

Innovative Private Pension Instruments for Adequate Pension Income

**The Caribbean Centre for Money and Finance
- Caribbean Business Executive Seminar -**

Port of Spain, Trinidad, 4 May 2012



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Innovative Private Pension Instruments

- **Portability**
- **Suitability**
- **Flexibility**

Portability (1)

- **Pan Caribbean individual deferred annuities**
 - Portability of pension benefits within the Caribbean.
 - Encourages cross Caribbean employment by preserving benefits when changing locations
 - Individual deferred annuities should be tax approved in all jurisdictions.

Portability (2)

- **Transfers under s28 of the T&T Income Tax Act**
 - Legislation allows transfers of benefits between pension plans and individual deferred annuities at the option of the employee/policyholder.
 - The legislation probably overrides plan documents and policy contracts.
 - Transfers of active member liabilities may be permitted.
 - Unexpected impact on pensions & insurance markets likely.

Suitability

- **Annuities Matching Caribbean Mortality**
 - Due to lack of Caribbean Annuitant Mortality Study, annuity rates are typically based on North American experience.
 - Rates should be adjusted to reflect those diseases more prevalent in the Caribbean region like diabetes, cardiovascular illnesses.
 - Impaired life annuities should be made available.
- **Annuities that reflect the realities of Caribbean society**
 - e.g. benefits to common law spouses.

Flexibility

- **Payout/Drawdown Annuities**
 - Instead of annuity purchase, policyholder withdraws regular amount based on age.
 - Funds remain invested until exhausted.
 - Greater longevity risk for annuitant.
 - Option popular in other countries.
- **Supplemental Benefits**
 - Long Term Care
 - Post Retirement Health Care

Questions



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