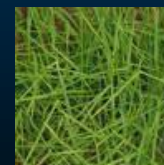
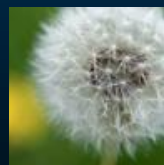


Trends in Emerging Markets (Atlantic & Caribbean Region)

MORNEAU
SOBECO



CBA/IPEBLA Conference

Quebec City, June 2010

**Al Kiel, Morneau Sobeco and Cathy Smith,
Government Employees Retirement System**

US Virgin Islands



Agenda



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- Pension Legislation and Regulation by Jurisdiction
- Regulatory Areas of Concern in the Region
- A Multi-Jurisdictional Supervisory Perspective
- Associations of Regulators and Supervisors
- Caribbean Association of Pension Supervisors (CAPS)
- Challenges for the Region
- A Comparison of Social Security Schemes in the Region
- Questions



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I P E B L A

Pension Legislation and Regulation by Jurisdiction



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- Overview by Jurisdiction
 - Eastern Caribbean Central Bank (ECCB)
 - Antigua and Barbuda
 - Barbados
 - Bermuda
 - Cayman Islands
 - Guyana
 - Jamaica
 - St. Kitts and Nevis
 - St. Vincent and the Grenadines
 - Trinidad and Tobago
 - Other Jurisdictions

Pension Legislation & Regulation – A Political & Social Necessity?



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I P E B L A

Eastern Caribbean Central Bank (ECCB)



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- ECCB represents 8 jurisdictions
 - Anguilla, Antigua & Barbuda, Dominica, Grenada, Montserrat, St. Kitts & Nevis, St. Lucia, and St. Vincent & the Grenadines
 - Common currency union similar to the European Union
- 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



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I P E B L A

ECCB (continued)



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- 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.”



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I P E B L A

ECCB Conclusion on Private Plans



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- 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



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I P E B L A

Antigua and Barbuda



MORNEAU
SOBECO

- Member of the Organization of Eastern Caribbean States (OECS)
- Pension plans covered in Part VIII of The Insurance Act, 2007
 - Effective April 2009
- 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



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I P E B L A

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



MORNEAU
SOBECO

- 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
- Changes in legislation and regulations in 2010 to allow financial hardship



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I P E B L A

Cayman Islands



MORNEAU
SOBECO

- National Pensions Law
 - Came into effect on June 1, 1998 (revised in 2000)
 - Mandatory system for private pension plans
 - Applies to self-employed persons
 - Covers non-Caymanians
 - Regulated by the National Pensions Office
 - Government employees covered by separate legislation
- MEPPs are offered by approved insurance companies
- Changes in legislation in 2010
 - Temporarily suspend contributions
 - Remove mandatory coverage for non-Caymanians



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I P E B L A

Guyana



MORNEAU
SOBECO

- Pension plans covered in Part XVI of The Insurance Act, 1998
- Covers:
 - Registrations of plans and amendments
 - Plan wind ups
 - Statutory filing requirements
 - Pension fund investments
- Office of the Commissioner of Insurance
 - Regulates pension plans



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I P E B L A

Jamaica



MORNEAU
SOBECO

- 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



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I P E B L A

Jamaica (continued)



MORNEAU
SOBECO

- 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



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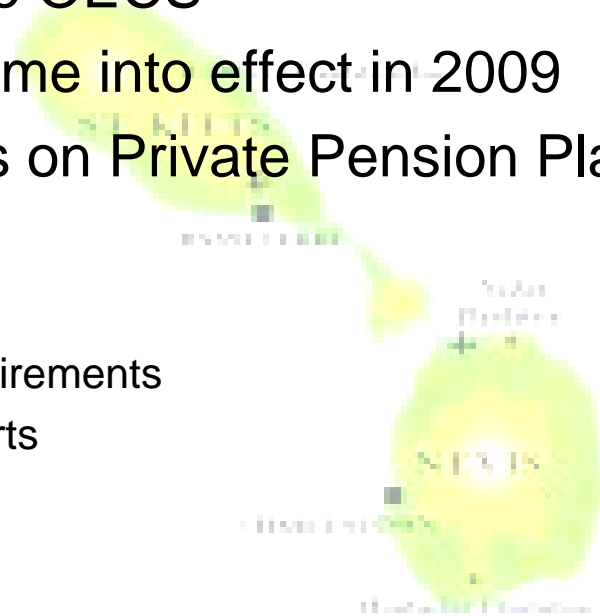
I P E B L A

St. Kitts and Nevis



MORNEAU
SOBECO

- Member of the OECS
- Legislation came into effect in 2009
- Part VIII focus on Private Pension Plans
- Focus on:
 - Registration
 - Reporting requirements
 - Valuation reports



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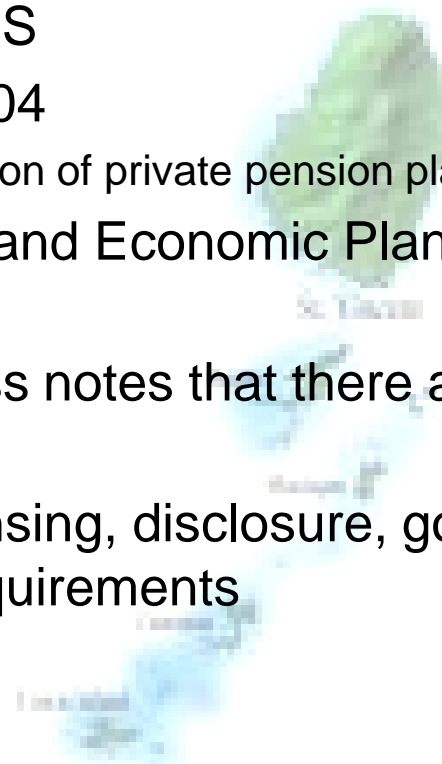
I P E B L A

St. Vincent and the Grenadines



MORNEAU
SOBECO

- Member of the OECS
- 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



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I P E B L A

Trinidad and Tobago



MORNEAU
SOBECO

- Insurance Act – Part VI
- Requires:
 - Plan registration (done by Central Bank)
 - Amendment registration (done by Central Bank)
 - Fees
 - Annual reporting, actuarial valuations
- Proposal for the establishment of an occupational pension plans bill (Central Bank of TT – December 2009)



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I P E B L A

Other Jurisdictions



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SOBECO

- **Anguilla, Dominica, Montserrat, St. Lucia (OECS)**
 - Legislation for private pensions is codified in the new insurance statute
 - Currently with Parliament and expected to be passed shortly
- **Belize, British Virgin Islands, Turks and Caicos**
 - No pension legislation for private plans currently
- **Bahamas**
 - Government appointed task force for pensions December 2008
- **Grenada (OECS member)**
 - New insurance legislation covering pension plans effective March 2010
 - Substantially similar to St. Kitts & Nevis
- **US Virgin Islands**
 - Mandatory pension coverage for government employees
 - No pension legislation for the private sector



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I P E B L A

Regulatory Areas of Concern in the Region



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- Surplus & deficits on wind-up
- Going concern and solvency requirements
- Governance structure of pension plans
- Imposition of sanctions for non-compliance

- Liability of trustees
- Minimum pension benefits prescribed
- Capital requirements, if any
- Powers of enforcement
- Insolvent plan sponsors

Clear Responsibilities = Accountability



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I P E B L A

A Multi-Jurisdictional Supervisory Perspective



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SOBECO

- Develop a regional body to formalize representation
- Cross-border supervision of pension plan administrators and service providers
- Cooperation in regional, and international pension regulatory matters
- Reciprocal agreements for portability of pensions between jurisdictions
- Sharing of policies, procedures & methodologies for supervision between jurisdictions
- Training & development opportunities for pension supervisory staff
- Identify emerging issues regarding supervision and coordinate regional efforts
- Promote education and industry seminars

Benefits of a Caribbean Association of Pension Supervisors



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I P E B L A

Associations of Pension Regulators and Supervisors



MORNEAU
SOBECO

- Caribbean Association of Insurance Regulators (CAIR)
- International Organization of Pension Supervisors (IOPS)
- Caribbean Association of Pension Supervisors (CAPS)
 - Develop best practices in the region for private pension plan regulation and supervision
- Canadian Association of Pension Supervisory Authorities (CAPSA)
 - Harmonization of legislation between federal and provincial jurisdictions in Canada

Examples of Multi-Jurisdictional Supervision and Regulation



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I P E B L A

Caribbean Association of Pension Supervisors (CAPS)



MORNEAU
SOBECO

- Political interest and support is required in each jurisdiction
- Recognition by CARTAC and World Bank (similar to CAIR)
- Open to all CARTAC Jurisdictions
- Mission statement: “A multi-jurisdictional association of pension supervisors whose mission is to facilitate an efficient and effective pension supervisory and regulatory system in and between member jurisdictions”
- Vision: “Establish an effective regulatory framework for the coordination and mutual cooperation of pension supervision between member jurisdictions”
- Intra-jurisdictional (within) versus inter-jurisdictional (between)

Quality and Effectiveness of Pension Supervision/Regulation



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I P E B L A

Challenges for the Region



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SOBECO

- 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



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I P E B L A

Challenges for the Region (continued)



MORNEAU
SOBECO

- 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



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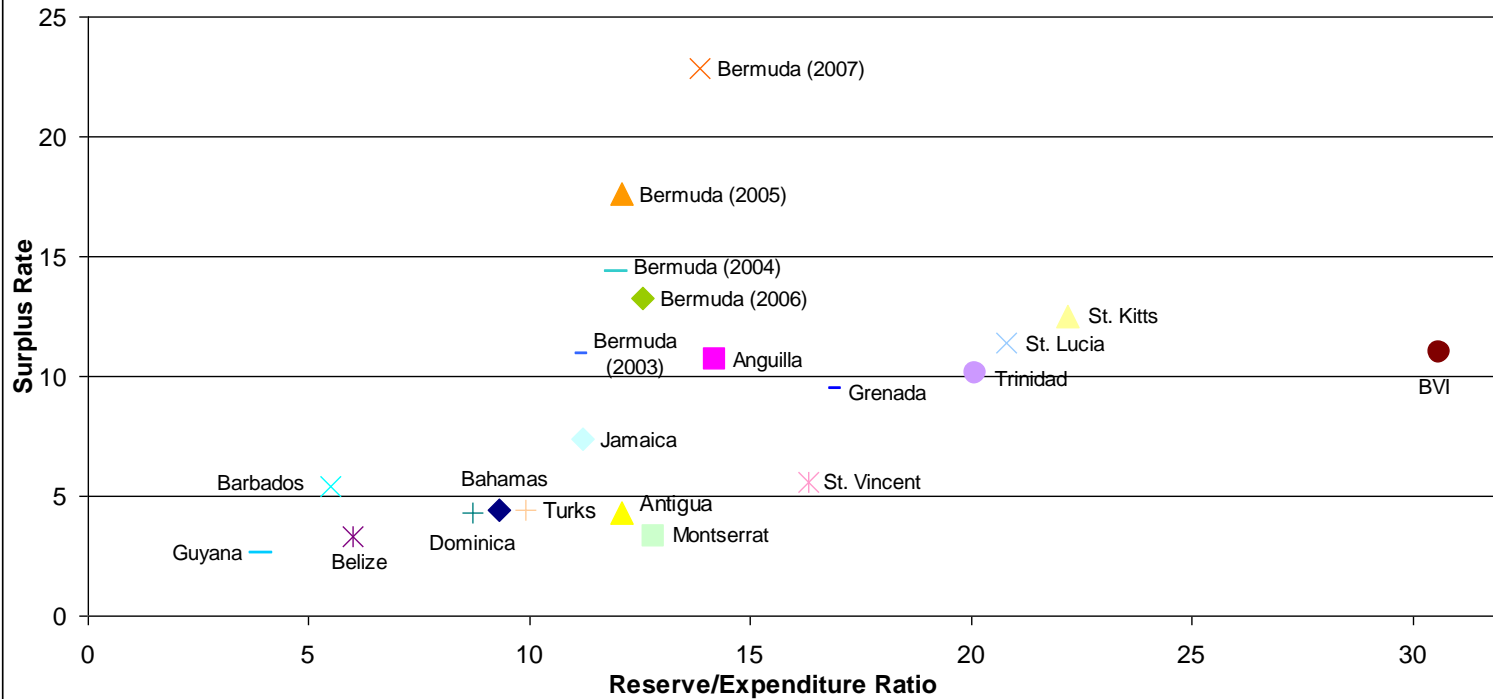
I P E B L A

A Comparison of Social Security Schemes in the Region



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Comparative Financial Status 2003 - Caribbean & Bermuda Social Security Plans



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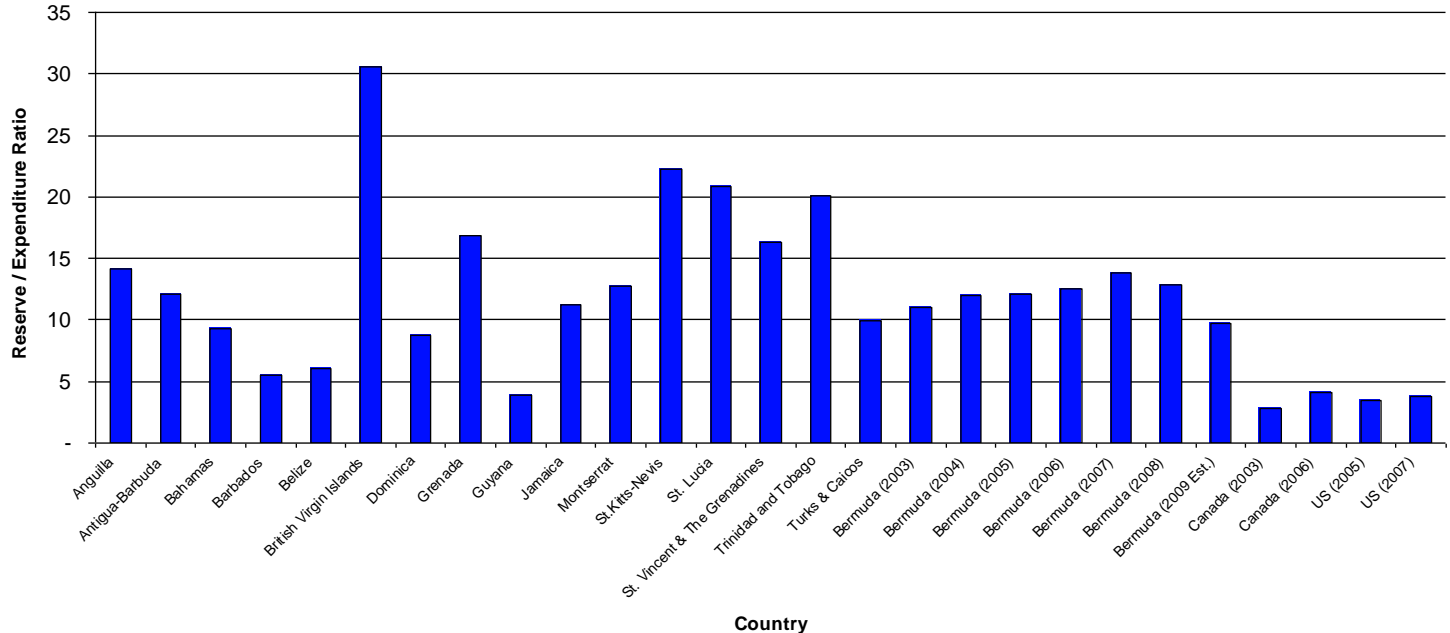
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A Comparison of Social Security Schemes in the Region (continued)



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Reserve/ Expenditure Ratio
Social Security Schemes



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I P E B L A

St. Lucia



MORNEAU
SOBECO

- National Insurance Fund-April 1979
- Effective April 1979
- Replaced National Provident Fund of 1970
- NIS operates as a statutory Corporation Administered by a Board, under the portfolio of the Minister of Finance.



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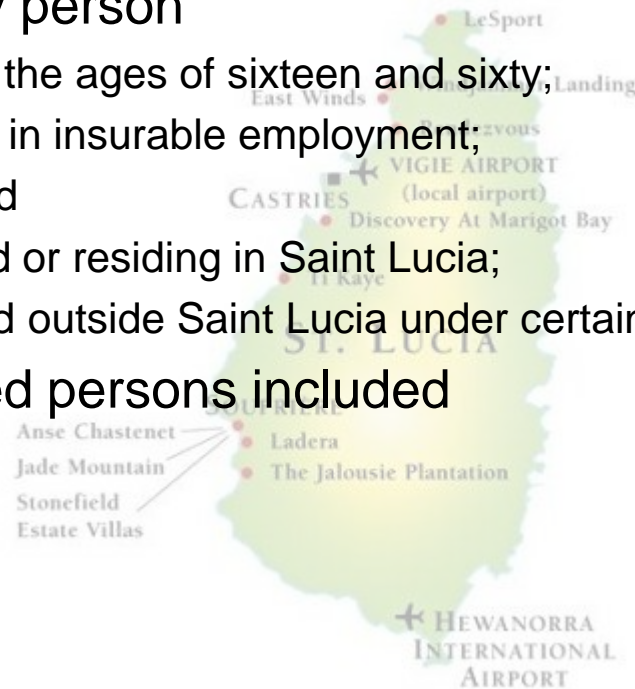


I P E B L A

St. Lucia (continued)



- Covers every person
 - (a) between the ages of sixteen and sixty;
 - (b) engaged in insurable employment;
 - (c) registered
 - (d) domiciled or residing in Saint Lucia;
 - (e) employed outside Saint Lucia under certain conditions
- Self-employed persons included



St. Lucia (continued)



MORNEAU
SOBECO

- **Benefits:**
 - Old age pensions and old age grants
 - Invalidity (Disability) pensions and grants
 - Survivors pensions to dependents of the deceased instead of a named beneficiary.
 - Short term benefits: Sickness, maternity and employment injury



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I P E B L A

Antigua and Barbuda



MORNEAU
SOBECO

- Social Security Scheme-July 11, 1972
- Effective April 2, 1973
- Replaced the Provident Fund of 1970, which was never implemented
- Regulated by the Social Security Board under the Ministry of Finance & Social Security



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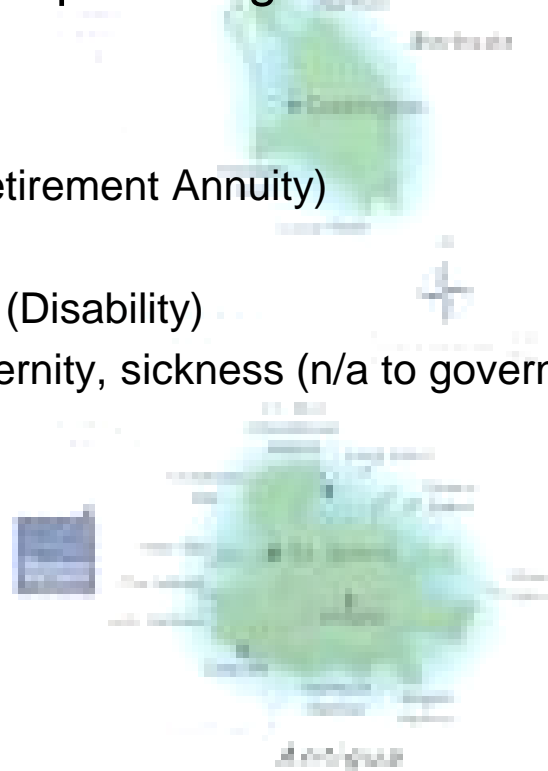
I P E B L A

Antigua and Barbuda (continued)



MORNEAU
SOBECO

- Every person is required register before taking up employment
- Benefits:
 - Age Benefits (Retirement Annuity)
 - Survivor Benefit
 - Invalidity Benefit (Disability)
 - Short Term: maternity, sickness (n/a to government and statutory establishments)
 - Funeral Benefit



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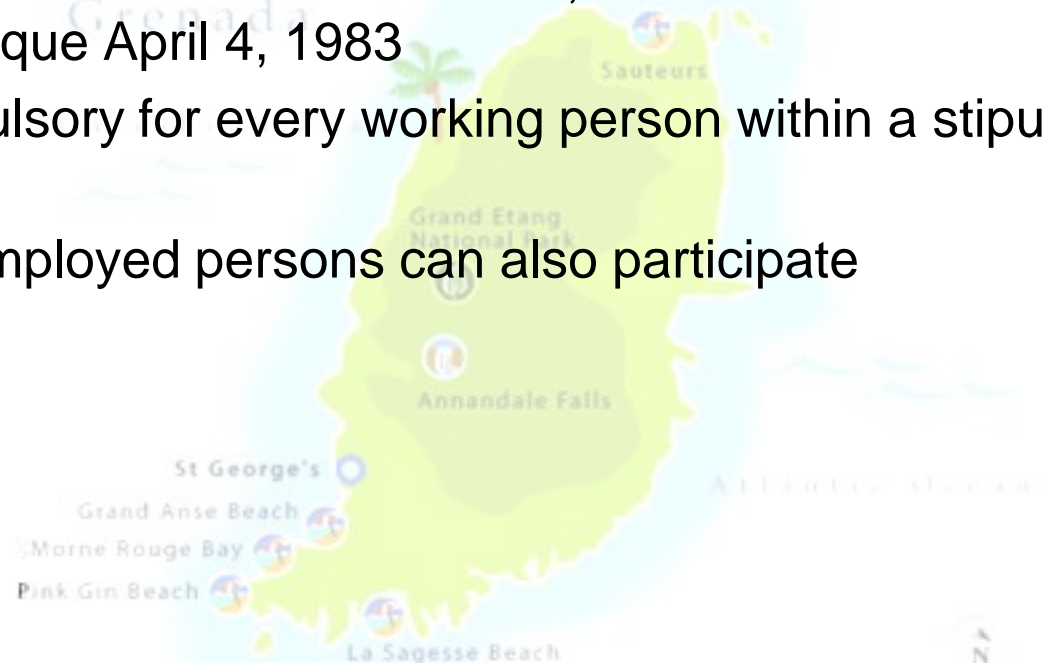


Grenada



MORNEAU
SOBECO

- National Insurance of Grenada, Carriacou and Petite Martinique April 4, 1983
- Compulsory for every working person within a stipulated age
- Self-employed persons can also participate



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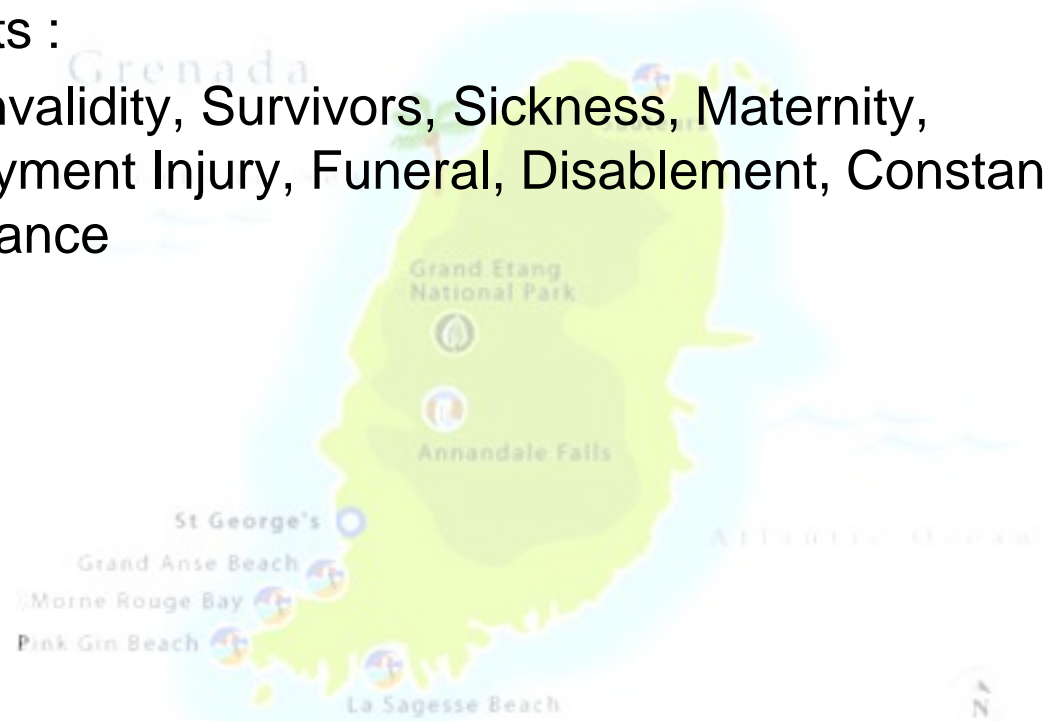
I P E B L A

Grenada (continued)



MORNEAU
SOBECO

- Benefits :
- Age, Invalidation, Survivors, Sickness, Maternity, Employment Injury, Funeral, Disablement, Constant Attendance



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I P E B L A

Belize



MORNEAU
SOBECO

- Social Security Act, Chapter 44 of the Laws of Belize, Revised Edition 2000 to 2003
- All employees over the age of fourteen (14) years must register and contribute
- Self-employed persons can also register



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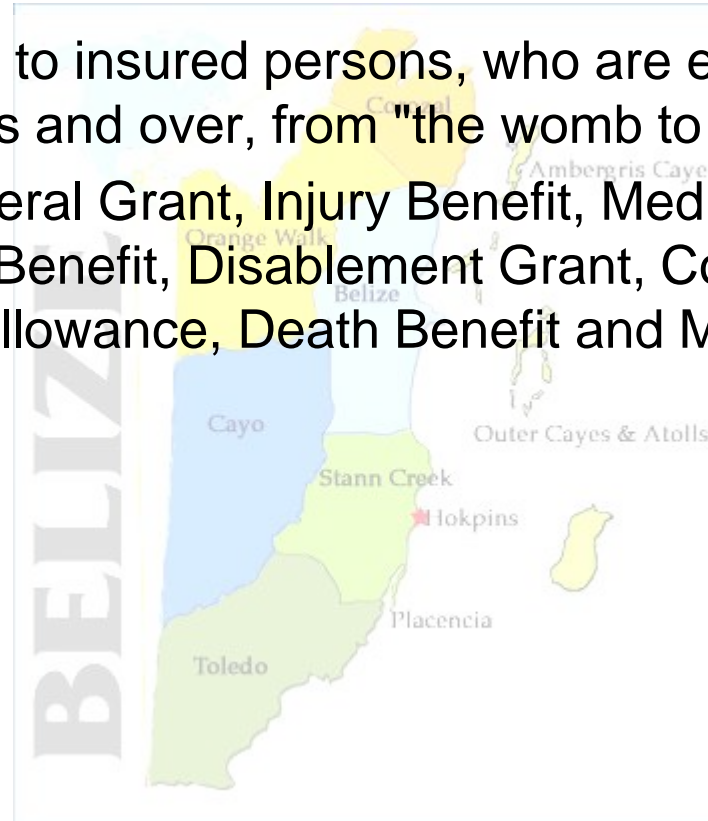
I P E B L A

Belize (continued)



MORNEAU
SOBECO

- Pays benefits to insured persons, who are employees fourteen years and over, from "the womb to the tomb"
- Benefits: Funeral Grant, Injury Benefit, Medical Care, Disablement Benefit, Disablement Grant, Constant Attendance Allowance, Death Benefit and Maternity Benefits



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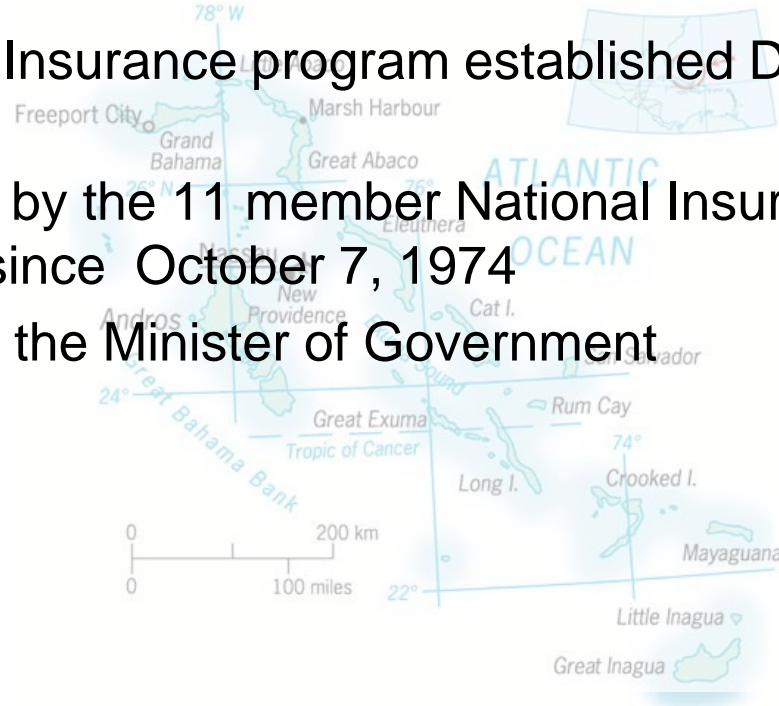
I P E B L A

Bahamas



MORNEAU
SOBECO

- The National Insurance program established December 12, 1972
- Administered by the 11 member National Insurance Board (NIB) since October 7, 1974
- Regulated by the Minister of Government



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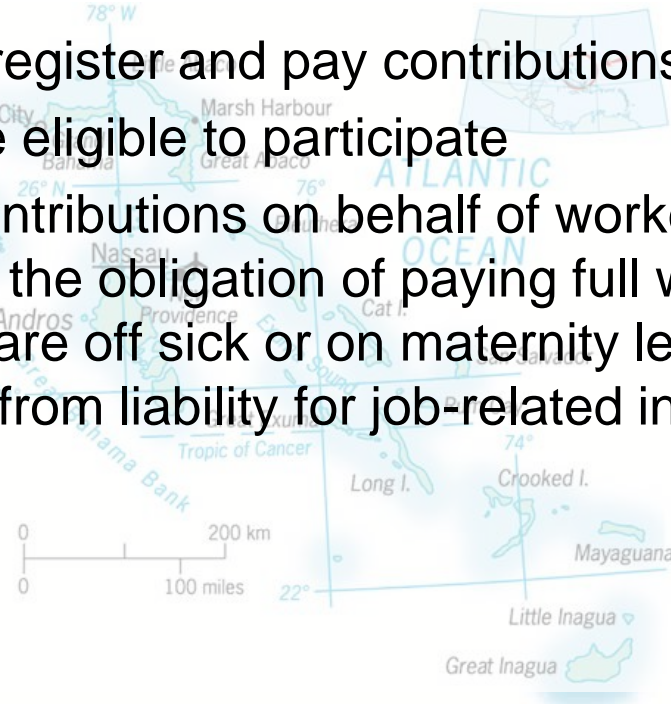
I P E B L A

Bahamas (continued)



MORNEAU
SOBECO

- Employees must register and pay contributions
- Self employed are eligible to participate
- Employers pay contributions on behalf of workers, and are released from the obligation of paying full wages when employees are off sick or on maternity leave, and they are excused from liability for job-related injuries and diseases.



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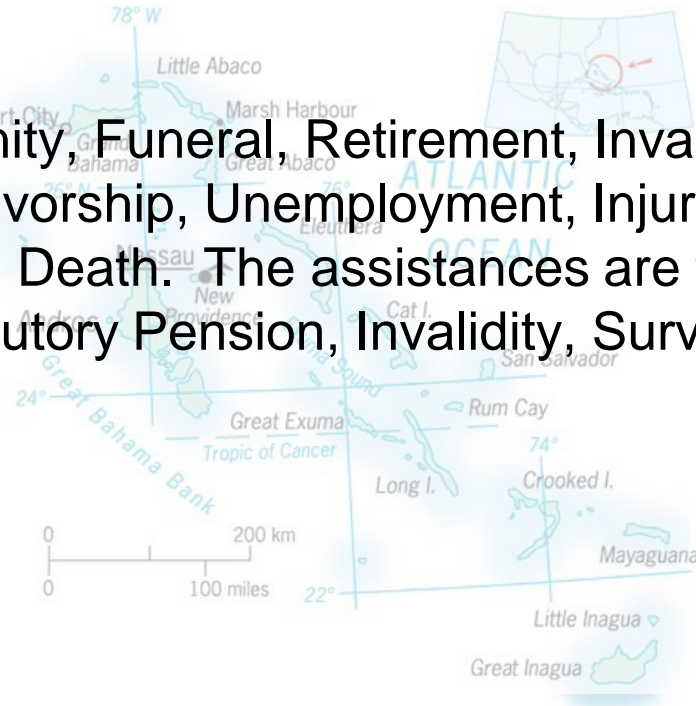
I P E B L A

Bahamas (continued)



MORNEAU
SOBECO

- Benefits:
- Sickness, Maternity, Funeral, Retirement, Invalidation (Disability), Survivorship, Unemployment, Injury, Disablement and Death. The assistances are the Old Age Non-Contributory Pension, Invalidation, Survivors' and Sickness.



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I P E B L A

Barbados



- NATIONAL INSURANCE SCHEME
- Established under the provisions of the National Insurance and Social Security Act, 1966.
- Effective June 5, 1967
- Governed by a 9 member Board, under the Office of the Minister responsible for Social Security



Barbados (continued)



MORNEAU
SOBECO

- Covers all working people who are sixteen (16) years of age and under sixty-five (65), whether they are self-employed or engaged under contract of service in Barbados. Persons who are under sixteen (16) or over sixty-five (65) are covered only for employment injury.



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I P E B L A

Barbados (continued)



MORNEAU
SOBECO

- Benefits:
- Sickness, Maternity, (Grant or Benefit), Invalidity (Grant or Pension), Unemployment, Employment Injury (Injury benefit, Disablement benefit, Medical Expenses, Funeral grant, Death benefit), Funeral Grant, Old Age Contributory (Grant or Pension), Survivors' (Grant or Pension)



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I P E B L A

Bermuda



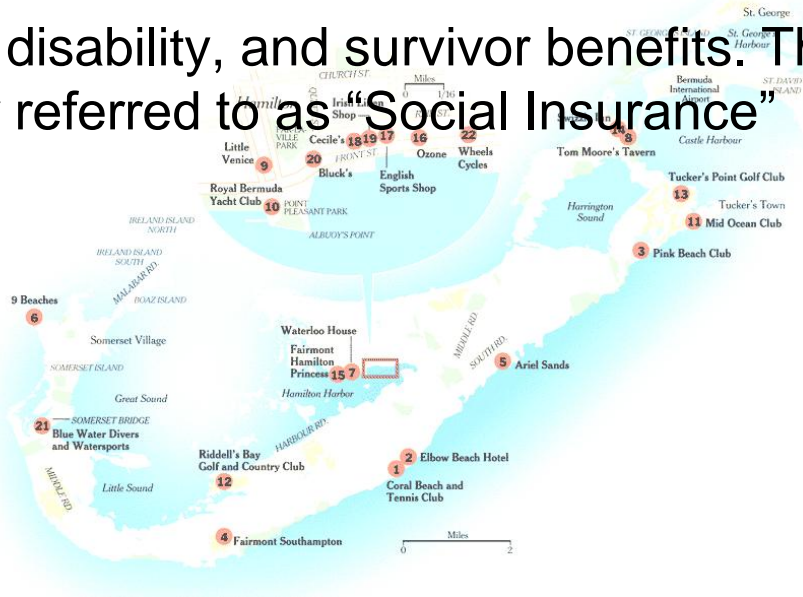
- The Contributory Pensions Act 1970 & Regulations
- Under the direction of the Ministry of Finance
- Requires all employed and self-employed persons to contribute until the age of 65



Bermuda (continued)



- Benefits include:
- Pensions, disability, and survivor benefits. The scheme is commonly referred to as “Social Insurance”

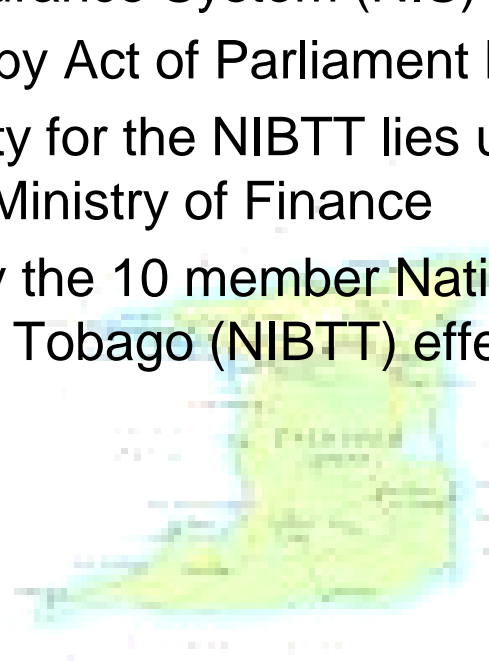


Trinidad and Tobago



MORNEAU
SOBECO

- National Insurance System (NIS)
- Established by Act of Parliament No. 35 of 1971.
- Responsibility for the NIBTT lies ultimately with Parliament through the Ministry of Finance
- Governed by the 10 member National Insurance Board of Trinidad and Tobago (NIBTT) effective 1972



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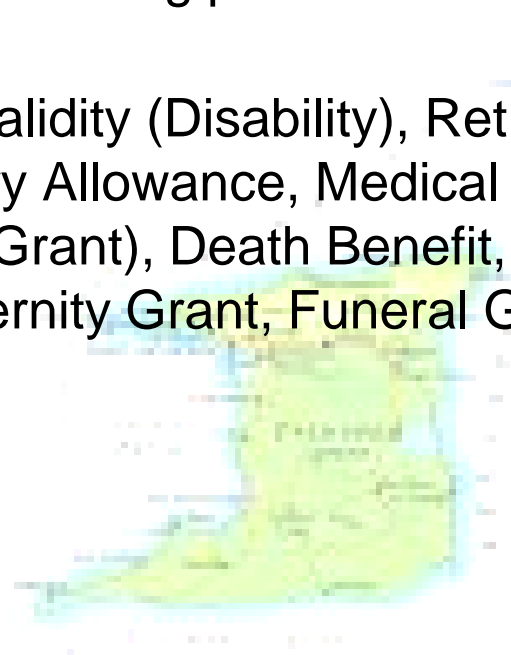
I P E B L A

Trinidad and Tobago (continued)



MORNEAU
SOBECO

- Mandatory : Working persons who earn \$120.00 or more per week
- Benefits: Invalidity (Disability), Retirement, Survivors Benefit, Injury Allowance, Medical Expenses, Disablement (Pension or Grant), Death Benefit, Sickness, Maternity, Special Maternity Grant, Funeral Grant



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I P E B L A

Caricom Agreement on Social Security



MORNEAU
SOBECO

- Reciprocal agreements with Caricom countries, signed 9th November 1998
- Participating Countries: Governments' of Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago



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I P E B L A

Caricom Agreement on Social Security (continued)



MORNEAU
SOBECO

- The agreement was contracted to foster unity among peoples and functional co-operation in the area of Social Security. It is based on the principles of equality of treatment for residents of parties under their Social Security legislation as well as the maintenance of such rights notwithstanding changes of residence among their respective territories.



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I P E B L A

Caricom Agreement on Social Security (continued)



MORNEAU
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- Agreements provide for continuity of coverage for workers assigned or transferred by their employers from one country to another by pooling insurance periods served in various countries, and for the payment of benefits by one or more of the Social Security Schemes once an applicant has qualified.



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I P E B L A

Caricom Agreement on Social Security (continued)



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- Agreement applies to the following payments of social security:
 - a. invalidity pensions;
 - b. disablement pensions;
 - c. old age or retirement pensions;
 - d. survivors' pensions, and
 - e. death benefits in the form of pensions



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I P E B L A

Caricom Agreement on Social Security (continued)



MORNEAU
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- Example: To qualify for Age pension at 60 in Grenada and St. Vincent requires five hundred, (500) weekly contributions. A worker, insured for 300 weeks in St. Vincent and insured 200 weeks in Grenada will qualify for pension in both countries at rates proportional to the insured person's period worked in each country.



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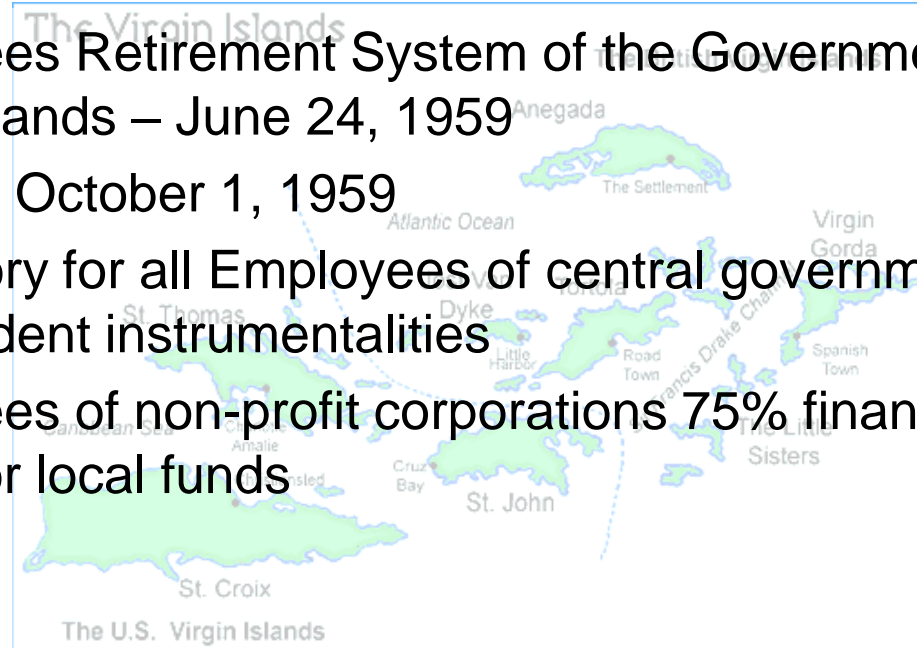
I P E B L A

U.S. Virgin Islands



MORNEAU
SOBECO

- Employees Retirement System of the Government of the Virgin Islands – June 24, 1959
- Effective October 1, 1959
- Mandatory for all Employees of central government and independent instrumentalities
- Employees of non-profit corporations 75% financed by federal or local funds



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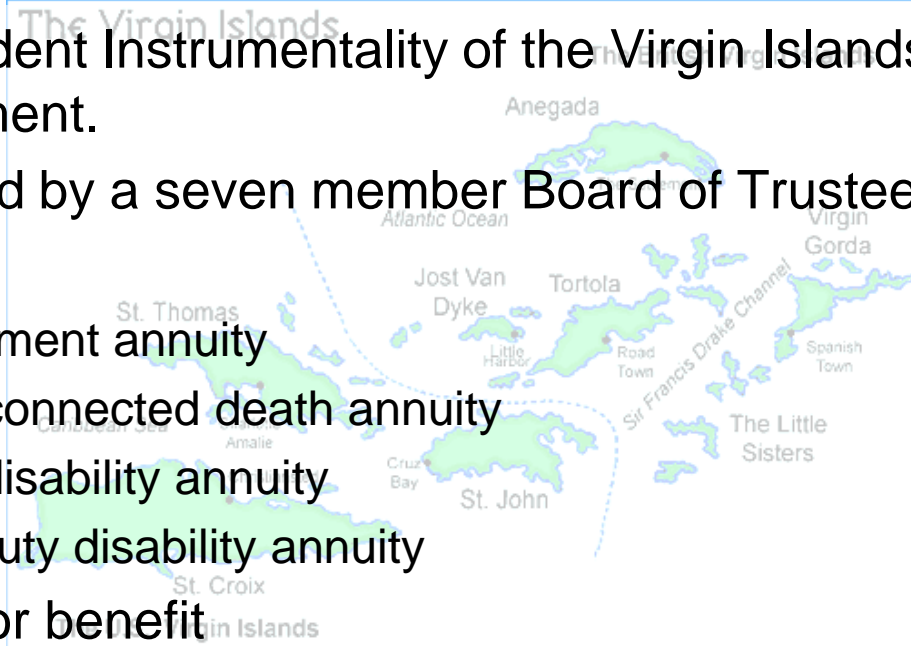
I P E B L A

U.S. Virgin Islands (continued)



MORNEAU
SOBECO

- Independent Instrumentality of the Virgin Islands Government.
- Governed by a seven member Board of Trustees
- Benefits:
 - Retirement annuity
 - Duty-connected death annuity
 - Duty disability annuity
 - Non-duty disability annuity
- Survivor benefit



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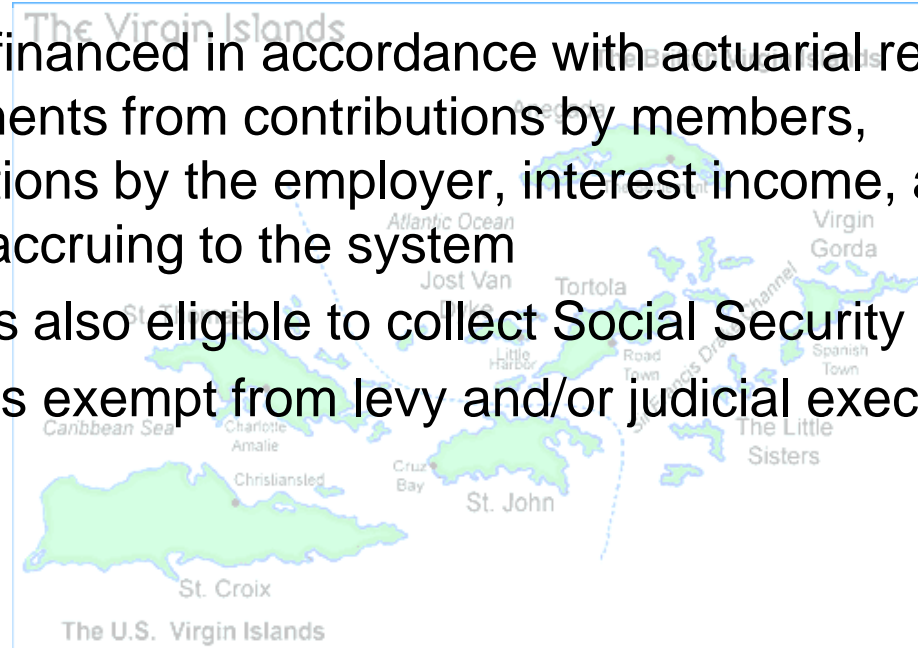
I P E B L A

U.S. Virgin Islands (continued)



MORNEAU
SOBECO

- System financed in accordance with actuarial reserve requirements from contributions by members, contributions by the employer, interest income, and other income accruing to the system
- Members also eligible to collect Social Security Benefits
- Annuity is exempt from levy and/or judicial execution



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I P E B L A

U.S. Virgin Islands (continued)



- Mandatory legislation for private sector pensions proposed, but rejected.



Thank you



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Questions?



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I P E B L A

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