



IOPS Member country or territory pension system profile:

TRINIDAD AND TOBAGO

Report¹ issued on September 2011, validated by the Central Bank of Trinidad and Tobago

Update as of 15 February 2013

¹ *This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*

Trinidad and Tobago



DEMOGRAPHICS AND MACROECONOMICS

GDP per capita (USD)	20,400
Total Population (000s)	1,226
Life Expectancy at Birth (years) for Men	68.61
Life Expectancy at Birth (years) for Women	74.6
Labour Force (000s)	616,500
Percentage 65 or older	8.7
Dependency Ratio ¹	38.7
Statutory Pensionable Age - Men	60
Statutory Pensionable Age - Women	60

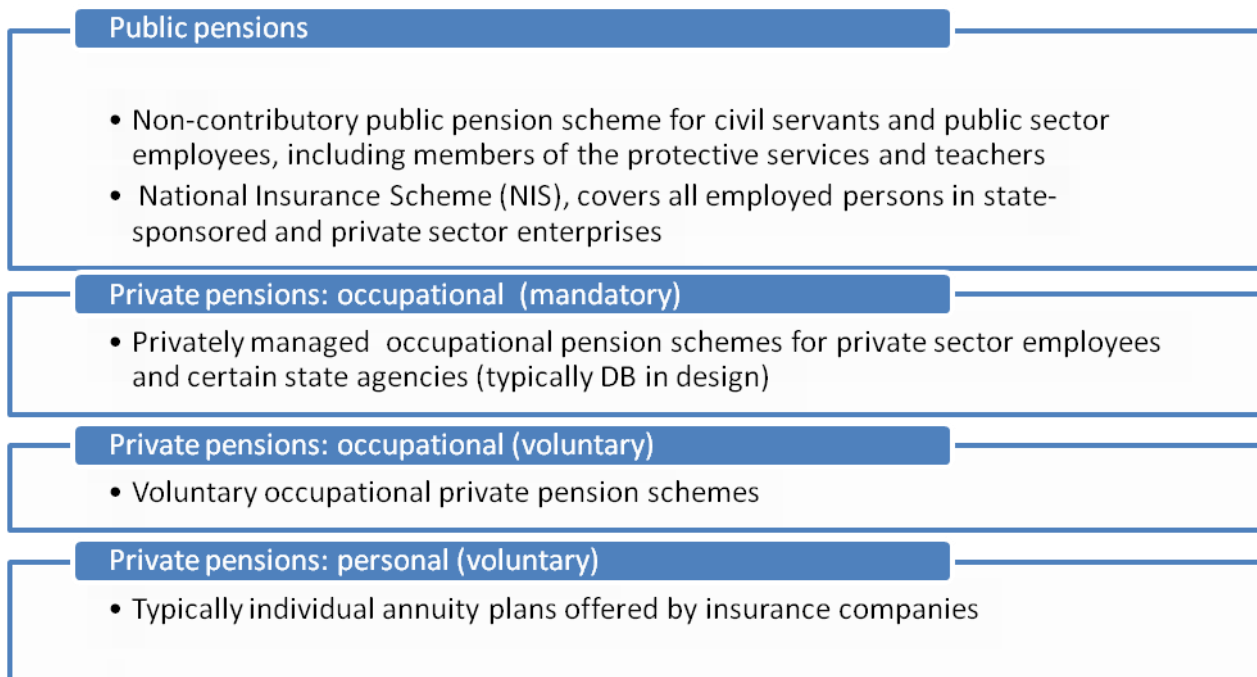
Data from 2012.

1. Population aged 14 or younger plus population aged over 65 or older, divided by population aged 15-64.

Source: US Central Intelligence Agency

COUNTRY PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM



TRINIDAD AND TOBAGO: PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

The public pension scheme is for civil service or state sector employees including members of the protective services and teachers. This scheme is non-contributory.

Key features of the National Insurance Scheme (NIS)

All employed persons over the age of 16 and under the age of 65 belong to the national insurance scheme (NIS). Aside from other employment related benefits, the NIS pays pensions on the attainment of age 60 provided the member retires from all forms of employments and has made over 750 weekly contributions to the scheme. Contributions to the NIS are paid by both employees and employers. If the member remains in employment but retires at any age between 60 and 65, his or her pension would start immediately from the date of retirement. NIS pension will be paid from age 65 whether or not the member remains in employment. All contributions cease at age 65 or earlier if the member retires before that age. Members who make less than 750 weekly contributions while employed will receive the refund of all contributions made plus interest accrued thereon in a lump sum payment on attaining age 60 or between the ages of 60 and 65. Self employed persons can also contribute to the scheme and receive the pension benefits detailed above and other employment related benefits.

OCCUPATIONAL MANDATORY

1. Coverage

Approximately 72% to 75% of the labour force employed in the private sector and certain state agencies² (Central Bank of Trinidad and Tobago; Water and Sewerage authority, etc.) belongs to mandatory occupational pension plans sponsored by their employers. Plans are typically defined benefit and both employees and employers contribute.

2. Contributions

- members' contributions: usually 5% or 6% of basic salary
- employers' contributions: usually 5% or 6% of the members' of basic salary
- state participation, if any: No state participation

3. Benefits

Statutory (normal) retirement age is set at 60 years old, early retirement could be drawn at the age 50 and late retirement benefits are paid as well as death, ill health and spouse/dependant benefits. Benefits are usually vested after five years of contributory service. Benefits can be transferable to other similarly structured plans. Pensions are payable for guaranteed periods of five, ten or fifteen years after retirement and the life of the member thereafter.

Up to 25% of total pension payable can be commuted for a tax free lump sum. The remaining 75% is paid monthly. A small number of plans also allow beneficiaries to surrender a portion of pension benefits in order to provide a pension to a spouse/dependant.

² Membership in these plans is mandatory for permanent employees of these agencies.

The benefits payable on withdrawal after less than five years of contributory period is the refund of the members' contributions plus accrued interest. The benefit may also be transferred to another similarly structured pension scheme.

Members with over five years of service will receive a deferred pension on withdrawal. The deferred pension can be paid at an early or normal retirement age. Members may also transfer their benefits to similarly structured pension scheme. If the rules of their plan allow, members can also apply to the tax authority to receive the refund of their contributions plus interest after five years of service.

Married women or women leaving employment to get married are allowed the refund of their contributions plus interest without application to the tax authority.

Pension benefits can be transferred between pension schemes offering similar benefit arrangements which have been approved by the tax authority and registered with the supervisory authority. A minority of plans are amending their rules to allow transferability between occupational pension plans and individual annuity products.

Benefit adjustments can be made by Trustees upon agreement by the sponsor company. They are usually based on the plan actuaries' advice on affordability in terms of the plans' assets versus liabilities.

There are no minimum benefit payments.

4. Fees

Fees are usually deductible from the pension fund.

There are no legal limits on fees that can be charged by plan/scheme managers or other service providers.

5. Taxation

Taxation of members' contributions:

Members' contributions to all pension products, that is, contributions to private occupational plans, individual annuity products and 70% of contributions to the national insurance scheme, up to approximately US \$5,000 per annum, are not taxed.

Taxation of employers' contributions:

Employers' contributions are not taxed

Taxation of investment income:

Investment income is not taxed.

Taxation of benefits:

Commutated lump sums and death benefit payments are not taxed. All other benefits paid, including monthly pension and refunds on early withdrawal, are taxed.

OCCUPATIONAL VOLUNTARY

Voluntary plans can be established voluntarily by private employers. Membership in these plans can either be compulsory for all employees (based on the company's employment rules) or voluntary. In

most instances in Trinidad and Tobago, membership in these voluntary plans (voluntarily sponsored by the employers) is compulsory based in the company's employment rules.

Few voluntary employer sponsored occupational pension plans, where membership in the plans is voluntary, exist in the jurisdiction to provide detailed information.

PERSONAL VOLUNTARY

Personal voluntary plans are typically individual annuity plans offered by insurance companies. They can either be contracts between the individual and the insurance company or between an employer and an insurance company on behalf of an employee (group personal plans). No information is available on the number of persons who own individual annuities. Plan designs can be for the individual to contribute only or the individual and his or her employer or the individual's employer only.

1. Coverage

Formal and informal sector workers can participate in voluntary pension arrangements.

2. Contributions

There are no maximum contribution levels but insurance companies would set their own minimum contribution levels. Monthly, lump sum and one-off payments are accepted.

3. Benefits

Pensions are paid on retirement from ages 50 to 65. Pensions are usually payable for guaranteed periods of five, ten or fifteen years after retirement and the life of the member thereafter.

Up to 25% of total pension payable can be commuted for a tax free lump sum. The remaining 75% is paid monthly. A small number of plans also allow beneficiaries to surrender a portion of pension benefits in order to provide a pension to a spouse/dependant.

There are no legislated qualifying conditions for withdrawing from a private individual annuity prior to retirement age.

Benefit adjustments can be negotiated between the individual and the insurance company or the individual's employer and the insurance company if the policy is purchased on behalf of an employee.

There are no minimum benefits paid under personal pension schemes.

4. Fees

Fees are deducted from premiums paid during the first one to ten years of purchase of the annuity.

There are no legal limits on fees that can be charged by plan/scheme managers or other service providers.

5. Taxation

Taxation of members' contributions:

Members' contributions to all pension products, that is contributions to private occupational plans, individual annuity products and 70% of contributions to the national insurance scheme, up to approximately US \$5,000 per annum, are not taxed.

Taxation of investment income:

No taxes are paid on investment income.

Taxation of benefits:

Commutated lump sums and death benefit payments are not taxed. All other benefits paid, including monthly pension and refunds on early withdrawal, are taxed.

REFERENCE INFORMATION

- Key Legislation:

1938: Trinidad and Tobago Income Tax Act Chapter 75:01 (series of amendments introduced up to 2004), imposes tax upon incomes and regulates the collection of taxes. Regulations pertaining to pension plans form a part of the Act.

1980: Trinidad and Tobago Insurance Act Chapter 84:01 (series of amendments introduced up to 2007), regulates insurance business (and related activities) and privately administrated pension fund plans administrated by individual or corporate trustees. All pension fund plans in Trinidad and Tobago should be registered in accordance with the Insurance Act.

- Key regulatory and supervisory authorities:

Trinidad and Tobago Board of Inland Revenue, <http://www.ird.gov.tt/>

The Central Bank of Trinidad and Tobago, <http://www.central-bank.org.tt/>

- Key statistical reference and sources on private pensions:

Source: The Central Statistical Office of Trinidad and Tobago;

The Central Bank of Trinidad and Tobago

TABLES:

The data below is as of June 2012.

1. Private Occupational Pension plans

2. Pension funds data overview:

- *Total assets:* **US\$5.3 billion**
- *Total assets as % of GDP:* **21% of GDP**

By financing vehicle as of Total assets

- *Pension funds:* **N/A**

- Book reserves: **N/A**
- Pension insurance contracts: **N/A**
- Other financial vehicles: **N/A**

Occupational assets

- % of DB assets: **N/A**
- % of DC assets: **N/A**

Personal assets

Structure of assets:

- | | |
|--|------------|
| • Cash and deposits | 16% |
| • Bills and bonds issued by public and private sectors | 44% |
| • Shares | 39% |
| • Loans | 0% |
| • Buildings | 1% |
| • Private Investment funds | 0% |
| • Other investments | 0% |

Total contributions as % of GDP: **N/A**

Total benefits as % of GDP: **N/A**

Of them paid as lump sums: **N/A**

as pensions: **N/A**

Total number of pension funds: **192**