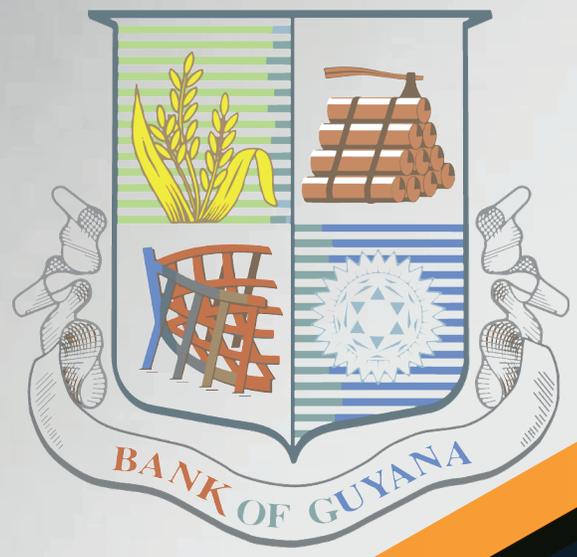




2018 ANNUAL REPORT



PRIVATE OCCUPATIONAL PENSION SECTOR

Bank of Guyana
Insurance Supervision Department

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AIMS OF THE REPORT

This report serves 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 2018. Data tables from 2015 -2018 are used for background information;
- ✚ A summary of the sector's current and projected challenges;
- ✚ Proposals for the way forward, particularly regarding public sensitisation on the pension sector and the passage of the draft Private Pensions Law in accordance with the World Bank's FIRST Initiative.

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2 Report Notes and Abbreviations

1. Unless otherwise stated, all dollar values in this report are stated in **millions of Guyana Dollars**.
2. Data contained in this report may vary from the Bank of Guyana's **Annual Report 2018**, due to a revision of information previously submitted to the Bank.
3. 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.
4. The report also includes sections on micro pensions and pension literacy within Guyana's private pension system.
5. Statistics from the Guyana Labour Force Survey 2018 (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.

(a) 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

3 Executive Summary

The assets of 101 reporting private pension schemes totalled \$65.6 billion as at December 2018. This represented a significant increase of approximately \$12.5 billion or 23.6 percent from the corresponding period of the previous year, reflecting twelve (12) years of steady growth in total pension assets.

The private pension sector saw its assets increase to 8.3 percent of GDP in 2018, retaining relatively small macro-influence as a sector. The sector also showed its influence as an institutional investor by accounting for 24.4 percent of total assets of NBFIs in 2018. Larger pension savings could strengthen the role of institutional investors which can be expected to more be committed to long term investment¹. This can have a positive effect on the economic growth of a country².

Limited coverage was one of the issue that persists in 2018. There were three (3) pension plans recorded for the year of which include Cheddi Jagan International Airport Group Annuity Scheme, Cameron and Shepherd Limited Defined Contribution Pension Scheme and Caricom Rice Mills Limited Pension Plan. Further, the number of reporting plans increased to one hundred and one (1). The new reporting Plans are Demerara Sandbach Pension Scheme, University of Guyana Pension Plan and Apex Insurance Brokers Pension Scheme. Liquidity risk was also a key concern, as pension funds still 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 3861 percent relative to current liabilities.

In 2018, the funding level of reporting plans improved with an overall ratio of 153 percent compared with the funding ratio of 33 percent in 2017.

The sector yielded significantly small, increased real rates of return on invested assets in 2018- 2.9 percent, albeit higher than 2017. This happened despite a higher inflation year, which realised the real values of fixed interest securities and other invested assets. In 2018, total foreign exposure of pension assets slightly increased from the previous year, but remained well within the 30 percent statutory limit. As a percentage of total assets,

¹ Lakonishok, J., Shleifer, A., & Vishny, R.W. (1992). The impact of institutional trading on stock prices. *Journal of Financial Economics*, 32(1), 23-43.

² Bijlsma M., et al. (2018). Funded Pensions and Economic Growth. *De Economist*. Pp. 353.

foreign assets represented approximately 21 percent at the end of 2018; a marginal decrease from 2017.

The trend of DC plans becoming increasingly popular among employers was also noted with almost 62 percent of plans being DC. DB plans however, continued to boast higher asset totals accounting for 88 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.

Consultations with the industry on a comprehensive law, the Private Pensions Act (draft) have been ongoing with the industry. This new Law aims to mitigate the existing supervisory challenges and poor industry practices. Moreover, 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.

In addition, to better prepare trustees in executing their roles and responsibilities, the Bank is seeking to embark on a trustee training initiative. This initiative aims to better equip trustees in executing their fiduciary duties in the context of the new law.

4 Pension Sector Highlights

\$65.6
BILLION

8.3%
PENSION ASSETS
(% OF GDP)

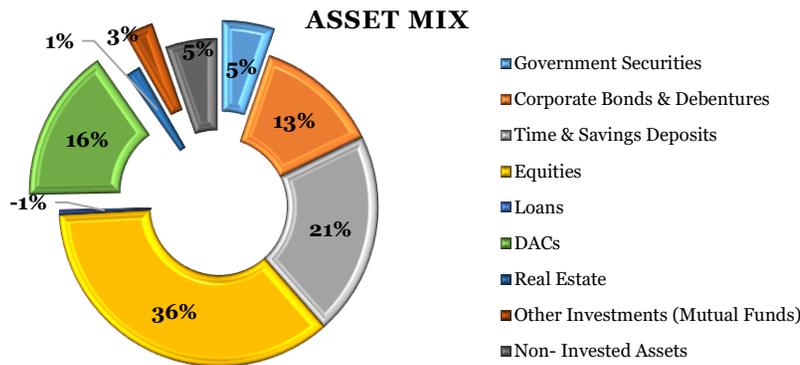
23.6%
INCREASE IN TOTAL
PENSION ASSETS FROM

143.9%
COMBINED SECTOR
SOLVENCY

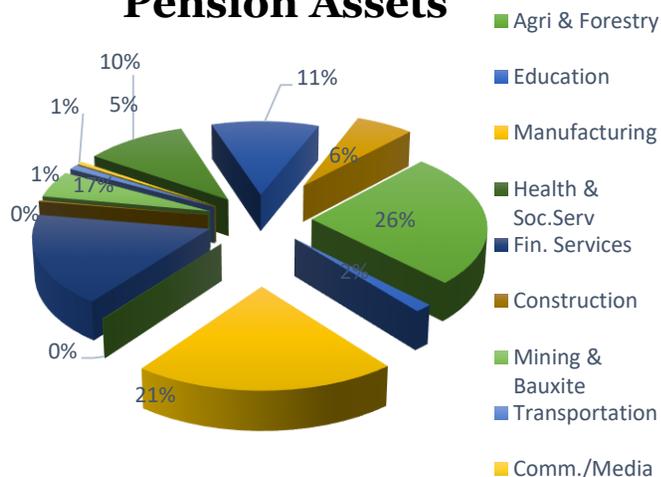
17,185
TOTAL
MEMBERSHIP

\$2.4
BILLION
TOTAL LIQUID

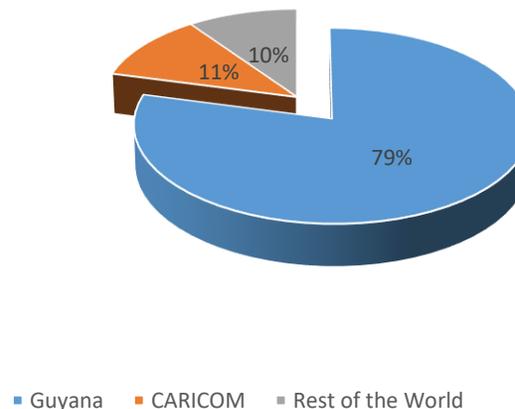
1.5%
INCREASE IN
MEMBERSHIP



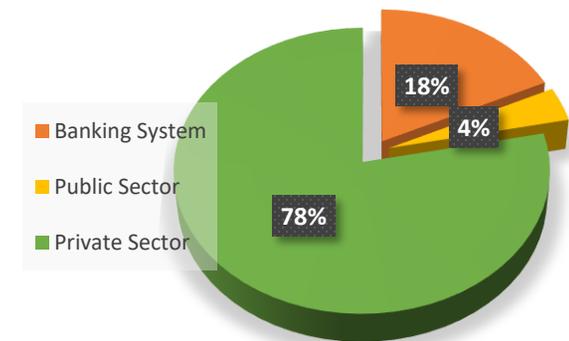
Industrial Allocation of Pension Assets



Pension Assets by Geographic Allocation



Sectorial Allocation



5 The Regulatory 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.

The Bank has outlined objectives in its action plan with respect to the Pensions Sector to be implemented over the next five (5) years. A strengthened legislative and regulatory framework will be developed and implemented, inter alia. Please see below matrix of its Action Plan.

SUPERVISORY OBJECTIVES FOR THE PENSIONS SECTOR

Objectives	Timeline	Outcome
<p>Strengthen legislative and regulatory framework for pension plans:</p> <ul style="list-style-type: none"> • Finalize 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 held in strategic period.</p> <p>Regulations currently in draft.</p>
<p>Implementation of an effective and efficient regulatory regime for the pensions sector:</p> <ul style="list-style-type: none"> • Development of 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 2018. Onsite inspection groundwork for the pensions sector commenced.</p>
<p>Training and capacity building so that the capacity of the supervisor, employers, trustees and industry are enhanced to ensure compliance with the Act.</p>	Commenced and ongoing	<p>Expected outcome – enhanced knowledge by the industry of new pension and regulatory requirements.</p>

5.2 Regulatory Challenges

The private pension industry operates at a subpar performance level as a result of a limited legislative environment. Comprehensive legislative measures are required to effectively resolve compliance issues among many other functions. It will allow for provisions such as mandatory controls and penalty regime to effectively counter any issues arising.

Local coverage among private plans remained limited due to the system's voluntary nature, where reporting pension plans cover only 5.7% of the total labour force, compared with over 40% in ten (10) OECD countries³. Lack of public information relating to the pension sector coupled with limited regulatory resources pertaining to private pensions contributes to the sector's sluggish 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 which are not included in current legislation. More so, the high administrative costs charged by plan managers was another challenge of the industry in 2018, when compared to the low returns on investments. There is scope for growth with respect to investment, as a result of inadequate investment options 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 providing an inadequate retirement income for some members in 2018.

³ Pensions at a Glance 2017, OECD and G20 Indicators

5.3 REGIONAL CHALLENGES

Like Guyana, limited pension coverage is experienced throughout the LAC and Caribbean 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.

More so, according to an article published by Swiss Re Institute, a Research Institute, in Latin America and the Caribbean, the aging population is more pronounced than for the global aggregate, placing emphasis on more sustainable models⁴. Increasing life expectancy due to improvement in public health, behavioural changes and a decrease in fertility rates are resulting in an ageing population. With respect to Defined Benefit plans, the old-age dependency is increasing over time and this poses a challenge for financial sustainability since contributors need to fund more and more recipients. In a defined contribution scheme, where workers set aside a share of their earnings and earmark them for retirement, a longer-than-expected-life can become a problem, as the individual may have not saved enough to fund the unexpected extra years.

⁴ Pension Schemes in Latin America: addressing the challenges of longevity (2018)

5.4 The Private Pensions Act (2018 Draft)

The Bank was well on its way to achieving its Strategic Plan aims for 2016-2018, as a re-draft of the Private Pensions Act was distributed to industry stakeholders in October 2016 by the Insurance Supervision Department. In the Bank's Strategic Plan, the objectives were underway in being fulfilled. Plans for public consultation with several key industry stakeholders including plan administrators and sponsors have already been made for the first quarter of 2018, and the accompanying regulations are a work in progress. The Bank will review feedback received from stakeholders with aim to incorporate changes to future drafts.

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 stakeholder

6 Pension Plans and Membership

6.1 Pension Plans

There were one hundred and one (101) private pension plans reporting to the Bank on a quarterly basis, as at December 31, 2018. Thirty-eight (38) of these plans were classified as defined benefit (DB) and sixty-three (63) were defined contribution (DC). The plans collectively covered 17,161 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.

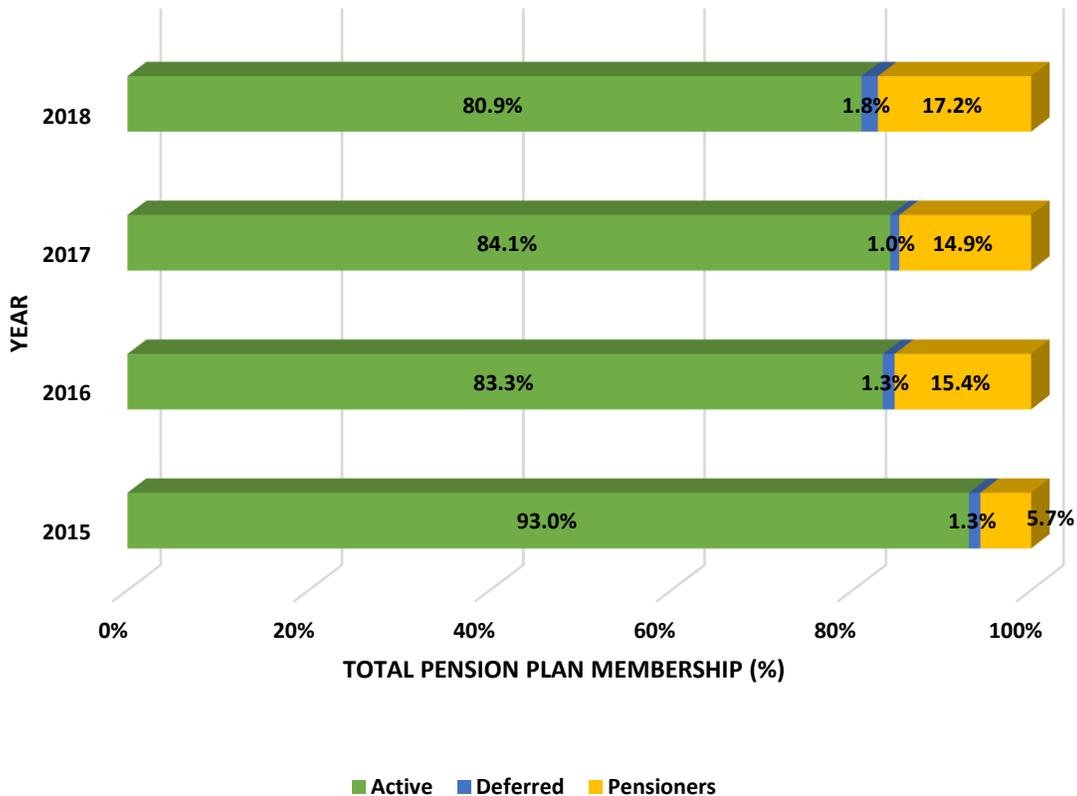
TABLE 1: PENSION PLAN MEMBERSHIP (2015-2018)								
G\$ millions								
YEAR	2015	%	2016	%	2017	%	2018	%
Number of Reporting Plans	96		96		97		101	
TOTAL MEMBERSHIP	13,409		16,259		16,892		17,185	
Active	12,468	93	13,551	93	13,905	83.3	13,907	81
Deferred	172	1	208	1.3	193	1.3	312	2
Pensioners	769	6	2500	5.7	2794	15.4	2966	17
Members in DB Plans	7,124	53	9,764	60	10,213	58	10,416	61
Members in DC Plans	6,285	47	6,495	40	7,298	42	6,765	39
Pension Coverage	4.90%		6.00%	-	6.40%	-	5.75%	
Annual Membership Growth Rate	4.20%		22.70%	-	21.30%	-	6.50%	

Source: Insurance Supervision Department, Bank of Guyana

Membership growth steadily increased from 2015 to 2018, the largest increase equalling 21.2 percent for the period 2014 to 2018. This large increase continued from the previous

year as quarterly reporting forms by the Bank's Insurance Supervision Department were implemented. The forms provided more accurate asset, liability, income and membership data for a greater number of private pension plans, thus a more comprehensive picture of the sector was achieved.

**FIGURE 1:
PENSION PLAN MEMBERSHIP 2015-2018**

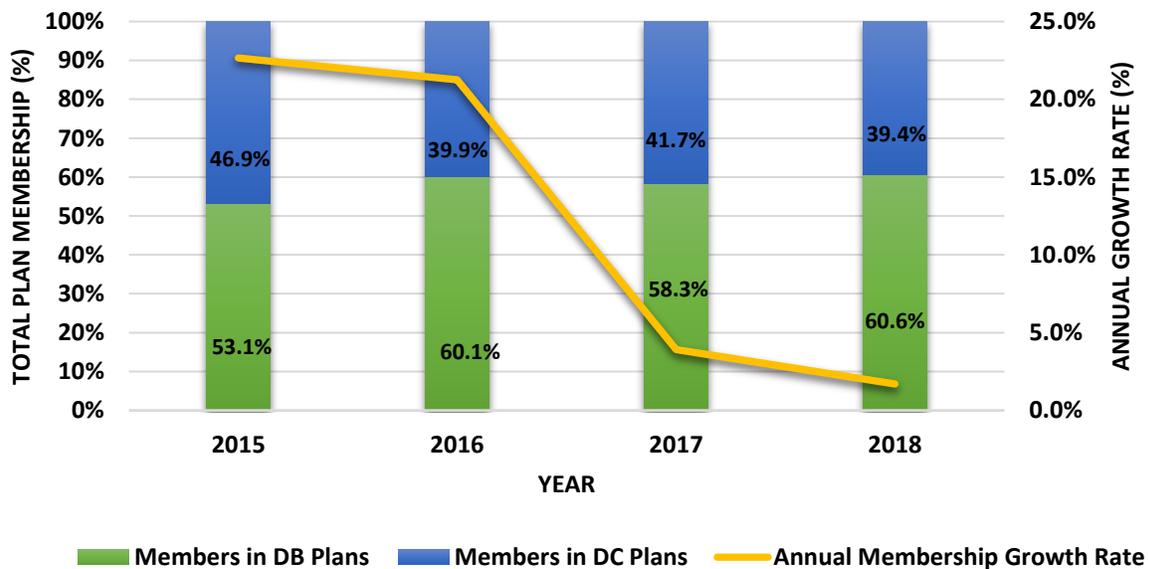


Source: Insurance Supervision Department, Bank of Guyana.

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 2017 and 2018. 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 2015 to 2018, 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 2015-2018



Growth in the number of private pension remained stable for the period, thus contributing to the limited overall coverage of the private pension sector. There was a 1.7 percent increase in total membership from 2017-18 despite a retardation of the membership growth rate for the period. This was due in part to 34 percent of all pension plans losing a combined total of 867 members. Further, this was compounded by 21 percent of all plans reporting no changes in membership between 2017 and 2018. Sponsors such as the Guyana Sugar Corporation (GUYSUCO) would have gradually been downsizing due to declining company performance, hence a smaller pension plan

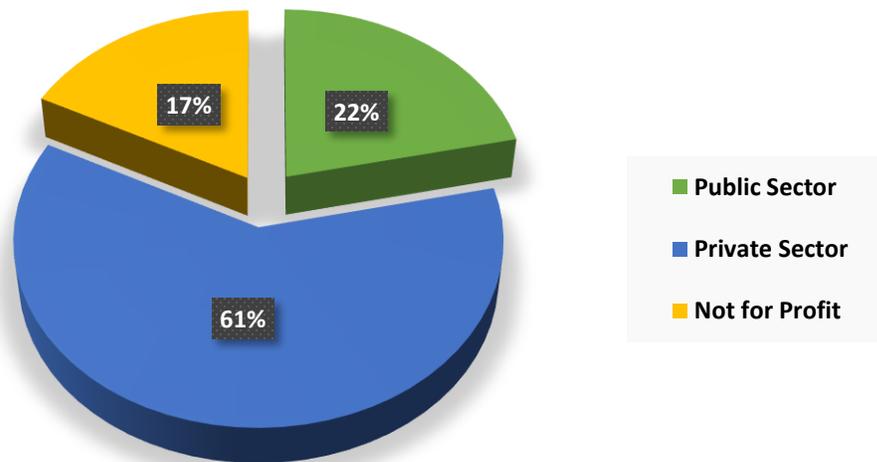
membership in the related pension plan, Guyana Sugar & Trading Enterprises directly correlates.

6.2 Registration and Coverage

During the period 2015-2018, twenty-three (23) plans were registered and two (2) were completely wound up. As at December 2018, there were forty-four (44) active and registered plans, thirty-seven (37) active and unregistered plans and twenty (20) 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 61 percent of the employed labour force⁵, wherein only 5.7 percent of the total employed population is accounted for in all private pension plans.

**FIGURE 3:
SECTORIAL ALLOCATION OF THE TOTAL LABOUR
FORCE 2018**



⁵ Guyana Labour Force Survey, June 2018, Bureau of Statistics

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 \$3.3 billion for pension increases or 24 percent of the total pensions and social assistance budget has been allocated for 2018, according to the Government's Financial Plan 2018⁷.

TABLE 2: MACRO-INFLUENCE OF PRIVATE PENSIONS 2017-2018

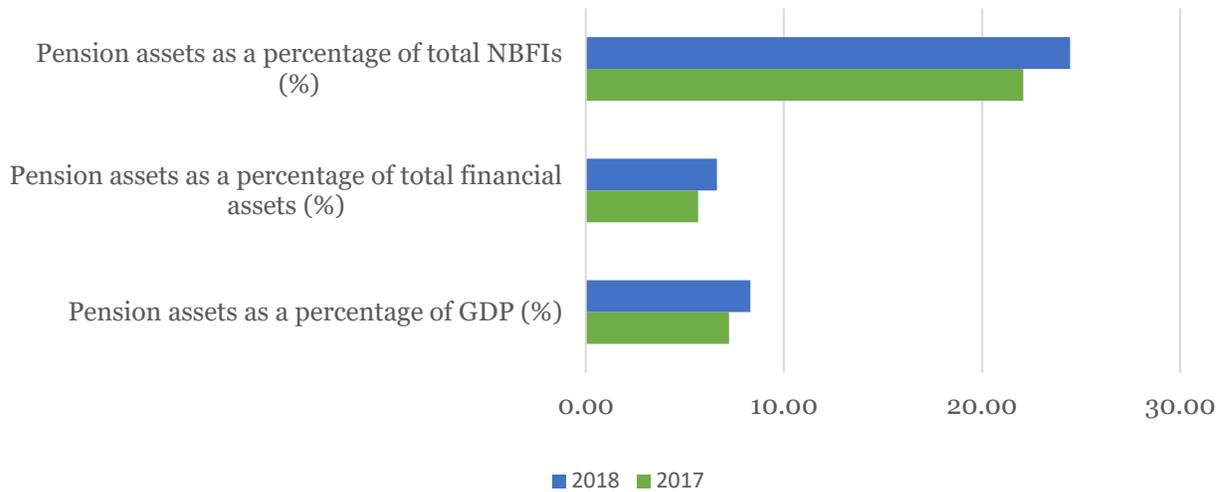
	2017	2018
	%	%
Pension assets as a percentage of GDP (%)	7.23	8.31
Pension assets as a percentage of total financial assets (%)	5.68	6.62
Pension assets as a percentage of total NBFIs (%)	22.09	24.44

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 2018 Volume 1, Ministry of Finance

**FIGURE 4:
MACRO-INFLUENCE OF THE PRIVATE PENSION SYSTEM
2017-2018**



Source: Insurance Supervision Department, Bank of Guyana

The private pension sector saw its assets increase from 7.2 percent of GDP in 2017 to 8.3 percent of GDP in 2018, retaining relatively small macro-influence as a sector. The industry showed its influence as an institutional investor by accounting for 24.4 percent of non- bank financial institution (NBFI) assets and 6.6 percent of total financial assets. With the impending passage of the Private Pensions Act, there is 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 101 reporting private pension schemes totalled \$65.6 billion as at December 2018. This is a significant increase of approximately \$13 billion or 23.6 percent for the corresponding period of the previous year which reflects twelve (12) years of 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 Assets of Registered vs. Unregistered Plans

Approximately 75 percent of total private pension assets belonged to registered pension plans, as at December 2018. This reflected a 22.4 percent increase in registered plans' assets from 2017 and demonstrates a positive growth trend in these assets from 2015 to 2018. The registration of the Bank of Guyana Pension Scheme, whose assets totalled approximately \$1.7 billion in 2015 has attributed in large part to this increase over the 2015-18 period.

Unregistered plans in comparison accounted for approximately 25 percent of total private pension assets. However, the unregistered asset has seen an accelerated growth rate of 27.3 percent relative to the 2016-17 period. This was due in large part by the addition of four unregistered plans to the register.

A 17.5 percent decrease in unregistered pension plan assets from 2015-2016 was mainly due to the winding up of the John Fernandes Insurance Group Pension Scheme with assets totalling over \$438 million and the Demerara Tobacco Ltd. Pension Plan which accounted for over \$90 million in assets. The Guyana Telephone and Telegraph Company saw a decrease of approximately \$600 million from 2015-2016.

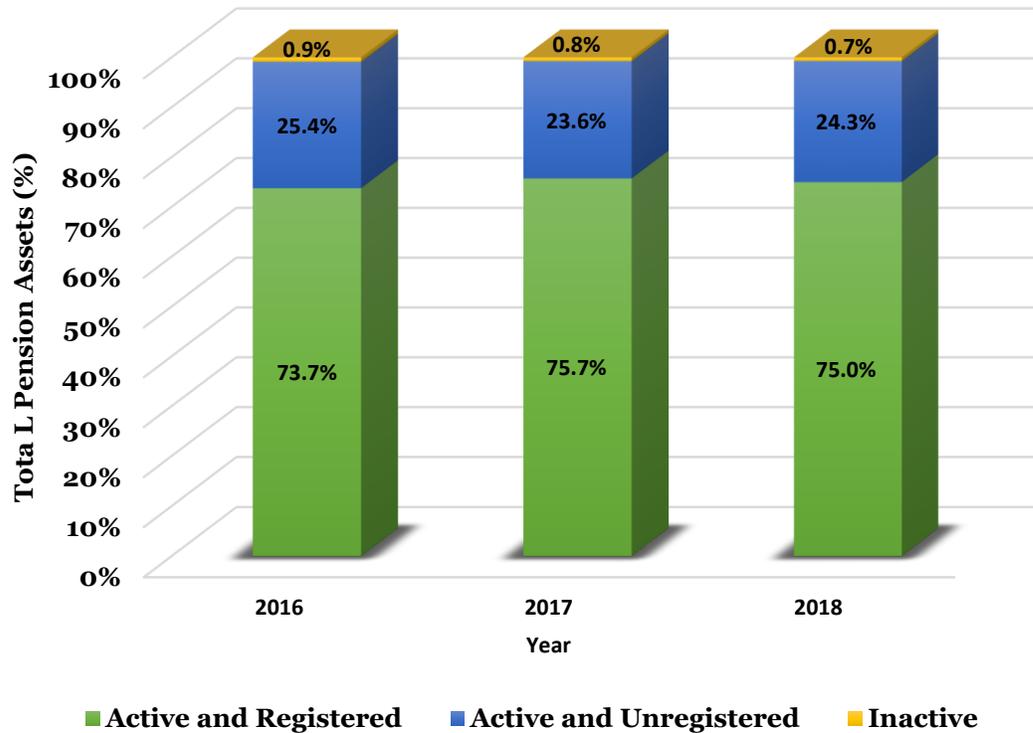
TABLE 3: PENSION PLAN ASSETS BY REGISTRATION STATUS 2015-2018

G\$ billions	2015	2016	2017	2018
No. of Reporting Plans	96	97	97	101
Registered Assets	30,465	34,663	40,189	49,195
Growth of Assets (%)	1.30%	13.80%	16.00%	22.40%
As a Percent of Total Pension Assets (%)	67.00%	74.00%	75.70%	75.00%
Unregistered Assets**	15,002	12,350	12,907	16,431
Growth Of Assets (%)	-0.63%	-17.70%	4.50%	27.30%
As a Percent of Total Pension Assets (%)	32.90%	26.30%	24.30%	25.00%
Total Assets	45,467	47,013	53,097	65,625

** - Unregistered includes unregistered and inactive plans still holding asset balances

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 5:
PENSION ASSETS BY STATUS 2016-2018**



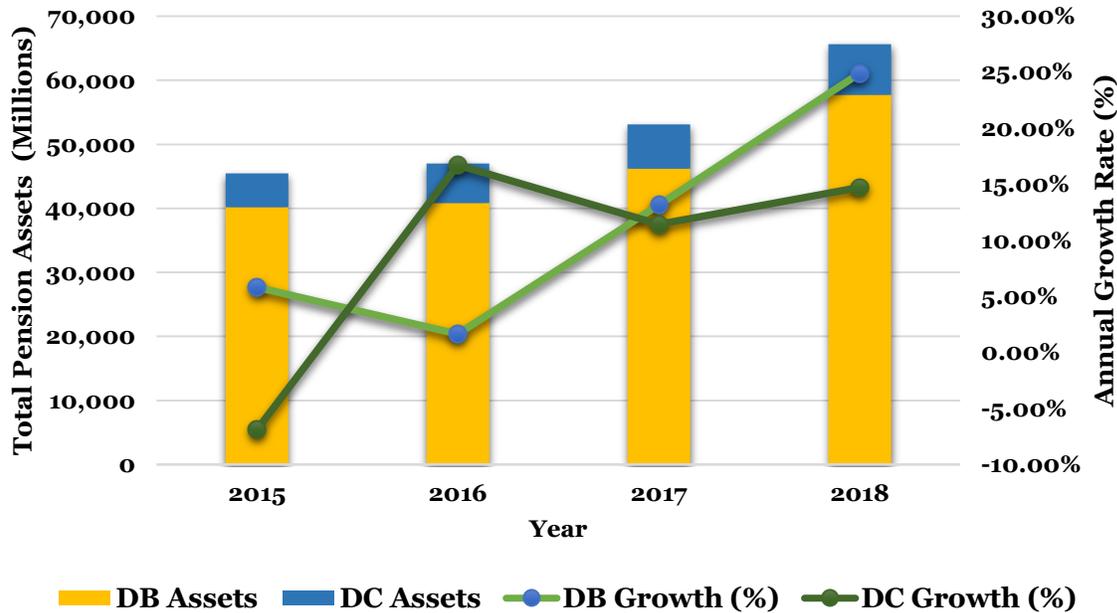
Source: Insurance Supervision Department, Bank of Guyana

7.4 Allocation of Pension Fund Assets

7.4.1 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.

**FIGURE 6:
DB vs. DC ASSET PROFILES 2016-2018**



Source: Insurance Supervision Department, Bank of Guyana

Notably, the growth rate of DB assets increased significantly. The Growth rate was positive for the 2015-18 period. Moreover, DC asset has seen positive growth during the 2016-18 period. However, the preceding period of 2015 saw a negative growth rate.

TABLE 4: DB vs DC ANNUAL GROWTH 2015-2018

G\$ millions	2015	2016	2017	2018
DB Assets	40,179	40,840	46,219	57,734
DB Asset Allocation (%)	88.40%	86.90%	87.00%	88.00%
DB Growth (%)	7.00%	1.60%	13.20%	24.90%
DC Assets	5,288	6,173	6,878	7,891
DC Asset Allocation (%)	11.60%	1.00%	13.00%	12.00%
DC Growth (%)	-6.90%	16.70%	11.40%	14.70%
TOTAL Assets	45,467	47,013	53,097	65,625

Source: Insurance Supervision Department, Bank of Guyana

7.4.2 Allocation by Investment Instruments

In 2018, there was no significant change in the allocation of pension funds' assets from the previous year. The industry's assets continued to be held in a mixture of investment instruments that exemplified a positive relationship between growth and sustainability. Generally, cash deposits and equities continued to represent the highest concentration of invested assets, standing at 21.9 percent and 37.7 percent of total assets, respectively.

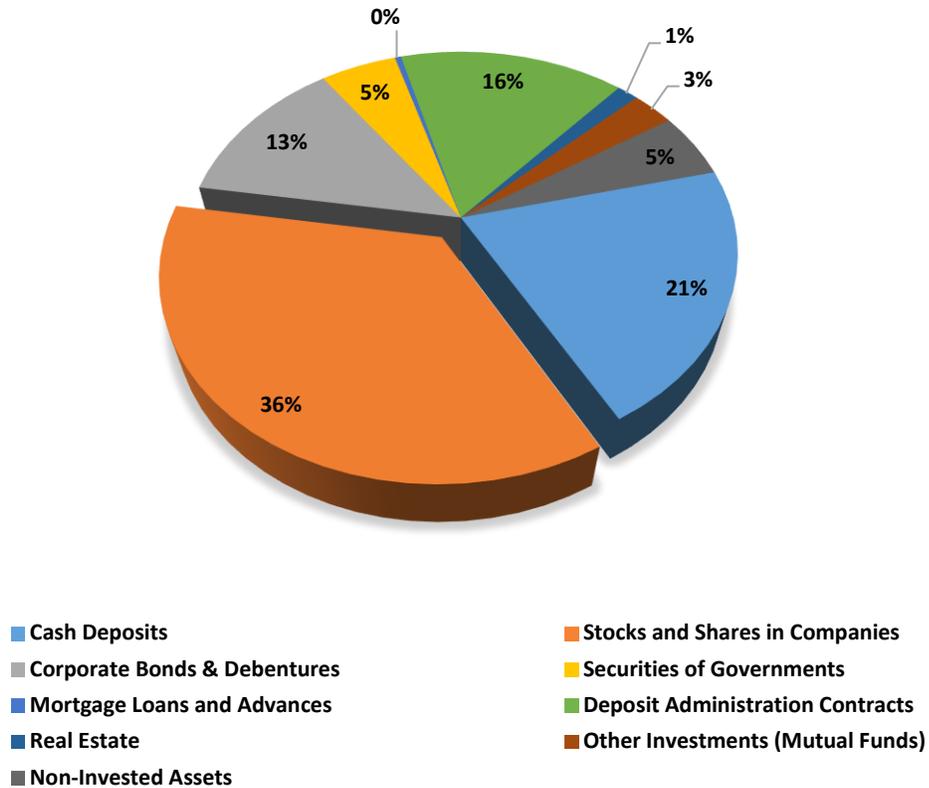
Significantly, increased allocations were recorded in stocks and shares in companies from 25.9 percent to 37.7 percent for the period 2017-2018. Allocations to real estate, DACs, government securities, mortgage loans and advances, corporate bonds and debentures decreased minimally from 2017. Further, cash deposits saw a moderate decrease in its allocation from 28.2 percent to 21.9 percent. (See Table 5 & Figure 7)

TABLE 5: PENSION ASSET ALLOCATION BY INVESTMENT INSTRUMENTS 2015-2018

	2015		2016		2017		2018	
	Asset Values (\$)	Percentage of Total Industry Assets (%)		Percentage of Total Industry Assets (%)		Percentage of Total Industry Assets (%)		Percentage of Total Industry Assets (%)
No. of Reporting Pension Plans	96		97		96		101	
Asset Growth Rate	5.51%		3.40%		12.94%		3.49%	
Cash Deposits	13,021	26.7%	13,429	27.8%	15,030	27.1%	13,605	20.7%
Stocks and Shares in Companies	11,536	23.7%	10,987	22.7%	13,794	24.9%	23,425	35.7%
Corporate Bonds & Debentures	6,627	13.6%	7,822	16.2%	8,411	15.2%	8,295	12.6%
Securities of Governments	2,714	5.6%	2,741	5.7%	3,107	5.6%	3,443	5.2%
Mortgage Loans and Advances	279	0.6%	312	0.6%	292	0.5%	276	0.4%
Deposit Administration Contracts	7,778	16.0%	8,245	17.0%	9,209	16.6%	10,226	15.6%
Real Estate	902	1.9%	896	1.9%	1,025	1.9%	955	1.5%
Other Investments (Mutual Funds)	744	1.5%	939	1.9%	1,113	2.0%	1,918	2.9%
Non-Invested Assets	5,097	10.5%	3,019	6.2%	3,399	6.1%	3,482	5.3%
Total Assets	48,697	100%	48,390	100.0%	55,380	100.0%	65,625	100.0%

Source: Insurance Supervision Department, Bank of Guyana

Figure 7: Pension Asset Allocation by Investment Instrument (%) 2018



Source: Insurance Supervision Department, Bank of Guyana

7.4.3 Growth Rates of Investment Instruments

The growth of the industry in 2018 was largely complemented by a 20 percent increase in the total value of investments. Significant growth was recorded for assets invested in shares in companies – 70 percent, other investments (Mutual Funds) - 72 percent, DACs - 11 percent and Securities of Governments - 11 percent.

TABLE 6: GROWTH RATES OF PENSION ASSETS BY INVESTMENT INSTRUMENT 2016-2018

G\$ Millions	2016		2017		2018	
	Total Assets (\$)	Percentage Growth (%)	Total Assets (\$)	Percentage Growth (%)	Total Assets (\$)	Percentage Growth (%)
Cash Deposits	13,429	3%	15,030	12%	13,605	-9%
Stocks and Shares in Companies	10,987	-5%	13,794	26%	23,425	70%
Corporate Bonds & Debentures	7,822	18%	8,411	8%	8,295	-1%
Securities of Governments	2,741	1%	3,107	13%	3,443	11%
Mortgage Loans and Advances	312	12%	292	-6%	276	-6%
Deposit Administration Contracts	8,245	6%	9,209	12%	10,226	11%
Real Estate	896	-1%	1,025	14%	955	-7%
Other Investments (Mutual Funds)	939	26%	1,113	18%	1,918	72%
TOTAL INVESTMENTS	45,371	4%	51,981	15%	62,144	20%
Non Invested Assets	3,019	-41%	3,399	13%	3,482	2%
TOTAL INDUSTRY ASSETS	48,390	-1%	55,380	14%	65,625	18%

Source: Insurance Supervision Department, Bank of Guyana

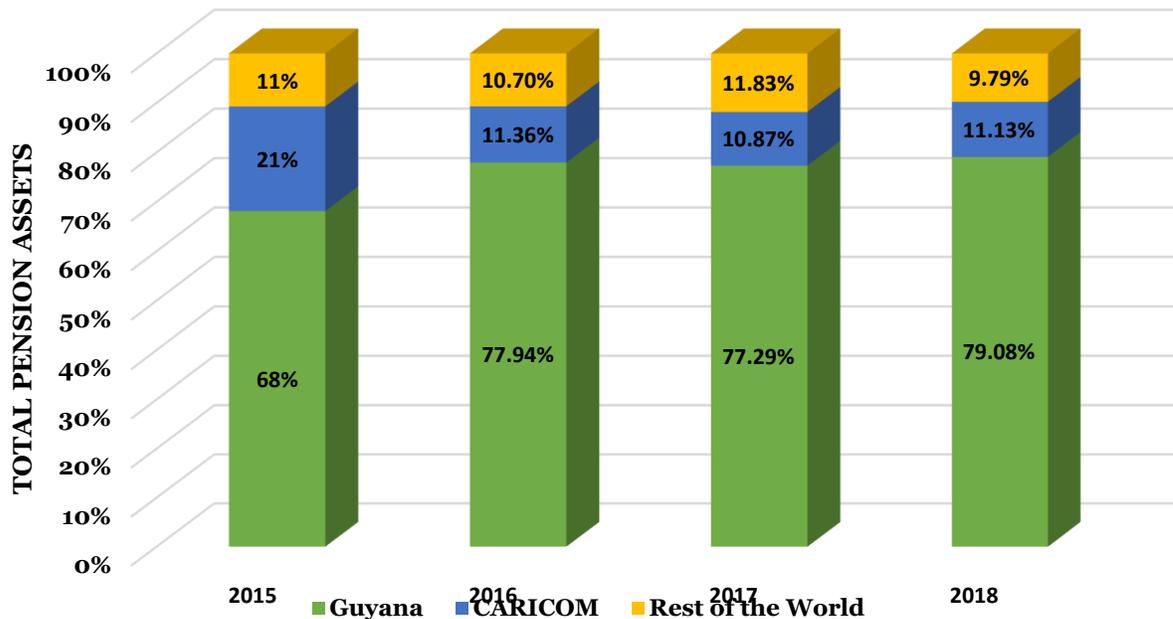
7.4.4 Allocations by Geographical Regions

The industry's asset allocation by geographical regions remained within the statutory limit for the period 2015-2018, excluding 2015. Less than 30 percent (approximately 21.45 (percent) or \$14 billion of pension assets were invested outside of Guyana in 2018. The latter included investments of approximately 11 percent or \$7 billion in CARICOM Member States and approximately 10 percent or \$6.8 billion in the rest of the world. Approximately 78 percent or \$51.5 billion of pension assets were invested domestically in 2018 (see Annex 2: Table 2.2 & Table 7 below).

TABLE 7: PENSION ASSETS BY GEOGRAPHICAL ALLOCATION 2015-2018

Region	2015	Growth (%)	2016	Growth (%)	2017	Growth (%)	2018	Growth (%)
Guyana	30,399	-7.53%	36,641	20.54%	41,086	12.13%	51,546	25.46%
CARICOM	9,693	195.86%	5,340	-44.91%	5,773	8.11%	7,255	25.67%
Rest of the World	5,344	-0.20%	5,032	-5.83%	6,227	23.75%	6,824	9.59%
Foreign Assets as a Percentage of Total Assets	33.10%		22.10%		22.60%		21.45%	
Total Assets	45,467		47,013		53,097		65,625	

**FIGURE 8:
PENSION ASSETS BY GEOGRAPHICAL ALLOCATION 2015-
2018**



Source: Insurance Supervision Department, Bank of Guyana

7.4.5 Asset Allocation by Industry

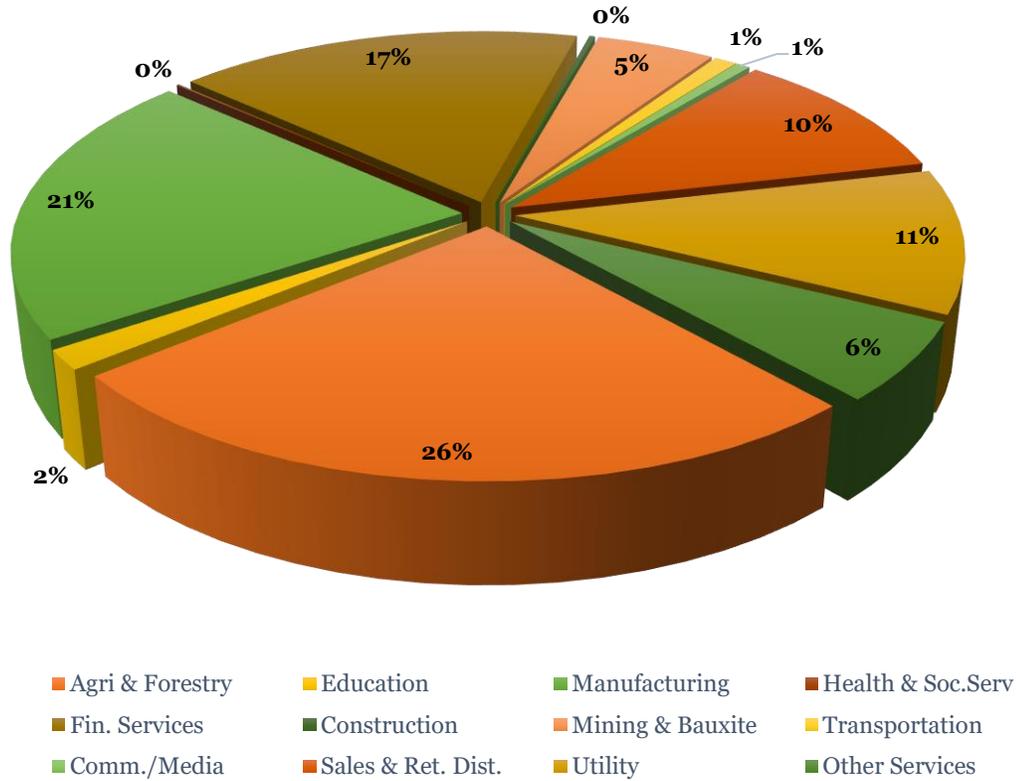
Agriculture and forestry remained the industry with the largest share of pension sector assets, continuing a positive four year trend and accounting for 25.3 percent of total pension assets at end-December 2018. Investments in the education, construction and health sectors however were diminutive, particularly in health and social service which remained steady from the previous year (\$71 million or 0.11 percent). The education sector however, has increased significantly from \$24 million to \$988 million. Further, the manufacturing industry also recorded steady growth and accounted for 21 percent of total pension sector assets.

TABLE 8: PENSION ASSETS BY INDUSTRIAL ALLOCATION 2016-2018

G\$ millions			
Year	2016	2017	2018
Total Assets	47,013	53,097	65,625
Agriculture & Forestry	13,425	14,622	16,899
Education	24	24	988
Manufacturing	8,994	10,661	13,793
Health & Social Services	67	72	71
Fin. Services	8,855	9,717	11,385
Construction	106	132	161
Mining & Bauxite	2,634	2,959	3,333
Transportation	466	531	638
Comm./Media	370	373	393
Sales & Ret. Dist.	3,974	4,856	6,842
Utility	5,059	5,760	7,197
Other Services	3,039	3,390	3,926

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 9: INDUSTRIAL ALLOCATION OF PENSION ASSETS
2018**



Source: Insurance Supervision Department, Bank of Guyana

7.4.6 Allocation by Plan Status

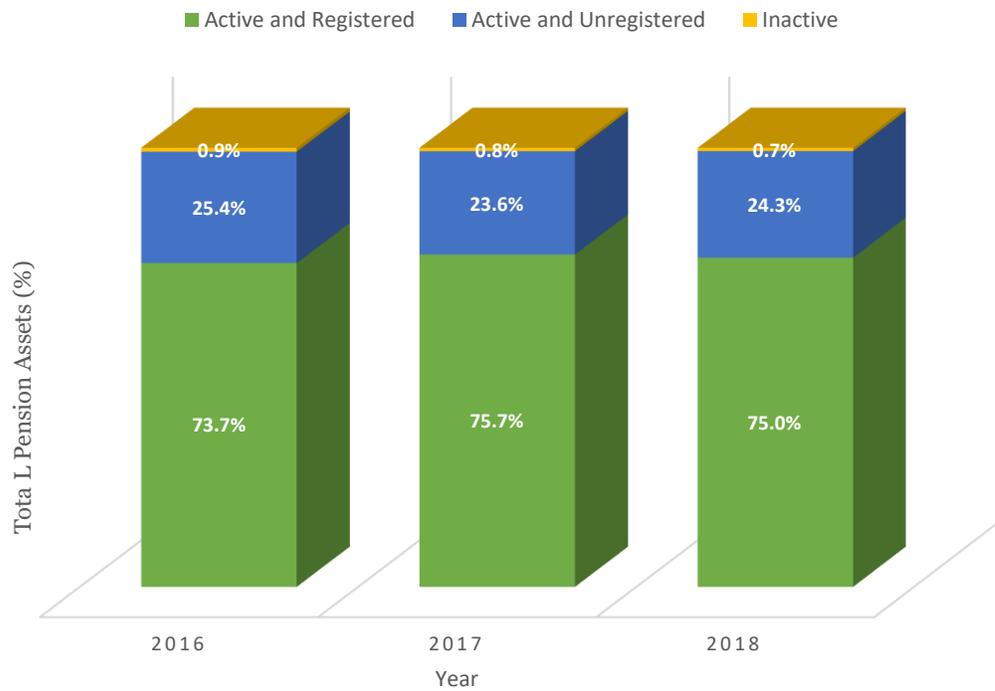
Pension assets of registered plans continued to account for the majority of total pension assets, with approximately 75 percent or \$49.2 billion. Unregistered Plan's proportion of assets has been declining from 2015 (33 percent) to 2018 (25 percent). Further, assets remaining in inactive pension plans declined to \$481 million at end-December 2018 from \$1,124 million at end-December 2015.

TABLE 9: PENSION PLAN ASSETS BY REGISTRATION STATUS 2015-2018

<i>G\$ billions</i>	2015	2016	2017	2018
No. of Reporting Plans	96	97	96	101
Registered Assets	30,465	34,663	40,189	49,195
Growth of Assets (%)	1.30%	13.80%	16.00%	22.40%
As a percent of Total Pension Assets (%)	67.00%	74.00%	75.70%	75.00%
Unregistered Assets**	15,002	12,350	12,907	16,431
Growth of Assets (%)	-0.63%	17.70%	4.50%	27.30%
As a percent of Total Pension Assets (%)	32.90%	26.30%	24.30%	25.00%
TOTAL ASSETS	45,467	47,013	53,097	65,625

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 10:
PENSION ASSETS BY REGISTRATION STATUS
2016-2018**



Source: Insurance Supervision Department, Bank of Guyana

8 Financial Soundness and Stability

8.1 Financial soundness Indicators

8.1.1 Systemic Risk

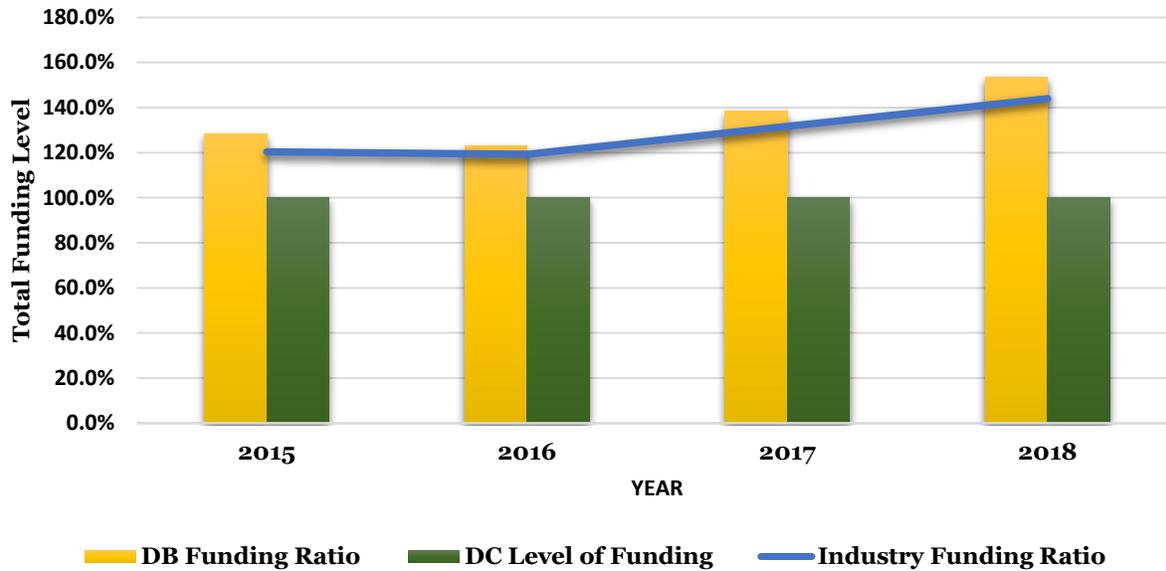
The pension sector's exposure to systemic risk remained diminutive despite significant growth in the sector's assets in 2018. At the end of December 2018, pension assets represented 6.6 percent of total financial assets and 24.4 percent of NBFIs' assets. The sector's importance as an institutional investor was reflected in the increase in its assets to GDP ratio from 7.2 percent in 2017 to 8.3 percent in 2018.

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 2018, the funding level of reporting plans improved with an industry ratio of 153 percent compared with 133 percent in 2017. 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 and DB plans increased their average funding level to 153.4. It is noteworthy however that at end-December 2018 three (3) 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. 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.

Fully registered plans continued to have a funding level higher than that of the industry for 2015 -2018, whilst unregistered plans consistently fell below the industry average for the same period.

**FIGURE 11:
Funding Levels of Pension Plans 2015-2018**



Source: Insurance Supervision Department, Bank of Guyana

TABLE 10: PENSION PLANS' FUNDING RATIOS 2015-2018

	2015	2016	2017	2018
Funding Ratios				
Industry Funding Ratio	120.4%	119.3%	131.6%	143.9%
DB Funding Ratio	128.1%	122.8%	138.3%	153.4%
DC Level of Funding	100.0%	100.0%	100.0%	100.0%
Fully Registered Plans	131.1%	132.8%	146.3%	179.7%
Unregistered Plans	111.8%	92.8%	100.4%	128.8%
Industry Liquidity Ratio	37.5%	34.2%	37.5%	32.2%
DB Liquid Ratio	48.5%	47.0%	50.0%	49.7%
DC Liquid Ratio	1.6%	1.3%	1.7%	9.9%
Fully Registered Plans	25.2%	25.0%	28.4%	28.7%
Unregistered Plans	12.2%	9.2%	26.7%	38.0%

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 remained constant at 32.20 percent reported in 2018 relative to end-2017. 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 2015-2018

LIQUIDITY RATIOS	2015	2016	2017	2018
Industry Liquidity Ratio	34.20%	33.70%	32.20%	32.20%
DB Liquid Ratio	48.50%	47.00%	50.00%	49.74%
DC Liquid Ratio	1.60%	1.30%	1.70%	9.89%
Fully Registered Plans	25.20%	25.00%	28.40%	28.65%
Unregistered Plans	12.20%	9.20%	26.70%	38.00%

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. DB and unregistered plans held a greater share of assets in liquid accounts at the end of the year, recording ratios of 49.74 percent and 38.00 percent, respectively. DC plans maintained a substantially lower proportion of assets in liquid accounts (see Table 11, Figure 12).

**FIGURE 12:
LIQUIDITY RATIO OF PENSION PLANS**



Source: Insurance Supervision Department, Bank of Guyana

8.1.4 Inflation risk

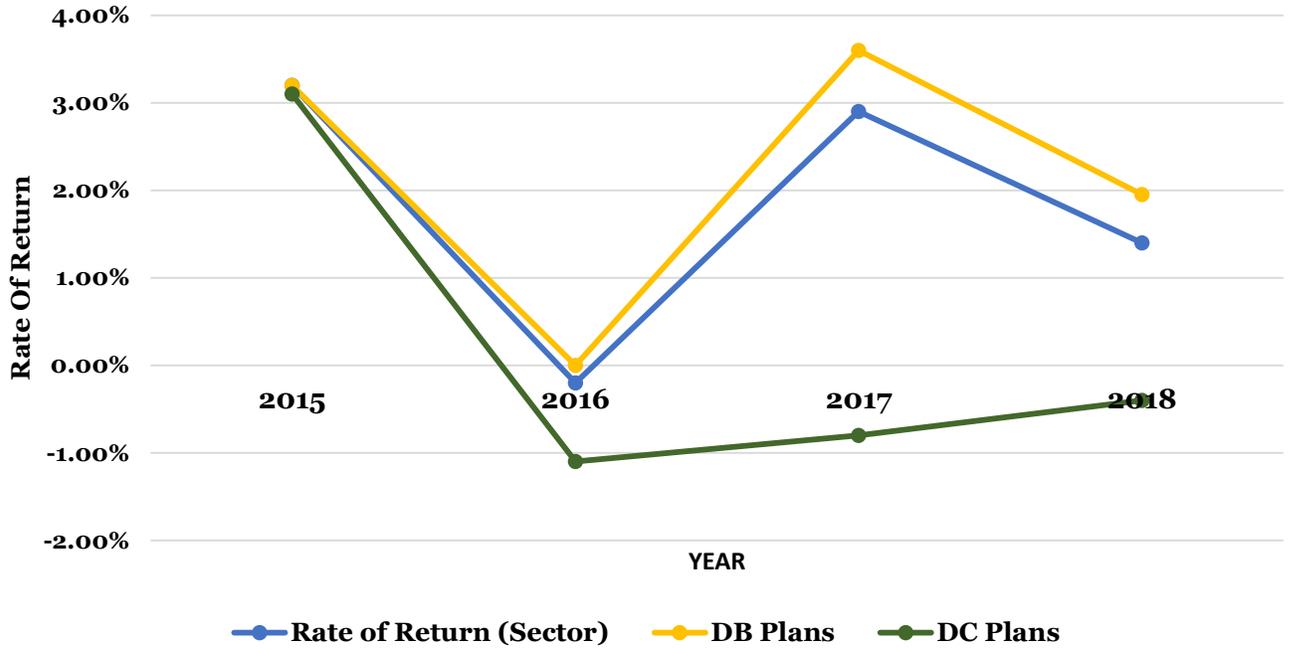
The sector yielded significantly small, decreased real gross rates of return on invested assets in 2018 - 1.48 percent, albeit remaining positive. This happened despite a higher inflation year, which realised the real values of fixed interest securities and other invested assets. This small growth is due partly to the lack of lucrative investments opportunities available locally. DB plans maintained positive real rate of returns at a rate of 1.95 percent, albeit lower than 2017. More so, real returns experienced by DC plans over the same period continued to fall at negative 0.4 percent. The contrasting returns on invested assets between the two plan types were mainly due to their different investment allocations. DC plans' investments are less diversified compared to DB plans' investments.

TABLE 12: PENSION ASSETS' RATES OF RETURN 2015-2018

G\$ MILLIONS		2015	2016	2017	2018
Nominal Rate of Return on invested assets	Average Invested Assets	42,553	44,486	48,676	58,215
	Nominal Net Investment Returns	296	519	2,202	1,803
	Rate of Return (Sector)	0.7	1.17	4.52	3.10
	DB Plans	0.90%	1.40%	5.10%	6.72%
	DC Plans	0.50%	0.40%	0.70%	0.56%
	Annual Price Inflation	-1.81	1.44	1.53	1.62
Real Rate of Return on invested assets	Rate of Return (Sector)	2.51	-0.27	3.00	1.48
	DB Plans	3.20%	0.00%	3.60%	1.95%
	DC Plans	3.10%	1.10%	0.80%	0.40%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 13:
REAL RATE OF RETURN FOR PENSION PLAN INVESTMENTS
2015-2018**



Source: Insurance Supervision Department, Bank of Guyana

8.1.5 Market Risk

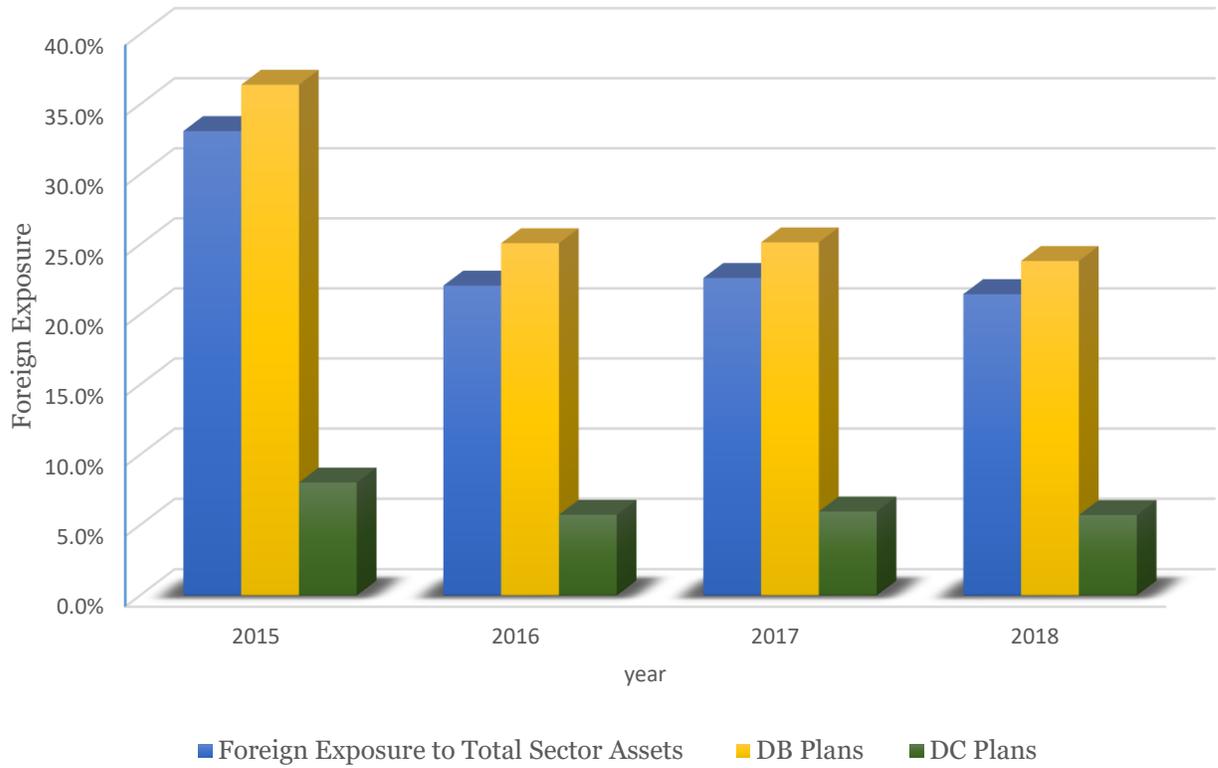
8.1.5.1 Foreign Exposure of Pension Assets

Foreign exposure of pension assets slightly increased in 2018 and remained well within the 30 percent statutory limit. As a percentage of total assets, foreign assets represented approximately 21 percent at the end of 2018; a marginal decrease compared to 23 percent in 2017. This was attributed to a decrease in foreign investments for both DB and DC plans of 1.3 percent and 0.3 percent respectively. Notably, DB plan's foreign exposure continued to be significantly higher than the industry average (see table 13).

TABLE 13: FOREIGN EXPOSURE OF PENSION ASSETS 2014-2018

G\$ MILLIONS	2015	2016	2017	2018
Foreign Exposure	15,037	10,372	12,001	14,080
Foreign Exposure to Total Sector Assets	33.10%	22.00%	22.80%	21.45%
DB Plans	36.40%	25.10%	25.10%	23.82%
DC Plans	8.00%	5.70%	6.00%	5.71%

**Figure 14:
Foreign Exposure of Pension Assets 2015-2018**



8.1.5.2 Equity Exposure of Pension Assets

Pension funds' exposure to equity markets increased from approximately 25.9 percent in 2017 to 35 percent at the end of 2018. This is as a result of an increase in the fair value of equity investments of DB plans from \$13.7 billion to \$23.4 billion, and DC plans from \$107.7 million to \$132 million in 2017.

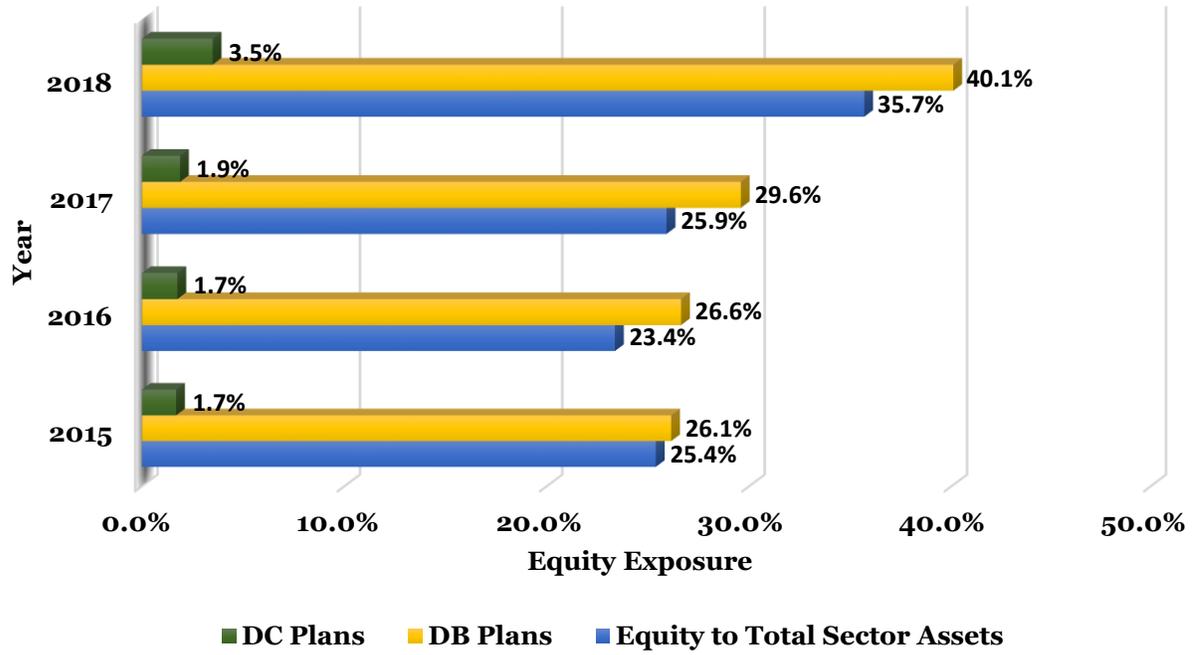
Additionally, as a percentage of assets, DB assets' exposure to equities dominated, and represented approximately 40 percent compared to 4 percent of DC assets in 2018. Consequently, the funding positions of DB plans are more likely to be sensitive to market changes than plans with an investment portfolio comprising of a higher proportion of fixed income securities (see Table 14).

TABLE 14: EQUITY EXPOSURE OF PENSION ASSETS 2015-2018

	2015	2016	2017	2018
Equity	11,536	10,987	13,759	23,425
Equity to Total Sector Assets	25.4%	23.4%	25.9%	35.7%
DB Plans	26.1%	26.6%	29.6%	40.1%
DC Plans	1.7%	1.7%	1.9%	3.5%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 15:
EQUITY EXPOSURE OF PENSION ASSETS 2015-2018**



Credit Risk

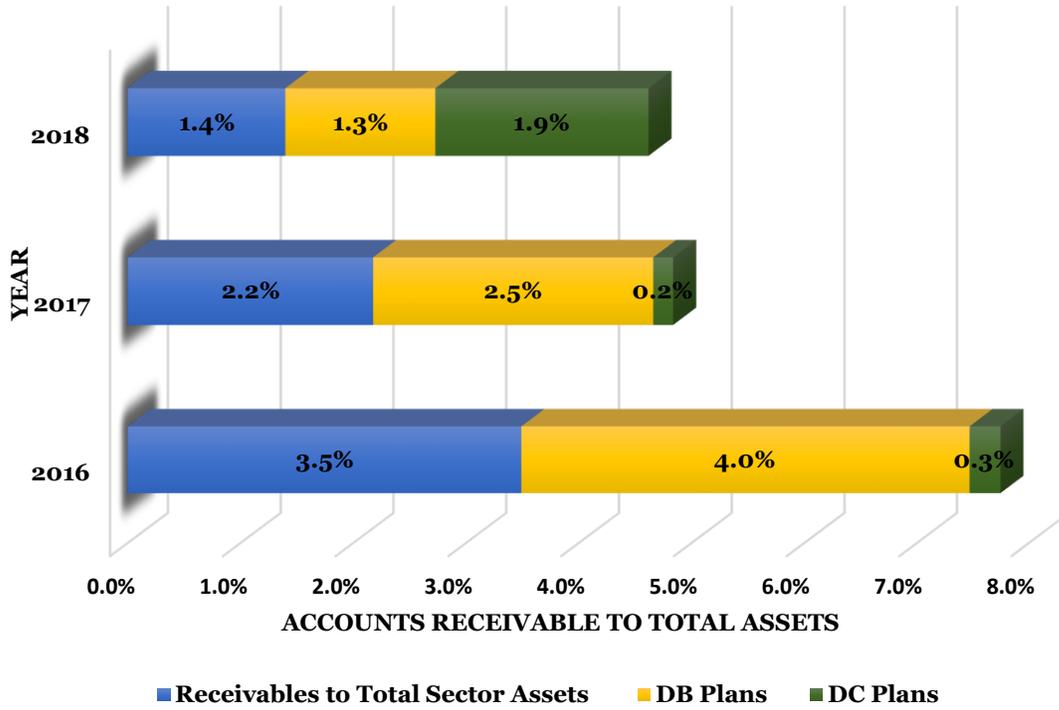
8.1.5.3 Accounts Receivable to Total Assets

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 1.4 percent at the end of 2018. The impact to DC assets resulting from credit default risk was relatively more significant than DB assets, where 1.9 percent of DB assets represented accounts receivable compared to 1.3 percent of DC assets at the end of the period (see Table 15).

TABLE 15: ACCOUNTS RECEIVABLE TO TOTAL ASSETS 2016-2018			
	2016	2017	2018
Receivables	1,642	1,156	918
Receivables to Total Sector Assets	3.5%	2.2%	1.4%
DB Plans	4.0%	2.5%	1.3%
DC Plans	0.3%	0.2%	1.9%

Source: Insurance Supervision Department, Bank of Guyana

**FIGURE 16:
RECEIVABLES VS TOTAL ASSETS 2016-2018**

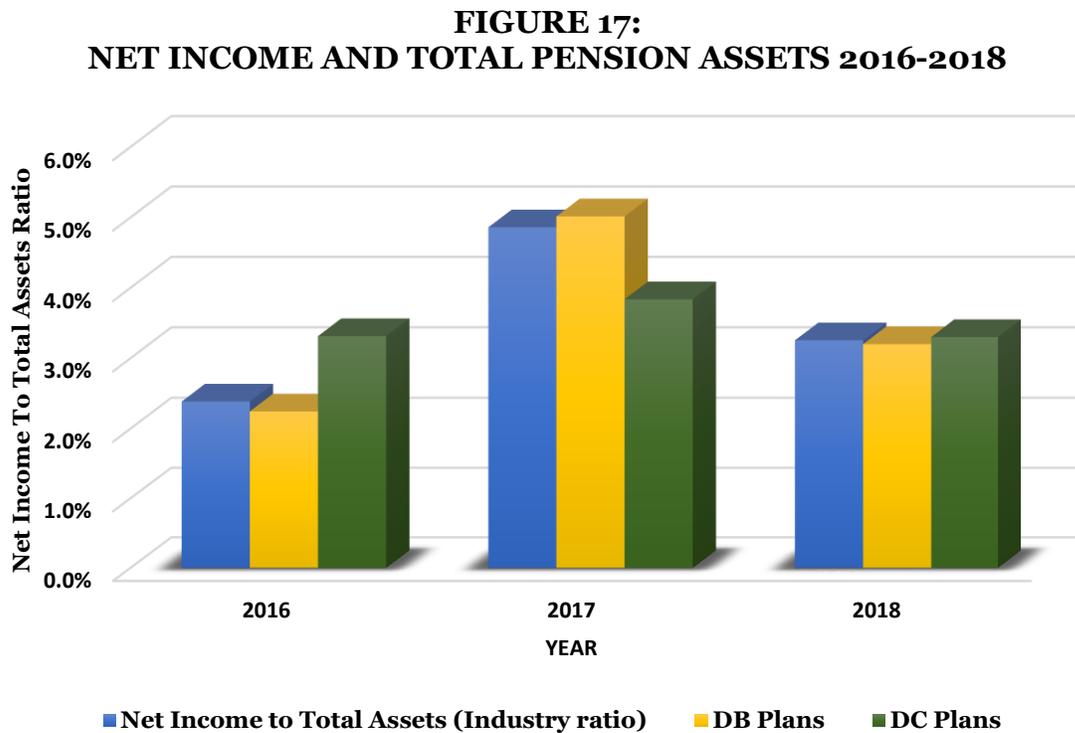


Source: Insurance Supervision Department, Bank of Guyana

8.2 Efficiency & Profitability Ratios

8.2.1 Net Income to Total Assets

Net income to total assets decreased to 3.3 percent in 2018 from 4.9 percent in 2017. This was attributed to a decrease in the industry's net income earned at the end of the period by 17 percent, particularly influenced by decreased DB plans' net income growth. Both DB and DC plans had lower ratios at 3.2 and 3.3 percent, respectively.

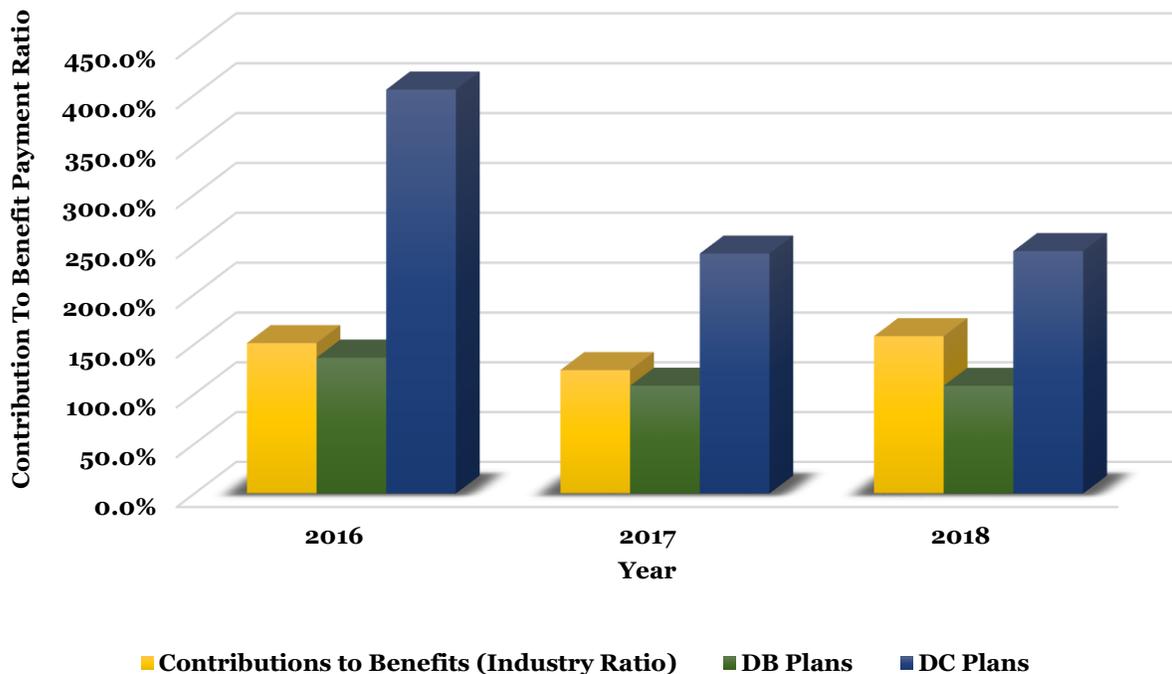


Source: Insurance Supervision Department, Bank of Guyana

8.2.2 Contributions to Total Benefit Payments

Contributions received decreased by 46.2 percent to \$0.9 billion in 2018 that represented approximately 158 percent of total benefit related payments. This indicated that approximately 58 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 2018, DB plans remained consistent, with a ratio of 108 percent. This was preceded by a downward trend in the 2016-2017 period which was mainly due to the decreasing membership of the Guyana Sugar & Trading Enterprises Pension Plan. Further, DC plans increased marginally from 2017 with a ratio of 243 percent.

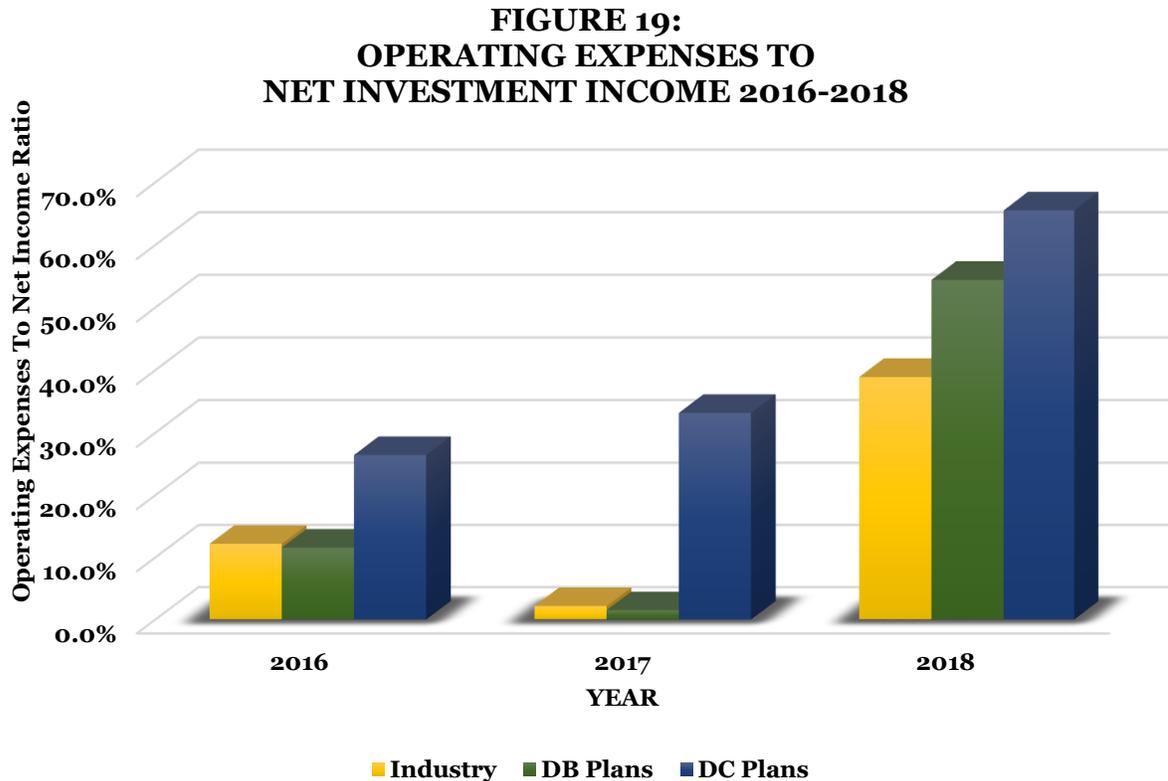
**FIGURE 18:
CONTRIBUTIONS AND BENEFIT PAYMENTS 2016-2018**



Source: Insurance Supervision Department, Bank of Guyana

8.2.3 Operating Expenses to Investment Income

The industry's efficiency, as measured by the total operating expenses in relation to net investment income, significantly improved in 2018 with an average ratio of 38.9 percent. In contrast to previous years, the efficiency gap has shortened between DC and DB plans. With regards to DC plans, operating costs saw a ratio of 65.5 percent and were considered less efficient over the period compared to 54.4 percent for DB plans.



Source: Insurance Supervision Department, Bank of Guyana

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 61 are DC and 17 are DB plans). In 2018, the combined asset value of plans administered by life insurers increased by approximately 13.9 percent to \$14.7 billion, which represented just over 22 percent of the industry's total assets at Dec-2018.

Total membership in these plans amounted to 7,749 participants, an increase from 7,445 participants in 2017 and represented approximately 45 percent of the industry's total membership in 2018. The investment allocations of pension plans administered by life insurers are largely concentrated in deposit administration policy contracts, which represented approximately 71 percent of the total pension assets under life insurers' administration in 2018. 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.

Plans administered by life insurers experienced an upward trend in average funding ratio, from 77 percent in 2016, to 105 percent in 2017 and then to an increase to 130 percent in 2018. This underfunding of pension plans in 2016 was experienced due to several significant deficits particularly in some DB plans. Investments performed poorly during the three year period, as reflected in reduced real (net) rates of return from 2.61 percent in 2015 to -1.15 percent in 2016 followed by -1.30 percent in 2017 before slightly improving to -0.80 in 2018 (see Annex 2, Table 2.3).

9.2 Trust Companies

At the end of 2018, trust companies accounted for just over 51 percent of active membership - 8,850 participants in the industry, a marginal increase from 8840 participants in 2017. Trust companies managed fewer active plans than life insurers (21 plans) in 2018 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 2018 (69.3 percent or \$45.5 billion). Over the period in review, these assets remained skewed towards investments concentrated in cash resources in deposit taking institutions (26.52 percent) and in market equities of traded companies (44.9 percent) and securities of private companies (16.3 percent).

Pension plans managed by trust companies were fully funded at the end of the year, experiencing an increased funding ratio of 154 percent in 2018 compared with 124 percent in 2017. Investments saw a decrease in real rates of return from 4.3 percent in 2017 to 2.3 percent in 2018 (see Annex 2, Table 2.3).

9.3 Employer Self-administered Pension Funds

Self-administered Pension Funds saw an increase to three plans in 2018. Their combined asset value represented a marginal 8.3 percent or \$5.4 billion of the industry's total assets. Additionally, membership in these plans represented only 3 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 corporate bonds, which in aggregate represented approximately 71 percent of their total assets at the end of the year.

In 2018, these plans experienced an average real investment return of 3.9 percent, a decrease from 6.3 percent recorded in the previous year. Similarly, the funding level of liabilities of self-administered plans remained strong at 163 percent at the end of the year (see Annex 2, Table 2.3).

10 The Way Forward

The private pension sector's relative asset base is expected to increase proportionately to the integrated financial system and the national income at large. More so, the coverage is expected to see increases with the expansion of the oil and gas industry.

To mitigate the low interest yield by DC Plans, better investment policies can be used, with life cycling factors that match investment with pension liabilities. Similarly, it is recommended that DB Plans diversify its investment portfolio so as to decrease its exposure to equity markets.

There will continue to be consultations with various stakeholders with respect to the Draft Private Pensions Act. This comprehensive legislation will reform the sector by mitigating the existing supervisory challenges and poor industry practices. More so, this new Law aims to 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.

The nature of private pensions is based on an arrangement whereby investments are made with a long term objective, the sector provides prospect with respect to building a resilient long term capital market with objective of facilitating capital investment opportunities with the ultimate goal of furthering economic growth and development.

10.1 Micro-Pensions

For most adults in Guyana, disposable income, regularity of income and the means to collect contributions are limited. This may be as a result of a large informal economy which is present in Guyana. According to a study done by regional economist, Amos Peters (International Development Bank)⁸, Guyana's informal economy ranks second in

⁸ Amos P. (2017, August). Estimating the size of the informal economy in Caribbean states. IDB Technical Note, P.p. 44.

the English Speaking Caribbean with 35-44 percent. The informal sector plays an important role in Guyana's economy as it creates jobs, boosts entrepreneurial activity, minimizes unemployment and underemployment, alleviates poverty and contributes to economic growth. The impact of the informal sector has been however constrained by its inaccessibility to a wide range of financial services such as micro pensions and so forth. In order to eliminate this limitation, the Bank of Guyana has proposed in its Draft Pensions Act, a micro-pension initiative.

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.

For a strong and thriving micro pension industry, there should exist a well-developed financial services system, a high national internet and mobile penetration rate and a well-informed, sensitised public ready to utilise the services provided. Collaboration with credit card providers, commercial banks, credit unions and building societies would also go a long way in ensuring a robust and accessible micro pension industry. Pre-paid cards, mobile wallets and bank accounts may also facilitate cashless and secure payments to users.

Rwanda, for instance is one country where such technological models have been implemented. To expand coverage, the government of Rwanda implemented an old-age savings scheme in 2017 as discussed in a research paper⁹. It is a voluntary DC Scheme that is open to the participation of all Rwandans and foreigners residing in Rwanda. These accounts are linked to each member's national identifications and mobile phones or computers to activate their accounts. This type of product gives members the freedom to choose how much they want to save based on their cash flow. They are able to make contributions using mobile wallets, bank accounts, or debit and credit cards. It utilises a simple web and telephone based mechanism through which a national toll-free helpline that provides resolution support to members exists. The Micro Pension Model uses a national ID linked system and specialized administrative platform. This product established in 2017 allows the government to co-contribute to entitled beneficiaries. However, there are challenges that exist such as lack of financial literacy, increase of digital footprint and difficulty in outreach. Developing nations such as India, Benin, Nigeria and Kenya also boast similar success stories regarding their micro pension industries. It is hoped that after the successful implementation and functioning of the SPP, the local pension sector can utilise similar technology based on the model used in Rwanda, for ease of access to the public.

10.2 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.

⁹ Guven M. (2019, July). *Extending Pension Coverage to the Informal Sector in Africa. Social Protection & Jobs: Discussion Paper no. 1933 pp. 33.34*

To increase financial literacy with respect to pensions, there will be a National Pensions Awareness Programme (NPAP) in the near future. This will aid in assisting 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 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.

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.

11 Statistics

11.1 Annex 1- Pension Plan Lists as At December 31, 2018

Abbreviations:

Pension Plan Types	Pension Plan Managers
DB- Defined Benefit DC- Defined Contribution	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 ASSURIA: Assuria Life (GY) Incorporated NALICO: North American Life Insurance Company Limited SA: Administered/ Self-Managed

TABLE 1.1: LIST OF ACTIVE AND REGISTERED PENSION PLANS (2015-2018)

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 Ltd. Pension Plan	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

TABLE 1.1 Cont'd.: LIST OF ACTIVE AND REGISTERED PENSION PLANS (2015-2018)

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 (2015-2018)

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	28	Citizens Bank Guyana Limited Pension Plan	DC	HIHL
10	39	Correia Group of Companies Pension Plan	DB	TCGL
11	64	Davis Memorial Hospital Group Annuity Scheme	DC	DML
12	10	Demerara Mutual Life Assurance Society Limited Office Staff Group Annuity Scheme	DB	DML
13	11	Demerara Mutual Life Assurance Society Ltd. Pension Plan (Sales Rep.)	DB	DML
14	23	Frances De Caries & Co Ltd. Pension Plan	DB	GTML
15	63	Friendship Slipway Company Limited Group Pension Scheme	DC	DML
16	62	Gizmos & Gadgets Annuity Scheme	DC	DML
17	26	Grains Guyana Limited Pension Plan	DC	HIHL
18	22	Guyana Civil Aviation Authority Pension Plan	DB	HIHL
19	4	Guyana Electricity Corporation Superannuation Pension Scheme	DB	HIHTC
20	58	Guyana Forestry Commission Group Annuity Pension Scheme	DC	DML
21	32	Guyana National Bureau of Standards Pension Plan	DC	HIHL
22	61	Guyana Office for Investment Group Annuity Scheme	DC	DML
23	33	Guyana Stockfeeds Limited Pension Plan	DB	HIHL
24	94	Guyana Telephone and Telegraph Company Limited Pension Fund	DB	TCGL
25	25	Machinery Corporation of Guyana Limited Pension Plan	DC	HIHL
26	21	Marian Academy Pension Plan	DC	HIHL
27	87	Mayor & Town Council of the City of Georgetown Pension Plan	DC	GTML
28	57	Moravian Church of Guyana Group Annuity Scheme	DC	DML
29	31	National Frequency Management Unit Pension Plan	DB	HIHL
30	81	New GPC Pension Plan	DB	TCGL

TABLE 1.2 Cont'd: LIST OF ACTIVE AND UNREGISTERED PLANS (2015-2018)				
No.	Plan no.	Name	Plan Type	Plan Manager
31	73	Omai Services Limited Pension Plan	DC	GTML
32	56	Rentokil Initial (Guyana) Limited Group Annuity Scheme	DC	DML
33	36	Roraima Airways Incorporated Pension Plan	DC	HIHL
34	69	Rosbel Gold Mines N.V Pension Plan	DC	GTML
35	13	Rubis Guyana Incorporated Pension Plan	DB	NAL
36	72	Sugar Industry Labour Welfare Fund Committee Pension	DC	GTML
37	72	Sugar Industry Labour Welfare Fund Committee Pension Scheme Scheme	DC	GTML
38	89	The Citizens Bank (Guyana) Inc. Pension Plan	DC	HIHL
39	71	Trust Company (Guyana) Limited Pension Plan	DC	GTML
40	147	University of Guyana Pension Plan	DB	SA
41	98	Wieting & Richter Pension Scheme	DB	SA

Source: Insurance Supervision Department, Bank of Guyana

TABLE 1.3: LIST OF INACTIVE PENSION PLANS* (2015-2018)

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.	89	Francis De Caires & Company Limited Pension Plan	DB	GTML
8.	57	Friendship Slipway & Co. Ltd. Pension Plan	DC	DML
9.	52	Guyana Congregational Union Pension Plan	DC	DML
10.	51	Guyana Management Institute Pension Plan	DC	DML
11.	9	Guyana National Industrial Corporation Pension Plan	DB	HIHTC
12.	49	Guyana Office for Investment Pension Plan	DC	DML
13.	49	Guyana Rice Development Board Pension Plan	DC	DML
14.	6	Guyana School of Agriculture Pension Plan	DB	HIHTC
15.	50	Hotel Tower Pension Plan	DC	DML
16.	68	John Fernandes Insurance Pension Scheme	DC	DML
17.	46	John Fernandes Limited Pension Plan	DB	DML
18.	10	Mahaica Mahaicony Abary Agriculture Development Authority Pension Plan	DB	HIHTC
19.	8	National Agricultural Research Institute Pension Plan	DB	HIHTC
20.	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 (2015-2018)

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 (2015-2018)

Year of Registration	Plan No.	Pension Plan	Plan Type	Plan Manager	Effective Date*
2015	123	Audit Office of Guyana Pension Plan	DC	HIHL	1-Jan-11
	131	Guyana Water Incorporated Pension Plan	DC	Assuria	1-Jan-15
	41	Massy Distribution (Guyana) Incorporated Pension Plan	DB	TCGL	30-Sep-67
2016	112	Bank of Guyana's Pension Scheme	DB	SA-Bank of Guyana	15-Mar-67
	32	Bank of Baroda (Guyana) Incorporated Pension Plan	DC	NALICO	1-Apr-89
	119	Banks DIH Limited Defined Contribution Pension Plan	DC	DML	1-Oct-09
	135	ANSA Mc Al Trading Limited Defined Contribution Pension Plan	DC	HIHL	1-Jan-15
	33	Embassy of the United States of America, Guyana Pension Plan	DB	NALICO	1-Jun-89
2017	93	Food for the Poor (Guyana) Incorporated Pension Plan	DC	HIHL	3-Jan-94
	103	U-mobile Incorporated Pension Plan	DC	HIHL	1-Oct-03
	110	Metro Office & Computer Supplies Pension Plan	DC	HIHL	1-Jan-08
	138	Assuria Life (GY) Inc. Pension Plan	DC	Assuria	1-Jan-16
	133	Berbice Bridge Company Incorporated Pension Plan	DC	HIHL	1-Oct-14
	141	E-Networks Incorporated Pension Plan	DC	HIHL	1-Jan-16
	109	Mings Products & Services Limited Pension Plan	DC	HIHL	1-Apr-07
	134	M.P. Insurance Brokers & Consultants Limited Pension Plan	DC	HIHL	1-Feb-14
	90	P&P Insurance Brokers & Consultants Limited Pension Plan	DC	HIHL	6-Jul-99
	111	Guyana Publications Incorporated Pension Plan	DC	HIHL	1-Aug-08
	29	Laparkan Trading (Guyana) Company Limited & Laparkan Holdings Limited Pension Plan	DB	HIHL	1-Jan-94
	118	Grace Kennedy Remittance Services (Guyana) Limited Defined Contribution Pension Scheme	DC	DML	1-Dec-11
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

*Effective date: date the pension plan began operations

11.2. Annex 2- Asset & Liability Profiles

TABLE 2.1: ASSETS AND LIABILITIES OF REPORTING PENSION PLANS (2014-2018)					
G\$ Millions	2014	2015	2016	2017	2018
o. of Reporting Pension Plans	84	96	97	96	101
Total Industry Assets	43,093	45,435.34	47,012.98	53,086.54	65,625.47
Asset Growth Rate	3.53%	5.44%	3.47%	12.94%	3.49%
Cash Deposits	12,920	13,021	13,456	14,975	13,605
Stocks and Shares in Companies	12,868	11,536	10,987	13,759	23,425
Corporate Bonds & Debentures	4,522	6,627	6,879	7,537	8,295
Securities of Governments	2,360	2,681	3,684	3,981	3,443
Mortgage Loans and Advances	353	279	312	331	276
Deposit Administration Contracts	6,266	7,778	8,218	9,209	10,226
Real Estate	913	902	896	1,025	955
Other Investments (Mutual Funds)	1,304	744	939	1,113	1,918
Total Investments	41,505	43,567	45,371	51,930	64,436
Non Invested Assets	1,588	1,868	1,642	1,102	1,189
Total Industry Liabilities	32,533	36,632	39,422	40,330	43,550
Actuarial Liabilities (DB Plans)	27,603	30,887	32,818	32,818	36,817
Accumulated Account Balances(DC Plans)	4,352	5,279	6,164	7,016	7,551
Operating Liabilities*	578	466	440	497	736
Registered Plans	22	24	25	34	44
Total Pension Assets	0	30,465	31,596	36,276	49,195
Total Pension Liabilities	20,352	23,522	26,085	27,382	18,437
Net Pension Asset	-20,352	6,943	5,511	8,895	30,758
Unregistered Reporting Plans	62	72	72	62	57
Total Pension Assets	0	14,970	14,395	15,506	16,431
Total Pension Liabilities	12,118	13,030	13,259	12,761	18,504
Net Pension Asset	-12,118	1,940	1,137	2,745	-2,073
DB Plans	27	36	35	35	38
Total Pension Assets	37,413	40,147	40,840	46,054	57,734
Total Pension Liabilities	27,660	31,343	33,248	33,293	40,163
Net Pension Asset	9,753	8,803	7,592	12,761	17,571
DC Plans	57	60	62	61	63
Total Pension Assets	5,680	5,288	6,173	7,032	7,891
Total Pension Liabilities	4,873	5,288	6,173	7,032	7,891
Net Pension Asset	807	0	0	0	0

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.

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)

TABLE 2.2: GEOGRAPHICAL ALLOCATION OF PENSION ASSETS (2015-2018)
G\$ millions

Year	Region	Total Assets	Non-Invested 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
2015		45,467	1,750	43,600	2,714	6,627	13,021	11,536	279	7,778	902	744	116
	Guyana	30,967	1,690	29,161	705	2,203	6,828	10,007	279	7,718	902	517	116
	CARICOM	9,622	39	9,583	1,698	1,465	5,432	702	0	59	0	227	0
	Rest of the World	4,878	21	4,857	310	2,959	761	827	0	0	0	0	0
2016		47,013	1,565	45,371	2,741	7,822	13,429	10,987	312	8,245	896	939	77
	Guyana	36,667	1,562	35,058	515	3,287	11,927	9,468	312	8,159	896	465	77
	CARICOM	4,943	0	4,913	1,867	1,366	810	568	0	59	0	272	0
	Rest of the World	5,403	3	5,400	359	3,170	719	950	0	0	0	202	0
2017		53,097	903	51,981	3,107	8,411	15,030	13,794	292	9,209	1,025	1,113	212
	Guyana	41,041	864	39,977	658	3,169	13,523	11,595	292	9,161	1,025	553	199
	CARICOM	5,773	21	5,752	2,362	1,653	499	947	0	48	0	243	0
	Rest of the World	6,283	18	6,265	87	3,588	1,021	1,252	0	0	0	317	0
2018		65,625	1,051	64,575	3,443	8,295	15,897	23,425	276	10,226	955	1,918	138
	Guyana	51,546	1,028	50,518	1,003	2,067	14,522	21,204	276	9,783	955	570	138
	CARICOM	7,255	0	7,255	2,208	3,399	444	909	0	42	0	253	0
	Rest of the World	6,824	23	6,801	232	2,829	932	1,312	0	400	0	1,096	0

Source: Insurance Supervision Department, Bank of Guyana

* - Non-Invested Assets represent Receivables (debtors, interest, taxes recoverable) and any non-invested amounts (cash in hand)

** - Securities of Government include treasury bills, government issued bonds and debentures

*** - Cash Deposits include cash amounts held at Commercial Banks and certificates of deposit

**** - Other investments include amounts invested in Mutual Funds

TABLE 2.3: DETAILS OF PENSION PLANS BY PLAN ADMINISTRATORS (2016-2018)

Year	Administrator	Total Assets	Total Liabilities	Net Assets	Membership	Funding Level	Nominal Returns	Real Returns
	G\$ millions							
2016	Industry	47,013	41,759	5,254	16259	113%	1.17	-0.27
	Insurers	11,713	15,183	(3,470)	7417	77%	0.29	-1.15
	Trust Companies	32,324	24,424	7,901	8531	132%	1.86	0.42
	Self Administered	2,975	2,153	823	311	138%	-2.90	-4.34
2017	Industry	53,097	44,018	9,078	17318	121%	4.52	2.99
	Insurers	12,905	12,257	648	8123	105%	0.23	-1.30
	Trust Companies	36,695	29,768	6,926	8840	123%	5.81	4.28
	Self Administered	3,497	1,993	1,504	355	175%	7.83	6.30
2018	Industry	65,625	42,989	22,637	14015	153%	3.14	1.52
	Insurers	14,726	11,363	3,363	4583	130%	0.82	-0.80
	Trust Companies	45,471	29,464	16,006	8850	154%	3.95	2.33
	Self Administered	5,429	2,161	3,267	582	251%	5.47	3.85

Source: Insurance Supervision Department, Bank of Guyana

TABLE 2.4: INVESTMENTS OF PENSION PLANS BY PLAN ADMINISTRATOR (2016-2018)

G\$ millions	Total Assets	Securities of Government	Private Securities	Cash Deposits	Stocks & Shares in Companies	Loans & Advances	Investment Arrangements	Real Estate	Other Investments	Total Investments	Cash at Bank	Non Invested Assets
2016	47,013	2,741	7,822	13,456	10,987	312	8,218	896	939	45,371	1,377	1,642
Insurers	11,713	397	1,033	1,401	455	200	8,218	0	0	11,703	64	10
Trust Companies	32,324	588	6,789	11,773	9,835	19	0	896	929	30,829	1,031	1,495
Self Administered	2,975	1,757	0	282	697	93	0	0	10	2,839	282	137
2017	53,097	3,107	8,411	15,043	13,794	292	9,209	1,025	1,113	51,994	2,297	1,102
Insurers	12,905	419	964	1,590	524	186	9,209	0	0	12,892	65	13
Trust Companies	36,695	780	7,447	13,147	12,276	17	0	1,025	1,103	35,794	1,925	901
Self-Administered	3,497	1,908	0	307	994	89	0	0	10	3,309	307	188
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

Source: Insurance Supervision Department, Bank of Guyana

TABLE 2.5: SECTORIAL INTEGRATION OF ASSETS INVESTED IN GUYANA 2015-2018				
<i>In G\$ Millions</i>	Sectorial Integration of Assets Invested in Guyana			
YEAR	2015	2016	2017	2018
Banking System	4,861	5,954	7,155	11,194
Cash At Bank	1,602	450	978	1,354
Fixed Deposits	3,259	5,505	6,177	7,834
Public Sector	705	515	658	1,003
T/Bills	705	514	658	1,002
Bonds	0	0	0	0
Debentures	0	0	0	0
Local Gov't Sectors	0	0	0	0
Others (Specify)				
Private Sector	23,595	28,589	32,151	39,946
Shares	10,007	9,468	11,595	21,204
Mortgage/Loans	279	312	292	276
Bonds/Debentures/ Shared Plan	2,203	3,318	3,169	2,067
NBFIs	1,967	5,945	6,355	5,333
Real Assets	902	896	1,025	975
Pooled Funds (Deposit Administration)	7,718	8,186	9,161	9,521
Others	517	465	553	570
Total Locally Invested Assets	29,161	35,058	39,964	50,137

Source: Insurance Supervision Department, Bank of Guyana

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.

11.2 Annex 3 – Classification Descriptions & Methodologies

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 NBFi 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 its 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

<i>RATIOS</i>	<i>DESCRIPTION</i>	<i>METHODOLOGY</i>
Financial Assessment/Soundness Ratios		
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: $\text{net investment income} \div ((\text{total investments of the current year}) + (\text{total investments of the previous year}) / 2)$.
		Real rate: $\text{Nominal rate} - \text{price inflation at the end of the year}$
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	$\text{Net income} \div \text{total assets}$
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	$\text{Contributions received (members' and employer's)} \div \text{total benefit related payments (pensions, lump sums, death benefits, withdrawal benefits etc.)}$.
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.	$\text{Operating expenses} \div \text{net investment income}$

