

Nicaragua

Exchange rate: US\$1.00 = 22.42 cordobas.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1956 (social security), implemented in 1957.

Current law: 1982 (social security).

Type of program: Social insurance system.

Coverage

Public- and private-sector employees older than age 16.

Voluntary coverage for self-employed persons, workers who were previously covered by the program, clergy, and employers.

Exclusions: Seasonal agricultural workers, military personnel (including police), and household workers.

Noncontributory system for war victims who have never contributed to the social insurance system but who have performed services for the country, and other groups, including needy persons and miners.

Source of Funds

Insured person: 4% of covered earnings. The voluntarily insured contribute either 10% of declared earnings (old-age, disability, and survivor benefits and dependent supplements) or 18.25% of declared earnings (old-age, disability, and survivor benefits and dependent supplements; sickness and maternity benefits; and family allowances).

The minimum earnings used to calculate contributions are the minimum wage.

The legal monthly minimum wage ranges from 1,891.29 cordobas (agricultural sector) to 4,313.12 cordobas (construction, financial, and insurance sectors).

The maximum earnings used to calculate contributions are 37,518 cordobas.

The insured's contributions also finance family allowances.

Self-employed person: 10% of declared earnings (old-age, disability, and survivor benefits and dependent supplements) or 18.25% of declared earnings (old-age, disability, and survivor benefits and dependent supplements, sickness and maternity benefits, and family allowances). Clergy contribute 7.60% of declared earnings for old-age, disability, and survivor benefits.

The minimum earnings used to calculate contributions are 3,249.95 cordobas.

The maximum earnings used to calculate contributions are 37,518 cordobas.

Employer: 7% of covered payroll.

Government: None; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 60 with at least 750 weeks of contributions. Those who joined the social insurance system after age 45 must have half the number of weeks from the date coverage began until the pensionable age, with at least 250 weeks of contributions.

Age 55 for miners and those in arduous work with at least 15 years of contributions. Age 55 for teachers with at least 1,500 weeks of contributions (men) or 750 weeks of contributions (women).

Deferred pension: The pension may be deferred until age 65.

Constant-attendance allowance: Paid if the insured requires the constant attendance of others to perform daily functions.

Dependent's supplement: Paid for a wife or disabled husband, children younger than age 15 (age 21 if student, no limit if disabled), and dependent relatives older than age 60 or disabled.

A working pensioner may receive a pension and a salary but must pay contributions to the program. The salary must not exceed the amount of pension.

Old-age pensions are not payable abroad.

Disability pension: The insured must have at least 150 weeks of contributions in the last six years and be assessed with at least a 67% loss of earning capacity (total disability) or a 50% to 66% loss of earning capacity (partial disability).

Constant-attendance allowance: Paid if the insured requires the constant attendance of others to perform daily functions.

Dependent's supplement: Paid if the insured is assessed with a total disability. The supplement is paid for a wife or disabled husband, children younger than age 15 (age 21 if student, no limit if disabled), and dependent relatives older than age 60 or disabled.

The disability pension is replaced by the old-age pension at age 60. If the insured is ineligible for the old-age pension, a partial disability pension is increased to the value of the total disability benefit at age 60 if the beneficiary retires from all gainful employment.

The assessed loss of earning capacity is reviewed every three years.

Disability pensions are not payable abroad.

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

Eligible survivors include a widow or a dependent, disabled widower, orphans younger than age 15 (age 21 if a student, no limit if disabled), and, if there are no other survivors, other dependent relatives older than age 60 or disabled.

The widow(er)'s pension ceases on remarriage or cohabitation and a lump sum is paid.

Survivor pensions are not payable abroad.

Funeral grant: The deceased had at least four weeks of contributions in the 26 weeks before death.

Old-Age Benefits

Old-age pension: The pension is 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) plus 1.365% (1.591% if average earnings are less than twice the minimum wage) for each additional 50-week period of contributions exceeding 150 weeks.

The insured's average earnings are the average of the insured's last 250 weeks of contributions or the 250 weeks before the last 250 weeks of earnings (whichever were greater) multiplied by 4.08.

For insured persons with 1,000 to 1,249 weeks of contributions, the insured's average earnings may be calculated based on the average of the insured's last 200 weeks of contributions multiplied by 4.08; with at least 1,250 weeks of contributions, the average of the last 150 weeks of contributions multiplied by 4.08.

Deferred pension: The pension is increased by 1% for each 50-week period of contributions after age 60, up to 5%.

The maximum monthly old-age pension is 80% of average earnings if the insured's average earnings are more than twice the minimum wage; 100% if the insured's average earnings are less than twice the minimum wage.

Constant-attendance allowance: 20% of the total disability pension is paid.

Dependent's supplement: 15% of the old-age pension is paid for a wife or disabled husband; 10% for each child younger than age 15 (age 21 if student, no limit if disabled); and 10% for dependent parents older than age 60 or disabled.

Schedule of payments: Benefits are paid monthly, with an additional payment made each Christmas.

Benefit adjustment: Benefits are adjusted periodically according to changes in wages, depending on national economic conditions.

Permanent Disability Benefits

Disability pension: For a total disability, the pension is 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) plus 1.365% (1.59% if average earnings are less than twice the minimum wage) for each additional 50-week period of contributions

exceeding 150 weeks. For a partial disability, the pension is 50% of the total disability pension is paid.

The insured's average earnings are the average of the insured's last 150 weeks of contributions multiplied by 4.08.

If the insured has a spouse and children, the total disability pension must not be less than 50% of the insured's average earnings.

The maximum partial disability pension must be greater than 33% but less than 50% of the minimum wage in the insured's occupation.

Constant-attendance allowance: 20% of the total disability pension is paid.

Dependent's supplement: 15% of the old-age pension is paid for a wife or disabled husband; 10% for each child younger than age 15 (age 21 if a student, no limit if disabled); and 10% for dependent parents older than age 60 or disabled.

The legal monthly minimum wage ranges from 1,891.29 (agricultural sector) to 4,313.12 cordobas (construction, financial, and insurance sectors).

Schedule of payments: Benefits are paid monthly, with an additional payment made each Christmas.

Benefit adjustment: Benefits are adjusted periodically according to changes in wages, depending on national economic conditions.

Survivor Benefits

Survivor pension: 50% of the deceased's pension is paid to a widow aged 45 or older or disabled or to a widower aged 60 or older or dependent and disabled. A pension is paid to a widow younger than age 45 for a limited period of two years or for as long as she is caring for a child receiving an orphan's pension.

Remarriage and cohabitation settlement: A lump sum of 12 months of pension is paid.

Orphan's pension: 25% of the deceased's pension is paid to each eligible orphan; 50% for a full orphan.

The maximum survivor pension for a widow(er) with two or more children must not exceed 100% of the deceased's pension.

Dependent relatives' pension: If there are no other eligible survivors, 50% of the deceased's pension is paid to a dependent relative older than age 60 or disabled.

Funeral grant: The cost of the funeral or 50% of the deceased's monthly wage is paid.

Benefit adjustment: Benefits are adjusted periodically for wage changes, depending on national economic conditions.

Administrative Organization

Nicaraguan Institute of Social Security (<http://www.inss.gob.ni>) administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1956 (social security), implemented in 1957.

Current law: 1982 (social security).

Type of program: Social insurance (cash benefits) and universal (medical benefits) system.

Coverage

Cash benefits: All persons receiving remuneration for work or services rendered.

Voluntary coverage for self-employed persons, ranchers, clergy, employers, and unpaid family members working for family-owned companies.

Exclusions: Military personnel, including police.

Medical benefits: Insured persons and their dependents (children up to age 12; wife of insured, maternity care) and old-age pensioners.

Source of Funds

Insured person: 2.25% of covered earnings.

The minimum earnings used to calculate contributions are the minimum wage.

The legal monthly minimum wage ranges from 1,891.29 cordobas (agricultural sector) to 4,313.12 cordobas (construction, financial, and insurance sectors).

The maximum earnings used to calculate contributions are 37,518 cordobas.

Self-employed person: 8.25% of covered earnings.

The minimum earnings used to calculate contributions are 3,249.95 cordobas.

The maximum earnings used to calculate contributions are 37,518 cordobas.

Employer: 6% of covered payroll.

Government: 0.25% of covered earnings.

Qualifying Conditions

Cash sickness benefits: The insured must have at least eight weeks of contributions in the last 22 weeks. Insured persons with at least eight weeks of contributions in the last 22 weeks who become unemployed are covered for 14 weeks after employment ceases.

No benefits are paid if the insured is caring for a sick family member.

Cash maternity benefits: The insured must have at least 16 weeks of contributions in the 39 weeks before the expected date of childbirth. Insured women with at least eight weeks of contributions in the last 22 weeks

who become unemployed are covered for 14 weeks after employment ceases.

Medical benefits: The insured must have at least eight weeks of contributions in the last 22 weeks or be an old-age pensioner (contributory or noncontributory).

Sickness and Maternity Benefits

Sickness benefit: 60% of the insured's average earnings in the last eight weeks is paid after a three-day waiting period (waived if hospitalized) for up to 52 weeks.

Maternity benefit: 60% of the insured's average earnings in the last eight weeks is paid for four weeks before and eight weeks after the expected date of childbirth.

Nursing allowance: Milk is provided in the first six months of the child's life.

Workers' Medical Benefits

Medical services, including medicine and hospitalization, are provided directly to patients, depending on available resources. Pregnant insured women receive maternity care.

There is no limit to duration.

Dependents' Medical Benefits

Medical services are provided directly to patients, depending on available resources. Old-age pensioners (contributory and noncontributory) receive medical care for 77 illnesses and seven types of surgical treatment, according to the law.

Administrative Organization

Nicaraguan Institute of Social Security (<http://www.inss.gov.ni>) administers the program.

Medical care and cash benefits are delivered through public and private institutions.

Work Injury

Regulatory Framework

First law: 1945 (labor code).

Current law: 1982 (social security).

Type of program: Social insurance system.

Coverage

All persons receiving remuneration for work or services rendered.

Exclusions: Self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: 1.5% of covered payroll (plus 1.5% of covered payroll for war victims' pensions).

The maximum earnings used to calculate contributions are 37,518 cordobas.

Government: None; contributes as an employer.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

60% of earnings in the last eight weeks of contributions is paid from the day after the disability began until medical care ceases or the insured is certified with a permanent disability. (The employer pays the benefit for the first day of disability.)

Permanent Disability Benefits

Permanent disability pension: For a total disability, the pension is 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) plus 1.365% (1.59% if average earnings are less than twice the minimum wage) for each additional 50-week period of contributions exceeding 150 weeks.

The insured's average earnings are the average of the insured's last 150 weeks of contributions (or less if the insured does not have 150 weeks of contributions) multiplied by 4.08.

The minimum monthly pension (total disability) is 60% of the insured's earnings.

Constant-attendance allowance: 20% of the total disability pension is paid if the insured requires the constant attendance of others to perform daily functions.

Dependent's supplement (total disability): 15% of the old-age pension is paid for a wife or disabled husband; 10% for each child younger than age 15 (age 21 if student, no limit if disabled); and 10% for dependent relatives older than age 60 or disabled.

Partial disability: A percentage of the full pension is paid according to the assessed degree of disability.

Noncontributory pension: Special pensions are provided for total and partial disability for prescribed categories of worker.

Workers' Medical Benefits

Medical benefits are provided for work injuries and occupational diseases.

Survivor Benefits

Survivor pension: The minimum pension is 50% of the deceased's earnings used to calculate the permanent

disability pension. The pension is paid to a widow or a dependent, disabled widower.

Orphan's pension: 25% of the deceased's pension is paid to each orphan younger than age 15 (age 21 if a student, no limit if disabled); 50% for a full orphan.

Other dependent survivors: If there are no other eligible survivors, 25% of the deceased's pension is paid to each dependent survivor.

All survivor benefits combined must not exceed 100% of the deceased's pension.

Funeral grant: 50% of the deceased's average monthly salary is paid.

Administrative Organization

Nicaraguan Institute of Social Security (<http://www.inss.gov.ni>) administers the program.

Family Allowances

Regulatory Framework

First law: 1956 (social security), implemented in 1957.

Current law: 1982 (social security).

Type of program: Social insurance system.

Coverage

All persons receiving remuneration for work or services rendered.

Voluntary coverage for self-employed persons, workers who were previously covered by the program, clergy, employers, and unpaid family members working for family-owned companies.

Exclusions: Seasonal agricultural workers and military personnel.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors.

Self-employed person: See source of funds under Old Age, Disability, and Survivors.

Employer: See source of funds under Old Age, Disability, and Survivors.

Government: See source of funds under Old Age, Disability, and Survivors.

Qualifying Conditions

Family allowances (earnings-tested): The child must be younger than age 15; age 21 if a student.

Family Allowance Benefits

Family allowances (earnings-tested): Monthly allowances vary according to family earnings and the age of the child.

Administrative Organization

Nicaraguan Institute of Social Security (<http://www.inss.gob.ni>) administers the program.