835% of average earnings for each month of contributions exceeding 240 months (Earnings are adjusted to changes in the consumer price index).

The minimum monthly pension is 113,181 colones; if the calculated pension amount is lower, a lump sum is paid.

The maximum monthly pension is 1,333,752 colones.

Advanced pension: The pension is reduced by 1.75% for each trimester below normal pensionable age.

Proportional old-age pension: The benefit is equal to the pension the insured would have received multiplied by the insured's number of contributions and divided by 300.

Deferred pension: The pension is increased by 0.133% of average earnings in the last 240 months for each month of retirement is deferred beyond the normal pensionable age.

The maximum deferred pension is 1,887,260 colones.

Schedule of payments: 13 payments a year.

Benefit adjustment: Benefits are adjusted twice a year, in January and July, according to variations in the cost of living.

**Old-age pension (individual account):** The value of the pension depends on the insured's contributions plus accrued interest. The insured can choose to draw down the accumulated capital in programmed withdrawals or to purchase an annuity at retirement. In most cases, the withdrawal of funds before retirement is not permitted.

Deferred pension: The value of the pension depends on the insured's contributions plus accrued interest.

**Old-age benefit (noncontributory):** See Family Allowances, below.

### Permanent Disability Benefits

**Disability pension (social insurance):** The pension is the length of the total contribution period and average earnings. The average earnings in the last 60 months determines the basic component of the pension (from 43% to 52.5%). The basic component is increased by 0.0835% for each month of contributions exceeding 240 months. The basic component is then applied to the average earnings in the last 240 months. If the insured has less than 240 months of contributions, the whole contribution period is considered. Earnings are adjusted according to changes in the consumer price index.

The minimum monthly pension is 113,181 colones; if the pension is lower, a lump sum is paid.

The maximum monthly pension is 1,333,752 colones.

Proportional disability pension: The pension is equal to the disability pension the insured would have received multiplied by the insured's number of contributions and divided by the number of contributions required by law.

Schedule of payments: 13 payments a year.

Benefit adjustment: Benefits are adjusted twice a year, in January and July, according to changes in the cost of living.

**Disability benefit (noncontributory):** See Family Allowances, below.

### Survivor Benefits

**Survivor pension (social insurance):** A widow(er) or partner receives 50% of the pension the deceased received or was entitled to receive if younger than age 50; 60% if aged 50 to 59; 70% if aged 60 or older or with a disability.

**Orphan's pension (social insurance):** Each eligible orphan receives 30% of the pension the deceased received or was entitled to receive; 60% for a full orphan.

**Other eligible survivors (social insurance):** In the absence of widow (er) and orphans, each dependent parent and dependent sibling receives 20% of the pension the deceased received or was entitled to receive; dependents older than age 55 each receive 60%.

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

Benefit adjustment: Benefits are adjusted twice a year, in January and July, according to changes in the cost of living.

**Survivor benefit (noncontributory):** See Family Allowances, below.

### Administrative Organization

**Social insurance:** Directed by an executive president and a nine-member board, the Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr>) administers the program.

State auditor supervises the financial operations of the fund.

## Costa Rica

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**Individual account:** Superintendent of Pensions (<http://www.supen.fi.cr>) regulates and supervises pension operators.

National Council for the Supervision of the Financial System provides regulatory oversight.

Pension operators (OPCs) manage the individual accounts.

### **Sickness and Maternity**

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#### **Regulatory Framework**

**First laws:** 1941 and 1943.

**Current laws:** 1961; 1973 (health); and 1993 (social insurance), implemented in 1997.

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

#### **Coverage**

**Cash sickness and maternity benefits:** Employed persons, including self-employed persons, needy persons, prisoners, and pensioners.

**Medical benefits:** All persons residing in Costa Rica; visitors to the country may receive emergency medical care according to international agreements.

#### **Source of Funds**

**Insured person:** 5.5% of gross earnings. Pensioners contribute 5% of the pension.

The minimum earnings used to calculate contributions are 88,847 colones.

**Self-employed person:** From 4.75% to 7.75% of declared earnings.

The minimum earnings used to calculate contributions are 88,847 colones.

**Employer:** 9.25% of payroll. (The total cost of maternity benefits is split equally between the employer and the Social Insurance Fund.)

**Government:** 0.25% of total covered earnings; a subsidy financed by the Social Insurance Fund of 8.75% of the pension of covered pensioners.

#### **Qualifying Conditions**

**Cash sickness benefits:** The insured must have contributed in the month before the incapacity began and be insured when the incapacity began.

**Cash maternity benefits and maternity care:** The insured must have at least 26 weeks of contributions in the last 52 weeks; the wife of an insured man is eligible for maternity care if the insured contributed in the month before the date of childbirth.

**Medical benefits:** Must be insured.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is 60% of the insured's earnings in the last three months and is paid after a three-day waiting period for up to 52 weeks; may be extended in special cases.

**Maternity benefit:** The benefit is 50% of the insured's earnings and is paid for 30 days before and 90 days after the expected date of childbirth.

**Funeral grant:** 80,000 colones is paid for the funeral of the insured or his or her spouse or partner.

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

**Medical benefits:** Medical services are normally provided directly to patients through the medical facilities of the Social Insurance Fund. Benefits include general, specialist, and maternity care; hospitalization; medicine; dental, auditory, and limited optometry services; and appliances (at a reduced cost).

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

Medical benefits for dependents: Medical services are normally provided directly to patients through the medical facilities of the Social Insurance Fund. Benefits include general, specialist, and maternity care; hospitalization; medicine; dental, auditory, and limited optometry services; and appliances (at a reduced cost).

#### **Administrative Organization**

Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr>) administers the program.

Costa Rican Social Insurance Fund owns and operates 29 hospitals and 152 clinics and is gradually extending jurisdiction over other hospitals and clinics.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1925.

**Current law:** 1982 (labor code).

**Type of program:** Employer-liability system, involving compulsory and voluntary insurance with a public carrier.

#### **Coverage**

Employed persons.

Exclusions: Self-employed persons.

#### **Source of Funds**

**Insured person:** None.

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

**Employer:** The total cost is met through insurance premiums that vary according to the assessed degree of risk.

**Government:** None.

### Qualifying Conditions

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

### Temporary Disability Benefits

The benefit is 75% of the insured's daily earnings for the first 45 days; thereafter, 100% of the legal minimum wage plus 75% of the insured's earnings that exceed this amount. The benefit is paid from the date the disability began for up to two years.

The minimum benefit is the legal minimum wage at the time disability began.

### Permanent Disability Benefits

**Permanent disability pension:** For an assessed degree of disability of more than 67% (total disability), the monthly pension is 100% of the minimum wage plus 90% of the insured's earnings that exceed this amount.

Constant-attendance allowance: If the insured requires the constant attendance of others to perform daily functions, 78,275 colones is paid for a total permanent disability; an additional 44,547 colones is paid for a severe disability.

Grants may be awarded to insured persons with disabilities to purchase, rent, or modify a house.

Partial disability: If the assessed degree of disability is from 50% to 67%, the benefit is 67% of earnings and is paid for up to 10 years. If the assessed degree of disability is from 0.5% to 49%, the benefit is the assessed degree of disability multiplied by the insured's annual earnings and is paid for up to five years. The benefit may be extended for additional five-year periods on a means-tested basis.

### Workers' Medical Benefits

Benefits include medical and surgical care, hospitalization, medicine, appliances, and rehabilitation.

### Survivor Benefits

**Survivor pension:** 40% of the deceased's earnings is paid to a widow or to a disabled widower. The pension is paid for 10 years; may be extended for additional five-year periods in special cases.

The maximum widow(er) pension is 40% of the deceased's earnings; 30% if there are other eligible dependents.

**Orphan's pension:** 15% to 40% of the deceased's earnings is paid for up to three orphans younger than age 18 (age 25 if a student, no limit if disabled).

**Other eligible survivors:** 20% of the deceased's earnings is paid to the deceased's mother (30% if there are no

dependent children) for a period of 10 years. A pension is also paid to a dependent father or other dependent adults, including those aged 60 or older and unable to work.

All survivor benefits combined must not exceed 75% of the deceased's earnings.

**Funeral grant:** 75,000 colones plus transportation costs (15,000 colones if the death occurred in Costa Rica; 60,000 colones if the death occurred abroad) is paid.

### Administrative Organization

Ministry of Labor and Social Security provides general supervision.

National Insurance Institute (<http://portal.ins-cr.com>) administers the program.

### Unemployment

#### Regulatory Framework

No statutory benefits are provided.

Labor law requires employers to contribute 1.5% of payroll to finance a mandatory severance pay scheme.

#### Family Allowances

#### Regulatory Framework

**First and current law:** 1974 (family allowances and social development).

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

#### Coverage

Needy persons who are not entitled to a contributory pension.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

#### Qualifying Conditions

**Family allowances (means-tested):** Allowances are paid to persons older than age 65, persons living below the poverty line, persons with disabilities, widows with dependents younger than age 18 or with a disability, widows older than age 50 without dependents, and orphans younger than age 18.

Earnings test: Family or individual income is less than the basic food basket defined by the government.

### ***Family Allowance Benefits***

**Family allowances (means-tested):** The monthly pension is 50,000 colones. The pension is increased by 10% for one dependent, 20% for two dependents, and 30% for three dependents or more.

Schedule of payments: 13 payments a year.

### ***Administrative Organization***

Ministry of Labor and Social Security provides general supervision.

Social Development and Family Allowances Fund directs the program.

Directed by an executive president and a nine-member board, the Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr>) administers the program.