

## Nicaragua

Exchange rate: U.S.\$1.00 equals 14.89 cordobas.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1955.

**Current law:** 1982.

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

Note: A new system of mandatory individual accounts that replaces the social insurance system will be implemented in 2004.

#### Coverage

All persons receiving remuneration for work or services rendered.

Exclusions: Seasonal agricultural workers and members of the armed forces.

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

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

#### Source of Funds

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

**Employer:** 6% of payroll.

**Government:** None.

The maximum earnings for contribution purposes are 35,000 cordobas.

All of the above contributions also finance family allowances. 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 miners, teachers, and the physically or mentally impaired), with 750 weeks of contributions. Qualifying conditions are reduced for those who joined the program after age 45, with contributions required only for half of the number of weeks from the date coverage began until retirement age.

**Disability pension:** The loss of 67% of earning capacity in a similar occupation (total disability); able to earn more than 52% but less than 67% of usual earnings (partial disability), with 150 weeks of contribution in the last 6 years.

The disability pension is converted to 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.

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

**Funeral grant:** The insured person had 4 weeks of contributions in the 26 weeks preceding 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:** 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) during 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 every additional 50-week period of contributions. An additional 1% of earnings is added for each year of work after age 60, up to a maximum of 5%.

Dependents' supplements: 15% of the old-age pension for a wife or companion; 10% each for children under age 15 (age 21 if student, no limit if disabled); 10% for uninsured parents over age 60 or disabled.

The maximum pension is 80% of average earnings if the insured's average earnings are more than twice the minimum salary; 100% if the insured's average earnings are less than twice the minimum salary.

The minimum monthly benefit is 954 cordobas.

Benefit adjustment: Periodic adjustment of benefits for wage changes, if financial conditions permit.

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

#### Permanent Disability Benefits

**Disability pension:** 40% of the insured's average earnings (45% if average earnings are less than twice the minimum wage) during 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 every additional 50-week period of contributions.

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

Dependents' supplements (total disability): 15% of the pension for a wife or companion; 10% each for children under age 15 (age 21 if student, no limit if disabled); 10% for uninsured parents over age 60 or disabled.

Partial disability: 50% of the total disability pension.

Dependents' supplements (partial disability): Supplements are paid at half the rate awarded for total disability.

The maximum partial disability pension is 40% of average earnings.

The maximum pension is based on the minimum salary in the worker's employment group.

Benefit adjustment: Periodic adjustment of pensions for wage changes, if financial conditions permit.

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

### **Survivor Benefits**

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

**Orphan's pension:** 25% of the insured's pension for each orphan under age 15 (age 21 if a student; no limit if disabled); 50% if a full orphan.

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

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

Benefit adjustment: Periodic adjustment of pensions for wage changes, if financial conditions permit.

**Noncontributory pension:** Periodic 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 administers the contributory and noncontributory programs.

### **Sickness and Maternity**

#### **Regulatory Framework**

**First law:** 1955.

**Current law:** 1982 (national health service).

**Type of program:** Dual social insurance (cash benefits) and universal (medical care) system.

#### **Coverage**

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

Exclusion: Members of the armed forces.

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

**Medical benefits:** Insured persons and their dependents (the wife of an insured man receives prenatal and postnatal care; benefits for children up to age 6) and old-age pensioners.

### **Source of Funds**

**Insured person:** 2.25% of earnings.

**Employer:** 6% of payroll.

**Government:** 0.25% of earnings (plus employer contributions for public-sector employees).

### **Qualifying Conditions**

**Cash sickness benefits:** Eight weeks of contributions in the last 22 weeks. Insured persons with 8 weekly contributions in the last 22 weeks who become unemployed are also covered.

**Cash maternity benefits:** Sixteen weeks of contributions in the 39 weeks prior to the birth. Insured women with 8 weekly contributions in the last 22 weeks who become unemployed are also covered.

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

**Maternity benefit:** 60% of average earnings in the last 8 weeks, 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 during 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 duration to limit.

### **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 6. Old-age pensioners (contributory and noncontributory) receive medical care for 77 illnesses and 7 types of surgical treatment.

### **Administrative Organization**

Managed by technical and managing councils, the Nicaraguan Institute of Social Security 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:** 1982.

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

### **Coverage**

All persons receiving remuneration for work or services rendered.

### **Source of Funds**

**Insured person:** None.

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

**Government:** None, except as an employer.

The maximum earnings for contribution purposes are 35,000 cordobas.

### **Qualifying Conditions**

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

### **Sickness and Maternity Benefits**

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 terminates or until the insured person is declared permanently disabled. (The employer pays the benefit for the first day of disability.)

### **Permanent Disability Benefits**

**Permanent disability pension:** 60% of earnings if the insured person has a wife and two or more children; 50% if there are no dependents.

**Partial disability:** A percentage of the full pension in proportion 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 care is provided to treat work injuries and occupational diseases.

### **Survivor Benefits**

**Survivor pension:** The minimum pension is 50% of the insured's average salary or base salary used to calculate the permanent disability pension. The pension is payable to a widow or a dependent disabled widower.

**Orphan's pension:** 25% of the insured's pension for each orphan under age 15 (age 21 if a student; no limit if disabled); 50% for a full orphan.

**Other dependent survivors (in the absence of the above):** 25% of the insured's pension each.

The maximum pension is 100% of the insured's pension.

**Funeral grant:** The cost of the funeral service.

### **Administrative Organization**

Managed by technical and managing councils, the Nicaraguan Institute of Social Security administers the contributory and noncontributory programs.

## **Family Allowances**

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### **Regulatory Framework**

**First and current law:** 1982.

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

### **Coverage**

All persons receiving remuneration for work or services rendered.

**Exclusions:** Seasonal agricultural workers and members of the armed forces.

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

### **Source of Funds**

**Insured 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 under age 15; age 21 if a student.

### **Family Allowance Benefits**

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

### **Administrative Organization**

Managed by technical and managing councils, the Nicaraguan Institute of Social Security administers the program.