Nigeria

Exchange rate: US$1.00 equals 132.05 naira.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1961 (provident fund).

Current law: 2004 (pensions).

Type of program: Mandatory individual account system.

Note: The 2004 law establishes a unified system of mandatory individual accounts. Implemented for public-sector employees in July 2004, the system has not yet been fully implemented for private-sector employees. The National Social Insurance Trust Fund is to hold contributions previously made to it for at least 5 years; thereafter, the insured can transfer all contributions to a pension fund of their choice.

Coverage

All employees in the public sector and private-sector employees working in firms with five or more workers.

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 five workers.

Voluntary coverage for some excluded categories of worker under specified conditions.

Source of Funds

Insured person: 7.5% of gross salary; 2.5% of gross salary for military personnel.

Gross salary includes basic salary, housing allowances, and transportation allowances.

Additional voluntary contributions are possible.

Self-employed person: Not applicable.

Employer: 7.5% of gross salary; 12.5% of gross salary for military personnel.

Gross salary includes basic salary, housing allowances, and transportation allowances.

Government: None.

There are no maximum earnings for contribution purposes.

Qualifying Conditions

Old-age pension: Age 50 or older; employees in certain categories of employment may retire before age 50. Employment must cease.

The old-age pension is not payable abroad.

Disability pension: Assessed as disabled and incapable of work.

The disability pension is not payable abroad.

Survivor pension: The deceased was eligible for the disability pension or the old-age pension at the time of death.

Eligible survivors are survivors designated by the deceased or the deceased's spouse and children; in the absence of a spouse and children, the pension is paid 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 based on the insured's contributions plus accrued interest. At retirement, the insured may purchase an annuity or receive periodic payments on a monthly or quarterly basis calculated on the basis of life expectancy.

The insured can opt to receive a partial lump sum from the balance in the individual account, provided that the remaining value of the individual balance is sufficient to purchase an annuity or fund periodic payments equal to not less than 50% of annual earnings at the date of retirement.

After a 6-month waiting period, insured persons who retire before age 50 and who have not started new employment may request to receive a maximum of 25% of the balance in their individual account as a lump sum.

Permanent Disability Benefits

Disability pension: The pension is based on the insured's contributions plus accrued interest. The insured may purchase an annuity or receive periodic payments on a monthly or quarterly basis calculated on the basis of life expectancy.

The insured can opt to receive a partial lump sum from the balance in the individual account, provided that the remaining value of the individual balance is sufficient to purchase an annuity or fund periodic payments equal to not less than 50% of annual earnings at the onset of disability.

The disability may be reassessed every 2 years by the Medical Board or a qualified doctor at the insured's request.

Survivor Benefits

Survivor pension: 100% of the balance of the deceased's individual account, plus the dividend of an employer-sponsored life insurance policy, is paid.

The survivor may purchase an annuity or receive periodic payments on a monthly or quarterly basis calculated on the basis of his or her life expectancy.

The survivor can opt to receive a partial lump sum from the balance in the deceased's individual account, provided that the remaining value of the individual balance is sufficient to purchase an annuity or to fund periodic payments equal to not less than 50% of the deceased's annual earnings at the time of death.

Administrative Organization

Federal Ministry of Labor and Productivity provides general supervision.

National Pension Commission regulates, supervises, and administers pensions.

Pension Fund Administrators administer individual accounts.

National Social Insurance Trust Fund (http://www.nsitf.com) is a pension fund administrator and administers benefits awarded under the previous social insurance pension program.

Sickness and Maternity

Regulatory Framework

No statutory cash benefits for sickness and maternity are provided. (The 2004 Pension Reform Act provides enabling legislation for the National Social Insurance Trust Fund to introduce a social insurance program for sickness and maternity benefits.)

The 1999 National Health Insurance Decree provides medical benefits to insured employees of firms with 10 or more workers. The benefits are financed by contributions of 5% of basic monthly salary from insured persons and 10% of basic monthly salary from employers.

The labor code requires employers to give employees 12 days of paid sick leave a year and to provide paid maternity leave at 50% of wages for 6 weeks before and 6 weeks after the expected date of childbirth.

Work Injury

Regulatory Framework

First and current law: 1942 (workmen's compensation), with 1957 and 1987 amendments.

Type of program: Employer-liability system, normally involving insurance with a private carrier.

Note: This information is from 2003.

Coverage

Manual workers and nonmanual employees (including government employees) with earnings below a ceiling.

Exclusions: Agricultural employees or handicraft employees of commercial enterprises normally employing fewer than 10 workers, casual workers, and family workers.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: Total cost met through the direct provision of benefits or the payment of insurance premiums.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The benefit is payable for a maximum of 24 months: 100% of basic pay for 6 months, 50% for the next 3 months, and 25% for the next 15 months.

The benefit is paid monthly.

Permanent Disability Benefits

If totally disabled, a lump sum equal to 54 months' earnings.

Constant-attendance allowance: A lump sum equal to 25% of the permanent disability benefit.

Partial disability: A percentage of the total disability lump sum according to the assessed degree of disability.

Workers' Medical Benefits

Medical benefits include medical care, hospitalization, medicines, appliances, and transportation.

Survivor Benefits

A lump sum equal to 42 months' earnings, minus any temporary disability benefit paid to the deceased.

Courts determine how the lump sum is split among the survivors.

Administrative Organization

Federal Ministry of Labor and Productivity enforces the law.

Courts participate in the adjudication of benefits and settle disputed benefit claims.

Employers may insure against liability with private insurance companies.

Unemployment

Regulatory Framework

No statutory benefits are provided. (The 2004 Pension Reform Act provides enabling legislation for the National Social Insurance Trust Fund to introduce a social insurance program for unemployment benefits.)

For insured persons who contributed to an individual account under the previous provident fund system, the 1961 Provident Fund Act permits limited cash drawdown payments after 1 year of unemployment.

Family Allowances

Regulatory Framework

The amended 1995 Family Support Trust Fund Decree provides some social assistance and health care benefits to families.