

Nigeria

Exchange rate: US\$1.00 = 361 naira.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1961 (provident fund).

Current law: 2014 (pensions).

Type of program: Mandatory individual account system.

Note: A Micro Pension Plan for workers who are not covered under the mandatory individual account program, including self-employed persons and informal-sector workers, has not yet been implemented.

Coverage

Federal public-sector employees, state and local government public-sector employees in the federal capital territory, and private-sector employees working in firms with at least three employees.

Exclusions: Diplomats, noncitizens covered by an equivalent program in another country, self-employed persons, the clergy, and private-sector employees working in firms with fewer than three workers.

Special systems for certain judiciary officers, military and security personnel.

Source of Funds

Insured person: 8% of gross monthly earnings.

Gross earnings include basic salary, housing allowances, and transportation allowances.

Additional voluntary contributions of up to 33.3% of gross monthly earnings are possible.

There are no maximum earnings used to calculate contributions.

Self-employed person: Not applicable.

Employer: 10% of gross monthly payroll; pays the total cost of a life insurance policy.

Gross earnings include basic salary, housing allowances, and transportation allowances.

There are no maximum earnings used to calculate contributions.

Government: 1% of monthly earnings to subsidize the guaranteed minimum pension for federal public-sector employees; contributes as an employer.

Qualifying Conditions

Old-age pension: Age 50; employees in certain categories of employment may retire before age 50.

Early withdrawal: Younger than age 50 and unemployed for at least four months.

Employment must cease.

The old-age pension is not payable abroad.

Disability pension: Must be assessed with a total incapacity for work or have a certified physical or mental disability.

A medical board or a qualified doctor assesses the degree of disability.

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. The pension is also paid if the insured is missing for at least a year and presumed dead.

Eligible survivors include a widow(er), orphans, persons named by the deceased, or, in the absence of the above, to the next-of-kin or the administrator of the deceased's estate.

The survivor pension is not payable abroad.

Old-Age Benefits

Old-age pension: The pension is calculated based on the insured's account balance and life expectancy. At retirement, the insured has two payment options: purchase an annuity or make programmed withdrawals.

The insured can withdraw a partial lump sum from his or her individual account if the remaining balance is sufficient to purchase an annuity or fund programmed withdrawals.

A lump sum of the insured's account balance may be paid if the balance is insufficient to purchase an annuity or fund programmed withdrawals.

Early withdrawal: A lump sum of up to 25% of the insured's account balance may be withdrawn.

A guaranteed minimum may be set by the government on the recommendation of the National Pension Commission. The amount has not yet been determined.

Permanent Disability Benefits

Disability pension: The pension is calculated based on the insured's account balance and life expectancy. The insured has two payment options: purchase an annuity or make programmed withdrawals.

The insured can withdraw a partial lump sum from the individual account if the remaining balance is sufficient to purchase an annuity or fund programmed withdrawals.

A lump sum of the insured's account balance may be paid if the balance is insufficient to purchase an annuity or fund programmed withdrawals.

Survivor Benefits

Survivor pension: At least three times the deceased's gross salary is paid to the deceased's individual account by a life insurance company contracted by the employer. The account balance is distributed to the deceased's eligible survivor(s).

Administrative Organization

Office of the Secretary to the Government of the Federation (<https://www.osgf.gov.ng/>) provides general guidance and supervision.

National Pension Commission (<https://www.pencom.gov.ng/>) regulates, supervises, and provides licenses to privately run pension fund administrators (PFAs).

Privately run pension fund administrators (PFAs) administer the individual accounts.

Licensed pension fund custodians (PFCs) collect contributions.

Trustfund Pensions Limited (<https://www.trustfundpensions.com/>), overseen by a tripartite board, administers contributions paid previously to the Nigeria Social Insurance Trust Fund (NSITF). Trustfund Pensions Limited also functions as a PFA.

Sickness and Maternity

Regulatory Framework

First and current laws: 1971 (labor code) and 1999 (health insurance).

Type of program: Social insurance (medical benefits) and employer-liability (cash benefits) system.

Note: A National Health Act creating a social assistance health system providing a minimum package of health services was passed in 2014. No information is available on its implementation.

Coverage

Social insurance: Public-sector employees, including military and police personnel; and private-sector employees of firms with at least 10 employees.

Special voluntary systems for employers with nine or fewer employees, self-employed persons, pensioners, foreigners living in Nigeria, persons with disabilities, prisoners, students, and certain informal-sector workers.

Employer liability: Employees working in the industrial, commercial, or agricultural sectors.

Exclusions: Self-employed persons.

Special system for civil servants.

Source of Funds

Insured person

Social insurance (medical benefits): 5% of monthly basic salary; 1.75% for federal public-sector employees.

Employer liability (cash benefits): None.

Self-employed persons

Social insurance (medical benefits): Not applicable.

Employer liability (cash benefits): Not applicable.

Employer

Social insurance (medical benefits): 10% of monthly basic payroll; 3.5% for federal public-sector employees.

Employer liability (cash benefits): The total cost.

Government

Social insurance (medical benefits): None; contributes as an employer.

Employer liability (cash benefits): None.

Qualifying Conditions

Cash sickness benefit (employer liability): Must be currently employed and provide a medical certificate.

Cash maternity benefit (employer liability): Must have at least six months of continuous employment with the same employer and provide a medical certificate.

Medical benefits (social insurance): There are no minimum qualifying conditions for public-sector workers.

Eligible dependents include a spouse and up to four children younger than age 18.

Sickness and Maternity Benefits

Sickness benefit (employer liability): 100% of the employee's wages is paid for up to 12 days a year.

Maternity benefit (employer liability): 50% of the employee's wages is paid for up to six weeks before and six weeks after the expected date of childbirth.

Workers' Medical Benefits

Medical benefits (social insurance): Benefits include specialist consultations, hospitalizations for up to 15 days a year, ophthalmological services, preventive care, maternity care for up to four live births, medicine, preventive dental care and pain relief, and some prostheses. Benefits are provided after a 90-day waiting period.

Dependents' Medical Benefits

Medical benefits (social insurance): Benefits for dependents are the same as those for the insured.

Administrative Organization

Federal Ministry for Employment, Labor, and Productivity and labor departments of state and local governments provide general supervision of cash benefits.

Federal Ministry of Health (<http://www.health.gov.ng/>) provides general supervision of medical benefits.

National Health Insurance Scheme (<https://www.nhis.gov.ng/>) administers medical benefits.

Health maintenance organizations collect contributions.

Work Injury

Regulatory Framework

First law: 1942 (workmen's compensation).

Current law: 2010 (employees' compensation).

Type of program: Social insurance system.

Coverage

Public- and private-sector employees, including local government employees, apprentices, and household workers.

Exclusions: Military personnel and family labor.

Note: Coverage of self-employed persons and informal-sector workers has not been implemented.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: At least 1% of gross monthly payroll; may be increased based on the assessed degree of risk.

Government: None; contributes as an employer.

Qualifying Conditions

Must be assessed with a work injury or occupational disease. Accidents that occur while commuting to and from work are covered. Occupational diseases are specified by law.

Temporary Disability Benefits

A lump sum is paid for a temporary disability lasting up to one year.

Permanent Disability Benefits

Permanent disability benefit: For a total disability, 90% of insured's last monthly earnings is paid until the insured

reaches age 55. If the insured is aged 55 or older when the disability began, the benefit is paid for two years from the date the disability began.

Partial disability: Up to 90% of the difference in the insured's earnings before and after the disability began is paid until the insured reaches age 55. If the insured is aged 55 or older when the disability began, the benefit is paid for two years from the date the disability began. For a permanent disfigurement that does not result in a loss of earnings, a lump sum may be paid.

A medical board assesses the degree of disability.

Work injury benefits are paid in addition to benefits under Old Age, Disability, and Survivors.

Rehabilitation for the injured worker and counseling services for the injured worker's dependents are provided where possible.

Workers' Medical Benefits

Benefits include medical care, hospitalization, medicine, surgery, appliances, transportation, and a daily subsistence allowance.

Survivor Benefits

Survivor pension: 30% to 90% of the deceased's last monthly earnings is paid to the widow(er) or an orphan younger than age 21, based on the age of the widow(er) and the number of orphans.

Survivor benefit: If there are no eligible survivors, a lump sum is paid to the deceased's dependents or next of kin.

Work injury benefits are paid in addition to benefits under Old Age, Disability, and Survivors.

Administrative Organization

Nigeria Social Insurance Trust Fund (<http://www.nsitf.gov.ng/>) administers the program and collects contributions.

Unemployment

Regulatory Framework

The 2014 Pensions Reform Act allows employees to withdraw up to 25% of their individual account balance in case of unemployment. See early withdrawal under Old Age, Disability, and Survivors.