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TCINIB PRESS RELEASE

Turks & Caicos Islands National Insurance Board Contribution and Benefit Regulations Legislative Amendments

To: All Media

The main purpose of the Turks and Caicos Islands National Insurance Programme is to provide relevant social insurance protection through a wide range of benefits to the peoples of these islands, primarily our contributors and their dependents. To fulfil our mission, decision makers must seek to ensure the Fund remains viable into perpetuity.

Section 45(1) of the National Insurance Ordinance provides for the National Insurance Fund to be actuarially assessed every 3 years. As part of the review, the income and expenditure levels of the National Insurance Board are examined, including the current benefit and contribution rate structures; all towards safeguarding the future viability of the Fund.

Having conducted its 9th Actuarial Review in July 2019, among the main findings and recommendations, the Report observed that the Turks and Caicos Islands National Insurance Board's current contribution rates have remained unchanged from inception in April 1992 (second lowest in the region). At the same time, there were numerous increases across all branches of benefits over the 3 decades.

1. Contribution Rate Increase

The report indicated that based on the current design, structure, and parameters, the TCINIB is projected to be financially sustainable for the medium to long term and is forecast to have sufficient reserves to support the current estimated expenditure for another 27 years. Contribution Income is projected to cover all expenses until the year 2027, based on the current benefit provisions and current contribution rate of 8.0%.

After 2027, the NIS will have to use some of its investment income, in addition to its contribution income to cover the projected expenses. This will slow the rate of the growth of the reserves.

In order to protect its reserves, which are specifically set aside as a buffer to the system to provide for the continuous payment of future benefits during periods of economic downturn, the Actuary concluded and recommended that it is necessary to immediately increase the existing contribution rate structure.

Accordingly, all Employers, Employees and Self -Employed persons are hereby advised that Cabinet in accordance with the recommendations of the Actuary, has accepted and approved the implementation of incremental increases in the current contribution rates over the next three years with effect from April 1, 2022, as follows:

	April 1, 2022	**April 1, 2023**	**April 1, 2024**
Private Sector	**10%**	**11%**	**12%**
Employer/ Employee:	**5.5% / 4.5%**	**6% / 5%**	**6.5%/ 5.5%**
Public Sector	**9.15%**	**10.15%**	**11.15%**
Employer/Employee:	**5.075%/4.075%**	**5.575%/4.575%**	**6.075% /5.075%**
Self-Employed	**8%**	**9%**	**10%**

While these are challenging times economically, the difficult decision was made to increase rates as recommended by the Actuary, to safeguard the Fund in the best interest of the people who have come to rely on the safety net it provides.

It is projected that NIS costs will escalate, primarily due to the Long-Term Benefits (LTBs) Branch. This is the branch from which Funeral Grants, Retirement, Invalidity, Survivors,' and Non-Contributory Old Age Pensions are paid. That branch currently accounts for 78% of all costs and is projected to increase to 93% of all costs. As the NIS matures, more persons will be covered and will accumulate a greater number of contribution weeks, which enables them to qualify for a pension instead of a grant and to qualify for a greater average benefit amount. The rate increase will allow for the allocation of additional funds to the long-term branch of the Fund.

The decision to increase the rate at this time is a thoroughly considered decision. It was not taken lightly. If the NIB is to continue to provide benefits that are relevant, the Fund must remain strong. The fund can only remain strong with the right level of inflows to cover the expenses of the Fund.

Management continues to closely monitor and contain cost. Also, contribution collection compliance is always a key aspect of the operations, as we strive to collect all the funds due to the NIB. Thirty years later, the two alone are no longer sufficient to sustain the Fund. For the first time, the contribution rate must be increased to secure the longevity of the Fund.

Again, the new contribution rates are effective April 1, 2022, and will increase a further 1% over the next two years. There has been no change to the maximum ceiling of $4,000 per month.

Further, there are changes to the following National Insurance (Benefits) Regulations:

2. Retirement Pension After Age 65

In many social security circles, it is becoming more prevalent to increase the normal retirement age considering the increase in life expectancy. The National Insurance Board is not increasing its retirement age but is offering an incentive to insured persons who choose to delay accessing their pension after age 65.

Accordingly, effective April 1, 2022, an insured person who retires from insurable employment after the age of sixty-five, and who was not in receipt of a Retirement Pension prior to the age of sixty-five, shall be entitled to an increase in their Retirement Pension a half percent (½%) per month for every month, up to a maximum of 30% that their pension is delayed, commencing from the date of their retirement.

3. Retirement Benefit Accrual Rate

The new accrual rate for the Retirement Pension benefit will be amended as follows for persons ages 49 years and under on April 1, 2022:

Twenty percent of the average weekly insurable earnings will be payable to an insured person who has paid or to whom has been credited not less than five hundred contributions.

This will be supplemented by a further 2% of the average weekly insurable earnings for each unit of fifty paid or credited contributions in excess of the first five hundred, up to a total of one thousand such contributions; or contribution years 11 to 20.

An additional 1% of the average weekly insurable earnings for each unit of fifty paid or credited contributions exceeding one thousand will be paid up to a maximum of 60%.

The qualifying conditions for the Retirement Pension for persons ages 50 years or more on the date the amendment is adopted will remain unchanged and they will receive a pension based on the current benefit formula.

4. Amendment to Invalidity Pension

The minimum contribution weeks to qualify for an Invalidity Pension will increase from 150 to 300 contributions, effective April 1, 2022.

5. Increase in Non-Contributory Old Age Pension (NCOAP) Age

The pensionable age for the NCOAP benefit will increase from sixty-eight to seventy, effective April 1, 2022.

Please feel free to contact us at 946-1048 (Grand Turk) or 941-5806 (Providenciales) for further details. You are also invited to visit our website at www.tcinib.tc or our Facebook page to see detailed information on the recent legislative changes.