

# Universal Social Protection

## Universal pensions in Trinidad and Tobago



## Old-age protection in Trinidad and Tobago

Trinidad and Tobago's is ranked as a high human development category and positioned 64 according to the Human Development Index. While the country has performed creditably in the last decade, there was a decline in 2015 and future economic performance is being challenged. GDP growth and revenue mainly comes from the energy sector (oil and gas) and related companies and therefore the country is not immune to the challenges posed to oil-based economies.

The latest official poverty rate was 16.7 per cent (2005 Survey of Living Conditions), 1.2 per cent of the population was extremely poor (indigent) and 9 per cent were vulnerable to poverty. While the 2014 Survey of Living Conditions will disclose precise poverty figures preliminary findings have already pointed to an increase in the poverty rate. There is no official poverty line in Trinidad and Tobago. The 2011 Census indicated that the country had an ageing population. 58 per cent of older persons fell within the 60-69 age group and the age group of 80 years and over was also growing. The data further revealed the feminisation of ageing.

**Table 1. Population (in thousands)**

	2010	2015	2020
<b>TOTAL</b>	1,328	1,360	1,378
<b>60-64</b>	55	65	75
<b>65-69</b>	42	49	58
<b>70+</b>	68	79	94
<b>TOTAL 60+</b>	165	193	227
<b>60+ / TOTAL</b>	12.4%	14.2%	16.5%

Source: United Nations, Department of Economic and Social Affairs, Population Division (2015).

In Trinidad and Tobago, the Government play a major role in the social protection landscape. There is a very comprehensive suite of services for older persons aimed at managing the various risk associated with this cohort. Poor health, a major risk associated with older persons, is adequately addressed by the Ministry of Health (MoH).

## Main lessons learned

At least in principle, the combination of the NIB pension and the SCP is considered to be universal. Anybody aged 65 and older is entitled to a benefit. Even if someone does not contribute sufficiently to qualify under the contributory scheme, the individual can rely on a SCP from age 65, provided compliance with some residency criteria.

Old-age pensions follow the right-based approach and are include in national Acts. Universal free health access and a wide range of services are available to old-age persons. Trinidad and Tobago is very well aligned with the provision of the Social Protection Floor for old-age persons which requires:

- access to a nationally defined set of goods and services, including essential health care, and
- basic income security, at least at a nationally defined minimum level, for older persons.

### 1. What does the system look like?

The Social Protection System in Trinidad and Tobago has undergone significant modifications in the number and scope of services offered to older persons. Today, however, the system operates in very much the same, as it was in the earlier years, consisting of contributory and non-contributory schemes, including universal health access through public health facilitates. The social insurance and social assistance programmes continue to provide income security for older persons in Trinidad and Tobago. The National Insurance Board (NIB) administers the social insurance and the Social Welfare Division (SWD) of the Ministry of Social Development and Family Services (MSDFS), the social assistance programmes. There is also a wide range of services provided to old-age persons.

Universal access to free health care at health clinics and hospitals, as well as the provision of selected drugs at no cost are guaranteed under the Chronic Disease Assistance Programme (CDAP). The CDAP is managed by the Ministry of Health (MoH) and provides citizens with free prescription drugs and

other pharmaceutical items to combat a number of diseases including: diabetes, cardiac diseases, arthritis, glaucoma, mental depression, high blood pressure, benign prostatic hyperplasia, hypercholesterolemia, Parkinson’s disease and thyroid diseases. Where prescriptive medication is not available at the public health dispensary, such a service is available under the Ministry of Social Development and Family Services. Accessibility and coverage are not issues associated with the health care system as the public offerings are usually complemented by subsidized services from within the private sector when necessary.

Loneliness, one of the major risks for older persons, is managed through the Senior Centres Programme which was designed to bring older persons together so that they expand their social capital. The programme, which targets older persons who are in good health and physically active, is designed to provide the necessary physical, social, and mental stimulation and support mechanisms to enable older persons to optimize their later years. Centres are administered by NGOs and/or CBOs, with financial support from the Government. Elderly and Differently Abled Mobile (ELDAMO) provides free transportation to older persons to go about their daily routine. Free transportation on the public service transport system (bus rides; Ferry Trips to Tobago; and trips on Water taxis during non-peak hours) is also available to all older persons in Trinidad and Tobago.

Homelessness is another risk associated with growing old. The Homes for Older Persons Act provide oversight of Residential Homes for older persons as well as the regulation and monitoring of all facilities for older persons in Trinidad and Tobago. Housing opportunities are also available under the State, such as the Pensioners Quarters, as part of the support for older persons. Other subsidized housing programmes are also available to older persons.

The Geriatric Adolescent Partnership Programme and the Retirees Adolescent Partnership Programme bridge the generation gap and allow older persons to interact with younger persons and provide mutual support to each other. Older

persons also benefit from a number of public programmes and aids such as: free transportation; caregiving services (means-tested service provided through the Geriatric Adolescent Partnership Programme). Several other means-tested programmes are available to older persons such as subsidies on annual water and electricity rates; public education; home improvement grant programme (aid for needy citizens whose houses were substandard, dilapidated, or in need of repair), house rental grants, household furniture and appliances, home care and assistive devices.

The OPIC was established by the Ministry of Social Development and Family Services to serve as a referral facility for information on resources, services and products for older persons. Social programmes for older persons that treat with poor health, homelessness and loneliness continue to have relevance in Trinidad and Tobago. These are some of the social situations confronting older persons which Government seeks to address through various initiatives.

**Figure 1. Structure of the pension system**

	<b>SOCIAL PENSION</b>	<b>CONTRIBUTORY PENSION</b>	<b>HEALTH COVERAGE</b>
<b>INSTITUTIONS</b>	MSDFS	NIB Min Finance (supervision)	MoH CEDAP
<b>BENEFITS</b>	SCP Social services	Old-age pension Old-age grant Survivorship Invalidity	Health care Drugs
<b>BENEFICIARIES</b>	Aged 60 or more Means tested	Employed persons Domestic workers	Universal

**Benefit packages:** The NIB retirement pension is paid at age 60 to anyone who has been insured with a minimum of 750 weeks of contributions. A retirement grant in the form of a one-time lump sum payment is paid to those insured persons who have made less than 750 weekly contributions. The overall contribution rate is 13.2 per cent (4.4 per

cent employees and 8.8 per cent employers) and the maximum insurable earning are TT\$13,600.00 per month. Contributions are paid according to 16 wage classes. The self-employed are not covered under the NIB.

The NIB pension is calculated based on the categories in which contributions have been paid. An average rate of contribution is calculated by considering all the contributions paid. The earnings class to which this average rate corresponds is the class in which the benefit will be paid. The minimum monthly pension is TT\$3000 (approx. US\$445), which represents 115 per cent of the minimum wage established at TT\$2,600 (approx. US\$388) per month. Current pensioners receiving the minimum pension represent 97 per cent of the total beneficiaries.

**Table 2. NIB beneficiaries and expenditure**

BENEFICIARIES	2013	2014	2015
<b>LONG-TERM</b>	132,253	137,481	144,804
<b>SHORT-TERM</b>	32,207	30,805	32,804
<b>TOTAL</b>	164,660	168,286	177,608
<b>BENEFIT EXPENDITURE</b>	TT\$3.56 Bn	TT\$3.92 Bn	TT\$4.22 Bn

Source: National Insurance Board

**Table 3. Long term benefits (LTB), 2015**

	Benef.	% of Total LTB	Expenditure Mn. TT\$	% of Total expenditure
<b>RETIREMENT PENSION</b>	96,395	66.57	3,362.09	86.10
<b>RETIREMENT GRANT</b>	4,568	3.15	139.15	3.56
<b>*SURVIVORS BENEFIT</b>	39,644	27.38	329.01	8.43
<b>INVALIDITY PENSION</b>	4,197	2.90	74.62	1.91
<b>TOTAL</b>	144,804	100%	3,904.87	100
<b>% OF TOTAL BENEFICIARIES</b>	81.53			

\* Survivor benefit and grant - Source: National Insurance Board

The SWD administers the Senior Citizens' Pension (SCP), (formerly Old Age Pension, in accordance with the Senior Citizens' Pension Act Chapter 32:02. The SCP is a monthly grant paid to persons aged 65 or more, based on their income and residential status. SCP recipients must be resident in Trinidad and Tobago for twenty (20) years preceding the date of application. Any periods of absence must

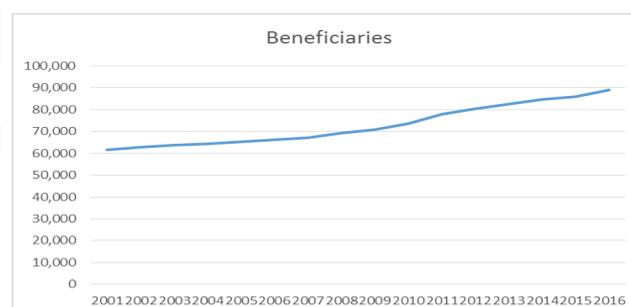
not exceed five (5) years in the aggregate during the twenty (20) years preceding the application. Notwithstanding, SCP is paid to a person who is a resident and has spent a period of fifty (50) years in the aggregate in the country.

**Table 4. Senior Citizen's Pension, 2016**

SENIOR INCOME		SENIOR CITIZENS' PENSION		BENEFICIARIES August 2016
TT\$	US\$	TT\$	US\$	
0-1,500.00	0 - 224	3,500	522	66,021
1,500.01 - 2000	225 - 299	3,000	448	1,407
2,000.01 - 2,500	300 - 373	2,500	373	417
2500.01- 3,000	374 - 448	2,000	299	19,342
3,000.01 - 3,500	449 - 522	1,500	224	1339
3,500.01 - 4,000	523 - 597	1,000	149	1129
4000.01 - 4,500	598 - 672	500	75	303

Source: Social Welfare Division

As at September, 2016, 90,800 senior citizens were in receipt of the SCP. In 2015, 6,694 new beneficiaries were added to the system. Coverage has expanded significantly over the years. In 2001 just over 61,000 persons were receiving the Senior Citizens Pension.



Source: Department of Social Welfare

In 2000, the quantum of the grant stood at TT\$620 and TT \$720 per month. This has risen steadily over the years with the maximum SCP now being TT\$3,500 per month with 74.21% of the recipients receiving this amount. The amount being paid is

greater than the established poverty line and way above the indigence line. The sum when calculated also exceeds the established minimum wage for the country. Where there are two persons living in the same household (husband and wife) who qualify for the SCP, they are guaranteed to have a minimum guaranteed household income of \$7,000 and if they have other private income, they are likely to have an income of TT\$10,000.

This steady increase in the amount of persons receiving the pension is as a result of successive administrations implementing responsive policy changes for this target group. Existing since 1939, Government has continuously enhanced the quantum and other criteria associated with this grant so as to make it more responsive to the needs of older persons. One of the major changes responsible for the increase coverage is the statutory income limit to qualify for a pension. Today, a person can have personal income of up to TT\$4,500 and still qualify for a sum under the non-contributory SCP. Some of the changes made over the years are listed in Annex 1.

**Financing:** SCP programme is national in nature and is financed directly from the National Budget. The many changes made to the policy over the years, have resulted in a significant increase in the expenditure associated with the SCP. While in 2001 the expenditure was TT\$548,368,305, in 2015 the expenditure was TT\$2,647,056,180 (1.6% of GDP). For fiscal 2016/17 the sum allocated for this programme is TT\$3,319,554,016. Already, it appears as though additional funds will be required. The evolution of the programme expenditure is described in Annex 2.

**Legal aspects:** NIB benefits are regulated by the National Insurance Act, updated to December 31<sup>st</sup>, 2014. The SCP is regulated by the Senior Citizens' Pension Act, updated to December 31<sup>st</sup>, 2014.

Two pieces of legislation continues guide the operations of the Social Welfare Division and the administration of the grants.-The Public Assistance Grant and the Senior Citizens' Pension.

a) The Public Assistance Act, Chapter 32:03 provides for the establishment of the Central and Local Public Assistance Boards to administer the Old Age Pension, Public Assistance, Disability Assistance and Urgent Temporary Assistance and for the maintenance of the various registers and accounting records in their districts.

b) The Central Public Assistance Board has responsibility for general policy guidance and considers appeals made in connection with any decisions made by the Local Public Assistance Board. The Local Boards enquire generally into the conditions of the poor and consider applications for Senior Citizens' Pension (Formerly Old Age Pension), Public Assistance and Disability Assistance Grants. The Central Board is comprised of eight members while the Local Public Assistance Boards have five members each. Members are appointed by Cabinet following nominations made by the Minister in accordance with Sections 4 and 8 of the Act.

**Institutional arrangements for delivery:** To receive the SCP, an application form must be submitted to the Local Board Office of the respective district. Applicants may be required to attend an assessment meeting with the Local Public Assistance Board, which decides on all applications. Persons whose applications have been rejected have the right to appeal. There are 11 Local Public Assistance Boards covering the country. As at September, 2016, 90,800 senior citizens were in receipt of the SCP. Of this total, **9,058** were new beneficiaries.

The SCP is paid via direct deposit into the person's personal bank accounts or by cheques mailed directly to persons' addresses. The Ministry launched a biometric card system in 2015 and this is expected to be the platform for the Central Beneficiary Registry. This system allows for enhanced identity verification and identity fraud reduction. Enrolment of persons commenced in July 2014.

## 2. How was this major breakthrough achieved?

The provision of welfare services dates back to the colonial era and was largely an effort of civil society organizations. The labour disturbances in the late 1930's marked the first official form of social assistance emanating from recommendations of the Moyne West India Commission. The Commission drew attention to the fact that it was essential to have a well-defined programme of social welfare and that the programme should be part of overall government policy. It was not until 1938 that the existing services were grouped together for more effective impact and control and in July 1939 the Department of Social Welfare was inaugurated to administer Social Assistance and Old Age Pension.

In Trinidad and Tobago a 1989 PAHO publication titled: "A profile of the Elderly in Trinidad and Tobago" noted that the most important issues that confront older persons, 60 years and over, in their daily lives pertained to economic and health matters. The PAHO study of 1989 also found that older persons that their basic needs were not being adequately met by their financial situation. The 1999 survey by Dr. Acton Camejo also found that older persons had concerns about their declining health and their ability to go on performing activities related to daily living. The Report contends that poverty has a relevant age dimension, in that, both needs and income potential change over the life cycle.

Upon retirement, older persons are now required to live on fixed incomes which constitute pensions and assets accumulated over their lifetimes. In many instances, older persons continue to function as the head of the household and their incomes present the only steady flow of resources for the support of large and extended families. The fact that persons in the age group sixteen to forty-five years, representing the productive workforce, are being significantly reduced suggests that older persons will be left to fend for themselves. In a survey carried out by Rawlins (2008) 33% of surveyed older

persons felt lonely, despite only 16% are living alone.

## 3. What are the main results in terms of impact on people's lives?

Many of the challenges faced by older persons are related to their stage of development and are irreversible; as such the necessary support systems are required so that older persons can cope with the many risks associated with growing old. Another major risk associated with growing old is retirement/unemployment/employability. A well-defined and functioning system of pension is available to manage the effects of such a risk. The pension system in Trinidad and Tobago is categorized in three layers with the first layer being the non-contributory Senior Citizens Pension for persons 65 years of age or older and whose income is below a certain threshold. The second and third layers are risk mitigating strategies in the form government mandate for social insurance and occupational pension. Occupational pension plans are also offered by some employers in the private sector, and public sector pensions are provided to all monthly-paid employees. A wide range of services provides support to old-age persons.

**Impacts on people's lives:** Pensions in Trinidad and Tobago have extensive coverage. The World Bank cited that Trinidad and Tobago has almost reached universal pension coverage. Their report cited that over 80% of persons 65 years and older are receiving the non-contributory pension while in the social insurance scheme administered by the National Insurance Board there is a 73% coverage of persons 60 years or older receiving long term benefits.

In terms of adequacy, the quantum of the various grants far exceeds the threshold that will be considered as poor. Additionally the system adopts a concept similar to that of the Social Protection Floor, a guaranteed base (\$3,000 per month) complemented by benefits from other systems where older persons can invest and extend the scope, level and quality of benefits provided beyond this base.

#### 4. What's next?

Trinidad and Tobago is under fiscal pressure because of the economic slowdown generated by the adverse international context and low oil and gas prices. Fiscal consolidation has started and public institutions are operating under reduced budgets (i.e. 7 per cent in 2015). This is likely to continue in light of the expected reduction of GDP of 2 per cent for 2016. Diversification of the economy is high on the political agenda to ensure long term economic growth and sustainability. Despite this adverse context, the Government is expected to increase budget allocations towards social infrastructure and programming by 1.2 per cent in 2016 vis-à-vis 2015.

Other challenges are related to the efficiency and effectiveness of existing programmes as well as to the right incentives that social programmes should provide. The MSDFS is fully implementing the Biometric Card System and establishing an integrated IT system. The objective of the system is to facilitate the modernisation and effective delivery of social services. The system would automate and re-engineer the MSDFS's core business processes, operational activities, business and program performance thereby providing an integrated approach to case management. It is expected that there would be a seamless administration of social services together with data and information collaboration among Government ministries and agencies. Other developments propose by the MSDFS are:

- Development of the National Plan of Action on Ageing for Trinidad and Tobago
- Development of Residential Long-Term Care Facilities in collaboration with Ministry of Health
- Revamp the Senior Citizens Bureau (i.e., Skills Bank and Placement Agency)
- Develop Omnibus Legislation to allow for entry and investigations into the living conditions of the elderly in their private domiciles
- Review of the National Policy on Ageing

- Assist in the formulation of the National Policy on the Family to address the elderly within the context of the family
- Establish age-friendly healthcare facilities
- Establish standards for universal accessibility to public buildings for the elderly and persons with disabilities
- Launch a Public Education Campaign on Ageing to include inter-generational initiatives
- Conduct public awareness campaigns to promote the CDAP, free bus, water taxi and ferry rides and free cataract surgery

The linkages between contributory and non-contributory schemes in the areas of the benefits design, administration, financing, delivery of services and administrative tools have to be reinforced. The NIB has to consider the implementation of social protection mechanisms for the self-employed and the unemployed. Such protection schemes will have a considerable effect in the long run in terms of reducing the number of social assistance benefits that would have to be paid in the future.

The results of the 2014 Survey of Living Conditions will provide invaluable information about poverty levels in Trinidad and Tobago, particularly in comparison to poverty levels previously registered in 2005. It will also allow for further analyzing the adequacy and coverage of old-age benefits.

*This Universal Social Protection brief was produced by Vijay Gangapersad, Ministry of Social Development and Family Services of Trinidad and Tobago, and Ariel Pino of the ILO Port of Spain. It was reviewed by Isabel Ortiz of the ILO.*

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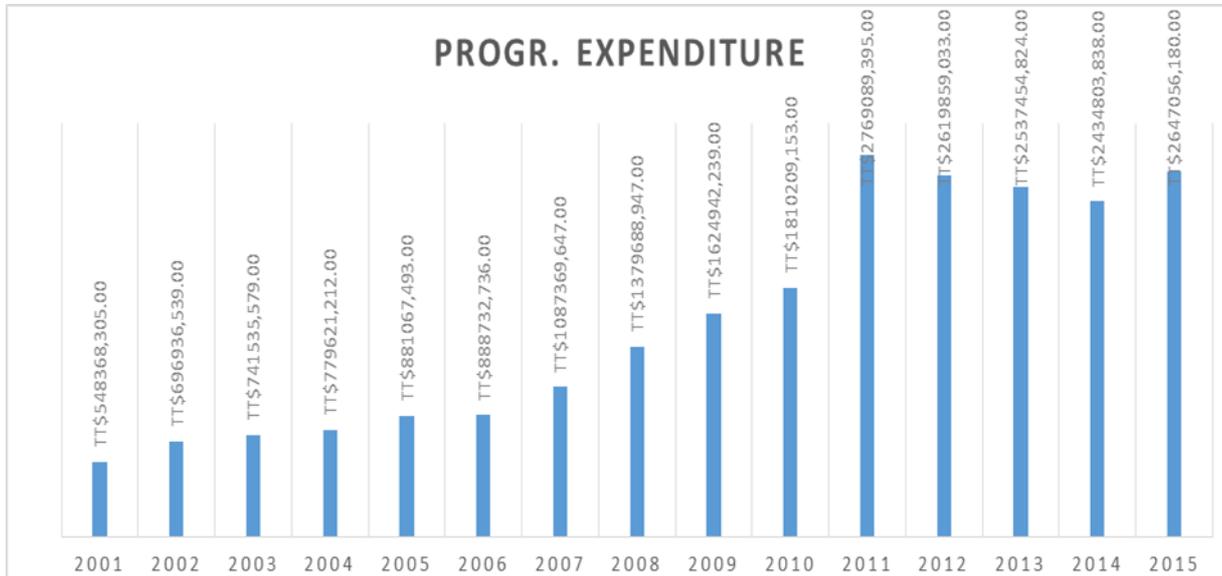
## Annex 1

**Table 1. Evolution of the SCP in recent years**

Previous Provision	Changes	Remarks
<b>Senior Citizens' Pension(Legislation)</b>		
Senior Citizens' Grant	Senior Citizens' Pension	Allowed pensioners psychological comfort and peace of mind
TT\$720-Maximum Payable(Yr-2000)	\$3,500-Maximum Payable	Allowed greater purchasing power thereby improvement in the quality of life
Interest from Savings account was used as income, thereby denying persons who had savings	Interest from savings account is no longer used in the calculation of income.	This new measure created an incentive for older persons to save
Income calculated on an annual basis. This measure resulted in persons being denied pension where they received one-off payments that was in excess of a fixed amount even if they had no income.	Income calculated on a monthly basis	This measure allowed pension to be determined on real monthly income.
Statutory limit from as low as \$5000 annually to \$33,600.00 per annum. In the past asset was also used.	New statutory limit of \$4,500.00 per month.	Only real monthly income is used in the calculation of Senior Citizens Pension. More persons can now qualify for the SCP.
One-off/ lump sum payments used in the calculation of income. This prevented persons from qualifying for pension in the year payment was received.	In the calculation of Senior Citizens Pension lump sum payments shall not be taken into account.	This measure allowed persons to save rather than spend out their money before they can qualify for SCP
Persons must have resided in Trinidad and Tobago for 60 years in the aggregate in order to qualify for Senior Citizens Pension	Persons who reside an aggregate of 50 years in Trinidad and Tobago can receive pension.	This change benefitted citizens who were born in this country.
All periods spent out of the country used in the calculation of period abroad.	In the calculation of ordinary residence in Trinidad the following have been exempted: <ul style="list-style-type: none"> <li>• Where the person was abroad for the purpose of employment for a firm registered in Trinidad and Tobago or a company incorporated in Trinidad and Tobago.</li> <li>• Where the person was abroad in the service of the Government of Trinidad and Tobago</li> </ul> <p>It is to be noted that this also applies to a dependent of such a person.</p>	Person who spent time abroad in the development of the country was penalized for being out of the country. This includes a number of persons who had to serve at Missions or represent the country in sport or otherwise.

## Annex 2

Table 1. SCP programme expenditure TT\$)



Source: Social Welfare Department

Table 4. Expenditure in selected social assistance programmes (TT\$ and % of GDP)

	ESTIMATED FOR 2015
COMMUNITY-BASED ENVIRONMENT PROTECTION & ENHANCEMENT PROGRAMME (CEPEP)	606,200,000 0.37%
DISABILITY ASSISTANCE GRANT(DAG)	379,506,550 0.23%
GOVERNMENT ASSISTANCE FOR TERTIARY EXPENSES (GATE)	712,000,000 0.43%
NATIONAL SCHOOLS DIETARY SERVICES LIMITED	250,000,000 0.15%
ON THE JOB TRAINING (OJT) PROGRAMME	308,000,000 0.19%
PUBLIC ASSISTANCE GRANT (PAG)	409,500,000 0.25%
<b>SENIOR CITIZENS' PENSION (SCP)</b>	<b>2,861,470,500</b> <b>1.73%</b>
TARGET CONDITIONAL CASH TRANSFER PROGRAMME (FOOD SUPPORT PROGRAMME)	294,000,000 0.18%
UNEMPLOYMENT RELIEF PROGRAMME (URP)	717,500,000 0.43%
<b>TOTAL</b>	<b>6,538,177,050</b> <b>3.96%</b>

Source: Social Sector Investment Programme 2016 – Central Bank