

Country profile: THE BAHAMAS

1. Population Demographics

Please state the year the information provided below relates to.

Population	367,000 (Mid-year 2013 figures)	
Gross Domestic Product per capita (US\$)	\$23,139 (GDP: \$8,219 mn (2012 provisional))	
Labour Force:	<u>Mid-yr. 2013</u>	
	<u>Employed</u>	<u>Unemployed</u>
Males	84,425	14,910
Females	82,170	15,375
Total	<u>166,595</u>	<u>30,285</u>
Employment rate	16.2% (May 2013)	
Population over the age of 65	23,855 (Mid-year 2013)	
Population under the age of 15	93,585 (Mid-year 2013)	
Aging Index (Population over the age of 65 / population under age 15)	25.49 % (2013)	
Birth rate	10.7 (per 1000 population) 2013	
Mortality rate	5.6 (per 1000 population) 2013	

Source of Information: Department of Statistics of the Bahamas - The National Accounts Report and the Labour Force Report

1. Type of Pension arrangements

Please provide details of the pension arrangement in terms of:

- A. persons eligible for the pension benefit provided*
- B. means-testing requirements*
- C. age criteria*
- D. length of employment criteria*
- E. contribution requirements (mandatory or voluntary, employee and employer)*
- F. mandatory or voluntary membership harmonization with other benefit plans*
- G. criteria by which the pension payment is terminated or expires*
- H. commutation options.*

Public / State Sponsored Pensions (funded)

All employed and self-employed persons are obligated to contribute the National Insurance Scheme (NIS). This scheme was established and is regulated under the National Insurance Act of 1972.

The pension fund (gratuity arrangement) for Gov't employees (civil servants) is provided for under Sections 122-124 of the Constitution of the Bahamas. It is a non-contributory fund which continues to be Defined Benefit plan. Government funds this arrangement for retired civil servants as a gratuity, which supplements their NIB retirement benefits that currently are 10% less than private sector beneficiaries for equivalent wage levels.

Public / State Sponsored Pensions (unfunded)

Nil

Public / State Sponsored Pensions (mandatory)

Persons who have retired from gainful employment, and have made at least 500 (weekly) or 10 years' worth of contributions to the National Insurance Scheme (NIS) from its inception in 1974, are eligible for Retirement Benefit if they have attained the age of 65. Persons who have not yet attained age 65 (early registrants) are eligible to receive a determined reduced amount. Once a person opts for this reduced amount, it is set for life notwithstanding them attaining the age of 65. If persons continue to work, their income must not be more than half of the average weekly insurable income ceiling, which is currently \$600 per week. Where persons register late (post age 65), he/she receives increased payments as a percentage of what they would have received had they opted for the benefit at age 65. Retirement Benefit is payable for life, and there is no difference between benefits provided to males and females.

The NIS offers **Old Age Non-contributory Pension** or "assistance" to persons over 65 years of age, who cannot meet the minimum NIS contribution. The need of such persons are assessed on a test-of-resources basis to determine eligibility and on-going support (monthly payments).

Retirement Grant – Should a person not meet the 500 minimum weekly contribution for the award of Retirement Benefit but has made at least 150 weekly payments, he/she is eligible for a one-time grant. It is calculated as 6 times the average weekly insurable wage for each set of 50 contributions.

There is no **harmonization** between the NIS Retirement Benefit and the retiree's private pension benefit. However, there is harmonization among the Retirement Benefit and the Survivor's or Invalidity Benefit. A widow/widower may now receive her/his full Retirement Benefit plus 50% of her/his deceased spouse's retirement benefit, if she/he satisfies at least two conditions regarding timing of marriage, existence and age of children (dependents) and physical ability/condition (invalidity).

Termination of Retirement Benefit is upon death; benefit reverts to a survivor should they meet requirements. Nothing is provided to one's estate upon death.

No Commutation option exists under the National Insurance Scheme.

Private Occupational Pension Plans (voluntary)

At present, no legislation exists for private pensions, however international standards are known to be adhered to as it relates to asset investment, financial accounting and auditing.

The draft *Occupational Retirement Scheme Act* remains under review. Key elements include the creation of a registrar, the transferability of vested interest and the encouragement of prudential management. This Act has taken a back-seat to the *Employee's Pension Fund Protection Bill*, which was tabled in the House of Assembly in 2012. The proposed legislation calls for the comprehensive regulation of private pension plans.

Extracted Results of Survey on Private Pension Plans (PPP) conducted by Central Bank of the Bahamas (Four year period - 2008-2011)

- Value of sponsored plan stood at \$1,033.2 million in 2011
- Largest concentration of participants in schemes sponsored by employers is in Tourism, Financial and Communication & Utilities sectors respectively
- Bulk of pension asset investments are in public sector securities, mutual funds, equities
- Defined Contribution plans continue to be most popular and growing scheme
- Professional managers' participation reflected higher in 2011 (57.1%)
- PPPs continue to perform well
- In line with current conservative investing profiles, Gov't securities are expected to dominate the investment mix of these schemes which were expected to register steady improvements

Private Occupational Pension Plans (mandatory)

According to the Central Bank of the Bahamas Survey on private pension plans (2008-2011), more than half of the domestic plans featured mandatory employee participation; of the Defined Benefit -50%, and the Defined Contribution plans - 47.1%.

Private Pension/ Deferred Annuity arrangements

Insurance Companies offering the above-noted products are licensees of the Insurance Commission, and are therefore regulated.

Other Pension arrangements

Unknown

2. **Pension coverage –**

SOURCE: CBOB report – 2008-2011

<i>Number of Public/State sponsored Pension Plans</i>	Two – The National Insurance Scheme and the Government’s non-contributory pension plan for civil servants
<i>Number of persons covered by Public/State sponsored Pension Plan</i>	<u>National Insurance Board</u> 2013 – 29,185 (Contributory pensioners) 5,064 (Old Persons On Assistance –non- contributory) <u>Civil Servants</u> Not Known at this time
<i>Number of active Private Occupational Pension Plans</i>	2011- approx. 143 entities
<i>Number of persons covered by active Private Occupational Pension Plans (active members, deferred pensioners, pensioners)</i>	2011- approx. 47,879
<i>Number of defined benefit Private Occupational Pension Plans</i>	# u/k, however 17.1% all local pension plans fell in this category in 2011
<i>Number of defined contribution Private Occupational Pension Plans with interest or minimum benefit guarantees</i>	u/k
<i>Number of defined contribution Private Occupational Pension Plans without interest or minimum benefit guarantees</i>	u/k
<i>Number of hybrid Private Occupational Pension Plans with defined benefit and defined contribution features</i>	u/k
<i>Number of new Private Occupational Pension Plans approved within the last five years (2010 to 2014)</i> <ul style="list-style-type: none"> - Traditional Defined Benefit - Defined Contribution (Protected) with guarantees - Defined Contribution (Unprotected) without guarantees - Hybrid Defined Benefit (with defined benefit and defined contribution features) 	Sector not regulated hence data not known

<i>Number of Private Occupational Pension Plans being wound-up within the last five years (2010 to 2014)</i> <ul style="list-style-type: none"> - <i>Traditional Defined Benefit</i> - <i>Defined Contribution (Protected) with guarantees</i> - <i>Defined Contribution (Unprotected) without guarantees</i> - <i>Hybrid Defined Benefit</i> - <i>Mixed Defined Benefit (with defined benefit and defined contribution features)</i> - 	Sector not regulated hence data not known
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Source: NIS Annual Report and Central Bank of the Bahamas-4yr Pension Survey (2004-2011)

3. Regulatory Framework

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

Outside of the above-referenced legislation governing the National Insurance Scheme and the Government's non-contributory pension plan, there is currently no other legislation. As stated above, The *Occupational Retirement Act* remains at the committee-review stage, while the *Employee's Pension Fund Protection Bill* has not progressed beyond being tabled in the House of Assembly in 2012.

4. Proposed regulatory reform or developments within the pension sector

None known at this time – Occupational Pension legislation was drafted in 2012

5. Guidelines / Policies issued

None known at this time

6. Guidelines / Policies to be issued

None known at this time