

## Nicaragua

Exchange rate: US\$1.00 = 29.95 córdobas.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current law:** 1982 (social security).

**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, certain members of the clergy, employers, and workers who previously had mandatory coverage.

Exclusions: Seasonal agricultural workers and military and police personnel.

#### Source of Funds

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

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

The legal monthly minimum wage is 3,624.32 córdobas (agriculture), 4,873.29 córdobas (industry), and 8,110.87 córdobas (construction, finance, and insurance).

The maximum monthly earnings used to calculate contributions are 82,953.89 córdobas.

The insured person's contributions also finance family allowances.

**Self-employed person:** 10% of covered declared earnings (old-age, disability, and survivor benefits and dependent supplements); 7.60% of covered declared earnings for the clergy (old-age, disability, and survivor benefits).

The minimum monthly earnings used to calculate contributions are 5,647.10 córdobas.

The maximum monthly earnings used to calculate contributions are 82,953.89 córdobas.

**Employer:** 10% of monthly covered payroll.

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

The legal monthly minimum wage is 3,624.32 córdobas (agriculture), 4,873.29 córdobas (industry), and 8,110.87 córdobas (construction, finance, and insurance).

The maximum monthly earnings used to calculate contributions are 82,953.89 córdobas.

The employer's contributions also finance family allowances.

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

#### Qualifying Conditions

**Old-age pension:** 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 65.

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

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

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

Old-age pensions are not payable abroad.

**Disability pension:** Must be assessed with a total (at least a 67% loss of earning capacity) disability with at least 150 weeks of contributions in the last six years or at least 250 total weeks of contributions.

Partial disability pension: Must be assessed with at least a 50% but less than a 67% loss of earnings capacity.

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

Dependent's supplement: Must be assessed with a total (at least a 67% loss of earning capacity) disability. The supplement is paid for a wife or disabled husband, children younger than age 15 (age 21 if a student, no limit if disabled), and dependent relatives older than age 60 or disabled.

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.

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

Disability pensions are 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), children younger than age 15 (age 21 if a student, no limit if disabled), and, if there are no other survivors, other dependent relatives older than age 60 or disabled.

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

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

Survivor pensions are not payable abroad.

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

### **Old-Age Benefits**

**Old-age pension:** With average earnings of more than twice the minimum wage, 37% of average earnings plus 1.15% for each additional 52-week period of contributions exceeding 150 weeks is paid. With average earnings of up to twice the minimum wage, 45% of average earnings plus 1.591% for each additional 52-week period of contributions exceeding 150 weeks is paid.

Average earnings are the average of the insured's last 250 weeks of contributions or the 250 weeks before the last 250 weeks of earnings (whichever is greater). For insured persons with 1,000 to 1,249 weeks of contributions, average earnings may be calculated based on the average of the insured's last 200 weeks of contributions; with at least 1,250 weeks of contributions, the average of the last 150 weeks of contributions.

The minimum pension is the legal monthly minimum wage for industry.

The legal monthly minimum wage for industry is 4,062.79 córdobas.

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

Deferred pension: The pension is increased by 1% for each 50-week period of contributions after age 60, up to 5%.

The maximum monthly old-age pension is 80% of average earnings with average earnings of more than twice the minimum wage; 100% with average earnings of less than twice the minimum wage.

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

The maximum old-age pension and dependent's supplement is 100% of the insured's earnings 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 for pensioners whose earnings used to calculate the old-age pension are up to twice the minimum wage are adjusted periodically in July according to changes in the average wage of all insured. Benefits for pensioners whose earnings used to calculate the old-age pension are more than twice the minimum wage are adjusted annually on November 30 according to changes in the consumer price index.

### **Permanent Disability Benefits**

**Disability pension:** With average monthly earnings of more than twice the minimum wage, 37% of average monthly earnings plus 1.15% for each additional 52-week period of contributions exceeding 150 weeks is paid. With earnings of up to twice the minimum wage, 45% of average monthly earnings plus 1.591% for each additional 52-week period of contributions exceeding 150 weeks is paid.

Average monthly earnings are based on the insured's last 250 weeks of contributions or the 250 weeks before the last 250 weeks of earnings, whichever is greater. If the insured has 1,000 to 1,249 weeks of contributions, average monthly earnings may be calculated based on the insured's last 200 weeks of contributions; with at least 1,250 weeks of contributions, the average may be based on the last 150 weeks of contributions.

The minimum monthly pension is the legal monthly minimum wage for industry.

The legal monthly minimum wage for industry is 4,873.29 córdobas.

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

Partial disability pension: 50% of the total disability pension is paid.

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

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

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

The maximum combined old-age pension and dependent's supplement is 100% of the insured's average monthly earnings 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 for pensioners whose earnings used to calculate the disability pension are up to twice the minimum wage are adjusted periodically in July according to changes in the average wage of all insured. Benefits for pensioners whose earnings used to calculate the disability pension are more than twice the minimum wage are adjusted annually on November 30 according to changes in the consumer price index.

## Survivor Benefits

### Survivor pension

*Spouse's pension:* 50% of the old-age or disability pension the deceased received or was entitled to receive is paid to a widow aged 45 or older or disabled, or to a widower aged 60 or older or dependent and disabled. A pension is paid to a widow younger than age 45 for two years or for as long as she is caring for a child receiving an orphan's pension.

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

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

The maximum combined survivor pension for a widow(er) with two or more children is 100% of the old-age or disability pension the deceased received or was entitled to receive.

*Dependent relatives' pension:* If there are no other eligible survivors, 50% of the old-age or disability pension the deceased received or was entitled to receive is paid to other dependent relatives.

**Funeral grant:** A lump sum of the cost of the funeral or 50% of the deceased's monthly wage, whichever is lower, is paid to the person who paid for the funeral.

Benefit adjustment: Benefits for pensioners whose earnings used to calculate the survivor pension are up to twice the minimum wage are adjusted periodically in July according to changes in the average wage of all insured. Benefits for pensioners whose earnings used to calculate the survivor pension are more than twice the minimum wage are adjusted annually on November 30 according to changes in the consumer price index.

## Administrative Organization

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

## Sickness and Maternity

### Regulatory Framework

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

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

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

### Coverage

**Social insurance (cash benefits):** 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, certain members of the clergy, employers, and workers who previously had mandatory coverage.

**Exclusions:** Seasonal agricultural workers, and military and police personnel.

**Social insurance (medical benefits):** Insured persons and their dependents (a wife requiring maternity care and children up to age 12) and old-age pensioners.

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

### Source of Funds

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

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

The legal monthly minimum wage is 3,014.41 córdobas (agriculture), 4,062.79 córdobas (industry), and 6,761.91 córdobas (construction, finance, and insurance).

The maximum monthly earnings used to calculate contributions are 72,410 córdobas.

**Self-employed person:** 8.25% of covered earnings.

The minimum monthly earnings used to calculate contributions are 5,122 córdobas.

The maximum monthly earnings used to calculate contributions are 72,410 córdobas.

**Employer:** 6% of covered payroll.

**Government:** 0.25% of covered earnings (insured and self-employed persons); also contributes as employer.

The government's contributions also finance family allowances.

### **Qualifying Conditions**

**Cash sickness benefit (social insurance):** Must have at least eight weeks of contributions in the last 22 weeks. Unemployed insured persons with at least eight weeks of contributions in the last 22 weeks are covered for 14 weeks after employment ceases. Self-employed 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 benefit (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. Self-employed persons must have at least one year of continuous contributions.

**Medical benefits (social insurance):** Must have at least eight weeks of contributions in the last 22 weeks; no contribution requirement for an old-age pensioner.

**Medical benefits (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:** 60% of the insured's average weekly earnings in the last eight weeks is paid after a three-day waiting period (waived if hospitalized) for up to 52 weeks.

**Maternity benefit:** 60% of the insured's weekly average earnings in the last eight weeks is paid for four weeks before and eight weeks after the expected date of childbirth; an additional two weeks for each further child is paid for multiple births.

Nursing allowance: 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 in certain circumstances.

### **Workers' Medical Benefits**

**Social insurance:** Medical services, including medicine and hospitalization, are provided directly to patients, depending on available resources. Insured pregnant women receive maternity care. Old-age pensioners (contributory) are entitled to medical services for certain illnesses and surgical treatments.

There is no limit to duration.

**Social assistance:** Free services in the public health facilities are provided, including hospitalization and outpatient services, diagnostics, and medicines, according to a basic list defined by the Ministry of Health.

### **Dependents' Medical Benefits**

**Social insurance:** Medical benefits for eligible dependents are the same as those for the insured.

### **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 and cash benefits.

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### **Work Injury**

#### **Regulatory Framework**

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

**Current law:** 1982 (social security).

**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, and military and police personnel.

#### **Source of Funds**

**Insured person:** None.

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

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

The maximum monthly earnings used to calculate contributions are 82,953.89 córdobas.

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

#### **Qualifying Conditions**

Must be assessed with a work injury or occupational disease. Accidents that occur while traveling to or from work are covered.

#### **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:** For a total (at least a 67% assessed loss of earning capacity) disability with average monthly earnings of more than twice the minimum wage, 37% of average monthly earnings plus 1.15% for each additional 52-week period of contributions exceeding 150 weeks is paid; with monthly earnings of up to twice the minimum wage, 45% of average earnings plus 1.591% for each additional 52-week period of contributions exceeding 150 weeks is paid.

Average monthly earnings are based on the insured's last 250 weeks of contributions or the 250 weeks before the last 250 weeks of earnings, whichever is greater. If the insured has 1,000 to 1,249 weeks of contributions, average monthly earnings may be calculated based on the insured's last 200 weeks of contributions; with at least 1,250 weeks of contributions, the average may be based on 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 for industry, whichever is lower, for an insured with dependents; 50% if the insured has no dependents.

The legal monthly minimum wage for industry is 4,873.29 córdobas.

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

Dependent's supplement: 15% of the permanent disability pension is paid for a wife or disabled husband; 10% for each child younger than age 15 (age 21 if a student, no limit if disabled); and 10% for dependent relatives older than age 60 or disabled.

Partial disability: For an assessed degree of disability of 20% to 66%, a percentage of the full pension is paid according to the assessed degree of disability.

The partial disability pension must be greater than 20% but less than 66% (according to the degree of disability) of the minimum wage in the insured's occupation. A lump sum of five times the insured's annual salary is paid for an assessed degree of disability of less than 20%.

The legal monthly minimum wage is 3,624.32 córdobas (agriculture), 4,873.29 córdobas (industry), and 8,110.87 córdobas (construction, finance, and insurance).

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

Benefit adjustment: Benefits for pensioners whose earnings used to calculate the permanent disability pension are up to twice the minimum wage are adjusted periodically in July according to changes in the average wage of all insured. Benefits for pensioners whose earnings used to calculate the permanent disability pension are more than twice the minimum wage are adjusted annually on November 30 according to changes in the consumer price index.

## Workers' Medical Benefits

Medical benefits are provided for work injuries and occupational diseases.

## Survivor Benefits

### Survivor pension

**Spouse's pension:** At least 50% of the deceased's earnings used to calculate the permanent disability pension is paid to a widow or a dependent, disabled widower.

**Orphan's pension:** 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 survivors' pension:** 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:** A lump sum of 50% of the deceased's average monthly salary is paid.

## Administrative Organization

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

## Unemployment

### Regulatory Framework

The labor code regulates severance pay in the case 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 continuous service up to three years plus 20 days of 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

### Regulatory Framework

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

**Current law:** 1982 (social security).

**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.

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Exclusions: Self-employed persons, seasonal agricultural workers and military and police 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:** See source of funds under Old Age, Disability, and Survivors.

### **Qualifying Conditions**

**Marriage grant:** Must have at least three years of contributions.

### **Family Allowance Benefits**

**Marriage grant:** 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.