

## Costa Rica

Exchange rate: US\$1.00 = 561.59 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 mandatory individual account system.

Note: A means-tested benefit is paid to certain elderly persons, persons with disabilities, and survivors under Family Allowances.

#### Coverage

**Social insurance:** Public- and private-sector employees and self-employed persons.

Special systems for teachers and employees of the justice department.

**Mandatory individual account:** Public- and private-sector employees younger than age 55 in 2005.

Exclusions: Self-employed persons.

#### Source of Funds

##### Insured person

**Social insurance:** 3.34% (gradually increasing to 4.5% by 2035) of gross earnings.

The minimum monthly earnings used to calculate contributions are 231,135 colones (January 2017).

There are no maximum earnings used to calculate contributions.

**Mandatory individual account:** 1% of earnings plus up to 0.19% of the account balance for administrative fees.

##### Self-employed person

**Social insurance:** 9.66% (gradually increasing to 12.16% by 2035) of gross declared earnings.

The minimum monthly earnings used to calculate contributions are 231,135 colones (January 2017).

There are no maximum earnings used to calculate contributions.

**Mandatory individual account:** Not applicable.

#### Employer

**Social insurance:** 5.08% (gradually increasing to 5.75% by 2035) of payroll.

The minimum monthly earnings used to calculate contributions are 231,135 colones (January 2017).

There are no maximum earnings used to calculate contributions.

**Mandatory individual account:** 3.25% of payroll.

#### Government

**Social insurance:** 1.24% (gradually increasing to 1.91% by 2035) of the gross income of all workers and self-employed persons.

**Mandatory individual account:** None.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 65 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 with at least 462 months of contributions (men) or age 59 years and 11 months with at least 450 months of contributions (women).

Early pension: Age 62 (men) or age 60 (women) with at least 300 months of contributions (increasing to 360 months in March 2018 and 420 months in September 2019). The early pension is being phased out by March 2021.

Partial pension: Age 65 with at least 180 months but less than 300 months of contributions.

Deferred pension: The pension may be deferred.

Retirement is not necessary, except for state employees.

Social insurance old-age pensions are not payable abroad.

##### Old-age pension (mandatory individual account):

Age 65 with at least 300 months of contributions and receives a social insurance old-age pension. The retirement age may be reduced with additional months of contributions to as low as age 61 years and 11 months with at least 462 months of contributions (men) or age 59 years and 11 months with at least 450 months of contributions (women). Persons who do not qualify for a social insurance pension may withdraw accumulated funds from their individual accounts at age 65.

Early withdrawals: Must be aged 57 or older with at least 66 months of contributions or have a certified disability or a terminal illness.

**Disability pension (social insurance):** Must have at least a 66.7% assessed loss of work capacity in the usual or equivalent occupation and at least 12 (if aged 24 or younger) to 120 (if aged 48 or older) months of contributions, including at least 12 months of contributions in the two years before the disability began (if aged 48 or younger) or 24 months in the four years before the disability

began (if older than age 48). These contribution requirements are waived if the insured has at least 180 months of contributions.

**Partial pension:** Must have at least a 66.7% assessed loss of work capacity in the usual or equivalent occupation, have at least 60 months of contributions, and not meet the contribution requirements for a full disability pension.

The disability pension ceases at the normal retirement age and is replaced by an old-age pension.

Disability pensions are not payable abroad.

**Survivor pension (social insurance):** The deceased received or was entitled to receive 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 include 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.

The survivor pension ceases upon remarriage or cohabitation.

**Survivor settlement (social insurance):** The deceased had at least 12 months of contributions. The settlement is paid to eligible survivors who do not qualify for a survivor pension (social insurance).

Eligible survivors include 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.

**Funeral grant (social insurance):** The deceased received or was entitled to receive a social insurance old-age pension at the time of death, or had at least three months of contributions in the last six months before death.

### Old-Age Benefits

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

The minimum monthly old-age pension is 130,633 colones; if the calculated pension amount is lower, a lump sum is paid.

The maximum monthly old-age pension is 1,539,414 colones.

**Early pension:** The pension is reduced by 1.75% for each trimester the pension is claimed before the normal retirement age. The early pension is being phased out by March 2021.

The value of the early pension must be at least the minimum old-age monthly pension.

The minimum monthly old-age pension is 130,633 colones.

**Partial pension:** The benefit is calculated in the same way as the old-age pension, multiplied by the insured's number of contributions and divided by 300.

**Deferred pension:** The pension is increased by 0.133% of the insured's average monthly earnings in the last 240 months for each month the pension is deferred after the normal retirement age.

The maximum monthly deferred old-age pension is 2,178,272 colones.

**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.

**Old-age pension (mandatory individual account):** The insured has two different options: make programmed withdrawals or purchase an annuity.

**Early withdrawals:** 100% of the account balance may be paid.

### Permanent Disability Benefits

**Disability pension (social insurance):** The pension is the insured's average indexed monthly earnings in the last 240 months (or over the entire contribution period adjusted to inflation, if shorter) multiplied by 43% to 52.5%, depending on average monthly earnings in the last 60 months, plus 0.0835% of average indexed monthly earnings for each month of contributions exceeding 240 months. Earnings are adjusted according to changes in the consumer price index.

The minimum monthly disability pension is 130,633 colones; if the calculated pension is lower, a lump sum is paid.

The maximum monthly disability pension is 1,539,414 colones.

**Partial pension:** The benefit is calculated in the same way as the disability pension, multiplied by the insured's number of contributions and divided by 240.

**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.

### Survivor Benefits

#### Survivor pension (social insurance)

**Spouse's pension:** 50% of the old-age or disability pension the deceased received or was entitled to receive is paid if younger than age 50; 60% if aged 50 to 59; 70% if aged 60 or older or disabled.

**Orphan's pension:** 30% of the old-age or disability pension the deceased received or was entitled to receive is paid for each eligible child; 60% for a full orphan.

**Other eligible survivor's pension:** If there is no widow(er) or orphan, 20% of the old-age or disability pension the deceased received or was entitled to receive is paid to each dependent parent and dependent sibling; 60% to dependents older than age 55.

The maximum combined survivor benefit is 100% of the old-age or disability 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 settlement (social insurance):** A lump sum of 8.33% of the deceased's average monthly earnings in the last 12 months of contributions is paid, multiplied by the total months of contributions.

**Funeral grant:** A lump sum of 95,000 colones is paid for the funeral of an insured person or pensioner; 63,000 colones for a spouse or partner.

### Administrative Organization

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

State auditor supervises the financial operations of the fund.

**Mandatory individual account:** Superintendent of Pensions (<https://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.

Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr/>) collects contributions.

### Sickness and Maternity

#### Regulatory Framework

**First laws:** 1941.

**Current laws:** 1943 (labor); 1961; 1973 (health); and 1993 (social insurance), implemented in 1997.

**Type of program:** Social insurance, employer-liability (cash maternity benefits only), and social assistance (medical benefits only) system.

#### Coverage

**Social insurance (cash benefits):** Employed and self-employed persons, and pensioners.

**Social insurance (medical benefits):** Residents of Costa Rica; visitors to the country may receive emergency medical care according to international agreements.

Voluntary coverage is available.

**Employer liability:** Employed persons.

Exclusions: Self-employed persons.

**Social assistance:** Needy residents of Costa Rica.

#### Source of Funds

##### Insured person

**Social insurance:** 5.5% of gross earnings. Pensioners contribute 5% of the pension.

The insured's contributions also finance the funeral grant under Old-age, Disability, and Survivors.

The minimum earnings used to calculate contributions are 293,132 colones (January 2017).

**Employer liability:** None.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** 3.15% to 10.69% of declared earnings.

The minimum earnings used to calculate contributions are 231,135 colones for self-employed and voluntary insured persons with very low contributory capacity) (January 2017).

**Employer liability:** Not applicable.

**Social assistance:** None.

##### Employer

**Social insurance:** 9.25% of payroll.

**Employer liability:** The total cost.

**Social assistance:** See source of funds under Family Allowances.

##### Government

**Social insurance:** 0.25% of total covered earnings; 1.31% to 8.85% of the declared earnings for self-employed and voluntary insured persons (inversely proportional to the declared earnings); for pensioners, the Social Insurance Fund contributes 8.75% of the pension.

**Employer liability:** None, contributes as an employer.

**Social assistance:** See source of Funds under Family Allowances.

#### Qualifying Conditions

**Cash sickness benefit (social insurance):** Must have at least six months of contributions in the 12 months before the incapacity began and have contributed in the month immediately before the incapacity began.

**Cash maternity benefit (social insurance):** Must have at least three consecutive months of contributions

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immediately before the birth or six months in the 12 months before the birth.

**Cash maternity benefit (employer liability):** Must provide a medical certificate with the expected date of childbirth.

**Medical benefits (social insurance):** There is no minimum qualifying period.

**Medical benefits (social assistance, means tested):** Must be assessed as unable to pay social insurance contributions for medical benefits.

### **Sickness and Maternity Benefits**

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

**Maternity benefit (social insurance and employer liability):** 100% (split equally between the employer and Costa Rican Social Insurance Fund) of the insured's monthly earnings is paid for 30 days before and 90 days after the expected date of childbirth; 66.6% is paid by the employer if the insured person does not qualify for a social insurance benefit.

### **Workers' Medical Benefits**

**Medical benefits (social insurance):** The Social Insurance Fund normally provides medical services directly to patients. Benefits include general, specialist, and maternity care; hospitalization; medicine; dental, auditory, and limited optometry services; and appliances (at a reduced cost).

**Medical benefits (social assistance; means tested):** Benefits are the same as under the medical benefits (social insurance).

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

### **Administrative Organization**

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

Costa Rican Social Insurance Fund owns and operates hospitals and 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 through a public carrier.

### **Coverage**

Employed persons.

Voluntary coverage for self-employed persons.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** A percentage of net monthly declared earnings for the voluntarily insured, according to type of economic activity.

**Employer:** The total cost (pays insurance premiums that vary according to the assessed degree of risk).

**Government:** None.

### **Qualifying Conditions**

Must be assessed with a work injury or occupational disease.

### **Temporary Disability Benefits**

60% of the insured's daily earnings is paid for the first 45 days; thereafter, 100% of the insured's daily earnings. 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 the disability began.

The legal monthly minimum wage ranges from 293,132.67 colones to 629,395.00 colones, according to occupation.

### **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 legal monthly minimum wage plus 90% of the insured's monthly earnings that exceed this amount.

The legal monthly minimum wage ranges from 293,132.67 colones to 629,395.00 colones, according to occupation.

Constant-attendance supplement: 78,275 colones a month is paid for a total permanent disability if the insured requires the constant attendance of others to perform daily tasks; 44,547 colones a month for a severe disability.

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

Partial disability: For an assessed degree of disability from 50% to 67%, 67% of the insured's earnings is paid for up to 10 years; for 0.5% to 49%, the assessed degree of disability multiplied by the insured's annual earnings 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

*Spouse's pension:* 40% of the deceased's average monthly earnings in the 12 months before death is paid to a widow or to a widower with a disability. The pension is paid for 10 years; may be extended for additional five-year periods in special cases.

The maximum widow(er)'s 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 average monthly earnings in the 12 months before death is paid for up to three children younger than age 18 (age 25 if a student, no limit if disabled).

*Other eligible survivor's pension:* 20% of the deceased's average monthly earnings in the 12 months before death is paid to the deceased's mother (30% if there are no dependent children) for 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.

The maximum combined survivor benefit is 75% of the deceased's earnings.

**Funeral grant:** A lump sum of 95,000 colones plus transportation costs is paid.

## Administrative Organization

Council of Occupational Health (<http://www.cso.go.cr/>) provides general supervision.

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

## Unemployment

### Regulatory Framework

Labor law requires employers to contribute 1.5% of payroll to finance a mandatory severance pay program for cases of unfair dismissal. The program pays 10 days of an employee's salary with three to six months of continuous service, 20 days with more than six months but less than one year; and one month for each year of service with at least one year of service, up to eight months.

## Family Allowances

### Regulatory Framework

**First and current law:** 1974 (family allowances and social development) and 2006 (Avancemos cash transfer).

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

## Coverage

Needy persons and households with school-aged children.

## Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** 5% of monthly payroll finances the Family Allowance and Social Development Fund (FODESAF); certain public institutions and employers with incomes below certain thresholds are exempted from paying contributions.

FODESAF is used to fund social assistance family allowances, medical benefits under Sickness and Maternity, and certain other education, infrastructure, and social assistance programs, including the Avancemos cash transfer program.

**Government:** Subsidies as needed.

## Qualifying Conditions

**Family allowance (income tested):** Paid to persons older than age 65, persons living below the poverty line, persons with disabilities, widows aged 55 to 65, and widows younger than age 55 with dependents younger than age 18 (age 21 if a student or unemployed), and orphans younger than age 18. Must not qualify for a contributory pension.

**Income test:** Family or individual income is less than or equal to the official poverty line. The benefit is not paid if another family member receives an income-tested family allowance.

**Family cash transfer (Avancemos, means tested):** Paid for children aged 11 or older who are enrolled in secondary education and comply with the academic and program attendance requirements.

**Means test:** Households must be classified as living in extreme poverty, basic poverty, or vulnerable conditions by the Regional Associations of Social Development (ARDS).

## Family Allowance Benefits

**Family allowance (income tested):** At least 78,000 colones a month is paid.

**Schedule of payments:** 13 payments a year.

**Family cash transfer (Avancemos, means tested):** 11,000 colones to 60,000 colones a month is paid per student, according to the type of education program.

## Administrative Organization

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

Social Development and Family Allowances Fund directs the program.

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

Mixed Institute for Social Assistance (<http://www.imas.go.cr/>) administers the Avancemos cash transfer program.