

## Costa Rica

Exchange rate: US\$1.00 = 581.30 colones.

### Old Age, Disability, and Survivors

#### Regulatory Framework

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

**Current laws:** 1992 (pensions); 1995 (self-employed), implemented in 2000; 1995 (individual accounts); 2000 (workers' protection); and 2005 (old-age, disability, and survivors).

**Type of program:** Social insurance and mandatory individual account system.

Note: A means-tested benefit is paid to certain elderly persons, persons with disabilities, and survivors under Family Allowances.

#### Coverage

**Social insurance:** Public- and private-sector employees and self-employed persons residing in Costa Rica.

Voluntary coverage is available.

Special systems for teachers and employees of the justice department.

**Mandatory individual account:** Public- and private-sector employees younger than age 55 in 2005.

Exclusions: Self-employed persons.

#### Source of Funds

##### Insured person

**Social insurance:** 3.84% (gradually increasing to 4.5% by 2035) of gross monthly covered earnings; 3.67% to 7.93% of gross monthly covered earnings based on five income categories for the voluntarily insured. See source of funds under Sickness and Maternity for the funeral grant.

The minimum monthly earnings used to calculate contributions are 309,143.36 colones (January 2019); 268,955 colones for the voluntarily insured (June 2019).

There are no maximum earnings used to calculate contributions.

**Mandatory individual account:** 1% of monthly earnings plus up to 0.5% of the account balance once a year for administrative fees (October 2019).

##### Self-employed person

**Social insurance:** 3.67% to 7.93% of gross monthly covered declared earnings based on five income categories.

The minimum monthly earnings used to calculate contributions are 268,955 colones (June 2019).

There are no maximum earnings used to calculate contributions.

**Mandatory individual account:** Not applicable.

#### Employer

**Social insurance:** 5.08% (gradually increasing to 5.75% by 2035) of gross monthly covered payroll.

The minimum monthly earnings used to calculate contributions are 309,143.36 colones (January 2019).

There are no maximum earnings used to calculate contributions.

**Mandatory individual account:** 3.25% of monthly payroll.

#### Government

**Social insurance:** 1.24% (gradually increasing to 1.91% by 2035) of the gross monthly covered earnings of all employees; 0.99% to 4.95% for self-employed and voluntarily insured persons (inversely proportional to the declared earnings) based on five income categories; contributes as an employer.

**Mandatory individual account:** None; contributes as an employer.

#### Qualifying Conditions

**Old-age pension (Pensión Ordinaria de Vejez, Régimen de Pensión Básico, social insurance):** Age 65 with at least 300 months of contributions. The retirement age may be reduced with additional months of contributions to as low as age 61 years and 11 months with at least 462 months of contributions (men) or age 59 years and 11 months with at least 450 months of contributions (women).

**Partial pension (Pensión de vejez proporcional):** Age 65 with at least 180 months but less than 300 months of contributions.

**Early pension (Pensión de vejez anticipada):** Age 62 (men) or age 60 (women) with at least 360 months of contributions (increasing to 420 months in September 2019). The early pension is being phased out by March 2021.

**Deferred pension (Pensión de vejez diferida):** The pension may be deferred.

Employment must cease for public-sector employees.

The old-age pension is payable abroad.

**Old-age pension (Pensión de Vejez, Régimen Obligatorio de Pensiones Complementarias [ROP], mandatory individual account):** Age 65 with at least 300 months of contributions and receives a social insurance old-age pension. The retirement age may be reduced with additional months of contributions to as low as age 61 years and 11 months with at least 462 months of contributions (men) or age 59 years and 11 months with at least 450 months of

contributions (women). Persons who do not qualify for a social insurance old-age pension may withdraw accumulated funds from their individual accounts at age 65.

**Disability pension (Pensión de Invalidez, Régimen de Pensión Básico, social insurance):** Must be younger than the normal retirement age, have at least a 66.7% assessed loss of work capacity in the usual or equivalent occupation, and have at least 12 (if aged 24 or younger) to 120 (if aged 48 or older) months of contributions, including at least 12 months of contributions in the two years before the disability began (if aged 48 or younger) or at least 24 months in the four years before the disability began (if older than age 48). These contribution requirements are waived if the insured has at least 180 months of contributions.

Partial pension (Pensión de invalidez proporcional): Must be younger than the normal retirement age; have at least a 66.7% assessed loss of work capacity in the usual or equivalent occupation; have at least 60 months of contributions, including at least 12 months of contributions in the two years before the disability began (if aged 48 or younger) or at least 24 months in the four years before the disability began (if older than age 48); and not meet the contribution requirements for a full disability pension.

The disability pension ceases at the normal retirement age and is replaced by an old-age pension.

The disability pension is payable abroad.

**Survivor pension (Pensión de Sobrevivientes, Régimen de Pensión Básico, social insurance):** The deceased received or was entitled to receive a social insurance old-age or disability pension, had at least 12 months of contributions in the last 24 months, or had a total of at least 180 months of contributions.

Eligible survivors include a widow(er) or cohabiting partner; orphans up to age 18 (age 25 if a student; no limit if disabled); dependent children older than age 55 who were living with the deceased; and dependent parents and siblings if there are no other eligible survivors.

The spouse's pension ceases upon (re)marriage or cohabitation.

**Survivor settlement (Indemnización por Muerte, Régimen de Pensión Básico, social insurance):** The deceased had at least 12 months of contributions. The settlement is paid to eligible survivors who do not qualify for a social insurance survivor pension.

Eligible survivors include a widow(er) or cohabiting partner; unmarried orphans up to age 18 (age 25 if a student; no limit if disabled); dependent unmarried disabled children older than age 55 who were living with the deceased; and dependent parents and siblings if there are no other eligible survivors.

**Funeral grant (Gastos de Funeral, Régimen de Pensión Básico, social insurance):** The deceased received or was entitled to receive a social insurance old-age pension at the

time of death, or had at least three months of contributions in the last six months before death.

### Old-Age Benefits

**Old-age pension (Pensión de Vejez, Régimen de Pensión Básico, social insurance):** The pension's replacement rate varies depending on the insured's average indexed monthly earnings in the last 60 months before retirement. The monthly pension is 43% (with average monthly earnings of at least eight times the legal monthly minimum wage) to 52.5% (with average monthly earnings of less than two times the legal monthly minimum wage) of the insured's average indexed monthly earnings in the last 240 months, plus 0.0833% of average indexed monthly earnings for each month of contributions exceeding 240 months.

The earnings used to calculate benefits are adjusted based on changes in the consumer price index.

The legal monthly minimum wage ranges from 309,143.36 colones to 663,772.10 colones, depending on the occupation.

The minimum monthly old-age pension is 136,865 colones; if the calculated pension amount is lower, a lump sum is paid.

The maximum monthly old-age pension is 1,612,851 colones.

Partial pension (Pensión de vejez proporcional): The pension is proportionally reduced for each month of contribution less than the 300 months required for a full pension.

Early pension (Pensión de vejez anticipada): The pension is reduced by 1.75% for each trimester it is claimed before the normal retirement age. The early pension is being phased out by March 2021.

The minimum early pension is the minimum monthly old-age pension.

Deferred pension (Pensión diferida): The pension is increased by 0.133% of the insured's average indexed monthly earnings in the last 240 months for each month it is deferred after the normal retirement age.

The maximum monthly deferred old-age pension is 2,282,184 colones.

Schedule of payments: 13 payments a year.

Benefit adjustment: Pensions are adjusted twice a year, in January and July, based on changes in wages and the cost of living.

**Old-age pension (Pensión de Vejez, Régimen Obligatorio de Pensiones Complementarias [ROP], mandatory individual account):** There are two different payment options: make programmed withdrawals or purchase an annuity. If the amount of the monthly individual account pension would be lower than 10% of the insured's monthly social insurance old-age pension, the insured can choose to withdraw the total account balance as a lump sum.

## Permanent Disability Benefits

**Disability pension (Pensión de Invalidez, Régimen de Pensión Básico, social insurance):** The pension's replacement rate varies depending on the insured's average indexed monthly earnings in the last 60 months before the disability began. The monthly pension is 43% (with average monthly earnings of at least eight times the legal monthly minimum wage) to 52.5% (with average monthly earnings of less than two times the legal monthly minimum wage) of the insured's average indexed monthly earnings in the last 240 months plus 0.0833% of average indexed monthly earnings for each month of contributions exceeding 240 months.

The earnings used to calculate benefits are adjusted based on changes in the consumer price index.

The legal monthly minimum wage ranges from 309,143.36 colones to 663,772.10 colones, depending on the occupation.

The minimum monthly disability pension is 136,865 colones; if the calculated pension is lower, a lump sum is paid.

The maximum monthly disability pension is 1,612,851 colones.

**Partial pension (Pensión de invalidez proporcional):** The pension is proportionally reduced for each month of contributions less than the months required for a full pension.

Schedule of payments: 13 payments a year.

Benefit adjustment: Pensions are adjusted twice a year, in January and July, based on changes in wages and the cost of living.

## Survivor Benefits

**Survivor pension (Pensión de Sobrevivientes, Régimen de Pensión Básico, social insurance)**

**Spouse's pension (Pensión por viudez):** 50% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid to a widow(er) or surviving partner if younger than age 50; 60% if aged 50 to 59; 70% if aged 60 or older or disabled.

**Orphan's pension (Pensión por orfandad):** 30% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid for each eligible orphan; 60% for a full orphan.

**Other eligible survivor's pension (Pensión a otros sobrevivientes):** If there is no widow(er), surviving partner, or orphan, 20% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid to each dependent parent and dependent sibling; 60% to dependents older than age 55.

The maximum combined survivor pension is 100% of the social insurance old-age or disability pension the deceased received or was entitled to receive.

Benefit adjustment: Pensions are adjusted twice a year, in January and July, based on changes in wages and the cost of living.

**Survivor settlement (Indemnización por Muerte, Régimen de Pensión Básico, social insurance):** A lump sum of 8.33% of the deceased's average monthly earnings in the last 12 months of contributions is paid for each month of contributions.

**Funeral grant (Gastos de Funeral, Régimen de Pensión Básico, social insurance):** A lump sum of 95,000 colones is paid for the funeral of an insured person or pensioner; 63,000 colones for a spouse or partner.

## Administrative Organization

Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr>), directed by a general director, an executive president, and a nine-member board, administers the social insurance program and collects contributions for both the social insurance and mandatory individual account programs.

State auditor supervises the financial operations of the social insurance fund.

National Council for the Supervision of the Financial System (<http://www.conassif.fi.cr>) provides regulatory oversight of the mandatory individual account program.

Superintendent of Pensions (<https://www.supen.fi.cr/>) regulates and supervises pension operators.

Pension operators (OPCs) manage the individual accounts.

## Sickness and Maternity

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### Regulatory Framework

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

**Current laws:** 1943 (labor); 1961; 1973 (health); and 1993 (social insurance), implemented in 1997.

**Type of program:** Social insurance (cash and medical benefits), employer-liability (cash maternity benefits), and social assistance (medical benefits) system.

### Coverage

**Social insurance:** Employed and self-employed persons, and pensioners residing in Costa Rica; visitors to the country may receive emergency medical care according to international agreements.

Voluntary coverage is available.

**Employer liability:** Employed persons.

Exclusions: Self-employed persons.

**Social assistance:** Needy residents of Costa Rica.

## Source of Funds

### Insured person

**Social insurance:** 5.5% of gross monthly covered earnings; pensioners contribute 5% of the pension.

The minimum monthly earnings used to calculate contributions are 309,143.36 colones (January 2019); 287,349 colones for the voluntarily insured with very low contributory capacity (February 2019).

There are no maximum earnings used to calculate contributions.

The insured person's contributions also finance the funeral grant under Old Age, Disability, and Survivors.

**Employer liability:** None.

**Social assistance:** None.

### Self-employed person

**Social insurance:** 2.89% to 10.69% of monthly covered declared earnings based on five income categories.

The minimum monthly earnings used to calculate contributions are 287,349 colones for self-employed persons with very low contributory capacity (February 2019).

There are no maximum earnings used to calculate contributions.

**Employer liability:** Not applicable.

**Social assistance:** None.

### Employer

**Social insurance:** 9.25% of monthly covered payroll.

The minimum monthly earnings used to calculate contributions are 309,143.36 colones (January 2019).

There are no maximum earnings used to calculate contributions.

**Employer liability:** The total cost.

**Social assistance:** See source of funds under Family Allowances.

### Government

**Social insurance:** 0.25% of total covered earnings; 1.31% to 9.11% of declared earnings for self-employed persons and the voluntarily insured (inversely proportional to the declared earnings) based on five income categories; for pensioners, the Social Insurance Fund contributes 8.75% of the pension.

**Employer liability:** None; contributes as an employer.

**Social assistance:** Provides subsidies as needed.

## Qualifying Conditions

**Cash sickness benefit (Subsidio por Incapacidad, Seguro de Salud, social insurance):** Must have at least

six months of contributions in the 12 months before the incapacity began and have contributed in the month immediately before the incapacity began.

**Cash maternity benefit (Subsidio por Maternidad, Seguro de Salud, social insurance):** Must have contributed in the month immediately before birth or the maternity leave began, or six months in the 12 months before birth or the maternity leave began.

**Cash maternity benefit (employer liability):** There is no minimum qualifying period. Must provide a medical certificate with the expected date of childbirth.

**Medical benefits (Seguro de Salud, social insurance):** There is no minimum qualifying period.

**Medical benefits (social assistance, means tested):** There is no minimum qualifying period.

**Means test:** Must be assessed as unable to pay social insurance contributions for medical benefits.

## Sickness and Maternity Benefits

**Sickness benefit (Subsidio por Incapacidad, Seguro de Salud, social insurance):** For employees, 60% of the insured's monthly earnings in the last three months is paid after a three-day waiting period.

For self-employed persons the amount of the sickness benefit is based on the combined monthly contributions by the insured and the government, and the insured's number of months of contributions.

**Maternity benefit (Subsidio por Maternidad, social insurance and employer liability):** For employees, 100% of the insured's monthly earnings is paid for 30 days before and 90 days after the expected date of childbirth (the cost of the benefit is split equally between the Costa Rican Social Insurance Fund and the employer); 66.6% is paid by the employer if the insured does not qualify for a social insurance benefit.

For self-employed persons the amount of the maternity benefit is based on the combined monthly contributions by the insured and the government, and the insured's number of months of contributions.

## Workers' Medical Benefits

**Medical benefits (Seguro de Salud, social insurance):** The Social Insurance Fund normally provides medical services directly to patients. Benefits include general, specialist, and maternity care; hospitalization; medicine; dental, auditory, and limited optometry services; and appliances (at a reduced cost).

**Medical benefits (social assistance, means tested):** Benefits are the same as those for the insurance program.

## **Dependents' Medical Benefits**

### **Medical benefits (Seguro de Salud, social insurance):**

Benefits for dependents are the same as those for the insured.

### **Medical benefits (social assistance, means tested):**

Benefits for dependents are the same as those for the primary beneficiary.

## **Administrative Organization**

Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr>), directed by a general director, an executive president, and a nine-member board, administers the programs and collects contributions.

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

## **Work Injury**

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### **Regulatory Framework**

**First law:** 1925 (work injury).

**Current law:** 1943 (labor code), implemented in 1947.

**Type of program:** Employer-liability system through a public carrier.

### **Coverage**

Employed persons and apprentices residing in Costa Rica. Voluntary coverage for self-employed persons.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 2.99% to 10.99% of net monthly declared earnings, depending on the type of economic activity.

**Employer:** The total cost (pays insurance premiums that vary depending 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.

### **Temporary Disability Benefits**

60% of the insured's daily earnings is paid for the first 45 days; thereafter, 100% of the insured's daily earnings. The benefit is paid from the date the disability began for up to two years.

The minimum temporary disability benefit is the legal monthly minimum wage at the time the disability began.

The legal monthly minimum wage ranges from 309,143.36 colones to 663,772.10 colones, depending on the occupation.

### **Permanent Disability Benefits**

**Permanent disability pension (Pensión por Incapacidad Permanente Total):** For a total disability (an assessed degree of disability greater than 67%), the monthly pension is 100% of the legal monthly minimum wage plus 67% of the insured's monthly earnings that exceed this amount.

The legal monthly minimum wage ranges from 309,143.36 colones to 663,772.10 colones, depending on the occupation.

Constant-attendance allowance (Gran invalidez): 44,547 colones a month is paid if the insured requires the constant attendance of others to perform daily tasks.

Grants may be awarded to insured persons with disabilities to purchase, rent, or modify housing.

Partial disability (Pensión por incapacidad permanente parcial): For an assessed degree of disability from 50% to 67%, 67% of the insured's monthly earnings is paid for up to 10 years; for 0.5% to 49%, the insured's annual earnings multiplied by the assessed degree of disability is paid for up to five years (pensión por incapacidad menor permanente). The benefit may be extended for additional five-year periods on a means-tested basis.

The permanent disability pension is payable abroad.

### **Workers' Medical Benefits**

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

### **Survivor Benefits**

#### **Survivor pension (Renta por Muerte del Trabajador)**

**Spouse's pension:** 40% of the deceased's average monthly earnings in the 12 months before death is paid to a dependent widow(er). The pension is paid for 10 years; may be extended for additional five-year periods under certain conditions.

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

**Orphan's pension:** 15% to 40% of the deceased's average monthly earnings in the 12 months before death is paid for up to three orphans younger than age 18 (age 25 if a student; no limit if disabled).

**Other eligible survivor's pension:** 20% of the deceased's average monthly earnings in the 12 months before death is paid to the deceased's mother (30% if there are no eligible orphans) for 10 years. A pension is also paid to a dependent father or other dependent adults, including those aged 60 or older and unable to work.

The maximum combined survivor pension is 75% of the deceased's earnings.

The survivor pension is payable abroad.

**Funeral grant (Gastos de Funeral):** A lump sum of 95,000 colones plus transportation costs is paid.

The funeral grant is not payable abroad.

### **Administrative Organization**

Council of Occupational Health (<http://www.cso.go.cr/>) provides general supervision.

National Insurance Institute (<http://portal.ins-cr.com/>) administers the program and collects contributions.

## **Unemployment**

### **Regulatory Framework**

**First and current laws:** 1943 (labor code), implemented in 1947; and 2000 (severance account).

**Type of program:** Mandatory individual account system.

### **Coverage**

Public- and private-sector employees.

Exclusions: Self-employed persons.

### **Source of Funds**

**Insured person:** None.

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

**Employer:** 1.5% of gross monthly payroll.

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

### **Qualifying Conditions**

Paid if the employee's service with an employer ceases.

### **Unemployment Benefits**

The total account balance minus any previous withdrawals is paid. (The employee may withdraw the account balance after every five-year period of continuous service with the same employer.)

If the employee dies, the total account balance may be withdrawn by his or her eligible survivor(s).

Eligible survivors include, in order of priority, a widow(er) who was married to the deceased at the time of death and orphans younger than age 18 (no limit if disabled); orphans older than age 18 and the deceased's parents; and the legal heirs of the deceased.

### **Administrative Organization**

Superintendent of Pensions (<https://www.supen.fi.cr/>) provides general and regulatory supervision.

Authorized labor capitalization funds administer the severance accounts.

## **Family Allowances**

### **Regulatory Framework**

**First and current laws:** 1974 (family allowances and social development) and 2006 (Avancemos cash transfer).

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

### **Coverage**

Needy persons and households with school-aged children.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** 5% of monthly payroll finances the Family Allowance and Social Development Fund (FODESAF); certain public institutions and employers with revenues below certain thresholds are exempted from paying contributions.

FODESAF is used to finance social assistance family allowances, medical benefits under Sickness and Maternity, and certain other education, infrastructure, and social assistance programs, including the Avancemos cash transfer program.

**Government:** Provides subsidies as needed.

### **Qualifying Conditions**

**Family allowance (Pensión No Contributiva, Régimen No Contributivo [RNC], income tested):** Paid to persons older than age 65, persons with disabilities, widows aged 55 to 65, and widows younger than age 55 with dependent children younger than age 18 (age 21 if a student or unemployed), and orphans younger than age 18. Must not qualify for a social insurance pension.

Income test: Family or individual income must be less than the poverty line. The benefit is not paid if another family member receives an income-tested family allowance.

The poverty line is 110,047 colones in urban areas; 84,535 colones in rural areas (June 2018).

**Family cash transfer (Avancemos, means tested):** Paid for children aged 11 or older who are enrolled in secondary education and comply with the academic and program attendance requirements.

Means test: Households must be classified as living in extreme poverty, basic poverty, or vulnerable conditions by the Regional Associations of Social Development (ARDS).

### **Family Allowance Benefits**

**Family allowance (Pensión No Contributiva, Régimen No Contributivo [RNC], income tested):** At least 82,000 colones a month is paid.

Schedule of payments: 13 payments a year.

**Family cash transfer (Avancemos, means tested):**

11,000 colones to 60,000 colones a month is paid for each eligible child, depending on the type of education program (2017).

### **Administrative Organization**

Ministry of Labor and Social Security (<http://www.mtss.go.cr/>) provides general supervision.

Social Development and Family Allowances Fund (FODESAF) (<https://fodesaf.go.cr>) directs the program.

Costa Rican Social Insurance Fund (<http://www.ccss.sa.cr>), directed by an executive president and a nine-member board, collects contributions and administers the family allowances.

Mixed Institute for Social Assistance (<http://www.imas.go.cr/>) administers the family cash transfer.