



Barbados Occupational Pension Benefits Act Actuarial aspects

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CONSULTANTS + ACTUARIES

Valuation - Timing

- > To register a recent valuation (less than 3 years prior) is sufficient
- > Thereafter every 3 years
- > DC Plans also require an actuarial valuation. This may be changed to a “review” not necessarily by an actuary
- > Every year when there is a “solvency concern”

Valuation –Reporting

- > Valuations when submitted must be accompanied by a “Valuation Summary” in a prescribed form.**

Valuation - Content

- **Minimum content in the valuation is also prescribed but has few surprises.**
- **Going concern basis**
- **Solvency basis**
- **Projection of expected contributions for 5 years**
- **Transfer ratio**

Special Payments

- > **Plan sponsor must pay at least the sum of:**
 - Cost of benefits accruing
 - Special payments
- > **Special payments consist of:**
 - Level payments over 15 years to fund the going concern deficit
 - Level payments over 5 years to fund the going solvency deficit
 - Take account of outstanding special payments
 - Surpluses can be used to reduce contributions.

Solvency Valuation

- > Not much guidance
- > “Escalated adjustments” may be omitted
- > Care with “grow-in” provisions

Pension Increases

- > Regs. Provide for maximum and minimum pension increases.**
 - Max. may not exceed cumulative inflation since retirement
 - Min. is the rate by which investment returns exceed 7%
- > Must be applied evenly to all members**

Harmonisation

- Harmonization with NIS benefits is allowed.
- Harmonization with severance benefits is not allowed.
- Max. formula for NIS harmonization is prescribed

Commutation

- > Small benefits may be commuted. Levels are related to the NIS Ceiling so that they adjust automatically.**
- > AVC's may be taken as cash at retirement**
- > 25% of pension may be commuted for cash at retirement**
- > Income Tax Act makes the 25% cash option tax free,**

Surplus

- On windup is distributed
- Ongoing may be shared between members and sponsor through a surplus sharing agreement.
- Agreement needs member consent
- A deficit on windup is a debt of the sponsor.
- Old surplus ownership provisions in the Deed and Rules are overridden
???

Drawdown Pensions

- In response to DC Plans and to high annuity rates
- DC Pension may be taken as a drawdown “arrangement”
- Pensioner may direct the investment or his “account”
- Monthly payment limits are set annually
- Balance on death goes to the pensioner’s estate.

Continuing Evolution

- **The Regulator is the “new” Barbados FSC**
- **So far there has been excellent cooperation**
- **Pension Advisory Committee functions.**
- **Several changes are in the “works”**
- **More will evolve as we use the Act**

Still to Come

- > **Implementation**
- > **Administration**
- > **Tax**
- > **Multi - country**