

## Nicaragua

Exchange rate: US\$1.00 = 33.05 córdobas.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1982 (social security) and 1982 (social security regulations).

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

#### Coverage

Employed persons, farmers who benefited from the Agrarian Reform, members of professional associations, certain members of the clergy, and members of cooperatives.

Voluntary coverage for self-employed persons, persons who previously had mandatory coverage, certain members of the clergy, citizens of Nicaragua working at diplomatic missions or for international organizations in Nicaragua, and family labor.

Exclusions: Seasonal agricultural workers.

Special systems for employees of the Ministry of Interior, including firefighters, police and correctional personnel; and for military personnel.

#### Source of Funds

**Insured person:** 4.75% of monthly covered earnings.

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

The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

There are no maximum earnings used to calculate contributions.

The insured person's contributions also finance family allowances.

**Self-employed person:** 14% of monthly covered declared earnings (old-age, disability, and survivor benefits and dependent supplements); 11.6% of monthly covered declared earnings for the clergy (old-age, disability, and survivor benefits).

The minimum monthly earnings used to calculate contributions are the legal monthly minimum wage for agricultural workers.

The legal monthly minimum wage for agricultural workers is 4,176.49 córdobas.

There are no maximum earnings used to calculate contributions.

**Employer:** 12.50% of monthly covered payroll (firms with fewer than 50 workers); 13.50% of monthly covered payroll (firms with at least 50 workers).

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

The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

There are no maximum earnings used to calculate contributions.

The employer's contributions also finance family allowances.

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

#### Qualifying Conditions

**Old-age pension (Pensión de vejez):** Age 60 with at least 750 weeks of contributions. Those who enrolled after age 45 must have contributions for half the weeks from the date coverage began until the normal retirement 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).

Partial pension: Age 60 with at least 250 weeks but less than 750 weeks of contributions.

Deferred pension: The pension may be deferred until age 70.

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

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

A pensioner who works must pay contributions; the pensioner's salary must not exceed the amount of his or her pension.

The old-age pension is not payable abroad.

**Disability pension (Pensión de invalidez):** Must have at least a 67% assessed loss of earning capacity and at least 150 weeks of contributions in the six years immediately before the disability began or at least 250 total weeks of contributions.

Partial pension: Must have at least a 50% but less than a 67% assessed loss of earning capacity and at least 150 weeks of contributions in the six years immediately

before the disability began or at least 250 total weeks of contributions.

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

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

The disability pension ceases at the normal retirement age and is replaced by the old-age pension. If the insured is not entitled to receive an old-age pension, a partial disability pension is increased to the value of the total disability benefit at the normal retirement age if the beneficiary retires from all gainful employment.

A medical board appointed by the Nicaraguan Institute of Social Security assesses and review the loss of earning capacity every three years.

The disability pension is not payable abroad.

**Survivor pension:** The deceased received or was entitled to receive an old-age or disability pension at the time of death.

Eligible survivors include a widow or a dependent, disabled widower who has lived with the deceased for at least six months (except if there are common children; the widow is pregnant; or if the deceased died from an accident), and orphans younger than age 15 (age 21 if a student, no limit if disabled).

Depending on the number of other eligible survivors, dependent parents or grandparents older than age 60 or disabled may also receive benefits.

The widow(er)'s pension ceases upon remarriage or cohabitation.

**Remarriage and cohabitation grant:** Paid to a widow(er) upon remarriage or cohabitation.

Survivor pensions are not payable abroad.

**Funeral grant (Subsidio de funeral):** The deceased was in covered employment or was a pensioner at the time of death.

### **Old-Age Benefits**

**Old-age pension (Pensión de vejez):** 20% of the insured's average monthly earnings in the last 375 weeks of contributions plus 1% for every 52 weeks of contributions exceeding 150 weeks is paid.

The minimum monthly old-age pension is the legal monthly minimum wage in the insured's occupation.

The legal monthly minimum wage ranges from 4,062.79 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

**Partial pension:** With 250 to 349 weeks of contributions, 1,910 córdobas a month is paid; with 350 to 449 weeks, 2,356 córdobas a month; with 450 to 549 weeks, 2,884 córdobas a month; with 550 to 649 weeks, 3,290 córdobas a month; and with 650 to 749 weeks, 3,656 córdobas a month.

**Deferred pension:** The pension is increased by 1% for every 52 weeks of contributions after age 60, up to 10%.

The maximum monthly old-age pension is 70% of the insured's average monthly earnings in the last 375 weeks of contributions.

**Constant-attendance allowance:** 20% of the old-age pension is paid.

**Dependent's supplement:** 13.5% of the old-age pension is paid for a dependent wife or disabled husband; 9% for each eligible child; and 9% for eligible parents or grandparents.

The maximum monthly old-age pension and dependent's supplement is 100% of the insured's average monthly earnings in the last 375 weeks of contributions or US\$1,500 a month, whichever is lower.

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

**Benefit adjustment:** Benefits are adjusted annually on November 30 based on changes in the consumer price index.

### **Permanent Disability Benefits**

**Disability pension (Pensión de invalidez):** 20% of the insured's average monthly earnings in the last 375 weeks of contributions plus 1% for every 52 weeks of contributions exceeding 150 weeks is paid.

The minimum monthly disability pension is the legal monthly minimum wage in the insured's occupation.

The legal monthly minimum wage ranges from 4,873.29 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

The maximum monthly disability pension is 70% of the insured's average monthly earnings in the last 375 weeks 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 monthly earnings.

**Partial pension:** 50% of the full disability pension is paid.

The partial pension must be greater than 33% but less than 50% (depending on the degree of disability) of the legal monthly minimum wage in the insured's occupation.

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

**Dependent's supplement:** 13.5% of the old-age pension is paid for a dependent wife or disabled husband; 9% for each eligible child; and 9% for eligible parents or grandparents.

The maximum monthly disability pension and dependent's supplement is 100% of the insured's average monthly earnings in the last 375 weeks of contributions or US\$1,500 a month, whichever is lower.

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

Benefit adjustment: Benefits are adjusted annually on November 30 based on changes in the consumer price index.

## Survivor Benefits

### Survivor pension

*Spouse's pension (Pensión de viudedad):* 50% of the old-age or disability pension the deceased received or was entitled to receive is paid for life to a widow aged 45 or older (any age if disabled) or a dependent widower aged 60 or older (any age if disabled); for up to two years to a widow younger than age 45 (temporary survivor pension) or without maximum duration if she is caring for a child receiving an orphan's pension.

A widow who previously received a temporary survivor pension may be entitled to receive a spouse's pension for life upon reaching age 60 if she has not remarried, is unemployed, and is not receiving any other pension.

Remarriage and cohabitation grant: A lump sum of 12 months of the spouse's pension is paid.

*Orphan's pension (Pensión de orfandad):* 25% of the old-age or disability pension the deceased received or was entitled to receive is paid to each eligible orphan; 50% for a full orphan.

*Other dependent's pension (Pensión de ascendientes):* Depending on the number of other eligible survivors, up to 50% of the old-age or disability pension the deceased received or was entitled to receive is paid to other dependent relatives.

The maximum combined survivor pension is 100% of the old-age or disability pension the deceased received or was entitled to receive.

Benefit adjustment: Benefits are adjusted annually on November 30 based on changes in the consumer price index.

**Funeral grant (Subsidio de funeral):** A lump sum of the cost of the funeral or 50% of the deceased's last monthly covered earnings in the 26 weeks before death, whichever is lower, is paid to the person who paid for the funeral.

## Administrative Organization

Nicaraguan Institute of Social Security (<https://www.inss.gob.ni/>) administers the programs and collects contributions.

## Sickness and Maternity

### Regulatory Framework

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

**Current laws:** 1982 (social security), 1982 (social security regulations), and 2002 (health).

**Type of program:** Social insurance (cash and medical benefits) and social assistance (medical benefits) system.

Note: The 2014 Family Code introduced a five-day paternity benefit.

### Coverage

**Social insurance (cash and medical benefits):** Employed persons, farmers who benefited from the Agrarian Reform, members of professional associations, certain members of the clergy, members of cooperatives, and old-age pensioners (medical benefits only).

Voluntary coverage for self-employed persons, persons who previously had mandatory coverage, certain members of the clergy, citizens of Nicaragua working at diplomatic missions or for international organizations in Nicaragua, and family labor.

Exclusions: Seasonal agricultural workers.

Special systems for employees of the Ministry of Interior, including firefighters, police and correctional personnel; and for military personnel.

**Social assistance (medical benefits):** Needy persons, including elderly and persons with disabilities.

### Source of Funds

#### Insured person

*Social insurance:* 2.25% of monthly covered earnings.

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

The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

*Social assistance:* None.

#### Self-employed person

*Social insurance:* 8.25% of monthly covered earnings.

The minimum monthly earnings used to calculate contributions are 6,400 córdobas.

*Social assistance:* None.

#### Employer

*Social insurance:* 6% of monthly covered payroll.

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

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The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

*Social assistance:* None.

### Government

*Social insurance:* 1.75% of monthly covered earnings for insured and self-employed persons; contributes as employer.

The government's contributions also finance family allowances.

*Social assistance:* The total cost.

### Qualifying Conditions

**Cash sickness benefit (Subsidio de enfermedad, social insurance):** Must have at least eight weeks of contributions in the last 22 weeks. Unemployed persons with at least eight weeks of contributions in the last 22 weeks are covered for eight weeks after employment ceases. Voluntarily insured persons must have at least one year of continuous contributions.

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

**Cash maternity benefits (Subsidio de maternidad, social insurance):** Must have at least 16 weeks of contributions in the 39 weeks before the expected date of childbirth. Unemployed women with at least eight weeks of contributions in the last 22 weeks are covered for 14 weeks after employment ceased. Voluntarily insured persons must have at least one year of continuous contributions.

Nursing allowance (Subsidio de lactancia): Paid to an insured woman or the wife of an insured man for each child younger than age seven months.

**Medical benefits (Prestaciones de salud, social insurance):** Must have at least eight weeks of contributions in the last 22 weeks; there is no minimum qualifying period for old-age pensioners.

Eligible dependents include a spouse and children up to age 12.

**Medical benefits (Prestaciones médicas, social assistance):** Must not be entitled to receive social insurance medical benefits and be assessed as unable to pay contributions for voluntary social insurance coverage.

### Sickness and Maternity Benefits

**Sickness benefit (Subsidio de enfermedad, social insurance):** 60% of the insured's average weekly earnings in the last eight weeks before the incapacity began is paid after a three-day waiting period (waived if hospitalized) for up to 52 weeks.

**Maternity benefit (Subsidio de maternidad, social insurance):** 60% of the insured's average weekly earnings in the last eight weeks before childbirth is paid for four weeks before and eight weeks after the expected date of childbirth; may be extended for an additional two weeks for each additional child resulting from a multiple birth.

Nursing allowance (Subsidio de lactancia): Breastfeeding support is provided for the first six months of the child's life; if the child is not breastfed, formula is provided. Equivalent benefits may be provided in cash under certain conditions.

### Workers' Medical Benefits

**Medical benefits (Prestaciones de salud, social insurance):** Public hospitals and private clinics under contract with the Nicaraguan Institute of Social Security provide medical benefits. Benefits include general and specialist care, hospitalization, laboratory services, and maternity care. Old-age pensioners are entitled to medical services for certain illnesses and surgical treatments.

There is no limit to duration.

**Medical benefits (Prestaciones médicas, social assistance):** Public health facilities provide free health care including hospitalization and outpatient services, diagnostics, and medicines, in accordance with a basic list defined by the Ministry of Health.

### Dependents' Medical Benefits

**Medical benefits (Prestaciones de salud, social insurance):** Benefits for dependents are the same as those for the insured.

**Medical benefits (Prestaciones médicas, social assistance):** No information available.

### Administrative Organization

Nicaraguan Institute of Social Security (<https://www.inss.gob.ni/>) administers the social insurance program and collects contributions.

Ministry of Health (<http://www.minsa.gob.ni/>) administers the social assistance program.

Public and private institutions provide medical care.

### Work Injury

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#### Regulatory Framework

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

**Current laws:** 1982 (social security) and 1982 (social security regulations).

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

## Coverage

Employed persons, farmers who benefited from the Agrarian Reform, members of professional associations and the clergy, and members of cooperatives.

Exclusions: Self-employed persons, seasonal agricultural workers, citizens of Nicaragua working at diplomatic missions or for international organizations in Nicaragua, and family labor.

Special systems for employees of the Ministry of Interior, including firefighters, police and correctional personnel; and for military personnel.

## Source of Funds

**Insured person:** None.

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

**Employer:** 1.5% of monthly covered payroll plus 1.5% for war victims' pensions.

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

The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

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

## Qualifying Conditions

Must be assessed with a work injury or an occupational disease. Accidents that occur while commuting to and from work are covered. There is no minimum qualifying period.

## Temporary Disability Benefits

60% of the insured's weekly 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.)

## Permanent Disability Benefits

**Permanent disability pension (Pensión por incapacidad permanente):** For a total (at least a 67% assessed loss of earning capacity) disability, 20% of the insured's average monthly earnings plus 1% for every 52 weeks of contributions exceeding 150 weeks is paid.

Average monthly earnings are based on the insured's earnings in the last 150 weeks of contributions.

The minimum monthly permanent disability pension is 60% of the insured's average monthly earnings or the legal monthly minimum wage in the insured's occupation, whichever is lower.

The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas

(construction, finance, and insurance), depending on the economic sector.

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

Dependent's supplement: 13.5% of the permanent disability pension is paid for a wife or disabled husband; 9% for each child younger than age 15 (age 21 if a student, no limit if disabled); and 9% for dependent relatives older than age 60 or disabled.

Partial disability: For an assessed loss of earning capacity of at least 20% but less than 67%, a percentage of the full permanent disability pension is paid based on the assessed degree of disability.

The partial disability pension must be greater than 20% but less than 67% (depending on the degree of disability) of the legal monthly minimum wage in the insured's occupation. A lump sum of five times the insured's annual salary is paid for an assessed loss of earning capacity of less than 20%.

The legal monthly minimum wage ranges from 4,176.49 córdobas (agriculture) to 9,346.59 córdobas (construction, finance, and insurance), depending on the economic sector.

Schedule of payments: The permanent disability pension is paid monthly, with an additional payment made each Christmas.

Benefit adjustment: Benefits are adjusted annually on November 30 based on changes in the consumer price index.

## Workers' Medical Benefits

Medical benefits are provided for work injuries and occupational diseases. Benefits include general and specialist care, medicine, dental care, laboratory services, X-rays, hospitalization, prostheses, appliances, and rehabilitation.

## Survivor Benefits

### Survivor pension

**Spouse's pension (Pensión de viudedad):** 50% of the permanent disability pension the deceased received or was entitled to receive is paid for life to a widow aged 45 or older (any age if disabled) or a dependent widower aged 60 or older (any age if disabled); a temporary survivor pension is paid for up to two years to a widow younger than age 45 (temporary survivor pension) or without maximum duration if caring for a child receiving an orphan's pension).

A widow who previously received a temporary survivor pension may be entitled to receive a spouse's pension for life upon reaching age 60 if she has not remarried, is unemployed and is not receiving any other pension.

**Orphan's pension (*Pensión de orfandad*):** 25% of the permanent disability pension the deceased received or was entitled to receive is paid to each child younger than age 15 (age 21 if a student, no limit if disabled); 50% for a full orphan.

**Other dependent's pension (*Pensión de ascendientes*):** If there are no other eligible survivors, 25% of the permanent disability pension the deceased received or was entitled to receive is paid to each dependent survivor.

The maximum combined survivor pension is 100% of the permanent disability pension the deceased received or was entitled to receive.

**Funeral grant (*Subsidio de Funeral*):** See Old Age, Disability, and Survivors.

### **Administrative Organization**

Nicaraguan Institute of Social Security (<https://www.inss.gob.ni/>) administers the program and collects contributions.

## **Unemployment**

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### **Regulatory Framework**

The labor code requires employers to provide employees with severance pay in cases of unfair dismissal. An employee with a permanent contract who is unfairly dismissed receives 100% of his or her monthly earnings for each year of the first three continuous service plus 20 days of monthly earnings for each additional year of continuous service. Employees with fixed-term contracts receive 100% of their outstanding salaries agreed to in their work contracts.

## **Family Allowances**

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### **Regulatory Framework**

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

**Current laws:** 1982 (social security) and 1982 (social security regulations).

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

## **Coverage**

Employed persons, farmers who benefited from the Agrarian Reform, members of professional associations and the clergy, and members of cooperatives.

Exclusions: Self-employed persons, seasonal agricultural workers, military personnel, citizens of Nicaragua working at diplomatic missions or for international organizations in Nicaragua, and family labor.

Special system for employees of the Ministry of Interior, including firefighters, police and correctional personnel.

## **Source of Funds**

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

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

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

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

## **Qualifying Conditions**

**Marriage grant (*Ayuda para gastos de matrimonio*):** Must have at least three years of contributions.

## **Family Allowance Benefits**

**Marriage grant (*Ayuda para gastos de matrimonio*):** A lump sum of one month of the insured's monthly earnings is paid.

The benefit is paid for only one marriage.

## **Administrative Organization**

Nicaraguan Institute of Social Security (<https://www.inss.gob.ni/>) administers the program and collects contributions.