



# Development of Pension Legislation and Supervision in the Caribbean Region

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# Agenda

- Eastern Caribbean Central Bank (ECCB)
- Antigua and Barbuda
- Barbados
- Bermuda
- Cayman Islands
- Jamaica
- St. Kitts & Nevis
- St. Vincent and the Grenadines
- Trinidad and Tobago
- Other Jurisdictions
- Issues for Discussion

## ECCB

- ECCB developments on pension reform
- October 24, 2008 – First Interim Report
  - Focus on State provided pensions
  - Not focused on private pensions
- June 2009 Report
- Additional Focus on Private Pension Administration

## ECCB (continued)

- Concern over private pension financing
  - In traditional developed economies one can assume that the financial structure is well developed and regulated, economic management is adequate and the overall system is well integrated and coordinated. In economies like ours those assumptions cannot be made and in any case we would be reporting to the authorities that have responsibility for the social, real and financial sectors.

## ECCB Conclusion on Private Plans

- Currently limited coverage
  - Large statutory bodies or employers with more than 100 employees
- DB arrangements with fixed employee contributions
- Unjust vesting requirements and limited portability
- Weak plan governance
- Lax supervisory and regulatory arrangements

## Antigua and Barbuda

- Pension plans covered in Part VIII of The Insurance Act, 2007
  - Currently before Parliament
- Requires:
  - All private plans to be registered within 1 year of Act
  - All amendments must be registered to be valid
  - Payment of fees, penalties and annual reporting
  - Provides some enforcement powers to the Superintendent

## Barbados

- Market for occupational pensions is unique
  - Highest combined employer & employee social security contribution rates
  - Most companies also offer occupational pension plans
- Formal regulation of occupation plans under tax law
- Pension legislation
  - Based on legislation in Ontario, Canada
  - Act has been adopted and is awaiting proclamation
  - Regulations are being finalized
  - Potential for future reform?

## Bermuda

- National Pension Scheme (Occupational Pensions) Act, 1998
  - Came into effect on January 1, 2000
  - Mandatory system that cover private pension plans
  - Applies to self-employed persons
  - Penalties for non-compliance are stiff
  - Regulated by the Pension Commission
  - Public sector plans are exempt (covered by other Acts)
- Financial Institution Pension Plans offered by insurance companies cover the majority of citizens/long term residents

# Cayman Islands

- National Pensions Law
  - Came into effect on June 1, 1998 (revised in 2000)
  - Mandatory system for private pension plans
  - Applies to self-employed persons
  - Exempts non-Caymanians/non-permanent residents
  - Regulated by the National Pensions Office
  - Government employees covered by separate legislation
- Several multi-employer pension plans are offered by approved insurance companies

## Jamaica

- Legislation and Regulations adopted
  - Registration required under both the Income Tax Act and pension legislation
- Policies and procedures to assist staff and sponsors prepared
- Risk based supervision model
- Dedicated staff at the Financial Services Commission responsible for supervision

## Jamaica (continued)

- Reaching out to the public
- Dedicated FSC website includes pension section
- Information available for:
  - Plan members
  - Plan sponsors
  - Plan administrators and investment managers
  - Plan trustees

## St. Kitts and Nevis

- Legislation being debated
- Part VIII focus on Private Pension Plans
- Focus on:
  - Registration
  - Reporting requirements
  - Valuation reports



## St. Vincent and the Grenadines

- Insurance Act of 2004
  - Allows for regulation of private pension plans
  - Ministry of Finance and Economic Planning given job of regulating industry
  - 2008 budget address notes that there are compliance issues
  - Focus to be on licensing, disclosure, governance and minimum capital requirements

# Trinidad and Tobago

- Insurance Act – Part VI
- Requires:
  - Plan registration (done by Central Bank)
  - Amendment registration (done by Central Bank)
  - Fees
  - Annual reporting, actuarial valuations



## Other Jurisdictions

- Anguilla, Dominica, Grenada, Montserrat, St. Lucia (ECCU members)
  - Legislation for private pensions is being debated
- Belize, British Virgin Islands, Guyana, Turks and Caicos
  - No pension legislation for private plans currently
- Bahamas
  - Government appointed committee looking at pensions
- US Virgin Islands
  - Mandatory pension coverage for government employees
  - No pension legislation for the private sector

## Issues for Discussion

- Need for pension legislation in the Caribbean region
  - Political will by government
  - Support by policy makers
  - Mandatory versus voluntary
- Supervision by existing agencies
  - Separate versus consolidated regulator
- Long term supervision challenges
  - Employee coverage versus employer compliance
  - Enforcement for delinquent employers

## Issues for Discussion (continued)

- Risk based approach to supervision
  - Develop internal procedures/manual for supervisory staff
  - Develop external policies for plan sponsors, employers, plan administrators, and trustees
  - Provide training and development for supervisory staff
- Ongoing education and communication to all stakeholders
- Caribbean Association of Pension Supervisors (CAPS)