

Nigeria

Exchange rate: US\$1.00 equals 138.9 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 has been fully implemented for public- and private-sector employees and has replaced the former separate 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 publicly or privately run pension fund administrator. When the reform was implemented, workers who were covered by the old social insurance system were required to switch to the new system unless they were within 3 years of retirement. The contributions of workers excluded from individual accounts are paid to the single publicly operated pension fund administrator. Such excluded workers receive a lump sum benefit or periodic benefits calculated based on the value of contributions paid and life expectancy.

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 3 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 for contribution calculation purposes.

In addition, pension fund administrators may charge up to 100 naira a month and up to 2% of assets per 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 for contribution calculation purposes.

Employers must also finance life insurance policies for their employees, guaranteeing a lump sum equal to 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 2 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; 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 based on life expectancy.

The insured can opt to receive a partial lump sum from the balance in the individual account, provided that the remaining balance is sufficient to purchase an annuity or fund periodic payments equal to at least 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 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 periodic payments on a monthly or quarterly basis calculated based on life expectancy.

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

Survivor Benefits

Survivor pension: The benefit is calculated based on 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 periodic payments on a monthly or quarterly basis calculated based on 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 balance is sufficient to purchase an annuity or to fund periodic payments equal to at least 50% of the deceased's annual earnings at the time of death.

Administrative Organization

Federal Ministry of Labor provides general supervision.

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

Pension fund administrators administer individual accounts.

Overseen by a tripartite board, the Trustfund Pensions Plc (<http://www.trustfundpensions.com>) administers all contributions paid previously to the Nigeria Social Insurance Trust Fund (NSITF).

Trustfund Pensions Plc also administers contributions of workers excluded from individual accounts and administers benefits for those who became eligible before the implementation of, or who are excluded under, the 2004 law.

Trustfund Pensions Plc also competes with other PFAs to administer individual accounts for new entrants to the workforce.

As of June 2009, all former contributors to the NSITF who are covered by the new individual account system are permitted to transfer their accumulated contributions from the Trustfund Pensions Plc to other licensed PFAs.

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 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 with up to 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.

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, self-employed persons, and family workers.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost is 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 monthly benefit is paid for up to 24 months: 100% of basic pay for 6 months, 50% for the next 3 months, and 25% for the next 15 months.

Permanent Disability Benefits

Permanent disability benefit: If the insured is assessed with a total disability, a lump sum is paid equal to 54 months of earnings.

Constant-attendance allowance: If the insured requires the constant attendance of others to perform daily functions, a lump sum equal to 25% of the permanent disability benefit is paid.

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

Workers' Medical Benefits

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

Survivor Benefits

Survivor benefit: A lump sum is paid equal to 42 months of earnings minus any temporary disability benefit already paid to the deceased.

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

Administrative Organization

Federal Ministry of Labor 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. However, the contingencies to be covered and sources of funds have yet to be specified.)

For insured persons who contributed under the previous provident fund system, the 1961 Provident Fund Act No. 20 permits limited cash drawdown payments after 1 year of unemployment.