



Prioritizing People

... NIS SVG's Minimum Pension Increase to Help the Most Vulnerable

Starting March 1, 2024, The National Insurance Services (NIS) will raise the minimum weekly pension amount from \$70 to \$80. This increase will strengthen the national social safety net and improve the quality of life of our most vulnerable pensioners. For example, 2,239 pensioners, representing over 24% of St. Vincent and the Grenadines' (SVG) pensioner population, will benefit from this increase, and over half of this group will receive a boost of around 14% in their fortnightly pensions.

It was 29 years ago that the minimum pension was introduced with a weekly payment of \$40. The aim was to provide pensioners with sufficient benefits to cover their basic needs with dignity. Since then, the amount has been adjusted based on the recommendations of independent actuaries to ensure that the minimum pension's real value is preserved. The last adjustment was made in 2008, increasing the minimum pension to \$70 weekly.

Putting Our People First

At the NIS, we are passionate about what we do and about our stewardship of one of our country's most critical institutions; that is why we not only hire dedicated and competent staff, but we also pride ourselves in continuing education and sourcing the best talent when the need arises. As sons and daughters of the soil we are committed to the NIS' mission of uplifting the lives and livelihoods of vulnerable Vincentians through policy initiatives that prioritize people. At the core of our people-centred approach is a strategy that puts an emphasis on social protection in recognition that our nation's greatest asset is our citizens.

The NIS is taking several other actions in the coming year to ensure our people's safety and to boost the adequacy of benefits as well as the financial stability of the National Insurance Fund.

These actions include increasing the maximum insurable earnings from \$1,000 to \$1,200 weekly and creating an unemployment benefit.

How are we doing?

In the context of the Caribbean, NIS SVG already provides a fair minimum pension for pensioners and their dependents. But the NIS SVG's policy decision to increase the minimum weekly pension from \$70 to \$80 is an even more progressive move that would make the minimum weekly pension in SVG higher than the minimum weekly pensions offered by neighbouring countries such as Grenada (\$46), St. Lucia (\$69), Dominica (\$75), and Montserrat (\$77).

It is also noteworthy that all these countries, except St. Lucia, have higher contribution rates than SVG. So, to align NIS SVG with the contributions of other social security systems in the region and ensure that the National Insurance Fund can meet the future demands for worker income protection, NIS will gradually increase the contribution rates from 10% to 15% over the next four years. The gradual increase in contribution rates will also give workers and employers time to adjust to the new rates while ensuring a sustainable fund for the future.

Internationally, the standard for pension adequacy (ratio of minimum pension to average earnings) is typically 14%. According to the 2023 Pensions at a Glance report, the minimum pension levels for OECD countries range from about 5% of the average wage in Hungary to 11% - 12% in the Czech Republic and Latvia, 35% - 36% in Belgium and Spain, to a high of 63% in Columbia. In respect of SVG's NIS, it currently provides a decent minimum pension of 14% of insurable wages, and the intended increase would further improve pension adequacy to approximately 16%.

Serving Our People

It is also important to note that the NIS offers financial protection to all household members against loss of income, including retirement pensions, disability pensions and survivors' pensions. This minimum pension increase would immediately benefit 1,553 men and women who will be receiving \$646,000 annually in normal old-age pensions. In the case of invalidity pensions, 69 individuals (representing 41% of the invalidity population) will receive \$32,000 annually. Additionally, for the Survivors pensioners, 327 widows and widowers, 14 surviving parents, and 274 dependent children will benefit. The widows and widowers will receive \$105,000, the surviving parents will receive \$2,800, and the dependent children will receive \$47,000 annually. This comprehensive approach to financial support is a key feature of the NIS.

We at the NIS are fully dedicated to maintaining a careful balance between financial sustainability, providing adequate benefits, and keeping contributions affordable. We are committed to utilizing all the tools at our disposal to ensure that the national and primary safety net for workers remains responsive and adaptable to the increasing needs of the Vincentian people. Despite the challenging socio-economic conditions, the management and staff of NIS have demonstrated resilience and agility in steering the organization, and we are optimistic about the future and are determined that our actions will serve to uplift the lives and livelihoods of Vincentians through transformational services that continue to put people first. The NIS, therefore, is proud to serve as a beacon of hope and a financial lifeline for the workers of our country and expresses gratitude to you for your continued support.