

## Honduras

Exchange rate: US\$1.00 = 23.50 lempiras.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current laws:** 1957 (social insurance); 1959 (social security), implemented in 1971; and 2015 (social protection system).

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

#### Coverage

**Social insurance:** Salaried workers in public- and private-sector enterprises, civil servants, forestry workers, most agricultural workers, and apprentices.

Voluntary coverage for self-employed persons; household workers; employers and agricultural workers without coverage; members of cooperatives, and recognized workers and farmer's associations; and occasional and temporary workers.

Special systems for military personnel, executive branch employees, teachers and professors, and employees of the National Autonomous University of Honduras.

**Mandatory individual account:** Salaried workers in public- and private-sector enterprises, civil servants, forestry workers, most agricultural workers, and apprentices, with monthly earnings above 8,882.30 lempiras.

Voluntary coverage for persons with monthly earnings up to 8,882.30 lempiras.

#### Source of Funds

##### Insured person

**Social insurance:** 2.5% of monthly covered earnings.

The maximum monthly earnings used to calculate contributions are 8,882.30 lempiras.

**Mandatory individual account:** 1.5% of monthly covered earnings.

The minimum monthly earnings used to calculate contributions are 8,882.31 lempiras.

##### Self-employed person

**Social insurance:** 4% of estimated earnings.

The maximum monthly earnings used to calculate contributions are 8,882.30 lempiras.

**Mandatory individual account:** A contribution is paid.

The minimum monthly earnings used to calculate contributions are 8,882.31 lempiras.

##### Employer

**Social insurance:** 3.5% of monthly covered payroll.

The maximum monthly earnings used to calculate contributions are 8,882.30 lempiras.

**Mandatory individual account:** 1.5% of monthly covered payroll.

The minimum monthly earnings used to calculate contributions are 8,882.31 lempiras.

##### Government

**Social insurance:** At least 0.5% of the total insured person and employer contributions; contributes as an employer.

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

The minimum monthly earnings used to calculate contributions are 8,882.31 lempiras.

#### Qualifying Conditions

**Old-age pension (social insurance):** Age 65 (men) or age 60 (women) with at least 180 months of contributions.

Employment must cease.

Deferred pension: The pension may be deferred.

Constant-attendance supplement: Paid if the insured requires the constant attendance of others to perform daily functions.

**Old-age settlement (social insurance):** Age 65 (men) or age 60 (women) with less than 180 months of contributions.

**Old-age benefit (mandatory individual account):** At any age with at least five years of contributions.

Early old-age benefit: The insured has less than five years of contributions.

**Disability pension (social insurance):** Must have at least a 65% assessed loss of earning capacity for the usual occupation and at least 36 months of contributions in the last six years; eight months of contributions in the last 24 months for a nonoccupational accident.

Constant-attendance supplement: Must have at least a 51% assessed degree of disability and require the constant attendance of others to perform daily functions.

**Disability settlement (social insurance):** Must be assessed with a disability and not meet the contribution requirements for the disability pension.

**Survivor pension (social insurance):** For a death resulting from an illness, the deceased must have at least 36 months of contributions in the last six years; for a death resulting from a nonoccupational accident, must have eight months of contributions in the 24 months before death.

Eligible survivors include a widow(er) or partner aged 65 or older or with a disability, and children younger than age 14 (age 18 if a student, no limit if disabled); if there is no widow(er), partner, or orphan, a mother of any age and a father older than age 65 or with a disability.

The widow(er)'s pension ceases upon remarriage.

Remarriage settlement: Paid when the widow(er) or partner remarries.

**Survivor settlement (mandatory individual account):** Paid if an insured person dies. There is no minimum contribution period.

Eligible survivors include designated beneficiaries or, in their absence, the deceased's legal heirs.

**Funeral grant (social insurance):** The deceased must have been employed at the time of death, been receiving an old-age or disability pension, or had at least one month of contributions in the six months before death.

### Old-Age Benefits

**Old-age pension (social insurance):** 40% of the insured's basic monthly earnings plus 1% of basic monthly earnings for each 12-month period of contributions exceeding 60 months is paid.

Basic monthly earnings are the insured's average monthly earnings in the 180 months before the month of entitlement.

Deferred pension: An additional 3% of the insured's basic monthly earnings is paid for each year of contributions after the normal retirement age.

The minimum monthly old-age pension is 50% of the insured's basic monthly earnings or 1,500 lempiras, whichever is greater.

The maximum monthly old-age pension is 80% of the insured's basic monthly earnings.

Constant-attendance supplement: Up to 50% of the old-age pension is paid.

**Old-age settlement (social insurance):** The insured person's contributions are refunded as a lump sum.

**Old-age benefit (mandatory individual account):** Up to the total account balance may be paid as programmed withdrawals or a lump sum.

Early old-age benefit: Up to the total account balance, minus an early withdrawal fee, may be paid as programmed withdrawals or a lump sum.

### Permanent Disability Benefits

**Disability pension (social insurance):** For a total (100%) disability, 40% of the insured's basic monthly earnings plus 1% of basic monthly earnings for each 12-month period of contributions exceeding 60 months is paid.

Basic monthly earnings are the insured's average monthly earnings in the 180 months before the month of entitlement,

or the average monthly earnings during the months with contributions if the insured has less than 180 months of contributions.

The minimum monthly disability pension is 50% of the insured's basic monthly earnings or 1,500 lempiras, whichever is greater.

The maximum monthly disability pension is 80% of the insured's basic monthly earnings.

Constant-attendance supplement: Up to 50% of the disability pension is paid.

Partial disability: For an assessed degree of disability of less than 100%, the benefit is the total disability pension multiplied by the assessed degree of disability.

**Disability settlement (social insurance):** The insured person's contributions are refunded as a lump sum.

### Survivor Benefits

#### Survivor pension (social insurance)

*Spouse's pension:* 40% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid to an eligible widow(er) or partner.

The minimum monthly spouse's pension is 600 lempiras.

Remarriage settlement: A lump sum of 12 months of the spouse's pension is paid to an eligible widow(er) or partner.

*Orphan's pension:* 20% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid to each eligible child; 40% for a full orphan.

The minimum monthly orphan's pension is 300 lempiras.

*Dependent parent's pension:* If there is no eligible widow(er), 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 eligible parent.

The minimum monthly dependent parent's pension is 300 lempiras.

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

**Survivor settlement (mandatory individual account):** A lump sum of the deceased's total account balance is split among eligible survivors.

**Funeral grant (social insurance):** A lump sum of two times the lowest legal monthly minimum wage is paid.

The lowest legal monthly minimum wage is 5,869.79 lempiras.

### Administrative Organization

Secretariat of Labor and Social Security (<http://www.trabajo.gob.hn/>) provides general supervision.

## Honduras

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National Commission on Banking and Insurance (CNBS) (<http://www.cnbs.gob.hn/>) provides financial supervision.

Social Security Institute (<http://ihss.hn/>), managed by a board of directors and director general, administers and collects contributions for the social insurance program.

Pension Fund Administrators (Administradoras de Fondo de Pensiones) administer the mandatory individual account program.

### Sickness and Maternity

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#### Regulatory Framework

**First and current laws:** 1957 (social insurance); 1959 (social security), implemented in 1971; and 2015 (social protection system).

**Type of program:** Social insurance and employer-liability system.

#### Coverage

**Cash sickness benefit (social insurance):** Public-sector employees and employees of firms in industry and commerce with one or more workers; old-age and disability pensioners; and unemployed persons.

Exclusions: Self-employed persons; and household, agricultural, family, and temporary workers.

**Cash maternity benefit (social insurance):** Public-sector employees and employees of firms in industry and commerce with one or more workers; self-employed persons; and disability pensioners.

Exclusions: Unemployed persons; and agricultural, family, and temporary workers.

**Cash maternity benefit (social insurance and employer liability):** Employed women.

Exclusion: Self-employed women.

**Medical benefits (social insurance):** Public-sector employees and employees of firms in industry and commerce with one or more workers; old-age and disability pensioners; unemployed persons; self-employed persons; and household workers.

Exclusions: Agricultural and temporary workers.

Coverage is gradually being extended to all regions of the country.

#### Source of Funds

##### Insured person

**Social insurance:** 2.5% of covered earnings.

The monthly earnings used to calculate contributions are subject to a minimum.

The maximum monthly earnings used to calculate contributions are 8,103.38 lempiras.

The insured person's contributions also finance work injury benefits.

**Employer liability:** None.

##### Self-employed person

**Social insurance:** 7% of estimated earnings; 2% of estimated earnings for persons assessed as needy.

The monthly earnings used to calculate contributions are subject to a minimum and a maximum.

**Employer liability:** Not applicable.

##### Employer

**Social insurance:** 5% of covered payroll.

The monthly earnings used to calculate contributions are subject to a minimum.

The maximum monthly earnings used to calculate contributions are 8,103.38 lempiras.

**Employer liability:** The total cost.

##### Government

**Social insurance:** 0.5% of the total insured person and employer contributions from the previous year; subsidizes contributions for needy self-employed persons; contributes as an employer.

The monthly earnings used to calculate contributions are subject to a minimum.

The maximum monthly earnings used to calculate contributions are 8,103.38 lempiras.

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

#### Qualifying Conditions

**Cash sickness benefit (social insurance):** Must have at least two months of contributions in the four months before the incapacity began. Unemployed persons must have at least 35 days of contributions in the three months before unemployment.

**Cash maternity benefit (social insurance and employer liability):** Must have at least 10 months of contributions immediately before the start of the maternity leave.

**Medical benefits (social insurance):** Must be in insured employment or unemployed with at least 35 days of coverage in the three months before unemployment. For maternity medical benefits, must have at least 10 months of contributions immediately before the expected date of childbirth or at least 12 months of contributions in the last 18 months. For children's medical benefits, the insured must have at least 35 days of contributions in the three months before the incapacity began.

#### Sickness and Maternity Benefits

**Sickness benefit (social insurance):** 66% of the insured's earnings in the last three months (50% if hospitalized and

without dependents) is paid after a three-day waiting period for up to 26 weeks; may be extended to 52 weeks.

The labor code requires employers to provide sick leave to employees not covered by social insurance.

**Maternity benefit (social insurance and employer liability):** 100% of the insured's earnings in the last three months is paid for 42 days before and 42 days after the expected date of childbirth. (The Social Security Institute pays 66% of the cost and the employer pays the remaining 34%.)

The labor code requires employers to provide maternity leave to employees not covered by social insurance.

### **Workers' Medical Benefits**

Social Security Institute health facilities provide medical services directly to patients. Benefits include general and specialist care, surgery, hospitalization, necessary medicine, laboratory services, appliances, dental care, and maternity care including postpartum care for up to 45 days; may be extended up to a total of 26 weeks.

The duration of benefits is dependent on continuing to meet the contribution requirements. If the insured is unemployed, benefits are limited to 30 days.

### **Dependents' Medical Benefits**

Benefits include maternity care for the insured's wife or partner, including postpartum care for up to 45 days; pediatric care for the insured's children up to age 18 or for children of unemployed persons if the illness occurs in the two months immediately after the unemployment began.

### **Administrative Organization**

Secretariat of Labor and Social Security (<http://www.trabajo.gob.hn/>) provides general supervision.

Social Security Institute (<http://ihss.hn/>), managed by a board of directors and director general, administers the program.

Social Security Institute operates its own hospitals and outpatient clinics and contracts with private clinics, including in cities without public facilities.

### **Work Injury**

#### **Regulatory Framework**

**First and current laws:** 1959 (social security), implemented in 1971, and 2015 (social protection system).

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

#### **Coverage**

Public-sector employees and employees of firms in industry and commerce with one or more workers in specified regions; and certain self-employed persons.

Voluntary coverage is available.

Exclusions: Most self-employed persons and agricultural, household, family, and temporary workers.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** The total cost (pays insurance premiums).

**Employer:** The total cost (pays insurance premiums).

**Government:** None.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. An insured person who becomes unemployed must prove that the illness or incapacity is work-related and began no more than two months after employment ceased.

**Survivor benefits:** The deceased must have worked for at least a month in covered employment.

### **Temporary Disability Benefits**

For an assessed degree of disability of 15% or less, 66% of the insured's daily wage is paid after a three-day waiting period for up to 26 weeks until recovery, certification of permanent disability, or death. The benefit may be extended for up to 52 weeks.

For an assessed degree of disability of at least 16%, a permanent disability pension is paid.

The daily wage used to calculate benefits is subject to a maximum.

### **Permanent Disability Benefits**

**Permanent disability pension:** For an assessed degree of disability of at least 66%, 70% of the insured's basic monthly earnings is paid.

Basic monthly earnings are the insured's average monthly earnings in the month before the disability began.

Constant-attendance supplement: Up to 50% of the permanent disability pension is paid if the insured requires the constant attendance of others to perform daily functions.

Partial disability: For an assessed degree of disability of 16% to 65%, a percentage of the full permanent disability pension is paid according to the assessed degree of disability.

### **Workers' Medical Benefits**

Benefits include medical, surgical, and hospital care; medicine; and appliances.



## Survivor Benefits

### Survivor pension

*Spouse's pension:* 40% of the permanent disability pension the deceased received or was entitled to receive is paid to a widow(er) older than age 65 or with a disability.

*Orphan's pension:* 20% of the permanent disability pension the deceased received or was entitled to receive is paid to each child younger than age 14 (age 18 if a student, no limit if disabled); 40% for a full orphan.

*Dependent parent's pension:* If there is no eligible widow(er) or orphan, 20% of the permanent disability pension the deceased received or was entitled to receive is paid to a mother of any age or a father older than age 65 or with a disability.

The maximum combined survivor pension is 100% of the permanent disability pension the deceased received or was entitled to receive.

**Funeral grant:** A lump sum of two times the lowest legal monthly minimum wage is paid.

The lowest legal monthly minimum wage is 5,869.79 lempiras.

### Administrative Organization

Secretariat of Labor and Social Security (<http://www.trabajo.gob.hn/>) provides general supervision.

Social Security Institute (<http://ihss.hn/>), managed by a board of directors and director general, administers the program.

Social Security Institute operates its own outpatient clinics and hospitals.

## Unemployment

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### Regulatory Framework

**First and current law:** 2015 (social protection system).

**Type of program:** Mandatory individual account and employer-liability system.

### Coverage

Persons employed in firms with at least 10 employees; persons employed in firms with less than 10 employees (starting in 2018).

Exclusions: Self-employed persons.

### Source of Funds

#### Insured person:

*Mandatory individual account:* None.

*Employer liability:* None.

#### Self-employed person

*Mandatory individual account:* Not applicable.

*Employer liability:* Not applicable.

#### Employer

*Mandatory individual account:* 1.32% of covered payroll (0.66% of covered payroll for employers with less than 10 employees, as of January 2018).

The monthly earnings used to calculate contributions are subject to a minimum.

The maximum monthly earnings used to calculate contributions are three times the highest legal monthly minimum wage.

The legal monthly minimum wage varies according to the industry and the size of the company.

The employer's contributions cease when the individual account balance reaches 50% of the maximum severance payable (25 months of the insured's monthly salary).

*Employer liability:* The total cost.

#### Government:

*Mandatory individual account:* None.

*Employer liability:* None.

### Qualifying Conditions

**Severance benefit (mandatory individual account and employer liability):** Must have at least three months of service.

### Unemployment Benefits

**Severance benefit (mandatory individual account and employer liability):** The labor code requires employers to provide severance in cases of unfair dismissal. The benefit is 10 days of the employee's pay with three to six months of service; 20 days of pay with at least six but less than 12 months of service; and one month of pay with at least one year of service and for each 12-month period of service exceeding one year, up to 25 years (up to 15 months for companies with less than 10 employees).

The individual account balance finances 50% of the severance benefit. (The insured may make authorized withdrawals from the mandatory individual severance account for housing and certain other debts.) The employer finances the remaining 50% of the severance benefit.

### Administrative Organization

National Commission of Banks and Insurance (CNBS) (<http://www.cnbs.gob.hn/>) provides general supervision.

Individual pension and severance fund administrators administer the individual accounts and collect contributions.

## **Family Allowances**

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### **Regulatory Framework**

**First and current law:** 2010 (family cash transfer).

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

### **Coverage**

Needy families.

### **Source of Funds**

**Insured person:** None.

Self-employed person: None.

Employer: None.

Government: The total cost.

### **Qualifying Conditions**

**Family cash transfer (Bono Vida Mejor, means tested):** Paid to households with children up to age 18 and pregnant women. Must be assessed as living in extreme poverty by

the National Center of Information on the Social Sector (CENISS) and be registered in the Unified Registry of Participants (RUP).

Must have regular medical check-ups and comply with school enrollment and attendance requirements.

### **Family Allowance Benefits**

#### **Family cash transfer (Bono Vida Mejor, means tested):**

A benefit is paid that varies according to the number of children, their age and school grade, and whether the household is in an urban or rural area.

The basic annual benefit per household is 1,020 lempiras for urban beneficiaries; 2,040 for beneficiaries in rural areas.

Schedule of payments: The benefit is paid every three or four months, according to the location (except under special arrangements).

### **Administrative Organization**

Secretariat of Development and Social Inclusion (SEDIS) (<https://sedis.gob.hn/>) administers the program.