

Jamaica

Jamaica: Pension system in 2010

The pension system has a basic component and an additional earnings-related component. For those ineligible for the basic pension there is a social assistance component.

Key indicators

		Jamaica	LAC26
Average earnings	JMD	429 900	590 600
	USD	5 100	7 000
Public pension spending	% of GDP	0.7	3.1
Life expectancy	At birth	74.0	73.6
	At age 65	17.4	17.4
Population over age 65	% of working-age population	14.5	12.3

Qualifying conditions

The retirement age is 65 for men and 60 for women with at least 1 716 weeks of paid contributions, including an annual average of 39 weeks of paid or accredited contributions. Women's retirement age is set to increase to 61 in 2012, 62 in 2013, 63 in 2014, 64 in 2015 and 65 in 2016 to equalise it with men's retirement age. Retirement is compulsory from 70 for men or 65 for women (increasing to 70 by 2016). A reduced pension is paid for annual average contributions of between 10 and 38 weeks.

Benefit calculation

Old-age pension

A basic benefit of JMD 2 400 a week is paid with an annual average of 39 weeks of paid or credited contributions, plus an earnings-related benefit of JMD 0.06 a week for every JMD 13 of employer/employee contributions paid during the working lifetime.

A reduced pension of JMD 1 800 a week (with annual average contributions of 26 to 38 weeks) or JMD 1 200 a week (with 10 to 25 weeks) is paid, plus an earnings-related benefit of JMD 0.06 a week for every JMD 13 of employer/employee contributions paid during the working lifetime.

There is also a spousal supplement of JMD 800 a week.

In general since the system is quite redistributive, the pension consists of the basic benefit (or flat rate), which constitutes around 90% of the pension, and an earnings-related component for the remaining 10% of the benefit.

Benefits are not indexed but are reviewed every two years and actuarially adjusted. For the purpose of the modelling we assume price indexation.

Old-age grant

There is a social assistance programme under the conditional cash programme for poor families, children, elderly (60+), etc. The elderly, above the age of 60, who qualify for the programme, receive JMD 900 per month, paid every two months.

Variant careers

Early retirement

The pension cannot be claimed prior to the retirement age.

Late retirement

Men can continue to contribute to the system until they reach the age of 70, when the pension cannot be deferred any further. For women, this deferral is only possibly until the age of 65. This age will be gradually increased to age 70 by 2016.

It needs to be noted that the pension claim must be made no later than three years after the date of eligibility; failing which only a maximum of three years of arrears will be paid.

Personal income tax and social security contributions

Taxation of workers

There is a personal allowance of JMD 441 168. Additional income is taxed at 25%.

Social security contributions paid by workers

Both employees and employers contribute 2.5% of covered earnings, of which 2% is the contribution to the pension and 0.5% is the contribution to the National Health Fund. Household workers and voluntarily insured persons contribute a flat-rate JMD 50 a week. The maximum earnings for employee contribution calculation purposes are JMD 19 230.77 a week or JMD 1 000 000 a year (there are no maximum earnings for contribution calculation purposes for household workers). Workers also contribute to cash maternity benefits. Contributions are deducted weekly, fortnightly or monthly, depending on how the employee is paid.

Taxation of pensioners

Pension benefits are tax exempt. However if a pensioner continues to work beyond the retirement age some allowances exist depending on the total income. Pensioners have an additional tax allowance of JMD 80 000 with a further JMD 80 000 for those over age 65.

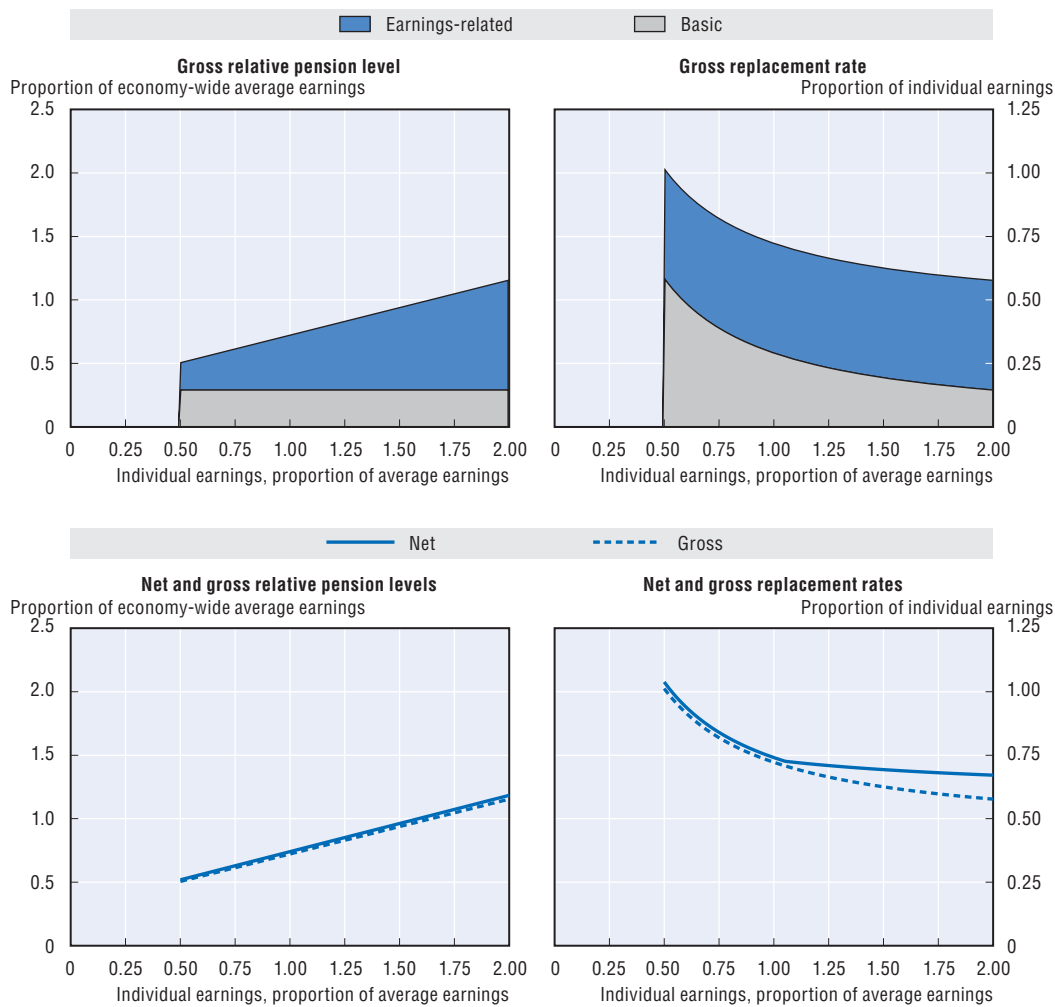
Taxation of pension income

Old-age pension benefits from the National Insurance Scheme are tax exempt.


Social security contributions paid by pensioners

Pensioners do not pay any social security contributions.

Pension modelling results: Jamaica



Men	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1.0	1.5	2.0
Women (where different)						
Gross relative pension level (% average gross earnings)	64.0	50.6	61.4	72.2	93.8	115.4
Net relative pension level (% net average earnings)	65.7	51.9	63.0	74.1	96.2	118.4
Gross replacement rate (% individual gross earnings)	79.0	101.3	81.9	72.2	62.6	57.7
Net replacement rate (% individual net earnings)	81.1	103.9	84.0	74.1	69.3	67.1
Gross pension wealth (multiple of individual gross earnings)	12.3	15.7	12.7	11.2	9.7	9.0
Net pension wealth (Multiple of individual gross earnings)	13.6	17.4	14.1	12.4	10.8	9.9
	12.3	15.7	12.7	11.2	9.7	9.0
	13.6	17.4	14.1	12.4	10.8	9.9

StatLink  <http://dx.doi.org/10.1787/888933161731>



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), “Jamaica”, in *Pensions at a Glance: Latin America and the Caribbean*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264224964-35-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.