



Private Occupational Pension Sector Annual Report 2018- 2019



Insurance Supervision Department
BANK OF GUYANA

AIMS OF THE REPORT

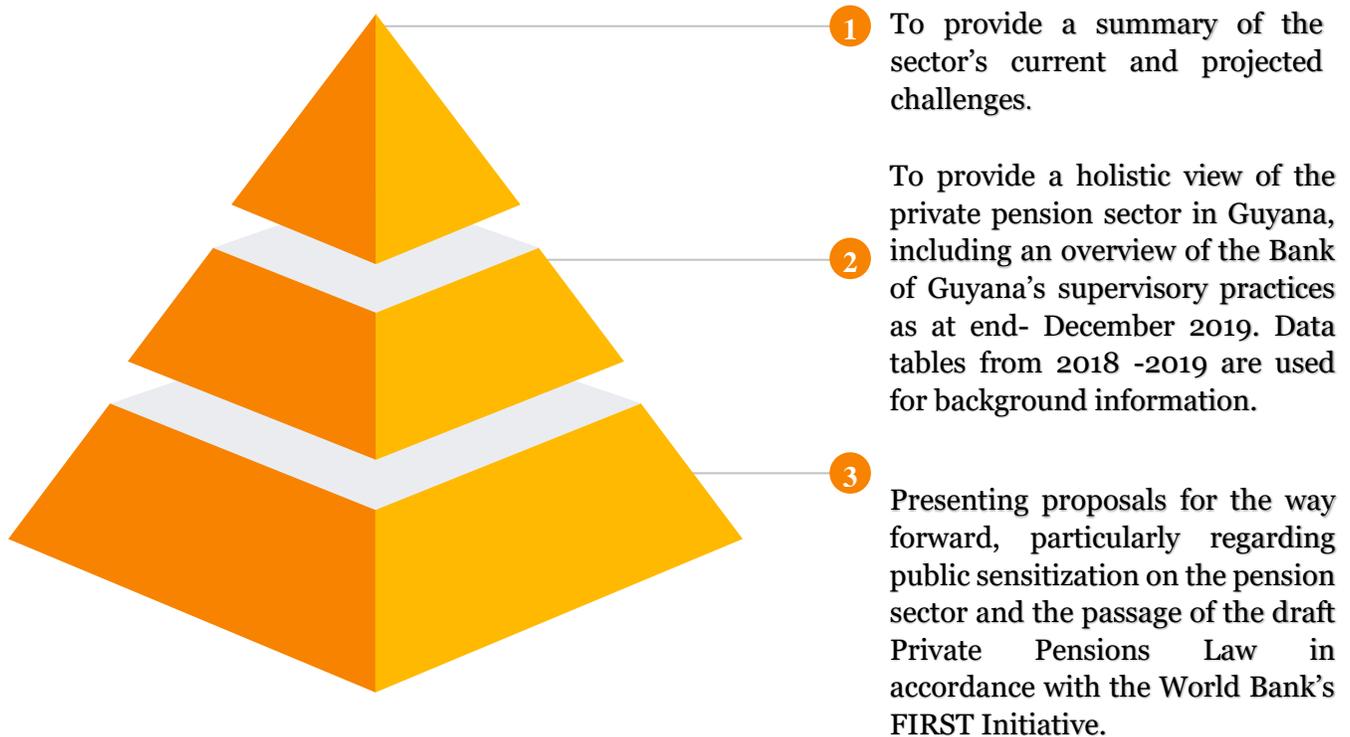




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2. REPORT NOTES AND ABBREVIATIONS

- a. Unless otherwise stated, all dollar values in this report are stated in **millions of Guyana Dollars**.
- b. **Data contained in this report may vary from previously published Annual Reports (2017, 2018) due to a revision of information previously submitted to the Bank.**
- c. The data collection methodology used by the Bank of Guyana's Insurance Supervision Department was enhanced in the year 2015. In addition to annual financial statements and triennial actuarial valuation reports, data was now received on a quarterly basis and more private pension plans began submitting data.
- d. The report also includes sections on micro-pensions and pension literacy within Guyana's private pension system.
- e. Statistics from the Guyana Labour Force Survey 2019 (GLFS) were included in this report to provide some data on the sectorial allocation of the local labour force and categories of employment within the labour force.

ABBREVIATIONS

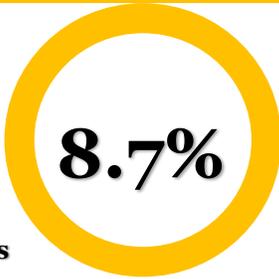
The following abbreviations and acronyms are used throughout the report:

DAC- Deposit Administration Contract	NBFI- Non Bank Financial Institution
DB- defined benefit	NPAP- National Pensions Awareness Programme
DC- defined contribution	OECD- Organisation for Economic Cooperation & Development
GDP- Gross Domestic Product	SA- Self Administered/ managed
GLFS- Guyana Labour Force Survey	SPP- Simplified Pension Plan
LAC- Latin America and the Caribbean	

2019

PRIVATE PENSION SECTOR HIGHLIGHTS

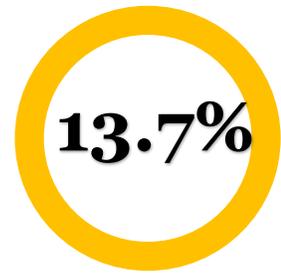
74.6
BILLION
TOTAL ASSETS
(\$)



Pension Assets as a percentage of



Combined Sector Solvency



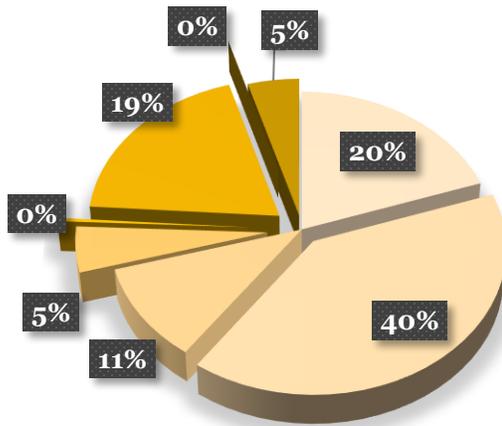
Increase in Total Assets



17,720
MEMBERSHIP

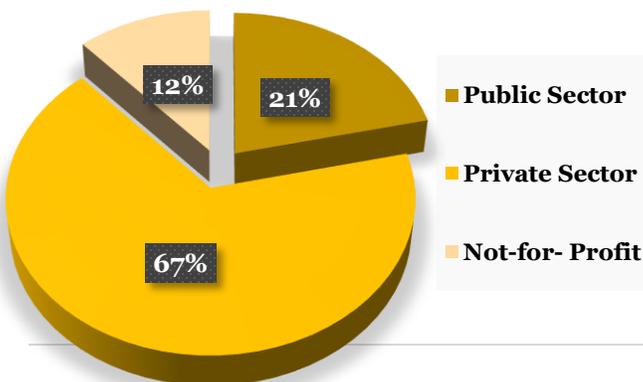


INVESTMENTS 2019

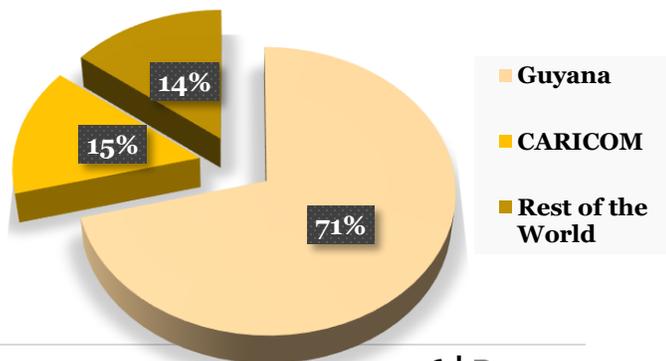


- Cash Deposits
- Stocks and Shares in Companies
- Corporate Bonds & Debentures
- Securities of Governments
- Mortgage Loans and Advances
- Deposit Administration Contracts
- Real Estate
- Other Investments (Mutual Funds)
- Non-invested assets

2019 Sectorial Allocation



Geographical Allocation 2019





4. EXECUTIVE SUMMARY

The assets of 103 reporting private pension schemes totalled \$74.6 billion as at 31 December 2019. This represented a significant increase of approximately \$9 billion or 13.7 percent from the corresponding period of the previous year, reflecting steady growth in total pension assets.

The private pension sector saw its assets increase to 8.7 percent of GDP in 2019, retaining relatively small macro-influence as a sector. In contrast, assets in pension funds exceeded the size of the domestic economy in five (5) countries: Australia (132%), Iceland (167.6%), the Netherlands (191.4%), Switzerland (141.1%) and the United Kingdom (123.3%)¹. The sector also showed its influence as an institutional investor by accounting for 24.4 percent of total assets of NBFIs in 2019.

The issue of limited coverage was one of the key findings to be noted for 2019. The number of reporting plans increased by two (2) - one (1) DB and one (1) DC- to 103 plans. Liquidity risk was also a key concern, as pension funds held a decreased, yet substantial amount of their total assets in liquid form or held investments with maturities within one year. This was reflected by a ratio of 24.6 percent relative to current liabilities.

In 2019, the funding level of private occupational plans improved with an overall ratio of 160.8 percent compared with the funding ratio of 143.9 percent in 2018. The sector yielded significantly small, decreased real rates of return on invested assets in 2019 i.e. 1.2 percent. In particular, investments in private securities and real estate decreased. In 2019, total foreign exposure of pension assets increased from the previous year, but remained within the 30 percent statutory limit. As a percentage of total assets, foreign assets represented approximately 29 percent at the end of 2019; a 54 percent increase from 2018, prompting increased monitoring of foreign investments.

The trend of DC plans becoming increasingly popular among employers was also noted with almost 63 percent of plans being DC. DB plans however, continued to boast higher asset totals accounting for 74 percent of total pension assets. Overall, a positive financial outlook is forecast for the industry, particularly with the passage of new legislation which would allow increased access to more resilient, longer term investments.

A comprehensive law, the Private Pensions Act (draft) is being considered to reform the sector and to mitigate the existing supervisory challenges and poor industry practices. The new law envisages changes that would improve efficiency, sustainability, coverage, adequacy and the security of participants' benefits to ensure that pension plan members have better pensions during retirement.

The Bank is also seeking to undertake a country-wide initiative to tackle pension literacy among Guyanese. The National Pensions Awareness Programme (NPAP) seeks to assist members of the public with their immediate and long term pension literacy and will aim to build trust and improve public confidence in the industry.

¹ Pension Fund in Figures, OECD, June 2020



THE REGULATOR AND SUPERVISORY ACTIVITIES



5. THE REGULATOR AND SUPERVISORY ACTIVITIES

5.1 SUPERVISORY OBJECTIVES

Following the enactment of the Insurance (Supplementary Provisions) Act 2009, the Bank of Guyana-Insurance Supervision Department has served as the regulator of the private occupational pension sector in Guyana, and all supervisory statutes are contained in Part XVI of the Insurance Act 1998.

The 1998 Act encapsulates several areas of regulatory concern including registration and the requirements thereof for all private

pension plans; statutory contents of plan documents; winding -up provisions for private plans and the submission of annual statements pertaining to plans.

Despite current legislation there is still need for regulatory reform, and this was taken into account in the **Bank's Strategic Plan for the period 2018-2022**. The Bank's objectives, target dates and outcomes pertaining to the pension sector for this period were as follows:

Strategic Goal	Projected Timeline	Outcome
1. Strengthen legislative and regulatory framework for pension plans: <ul style="list-style-type: none"> Finalize draft of new Pensions Act. Prepare regulations to implement the new Pensions Act. 	2018-2022	Commenced and ongoing. Two (2) rounds of consultations for the Pensions Act held in strategic period. Regulations currently in draft.
2. Implement an effective and efficient regulatory regime for the pensions sector: <ul style="list-style-type: none"> Develop guidance on the governance and prudential requirements for the pensions sector as per new Pensions Act. Develop and upgrade supervisory tools and techniques such as improved risk-rating tools, on-site supervision and risk based supervision. 	2019-2022	Commenced and ongoing; Revised Quarterly Forms created and implemented First Quarter 2018. Onsite inspection groundwork for the pension sector commenced.

AGEING IN GUYANA

“Guyana will progress at a more moderate pace, and by 2050 they will reach the levels of China today, with 15 percent of their populations over 60 years old.”

- Inter-American Development Bank (IADB): Overview of Aging and Dependency in the Region, May 7, 2018





5.2 REGULATORY CHALLENGES

The local pension industry is experiencing an ongoing predicament, due to many wide ranging constraints. One of the more pressing challenges is the limited regulatory powers resulting from the absence of comprehensive pension legislation. Compliance issues were often flagged by the regulator, however without effective mandatory controls or a penalty regime in place, some were not efficiently resolved.

Local coverage among private plans remained limited due to the system's voluntary nature, where reporting pension plans cover only **7.4% of the total employed labour force, compared with over 40% in ten (10) OECD countries²**. There is insufficient public information relating to the pension sector, also limited regulatory resources pertaining to private pensions, thus contributing to the sector's slow development.

Many private pension plans have lengthy vesting periods, some as many as twenty five (25) years, coupled with limited portability of pension benefits when changing employers. Provisions for same are not included in current legislation. Other challenges plaguing the sector in 2019 included high administrative costs charged by plan administrators, when compared with the lower than expected investment returns. There is room for growth with regards to investment, as opportunities continue to be limited locally compounded by investment

restrictions stipulated in Section 112 of the Insurance Act 1998. These factors would have negatively affected the sustainability and efficiency of some pension plans, and may have contributed to the sector not providing adequate retirement income for some members in 2019.

REGIONAL CHALLENGES

Limited pension coverage is not unique to Guyana, rather is experienced throughout the LAC region and can be attributed to several factors. According to the IDB, these factors include the design and poor performance of pension systems in the region, mainly their mimicry of the European continental systems; the region's inability to create formal employment opportunities; lower income levels compared to developed countries and difficulties in generating long term saving opportunities³.

At present, 11 percent of the inhabitants of the LAC region are over 60 years old, a percentage that still does not amount to what is considered to be an aging population, as in the case of Europe (23.9 percent) or North America (20.8 percent)⁴.

In just three decades, the population of adults over 60 in LAC will be similar to the figures seen today in Europe. **Guyana will progress at a more moderate pace, and by 2050 they will reach the levels of China today, with 15 percent of their populations over 60 years old**

² Pensions at a Glance 2019, OECD and G20 Indicators

³ Better Pensions, Better Jobs, Inter-American Development Bank 2013

⁴ IADB- Overview of Aging and Dependency in the Region, May 7, 2018



5.3 THE PRIVATE PENSIONS ACT (DRAFT)

The Bank was well on its way to achieving its Strategic Plan aims for 2018-2022, as a re-draft of the Private Pensions Act was distributed to industry stakeholders in October 2017 by the Insurance Supervision Department. Public consultation with several key industry stakeholders including plan administrators and sponsors have already been made in 2018 and 2019, and the accompanying regulations are a work in progress.

The current draft is a comprehensive revision of the draft Private Pensions Act produced in 2013, a project undertaken in collaboration with the World Bank through its Financial Sector Reform and Strengthening (FIRST) Initiative. This project was one of several solutions presented by the World Bank to address Guyana's deficiencies in the supervision of non-bank financial institutions amongst other regulatory shortcomings. The 2013 draft was also presented to several industry stakeholders and was consensual, however it was never made into law. The revised draft contains twenty one (21) comprehensive Parts and is a major improvement to the minimal requirements contained only Part XVI of the Insurance Act 1998. It makes expansive statutory provisions for every faction of the sector's activities requiring supervision.

Key features of the proposed legislation include an effective penalty regime; improved portability provisions, which would allow members to transfer accumulated benefits from one pension plan to another with the aim of having all monies from successive employers consolidated into a final plan at retirement. The new Act also aims to reduce vesting periods, a provision that will enhance individual retirement savings through earlier access to both employer and employee contributions. Enhanced transparency within pension plans' operations will also be an expected outcome of the proposed legislation, with features such as annual benefit statements and general meetings, giving way to a more inclusive and transparent process for all pension plan stakeholders.



PENSION PLANS AND MEMBERSHIP



6. PENSION PLANS AND MEMBERSHIP

6.1 PENSION PLANS

There were one hundred three (103) private pension plans reporting to the Bank on a quarterly basis, as at December 31, 2019. Thirty eight (38) of these plans were classified as defined benefit (DB) and sixty five (65) are defined contribution (DC). The plans collectively covered 17,720 members and were managed by five (5) licenced life insurers, two (2) trust companies and two (2) plans were self- administered by their respective sponsors.

TABLE 1: PENSION PLAN MEMBERSHIP (2018-19)

YEAR	2018		2019	
	Number of Members	Percentage of Total Membership %	Number of Members	Percentage of Total Membership %
Number of Reporting Plans	101		103	
TOTAL MEMBERSHIP	17,181		17,720	
Active	13,903	81	14,591	82
Deferred	312	2	128	1
Pensioners	2966	17	3001	17
Members in DB Plans	10,416	61	9,555	54
Members in DC Plans	6,765	39	8,165	46
Pension Coverage*	5.75%		7.41%	
Annual Membership Growth Rate	1.73%		3.14%	

Source: Insurance Supervision Department, Bank of Guyana

*Coverage specifies the ratio of private pension coverage to that of the total labour force according to the GLFS Q4 2019



Membership growth increased significantly by 3.1 percent between 2018 and 2019. The increase could be attributed to more reporting plans providing updated membership data as at the end of the annual reporting period, where this was not previously done.

FIGURE 1:

PENSION PLAN MEMEBRSHIP 2018-2019

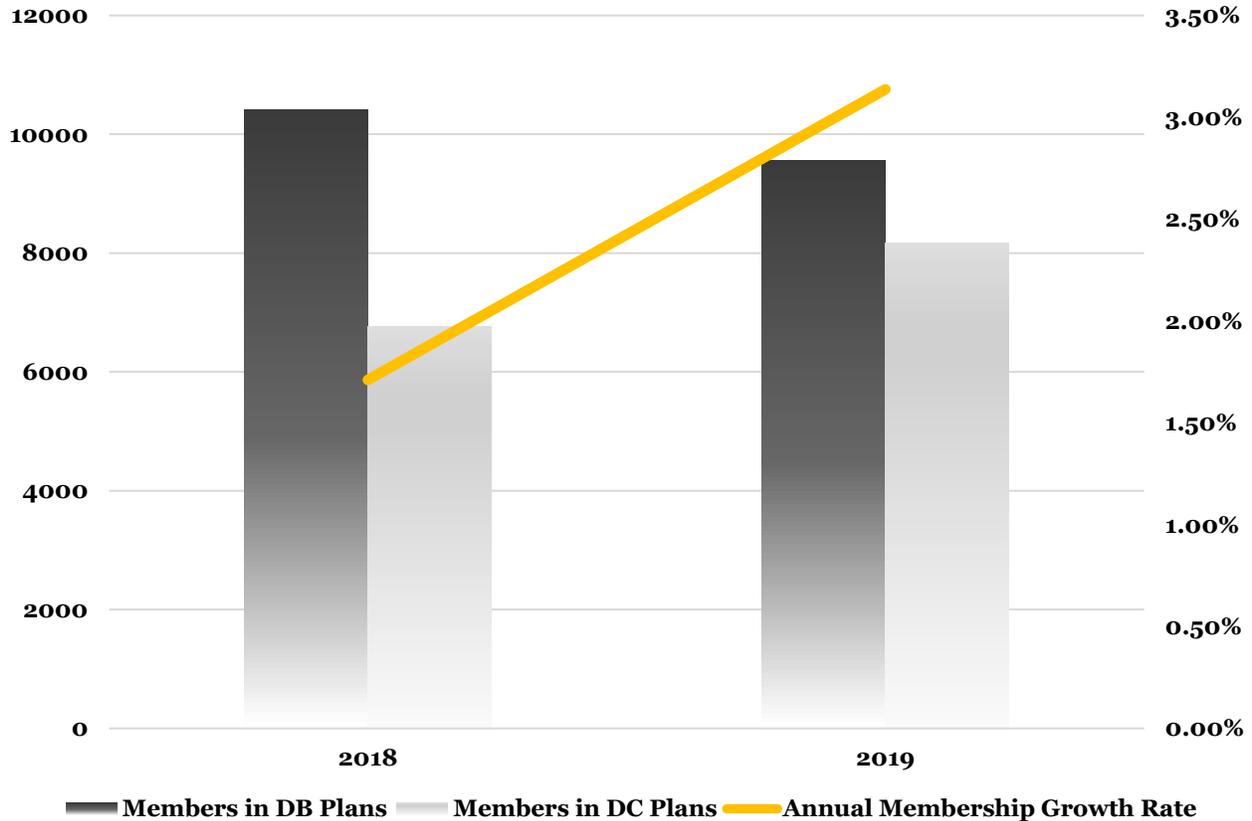


Source: Insurance Supervision Department, Bank of Guyana.

Defined benefit (DB) plan membership was significantly greater than that of defined contribution (DC), where DB membership accounted for more than half of total membership in both 2018 and 2019. Historically, despite having a fewer number of DB plans, these pension plans have a greater combined membership than DC plans for the same period. From 2014 to 2019, there has been a noticeable shift in sponsoring employers opting to offer DC pension plans in lieu of DB plans. This is due to the significantly reduced liability for the sponsoring employer of a DC plan, wherein pension benefits are not determined using a formula but are based on both employer and employee contributions.



**FIGURE 2:
DB vs DC PLAN MEMBERSHIP 2018-2019**



Source: Insurance Supervision Department, Bank of Guyana.

Growth in the number of private pension plans remained relatively stagnant for the period, thus contributing to the limited overall coverage of the private pension sector. The 3.14 percent increase in total membership from 2018-19, was due to reporting plans gaining a combined total of 713 members between December 2018 and 2019. Membership increases were mainly attributed to the larger DC plans, particularly those in the manufacturing and ‘other’ services industries.

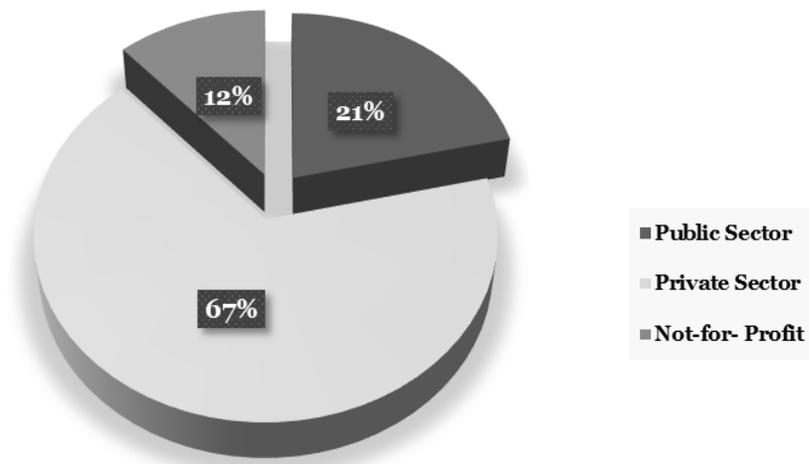


6.2 REGISTRATION AND COVERAGE

During the period 2018- 2019, four (4) plans were registered, three (3) initiated winding up proceedings and two (2) plans expressed interest in being wound up. As at December 2019, there were forty four (44) active and registered plans, thirty seven (37) active and unregistered plans and twenty two (22) plans were classified as unregistered and inactive, however still held assets to be paid out at a later date.

The private sector accounts for approximately 67 percent of the employed labour force⁵, wherein only 7.4 percent of the total employed population is accounted for in all private pension plans.

**Figure 3:
2019 Sectorial Allocation of the Total Labour Force**



Source: Guyana Labour Force Survey 2019, fourth quarter

⁵ Guyana Labour Force Survey, 2019 Q4, Bureau of Statistics



ASSETS AND ASSET ALLOCATION



7. ASSETS AND ASSET ALLOCATION

7.1 MACRO- INFLUENCE OF THE PRIVATE PENSION SECTOR

Given that the majority of the Guyanese labour force is employed within the private sector, the private pension industry could be a significant source of retirement income for many Guyanese. In contrast, large old age dependency ratios worldwide continue to put pressure on publicly funded pension systems. Governmental pension spending in advanced economies is projected to rise to 4-5 percent of GDP over the next 20 years⁶ and in Guyana an amount of \$13.2 billion was allocated for Old Age Pensions or 72 percent of the Ministry of Social Protection’s 17.7 billion budget in 2019.⁷

TABLE 2: Macro-Influence of Private Pensions 2018-2019

	2018	2019
	%	%
Pension assets as a percentage of GDP (%)	8.3	8.7
Pension assets as a percentage of total financial assets (%)	6.6	7.1
Pension assets as a percentage of total NBFIs (%)	23.9	24.4

Source: Insurance Supervision Department, Bank of Guyana

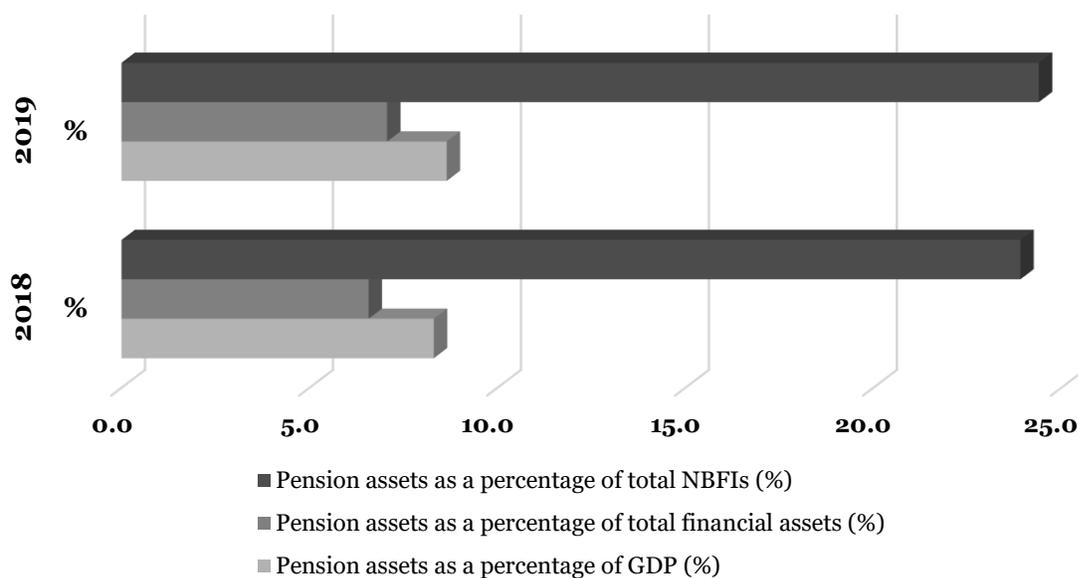
⁶ ‘From Red to Gray’, Chapter 4: Aging and Pension Expenditures, World Bank Group 2007

⁷ Estimates of the Public Sector for 2019 Volumes 1, Ministry of Finance



FIGURE 4:

**MACRO-INFLUENCE OF PRIVATE PENSIONS
2019**



Source: Insurance Supervision Department, Bank of Guyana

The private pension sector saw its assets increase from 8.3 percent in 2018 to 8.7 percent of GDP in 2019, retaining relatively small macro-influence as a sector. The industry showed its influence as an institutional investor by accounting for 24 percent of non- bank financial institution (NBFI) assets and 7.1 percent of total financial assets. With the impending passage of the Private Pensions Act, there is some expectation of more efficient and robust pension plans, along with more flexible limits on overseas investments thus creating more investment opportunities for pension plans.



7.2 TOTAL ASSETS OF REPORTING PENSION PLANS

The total assets of 103 reporting private pension schemes totalled \$74.6 billion as at December 2019. This is a significant increase of approximately \$9 billion or 13.7 percent for the corresponding period of the previous year which reflects steady growth in total pension assets. This growth can be attributed to a combination of factors which include an increase in the total number of reporting private plans and increases in total investment values throughout the same period.

7.3 ALLOCATION OF PENSION FUND ASSETS

7.3.1 ALLOCATION BY REGISTRATION STATUS

Approximately 74 percent of total private pension assets belonged to registered pension plans, as at December 2019. Unregistered plans in comparison accounted for approximately 24 percent of total private pension assets, however there were fluctuations in the asset growth trend of the unregistered plans.

The 18.8 percent increase in assets of unregistered plans can be attributed to the increased number of new reporting plans that had not yet submitted applications for registration. These plans had a combined asset total of approximately \$1.6 billion at end- December 2019.

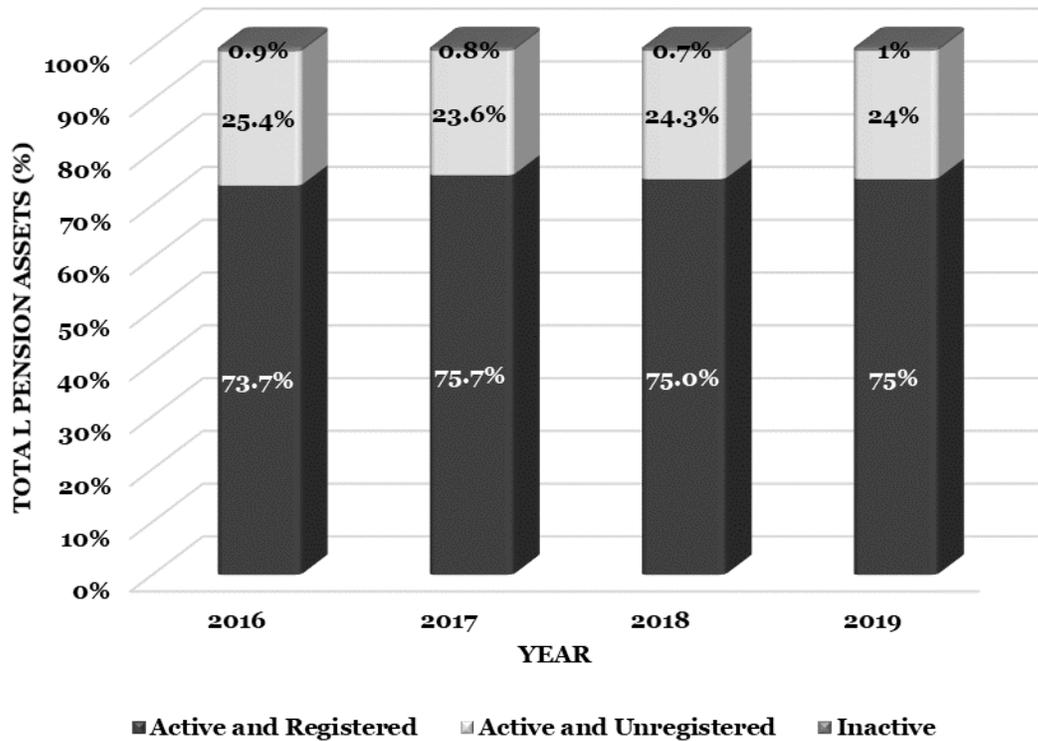
TABLE 3: PENSION PLAN ASSETS BY REGISTRATION STATUS 2018-2019

G\$ millions	2018	2019
No. of Reporting Plans	101	103
Total Assets	65,625	74,628
Active and Registered	49,195	55,183
Active and Registered/ Total Assets (%)	75.0%	73.9%
Active and Unregistered	15,950	18,959
Active and Unregistered/ Total Assets (%)	24.3%	25.4%
Inactive	481	485
Inactive/ Total Assets (%)	0.7%	0.7%

Source: Insurance Supervision Department, Bank of Guyana



**FIGURE 5:
PENSION ASSETS BY REGISTRATION STATUS 2016-2019**



Source: Insurance Supervision Department, Bank of Guyana

7.3.2 ALLOCATION BY PLAN TYPE:

Defined benefit vs. Defined contribution

Defined benefit (DB) portfolios continued to outweigh those of the Defined contribution (DC) type, with higher overall asset totals. This is mainly attributable to larger DB plan memberships and longer asset retention periods given the historical prominence and lengthy vesting periods commonly occurring in these plans. Defined contribution plans however, recorded higher growth rates, given that they are becoming increasingly popular amongst employer sponsored plans.



TABLE 4:
DB vs DC ANNUAL GROWTH 2018-2019

G\$ millions	2018	2019
DB Assets	57,734	65,523
DB Asset Allocation (%)	88.0	87.8
DB Growth (%)	24.9	13.5
DC Assets	7,891	9,105
DC Asset Allocation (%)	12.0	12.2
DC Growth (%)	14.7	15.4
TOTAL Assets	65,625	74,628

Source: Insurance Supervision Department, Bank of Guyana

Despite a steady increase in DB assets, DC plans recorded higher growth margins, particularly a 15.4 percent increase in 2019. There was an 11.4 percent decline in DB asset growth in 2019 which may be attributed to a 50.6 percent decline in investments in mortgages/ loans and a 100 percent decrease in investments in real estate which continued to decline in popularity among pension investments.

FIGURE 6:
DB vs. DC ASSET PROFILES 2016-2019



Source: Insurance Supervision Department, Bank of Guyana



7.3.3 ALLOCATION BY INVESTMENT INSTRUMENTS

In 2019, there was no significant change in the allocation of pension funds' assets from the corresponding year. Investments in Stocks and Shares in companies experienced a 6.8 percent increase from 2018, and assets held in Deposit Administration Contracts, a 4.5 percent increase due to more reporting plans selecting the DAC arrangement.

The industry's assets were concentrated in a mixture of investments that indicated growth, however longer term investments that are more suited to the long term nature of pension assets should be explored. Generally, equities or stocks and shares in companies, cash deposits and investments in DACs continued to represent the highest concentration of invested assets, standing at 40.1 percent, 19.8 percent and 19.4 percent of total assets, respectively.

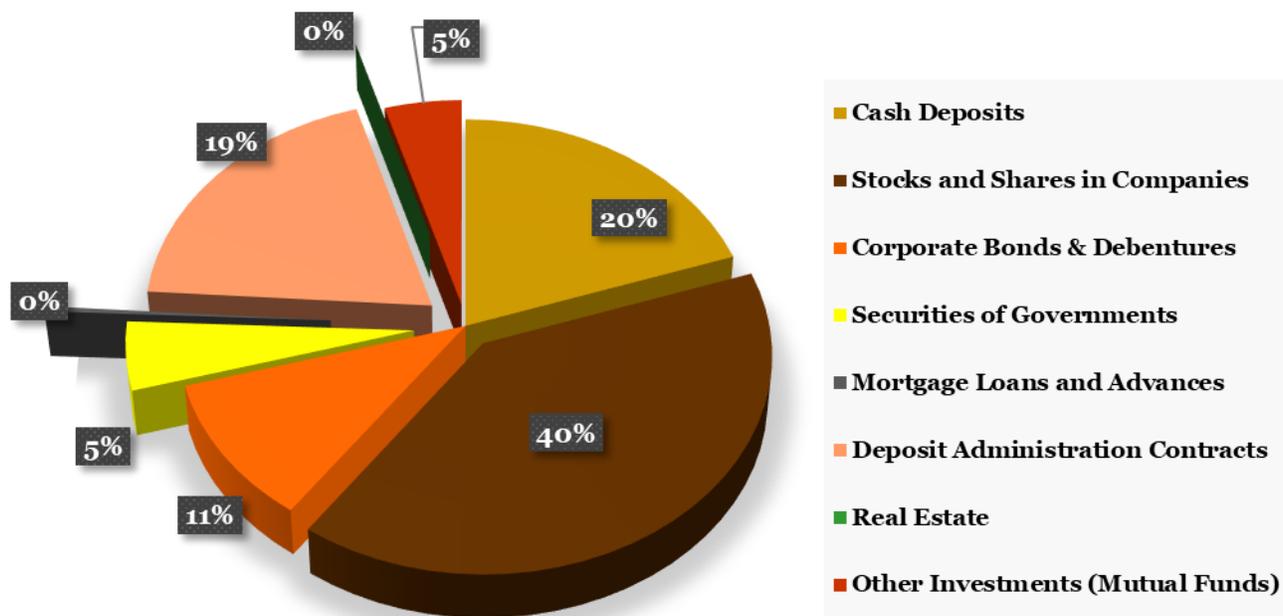
**TABLE 5:
PENSION ASSET ALLOCATION BY INVESTMENT INSTRUMENTS 2018-2019**

G\$ millions	2018		2019	
		Percentage of Total Industry Assets		Percentage of Total Industry Assets
No of reporting pension plans	101		103	
Asset Growth Rate (%)	23.6		13.72	
Cash Deposits	13,605	19.3%	13,890	19.8%
Stocks and Shares in Companies	23,425	33.3%	28,227	40.1%
Corporate Bonds & Debentures	8,295	11.8%	7,533	10.7%
Securities of Governments	3,443	4.9%	3,567	5.1%
Mortgage Loans and Advances	276	0.4%	263	0.4%
Deposit Administration Contracts	10,226	14.5%	13,640	19.4%
Real Estate	955	1.4%	0	0.0%
Other Investments (Mutual Funds)	1,918	2.7%	3,208	4.6%
Non-Invested Assets	3,482		4,300	

Source: Insurance Supervision Department, Bank of Guyana



**FIGURE 7:
PENSION ASSETS BY INVESTMENT INSTRUMENT**



Source: Insurance Supervision Department, Bank of Guyana

7.3.4 GROWTH RATES OF INVESTMENT INSTRUMENTS

The growth of the industry in 2019 was largely complemented by an almost 14 percent increase in the total value of investments. Significant growth was recorded for assets invested in ‘Other’ Investments -Mutual Funds (67 percent), DACs (33 percent) and Stocks and shares in companies (21 percent), as pension fund administrators continue to favour these investment vehicles given their availability. Investments in Real Estate continued to decline with plans reporting no assets at end-December 2019.



**TABLE 6:
GROWTH RATES OF PENSION ASSETS BY INVESTMENT INSTRUMENT 2018-2019**

G\$ Millions	2018		2019	
	Total Assets (\$)	Percentage Growth (%)	Total Assets (\$)	Percentage Growth (%)
Cash Deposits	13,605	-9	13,890	2
Stocks and Shares in Companies	23,425	70	28,227	21
Corporate Bonds & Debentures	8,295	-1	7,533	-9
Securities of Governments	3,443	11	3,567	4
Mortgage Loans and Advances	276	-6	263	-5
Deposit Administration Contracts	10,226	11	13,640	33
Real Estate	955	-7	0	-100
Other Investments (Mutual Funds)	1,918	72	3,208	67
TOTAL INVESTMENTS	62,144	20	70,328	13

Source: Insurance Supervision Department, Bank of Guyana

7.3.5 ALLOCATIONS BY GEOGRAPHICAL REGIONS

The industry's asset allocation by geographical regions remained within the statutory limit for the years 2018 and 2019. Less than 30 percent (approximately 29 percent) or \$21.6 billion of total pension assets were invested outside of Guyana in 2019. This included investments of 14.6 percent or \$10.9 billion in CARICOM Member States and 14.5 percent or \$10.8 billion in the rest of the world. Approximately 71 percent or \$53.0 billion of pension assets were invested domestically in 2019.



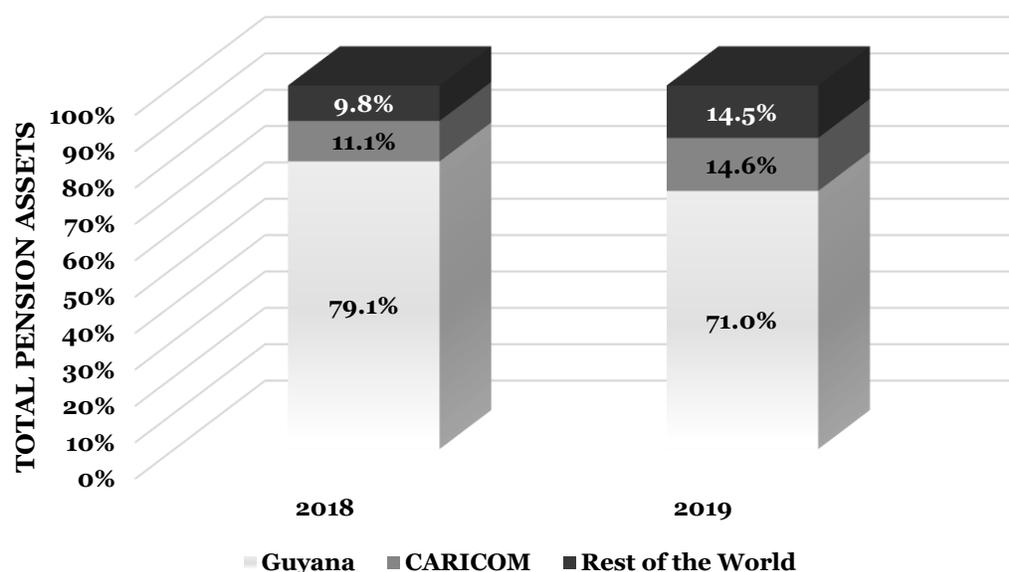
TABLE 7:
PENSION ASSETS BY GEOGRAPHICAL ALLOCATION 2018-2019

Region	2018	Growth (%)	2019	Growth (%)
Guyana	51,546	25.46	52,961	2.75
CARICOM	7,255	25.67	10,880	49.96
Rest of the World	6,824	9.59	10,787	58.07
Foreign Assets as a Percentage of Total Assets	21.45%		29.03%	35.35
Total Assets	65,625		74,628	

Source: Insurance Supervision Department, Bank of Guyana

Additionally, pension assets invested in Guyana demonstrated some fluctuation in growth, with a 2.8 percent increase in 2019 following a 25.5 percent increase in 2018. This is due to the increasing investment of pension assets in overseas territories more so than in Guyana, with growth in CARICOM investments climbing by almost 50 percent in 2019 and the Rest of the World, by 58 percent.

FIGURE 8:
PENSION ASSETS BY GEOGRAPHICAL ALLOCATION 2018-2019



Source: Insurance Supervision Department, Bank of Guyana



7.3.6 ASSET ALLOCATION BY INDUSTRY

Agriculture and forestry remained the industry to hold the largest share of pension sector assets, accounting for 24 percent or \$17.9 billion of total pension assets at end-December 2019. Investments in the education, construction, communication and health sectors however were diminutive, particularly in the health sector which only accounted for \$79 million (0.001 percent) of total assets. The manufacturing industry also recorded steady growth and accounted for 22 percent of total pension sector assets.

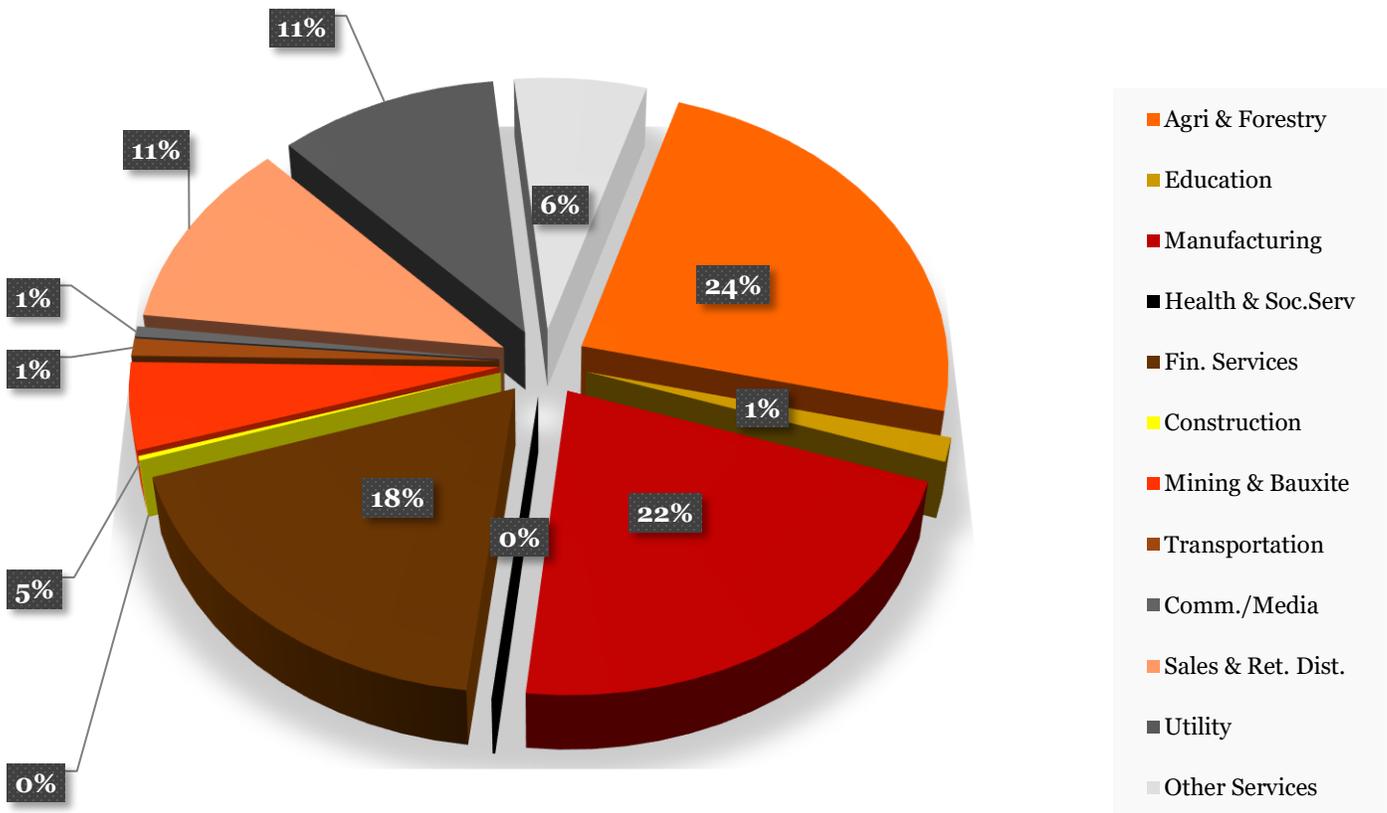
**TABLE 8:
PENSION ASSETS BY INDUSTRIAL ALLOCATION 2018-2019**

Year	2018	2019
Total Assets	65,625	74,628
Agriculture & Forestry	16,899	17,927
Education	988	1,037
Manufacturing	13,793	16,115
Health & Social Services	71	79
Fin. Services	11,385	13,553
Construction	161	190
Mining & Bauxite	3,333	3,764
Transportation	638	758
Comm./Media	393	455
Sales & Ret. Dist.	6,842	8,249
Utility	7,197	7,809
Other Services	3,926	4,691

Source: Insurance Supervision Department, Bank of Guyana



**FIGURE 9:
Industrial Allocation of Pension Assets 2019**



Source: Insurance Supervision Department, Bank of Guyana



FINANCIAL SOUNDNESS AND STABILITY



8. FINANCIAL SOUNDNESS AND STABILITY

8.1 FINANCIAL SOUNDNESS INDICATORS

8.1.1 SYSTEMIC RISK

The pension sector's exposure to systemic risk remained diminutive despite significant growth in the sector's assets in 2019. At the end of December 2019, pension assets represented 7.1 percent of total financial assets and 24.4 percent of NBFIs' assets. The sector's importance as an institutional investor was reflected in the increase in its assets to GDP ratio from 8.3 percent in 2018 to 8.7 percent in 2019.

8.1.2 SOLVENCY RISK

The ability of a pension plan to meet its past service liabilities is reflected in its solvency risk exposure, whereas the ability to meet its past *and* future service liabilities is measured by its funding risk exposure, particularly for DB plans.

If a plan is deemed solvent, then it is able to meet its financial obligations at that date, moreover if the plan is fully funded, then it is able to meet its long term *and* future service obligations. In 2019, the funding level of reporting plans improved with an industry ratio of 160.8 percent compared to 143.9 percent in 2018. This indicated that plans were sufficiently able to meet their past service liabilities and projected benefit obligations and were not vulnerable to any measurable funding risk. By nature, DC pension plans are fully funded, provided that all due contributions are remitted, whereas DB plans increased their average funding level to 178.3 percent. It is noteworthy however that at end- December 2019 two (2) DB plans were insolvent (unable to meet liabilities at the time of valuation) and ten (10) were in a funding deficit, thus unable to meet their accumulated and projected benefit obligations. Given that the liabilities are measured triennially, these positions may have changed within the various three year periods, however, there are still some DB plans that have failed to submit valuations and thus an accurate reflection of total liabilities is unavailable.

Higher than expected salary increases between valuations were the major contributors of these deficits, and although the overall funding level of the industry was positive, the Bank continued regulation to ensure that actuarial recommendations are implemented to correct these deficits over time.

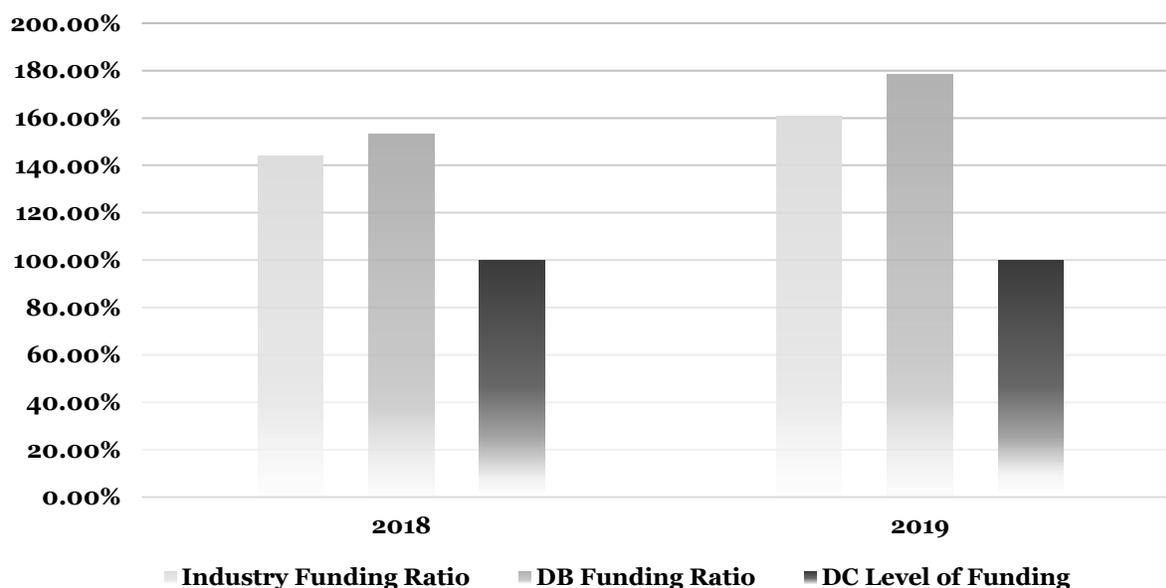


**TABLE 9:
PENSION PLANS' FUNDING RATIOS 2018-2019**

	2018	2019
Industry Funding Ratio	143.94%	160.75%
DB Funding Ratio	153.37%	178.27%
DC Level of Funding	100.00%	100.00%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 10:
FUNDING LEVELS OF PENSION PLANS 2018-2019**



Source: Insurance Supervision Department, Bank of Guyana

8.1.3 LIQUIDITY RISK

The liquidity ratio is the ratio of liquid assets to cover immediate liabilities or higher than expected benefit payments without incurring a material loss. The industry's total liquidity as a percentage of total liabilities decreased from 32.2 percent reported in 2018 to 24.6 percent at end-2019. This ratio indicated that pension funds still held a substantial amount of their total assets in liquid form or investments with maturities within one year.



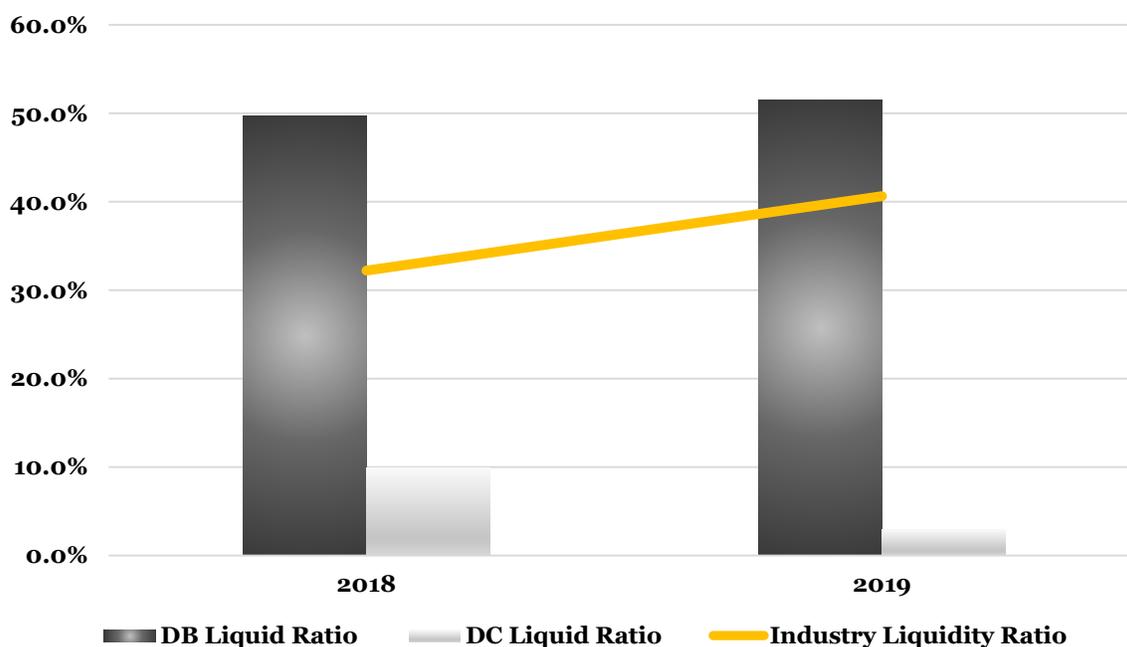
TABLE 10: PENSION PLANS’ LIQUIDITY RATIOS 2018-2019

	2018	2019
Industry Liquidity Ratio	32.20%	24.59
DB Liquid Ratio	49.74%	51.49%
DC Liquid Ratio	9.89%	2.97%

Source: Insurance Supervision Department, Bank of Guyana

Fundamentally, pension plans’ liabilities are long-term and therefore it is not traditional for pension funds to maintain oversized liquid accounts to meet future pension obligations. The decrease from 2018 to 2019 therefore signals a positive shift away from the practice of holding more liquid assets than necessary. DB plans held a greater share of assets in liquid accounts at the end of the year, recording ratios of 51.5 percent while DC plans maintained a substantially lower proportion of assets in liquid accounts.

**FIGURE 11:
Liquidity Ratios of Pension Plans 2018-2019**



Source: Insurance Supervision Department, Bank of Guyana



8.1.4 INFLATION RISK

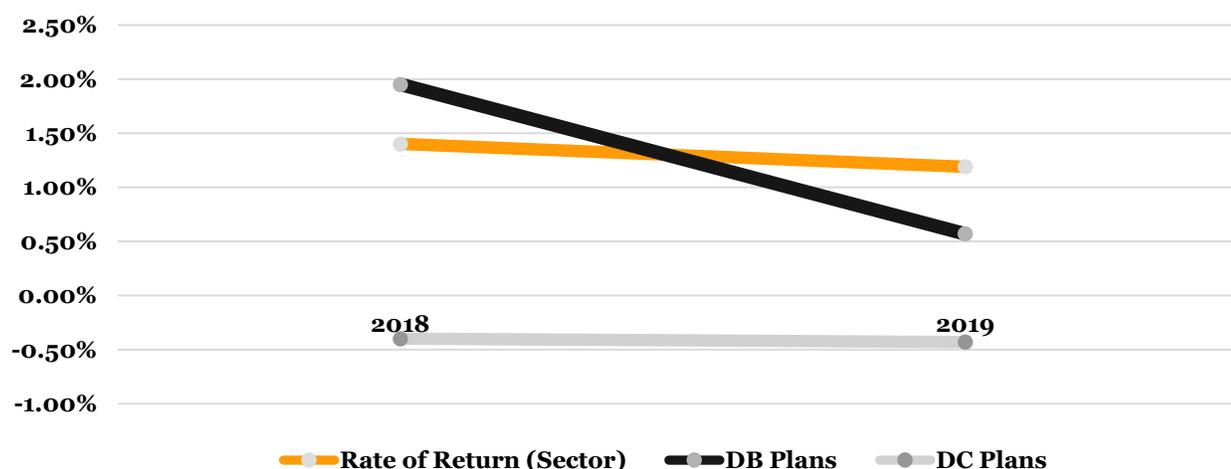
The sector yielded decreased real gross rates of return on invested assets in 2019 (1.2 percent), decreasing from 1.5 in 2018. The decrease was mainly due to the significantly lower real rate of return of DB plans in 2019, which was recorded at 0.57 percent, down from 1.95 percent in 2018. Decreased DB investments in real estate and private securities, particularly in non-financial institutions accounted for the overall decline.

TABLE 11: PENSION ASSETS' RATES OF RETURN 2018-2019

G\$ millions		2018	2019
	Average Invested Assets	58,215	58,215
	Nominal Net Investment Returns	1,803	1,962
Nominal Rate of Return on invested assets	Rate of Return (Sector)	3.10	2.84
	DB Plans	6.72%	3.11%
	DC Plans	0.56%	0.50%
	Annual Price Inflation	1.62	1.62
Real Rate of Return on invested assets	Rate of Return (Sector)	1.48	1.19
	DB Plans	1.95%	0.57%
	DC Plans	-0.40%	-0.43%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 12:
PENSION ASSETS' RATES OF RETURN 2018-2019**



Source: Insurance Supervision Department, Bank of Guyana



8.1.5 MARKET RISK

8.1.5.1 FOREIGN EXPOSURE OF PENSION ASSETS

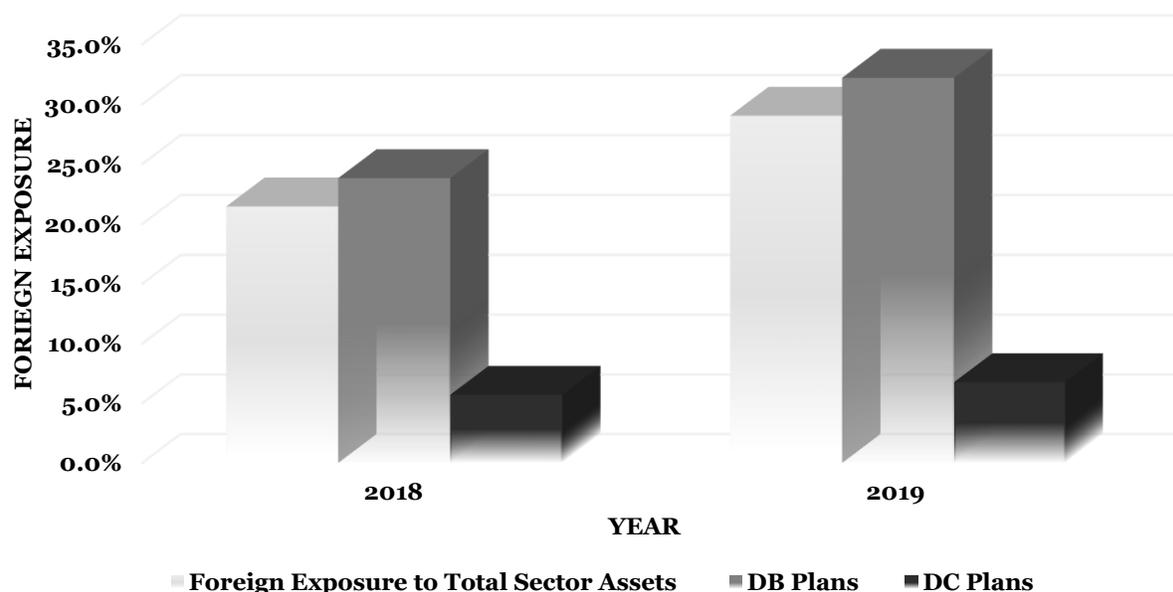
Foreign exposure of pension assets slightly increased in 2019 and remained within the 30 percent statutory limit. As a percentage of total assets, foreign assets represented approximately 29 percent at the end of 2019; a significant 53.9 percent increase from December 2018. This was attributed to a significant increase in total foreign investments in DB plans which continued to be significantly higher than the industry average (see table 12).

TABLE 12: FOREIGN EXPOSURE OF PENSION ASSETS 2018-2019

	2018	2019
Foreign Exposure	14,080	21,667
Foreign Exposure to Total Sector Assets	21.5%	29.0%
DB Plans	23.8%	32.2%
DC Plans	5.7%	6.8%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 13:
FOREIGN EXPOSURE OF PENSION ASSETS 2018-2019**



Source: Insurance Supervision Department, Bank of Guyana



8.1.5.2 EQUITY EXPOSURE OF PENSION ASSETS

Pension funds' exposure to equity markets decreased from approximately 35.7 percent in 2018 to 31.4 percent at the end of 2019. The decrease in proportionality to total pension sector assets is mainly due to increased investments in other instruments particularly government and private securities, other investments and equities invested within deposit administration contracts.

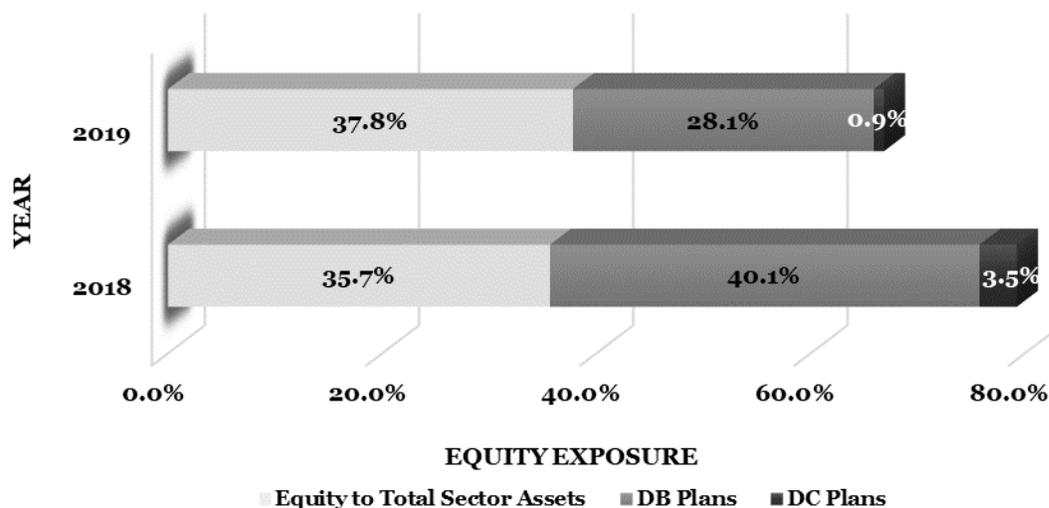
Additionally, as a percentage of assets, DB assets' exposure to equities dominated, and represented approximately 28 percent compared to 0.9 percent of DC assets in 2019. Consequently, the funding positions of DB plans are more likely to be sensitive to market changes than plans with an investment portfolio comprising of a higher proportion of fixed income securities (see Table 13).

TABLE 13: EQUITY EXPOSURE OF PENSION ASSETS 2018-2019

	2018	2019
Equity	23,425	28,227
Equity to Total Sector Assets	35.7%	31.4%
DB Plans	40.1%	28.1%
DC Plans	3.5%	0.9%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 14:
EQUITY EXPOSURE OF PENSION ASSETS 2018-2019**



Source: Insurance Supervision Department, Bank of Guyana



8.1.6 CREDIT RISK

8.1.6.1 ACCOUNTS RECEIVABLE TO TOTAL ASSETS

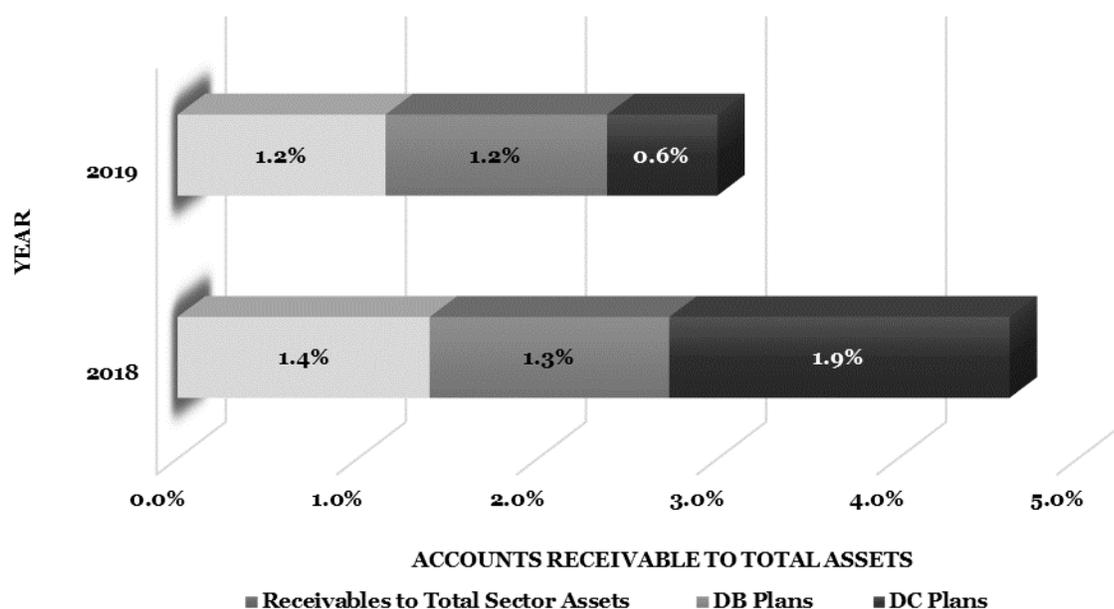
This ratio measures the potential impact of credit default risk resulting from payment of monies owed to pension funds. The accounts receivable to total assets ratio was stable and relatively low with a ratio of 1.2 percent at the end of 2019. The impact to DB assets resulting from credit default risk was double that of DC assets, where 1.2 percent of DB assets represented accounts receivable compared to 0.6 percent of DC assets at the end of the period (see Table 15).

TABLE 14:
ACCOUNTS RECEIVABLE to TOTAL ASSETS 2018-2019

G\$ millions	2018	2019
Receivables	918	862
Receivables to Total Sector Assets	1.4%	1.2%
DB Plans	1.3%	1.2%
DC Plans	1.9%	0.6%

Source: Insurance Supervision Department, Bank of Guyana

FIGURE 15:
Receivables vs Total Assets 2018-2019



Source: Insurance Supervision Department, Bank of Guyana



8.2 EFFICIENCY & PROFITABILITY RATIOS

8.2.1 CONTRIBUTIONS TO TOTAL BENEFIT PAYMENTS

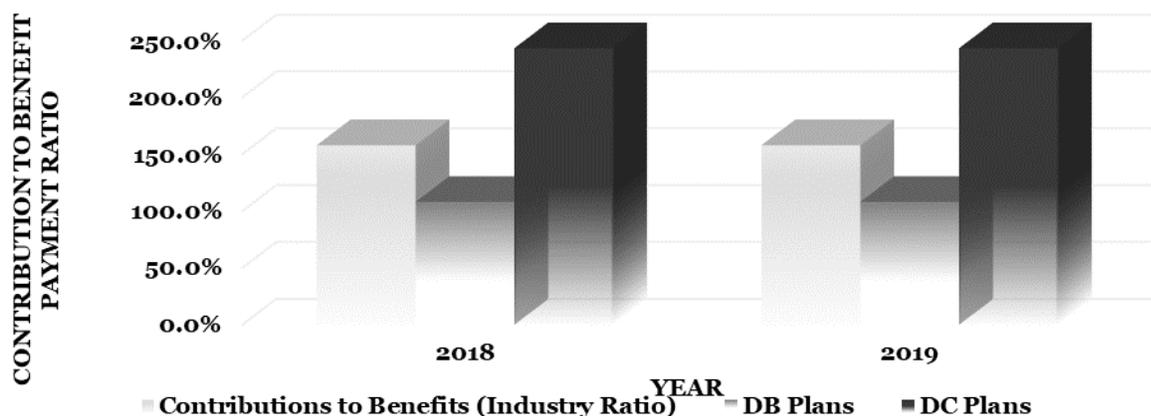
Contributions received increased by 33.3 percent to \$1.2 billion in 2019 which represented approximately 248 percent of total benefit related payments. This indicated that approximately 148 percent of net contributions were added to surplus income, an indication that the profitability of pension plans were not at risk. The analysis also revealed that in 2019, DB plans held a significantly lower ratio, given that the largest DB plan continued to make sizeable benefit payments following the scaling down of one of its sponsors. A larger contribution-to-benefit payment ratio experienced by DC plans was mainly due to DC plans having less benefit payments to make, in relation to the amount of income earned from contributions.

TABLE 15:
CONTRIBUTIONS AND BENEFIT PAYMENTS 2018-2019

G\$ millions	2018	2019
Contributions	923	1,230
Benefit Payments	584	495
Contributions to Benefits (Industry Ratio)	157.9%	248.2%
DB Plans	108.1%	180.8%
DC Plans	243.3%	734.7%

Source: Insurance Supervision Department, Bank of Guyana

FIGURE 16:
CONTRIBUTIONS AND BENEFIT PAYMENTS 2018-2019



Source: Insurance Supervision Department, Bank of Guyana



8.2.2 OPERATING EXPENSES TO INVESTMENT INCOME

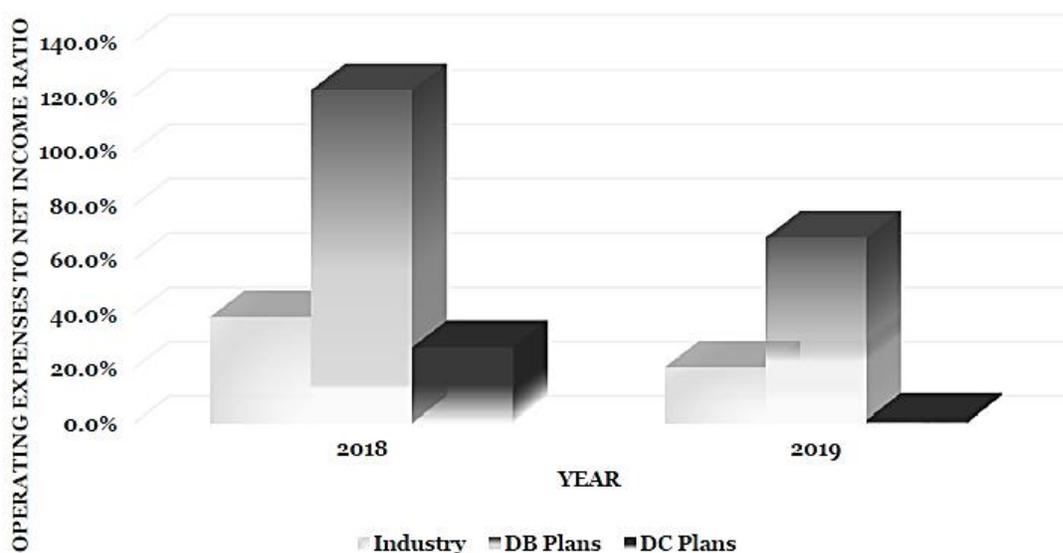
The industry’s efficiency, as measured by the total operating expenses in relation to net investment income, improved in 2019 with a smaller, average ratio of 20.4 percent. Efficiency continued to vary considerably between plans. DB plans continued to experience relatively higher ratios (68.1 percent) and were considered less efficient over the period compared to 1.2 percent for DC plans, given the higher operating expenses experienced by DB plans.

TABLE 16:
OPERATING EXPENSES TO NET INVESTMENT INCOME 2018-2019

	2018	2019
Operating Expenses	703	400
Net Investment Income	1,803	1,962
Industry	38.9%	20.4%
DB Plans	122.3%	68.1%
DC Plans	27.8%	1.2%

Source: Insurance Supervision Department, Bank of Guyana

FIGURE 17:
OPERATING EXPENSES TO NET INVESTMENT INCOME 2016-2019



Source: Insurance Supervision Department, Bank of Guyana



KEY STATISTICS OF PENSION FUND ADMINISTRATORS



9. KEY STATISTICS OF PENSION FUND ADMINISTRATORS

9.1 INSURANCE COMPANIES

The majority of active private pension plans in Guyana are managed by life insurance companies (78 plans, of which 62 are DC and 16 are DB plans). In 2019, the combined asset value of plans administered by life insurers increased by approximately 19 percent to \$17.5 billion, which represented approximately 24 percent of the industry's total assets at Dec-2019.

Total membership in these plans amounted to 9,115 participants, an increase from 7,749 participants in 2018 and represented approximately 51 percent of the industry's total membership in 2019. The investment allocations of pension plans administered by life insurers are largely concentrated in deposit administration policy contracts, which represented approximately 78 percent of the total pension assets under life insurers' administration in 2019. The deposit administration policy contracts are pooled investment arrangement products that are issued and sold to pension funds by life insurers. Investments can be further broken down into categories such as equities, government securities, private securities, loans, real estate etc., but are all invested collectively as part of the deposit administration arrangement.

9.2 TRUST COMPANIES

At the end of 2019, trust companies accounted for just over 44 percent of active membership- 7,810 participants in the industry, a 12 percent decrease from 8,850 participants in 2018. This decrease may be due to underreporting from plans that did not have membership data readily available. Trust companies managed fewer active plans than life insurers (21 plans) in 2019 that were DB dominated (19 DB and two 2 DC plans). The share of pension assets under trust companies' administration continued to account for a sizable segment of the industry's total assets in 2019 (67 percent or \$50.2 billion). Over the period in review, these assets remained skewed towards investments concentrated in stocks and shares in companies (32.8 percent), cash resources in deposit taking institutions (15.7 percent) and securities of private companies (10.1 percent).



9.3 EMPLOYER SELF-ADMINISTERED PENSION FUNDS

There was a new addition to the total number of self-administered plans in 2019, bringing the total number to four (4). Their combined asset value represented 8.2 percent or \$6.1 billion of the industry's total assets. Additionally, membership in these plans represented only 4.5 percent of total membership. Investments of self-administered pension funds were mainly allocated in both government securities (treasury bills and government issued bonds and debentures) and stocks and shares in companies, which in aggregate represented approximately 76 percent of their total assets at the end of the year.

10. MICRO-PENSIONS

A micro- pension scheme is a voluntary, defined contribution, individual account plan for the informal sector (or low income earners). It has no plan sponsor and allows for voluntary savings to be accumulated over a long period of time. Micro- pension schemes are usually long term savings products or hybrids between pension schemes and savings products.

The passage of the Private Pensions Act should introduce the Simplified Pension Plan (SPP), Guyana's own micro-pension initiative. The SPP aims to bring flexibility to retirement planning mechanisms locally, by targeting members of the semiformal, informal and self-employed labour force, usually characterised by variable income schedules. The plans will have individual accounts for each member, and will not require any fixed number of contributions. Individuals may choose the value of their contributions, and will receive interest on those contributions at the rate prescribed by the micro-pension operator.

In Ghana, the Pensions Act of 2008 structured a three (3) tiered pension system, with one tier specifically targeting informal sector workers. Tiers 1 and 2 are mandatory, whereas tier 3 is a voluntary privately managed defined contribution scheme that provides tax incentives among participants and consists of a provident fund scheme and a personal pension scheme. While the Provident Fund is employer funded, the personal pension schemes usually target the self-employed and the informal sector. The schemes are fully funded and make provisions for a Retirement Account (cannot be accessed until retirement) and a savings account (can be accessed after five years tax-free in case of an informal sector work and 10 years for the formal work or earlier in which case shall be taxable). This model still has a far way to go in terms of coverage with Ghana experiencing approximately 3 percent informal sector coverage since the launch of the informal sector scheme in 2005.



11. GUYANA'S PRIVATE PENSION SECTOR AND FINANCIAL LITERACY

The draft Private Pensions Act aims to holistically improve the local pension sector, particularly with respect to overall coverage and enrolment in pension schemes. More accessible features of the draft Act include the introduction of the Simplified Pension Plan, a flexible savings product primarily targeting members of the informal labour force and self-employed individuals. It is therefore necessary to engage members of the general public on how the proposed legislation will affect them individually and the industry as a whole.

The **National Pensions Awareness Programme (NPAP)** will therefore assist members of the public with their immediate and long term pension literacy and will aim to build trust and improve public confidence in the industry.

The NPAP aims to be a vehicle through which some or all of the Bank's strategic goals may be implemented and in due course achieved. The programme aims to reach citizens in the ten administrative regions of Guyana,

targeting an age range of 16-60 years old, and is set to be an ongoing initiative carried out by the Insurance Supervision Department of the Bank. The NPAP aims to incorporate numerous distribution channels including media and social media outreach, pensions education programmes in schools, outreach to unions and workplaces and presentations at job fairs.

Key stakeholders include the Bank of Guyana, insurance companies offering pension services, members of private pension plans, secondary school pupils, and members of the general public. The first stage of the project is trustee training, scheduled to begin in early 2020.

Upon completion of the NPAP, there should be measurable evidence of an overall, positive shift in public perception of the pension industry, noticeably improved workable habits and disciplined individual behaviours with respect to planning for retirement. This evaluation will be conducted on an ongoing basis



12. THE WAY FORWARD

The relative wealth of the private pension sector is expected to continue to increase as a percentage of the integrated financial system and national income at large. The sector's growth is expected to be determined by stronger market outcomes in investment values of major securities and increased coverage from the establishment of new pension plans.

The adverse impact of the low interest yields experienced by DC plans can be mitigated through proper investment policies, with life cycling factors that match investments with pension liabilities. Similarly, DB plans' increasing exposure to equity markets will continue into the future unless alternative investment options are provided.

A comprehensive law is being considered to reform the sector and to mitigate the existing supervisory challenges and poor industry practices. The new law envisages changes that would improve efficiency, sustainability, coverage, adequacy and the security of participants' benefits to ensure that pension plan members have

better pensions during retirement. This is in keeping with the World Bank Group's key outcomes of its new pension framework policy.⁸

Nonetheless, the continued positive performance of the industry will be closely dependent on favourable macroeconomic conditions and indicators. The sector's performance will be determined by stock market prices (general price inflation) and the real interest rates of tradable securities.

One of the core functions performed by private pension arrangements is investment with long-term objectives. Recognising this core function, the sector provides prospects to build a resilient long-term capital market that can facilitate capital investment opportunities and in due course further economic growth and development.

Consultations with industry stakeholders on the draft Private Pensions Act were held in 2019 and will continue, along with consultations on its attendant Regulations will continue in the coming financial year.

⁸ Outcome Based Assessments for Private Pensions Handbook, World Bank Group, June 2016



STATISTICS



13. STATISTICS

13.1 ANNEXE 1: LISTS OF PENSION PLANS

- ANNEXE 1: LISTS OF PENSION PLANS
 - Table 1.1: List of Active and Registered Pension Plans (2018-2019)
 - Table 1.2: List of Active and Unregistered Plans (2018-2019)
 - Table 1.3: List of Inactive Pension Plans* (2018-2019)
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- ANNEXE 2: ASSET LIABILITY PROFILES
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 - Table 2.2: Geographical Allocation of Pension Assets 2018-2019
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ABBREVIATIONS

Pension Plan Types

DB	defined benefit
DC	defined contribution

Pension Plan Managers

HIHL	Hand-in-Hand Mutual Life Assurance Company Limited
DML	Demerara Mutual Life Assurance Society Limited
GTM	Guyana and Trinidad Mutual Group of Insurance Companies
TCGL	Trust Company Guyana Limited
HIHT	Hand-in-Hand Trust Corporation
NALICO	North American Life Insurance Company Limited
ASSURIA	Assuria Life (GY) Incorporated
SA	Self- Administered/ Managed



**TABLE 1.1:
LIST OF ACTIVE AND REGISTERED PENSION PLANS (2018-2019)**

No.	Plan No.*	Name of Plan	Plan Type	Plan Manager
1	135	ANSA McAL Trading Limited Defined Contribution Pension Plan	DC	HIHL
2	138	Assuria Life (GY) Inc. Pension Plan	DC	Assuria
3	123	Audit Office of Guyana Pension Plan	DC	HIHL
4	32	Bank of Baroda (Guyana) Incorporated Pension Plan	DC	NALICO
5	112	Bank of Guyana's Pension Scheme	DB	SA
6	119	Banks DIH Limited Defined Contribution Pension Plan	DC	DML
7	133	Berbice Bridge Company Incorporated Pension Plan	DC	HIHL
8	132	C&S Limited Defined Contribution Pension Scheme	DC	DML
9	62	Caricom Rice Mills Group Annuity Scheme	DC	DML
10	129	Cheddi Jagan International Airport Group Annuity Scheme	DC	DML
11	39	Courts (Guyana) Incorporated Pension Plan	DC	TCGL
12	38	Demerara Distillers Limited Pension Plan	DB	TCGL
13	33	Embassy of the United States of America, Guyana Pension Plan	DB	NALICO
14	141	E-Networks Incorporated Pension Plan	DC	HIHL
15	93	Food for the Poor (Guyana) Incorporated Pension Plan	DC	HIHL
16	125	General Equipment (Guyana) Limited Pension Plan	DC	GTML
17	118	Grace Kennedy Remittance Services (Guyana) Limited Defined Contribution Pension Scheme	DC	DML
18	36	Guyana Bank for Trade and Industry Pension Plan (1999)	DC	NALICO
19	14	Guyana Geology & Mines Commission Pension Plan	DB	HIHTC
20	111	Guyana Publications Incorporated Pension Plan	DC	HIHL
21	116	Guyana Revenue Authority Pension Scheme	DC	DML
22	131	Guyana Water Incorporated Pension Plan	DC	Assuria
23	70	Hand - in - Hand Trust Corporation Incorporated Pension Plan	DC	HIHTC
24	46	Hand in Hand Staff Pension Plan	DB	TCGL



25	117	John Fernandes Limited Pension Plan	DC	DML
26	29	Laparkan Trading (Guyana) Company Limited & Laparkan Holdings Limited Pension Plan	DB	HIHL
27	134	M.P. Insurance Brokers & Consultants Limited Pension Plan	DC	HIHL
28	41	Massy Distribution (Guyana) Incorporated Pension Plan	DB	TCGL
29	110	Metro Office & Computer Supplies Pension Plan	DC	HIHL
30	109	Mings Products & Services Limited Pension Plan	DC	HIHL
31	43	Neal & Massy Group Pension Plan	DB	TCGL
32	42	New Building Society Limited Pension Plan	DB	TCGL
33	35	North American Fire and General Insurance Company Limited Pension Plan	DC	NALICO
34	34	North American Life Insurance Company Limited Pension Plan	DC	NALICO
35	90	P&P Insurance Brokers & Consultants Limited Pension Plan	DC	HIHL
36	19	Republic Bank (Guyana) Limited Pension Fund Scheme	DB	GTML
37	47	Sterling Products Limited Pension Plan	DB	TCGL
38	18	Guyana Sugar & Trading Enterprises Pension Scheme	DB	HIHTC
39	128	TCL Guyana Incorporated Group Annuity Scheme	DC	DML
40	21	The Pension Fund of the Guyana and Trinidad Mutual Fire Insurance Company Limited	DB	GTML
41	113	The Caribbean Containers Incorporated Pension Plan	DC	GTML
42	101	The Pension Plan for the Sales Representatives of the Guyana and Trinidad Mutual Insurance Companies	DB	GTML
43	103	U-mobile Incorporated Pension Plan	DC	HIHL
44	40	William Fogarty Pension Plan Scheme	DB	TCGL

Source: Insurance Supervision Department, Bank of Guyana



**TABLE 1.2:
LIST OF ACTIVE AND UNREGISTERED PLANS (2018-2019)**

No.	Plan no.	Name	Plan Type	Plan Manager
1	34	Anna Regina Town Council Pension Plan	DC	HIHL
2	149	Apex Insurance Brokers Pension Scheme	DC	HIHL
3	91	Banks DIH Limited Defined Benefit Pension Plan	DB	DML
4	140	Bauxite Industry Inc. Pension Plan	DC	GTML
5	75	Bosai Mineral Group (Guyana) Inc.	DC	GTML
6	19	Camex Limited Pension Plan	DC	HIHL
7	20	Camex Restaurants Incorporated Pension Plan	DC	HIHL
8	99	Campus Crusade for Christ, Guyana Pension Plan	DC	ASSURIA
9	39	Correia Group of Companies Pension Plan	DB	TCGL
10	64	Davis Memorial Hospital Group Annuity Scheme	DC	DML
11	10	Demerara Mutual Life Assurance Society Limited Office Staff Group Annuity Scheme	DB	DML
12	11	Demerara Mutual Life Assurance Society Ltd. Pension Plan (Sales Rep.)	DB	DML
13	23	Frances De Caries & Co Ltd. Pension Plan	DB	GTML
14	63	Friendship Slipway Company Limited Group Pension Scheme	DC	DML
15	62	Gizmos & Gadgets Annuity Scheme	DC	DML
16	26	Grains Guyana Limited Pension Plan	DC	HIHL
17	22	Guyana Civil Aviation Authority Pension Plan	DB	HIHL
18	4	Guyana Electricity Corporation Superannuation Pension Scheme	DB	HIHTC
19	58	Guyana Forestry Commission Group Annuity Pension Scheme	DC	DML
20	32	Guyana National Bureau of Standards Pension Plan	DC	HIHL
21	61	Guyana Office for Investment Group Annuity Scheme	DC	DML
22	33	Guyana Stockfeeds Limited Pension Plan	DB	HIHL
23	94	Guyana Telephone and Telegraph Company Limited Pension Fund	DB	TCGL
24	25	Machinery Corporation of Guyana Limited Pension Plan	DC	HIHL
25	21	Marian Academy Pension Plan	DC	HIHL
26	87	Mayor & Town Council of the City of Georgetown Pension Plan	DC	GTML
27	57	Moravian Church of Guyana Group Annuity Scheme	DC	DML
28	81	New GPC Pension Plan	DB	TCGL
29	73	Omai Services Limited Pension Plan	DC	GTML
30	56	Rentokil Initial (Guyana) Limited Group Annuity Scheme	DC	DML
31	36	Roraima Airways Incorporated Pension Plan	DC	HIHL



32	69	Rosbel Gold Mines N.V Pension Plan	DC	GTML
33	13	Rubis Guyana Incorporated Pension Plan	DB	NAL
34	72	Sugar Industry Labour Welfare Fund Committee Pension	DC	GTML
35	89	The Citizens Bank (Guyana) Inc. Pension Plan	DC	HIHL
36	71	Trust Company (Guyana) Limited Pension Plan	DC	GTML
37	147	University of Guyana Pension Plan	DB	SA
38	98	Wieting & Richter Pension Scheme	DB	SA

Source: Insurance Supervision Department, Bank of Guyana



**TABLE 1.3:
LIST OF INACTIVE PENSION PLANS* (2018-2019)**

No.	Plan no.	Plan Type	Name	Plan Manager
1.	30	Ansa Mc AL Trading Limited Pension Plan	DB	HIHL
2.	2	Bauxite Industry Pension Plan	DB	HIHTC
3.	27	Central Housing & Planning Authority Pension Plan	DB	HIHL
4.	54	Consumer Goods Complex Pension Plan	DC	DML
5.	53	COPS (Guyana) Limited Pension Plan	DC	DML
6.	148	Demerara Sandbach Pension Scheme	DB	TCGL
7.	22	Diocese of Guyana Pension Plan	DB	GTML
8.	83	East Demerara Water Conservancy Board Pension Plan	DC	GTML
9.	89	Francis De Caires & Company Limited Pension Plan	DB	GTML
10.	57	Friendship Slipway & Co. Ltd. Pension Plan	DC	DML
11.	52	Guyana Congregational Union Pension Plan	DC	DML
12.	51	Guyana Management Institute Pension Plan	DC	DML
13.	9	Guyana National Industrial Corporation Pension Plan	DB	HIHTC
14.	49	Guyana Office for Investment Pension Plan	DC	DML
15.	49	Guyana Rice Development Board Pension Plan	DC	DML
16.	6	Guyana School of Agriculture Pension Plan	DB	HIHTC
17.	50	Hotel Tower Pension Plan	DC	DML
18.	68	John Fernandes Insurance Pension Scheme	DC	DML
19.	46	John Fernandes Limited Pension Plan	DB	DML
20.	10	Mahaica Mahaicony Abary Agriculture Development Authority Pension Plan	DB	HIHTC
21.	64	Mards Rice Milling Complex Limited (Georgetown) Pension Plan	DC	DML
22.	8	National Agricultural Research Institute Pension Plan	DB	HIHTC
23.	102	National Data Management Authority Pension Plan	DC	GTML
24.	48	PBS Pension Plan	DC	DML

Source: Insurance Supervision Department, Bank of Guyana

*- Inactive plans receive no contributions but still contain assets



**TABLE 1.4:
LIST OF WOUND UP PENSION PLANS (2018-2019)**

No.	Plan No.	Plan Name	Plan Type	Plan Manager
1.	51	Banks DIH Flexible Premium Annuity Pension Plan	DC	CLICO
2.	53	Clico Life & General Insurance Co.(SA) Agents Pension Plan	DC	CLICO
3.	54	Clico Life & General Insurance Co.(SA) Staff Pension Plan	DC	CLICO
4.	6	Continental Group of Companies Pension Plan	DB	CLICO
5.	48	Demerara Power Company Pension Plan	DC	CLICO
6.	55	Guyana Agriculture & General Workers' Union Pension Plan	DC	CLICO
7.	3	Guyana Bank for Trade and Industry Ltd. Pension Plan	DB	CLICO
8.	8	Guyana Fertilizers Ltd. Pension Plan	DB	CLICO
9.	99	Guyana National Co-operative Bank Plan	DC	CLICO
10.	49	Guyana Office for Investment Pension Plan	DC	CLICO
11.	52	Guyana Revenue Authority Pension Plan	DC	CLICO
12.	4	Kayman Sankar and Company Ltd. Pension Plan	DB	CLICO
13.	50	Linden Power Company Pension Plan	DC	CLICO
14.	5	Linden Town Council Pension Plan	DB	CLICO
15.	7	New Guyana Marketing Corporation (DAP) Pension Plan	DB	CLICO
16.	2	Shell Antilles & Guianas Ltd. Pension Plan	DB	CLICO
17.	1	Singer Sewing Machine Company (Staff) Pension Plan	DB	CLICO

Source: Insurance Supervision Department, Bank of Guyana

**TABLE 1.5:
LIST OF PENSION PLANS REGISTERED ANNUALLY (2018-2019)**

Year of Registration	Plan No.	Pension Plan	Plan Type	Plan Manager	Effective Date*
2018	62	Caricom Rice Mills Ltd Pension Plan	DC	DML	1-Jan-94
	129	Cheddi Jagan International Airport Group Annuity DC Scheme	DC	DML	1-Mar-13
	132	C&S Limited Defined Contribution Pension Scheme	DC	DML	1-Mar-15

Source: Insurance Supervision Department, Bank of Guyana



13.2 ANNEXE 2: ASSET LIABILITY PROFILES

In G\$ millions

TABLE 2.1
ASSETS AND LIABILITIES OF REPORTING PLANS

	2018	2019
No of reporting pension plans	101	103
TOTAL INDUSTRY ASSETS	65,625.47	74,628.06
Asset Growth Rate	3.49%	13.72%
Cash Deposits	13,605	13,890
Stocks and Shares in Companies	23,425	28,227
Corporate Bonds & Debentures	8,295	7,533
Securities of Governments	3,443	3,567
Mortgage Loans and Advances	276	263
Deposit Administration Contracts	10,226	13,640
Real Estate	955	0
Other Investments (Mutual Funds)	1,918	3,208
TOTAL INVESTMENTS	64,436	70,328
Non Invested Assets	1,189	4,300
Total Industry Liabilities*	65,625	74,628
Actuarial Liabilities (DB plans)	57,175	64,779
Accumulated Account Balances(DC plans)	7,844	9,016
Operating Liabilities	607	833

Source: Insurance Supervision Department, Bank of Guyana.

Note:

Registered Plans – This represents plans fully registered under the Insurance Act of 1998.

Unregistered Plans – Plans with incomplete or pending applications, includes inactive plans.

DB – means defined benefit plans and DC – means defined contribution plans.

Investment arrangements describe investments in deposit administration contracts and group pension funds sold by life insurance companies.

Cash deposits are inclusive of certificates of deposits and cash held at commercial banks.

Government securities comprise of treasury bills and government issued bonds & debentures.

Non-invested assets represent receivables (debtors, interest and taxes recoverable)

*- Unaudited data used therefore liabilities match assets. Audited data unavailable



TABLE 2.2:
GEOGRAPHICAL ALLOCATION OF PENSION ASSETS 2018-2019

Year	Region	Total Assets	Total Investments	Securities of Government	Corporate Bonds & Debentures	Cash Deposits	Stocks & Shares in Companies	Loans & Advances	Deposit Administration Contracts	Real Estate	Other Investments*	Other Assets
2018	Total Assets	65,625	64,436	3,443	8,295	13,605	23,425	276	10,226	955	1,132	-436
	Guyana	51,546	50,380	1,003	2,067	13,167	21,204	276	9,783	955	1,710	482
	CARICOM	7,255	7,255	2,208	3,399	25	909	0	42	0	1,915	2,251
	Rest of the World	6,824	6,801	232	2,829	413	1,312	0	400	0	1,918	2,940
2019	Total Assets	74,628	70,328	3,567	7,533	13,890	28,227	263	13,640	0	3,208	4,300
	Guyana	52,961	50,495	398	1,220	8,508	25,397	263	13,268	0	1,441	2,466
	CARICOM	10,880	10,027	674	3,364	4,927	847	0	0	0	215	853
	Rest of the World	10,787	9,805	2,495	2,948	455	1,983	0	372	0	1,552	982

*Other Investments includes mutual funds



TABLE 2.3:
PENSION ASSET INVESTMENTS BY PLAN ADMINISTRATOR 2018- 2019

G\$ millions	Total Assets	Securities of Government	Private Securities	Cash Deposits	Stocks and Shares in Companies	Loans and Advances	Investment Arrangements	Real Estate	Other Investments	Total Investments	Cash at Bank	Non Invested Assets
2018	65,625	3,443	8,295	13,605	23,425	276	10,226	955	1,918	62,144	2,293	1,189
Insurers	14,726	685	871	1,485	1,050	177	10,226	0	7	14,501	69	156
Trust Companies	45,471	827	7,424	12,058	20,438	16	0	955	1,901	43,620	1,121	730
Self-Administered	5,428	1,931	0	61	1,937	83	0	0	10	4,023	1,103	303
2019	74,628	3,567	7,533	13,890	28,227	263	13,640	0	3,208	70,328	3,411	890
Insurers	17,552	298	0	2,083	1,209	166	13,640	0	0	17,396	87	68
Trust Companies	50,999	1,141	7,533	11,746	24,505	19	0	0	3,198	48,143	2,080	776
Self-Administered	6,077	2,127	0	61	2,512	77	0	0	10	4,788	1,244	45

Source: Insurance Supervision Department, Bank of Guyana



TABLE 2.4:
SECTORIAL INTEGRATION OF ASSETS INVESTED IN GUYANA 2018-2019

<i>In G\$ millions</i>		
YEAR	2018	2019
Banking System	11,194	7,692
Cash at Bank	1,354	1,614
Fixed Deposits	7,834	6,078
Public Sector	1,003	514
T/bills	1,002	402
Bonds/Debentures/ Shared Plan	0	112
Local Gov't Sectors	0	0.039
Private Sector	39,946	44,213
Shares	21,204	25,397
Mortgage/Loans	276	263
Bonds/Debentures/ Shared Plan	2,067	1,220
NBFIs	5,333	2,624
Real Assets	975	0
Pooled Funds (Deposit Administration)	9,521	13,268
Others	570	1,441
Total Locally Invested Assets	50,137	52,420

Source: Insurance Supervision Department, Bank of Guyana

13.3 ANNEXE 3: CLASSIFICATION DESCRIPTIONS & METHODOLOGIES

TABLE 3.1 : Classification & Description of Selected Terms

PENSION ASSETS BY INVESTMENT CATEGORIES	
Cash Deposits	Cash are current account and other short-term savings in the financial system. Deposits are funds 'placed on deposit' with a financial institution that include certificates of deposit.
Stocks and Shares in Companies	All forms of shares in the capital of enterprises, quoted shares and other equities of listed companies on a stock exchange.
Corporate Bonds	Corporate bonds refer to fixed interest securities or bonds or debentures issued by companies, including financial and non-financial enterprises. These are private sector issued and represent fixed term investments having a fixed maturity date or dates for the repayment of principal.
Securities of Governments	These are inclusive of treasury bills and bonds issued or guaranteed by central and local governments. They are fixed term investments having a fixed maturity date or dates for the repayment of principal.
Mortgage Loans	Mortgage loans are inclusive of mortgages and other loans, including other instalment credits and all other types of loans.
Investment Arrangements	Investment arrangements are also referred to as deposit administration contracts. They represent retirement savings instruments provided by life insurance companies with (usually) a guaranteed investment return (e.g. guaranteed investment contracts). In these insurance contracts the underlying assets belong to the pension plan/fund, not to the insurance company.
Real Estate	This refers to pension fund investments in real estate or property.
Other Investments	Pension fund investments not included in the above categories.
Non-invested Assets	Non-invested assets represent current account assets including all types of receivables (debtors, interest and taxes recoverable). Current account cash at bank is excluded.
PENSION PLAN/FUND LIABILITIES	
Actuarial Liabilities	Actuarial liabilities represent the going concern liabilities of pension plans (mainly defined benefit plans) valued by a plan Actuary. The liabilities calculated are based on actuarial assumptions including demographic and financial assumptions, which represents the present value of the pension benefits accrued in a pension plan.
Accumulated Account Balances	This represents the accumulated cash contributions (employer's and members' contributions) into to defined contribution pension plans plus accumulated interest earned from the investment of contributions.
Operating/Other Liabilities	Operating liabilities refer to current liabilities including creditors and accruals, refund of contributions payable, unpaid pensionable benefits and all other types of payables.
PENSION PLAN TYPES	
Defined benefit	A pension plan where the benefits payable to members or beneficiaries are calculated according to a formula in the plan rules that relates the benefits payable to the salary of each member at a time, or averaged over a period of time, as specified in the plan rules.
Defined contribution	A pension plan where the benefits payable to each member are determined according to the balance in that member's individual account on the date of leaving the plan, where the method of accrual to that account is specified in the plan rules.
Fully Registered Plans	Pension plans registered under the Insurance Act of 1998 by the Bank of Guyana and previously by the Commissioner of Insurance.

TABLE 3.2 : FINANCIAL ASSESSMENT RATIOS AND METHODOLOGIES



RATIOS	DESCRIPTION	METHODOLOGY
Financial Assessment/Soundness Ratios		
Systemic Risk	Systemic risk is the possibility that an event at the company level could trigger severe instability or collapse of the pensions sector or local economy. This is monitored by analysing companies' pension assets and comparing the assets of the pension sector to GDP, total financial assets and total assets of NBFIs respectively, and all ratios are expressed as a percentage.	<p>Pension assets ÷ GDP (%)</p> <p>Pension assets ÷ total financial assets (%)</p> <p>Pension assets ÷ total NBFIs assets</p>
Liquidity Risk	Liquidity risk refers to the underlying risk wherein short term financial obligations cannot be met. The level of liquidity is the relative value of liquid assets or accounts to liabilities expressed as a percentage figure. The liquidity ratio is the ratio of liquid assets to cover immediate liabilities or higher than expected benefit payments without incurring substantial or material losses.	Sum of liquid accounts (include all pension asset classifications with maturity of one year or less) ÷ total liabilities
Solvency Risk	The relative value of schemes' total assets and total liabilities expressed as a percentage figure. The ratio measures the adequacy of pension assets in meeting pensionable obligations (liabilities). If a plan is deemed solvent, then it is able to meet its financial obligations at that date, moreover if the plan is fully funded, then it is able to meet is long term and future service obligations.	Total pension assets ÷ total liabilities
Market Risk	Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. Foreign exposure and equity exposure are contributing factors of market risk.	<p>Foreign exposure (%) = pension assets held in foreign currency ÷ total pension assets</p> <p>Equity exposure (%) = pension assets held as equity ÷ total pension assets</p>
Foreign Exposure of Pension Assets	The proportion of pension assets invested outside of the Republic of Guyana or investments in a foreign currency other than the Republic of Guyana dollar expressed as a percentage of total assets.	Foreign investments ÷ total assets
Equity Exposure of Pension Assets	The proportion of pension assets invested in shares of traded companies listed on a stock exchange (both locally and overseas) expressed as a percentage of total assets	Equity investments ÷ total assets
Credit Risk	Credit risk is the risk of loss arising from a counter-party to a financial contract failing to discharge its obligations. A pension plan with material receivable accounts or has material long term investments is exposed to significant credit risk.	Private bonds ÷ total bonds
Accounts Receivable to Total Assets	The proportion of current assets as receivables expressed as a percentage of total assets.	Receivables ÷ total assets
Inflation Risk	Inflationary risk refers to the risk that inflation will undermine the performance of an investment. Inflation risk is especially applicable to pension funds when there is	



Rate of Return on Investments	<p>volatile domestic inflation that negatively impacts real interest earnings. This is measured by monitoring the rates of return on investments.</p> <p>ROI measures the performance of pension plan/fund investments at the end of the year. It can be expressed in nominal and real terms for which the latter takes into consideration the influence of price inflation. It is calculated using a common formula for the average nominal net investment return (ratio between the net investment income at the end of the year and the average level of investments during the year). The average real net investment returns have been calculated using the nominal interest rate (as described above) and the variation of the consumer price index for the relevant year.</p>	<p>Nominal rate: $\text{net investment income} \div ((\text{total investments of the current year}) + (\text{total investments of the previous year}) / 2)$.</p> <p>Real rate: $\text{Nominal rate} - \text{price inflation at the end of the year}$</p>
Efficiency & Profitability Ratios		
Net Income to Total Assets	<p>The relative value of net income earned at the end of the year and total assets expressed in percentage form. The net income ratio measures the level of profitability of pension plans and its contribution to the accumulated assets</p>	<p>$\text{Net income} \div \text{total assets}$</p>
Contributions to Total Benefit Payments	<p>The relative value of contributions received from members and behalf of members and the total benefits paid out of pension funds. This ratio is a measure of profitability and efficiency</p>	<p>$\text{Contributions received (members' and employer's)} \div \text{total benefit related payments (pensions, lump sums, death benefits, withdrawal benefits etc.)}$.</p>
Operating Expenses to Investment Income	<p>The relative value of operating expenses or all expenses related to the administration or management of pension plans and investment income expressed in percentage form. This ratio is a measure of efficiency.</p>	<p>$\text{Operating expenses} \div \text{net investment income}$</p>



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