

## Costa Rica

Exchange rate: US\$1.00 equals 474.35 colones.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1993 (pensions), 1995 (self-employed), 1995 (mandatory individual accounts), and 2000 (workers' protection).

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

Note: In 2000, a system of mandatory private individual accounts was introduced to complement the social insurance old-age pension program.

#### Coverage

**Social insurance:** Employees in public- and private-sector employment and the self-employed.

There are no special systems for any specified groups of employees.

**Mandatory individual account:** Employees in public- and private-sector employment.

Exclusions: The self-employed.

#### Source of Funds

##### Social insurance

**Insured person:** 2.5% of gross earnings.

The minimum monthly earnings for contribution purposes are 88,847 colones.

There are no maximum earnings for contribution purposes.

**Self-employed person:** Between 4.75% and 7.25% of gross declared earnings.

The minimum monthly earnings for contribution purposes are 88,847 colones.

There are no maximum earnings for contribution purposes.

**Employer:** 4.5% of payroll.

The minimum monthly earnings for contribution purposes are 88,847 colones.

There are no maximum earnings for contribution purposes.

**Government:** 0.25% of total covered earnings.

##### Mandatory individual account

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

The minimum monthly earnings for contribution purposes are 88,847 colones.

There are no maximum earnings for contribution purposes.

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

**Employer:** 3.25% of payroll (1.5% of which is for the mandatory severance pay scheme).

The minimum monthly earnings for contribution purposes are 88,847 colones.

There are no maximum earnings for contribution purposes.

**Government:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** Age 61 and 11 months with 462 months of contributions (men) or age 59 and 11 months (women) with 450 months of contributions.

Age 62 with 456 monthly contributions (men) or age 60 with 450 monthly contributions (women) for insured persons younger than age 44 on November 1, 2005.

**Deferred pension:** A deferred pension is possible. The total number of required contributions decreases the longer the pension is deferred, down to 300 monthly contributions at age 65 for insured persons younger than age 44 on November 1, 2005.

The maximum pension is 700,000 colones (November 2005).

Retirement from covered employment is not necessary.

The old-age pension is payable abroad.

**Old-age pension (mandatory individual account):** Age 61 and 11 months (men) or age 59 and 11 months (women). The insured must also submit proof of eligibility for benefits under the social insurance program.

Age 62 (men) or age 60 (women) for insured persons younger than age 44 on November 1, 2005.

Retirement from covered employment is necessary; the pensioner may resume employment 6 months after retirement, in which case social insurance contributions must be paid.

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

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

**Disability pension (social insurance):** A loss of 2/3 of normal earning capacity. The total number of required contributions varies by age.

The minimum number of required contributions for an insured person up to age 24 is 12.

The maximum number of required contributions for an insured person between ages 52 and 65 is 120.

The disability pension is payable abroad.

**Disability grant (social insurance):** A loss of 2/3 of normal earning capacity and with at least 60 contributions.

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

**Survivor pension (social insurance):** The deceased was eligible for the old-age pension or disability pension or had made 12 contributions in the last 24 months or had a total of 180 contributions.

**Survivor settlement:** The deceased had paid at least 12 contributions but the other requirements for the survivor pension were not met.

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

### Old-Age Benefits

#### Old-age pension

*Old-age pension (social insurance):* The pension is based on the length of the total contribution period and average earnings in the last 240 months.

Earnings adjustment: Earnings are adjusted in line with inflation, according to changes in the consumer price index.

The basic benefit is increased by 0.0835% of average earnings for each month of contributions above 240, plus an increment of 1.6% of the pension for each year above 20 years.

The minimum monthly pension is 46,523 colones; if the calculated pension amount is smaller, a lump sum is paid. (Beginning January 2006, the minimum monthly pension is 50,000 colones.)

The maximum monthly pension is 700,000 colones. (Beginning January 2006, the maximum monthly pension is 742,000 colones.)

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

The maximum deferred pension is 1 million colones (November 2005).

Schedule of payments: Thirteen payments a year.

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

*Old-age pension (mandatory individual account):* The value of the pension is dependent on the insured's contributions plus accrued interest. The insured can choose to draw down the accumulated capital in programmed periodic 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 is dependent 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 equal to 60% of average earnings based on the highest 48 monthly earnings in the last 5 years of coverage.

The basic benefit is increased by 0.0835% of average earnings for each month of contributions above 240.

The minimum monthly pension is 46,523 colones; if the computed pension amount is smaller, a lump sum is paid. (Beginning January 2006, the minimum monthly pension is 50,000 colones.)

The maximum monthly pension is 700,000 colones. (Beginning January 2006, the maximum monthly pension is 742,000 colones.)

Schedule of payments: Thirteen payments a year.

**Disability grant (social insurance):** A lump sum equal to 7 months' average earnings.

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 younger than age 50 receives 50% of the deceased's pension; 60% if aged 50 or older but younger than age 60; 70% if older than age 60 or disabled.

**Orphan's pension (social insurance):** Each orphan younger than age 18 (age 25 if a student) or disabled receives 30% of the deceased's pension; 60% for a full orphan.

In cases when 12 contributions were paid by the deceased but the other requirements were not met, the survivors have a right to receive a compensation equal to 1/12 of the average monthly salary for every covered month and no less than the minimum pension.

**Other eligible survivors (social insurance):** Dependent parents and dependent brothers and sisters receive 20% of the deceased's pension each; dependents older than age 55 receive 60% of the deceased's pension each.

The total maximum survivor pension is 100% of the deceased's pension.

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

**Survivor settlement:** A lump sum equal to 1/12 of the average monthly salary for each month of insurance coverage. The settlement must be no less than the minimum monthly old-age pension.

**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.

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

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

### **Sickness and Maternity**

#### **Regulatory Framework**

**First laws:** 1941 and 1943.

**Current laws:** 1961, 1973 (health), and 1993 (social insurance).

**Type of program:** Social insurance system. Cash and medical benefits.

#### **Coverage**

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

**Medical benefits:** All residents; international agreements provide emergency medical care for visitors to the country.

#### **Source of Funds**

**Insured person:** 5.5% of gross earnings; pensioners make a contribution equal to 5% of the pension, which is complemented by an 8.75% contribution made by the Social Insurance Fund on the pensioner's behalf.

The minimum earnings for contribution purposes are 88,847 colones.

**Self-employed person:** The self-employed contribute between 4.75% and 7.75% of declared earnings.

The minimum earnings for contribution purposes are 88,847 colones.

**Employer:** 9.25% of payroll. (The employer pays 50% of the cost of maternity benefits, and the Social Insurance Fund pays the remaining 50% of the cost.)

**Government:** 0.25% of total covered earnings.

### **Qualifying Conditions**

**Cash sickness benefits:** Must have contributed in the month before the onset of incapacity and be currently registered.

**Cash maternity benefits and maternity care:** Must have 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:** Coverage begins in the month in which the insured first registers.

### **Sickness and Maternity Benefits**

**Sickness benefit:** The benefit is equal to 60% of earnings in the last 3 months and is payable after a 3-day waiting period. Benefits are payable for up to 52 weeks; may be extended in special cases.

**Maternity benefit:** The benefit is equal to 50% of earnings and is payable for 30 days before and 90 days after the expected date of childbirth.

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

### **Workers' 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; medicines; dental, auditory, and limited optometry services; and appliances (at a reduced cost).

### **Dependents' 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; medicines; 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**

#### **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.

### **Source of Funds**

**Insured person:** None.

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

**Employer:** Total cost, met through insurance premiums varying 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 equal to 75% of the insured's daily earnings for the first 45 days; thereafter, 100% of the minimum salary plus 75% of the insured's earnings over this amount. The benefit is payable from the onset of disability for up to 2 years.

The minimum benefit is equal to the legal minimum wage at the time of the onset of disability.

### **Permanent Disability Benefits**

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

Constant-attendance allowance: 78,275 colones for a total permanent disability; an additional 44,547 colones is paid for a severe disability.

Grants may be awarded to disabled insured persons in order to purchase, rent, or modify a house.

Partial disability: If the assessed degree of disability is between 50% and 67%, the benefit is equal to 67% of earnings and is payable for up to 10 years. If the assessed degree of disability is between 0.5% and 50%, the benefit is equal to the assessed degree of disability times annual earnings and is payable for up to 5 years. The benefit may be extended for additional 5-year periods on a means-tested basis.

### **Workers' Medical Benefits**

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

### **Survivor Benefits**

**Survivor pension:** 40% of the deceased's earnings is payable to a widow or to a disabled widower. The pension is payable for 10 years; may be extended for additional 5-year periods in special cases.

The maximum widow(er) pension is equal to 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 payable 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 payable to the deceased's mother (30% if there are no dependent children) for a period of 10 years. A pension is also payable to a dependent father or other dependent adults, including those aged 60 or older and unable to work.

The maximum total survivor pension is 75% of the insured'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).

### **Administrative Organization**

Ministry of Labor and Social Security (<http://www.ministrabajo.go.cr>) provides general supervision.

National Insurance Institute administers the program.

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### **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.

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### **Family Allowances**

#### **Regulatory Framework**

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

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

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## **Coverage**

Indigent persons who are not entitled to a contributory pension.

## **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** 5% of payroll.

**Government:** 20% of proceeds from the sales tax.

## **Qualifying Conditions**

**Family allowances (means-tested):** Allowances are payable to persons older than age 65, disabled persons, widows with dependents younger than age 18 or disabled, widows older than age 50 without dependents, and orphans younger than age 18.

## **Family Allowance Benefits**

**Family allowances (means-tested):** 13,800 colones a month for a beneficiary, plus 10% for each dependent up to a maximum of three.

## **Administrative Organization**

Ministry of Labor and Social Security (<http://www.ministrabajo.go.cr>) provides general supervision.

Social Development and Family Allowances Fund directs the program.

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