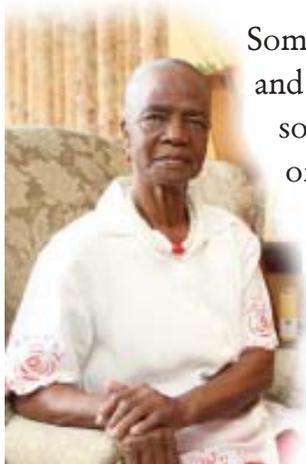




An Explanation of the Key Features of the July 2010 Amendments to the National Insurance Benefits & Contributions Regulations

NIB pensioners receive increases



Some 30,000 pensioners, and several hundred persons who had babies or who buried loved ones on or after July 1 of this year, received increases or adjustments to their payments in October 2010. The increases were

made possible by the July 2010 amendments to the *National Insurance Benefits Regulations*.

The amendments provided for increases to pensions, including long-term benefit and assistance awards currently in payment, and to grants, with effect from July 2010. The increases were designed to provide a reasonable replacement of the lost value of the pension due to the effects of inflation since the start of the pension or since the last adjustment. Pensions were last adjusted in 2007, while the last increases to the grants were made in 1999.

Adjustments to the Funeral and Maternity grants were paid in early October; **continued overleaf >**

Historical Overview - NIB: 1974 - 2010

The National Insurance Board (NIB) began operations in October 1974, to administer a social security system that would provide workers and their families with basic financial protection against the loss of employment earnings in the event of sickness, childbirth, retirement, invalidity, death, workplace injury (1980), and unemployment (2009). Under National Insurance, insured contributors are covered for three main types of contingencies –

- a. **Long-term:** Retirement, Invalidity and Survivors;
- b. **Short-term:** Sickness, Maternity (benefit and grant), Funeral and Unemployment; and
- c. **Workplace injuries or diseases:** Injury, Disablement, Medical Care, Industrial Death, and Industrial Funeral.

Retirement and Invalidity benefits replace up to 60% of pre-retirement insurable earnings, and, from 1974 to 2010, were awarded if contributions were made for at least 150 weeks, or approximately three years. In 2010 the maximum pension for someone who paid from inception and who

paid on the ceiling was \$942.50 per month.

Where benefit entitlement, based on number of contributions and average insurable wages are low, a minimum pension is payable to ensure that every pensioner can maintain a basic but decent standard of living. Historically, pensions have been adjusted to account for inflation on an ad hoc basis.

Insured persons are currently covered for the above-listed contingencies, as follows:

- **Employed persons:** All contingencies
- **Self-employed persons in Class A** – All contingencies except Unemployment Benefit and Industrial benefits;
- **Self-employed persons in Class B** – All contingencies except Unemployment Benefit.
- **Voluntarily insured persons:** Retirement **continued overleaf >**

This supplement contains only an outline of the 2010 amendments; further information may be found on NIB's website www.nib-bahamas.com.

Actuarial basis for N.I. amendments

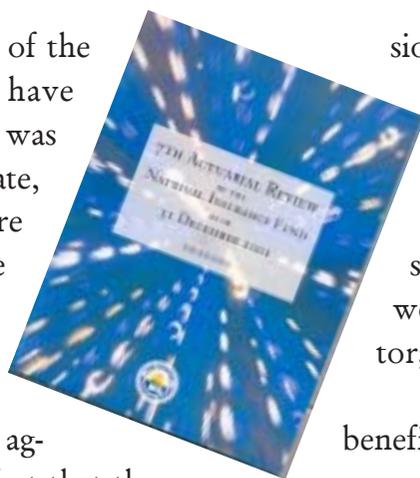
Successive actuarial reviews of the National Insurance Fund have cautioned that if no change was made to the contribution rate, or to the way benefits were awarded and calculated, the National Insurance Fund could be exhausted in the early 2030's. This conclusion was based largely on the aging population and on the fact that the contribution rate, which was fixed at 8.8% for 35 years, and recently increased to 9.8% for some classes of insured workers, was below the true cost of the National Insurance benefits package.

The policy recommendations contained in those Reviews and in the 2005 report of the Social Security Reform Commission were consequently aimed at both strengthening the long-term solvency of the Fund, and ensuring that National Insurance continues to provide relevant, equitable and affordable benefits for future generations of Bahamian workers. National Insurance demonstrated its commitment to this latter mandate with the addition of an unemployment benefit in 2009. It also took on administrative responsibility for the newly introduced Chronic Prescription Drug Plan in 2010.

In answer to the recommendations in the Actuarial Reviews and the Pension Reform Commission's report, an extensive set of amendments to the National Insurance Contribution and Benefit Regulations were passed in Parliament in July 2010. Going forward, these amendments will:

1. Enhance the long-term sustainability of the Fund;
2. Bring added income security to pen-

Page 2



sioners, widows, and widowers,

3. Enhance the relevance of the National Insurance program to higher paid workers, pensionable civil servants and workers in the hospitality sector; and

4. Provide additional benefits for self-employed persons.

NIB pensions increased in October

(continued from front page)

adjustments to pensions were paid during the October 2010 pay period.

Adjustment percentages for the long-term benefits were determined by the start date of each pension, while the increase to assistance was one flat rate.

Increases/adjustments

Maternity Grant was increased from \$400 to \$430. Women who were paid Maternity Grant in respect of the delivery of a live baby on or after July 1, 2010, were given a retroactive payment in early October in the amount of \$30 for each live birth.

Funeral Benefit was increased from \$1,500 to \$1,600. Claimants who received Funeral Benefit relative to the funeral expenses of an insured person who died on or after July 1, 2010, received a retroactive payment of \$100 in early October.

Long-Term Benefits and Assistance: Most pensioners received two payments in October – the regular monthly payment at the new rate and another payment representing back payment of the increase for July, August and September.

NIB: 1974 - 2010

continued from front page

ment, Invalidity, Funeral and Survivors' benefits.

The level of coverage for self-employed persons in Class A will improve when the relevant amendment takes effect in January 2011.

National Insurance also provides monthly assistance to the elderly and invalid who never paid contributions or not enough to qualify for a contributory benefit but are deemed to be needy. Similarly, a monthly assistance is provided for the dependent survivors of an uninsured deceased breadwinner who are in need.

In order to pay benefits and assistance, NIB collects contributions from workers of the country. Contributions on employment earnings up to a wage ceiling of \$400 per week, are paid by employers, employees and self-employed persons with some variations.

Surplus funds from contributions paid over the life of National Insurance now total \$1.5 billion. These funds, which are not yet required for the payment of benefits, are invested in various types of public and private sector securities in the country.

For 36 years the National Insurance Board has played an important role for The Bahamas. It has an excellent record of consistently providing workers with reliable income support at all stages of life, but especially in old-age. It has also made large amounts of capital available for the development and improvement of key infrastructure throughout The Bahamas. With the recent amendments, future generations of contributors and pensioners can be assured of a more sustainable system that delivers on its promises for generations to come.

Changes that took effect July 2010

I. PENSION INCREASES:

- *Over 30,000 pensioners who were in receipt of a pension on June 30, 2010 saw their pension increased, retroactive to July 2010.*

For those whose pensions were awarded prior to July 2008, the increase is 6.6%. For those whose pensions were awarded between July 2008 and June 2010, the increase

Uncollected Pension Cheques - at October 31

The below-listed persons or their representatives are asked to call or visit the **Pensions Department** in the Clifford Darling Complex, Jumbey Village - (242) 502-1607 or (242) 502-1890.

Bishop, William
Carter, Flora
Charles, Gerard
Cleare, Felix
Daley, Krishon
Davis, Bernard
Edgecombe, Edward
Estreal, Sauveur
Frattini, Silvestro
Gardiner, Harry
Gonzales-Cruz, David
Harrison, John
Jean, Emmanuel
Joseph, Lavaud
Lowe, Judy
Spataro, Liborio
Standen, Richard
Storr-Clarke, Janet
Thiruppathy, Nadarajah
Thiruppathy, Punitha
Thompson, Marie
Wright, Rita

is based on the effect that inflation has had on their pensions since being awarded. This could be as high as 6.4% (if awarded in July 2008) and as low as 0.2% if awarded in June 2010.

When pensions are first awarded, the amount payable is based on the number of contributions made and the highest average insurable wages on which contributions were made. If however, the calculated pension is less than the relevant minimum pension, the amount received by the pensioner is the Minimum pension.

The following table shows the old and new minimum pension rates.

	Rates < July 2010	Rates > July 2010
Retirement (awarded at age 65), Invalidity & Survivors benefits	\$270.00	\$287.82
Retirement benefit awarded at age 60	250.00	266.50
Survivors benefit for children	110.00	117.26
Assistance Pensions	230.00	245.18
Survivors assistance for children	92.00	98.06

The first payment at the new rates were made in October 2010 as detailed on page 2 of this publication.

Pension increases will now take place every other July so the next adjustment will be in July 2012.

As a result of the introduction of automatic adjustments that are linked to inflation, pensioners can now be assured that their NIB pension will maintain its value as the cost of goods and services increases.

Example: Automatic Adjustments

Ms. Roberts has been receiving Retirement benefit of \$345 per month for almost 8 years. Her pension was only increased once. This year, her pension will be increased again, this time by 6.6% to \$367.77 per month. It will then be increased again in July 2012 by the sum of the inflation rates in 2010 and 2011.

If the inflation rates in 2010 and 2011 are 2.2% and 2.8%, then her pension will be increased by 5% (2.2% + 2.8%). Her pension from July 2012 would be \$386.16 to be further increased in 2014, 2016 and 2018. Ms. Roberts no longer has to worry about her pension remaining fixed for a long period and she can be assured that in 2016 her NIB pension will be able to purchase the same items her current pension is able to buy.

II. GRANT INCREASES

- The Maternity Grant and Funeral Benefit were increased by 6.6% with the new rates effective July 1, 2010.

Funeral Benefit and Maternity Grant are one time payments payable after the death of an insured person or his/her spouse, and after the birth of a baby. These grants have not been increased since 1999. After the 6.6% increase effective July 2010, these grants will be increased every other July by the sum of inflation in the two years before the adjustment. The new rates, effective July 2010 are.

Funeral Benefit: \$1,600

Maternity Grant: \$430

Persons who received Funeral Benefit or Maternity Grant at the old rates (\$1,500 and \$400, respectively) for births or deaths that occurred after June 30, 2010, and who have not received their adjustments, should contact their nearest National Insurance Board office to collect their payments.

Changes taking effect January 2011

A. INCREASED CEILING ON INSURABLE WAGES

- From \$400 per week to \$500 per week in January 2011.

Additional increases to the insurable wage ceiling will be as follows:

- From \$500 to \$600 per week in July 2012; and
- Every two years (in July) starting July 2014 by the estimated increase in average wages.

The ceiling on insurable wages is the maximum earnings on which contributions and benefits are based. Therefore, the ceiling effectively limits the level of insurance coverage that NIB offers. The ceiling has not been increased since 1999 and was increased only once before that.

Each year that the wage ceiling is not increased, the level of insurance coverage offered by NIB to high income persons diminishes and as a result, National Insurance gradually loses its relevance to them. Regularly planned small adjustments to the wage ceiling starting in 2014 will ensure that National Insurance coverage will be maintained throughout one's entire career.

Changes to the wage ceiling will only affect those earning more than \$400 per week (\$1,733 per month) in January 2011 and those earning more than \$500 per week (\$2,167 per month) in July 2012.

The following tables illustrates the maximum contributions payable before and after January 2011 by employees and their employers

	Employee Contributions		Employer Contributions	
	Before Jan '11	After Jan '11	Before Jan '11	From Jan '11
Monthly paid - \$2,000 per month	\$67.59	\$78.00	\$102.25	\$118.00
Weekly paid -\$500 per week	15.60	19.50	23.60	29.50

With the higher wage ceiling and higher contributions, higher paid persons who get sick, have a baby, suffer a job-related injury or become unemployed will receive higher weekly benefits. For Sickness and Maternity benefits the maximum weekly benefit will increase from \$240 to \$300 in 2011; for unemployment it will increase from \$200 to \$250. Even higher benefits will be possible

when the ceiling increases to \$600 per week and every two years thereafter.

As a consequence of higher wage ceilings, retirees between the ages of 60 and 69 will be able to earn more and still receive their pensions. With the income threshold being 50% of the wage ceiling, their maximum allowable earnings will increase from \$200 to \$250 in January 2011 when the ceiling increases to \$500 per week; and from \$250 to \$300 when the ceiling increases to \$600 per week in July 2012.

Example: Automatic Wage Ceiling Adjustments

The first automatic ceiling adjustment will occur in July 2014. The amount of the increase will be the sum of the change in the Bahamas Retail Price Index (inflation rate) in the previous two years plus 2%. So, if the inflation rates in 2012 and 2013 are 2.2% and 2.8%, respectively, then the ceiling will be increased by 7.0%. The new wage ceiling for 2014 will then be:

$$\$600 + \$600 \times 7\% = \$642 \text{ per week or } \$3,317 \text{ per month}$$

Note: The additional 2% is included as it is expected that wages will increase at a faster rate than price inflation.

B. CHANGES TO RETIREMENT BENEFIT

- Increase the number of weekly contributions required to qualify for Retirement Benefit from 150 to 500.
- Introduce a Retirement grant (one-time payment) for those who at age 65 do not qualify for a Retirement pension.

The current 150-week minimum requirement for a lifetime Retirement pension is extremely generous and has resulted in excessive pension payments out of the National Insurance Fund. The new 500-week or 10-year minimum requirement is consistent with International Labour Office (ILO) standards and other social security schemes.

The new Retirement Grant, which will be a one-time payment, will be calculated as follows:

6 times the average weekly insurable wage for each set of 50 contributions

Retirement Benefit, cont'd

Example: Lump Sum Retirement Grant

Randolph has made 267 weekly contributions to the National Insurance Board while he worked in The Bahamas many years ago. He turns 65 years old in February 2010 and is about to apply for Retirement Benefit. Because he does not have 500 contributions, he will not qualify for a lifetime pension. Instead, he will receive a Retirement Grant. The amount of the grant will be calculated as follows:

Number of full sets of 50 contributions made: 5 (267 is more than 50 x 5 but less than 50 x 6)

Average weekly insurable wage: \$250

Grant: $6 \times 5 \times \$250 = \$7,500$

C. MORE CHANGES TO RETIREMENT BENEFIT

- *Change from 3 to 5 the number of years used to determine the average insured income on which the benefit will be paid.*
- *Change the schedule of accrual rates for pensions: New schedule: 30% after 10 years plus 1% for each year thereafter, giving 60% maximum after 40 years.*
- *Eliminate the adjustment to average insurable wages for pension calculations of those earning more than \$250 per week that was implemented in 1999 when the wage ceiling was last increased.*

These changes to the way Retirement Benefits are calculated will reduce slightly the benefits payable. This will ensure that there is a better relationship between the contributions made and pensions received,

and that the maximum benefit of 60% is reached after 40 years of contributions. The changes to how pensions accrue over one's career are shown below:

Retirement Benefit Rates Based on Total Contributions

# of Contributions Paid/Credited	% of a.i.w.	
	Old	New
150 - 199	15	15
200 - 249	17	17
250 - 299	20	20
300 - 349	22	22
350 - 399	24	24
400 - 449	26	26
450 - 499	28	28
500 - 549	30	30
550 - 599	32	31
600 - 649	34	32
650 - 699	36	33
700 - 749	38	34
750 - 799	40	35
800 - 849	41	36
850 - 899	42	37
900 - 949	43	38
950 - 999	44	39
1,000 - 1,049	45	40
1,050 - 1,099	46	41
1,100 - 1,149	47	42
1,150 - 1,199	48	43
1,200 - 1,249	49	44
1,250 - 1,299	50	45
1,300 - 1,349	51	46
1,350 - 1,399	52	47
1,400 - 1,449	53	48
1,450 - 1,499	54	49
1,500 - 1,549	55	50
1,550 - 1,599	56	51
1,600 - 1,649	57	52
1,650 - 1,699	58	53
1,700 - 1,749	59	54
1,750 - 1,799	60	55
1,800 - 1,849	60	56
1,850 - 1,899	60	57
1,900 - 1,949	60	58
1,950 - 1,999	60	59
2,000 - >	60	60

The heavy weighting of pensions to the first 10 years of contributions (30% after 10 years of contributions) is being retained. So while no change is being made to accruals in the first 10 years the new schedule would require 40 years of contributions to earn the maximum 60% replacement rate instead of 35 years under the current schedule.

Example:

Michael is 65 years old. He has contributed to National Insurance for his entire working career - 34 years. In total, he made 1,768 weekly contributions. He will retire in 2012 earning \$350 per week. Below is what Michael's pension would have been before the changes and what it is under the new rules.

	Before Jan '11	After Jan '11
Benefit percentage for 1,768 contr:	60%	55%
Best 3-year AIW per week	\$318	N/A
Best 5-year AIW per week	N/A	\$325
Monthly benefit	\$827	\$775

But while Michael's pension has been slightly reduced, he can be assured that every two years his pension will be adjusted for inflation. Prior to 2010, pensioners could not anticipate automatic pension adjustments.

D. EARLY RETIREMENT BENEFITS

- Change the reduction factors applied to Retirement Benefit awarded prior to age 65 from 4% for every year below age 65, to 7/12% for each month below age 65 years.

The normal age at which Retirement Benefits start is 65 years. However, National

January 2011, cont'd

Insurance offers flexible rules that allow the pension to be awarded to someone as young as age 60 years, once the person is either fully retired or, if still working, earning less than 50% of the wage ceiling.

To ensure that there is fairness in the amount paid regardless of the age at which the pension starts, pensions payable before age 65 are "actuarially adjusted." This adjustment ensures that the decision to take a smaller pension earlier, and thus receive it for more years, has similar value to waiting until age 65 for the full pension and receiving it for fewer years. The current 4% per annum reduction is extremely advantageous to those taking pensions early and is costly to the Fund. 7/12% per month prior to age 65 is a more appropriate reduction factor and is the rate recently adopted by the Canada Pension Plan.

Example:

Jennifer celebrated her 60th birthday six months ago. She is no longer employed and is trying to decide whether or not she should claim a reduced Retirement Benefit now or wait until age 65 to claim her unreduced pension. Just like Michael in the previous example, she has contributed all of her working life and her pension at age 65 would be \$500 per month.

At age 60 years and 6 months, Jennifer is 54 months away from her 65th birthday. Therefore, if she elects to have her pension start at age 60½, the monthly pension will be reduced by 31.5% - 54 months x 7%/12. This would make her actual pension \$342.50 per month.

If instead she waited until her 63rd birthday to start receiving the benefit, her pension would be reduced by 14% (24 months x 7%/12) and would be \$430 per month.

E.a Survivors Benefit

- *Allow widows and widowers to receive both their Retirement (or Invalidity) benefit and a portion of the Survivors benefit after the death of a spouse.*

Under current rules, a surviving spouse cannot collect both a retirement pension and a survivors pension. Instead, only the higher of the two benefits is payable. Under these rules, it is possible for household income to fall by more than 50% when one spouse dies.

Effective January 2011, widows and widowers will be able to receive their Retirement (or Invalidity) Benefit plus one-half of the Survivors Benefit that would have been payable had he/she had no entitlement to another pension.

Example:

Mr. and Mrs. Johnson are both receiving Retirement Benefit - \$700 per month to Mr. Johnson and \$400 per month to Mrs. Johnson. Under current rules, if Mr. Johnson dies, his widow may be entitled to a Survivors Benefit, but only if that pension is larger than her Retirement Benefit. She cannot get both. In this instance, the Survivors Benefit, which is 50% of the deceased's pension, would be \$350 per month - less than the \$400 per month that Mrs. Johnson now receives in her own right. She will continue to receive her \$400 Retirement Benefit.

With the changes in January 2011, Mrs. Johnson will be able to keep her \$400 pension, plus she will receive an additional \$175, which is one-half of what the Survivors Benefit would have been (\$350). In total, Mrs. Johnson will receive \$575 per month instead of only \$400 per month.

It must be noted that there will be no retroactivity with the new additional pension. Persons who now receive the higher

of the two benefits will have to submit a claim when the amendment takes effect beginning January 2011. They will be paid from the point of claim onward, so long as they continue to qualify.

E. b Survivors Grant

- *Pay a one-time grant to widows and widowers who are ineligible for a Survivors pension.*

Following the death of a spouse, only some widows and widowers qualify for the Survivors Benefit. To qualify, the widow or widower must either:

- a) have children under the age of 16, or 21 if still in school,
- b) be over the age of 40 and not employed, or
- c) be under the age of 40 and working for less than half of the insurable wage ceiling (\$200 per week under current rules; \$250 under new rules).

For widows and widowers who do not meet any of the above criteria, no benefit is awarded.

Given that the deceased may likely have been employed and contributing to the upkeep of the household, provisions have been put in place for the widow or widower to receive a one-time payment equal to 12 months worth of pension payments that would have been payable to the deceased had he/she qualified for a pension. In all cases, the deceased person must have made at least 150 contributions.

continued on next page >

ARE YOU VERIFIED?

If you were born in May or November, you're due for verification this month. Failure to be verified as indicated will result in the suspension of your pension payments.

Survivors Grant, cont'd

Example:

Mr. and Mrs. Smith have been married for 2 years and have no children. Mrs. Smith dies in February 2011 at the age of 29. She had contributed to NIB for 7 years. Mr. Smith is employed, earning more than \$400 per week.

Even though Mrs. Smith contributed for more than 3 years, her husband's income and the fact that they had no children, disqualifies him from receiving Survivors Benefit. However, because of the change in Survivor Benefit rules that will take effect in January 2011, Mr. Smith will receive a one-time grant, the amount of which will be determined as follows:

- ❖ 7 years of contributions provide a benefit % of 22%
- ❖ Mrs. Smith's best 5-year average insurable wage on which she paid contributions was \$400 per week.
- ❖ The maximum Retirement or Invalidity pension she would have been entitled to had she qualified would have been: $22\% \times \$400 = \88 per week or \$381 per month.
- ❖ The grant, which is equal to her pension entitlement for 12 months, would, therefore, be a one-time payment to Mr. Smith of \$4,572.

F. SICKNESS BENEFIT

- *Award claims for Sickness Benefit only if the claimant is currently employed on the day of, or day prior to the onset of the illness.*

Social Security benefits are intended to replace income lost due to one of many contingencies that result in the worker having to either temporarily or permanently stop work. Eligibility conditions for Sickness Benefit require that the claimant be incapable of work due to illness. To date, claimants who are not employed at the time of the illness can be awarded Sickness Benefit if they meet the contribution conditions. This goes against the main purpose of the benefit which is intended to replace lost income. Also, with the new unemployment benefit, persons can now receive income-replacement once they lose their job, and so Sickness Benefit should only be paid if illness results in their actually losing employment income.

G. SICKNESS, MATERNITY, UNEMPLOYMENT AND INJURY BENEFITS

- *Change the daily rate of payment for each of these four benefits to the weekly rate divided by 5 instead of the weekly rate divided by 6.*

Most workers in The Bahamas now have a 5-day work week. Since 1974, National Insurance has assumed a 6-day work week. As a result, where benefits are payable for a portion of a week, the daily rate is one-sixth of the weekly rate. To bring National Insurance benefits more in line with actual working patterns, the daily benefit will be changed to one-fifth of the weekly rate. This change will have little effect on the amounts payable for Maternity Benefit and Unemployment Benefit which are usually paid for several weeks. For Sickness Benefit and Injury Benefit, however, claim payments could be slightly larger or smaller depending on the length of time off from work, the claimant's usual days off from work and the day on which the benefit is first payable.

Example:

Shawn makes \$400 per week and will be off from work for 8 working days due to illness, starting on Wednesday. He usually works Monday to Friday and has weekends off. The weekly Sickness Benefit is 60% of \$400 or \$240 and thus the daily rate would be \$240 divided by 5 or \$48.

The first three days of the claim (Wednesday to Friday) are waiting days and thus are excluded. As a result, Sickness Benefit will be paid for five days – Monday to Friday of the next week. The total amount payable would be \$240.

Had Shawn been off sick for only 5 working days (returns to work on Wednesday), he would be paid Sickness Benefit for 2 days – Monday and Tuesday. In this case, the amount payable would be \$96.

H. UNEMPLOYMENT BENEFIT

- *Reduce the number of waiting days for Unemployment Benefit from 15 days to 3 days.*

For the recently introduced Unemployment Benefit the waiting period is 15 days. This is much longer than the 3 days for Sickness and Injury benefits. With the more stringent requirements for Unemployment benefit that came into force on June 1,

Unemployment, cont'd

2010, and the new requirement that one must be employed to receive Sickness benefit, reducing the waiting period for unemployment to 3 days will provide a quicker replacement of lost income for workers who involuntarily lose their jobs.

I. SELF-EMPLOYED PERSONS

- *Extend coverage for all benefits, except Unemployment Benefit, to all self-employed persons*
- *Increase the contribution rate for those self-employed persons not currently eligible to receive Industrial benefits from 6.8% to 8.8%.*
- *Require that all self-employed persons must be up-to-date with their contributions in order to qualify for Industrial benefits.*

Under the current rules, only a few classes of self-employed persons are eligible for Industrial Benefits – *Class B*: share fishermen, licensed straw, fruit and vegetable vendors, and taxi drivers who own their vehicles and are licensed to ply them for hire. Every other self-employed person is categorized as *Class A*, which means that most of the more than 25,000 self-employed persons in The Bahamas are currently not entitled to any benefits if injured in the course of performing their trade.

As of January 2011, Self-Employed Persons in *Class A* will be included in the coverage for industrial benefits; consequently, all self-employed persons will be covered. Industrial benefits are:

- ❖ *Injury Benefit* – which replaces a portion of income lost when a worker is off from work temporarily because of an industrial injury or disease. It is similar to Sickness Benefit, but is paid at a slightly higher rate with no contribution

condition.

- ❖ *Medical Care* – Reimbursement or payment of reasonable medical costs associated with treating job-related injuries or diseases.
- ❖ *Disablement Benefit or Grant* – Lifetime pension or one-time payment depending on the severity of the injury and the loss of bodily function.
- ❖ *Death Benefit* – A monthly payment to dependent survivors where death occurs as a result of a job-related accident. It is similar to Survivors Benefit, but is paid at a higher rate with no contribution conditions.
- ❖ *Industrial Funeral Benefit* - A one-time grant paid to the person who pays or is liable to pay the funeral expenses of the worker killed in an industrial event. Unlike the general Funeral Benefit, there is no contribution condition.

As stated, there are no contribution conditions attached to qualifying for Industrial Benefits. This means that a worker who just reported to a new job, is covered for Industrial benefits from his/her first day. Regarding contributions for an employed person, the obligation to contribute rests with the employer and so NIB does not deny claims because the employer is late in submitting the C-10 and their monthly contributions.

Self-employed persons are different as they pay their own contributions. So, to eliminate the payment of industrial benefits in cases where a self-employed person gets injured while working and then decides to contribute after the accident in order to qualify, a new requirement is being put in place to ensure that the self-employed person must be no more than 60

days behind on their contributions at the time of the injury. Additionally, the self employed person must be registered with National Insurance in the occupation in which he was injured.

Example

Jennifer is a self-employed interior decorator and makes contributions on a declared wage of \$300 per week. She has paid contributions up to March 2011. On August 5, 2011 she falls from a ladder while hanging curtains for a client. She sustains injuries to her right leg and right shoulder and seeks medical treatment. Her hospital bill is \$750. She has two follow-up doctors visits for which she has to pay \$150. The doctor indicates that she should not perform any work for one month.

At the time of her accident - August 5, 2011 - Jennifer was 3 months behind on her contributions – April, May and June. Although July has passed, these contributions are not considered late until August 16.

Contributions for April are due on or before May 15, and so on August 5, contributions for April are 82 days late. As a result, Jennifer cannot qualify for Industrial benefits and thus will have to pay her \$900 medical bills. Had she paid contributions up to May 2011, she would have received the following benefits from NIB:

- \$900 to cover her medical bills, and
- Injury Benefit of \$200 per week for the period that she is unable to work.

Increased contributions for *Class A*

Expanding the number of available benefits to the majority of self-employed persons requires an increase in the contributions they pay. For *Class A*, who now pay 6.8% of declared wages, the new contribution

Unemployment Benefit, Cont'd

rate will be 8.8%. This 8.8% rate will now apply to all self-employed persons.

The following table gives an example of current and future monthly contributions for Self-Employed persons who now pay at the lower 6.8% rate and who are not covered for Industrial benefits.

\$1,733.00 Per Month	
Before Jan '11 Contributions 6.8%	After Jan. 2011 Contributions 8.8%
\$117.84	\$152.50

J. ASSISTANCE PENSIONS

- *The means test or test-of-resources by which one's eligibility for an Assistance pension is assessed, will be strengthened to include financial assets, real estate other than the dwelling home.*

To reduce poverty among the elderly, invalid and widowed, the National Insurance Board pays Assistance or non-contributory pensions to persons who are poor and who did not make sufficient contributions to qualify for a contributory pension. Many of these persons should have contributed but for various reasons never did. Assessment of means has, to date, taken into consideration only the applicant's portion of household income. As a result, there are recipients of Assistance pensions who own land, stocks and bonds and have cash in the bank.

To ensure that only persons who are truly poor receive Assistance pensions, the means test is being expanded to include cash, financial assets and real estate that exceed 5 times the annual amount of NIB assistance for which the claimant is benefi-

cial owner. However, the residence in which the applicant lives will not be factored into the equation. This change will apply to both new applicants for Assistance pensions and to those who are currently receiving non-contributory pensions.

K. VOLUNTARY CONTRIBUTIONS

- *Require that persons who wish to apply to make voluntary contributions must have previously paid at*

least 500 weekly contributions.

Insured persons who stop working but wish to continue contributing to enhance their future pension can apply to contribute as a Voluntary insured person. This new requirement will ensure that persons who elect to pay as a Voluntarily insured person have already qualified for a Retirement pension and just seek to enhance this pension with additional contributions.

Changes taking effect July 2011

L. WORKERS IN THE HOSPITALITY SECTOR

- *National Insurance contributions will be paid on base wage as well as gratuities earned and benefits will be determined based on the higher wages on which contributions were made.*

Workers in hotels and restaurants who are paid a base wage by the employer and who receive gratuities that are assessed on meals and hotel stays, currently only pay NIB contributions on their base wage, so their NI benefits are relatively small compared to their usual take home pay. Effective July 2011, these workers will contribute on their full earnings (base wage plus formally paid gratuities) up to the wage ceiling of \$500. Gratuities referred to above only include those included in pay cheques.

Contributions for workers partly remunerated by gratuities shall be as follows:

- ❖ Employer: 5.9% of base wage
- ❖ Employee: 3.9% of base wage + 9.8% of gratuities that when added to base wage, are less than or equal to the wage ceiling

Once these workers begin to contrib-

ute on gratuities, the benefits to which they will be entitled will be higher.

Example:

Roscoe is a 62-year old waiter at a leading hotel. While he makes a modest base wage of \$200 per week, he usually makes between \$400 and \$500 per week in gratuities from the 15% gratuity added to all guest bills. He also receives up to \$300 per week in cash tips left by guests who appreciate the great service he provides.

Currently, Roscoe and his employer only pay contributions on the base wage of \$200. If Roscoe gets sick or chooses to retire now, his benefit would be based on \$200 per week - well below his regular take-home earnings. Starting July 2011, Roscoe will be required to pay contributions on a portion of the gratuities he receives in his weekly pay cheque.

Contributions by employer:

5.9% of \$200

Contributions by Roscoe:

3.9% of \$200 + 9.8% of \$300

With contributions being paid on a larger insurable wage, if Roscoe has to take off from work due to illness, his weekly benefit would be 60% of \$500 instead of the current 60% of \$200.

July 2011, cont'd

M. PENSIONABLE CIVIL SERVANTS

- *National Insurance contributions will contribute in the same manner as other employed persons.*

Since 1984, permanent and pensionable civil servants contribute less to NIB than other employed persons. Currently, instead of paying 9.8% contributions on all wages up to the wage ceiling like other employed persons, they contribute 9.8% on the first \$110 per week and less on insurable wages from \$110 per week to \$400. The lower contribution on insurable wages above \$110 per week is due to the fact that their ceiling on insurable wages for pension purposes has been fixed at \$110 per week since 1984. As a result, pensionable civil servants contribute less and receive smaller Retirement, Invalidity and Survivors pensions. The largest Retirement pension awarded to a 65-year old pensionable civil servant is \$286 per month compared with \$942.50 per month for other workers.

Going forward as a result of the changes, pensions for pensionable civil servants who will make contributions at the regular rates will be based on a weighted average of insurable wages made in the current and new classes of coverage. The Retirement pensions of current pensionable civil servants will increase gradually as the number of years of contributions as a regular contributor increases.

Are Your N.I. Contributions Paid?

Visit your nearest NIB Local Office today to collect your Contribution Statement. It's pays to be sure.

Pension Payments this month

Pension cheques for the months of **November and December 2010** will be deposited to banks, and will be available at relevant Local Offices in the Family Islands by Friday, November 26 at the usual times and places. Increases and adjustments arising out of the July 2010 amendments to the Benefits Regulations will be reflected in the November 26 pension payment period.

The National Insurance Board apologizes for any inconvenience caused by the delay in payments.

Pension Payments 2011

Month	Bank Deposit
January	Tuesday, 18th
February	Tuesday 15th
March	Tuesday 22nd
April	Tuesday 19th
May	Tuesday 17th
June	Tuesday 21st
July	Tuesday 19th
August	Tuesday 16th
September	Tuesday 20th
October	Tuesday 18th
November	Tuesday 22nd
December	November pay date

*Cheques for December 2011 will be issued during the November pay period which begins November 22, 2011

Pay Contributions on Time!

Contributions from employers and self-employed persons are due at the end of each month and must be made within 15 days of the month they become due. Interest is automatically applied to late payments. If you've not yet paid contributions for October 2010, you're late and you will be charged interest.

Helpful Hints

In completing the C-10 form, please ensure that:

- ⇒ all columns are completed and totalled correctly;
- ⇒ completed Registration Forms (R4) have been sent in for all employees without Registration numbers;
- ⇒ C.10s are signed by authorized persons;
- ⇒ the amount of the cheque or cash equals the total on the C.10 Form; and
- ⇒ The following are clearly stated: Street address; P. O. Box number; Phone number; and E-mail address.

For more information on any aspect of contributions or compliance, please call 502-1630 or 502-1692.

NIB Recognizes Long Serving Staffers at Gov't House

On Tuesday, November 16, 2010, the National Insurance Board (NIB) held its annual Long-Service Awards Ceremony at Government House to recognize staffers who reached (long) service milestones in 2010. Among those being recognized were seven retirees; two 10-year honourees; 12 20-year honourees; eight 25-year honourees; and three 30-year honourees. Recognized for long-service milestones to the social security programme and to the people of The Bahamas were:

10 Years: Kim Russell, Senior Clerk in the Freeport Local Office; and William Scavella, Clerical Supervisor III, in the Purchasing, Stores and Auxilliary Services Department.

20 years: Gail Carey-Gay, Assistant Manager, Information Technology Department; Lucinda Cooper-Petsch, Local Office Manager, Gray's Local Office, Long Island; Therese Farrington, Senior Claims Officer, Cat Island Local Office; Ellouise Gibson, Senior Clerk, Simm's Local Office, Long Island; Shellyn Ingraham, Executive Secretary, National Prescription Drug Plan; Kevin Knowles, Manager, I.T. Department; Heather Maynard, Legal Officer; April Miller, Senior Inspector, Compliance Department; Learlean McIntosh-Cornish, Family Island Local Office Supervisor, Cooper's Town Local Office, Abaco; Whitney Patton, Chief Internal Auditor; Sheryl Rahming, Assistant Internal Auditor; and Nadine Rolle, Senior Claims Officer, Marsh Harbour Local Office;

25 Years: Julia Barry, Senior Claims Officer, Occupational Health & Safety Unit; Una Burrows, Senior Clerk, Pension Verification; Dennis Burrows, Executive Officer, NPLO Inspectorate; Elvera Newbold-Riley, Senior Clerk, Fresh Creek Local Office; Lana Kelly, Local Office Manager, Spanish Wells and Harbour Island Local Offices; Pleasant Hanna, Senior Clerk, Pension Verification Unit; Bernadette Pratt, Senior Clerk, Nicholl's Town Local Office, Andros; and Erma Stevens, Operator, Purchasing, Stores and Auxilliary Services Department.

30 years: Barbara Seymour-Fox, Senior Claims Officer, Inagua Local Office; Maxine Williams-Clarke, Senior Claims Officer, NPLO Claims Department; and Philip Smith, Technician II, Facilities Department

Those who retired or are retiring in 2010 were:

Bowleg, Janet, Senior Assistant Manager; Bernal Bullard, Senior Inspector; Addington "Bud" Cambridge, Senior Assistant Manager; Brian Knowles, Senior Clerk; Doriemae Oliver, Janitress; Roselyn Rolle, Senior Manager; and Deidre Thompson, Senior Clerical Supervisor.



Top: The Honourable, Sir William Allen, Deputy Governor-General gave the keynote address to honourees at NIB's Annual Long-Service Awards held at Government House on November 16. He is pictured along with the Honourable Zhivargo Laing, M.P., State Minister in the Ministry of Finance, NIB Director Algernon Cargill and other executives of the National Insurance Board, and a group of honourees.

Tune in to NIB live T.V. & Radio "Town Meetings"

Tune in to ZNS TV 13 or 1540 radio on Tuesday, November 22 at 8pm, and to 1540 radio at 8pm on Wednesday, November 23 and Thursday, November 24, as NIB leads the discussion on the changes contained in the 2010 Amendments to the National Insurance Benefits and Assistance Regulations. Hear how the changes will affect you from NIB representatives, Derek Osborne, Consultant Actuary, Gregory Collie, Senior Manager-Compliance, and Pandora Butler, Public Relations Officer.

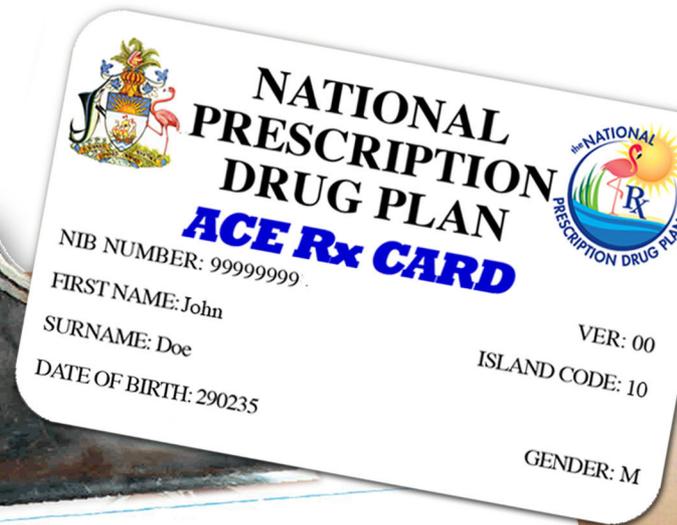
Insurance executive Keith Major will host the live broadcasts.



The NATIONAL
PRESCRIPTION DRUG PLAN'S
ACE PRESCRIPTION

Cardholder's Checklist

Before going to a participating pharmacy
check to ensure that:



Follow these
guidelines to
ensure a smooth
process at the
Pharmacy

**Your Prescribed Medicine Is On The
National Prescription Drug Plan Formulary**

The NPDP formulary (list of drugs) consists of 165 prescription drugs and medical supplies for eleven chronic conditions only, namely arthritis, asthma, breast cancer, diabetes, glaucoma, high cholesterol, hypertension, ischaemic heart disease, major depression, prostate cancer and psychosis. Ask your doctor if your drug is on the formulary. If the drug you are using is not on the formulary ask your doctor if he or she can prescribe an alternative that is on the formulary. Physicians have been provided with copies of the formulary and the formulary can also be found at www.nibdrugplan.com.

**All Your Conditions Have Been Certified By
A Licensed Physician**

Prescriptions will only be filled for conditions that have been certified by a licensed physician. For example, if you have been certified for hypertension but not for glaucoma, the participating NPDP pharmacies can only fill your prescriptions for hypertension medication but not for glaucoma medication. In order to receive medicine for glaucoma you must have your eye doctor fill out a "Change of Information" form. This form can be obtained from NIB offices, clinics, doctors' offices and the Drug Plan's website. Once the form has been filled out the beneficiary must return the form to NIB or the Drug Plan Office at Wulff Road for processing. Within 48 hours the beneficiary should be eligible to have prescriptions filled for the new condition (s). The list of approved physicians who are authorized to prescribe medicine for the National Prescription Drug Plan can also be found at www.nibdrugplan.com.

**All New Conditions Have Been Certified By
A Licensed Physician**

If you have been diagnosed with a new condition since you originally registered for the Drug Plan and that condition is covered by the plan you must submit a "Change Of Information" form to NIB or the Drug Plan Office at Wulff Road in Nassau. This form can be obtained from NIB offices, clinics, doctors' offices and the Drug Plan's website. Once the form has been filled out the beneficiary must return the form to NIB or the Drug Plan Office for processing. Within 48 hours the beneficiary should be eligible to have prescriptions filled for the new condition (s).

**Your Doctor's Name Is Written Clearly On
Your Prescription Or Medication For Refill**

The NPDP's computerized system requires a doctor's name in order to process a claim. If your prescription is being issued by a doctor at a public hospital or clinic you must ensure that the doctor has written and stamped his or her name clearly on the prescription as the system will not accept DR. PMH or the name of a clinic. All medications for refill that were previously prescribed by physicians at public hospitals and clinics must also be stamped with the prescribing physician's name.

**Your Doctor Is Authorized To Prescribe Your
Medication**

Certain medications can only be prescribed by specialists, for example, medications to treat breast cancer can only be prescribed by an oncologist. A prescription written by a general practitioner or a cardiologist for a drug to treat breast cancer will not be filled.

**You Are Carrying Your Ace Prescription
Card With You.**

Your Ace Prescription Card identifies you as a beneficiary of the National Prescription Drug Plan and will enable you to access the benefits of the Plan. ACE Prescription Cards can be collected from NIB Headquarters at the Sir Clifford Darling Complex, Blue Hill Rd. and NIB offices in Grand Bahama and The Family Islands Mondays through Fridays between the hours of 9 a.m. and 4 p.m.

OR

**You Have Authorized A Designated
Individual To Collect Medication On Your Behalf.**

If you are unable to personally collect your own medicine you can designate an individual to collect it for you. To do this simply obtain a B6 form from NIB, complete it and take it to the participating pharmacy of your choice or write a letter of authorization to the pharmacy that identifies the person who will collect your medication. This person should present your card and a valid photo ID when visiting the pharmacy to have your prescriptions filled.

THE NATIONAL
PRESCRIPTION DRUG PLAN

"Reducing Costs, Increasing Access,
Improving *Health*"

Tel: (242) 356-2032

Toll Free (242) 300-0001

NIB WULFF ROAD LOCAL OFFICE

Tel: (242) 356-2070 | Fax: (242) 356-2026

www.nibdrugplan.com