Protecting You in Uncertain Times

REFORMING TO STRENGTHEN THE NIS

During the January 8, 2024 Budget, several changes to the National Insurance Fund were announced.

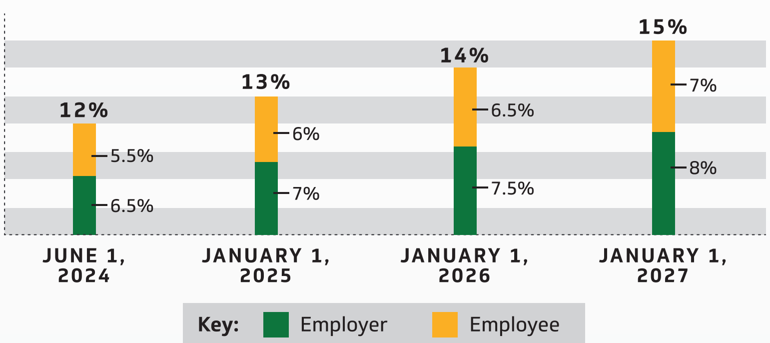
The National Insurance Services (NIS), like social security systems worldwide, will be implementing pension reform measures starting March 1. Factors such as an ageing population, the prolonged pandemic, natural disasters, and socioeconomic issues are all challenges that have prompted the need for change to ensure the long-term sustainability of our national safety net.

The NIS has confronted economic, financial, and demographic challenges, including a defined benefit social security program that posed future financial sustainability concerns. However, strategic management of our portfolio has helped the institution remain resilient through each economic shock and laid the groundwork for social security system reform.

THE MEASURES TO STRENGTHEN THE NIS AND PROTECT THE MOST VULNERABLE INCLUDE:

To improve financial sustainability

- **CONTRIBUTION RATES** - The current rate is 10%, employer 5.5% and employee 4.5%. The contribution rate will increase gradually to 15%. The change would be shared equally. The first increase becomes effective June 1, 2024.



- **EARLY RETIREMENT PENSION** – Early retirement pensions will now be paid only to persons who are retired and attain at least age 60 but are below the pensionable age.
- **EARLY REDUCTION FACTORS** – There will be an increase in the reduction factors that apply to early retirement pensions from ½% per month (6% per year) to ⅔% per month (8% per year).
- **WAGE PERIOD** – There will be an increase in the wage period used to compute pension, from the five best years to the seven best years of contributions.

To improve benefit adequacy

- **INSURABLE WAGES** – There will be an increase in insurable wages from $1,000.00 per week ($4,333.00 per month) to $1,200 per week ($5,200.00 per month) effective June 1, 2024.
- **PENSION INCREASE** – The minimum pension will increase from $70 per week to $80 per week from March 1, 2024.
- **UNEMPLOYMENT BENEFIT** – The NIS will introduce a permanent Unemployment Benefit starting January 2025.

To improve coverage

- **SELF-EMPLOYED PERSONS** – The NIS will extend social security coverage to include the participation of self-employed persons, including allowing self-employed persons to qualify for Employment Injury Benefits and implementing a new approach for self-employed persons and informal sector workers to easily pay their NIS contributions.

The NIS is determined to craft a reform solution that reflects our Vincentian realities and peculiarities. Through inclusive and people-centred social security services, we are committed to ***protecting you in uncertain times***.