

## Nicaragua

Exchange rate: US\$1.00 equals 16.33 cordobas.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law and current law:** 1955 (social security), with 2005 amendment.

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

#### Coverage

All persons receiving remuneration for work or services rendered.

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

Exclusions: Seasonal agricultural workers, armed forces personnel, and domestic workers.

Noncontributory system for miners, indigents, those who have performed services for the country, and war victims.

#### Source of Funds

**Insured person:** 4% of gross earnings.

The minimum earnings for contribution purposes are equal to the minimum wage.

The maximum earnings for contribution purposes are 35,525 cordobas.

The insured's contributions also finance family allowances.

**Self-employed person:** Voluntary contributions of 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 maximum earnings for contribution purposes are 35,525 cordobas.

**Employer:** 6% of payroll.

The minimum earnings for contribution purposes are equal to the minimum wage.

The maximum earnings for contribution purposes are 35,525 cordobas.

The employer's contributions also finance family allowances.

**Government:** Subsidizes benefits for voluntarily covered self-employed persons.

The Nicaraguan Institute of Social Security finances any deficit for the provision of war pensions and special pensions (see source of funds under Work Injury, below).

#### Qualifying Conditions

**Old-age pension:** Age 60 (age 55 for persons with a certified physical or mental disability) with 750 weeks of contributions. Qualifying conditions are reduced for those who joined the social insurance system after age 45, with contributions required only for half the number of weeks from the date coverage began until the pensionable age.

Age 60 years with 15 years of contributions for the self-employed. Age 55 for miners and teachers with 30 years of service (men) or 15 years of service (women).

A working pensioner may receive a pension and a salary but must pay contributions to the program.

Old-age pensions are not payable abroad.

**Disability pension:** Payable for the loss of 67% of earning capacity in the usual or a similar occupation (total disability), with 150 weeks of contributions in the last 6 years; for the loss of at least 50% but less than 67% of usual earning capacity (partial disability), with 150 weeks of contributions in the last 6 years.

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 on the condition that the beneficiary retire from all gainful employment.

The assessed loss of earning capacity is reviewed every 3 years.

Disability pensions are not payable abroad.

**Survivor pension:** The deceased had 150 weeks of contributions in the last 6 years.

Survivor pensions are not payable abroad.

**Funeral grant:** The deceased had 4 weeks of contributions in the 26 weeks before death.

**Noncontributory pension:** War victims' pensions are paid to persons who have never contributed to the social insurance system but who have performed services for the country; special pensions are paid to other groups, including indigent persons, miners, and public servants.

#### Old-Age Benefits

**Old-age pension:** The pension is equal to 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) in the last 5, 4, or 3 years (based on a period of contributions of 15, 20, or 25 years, respectively), plus 1.365% (1.59% if average earnings are less than twice the minimum wage) for each additional 50-week period of contributions. An additional 1% of earnings

is paid for each year of work after age 60, up to a maximum of 5%.

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

The maximum 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.

The minimum monthly benefit is 1,032.70 cordobas.

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

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

**Noncontributory pension:** War victims' pensions and special pensions are provided.

### **Permanent Disability Benefits**

**Disability pension:** The pension is equal to 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) in the last 5, 4, or 3 years (based on a period of contributions of 15, 20, or 25 years, respectively), plus 1.365% (1.59% if average earnings are less than twice the minimum wage) for each additional 50-week period of contributions.

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

Constant-attendance allowance: Equal to 20% of the total disability pension.

Dependent's supplement (total disability): 15% of the pension is paid for a wife or partner; 10% each for children younger than age 15 (age 21 if student, no limit if disabled); and 10% for uninsured parents older than age 60 or disabled.

Partial disability: Equal to 50% of the total disability pension.

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

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

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

**Noncontributory pension:** War victims' pensions and special pensions are provided for total and partial disability.

### **Survivor Benefits**

**Survivor pension:** 50% of the deceased's pension is payable to a widow aged 45 or older or disabled or to a dependent disabled widower. A pension is payable to a widow younger than age 45 for a limited period of 2 years or for as long as she is caring for a child receiving an orphan's pension.

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

The maximum survivor pension payable to a widow(er) with two or more children is equal to 100% of the deceased's pension.

**Funeral grant:** The cost of the funeral or an amount equal to 50% of the deceased's monthly wage.

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

**Noncontributory pension:** War victims' pensions and special pensions are provided for spouses, orphans, and dependent parents.

### **Administrative Organization**

Managed by technical and managing councils, the Nicaraguan Institute of Social Security (<http://www.inss.org.ni>) administers the program.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law and current law:** 1955 (social security), with 2005 amendment.

**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 the self-employed, clergy, employers, ranchers, and unpaid family members working for family-owned companies.

Exclusions: Armed forces personnel.

**Medical benefits:** Insured persons and their dependents (the wife of an insured man receives prenatal and postnatal care; children receive benefits up to age 12) and old-age pensioners.

#### **Source of Funds**

**Insured person:** 6.25% of gross earnings.

## Nicaragua

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The minimum earnings for contribution purposes are equal to the minimum wage.

The maximum earnings for contribution purposes are 35,525 cordobas.

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

**Employer:** 15% of payroll.

The minimum earnings for contribution purposes are equal to the minimum wage.

The maximum earnings for contribution purposes are 35,525 cordobas.

**Government:** 0.25% of earnings; contributes as an employer.

### Qualifying Conditions

**Cash sickness benefits:** Must have 8 weeks of contributions in the last 22 weeks. Insured persons with 8 weekly contributions in the last 22 weeks who become unemployed are covered for 14 weeks after the end of employment.

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

**Cash maternity benefits:** Must have 16 weeks of contributions in the 39 weeks before the expected date of childbirth. Insured women with 8 weekly contributions in the last 22 weeks who become unemployed are covered for 14 weeks after the end of employment.

**Medical benefits:** At least 4 weeks of contributions, even if they are not consecutive; receiving a contributory or noncontributory old-age pension.

### Sickness and Maternity Benefits

**Sickness benefit:** The monthly benefit is equal to 60% of the insured's average earnings in the last 8 weeks and is payable after a 3-day waiting period (waived if hospitalized) for up to 52 weeks.

**Maternity benefit:** The benefit is equal to 60% of the insured's average earnings in the last 8 weeks and is payable according to eight wage classes. The benefit is payable for 4 weeks before and 8 weeks after the expected date of childbirth.

Nursing allowance: Forty-five pounds of milk are provided in the first 6 months of the child's life.

### Workers' Medical Benefits

Medical services are provided directly to patients, depending on available resources.

There is no limit to duration.

### Dependents' Medical Benefits

Medical services are provided directly to patients, depending on available resources. The wife of an insured man receives prenatal and postnatal care. Benefits are provided for children up to age 12. Old-age pensioners (contributory and noncontributory) receive medical care for 77 illnesses and 7 types of surgical treatment, according to the schedule in law.

### Administrative Organization

Managed by technical and managing councils, the Nicaraguan Institute of Social Security (<http://www.inss.org.ni>) administers the program.

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

### Work Injury

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#### Regulatory Framework

**First law:** 1945 (labor code).

**Current law:** 2005 (social security).

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

#### Coverage

All persons receiving remuneration for work or services rendered.

#### Source of Funds

**Insured person:** None.

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

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

The maximum earnings for contribution purposes are 35,525 cordobas.

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

#### Qualifying Conditions

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

#### Temporary Disability Benefits

The benefit is equal to 60% of earnings in the last 8 weeks of contributions. The benefit is payable from the day after the onset of disability until medical care ceases or the insured is certified as permanently disabled. (The employer pays the benefit for the first day of disability.)

## Permanent Disability Benefits

**Permanent disability pension:** The pension is equal to 60% of the insured's earnings if the insured has a wife and two or more children; 50% if there are no dependents.

Dependent's supplement (total disability): 15% of the pension is paid for a wife or partner; 10% each for children younger than age 15 (age 21 if student, no limit if 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 equal to 50% of the deceased's earnings used to calculate the permanent disability pension. The pension is payable to a widow or a dependent disabled widower.

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

**Other dependent survivors (in the absence of the above):** Each survivor receives 25% of the deceased's pension.

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

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

## Administrative Organization

Managed by technical and managing councils, the Nicaraguan Institute of Social Security (<http://www.inss.org.ni>) administers the program.

## Family Allowances

### Regulatory Framework

**First and current law:** 1955 (social security), implemented in 1956, with 2005 amendment.

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

### Coverage

All persons receiving remuneration for work or services rendered.

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

Exclusions: Seasonal agricultural workers and armed forces personnel.

## Source of Funds

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

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

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

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

## 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

Managed by technical and managing councils, the Nicaraguan Institute of Social Security (<http://www.inss.org.ni>) administers the program.