

## Costa Rica

Exchange rate: U.S.\$1.00 equals 394.64 colones.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1941 (social insurance fund).

**Current laws:** 1993 (pensions), 1995 (self-employed), 1995 (private pensions), and 2000 (workers' protection).

**Type of program:** Social insurance and mandatory private insurance system.

Note: In 2000, a system of mandatory private individual accounts was introduced as a supplement to the social insurance program.

#### Coverage

Employed persons in the public and private sectors.

Voluntary coverage for the self-employed.

#### Source of Funds

##### Social insurance

**Insured person:** 2.5% of earnings; the self-employed contribute between 4.75% and 7.25% of earnings.

**Employer:** 4.5% of payroll.

**Government:** 0.25% of total covered earnings.

##### Private insurance

**Insured person:** 1% of earnings, plus an additional amount for administrative fees.

**Employer:** 3.25% of payroll (1.5% of which is for the mandatory severance pay scheme).

**Government:** None.

#### Qualifying Conditions

##### Old-age pension

**Old-age pension (social insurance):** Age 61 and 11 months (men) or age 59 and 11 months (women). The total number of required monthly contributions decreases the longer the pension is deferred, from 466 monthly contributions at the earliest retirement age down to 240 monthly contributions at age 65.

Retirement from covered employment is not necessary.

The pension is payable abroad.

**Old-age pension (private insurance):** Age 61 and 11 months (men) or age 59 and 11 months (women). The insured must also submit proof of eligibility for benefits under the public social security program.

**Disability pension (social insurance):** A loss of 66.6% of usual earning capacity. The total number of required contributions varies by age.

The minimum number of required contributions for an insured person up to age 24 is 12 contributions.

The maximum number of required contributions for an insured person aged between 52 and 65 is 120 contributions.

**Disability grant (social insurance):** A loss of 66.6% of usual earning capacity and with at least 60 contributions.

**Survivor pension (social insurance):** The insured was eligible for the old-age pension or disability pension or had made 12 contributions in the last 24 months or 180 contributions at any time.

**Social assistance benefits (noncontributory):** See Family Allowances.

#### Old-Age Benefits

##### Old-age pension

**Old-age pension (social insurance):** 60% of average earnings based on the highest 48 monthly salary payments during the last 5 years of coverage.

The basic benefit is increased by 0.0835% of average earnings for each month of contributions above 240. An increment of 1.5%, 2.0%, and 2.5% of the pension is paid for the first, second, and third year, respectively, that the pension is deferred after the earliest pensionable age.

The minimum monthly pension is 36,000 colones (if the computed pension amount is smaller, a lump sum is paid).

The maximum monthly pension is 465,207 colones (up to 658,267 colones in the case of deferred retirement).

Schedule of payments: Thirteen payments a year.

Benefit adjustment: Benefits are adjusted twice a year, in January and July.

**Old-age pension (private insurance):** The insured can choose to draw down the accumulated capital in programmed periodic withdrawals or to purchase an annuity at retirement. In most cases, the withdrawal of funds before retirement is not permitted.

**Social assistance old-age benefit:** See Family Allowances.

#### Permanent Disability Benefits

**Disability pension (social insurance):** 60% of average earnings based on the highest 48 monthly salary payments during the last 5 years of coverage.

The basic benefit is increased by 0.0835% of average earnings for each month of contributions above 240.

The minimum monthly pension is 36,000 colones (if the computed pension amount is smaller, a lump sum is paid).

The maximum monthly pension is 465,207 colones.

Schedule of payments: Thirteen payments a year.

**Disability grant:** A lump sum equal to 7 months' average earnings.

**Benefit adjustment:** Benefits are adjusted twice a year, in January and July.

**Social assistance disability benefit:** See Family Allowances.

### **Survivor Benefits**

**Survivor pension (social insurance):** A widow(er) or companion under age 50 receives 50% of the insured's pension; 60% if age 50 or under age 60; 70% if over age 60 or disabled.

The minimum pension for one survivor is 70% of the insured's pension.

**Orphan's pension (social insurance):** Under age 18 (age 25 if a student) or disabled, 30% of the insured's pension; 60% for a full orphan.

**Other eligible survivors (social insurance):** Dependent parents and dependent siblings receive 20% of the insured's pension each; dependents over age 55 receive 60% of the insured's pension each.

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

**Benefit adjustment:** Benefits are adjusted twice a year, in January and July.

**Social assistance survivor benefit:** See Family Allowances.

### **Administrative Organization**

**Social insurance:** Directed by an executive president and a nine-member board, the Costa Rican Social Insurance Fund administers the program.

State auditor supervises the financial operations of the fund.

**Private insurance:** Superintendence of Pensions regulates and supervises pension operators and service providers.

National Council for the Supervision of the Financial System provides regulatory oversight.

### **Sickness and Maternity**

---

#### **Regulatory Framework**

**First laws:** 1941 and 1943.

**Current laws:** 1961, 1973, and 1993.

**Type of program:** Social insurance system. Cash and medical benefits.

#### **Coverage**

**Sickness and maternity cash benefits:** Employed persons, including the self-employed, indigent persons, prisoners, and pensioners.

**Medical care:** All residents. (International agreements provide emergency care for visitors to the country.)

### **Source of Funds**

**Insured person:** 5.5% of earnings; the self-employed contribute between 4.75% and 7.75% of earnings; pensioners contribute 5% of the pension.

**Employer:** 9.25% of payroll.

**Government:** 0.25% of total covered earnings.

### **Qualifying Conditions**

**Cash sickness and medical benefits:** Contributions in the month preceding the onset of illness and currently registered for cash sickness. For medical benefits, coverage begins in the month in which the insured first registers.

**Cash maternity benefits and maternity care:** The insured has 26 weeks of contributions in the last 52 weeks. The wife of an insured man is eligible for maternity care if the insured contributed in the month preceding the birth.

### **Sickness and Maternity Benefits**

**Sickness benefit:** 60% of earnings during last 3 months, payable after a 3-day waiting period.

**Maternity benefit:** 50% of earnings, payable for 30 days before and 90 days after the expected date of childbirth. (Health insurance pays 50% and the employer pays the remaining 50%.)

### **Workers' Medical Benefits**

Medical services are normally provided directly to patients through the medical facilities of the Social Insurance Fund. Benefits include general, specialist, and maternity care; hospitalization; medicines; dental, auditory, and limited optometry services; and appliances (at a reduced cost). Benefits are payable for up to 52 weeks (may be extended in special cases).

### **Dependents' Medical Benefits**

Medical services are normally provided directly to patients through the medical facilities of the Social Insurance Fund. Benefits include general, specialist, and maternity care; hospitalization; medicines; dental, auditory, and limited optometry services; and appliances (at a reduced cost). Benefits are payable for up to 52 weeks (may be extended in special cases).

Funeral expenses: 80,000 colones, payable for the funeral of the insured or his or her spouse or companion.

### **Administrative Organization**

Costa Rican Social Insurance Fund administers the program.

Costa Rican Social Insurance Fund owns and operates 29 hospitals and 152 clinics and is gradually extending jurisdiction over other hospitals and clinics.

## Work Injury

---

### Regulatory Framework

**First law:** 1925.

**Current law:** 1982 (labor code).

**Type of program:** Employer-liability system, involving compulsory and voluntary insurance with a public carrier.

### Coverage

Employed persons.

### Source of Funds

**Insured person:** None.

**Employer:** Total cost, met through insurance premiums varying according to the assessed degree of risk.

**Government:** None.

### Qualifying Conditions

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

### Temporary Disability Benefits

75% of daily earnings for first 45 days; thereafter, 100% of the minimum salary plus 75% of the insured's earnings over this amount. The benefit is payable from the onset of disability for up to 2 years.

The minimum benefit equals the legal minimum wage at the time of the onset of disability.

### 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 minimum wage plus 90% of the insured's earnings that exceed the minimum wage.

Grants may be awarded in order to purchase, rent, or modify a house.

Constant-attendance allowance: 78,275 colones in case of total permanent disability; an additional 44,547 colones for the most severe cases.

Partial disability: If the assessed degree of disability is between 50% and 67%, the benefit equals 67% of earnings and is payable for up to 10 years. If the assessed degree of disability is between 0.5% and 50%, the benefit equals the assessed degree of disability times annual earnings and is payable for up to 5 years. Benefit may be extended for additional 5-year periods on a means-tested basis.

### Workers' Medical Benefits

Benefits include medical and surgical care, hospitalization, medicines, appliances, and rehabilitation.

## Survivor Benefits

**Survivor pension:** 40% of the insured's earnings, payable to a widow or to a disabled widower. The pension is payable for 10 years but may be extended for additional 5-year periods in special cases.

The maximum widow(er) pension is 40% of the insured's earnings; 30% if there are other eligible dependents.

**Orphan's pension:** 15% to 40% of the insured's earnings for up to three orphans under age 18 (age 25 if a student in higher education, no limit if disabled).

**Other eligible survivors:** 20% of the insured's earnings is payable to the insured's mother (30% if there are no dependent children) for a period of 10 years. A pension is also payable to a dependent father or other dependent adults including those aged 60 or older and unable to work.

The maximum total survivor pension is 75% of the insured's earnings or 100% of the minimum wage, whichever is higher.

Funeral grant: 75,000 colones, plus transportation costs (15,000 colones if the death occurred in Costa Rica or 60,000 colones if the death occurred abroad).

## Administrative Organization

Ministry of Labor and Social Security provides general supervision.

National Insurance Institute administers the program.

## Unemployment

---

### Regulatory Framework

No statutory benefits are provided. (Under labor law, employers must contribute 1.5% of payroll to a mandatory severance pay scheme.)

## Family Allowances

---

### Regulatory Framework

**First and current law:** 1974.

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

### Coverage

Indigent persons who are not entitled to a contributory pension.

### Source of Funds

**Insured person:** None.

**Employer:** 5% of payroll.

**Government:** 20% of proceeds from the sales tax.

### ***Qualifying Conditions***

**Family allowances (means-tested):** Allowances are payable to persons over age 65, disabled persons, widows with dependents under age 18 or disabled at any age, widows over age 50 without dependents, and orphans under age 18.

### ***Family Allowance Benefits***

**Family allowances (means-tested):** 13,800 colones a month for a beneficiary, plus 10% for each dependent up to a maximum of three.

### ***Administrative Organization***

Ministry of Labor and Social Security provides general supervision.

Social Development and Family Allowances Fund directs the program.

Costa Rican Social Insurance Fund administers the program.