

COSTA RICA - AN OVERVIEW OF EMPLOYEE BENEFITS

State and Mandatory Benefits	The normal retirement age is age 62 for men and 60 for women. A retirement pension is provided by the state and from individual accounts. The individual accounts are mandatory for employees under age 55 in 2005. The state pension is 60% of average earnings in the last 240 months, plus 0.0835% for each month of contributions over 240 months. The minimum state pension is CRC 101,220 a month and the maximum is CRC 1,178,419 a month. The individual account must be used to provide an income in retirement. The state also provides survivors' pensions, disability pensions and comprehensive medical care.
Typical New Pension Plan	Most employers provide a lump sum death benefit of one to three times earnings, with riders for total and permanent disability and double indemnity on accidental death. Private medical insurance may be provided for higher paid employees.
Typical Costs	For state benefits, employers contribute 14% of total earnings and employees contribute 8%. Contributions to the mandatory individual accounts are 3.25% of earnings by the employer and 1% by the employee, plus up to 0.19% for administration charges.
Tax Implications	Contributions to state benefits and insured benefits are deductible for both employers and employees.
Labour Law Issues	Employees are entitled to severance payments on termination without just cause and to a mandatory Christmas bonus of one month's earnings. The mandatory individual accounts are supervised by the Superintendent of Pensions.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	International Financial Reporting Standards apply in both consolidated and separate company statements for both listed and unlisted companies.
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