

Guyana

Guyana: Pension system in 2010

The pension system consists of an earnings-related component and an old-age grant for those with some but insufficient contributions.

Key indicators

		Guyana	LAC26
Average earnings	GYD	584 200	1 416 900
	USD	2 900	7 000
Public pension spending	% of GDP	0.1	3.1
Life expectancy	At birth	66.2	73.6
	At age 65	13.0	17.4
Population over age 65	% of working-age population	6.6	12.3

Qualifying conditions

Age 60 with at least 750 weeks of paid or credited contributions, including at least 150 weeks of paid contributions; 25 weeks of contributions are credited for each year that the insured was older than age 35 in 1969, up to 600 weeks. Retirement is not necessary. The old-age grant is paid if the insured does not satisfy the qualifying conditions for an old-age pension but had at least 50 weeks of contributions before age 60.

Benefit calculation

Old-age pension

The pension is 40% of the insured's average weekly covered earnings plus 1% of average weekly covered earnings for each 50-week period of contributions exceeding 750. Average weekly covered earnings are based on the insured's best three years of earnings in the last five years before age 60.

The maximum weekly earnings for benefit calculation purposes are GYD 29 193. The rate of pension however, must not be less than 50% of the existing Public Service Minimum Wage and not greater than 60% of the Average Weekly Insurable Earnings. The public sector monthly minimum wage is GYD 33 207. Average weekly insurance earnings were GYD 29 193.

In order to calculate the benefits, one needs to obtain the contribution record for the last five years worked before the age of 60 when the contributor paid at least 13 weeks (or three months) of annual contributions. Of those last five years, the best three years of contributions are picked to do the sum:

$$\frac{\text{Sum the Annual Insurable Earnings}}{\text{Sum the number of Contribution Weeks}} = \text{Average Weekly Insurance Earnings (a)}$$

Sum the number of Contribution Weeks

Weekly pension = (0.4a) + (0.01a) for each group of fifty – (50 contributions over 750)

One (1) year refers to twelve (12) months before the birth month of the Insured Person. "Best" year means the year with the highest Annual Insurable Earnings.

When the entitled pension is calculated, it is then compared to the minimum pension at the time the insured person turns 60. If the calculated pension is less, the pensioner is paid the minimum pension. Otherwise, the pensioner is paid the calculated pension.

Old-age pensions are adjustments to from time to time.

Old-age grant

An Old Age Grant is a single payment. The grant is equal to 8.3% of the insured's average annual covered earnings multiplied by the number of 50-week periods of paid or credited contributions, as follows:

- Obtain the total contribution record
- Obtain the annual insurable earnings for each year of contribution
- Sum the annual insurable earnings for all the years of contributions
- Sum the number of contribution weeks for all the years of contributions
- Divide item (c) by item (d) = Average weekly insurable earnings
- Multiply item (e) by 52 = Average annual insurable earnings
- Grant = $1/12 \times$ item (f) \times Number of groups of fifty- (50) Contributions (in total contribution record).

One (1) year refers to a calendar year.

Variant careers**Early retirement**

Early retirement is possible from the age of 60.

Late retirement

Late retirement is possible and a person who qualifies for pension is entitled to 40% of his or her relevant wage for the first 750 contributions, and an additional 1% for each complete block of 50 contributions above 750. For example, a person with 1 222 contributions would be entitled to $(40 + 9) = 49\%$. No person is entitled to more than 60% of his relevant wage.

Personal income tax and social security contributions**Taxation of workers**

For the year of assessment in 2009 the, year of income equal 2008. The income tax is calculated on income in excess of GYD 35 000.00 per month or GYD 420 000 per year. The remainder in excess of the monthly and yearly threshold is taxed at 33.33%.

Social security contributions paid by workers

The NIS extends protection and social insurance coverage to all persons between the ages of 16 and 60 years who are engaged in insurable employment. This is done on a compulsory basis for employed and self-employed persons and can continue on a voluntary basis for those who cease such employment before reaching age 60 years. Persons younger and older than this and who are in insured are also covered but only for the Industrial benefit.

Both the employer and employee pay contributions. The total contribution equal 13% of paid wages to the employee but is derived by a 5.2% deduction from the employee's pay and the remaining 7.8% by the employer on behalf of the employee for National Insurance purposes.

The maximum weekly earnings for contribution calculation purposes are GYD 29 193 (adjusted annually).

Contributions are paid weekly or monthly depending on the nature of employment.

The insured's contributions also finance cash sickness, maternity and work injury benefits.

Taxation of pensioners

Guyana has a standard tax deduction of GYD 420 000 per year. The marginal tax-rate is then 33.3%.

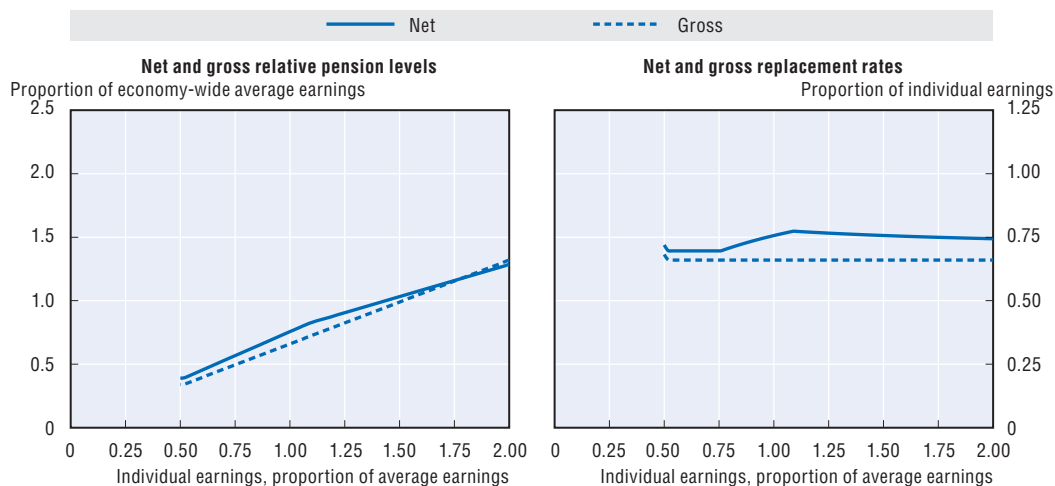
Taxation of pension income

Pensions are tax exempted.

Social security contributions paid by pensioners

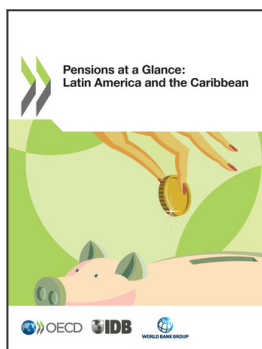
Persons over the age of 60 and pensioners do not pay social security contributions. The employer is responsible for the social security payments for employed persons above 60 and is equal to 1.5% to cover persons over 60 or under 16 years old for the Industrial benefit.

Pension modelling results: Guyana



Men	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1.0	1.5	2.0
Gross relative pension level (% average gross earnings)	53.5	34.1	49.5	66.0	99.0	132.0
Net relative pension level (% net average earnings)	61.3	39.1	56.7	75.7	103.2	128.6
Gross replacement rate (% individual gross earnings)	66.0	68.2	66.0	66.0	66.0	66.0
Net replacement rate (% individual net earnings)	71.1	72.0	69.6	75.7	75.7	74.4
Gross pension wealth (multiple of individual gross earnings)	13.9	14.3	13.9	13.9	13.9	13.9
Net pension wealth (multiple of individual gross earnings)	16.7	17.3	16.7	16.7	16.7	16.7
Net pension wealth (multiple of individual net earnings)	13.9	14.3	13.9	13.9	12.6	11.8
	16.7	17.3	16.7	16.7	15.2	14.2

StatLink <http://dx.doi.org/10.1787/888933161709>



From:
Pensions at a Glance
Latin America and the Caribbean

Access the complete publication at:
https://doi.org/10.1787/pension_glance-2014-en

Please cite this chapter as:

OECD/Inter-American Development Bank/The World Bank (2014), "Guyana", in *Pensions at a Glance: Latin America and the Caribbean*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264224964-32-en>

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