



Benefits and Implications for cost of National Insurance & Social Security |Schemes

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Social Security Schemes

- Government program aimed at providing basic needs to the citizens who are-:
- Retired,
- Unemployed
- Unemployable due to a disability or disadvantage

•(Business Dictionary)

Social Security Schemes

- It is usually funded by mandatory payroll contributions from both employees and the employers, and from government tax revenues

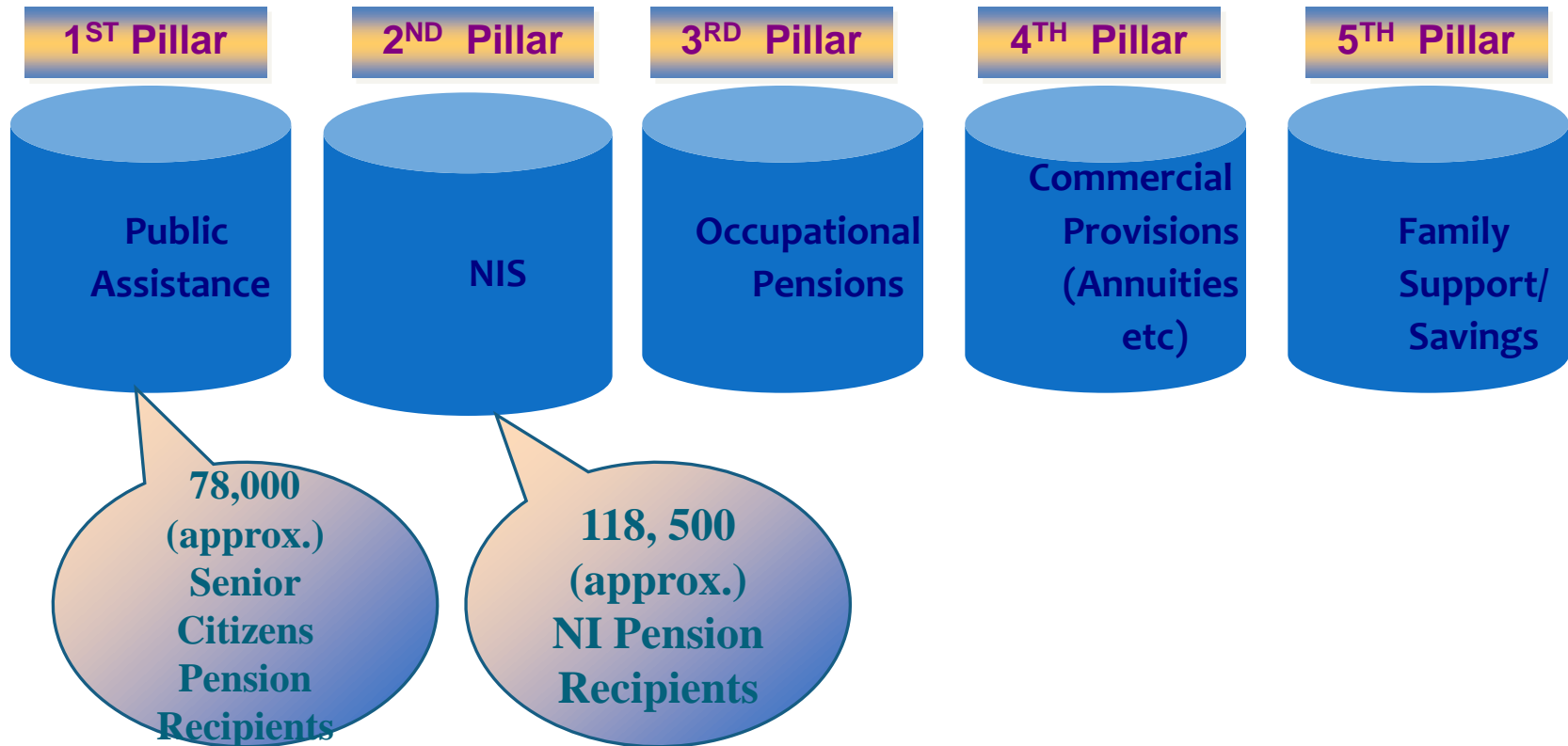
(Business Dictionary)

Social Security

- A basic human right
- A means for creating social cohesion
- Contributes towards social peace and social inclusion
- An indispensable part of government's social policy
- Contributes to human dignity, equity and social justice through national solidarity and fair burden sharing
- It is the most effective antipoverty program in history

(ILO & International Social Security Association –ISSA)

SOCIAL SECURITY PILLARS



Social Security in T&T

- National Insurance Scheme
- Ministry of Social Development and the People

NIS Benefits

Long Term	Short Term	Employment Injury
Retirement Pension	Sickness	Injury Allowance
Retirement Grant	Funeral Grant	Medical Expenses
Invalidity	Maternity Grant	Disablement Pension
Survivor's	Maternity Allowance	Disablement Grant
- Widow/Widower	Special Maternity Grant	Death Benefit
- Child/Orphan		- Widow/Widower
- Dependent Parent		- Child
- Remarriage Grant		- Dependent Parent
		- Remarriage Grant

Benefits of The Ministry of Social Development & The People

- This ministry provide similar benefits as the NIS to persons who do not qualify for NIS benefits.
- They also provide other grants. E.g. house repair grant, rehabilitation grant and Pharmaceutical grant.

CONTRIBUTIONS

Governed by National Insurance Act Chapter 32:01

NIS is a contributory defined benefit system

Employer pays 2/3

Employee pays 1/3

Partially
Funded

Contributions
paid based on
earnings class
*16 Earnings
Classes*

Contribution
ceiling of
TT\$8300
monthly

Contribution
floor of
\$520
monthly

Contribution
Rate is
11.4% of
Insurable
earnings

KEY MILESTONES (1972-1980)

YEAR	MILESTONE
1972	<ul style="list-style-type: none"> ◆ NIBTT began operations ◆ First payment of Funeral Grant and Retirement Grant provided ◆ 8% Contribution Rate
1973	<ul style="list-style-type: none"> ◆ First payment of Sickness, Maternity, Invalidity & Survivors Benefits. <p style="text-align: right;">◆ TOTAL ASSETS - \$53.3 M</p>
1975	<ul style="list-style-type: none"> ◆ First payment of Retirement Pension
1976	<ul style="list-style-type: none"> ◆ First payment of Employment Injury & Medical Expenses
1980	<ul style="list-style-type: none"> ◆ Benefit levels increased. ◆ Income ceiling raised from \$347 to \$1,000 ◆ 8.4% Contribution Rate <p style="text-align: right;">◆ TOTAL ASSETS - \$482.8 M</p>

KEY MILESTONES (1999-2006)

YEAR	MIILESTONE
1999	<ul style="list-style-type: none"> ◆ Benefit levels increased ◆ Income ceiling raised from \$1,000 to \$3,510 ◆ 12 Contribution Classes <p style="text-align: right;">◆ TOTAL ASSETS - \$5.04Bn</p>
2003	<ul style="list-style-type: none"> ◆ Minimum Pension of \$1,000 ◆ First payment of Child Benefit and Maternity Grant. ◆ Funeral Grant increased to \$4,000. <p style="text-align: right;">◆ TOTAL ASSETS - \$9.678Bn</p>
2004	<ul style="list-style-type: none"> ◆ Income Ceiling raised from \$3,510 to \$4,377 ◆ 8.7% Contribution Rate. ◆ 24% increase in all benefit levels. <p style="text-align: right;">◆ TOTAL ASSETS - \$12.01Bn</p>
2006	<ul style="list-style-type: none"> ◆ 9.9% Contribution Rate <p style="text-align: right;">◆ TOTAL ASSETS - \$13.99Bn</p>

KEY MILESTONES (2008 – 2012)

YEAR	MILESTONE
2008	<ul style="list-style-type: none"> ◆ Minimum Pension increased to \$2,000. ◆ 25% increase in all benefit levels ◆ First payment of Special Maternity Grant ◆ 10.5% Contribution Rate ◆ Income ceiling raised to \$8,300.00 ◆ 16 Contribution Classes
2009	<ul style="list-style-type: none"> ◆ NIBTT contracted by Ministry of the People and Social Development to print Senior Citizen's Grant cheques. <p style="text-align: right;">◆ TOTAL ASSETS - \$17.39Bn</p>
2010	<ul style="list-style-type: none"> ◆ 10.8% Contribution Rate <p style="text-align: right;">◆ TOTAL ASSETS - \$18.606Bn</p>
2012	<ul style="list-style-type: none"> ◆ 11.4% Contribution Rate ◆ Increase in minimum Retirement Pension to \$3,000.00 ◆ Increase in Maternity Benefit period from 13 weeks to 14 weeks <p style="text-align: right;">◆ TOTAL ASSETS - \$22.4 Bn</p>

Costs Implication for NIS

- National Insurance Act does not provide for sustainable funding.
- Aging population.
- Sexual preferences- decrease number of births annually.

Sustainable Funding

- Elimination of class and bands (fixed dollar value)
- Introduction of a fixed percentage of salary
- Gradually increasing insurable income ceiling from \$8300.00 to \$ 20,000

(2011-2012 Budget proposal).

Best Practice

- The NIBTT strives for continuous improvement of products and services through adoption of best practices:
 - ILO Standards
 - ISSA Standards
 - National, Regional and International Benchmarking

Costs Implication for GOTT Social Security Scheme

- Costs taxpayers billions of dollars annually.

(2011-2012 Budget Proposal).

Sustainable Funding

- Gradually transferring the majority of these benefits to the NIB.

(2011-2012 Budget proposal).

QUESTIONS





Thank you