# Nigeria

Exchange rate: US$1.00 = 150.6 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: A unified system of mandatory individual accounts replaced the former separate social insurance systems for public- and private-sector workers. New entrants to the workforce beginning January 2005 for private-sector workers (July 2004 for public-sector workers) must open an individual account with a pension fund administrator. When the reform was implemented, workers covered by the old system were required to switch to the new system unless they were within three years of retirement.

### Coverage

All federal public-sector employees (including the military), public-sector employees in the federal capital territory, and private-sector employees working in firms with five or more workers.

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

Exclusions: Public-sector employees in state and local governments, judges, diplomats, noncitizens covered by an equivalent program in another country, self-employed persons, the clergy, private-sector employees working in firms with fewer than five workers, and employees within three years of retirement.

### 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.

There are no maximum earnings used to calculate contributions.

Pension fund administrators may charge up to 100 naira a month and up to 2% of assets a year for administrative fees.

**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.

There are no maximum earnings used to calculate contributions.

Employers must also finance life insurance policies for their employees, guaranteeing a lump sum of at least three times the employee's annual earnings.

**Government:** None.

### Qualifying Conditions

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

Guaranteed minimum pension: Paid at retirement to members who have contributed for at least 20 years.

The old-age pension is not payable abroad.

**Disability pension:** The insured must be assessed with a disability and incapacity for work.

The disability may be reassessed every two years by the medical board or a qualified doctor at the insured's request.

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 the deceased's spouse and children or persons named by the deceased; if there is no surviving spouse or child, 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 monthly or quarterly payments calculated based on life expectancy.

The insured can opt to receive a partial lump sum from the balance in the individual account if the remaining balance is sufficient to purchase an annuity or to fund periodic payments of at least 50% of annual earnings at the date of retirement.

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

Guaranteed minimum pension: The value of the guaranteed minimum pension is set by the government on the recommendation of the National Pension Commission.

### 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 monthly or quarterly payments calculated based on life expectancy.

The insured can opt to receive a partial lump sum from the balance in the individual account if the remaining balance is sufficient to purchase an annuity or to fund periodic payments of at least 50% of annual earnings at the time the disability began.

### Survivor Benefits

**Survivor pension:** The benefit is 100% of the balance of the deceased's individual account plus the lump sum from the employer-sponsored life insurance policy.

The survivor may purchase an annuity or receive monthly or quarterly payments calculated based on life expectancy.

The survivor can opt to receive a partial lump sum from the balance in the deceased's individual account if the remaining balance is sufficient to purchase an annuity or to fund periodic payments of at least 50% of the deceased's annual earnings at the time of death.

### Administrative Organization

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

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

Privately run pension fund administrators administer individual accounts.

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

## 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 Nigeria Social Insurance Trust Fund to introduce a social insurance program for sickness and maternity benefits.)

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

Limited free medical care is available to the population through public clinics and hospitals.

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

## Work Injury

### Regulatory Framework

**First law:** 1942 (workmen's compensation).

**Current law:** 2010 (employees' compensation).

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

### Coverage

All employees in the public and private sectors.

Exclusions: Military personnel.

### Source of Funds

**Insured person:** None.

**Self-employed person:** As of February 2011, the financing mechanism for self-employed persons was still undetermined.

**Employer:** 1% of payroll for the first two years; may be increased thereafter according to the degree of risk.

**Government:** None, except as a public sector employer.

### Qualifying Conditions

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

### Temporary Disability Benefits

A lump sum is paid for a partial or total disability lasting no longer than one year, according to a schedule in law.

### Permanent Disability Benefits

For a total disability, a monthly benefit of 90% of the employee's monthly earnings is paid until the employee reaches age 55. If the employee is aged 55 or older when the disability begins, the benefit is paid for two years from the date the disability begins.

For a partial disability or disfigurement, a periodic benefit of 90% of the estimated loss of earning capacity is paid.

Work injury benefits are paid in addition to benefits under Old Age, Disability, and Survivors, according to the Pension Reform Act of 2004.

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

A monthly benefit of 30% to 90% of the deceased's total monthly earnings is paid to the widow(er) according to the number of dependent children up to a maximum of two.

### Administrative Organization

Nigeria Social Insurance Trust Fund (http://www.nsitf.net/) administers the scheme.

## Unemployment

### Regulatory Framework

No statutory benefits are provided.

Note: The Pension Reform Act of 2004 provides enabling legislation for the National Social Insurance Trust Fund to introduce a social insurance program for unemployment benefits. No scheme has been implemented to date.

The Provident Fund Act of 1961 permits limited cash draw-down payments after one year of unemployment for insured persons who contributed under the previous provident fund system.