




PRIVATE OCCUPATIONAL PENSIONS SECTOR ANNUAL REPORT 2020

Insurance and Pensions Supervision Department
Bank of Guyana


Aims of the Report



To provide a summary of the sector's current and projected challenges.



To provide a holistic view of the private pension sector in Guyana, including an overview of the Bank of Guyana's supervisory practices as at end-December 2020. Data tables from 2019-2020 are used for background information.



Presenting proposals for the way forward, particularly regarding public sensitization on the pensions sector and the passage of the draft Private Pensions Law in accordance with the World Bank's FIRST initiative.



CONTENTS

1. LIST OF TABLES AND FIGURES	4
2. REPORT NOTES AND ABBREVIATIONS	5
3. PRIVATE PENSION SECTOR HIGHLIGHTS	7
4. EXECUTIVE SUMMARY	8
5. THE REGULATOR AND SUPERVISORY ACTIVITIES	10
5.1 Supervisory Objectives	10
5.2 Regulatory Challenges	11
5.3 Regional Challenges	12
5.4 The Private Pensions Act (Draft)	12
6. PENSION PLANS AND MEMBERSHIP	14
6.1 Pension Plans	14
6.2 Registration and Coverage	16
7. ASSETS AND ASSET ALLOCATION	18
7.1 Macro-Influence of the Private Pension Sector	18
7.2 Total Assets of Reporting Pension Plans	20
7.3 Allocation Of Pension Fund Assets	20
8. FINANCIAL SOUNDNESS AND STABILITY	30
8.1 Financial Soundness Indicators	30
8.2 Efficiency & Profitability Ratios	38
9. KEY STATISTICS OF PENSION FUND ADMINISTRATORS	41
9.1 Insurance and Pensions Companies	41
9.2 Trust Companies	42
9.3 Employer Self-administered Pension Funds	42
10. MICRO-PENSIONS	43
11. THE DRAFT PRIVATE PENSIONS ACT AND FINANCIAL LITERACY	45
12. THE WAY FORWARD	46
13. STATISTICS	47
13.1 List of Pension Plans	49
13.2 Annexe 2: Asset Liability Profiles	57



1. LIST OF TABLES AND FIGURES

TABLES:

Table 1: Pension Plan Membership 2019-2020

Table 2: Macro-Influence of Private Pensions 2019-2020

Table 3: Pension Plan Assets by Registration Status 2019-2020

Table 4: DB vs. DC Annual Growth 2019-2020

Table 5: Pension Asset Allocation by Investment Instruments 2019-2020

Table 6: Growth Rates of Pension Assets by Investment Instrument 2019-2020

Table 7: Pension Assets by Geographical Allocation 2019-2020

Table 8: Pension Assets by Industrial Allocation 2019-2020

Table 9: Active vs. Inactive Pension Assets 2019-2020

Table 10: Pension Plans' Funding Ratios 2019-2020

Table 11: Pension Plans' Liquidity Ratios 2019-2020

Table 12: Pension Assets Rates of Return 2019-2020

Table 13: Foreign Exposure of Pension Assets 2019-2020

Table 14: Equity Exposure of Pension Assets 2019-2020

Table 15: Accounts Receivables vs. Total Assets 2019-2020

Table 16: Contributions and Benefit Payments 2019-2020

Table 17: Operating Expenses to Net Investments 2019-2020

FIGURES:

Figure 1: Pension Plan Membership 2019-2020

Figure 2: DB vs. DC Plan Membership 2019-2020

Figure 3: Sectorial Allocation of the Total Labour Force 2020

Figure 4: Macro-Influence of Private Pensions 2019-2020

Figure 5: Pension Plan Assets by Registration Status 2019-2020

Figure 6: DB vs. DC Asset Profiles 2017-2020



Figure 7: Pension Assets by Investment Instrument 2020

Figure 8: Pension Assets by Geographical Allocation 2019-2020

Figure 9: Industrial Allocation of Pension Assets 2020

Figure 10: Pension Assets by Plan Activity & Status 2019-2020

Figure 11: Funding Levels of Pension Plans 2019-2020

Figure 12: Liquidity Ratios of Pension Plans 2019-2020

Figure 13: Real Rates of Return for Pension Plan Investments 2019-2020

Figure 14: Foreign Exposure of Pension Assets 2019-2020

Figure 15: Equity Exposure of Pension Assets 2019-2020

Figure 16: Receivables vs. Total Assets 2019-2020

Figure 17: Contribution and Benefit Payments 2019-2020

Figure 18: Operating Expenses to Net Investment Income 2019-2020

2. REPORT NOTES AND ABBREVIATIONS

- a. Unless otherwise stated, all dollar values in this report are stated in millions of Guyana Dollars.
- b. The data collection methodology used by the Bank of Guyana's Insurance and Pensions Supervision Department was enhanced in the year 2015. In addition to annual financial statements and triennial actuarial valuation reports, unaudited data are now being submitted on a quarterly basis. As a result, the Bank has greater oversight on the management of private pensions.
- c. The report also includes sections on micro-pensions and pension literacy within Guyana's private pension system.
- d. Statistics from the Guyana Labour Force Survey 2019 (GLFS) were included in this report to provide some data on the sectoral allocation of the local labour force and categories of employment within the labour force.



ABBREVIATIONS

The following table describes the meaning of the abbreviations and acronyms used throughout the report:

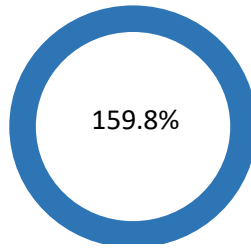
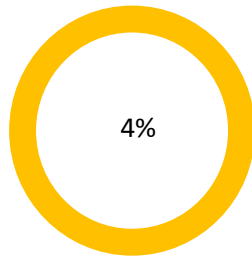
Abbreviations	Meaning
DAC	Deposit Administration Contract
DB	Defined Benefit
DC	Defined Contribution
GDP	Gross Domestic Product
GLFS	Guyana Labour Force Survey
LAC	Latin America and the Caribbean
NBFI	Non-Bank Financial Institution
NPAP	National Pensions Awareness Programme
OECD	Organisation for Economic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

2020

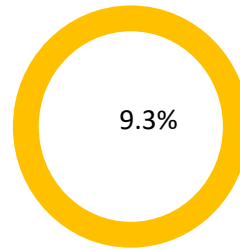
3. PRIVATE PENSION SECTOR HIGHLIGHTS

81.6 BILLION
TOTAL ASSETS

Pension
Assets as a
percentage of
GDP



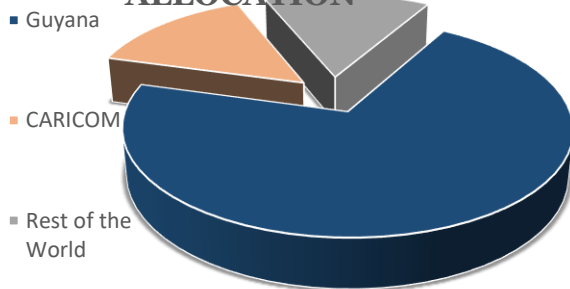
Combined Sector Solvency



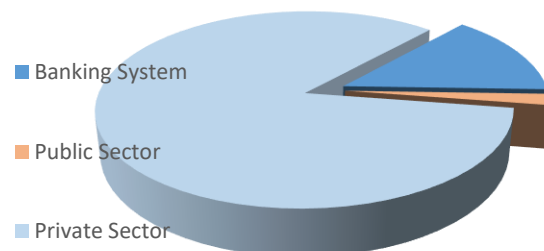
Increase
in Total
Assets

18,288
MEMBERSHIP

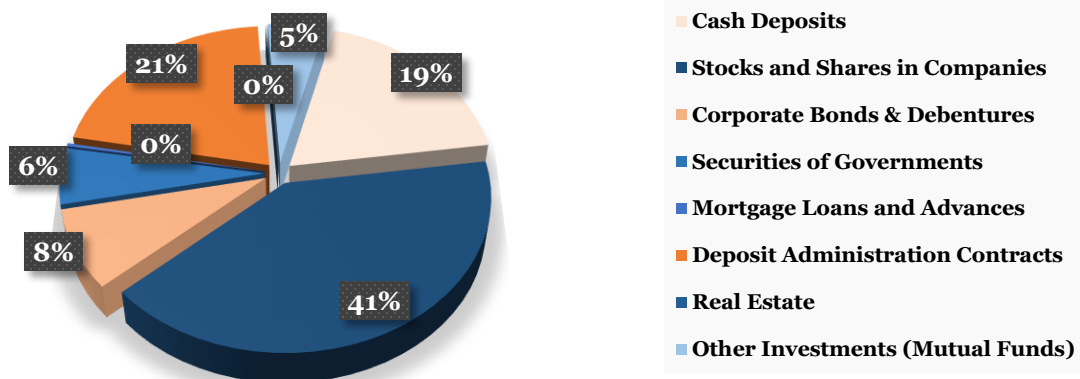
GEOGRAPHICAL ALLOCATION



SECTORAL ALLOCATION



PENSION ASSETS BY INVESTMENT INSTRUMENT





4. EXECUTIVE SUMMARY

The assets of 104 reporting private pension schemes totalled \$81.6 billion as at 31 December 2020. This represented a significant increase of approximately \$7 billion or 9.3 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 5.5 percent of GDP in 2020, 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 (135%), Iceland (178%), the Netherlands (191%), Switzerland (141%) and the United Kingdom (123%)¹. The sector also showed its influence as an institutional investor by accounting for 25.0 percent of the total assets of NBFIs in 2020.

The issue of limited coverage was one of the key findings to be noted for 2020. The number of reporting plans increased by two (2) DC plans, to 105 reporting plans. Liquidity risk was also a key concern, as pension funds held a substantial amount of their total assets in liquid form or held investments with maturities within one year. This was reflected by a ratio of 35.2 percent relative to current liabilities.

In 2020, the funding level of private occupational plans saw an overall ratio of 156.9 percent compared with the funding ratio of 160.8 percent in 2019. The sector yielded significantly small, decreased real rates of return on invested assets in 2020, i.e. 1.8 percent. As a percentage of total assets, foreign assets represented approximately 27 percent at the end of 2020, a 2.4 percentage point decrease from 2018. Foreign investments are increasingly being monitored.

The trend of DC plans becoming increasingly popular among employers was also noted, with almost 64 percent of plans being DC. DB plans, however, continued to boast higher asset totals, accounting for 87.4 percent of total pension assets. Overall, a positive financial outlook is forecasted 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.

¹ Pension Fund in Figures, OECD, June 2020



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.



5. THE REGULATOR AND SUPERVISORY ACTIVITIES

Following the enactment of the Insurance and Pensions (Supplementary Provisions) Act 2009, the Bank of Guyana - Insurance and Pensions 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 a 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:

5.1 Supervisory Objectives

Strategic Goal	Projected Timeline	Outcome
<p>1. Strengthen the legislative and regulatory framework for pension plans:</p> <ul style="list-style-type: none"> Finalise draft of new Pensions Act. Prepare regulations to implement the new Pensions Act. 	2018-2022	<p>Commenced and ongoing. Two (2) rounds of consultations for the Pensions Act were held in a strategic period.</p> <p>Regulations are currently in draft.</p>
<p>2. Implement an effective and efficient regulatory regime for the pensions sector:</p> <ul style="list-style-type: none"> Develop guidance on the governance and prudential requirements for the pensions sector as per the 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	<p>Commenced and ongoing:</p> <p>Revised Quarterly Forms created and implemented First Quarter of 2018.</p> <p>On-site inspection groundwork for the pension sector commenced.</p>



5.2 Regulatory Challenges

The private pensions industry is faced with an ongoing predicament, owing to a host of hindrances. 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 an existing penalty regime, effective resolution of the issues was not possible.

Coverage of private plans remained constrained owing to the system's voluntary nature, where reporting pension plans cover only 6.0% of the total employed labour force, compared with over 40% in ten (10) OECD countries². There is limited education concerning the importance of having a private pension, and 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 the same are not included in the current legislation. Other challenges plaguing the sector in 2020 included high administrative costs charged by plan administrators vis-à-vis the low returns experienced. Plans seek better investment opportunities, as local investments are limited, and this is compounded by investment restrictions stipulated in Section 112 of the Insurance and Pensions 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 2020.

² Pensions at a Glance 2020, OECD and G20 Indicators



5.3 Regional Challenges

Limited pension coverage is not unique to Guyana; rather is experienced throughout the LAC region and can be attributed to several factors.

At present, 34.5 percent of over-65s have no income in the LAC region. This represents a situation of vulnerability and economic security, which was made worse by the COVID-19 pandemic³.

According to a Study done by the International Labour Organisation titled “Overview of Social Protection in Latin America and the Caribbean”, it states that “the pandemic made visible the importance of social protection systems, understood as the set of policies and programmes that guarantee comprehensive coverage against different social risks throughout the life cycle.”

The ILO analysis found that, since the COVID-19 Pandemic, it has become more challenging to achieve coverage, sufficiency and financial sustainability in pension systems. This difficulty is a result of uncertainty about economic growth, reduced fiscal space, increased inflation and interest rates. Additionally, longer term, structural factors are playing a role, including high levels of informality, disruption in work and production organisational, ageing populations, rising dependency ratios and increasing numbers of natural disasters.

5.4 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 and Pensions and Pensions Supervision Department. Public consultation with several key industry stakeholders, including plan administrators and sponsors, has already been conducted in 2018 and 2019, and the accompanying

³ 2022 Labour Overview Series: 34.5 per cent of over 65s have no income in Latin America and the Caribbean (ILO)



regulations are a work in progress. However, due to the COVID-19 pandemic, consultations that were slated to be in 2020 were postponed. This included a subsequent round of consultations with respect to the Draft Act and a first round of consultations regarding the attendant regulations.

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 constraints. 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 in Part XVI of the Insurance and Pensions 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 draft 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.



6. PENSION PLANS AND MEMBERSHIP

6.1 Pension Plans

There were one hundred and four (104) private pension plans reporting to the Bank on a quarterly basis, as at December 31, 2020. Thirty-seven (37) of these plans were classified as defined benefit (DB) and sixty-seven (67) are defined contribution (DC). The plans collectively covered 18,288 members and were managed by five (5) licensed life insurers, two (2) trust companies and two (2) plans were self-administered by their respective sponsors.

**TABLE 1:
PENSION PLAN MEMBERSHIP (2019-2020)**

	2019		2020	
Year	Number of Members	Percentage of Total Membership %	Number of Members	Percentage of Total Membership %
Number of Reporting Plans	103		105	
Total Membership	17,720		18,288	
Active	14,591	82	15,089	83
Deferred	128	1	104	1
Pensioners	3001	17	3095	17
Members in DB Plans	9,555	54	9,469	52
Members in DC Plans	8,165	46	8,819	48
Pension Coverage*	7.41%		6.90%	
Annual Membership Growth Rate	3.14%		3.21%	

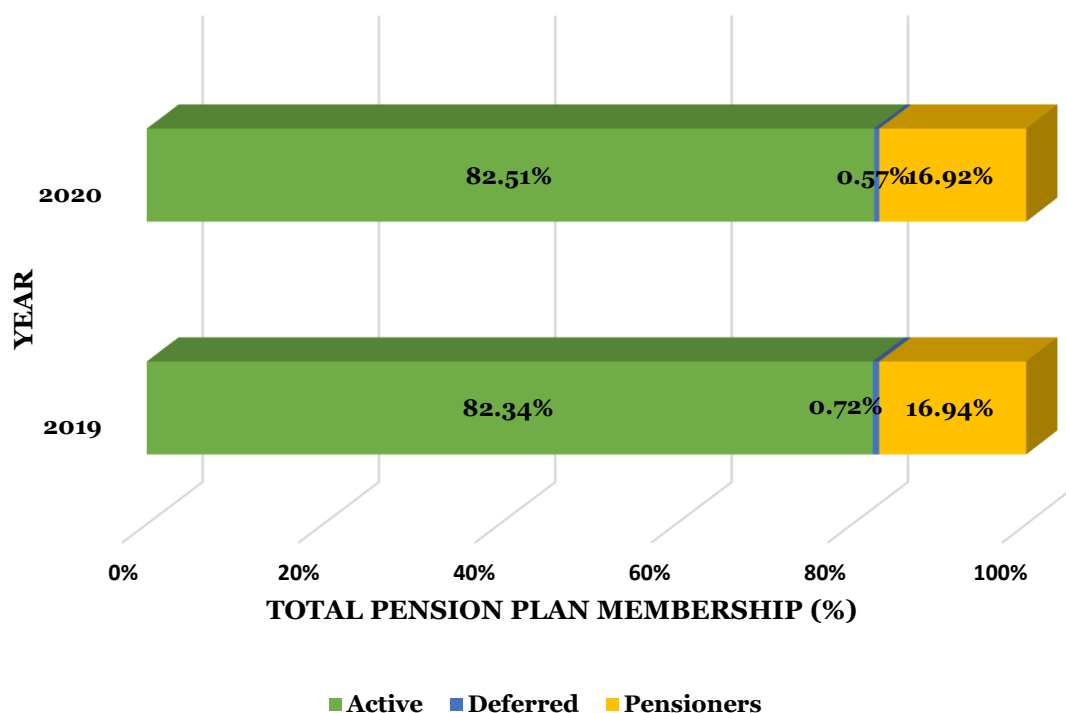
Source: Insurance and Pensions Supervision Department, Bank of Guyana

*Coverage specifies the ratio of private pension coverage to that of the total labour force according to the GLFS Q1 2020

Membership growth increased significantly by 3.2 percent between 2019 and 2020. 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 MEMBERSHIP 2019-2020**

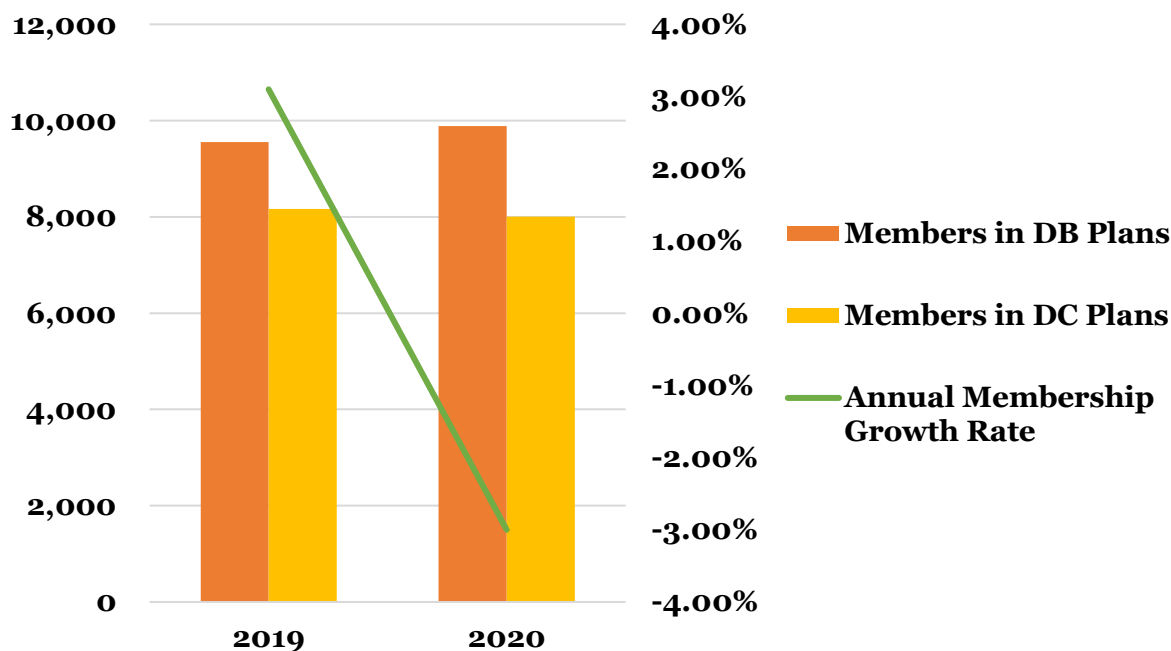


Source: Insurance and Pensions Supervision Department, Bank of Guyana.

Defined benefit (DB) plan membership was greater than that of defined contribution (DC), where DB membership accounted for more than half of total membership in both 2019 and 2020. Historically, despite having fewer DB plans, these pension plans have a greater combined membership than DC plans for the same period. From 2019 to 2020, there has been a noticeable shift in sponsoring employers opting to offer DC pension plans in lieu of DB plans. This is a result of the difference in the nature of the two plans. For DB plans, the sponsor is liable to the beneficiaries in providing benefits upon retirement based on a formula. On the contrary, the benefits associated with a DC plan are based on both employer and employee contributions, along with interest. Given that there was limited growth in the number of private pension plans, there was limited overall coverage of the private pension sector. The 3.0 percent decrease in total membership from 2019-2020 was partly due to the negative economic impact resulting from the COVID-19 pandemic.



**FIGURE 2:
DB vs DC PLAN MEMBERSHIP 2019-2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

6.2 Registration and Coverage

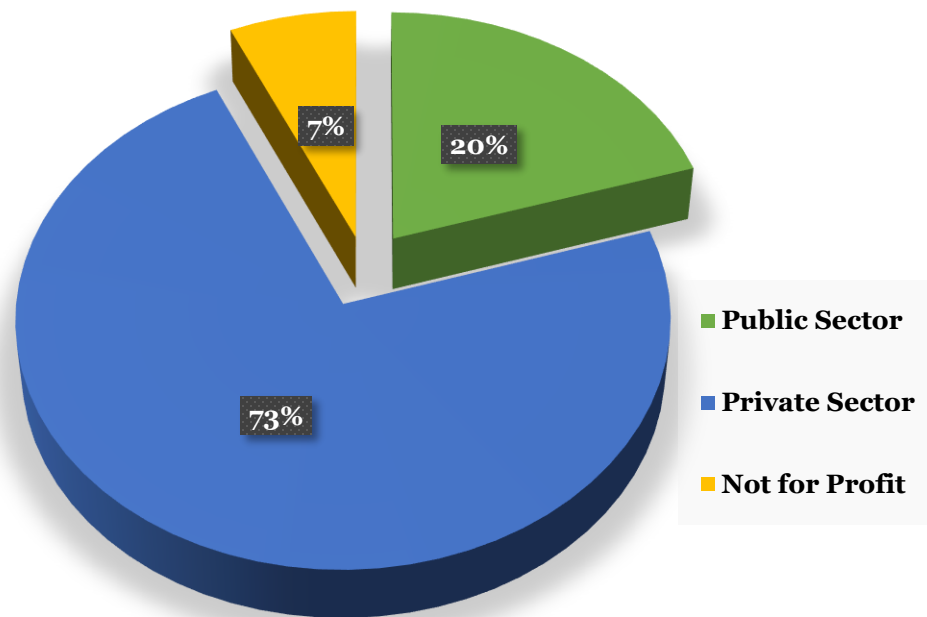
During the period 2019-2020, one (1) plan was registered and three (3) initiated winding up proceedings. As at December 2020, there were forty-five (45) active and registered plans, thirty-eight (38) active and unregistered plans and twenty-one (21) plans were classified as unregistered and inactive, however, still held assets to be paid out at a later date.

The private sector accounts for approximately 67 percent of the employed labour force⁴, wherein only 7.4 percent of the total employed population is accounted for in all private pension plans.

⁴ Guyana Labour Force Survey, 2019 Q4, Bureau of Statistics



**FIGURE 3:
SECTORIAL ALLOCATION OF THE TOTAL LABOUR
FORCE 2020**



Source: GLFS 2020 Q1



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 years,⁵ and in Guyana, an amount of \$19.9 billion was allocated for Old Age Pensions or 86 percent of the Ministry of Social Protection's \$23.0 billion budget in 2020.⁶

TABLE 2:
MACRO-INFLUENCE OF PRIVATE PENSIONS 2019-2020

Pension assets as a percentage of GDP (%)	8.7	5.4
Pension assets as a percentage of total financial assets (%)	7.1	6.7
Pension assets as a percentage of total NBFIs (%)	24.4	25.0

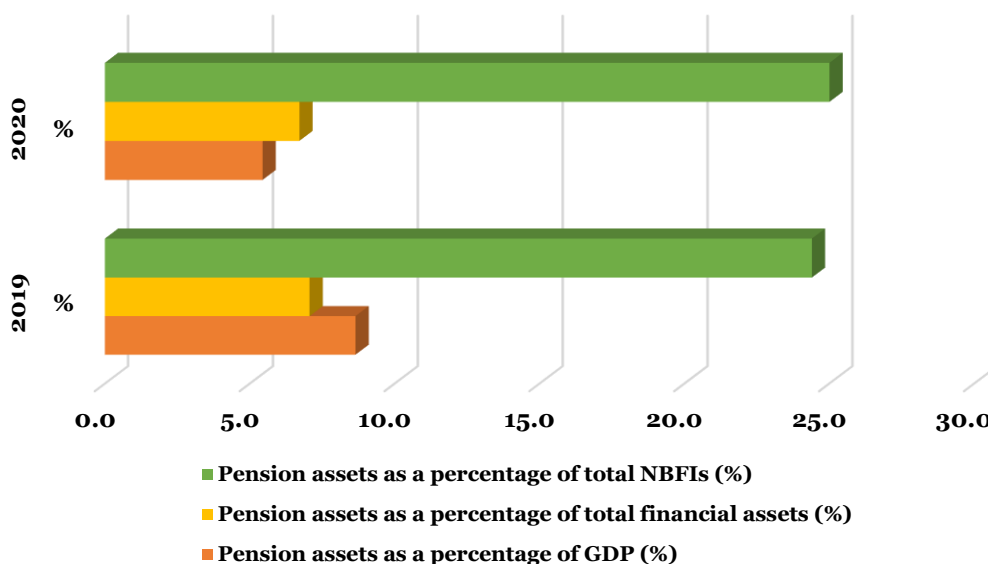
Source: Insurance and Pensions Supervision Department, Bank of Guyana

⁵ 'From Red to Gray', Chapter 4: Aging and Pension Expenditures, World Bank Group 2007

⁶ Estimates of the Public Sector for 2020 Volumes 1, Ministry of Finance



**FIGURE 4:
MACRO-INFLUENCE OF PRIVATE PENSIONS 2019-
2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

The private pension sector saw its assets decrease from 8.7 percent in 2019 to 5.4 percent of GDP in 2020, retaining relatively small macro-influence as a sector. The industry showed its influence as an institutional investor by accounting for 25 percent of non-bank financial institutions (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 104 reporting private pension schemes totalled \$81.6 billion as at December 2020. This is a significant increase of approximately \$7 billion or 9.4 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

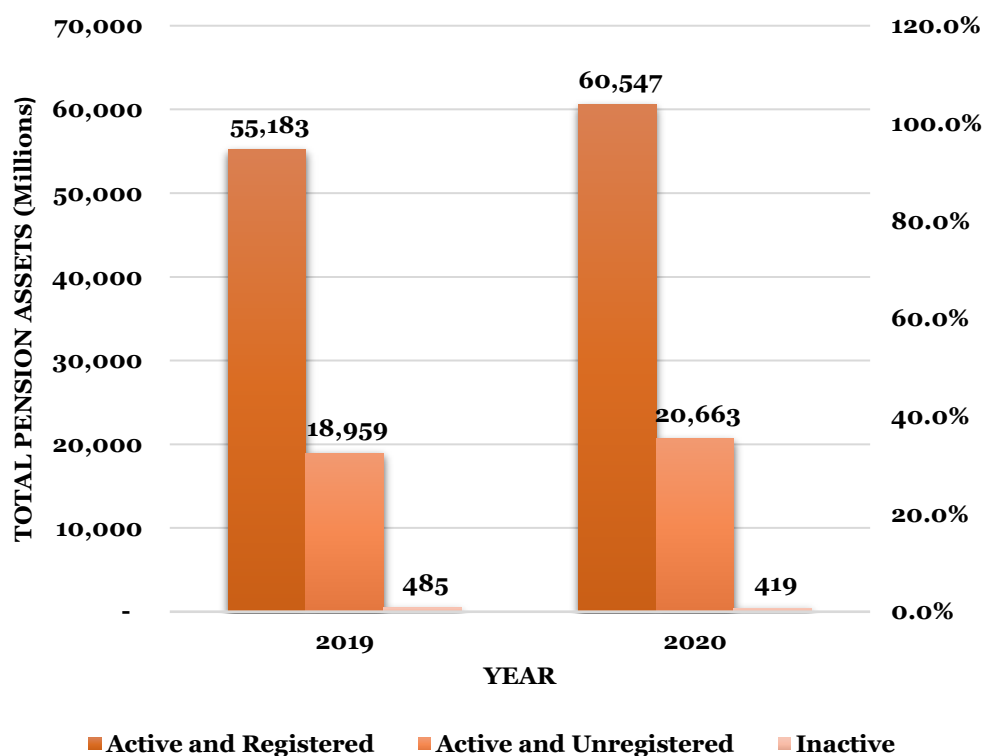
Approximately 43 percent of total private pension assets belonged to registered pension plans, as at December 2020. Active and unregistered plans in comparison accounted for approximately 37 percent of total private pension assets. Lastly, inactive plans accounted for 20% of plans. Inactive plans are those plans that would have been terminated but assets are yet to be distributed.

TABLE 3: PENSION PLAN ASSETS BY REGISTRATION STATUS 2019-2020		
	2019	2020
No. of Reporting Plans	103	104
Total Assets	74,628	81,629
Active and Registered	55,183	60,547
Active and Registered/ Total Assets (%)	73.9%	74.2%
Active and Unregistered	18,959	20,663
Active and Unregistered/ Total Assets (%)	25.4%	25.3%
Inactive	485	419
Inactive/ Total Assets (%)	0.70%	0.5%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



**FIGURE 5:
PENSION PLAN ASSETS BY REGISTRATION
STATUS 2019-2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

7.3.2 Allocation by Plan type

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 pension plans.



Table 4: DB vs DC ANNUAL GROWTH 2019-2020		
G\$ millions	2019	2020
DB Assets	65,381	71,233
DB Asset Allocation	87.6	87.3
DB Growth (%)	13.3%	9.0%
DC Assets	9,247	10,396
DC Asset Allocation	12.4	12.7
DC Growth (%)	17.2%	12.4%

Source: Insurance and Pensions Supervision Department, Bank of Guyana

Despite a steady increase in DB assets, DC plans recorded higher growth margins, particularly a 12.4 percent increase in 2020. There was a 4.3 percent decline in DB asset growth in 2020, which may be attributed to a 15 percent decline in investments in equities, an 11% percent decline in mutual funds and a 6 percent decrease in investments in loans and mortgages.



**FIGURE 6:
DB vs. DC ASSET PROFILES 2017-2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

7.3.3 Allocation by Investment Instruments

In 2020, 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 0.6 percent increase from 2019, and assets held in Deposit Administration Contracts, a 1.5 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 40.7 percent, 18.9 percent and 21.0 percent of total assets, respectively.



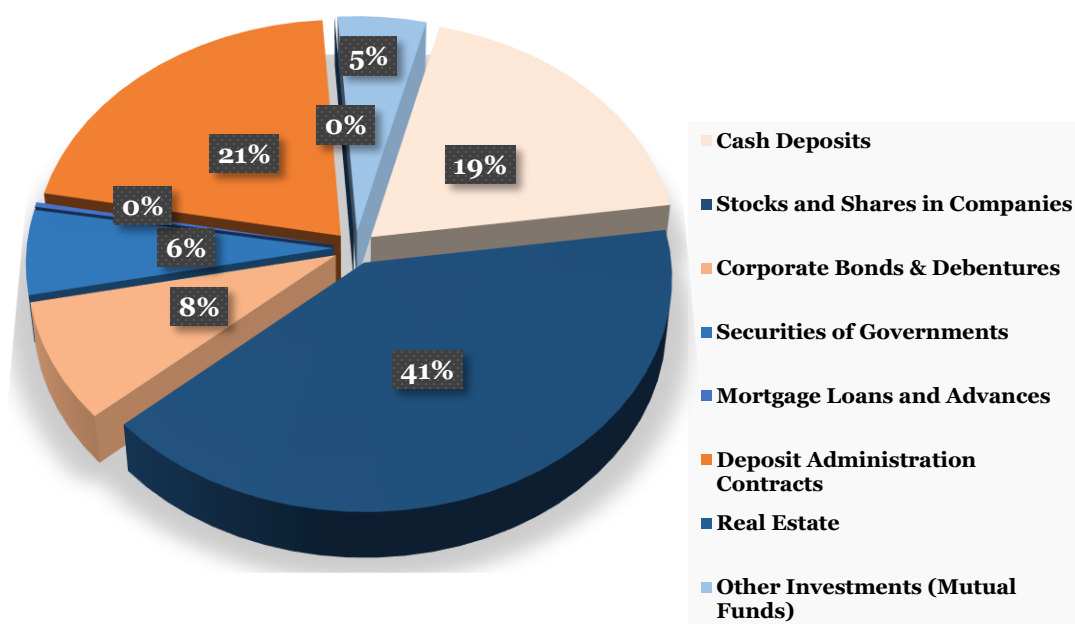
TABLE 5:
PENSION ASSET ALLOCATION BY INVESTMENT INSTRUMENTS 2019-2020

	2019		2020	
G\$ Millions		Percentage of Total Industry Assets (%)		Percentage of Total Industry Assets (%)
No. of Reporting pension plans	103		104	
Asset Growth Rate (%)	14		9	
Cash Deposits	13,890	19.75%	14,427	18.85%
Stocks and Shares in Companies	28,227	40.14%	31,151	40.71%
Corporate Bonds & Debentures	7,533	10.71%	6,379	8.34%
Securities of Governments	3,567	5.07%	4,512	5.90%
Mortgage Loans and Advances	263	0.37%	247	0.32%
Deposit Administration Contracts	13,640	19.39%	16,020	20.93%
Real Estate		0.00%		0.00%
Other Investments (Mutual Funds)	3,208	4.56%	3,789	4.95%
Non-invested Assets	4,300		5,104	

Source: Insurance and Pensions Supervision Department, Bank of Guyana



**FIGURE 7:
PENSION ASSETS BY INVESTMENT INSTRUMENT
2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

7.3.4 Growth Rates of Investment Instruments

The growth of the industry in 2020 was largely complemented by an almost 37 percent increase in the total value of investments. Significant growth was recorded for assets invested in Government securities (27 percent), 'Other' Investments - Mutual Funds (18 percent) and DACs (17 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 2020.



TABLE 6: GROWTH RATES OF PENSION ASSETS BY INVESTMENT INSTRUMENT 2019-2020				
	2019		2020	
		Percentage Growth (%)		Percentage Growth (%)
Cash Deposits	13,890	2	14,427	4
Stocks and Shares in Companies	28,227	21	31,151	10
Corporate Bonds & Debentures	7,533	-9	6,379	-15
Securities of Governments	3,567	4	4,512	27
Mortgage Loans and Advances	263	-5	247	-6
Deposit Administration Contracts	13,640	33	16,020	17
Real Estate	0		0	0
Other Investments (Mutual Funds)	3,208	67	3,789	18
Investments	70,328	13	76,525	9

Source: Insurance and Pensions 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 2019 and 2020. Less than 30 percent (approximately 26 percent) of total pension assets were invested outside of Guyana in 2020. This included investments of 13.3 percent or \$10.9 billion in CARICOM Member States and 13.4 percent or \$10.9 billion in the rest of the world. Approximately 73.3 percent or \$60.0 billion of pension assets were invested domestically in 2019.



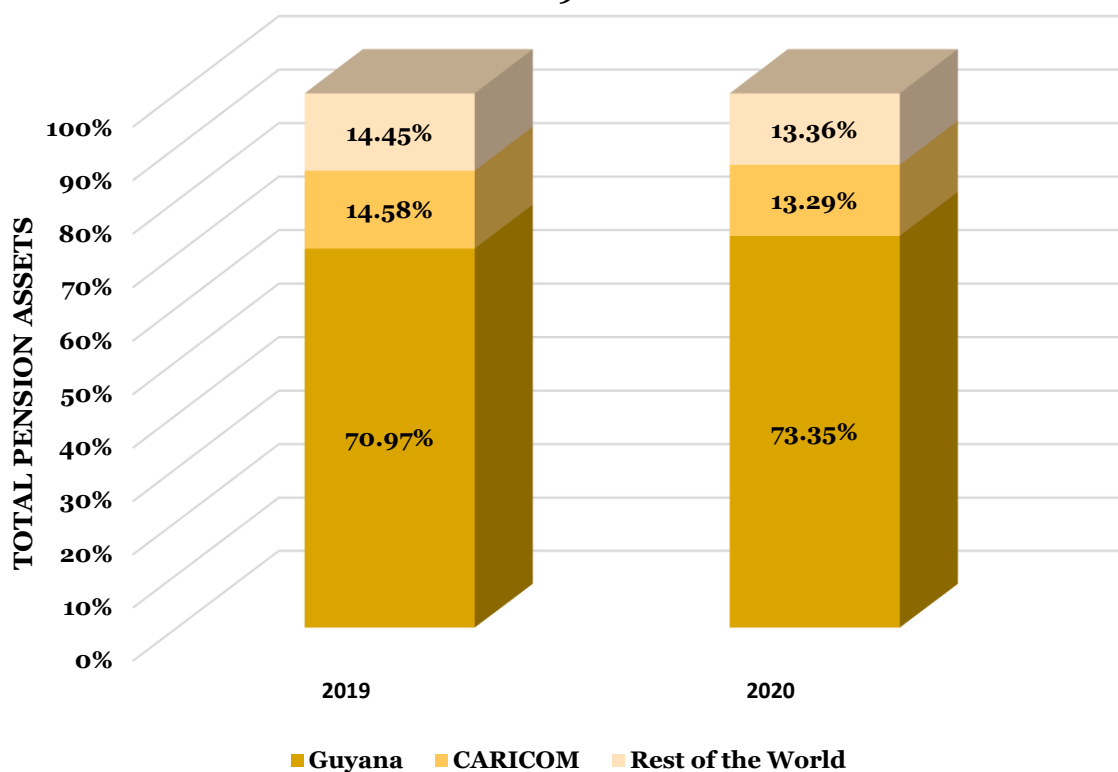
TABLE 7: PENSION ASSETS BY GEOGRAPHICAL ALLOCATION 2019-2020				
G\$ Millions	2019	Growth	2020	Growth
Guyana	52,961	2.7%	59,871	13.0%
CARICOM	10,880	50.0%	10,851	-0.3%
Rest of the World	10,787	69.0%	10,907	1.1%
Foreign Investments as a % of Assets	29.0%		26.7%	
TOTAL	74,628		81,629	

Source: Insurance and Pensions Supervision Department, Bank of Guyana

Additionally, pension assets invested in Guyana saw positive growth, with a 13 percent increase in 2020 following a 2.7 percent increase in 2019. This is due primarily to the significant increase in T-bills (government securities investments) of 178 percent from 2019. On the contrary, pension assets in overseas territories outside of CARICOM saw a meagre increase of 1 percent, while investments in CARICOM saw a decrease of 0.3 percent.



**FIGURE 8:
PENSION ASSETS BY GEOGRAPHICAL ALLOCATION
2019-2020**



Source: Insurance and Pensions 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 2020. Investments in the education, construction, communication and health sectors, however, were diminutive, particularly in the health sector, which only accounted for \$81 million (5 percent) of total assets. The manufacturing industry also recorded steady growth and accounted for 21 percent of total pension sector assets.

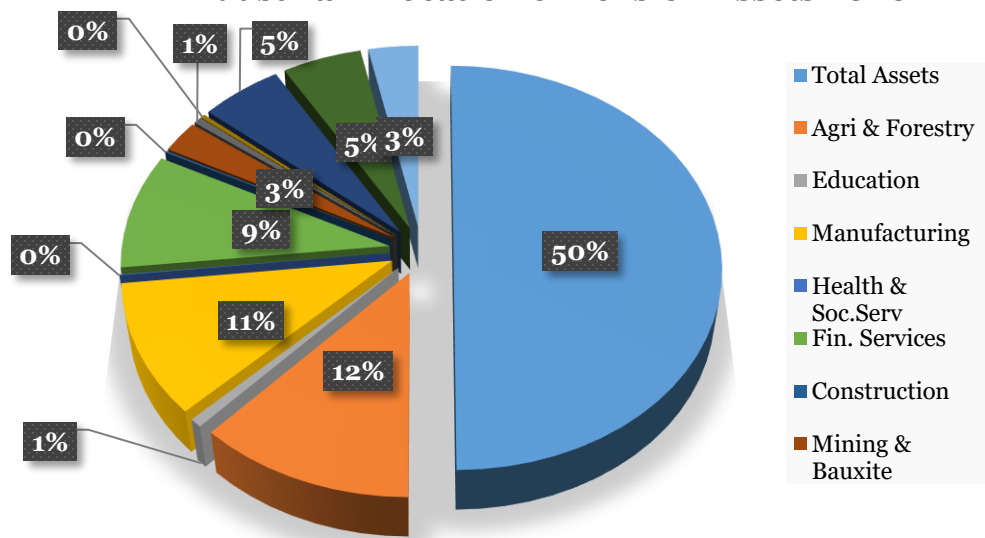


TABLE 8:
PENSION ASSETS BY INDUSTRIAL ALLOCATION 2019-2020

G\$ Millions	2019	2020
Total Assets	74,628	74,810
Agriculture & Forestry	17,927	17,895
Education	1,037	1,039
Manufacturing	16,115	15,835
Health & Social Services	79	81
Financial Services	13,553	13,815
Construction	190	206
Mining & Bauxite	3,764	3,855
Transportation	758	817
Communication/Media	455	467
Sales & Retail Distribution	8,249	8,070
Utility	7,809	7,816
Other Services	4,691	4,913

Source: Insurance and Pensions Supervision Department, Bank of Guyana

FIGURE 9:
Industrial Allocation of Pension Assets 2020



Source: Insurance and Pensions Supervision Department, Bank of Guyana



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 2020. At the end of December 2020, pension assets represented 6.7 percent of total financial assets and 25.0 percent of NBFIs' assets. The sector's importance as an institutional investor decreased in its assets to GDP ratio from 8.7 percent in 2019 to 5.5 percent in 2020. This was owing to the significant increase of GDP as a result of the oil windfall which commenced 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.

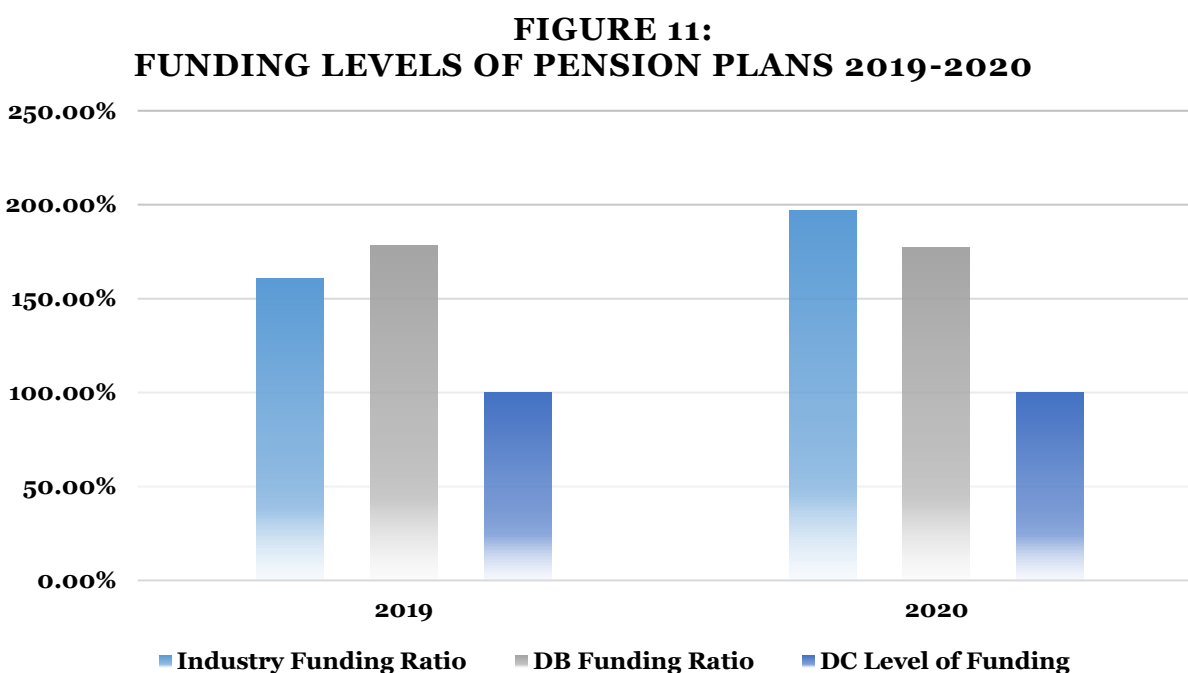
If a plan is deemed solvent, then it is able to meet its financial obligations at that date; moreover, if the plan is fully funded, then it is able to meet its long-term and future service obligations. In 2020, the funding level of reporting plans improved with an industry ratio of 196.9 percent compared to 160.8 percent in 2019. 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 196.9 percent. It is noteworthy, however, that at end-December 2020 three (3) DB plans were insolvent (unable to meet liabilities at the time of valuation) and nine (9) were in a funding deficit - 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 to 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 10: PENSION PLANS' FUNDING RATIOS 2019-2020		
Funding Ratios	2019	2020
Industry Funding Ratio	160.75%	196.86%
DB Funding Ratio	178.27%	177.48%
DC Level of Funding	100.00%	100.00%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



Source: Insurance and Pensions Supervision Department, Bank of Guyana



8.1.3 Liquidity Risk

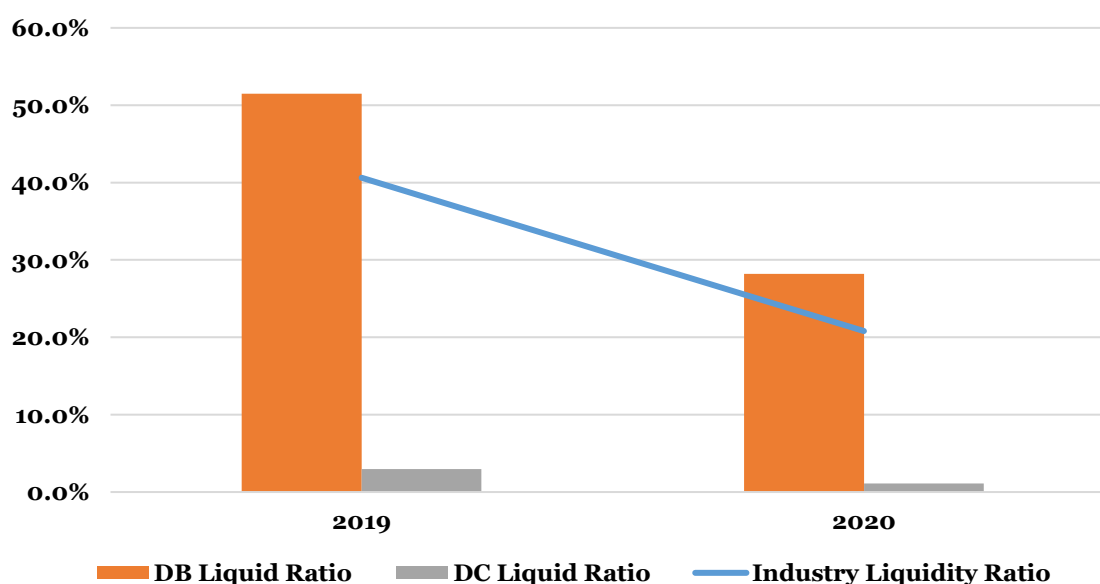
The liquidity ratio is the ratio of liquid assets to cover immediate liabilities or higher than expected benefit payments without incurring a material loss. The industry's total liquidity as a percentage of total liabilities decreased from 24.6 percent reported in 2019 to 20.8 percent at end-2020. This 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 11:
PENSION PLANS' LIQUIDITY RATIOS 2019-2020**

Liquidity Ratios	2019	2020
Industry Liquidity Ratio	24.59	20.81
DB Liquid Ratio	51.49%	28.19%
DC Liquid Ratio	2.97%	1.10%

Source: Insurance and Pensions Supervision Department, Bank of Guyana

**FIGURE 12:
LIQUIDITY RATIOS OF PENSION PLANS 2019-2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

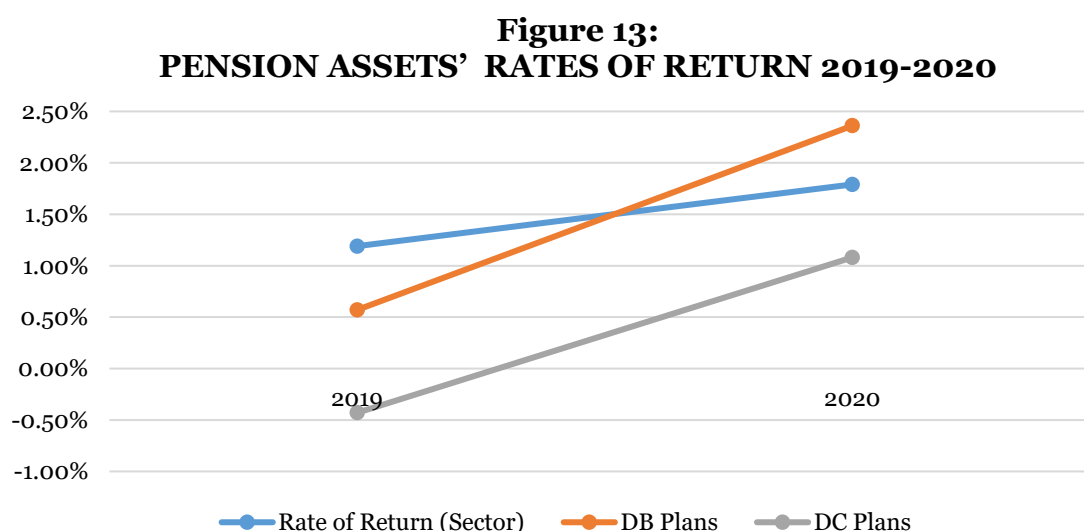


8.1.3 Inflation risk

The sector yielded increased real rates of return on invested assets in 2020 (1.8 percent), increasing from 1.2 in 2019. The increase was mainly due to the significantly higher real rate of return of DB plans in 2020, which was recorded at 1.58 percent, up from 1.52 percent (revised) in 2019. Increased DB investments in shares were primarily responsible for the increase.

TABLE 12: PENSION ASSETS' RATES OF RETURN 2019-2020			
G\$ Millions		2019	2020
Nominal Rate of Return on invested assets	Average Invested Assets	58,215	77,200
	Nominal Net Investment Returns	1,962	2,603
	Rate of Return (Sector)	2.84	3.37
	DB Plans	3.11%	5.62%
	DC Plans	0.50%	0.90%
	Annual Price Inflation	1.58%	1.58%
Real Rate of Return on invested assets	Rate of Return (Sector)	1.19	1.79
	DB Plans	0.57%	4.04%
	DC Plans	-0.43%	-0.68%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



Source: Insurance and Pensions Supervision Department, Bank of Guyana



8.1.5 Market Risk

8.1.5.1 Foreign Exposure of Pension Assets

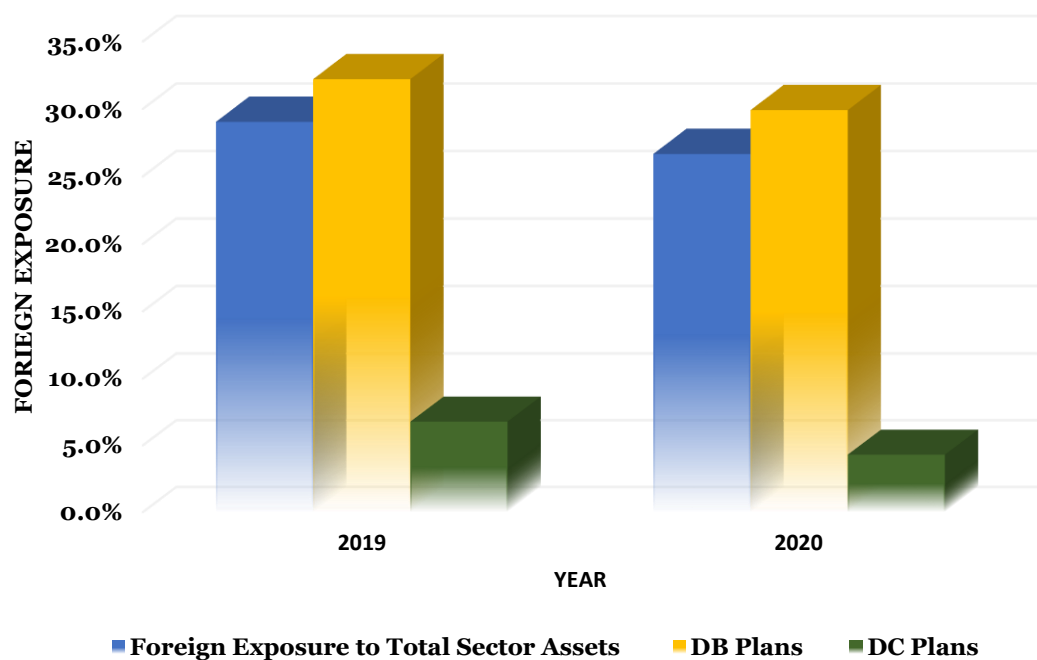
Foreign exposure of pension assets slightly increased in 2020 and remained within the 30 percent statutory limit. As a percentage of total assets, foreign assets represented approximately 27 percent at the end of 2020, staying almost constant when compared to the last quarter of 2019. This was attributed to a significant increase in total foreign investments in DB plans, which continued to be significantly higher than the industry average (see table 13).

TABLE 13: FOREIGN EXPOSURE OF PENSION ASSETS 2019-2020		
G\$ Millions	2019	2020
Foreign Exposure	21,667	21,758
Foreign Exposure to Total Sector Assets	29.03%	26.65%
DB Plans	32.20%	29.90%
DC Plans	6.77%	4.29%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



**FIGURE 14:
FOREIGN EXPOSURE OF PENSION ASSETS
2019-2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

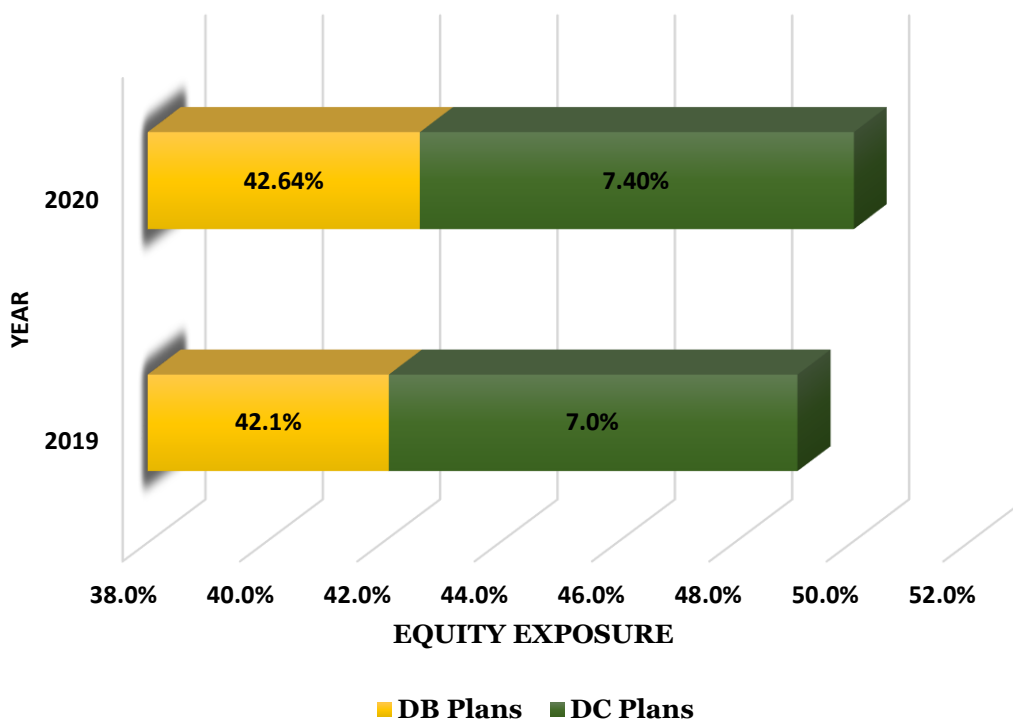
**TABLE 14:
EQUITY EXPOSURE OF PENSION ASSETS 2019-2020**

G\$ millions	2019	2020
Equity	28,227	31,151
Equity to Total Sector Assets	37.8%	38.2%
DB Plans	42.2%	42.65%
DC Plans	6.9%	7.38%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



FIGURE 15:
EQUITY EXPOSURE OF PENSION ASSETS 2019-2020



Source: Insurance and Pensions Supervision Department, Bank of Guyana

8.1.5.2 Equity Exposure of Pension Assets

Pension funds' exposure to equity markets decreased from approximately 37.8 percent in 2019 to 38.2 percent at the end of 2020. 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 42.6 percent compared to 7.4 percent of DC assets in 2020. Consequently, the funding positions of DB plans are more likely to be sensitive to market changes when compared to plans with an investment portfolio comprising a higher proportion of fixed income securities (see Table 13).



8.1.6 Credit Risk

8.1.6.1 Accounts Receivable to Total Assets

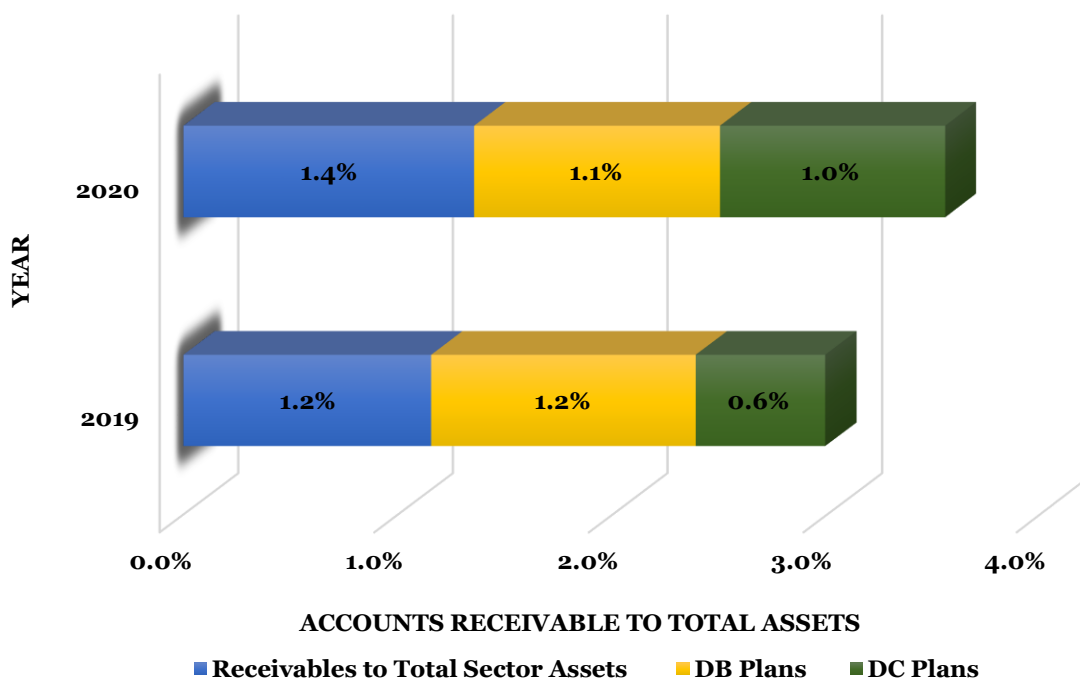
This ratio measures the potential impact of credit default risk resulting from the payment of monies owed to pension funds. The accounts receivable to total assets ratio was stable and relatively low, with a ratio of 1.4 percent at the end of 2020. The impact on DB assets resulting from credit default risk was slightly higher than that of DC assets, where 1.1 percent of DB assets represented accounts receivable compared to 1.0 percent of DC assets at the end of the period (see Table 15).

TABLE 15: ACCOUNTS RECEIVABLES TO TOTAL ASSETS 2019-2020		
G\$ millions	2019	2020
Receivables	862	889
Receivables to Total Sector Assets	1.2%	1.4%
DB Plans	1.2%	1.1%
DC Plans	0.6%	1.0%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



**FIGURE 16:
RECEIVABLES VS TOTAL ASSETS 2019-2020**



Source: Insurance and Pensions 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 was 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 fewer benefit payments to make, in relation to the amount of income earned from contributions.

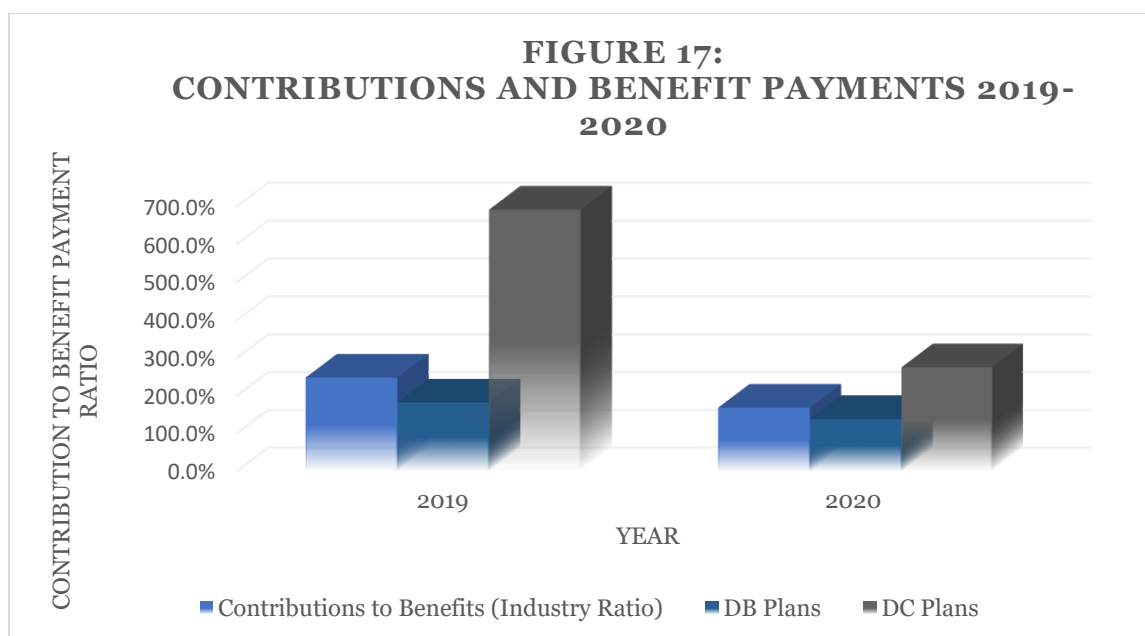


**TABLE 16:
CONTRIBUTIONS AND BENEFIT PAYMENTS 2019-2020**

	2019	2020
Contributions	1,230	1,090
Benefit Payments	495	647
Contributions to Benefits (Industry Ratio)	248.2%	168.5%
DB Plans	182.2%	138.4%
DC Plans	691.2%	275.6%

Source: Insurance and Pensions Supervision Department, Bank of Guyana

**FIGURE 17:
CONTRIBUTIONS AND BENEFIT PAYMENTS 2019-2020**



Source: Insurance and Pensions 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 2020 with a smaller, average ratio of 29.8 percent. Efficiency continued to vary between the types of plans, albeit slightly. DB plans continued to experience relatively higher ratios (30.1 percent) and were considered less efficient over the period compared to 25.7 percent for DC plans, given the higher operating expenses experienced by DB plans. Further, net investment income for DC plans declined significantly by 94 percent from 2019 to 2020, thus resulting in the sharp increase of the efficiency ratio from 1.2 percent to 25.7 percent in 2020. This was, in large part, due to the negative financial market performance globally as a result of the COVID-19 pandemic. The Bank continues to monitor the solvency level of pension plans, especially in light of low real returns and the COVID-19 pandemic.

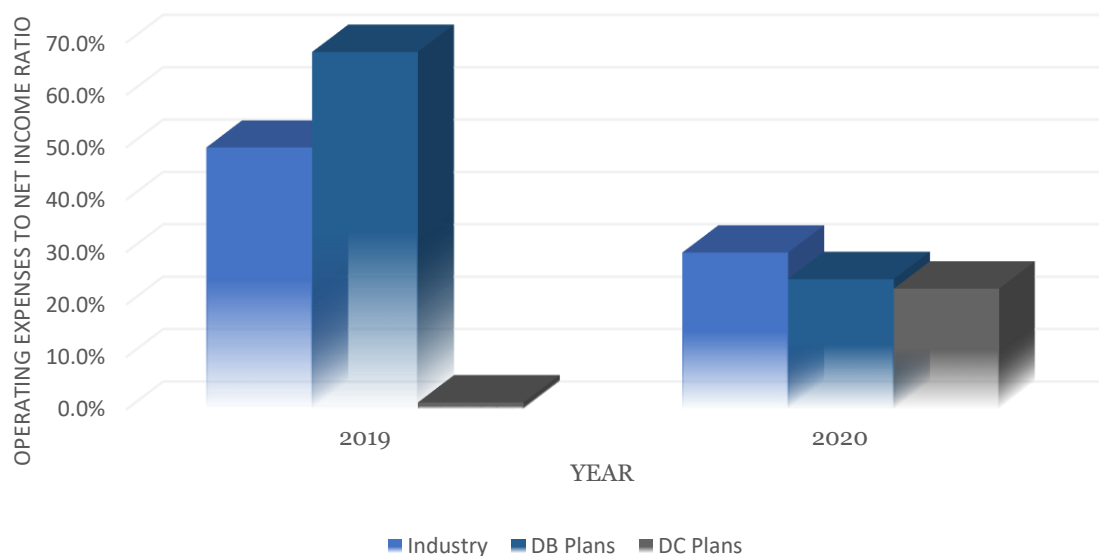
TABLE 17:
OPERATING EXPENSES TO NET INVESTMENT INCOME 2019-2020

	2019	2020
Operating Expenses	400	145
Net Investment Income	801	486
Industry	49.9%	29.8%
DB Plans	68.1%	30.1%
DC Plans	1.2%	25.7%

Source: Insurance and Pensions Supervision Department, Bank of Guyana



**FIGURE 18:
OPERATING EXPENSES TO
NET INVESTMENT INCOME 2019-2020**



Source: Insurance and Pensions Supervision Department, Bank of Guyana

9. KEY STATISTICS OF PENSION FUND ADMINISTRATORS

9.1 Insurance and Pensions Companies

The majority of active private pension plans in Guyana are managed by life Insurance and Pensions companies (78 plans, of which 64 are DC and 14 are DB plans). In 2020, the combined asset value of plans administered by life insurers increased by approximately 14 percent to \$20.0 billion, which represented approximately 24 percent of the industry's total assets at Dec-2020.

Total membership in these plans amounted to 9,812 participants, an increase from 9,115 participants in 2019 and represented approximately 54 percent of the industry's total membership in 2020. The investment allocations of pension plans administered by life insurers are largely concentrated in deposit administration policy contracts, which represented approximately 80 percent of the total pension assets under life insurers' administration in 2020. 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 2020, trust companies accounted for just over 42 percent of active membership, 7,677 participants in the industry, a 2 percent decrease from 7,810 participants in 2019. Trust companies managed fewer active plans than life insurers (21 plans) in 2020, which 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 2020 (68 percent or \$55.4 billion). Over the period in review, these assets remained skewed towards investments concentrated in stocks and shares in companies (49 percent), cash resources in deposit-taking institutions (24 percent) and securities of private companies (12 percent).

9.3 Employer Self-administered Pension Funds

The total number of self-administered plans in 2020 remained unchanged from the corresponding period in 2019 at four (4). Their combined asset value represented 7 percent or \$6.3 billion of the industry's total assets. Additionally, membership in these plans represented only 4 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 refers to an arrangement under the defined contribution plan whereby individuals in the informal sector (or low-income earners) contribute towards the provision of pension for their retirement. It 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 Simplified Pension Plan (SPP), Guyana's micro-pension initiative, will be introduced by the passage of the Private Pensions Act. The SPP has as its objective to bring flexibility when it comes to saving for retirement. This will be achieved by targeting members of the semiformal, informal and self-employed labour force, usually characterised by variable income schedules. Individual accounts for each member will be provided and fixed number of contributions will not be required. Individuals may choose the value of their contributions, and will receive interest on those contributions at the rate prescribed by the micro-pension operator (the Plan Manager).

Schemes of similar nature are being established in countries around the world. India, which has a significant informal labour force, is experiencing demographic change whereby the proportion of the elderly population is ever increasing. In addition to this, the family structure of families are changing as more families are moving away from the extended family to the nuclear type, and as such the historically norm of elderly care by their relatives is becoming less common. This phenomenon has drawn the attention of governments and other sectors of society as new products are being introduced to lessen any adverse economic impact on the elderly especially given increasing life expectancy. The increased life expectancy translates to a need for a more sustainable income as a result of living longer. The government of India, in 2020, introduced two voluntary and contributory Pension Schemes in light of this structural and emerging issue – Pradhan Mantri Shram Yogi Maan-dhan Yojna (PY-SYM), a Pension Scheme for unorganised



workers (2) a National Pension Scheme for traders and self-employed persons (NPS-Traders) with the aim of providing old age protection for them⁷.

PM-SYM is meant for old age protection and social security for the informal sector such as the rickshaw pullers, street vendor, mid-day meal workers, head loaders, brick kiln workers, cobblers, domestic workers, washer men, home-based, agricultural workers, construction workers, leather workers, audio-visual workers or in similar other occupations. The entry age for the beneficiary is 18-40 years.

The NPS-Traders scheme is meant for retail traders/ shopkeepers and self-employed persons. These retail traders/petty shopkeepers and self-employed persons are mostly working as shop owners, retail traders, rice mill owners, oil mill owners, workshop owners, commission agents, brokers of real estate, owners of small hotels, restaurants. Similarly to the PM-SYM, entry age for the scheme is also 18-40.

The schemes are being implemented through Life Insurance and Pensions Corporation (LIC) of India and Common Service Centres. LIC is the Fund Manager and has responsibility for pension pay-out.

A program as this requires great awareness among its intended members and as such, TV and radio campaigns are being done. Material inclusive of pamphlets, posters and banners have been provided to State/UT Governments in regional languages. Further, a Pension Week was celebrated in 2019 to bring awareness to the new product.

Similarly, a micro-pension called the simplified pension plan (SPP) will be introduced by various plan managers upon the enactment of the Draft Act and the general public will be made aware of the initiative through the Bank's National Pension Awareness Program (NPAP). This program will utilise various platforms with the objective to increase financial literacy and to increase awareness of various saving options and is discussed more extensively in the subsequent section.

⁷ Ministry of Labour and Employment (India) Press release: <https://pib.gov.in/PressReleasePage.aspx?PRID=1602068>



11. THE DRAFT PRIVATE PENSIONS ACT AND FINANCIAL LITERACY

To overcome the current regulatory challenges, the draft Private Pensions Act aims to improve the local pension sector, especially with respect to increasing coverage and enrolment in pension schemes. Geared towards the informal workforce, the Simplified Pension Plan – a micro-pensions initiative, will be introduced. This will be a flexible savings product primarily targeting members of the informal labour force and self-employed individuals. Public awareness on the SPP will therefore be critical to ensure success in the adoption of the savings mechanism.

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

The NPAP aims to be an initiative through which some of the Bank's strategic goals may be implemented and ultimately be 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 and Pensions Supervision Department of the Bank. The NPAP seeks to incorporate numerous distribution platforms inclusive of 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, Pension providers, members of private pension plans, secondary school pupils, and members of the general public.

At the completion of the NPAP, the public's perception of saving towards a private pension will be assessed to confirm any 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 increase as a proportion 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 policy⁸.

Nonetheless, sustained positive performance of the industry will be largely contingent on a favourable investment climate. 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



13. STATISTICS

ANNEXE 1: LISTS OF PENSION PLANS

Table 1.1: List of Active and Registered Pension Plans (2019-2020)

Table 1.2: List of Active and Unregistered Plans (2019-2020)

Table 1.3: List of Inactive Pension Plans* (2019-2020)

Table 1.4: List of Wound-up Pension Plans (2019-2020)

Table 1.5: List of Pension Plans Registered Annually (2019-2020)

ANNEXE 2: ASSET LIABILITY PROFILES

Table 2.1: Assets and Liabilities of Reporting Plans

Table 2.2: Geographical Allocation of Pension Assets 2019-2020

Table 2.3: Pension Asset Investments by Plan Administrator 2019- 2020

Table 2.4: Sectorial Integration of Assets Invested In Guyana 2019-2020

ANNEXE 3: CLASSIFICATION DESCRIPTIONS & METHODOLOGIES

Table 3.1: Classification & Description of Selected Terms

Table 3.2: Financial Assessment Ratios and Methodologies

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 and Pensions Companies
TCGL	Trust Company Guyana Limited
HIHT	Hand-in-Hand Trust Corporation
NALICO	North American Life Insurance and Pensions Company Limited
ASSURIA	Assuria Life (GY) Inc.
SA	Self-Administered/Managed



13.1 List of Pension Plans

TABLE 1.1:
LIST OF ACTIVE AND REGISTERED PLANS (2019-2020)

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	113	Caribbean Containers Incorporated Pension Plan	DC	GTML
10	62	Caricom Rice Mills Ltd. Pension Plan	DC	DML
11	129	Cheddi Jagan International Airport Group Annuity Scheme	DC	DML
12	39	Courts (Guyana) Incorporated Pension Plan	DC	TCGL
13	38	Demerara Distillers Limited Pension Plan	DB	TCGL
14	33	Embassy of the United States of America, Guyana Pension Plan	DB	NALICO
15	141	E-Networks Incorporated Pension Plan	DC	HIHL
16	93	Food for the Poor (Guyana) Incorporated Pension Plan	DC	HIHL
17	125	General Equipment (Guyana) Limited Pension Plan	DC	GTML
18	118	Grace Kennedy Remittance Services (Guyana) Limited Defined Contribution Pension Scheme	DC	DML
19	21	Guyana and Trinidad Mutual Fire Insurance and Pensions Company Limited Pension Plan	DB	GTML
20	36	Guyana Bank for Trade and Industry Pension Plan (1999)	DC	NALICO
21	14	Guyana Geology & Mines Commission Pension Plan	DB	HIHTC



22	111	Guyana Publications Incorporated Pension Plan	DC	HIHL
23	116	Guyana Revenue Authority Pension Scheme	DC	DML
24	18	Guyana Sugar & Trading Enterprises Pension Scheme	DB	HIHTC
25	131	Guyana Water Incorporated Pension Plan	DC	Assuria
26	70	Hand - in - Hand Trust Corporation Incorporated Pension Plan	DC	HIHTC
27	46	Hand in Hand Staff Pension Plan	DB	TCGL
28	117	John Fernandes Limited Pension Plan	DC	DML
29	29	Laparkan Trading (Guyana) Company Limited & Laparkan Holdings Limited Pension Plan	DB	HIHL
30	134	M.P. Insurance and Pensions Brokers & Consultants Limited Pension Plan	DC	HIHL
31	41	Massy Distribution (Guyana) Incorporated Pension Plan	DB	TCGL
32	110	Metro Office & Computer Supplies Pension Plan	DC	HIHL
33	109	Mings Products & Services Limited Pension Plan	DC	HIHL
34	43	Neal & Massy Group Pension Plan	DB	TCGL
35	42	New Building Society Limited Pension Plan	DB	TCGL
36	35	North American Fire and General Insurance and Pensions Company Limited Pension Plan	DC	NALICO
37	34	North American Life Insurance and Pensions Company Limited Pension Plan	DC	NALICO
38	90	P&P Insurance and Pensions Brokers & Consultants Limited Pension Plan	DC	HIHL
39	19	Republic Bank (Guyana) Limited Pension Fund Scheme	DB	GTML
40	101	Sales Representatives of the Guyana and Trinidad Mutual Insurance and Pensions Companies Pension Plan	DB	GTML
41	150	Rubis Guyana Inc. Pension Plan	DC	DML
42	47	Sterling Products Limited Pension Plan	DB	TCGL
43	128	TCL Guyana Incorporated Group Annuity Scheme	DC	DML
44	103	U-mobile Incorporated Pension Plan	DC	HIHL
45	40	William Fogarty Pension Plan Scheme	DB	TCGL

Source: Insurance and Pensions Supervision Department, Bank of Guyana.



**TABLE 1.2:
LIST OF ACTIVE AND UNREGISTERED PLANS**

No.	Plan No.	Name	Plan Type	Plan Manager
1	152	Amalgamated Security Inc.	DC	TCGL
2	34	Anna Regina Town Council Pension Plan	DC	HIHL
3	149	Apex Insurance and Pensions Brokers Pension Scheme	DC	HIHL
4	91	Banks DIH Limited Defined Benefit Pension Plan	DB	DML
5	140	Bauxite Industry Inc. Pension Plan	DC	GTML
6	75	Bosai Mineral Group (Guyana) Inc.	DC	GTML
7	19	Camex Limited Pension Plan	DC	HIHL
8	20	Camex Restaurants Incorporated Pension Plan	DC	HIHL
9	99	Campus Crusade for Christ, Guyana Pension Plan	DC	ASSURIA
10	28	Citizens Bank Guyana Limited Pension Plan	DC	HIHL
11	39	Correia Group of Companies Pension Plan	DB	TCGL
12	64	Davis Memorial Hospital Group Annuity Scheme	DC	DML
13	10	Demerara Mutual Life Assurance Society Limited Office Staff Group Annuity Scheme	DB	DML
14	11	Demerara Mutual Life Assurance Society Ltd. Pension Plan (Sales Rep.)	DB	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	154	Guyana Public Credit Service Union	DC	GTML
22	33	Guyana Stockfeeds Limited Pension Plan	DB	HIHL



23	94	Guyana Telephone and Telegraph Company Limited Pension Fund	DB	TCGL
24	153	Harris Paints (Guyana) Limited	DC	ASSURIA
25	144	Hand-in-Hand Pension Plan	DC	TCGL
26	25	Machinery Corporation of Guyana Limited Pension Plan	DC	HIHL
27	21	Marian Academy Pension Plan	DC	HIHL
28	87	Mayor & Town Council of the City of Georgetown Pension Plan	DC	GTML
29	57	Moravian Church of Guyana Group Annuity Scheme	DC	DML
30	31	National Frequency Management Unit Pension Plan	DB	HIHL
31	81	New GPC Pension Plan	DB	TCGL
32	73	Omai Services Limited Pension Plan	DC	GTML
33	56	Rentokil Initial (Guyana) Limited Group Annuity Scheme	DC	DML
34	36	Roraima Airways Incorporated Pension Plan	DC	HIHL
35	73	Omai Services Limited Pension Plan	DC	GTML
36	56	Rentokil Initial (Guyana) Limited Group Annuity Scheme	DC	DML
37	36	Roraima Airways Incorporated Pension Plan	DC	HIHL
40	106	Sol Group Pension Plan	DC	SA
38	71	Trust Company (Guyana) Limited Pension Plan	DC	GTML
39	147	University of Guyana Pension Plan	DB	SA
40	98	Wieting & Richter Pension Scheme	DB	SA

Source: Insurance and Pensions Supervision Department, Bank of Guyana



**TABLE 1.3:
LIST OF INACTIVE PENSION PLANS**

No.	Plan no.	Plan Type	Name	Plan Manager
1	2	Bauxite Industry Pension Plan	DB	HIHTC
2	27	Central Housing & Planning Authority Pension Plan	DB	HIHL
3	54	Consumer Goods Complex Pension Plan	DC	DML
4	53	COPS (Guyana) Limited Pension Plan	DC	DML
5	148	Demerara Sandbach Pension Scheme	DB	TCGL
6	89	Francis De Caires & Company Limited Pension Plan	DB	GTML
7	57	Friendship Slipway & Co. Ltd. Pension Plan	DC	DML
8	52	Guyana Congregational Union Pension Plan	DC	DML
9	51	Guyana Management Institute Pension Plan	DC	DML
10	9	Guyana National Industrial Corporation Pension Plan	DB	HIHTC
11	136	Guyana Office for Investment Pension Plan	DC	DML
12	49	Guyana Rice Development Board Pension Plan	DC	DML
13	6	Guyana School of Agriculture Pension Plan	DB	HIHTC
14	50	Hotel Tower Pension Plan	DC	DML
15	68	John Fernandes Insurance and Pensions Pension Scheme	DC	DML
16	46	John Fernandes Limited Pension Plan	DB	DML
17	10	Mahaica Mahaicony Abary Agriculture Development Authority Pension Plan	DB	HIHTC
18	8	National Agricultural Research Institute Pension Plan	DB	HIHTC
19	48	PBS Pension Plan	DC	DML
20	137	Rosebel Gold Mines N. V Pension Plan	DC	GTML
21	81	Sugar Industry Labour Welfare Fund Committee Pension Plan	DC	GTML

Source: Insurance and Pensions Supervision Department, Bank of Guyana

*- Inactive plans receive no contributions but still contain assets



**TABLE 1.4:
LIST OF WOUND-UP PENSION PLANS**

No.	Plan No.	Plan Name	Plan Type	Plan Manager
1	30	Ansa Mcal Trading Ltd Pension Plan	DB	HIHL
2	51	Banks DIH Flexible Premium Annuity Pension Plan	DC	CLICO
3	82	C&F Meat Centre Pension Plan	DC	GTML
4	56	C.A.Phillips Limited Pension Plan	DC	DML
5	75	Camex Ltd. Pension Plan	DC	GTML
6	62	Caricom Rice Mills Ltd. Pension Plan	DC	DML
7	73	Central Garage Ltd. Pension Plan	DC	GTML
8	159	CFI Pension Plan	DB	HIHTC
9	53	Clco Life & General Insurance and Pensions Co.(SA) Agents Pension Plan	DC	CLICO
10	54	Clco Life & General Insurance and Pensions Co.(SA) Staff Pension Plan	DC	CLICO
11	6	Continental Group of Companies Pension Plan	DB	CLICO
12	48	Demerara Power Company Pension Plan	DC	CLICO
13	20	Demerara Tobacco Company Ltd. Pension Plan	DB	GTML
14	84	Evangelical Lutheran Church in Guyana Pension Plan	DC	GTML
15	44	GEB Pension Plan	DB	TCGL
16	95	Grains Guyana Ltd. Pension Plan	DC	HIHL
17	55	Guyana Agriculture & General Workers' Union Pension Plan	DC	CLICO
18	3	Guyana Bank for Trade and Industry Ltd. Pension Plan	DB	CLICO
19	67	Guyana Broadcasting Corporation Pension Plan	DC	DML
20	77	Guyana Energy Agency Pension Plan	DC	GTML
21	8	Guyana Fertilizers Ltd. Pension Plan	DB	CLICO
22	99	Guyana National Co-operative Bank Plan	DC	CLICO



23	96	Guyana Natural Resources Agency Pension Plan	Unclear	GTML
24	49	Guyana Office for Investment Pension Plan	DC	CLICO
25	88	Guyana Presbyterian Church Pension Plan	DC	GTML
26	52	Guyana Revenue Authority Pension Plan	DC	CLICO
27	145	Guyana Telephone & Telegraph Company Limited	DB	TCGL
28	85	Guyana Water Inc. Pension Plan	DC	GTML
29	158	GUYMIDA Pension Plan	DB	HIHTC
30	24	Humphrey & Company Ltd. Pension Plan	DB	GTML
31	4	Kayman Sankar and Company Ltd. Pension Plan	DB	CLICO
32	97	Linden Mining Enterprise Thrift Pension Plan	Unclear	HIHTC
33	50	Linden Power Company Pension Plan	DC	CLICO
34	5	Linden Town Council Pension Plan	DB	CLICO
35	60	Little Equipment Repairs & Bunkering Services Limited Pension Plan	DC	DML
36	72	Mae's Under-12 School Pension Plan	DC	GTML
37	64	Mards Rice Milling Complex Limited (Georgetown) Pension Plan	DC	DML
38	86	Marics & Company Limited Pension Plan	DC	GTML
39	26	National Frequency Management Unit Pension Plan	DB	HIHL
40	7	New Guyana Marketing Corporation (DAP) Pension Plan	DB	CLICO
41	71	Omai Gold Mines Ltd. Pension Plan	DC	GTML
42	137	Rosebel Gold Mines N. V Pension Plan	DC	GTML
43	105	Rubis West Indies Limited (Guyana) Pension Plan	DB	NALICO
44	2	Shell Antilles & Guianas Ltd. Pension Plan	DB	CLICO
45	1	Singer Sewing Machine Company (Staff) Pension Plan	DB	CLICO
46	74	Sodexhp Marriott Ltd. Pension Plan	DC	GTML
47	40	William Fogarty Pension Plan Scheme	DB	TCGL



Source: Insurance and Pensions Supervision Department, Bank of Guyana

TABLE 1.5: LIST OF PENSION PLANS REGISTERED (2020)					
Year of Registration	Plan No.	Pension Plan	Plan Type	Plan Manager	Effective Date*
2020	150	Rubis Guyana Inc. Pension Plan	DC	DML	1-Dec-18

Source: Insurance and Pensions Supervision Department, Bank of Guyana



13.2 Annexe 2: Asset Liability Profiles

TABLE 2.1: TOTAL INDUSTRY ASSETS (2020)		
	2019	2020
NO. OF REPORTING PENSION PLANS	103	103
Total Industry Assets	74,628.06	81,630
Asset Growth Rate	40.58%	24.39%
Cash Deposits	13,890	13,890
Stocks and Shares in Companies	28,227	28,227
Corporate Bonds & Debentures	7,533	7,533
Securities of Governments	3,567	3,567
Mortgage Loans and Advances	263	263
Deposit Administration Contracts	13,640	13,640
Real Estate	0	0
Other Investments (Mutual Funds)	3,208	3,208
TOTAL INVESTMENTS	70,328	76,526
Non-Invested Assets	4,300	5,104
Total Industry Liabilities	74,628	81,630
Actuarial Liabilities (DB plans)*	65,523	71,254
Accumulated Account Balances (DC plans)	9,105	10,376

Source: Insurance and Pensions Supervision Department, Bank of Guyana.

Note:

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

Unregistered Plans – Plans with incomplete or pending applications, including 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 and Pensions companies.

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

Government securities comprise 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 2019-2020

Y e a r	Region	Total Assets	Total Investments	Government Securities	Corporate Bonds & Debentures	Cash Deposits	Stocks & Shares in Companies	Loans & Advances	Deposit Administration Contracts	Real Estate	Other Investments	Other Assets
2 0 2 0	Q4	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
	Q4	81,629	80,717	4,484	6,379	14,427	31,151	247	16,020	0	3,789	912
	Guyana	59,871	58,888	1,107	1,470	8,442	28,218	247	16,013	0	1,556	984
	CARICOM	10,851	10,851	721	2,176	5,566	1,042	0	0	0	221	0
	Rest of the World	10,907	10,978	2,656	2,733	419	1,891	0	7	0	2,012	-71

Source: Insurance and Pensions Supervision Department, Bank of Guyana

Note: *Other Investments include mutual funds



TABLE 2.3:
PENSION ASSET INVESTMENTS BY PLAN ADMINISTRATOR 2019-2020

	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
2019	74,628	3,567	7,533	13,890	28,227	263	13,640	0	3,208	70,328
Insurers	17,552	298	0	2,083	1,209	166	13,640	0	0	17,396
Trust Companies	50,999	1,141	7,533	11,746	24,505	19	0	0	3,198	48,143
Self-Administered	6,077	2,127	0	61	2,512	77	0	0	10	4,788
2020	81,629	4,512	6,379	14,427	31,151	247	16,020	0	3,789	76,525
Insurers	19,946	1,007	0	1,156	1,395	155	16,020	0	0	19,733
Trust Companies	55,389	1,177	6,379	13,210	27,230	17	0	0	3,779	51,791
Self-Administered	6,294	2,327	0	61	2,526	76	0	0	10	5,001

Source: Insurance and Pensions Supervision Department, Bank of Guyana



TABLE 2.5:
SECTORAL INTEGRATION OF ASSETS INVESTED IN GUYANA 2019-2020

SECTORS	2019	2020
Banking System	7,692	8,155
Cash at Bank	1,614	1,835
Fixed Deposits	6,078	6,319
Public Sector	514	1,107
T/bills	402	1,107
Bonds/Debentures/ Shared Plan	112	0
Local Gov't Sectors	0	0
Private Sector	45,877	49,626
Shares	25,294	28,218
Mortgage/Loans	263	247
Bonds/Debentures/ Shared Plan	1,220	1,470
NBFIs	2,624	2,122
Real Assets	0	0
Pooled Funds (Deposit Administration)	13,268	16,013
Others	3,208	1,556
Total Locally Invested Assets	54,084	58,888

Source: Insurance and Pensions Supervision Department



13.3 ANNEX 3: CLASSIFICATION DESCRIPTION & METHODOLOGIES

TABLE 3.1: 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 and Pensions companies with (usually) a guaranteed investment return (e.g. guaranteed investment contracts). In these Insurance and Pensions contracts the underlying assets belong to the pension plan/fund, not to the Insurance and Pensions 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.
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 and Pensions 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
<i>Financial Assessment/Soundness Ratios</i>		
<i>Systemic Risk</i>	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.	$\text{Pension assets} \div \text{GDP (\%)} \\ \text{Pension assets} \div \text{total financial assets (\%)} \\ \text{Pension assets} \div \text{total NBFI assets}$
<i>Liquidity Risk</i>	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.	$\frac{\text{Sum of liquid accounts (include all pension asset classifications with maturity of one year or less)}}{\text{total liabilities}}$
<i>Solvency Risk</i>	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 its long term and future service obligations.	$\text{Total pension assets} \div \text{total liabilities}$
<i>Market Risk</i>	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.	$\text{Foreign exposure (\%)} = \frac{\text{pension assets held in foreign currency}}{\text{total pension assets}}$ $\text{Equity exposure (\%)} = \frac{\text{pension assets held as equity}}{\text{total pension assets}}$
<i>Foreign Exposure of</i>	The proportion of pension assets invested outside of the Republic of Guyana or investments in a foreign currency other than	$\text{Foreign investments} \div \text{total assets}$

Pension Assets	the Republic of Guyana dollar expressed as a percentage of 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 volatile domestic inflation that negatively impacts real interest earnings. This is measured by monitoring the rates of return on investments.	
Rate of Return on Investments	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.	Nominal rate: net investment income ÷ ((total investments of the current year) + (total investments of the previous year)/2).
		Real rate: Nominal rate - price inflation at the end of the year

Efficiency & Profitability Ratios		
Net Income to Total Assets	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.	Net income ÷ total assets
Contributions to Total Benefit Payments	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.	Contributions received (members' and employer's) ÷ total benefit related payments (pensions, lump sums, death benefits, withdrawal benefits etc.).
Operating Expenses to Investment Income	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.	Operating expenses ÷ net investment income



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