

Social Security Fund - Synopsis

1. Who can participate?

Mandatory	Employees of the listed employers, to deposit within 15 days of end of month
Voluntary	Self-employed employees and employees working in informal sector
For government employees	As per Rule 3 of Social Security Rules 2075, Government employees shall be entitled to participate in Social Security Plan as per Nepal Gazette published by Nepal Government.

(Contribution based Social Security Act, 2074)

Period: Contribute from the date of listing of employee to the last day of employment
(Contribution based Social Security Act, 2074)

2. Listing Requirements

As per notice published by the Ministry – detail and application need to be filled as per Annex 1 for mandatory listing and Annex 2 for self-employed employees and employees working in informal sector

Listing of Employer

As per notice published in Nepal Gazette as on 26.07.2075, employers of following sectors should apply for listing within three months of the following dates through online computer system with recommendation from BOD of SSF:

Type of Employers	Listing Deadline
Employers and all labor suppliers within Kathmandu Valley	06.08.2075
Employers of Province No.3 other than those within Kathmandu valley	15.08.2075
Employers of Province No.1	01.09.2075
Employers of Province No.2	15.09.2075
Employers of Gandaki Province and Province No 5	01.10.2075
Employers of Karnali Province and Far Western Province	15.10.2075

Listing of Employee

For existing employers to be listed as per the *Contribution based Social Security Act, 2074* when the act was commenced, the employer to list the employees within 6 months of the Announcement of Act.

Newly listed employers shall list its employees within 3 months of employee-employer relation (Contribution based Social Security Act, 2074)

However, the deadline for registration of employer/employee in SSF has been extended to Ashwin end 2076.

3. What will happen to existing contribution of PF /CIT in the retirement fund? Can employer/employee continue participating in PF/CIT and not participate in SSF?

Until the operation of SSF	Deposit in EPF, Approved Retirement Fund or in a separate account maintained by the employer
After SSF establishment	<p>Existing Contribution being maintained in retirement fund or under the custody of employer</p> <p>In case employee opts to transfer existing contributions (<i>those deposits before the establishment of SSF</i>), same shall be transferred to the SSF within 6 months of listing the employer either in a lump sum or in three installments.</p> <p>SSF will coordinate with concerned retirement fund for transfer of fund.</p> <p>However, if employee opts not to transfer existing deposits, same can be paid off to the employee or continue to keep the same in existing retirement fund. (<i>Amendment</i>)</p> <p>Further Contribution <i>To be contributed in SSF.</i></p>

Ref: {Social Security Scheme Operation Procedure, 2075 (Section 19(4)); {Labour Act 2074 (Section 52 (5) and 53 (5)) and {Labour Regulations, 2075 (Section 22,23)}

4. What is the contribution required?

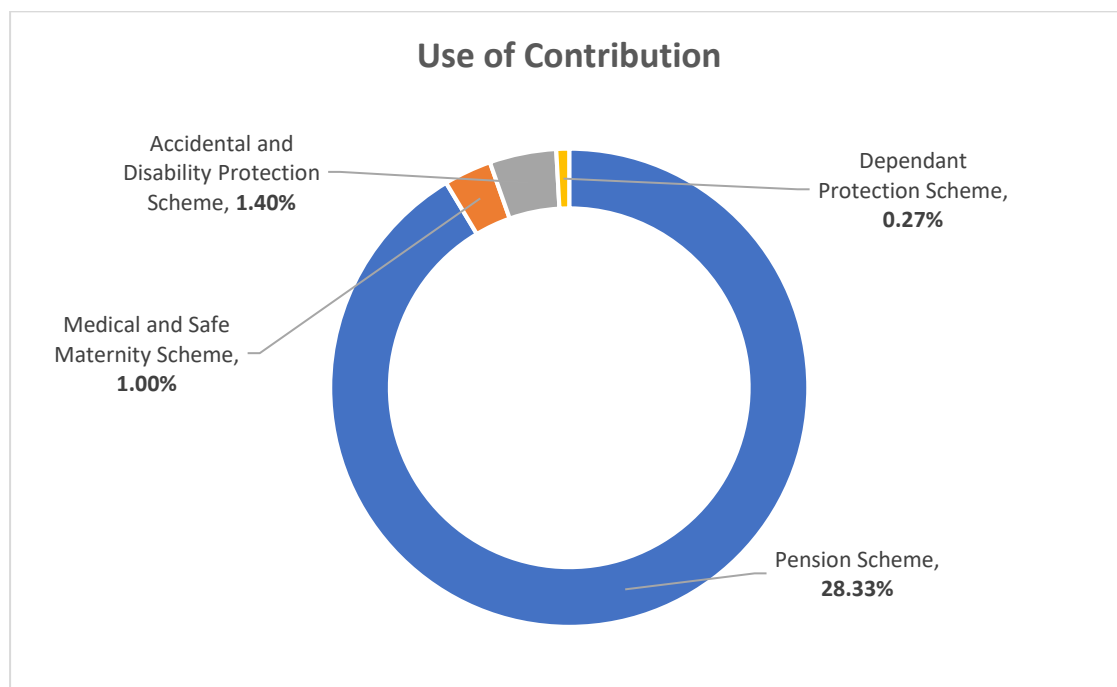
The employer shall have to deduct **11 per cent** of the basic salary of the employee and contribute another **20 per cent** of the employees' basic salary to deposit to the fund. (*Social Security Scheme Operation Procedure, 2075*)

This is additional to the 1% Social Security Tax deducted from the employee's remuneration.

The bonus to be deposited in to the National Level Welfare Fund (as per Bonus Act) shall also be deposited to the Social Security Fund.

5. Use of Contribution

Contribution to social security fund will be used for the following schemes in given percentage:



6. What about existing gratuity as per previous labor act?

Until the operation of SSF	Deposit in CIT, Approved Retirement Fund or in a separate account maintained by the employer
After establishment SSF	<p>All deposits for gratuity, as per Labor Regulations 2050 including those deposits before the establishment of SSF and gratuity under the custody of the employer shall be transferred to the SSF within 2 years of listing the employer either in a lump sum or in four installments.</p> <p>If any employee is entitled to gratuity exceeding the limit prescribed Labor Regulation 2075 (8.33%), the amount upto that limit shall be transferred to SSF and the excess shall be arranged for payment.</p> <p>SSF will coordinate with concerned retirement fund for transfer of fund.</p> <p>However, if employee opts not to transfer existing deposits including gratuity under the custody of the employer, same can be paid off to the employee or continue to keep the same in existing retirement fund. (Amendment)</p> <p>Further Contribution To be contributed in SSF.</p>

Ref: {Social Security Scheme Operation Procedure, 2075 (Section 19(4)); {Labour Act 2074 (Section 52 (5) and 53 (5)) and {Labour Regulations, 2075 (Section 22,23)}

7. Benefits under the schemes operated under the Act?

Following are various schemes to be operated under Social Security Fund as per Social Security Scheme Operation Procedure, 2075:

a) **Medical and Maternity Protection Scheme.**

Such facilities shall be provided to those contributors contributing for 3 months. This will remain effective for 3 months after contributor stops making contribution (*Amended*)

Benefits Under the scheme:

- Doctor consultancy fee
- Hospital admission fee and operation charges
- Diagnosis and treatment expense
- Medication expense
- Regular diagnosis and checkup related to maternity, hospital admission fees and child care expense up to 3 months from delivery.
- In case the patient is under home treatment due to disability to travel, total consulting fees of physician incurred.

Limit of Benefit:

- For those admitted at hospital, payment not exceeding Rs. 1 lakh per annum shall made to the hospital where the contributor is admitted.
- For those undertaking medication as prescribed by the doctor (not hospital admitted), payment up to 25,000 per annum.
- In case of maternity benefit expense related to treatment of the contributor or the contributor's wife and expense related to nursing of the newborn can be claimed up to the prescribed limit.
- The contributor has to bear 20% of the total benefit claimed and the gross benefit shall not exceed 1 lakh in a year.
- Female contributor or wife of the male contributor who has recently given birth to a child is entitled to benefit equal to one month's minimum basic salary for each newborn. Such benefit is also payable in case of abortion after 24 weeks or miscarriage. In case both the husband and wife have contribution in the fund, only one individual should claim the benefit.

Benefit in lieu of leave period

If the leave days exceed entitled sick leave days (12 days as per Labour Act), and the contributor has to be admitted to the hospital for treatment or is under treatment at home on recommendation of the doctor, the contributor is entitled to sick payment equal to 60% of basic salary for the period of sick leave for such unpaid period.

Maximum period for payment is 13 weeks including the paid sick leave.

If the leave days exceed paid maternity leave days (60 days as per Labour Act), contributor is entitled to maternity payment equal to 60% of basic salary for the period of unpaid maternity leave. However, such benefit shall paid for maximum 98 leave days including 60 day of paid maternity leave.

Such benefit related to leave payment is not included in the limits of facilities under Medical, Health Protection Scheme and Maternity Protection Scheme.

b) Accidental and Disability Protection Scheme

Employee is entitled to accidental compensation under the scheme in case of any employment related accident. In case of employment related accident, benefit is applicable from the date of contribution to the fund and ends from the date after contributor stops making contribution.

In case of occupational disease and its treatment, benefit is applicable only after two years of contribution into the fund and will remain effective for 2 years after contributor stops making contribution (*Amended*)

Benefits:

Employment related accident or disease	All the expenses incurred for treatment of injury or disease.
Other	Up to maximum of NPR 7 lakh However, in case of expenses covered by other insurance schemes, the fund will bear only to the extent of expenses which is less than the limit of 7 lakh. (<i>Amended</i>)

Temporary physical disability caused as a result of employment related accident or disease	60% of basic salary is paid on monthly basis until he/she is able to return to work.
Permanent physical disability due to employment related accident:	100% is paid monthly proportionate to disability ratio until his/her death
Other Conditions	
<ul style="list-style-type: none"> • In case of complete permanent disability, amount shall be paid to the person or to the caretaker of the disabled on recommendation of VDC or, municipality. • Disability ratio is determined by the health committee established under social security fund and shall be reviewed every 5 years. • Amount paid monthly as pension for 100% permanent disability should not be below 60% of minimum basic salary prescribed by Government of Nepal and should not exceed 3 times of the minimum basic salary. 	
Inflation Adjustment: Necessary adjustment for inflation will be made as per actuarial report on the pension amount to be paid based on the level of disability. (<i>Amended</i>)	

c) **Dependent Family Protection Scheme**

<p>Pension amount for husband and wife</p>	<ul style="list-style-type: none"> • Eligible on death of contributor (in case of accident or occupational disease) shall be provided to his/her husband and wife • 60% of basic salary of the contributor at the time of his death • Not eligible if the contributor's husband or wife is in another marriage or has alternative employment • Spouse may apply to the fund for such pension in case of end of his/her employment where he/she is not eligible for old age pension scheme. <i>(Amended)</i> <p>Inflation Adjustment: Necessary adjustment for inflation will be made as per actuarial report on the pension amount to be paid based on the level of disability. <i>(Amended)</i></p>
<p>Educational benefit to the children</p>	<p>Eligibility: Children below 18 years of age shall be given 40% of Monthly basic pay in case of death of contributor (If more than one eligible child 60% of basic salary shall be paid proportionately to all children)</p> <ul style="list-style-type: none"> • Benefit is applicable until the beneficiary reach 18 years old. • In case the child is pursuing continuous education, the benefit can be extended until the age of the child is 21 years. However, the benefit under this scheme is terminated on completion of education or marriage of the beneficiary. • Time limit specified above shall not be applicable in case of physically or mentally disabled children.
<p>Benefit to the deceased's parents</p>	<p>Eligibility: If the deceased is the only child with no wife or children, the dependent parents shall be provided 60% of basic salary until death on a monthly basis</p> <p>If both mother and father of the deceased are alive, the amount is distributed to both proportionately.</p>
<p>Funeral Expense Benefit</p>	<p>Eligibility: On death of the contributor due to any reason/death of the person after long period of permanent or temporary disability, the dependent family or the beneficiary shall be provided Rs. 25,000</p>

d) Pension Scheme

This scheme is operated with 10% PF and 8.33% gratuity contributed by the employer and 10% PF contribution from the employee.

To be eligible for old age protection scheme, the contributor shall be paid the gratuity amount receivable before Bhadra 19, 2074 as per Labour Act, 2074, and shall deposit the gratuity amount in to the fund from such date.

Pension benefit	<p>Eligibility: The following shall be eligible:</p> <ul style="list-style-type: none"> • Employed from Shrawan 1, 2076 • In case of employees availing PF and Gratuity as per prevalent law, if the employee opts for the scheme or makes joint agreement in the workplace to be involved in the scheme. <p>The contributor shall be above the permanent retirement age (60 years) and should have made contribution for at least 15 years to be eligible to receive pension</p> <p>Computation of monthly Pension amount: (Total contribution of employee and employer + profit from the investment) / 180 months</p> <p>In case the contributor attains the age of 60 before making contribution for 15 years, contributor may opt to obtain pension amount as per computation above or take lumpsum amount of contributions and profit from the investment of SSF. <i>(After amendment)</i></p> <p>In case of death of contributor before the age of compulsory retirement (60 years), total contribution plus the interest/profit should be paid in lump sum to the legal heir.</p> <p>Pension to spouse: In case of death of contributor after starting to get pension but before getting pension for 180 months, spouse of contributor will be allowed pension, for lifetime, equivalent to 50% of the pension amount to which contributor was eligible. <i>(After amendment)</i></p>
Retirement Benefit	<p>Provident fund, gratuity, employer's contribution to PF in respect of employees appointed prior to the implementation of the pension scheme (i.e. 2076 Shrawan 1) and return from the fund investment shall be paid to the contributor in lump sum at the time of retirement unless staff has requested SSF to participate in pension scheme..</p>
Special Provision for Foreign Employees:	<p>Foreign national can take lumpsum amount as payable under old age facility scheme after he ends employment in Nepal.</p>

	<p>In case of death of foreign national participating in the pension scheme while in service or before taking refund from the fund after ending service in Nepal, amount payable under old age facility scheme will be paid in lump sum to the legal heir.</p> <p>Fund will pay the lumpsum amount payable under old age facility scheme to Nepalese National who submit proof of abandonment of Nepalese Citizenship.</p> <p><i>(After amendment)</i></p>
Inflation Adjustment	<p>Necessary adjustments will be made for inflation on pension amount to be paid under the scheme as per actuarial report. <i>(After amendment)</i></p>
No restriction to participate in the scheme	<p>Any person getting pension from Government of Nepal or elsewhere may also participate in the scheme. <i>(After amendment)</i></p>