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NICARAGUA REVISES SOCIAL SECURITY ARRANGEMENTS

By Mercer's *Fiona Webster and Stephanie Rosseau*
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Revisions to Nicaragua's [social security arrangements](#) (Spanish) effective 1 Feb 2019 include increased employer and employee contributions and a new reference period for calculating pensions. The reforms will reduce pension and benefit payments to retirees, disabled spouses, children who are minors and elderly dependents. The changes include:

- *Increased contributions to the integral regime.* Employers with more than 50 employees now pay 22.5%, and employers with fewer than 50 employees pay 21.5%. The old contribution rate was 19% for all employers, regardless of their size. Employee contributions increased to 7% on 15 Feb 2019, up from 6.25%. The state contribution increased to 1.75% up from 0.25% for all employers.
- *Increased contributions to the old age, disability, death and professional risks regime.* The contribution for employers with more than 50 employees increased to 16.5%, and to 15.5% for those with fewer than 50 employees. The old rate was 13% for all employers. The employees' contribution increased to 5%, up from 4.25%.
- *Increased contributions to the optional integral regime and optional disability, old age, death and professional risks regime.* The contribution rates respectively increased to 22.5 % (up from 18.25%), and 14% (up from 10%).
- *A new method for calculating employees' social security contributions.* The contributions are now calculated on an employee's whole salary.
- *A new reference period for calculating pension payments.* Pensions are now calculated on the employee's salary for the 375 weeks (equivalent to 7.2 working years) preceding retirement — previously, the pension was calculated on the final 250 weeks' salary. The maximum amount of monthly pension payable by INSS is unchanged at USD 1,500; the pension amount will be reviewed annually on 30 November.

RELATED RESOURCES

- [Presidential Decree 06-2019](#) (Spanish) (Nicaraguan parliament, 28 Jan 2019)

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