

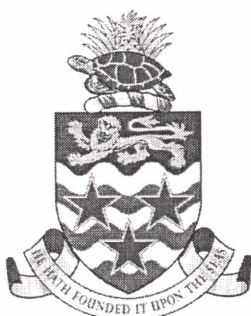
**Statement to the Legislative Assembly
3rd Meeting 2012/2013**

By the Honourable Rolston Anglin, JP

Minister of Education, Financial Services and Employment

National Pensions Bill Update

15 March 2013



**MINISTRY OF
EDUCATION, FINANCIAL SERVICES
& EMPLOYMENT**
CAYMAN ISLANDS GOVERNMENT

Madam Speaker,

The National Pensions Bill is the first major revision to the National Pensions Law, which governs private sector pensions, since it was created in 1998. The needed reform of the pension regime has been previously discussed in the Honourable House and by the general public. The key objectives of the new Bill are:

- To enhance the process whereby pension contributions are monitored and enforced.
- To improve the regulation of pension plans, pension plan administrators and trustees.
- To create a new culture of compliance around pensions.
- To better prepare our people for their retirement.

The National Pensions Bill 2012 (“Bill”) proposes new arrangements for the regulation of pensions. The Cayman Islands Monetary Authority will take responsibility for the regulation of pension plans, pension plan administrators and trustees. The remaining functions, which relate to human resources and especially employers and employees, will stay under the Ministry and the newly formed Department of Labour & Pensions (“DLP”), which will function as a one

stop shop to resolve individual disputes of rights for all labour issue including pensions. This reorganization will result in the better alignment of function and thereby create more efficient and effective services.

Some key changes within the Bill include:

- The requirement for trustees and pension plan administrators licensed by CIMA which enhances the protection for pension plan members
- An increase in the age at which persons become entitled to access their pension (formerly known as the “normal retirement age”), recognizing the longevity of people in today’s society;
- New and enhanced mechanisms to improve compliance with the National Pensions Law and especially the strengthening and broadening of the DLP’s powers;
- New provisions for designated voluntary contributions, to supplement pensions and to save for key priorities such as health, education and housing
- More and better available information on pension plans including the publication of performance and expense data.

- An increase in the information available to pension plan members including the requirement for annual general meetings, quarterly pension statements and notification of non-compliance by their employer

Following the extensive work on the National Pensions Bill, in June 2012, the Bill was gazetted and the Ministry commenced a wide public consultation period which included:

- The development of explanatory notes on the Bill to educate the public and key stakeholders on its main provisions. This document was and remains posted on the NPO website, www.npo.gov.ky
- The development and conduct of an online public survey which allowed for anonymous feedback from stakeholders
- Presentations to the Chamber Council, Pension Plan Administrators and a well-attended Chamber BE INFORMED session
- Appearances on both Rooster and Talk Today to explain the Bill to the general public and answer questions on this key piece of legislation.

- Feedback from professional organisations and other stakeholders

The extensive feedback received from this all-encompassing public consultation period, which was extended to accommodate further submissions, has been reviewed by the Ministry, in consultation with CIMA, where necessary. As a result of this comprehensive review of the feedback, the Ministry has taken the views expressed into consideration and amended some of the provisions to the Bill, since it was initially gazetted.

In addition to the work on the Bill, the Ministry has also undertaken extensive work on the National Pensions (Pension Fund Investments) Regulations (“Regulations”), which included meetings with CIMA, pension plan administrators and the National Pensions Board. The Ministry is completing the amendments necessary to modernize these regulations in the best interest of members as well as in line with best practice on the subject. Once completed, these Regulations will be shared with the pension plan administrators and other stakeholders in order to allow for a critical consultation period.

In recent years, there have been several reports that pointed to the need for pension legislative changes including both the Mercer Report and the OCC's investigation report of the National Pensions Office. I am pleased to confirm that the legislative reform of the pension regime has taken into consideration the information identified in both documents. For example: the increase in the age at which persons become entitled to access their pension (formerly known as the "normal retirement age") is consistent with the findings of the Mercer report. In addition, the introduction of a victimization clause and the increases in the fines which the Court may impose in a delinquent employer are both consistent with the findings of the report from the Office of the Complaint Commissioner.

Madam Speaker, as you can tell, much work has been accomplished over the past three years to advance a much needed realignment and reform of the pension regime in the Cayman Islands. I am pleased to be able to advise this Honourable House and our country that an updated version of the new comprehensive Pensions Bill will shortly be finalised. I wish to thank and recognize the time and effort put into this legislation by the Ministry, the National Pensions Board, the Superintendent, CIMA and other stakeholders to enable us to reach this significant milestone.

I am convinced that the changes proposed in this legislation are critical to protect and educate pension plan members and the general public as a whole, and to modernize our pension regime.

I do regret, Madam Speaker, that under the present circumstances, I am unable to bring this Bill forward for finalization at this time. However, it will be available for consideration following the May election.

Thank you Madam Speaker.