

1. **Country profile:**

Population demographics

***Please state the year the information provided below relates to.***

Population (Dec 2014)	2,723,200
Gross Domestic Product per capita (US\$)	
Labour force (Oct 2014)	1,310,700
Males	715,200
Females	592,600
Employment rate (Oct 2014)	86.3%
Population over the age of 65 (Dec 2014)	233,700
Population under the age of 15 (Dec 2014)	653,600
Aging Index (Population over the age of 65 / population under age 15) (Dec 2014)	35.76%
Birth rate (Dec 2014)	1.39
Mortality rate (Dec 2014)	0.65

Source of Information: Information taken from the Economic and Social Survey Jamaica 2014 – Published by the Planning Institute of Jamaica

2. **Type of Pension arrangements**

***Please provide details of the pension arrangement in terms of persons eligible for the pension benefit provided, means testing requirements, age criteria, length of employment criteria, contribution requirements (mandatory or voluntary, employee and employer), mandatory or voluntary membership harmonization with other benefit plans, criteria by which the pension payment is terminated or expires, and commutation options. .***

**Public / State Sponsored Pensions (funded)**

N/A

**Public / State Sponsored Pensions (unfunded)**

Employed Jamaicans are required to contribute to the National Insurance Scheme (NIS) set up by the Government of Jamaica (GOJ) which provides a pension upon attaining normal retirement age (NRA)

**Public / State Sponsored Pensions (mandatory)**

N/A

**Private Occupational Pension Plans (voluntary)**

Superannuation funds (funds) and retirement schemes (schemes) are required to be established in Jamaica in connection with a trade or undertaking carried on wholly or partly in Jamaica.

All funds and schemes under the remit of the FSC must be established under an irrevocable trust and be approved and registered by the FSC.

Participation in a fund is open to employees of the sponsor who meets the eligibility criteria of that fund. A scheme (open plan) is open to residents of Jamaica who are self-employed or are employed in non-pensionable posts.

Where a fund has been set up by an employer, participation by the employees in pensionable posts is mandatory. Voluntary contributions are allowed pursuant with the Pensions Act and the Income Tax Act (ITA). Voluntary contributions can only be made to the plan to which the individual is an active member.

Eligibility requirements are specified in the constitutive documents of a fund or scheme. The criteria generally do not exclude membership on the basis of gender or minimum levels of earning. In addition, membership in a fund is normally open to persons employed on a full time basis who have satisfactory completed applicable probationary period, have been appointed as a permanent employee, and have completed the relevant enrolment forms. Some funds provide for the participation of part-time employees.

Members are not required by law to make contributions to the fund in which they actively participate. However, all employers who sponsor a fund are required to be an ordinary annual contributor with a maximum contribution rate of 10% of pensionable salaries as per the ITA. For a scheme, the sponsor is not required by law to make contributions to the scheme. Some employers contribute on behalf of their employees who have enrolled in a scheme and those contributions form part of the member's contributions for the purpose of determining if the prescribed limit regarding contributions has been reached.

The majority of funds in Jamaica are contributory with a minimum compulsory contribution rate of 5% of pensionable salary in keeping with the constitutive documents. The sponsor and trustees of the scheme determine the minimum rate of employee contributions. Additional voluntary contributions may be made by each member provided that the total amount contributed by the member the sponsor on behalf of that member does not exceed 20% percent of the emoluments of the member. The members of a scheme are able to contribute up to a maximum of 20% of their annual income or emoluments and are obligated to contribute at least once annually.

#### **Private Occupational Pension Plans (mandatory)**

N/A

#### **Private Pension/ Deferred Annuity arrangements**

N/A

#### **Other Pension arrangements**

Some public sector workers are covered under a Specified Pension Fund or Specified Pension Scheme. As defined by the Pensions (Superannuation Funds and Retirement Schemes) (Specified Pension Fund and Specified Pension Scheme) Regulations, 2006. This regulation delineates the pension funds and pension schemes which are not within the ambit of the FSC.

### 3. Pension coverage<sup>1</sup>

Number of Public/State sponsored Pension Plans	One (1)
Number of persons covered by Public/State sponsored Pension Plans	
Number of active Private Occupational Pension Plans	429
Number of persons covered by active Private Occupational Pension Plans (active members, deferred pensioners, pensioners)	94,645 active members
Number of <b>defined benefit</b> Private Occupational Pension Plans	110
Number of <b>defined contribution</b> Private Occupational Pension Plans <b>with interest or minimum benefit guarantees</b>	n/a
Number of <b>defined contribution</b> Private Occupational Pension Plans <b>without interest or minimum benefit guarantees</b>	319
Number of <b>hybrid</b> Private Occupational Pension Plans with defined benefit and defined contribution features	n/a
Number of <b>new</b> Private Occupational Pension Plans approved within the last five years (2010 to 2014)	Five (5)
<ul style="list-style-type: none"> <li>- Traditional Defined Benefit</li> <li>- Defined Contribution (Protected) with guarantees</li> <li>- Defined Contribution (Unprotected) without guarantees</li> <li>- Hybrid Defined Benefit (with defined benefit and defined contribution features)</li> </ul>	<div>1</div> <div>0</div> <div>4</div> <div>0</div>
Number of Private Occupational Pension Plans being <b>wound-up</b> within the last five years (2010 to 2014)	102 full winding-up and 23 partial winding-up
<ul style="list-style-type: none"> <li>- Traditional Defined Benefit</li> <li>- Defined Contribution (Protected) with guarantees</li> <li>- Defined Contribution (Unprotected) without guarantees</li> <li>- Hybrid Defined Benefit</li> <li>- Mixed Defined Benefit (with defined benefit and defined contribution features)</li> <li>-</li> </ul>	

### 4. Regulatory Framework

***Specify the legislation governing pension arrangements including tax related legislation in your jurisdiction.***

The Jamaican private pensions industry is regulated pursuant to the following legislation:

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<sup>1</sup> As at December 31, 2014

- The Trustee Act, 1897 (as amended) which provides for the duties and powers of trustees and for authorized investments.
- The Trustees, Attorneys, and Executors (Accounts and General) Act, 1904 (as amended) - The ordinance deals with commissions chargeable by executors, administrators and trustees in specified cases.
- The Financial Services Commission Act, 2001 (Amended in 2004, 2005 and 2014) – This statute establishes the Financial Services Commission (FSC) for the purpose of supervising and regulating prescribed financial institutions.
- The Pensions (Superannuation Funds and Retirement Schemes) Act, 2004 (Pensions Act) (Amended in 2005, 2006 & 2013) – This legislation gives the FSC responsibility for the regulation and supervision of funds and schemes excepting Specified Pension Funds and Specified Pension Schemes.
- By virtue of the Financial Services Commission (Pensions) Order of March 1, 2005, any services necessary for, incidental to or in connection with the trusteeship, administration, investment management, sale, purchase or transfer of a pension and any services specified in a trust agreement, insurance or other contract, concluded or effected in order to provide, invest, administer, purchase sell or transfer pension benefits of members of approved superannuation funds or approved retirement schemes has been declared as financial services.
- The Pensions (Superannuation Funds and Retirement Schemes) (Governance) Regulations, 2006 (Governance Regulations) – These regulations provide standards for the general governance of the operations of funds and schemes and outline the general duties, accountabilities and disclosure requirements of sponsors, trustees, and their agents.
- The Pensions (Superannuation Funds and Retirement Schemes) (Investment) Regulations, 2006 (Investment Regulations) – The Investment Regulations set standards for the investments of the assets of funds and schemes, which include a combination of qualitative and quantitative restrictions on the types of assets that a fund or scheme can hold in its portfolio. The duties of the investment managers as agents of the trustees are also included within these regulations. It is a requirement that the trustees and investment managers prudently invest and manage the assets of a fund or scheme. The Investment Regulation also sets minimum standards for the written statement of investment policies and principles (SIPP) for funds and schemes.
- The Pensions (Superannuation Funds and Retirement Schemes) (Registration, Licensing and Reporting) Regulations, 2006 (RLR Regulations) – The RLR Regulations set rules for the registration of funds; schemes; trustees; corporate trustees and responsible officers and licensing of investment managers and administrators. The RLR Regulations also include provisions for the reporting requirements for the aforementioned individuals and body corporates.
- The Pensions (Superannuation Funds and Retirement Schemes) (Specified Pension Fund and Specified Pension Scheme) Regulations, 2006 – This regulation delineates the pension funds and pension schemes which are not within the ambit of the FSC.

- The Pensions (Superannuation Funds and Retirement Schemes) (Validation and Amendment) Act, 2013 – This Act amends the Pensions Act to make clear, *inter alia*, provisions for the payment of licence fees and to validate the collection thereof by the FSC and its officers.
- The Income Tax Act (ITA) - 1956 – The ITA makes prescriptions for the tax treatment of funds and schemes as well as their members.
- The Income Tax (Superannuation Fund) Rules, 1955 - The statute stipulates the requirements for a fund or scheme to obtain tax exemption.
- The Income Tax (Termination of Employment Payments) Order, 1971 - Provides that terminated members' refund are not taxed free

The foregoing legislation applies to all private funds and schemes operating in Jamaica before and after the appointed date, March 29, 2006 and collectively provide for the protection of consumers by controlling market conduct and business practices in the private pensions industry. This includes promoting transparency, accountability and the making of sound investment decisions, reducing the likelihood of financial losses and providing an avenue for the investigation of complaints.

## **5. Proposed regulatory reform or developments within the pension sector**

Following the passage of the Pensions (Superannuation Funds and Retirement Schemes) Act, 2004, ("the Act") and the attendant Pensions (Superannuation Funds and Retirement Schemes) Regulations in 2006 ("the Regulations"), the Minister of Finance convened a technical committee of stakeholders on April 21 - October 2006, to consider Phase II of pensions reform (the "Adequacy Phase"). Arising out of the technical committee meetings drafting instructions were submitted to the Chief Parliamentary Council in February 2007. Since then, the FSC has gained tremendous experience from regulating the pensions industry. As such, it has become necessary to update and revise the drafting instructions.

The additional drafting instructions for the Act address issues, such as, locking-in of members' compulsory contributions, vesting of members in relation to benefits derived from the employer's contributions, portability of pension benefits and allowance for a parental and dependant disability pension. The amendments also allow unlocking of contributions in specific circumstances, such as terminal illness and financial hardships. In addition, the FSC has recognized the need for a viable alternative to structured pension payments in light of the current economic climate, and will therefore introduce a Pension Pay-out Product to the industry.

In keeping with decisions taken at the end of Phase 1, the FSC has included instructions for the imposition of civil penalties on trustees for breaches of the legislation. The proposed amendments will also grant additional investigative powers and impose new obligations on the FSC in respect of unapproved funds and schemes to safeguard the integrity of the Industry, particularly as the FSC seeks to encourage the expansion of pension coverage through retirement schemes. The amendments will also give the FSC the power to approve partial winding-ups and address current issues and concerns raised by stakeholders within the pensions industry, such as the rigour of the amendment process under the Act and Regulations.

## **6. Guidelines / Policies issued**

The following publications, guidelines, bulletins, discussion papers and policy paper have been issued by the FSC in relation to:

### **Bulletins:**

1. Leases
2. Content of the Business Plan
3. Statutory Filing Investment Managers & Administrators
4. Statutory Filing for Trustees
5. Statement of Investment Policies and Principles (SIPP)
6. Retention of the original constitutive documents by the Financial Services Commission
7. Treatment of pension plan members eligible for early retirement on winding-up of a plan
8. Disclosure regarding the forfeiture of benefits
9. Designating an Administrator & Investment Manager of a Plan
10. Registration of an Amendment
11. Professional Indemnity and Fidelity Guarantee Insurance
12. Requirements of the Financial Services Commission ("Commission") regarding the documents and information to be submitted to the Commission by plans which intend to wind-up voluntarily
13. Meaning of "Residents of Jamaica"
14. Lump sum payment on death
15. Minimum content of the statement of transfer values
16. Using Multiple Administrators or Investment Managers for a Pension Plan
17. Accredited Actuarial Associations recognized by the Financial Services Commission
18. Guidance on the Presentation and Calculation of Accrued and Projected Pension of Active Members
19. Preparing the Constitutive Documents of a Superannuation Fund or Retirement Scheme
20. New Requirements Related to Registration Processing and Fit & Proper Requirements
21. Trustees acting as Investment Managers of Self-Administered Funds
22. Expiration of Statutory Transitional Provisions
23. Giving Notification of Plans without Trustees
24. Persons Substituting for Trustees in Trustees' Meetings

### **Discussion Papers:**

1. Unlocking The Benefits of Approved Retirement Schemes
2. Pension Pay-out Products

### **Guidelines:**

1. Guideline on the submission of information in lieu of Annual Reports
2. Transfer Plan on Discontinuance of Business
3. Conversion
4. Requirements of the Financial Services Commission for partial winding-up
5. Merger or Consolidation of Pension Plans

### **Policy Paper:**

- Amending the Contribution Limits in the Constitutive Documents of Approved Superannuation Funds

**Other Publications:**

1. Frequently Recurring Mistakes on Constitutive Documents of Superannuation Funds
2. General Pension Registration Information – Frequently Asked Questions
3. Pension Stakeholders – General Registration Information
4. Instructions to Completing the Certified Financial Return
5. Instructions to Completing the Fund Status Report
6. Instructions to Completing the Administrator's Return
7. List of Auditors deemed suitable by the Financial Services Commission – 2013
8. List of Actuaries deemed suitable by the Financial Services Commission – 2013

**7. Guidelines / Policies to be issued**

None