

Suriname

Suriname: Pension system in 2010

The public pension is flat rate based on a residency test (General Old Age Pension Plan – AOV). It is a pay as you go system.

There are additional voluntary schemes, which are mainly defined benefit.

Key indicators

		Suriname	LAC26
Average earnings	SRD	221 200	18 900
	USD	7 800	7 000
Public pension spending	% of GDP	1.2	3.1
Life expectancy	At birth	71.0	73.6
	At age 65	15.0	17.4
Population over age 65	% of working-age population	11.5	12.3

Qualifying conditions

The General Old Age Pension Plan (AOV) provides all residents of Surinamese nationality with a flat old-age pension at the age of 60. Individuals with other nationalities can qualify if they have ten years of consecutive contributions.

Voluntary pension plans in the private sector

Pension plans are considered as part of the collective labour agreement or the labour contract between employer and employees. There is no obligation for employers to establish pension plans for their employees. Pension plans are established on a voluntary basis.

Most of the pension plans are defined-benefit plans targeting a certain replacement ratio between 60% and 70%. Employees' and employers' contributions to sustain the plan are always well defined as a certain percentage of basic salary or pensionable salary. In a few plans the employees' contributions together with the employers' contributions are a fixed percentage of the employees' basic salary or are used to purchase annuities with an insurance company. Only one defined-contribution scheme is in place. This plan has a very limited number of participants.

There are also private savings plans, with individual savings accounts, whereby at termination of service the balance of the savings account is paid in full or in instalments to the beneficiary. These plans are under administration of provident funds. For the purpose of the assessment at hand both the defined-contribution plan and the savings plans can be neglected.

Benefit calculation

Basic

The basic pension is equal to SRD 525 in 2012 and there has been a steady increase in the general old-age provision from SRD 175 per month in April 2005, to SRD 225 from October 2005, raised to SRD 425 in 2011.

Variant careers

Early retirement

There's no early retirement under the AOV.

Late retirement

There is no late retirement under the AOV pension.

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

The personal allowance in Suriname is based on yearly income. All workers that earn a higher income than the personal allowance should pay income tax.

From	Up to	%
SRD 0.00	SRD 2 646.00	0
SRD 2 646.01	SRD 14 002.80	8
SRD 14 002.81	SRD 21 919.80	18
SRD 21 919.81	SRD 32 839.80	28
SRD 32 839.81	And beyond	38

Social security contributions paid by workers

The financing of the AOV scheme is provided for by:

4% from the salary as contributions (premiums) from residents of Suriname who are subject to paying income tax (private or government) and have not yet reached the age of 60;

While the government covers the deficit between contribution and payments. There contributions by the government from the general resources of the state.

The contributions are levied by the Income Tax Administration and should by virtue of the act, be transferred to the Fund, which however is not done. About 35% of the population aged between 20 and 60 years contribute to the system.

Contributions by employees of companies are withheld by the employer on the principles of pay as you go and have to be transferred monthly to the Income Tax Administration. Contributions of self-employed have to be paid quarterly on (self) assessment of taxable income.

The contributions of the government are not specified in the act. In practice the financing of the scheme functions as a pay-as-you-go system, as:

- the contributions are not sufficient to meet the pension benefits and,
- the contributions of the government are established to cover the shortfall.

In this situation there is no fund accumulation.

Personal income tax and social security contributions

There is no social security scheme in place. The coverage depends on the collective labour agreements. Therefore, the levels of the employers' contributions vary.

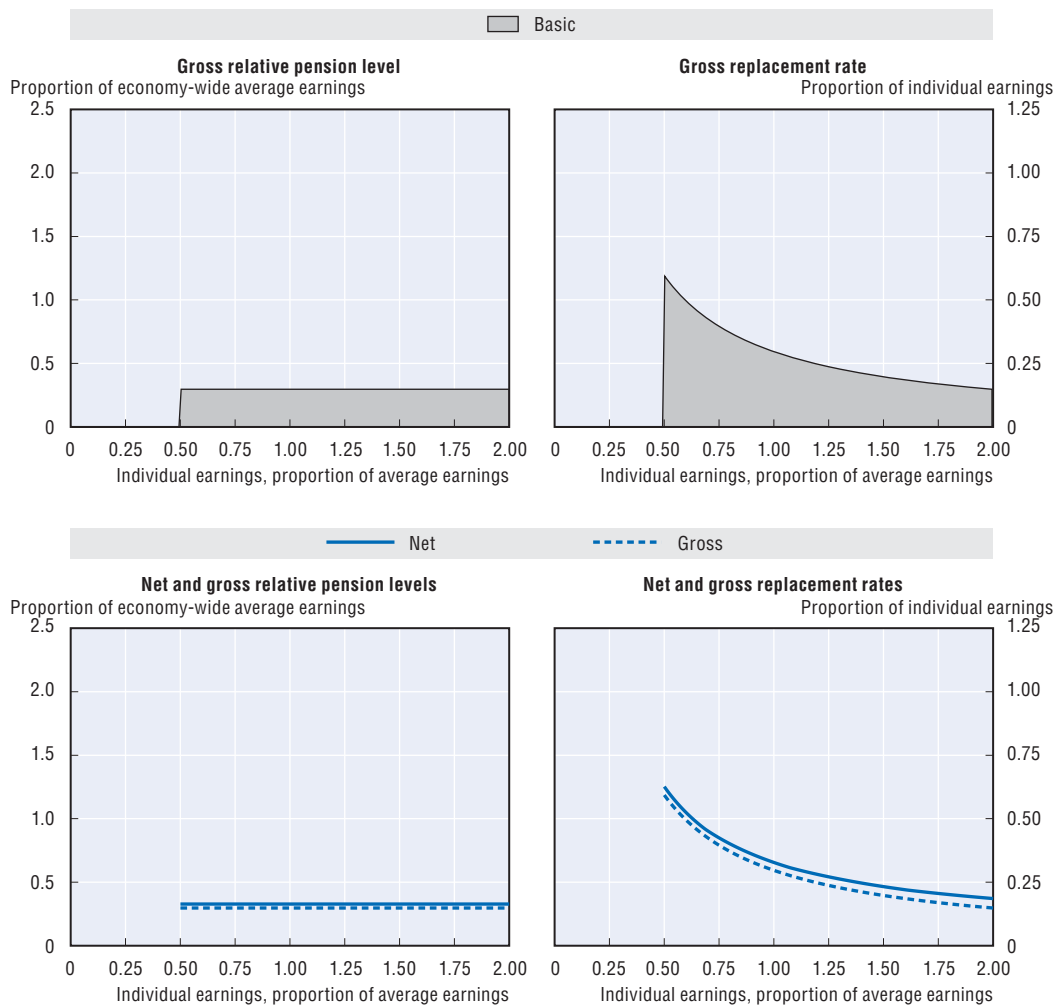
Taxation of pensioners

Pensioners are exempted from income taxes, unless they remain working.


Social security contributions paid by pensioners

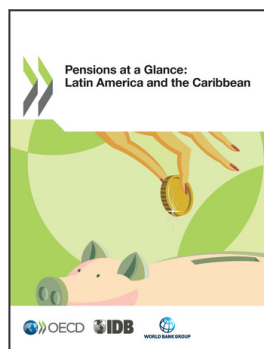
It does not apply since there is no national social security scheme.

Pension modelling results: Suriname



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	29.7	29.7	29.7	29.7	29.7	29.7
(% average gross earnings)						
Net relative pension level	32.8	32.8	32.8	32.8	32.8	32.8
(% net average earnings)						
Gross replacement rate	36.6	59.3	39.5	29.7	19.8	14.8
(% individual gross earnings)						
Net replacement rate	39.6	62.6	42.5	32.8	23.3	18.6
(% individual net earnings)						
Gross pension wealth	7.7	12.5	8.3	6.3	4.2	3.1
(multiple of individual gross earnings)	8.9	14.4	9.6	7.2	4.8	3.6
Net pension wealth	7.4	11.9	8.0	6.0	4.0	3.0
(multiple of individual gross earnings)	8.5	13.7	9.1	6.9	4.6	3.4

StatLink  <http://dx.doi.org/10.1787/888933161802>



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

DOI: <https://doi.org/10.1787/9789264224964-41-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.