



I'm Retired!

Goodbye Tension

Hello Pension!



Legislation

- ▶ **Insurance Act**, Chapter 251, Part VI – Section 143
 - ▶ Prior approval required from the Supervisor of Insurance to administer or operate a pension plan or scheme
- ▶ **Private Pension Act**, Act #4 of 2016
 - ▶ Approval required under Insurance Act transferred to Private Pension Act
 - ▶ Amendment made to Act
- ▶ **Private Pension Regulations**



Duties of the Supervisor

- Ensure that the pension plan or pension fund is being administered in accordance with the Act, and the regulations
- Approve the registration and/or amendment of pension plan that is in compliance with this Act and the regulations;
- Cancel the registration of a pension plan if at any time after registration, the plan is not in compliance with or is not administered in accordance with the Private Pension Act and its Regulations





"I'm just saying, relying on change under the couch cushion is a risky retirement plan."



Pension Plan

- **An occupational retirement scheme** organized and administered to provide pensions for employees
- **Financial Institution Pension Plan (FIPP)** means a pension plan established by a financial institution and approved by the Supervisor to offer a defined contribution pension plan for individuals, whether employees or not



Pension Plans

Defined Benefit Plan

- A defined benefit plan guarantees a certain pay-out at retirement, according to a fixed formula which usually depends on the member's salary and the number of membership years' in the plan.

Defined Contribution Plan

- A defined contribution plan will provide a pay-out at retirement that is dependent upon the amount of money contributed and the performance of the investment vehicles utilized.



KNOW the DIFFERENCE...



'DEFINED BENEFIT.'



'DEFINED CONTRIBUTION.'

JOHN COLE
CARTOONIST, TRUMPET &
SUPPORTER OF
GREAT EDUCATION. 2011

Application of Private Pension Act

- All pension plans except
 - National Assembly Pension Plan, Chapter 8
 - Public Pension for Public Officers, Chapter 30
 - School Teachers Pension for Teachers, Chapter 42
 - Social Security Pensioners, Chapter 44
 - Pension plans established prior to commencement date, for employees of
 - Belize Electricity Limited
 - Belize Telemedia Limited
 - Belize Water Services Limited



Exemptions Allowed

- ▶ Part 1 3 (2) – the Supervisor may give exemption from the application of this Act if the **plan is registered in a jurisdiction other than Belize** that is acceptable to the Supervisor; but provides such undertakings as the Supervisor may require.
- ▶ Part 1 3 (3) the Supervisor may exempt a pension plan established prior to the commencement date from the application of **certain provisions** of the Act or specify a transition period for compliance with certain provisions of this Act.



Registration & Administration

- ▶ A person shall not administer a pension plan for the benefit of employees unless the plan has been registered by the Supervisor and a certificate has been issued in respect of the plan by the Supervisor. (Sec. 4)
- ▶ *A pension plan is not eligible for registration unless it is administered by an administrator. (Sec. 6)*
- ▶ *Existing pension plans must be registered within 6 months of the commencement of the Act and new plans within 60 days of being established (Sec. 67)*



Who can be an Administrator?

➤ Self Administered

- the employer participating in the pension plan;
- *a board of trustees composed of one or more representatives of the employer and one or more representatives of the members*
- *a board of trustees wholly consisting of members or former members of the pension plan;*

➤ Other

- an entity vested with responsibility for the administration of a pension plan or pension fund;
- a financial institution licensed in the prescribed manner as an administrator under this Act.
- any other person approved by the Supervisor



Registration Requirements: Administrators (Section 6 (a),(b), (c))

- Completed Form 1 (b) of the regulations
- Photo ID of all trustees or contact person(s) for employer or authorize signatory(ies) for entity(ies)
- A certified copy of Certificate of Registration of Corporate Trustees
- Proof of Address
- Completed Biographical Affidavit for all members of Board of Trustees
- Completed Biographical Affidavit for authorized signatory(ies) of an Entity including shareholders and contact Person(s)



Licensing Requirements -Administrators

(Section 6 d, e, f,)

- Completion of Form 1 (a) of regulations
- Photo IDs of Shareholders
- Proof of Address for Shareholders
- Proof of address for Entity
- Copy of Business Plan
- Certified Copy of Annual Returns
- Article & Memorandum of Association
- Biographical Affidavit of Shareholders
- Licensing Fee of \$500.00



Requirements for Registration of Pension Plan

Section 5(a) - (i)

- Completion of Application for Registration Form (Form 2 of the Regulations)
- Copy of document establishing the pension plan and pension fund (Plan Rules) (Section 7(1))
- Names, occupation, qualification and address of each person of the board of trustees or the employer or other body that administer the pension plan
- The name and address of each person responsible for the holding of assets of the pension fund.



Requirements for Registration of Pension Plan Cont'd

- Statement of investment policy
- Custodial agreement
- Information booklet for members
- The most recent evaluation report for defined benefit pension plans (Sec. 7(2))
- Registration fee per plan \$100.00



Pension Plan Rules Document

Section 7(1) (a)-(s)

- Administration rules
- Amendment process
- Powers & duties of the Administrator
- Appointment & removal method of the Administrator
- Conditions of membership
- Benefits (disability, termination, retirement, death)
- Retirement age
- Vesting rules
- Contribution
- Method of calculating interest



Annual Reporting Requirements

(within 6 months after financial year end)

- ▶ Annual information report (Form 4 of Regulations)
- ▶ Financial statements of the pension fund
- ▶ Triennial Report of the Actuary for Defined Benefits Plans
- ▶ Triennial Report from an Actuary, Accountant or person authorized by a Financial institution independent of the Administrator for Defined Contribution Plans
 - ▶ or audited statements for pension plans that have \$1 million more in assets.



Duties of Administrators to Members & Corporations


- ❑ Annual statement (or at such shorter periods as maybe specified in a pension plan) containing:
- ❑ Prescribed information about the plan (Information booklet)
- ❑ Member expected benefit amount at retirement date for defined benefit plans; and member account balance for defined contribution plans
- ❑ Other statements -
 - ❖ ancillary benefits for which member is entitled to
 - ❖ Termination statements containing benefits, rights and options must be given when a member ceases to be a part of a plan
 - ❖ Statement upon retirement of member's benefits, rights and options



Duties of Administrators to Members & Corporations Cont.

- Access to documents and inspection of a pension plan without charge by a member, former member, employer who contributes to the plan or beneficiary.
- However an Administrator cannot permit the inspection of a member's personal information without his or her consent.
- A person may obtain copies of his or her document at the prescribed fees of the administrator.





INFORMATION BOOKLET (Disclosure)

- Administrators of a pension plan should provide, in writing, to each member of a plan an information booklet as stipulated under Sec. 16.
- The information booklet include the following:
 - Detail information on the provision of the plan
 - Explanation of the member's rights and obligations
 - Information prescribed by the regulators (Sec.12)



Duties of the Employer

- An employer shall provide the administrator of a pension plan with any information required by the administrator for the purpose of administering the pension plan or complying with the Act or the regulations.



Investment & Investment Policy

- Every person engaged in selecting an investment to be made with the assets of a pension fund shall ensure that the investment is selected in accordance with the criteria set out in the Act and prescribed by regulation.
- In the allocation of the assets of a pension fund the administrator shall ensure that the selection of investments be made with consideration given to the overall context of the investment portfolio without undue risk of loss or impairment and with a reasonable expectation of fair return or appreciation. (Prudent Person Rule)
- A pension plan shall adopt a statement of investment policy.
- The statement of investment policy shall be filed with the Supervisor.



Investment & Investment Policy cont'd

- ▶ Part VII of Regulations :
 - ▶ Permitted investment
 - ▶ Prohibited investment
 - ▶ Investment in affiliates
 - ▶ Concentration limits
- ❖ Regulation 38(2) allows for a 1-year period for compliance for existing plans



Frequently asked Questions

❖ Does my plan qualify for registration?

- At the registration process qualification will be determined based on details of the individual plan rules.

❖ What about the payout of full lump-sum benefits?

- Dependent on plan rules
- Draw down accounts
- Amounts of less than \$2,000 for DB Plans and \$10,000 or less for DC plans as per Regulation 20
- Locking-in rules does not apply to:
 - Contributions before commencement of the Act
 - Additional voluntary contributions and interest



ANY QUESTIONS?



THE END

