

LEGAL GUIDE

Contribution Based Social Security System of Nepal
Complete Legal Guide to SSF Schemes, Benefits & Compliance

Published On

7th January 2026

This Legal Guide explores Nepal's Contribution Based Social Security Fund (SSF), detailing key schemes including Medical Treatment & Maternity Protection, Accident & Disability Coverage, Dependent Family Support, and Old Age Pensions. It covers mandatory contributions, eligibility criteria, benefits, limitations, and claim procedures to ensure compliance and financial security for employees against illness, accidents, and life uncertainties.



1. Contribution based social security system in Nepal is mainly regulated by the following laws–(a) Contribution Based Social Security Act, 2018 (2075 BS) (the "**Act**"), (b) Contribution Based Social Security Regulations, 2018 (2075) (the "**Regulations**"), and (c) Social Security Scheme Operation Directives, 2075 (the "**Directive**"). These laws represent a pivotal move toward a formalized and contribution–based social security system in Nepal.
2. This contribution–based social security system is administered by–the (a) Ministry of Labour, Employment and Social Security as a line ministry, and (b) Social Security Fund.
3. The main objective of the contribution based social security system is to provide protection to the employees and beneficiaries against financial instability caused by illness, accidents, disability, maternity, and old age. The contribution to the SSF both by the employer and the employee was mandated from 17 July, 2019.
4. Contribution based SSF refers to the certain protection which is based on the contribution from both the employer and the employee which is made on a monthly basis. The contribution is based on the basic salary:

Contribution to SSF	Percentage of Basic Salary
Employer	20 %
Employee	11 %
Total	31 %

Applicability

5. The Act applies to a wide range of employers and employees. It ensures that all workers whether in the formal or informal sector can be covered under the social security system through contributions. It is mandatory for all business or organizations to register with the SSF. All kind of employers irrespective of nature of business, types of employment and tenure of employment are required to be enrolled in the SSF. However, it is voluntary for self-employed employees and workers working in the informal sector. Likewise, security agencies such as Nepal Army, Nepal Police and Armed Police Force are exempted from participating in the SSF.
6. The process begins with the employer/enterprise registration with the SSF, which issues a unique SSF number. Subsequently, all employees must be registered with the SSF within three months of joining the enterprise. Both the employer and the employee are required to make monthly contributions.

Types of Schemes

7. The schemes are legally structured into four primary pillars:
 - a. **Medical Treatment, Health, and Maternity Protection Scheme:** It offers financial support for general medical treatment (including both outpatient and inpatient care, subject to an annual limit and co-payment), an allowance for extended sick leave beyond standard entitlements, and maternity benefits which cover pregnancy-related medical expenses and a lump-sum amount for new-born care, ensuring the financial security of the contributor during health crises and family expansion.
 - b. **Accident and Disability Protection Scheme:** It aims to provide income security in old age or upon job termination, allocating a significant 28.33% of basic salary contributions (20% employer, 8.33% employee). The scheme offers a lifetime monthly pension for long-term contributors who complete 15 years of contributions by age 60, while also

maintaining a Retirement Fund component (covering gratuity) which can be withdrawn as a lump sum upon employment termination, providing flexibility for all contributors.

- c. **Dependent Family Protection Scheme:** It provides a financial safety net upon a contributor's death. Its core benefits include a lifetime pension (60% of basic remuneration) for the surviving spouse (conditional on not remarrying or having alternative employment), a monthly educational allowance (40% of basic remuneration) for dependent children under 18, and a lump sum for funeral expenses.
- d. **Old Age Protection Scheme:** It is designed for income security upon retirement or job termination. It provides a lifetime monthly pension for long-term contributors who complete 15 years of service by age 60, alongside a Retirement Fund (covering gratuity) which can be withdrawn as a lump sum upon employment termination, offering flexibility to all contributors.

Entitlements and Limitation

- 8. Medical Treatment, Health, and Maternity Protection Scheme: This scheme entitles contributors to annual medical coverage, currently capped at NPR 100,000 for hospitalized treatment (IPD) and NPR 25,000 for non-hospitalized treatment (OPD), along with a partial salary payment (60% of basic pay) for extended maternity leave and coverage for maternity care for the contributor or spouse. However, these entitlements are subject to two key limitations: the contributor must bear a 20% co-payment on all medical claims, and there is a necessary waiting period, requiring at least 3 months of contributions for basic medical benefits and 12 months of contributions for maternity benefits. To claim medical benefits, contributors must seek treatment exclusively from the Social Security Fund (SSF) affiliated hospitals. The SSF has currently listed over 100 hospitals nationwide, with a significant concentration of these facilities, numbering over 40, located within the Bagmati Province.

9. Accident and Disability Protection Scheme: Entitlements under this scheme include 100% coverage of treatment costs for work-related accidents and occupational diseases, and a capped coverage of up to NPR 700,000 for non-work-related accidents. Furthermore, contributors receive a monthly payment equal to 60% of basic salary for temporary disability, which converts to a lifelong monthly pension for permanent disability. The primary limitations are procedural, including the requirement for timely notification of the SSF (within 7 days) for work-related accidents, and a potential waiting period (up to 2 years) for claims related to occupational diseases.
10. Dependent Family Protection Scheme: The central entitlement of this scheme is a crucial financial safety net for the family upon the contributor's death, providing a lifetime pension equal to 60% of the deceased's basic salary for the surviving spouse, and a monthly educational allowance (40% of basic salary) for dependent children under 18 (or up to two children). The significant limitations are the conditions placed on the spouse's benefit: the pension is forfeited upon remarriage or securing alternative employment/pension, and the educational allowance is typically restricted to a maximum of two children.
11. Old Age Protection Scheme: The primary entitlement here is the long-term income security provided by a lifetime monthly pension for contributors who complete a minimum of 15 years (180 months) of service by age 60, alongside a flexible Retirement Fund component (the 8.33% gratuity portion) which can be withdrawn as a lump sum upon termination. The most critical limitation for newer members is that the main Pension Fund portion (the 20% contribution) is restricted from being withdrawn as a lump sum before the age of 60, meaning that only the Retirement Fund portion offers pre-retirement liquidity.

Claim Procedure

12. The claiming procedure for the Social Security Fund (SSF) Medical Schemes offers two primary channels:
 - a. Direct Settlement route through affiliated hospitals,
 - b. Reimbursement route through the SSF office.

13. The Direct Settlement mechanism facilitates immediate access to healthcare by allowing the schemes to be claimed directly at SSF-enlisted and associated healthcare institutions. Under this route, the SSF settles the cost with the hospital, but the contributor is consistently required to bear 20% of the total claimed amount (co-payment). A significant special provision for long-term contributors is the Enhanced Benefit: after 60 months (5 years) of regular contribution, the SSF will directly pay 50% of treatment costs ranging from NPR 1 lakh up to NPR 10 lakhs to the associated hospital. Furthermore, for claims related to a Fatal Disease (including conditions such as Cancer or Brain Damage), there is no requirement to meet the minimum claim amount of NPR 50,000 if the application is submitted directly by the hospital.

14. In contrast, the Reimbursement process involves the contributor initially covering the cost of treatment and subsequently seeking recovery from the SSF. This is done by submitting the required official Medical Scheme Claim Form to the SSF office. As with the direct settlement method, the contributor must bear a 20% co-payment of the total claimed amount, with the SSF reimbursing the remaining eligible sum. The General Claim Limit for both general medical and maternity schemes under this option is capped at a maximum of NPR 1 lakh in one fiscal year. A critical procedural restriction is the Restriction on Dual Reimbursement, which strictly prohibits claiming reimbursement from the SSF for medical bills if benefits for the same treatment have already been claimed from any other insurance policy.

15. We set out the types and details of each of the schemes, benefits covered, eligibility for such benefits and conditions and limitations in the table below:

Schemes and their benefits

MEDICAL					
S.N.	Scheme	Beneficiary	Benefit	Eligibility and Conditions	Limitations
1.	Medical Treatment, Health and Maternity Protection Scheme				
	a. General (Medical Treatment and Health)	<ul style="list-style-type: none"> - Contributor - Contributor's Spouse - Children (below the age of 18) 	<ul style="list-style-type: none"> - Medical Consultancy Service - Admission and Operation Expenses of Hospital - Examination and Treatment Cost - Medicine Expenses equivalent to medical bills - Medical consultancy fee for the medical treatment or care undergone at home in case the contributor is unable to reach hospital or not admitted to the hospital 	<ul style="list-style-type: none"> - A contributor who has made regular contributions for at least three of the last six months prior to the occurrence of the condition for receiving the scheme's benefit. - Eligible for 3 more months after contribution has been stopped. - Re-continuation of Contribution. 	<ul style="list-style-type: none"> - Maximum of 1 lakh NPR (if admitted to the hospital) - Max 20,000 (without being admitted if treatment is done) - If benefits of up to 20,000 has been received for treatments as per the prescription without being admitted to the hospital, the amount so received is deducted from the benefit of 1 lakh receivable while getting treatment after being admitted

					<ul style="list-style-type: none"> - In case of 60 months (5 years) of regular contribution – 50 % of 1-10 lakhs paid to the hospital associated with SSF - In total, maximum of 1 Lakh in one fiscal year; 20% of the Claimed amount to be borne by the Contributor.
	<p>b. Maternity Protection Scheme</p>	<ul style="list-style-type: none"> - Contributor - Contributor's Spouse 	<ul style="list-style-type: none"> - Medical Consultancy Service - Admission and Operation Expenses of Hospital - Examination and Treatment Cost - Medicine Expenses equivalent to medical bills - Medical consultancy fee for the medical treatment or care undergone at home in case the contributor is unable to reach hospital or not admitted to the hospital - Expenses incurred for the regular pregnancy test of the Contributor or Contributor's Wife 	<ul style="list-style-type: none"> - A contributor who has made regular contributions for at least three of the last six months prior to the occurrence of the condition for receiving the scheme's benefit. - Eligible for 3 more months after contribution has been stopped. - Re-continuation of Contribution. 	<ul style="list-style-type: none"> - Maximum of 1 lakh NPR (Admit) - Maximum of 1 lakh NPR (new born child's treatment expense) - Max 20,000 (without being admitted if treatment is done) - In total, maximum of 1 Lakh in one fiscal year; 20% of the Claimed amount to be borne by the Contributor.

			<ul style="list-style-type: none"> - Expenses relating to treatment or surgery for child birth by being admitted to the hospital, medical costs relating to pregnancy after 6 weeks of child birth, treatment cost of newborn child for up to three months - Minimum Basic Remuneration provided to female contributor or contributor's wife for maternity care; also applicable in case of miscarriage/still birth. (after 24 weeks of pregnancy) 		
<p>Note:</p> <ol style="list-style-type: none"> 1. In case of accident, contributor's spouse and children below the age of 18 are eligible for benefits up to 1 lakh as per this scheme. 2. Additional benefits from other insurances may be claimed. However, reimbursement for the same bills cannot be claimed in the SSF for which other such insurances has already been claimed. 3. Selection of Health Institutions and Payment of Medical Scheme Guideline, 2076. 4. Leave benefits for medical and maternity reasons not included in the 1 lakh ceiling. 5. Even in case of end of employment relation, leave benefits for medical and maternity to be covered by SSF (60% of basic salary) 					
<p>OTHER BENEFITS:</p> <p>The limitations stated above do not apply to these benefits:</p> <ol style="list-style-type: none"> a. Concerning Leave Benefits during Treatment Period: 					

	<p>60% of the basic salary for the purpose of treatment, medication, recovery where the contributor requires medical leave for more than 12 days, till the time not exceeding more than 13 weeks. (2.67% deducted and deposited to Medical, Accident and Dependent Family Protection Scheme and balance amount paid to the contributor)</p> <p>b. Concerning Maternity Leave Benefit: For post or prior pregnancy care, where the contributors require medical leave for more than 60 days, the time not exceeding more than 98 days.</p> <p>c. Benefits even after pension, but should have deposited the required</p>			
	<p>Miscellaneous</p> <p>Benefits from other Insurance Policies or from GON:</p> <p>i. Not prevented to avail those benefits,</p> <p>ii. However, dual benefit for the same treatment from any other insurance policies by submitting the same bills cannot be done.</p>			
<p>c. Fatal Disease</p>	<p>Contributor</p>	<ul style="list-style-type: none"> - Diagnosis expense (If fatal disease is proven through diagnosis (Definition of Fatal Disease includes Coronary Artery By-pass or open-heart surgery, Brain Damage, Kidney Disease, Cancer, Parkinson's, Alzheimer's, Spinal Injury, Sickle cell Anaemia, Haemophilia or Thalassemia). - Expenses for treatment in foreign country 	<ul style="list-style-type: none"> - A contributor who has made regular contributions to the Fund for at least 24 months out of the last 28 months prior to the occurrence of the condition for receiving the scheme's benefit. - Eligible for the benefit until 2 years after contribution has been stopped. 	<ul style="list-style-type: none"> - Max 1 lakhs as per the bills presented. - Up to 7 Lakhs

			<p>(On the basis of the recommendation Medical Board established by GON pursuant to prevailing laws stating the disease’s incurability in Nepal.)</p> <ul style="list-style-type: none"> - Expenses for follow up after being discharged 	<p><u>Special Provision for Pensioners</u></p> <ul style="list-style-type: none"> - Applicable for 7 years after having started availing benefits under Pension Scheme. Any contributor receiving pension on a monthly basis pursuant to the Procedure can continue his/her contribution in the rates prescribed by SSF from the pension amount. 	<p>- Up to 2 lakhs</p>
<p>Note:</p> <ol style="list-style-type: none"> 1. Maximum of 10 Lakh NPR in lump sum amount or in tranches until the Contributor’s Service Period. 2. A minimum of NPR 50,000 to be claimed if applied by the Contributor (No such requirement if claimed directly from the Hospital). 3. Only provided for the payment of actual expenses incurred during treatment. 					
<p>Exclusion from SSF Scheme</p> <ol style="list-style-type: none"> a. Plastic Surgery or Dental Treatment except in case of accident, b. Bariatric Surgery (to remove fat), c. Inability of the fund to incur expenses due to nation-wide pandemic, d. Abortion in violation of prevailing laws, e. Covered under Accident and Disability Protection Schemes 					

Accident and Disability Protection Scheme				
Scheme	Beneficiary	Benefit	Eligibility and Conditions	Limitations
Accident and Disability Protection Scheme	Contributor		From the date of Contribution	- Cannot avail benefits after the contribution is stopped.
		In case of Occupational Disease	At least two years of contribution (does not specify whether it should be consecutive)	- Applicable for two years after the contribution has been stopped.
		Treatment for Work-related Accident or Occupational Disease (All expenses incurred)	Should inform SSF within 7 days of such occurrence of accident either by Contributor, or family member or employer.	- Expenses more than 7 lakhs not provided if treatment is done in unauthorized hospitals without such information.
		Accident except for work-place related accident		- Up to 7 Lakhs
		In case of Temporary Full Disability –	2.67% goes to the Accident Scheme 60% of basic salary until the labour returns to work	- In case, the contributor cannot return to work for more than 3 months, recommendation from Health Examination Committee should be provided/submitted.
		In case of Permanent Disability –	60% of basic salary considered as full salary and provided as pension on a monthly basis for lifetime based on the percentage of disability.	

		<p>Permanent Full Disability – benefit can be provided to family member or organization taking care of the contributor – Recommendation from local government required.</p>	<p>60% of basic salary considered as full salary and provided as pension on a monthly basis for lifetime</p>	
		<p>Permanent Partial Disability</p>	<p>the percentage of disability is calculated by the health examination committee on the basis of severity and commutation factors.</p>	
<p>General Limitation</p>				
<p>a. Other insurance policies can be claimed. To the extent that 7 lakhs is not covered from such policies, SSF may provide the benefit.</p> <p>b. Benefit under the Scheme cannot be availed if more than 7 lakhs are obtained through such policies.</p>				
<p>Note:</p> <p>1. Report will be evaluated every 5 years.</p>				

Dependent Family Protection Scheme

S.N.	Scheme	Beneficiary	Benefit	Criteria	Limitations
1.	Dependent Family Protection Scheme	<ul style="list-style-type: none"> - Contributor - Contributor's Spouse - Contributor's Dependent Family (including father, mother, father in law or mother in law) - Son, Daughter, Daughter-in-law - Grandson or Grand Daughter 	<ul style="list-style-type: none"> - In the event of death of the contributor in any manner; spouse to obtain 60% of the basic salary as lifetime pension. - 40% of basic salary as scholarship to children 	<ul style="list-style-type: none"> - Cannot remarry, - Should not be engaged alternative occupation - In case the work relation is terminated of the spouse and no retirement benefit is provide, in such case, can file application for pension to SSF - Should not have attained 18 years of age, - Not applicable if married. 	<ul style="list-style-type: none"> - Effective immediately but in case of death of contributor from reasons other than work related accidents at least 12 months of regular contribution should have been made in order for this scheme to be applicable. if the spouse has retired and does not have entitlement to any pension schemes, application may be made for availing this benefit. In case of more than one child, applicable to two children on a pro-rata basis, If any child is continuously studying, benefit may be provided until s/he attains 21 years of age.

			<p>- Lifetime Pension to dependent father or mother equivalent to 60% of last basic salary</p> <p>Cremation cost of a lump sum Rs. 25,000</p>	<p>- No spouse or children; Not applicable if they are employed in alternative employment or if they avail more benefits than provided under this Scheme from elsewhere. (does not specify consequence if only one of them has such alternative employment or pension scheme)</p>	<p>In case of physical or mental disability of child, no time limit is applicable.</p>
--	--	--	---	---	--

Old Age Protection Scheme

S.N.	Scheme	Beneficiary	Benefit	Eligibility and Criteria	Limitations
1.	Old Age Protection Scheme	Contributor (Spouse and Children have conditional benefits)	<ul style="list-style-type: none"> - After the Contributor attains 60 years of age, s/he will receive a monthly pension of the following amount: - (the amount deposited in his/her pension scheme + the return on investment made by the fund through such amount) divided by 160. - 8.33% of Old Age Protection Scheme, - Additional amount contributed by the Contributor on their discretion, - Amount transferred to the SSF from other funds as per Sec. 19(4) of the Procedure, - Amount deposited by Pensioners pursuant to Sec. 24(e) of the Procedure. 	<ul style="list-style-type: none"> - The Contributor should have attained 60 years of age, and - Contribution for 180 months should have been made. - Person getting pension from the GON or other institutions may also receive benefits from this Scheme if eligible. 	
	Retirement Facilities Scheme	Contributor	<ul style="list-style-type: none"> - The Contributor may receive the following amount at the time of retirement or the termination of employment: - Amount deposited in the Retirement Scheme + return on investment made by the Fund on such amount - The Contributor's successor may receive such amount in the event of the contributor's death. 	-	

			<ul style="list-style-type: none">- 3 years of Consecutive contribution – up to 80% may be received as special loan subject to the SSF Investment Procedure, 2077.- If any contributor contributes more than thrice the minimum remuneration prescribed by the GON to the Pension Scheme, such additional amount could be deposited to the Retirement Facility Scheme by filing an application.		
--	--	--	--	--	--

Infinity Partners

A full-service law firm: Your trusted legal partner

Infinity Partners is a full-service law firm that provides comprehensive legal solutions tailored to meet the unique needs of our clients. With a deep understanding of Nepal's local landscape and global best practices, we specialize in commercial law, civil law, dispute resolution and legal reform.



Contributors



Narayan Chaulagain
Managing Partner



Sarita Akauliya
Associate



Vidhya Sedai
Associate

Disclaimer : This Legal Guide is meant for informational purposes only and should not be considered a substitute for legal consultation. It is imperative to provide proper citation to this Legal Guide if any part of this document is to be used as an information source. This document is not intended for advertising or promotional use and is designed to provide general guidance only.