



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

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MEDIA RELEASE

INACCURATE AND MISCHIEVOUS CLAIMS BY THE MP FOR OROPOUCHE WEST ON THE INCREASE OF THE RETIREMENT AGE FROM 60 TO 65 YEARS

The Minister in the Ministry of Finance, Honourable Brian Manning M.P., has taken note of inaccurate and mischievous statements made by the MP for Oropouche West via an article in today's *Trinidad Express* headlined "*Tancoo: Unwise to raise retirement age.*"

The Opposition MP suggests that the Government is responsible for the recommended increase in the retirement age from 60 to 65 years. This is far from the truth.

To provide some context, the National Insurance Board is mandated by the National Insurance Act to conduct Actuarial Reviews every 5 years. The 10th Actuarial Review of the National Insurance System was conducted by the International Labour Organization (ILO) as at June 30, 2016. It should be noted that the ILO is a highly respected tripartite organisation with a strong history of working with Social Security Organizations world-wide. This most recent Actuarial Review is a public document that can be accessed on the NIBTT's website.

Had the Oropouche West MP done his due diligence in obtaining the facts before spreading inaccuracies and falsehoods, he would have noted that the 10th Actuarial Review of the National Insurance System clearly indicates that the National Insurance System (NIS) in its current form is not sustainable in the long term.

The root cause of this sustainability challenge is a demographic one. Trinidad and Tobago has an ageing population, where people are living longer, but also having fewer children. The net result of this is that the working population (aged 15-59) is shrinking, whereas the retiree

population is growing. The 10th Actuarial Review highlighted that based on population projections, the ratio of persons in the working population to persons of retirement age was 4 to 1 in 2016. This is projected to decrease to less than 2 to 1 by 2066.

Allegation: *“Increasing the retirement age from 60 to 65 will lead to an increase in national insurance payments.”*

Fact: The recommendation of the actuaries to increase the retirement age is completely independent of contribution rates. There is no connection between the two, so this allegation has no basis.

Allegation: *“So, the NIB is cashing in its investments to meet bills, but for Imbert, the fund is not in crisis.”*

Fact: The NIB’s income from its investments in 2021, together with contribution income, was sufficient to meet its obligations to beneficiaries in 2021, so it is a fallacy to claim that the NIB is “cashing in its investments to meet bills”. In fact, to the contrary, the National Insurance Fund grew by \$2.1 billion in 2021, to a net value of \$30.7 billion.

Allegation: *“...the Government’s logic is that some of the potential claimants will “die out” between the age of 60 and 65, so they would not be alive to claim retirement benefits.”*

Fact: This is arrant nonsense. If under a new system, contributors are still in pensionable employment between the age of 60 and 65, they will still be in receipt of salary, and would therefore not require retirement benefits during that period.

Allegation: *“...fewer people will draw down their retirement benefits because they have to continue working so the NIB will “save” that money rather than pay it to beneficiaries.”*

Fact: This is also arrant nonsense. The objective of the proposed increase in the retirement age is to ensure the long-term sustainability of the National Insurance Fund, so that future pensioners can enjoy the benefits of those currently in the system.

Allegation: *“...the Government’s answer to building a greater National Insurance Fund, from which to pay benefits to citizens contributing to it, is to deny them access to their funds.”*

Fact: This ILO recommendation has nothing to do with any effort to deny citizens their NIS benefits. It is an approach being used around the world in addressing the challenge being faced by the ageing population. This same recommendation is in various stages of implementation in other Caribbean countries including Barbados, St Lucia, Dominica, St Vincent, and the Bahamas. It is now being discussed in Trinidad and Tobago as well as other Caribbean countries yet to make this adjustment.

Allegation: *“...the Government also admitted the inclusion of the informal sector into the NIB scheme will add little to the fund as these are mainly low-income workers.”*

Fact: This is irrelevant. The Government is not contemplating including the self-employed in the NIS at this time, because of the high initial cost of doing so.

Allegation: *“...the Government will also be looking at the raising of the contribution rates.”*

Fact: Although this is also a recommendation of the 10th Actuarial Review, the Government has made it clear that an increase in rates will be a last resort and is not on the cards at this time.

Allegation: *“...the number of employees contributing to the fund fell by 70,800 persons between 2015 and 2021... The number of employees also fell by 1,548.”*

Fact: The number of contributors in the National Insurance System (NIS) in 2021 was recorded at **446,116**, increasing by **41,919 contributors**, or **10.4 percent**, from 404,197 in 2020.

Allegation: “...it takes no genius to realize that the way to increase the value of contributions is not to penalise the workers, but to increase the number of workers in permanent, well-paid jobs, and raising the number of employees contributing to the system.”

Fact: This avoids the fact the challenge being faced by the NIBTT is the fact that we have an ageing population, which is resulting in a decline in the traditional labour force, which is another reason to look at increasing the retirement age.

Further, In light of the recommendations made in the **Tenth Actuarial Valuation of the National Insurance Scheme (NIS) as of 30 June 2016** conducted by the International Labour Organisation (ILO) on behalf of the National Insurance Board of Trinidad and Tobago (NIBTT), the Ministry of Finance together with the NIBTT commenced discussions with members of the trade union movement of Trinidad and Tobago on February 23, 2022 on the Proposed Amendment to the Age of Retirement.

Three (3) meetings were held thus far with representatives of the following trade unions:

- The National Union of Government and Federated Workers (NUGFW) - Wednesday 23rd February, 2022;
- The Public Services Association (PSA) – Tuesday 12th April, 2022;
- The Trinidad and Tobago Unified Teachers Association (TTUTA) – Wednesday 27th April 2022.

The discussions remain fruitful, and it is the Ministry’s intention to continue meeting with other trade union bodies and the various chambers of industry and commerce in the near future to ascertain their views on the matter.

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The Honourable Brian Manning M.P.
Minister in the Ministry of Finance