

Trinidad and Tobago

Trinidad and Tobago: Pension system in 2010

The pension system consists of an earnings-related component, and an old-age settlement for those with some but insufficient contributions. For those with inadequate income there is also a means-tested old-age pension.

Key indicators

		Trinidad and Tobago	LAC26
Average earnings	TTD	72 400	44 200
	USD	11 400	7 000
Public pension spending	% of GDP	4.4	3.1
Life expectancy	At birth	70.0	73.6
	At age 65	14.4	17.4
Population over age 65	% of working-age population	13.8	12.3

Qualifying conditions

The retirement age is 60 years for men and women and an insured individual must have a minimum of 750 weeks of contributions paid or credited.

The insured between 60 and 65 receive a pension if the insured employee ceases to be, and continue to receive the benefit even if you return to employment secured before reaching age 65.

The agreement granted old age for those who do not qualify for a pension, who are between 60 and 65 and do not have 750 weekly contributions in the form of lump sum payments.

Benefit calculations

Old-age pension

The pension is set between 30% and 40%, the average weekly earnings, according to 16 wage classes, plus an amount between 0.56% and 0.71% of average weekly earnings for each period 25 weeks of contributions exceeding 750 weeks.

The average weekly earnings are based on career average salary, according to the 16 categories of wages.

The minimum pension is TTD 2 000.

An average rate of contribution is calculated considering all the contributions. The income category, corresponding to the average rate is the benchmark to be used for allocating the amount of the pension.

Convention age: A lump sum is paid to members who do not meet the 750 weeks of contributions. This amount is three times the total contributions of the insured and the employer.

Income category	Weekly income (TTD)	Average weekly earnings assumption	Monthly income (TTD)	Benefits week (first week) (TDD)	Increase (weekly) after the first week (TDD)
I	120.00-199.99	160.00	520.00-866.99	77.50	1.13
II	200.00-269.99	235.00	867.00-1 169.99	100.75	1.58
III	270.00-359.99	315.00	1 170.00-1 559.99	119.35	2.00
IV	360.00-449.99	405.00	1 560.00-1 949.99	137.95	2.42
V	450.00-549.99	500.00	1 950.00-2 382.99	155.00	2.85
VI	550.00-659.99	605.00	2 383.00-2 859.99	183.68	3.46
VII	660.00-769.99	715.00	2 860.00-3 336.99	216.23	4.05
VIII	770.00-879.99	825.00	3 337.00-3 812.99	248.78	4.68
IX	880.00-1 009.99	945.00	3 813.00-4 376.99	283.65	5.32
X	1 010.00-1 129.99	1 070.00	4 377.00-4 896.99	320.85	6.05
XI	1 130.00-1 259.99	1 195.00	4 897.00-5 459.99	358.05	6.73
XII	1 260.00-1 399.99	1 330.00	5 460.00-6 066.99	376.65	7.49
XIII	1 400.00-1 549.99	1 475.00	6 067.00-6 716.99	440.05	8.31
XIV	1 550.00-1 719.99	1 635.00	6 717.00-7 452.99	487.78	9.21
XV	1 720.00-1 914.99	1 818.00	7 453.00-8 299.99	542.23	10.24
XVI	1 915.00 and over	1 915.00	8 300.00 and over	571.31	10.79

Old-age social assistance

The “Guidelines for Older Adults”, subject to means testing, is given at age 65 or older with at least 20 years of residence in Trinidad and Tobago and a monthly income not exceeding TTD 3 000. Monthly allowance of TTD 3 000 to TTD 1 000, is given to residents of 65 years or more, with monthly incomes below the TTD 3 000.

Social assistance is paid monthly and the amount of the benefit depends on income up to TTD 3 000.

Income (TDD)	Pension amount (TTD)
	From 9/1/2010
0-500	3 000
500-1 450	2 550
1 450-1 650	2 350
1 650-1 800	2 200
1 800-2 000	2 000
2 000-2 200	1 800
2 200-2 400	1 600
2 400-2 600	1 400
2 600-2 800	1 200
2 800-3 000	1 000

Variant careers

Early retirement

Early retirement is not possible.

Late retirement

There is no benefit in delaying pension benefit withdrawal.

Personal income tax and social contributions

Taxation of workers

There is a tax deduction of TTD 60 000. Income above this amount is taxed at 25%.

Social security contributions by workers

The payment of the tax is shared between the employee and the employer, in the ratio of 2:1. The employer is legally required to deduct the employee, at the latest, on the date of payment of wages.

The employee contributes 3.6% of income insured weekly or monthly (January 2010), according to the 16 categories of salary and the employer contributes 7.2%. The voluntary contributes 10.8% of insured weekly earnings (in January 2010) in accordance with 16 pay grades. To calculate the contribution, the minimum weekly income is TTD 120. The maximum weekly income for purposes of calculating the contribution is TTD 1 915. Additionally, to cover workers against accidents; employers pay a contribution class z, which varies from 1.17 to 8.72 week.

Contribution rates have been increasing, from 9.9% to 10.5%, in January 2008, to 10.8% in January 2010 and will increase to 11.4% in January 2012.

Income categories and contribution rate

Income categories (TTD)	Weekly income (TTD)	Average weekly earnings assumptions (TTD)	Weekly contributions of employees (TTD)	Employers weekly contribution (TTD)	Total contribution per week (TTD)	Class Z weekly (TTD)
I	120.00-199.99	160.00	5.76	11.52	17.28	1.17
II	200.00-269.99	235.00	8.46	16.92	25.38	1.72
III	270.00-359.99	315.00	11.34	22.68	34.02	2.30
IV	360.00-449.99	405.00	14.58	29.16	43.74	2.96
V	450.00-549.99	500.00	18.00	36.00	54.00	3.65
VI	550.00-659.99	605.00	21.78	43.56	65.34	4.42
VII	660.00-769.99	715.00	25.74	51.48	77.22	5.22
VIII	770.00-879.99	825.00	29.70	59.40	89.10	6.02
IX	880.00-1009.99	945.00	34.02	68.04	102.06	6.90
X	1010.00-1129.99	1.070.00	38.52	77.04	115.56	7.81
XI	1130.00-1259.99	1.195.00	43.02	86.04	129.06	8.72
XII	1260.00-1399.99	1.330.00	47.88	95.76	143.64	9.71
XIII	1400.00-1549.99	1.475.00	53.10	106.20	159.30	1.77
XIV	1550.00-1719.99	1.635.00	58.86	117.72	176.58	11.94
XV	1720.00-1914.99	1.818.00	65.43	130.86	196.29	13.27
XVI	1915.00 and over	1.915.00	68.94	137.88	206.82	13.98

Taxation of pensioners

Pension income is taxable at the same rate as a general workers, at a rate of 25% above TTD 60 000 per year.

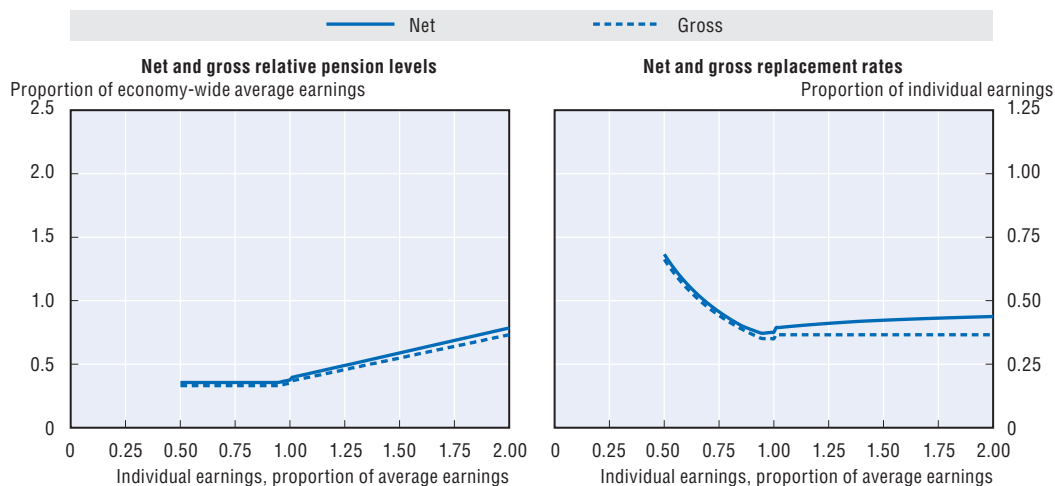
Social security contributions paid by pensioners

There are no contributions made by pensioners. If still working, no deductions are made from the pensioners' wages because employer pays the contribution. The employer pays a Class Z contribution, which insures the employee for the Injury Allowance only.


Social assistance programme for old-age population

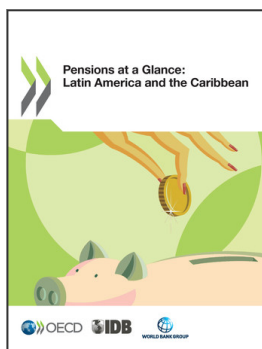
They also have a list of programmes that may help the living conditions of a senior citizen such as clothing, public transport, medicines, etc.

Pension modelling results: Trinidad and Tobago



Men	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1.0	1.5	2.0
Women (where different)						
Gross relative pension level (% average gross earnings)	33.1	33.1	33.1	35.1	54.9	73.2
Net relative pension level (% net average earnings)	35.5	35.5	35.5	37.6	58.9	78.5
Gross replacement rate (% individual gross earnings)	40.9	66.3	44.2	35.1	36.6	36.6
Net replacement rate (% individual net earnings)	42.3	68.3	45.6	37.6	42.3	43.8
Gross pension wealth (multiple of individual gross earnings)	8.5	13.7	9.1	7.2	7.6	7.6
Net pension wealth (multiple of individual gross earnings)	8.5	16.4	10.9	8.7	9.1	9.1
Net pension wealth (multiple of individual net earnings)	10.1	13.7	9.1	7.2	7.6	7.6
Net pension wealth (multiple of individual gross earnings)	10.1	16.4	10.9	8.7	9.1	9.1

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